



Vision

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

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.

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.

Innovate. ACCELERATE >

Innovative solutions for a challenging world

WHO WE ARE

Over the past few years we have seen the tea industry change and evolve in many different exciting and challenging ways. The speed of today's mobile apps and social media, combined with the power of limitless customer data and predictive analytics are what dictate the success of any industry that wishes to be truly competitive.

Our business is no different. At John Keells PLC we believe that creativity in marketing and technology is how we can meet the challenges of our fast paced industry today. That's why we are working with new, technologically innovative solutions to accelerate growth and business expansion into the years ahead.

John Keells PLC
Innovate. Accelerate.



1870 -2015

John Keells PLC is the original company launched in the 1800's, that grew and evolved into the powerful diversified conglomerate that is John Keells Holdings PLC today. Founded in 1870 by Edwin John who came to Ceylon to launch a produce and exchange brokering company in partnership with his brother George, John Brothers and Company was formed by 1876, with offices in Colombo and Kandy.

By 1960, the company was known as John Keells Thompson White Ltd., after going through several amalgamations and changes of name. This company operated from the National Mutual Insurance Company building in Chatham Street.

We shall always stay true to our culture and by being innovative and adaptive we can continue to be successful in the fast changing markets we serve.

By 1966, the company took its first step towards what was to become a continuing process of diversification, when it acquired Ceylon Mineral Waters Ltd. In 1971 John Keells PLC moved its offices to Glennie Street in Slave Island and was a People's Company by 1976. Ten years later, John Keells Holdings PLC acquired control of John Keells PLC.

What happened after is now legend, as the John Keells Group continued to flourish and grow. Meanwhile, John Keells PLC established a name for itself as a leading player in the tea and rubber broking sectors. The company now operates the largest state-of-the-art warehousing complex in the region; a powerful catalyst for effective leverage for future growth and success.

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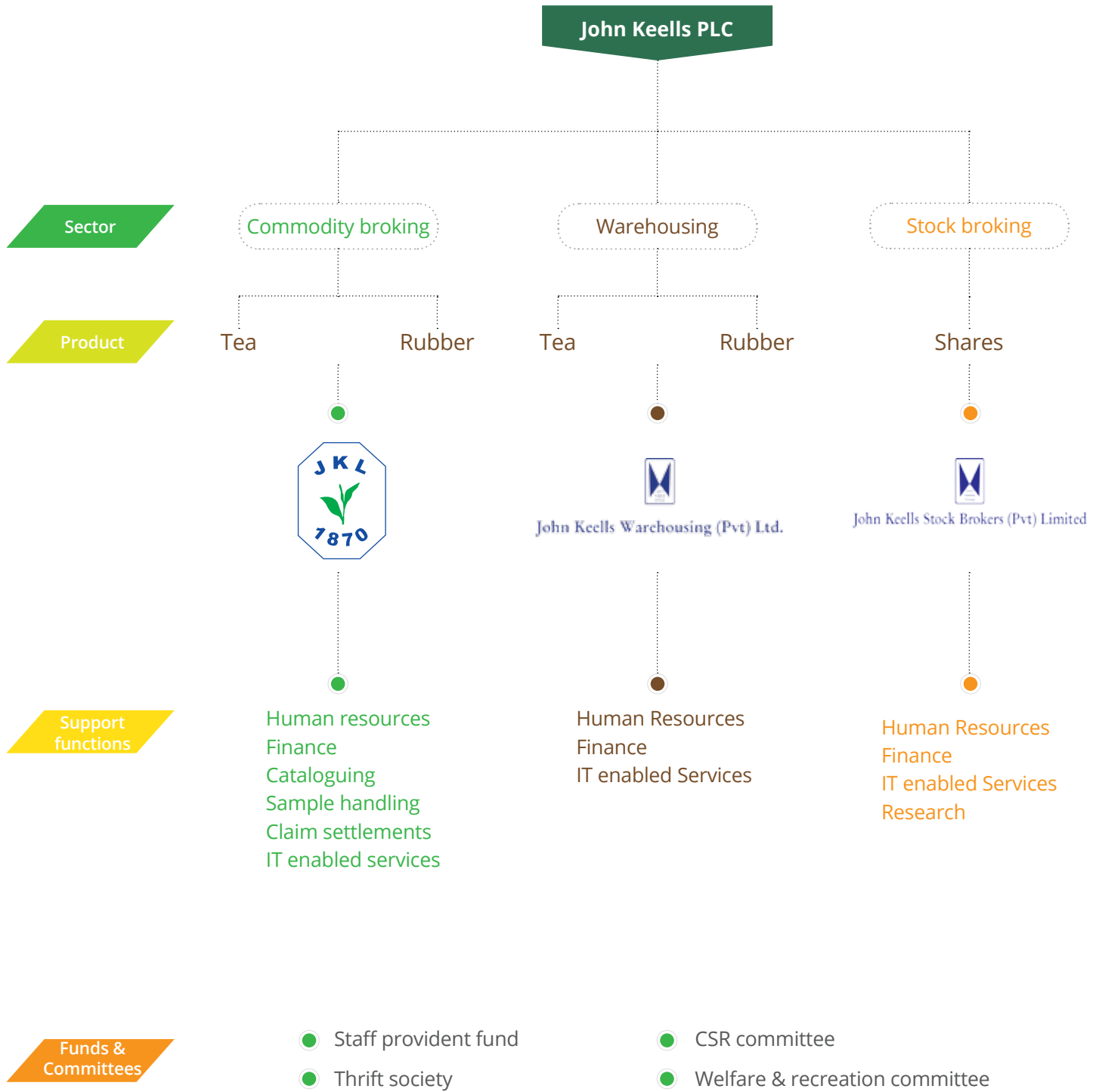
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Group Structure



Financial Highlights

Earnings per Share 2014/15

Rs.3.58

2013/14 Rs.247

Group Revenue 2014/15

Rs.959.9 Mn

2013/14 Rs.874.8 Mn

Market Price as at 31st March 2014/15

Rs.92.00

2013/14 Rs.70.00

Group Profits before Tax 2014/15

Rs.332.9 Mn

2013/14 Rs.317.3Mn

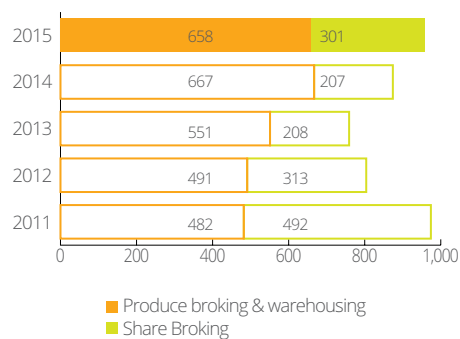
Cash Generated from Operations 2014/15

Rs.779 Mn

2013/14 Rs.(2.6) Mn

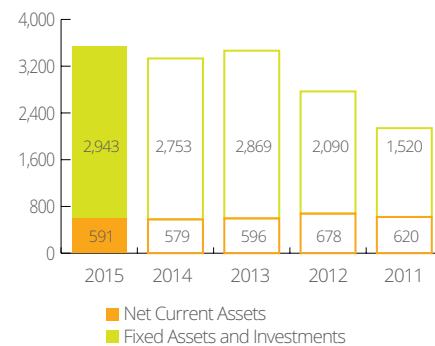
Revenue composition

Rs Millions



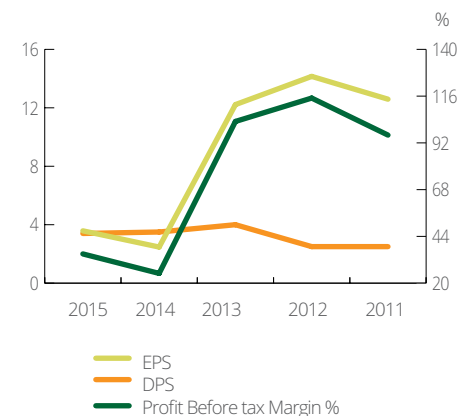
Group Assets

Rs Millions



Group Earnings Rates

Rs



Performance Highlights

Year ended 31st March		2014/2015	2013/2014	change %	2012/2013
Financial highlights					
Earnings highlights and ratios					
Group revenue	Rs. 000's	959,925	874,797	9.73%	760,007
Group profits before interest and tax (EBIT)	Rs. 000's	410,622	418,499	-1.88%	399,181
Group profits before tax	Rs. 000's	332,979	317,327	4.93%	335,157
Group profits after tax	Rs. 000's	231,847	215,473	7.60%	233,632
Group profits attributable to shareholders	Rs. 000's	217,401	150,251	44.69%	742,051
Earnings per share	Rs.	3.58	2.47	44.76%	12.20
Interest cover	No. of times	5.29	4.14	27.85%	6.23
Return on equity	%	7.06%	6.66%	5.91%	7.94%
Return on capital employed	%	9.58%	9.80%	-2.28%	10.25%
Statement of financial position highlights and ratios					
Total assets	Rs. 000's	6,074,386	5,935,864	2.33%	5,278,865
Total debt	Rs. 000's	908,330	1,079,811	-15.88%	619,532
Number of shares in issue	Rs. 000's	60,800	60,800	0.00%	60,800
Total shareholder funds	Rs. 000's	3,379,434	3,190,693	5.92%	3,276,241
Net Assets per share	Rs.	55.58	52.48	5.92%	53.89
Debt/equity	%	26.88%	33.84%	-20.58%	18.91%
Debt/total assets	%	14.95%	18.19%	-17.80%	11.74%
Market/shareholder information					
Market price as at 31st March	Rs.	92.00	70.00	31.43%	61.30
Dividend paid	Rs. 000's	206,720	212,800	-2.86%	243,200
Market capitalization	Rs. 000's	5,593,600	4,256,000	31.43%	3,727,040
Price earning ratio	No. of times	25.73	28.34	-9.21%	5.02
Dividend per share	Rs.	3.40	3.50	-2.86%	4.00
Dividend payout ratio	%	95.09%	141.70%	-32.90%	32.79%
Dividend yield	%	3.70%	5.00%	-26.09%	6.53%
Non financial highlights					
Economic performance					
Economic value added	Rs. 000's	704,060	665,138	5.85%	1,467,311
Employee benefit liability	Rs. 000's	68,305	66,074	3.38%	64,381
Proportion of purchases from local suppliers within Sri Lanka	%	100%	100%	0.00%	100%

Year ended 31st March		2014/2015	2013/2014	change %	2012/2013
Environment impact					
Direct energy consumption	GJ	426	440	-3.17%	486
Direct energy (GJ) per Rs.million of revenue	No. of times	0.44	0.50	-11.76%	0.64
Indirect energy consumption	GJ	813	1,027	-20.88%	1,614
Total carbon footprint	MT	185	227	-18.36%	341
Total carbon footprint (MT) per Rs.million of revenue	No. of times	0.19	0.26	-25.60%	0.45
Significant environment fines*	Rs.	Nil	Nil	-	Nil
Working environment, health and safety					
Total workforce	Number	164	166	-1.2%	180
Number of injuries during work	Number	Nil	Nil	-	Nil
Total training hours	Hours	620	737	-15.91%	1,754
Average training hours per employee	Hours	25	22	14.57%	30
Number of lost days	Number	Nil	Nil	-	Nil
Number of employees receiving performance review	%	100%	100%	0.00%	100%
Ethical business					
Incidence of child labour (below age 16)	Number	Nil	Nil	-	Nil
Incidence of young workers (age 16-18)	Number	Nil	Nil	-	Nil
Incidence of forced labour during the year	Number	Nil	Nil	-	Nil
Social responsibility					
Community engagement (number of persons impacted)**	Number	866	300	188.67%	Nil
Proportion of business analysed for risk of corruption	%	100%	100%	0.00%	100%
Significant fines for violation of laws/regulations*	Rs.	Nil	Nil	-	Nil
Significant fines for product/service issues*	Rs.	Nil	Nil	-	Nil

*Significant fines are defined as over Rs. one million

**Through eye camps directly screened



AN INTRODUCTION TO THIS REPORT

In our first integrated annual report, we have set out the story of John Keells PLC for the year, noting key positives and negatives.

333Mn

PBT growth of 5 percent in comparison to last year.

Report Profile

In our first attempt at creating an Integrated Report, we have used the Standard Disclosures from the GRI Sustainability Reporting Guidelines to help us migrate towards a more competent model of corporate reporting. We believe this will better capture the performance of the company for the reporting period 01st April 2014 to 31st March 2015.

The information and statistics needed for the preparation of the report have been obtained from various sources, including;

- The Finance Department
- Corporate Governance Department
- Tasting and Marketing Department
- Procurement and Supplies Department
- Warehousing and logistics unit
- Human Resources Department
- John Keells Stock Brokers (Pvt) Ltd.

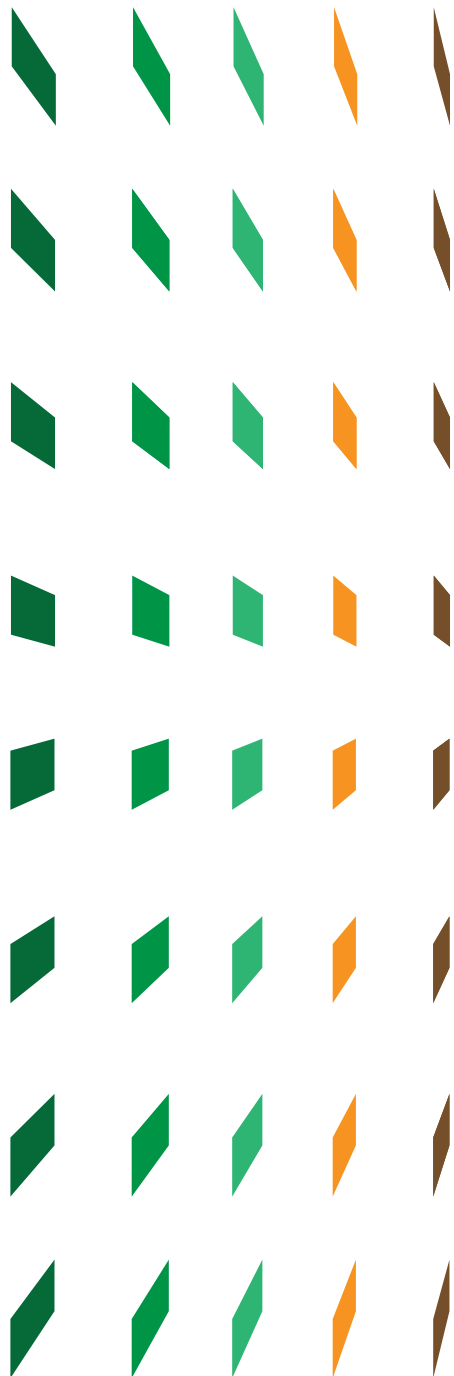
important or material from a stakeholders perspective. In determining what is material, we first asses whether a matter substantively affects, or has the potential to substantively affect, our strategy and/ or our business model either in the short, medium or long term. We then review if these material aspects would pose a threat or create opportunities for the company. This helps us realign our focus and define our management approach to be able to deliver sustainable results and meet stakeholder expectations.

To be a sustainable and successful business we must continue to provide good value and excellent service.

Report Boundary and Scope

The indicators contained in the report aim to establish the company's capacity to create lasting value for all stakeholders. To help us understand how best to set about doing this, we have conducted a comprehensive stakeholder mapping process to establish what is deemed to be

Year at a Glance



- Galpaditenne Tea Factory manufactured 4.2 million kilograms (Jan-Dec 2014) which is the highest quantity manufactured by a single tea factory and also the largest orthodox tea manufacturer globally. Galpaditenne Tea Factory was able to achieve 104 top prices.

- Berubeula Tea Factory was able to achieve a significant improvement in the quality of the tea produced in a short spell of time. The factory was able to secure a rank of 61 for the year ended 2014 (Jan-Dec) and a rank of 6 in the month of December.

- Nawalakanda Tea Factory, is a 100% mark sold by John Keells PLC and had manufactured 2.6Mn kilograms for the year (Jan-Dec 2014). This being the 3rd largest tea factory manufacturing Low grown orthodox tea, secured one all time record price and 161 top prices through the auctions.

- Ceciliyan Tea Factory manufactured 3.5 million kilograms for the year 2014 which is the second largest volume manufactured by a single tea factory. This factory was able to secure 57 top prices.

- Avissawella Tea Factory secured the best average in the Sabaragamuwa province. The average of Rs.601.28 was Rs. 113.07 above the Low grown net sale average for 2014. This factory was able to sell a quantity of 688,953

kilograms whilst achieving 71 top prices and has established its name as the "Best" Low grown orthodox tea manufacture amongst all Low grown factories.

- Hingalgoda Estate achieved the best CTC average of Rs.533.98 which was Rs. 45.77 above the net sale average for the CTC Low grown category. The estate was able to secure 2 all time record prices and 119 top prices through the weekly auctions.

- Pedro Estate was able to obtain an all time record price for FGS 1 grade.

- Dunsinane Estate secured an all time record price for the PF 1 grade in the CTC High grown category.

- New Peacock Estate secured an all time record price for the PF1 grade in CTC medium category.

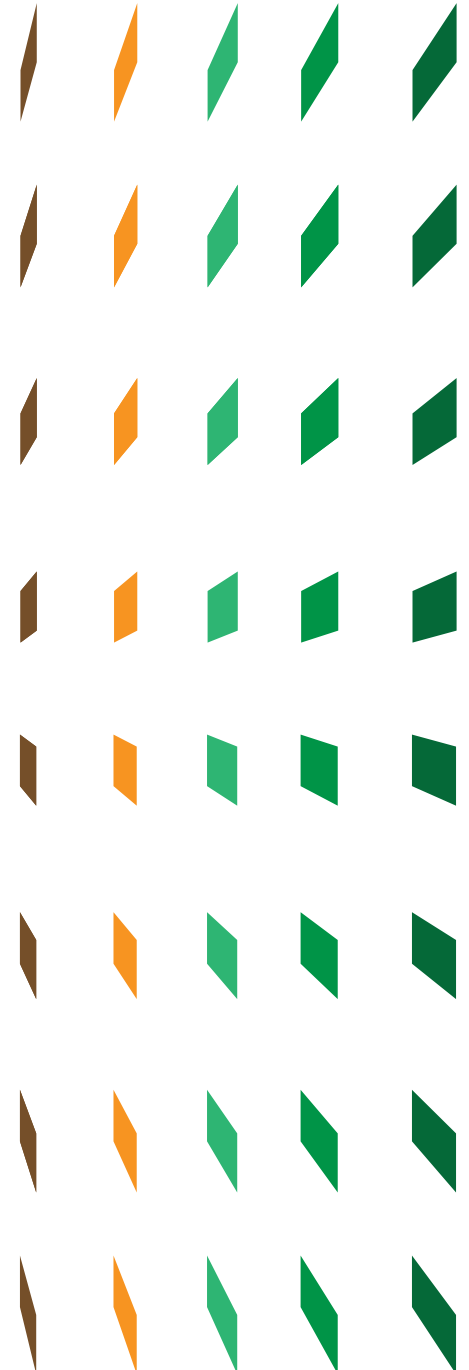
- Introduction and successful implementation of the e-Gavel, a tablet based application for capturing real time tea auction information.

- Received a compliance award at the 50th Annual Report Award competition conducted by the Institute of Chartered Accountants of Sri Lanka.

- Conducted eye camps in Nawalakanda Tea Factory, Raigam Estate and Dickoya Estate with a total of 866 patients being screened, donated spectacles and directed patients to cataract operations.

- Carolina Estate achieved 25 top prices in the CTC Medium grown category.
- Watawala plantations recorded the highest quantity sold among all regional plantation companies. Quantity sold was 11,471,388 kilograms (Jan-Dec 2014)
- Talawakelle Tea Estates PLC was ranked 2nd in all elevations amongst all Regional Plantation Companies (RPC) with an average price of Rs. 506.51 (quantity sold 7,147,434 kilograms). For the 10th consecutive year the company recorded the highest averages on Low grown and High grown of Rs. 491.42 (quantity sold 4,911,278 kilograms) and Rs. 539.65 (quantity sold 2,236,156 kilograms) respectively
- Rothschild Estate recorded the highest quantity by a single Tea factory from all elevations for the year 2014 with a sold quantity of 1,504,300 kilograms.
- Dunsinane Estate achieved 49 top prices for the CTC High grown Category.
- Kiruwanaganga Estate secured the highest average in the RPC category all island with an average of Rs.566.94 which was Rs.78.73 above the Low grown net sale average price.
- Mattakelle Estates was able to secure the number one position in the western high grown elevation with an average of Rs.541.01 for the sixth consecutive year.

- NuwaraEliya Estate achieved 64 top prices in the category of western High grown teas.
- Glennanore Estate achieved 41 top prices in the category of Uva High grown region teas.
- Pedro Estate achieved 92 top prices for NuwaraEliya teas.
- Kenilworth Estate achieved 30 top prices in the Western Medium grown elevation.
- Demodara Estate achieved 46 top prices in the Uva Medium grown category.
- John Keells Warehousing Pvt Ltd continues to maintain its quality of service, with continuous compliance of Health & Safety Assessment Series (OHSAS) and certification of ISO 22000:2005 Food and Safety Management System.



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 Waldoek 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 Chairman 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 for a warehousing

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 Chairman of the Company.

1971

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

1976

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

1986

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

1990

K. Balendra took over as Chairman, the first Sri Lankan to hold this position. John Keells PLC., 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 Chairman on 31st December, 2000.

2001

V. Lintotawela took over as Chairman on 1st January, 2001. John Keells PLC., 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.

2004

The Company disposed its Investment in International Tourists and Hoteliers Ltd.

2005

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

2007

The name of the Company was changed to John Keells PLC which was 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 in the ratio of one (1) share for every one (1) share held. Consequently, the no of shares after the sub-division increased to 30,400,000 shares from the previous 15,200,000 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 in the ratio of one (1) share for every one (1) share held. Consequently, the number of shares after the sub-division increased to 60,800,000 shares from the previous 30,400,000 shares.

2013

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

2014

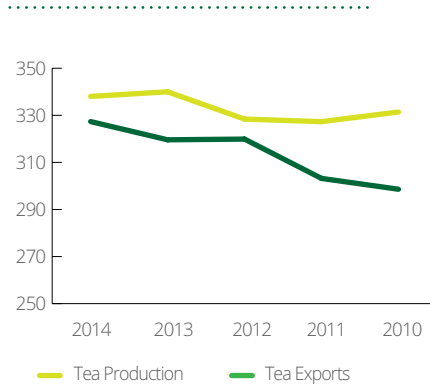
Endorsement and enforcement by The Colombo Tea Traders Association the electronic, delivery order payment and collection process innovation introduced by JKPLC. 'mAuction': An application platform that combines tradition with leading edge Tech solutions for the Tea industry was introduced by JKPLC together with Mobitel.

Chairman's Message

“Faced with challenging circumstances the company intensified efforts to improve operational efficiencies to reduce cost and initiated proactive strategies to improve quality of clients produce with the aim of developing superior grade teas that would command a premium price at the Colombo Auction”

Tea Production and Exports

Million Kilograms

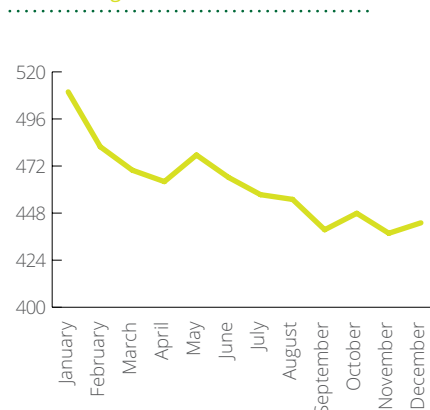


■ The challenge:

Decline of Global Tea prices

Monthly Sale Average - 2014

Rs. Per Kilogram



Dear Shareholder

On behalf of your Board of Directors, I have pleasure in presenting the first Integrated Annual Report and the Financial Statements of your Company for the year ended 31st March 2015.

The Economy

Sri Lanka's GDP growth remained on track, expanding at a steady 6.4 percent in 2014, with most sectors recording satisfactory growth. Unfortunately however, weakened by adverse weather conditions, the Agriculture sector recorded marginal growth. The year 2014/15 was one of mixed fortunes for Sri Lanka's Tea trade. Auction prices remained high in the first six months of the year, helping to boost the prospects of the industry despite supply constraints, while in the latter half

The solution:

Focus on improving quality:

The team of experienced manufacturing experts at JK PLC provided technical guidance to factories on improving the quality of tea produced, resulting in factory owners commanding higher prices.

of the year, the industry had to contend with higher production volumes and lower auction prices.

Tea

Operating Environment:

Production of tea was impacted by a substantial drought in the early months of the year, affecting crop yields in a majority of the Tea growing regions in the country. This was accompanied by a decline in Tea production volumes for the first two quarters, in comparison to the corresponding period in the

previous year. However, improving weather conditions in the second half of the year led to better yields, and the industry rebounded strongly to register an overall expansion in volumes by the year end. Consequently, Sri Lanka's total tea production for the year only dropped marginally to 338 million kilograms from 340 million kilograms recorded in the previous year. Production volumes for Low grown and High grown Teas increased by 1.8 million kilograms and 3.1 million kilograms respectively, while Medium grown Tea volumes dropped by 6.9 million kilograms for the year.

The overall average Tea price for the year was Rs 461.86 on account of the relatively high prices during the first half of the year.

Tea exports decreased marginally from 328.4 million kilograms in the previous year to 327.34 million kilograms for the current year. However, due to higher average prices, the total export value in the calendar year 2014 increased to a record Rs 212.9 billion from Rs 199.4 billion in 2013.

Global demand weakened on the back of political and economic uncertainties in some of the key tea importing countries. Lower oil prices impacted the purchasing power of two of the largest export

Chairman's Message

destinations for tea, namely, the Middle East and Russia, with Russia being further impacted by economic sanctions and the devaluation of its currency.

Operational Performance

With the Tea sector experiencing a turbulent year, your Company was faced with the reality of lower than expected volumes. Considering the challenging operating environment and competitor strategies the Company had to be contend with a loss of captive market share resulting in a considerable fall in brokerage income for the year.

The cost of production in the local Tea industry, which has always been higher than other Tea producing nations, was broadly in line with the previous year. This placed further pressure on margins, particularly in the face of low auction prices.

Faced with these challenging circumstances, the Company intensified efforts to improve operational efficiencies at the Warehouse facility, which helped realise considerable cost savings during the year. The Company also initiated a proactive strategy to improve the quality of the produce with the aim of developing superior grade Teas that would command a premium price at the auction. The Company also focused on developing the supply chain and in this regard continued to engage with suppliers to improve their processes and quality of produce. I am indeed pleased to note that these efforts have paid off, demonstrating satisfactory results during the year.

Rubber

Operating Environment

Following the fall in crude oil prices the local rubber industry was also negatively impacted as the price of natural rubber plunged as synthetic rubber became a cheaper alternative for many buyers. Resultantly, by end March 2015, the price per kilogram of Latex 1X had experienced an 18 percent decline to an average of Rs 300.75 compared to Rs. 370.00 in the previous year. The price of RSS1 also fell to Rs 225.00 per kilogram in March 2015, a drop of 26 percent compared to Rs 305.00 per kilogram in March 2014.

Operational Performance

The prospects in the rubber industry continued to negatively affect trading volumes, impacting both revenue and profitability. However, considering the cyclical nature in the Rubber industry, the Company will continue to monitor developments closely in terms of its way forward in this segment.

Stock Broking

Operating environment

The performance of the Sri Lankan stock market showed some signs of revival, following moderate turnover levels seen in the past few years. Spurred by the low market interest rates, domestic participation in the stock market experienced a notable increase during the year, while foreign buying interest also remained strong throughout the year. Meanwhile, excess liquidity and macro-economic stability helped improve turnover levels with healthy domestic and foreign buying interest resulting in both the ASPI and the S & P SL20

index registering gains of 14% and 17% respectively for the financial year.

Operational Performance

I am pleased to note that our stock broking arm John Keells Stock Brokers (JKSB) was able to maintain its market position despite the increase in local retail participation during the period under review. JKSB registered a robust improvement in both revenue as well as profits for the year with the core foreign and local institutional segments, and local high networth investor segment, performing well.

Investment in the Waterfront Project

I also wish to state that, as announced by the parent company John Keells Holdings PLC on 30th January 2015, the Waterfront Project will continue after having considered all known factors and the potential impacts of the varying alternatives.

Summary of Group Financial Results

During the year under review, the Group recorded revenue of Rs 960 million, a 10 percent growth from the Rs 875 million recorded in the previous year. This was primarily due to the revenue increase enjoyed by JKSB. The profit after tax for the year increased by 5 percent to Rs 231 million from the Rs 215 million recorded during the previous financial year.

The Group Net Asset value per share also increased to Rs 55.58 in the current year from Rs 52.48 in the previous year. This was mainly due to the increase in the fair

value from the investment property held in Keells Food Products PLC.

Future Outlook

The demand for tea could remain depressed in the short term due to issues across some of the key export destinations for Sri Lankan tea. The

recovery pattern with the revival of the global demand for Rubber likely to take a little longer. The Rubber industry would thus be called upon to demonstrate greater resilience in the near term, setting the stage for sustainable growth in the years ahead.



■ The challenge:

Maintaining Market Share in a highly competitive environment

The solution:

Relationship building:

The experienced marketing team undertakes multiple relationship building mechanisms, which enables attracting new marks to the JK PLC catalogue while ensuring that existing producers do not shift to other brokers.

performance of the Russian market in particular will be a critical factor for the Sri Lankan tea industry as the weakened Ruble will continue to exert pressure on export volumes. However, the growing demand from Egypt and the expected shortfall in tea production in countries such as India and Kenya is likely to help mitigate the negative impact on global tea prices.

The Rubber sector however would continue to be challenged by the cyclical

Conclusion

I would like to thank all categories of Staff for their commitment, as well as our stakeholders for continuous contribution during the year. Finally I wish to place on record my appreciation to my fellow Directors for their unstinted support, guidance and insights which continue to be a source of strength for the Company.

S C Ratnayake

Chairman

29th May 2015

The Board of Directors

Susantha Ratnayake

Non Independent Non Executive Chairman

Susantha Ratnayake was appointed as the Chairman and CEO of John Keells Holdings PLC (JKH) in January 2006 and serves on the JKH Board since 1992/1993 and has 37 years of management experience, all of which is within the John Keells Group.

A past Chairman of the Sri Lanka Tea Board and Ceylon Chamber of Commerce, He is also the Chairman of Ceylon Tobacco Company PLC and Employers Federation of Ceylon.

Ajit Gunewardene

Non Independent Non Executive Director

Ajit Gunewardene is the Deputy Chairman of John Keells Holdings PLC and has been a member of the Board for over 20 years. He is a Director of many companies in the John Keells Group and is the Chairman of Union Assurance PLC. He has also served as the Chairman of the Colombo Stock Exchange. Ajit has a Degree in Economics and has over 32 years of management experience.

Ronnie Peiris

Non Independent Non Executive Director

Appointed to the John Keells Holdings PLC Board during 2002/03, Ronnie, as Group Finance Director, has overall responsibility for the Group's Finance and Accounting, Taxation, Corporate Finance, Treasury, and the information Technology functions. He is also Director of several companies in the John Keells

Group. He was previously the Managing Director of Anglo American Corporation (Central Africa) Limited in Zambia.

He has over 40 years finance and general management experience in Sri Lanka and abroad. He is a Fellow member of the Chartered Institute of Management Accountants, UK, Association of Chartered Certified Accountants, UK, and the Society of Certified Management Accountants, Sri Lanka and holds an MBA from the University of Cape Town, South Africa. He is a member of the Committee of the Ceylon Chamber of Commerce, and serves on its Economic, Fiscal and Policy Planning Sub Committee.

Sanjeeva Fernando

Non Independent Executive Director

Sanjeeva Fernando, is responsible for the IT Industry Group and Plantation Services Group. He possesses over 28 years of senior managerial experience in diverse businesses and capacities. He joined the John Keells Group in 1993 and has headed the Group's printing and packaging businesses, bunkering businesses and has served as head of the Transportation and Logistics Sector overseeing the Group's Airline, Travel, Freight Forwarding, Shipping and Bunkering businesses in Sri Lanka, India and the Maldives.

Sanjeeva was also given the responsibility of setting up and developing the Group's IT Enabled Services business (BPO) in Gurgaon, India and resided in India from 2007 until 2012 whilst overlooking the rest of the IT businesses in the Group.

A printer by profession, Sanjeeva qualified from the London School of Printing and is a member of the London Institute of Printing.

Yolande Hansen

Independent Non Executive Director

Yolande Hansen was appointed as an Independent Non Executive Director to the Board of John Keells PLC, in July 2005. She joined John Keells Group (Walkers Tours) in June 1972, as one of the pioneers in Tourism, and worked for 16 years for the Group. She then joined a Multinational Tourism Conglomerate as their Representative in South Asia from 1988 until 1991, subsequently forming Columbus Tours and presently serving as its CEO.

Sharmini Ratwatte

Independent Non Executive Director

Sharmini Ratwatte was appointed as an Independent Non Executive Director to the Board of John Keells PLC in May 2007.

She is a Fellow Member of the Chartered Institute of Management Accountants, UK and also holds a Masters in Business Administration from the University of Colombo.

She holds Non-Executive Directorships in MAS Investments (Pvt) Ltd, the non-apparel investment arm of the MAS Group, is a Trustee of Sunera Foundation, a non profit organization empowering differently-abled persons using the performing arts and is a trustee of the Federation of Environmental Organisations, which works to support environmental organisations operating in Sri Lanka.

Deshabandu Tilak De Zoysa

Independent Non Executive Director

A well-known figure in the Sri Lankan business community, Tilak De Zoysa, FCMI (UK) FPRI (SL), Honorary Consul for Croatia and Global Ambassador for HelpAge International was conferred the title of "Deshabandu" by His Excellency the President of Sri Lanka in recognition of his services to the country and was the recipient of "The Order of the Rising Sun. Gold Rays with Neck Ribbon" conferred by His Majesty the Emperor of Japan.

In addition to being the Chairman of the Supervisory Board and Advisor to the Al-Futtaim Group of Companies in Sri Lanka, he Chairs Carsons Cumberbatch PLC, Associated CEAT (Pvt) Ltd., Amaya Hotels and Resorts USA (Radisson), AMW Capital Leasing and Finance PLC, Jetwing Zinc Journey Lanka (Pvt) Ltd and HelpAge Sri Lanka.

He is also the Vice Chairman of Ceat Kelani Holdings (Pvt) Ltd., Orient Insurance Ltd. and serves on the boards of several listed and private companies which include John Keells PLC, Taj Lanka Hotels PLC, TAL Hotels and Resorts Ltd, Lanka Walltiles PLC, Nawaloka Hospitals PLC, Dutch Lanka Trailer Manufacturers (Tata Group), Associated Electrical Corporation Ltd., Inoac Polymer Lanka (Pvt) Ltd., Cinnovation INC., GVR Lanka (Pvt) Ltd and Varun Beverages Lanka (Pvt) Ltd (Pepsi).

Tilak De Zoysa is a past Chairman of the Ceylon Chamber of Commerce, the National Chamber of Commerce of Sri Lanka, HelpAge International (UK) and served as Member of the Monetary Board of Sri Lanka (2003-2009).

Senior Management Team

John Keells PLC

Mr. Sudath Munasinghe

Vice President/Chief Executive Officer

Ms. Asha Perera

Assistant Vice President/Financial Controller

Mr. Hishantha De Mel

Assistant Vice President/Head of Marketing

Mr. Dasarath Dassanayaka

Head of Manufacturing - High Grown

Mr. Sanjay Karunaratne

Manager, Tea

Ms. Kushani Daluwatte

Manager, Tea

Mr. Shane Ingram

Manager, Finance

Mr. Ravin Vannitamby

Manager, Tea

Mr. Shehan Meegama

Manager, Rubber

Mr. Kumar Bhareti

Manager, Tea

Mr. Vige Johnpillai

Manufacturing Consultant

John Keells Warehousing (Pvt) Ltd

Mr. Ashok Jayewickreme

Assistant Vice President/Head of Operations

John Keells Stock Brokers (Pvt) Ltd

Suran Wijesinghe

Executive Vice President

Chief Financial Officer

Financial Services Sector

Tivanka Ratnayake

Vice President

Chief Executive Officer

Akmal Mashoor

Assistant Vice President

Head of Sales

Yolan Seimon

Assistant Vice President

Head of Research

Chryshanthi Manuel

Compliance Officer

Samantha Siriwardene

Head of Processes and Systems

Navin Ratnayake

Manager, Research

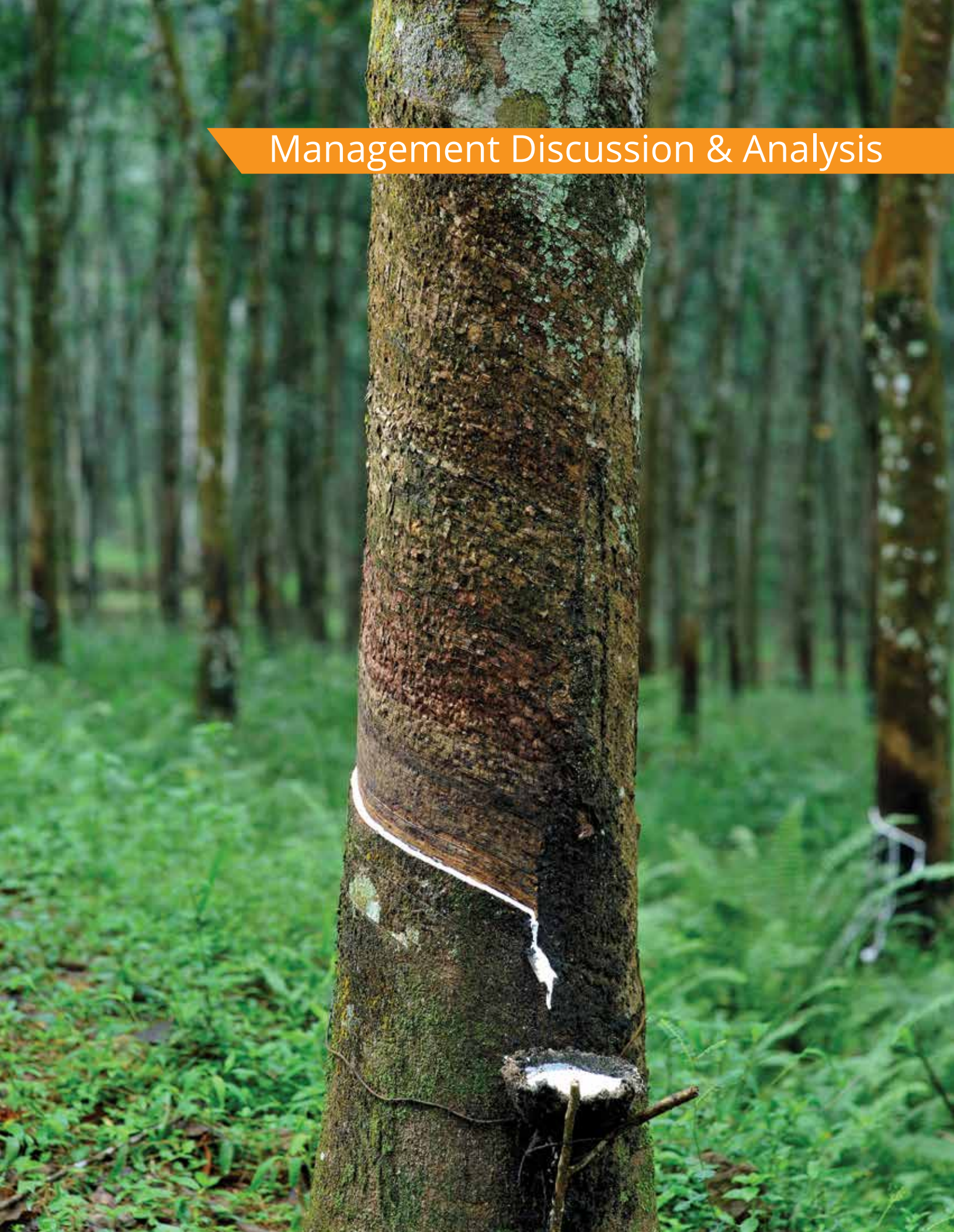
Nithila Talgaswatte

Manager, Foreign Sales

Marinus Fernando

Manager, IT

Management Discussion & Analysis



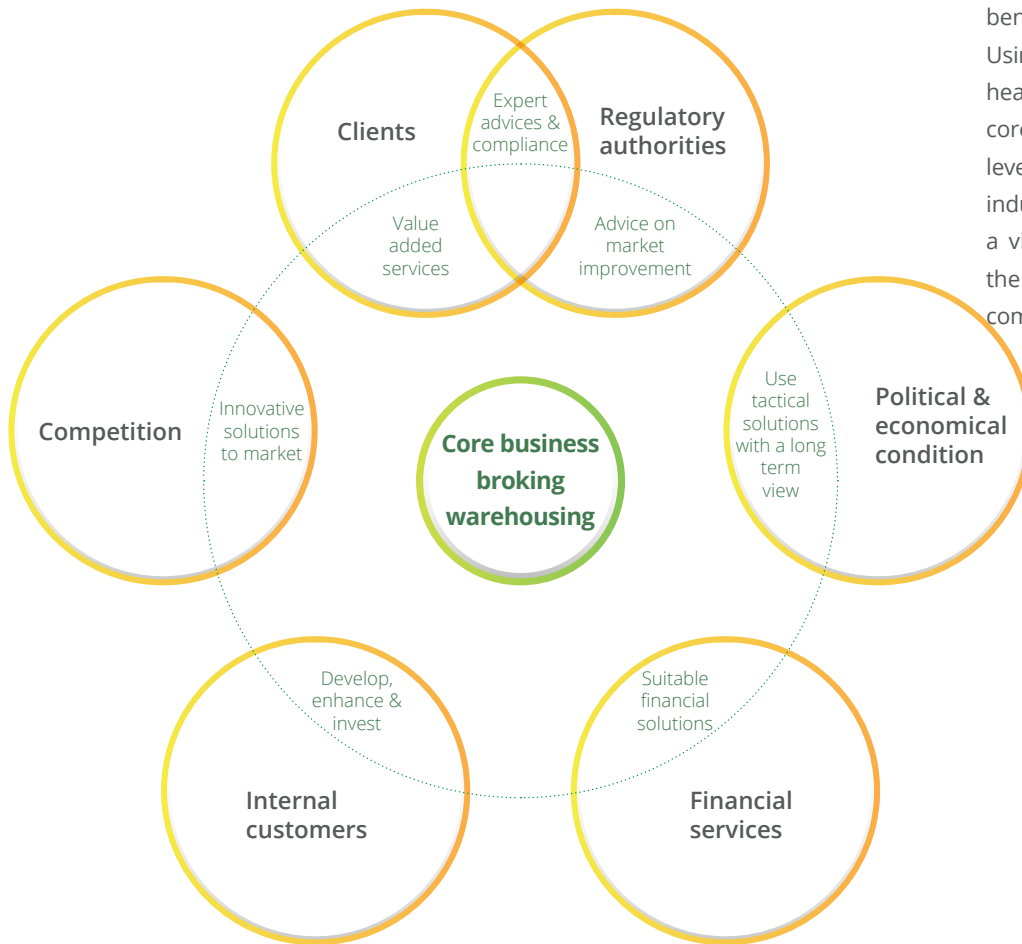
Management Discussion & Analysis

The Ceylon Chamber of Commerce at its 175th Anniversary Celebration awarded John Keells PLC an appreciation award for its long association of 112 years with the chamber.

Our Core Business Proposition

As one of Sri Lanka’s leading broking house, John Keells PLC is backed by a legacy of excellence spanning over 150 years. Over the years we channelled our vision and foresight to grow our business and deliver premium value to all our stakeholders. Through our core business activities in Commodities (Tea and Rubber) broking, warehousing and stock broking, we have been able to raise the bar for service excellence in Sri Lanka’s corporate sector.

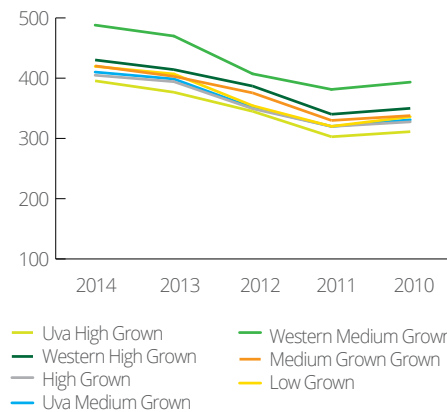
Given our legendary market presence, John Keells PLC’s remains a catalyst in redirecting the progress of the local commodities trading milieu. In recognition of same, the Ceylon Chamber of Commerce at its 175th Anniversary Celebration awarded John Keells PLC an appreciation award for its long association of 112 years with the chamber. Our pre-eminent position as one of Sri Lanka’s leading Tea and Rubber broker with the largest state-of-the-art warehousing complex has empowered us with the ability to drive change for the benefit of all stakeholders in the industry. Using our position as an industry heavyweight, we aim to engage our core competencies as key value creation levers to help manifest change across the industry. In this manner, we seek to make a visible difference that would enhance the country’s profile as an international commodities trading hub.



Value Creation

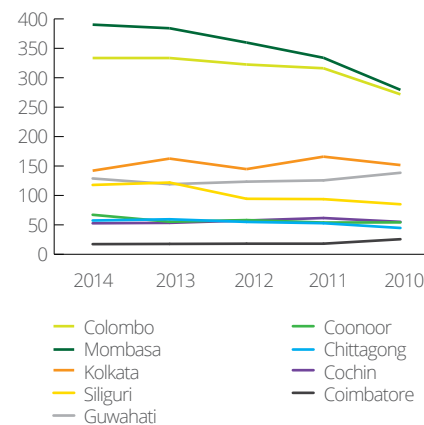
Colombo Auction Averages

Rupees



Quantity Sold at World Auction Centres

(million kg)



Tea Broking

Overview of Tea Industry

The year 2014 conveyed mixed fortunes for Sri Lanka's Tea industry, with growing dependence on Russia as the principal market for High-grown Black teas, while Iran and Turkey remained the leading markets for Low-grown Sri Lankan Teas. Starting off on a positive note, the first nine months showed promising results recording the highest ever national average price of Rs 467.68 (Jan-Sep Avg) per kilogram, an increase of Rs 38.59 per Kilogram over that of the previous year. Meanwhile, the combined annual average for High, Medium and Low-grown Tea's stood at Rs 420.36, Rs 410.13 and Rs 488.06 respectively. The national Tea crop also declined in 2014, with High-grown tea registering a YoY drop of 2.9 percent, while the Low-grown variations decline by a marginal 0.9 percent YoY. However, steady growth in Sri Lanka's Tea exports in

the first nine months of the calendar year, resulted in a YoY growth of 6.6 percent for the January to December period, which brought in foreign exchange of Rs 212.6 billion for the year ending 31st December 2014.

Regrettably however, the steady pace of growth was disrupted by unforeseen global geopolitical undercurrents which left the local tea industry reeling in the latter part of 2014. The collapse of the Russian Ruble in early November 2014, was a crushing blow that led to a swift decline in the price of High-grown Tea. Meanwhile, the prospects for Low-grown Sri Lankan Tea also took a hit following the economic sanctions imposed on Iran, amidst escalating political tensions in that country. Moreover, weakened by the drop in world crude oil prices towards the end of 2014, many key oil producing nations, including Russia and Iran struggled to

Management Discussion & Analysis

■ The challenge:

Tea sellers requesting increased financial lending

The solution:

Structured approach:

When processing advances, ensuring that due evaluations are conducted minimizing advances going bad.

Evaluations are based on the seller's repayment capacity, and manufacturing expert's report regarding the operation etc.

Year 2010



High grown

79.1 MKgs
Rs. 337.38

Medium grown

56.1 MKgs
Rs. 329.50

Low grown

196.2 MKgs
Rs. 393.19

Total production 331.40 MKGs.
Average price Rs. 370.61

Year 2011



High grown

79.2 MKgs
Rs. 329.95

Medium grown

52.5 MKgs
Rs. 319.77

Low grown

196.6 MKgs
Rs. 381.27

Total production 327.3 MKGs.
Average price Rs. 359.89

Year 2012



High grown

73.7 MKgs
Rs. 375.53

Medium grown

52.6 MKgs
Rs. 351.08

Low grown

202.1 MKgs
Rs. 407.14

Total production 328.4 MKGs.
Average price Rs. 391.64

Year 2013



High grown

75.8 MKgs
Rs. 402.98

Medium grown

56.1 MKgs
Rs. 398.65

Low grown

208.1 MKgs
Rs. 469.91

Total production 340 MKGs.
Average price Rs. 444.42

Year 2014



High grown

78.8 MKgs
Rs. 420.36

Medium grown

49.2 MKgs
Rs. 410.13

Low grown

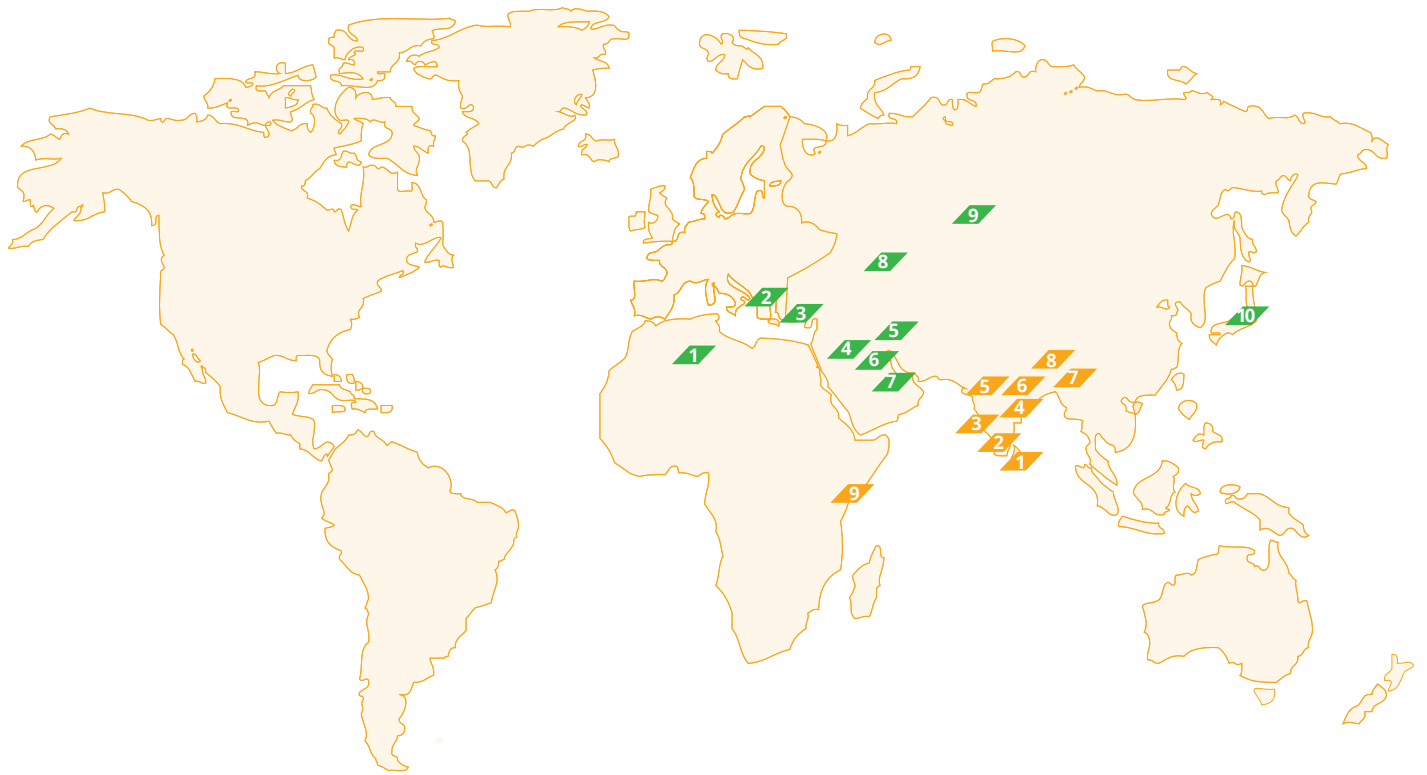
210.0 MKgs
Rs. 488.06

Total production 338 MKGs.
Average price Rs. 461.86

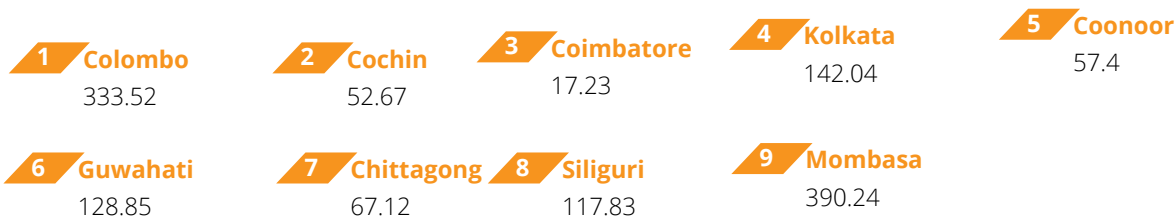
stave off recessionary pressures by cutting back on their imports, a decision that had a direct impact on Sri Lanka's Tea industry.

With the brunt of the impact coming in the early months of 2015, the market price for Ceylon Tea fell by more than 30 percent within the space of two months leaving many estates in dire straits. To add to the growing list of woes, these estates found to their dismay that the cost of production was more or less unchanged. Already beleaguered by high costs of production, the local Tea industry went into a tailspin as the sharp drop in prices continued to erode margins. Meanwhile, to protect the producer and contain any further deterioration in margins in the coming months, the government has proposed to introduce a minimum price of Rs 80/- per Kilogram. While these stop gap measures may offer some temporary relief, it is unlikely that they would provide the desired level of price stability needed for medium term growth in the industry.

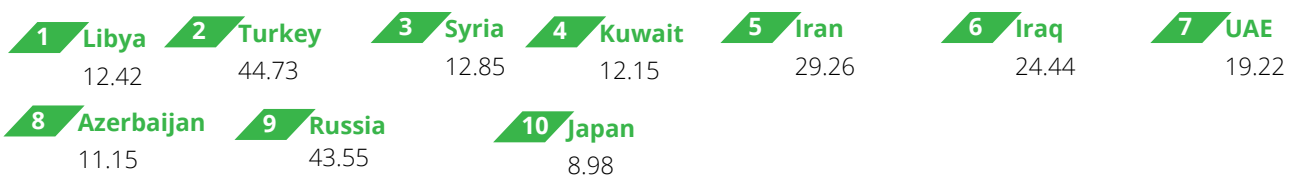
As captive markets began to shrink, the industry was faced with a fully blown crisis in the first quarter of 2015, a situation which left the relevant authorities scrambling to find alternative markets to help the industry regain some traction. However, this too proved to be a difficult



Quantity sold in world auctions centres - 2014 (Millions Kgs)



Top ten destinations of Ceylon Tea - 2014 (Millions Kgs)



task, amidst growing competition from non-traditional tea producing nations in Asia and Africa. Notably, global Tea production also expanded in 2014, with sizable increase in volumes recorded by China, India and Kenya.

Encouragingly though, despite the heightened level of competition in the global market place, Sri Lankan grown Tea continued to command a premium price at the auctions. Attributed mainly to our unrivalled quality and unique taste, local

Teas were able to retain their customary dominance in this niche market space.

Management Discussion & Analysis

District wise tea production

Million Kilograms

1. Matale

2014 - 2.84

2013 - 2.23

2. Kegalle

2014 - 9.27

2013 - 11.65

3. Colombo

2014 - 0.68

2013 - 0.64

4. Kalutara

2014 - 18.22

2013 - 18.68

5. Ratnapura

2014 - 74.81

2013 - 71.23

6. Galle

2014 - 52.41

2013 - 53.12

7. Kandy

2014 - 32.87

2013 - 34.16

8. Nuwara Eliya

2014 - 73.52

2013 - 73.09

9. Matara

2014 - 2.84

2013 - 2.23

10. Badulla

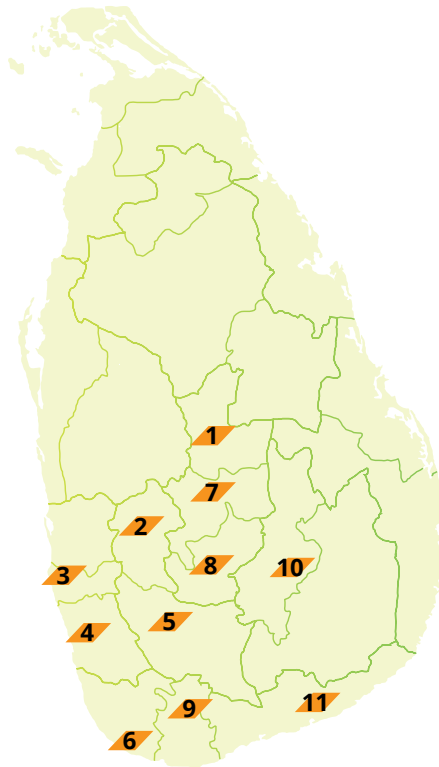
2014 - 28.98

2013 - 30.35

11. Hambatota

2014 - 0.26

2013 - 0.25



Performance Highlights

As expected, the company's performance for the year under review, was largely underpinned by the movements in the country's Tea industry. In addition, sudden changes in broker dynamics, saw certain broker companies changing ownership enabling a greater degree of backward integration by certain individuals who own a major stake in Plantation companies. This move allowed the relevant brokering companies to secure their production sources and afford themselves a stronger competitive edge. It also realigned the broker mix in the local Tea broker sector and intensified competition among key players in the market. As a stand-alone brokering establishment, JKPLC was severely disadvantaged by such alliances,

losing out on a sizable portion of its captive market share. The company was thus able to register only a 17.71 percent volume-based market share at the close of the year, compared to the 17.86 percent registered for the past year.

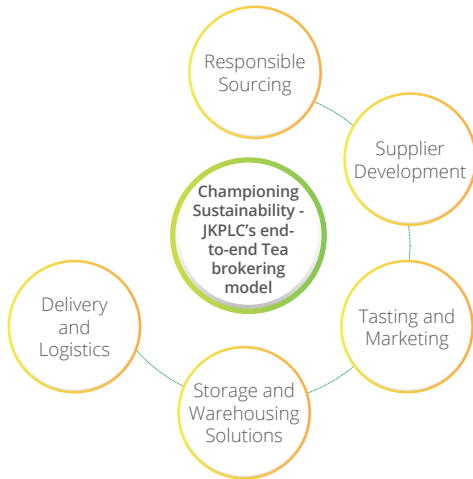
Nevertheless the expected export volume targets set for the year were achieved, with all portfolios recording improvements from the previous year. Notwithstanding the satisfactory level of volumes however, the drastic drop in auction prices had a negative impact on JKPLC's brokerage income for the year, which declined by 2 percent YoY.

Responsible Sourcing

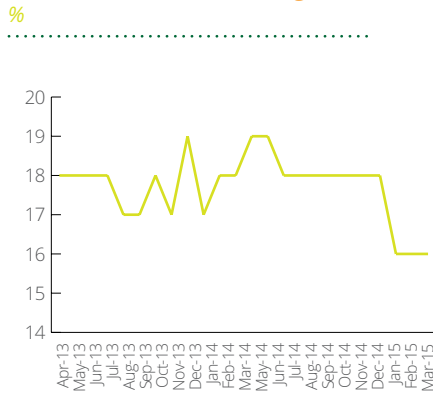
As in the past, an effort to develop the quality of the produce continues to be a key priority for JKPLC. As part of the company's responsible sourcing practices, strengthening relationships with established Tea producers remains critical to achieving this objective. Frequent field visits by JKPLC manufacturing advisers are aimed at providing continuous management advisory services to help growers improve estate yields and develop a sustainable framework for growth. Meanwhile regular technical training workshops seek to enhance the quality of each Tea grade in line with international standards.

Moreover, a series of recognition awards were also introduced to acknowledge the accomplishments of high performing estates.

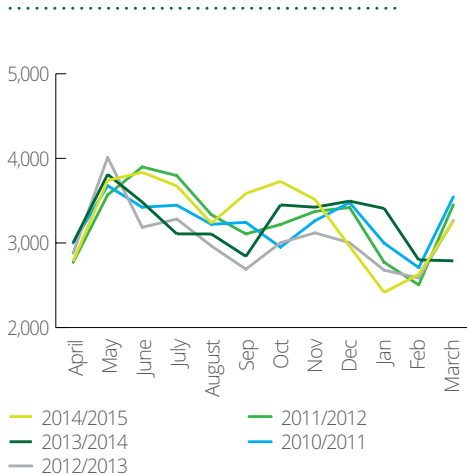
Championing sustainability



Market Share of Tea Broking



Tea Arrivals to Warehouse
(kg thousand)



These measures have proven to be highly successful as evidenced by the record prices achieved for many of JKPLC's long established estates.

Supplier Development

As part of the multi-faceted role demanded of modern day brokers, JKPLC is often called upon to function as lead financier for the estates with which the company has established long standing relationships. Governed by the lending model mandated by the Colombo Brokers Association, all lending for the year was done as per the Minimum lending rates stipulated by the association. Notably, the ability to secure low-cost borrowings by leveraging on the low interest rate regime helped the JKPLC maintain a healthy spread in this business line, which registered a YoY increase of 7 percent in net interest earnings.

Tasting and Marketing

A highly focused strategy was initiated to improve the quality of the produce and develop superior Quality Teas. The aim of this programme was to ensure that produce from these estates would command a premium price at the auctions.

Accordingly, the field visit schedule was restructured to ensure a minimum of two manufacture and tasting visits per factory every two months. While evaluation of teas are conducted on a daily/weekly basis, on request quarterly 'review of performance' was also presented to Plantation Companies.

Storage and Warehousing Solutions

JKPLC's state-of-the-art warehouse, offers a fully-fledged warehousing solution that accommodates all the storage requirements of clients. Located

Management Discussion & Analysis

in the high security industrial zone at Muthurajawela, the JKPLC warehouse is a 120,000 sqft purpose built facility that has been designed as per the OHSAS 18001

Meanwhile, to minimize the fire hazard risk within the warehouse premises, during the month of January 2015, the company constructed an independent



■ The challenge:

Real time information to buyers and sellers of tea

The solution:

Automated platforms

An automated delivery order system launched, enabling buyers to collect the procured tea in a speedy manner. mAuction is an online platform that provides real time auction pricing and buyer information during the tea auction.

guidelines for Occupational Health and Safety Management Systems. Moreover, storage and handling processes at the warehouse are in accordance with the globally accepted HACCP standards for food storage and hygiene. Accordingly all loading and unloading within the premises is done via a fleet of electric forklifts, which minimize the risk of mishandling. These eco-friendly forklifts are also design to at reduce the carbon footprint of the warehouse facility.

docking station to accommodate overnight charging and housing of the forklifts and Reach Trucks, when not in use. Located adjacent to the main warehouse, the docking station is also outfitted to handle the servicing of these forklifts and Reach Trucks, thereby eliminating the likelihood of food contamination. While greatly improving the safety and hygiene aspects of the warehousing operation, the removal of equipment housing and maintenance from the main warehouse

complex has also released a considerable amount of storage space, which has expanded the total capacity of the facility. Operating at over 85 percent capacity throughout the year under review, the warehouse operation recorded a YoY 8 percent increase in turnover.

Delivery and logistics

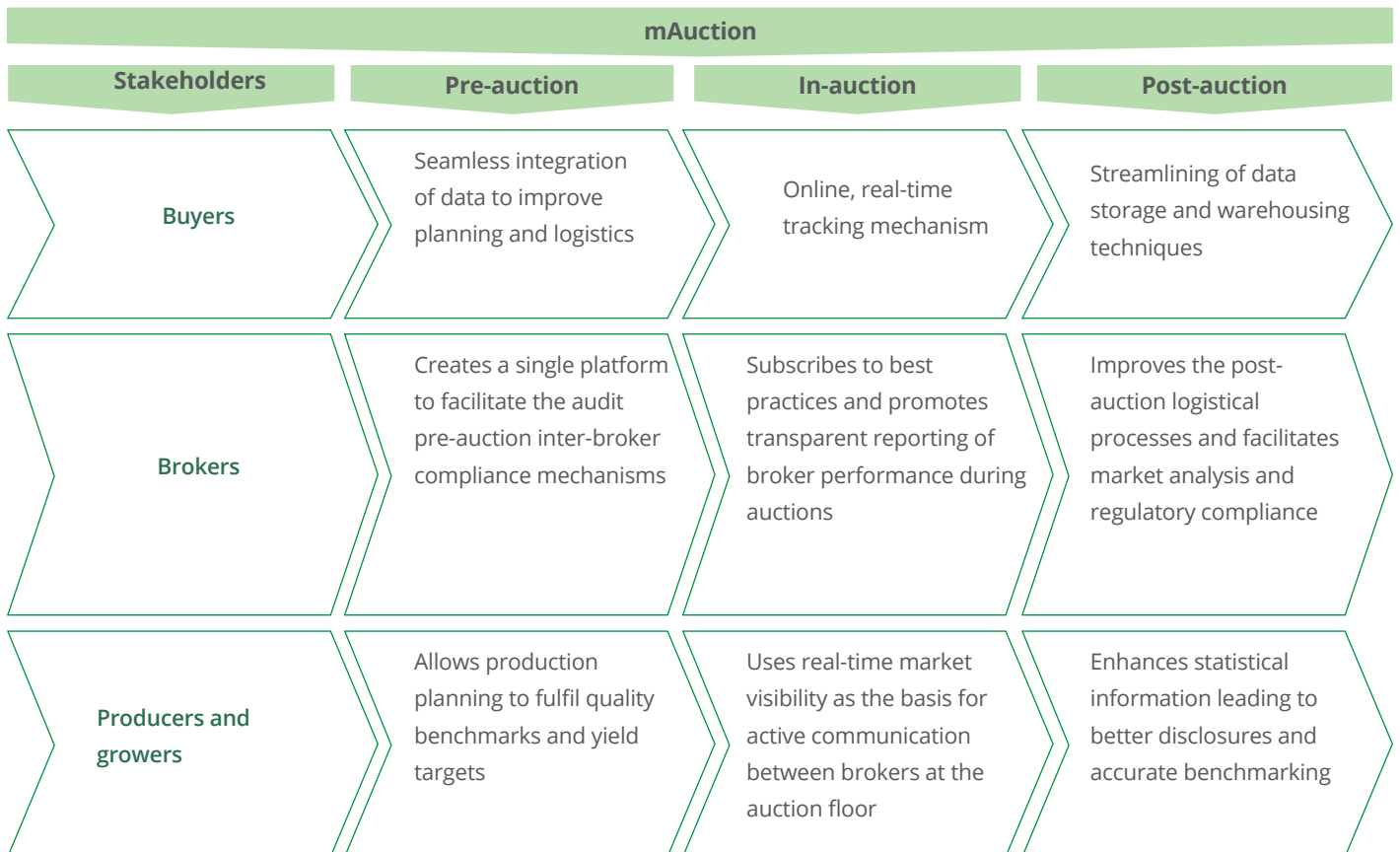
Rated as a Top-tier brokering house at the forefront of Sri Lanka’s Tea trade, JKPLC is widely considered a trailblazer responsible for the evolution of the industry. Renowned for its proactive

role in reshaping the way in which the local industry operates, JKPLC has always welcomed cutting edge technology as the way forward. As in the past, the company continues to lead by example vis-à-vis bold new innovations that seek to impart a new dimension of industry-wide growth.

Innovation as the way forward

To mirror the commitment to these goals, JKPLC commenced the year with a pioneering programme aimed at revamping the existing delivery order

printing and collection process. Further ‘mAuction’ an electronic auction platform was introduced. The new venture is a collaborative effort between JKPLC and Mobitel (Pvt) Ltd. Developed using highly advanced mobile technology architecture, the new ‘mAuction’ framework is a versatile solution-based application geared to support core segments of the auction process, while creating real value for key stakeholders across the value chain depicted below.

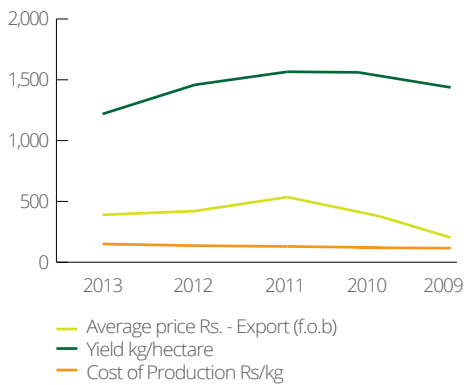


Management Discussion & Analysis

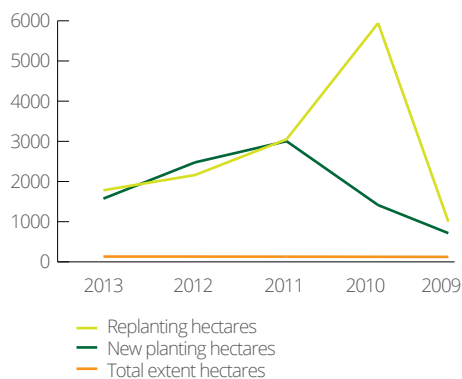


Price and the Yield of Rubber

Rupees



Rubber Land Utilization



Rubber Broking

Overview of Rubber Industry

Sri Lanka's rubber industry struggled to stay afloat in 2014, amidst weakening demand for natural rubber from key export markets in China and Europe, countries where natural rubber is used as a core raw material for the production of vehicle tyres. Impacted by a slow-down in economic activities alongside lower aggregate consumer spending, these countries were less inclined to procure expensive natural rubber as a source of raw material, instead opting for low-cost synthetic rubber for their tyre production requirements.

Already battered by waning demand, the local rubber industry suffered yet another catastrophe in late 2014, following the crash of global oil prices, which meant synthetic rubber could now be produced at a significantly lower cost than natural rubber. As the demand for synthetic rubber soared, in the immediate aftermath

of low crude oil prices, the demand for natural rubber plummeted, leading to massive drop in the world market price of natural rubber. The corresponding impact on the industry-wide bottom line was devastating, particularly as the cost of production in Sri Lanka remained much higher than other rubber producing nations. Meanwhile, impacted by inclement weather conditions, Sri Lanka's rubber production also fell by 24.37 percent in 2014. In contrast, newer rubber producing nations appeared to have registered a notable increase in their production volumes for the same period, signalling an ominous future for the local rubber industry.

Stock Broking

Overview of Stock Market

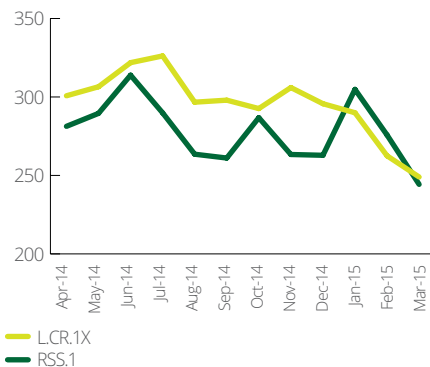
The low interest rate environment over the last financial year resulted in a rise in domestic participation in the market. The market also witnessed strong foreign buying interest throughout much of



We are constantly looking for new ways to build and maintain our networks, applying innovative design and being both creative and flexible in our approach in connecting businesses to the commodity and broking industry.

L.CR.1X & RSS.1 Price Fluctuations 2014/2015

Rs



the financial year, particularly over the first 9 months, with net foreign inflows amounting to Rs. 31 billion compared to Rs. 11 billion in the previous financial year. Despite the increase in net foreign inflows, the upsurge in domestic participation meant foreign participation accounted for only 27 percent of market turnover compared to 33 percent in the previous financial year.

Meanwhile, excess liquidity and a benign macro environment helped stimulate turnover levels with the daily average turnover amounting to Rs. 1,483.9 million for the financial year, significantly higher than average daily turnover levels during FY14 and FY13 which stood at Rs. 809.5 million and Rs. 796.8 million respectively.

The All Share Price Index (ASPI) grew by 26.2 percent from April 2014 up until the announcement of the Presidential poll in November 2014, subsequently trending lower amid cautious investor sentiment. However despite the decline in the ASPI in the last quarter of the financial year, the ASPI was able to record an overall gain of 14.27 percent for the financial year while the S & P SL20 recorded an increase of 17.45 percent for the same period.

Performance Highlights

John Keells Stock Brokers (JKSB) recorded a 45.4 percent increase in revenue compared to the previous financial year, driven by a significant improvement in market turnover levels at the Colombo Stock Exchange. The rise in turnover resulted in PBT contribution to group earnings rising to Rs. 89.9 million, an increase of 142 percent over the previous financial year.

Management Discussion & Analysis



Total Employees 2014/15



■ Male 73%
■ Female 27%

Social Review

Human Capital Development

At JKPLC, we fully recognize the crucial importance of developing human resources as a core driver of corporate success. We believe the best way to do this is to harness the basic human need to succeed vis-à-vis a progressive approach that channels positive attitudes and innovative thinking. Strengthened by the group HR policies, JKPLC remains committed to facilitate a vibrant working environment that would underpin both the professional and personal development of all employees.

The Company has a process of developing objectives which are specific, measurable, agreed on realistic, time bounded and stretched, geared to motivate and inspire the commitment of our employees in a manner that would offer the organization a definite competitive advantage and translate into the achievement of corporate aspirations.

Equal Opportunity Employment

JKPLC remains an equal opportunity employer and is committed to hiring, developing and promoting individuals who best meet the requirements of available positions. We do not subscribe to any form of discrimination or bias and as such the basis of selection is determined solely by the level of competency, experience and academic qualifications that would ensure the candidate is able to carry out the assigned tasks and has the potential to drive organizational growth.

Child Labour Policy

Adhering to a strict Child Labour Policy, we do not employ any person below the age of 18 years. At the recruitment stage, we use credible methods to verify the age of each prospective candidate, prior to signing of the employment contract.

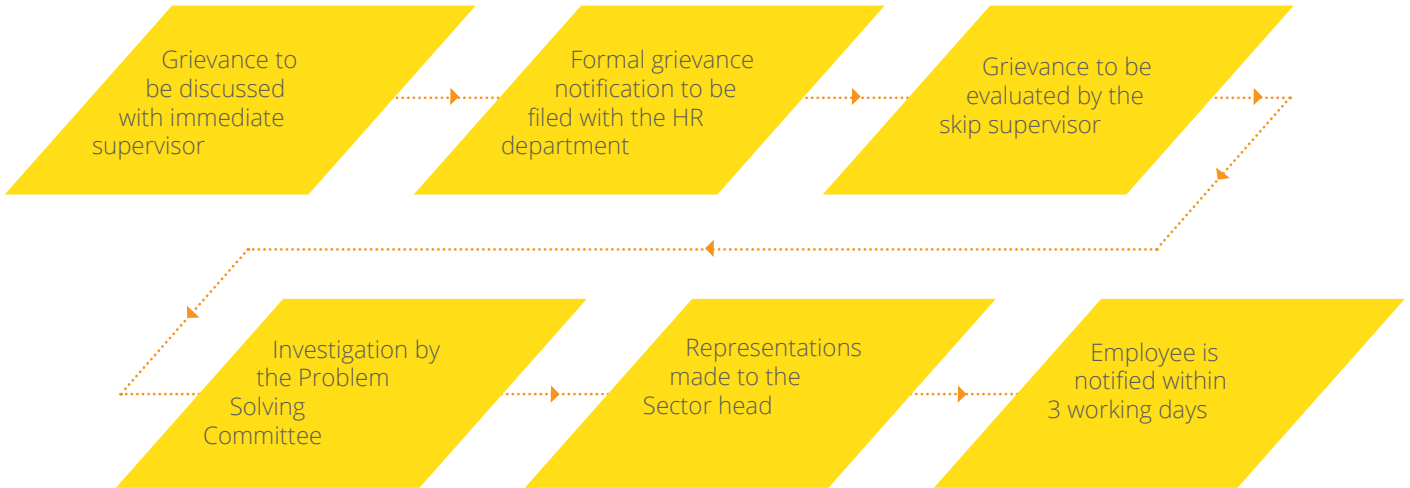
Sexual Harassment Policy

We believe all employees have a right to work in an environment free from the demoralizing effects of harassment or unwelcome offensive or improper conduct. Sexual harassment of any form is not to be tolerated at JKPLC, including harassment based on race, gender, colour, religion, national origin, age, sexual orientation, gender identity or expression, disability, or veteran status or any other status protected by law.

To stress the importance of the subject, the company subscribed to the JKH group campaign to highlight the growing concern on gender based violence in the workplace. The programme titled WAVE (Working Against Violence through Education) is the latest social responsibility initiative of the Group and is implemented via John Keells Foundation.

Grievance Handling Procedure:

Steps of escalation if the 'Problem' is not resolved at each stage:



Managing the Human Capital element:

Our integrated human capital management model is geared to ensure that personal career aspirations provide the impetus to achieve corporate goals. To meet the growing challenges of modern business paradigms, we continue to evaluate all aspects of our HR model as we seek to identify the critical success factors that drive each aspect. We have in place a series of structured employee engagement initiatives that provide a robust platform for managing our talent pool. Each of JKPLC's confirmed employees as at 31st March have been appraised on their performance for the year under review by their supervisor and subsequently, refined by the career committee which finalises the performance rating and the employee will receive feedback within the month of June.

Creating a communicative culture

With communication being at the heart of our talent management model, we continue to review our existing policies and procedures, in order to cultivate a communicative organizational culture. At present we provide our employees with a number of opportunities that allow them

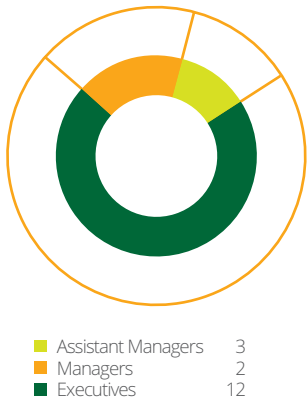
to interact with their superiors as well as their peers in and out of the workplace.

In 2014, JKPLC took part in the Great Place To Work (GPTW) survey, scoring over 70% positive feedback for Ethical Management, Freedom and Responsibility, Caring, and Management Competence.

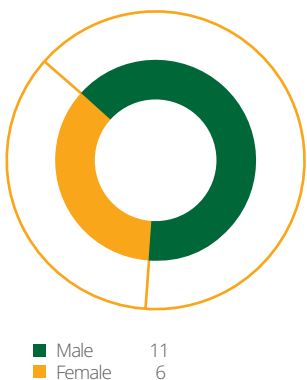


Management Discussion & Analysis

Training and development Employee Category wise distribution 2014/2015



Training and development gender wise 2014/15



To ensure a suitable communicative workplace culture, we have in place a series of proactive communication mediums among which Joint Consultative Committee (JCC) meetings and Staff Meetings are used to effectively disseminate information to staff. Meanwhile, Skip Level Meetings are aimed at providing executive grade employee's access to the next level of superiors. They provide an opportunity for all employees' from the Executive level and above to meet with their superiors, who are at a level higher than their own immediate supervisor. Skip Level Meetings facilitate the alignment of individual aspirations with organisational needs.

Training and Development

Training and development remains a crucial aspect of our efforts to nurture an empowered workforce. Centre driven training is identified during the annual appraisal, depending on the behavioural competencies of each employee. We also

encourage our employees to request for specific training which they feel would enhance their career prospects and leaderships skills.

Rewards and Recognition

The company has in place a multi-layered rewards and recognition programme that aims to motivate employees to strive for greater heights. It is a scheme that encourages employee career progression through the achievement of personal and professional milestones.

Employee of the Year

All staff grades between Executives to Assistant Managers (both inclusive) are eligible to participate in this company wide programme. Awardees are decided based on the achievement of pre-determined targets and those who have demonstrated exemplary behaviour in upholding JKH values.

Champion of the Year

Open to all Non-Executive staff, the scheme rewards high performing employees for their exceptional contribution during a particular year whilst displaying the true

V SPARC - awards are presented, in recognition of superior performance by staff members of Group values and to promote a culture of empowerment.



■ The challenge:

Retaining outsourced labour at the Warehouse

The solution:

Enhancing the working environment:

Efforts to improve labour retentions included safety enhancements in the operational environment at the warehouse while increasing the qualitative rewards for outsourced staff.

spirit of JKH Values. Based on the annual performance of the employees, a non-executive member of the staff is chosen as the champion of the year.

25 year service

Staff who complete 25 years of service are felicitated by the company to recognize them for their loyal service.

John Keells values are

Innovation - Changing constantly reinventing and evolving.

Integrity - Doing the right thing always

Excellence - Constantly raising the bar

Caring - Fostering a great place to work

Trust - Builds strong relations based on openness and trust.

Management Discussion & Analysis

To stress the importance of family, employees were encouraged to bring their children to work. This initiative also coincided with the celebration for World Children's day



Preserving the Work-life balance

Having understood the importance of greater social cohesion among employees, we have introduced a broad spectrum of initiatives that are aimed at improving the work-life balance of our employees. To add to the wide range of measures already in place, during the year we introduced flexi-hours and a paternity leave policy to help employees manage their work responsibilities alongside their personal commitments. Applicable to executive staff grades and above, the flexi-hours programme, was well received by the staff with 07 employees availing themselves of the facility.

Moreover, to stress the importance of family, employees were encouraged to bring their children to work. This initiative also coincided with the celebration for World Children's day on 05th October 2015. The activities organized to mark the event included taking the children around office, explaining of what happens at work and seating them at their parents work

station to spend time with them at work. An art competition was also organized together with other fun activities to keep the children entertained.

Meanwhile, effort in an to improve the general health and well-being of employees, JKPLC conducted a series of awareness programmes to address matters that were deemed relevant in the present social context. Among the key activities carried out in this regard, were the steps taken to commemorate World AIDS Day and the aforementioned stand-alone programme to create awareness on gender-based violence in the community.

Social Responsibility Focus

As always, CSR activities represent an important part of our efforts to bring about change that would benefit society as a whole. These programmes are also aimed at encouraging employee volunteerism and helping them understand critical social issues that hinder the progress of modern day

society. Accordingly, the following are initiatives which were implemented during the year, to demonstrate the company's commitment to enact change across a broader social landscape.

HIV/ AIDS awareness

Samanthika Jayasinghe, Executive at JK PLC is a master trainer and has conducted public training programmes on HIV/ AIDS awareness for National Livestock Development Board, Sithaka Tea Factory, Lake House and MAS Holdings.

Eye Camps

The John Keells vision project is primarily an island wide cataract surgeries project which are aligned with the World Health Organization's "Vision 2020" project. The company has conducted eye camps at Nawalakande Tea Factory, Rayigam Estate and Dickoya Estate with a total of 866 patients being screened, donated spectacles and directed to cataract operations.



Financial Review

Revenue Composition 2015

%



■ Produce Broking	58%
■ Warehousing	31%
■ Share Broking	11%

Revenue Composition 2014

%



■ Produce Broking	66%
■ Warehousing	10%
■ Share Broking	24%

Revenue

The Group recorded a consolidated revenue of Rs 960 million for the year under review, a 10 percent growth against the Rs 875 million achieved during the previous year. Augmented by positive environmental conditions the share broking revenue grew impressively during the year whilst revenue generated from warehousing grew marginally. Negatively impacted by the adverse environmental factors produce broking experienced a marginal decline in revenue for the year under review.

Composition of Revenue

A shift in the composition of revenue could be seen during the year under review in comparison to the previous financial year. During the year under review Produce brokering contributed 59 percent to the total revenue, share broking contributed 31 percent and the warehousing operation contributed 10 percent to the total revenue. This is a reasonable shift from the composition of 66 percent, 24 percent and 10 percent respectively from produce brokering, share brokering and warehousing during the previous year.

Produce Brokering Revenue

The Rs 559 million produce brokering revenue generated for the year was a marginal 3 percent decrease from the previous year value of Rs 575 million. The decline is mainly due to the decline in average selling price of a kilogram of both Tea and Rubber. The average selling price of Tea achieved by JK PLC dropped 3 percent to Rs 444.04 per kilogram during the year under review from Rs 455.10 enjoyed during the

corresponding previous year. Rubber selling prices achieved by JK PLC experienced a sharp decline in average selling price dropping 23 percent to Rs 255.53 per kilogram in comparison to the previous year average of Rs 330.80 per kilogram. The number of kilograms of Tea sold during the year grew marginally by 2 percent to 59.51 million kilograms while the number of kilograms of Rubber sold during the year decreased sharply by 20 percent to 3.63 million kilograms.

Warehousing Revenue

Positively influenced by the increase in crop as well as the price revision on warehousing charges during the year under review the warehousing operation generated a revenue of Rs 100 million an increase of 9 percent compared to the Rs 92 million generated during the previous year. The warehousing operation stored a healthy 44 million kilograms of tea during the year in comparison to the 40 million kilograms of tea stored during the year 2013/14. The warehouse also stored 2.5 million kilograms of rubber a decline of 30 percent compared to the 3.6 million kilograms of rubber stored during the corresponding previous year.

Share Broking Revenue

The low interest rates that prevailed during the financial year resulted in an improvement in local participation, which along with improved foreign activity contributed to higher market turnover levels resulting in the Stock broking business recording a revenue of Rs 301 million, an impressive growth of 45 percent from the Rs 207 million generated during the corresponding period last year.

Income and Expenditure Distribution

	2015 Rs 000's	%	2014 Rs 000's	%
Revenue	959,925	100%	874,797	100%
Cost of sales	283,398	30%	260,149	30%
Gross profit	676,527	70%	614,648	70%
Other operating income	2,921	0.3%	13,304	1.5%
Administrative expenses	251,718	26%	219,777	25%
Sales and marketing expenses	68,826	7%	37,914	4%
Results from operations	358,904	37%	370,261	42%

Direct cost of sales for the Group increased by 9 percent during the year and was in line with the growth of 10 percent in revenue. A decrease was noted in other operating income mainly due to the absence of a gain generated from sale of property, plant and equipment during the previous financial year. The sales and marketing expenses saw a sharp increase during the year under review. This was due to the provisional expense made on certain advances given to tea clients who had ceased operations due to adverse market conditions. The Group been prudently provided for the entirety

of such advances but is hopeful that with favourable market conditions, clients will resume operations and dues would be collected.

Finance Expense/Finance Income

The Group enjoyed a surplus in cash flow during the year, mainly contributed by the share broking operation. Positively impacted by the lower interest rates as well as focused cash management strategies the net finance expense for the year decreased by 38 percent to Rs 43 million from Rs 70 million in the previous financial year.

Profitability

All segments in the Group were impacted by macro economic factors in varied means. The produce brokering segment was negatively impacted by the rapid decline in oil prices, the failure of the Russian Ruble and the political upheaval in the middle-east, whilst the Share brokering segment was positively impacted by improved market turnover levels as local participation improved given the lower interest rates prevailing in the country. These mixed results led

to the Group generating an operational profit of Rs 359 million, a marginal decrease of 3 percent compared to Rs 370 million generated during the previous financial year. However with prudent and focused financial management the Groups' net financial expenses decreased by 38 percent from Rs 70 million to Rs 43 million during the year under review. This led to the Group enjoying a Profit Before Tax (PBT) of Rs 323 million a growth of 5 percent compared to Rs 317 million the previous year.

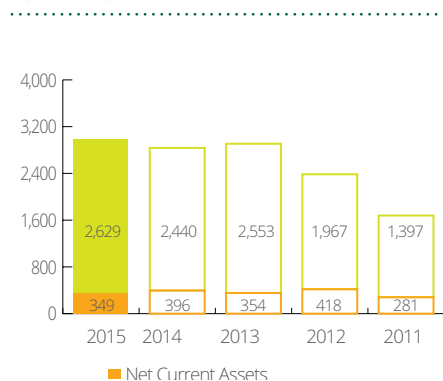
Cascading from the above factors Profit after Tax from Continuing Operations increased by 8 percent from Rs 215 million to Rs 232 million during the financial year ending 31st March 2015.

Taxation

As per the current taxation regulations, Produce brokering and stock brokering income are subject to a tax percentage of 28 percent whilst the tax percentage for warehousing operation is at 12 percent. The effective tax rate of the Group for the year under review was at 30 percent mainly due to a shift in the deferred tax charge during the year.

Company Assets

Rs Millions



Financial Review

Statement of Financial Position

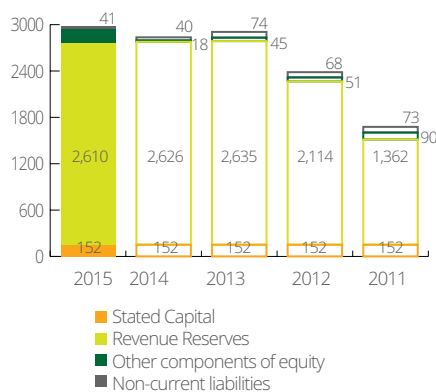
The Group reported a strong financial position for the year ended 31st March 2015 improving on the sound fundamentals built over the years through sustainable business practices. Return on Equity (ROE) for the year under review increased from 6.66 percent to 7.06 percent. The Return of Capital Employed (ROCE) for the year showed a marginal decrease from 9.80 percent to 9.58 percent. The main reason for this decrease is the marginal decrease in Earnings before Interest and Taxation (EBIT) from Rs 418 million to Rs 411 million.

Cash Flow Statement

The net movement in cash and cash equivalents for the year under review was an outflow of Rs 132 million. This was mainly due to a strategic decision made by the Produce brokering operation to settle the short term borrowing enjoyed during the previous financial year. The short term borrowing was converted into a bank overdraft facility in order to capitalise on the lower interest rates received. Cash

Company Liabilities

Rs Millions



generated from operational activities amounted to Rs 779 million as against the negative Rs 2.6 million in the previous year. This shift was mainly due to the impact on trade and other receivables and trade and other payables based on the due date of payment settlement in the brokering operation.

Statement of Changes in Equity

Shareholders' funds as at 31st March 2015 were at Rs 3,426 million as against Rs 3,228 million as at 31st March 2014. The increase can mainly be attributed to the increase in the fair value of the investment held in Keells Food Products.

Share Price and Market Capitalisation

The Colombo Stock Exchange experienced an upward trend during the year under review with the All Share Price Index (ASPI) going up to 6820 an increase of 14 percent from the beginning of the year. The Company share could also be said to have followed this trend gaining 28 percent during the year with a final trading price of Rs 92.0 per share.

Spurred by the increase in profit after tax during the year Earnings Per Share (EPS) increased significantly by 45 percent to Rs 3.58 per share from Rs 2.47 per share the preceding year. The Price Earning ratio (PER) for the year under review was 25.73 times a marginal decrease from the previous year value of 28.34 times. However due to our strong financial position net assets per share increased to Rs 55.58 per share as at 31st March 2015 from Rs 52.48 per share reported in the previous year.

Total Market Capitalisation as at 31st March 2015 was Rs 5,595 million. This is an impressive increase of 31 percent from the previous year Market Capitalisation of Rs 4,256 million with a share issue of 60.8 million.

Dividend

The dividend policy of the Group seeks to ensure a dividend payout correlated with profits while ensuring sufficient funds are retained for future developments ensuring shareholder returns are sustainable in the short, medium and long term.

During the year under review the Group paid a Dividend of Rs 3.40 per share resulting in a total cash outflow of Rs 207 million. The dividend payout ratio was, at a healthy 95.09 percent whilst the dividend yield was at 3.70 percent.

Subsequent Events

The Super Gain Tax which has been recommended for the approval of Parliament has not been provided as potential liability for the year ended 31st March 2015 since the bill has not been approved by the parliament as at the reporting date. The Group has not provided for the potential liability in the Financial Statements for the year ended 31st March 2015.

There are no further matters or circumstances arising since 31 March 2015, not otherwise dealt with in the financial statements that would materially affect the operations or results of the Group.

Governance Reports



Corporate Governance

John Keells PLC, its subsidiary companies John Keells Warehousing (Pvt) Ltd (JKWL), John Keells Stock Brokers (Pvt) Ltd (JKSB) & associate company Keells Realtors Limited (KRL), referred to as the “Group” have strived to maintain the highest level of transparency when reporting both financial and non-financial information which has enhanced the trust stakeholders have in the Group. The Group has been structured and controlled internally through a process of continuous review in facilitating the observance of the key principles of corporate governance.

While the Group is governed by an internal process which ensures integrity and professionalism in all its activities and relationships, ethical values are upheld

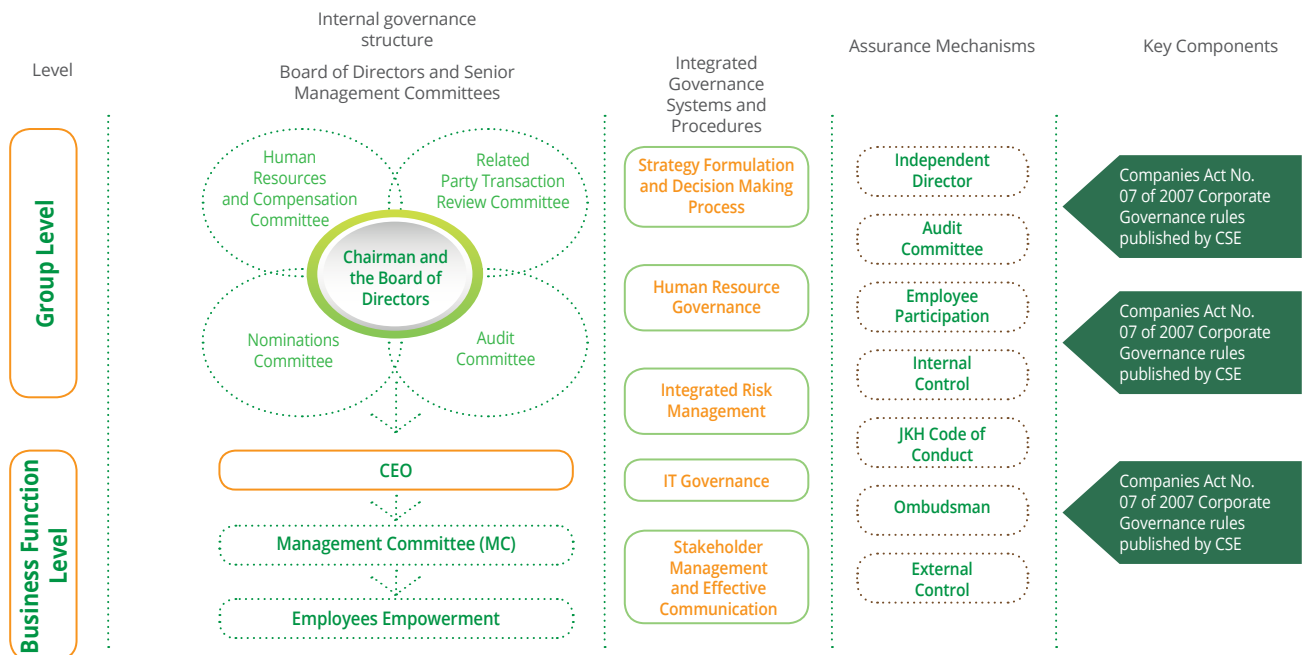
every day in a constant effort to set high standards of social responsibility. This philosophy has been ingrained through the Group by means of a strong set of corporate values and a formal Code of Conduct which all employees, senior management and the Board of Directors are required to embrace this philosophy in the performance of their official duties and in other situations that could affect the Group’s image. As a subsidiary of John Keells Holdings PLC (JKH) - the ultimate parent company, the Company displays these values and policies in its day-to-day activities as a fundamental requirement at all times, following the best practices of the parent company.

It is against this backdrop that John Keells PLC is pleased to state that it

is fully compliant with the mandatory provisions of the Companies Act No. 07 of 2007, Listing rules of the Colombo Stock Exchange (“CSE”) and rules of the Securities and Exchange Commission of Sri Lanka (“SEC”) and our practices are in line with the Code of Best Practices on Corporate Governance (‘Code’) jointly advocated by the SEC and the Institute of Chartered Accountants of Sri Lanka (“ICASL”).

Further, the Chairman ensures good governance at Board level and below on the basis of enduring principles that provide the framework of how the business is conducted. In this report we outline how our governance framework ensures the effectiveness of our Board and provides assurance to our shareholders.

Integrated Corporate Governance Framework

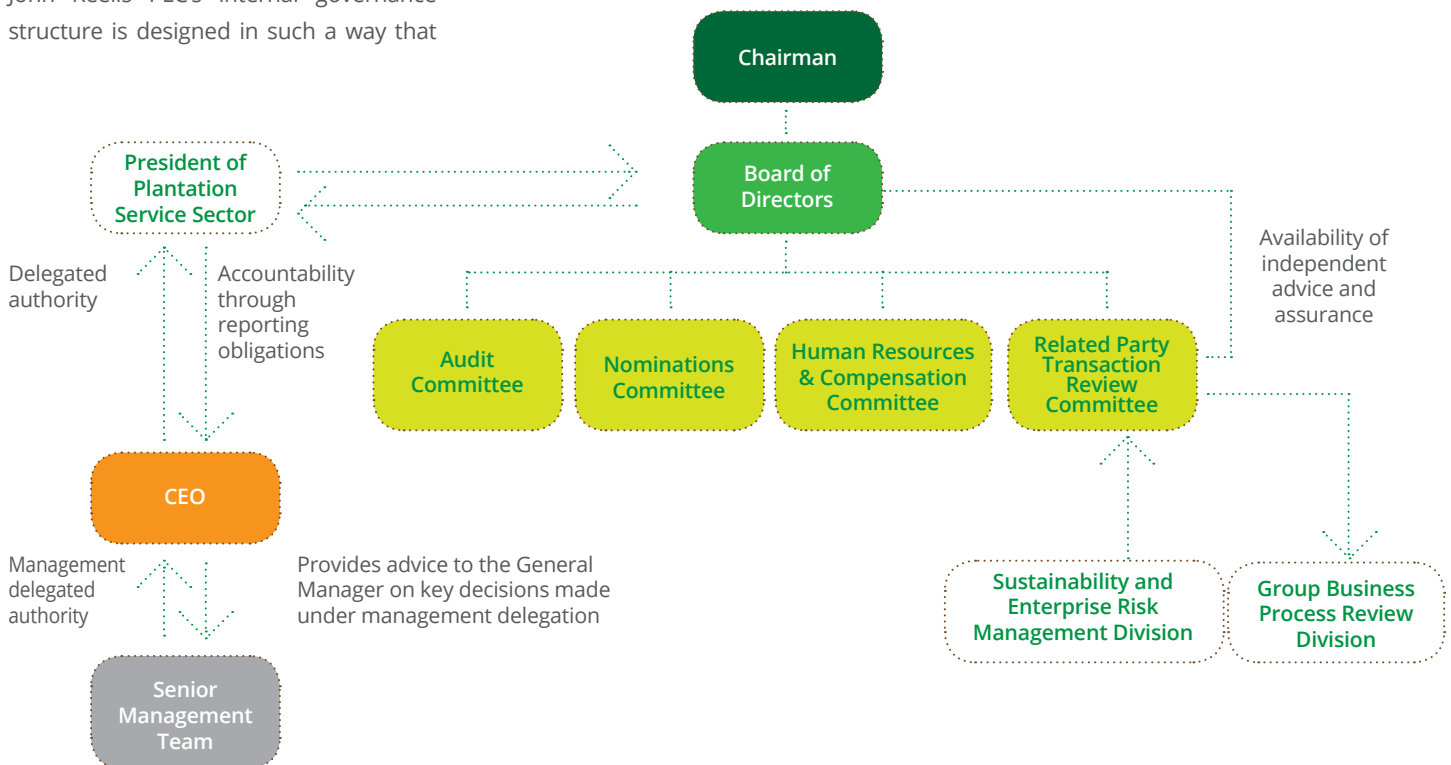


This integrated corporate governance report is structured in the following sequence to highlight the different elements that are adopted by the company to ensure a robust governance framework.

- Internal governance
- External governance

INTERNAL GOVERNANCE STRUCTURE

John Keells PLC's internal governance structure is designed in such a way that



structure encompasses two main pillars as illustrated in the diagram and those are

Board of Directors & Senior Management Committees

Executive authority is well devolved through a committee structure ensuring that the President of the Plantation Services Sector, Chief Executive officers

achieve greater operating efficiency, expediency, healthy debate and freedom of decision making.

Integrated governance systems and procedures

These Promote good governance within the wider context of achieving sustainable success that is beyond mere conformance with regulations. Below mechanisms,

the executive authority is delegated through committees with clearly defined limits of authority responsibilities and accountability which are agreed upon in advance to achieve greater operating efficiency and freedom of decision making. The internal governance

(CEO) of John Keells PLC and JKSB, and profit centre/functional managers are accountable for the Group and the business units/sub-functions respectively. Clear definitions of authority limits, responsibilities and accountabilities are set and agreed upon in advance to

within the internal governance structure, ensure implementation and execution towards upholding the Group's Corporate Governance framework

- Strategy formulation and decision making

Corporate Governance

- Human resource governance
- Integrated risk management
- IT Governance
- Stakeholder management effective and transparent communication

Chairman and the Board of Directors

Role of Chairman

The Chairman is a Non-Executive, Non Independent Director whose main responsibility is to lead and manage the Board and its Committees so that they can function effectively. He represents the Company externally and is the focal point of contact for shareholders on all aspects of corporate governance.

While leading the Board to effectively execute its duties towards all stakeholders, the Chairman, with the assistance of the Board Secretaries Keells Consultants (Private) Limited, ensures that:

- Board procedures and duties are followed. 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.
- Directors receive timely, accurate and clear information and updates on matters arising between meetings.
- A proper record of all proceedings of Board meetings is maintained.

The Chairman also sets the tone for the governance and ethical framework of the Group, facilitates and solicits the

views of all Directors and by keeping in touch with local and global industry developments, ensures that the Board is alert to its obligations to the Company's shareholders and other stakeholders.

The Board of Directors

The Board of John Keells PLC holds responsibility to shareholders of the Group to discharge its stewardship obligations in the best interests of the Group and its stakeholders. This is achieved by,

- Maximizing shareholder wealth-creation on a sustainable basis while safeguarding the rights of multiple stakeholders
- Building and enhancing stakeholder relationships which are considered an integral aspect of Board effectiveness and a responsible approach to business
- Ensuring that one person does not have unfettered powers of decision making
- Ensuring that the methods employed to achieve goals are as important as the goals themselves
- Making business decisions and resource allocations in an efficient and timely manner, within a framework that ensures transparent and ethical dealings which are compliant with the laws of the country
- Actively participating in discussions with the relevant regulatory bodies in the formation and implementation of

governance regulations, accounting standards and economic reforms.

- Opting for the early adoption of accounting standards and best practices in governance regulations, when practical.
- Resolving to maintain strong governance practices which result in strengthened stakeholder confidence, particularly those of both institutional and individual investors.

The Board of John Keells PLC has, subject to pre-defined limits, delegated its executive authority to the President of the Plantation Services Sector for the implementation of strategies approved by the Board and developing and recommending to the Board the business plans and budgets in keeping with Group strategy.

Board responsibilities and decision rights

Notwithstanding the functioning of the Board Committees, the Board of Directors is collectively responsible for the decisions and actions taken. The John Keells Group Corporate Governance Framework expects the Board of Directors to:

- 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 its sustainable development goals
- Reviewing and approving annual plans and longer term business plans

- Tracking actual progress against plans
- Reviewing HR processes with emphasis on top management succession planning
- Reviewing the performance of the Executive Director
- Monitoring systems of governance and compliance
- Overseeing systems of internal control, risk management and establishing whistleblowing 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
- Adopting voluntarily, best practices where relevant and applicable.

Board composition and Director Independence

At the last Annual General Meeting (AGM) of John Keells PLC, held on 26th June 2014, the Board consisted of seven Directors comprising of;

- Three Non-Executive, Non-Independent Directors, (NED/NID) including the Chairman
- Three Non-Executive, Independent Directors (NED/ID)
- One Executive, Non-Independent Director (ED/NID)

As at 31st March 2015 the Board comprised of the same number of Directors.

In accordance with the criteria for "Independence" specified by section 7.10.4 of the listing rules of the Colombo Stock Exchange and as identified by the Code, the Board affirms that the aforesaid four Non-Executive Independent Directors satisfy the criteria for independence and have satisfied the requirements under clause 7.10.2 (b).

The Board has determined that, although Mr. T de Zoysa and Ms. Y A Hansen have been members of the Board for a period exceeding 9 years and do not satisfy the "number of years on the Board" criteria, given all the circumstances, Mr. T de Zoysa and Ms. Y A Hansen are Independent especially as they satisfy the other qualifying criteria in terms of independence

Non-Executive/Independent Directors and Board Balance

The Board stand a view that its present composition ensures a healthy balance between executive expediency and independent judgment. This is based on the following:-

- Collectively, the Non-Executive Directors possess proven business experience and expertise in their respective fields.
- The present composition of the Board represents an appropriate mix of skills and experience

- The Independent Directors possess strong financial acumen and by virtue of their membership on external boards, are able to assess the integrity of the Group's financial reporting systems and internal controls, continually review, critique and suggest changes in keeping with best practice.

Board Skills

The Directors at John Keells PLC who are profiled on page 16 and 17 of this annual report have a wide range of expertise as well as significant experience in commercial and financial activities enabling them to discharge their governance duties in an effective manner.

The Group is conscious of the need to maintain an appropriate mix of skills and experience in the Board through a regular review of its composition in ensuring that the skills representation serves current and future needs.

Conflicts of interest and independence

Each Director holds continuous responsibility to determine whether he or she has a potential or actual conflict of interest arising from external associations, interests or personal relationships in material matters which are considered by the Board from time to time.

Details of companies in which Board members hold board or board committee membership is available with the Company for inspection by shareholders on request.

Corporate Governance

Name of Director/ Capacity	Shareholding (i)	Management/ Director (ii)	Material Business relationship (iii)	Employee of company (iv)	Family Member a Director of the CEO (v)	Continuous service for more than Nine years (vi)
Non Executive, Non Independent Director						
Mr. S C Ratnayake	No	Yes	No	No	No	N/A
Mr. A D Gunewardena	No	Yes	No	No	No	N/A
Mr. J R F Peiris	No	Yes	No	No	No	N/A
Non Executive, Independent Director						
Mr. T. De Zoysa	No	No	No	No	No	Yes
Ms. Y A Hansen	No	No	No	No	No	Yes
Ms. S T Ratwatte	No	No	No	No	No	No
Executive, Non Independent Director						
Mr. R S Fernando	No	Yes	No	Yes	No	N/A

Definitions

- Shareholding in the company
- Director of a listed Company in which they are employed, or having a significant shareholding or have a material business relationship
- Income/Non cash benefits derived from the Company is equivalent to 20% of the director's annual income
- Director is employed by the Company two years immediately preceding appointment
- Immediate family member who is a director or General Manager
- Has served the Board for a continuous period exceeding 9 years

In order to mitigate any potential or actual conflict of interest or independence of directors throughout the term of their membership on the Board, the Company has adopted the following processes

Board tenure, retirement and re-election

- The Executive Directors are appointed and recommended for re-election subject to their prescribed Company retirement age whilst Non-Executive Directors are appointed

and recommended for re-election subject to the age limit as per statutory provisions at the time of reappointment.

- The re-election of Directors ensures that shareholders have an opportunity to reassess the composition of the Board. The names of the Directors submitted for re-election are provided to the shareholders in advance to enable them to make an informed decision on their election

Access to independent professional advice

In order to preserve the independence of the Board, and to strengthen the decision making, the Board seeks independent professional advice when deemed necessary.

Accordingly, the Board obtains independent professional advice covering areas such as;

- Impacts on business operations of the current and emerging economic and geo-political shifts.

Prior to appointment

Nominees are requested to disclose their various interests that could potentially conflict with the interest of the Company

Once appointed

Directors who are appointed are expected to inform the Board and obtain Board clearance prior to accepting any position or engaging in any transaction that could create a potential conflict of interest

During board meetings

Directors who have disclosed an interest in a matter under discussion excuse themselves from deliberation on the subject matter and refrain from voting on the subject matter (such abstentions from Board decisions are duly recorded)

- Legal, tax and accounting aspects, particularly where independent external advice is deemed necessary in ensuring the integrity of the subject decision.
- Market surveys, architectural and engineering advisory services as necessary for business operations
- Actuarial valuation of retirement benefits and valuation of property including that of investment property.
- Information technology consultancy services pertaining to enterprise resource planning system, distributor management system or other major projects.
- Specific technical know-how and domain knowledge for identified project feasibilities and evaluations

Additionally, individual Directors are encouraged to seek expert opinion and/or professional advice on matters where they may not have full knowledge or expertise.

Board meetings

Regularity of meeting

The Board meets at the least, once every quarter. Any absences are excused

in advance and duly recorded in the minutes. The absent members are immediately briefed on the discussions and actions taken during the meeting.

Directors are provided with the necessary information well in advance (at least one week prior to the Board meeting) in order to facilitate more informed decision making. Board information packs supplied to the Directors include the Board Resolutions and other functional areas such as tax, human resources, treasury and corporate social responsibility. Dates and attendance of Board of Directors to the quarterly Board meetings is as below,

Board agenda

A typical Board agenda in 2014/15 was;

- Confirmation of previous minutes
- Board sub committee reports and other matters exclusive to the Board
- Matters arising from the previous minutes
- Status updates of major projects
- Review of performance – in summary and in detail, including high level commentary on actuals and outlook

- Summation of strategic issues discussed at pre-Board meetings
- Approval of Quarterly and Annual financial statements
- Ratification of capital expenditure, disposal of fixed assets and donations
- Ratification of the use of the Company seal and share certificates issued
- Ratification of Circular resolutions
- New resolutions
- Report on corporate social responsibility
- Review of risks, sustainability development, HR practices/updates.
- Any other business

Supply of information

When the Directors are newly appointed to the Board, they undergo a comprehensive induction where they are apprised, inter-alia, of;

- The operations of the Group and its strategies
- The operating model of the Group
- Group values and culture

Corporate Governance

Attendance at Meetings

Name of Director		25/04/2014	25/07/2014	24/10/2014	02/02/2015	Meeting Attended
Mr. S C Ratnayake	NED/NID	✓	✓	✓	✓	4/4
Mr. A D Gunewardene	NED/NID	✓	✓	✓	✓	4/4
Mr. J R F Peiris	NED/NID	✓	✓	✓	✓	4/4
Mr. T. De Zoysa	NED/ID	✓	✓	-	-	2/4
Ms. Y A Hansen	NED/ID	✓	✓	✓	✓	4/4
Ms. S T Ratwatte	NED/ID	✓	✓	✓	✓	4/4
Mr. R S Fernando	ED/NID	✓	✓	✓	-	3/4

- Group policies, governance framework and processes
- Their responsibilities as Directors in terms of prevailing legislation
- The Code of Conduct expected by the Group

Additionally, the newly appointed Directors have access to relevant parts of the business and are availed the opportunities to meet with key management personnel and other key third party service providers such as external auditors, Risk consultants.

The Directors devote sufficient time and make every effort to ensure that in proportion with their knowledge and experience, they discharge their responsibilities to the Company. This is achieved by reviewing Board papers, business visits to understand risk exposures and operating conditions, attending Board meetings and participating in discussions with the Senior Management of the Group. Senior management of the Group on invitation

attends Board meetings and updates the Board on the performance of the Group.

Board Secretary

Keells Consultants (Pvt) Ltd functions as Secretaries and Registrars of the Company and provides Secretarial input for Board proceedings in addition to maintaining Board minutes and Board records.

Board evaluation

The Board conducts a Board performance appraisal annually. This is a formalized 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, under the areas of;

- Role clarity and effective discharge of responsibilities
- People mix and structures
- System 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 Non Independent, Non-Executive Chairman of the Audit Committee evaluates the effectiveness of the Audit Committee based on feedback from Committee Members and regular invitees to the Committee.

The annual appraisal of the Chief Executive Officer is carried out at parent level and is based on pre-agreed performance criteria, covering the following Broad aspects:-

Board Committee and delegation of authority

Certain functions of the Board are delegated through Board Committees, enabling the Committee members to focus of their designated areas of responsibility and impart knowledge in areas where they have greatest expertise. As permitted by the listing rules, Nomination Committee,

Audit Committee, Human Resources Compensation Committee and Related Party Transaction Review Committee of the ultimate Parent Company, JKH, also function in the capacity of Board Committees of the Company. Notwithstanding functioning of the Board Committees the Board of Directors are collectively responsible for the decision taken by these sub Committees.

Nomination Committee and Board appointments

The Nomination Committee of the ultimate Parent Company JKH functions as the Nomination Committee of the Company. The Nomination Committee holds responsibility to identify and propose suitable candidates for appointment as Non-Executive Directors to the Board of JKH, in keeping with the target Board composition and skill

requirements. The Board of JKH after due consideration of such recommendations, determines and appoints the new director.

Shareholders must formally approve all new appointments at the first opportunity after their appointment, as provided by Article 90 of the Articles of Association of the Company. The Nominations Committee of JKH comprises five Independent Directors and one Non Independent Director namely:

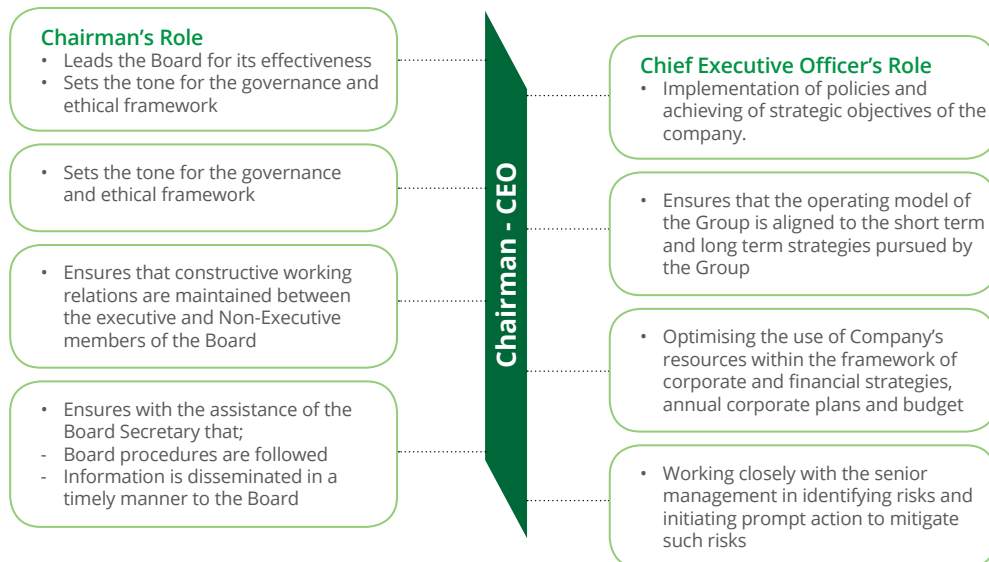
Mr. T Das	Chairman
Mr. S C Ratnayake	
Mr. M A Omar	
Mr. E F G Amerasinghe	
Mr. D A Cabraal	
Ms. P Perera	(Appointed w.e.f. 24 July 2014)

Human Resources & Compensation Committee

The Human Resources and Compensation Committee of the Parent company John Keells Holdings PLC functions as the Human Resources and Compensation Committee of John Keells PLC and conform to the requirements of the Listing Rules of the CSE.

The Human Resources and Compensation Committee of the Parent company consists of following five Non-Executive Independent Directors:

Mr. E F G Amerasinghe	Chairman
Dr. I Coomaraswamy	(Resigned w.e.f. 30 June 2014)
Mr. A R Gunasekara	
Mr. M A Omar	
Mr. A N Fonseka	
Mr. D A Cabraal	(Appointed w.e.f. 29 January 2015)



Corporate Governance

The compensation and benefit policy adopted by the Company as recommended by the Human Resources and Compensation Committee of its parent company JKH is formulated to attract and retain high calibre Executives and motivate them to develop and implement the business strategy in order to optimize long term shareholder value creation. A customized “pay for performance” scheme based on the pillars of individual performance rating and organizational performance rating is in place for all group employees at Manager level and above and based purely on individual performance rating for all group employees at Assistance Manager and Executive levels. The rationale for the exclusion of organizational rating in linking pay to performance at the lower levels was that the individuals at those levels had little direct influence on the bottom line of their organizations. (Determining compensation of the Non-Executive Directors will not be within the scope of this committee).

Audit Committee

The Audit Committee comprises solely of Non-Executive, Independent Directors and conforms to the requirements of the Listing Rules of the Colombo Stock Exchange. It is governed by a Charter, which inter alia, covers the reviewing of policies and procedures of internal control, business risk management, compliance with laws and Group policies and independent audit function.

The Committee is also responsible for the consideration and recommendation of the appointment of External Auditors, the maintenance of a professional relationship with them, reviewing the accounting principles, policies and practices adopted in the preparation of public financial information and examining all documents representing the final Financial Statements.

A quarterly self-certification program that requires the President of the Plantation Services Sector, President of John Keells Stock Brokers (Pvt) Ltd, Head of Finance of JKSB and the Sector Financial Controller confirms financial compliance, on a quarterly basis, with statutory requirements and key control procedures and to identify any deviations from the set requirements. In addition the President of the Plantation Services Sector, President of John Keells Stock Brokers (Pvt) Ltd, CEO of John Keells PLC and JKSB are also required to confirm operational compliance with statutory and other regulations and key control procedures, coupled with the identification of any deviations from the expected norms. These have significantly aided the committee in its efforts in ensuring correct financial reporting and effective internal control and risk management.

The Audit Committee had five meetings during the year and attendance of the Audit Committee members is indicated in the Audit Committee Report on page 75.

The President of the Plantation Services Sector, CEO of John Keells PLC and JKSB, the SFC, the Head of Finance and other operational heads are invited to the meetings of the Audit Committee. The detailed Audit committee report including areas reviewed during the financial year 2014/15 is given on pages 74 to 76 of the Annual Report.

Related Party Transaction Review Committee

The Code of Best Practices in relation to Related Party Transaction was adopted by JKH with effect from 01st April 2014. JKH's Related Party Transaction Review Committee functions as the Committee for John Keells PLC.

The scope of this sub-committee in broad terms is:

- Developing, and recommending for adoption by the Board of Directors of JKH and its listed subsidiaries inclusive of John Keells PLC, a Related Party Transaction Policy consistent with that proposed by the SEC and is in synchronization with the Operating Model and the delegated Decision Rights of the Group.
- Updating the Board of Directors on the related party transaction of each of the listed companies of the Group on a quarterly basis.

The Related Party Transaction Review Committee of JKH comprises four Independent Directors and two Non Independent Directors namely:

Mr. A N Fonseka	Chairman
Mr. E F G Amerasinghe	
Mr. D A Cabraal	
Mr. S C Ratnayake	
Mr. J R F Peiris	
Ms. P Perera	(Appointed w.e.f. 24 July 2014)

Directors Remuneration

Executive Directors Remuneration

During the financial year, the Human Resource and Compensation Committee conducted a market survey of Executive Directors remuneration with a view to assessing the appropriateness of compensation with market benchmarks. Having taken into account the complexities associated with the Group, the compensation of the Executive Directors was increased by 8 percent during the year and at present is in line with the market rates. The variable component of the Executive Director remuneration continued to be a significant portion of the total Executive Director's remuneration.

During the year, performance based Employee Share Options were granted to the Executive Director under a methodology which is similar to all the other eligible employees and further details are found in the notes to the financial section of this Annual Report.

Total aggregated of Executive Directors Remuneration for the year was Rs. 10.37 million.

Non-Executive Director Remuneration

Compensation for NEDs is determined in reference to fees paid to other NEDs of comparable companies and was increased by 33.33 percent during the year which is also determined by the Board and reviewed annually. Additional fees are paid for either chairing or being a member of a sub-committee. NEDs do not receive any performance / incentive payments and are not eligible to participate in any of the John Keells Group share options plans.

Total aggregate of NEDs Remuneration for the year was Rs. 6.75 million and Rs. 10.56 million for Company and Group respectively.

Management Committee

Management committee of the Company comprises of senior members of the staff. The committee operates under the oversight of the Board and the Board sub committees and are dedicated and focused towards designing, implementing and monitoring the best practices in the Company.

Scope and Key responsibilities of the Committee;

- Strategy plan and formulation
- Monitoring and achieving plans
- Careers management of Non-Executives
- Departmental budget monitoring
- Operating business decisions
- Execution of strategic and operational priorities

Integrated Governance Systems and Procedures

Integrated governance systems and procedures	Strategy formulation and Decision Making Process
	Human Resource Governance
	Integrated Risk Management
	IT Governance
	Stakeholder Management And Effective Communication

The Group carries out a detailed analysis on the following aspects when formulating strategies for the forthcoming financial year,

- Customer & Stakeholder needs
- Organization's capabilities to generate the required services
- Opportunities and threats that arise from competitive environments.

Formulated strategies are presented to the Board of Directors of the Company and the Group Executive Committee of JKH by the management of John Keells PLC for approval, and the approved strategies are then translated into numbers where annual plans, key performance indicators (KPI) and targets for each business units are set.

The Board and the Group Executive Committee ensures that the key enablers of performance, together with organizational structures and processes are defined and are in place to ensure the delivery of its goals and objectives and approves Annual Plans.

Corporate Governance

Upon completion of the first half of the financial year the Board and the Group Executive Committee evaluates the performance of the businesses against the plan with deviations being noted along with the identification of corrective action.

The Reforecast Annual Plan for the second half of the financial year is presented to the Board and the Group Executive Committee for approval having taken into consideration changes taking place at both a macro and micro levels.

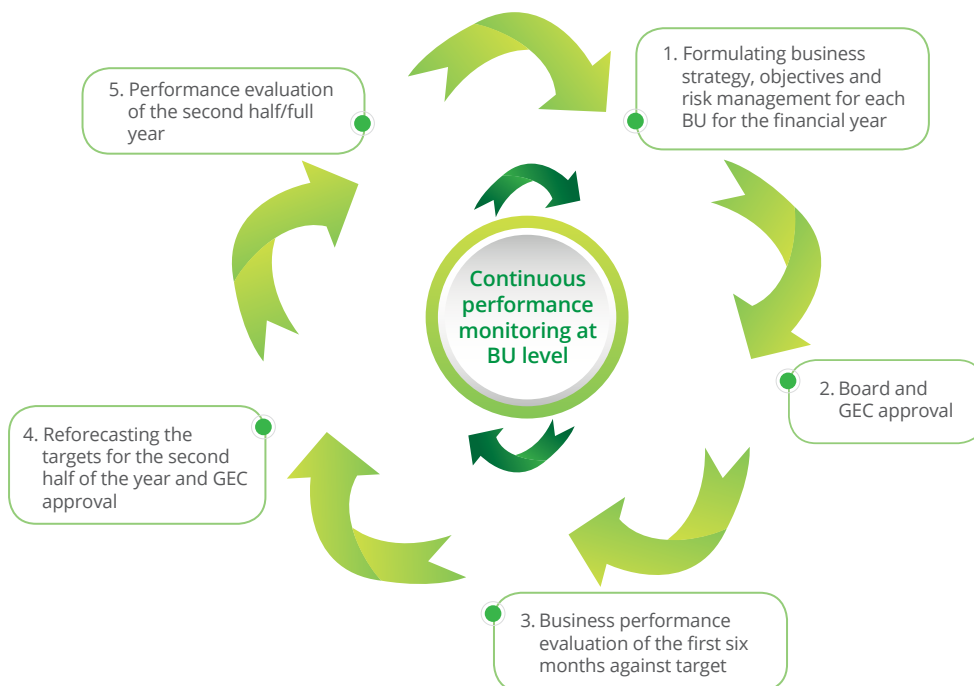
Business performance during the second half of the financial year as well as the full financial year is evaluated against the reforecast plans and targets at the end of the financial year.

In addition to the periodic performance review by the Board and the Group Executive Committee, more frequent and detailed performance evaluations take place at regular intervals at business unit and Group Management Committee levels. The outcome of such performance evaluations acts as a key determinant in awarding short term incentives to respective employees.

Human Resource Governance

A proven Performance Management System and other supporting Human Resource Management Processes are essential in entrenching a culture of performance within a framework of compliance, conformance and sustainable development

Strategy Formulation and Decision Making Process



The Performance Management System is depicted in page no. 51.

The Group's Performance Management System has been very instrumental in empowering staff in achieving organizational goals through relevant training, recognition and reward.

Integrated Risk Management

The Group has adopted a wide risk management programme with focus on wider sustainability development, to identify, evaluate and manage significant risks and to stress-test various risk scenarios. The programme ensures that a multitude of risks, arising as a result of the Group's operations are effectively

managed in creating and preserving shareholder and other stakeholder wealth.

The steps taken towards promoting the integrated risk management process are;

- Integrating and aligning activities and processes related to planning, policies / procedures, culture, competency, internal audit, financial management, monitoring and reporting with risk management.
- Supporting executives / managers in moving the organization forward in a cohesive integrated and aligned manner to improve performance, while operating effectively, efficiently,

ethically and legally within the established limits for risk taking.

Please refer the Integrated Risk Management section of the Annual Report in pages 68 to 73 for a detailed discussion on company's Integrated Risk management which covers the risk management process and the key risks identified in achieving the company's strategic business objectives.

Information Technology Governance (IT Governance)

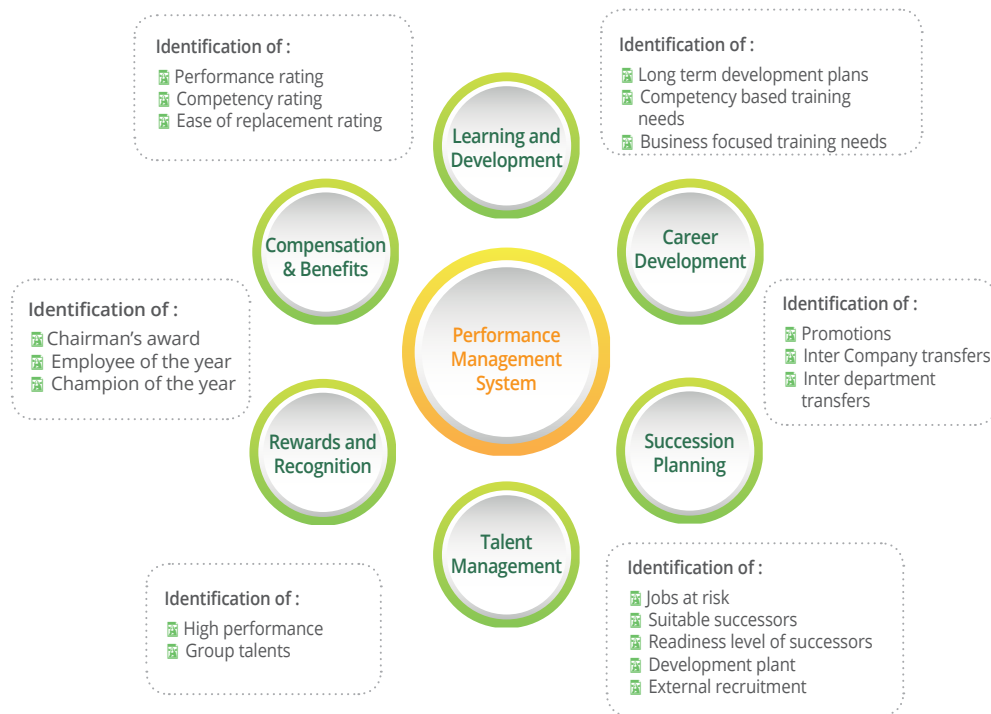
The Group believes that 'Information Technology' is a strategic asset and as such it needs to be managed to leverage competitive business benefits for the Group.

The IT Governance frame work is built upon the following set of primary objectives:

- Leverage IT as a strategic asset.
- Ensure agility in a fast moving environment.
- Create better alignment between business and IT.
- Create greater business value with our investments in IT.
- Create a strong IT governance and regulatory framework through a coherent set of policies, processes and the adoption of best practices in line with world-class organizations.

The basic philosophy of IT Governance is based on Business Value Creation vis-à-vis Capital, Benefit, Cost and Risk.

Performance Management System



Stakeholder Management and Effective Communication

The Company follows a stakeholder model of governance adopted by the John Keells Group. Following are the key stakeholder management methodologies adopted by the John Keells Group.

Shareholders / Investors

• Dialogue with Shareholders

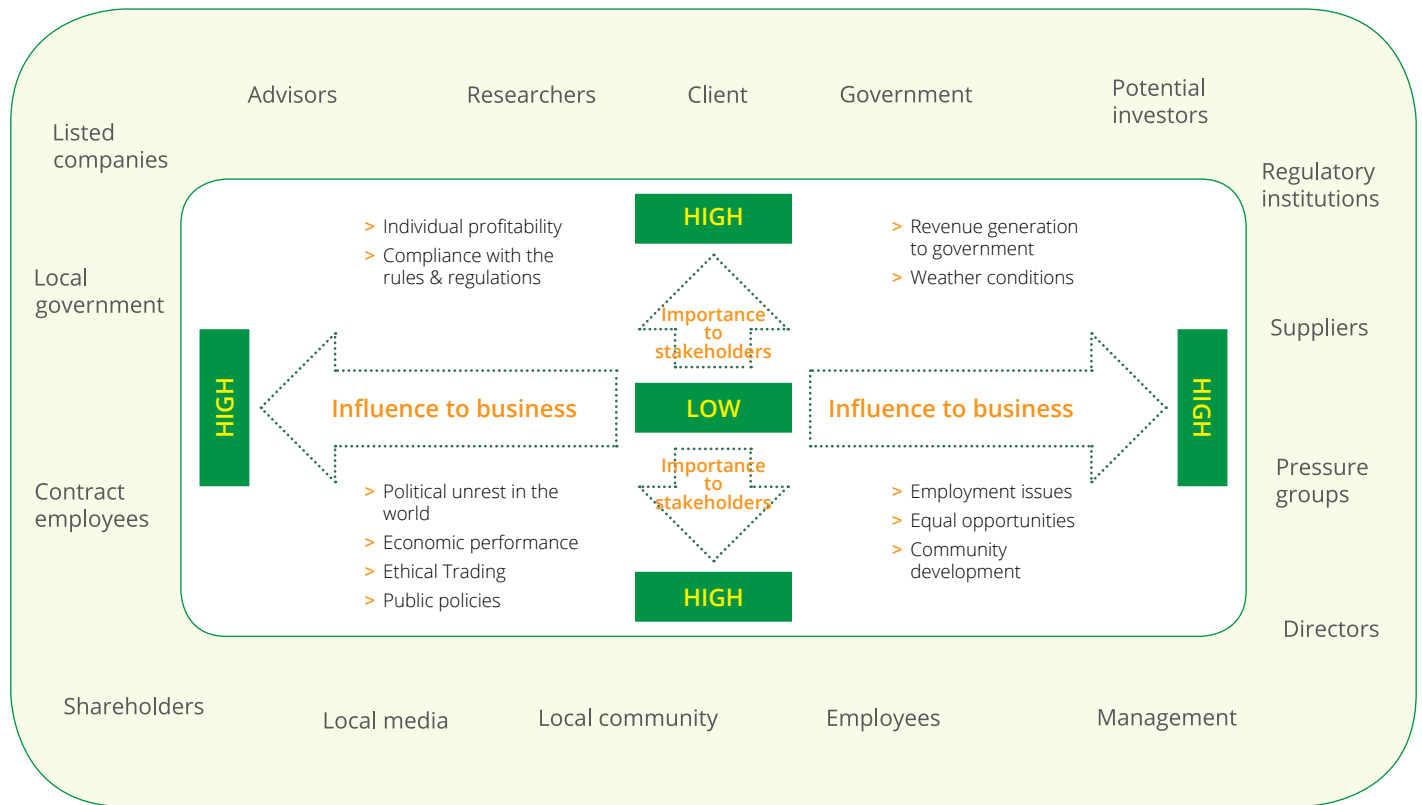
The Group has opened up several channels to ensure sound communication with the shareholders and the details are found in the relevant sections of this report.

• Release of Information to the Public and CSE

The Board of Directors, in conjunction with the Audit Committee, is responsible in ensuring the accuracy and timeliness of published information and in presenting an honest and balanced assessment of results in the quarterly and annual financial statements.

All other material and price sensitive information about the Company is promptly communicated to the CSE, where the shares of the Company are listed, and such information is also released to the employees, press and shareholders.

Corporate Governance



Annual General Meeting (AGM)

The Company makes use of the AGMs constructively towards enhancing relationships with the shareholders and towards this end the following procedures are followed;

- Notice of the AGM and related documents are sent to shareholders along with the Annual Report within the specified period
- A summary of procedures governing voting at General meetings are clearly communicated

All the Directors are available to answer queries

- The Chairman ensures that the relevant senior managers are available at the AGM to answer specific queries
- Separate resolutions are proposed for each item
- Proxy votes are counted
- *Serious Loss of Capital*

In the unlikely event that the net assets of the company fall below a half of the stated capital the shareholders would be notified of an extraordinary General Meeting in terms of Section

220 of the Companies Act No. 07 of 2007.

Customers / Suppliers

The Group works towards meeting customer expectations by ensuring the quality of its services. The Group being mainly in the Tea and Rubber brokering business is committed to timeliness, prompt service, seeking better prices for produce, assisting producers with technical "know how" and up-dating to best trade practices.

The Group fosters long term business relations with suppliers by adhering to contractual obligations and knowledge sharing.

Government

The Group maintains professional relationships with all government institutions by carrying out transactions in compliance with all relevant laws and regulations, transparently and ethically and in a manner consistent with that expected of a responsible corporate citizen. Where possible, and appropriate, the Company proactively engages the authorities in better understanding regulations and in expressing its own views. Periodic information and disclosures, demanded by regulatory authorities are made available in a timely and accurate manner.

Key Stakeholders

In keeping with the John Keells Group's stakeholder governance model, the Company is encouraged to provide easy formal, and sometimes informal, access to other key stakeholders. These stakeholders are regularly kept aware of the availability of such access.

The names of the twenty largest shareholders, the number of shares held and the percentages held are given on page 145 of the Annual Report.

Employees

Processes are designed to enable employee accessibility to every level of management. Constant dialogue and facilitation is also maintained on work related issues as well as on matters pertaining to general interest that affect employees and their families. The Group follows open-door policies for its employees at all levels.

- *Communicating with employees*

The Company recognizes that employee involvement is a critical pre-requisite towards ensuring the effectiveness of the corporate governance system and therefore attaches great importance to employee communications and employee awareness of key events and significant developments. The necessity of sincere and regular communication; - top-down, bottom-up, and lateral, in gaining employee commitment to organizational goals and values are stressed extensively and intensively through various communiqués issued by the senior management.

Assurance Mechanisms

The "Assurance Mechanisms" comprise, in the main, of the various supervisory, monitoring and benchmarking elements of the Company's corporate governance system which are used to measure "actuals" against "plan" on, in most instances, a pre-determined time table with a view to signalling the need for quick corrective action, when necessary, on a timely basis. These mechanisms also act as "safety nets", "buffer mechanisms" and internal checks in the governance system.

Employee participation in Assurance

Whistleblower policy

The employees can report to the Chairman through a communication link named "Chairman Direct", on any concerns about unethical behaviour and any violation of John Keells Group values.

Employees reporting such incidents are guaranteed complete confidentiality and such complaints are investigated and addressed via a select committee under the direction of the Chairman.

Skip level meetings

Employees at Executive and all levels above can discuss matters of concern with superiors who are at a level higher than their own immediate supervisor in an open but confidential environment.

Exit interviews

This is mandated for all Executive and above level. All such reports are forwarded to the Sector Head of the Plantation Services Sector of JKH.

Securities trading policy

JKH, the parent company's securities trading policy prohibits all employees and agents engaged by the company who are in possession of unpublished price sensitive information from trading in the company's shares.

The John Keells Group adopts a zero tolerance policy against any employee who is found to be in violation of this policy.

360 degree evaluation

All employees at Manager level and above including the Chairman (direct report evaluation only) is subject to a 360 degree evaluation conducted by an independent 3rd party.

Corporate Governance

Great Place to Work Survey

These anonymous surveys are aimed at discovery at regular intervals, whether employees consider the companies under the John Keells Group as 'great'. These surveys make visible areas of employee concerns. Following such surveys, the John Keells Group engages focused Discussion Groups in reviewing the highlighted areas of concern and considers the Discussion Group's suggestions where relevant and appropriate. Experience has confirmed that this has contributed to significant improvements in employee perceptions of the John Keells Group particularly in respect of practices, policies and behaviours that build credibility, respect and fairness.

Voice of Employee Survey

These are dip stick surveys done at regular intervals to assess employee satisfaction.

Internal control

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

Internal compliance

A quarterly self-certification programme requires the Sector Head of the Plantation Services Sector of JKH and the Financial Controller of the Company to confirm compliance with financial standards and regulations. The Sector Head of the Plantation Services Sector of JKH and

the CEO of the Company are required to confirm operational compliance with statutory and other regulations and key control procedures, and also identify any significant deviations from the expected norms.

System of internal control

The Board has through the involvement of the Group Business Process Review (Group BPR) division of JKH, taken steps to obtain assurance that systems designed to safeguard the Company's assets, maintain proper accounting records and provide management information, are in place and are functioning according to expectations. The risk review programme covering the internal audit of the Company is outsourced.

Reports arising out of such audits are in the first instance, considered and discussed at the company level and after review by the Sector Head of the Plantation Services Sector/ President

JKH are forwarded to the relevant Audit Committee, through the Group Finance Director, on a quarterly basis. Further, the Audit Committees also assess the effectiveness of the risk review process and systems of internal control periodically.

The Internal Audit function of the Company is not outsourced to the external auditor in a further attempt to ensure external auditor independence. The Auditors' report on the financial statements of the Company for the year

under review is found in the Financial Information section of the Annual Report in pages 85.

The role of the Internal Auditor has transformed into a value adding function instead of a mere 'policing' function, where audit findings form an integral input in modifying and improving internal processes. Thereby, the Group Business Process Review (Group BPR) division of JKH is a key contributor in achieving operational excellence and value addition of the Company.

The Code of conduct

The company follows the JKH Code of Conduct and is summarised as follows;

JKH Code of Conduct

- Allegiance to the Company and the Group
- Compliance with rules and regulations applying in the territories that the Group operate in
- Conduct of business in an ethical manner at all times and in keeping with acceptable business practices
- Exercise of professionalism and integrity in all business and "public" personal transactions.

The objectives of the Code of Conduct are further affirmed by a strong set of corporate values which are well institutionalized at all levels within the company through structured communication. The degree of employee conformance with corporate values and their degree of adherence to the JKH

Code of Conduct are key elements of reward and recognition schemes.

Ombudsperson -

In order to deal with a situation in which an employee or group of employees feel that an alleged violation has not been addressed satisfactorily using the available/existing procedures and processes, an Ombudsperson has been appointed by JKH being ultimate Parent Company to entertain such concerns.

The Ombudsperson's duty ceases upon the confidential written communication of the findings of the Ombudsperson and recommendations to the Chairman or the Senior Independent Director of JKH, as the case may be.

The Chairman or the Senior Independent Director, as the case may be, will place before the Board.

- The decision and the recommendations of the Ombudsperson
- The action taken based on the recommendations
- The areas of disagreement and the reasons adduced in instances where the Chairman or the Senior Independent Director disagrees with any or all of the findings and/or recommendations. In such cases, the Board shall consider the areas of disagreement and determine the way forward.

The Chairman or the Senior Independent Director is expected to take such steps

as are necessary to ensure that the complainant is not victimized for having invoked this process.

These open door policies facilitate constant dialogue, communication, transparency and ultimately employee confidence, which would help retain existing talent whilst attracting new.

External Control

Messrs Ernst & Young are the External Auditors of the Company and also the principal Group Auditor of JKH.

In addition to the external auditor services, Messrs Ernst & Young, also provide certain Non-Audit services to the Company. However, the Principal / Consolidator Auditor would not engage in any services which are in the restricted category as defined by the CSE for External Auditors. All such services have been provided with the full knowledge of the Audit Committee and are assessed to ensure that External Auditor independence is not compromised.

The Board has agreed that such Non-Audit services should not exceed a specified percentage of the value of the total audit fees charged by the subject auditor. The External Auditors also provide a certificate of independence on an annual basis.

The Audit and Non-Audit fees paid by the Company to its Auditors are separately classified in the Notes to the Financial Statements of the Annual Report in pages 108.

External Governance Structure

Regulatory Benchmarks

The Board through the JKH Legal division, strives to ensure that the Company complies with the laws and regulations of the country.

The Board of Directors have also taken all reasonable steps to ensure that all financial statements are prepared in accordance with the Sri Lanka Accounting Standards (SLFRS / LKAS) issued by the ICASL and the requirements of the CSE and other applicable authorities.

The Board is aware of the growing importance of the disclosure of critical accounting policies as a part of good governance and opines that there are no instances where the use of such concepts would have a material impact on the Company's financial performance.

The Company is fully compliant with all the mandatory rules and regulations stipulated by the Corporate Governance Listing Rules published by the CSE and also by the Companies Act No. 07 of 2007. The Company has also given due consideration to the Best Practice on Corporate Governance Reporting guidelines jointly set out by the ICASL and the SEC and have in all instances, barring a few, embraced such practices, voluntarily, particularly if such practices have been identified as relevant and value adding. In the few instances where the company has not adopted such best practice, the rationale for such non adoption is articulated.

Corporate Governance

Conclusion

The Company's robust and sound governance helps it to create and maintain trust with employees, investors, government, business partners, guests

and other stakeholders. Within this framework John Keells PLC goal is to run its business sustainably, engaging with society in a way that leads to the creation of shared value over the long term.

A detailed report on the extent of our adherence to best practices with appropriate reference is given below;

Statement of compliance under Section 7.10 of the Rules of the Colombo Stock Exchange (CSE) on Corporate Governance (Mandatory provisions - Fully Complied)

Compliant



Non-Compliant



Rule No.	Subject	Applicable requirement	Compliance Status	Applicable Section in the Annual Report
7.10 Compliance				
a./b./c.	Compliance with Corporate Governance Rules	The Company is compliant 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 (profile) section in the Annual Report
d.	Disclosure relating to Directors	Provide a brief resume of new Directors appointed to the Board along with details		Corporate Governance
7.10.4 Criteria for defining independence				
(a-h)	Determination of Independence	Requirements for meeting criteria to be an Independent Director		Corporate Governance

Rule No.	Subject	Applicable requirement	Compliance Status	Applicable Section in the Annual Report
7.10.5 Remuneration Committee				
7.10.5	Remuneration Committee (RC)	The RC of the listed parent company may function as the RC	■	Corporate Governance
a.	Composition of RC	<ol style="list-style-type: none"> 1. Shall comprise of NEDs, a majority of whom will be independent 2. One NED shall be appointed as Chairman of the Committee by the Board of Directors 	■	Corporate Governance
b.	Functions of RC	The RC shall recommend the remuneration of the Executive Directors and Chief Executive Officer (CEO)	■	Corporate Governance
c.	Disclosure in the Annual Report relating to RC	<ul style="list-style-type: none"> • Names of Directors comprising the RC • Statement of Remuneration Policy • Aggregated remuneration paid to ED and NED 	■	Corporate Governance, Corporate Governance of Holding Company and Notes to the Financials
7.10.6 Audit Committee				
a.	Composition of Audit Committee (AC)	<ul style="list-style-type: none"> • Shall comprise of NEDs a majority of whom will be Independent • A NED shall be appointed as the Chairman of the Committee • CEO and Financial Controller should attend AC meetings • The Chairman of AC or one member should be a member of a professional accounting body 	■	Corporate Governance and the Board Committee Reports

Corporate Governance

Rule No.	Subject	Applicable requirement	Compliance Status	Applicable Section in the Annual Report
b.	AC Functions	Overseeing of the – <ul style="list-style-type: none"> • 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 as per the laws and regulations • Ensuring 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 • 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 relating to AC	<ul style="list-style-type: none"> • Names of Directors comprising the AC • The AC shall make a determination of the independence of the Auditors and disclose the basis for such determination • The AR shall contain a Report of the AC setting out the manner of compliance with their functions 	■	Corporate Governance and the Board Committee Reports

Code of Best Practice of Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (ICASL)

Code Ref.	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
A. 1 DIRECTORS – Board				
A.1	The Board	<ul style="list-style-type: none"> • Company to be headed by an effective Board to direct and control the Company 	Yes	Corporate Governance
A.1.1	Frequency of Board Meetings	<ul style="list-style-type: none"> • Board should meet regularly, at least once in every quarter 	Yes	Corporate Governance / Director's Report

Code Ref.	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
A.1.2	Responsibilities of the Board	<ul style="list-style-type: none"> • Formulation and implementation of strategy, • Skill adequacy of management and succession, • Integrity of information, internal controls and risk management • Compliance with laws, regulations and ethical standards • Code of conduct • Adoption of appropriate accounting policies • Financial regulations and fulfilling other Board functions 	Yes	Corporate Governance
A.1.3	Access to professional advice	<ul style="list-style-type: none"> • Act in accordance with the laws of the country and implement procedures to obtain independent professional advice 	Yes	Corporate Governance
A.1.4	Company Secretary	<ul style="list-style-type: none"> • Ensure adherence to Board procedures and applicable rules and regulations • Procedure for Directors to access services of Company Secretary 	Yes	Corporate Governance
A.1.5	Independent judgement	<ul style="list-style-type: none"> • Directors should exercise independent judgement on issues of strategy, resources, performance and standards of business judgement 	Yes	Corporate Governance
A.1.6	Dedication of adequate time and effort by Directors	<ul style="list-style-type: none"> • Directors should devote adequate time and effort to discharge their responsibilities to the Company satisfactorily 	Yes	Corporate Governance
A.1.7	Training for Directors	<ul style="list-style-type: none"> • Directors should receive appropriate induction, training, hone skills and expand knowledge to more effectively perform duties 	Yes	Corporate Governance
A. 2 DIRECTORS - Chairman & Chief Executive Officer				
A.2.	Division of responsibilities to ensure no individual has unfettered powers of decision	<ul style="list-style-type: none"> • A balance of power and authority to be maintained by separating responsibility for conducting Board business from that of executive decision making 	Yes	Corporate Governance

Corporate Governance

Code Ref.	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
A. 3 DIRECTORS - Role of Chairman				
A.3	Ensure good corporate governance	<ul style="list-style-type: none"> Chairman to preserve order and facilitate effective discharge of Board functions by proper conduct of Board meetings 	Yes	Corporate Governance
A. 4 DIRECTORS - Financial Acumen				
A.4	Possession of adequate financial acumen	<ul style="list-style-type: none"> Board to ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance 	Yes	Corporate Governance
A. 5 DIRECTORS – Board Balance				
A.5.1	Composition of Board	<ul style="list-style-type: none"> The Board should include a sufficient number of Non-Executive, Independent Directors 	Yes	Corporate Governance
A.5.2	Proportion of Independent Directors	<ul style="list-style-type: none"> Two or one third of the Non-Executive Directors should be independent 	Yes	Corporate Governance
A.5.3	Definition of independence	<ul style="list-style-type: none"> Independent Directors should be independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgement 	Yes	Corporate Governance
A.5.4	Declaration of independence	<ul style="list-style-type: none"> Non-Executive Directors should submit a signed and dated declaration of their independence / non-independence 	Yes	Corporate Governance / Director's Report
A.5.5	Annual determination of criteria of independence / non-independence and declaration of same by Board	<ul style="list-style-type: none"> The Board should annually determine and disclose the names of Directors deemed to be independent 	Yes	Corporate Governance
A.5.6	Appointment of an alternate Director	<ul style="list-style-type: none"> If an alternate Director is appointed by a Non-Executive Director, such alternate director should not be an executive of the company 	N/A	N/A

Code Ref.	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
A.5.7	Appointment of Senior Independent Director (SID)	<ul style="list-style-type: none"> If the roles of Chairman / CEO are combined, a non-executive Director should be appointed as a Senior Independent Director 	N/A	N/A
A.5.8	Availability of Senior Independent Director to other Directors	<ul style="list-style-type: none"> If warranted, the SID should be available to the other Directors for confidential discussions. 	N/A	N/A
A.5.9	Interaction between Chairman and Non-Executive, Independent Directors	<ul style="list-style-type: none"> The Chairman should meet the non-executive, independent Directors at least once a year 	Yes	Corporate Governance
A.5.10	Directors concerns to be recorded	<ul style="list-style-type: none"> When matters are not unanimously resolved, Directors to ensure their concerns are recorded in Board minutes 	N/A	N/A
A. 6 DIRECTORS - Supply of Information				
A.6.1	Provision of adequate information to Board	<ul style="list-style-type: none"> Management to ensure the Board is provided with timely and appropriate information 	Yes	Corporate Governance
A.6.2	Adequacy of Notice and formal agenda to be discussed at Board meetings	<ul style="list-style-type: none"> Board minutes, agenda and papers should be circulated at least seven days before the Board meeting 	Yes	Corporate Governance
A. 7 DIRECTORS - Appointments to the Board				
A.7	Appointments to the Board	<ul style="list-style-type: none"> Formal & transparent procedure for Board appointments 	Yes	Corporate Governance
A.7.1	Nomination Committee	<ul style="list-style-type: none"> Nomination committee may make recommendations to the Board on new Board appointments 	Yes	Corporate Governance
A.7.2	Annual assessment of Board composition	<ul style="list-style-type: none"> Nomination committee or Board should annually assess the composition of Board 	Yes	Corporate Governance
A.7.3	Disclosure of new Board appointments	<ul style="list-style-type: none"> Profiles of new Board appointments to be communicated to Shareholders 	Yes	Corporate Governance Notice of Meeting

Corporate Governance

Code Ref.	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
A. 8 DIRECTORS – Re-election				
A.8.1/ A.8.2	Appointment of non-executive Directors	<ul style="list-style-type: none"> Re-election at regular intervals and should be subject to election and re-election by shareholders 	Yes	Corporate Governance / Director's Report
A. 9 DIRECTORS - Appraisal of Board Performance				
A.9.1	Annual appraisal of Board performance	<ul style="list-style-type: none"> The Board should annually appraise how effectively it has discharged its key responsibilities 	Yes	Corporate Governance Notice of Meeting
A.9.2	Self evaluation of Board and Board Committees	<ul style="list-style-type: none"> The Board should evaluate its performance and that of its committees annually 	Yes	Corporate Governance / Audit Committee Report
A.9.3	Declaration of basis of performance evaluation	<ul style="list-style-type: none"> The Board should disclose how performance evaluations have been carried out 	Yes	Corporate Governance
A. 10 DIRECTORS - Disclosure of information in respect of Directors				
A.10.1	Biographical profiles and relevant details of Directors to be disclosed	<ul style="list-style-type: none"> Annual Report should disclose the biographical details of Directors and attendance at Board/committee meetings 	Yes	Board of Directors Corporate Governance / Audit Committee Report
A. 11 DIRECTORS - Appraisal of the Chief Executive Officer				
A.11.1	Short, medium and long term objectives, financial and non-financial objectives to be set	<ul style="list-style-type: none"> The Board should set out the short, medium and long term objectives, financial and non-financial objectives at the commencement of each year 	Yes	Corporate Governance
A.11.2	Evaluation of CEO performance	<ul style="list-style-type: none"> The performance of the CEO should be evaluated by the Board at the end of the year 	Yes	Corporate Governance
B. 1 DIRECTORS REMUNERATION - Remuneration Procedure				
B.1.1	Appointment of Remuneration Committee	<ul style="list-style-type: none"> Remuneration Committee may function as such for the Company to make recommendations on Directors remuneration 	Yes	Corporate Governance
B.1.2	Composition of Remuneration Committee	<ul style="list-style-type: none"> Board to appoint only Non-Executive Directors to serve on Remuneration Committee 	Yes	Corporate Governance

Code Ref.	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
B.1.3	Disclosure of members of Remuneration Committee	<ul style="list-style-type: none"> The Annual Report should disclose the Chairman and Directors who serve on the Remuneration Committee 	Yes	Corporate Governance
B.1.4	Remuneration of non-executive directors	<ul style="list-style-type: none"> Board to determine the level of remuneration of non-executive Directors 	Yes	Corporate Governance
B.1.5	Access to professional advice	<ul style="list-style-type: none"> Remuneration Committee should have access to professional advice in order to determine appropriate remuneration for Executive Directors 	Yes	Corporate Governance
B. 2 DIRECTORS REMUNERATION - Level and Make up of Remuneration				
B.2.1	Remuneration packages for Executive Directors	<ul style="list-style-type: none"> Packages should be structured to attract, retain and motivate Executive Directors 	Yes	Corporate Governance
B.2.2	Remuneration packages to be appropriately positioned	<ul style="list-style-type: none"> Packages should be comparable and relative to that of other companies as well as the relative performance of the Company 	Yes	Corporate Governance
B.2.3	Appropriateness of remuneration and conditions in relation to other Group companies	<ul style="list-style-type: none"> When determining annual increases Remuneration Committee should be sensitive to that of other Group companies 	Yes	Corporate Governance
B.2.4	Performance related elements of remuneration	<ul style="list-style-type: none"> Performance related elements of remuneration should be aligned with the interests of Company 	Yes	Corporate Governance
B.2.5	Share options	<ul style="list-style-type: none"> Executive share options should not be offered at a discount 	Yes	Corporate Governance
B.2.6	Designing skills of performance related remuneration	<ul style="list-style-type: none"> When determining remuneration it shall be as per the scheme's designed for performance related remuneration 	Yes	Corporate Governance
B.2.7 / B.2.8	Compensation commitments in the event of early termination of the Directors	<ul style="list-style-type: none"> The Remuneration Committee should consider the advantages of providing explicitly for such compensation commitments to apply other than in the case of removal for misconduct in initial contracts 	Yes	Corporate Governance

Corporate Governance

Code Ref.	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
B.2.9	Remuneration packages for Non-Executive Directors	<ul style="list-style-type: none"> Should reflect time commitment and responsibilities of role and in line with existing market practice 	Yes	Corporate Governance
B. 3 DIRECTORS REMUNERATION - Disclosure of Remuneration				
B.3.1	Disclosure of details of remuneration	<ul style="list-style-type: none"> The Annual Report should disclose the remuneration paid to directors 	Yes	Financial Statements - Note 8
C. 1 RELATIONS WITH SHAREHOLDERS – Constructive use and conduct of Annual General Meeting				
C.1.1	Proxy votes to be counted	<ul style="list-style-type: none"> The Company should count and indicate the level of proxies lodged for and against in respect of each resolution 	Yes	Corporate Governance
C.1.2	Separate resolutions	<ul style="list-style-type: none"> Separate resolutions should be proposed for substantially separate issues 	Yes	Corporate Governance Notice of Meeting
C.1.3	Availability of Committee Chairmen at the AGM	<ul style="list-style-type: none"> The Chairmen of Board committees should be available to answer any queries at the AGM 	Yes	Corporate Governance
C.1.4	Notice of AGM	<ul style="list-style-type: none"> 15 calendar days notice to be given to shareholders 	Yes	Notice of Meeting
C.1.5	Procedure for voting at meetings	<ul style="list-style-type: none"> Company to circulate the procedure for voting with the Notice of Meeting 	Yes	Notice of Meeting
C.2 Communication with Shareholders				
C.2.1	Channel of Communication	<ul style="list-style-type: none"> Channel to reach all shareholders to disseminate timely information 	Yes	Corporate Governance
C.2.2 –C.2.7	Policy and Methodology of Communication	<ul style="list-style-type: none"> Policy and Methodology of communication with shareholders and implementation 	Yes	Corporate Governance
C.3 Major and Material Transactions including major related party transactions				
C.3.1	Disclosure of Material Transactions	<ul style="list-style-type: none"> Disclosure for all material facts involving all material transactions including related party transactions 	Yes	Notes to Financial Statements
D.1 ACCOUNTABILITY AND AUDIT - Financial Reporting				
D.1.1	Presentation of public reports	<ul style="list-style-type: none"> Should be balanced, understandable and comply with statutory and regulatory requirements 	Yes	Management Discussion, Corporate Governance Risk Management Financial Statements

Code Ref.	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
D.1.2	Directors Report	<p>The Director's Report should be included in the Annual Report and confirm that;</p> <ul style="list-style-type: none"> the Company has not contravened laws or regulations in conducting its activities Material interests in contracts have been declared by Directors the Company has endeavoured to ensure equitable treatment of shareholders that the business is a "going concern" that there is reasonable assurance of the effectiveness of the existing business systems following a review of the internal controls covering financial, operational and compliance 	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>Director's Report</p> <p>Audit Committee Report</p> <p>Director's Report</p> <p>Financial Statements</p> <p>Corporate Governance</p> <p>Director's Report</p> <p>Audit Committee Report</p> <p>Risk Management</p>
D.1.3	Respective responsibilities of Directors and Auditors	<ul style="list-style-type: none"> The Annual Report should contain separate statements setting out the responsibilities of the Directors for the preparation and presentation of the financial statements and the reporting responsibilities of the Auditors 	Yes	Respective responsibilities of Directors and Auditors
D.1.4	Management Discussion and Analysis	<ul style="list-style-type: none"> Annual Report to include section on Management Discussion and Analysis 	Yes	Management Discussion
D.1.5	Going Concern	<ul style="list-style-type: none"> Directors to substantiate and report that the business is a going concern or qualify accordingly 	Yes	Director's Report
D.1.6	Serious Loss of Capital	<ul style="list-style-type: none"> Directors to summon an Extraordinary General Meeting in the event that the net assets of the company fall below 50% of the value of Shareholders Funds 	N/A	N/A
D.1.7	Related Party Transactions	<ul style="list-style-type: none"> Disclosure of Related Party Transactions 	Yes	Notes to the Financial Statements

Corporate Governance

Code Ref.	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
D.2 ACCOUNTABILITY AND AUDIT - Internal Control				
D.2.1	Effectiveness of system of internal controls	<ul style="list-style-type: none"> Directors to annually conduct a review of the effectiveness of the system of internal controls and report to shareholders. This responsibility may be delegated to the Audit Committee 	Yes	Audit Committee Report Risk Management
D.2.2	Functionality	<ul style="list-style-type: none"> Internal Audit Function 	Yes	Corporate Governance
D.2.3 / D.2.4	Continuity of Internal control	<ul style="list-style-type: none"> Maintaining a sound system of internal control 	Yes	Corporate Governance
D.3 AUDIT COMMITTEE				
D.3.1	Chairman and Composition of Audit Committee	<ul style="list-style-type: none"> Should comprise of a minimum of two independent, non-executive Directors Audit Committee Chairman should be a Non-Executive Director appointed by the Board 	Yes	Audit Committee Report
D.3.2	Duties of Audit Committee	Should include <ul style="list-style-type: none"> Review of scope and results of audit and its effectiveness Independence and objectivity of the Auditors 	Yes	Corporate Governance
D.3.3	Terms of Reference / Charter	<ul style="list-style-type: none"> The Audit Committee should have a written Term of Reference which define the purpose of the Committee and its duties and responsibilities 	Yes	Corporate Governance
D.3.4	Disclosures	<ul style="list-style-type: none"> The Annual Report should disclose the names of Directors serving on the Audit Committee The Audit Committee should determine the independence of the Auditors and disclose the basis of such determination The Annual Report should contain a report by the Audit Committee setting out the manner of the compliance of the Company during the period to which the Report relates 	Yes Yes	Corporate Governance Audit Committee Report Corporate Governance Audit Committee Report

Code Ref.	Subject	Applicable requirement	Adoption Status	Applicable Section in the Annual Report
D.4 CODE OF BUSINESS CONDUCT AND ETHICS				
D.4.1	Adoption of Code of Business Conduct and Ethics	<ul style="list-style-type: none"> The Company must adopt a Code of Business Conduct and Ethics for Directors and members of the senior management team and promptly disclose any violation of the Code 	Yes	Corporate Governance
D.4.2	Chairman's affirmation	<ul style="list-style-type: none"> The Annual Report must include an affirmation by the Chairman that he is not aware of any violation of the Code of Business Conduct and Ethics 	Yes	Chairman's Statement / Director's Report
D.5 CORPORATE GOVERNANCE DISCLOSURES				
D.5.1	Corporate Governance Report	<ul style="list-style-type: none"> The Annual Report should include a report setting out the manner and extent to which the Company has adopted the principles and provisions of the Code of Best Practice on Corporate Governance 	Yes	Corporate Governance
E. INSTITUTIONAL INVESTORS				
E.1 Shareholder Voting				
E.1.1	Structured Dialogue with Shareholders	<ul style="list-style-type: none"> A regular and structured dialogue should be conducted with shareholders and the outcome of such dialogue should be communicated to the Board by the Chairman 	Yes	Corporate Governance
E.2	Evaluation of Governance Disclosures by Institutional Investors	<ul style="list-style-type: none"> Institutional investors should be encouraged to consider the relevant factors drawn to their attention with regard to Board structure and composition 	Yes	Corporate Governance
F. OTHER INVESTORS – Investing Divesting decisions				
F.1.	Individual Investors	<ul style="list-style-type: none"> Individual shareholders should be encouraged to carry out adequate analysis and seek professional advice when making their investment/ divestment decisions 	Yes	Corporate Governance
F.2	Shareholder Voting	<ul style="list-style-type: none"> Individual shareholders should be encouraged to participate in General meetings and exercise their voting rights 	Yes	Corporate Governance / Form of Proxy

Integrated Risk Management

Overview

Risk management is a pivotal part of the organizational process at John Keells PLC (Group). The Group currently conducts its business operations segmented as produce brokering, share brokering and warehousing operations. Operating in a dynamic business environment heavily influenced by macro and micro environmental factors Enterprise Risk Management (ERM) forms an integral part of the business planning process as well as the Corporate Governance framework of the Group.

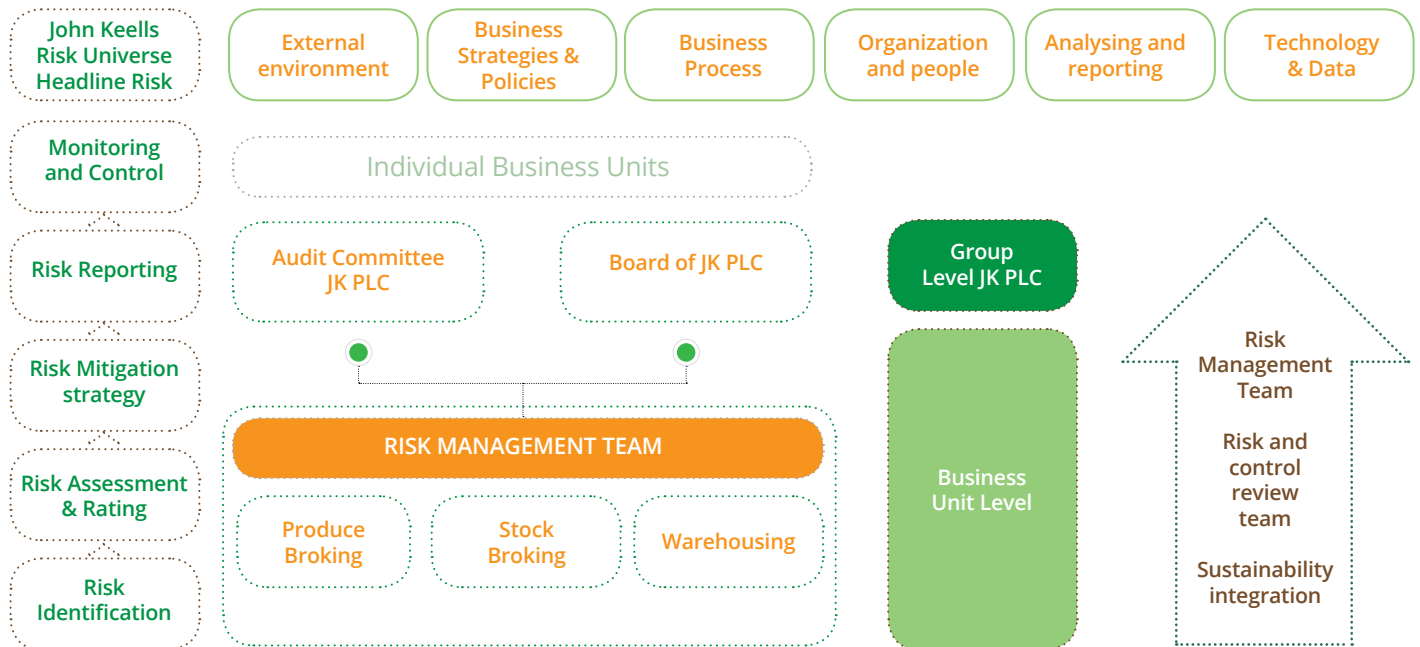
Risk Management Team

The management committee of each of the business segments of John Keells PLC headed by the Chief Executive Officer of the said business unit encompasses the Risk Management team of the business unit. Each of the Risk Management teams would also include a Risk Champion who will be the focal communication point for reporting. The Risk Management teams and the Champions are guided by the framework of Sustainability and Enterprise Risk Management Division of John Keells Holding PLC.

Risk Management Process

Risk Identification

The risk management team at business unit level would proactively identify any potential risk arising from any structural, operational, financial and strategic factors. The team will seek for varied sources of knowledge such as past experience, intelligence gathering, safety audits, internal audits and customer feedback when identifying potential risk.



Risk Universe

The identified risks are broadly classified into the Risk Universe as identified by the ultimate parent Company John

Keells Holdings PLC . The Risk Universe applicable to the Group can be depicted as follows;

RISK UNIVERSE						
Headline Risk	External Environment	Business Strategies and Policies	Business Process	Organization and People	Analysing and Reporting	Technology and Data
Related Risks	• Political	• Reputation and Brand Image	• Internal Business Process	• Leadership	• Performance Measurement & reporting	• Technology Infrastructure/ Architecture
	• Competitor	• Capital & Finance	• Operations – Planning, Production, Process	• Skills/ Competency/ Motivation	• Budgeting/ Financial Planning	• Data Relevance & Integrity
	• Catastrophic Loss	• Strategy & Innovation	• Operations – Technology, Design, Execution, Continuity	• Change Readiness	• Accounting/ Tax Information	• Data Processing Integrity
	• Customer Expectations	• Business/Product Portfolio	• Resource Capacity & Allocation	• Communication	• External Reporting & Disclosures	• Technology Reliability & Recovery
	• Macro Economic	• Organization Structure	• Vendor/Partner Reliance	• Performance Incentives	• Pricing / Margins	• IT Security
	• Foreign Exchange and Interest Rates	• Stakeholders	• Channel Effectiveness	• Accountability	• Market Intelligence	• IT processes
	• Weather & Climate	• Investment & Mergers & Acquisitions	• Interdependency	• Fraud & Abuse	• Contract Commitment	
		• Environment, Health and Safety	• Customer Satisfaction	• Knowledge/ Intellectual Capital	• Insurable risks	
			• Legal, Regulatory Compliance & Privacy	• Change Integration		
			• Innovation	• Labour Relations		
			• Property & Equipment Damage	• Attrition		
		• Liability				

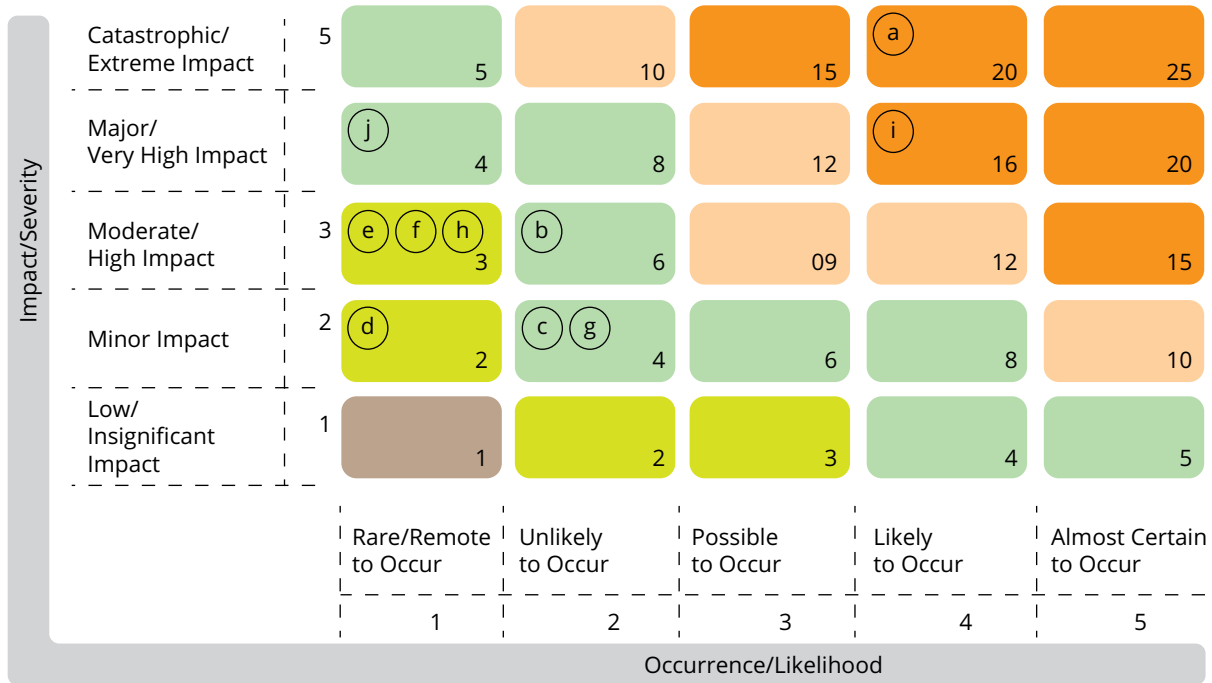
Integrated Risk Management

Risk Assessment and Rating

The Risk Management team of the business unit will assess the identified risk. These risks are assessed in terms of Implication, Impact to Company, Likelihood of occurrence, Velocity, and Impact from Company. Based on these assessment parameters each of the risk will be assigned a score, this score will be tabulated in to the Risk Control Self-Assessment (RCSA) document on a scale of "Insignificant" to "Ultra-high".

- a. Regional plantation companies investing in broking companies
- b. Over exposure on lending
- c. Increase in interest rates
- d. Foreign Exchange Risk (Appreciation of the LKR)
- e. Internal control weaknesses
- f. Information Technology Risk
- g. Human Resources risk
- h. Entry of Non CBA Members
- i. Brokers not adhering to bye-laws
- j. Fire at warehouse

Guideline for Rating Risks



The Color Matrix implies the following:

Priority level	1	2	3	4	5
Colour code	Ultra High	High	Medium	Low	Insignificant
Score	15-25	9-14	4-8	2-3	1

Risk Mitigation Strategy

Based on the rating of each identified risk, the Risk Management Team decides on the appropriate risk mitigation plans which are categorized into preventive, detective and corrective mitigation plans. Based on the field of expertise all risks are then assigned to a Risk owner who is responsible for the implementation and reporting of the risk mitigating strategy.

Risk Reporting

The Business units are the ultimate owners of their risk, and are responsible for periodic review of the RCSA. The Group also follows a well structure reporting mechanism whereby reviewing of the RCSA on a quarterly basis is

confirmed by the business unit by signing off a compliance statement. These compliance statements are also signed off by the Presidents of the each business units prior to being tabled before the Audit Committee of John Keels PLC. The responsibility of maintaining an effective system of internal control and risk management lies with The Board. The Audit Committee on behalf of the Board reviews the Risk Management process adopted and reported by the Group.

Monitoring of Controls

It is the responsibility of the CEO and the Risk Management Team to ensure that each risk item is tracked over the course

of the year and to ensure the mitigation actions identified during the risk review process are being carried out adequately.

The implemented operational and management controls and mitigation plans are regularly verified through independent internal audits as well as safety audits.

The key risks that may hinder the achievement of our strategic business objectives along with control measures and action plans implemented to mitigate them are given below;

Risk Category & Description	Potential Impact	Risk control measure & action plans to mitigate risk								
a. Regional Plantation companies investing in broking companies	<ul style="list-style-type: none"> - Not meeting service quality levels - Potential loss of cash & Inventory - Loss of reputation 	<table border="1"> <tr> <td></td> <td>FY 2013/14</td> <td>FY 2014/15</td> </tr> <tr> <td>Rating</td> <td>Ultra High</td> <td>Ultra High</td> </tr> </table>		FY 2013/14	FY 2014/15	Rating	Ultra High	Ultra High	<ul style="list-style-type: none"> - The company closely monitors competitor activities and ensure the Tea & Rubber Brokers operate within the controlled environment. - Providing manufacturing advice, enterprise management & marketing advice to producer clients in order that estates are aligned to market requirements 	
	FY 2013/14	FY 2014/15								
Rating	Ultra High	Ultra High								
b. Over Exposure on lending	<ul style="list-style-type: none"> - Reduced cash flow and profitability 	<table border="1"> <tr> <td></td> <td>FY 2013/14</td> <td>FY 2014/15</td> </tr> <tr> <td>Rating</td> <td>Low</td> <td>Low</td> </tr> </table>		FY 2013/14	FY 2014/15	Rating	Low	Low	<ul style="list-style-type: none"> - The company deals with mostly recognized, credit worthy clients who are private Tea factory owners & plantation companies. Credit risks are minimized as we advance funds based on inventories available in our warehouse valued at historical prices obtained for the relevant marks. Over advances granted are made available only for those clients who have a good track record and are monitored closely 	
	FY 2013/14	FY 2014/15								
Rating	Low	Low								

Integrated Risk Management

Risk Category & Description	Potential Impact	Risk control measure & action plans to mitigate risk						
c. Increase in interest rates	- Increase cost of debt	<table border="1" data-bbox="818 455 1222 537"> <tr> <td></td> <td>FY 2013/14</td> <td>FY 2014/15</td> </tr> <tr> <td>Rating</td> <td>Low</td> <td>Low</td> </tr> </table> <p data-bbox="818 541 1497 642">- On short term advances, exposure to market risk for changes in interest rates is minimized, as the Company's lending is above the borrowing rates</p>		FY 2013/14	FY 2014/15	Rating	Low	Low
	FY 2013/14	FY 2014/15						
Rating	Low	Low						
d. Foreign Exchange Risk (Appreciation of the LKR)	- Reduced brokerage	<table border="1" data-bbox="818 659 1222 741"> <tr> <td></td> <td>FY 2013/14</td> <td>FY 2014/15</td> </tr> <tr> <td>Rating</td> <td>Insignificant</td> <td>Low</td> </tr> </table> <p data-bbox="818 745 1497 886">- The fluctuation of exchange rates impacts the export of Tea & Rubber which directly affects the brokerage due to buyers wanting to purchase the Tea at a lesser price; the company influences the buyers to use the spot rate to minimize this risk.</p>		FY 2013/14	FY 2014/15	Rating	Insignificant	Low
	FY 2013/14	FY 2014/15						
Rating	Insignificant	Low						
e. Internal control weaknesses	- Loss of revenue/ business - Negativity impact on reputation & image built over many years	<table border="1" data-bbox="818 903 1222 984"> <tr> <td></td> <td>FY 2013/14</td> <td>FY 2014/15</td> </tr> <tr> <td>Rating</td> <td>Low</td> <td>Low</td> </tr> </table> <p data-bbox="818 989 1497 1129">-The company has implemented for all critical functions, authority limits, segregation of duties and access control. Key controls are reviewed periodically and internal auditors conduct regular reviews of areas which are susceptible to fraud</p>		FY 2013/14	FY 2014/15	Rating	Low	Low
	FY 2013/14	FY 2014/15						
Rating	Low	Low						
f. Information Technology Risk	Adverse impact on efficiency of operation and loss of competitive advantage	<table border="1" data-bbox="818 1144 1222 1226"> <tr> <td></td> <td>FY 2013/14</td> <td>FY 2014/15</td> </tr> <tr> <td>Rating</td> <td>Low</td> <td>Low</td> </tr> </table> <p data-bbox="818 1230 1497 1556">- The company has invested in a security infrastructure appropriate for our 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 organizational measures including staff training, end user computer policies etc. The company has a fully-fledged disaster recovery location in place and the recovery plan is tested periodically and found to be satisfactory.</p>		FY 2013/14	FY 2014/15	Rating	Low	Low
	FY 2013/14	FY 2014/15						
Rating	Low	Low						
j. Human Resources risk	- Adverse impact on efficiency of operation and loss of competitive advantage	<table border="1" data-bbox="818 1575 1222 1656"> <tr> <td></td> <td>FY 2013/14</td> <td>FY 2014/15</td> </tr> <tr> <td>Rating</td> <td>Low</td> <td>Low</td> </tr> </table> <p data-bbox="818 1661 1497 1871">- The company attempts to mitigate this risk by encouraging continuous education, providing relevant training and development opportunities, & fostering a culture where all employees, regardless of rank, can actively contribute to the business. During the year a formal succession plan for senior level was also developed</p>		FY 2013/14	FY 2014/15	Rating	Low	Low
	FY 2013/14	FY 2014/15						
Rating	Low	Low						

Risk Category & Description	Potential Impact	Risk control measure & action plans to mitigate risk		
h. Entry of Non CBA Members	- Loss of business		FY 2013/14	FY 2014/15
		Rating	Low	Low
		- Lobbying with important authorities and conveying the importance for new entrants to be members of the Colombo Brokers Association.		
i. Brokers not adhering to bye-laws	- Loss of business		FY 2013/14	FY 2014/15
		Rating	Ultra High	Ultra High
		Canvassing to strengthen the CBA audit.		
j. Fire at warehouse	- Loss of customers, stocks and own property		FY 2013/14	FY 2014/15
		Rating	Low	Low
		- In order to mitigate this risk John Keells Warehousing (Pvt) Ltd has installed fire smoke detectors and carries out annual compliance audits. Further the company has obtained OHSAS & HACCP certification.		

The Board confirms that a process for identifying, evaluating and managing significant risks that compromise the achievement of the strategic objectives of John Keells PLC has been in place throughout the year in accordance with the guidelines set out by the Institute of Chartered Accountants of Sri Lanka and industry best practice. Potential Financial Risk in compliance with the Sri Lanka Accounting Standards (SLFRS) is disclosed on page 115 under note to the Financial Statement.

Audit Committee Report

Introduction

The Board Audit Committee (BAC) of John Keells PLC is formally constituted as a Sub Committee of the Main Board, to which it is accountable.

The Committee operates pursuant to the Audit Committee Charter which is reviewed annually by the committee.

This report focuses on the activities of the Audit Committee for the year under review. A more general description of the Committee's functions is also given under Corporate Governance Report on page 48.

Role of the Board Audit Committee

The BAC in its role, assists the Board in fulfilling their responsibilities with regard to;

- Ensuring the integrity of the financial statements of the company and that good financial reporting systems are in place and are managed in order to give accurate, appropriate and timely information to the management, regulatory authorities and shareholders in accordance to the financial reporting standards of The Institute of Chartered Accountant of Sri Lanka ,Companies Act No.7 of 2007,the Sri Lanka Accounting and Auditing Standards and the continuing Listing Rules of the Colombo Stock Exchange.
- Assessing the independence and monitoring the performance of external auditors and outsourced internal auditors

- Ensuring the company's internal control and risk management process efficient and effective
- Ensure compliance with applicable laws, regulations and policies of the group and company
- Assess the company's ability to continue as a going concern in the foreseen future.

Composition of the Board Audit Committee and Meetings :-

The Audit Committee comprised of three Independent Non-Executive Directors for the financial year 2014/15. The Financial Controller for the Plantation Services Sector of John Keells Group serves as the Secretary to the Audit Committee.

The President of the Plantation Services Sector of John Keells Group, Chief Executive Officer of John Keells PLC (JKL), Finance Manager of JKL , Chief Executive Officer of John Keells Stock Brokers (Pvt) Ltd (JKSB), Head of Finance JKSB and Head of Group Business Process Review (Group BPR), John Keells Holdings PLC attend the meetings of the Audit Committee by invitation. Other officials are invited to attend on a needs basis. The External Auditors and the Outsourced Internal Auditors also attend meetings on invitation when required.

The Board Audit Committee (BAC) is composed of the following Independent Non-Executive Directors who conduct Committee proceedings in accordance with the terms of reference set out in the Audit Committee Charter.

- Ms S T Ratwatte – Chairperson
- Mr T De Zoysa – Director
- Ms Y A Hansen– Director

Whilst a detailed profile of the Board of Directors is given on Page No's 16 & 17, a brief description of each Member of the Board Audit Committee is given below :-

Ms S T Ratwatte serves as the Chairman of the Board Audit Committee since May 2013 and on the audit committee since May 2007. She is a Fellow Member of the Chartered Institute of Management Accountants in UK and also holds a Masters in Business Administration from the University of Colombo. She also serves as a Non-Executive Director in MAS Investments (Pvt) Ltd and is a Trustee of Sunera Foundation and Federation of Environmental Organisations.

Mr T De Zoysa, a well-known figure in the Sri Lankan business community has been serving the Board and the Audit committee since July 2005. He is a Fellow member of the Chartered Management Institute UK and Plastic and Rubber Institute Sri Lanka. He also holds many key positions in both commercial and non-profitmaking local and international organization.

Ms Y A Hansen was appointed to the Board and as a member of the Audit Committee in July 2005. She is one of the pioneers in the Tourism industry with over 43 years of industry experience. She currently serves as the Chief Executive Officer at Columbus Tours (Pvt) Ltd.

Meetings of the Board Audit Committee

The Audit Committee held five meetings during the financial year 2014/2015. The attendance of the Committee members at these meetings was as follows:

Name of Director	Attendance	Eligibility to attend
Ms S T Ratwatte	5	5
Mr T De Zoysa	3	5
Ms Y A Hansen	5	5

The activities and views of the Committee have been communicated to the Board of Directors when necessary.

Financial Reporting

The Audit Committee has reviewed and discussed the Company's quarterly and annual financial statements prior to publication with management and the external auditors, including the extent of compliance with Sri Lanka Accounting Standards and the adequacy of disclosures required by other applicable laws, rules, and guidelines. The Committee has also regularly discussed the operations of the Company and its future prospects with management and is satisfied that all relevant matters have been taken into account in the preparation of the financial statements.

Internal Audit and Control Assessment

The internal audit plans and scope of work were formulated in consultation with the Outsourced Internal Auditors and Internal Audit function, which at

John Keells is termed Group Business Process Review (Group BPR) Division and approved by the Committee.

The main focus of the Internal Audit was to provide independent assurance on the overall system of internal controls, risk management and governance, by evaluating the adequacy and effectiveness of internal controls, compliance with laws and regulations, established policies and procedures of the company.

During the year, reports were received by the Committee from the Outsourced Internal Auditors, which were reviewed and discussed with management, the Outsourced Internal Auditors, BDO Partners and Group Business Process Review Division. The recommendations of the Internal Auditors have been followed up and implemented.

Risk Assessment

The Audit Committee has also reviewed the processes for the identification, evaluation and management of all significant operational risks faced by the Company. The most significant operational risks and the remedial measures taken to mitigate them have been reviewed with management and the John Keells Group Sustainability and Enterprise Risk Management Division.

Formal confirmations and assurances have been received from senior management quarterly regarding the efficacy and status of the internal control systems, risk management systems, and

compliance with applicable laws and regulations.

External Audit

The External Auditors' letter of engagement, including the scope of the audit, was reviewed and discussed by the Committee with the External Auditors and management prior to the commencement of the audit.

The External Auditors kept the Committee advised on an on-going basis regarding any unresolved matters of significance. Before the conclusion of the audit, the Committee met with the External Auditors to discuss all audit issues and agree on their treatment. The Committee also met the External Auditors, without management present, prior to the finalization of the financial statements. The External Auditors' management letter for the year 2013/14, together with management's responses was discussed with management and the auditors.

The Audit Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the level of audit and non-audit fees received by the external auditors from the John Keells Group and confirmation has been received from the external auditors of their compliance with the independence criteria given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

Audit Committee Report

The performance of the External Auditors has been evaluated and discussed with the senior management of the Company and the committee has recommended to the Board that Messrs. Ernst & Young be re-appointed as the auditors of the Company for the financial year ending 31st March 2016, subject to approval by the shareholders at the Annual General Meeting.

Whistle Blowing Assessment

The company has an established mechanism for employees to report to the Chairman of John Keells Holdings through a communication link named "Chairman Direct" about any unethical behaviour or any violation of group values. Employees reporting such incidents are guaranteed complete confidentiality.

Compliance with Code of Best Practice on Audit Committee

The BAC scope and functions are in compliance with the requirements of the Code of Best Practice on Audit Committee.

Compliance with code of Best Practice on Corporate Governance

The BAC has conducted its affairs with the requirements of the code of best practice on Corporate Governance.

Compliance with Corporate Governance Rules as per section 7.10 of the listing Rules of the Colombo stock Exchange

The BAC has conducted its affairs with the requirements with Corporate Governance Rules as per section 7.10 of the listing Rules of the Colombo stock Exchange.

Evaluation of the Board Audit Committee

Evaluation of the BAC is done on a periodic basis. The committee seeks the assistance of the Group Business Process Review Team for this purpose. The members of the BAC along with other participants such as President of the Plantation Services Sector, Chief Executive Officer (JKL), Chief Executive Officer (JKSB), Financial Controller Plantation Service Sector, Internal Auditors, and External Auditors assess the committee. The assessment is tabled at the Audit Committee Meeting and communicated to the Board of the Company.

Conclusion

Based on the reports submitted by the External Auditors and the outsourced Internal Auditors of the Company, the assurances and certifications provided by the senior management, and the discussions with management and the auditors both at formal meetings and informally, the Committee is of the view that the control environment within the Company is satisfactory and provides reasonable assurance that the financial position of the Company is adequately monitored and its assets are safeguarded.



S T Ratwatte

Chairperson of the Audit Committee

29th May 2015

Members:

Ms S T Ratwatte - Chairperson

Mr T De Zoysa

Ms Y A Hansen

Annual Report of the Board of Directors

The Directors have pleasure in presenting the 68th Annual Report of your Company together with the audited financial statements of John Keells PLC., and the audited Consolidated Financial Statements of the Group for the year ended 31st March, 2015.

General

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 Colombo Stock Exchange. Pursuant to the requirements of the new Companies Act No. 7 of 2007, the Company obtained a new Company registration No. PQ 11 on 15th June 2008.

Principal Activities

Company

The principal activities of the Company remain unchanged as produce broking.

Subsidiaries

John Keells Stock Brokers (Private) Limited continues to provide stock broking services.

John Keells Warehousing (Private) Limited continues to provide warehousing facilities.

Business Review

A review of the Company and its subsidiaries (Group's) performance during the financial year is given in the Chairman's' Review 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 Group during the financial year ended 31st March 2015.

Financial Statements

The Financial Statements of the Company and the Group are set out on page 86 to 141 of the Annual Report.

Auditor's Report

The Auditor's Report on the Financial Statements is given on page 85 of the Annual Report.

Significant Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are given on page 92 to 106 of the Annual Report.

Going Concern

The Board of Directors is satisfied that the Company, its subsidiaries and associate, have adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements are prepared based on the "Going Concern Concept".

Stated Capital

The total stated capital of the Company as at 31st March 2015 was Rs.152 million (2014 - Rs.152 million).

Revenue

Revenue generated by the Company amounted to Rs.559 million (2014 - Rs.611 million), whilst Group revenue amounted to Rs.960 million (2014 - Rs.908 million). Contribution to Group revenue, from the different business segments is provided in Note 3.2 to the Financial Statements on page 107.

Results and Appropriations

The profit after tax of the Company was Rs.188 million (2014- Rs.204 million) whilst the Group profit attributable to equity holders of the Parent Company for the year was Rs.217 million (2014 - Rs.150 million).

Results of the Company and of the Group are given in the Income Statement on page 86.

Dividend

On 18th June 2014, a first and final dividend of Rs 3.40 per share (2013- Rs.3.50) was paid for the financial year ended 31 March 2014 amounting to Rs.207 million (2012 - Rs. 213 million).

Dividend per share has been computed based on the amount of dividends recognised as distribution to the equity holders during the period.

The Directors have recommended a First and Final Dividend of Rs. 3.75 per share for the year ended 31st March 2015 from the profits available for appropriation. In accordance with the Sri Lanka Accounting Standards, events after the Balance Sheet date, the proposed dividend has not been recognised as a liability as at 31st March 2015.

As required by Section 56 (2) of the Companies Act No. 7 of 2007, the Board of Directors have, certified that the Company satisfies the solvency test in accordance with Section 57 of the Companies Act No. 7 of 2007, and have obtained a certificate

Annual Report of the Board of Directors

from the Auditors, prior to approving the First and Final Dividend of Rs 3.75 per share for this year. The First and Final Dividend will be paid on 18 th June 2015

to those shareholders on the register as at 8 th June 2015.

Detailed description of the results and appropriations are given below.

Profits	GROUP		COMPANY	
	2014/2015 Rs.000's	2013/2014 Rs.000,s	2014/2015 Rs.000's	2013/2014 Rs.000's
After making provision for bad and doubtful debts and for all known liabilities and after providing for depreciation on fixed assets, the profit earned was	332,979	317,327	248,315	334,400
From which has to be deducted the provision for taxation of	(101,132)	(101,854)	(60,024)	(73,948)
Leaving a net profit on ordinary activities after taxation of	231,847	215,473	188,291	260,452
From which profit/(loss) on discontinued operations was added/ (deducted)	-	(59,263)	-	(56,851)
From which the amount attributable to Minority Interest was (deducted)/added	(14,446)	(5,959)	-	-
To which Other Comprehensive Income was added/(deducted)	152,593	(38,408)	140,039	(38,229)
To which Share Based payment Expenses is added	25,466	15,409	18,561	11,485
And after the balance brought forward from the previous year was added	3,190,693	3,276,241	2,796,773	2,832,716
The amount available for appropriation was	3,586,153	3,403,493	3,162,225	3,009,573
Appropriations				
First and Final Dividend of Rs.3.40 per share paid for 2013/2014 on 18th June 2014 (2012/2013 - Rs 3.50)	(206,720)	(212,800)	(206,720)	(212,800)
Leaving a balance to be carried forward to the next year of	3,379,433	3,190,693	2,955,505	2,796,773

Donations

Total donations made by the Company and Group during the year amounted to Rs. 0.2 million (2014 - Rs.1.5 million) and Rs. 0.2 million (2014 - Rs.1.6 million), respectively, of these, there were no approved donations by the Company or Group to approved charities. (2014 - Nil). The amounts do not include contributions on account of John Keells Foundation.

The John Keells Foundation, which operates with funds contributed by each of the companies in the Group, handles most of the Group's CSR initiatives and activities. The Foundation manages a range of programs that underpin its key principle of acting responsibly in all areas of business to bring about sustainable development. The Company's contribution to John Keells Foundation was Rs. 6.6 million (2014 Rs.4.4 million) and the Group's contribution was Rs. 14.6 million (2014 Rs. 6.3 million) respectively.

Property, Plant and Equipment

The book value of property, plant and equipment as at the Balance sheet date amounted to Rs.32 million (2014- Rs.31 million) and Rs.335 million (2014 - Rs.329 million) for the Company and Group respectively.

Capital expenditure for the Company and Group amounted to Rs.10 million (2014 - R.22 million) and Rs.15 million (2014 - Rs29 million), respectively. Details of property, plant and equipment and their movements are given in note 14 to the financial statements on pages 122.

Market Value of Properties

All properties classified as investment property were valued in accordance with the requirements of SLAS40 (2005) Investment Property. The carrying value of investment property of the Company and Group amounted to Rs137 million (2014 - Rs.122 million) and Rs.137 million (2014 - Rs. 122 million) respectively. The investment, property was revalued by Mr. P.B. Kalugalagedra Associated Chartered Valuer as at 31st March 2015.

Details of the valuation of investment property is provided in note 15 to the financial statements on page 124.

The real estate portfolio of the Group as at 31 March 2015 is disclosed on page 124.

Investments

Investments of the Company and the Group in subsidiaries, associate, and other external investments amounted to Rs.2,339 million (2014- Rs.2,202 million) and Rs.2,288 million (2014 - Rs.2,150 million), respectively.

Detailed description of the long term investments held as 31st March 2015, are given in notes 16 ,17, 20.1 and 20.2 to the Financial Statements on pages 126 and 130.

Reserves

Total reserves as at 31st March 2015 of the Company and Group amounted to Rs.2,785 million (2014 - Rs.2,6454 million) and Rs.3,227 million (2014 - Rs.3,039 million), respectively.

The movement and composition of the Capital and Revenue reserves is disclosed in the Statement of Changes in Equity on page 89.

Events Occurring after the Reporting Date

There have been no events subsequent to the Balance sheet date, which would have any material effect on the Company or on the Group other than those disclosed in note 37 to the Financial Statements on page 141.

Contingent Liabilities and Capital Commitments

There have been no commitments or Contingent liabilities other than those stated in note 36 on page 141 of the annual report.

Human Resources

The number of persons employed by the Company and Group as at 31 March 2015 was 94 (2014- 95) and 164 (2014 - 166), respectively.

The Group is committed to pursuing various HR initiatives that ensure the individual development of all our teams as well as facilitating the creation of value for themselves, the Company and all other stakeholders.

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

Corporate Governance

Corporate Governance practices and principles with respect to the

management and operations of the Company is set out on page 40 of this report. The Directors confirm that the Company is in compliance with the relevant rules on Corporate Governance contained in the listing rules of the Colombo Stock Exchange.

The Directors declare that:

- a) The Company has not engaged in any activities, which contravene laws and regulations
- b) The Directors have declared all material interest in contracts involving the Company and refrained from voting on matters in which they were materially interested
- c) The Company has made all endeavours to ensure the equitable treatment of shareholders
- d) The business is a Going Concern with supporting assumptions or qualifications as necessary and
- e) 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 confirms that there is an ongoing process for identifying, evaluating and managing any significant risks faced by the Group. Risk assessment and evaluation for each business unit

Annual Report of the Board of Directors

takes place as an integral part of the annual strategic planning cycle and the principle risks and mitigating actions in place are reviewed regularly by the Board and the Audit Committee. The Board, through the involvement of the Risk Review and Control Division takes steps to gain assurance on the effectiveness of control systems in place. The Audit Committee receives reports on the results of internal control reviews and the Head of the Group Risk Review and Control Department has direct access to the Chairman of the Audit Committee.

Audit Committee

The following members of the Board serve on the Audit Committee.

Ms. S T Ratwatte- Chairman

Mr. T De Zoysa

Ms. Y A Hansen

The report of the Audit Committee is given on page 74 of the Annual report.

Human Resources and Compensation Committee

As permitted by the Listing Rules of the Colombo Stock Exchange, the Remuneration Committee of John Keells Holdings PLC (JKH), the parent Company of John Keells PLC functions as the Human Resources and Compensation Committee of the Company and subsidiaries. The Human Resources and Compensation Committee of John Keells Holdings PLC comprises of five independent Directors.

Mr. E F G Amerasinghe - Chairman

Dr. I Coomaraswamy (resigned w.e.f. 30/06/2014)

Mr. A R Gunasekara

Mr M A Omar

Mr N Fonseka

Mr. D A Cabraal (appointed w.e.f. 29/01/2015)

The Remuneration Policy of the Company and its subsidiaries is detailed in the Corporate Governance Report on page 49 of the Annual Report.

Nomination committee

As permitted by the listing rules of the Colombo Stock Exchange, the Nomination Committee of JKH, functions as the Nomination Committee of the company, The Committee comprises of five Independent Directors and Chairman of JKH.

Mr T Das- Chairman

Mr S C Ratnayake

Mr M A Omar

Mr E F G. Amerasinghe

Mr D A Cabraal

Ms. P Perera (appointed w. e. f. 24th July 2014)

Related Party Transaction Review Committee

As permitted by the listing rules of the Colombo Stock Exchange, the Related Party Transaction Review Committee of JKH, function as the Related Party Transaction Review Committee of the company. The Committee comprises of Six Directors.

Mr A N Fonseka

Mr S C Ratnayake

Mr. J R F Peiris

Mr. E F G Amerasinghe

Mr. D A Cabraal

Ms. P Perera (appointed w. e. f. 24th July 2014)

The Chairperson is an Independent non - executive Director of JKH.

Stock Market Information

An ordinary share of the Company was quoted on the Colombo Stock Exchange at Rs 92.00 as at 31st March 2015 (31st March 2014 - Rs 70.00). Information relating to public holding, earnings, dividend, net assets, market value per share and share trading is given in Key Ratios and Information on pages 150 to 151 and in the Shareholders Information Section on pages 144 to 147.

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 145 of the Annual Report. The distribution schedule of the shareholders and public holdings are disclosed on page 144 of the Annual Report.

Directorate

As at 31st March 2015 the Board of Directors of John Keells PLC consisted of seven Directors with wide commercial, academic knowledge and experience. The Directors profile is given on pages 16 and 17 of the Annual Report.

The Board of Directors of the Company and its subsidiaries as at 31st March 2015 are listed below.

Name of the Director	John Keells PLC	John Keells Stock Brokers (Private) Limited	John Keells Warehousing (Private) Limited
Mr. S C Ratnayake - Chairman	√	√	√
Mr. A D Gunewardene*	√	√	√
Mr. J R F Peiris	√	-	-
Mr. R S Fernando	√	-	√
Mr. K N J Balendra	-	√	-
Mr. T De Zoysa	√	-	-
Ms. Y A Hansen	√	-	-
Ms. S T Ratwatte	√	-	-

* Chairman JKSB

Retirement of Directors by Rotation or otherwise and their Re-Election

Mr T. De Zoysa and Mr. R. S. Fernando retire by rotation in terms of Article 83 of the Articles of Association of the Company, and being eligible offer themselves for re-election.

Directors' Remuneration

Details of the remuneration and other benefits received by the Directors are set out in page 108 of the Financial Statements.

Directors' and CEO's Shareholdings

Name of Director	Number of shares	
	As at 31st March 2015	As at 31st March 2014
Mr. S C Ratnayake	Nil	Nil
Mr. A D Gunewardene	Nil	Nil
Mr. J R F Peiris	Nil	Nil
Mr. R S Fernando	Nil	Nil
Mr. T De Zoysa	Nil	Nil
Ms. Y A Hansen	Nil	Nil
Ms. S T Ratwatte	Nil	Nil
Mr. S C Munasinghe (CEO)	Nil	Nil

Interest Register

The Company maintains an Interests Register as required by the Companies Act No. 7 of 2007 and entries have been made therein.

As both subsidiaries of the Company are private companies which have dispensed with the requirement to maintain an Interest Register, this Annual Report does not contain particulars of entries made in the Interests Registers of subsidiaries.

Particulars of Entries in the Interests Register

- a) Interests In Contracts

The Directors have all made a General Disclosure to the Board of Directors as permitted by S 192 (2) of the Companies Act No 7 of 2007 and no additional interests have been disclosed by any Director.
- b) There have been no disclosures of share dealings as at 31st March 2015.
- c) Indemnities and Remuneration

The Board approved the payment to the Executive Director of the Company, Mr. R.S. Fernando of;

 - A fixed element from 1st July 2014 based on the individual performance rating obtained by the Executive Director in terms of the performance management system of the JKH Group.
 - Short term variable incentives based on individual performance, organization performance and role responsibility based on the results of the financial year 2013/2014 paid in July 2014; and
 - Long Term Incentive in the nature of ESOP in John Keells Holdings

Annual Report of the Board of Directors

PLC dependant on the aforesaid performance rating, organizational rating and role responsibility as recommended by the Human Resources and Compensation Committee of JKH the holding company of John Keells PLC in keeping with the Group Remuneration Policy.

- Increased Non-Executive fees were paid to Messrs. S C Ratnayake, A D Gunewardene, J R F Peiris, T de Zoysa, Y A Hansen and S T Ratwatte as recommended by the Human Resources and Compensation Committee of John Keells Holdings PLC, its holding company. Fees payable to Non-Executive nominee Directors of John Keells Holdings PLC was paid to John Keells Holdings PLC and not to individual Directors. Further the Board approved the renewal of T de Zoysa's and Ms. Y A Hansen's contracts as a Non-Executive Directors of John Keells PLC for a further period at increased Non-Executive Directors fees approved by the Human Resources and Compensation Committee of John Keells Holdings PLC.

Supplier Policy

The Group applies an overall policy of agreeing and clearly communicating terms of payment as part of the commercial agreements negotiated with suppliers, and endeavours to pay for all items properly charged in accordance with these agreed terms. As at 31st March 2015 the trade and other payables of the

Company and Group amounted Rs.1,285 mn (2014 - Rs 1,373 mn) and Rs.1,593 mn (2014- Rs.1,498 mn) respectively.

Environmental Protection

The 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 balance sheet date have been paid or, where relevant provided for, except as specified in note 36 to the Financial Statements on page 141, covering Contingent Liabilities.

Auditors

Messrs Ernst & Young, Chartered Accountants, are willing to continue as Auditors of the Company, and a resolution proposing their reappointment will be tabled at the Annual General Meeting.

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

Details of audit fees are set out in note 08 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 page 74.

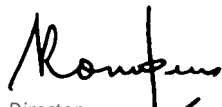
Annual Report

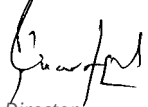
The Board of Directors approved the Company and Consolidated Financial Statements on 29 th May 2015. The appropriate number of copies of this report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board.

Annual General Meeting

The Annual General Meeting will be held at the John Keells Auditorium, No 186 Vauxhall Street, Colombo 2, on 30th June, 2015 (Tuesday) at 9.30 a.m. The notice of the Annual General Meeting appears on page 153.

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


Director


Director



Keells Consultants (Private) Ltd.
Secretaries

29th May 2015

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 provision the Companies Act No. 7 of 2007, is set out in the Report of the Auditors.

The Financial Statements comprise of:

- 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
- an Income Statement which presents a true and fair view of the profit or loss of the Company and its subsidiaries for the financial year; which comply with the requirements of the act.

The Directors are required to confirm that the Financial Statements have been prepared:

- using the appropriate Accounting Policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained.
- in accordance with the applicable Accounting Standards as relevant, have been followed:
- reasonable and prudent Judgements and estimates have been made so that the form and substance of transactions are properly reflected and
- Provides information required by and otherwise comply with the Companies

Act No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

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 its subsidiaries, and to ensure that the Financial Statements reflect the transparency of transactions and provide an accurate disclosure of the Company is Financial Position and comply with the requirements of the Companies Act No. 7 of 2007.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and its subsidiaries and in this regard to give proper consideration to 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 they may consider to be 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 has obtained a certificate from the auditors, prior to declaring a First and Final Dividend of Rs. 3.75 per share for the year, which will be paid on 18th June 2015.

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 Statement of Financial Position 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

29 th May 2015

Financial Information



Independent Auditor's Report



Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF JOHN KEELLS PLC

Report on the Financial Statements

We have audited the financial statements of John Keells PLC ("the Company"), and the consolidated financial statements of the Company and its subsidiary ("Group") which comprise the statement of financial position as at 31 March 2015, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 92 to 141.

Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical

requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2015 and of its financial

performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

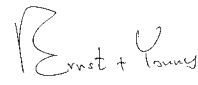
Report on other Legal and Regulatory Requirements

As required by Section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- a) The basis of opinion, scope and limitations of the audit are as stated above,
- b) In our opinion:

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,

- The financial statements of the Company give a true and fair view of its financial position as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards, and
- The financial statements of the Company and the Group comply with the requirements of sections 151 and 153 of the Companies Act No 07 of 2007.


29 May 2015
Colombo

Income Statement

For the Year Ended 31st March	Note	Group		Company	
		2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
Continuing Operations					
Rendering of Services		959,925	874,797	558,765	575,454
Revenue	3.1	959,925	874,797	558,765	575,454
Cost of Sales		(283,398)	(260,149)	(136,964)	(146,510)
Gross Profit		676,527	614,648	421,801	428,944
Dividend Income	4	-	-	49,034	96,914
Other Operating Income	5	2,921	13,304	2,656	12,673
Selling and Distribution Expenses		(68,826)	(37,914)	(65,104)	(33,964)
Administrative Expenses		(251,718)	(219,777)	(111,885)	(94,190)
Results from Operating Activities		358,904	370,261	296,502	410,377
Finance Expenses	6	(77,643)	(101,172)	(77,394)	(98,925)
Finance Income	7	34,330	30,870	14,109	7,850
Net Finance Expenses		(43,313)	(70,302)	(63,285)	(91,075)
Changes in Fair Value of Investment Properties		15,098	15,098	15,098	15,098
Share of Results of Associate		2,290	2,270	-	-
Profit Before Tax	8	332,979	317,327	248,315	334,400
Tax Expense	9	(101,132)	(101,854)	(60,024)	(73,948)
Profit for the year from Continuing Operations		231,847	215,473	188,291	260,452
Profit/ (Loss) for the Year from Discontinued Operations		-	(59,263)	-	(56,851)
Profit for the Year		231,847	156,210	188,291	203,601
Attributable to:					
Equity Holders of the Parent		217,401	150,251		
Non- Controlling Interests		14,446	5,959		
		231,847	156,210		
Earnings per share		Rs.	Rs.		
Basic	10.1	3.58	2.47		
Dividend per share	11	3.40	3.50		

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 92 to 141 form an integral part of these Financial Statements.

Statement of Comprehensive Income

For the Year Ended 31st March	Note	Group		Company	
		2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
Profit for the period		231,847	156,210	188,291	203,601
Other comprehensive income					
Other comprehensive income to be reclassified to income statement in subsequent periods					
Net (loss) / gain on available-for-sale financial assets		137,151	(38,598)	137,151	(38,598)
Share of other comprehensive income of equity accounted investees	17	512	(144)	-	-
Net other comprehensive income to be reclassified to income statement in subsequent periods		137,663	(38,742)	137,151	(38,598)
Other comprehensive income not to be reclassified to income statement in subsequent periods					
Revaluation of buildings	14.1	11,852	-	-	-
Re-measurement gain /(loss) on defined benefit plans	31	5,877	1,178	4,011	1,213
Net other comprehensive income not to be reclassified to income statement in subsequent periods		17,729	1,178	4,011	1,213
Income tax on other comprehensive income		(2,799)	(844)	(1,123)	(844)
Other comprehensive income for the period, net of tax		152,593	(38,408)	140,039	(38,229)
Total comprehensive income for the period, net of tax		384,440	117,802	328,330	165,372
Attributable to:					
Equity Holders of the Parent		369,994	111,843		
Non- Controlling Interests		14,446	5,959		
		384,440	117,802		

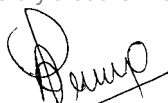
Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 92 to 141 form an integral part of these Financial Statements.

Statement of Financial Position

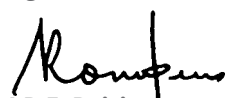
As at 31st March	Note	Group		Company	
		2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	14	334,816	328,692	31,976	30,910
Investment Property	15	137,128	122,030	137,128	122,030
Investments in Subsidiaries	16	-	-	120,380	120,380
Investments in Associates	17	92,792	92,299	24,000	24,000
Lease Rentals Paid in Advance	18	40,202	41,291	-	-
Intangible Assets	19	1,404	2,251	-	-
Non-Current Financial Assets	20	2,317,269	2,146,081	2,303,460	2,130,556
Deferred Tax Assets	21	14,542	14,053	9,495	9,456
Other Non - Current Assets		5,383	6,490	2,812	3,627
		2,943,536	2,753,187	2,629,251	2,440,959
Current Assets					
Inventories	22	397	290	285	160
Trade and Other Receivables	23	2,458,140	2,754,299	2,265,939	2,681,621
Amounts due from Related Parties	35.1	1,260	3,106	1,260	3,106
Other Current Assets	24	3,316	2,886	330	276
Short Term Investments	25	378,114	216,099	-	-
Cash in Hand and at Bank	26.1	289,623	205,997	279,762	182,469
		3,130,850	3,182,677	2,547,576	2,867,632
Total Assets		6,074,386	5,935,864	5,176,827	5,308,591
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	27	152,000	152,000	152,000	152,000
Revenue Reserves		2,859,793	2,844,849	2,610,820	2,626,361
Other components of equity	28	367,640	193,844	174,124	18,412
		3,379,433	3,190,693	2,936,944	2,796,773
Non-Controlling Interests		46,644	37,435	-	-
Total Equity		3,426,077	3,228,128	2,936,944	2,796,773
Non-Current Liabilities					
Deferred Tax Liabilities	30	40,384	38,501	-	-
Employee Benefit Liabilities	31	68,305	66,074	41,456	40,234
		108,689	104,575	41,456	40,234
Current Liabilities					
Trade and Other Payables	32	1,593,095	1,498,583	1,285,435	1,373,281
Amounts due to Related Parties	35.2	10,976	4,138	6,797	5,942
Income Tax Liabilities	33	24,008	17,121	701	17,377
Other Current Liabilities	34	3,211	3,508	1,688	1,825
Bank Overdrafts	26.2	458,330	79,811	453,806	73,159
Borrowings	29	450,000	1,000,000	450,000	1,000,000
		2,539,620	2,603,161	2,198,427	2,471,584
Total Equity and Liabilities		6,074,386	5,935,864	5,176,827	5,308,591

I certify that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



P.A.P. Perera
Financial Controller

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Signed for and on behalf of the Board by,



J.R.F. Peiris
Director



R.S. Fernando
Director

The accounting policies and notes as set out in pages 92 to 141 form an integral part of these Financial Statements.

29 May 2015

Statement of Changes in Equity

Group	Attributable to Equity Holders of Parent							Non Controlling Interest Rs 000's	Total Rs 000's
	Stated Capital Rs 000's	Revenue Reserves Rs 000's	Other Components of Equity			Total Rs 000's			
			Revaluation Reserves Rs 000's	Available for sale Reserves Rs 000's	Other Capital Reserves Rs 000's				
As at 31 March 2013	152,000	2,907,064	171,396	45,781	-	3,276,241	54,354	3,330,595	
Profit for the year	-	150,251	-	-	-	150,251	5,959	156,210	
Other Comprehensive Income	-	334	-	(38,742)	-	(38,408)	-	(38,408)	
Total Comprehensive Income	-	150,585	-	(38,742)	-	111,843	5,959	117,803	
Share base payment expenses	-	-	-	-	15,409	15,409	1,122	16,531	
Final Dividend Paid - 2012/13	-	(212,800)	-	-	-	(212,800)	-	(212,800)	
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	(24,000)	(24,000)	
As at 31 March 2014	152,000	2,844,849	171,396	7,039	15,409	3,190,693	37,435	3,228,128	
Profit for the year	-	217,401	-	-	-	217,401	14,446	231,847	
Other Comprehensive Income	-	4,263	10,667	137,663	-	152,593	-	152,593	
Total Comprehensive Income	-	221,664	10,667	137,663	-	369,994	14,446	384,440	
Share base payment expenses	-	-	-	-	25,466	25,466	1,963	27,429	
Final Dividend Paid - 2013/14	-	(206,720)	-	-	-	(206,720)	-	(206,720)	
Subsidiary Dividend to Non-Controlling Interest	-	-	-	-	-	-	(7,200)	(7,200)	
As at 31 March 2015	152,000	2,859,793	182,063	144,702	40,875	3,379,433	46,644	3,426,077	

Company	Other Components of Equity				Total Rs 000's
	Stated Capital Rs 000's	Revenue Reserves Rs 000's	Available for sale Reserves Rs 000's	Other Capital Reserves Rs 000's	
	As at 31 March 2013	152,000	2,635,191	45,525	
Profit for the year	-	203,601	-	-	203,601
Other Comprehensive Income	-	369	(38,598)	-	(38,229)
Total Comprehensive Income	-	203,970	(38,598)	-	165,372
Share base payment expenses	-	-	-	11,485	11,485
Final Dividend Paid- 2012/13	-	(212,800)	-	-	(212,800)
As at 31 March 2014	152,000	2,626,361	6,927	11,485	2,796,773
Profit for the year	-	188,291	-	-	188,291
Other Comprehensive Income	-	2,888	137,151	-	140,039
Total Comprehensive Income	-	191,179	137,151	-	328,330
Share base payment expenses	-	-	-	18,561	18,561
Final Dividend Paid - 2013/14	-	(206,720)	-	-	(206,720)
As at 31 March 2015	152,000	2,610,820	144,078	30,046	2,936,944

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 92 to 141 form an integral part of these Financial Statements.

Cash Flow Statement

For the year ended 31st March	Note	Group		Company	
		2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Operating Profit Before Working Capital Changes	A	418,009	425,793	278,840	347,628
(Increase) / Decrease in Inventories		(107)	1,290	(125)	1,318
(Increase) / Decrease in Trade and Other Receivables		296,185	(767,802)	415,706	(1,173,586)
(Increase) / Decrease in Other Non-Current Assets		(37,228)	(36,397)	(34,941)	(24,790)
(Increase) / Decrease in amounts Due from Related Parties		1,846	12,538	1,846	8,336
(Increase) / Decrease in Other Current Assets		(430)	1,294	(54)	662
Increase / (Decrease) in Trade and Other Payables		94,487	368,834	(87,870)	779,880
Increase / (Decrease) in amounts Due to Related Parties		6,838	(1,243)	855	(2,587)
Increase / (Decrease) in Other Current Liabilities		(297)	(6,980)	(135)	(4,895)
Cash generated from/(used in) operations		779,303	(2,673)	574,122	(68,034)
Interest Received		22,750	26,238	2,529	3,218
Finance Expenses Paid	6	(77,643)	(101,172)	(77,394)	(98,925)
Dividend Received		11,580	4,632	49,034	96,914
Tax Paid		(89,573)	(129,328)	(77,862)	(106,081)
Gratuity paid/Transfers(Net)		(2,911)	(8,084)	(1,416)	(7,818)
Net cash flow from (used in) operating activities		643,506	(210,387)	469,013	(180,726)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Acquisition of Property, Plant and Equipment	14	(15,234)	(29,776)	(9,997)	(22,187)
Proceeds from sale of Investment Properties		-	19,787	-	19,787
Dividend Received			-	11,580	4,632
Proceeds from Sale of Property Plant & Equipment		2,770	18,006	2,770	17,843
Net cash flow from/(used in) investing activities		(12,464)	8,017	4,353	20,075
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Net Proceeds from Short Term Borrowings	29	(550,000)	1,000,000	(550,000)	1,000,000
Dividend Paid		(206,720)	(212,800)	(206,720)	(212,800)
Dividend Paid to Non Controlling Shareholders'		(7,200)	(24,000)	-	-
Repayment of Interest Bearing Borrowings		-	(1,957)	-	-
Net cash flow from /(used in) financing activities		(763,920)	761,243	(756,720)	787,200
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(132,878)	558,873	(283,354)	626,549
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		342,285	(216,588)	109,310	(517,239)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		209,407	342,285	(174,044)	109,310

For the year ended 31st March	Note	Group		Company	
		2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Favourable balances					
Cash in hand and at bank	26.1	289,623	205,997	279,762	182,469
Short Term Investments	25	378,114	216,099	-	-
		667,737	422,096	279,762	182,469
Unfavourable balances					
Bank Overdrafts	26.2	(458,330)	(79,811)	(453,806)	(73,159)
Cash and cash equivalents		209,407	342,285	(174,044)	109,310
A. Profit before working capital changes					
Profit before tax		332,979	317,327	248,315	334,400
Loss before tax from discontinued operations		-	(94,161)	-	(91,749)
		332,979	223,166	248,315	242,651
Adjustments for:					
Associate Companies Share of Profit		(2,290)	(2,270)	-	-
Interest Income		(22,750)	(26,238)	(2,529)	(3,218)
Dividend Income		(11,580)	(4,632)	(60,614)	(101,546)
Finance Expenses	6	77,643	101,172	77,394	98,925
Impairment Loss on Investment Property		-	135,583	-	135,582
Change in fair value of Investment properties	15	(15,098)	(42,466)	(15,098)	(42,466)
Depreciation of Property, Plant and Equipment		20,822	21,202	8,818	8,865
Amortisation of Prepaid Lease	18	1,089	1,089	-	-
Amortisation of Intangible Assets	19	847	847	-	-
Amortisation of prepaid staff cost		555	555	-	-
(Profit) / loss on sale of Property, Plant and Equipment		(2,656)	(9,701)	(2,656)	(9,586)
Share base payment expenses		27,429	16,531	18,561	11,485
Gratuity provision and Related Costs	31	11,019	10,955	6,649	6,936
		418,009	425,793	278,840	347,628

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 92 to 141 form an integral part of these Financial Statements.

Notes to the Financial Statements

1.1. CORPORATE INFORMATION

Reporting Entity

John Keells PLC. is a public limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the company is located at No. 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 2 and principal place of business of the company is located at No. 186, Vauxhall Street, Colombo 2.

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

Consolidated Financial Statements

The financial statements for the year ended 31 March 2015, comprise “the company” referring to John Keells PLC as the holding company and “the Group” referring to the companies whose accounts have been consolidated therein.

Approval of Financial Statements

The Financial statements for the year ended 31 March 2015 were authorised for issue by the directors on 29th May 2015.

Principal Activities and Nature of Operations

Holding company

The Principal Activities of John Keells PLC, is Produce Broking.

Subsidiaries and Associate

The companies within the Group and its business activities are disclosed in the Group Structure on page 2 of the Annual Report.

There were no 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 partner 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 Directors in relation to the financial statements is set out in The statement of director’s responsibility on Page 83 to in the Annual report.

Statement of compliance

The financial statements which comprise the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity 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 (ICASL) and the requirement of the Companies Act No. 7 of 2007.

1.2. BASIS OF PREPARATION

Basis of Measurement

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention except for investment properties, buildings and available-for-sale financial assets that have been measured at fair value.

Presentation and Functional Currency

The consolidated financial statements are presented in Sri Lankan Rupees, 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 in Note 1.3 below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2015. 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
- 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. All intra-group assets and 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.

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 profit or loss.

Any investment retained is recognised at fair value.

1.3. ACCOUNTING POLICIES

1.3.1 New and revised accounting policies

The accounting policies adopted by the group are consistent with those used in the previous year except for the following:

SLFRS 10 Consolidated Financial Statements

SLFRS 10 establishes a single control model that applies to all entities including special purpose entities.

SLFRS 10 replaces the parts of previously existing LKAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. SLFRS 10 changes the definition of control such that an investor controls an investee has exposure or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

SLFRS 10 has had no impact on the consolidation of investments held by the Group.

SLFRS 11 Joint Arrangements

SLFRS 11 replaces LKAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities Non-monetary Contributions by Ventures. SLFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under SLFRS 11 must be accounted for using the equity method.

SLFRS 12 Disclosure of Interests in Other Entities

SLFRS 12 requires that an entity disclose information about significant judgments and assumptions it has made (and changes to those judgments and assumptions) in determining:

- that it has control of another entity
- that it has joint control of an arrangement or significant influence over another entity
- the type of joint arrangement (i.e. joint operation or joint venture) when the arrangement has been structured through a separate vehicle

An entity must disclose, for example, significant judgments and assumptions made in determining that

- it does not control another entity even though it holds more than half of the voting rights of the other entity
- it controls another entity even though it holds less than half of the voting rights of the other entity
- it is an agent or principal as defined by SLFRS 10
- it does not have significant influence even though it holds 20 per cent or more of the voting rights of another entity
- it has significant influence even though it holds less than 20 per cent of the voting rights of another entity

The Group does not have any interest in unconsolidated structured entities. Interests in such entities require the disclosures under SLFRS 12.

SLFRS 13 Fair Value Measurement

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements. SLFRS 13 does

Notes to the Financial Statements

not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under SLFRS when fair value is required or permitted. The application of SLFRS 13 has not materially impacted the fair value measurements carried out by the Group.

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.

1.3.2 SIGNIFICANT ACCOUNTING JUDGMENTS, 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. In the process of applying the Group's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Going Concern

The management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on a going concern basis.

Revaluation of property, plant and equipment and investment properties

The Group measures land and buildings at revalued amounts with changes in fair value being recognised in the statement of equity. In addition, it carries its investment properties at fair value, with changes in fair value being recognised in the income statement. The Group engaged independent valuation specialists to determine fair value of investment properties and certain identified land and buildings as at 31 March 2015.

The valuer has used valuation techniques such as market values and discounted cash flow methods where there was lack of comparable market data available based on the nature of the property.

The determined fair values of investment properties, using investment method, are most sensitive to the estimated yield as well as the long term occupancy rate. The methods used to determine the fair value of the investment properties, are further explained in Note 15.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar

assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining 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.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Accordingly,

based on such reasonable estimates the Group establishes the provisions to be made during the financial year.

Further details on taxes are disclosed in Note 9.

Contingent Liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the entity. All contingent liabilities are disclosed in note 36 to the financial statement in page 141 unless the possibility of an outflow of resources embodying economic benefit is remote.

Employee Benefit Liability

The employee benefit liability of the Group is based on the actuarial valuation carried out by Independent actuarial specialist. The actuarial valuations involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details of the key assumptions used in the estimates are contained in Note 31.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible.

Where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments (see Note 13).

Deferred tax asset / liability

Deferred tax assets are recognized for all unusual tax losses to the extent that it is possible that taxable profits will be available against which the tax losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with the future tax planning strategy. Deferred tax assets and liabilities are computed based on the revised income tax rate of 28% or relevant concessionary rates.

1.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.4.1 Business combinations & goodwill

Acquisitions of subsidiaries 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 recognized amount of any non-controlling interests in the acquire, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in the income statement.

The Group elects on a transaction-by-transaction basis whether to measure

non-controlling interests at fair value, or at their proportionate share of the recognized 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 acquire is remeasured to fair. Value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized 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.

Notes to the Financial Statements

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 recognized 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.

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 acquire 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 recognized. 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 area 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 of, the goodwill associated with the operation disposed of 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 of and the portion of the cash-generating unit retained.

1.4.2. Investment in Associate

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 has no control over those policies.

Associate companies of the Group which have 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 profit or loss.

1.4.3 Tax

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 countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity 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 recognized for all taxable temporary differences, except:

- where the deferred tax liability arises 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 taxable profit or loss and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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 utilized 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, associates and interests in joint ventures, deferred tax assets are recognized 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 profit or loss is recognised outside profit or loss. 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 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.

Notes to the Financial Statements

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.

1.4.4 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in 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 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.

1.4.5 Fair Value Measurement

The Group measures financial instruments such as quoted investments, and non-financial assets such as investment properties, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarized in the following notes:

Disclosures for valuation methods, significant estimates and assumptions	Note 15.2 14.9 12.3
Quantitative disclosures of fair value measurement hierarchy	Note 14.9 15.2
Investment in unquoted equity shares	Note 12.3

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 company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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 Company 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 AFS financial assets, 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. Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained.

1.4.6 Property, plant and equipment

Basis of recognition

Property, plant and equipment are recognized 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

Plant and equipment 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. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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.

Where land and buildings are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in 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.

Derecognition

An item of property, plant and equipment are 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 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	37
Plant and machinery	2 - 10
Equipment	6 - 8
Furniture and fittings	8
Motor vehicles	5
Computer Equipment	5
Other Assets	5

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

1.4.7 Lease rentals paid in advance

Prepaid lease rentals paid to acquire land use rights are amortised over the lease term in accordance with the pattern of benefits provided.

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Details of Leasehold Property are given in Note xx to the Financial Statements.

1.4.8 Investment properties

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-to-day 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.

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.

1.4.9 Intangible assets

Basis of recognition

An Intangible asset is 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

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, amortization 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 amortized 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.

1.4.10 Financial instruments — initial recognition and subsequent measurement

i) Financial assets

Initial recognition and measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. 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 in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are

neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the income statement in finance costs and removed from the available-for-sale reserve. Interest income on available-for-sale debt securities is calculated using the effective interest method and is recognised in the income statement.

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the

investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

ii) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a Group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with Financial assets carried at amortised cost.

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed

financial asset, whether significant or not, it includes the asset in a Group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced

by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a Group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairments are recognised directly in other comprehensive income.

iii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

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 follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (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 in finance costs in the income statement.

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

v) 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 price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial 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 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 12.

1.4.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher

of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the income statement, except that, impairment losses in respect of property, plant and equipment previously revalued are recognised against the revaluation reserve through the statement of other comprehensive income to the extent that it reverses a previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is

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treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

1.4.12 Inventories

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:

Raw materials	On a weighted average basis
Other inventories	At actual cost

1.4.13 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on 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.

1.4.14 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 other comprehensive income. Such actuarial gains and losses are also immediately recognized in retained earnings and are not reclassified to profit or loss subsequent periods.

1.4.15 Defined contribution plan - Employees' Provident Fund and Employees' Trust Fund

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.

1.4.16 Employee share option plan

Employees of the Group receive remuneration in the form of share based payment transaction, 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 2014/15 financial year onwards.

Equity-settled transaction

The cost of equity-settled transactions is recognized, 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 recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period had 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 recognized as at the beginning and end of that period and is recognized in the share based payment plan note.

No expense is recognized 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 recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized 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 recognized for the award is recognized 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 of 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, (further details given in note 30).

1.4.17 Provisions, contingent assets and contingent liabilities

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.

1.4.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and value added taxes, after eliminating sales within the Group.

The following specific criteria are used for recognition of revenue:

Brokerage Income

Revenue from the sale of goods is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer with the Group retaining neither a continuing managerial involvement to the degree usually associated with ownership, nor an effective control over the goods sold.

Rendering of services

Revenue from rendering of services is recognised by reference to the stage of completion. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Turnover based taxes

Turnover based taxes include value added tax, economic service charge, nation building tax and turnover tax. Companies in the Group pay such taxes in accordance with the respective statutes.

Dividend

Dividend income is recognised when the Group's right to receive the payment is established.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

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, 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.

Any losses arising from guaranteed rentals are accounted for in the year of incurring the same. A provision is recognised if the projection indicates a loss.

Other income

Other income is recognised on an accrual basis.

1.4.19 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 company and Group's performance.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily

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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.

1.5 SEGMENT INFORMATION

1.5.1 Reporting segments

The group's internal organisation and management is structured based on individual products and services which are similar in nature and process and where the risk and return are similar. The primary segments represent this business structure.

Since the individual segments are located close to each other and operate in the same industry environment, catering to clientele from the same geographical location, the need for geographical segmentation does not arise.

1.5.2 Segment information

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. However, except for Financial Services segment other segments' financing activities are managed on a Group basis and are not allocated to operating segment. The Income taxes are managed on Group basis and are not allocated to operating segments. The Income taxes are managed on Group basis and are not allocated to operating segment.

2. SRI LANKA ACCOUNTING STANDARDS (SLFRS/LKAS) ISSUED BUT NOT YET EFFECTIVE

SLFRS 9 -Financial Instruments: Classification and Measurement

SLFRS 9, reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities.

This standard was originally effective for annual period commencing on or after 01 January 2018. However the effective date has been deferred subsequently.

SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under SLFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in SLFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under SLFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Company is currently assessing the impact of SLFRS 15 and plans to adopt the new standard on the required effective date.

For the year ended 31st March		Group		Company	
		2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
3 REVENUE					
3.1 Revenue					
Gross Revenue	959,925	874,797	558,765	575,454	
Revenue	959,925	874,797	558,765	575,454	

3.2 SEGMENT INFORMATION

Segment Revenue

Group

For the Year Ended 31st March	Produce Broking		Warehousing		Share Broking		Total	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
Revenue								
Third Parties	558,765	575,454	104,334	96,521	301,117	207,157	964,216	879,132
Inter Segment Sales	-	-	(4,291)	(4,335)			(4,291)	(4,335)
Revenue	558,765	575,454	100,043	92,186	301,117	207,157	959,925	874,797
Segment Results	247,468	315,872	39,492	36,392	71,944	17,997	358,904	370,261
Finance Income	14,109	7,850	2,094	1,675	18,127	21,345	34,330	30,870
Finance expenses	(77,394)	(98,925)	(33)	(28)	(215)	(2,219)	(77,643)	(101,172)
Net Finance Expenses	(63,285)	(91,075)	2,061	1,647	17,912	19,126	(43,313)	(70,302)
Changes in fair value of Investment Property	15,098	15,098	-	-	-	-	15,098	15,098
	199,280	239,895	41,553	38,039	89,856	37,123	330,689	315,057
Share of results of Associate	-	-	-	-	-	-	2,290	2,270
Profit Before Tax							332,979	317,327
Tax Expense	(60,024)	(73,948)	(49)	(9,537)	(29,665)	(12,293)	(89,738)	(95,778)
Unallocated Tax Expenses	-	-	-	-	-	-	(11,394)	(6,076)
Total Tax Expenses	-	-	-	-	-	-	(101,132)	(101,854)
Profit After Tax							231,847	215,473
Segment Assets	5,121,263	5,308,590	394,841	375,966	558,282	305,501	6,074,386	5,990,057
Segment Liabilities	2,197,482	2,511,817	66,903	40,316	383,899	148,617	2,648,284	2,700,750

Notes to the Financial Statements

For the year ended 31st March	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
4 DIVIDEND INCOME				
Income from investments in related parties	-	-	49,034	96,914
	-	-	49,034	96,914
5 OTHER OPERATING INCOME				
Profit/(Loss) on sale of Property, Plant and Equipment	2,656	9,701	2,656	9,586
Sundry income	265	3,603	-	3,087
	2,921	13,304	2,656	12,673
6 FINANCE EXPENSES				
Interest expense on borrowings				
Short term	77,643	101,172	77,394	98,925
	77,643	101,172	77,394	98,925
7 FINANCE INCOME				
Dividend Income from available for sale Investments	11,580	4,632	11,580	4,632
Interest Income from Fixed Deposits & Repo	17,892	20,842	-	-
Other Interest income	4,858	5,396	2,529	3,218
	34,330	30,870	14,109	7,850
8 PROFIT BEFORE TAX				
Profit before tax is stated after charging all expenses including the following;				
Remuneration to Executive Director	10,373	12,615	10,373	12,615
Remuneration to Non Executive Directors	10,562	9,666	6,750	5,850
Audit Fees	2,415	2,507	1,343	1,285
Non Audit Expenses	319	938	319	938
Personnel costs Includes-				
Defined Benefit Plan Cost	11,019	10,955	6,649	6,936
Defined Contribution Plan Cost - EPF and ETF	26,945	24,053	12,583	12,321
Other Staff Cost	262,915	230,430	99,439	97,967
Depreciation of Property, Plant and Equipment	20,823	21,204	8,818	8,865
Donations	14,812	7,923	6,812	5,923

For the year ended 31st March	Note	Group		Company	
		2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
9 TAX EXPENSE					
Current income tax		97,104	92,536	61,186	74,556
Over Provision in respect of Previous Year		(14)	-	-	-
10% withholding Tax on Inter Company Dividends		5,446	10,708	-	-
Deferred income tax					
Relating to origination and reversal of temporary differences	9.2	(1,404)	(1,390)	(1,162)	(608)
		101,132	101,854	60,024	73,948

For the year ended 31st March	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
9.1 Reconciliation between tax expense and the product of accounting profit				
Profit before tax	332,979	317,327	248,315	334,400
(Loss)/Profit for the year from discontinued Operation	-	(94,161)	-	(91,749)
Dividend income from group companies	(60,613)	(101,546)	(60,613)	(101,546)
Share of results of associate	2,290	2,270	-	-
	274,656	123,890	187,702	141,105
Exempt profits			-	-
Profits not charged to income tax	-	(1,696)	-	(1,696)
Profits not charged to income tax (revaluation of Land)	(15,097)	(42,466)	(15,097)	(42,466)
Accounting profit / (loss) chargeable to income taxes	259,559	79,728	172,605	96,943
Tax effect on chargeable profits	78,246	42,034	48,329	27,144
Tax effect on non deductible expenses	17,311	15,353	12,416	13,384
Tax effect on deductions claimed	189	499	484	513
Tax effect on rate differentials	649	802	-	-
10% withholding Tax on Inter Company Dividends	5,446	10,708	-	-
Current and deferred tax share of associate	5,318	(5,324)		
Income tax on other comprehensive income	(2,799)	(844)	(1,123)	(844)
(Over)/Under provision for previous years	(97)	3,728	(82)	(1,147)
	104,263	66,956	60,024	39,050

Notes to the Financial Statements

For the year ended 31st March	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
Income tax charged at Standard rate- Others 28% Concessionary Rate of 12 % (2013-10%)	92,905	95,986	61,186	81,993
Share of Associate Company Income Tax Expenses (Over)/Under provision in respect of previous years	629	692	-	-
10% withholding Tax on Inter Company Dividends	(14)	-	-	-
	5,446	10,708	-	-
	-	-	-	-
Charge for the year	102,536	110,681	61,186	81,993
Deferred Tax Charge/(Reversal)	(1,404)	(43,725)	(1,162)	(42,943)
Total income tax expense	101,132	66,956	60,024	39,050

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.

For the year ended 31st March	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
9.2 Deferred tax expense				
Income statement				
Deferred tax expense arising from/ (Reversal); Accelerated depreciation for tax purposes	(4,896)	4,420	(303)	(1,069)
Revaluation of investment property to fair value	-	(41,617)	-	(41,617)
Employee benefit liabilities	(1,826)	(1,204)	(859)	(257)
Undistributed Profits of Investment in Associate & Subsidiaries	5,318	(5,324)	-	-
Deferred tax charge/ (Reversal)	(1,404)	(43,725)	(1,162)	(42,943)
Statement of Comprehensive Income				
Deferred tax expense arising from; Revaluation of building to fair value	-	-	-	-
Total deferred tax /(reversal) recognised in other Comprehensive income arising from Actuarial gain/(loss)- Defined benefit plans	1,185	844	1,123	844
	2,799	844	1,123	844
Total deferred tax charge/ (Reversal)	1,395	(42,881)	(39)	(42,099)

Deferred tax has been computed at 28% for all standard rate companies (including listed companies), and at 12% for John Keells Warehousing (Pvt) Ltd

For the year ended 31st March		Group		Company	
		2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
	Note				
10 EARNINGS PER SHARE					
10.1 Basic earnings per share					
Profit attributable to equity holders of the parent		217,401	150,251	188,291	203,601
Weighted average number of ordinary shares (In 000"s)	10.2	60,800	60,800	60,800	60,800
		Rs	Rs	Rs	Rs
Basic earnings per share		3.58	2.47	3.10	3.35
10.2 Amount used as denominator					
Ordinary shares at the beginning of the year		60,800	60,800	60,800	60,800
Ordinary shares at the end of the year		60,800	60,800	60,800	60,800

For the year ended 31st March		2015		2014	
		Rs.	Rs 000's	Rs.	Rs 000's
11 DIVIDEND PER SHARE					
Equity dividend on ordinary shares					
Declared and paid during the year					
Out of Dividends received - Free of tax		0.55	33,146	2.36	143,262
Out of Profits - Liable for tax		2.85	173,574	1.14	69,538
Total dividend		3.40	206,720	3.50	212,800

* Previous years' final dividend paid in the current year.

Notes to the Financial Statements

12 FINANCIAL INSTRUMENTS

12.1 Financial Assets and Liabilities by Categories

Financial assets and liabilities in the tables below are split into categories in accordance with LKAS 39.

Financial assets by categories

Group	Loans and Receivables		Available for sale Financial Assets		Total	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
As at 31 st March						
Financial Instruments in Non Current Assets						
Other Non - Current Financial Assets	122,210	88,173	2,195,059	2,057,908	2,317,269	2,146,081
Financial Instruments in Current Assets						
Trade & Other Receivables	2,458,116	2,754,299	-	-	2,458,116	2,754,299
Amount Due from Related Parties	1,260	3,106	-	-	1,260	3,106
Cash in Hand and at Bank	289,623	205,997	-	-	289,623	205,997
Short Term Investments	378,114	216,097	-	-	378,114	216,099
Total	3,249,323	3,267,672	2,195,059	2,057,908	5,444,382	5,325,582

Company	Loans and Receivables		Available for sale Financial Assets		Total	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
As at 31 st March						
Financial Instruments in Non Current Assets						
Other Non - Current Financial Assets	108,401	72,648	2,195,059	2,057,908	2,303,460	2,130,556
Financial Instruments in Current Assets						
Trade & Other Receivables	2,265,939	2,681,621	-	-	2,265,939	2,681,621
Amount Due from Related Parties	1,260	3,106	-	-	1,260	3,106
Cash in Hand and at Bank	279,762	182,469	-	-	279,762	182,469
Total	2,655,362	2,939,844	2,195,059	2,057,908	4,850,421	4,997,752

12.2 Financial Liabilities by Categories

Group	Financial liabilities measured at amortised cost		Total	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
As at 31 st March				
Financial Instruments in Current Liabilities				
Trade and Other Payables	1,593,070	1,498,583	1,593,070	1,498,583
Amount Due from Related Parties	10,976	4,138	10,976	4,138
Bank Overdrafts	458,330	79,811	458,330	79,811
Short Term Borrowings	450,000	1,000,000	450,000	1,000,000
Total	2,512,376	2,582,532	2,512,376	2,582,532

Company	Financial liabilities measured at amortised cost		Total	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
As at 31 st March				
Financial Instruments in Current Liabilities				
Trade and Other Payables	1,285,435	1,373,281	1,285,435	1,373,281
Amount Due from Related Parties	6,797	5,942	6,797	5,942
Bank Overdrafts	453,806	73,159	453,806	73,159
Short Term Borrowings	450,000	1,000,000	450,000	1,000,000
Total	2,196,038	2,452,382	2,196,038	2,452,382

The management assessed that cash and short-term deposits, trade and other receivables, amounts due from related parties, trade and other payables, amounts due to related parties, bank overdraft, short term borrowings and other current financial liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchange in a current transaction between knowledgeable and willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Fair value of quoted equities based on price quotations in an active market at the reporting dater.

The fair value of unquoted instruments is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Notes to the Financial Statements

12.3 Financial Assets and Liabilities by Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

The Company held the following financial instruments carried at fair value in the statement of financial position.

Financial Assets

Group As at 31 st March	Level 1		Level 2		Level 3	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
Available for sale						
Investment in Equity Securities	278,677	141,526	-	-	-	-
Total	278,677	141,526	-	-	-	-

Financial Assets

Company As at 31 st March	Level 1		Level 2		Level 3	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
Available for sale						
Investment in Equity Securities	278,677	141,526	-	-	-	-
Total	278,677	141,526	-	-	-	-

During the reporting period ended 31 March 2015 and 2014, there were no transfers between Level 1 and Level 2 fair value measurements.

13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and Company has loan and other receivables, trade and other receivables, and cash that arise directly from its operations.

The Group and Company also holds available-for-sale investments. The Group's and Company's principal financial liabilities, comprise of loans and borrowings, trade and other payables.

The main purpose of these financial liabilities is to finance the Group and Company's operations and to provide guarantees to support its operations. The Group and Company is exposed to market risk, credit risk and liquidity risk.

13.1 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group and the Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments. The Group and the Company trades only with recognised, creditworthy third parties. It is the Group's and the 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 with the result that the Group's and the Company's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group and the Company, such as cash and cash equivalents, available-for-sale financial investments, and the Group and the Company's exposure to credit risk arises from default of the counterparty. The Group and the Company manages its operations to avoid any excessive concentration of counterparty risk and the Group and the Company takes all reasonable steps to ensure the counterparties fulfil their obligations.

Notes to the Financial Statements

13.1.1 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		Other non current financial assets Rs 000's	Cash in hand and at bank Rs 000's	Trade and other receivables Rs 000's	Other invest- ments Rs 000's	Amounts due from related parties Rs 000's	Total Rs 000's	% of allocation Rs 000's
2015	Notes							
Government securities	13.1.1.1	-	-	-	378,114	-	378,114	12%
Loans to executives	13.1.1.2	17,337	-	9,229	-	-	26,566	1%
Trade receivables	13.1.1.3	-	-	2,445,674	-	-	2,445,674	75%
Loans and Other receivables	13.1.1.4	101,373	-	3,213	-	-	104,586	3%
Amounts due from related parties	13.1.1.5	-	-	-	-	1,260	1,260	0%
Cash in hand and at bank	13.1.1.6	-	289,623	-	-	-	289,623	9%
Deposit with CSE		3,500	-	-	-	-	3,500	0%
Total credit risk exposure		122,210	289,623	2,458,116	378,114	1,260	3,249,323	100%

Group		Other non current financial assets Rs 000's	Cash in hand and at bank Rs 000's	Trade and other receivables Rs 000's	Other invest- ments Rs 000's	Amounts due from related parties Rs 000's	Total Rs 000's	% of allocation Rs 000's
2014	Notes							
Government securities	13.1.1.1	-	-	-	216,099	-	216,099	7%
Loans to executives	13.1.1.2	24,115	-	7,240	-	-	31,355	1%
Trade receivables	13.1.1.3	-	-	2,744,181	-	-	2,744,181	84%
Loans and Other receivables	13.1.1.4	60,558	-	2,878	-	-	63,436	2%
Amounts due from related parties	13.1.1.5	-	-	-	-	3,106	3,106	0%
Cash in hand and at bank	13.1.1.6	-	205,997	-	-	-	205,997	6%
Deposit with CSE		3,500	-	-	-	-	3,500	0%
Total credit risk exposure		88,173	205,997	2,754,299	216,099	3,106	3,267,674	100%

13.1.1 Risk exposure (Contd.)

Company		Other non current financial assets Rs 000's	Cash in hand and at bank Rs 000's	Trade and other receivables Rs 000's	Other invest- ments Rs 000's	Amounts due from related parties Rs 000's	Total Rs 000's	% of allocation Rs 000's
2015	Notes							
Loans to executives	13.1.1.2	7,028	-	6,037	-	-	13,065	0%
Trade receivables	13.1.1.3	-	-	2,259,106	-	-	2,259,106	85%
Loans and Other receivables	13.1.1.4	101,373	-	796	-	-	102,169	4%
Amounts due from related parties	13.1.1.5	-	-	-	-	1,260	1,260	0%
Cash in hand and at bank	13.1.1.6	-	279,762	-	-	-	279,762	11%
Total credit risk exposure		108,401	279,762	2,265,939	-	1,260	2,655,362	100%

Company		Other non current financial assets Rs 000's	Cash in hand and at bank Rs 000's	Trade and other receivables Rs 000's	Other invest- ments Rs 000's	Amounts due from related parties Rs 000's	Total Rs 000's	% of allocation Rs 000's
2014	Notes							
Loans to executives	13.1.1.2	12,090	-	4,157	-	-	16,247	1%
Trade receivables	13.1.1.3	-	-	2,676,940	-	-	2,676,940	91%
Loans and Other receivables	13.1.1.4	60,558	-	524	-	-	61,082	2%
Amounts due from related parties	13.1.1.5	-	-	-	-	3,106	3,106	0%
Cash in hand and at bank	13.1.1.6	-	182,469	-	-	-	182,469	6%
Total credit risk exposure		72,648	182,469	2,681,621	-	3,106	2,939,844	100%

Notes to the Financial Statements

13.1.1.1 Government securities

As at March 2015 as shown in table above 12% (2014 - 7%) of debt securities comprises investment in government securities consist of treasury bills and reverse repo investments.

Government securities are usually referred to as risk free due to sovereign nature of the instrument.

13.1.1.2 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.

13.1.1.3 Trade and other receivables

	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
Neither past due nor impaired	2,287,247	2,646,455	2,102,067	2,579,651
Past due but not impaired	125	420	-	-
30-60 days	34,543	16,147	33,835	16,147
61-90 days	59,558	10,629	59,388	10,612
91-180 days	50,045	32,340	49,985	32,340
> 181 days	14,180	38,190	13,831	38,190
impaired	92,585	41,148	92,513	41,134
Gross carrying value	2,538,283	2,785,329	2,351,619	2,718,074
Less: impairment provision				
Individually assessed impairment provision	(92,585)	(41,148)	(92,513)	(41,134)
Total	2,445,698	2,744,181	2,259,106	2,676,940

The Group and Company has advance/Loaned money to tea/rubber client by reviewing their past performance and credit worthiness, as collateral.

13.1.1.4 Loans and Other receivables

The company has loaned money to Tea producers by reviewing their past performance and credit worthiness, as collateral.

13.1.1.5 Amounts due from related parties

The Groups' & Company's amount due from related party mainly consists of the balance due from companies and companies under common control.

13.1.1.6 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 Company 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.

13.2 Liquidity Risk

The Group & 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 Group and Company to manage its liquidity risk.

The Group & Company monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Group and Company's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group & 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, & overdrafts.

13.2.1 Net (debt)/cash

	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
Cash in hand and at bank	289,623	205,997	279,762	182,469
Liquid Assets	289,623	205,997	279,762	182,469
Short Term Borrowings	450,000	1,000,000	450,000	1,000,000
Bank Overdrafts	458,330	79,811	453,806	73,159
Liquid Liabilities	908,330	1,079,811	903,806	1,073,159
(Net debt)/Cash	(618,707)	(873,814)	(624,044)	(890,690)

13.2.2 Liquidity risk management

The mixed approach combines elements of the cash flow matching approach and the liquid assets approach. The business units attempts to match cash outflows in each time bucket against a combination of contractual cash inflows plus inflows that can be generated through the sale of assets, repurchase agreement or other secured borrowing.

Notes to the Financial Statements

13.2.2 Liquidity risk management (Contd.)

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Group

	2015				2014			
	Less than 3 Months Rs 000's	3 to 12 Months Rs 000's	More than 12 months Rs 000's	Total Rs 000's	Less than 3 Months Rs 000's	3 to 12 Months Rs 000's	More than 12 months Rs 000's	Total Rs 000's
Trade and Other Payables	1,593,070	-	-	1,593,070	1,498,583	-	-	1,498,583
Amounts due to Related Parties	10,976	-	-	10,976	4,138	-	-	4,138
Short Term Borrowings	450,000	-	-	450,000	1,000,000	-	-	1,000,000
Bank Overdrafts	458,330	-	-	458,330	79,811	-	-	79,811
Total	2,512,376	-	-	2,512,376	2,582,532	-	-	2,582,532

Company

	2015				2014			
	Less than 3 Months Rs 000's	3 to 12 Months Rs 000's	More than 12 months Rs 000's	Total Rs 000's	Less than 3 Months Rs 000's	3 to 12 Months Rs 000's	More than 12 months Rs 000's	Total Rs 000's
Trade and Other Payables	1,285,435	-	-	1,285,435	1,373,281	-	-	1,373,281
Amounts due to Related Parties	6,797	-	-	6,797	5,942	-	-	5,942
Short Term Borrowings	450,000	-	-	450,000	1,000,000	-	-	1,000,000
Bank Overdrafts	453,806	-	-	453,806	73,159	-	-	73,159
Total	2,196,038	-	-	2,196,038	2,452,382	-	-	2,452,382

13.3 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 available-for-sale investments which include equity securities.

Accordingly no interest rate risk, currency risk and commodity price risk to the Company.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

13.3.1 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.

13.3.2 Available-for-sale investments

All quoted equity and unquoted equity investments are made after obtaining Board of Directors approval.

13.3.3 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 Company's profit before tax & equity due to changes in the fair value of the listed equity securities.

As at 31 st March		Change in year end market price index	Effect on profit before tax	Effect on equity
				Rs 000's
Group				
	2015	10%	-	27,868
		-10%	-	(27,868)
	2014	10%	-	14,153
		-10%	-	(14,153)
Company				
	2015	10%	-	27,868
		-10%	-	(27,868)
	2014	10%	-	14,153
		-10%	-	(14,153)

13.4 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 of shares.

As at 31 st March	Group		Company	
	2015	2014	2015	2014
Debt/Equity	26.51%	33.45%	30.77%	38.47%

Notes to the Financial Statements

	Buildings on Lease-hold Land	Plant and machinery	Furniture and fittings	Motor vehicles	Computer Equipment	Office Equipment	Other Assets	Total 2015	Total 2014
	Rs 000's	Rs 000's	Rs 000's	Rs 000's	Rs 000's	Rs 000's	Rs 000's	Rs 000's	Rs 000's
14 PROPERTY, PLANT AND EQUIPMENT									
14.1 Group									
Cost/Valuation									
At the beginning of the year	285,000	41,610	86,003	20,849	23,263	3,741	4,026	464,492	577,916
Additions	2,770	-	455	7,840	2,506	185	1,478	15,234	29,776
Revaluations	11,852	-	-	-	-	-	-	11,852	-
Disposals	-	(7,262)	(2,973)	(5,469)	(3,312)	(612)	(275)	(19,903)	(143,200)
Transfers	(14,622)							(14,622)	-
At the end of the year	285,000	34,348	83,485	23,220	22,457	3,314	5,229	457,053	464,492
14.2 Accumulated depreciation and impairment									
At the beginning of the year	(7,308)	(33,498)	(59,363)	(11,473)	(18,953)	(3,004)	(2,201)	(135,800)	(249,658)
Charge for the year	(7,314)	(1,447)	(5,602)	(3,418)	(2,004)	(262)	(776)	(20,823)	(21,204)
Disposals	-	7,262	2,973	5,469	3,200	612	248	19,764	135,062
Transfers	14,622	-	-	-	-	-	-	14,622	-
At the end of the year	-	(27,683)	(61,992)	(9,422)	(17,757)	(2,654)	(2,729)	(122,237)	(135,800)
14.3 Carrying value									
As at 31 March 2015	285,000	6,665	21,493	13,798	4,700	660	2,500	334,816	-
As at 31 March 2014	277,692	8,112	26,640	9,376	4,310	737	1,825	-	328,692

	Plant and machinery Rs 000's	furniture and fittings Rs 000's	Motor vehicles Rs 000's	Computer Equipment Rs 000's	Office Equip ment Rs 000's	Other Assets Rs 000's	Total 2015 Rs 000's	Total 2014 Rs 000's
14.4 Company								
Cost/Valuation								
At the beginning of the year	232	26,362	20,848	11,917	659	992	61,010	171,732
Additions	-	455	7,840	1,611	66	25	9,997	22,187
Disposals	-	(567)	(5,469)	(2,853)	(39)	(1)	(8,929)	(132,909)
At the end of the year	232	26,250	23,219	10,675	686	1,016	62,078	61,010
14.5 Accumulated depreciation and impairment								
At the beginning of the year	(88)	(7,224)	(11,473)	(10,115)	(521)	(679)	(30,100)	(146,052)
Charge for the year	(23)	(4,324)	(3,418)	(852)	(61)	(140)	(8,818)	(8,865)
Disposals		567	5,469	2,741	39		8,816	124,817
At the end of the year	(111)	(10,981)	(9,422)	(8,226)	(543)	(819)	(30,102)	(30,100)
14.6 Carrying value								
As at 31 March 2015	121	15,269	13,797	2,449	143	197	31,976	-
As at 31 March 2014	144	19,138	9,375	1,802	138	313	-	30,910

	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
14.7 Carrying value				
At cost	49,816	51,000	31,976	30,910
At valuation	285,000	277,692	-	-
	334,816	328,692	31,976	30,910

14.8 Details of group's buildings stated at valuation are indicated below;

Property	Method of valuation	Effective date of valuation	Property valuer
Building on leasehold land John Keells Warehousing (Pvt) Ltd	Investment Method	31 st March 2015	K. T. D. Tissera Chartered Valuation Surveyor

Notes to the Financial Statements

14.9 The carrying amount of revalued land and buildings if they were carried at cost less depreciation, would be as follows;

As at 31 st March	Group	
	2015 Rs 000's	2014 Rs 000's
Cost	121,186	121,186
Accumulated depreciation and impairment	(30,426)	(28,065)
	90,760	93,121

As at 31st March	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
15 INVESTMENT PROPERTY				
At the beginning of the year	122,030	2,151,457	122,030	2,151,457
Additions / transfers	-	(1,936,309)	-	(1,936,309)
Change in fair value during the year	15,098	42,466	15,098	42,466
Impairment/Derecognition	-	(135,584)	-	(135,584)
At the end of the year	137,128	122,030	137,128	122,030

15.1 The details of Investment Properties of the company are disclosed below.

Owner Company / Location	Land in Perches	Valuation Rs.	Date	Name of Value
50, Minuwangoda Road Ekala, Ja- Ela	603.9	135,877,500	31/03/15	Mr P B Kalugalagedara (Chartered Valuer)
58, Kirulapone Avenue Colombo 6	12.56	1,250,000	31/03/15	Mr P B Kalugalagedara (Chartered Valuer)
		137,127,500		

Investment Properties are stated at fair value which has been determined based on a valuation performed by Mr P B Kalugalagedara, Chartered Valuer, using the open market value method of valuation as at 31 March 2015.

Non-financial Assets - Group

As at 31st March	Date of Valuation	Level 1		Level 2		Level 3	
		2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
15.2 Fair Value Hierarchy Non Financial Assets As at 31st March							
Assets measured at fair value							
Investment property	31.03.2015	-	-	-	-	137,128	122,030
Buildings on leasehold land	31.03.2015	-	-	-	-	285,000	277,692

Non-financial Assets - Company

As at 31st March	Date of Valuation	Level 1		Level 2		Level 3	
		2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
Assets measured at fair value							
Investment property	31.03.2015	-	-	-	-	137,128	122,030

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.

Location	Valuation technique	Significant unobservable inputs	Estimates for unobservable inputs	Sensitivity of fair value to unobservable inputs
50, Minuwangoda Road Ekala, Ja- Ela	Market comparable method	Estimated price per perch	Rs. 250,000/- per perch to Rs. 300,000/-	Positively correlated sensitivity
58, Kirulapone Avenue Colombo 6	Market comparable method	Estimated price per perch	Rs.1,000,000/= per perch to 1,500,000/= per perch	Positively correlated sensitivity
Total				

Notes to the Financial Statements

As at 31st March		Note	Company	
			2015 Rs 000's	2014 Rs 000's
16 INVESTMENTS IN SUBSIDIARIES				
16.1 Carrying value				
Investments in subsidiaries				
Unquoted		16.2	120,380	120,380
			120,380	120,380

As at 31st March		Number of shares (000'S)	Effective holding %	Company	
				2015 Rs 000's	2014 Rs 000's
16.2 Group unquoted investments In Subsidiaries					
John Keells Stock Brokers (Pvt) Ltd.		570	76	380	380
John Keells Warehousing (Pvt) Ltd.		12,000	100	120,000	120,000
				120,380	120,380

Directors' valuation of unquoted investments amount to Rs.120.38 mn (2014 - Rs.120.38 mn).

As at 31st March			Group		Company		
			2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's	
17 INVESTMENTS IN ASSOCIATE							
17.1 Carrying value							
Unquoted ordinary shares							
Keells Realtors Ltd		2,400	32	24,000	24,000	24,000	24,000
17.2 Share of Profit as at the beginning of the year							
Profits/(Loss) accruing to the group Net of dividend				68,299	68,488	-	-
				(19)	(45)	-	-
Share of other comprehensive income				512	(144)	-	-
Net of dividend				68,792	68,299	-	-
Net Assets at the end of the year				92,792	92,299	24,000	24,000

As at 31st March	Group	
	2015 Rs 000's	2014 Rs 000's
17.3 Summarised financial information of the Associate		
Revenue	8,108	7,800
Cost of sales	(813)	(657)
Gross profit	7,294	7,143
Dividend income	135	54
Administrative Expenses	(639)	(832)
Finance Income	437	728
Change in Fair Value of Investment Property	(70)	-
Income Tax Expense	(1,966)	(1,983)
Profit for the year	5,191	5,110
Group share of net results	1,661	1,630
Group share of other comprehensive income	512	(144)
Share of results of equity accounted investees	2,173	1,486
Non-Current Assets	283,857	282,320
Current Assets	13,432	13,065
Total Assets	297,289	295,385
Non-Current Liabilities	(5,791)	(5,392)
Current Liabilities	(1,523)	(1,574)
Total Liabilities	(7,314)	(6,966)
Net Assets	289,975	288,419
Group share of net assets	92,792	92,299

Notes to the Financial Statements

As at 31st March	Group	
	2015 Rs 000's	2014 Rs 000's
18 LEASE RENTALS PAID IN ADVANCE		
18.1 Summary		
At the beginning of the year	41,291	42,380
Amortisation for the year	(1,089)	(1,089)
At the end of the year	40,202	41,291
		Muthurajawela Land
		Rs 000's
18.2 Amortisation of Leasehold Property		
To be amortised in 2015		1,089
To be amortised in 2016 -2020		5,445
To be amortised from 2021-2052		33,668
		40,202

John Keells Warehousing (Pvt) Ltd has entered into a 50 year lease agreement with Sri Lanka Land Reclamation and Development Corporation to lease a land in Muthurajawela for a total lease rent of Rs 54,450,000/-.

As at 31st March	Software licenses	Group	
		2015 Rs 000's	2014 Rs 000's
19 INTANGIBLE ASSETS			
19.1 Cost			
At the beginning of the year	4,594	4,594	7,777
Additions	-	-	-
Derecognition	-	-	(3,183)
At the end of the year	4,594	4,594	4,594
19.2 Accumulated amortisation and impairment			
At the beginning of the year	(2,343)	(2,343)	(4,679)
Amortisation	(847)	(847)	(847)
Derecognition	-	-	3,183
At the end of the year	(3,190)	(3,190)	(2,343)
Carrying value			
As at 31 March 2015	1,404	1,404	-
As at 31 March 2014	2,251	-	2,251

As at 31st March	Note	Group		Company	
		2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
20 NON CURRENT FINANCIAL ASSETS					
Other quoted equity investments	20.1	278,677	141,526	278,677	141,526
Other unquoted equity investments	20.2	1,916,382	1,916,382	1,916,382	1,916,382
Other non equity investments	20.3	122,210	88,173	108,401	72,648
		2,317,269	2,146,081	2,303,460	2,130,556

Notes to the Financial Statements

As at 31st March	Number of shares (000's)	Holding %	Group		Company	
			2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
20.1 Other quoted equity investments						
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	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
Other quoted investments - Keells Food Products PLC.	278,677	141,526	278,677	141,526
	278,677	141,526	278,677	141,526

The market value of quoted investments amounts to Rs. 278.68 mn (2014 - 141.53mn).

As at 31st March	2015 Number of shares (000's)	2014 Number of shares (000's)	Group		Company	
			2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
20.2 Other unquoted equity investments						
Ceylon Cold Stores PLC - Preference Share	1	1	1	1	1	1
Waterfront Properties (Pvt) Ltd	19,164	19,164	1,916,381	1,916,381	1,916,381	1,916,381
			1,916,382	1,916,382	1,916,382	1,916,382

Waterfront Properties (Private) Limited

On the 29th of January 2015, the Honourable Prime Minister of Sri Lanka announced in Parliament that the agreements entered into with Waterfront Properties (Private) Limited under the Strategic Development Projects Act will be amended to restrict the ability to rent space for gaming activities. John Keells Holdings PLC, the parent company made an announcement to the Colombo Stock Exchange to the effect that whilst this proposed amendment is likely to constrain the ability of the Project to command premium rentals on this component of the Project, the Board of Directors had decided to continue with the Project after considering all known factors and the potential impacts of varying alternatives. Meanwhile, the loan agreement for the USD 445 million syndicated project development facility with Standard Chartered Bank which was obtained in December 2014 and the related financial models are being amended to reflect the current status and scope of the Project. The Project Company has in place a bridge funding facility from Standard Chartered Bank for USD 100 million which will meet the initial funding requirements of the Project and this will be refinanced with the syndicated project development facility once the amendments are completed.

Based on available information Management has determined the basis of valuation of the unquoted equity investments to be at cost as the fair value of this investment cannot be reliably measured since the underlying investee company is in its construction phase with commercial operations being scheduled to commence in the year 2019.

As at 31st March	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
20.3 Other non equity investments				
Loans to executives	17,337	24,115	7,028	12,090
Loans Given to Tea Clients	101,373	60,558	101,373	60,558
Deposits with Colombo Stock Exchange	3,500	3,500	-	-
	122,210	88,173	108,401	72,648
20.4 Loans to executives				
At the beginning of the year	31,355	33,230	16,247	20,570
Loans granted	2,028	10,462	100	3,200
Recoveries/ Transfers	(6,817)	(12,337)	(3,282)	(7,523)
At the end of the year	26,566	31,355	13,065	16,247
Receivable within one year	9,229	7,240	6,037	4,157
Receivable after one year				
Receivable between one and five years	17,337	24,115	7,028	12,090
	26,566	31,355	13,065	16,247

Notes to the Financial Statements

As at 31st March	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
21 DEFERRED TAX ASSETS				
At the beginning of the year	14,053	(28,536)	9,456	(32,643)
Charge and (release)	623	43,433	(301)	42,943
Charge and (release) Other - Comprehensive Income	(134)	(844)	340	(844)
At the end of the year	14,542	14,053	9,495	9,456
The closing deferred tax liability balances relate to the following:				
Accelerated depreciation for tax purposes	(3,250)	(2,936)	(2,113)	(1,809)
Employee Retirement benefit liability	17,792	16,989	11,608	11,265
	14,542	14,053	9,495	9,456
22 INVENTORIES				
Consumables and Spares	397	290	285	160
	397	290	285	160

As at 31st March	Note	Group		Company	
		2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
23 TRADE AND OTHER RECEIVABLES					
Trade Receivables		2,538,283	2,785,329	2,351,619	2,718,074
Less: Provision for impairment		(92,585)	(41,148)	(92,513)	(41,134)
Other Receivables		3,213	2,878	796	524
Loans to Executives	20.4	9,229	7,240	6,037	4,157
		2,458,140	2,754,299	2,265,939	2,681,621

As at 31st March	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
24 OTHER CURRENT ASSETS				
Prepayments and non cash receivable	3,316	2,886	330	276
	3,316	2,886	330	276
25 SHORT TERM INVESTMENTS				
Government Securities (less than 3 months)	378,114	205,872	-	-
Bank deposits (more than 3 months and less than 1 year)	-	10,227	-	-
	378,114	216,099	-	-
26 CASH IN HAND AND AT BANK				
26.1 Favourable cash and bank balances				
Cash in hand & at Bank	289,623	205,997	279,762	182,469
	289,623	205,997	279,762	182,469
26.2 Unfavourable cash and bank balances				
Bank Overdrafts	458,330	79,811	453,806	73,159
	458,330	79,811	453,806	73,159

As at 31st March	2015		2014	
	Number of shares 000's	Value of shares Rs 000's	Number of shares 000's	Value of shares Rs 000's
27 STATED CAPITAL				
Fully paid ordinary shares	60,800	152,000	60,800	152,000

Notes to the Financial Statements

As at 31st March	Note	Group		Company	
		2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
28 OTHER COMPONENTS OF EQUITY					
Available for sale reserve	28.1	144,702	7,039	144,078	6,927
Revaluation Reserve		182,063	171,396	-	-
Other Capital reserves	28.2	40,875	15,409	30,046	11,485
		367,640	193,844	174,124	18,412

28.1 Available for sale reserve includes changes on fair value of financial instruments designated as available for sale financial assets.

28.2 Other Capital Reserves

Share Based Payments- Employee Share Option Scheme

Under the John Keells Group's Employees share option scheme (ESOP), share options of the parent are granted to senior executives of the Company with more than 12 months of service. The exercise price of the share options is equal to the 30 day volume weighted average market price of the underlying shares on the date of grant. The share options vest over a period of four years and is dependent on a performance criteria and a service criteria. The performance criteria being a minimum performance achievement of "Met Expectations" and service criteria being that the employee has to be in employment at the time the share options vest. 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 contractual term for each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

The expense recognised for employee services received during the year is shown in the following table:

As at 31st March	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
Expense arising from equity-settled share-based payment transactions	27,429	16,531	18,561	11,485
Total expense arising from share-based payment transactions	27,429	16,531	18,561	11,485

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			
	2015		2014		2015		2014	
	No.	WAEP	No.	WAEP	No.	WAEP	No.	WAEP
Outstanding at the beginning of the year	563,887	253.16	-	-	390,354	253.16	-	-
Granted during the year	574,051	229.93	492,711	253.16	386,619	229.93	342,311	253.16
Adjusted During the year	-	-	71,176	253.16			48,043	253.16
Expired during the year	(24,193)	243.19	-	-	(13,697)	243.19	-	-
Transfers During the year	26,538	253.16	-	-	26,538	253.16	-	-
Outstanding at the end of the year	1,140,283	241.96	563,887	253.16	789,814	241.96	390,354	253.16
Exercisable at the end of the year	140,973	253.16	-	-	97,589	253.16	-	-

Fair value of the share option and assumptions

The fairvalue 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.

	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
29 BORROWINGS				
At the beginning of the year	1,000,000	1,957	1,000,000	-
Additions	2,350,000	1,000,000	2,350,000	1,000,000
Repayments	(2,900,000)	(1,957)	(2,900,000)	-
Net Proceeds from Borrowings	(550,000)	1,000,000	(550,000)	1,000,000
At the end of the year	450,000	1,000,000	450,000	1,000,000
Repayable within one year	450,000	1,000,000	450,000	1,000,000
Repayable more than a year	-	-	-	-
	450,000	1,000,000	450,000	1,000,000

Notes to the Financial Statements

29.1 Borrowings

Current interest bearing loans represent short term loans taken during the year. The terms of the loans are given below;

Loans grant date	Amount granted Rs 000'	Rate of interest	Maturity date
17th November 2014	100,000	7.55%	6th April 2015
11th March 2015	350,000	7.55%	6th April 2015
	450,000		

	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
30 DEFERRED TAX LIABILITIES				
At the beginning of the year	38,501	38,793	-	-
Charge and (release)	1,883	(292)	-	-
At the end of the year	40,384	38,501	-	-
The closing deferred tax liability balances relate to the following;				
Accelerated depreciation for tax purposes	26,444	30,051	-	-
Employee Retirement benefit liability	(476)	(648)	-	-
Others	14,416	9,098		
	40,384	38,501	-	-

	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
31 EMPLOYEE BENEFIT LIABILITIES				
At the beginning of the year	66,074	64,381	40,234	42,329
Current service cost	3,751	3,873	2,223	2,279
Transfers	1,299	(2,812)	1,299	(2,812)
Interest cost on benefit obligation	7,268	7,082	4,426	4,657
Payments	(4,210)	(5,272)	(2,715)	(5,006)
(Gain)/Loss arising from changes in assumptions or due to (over)/under provision in the previous year	(5,877)	(1,178)	(4,011)	(1,213)
At the end of the year	68,305	66,074	41,456	40,234
31.1 The expenses are recognised in the income statement in the following line items;				
Cost of Sales	8,770	9,233	6,193	6,859
Administrative Expenses	2,249	1,722	456	77
	11,019	10,955	6,649	6,936

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.

	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
31.2 The principal assumptions used in determining the cost of employee benefits were:				
Discount rate	10%	11%	10%	11%
Future salary increases	8%	10%	8%	10%

Notes to the Financial Statements

31.3 Sensitivity of assumptions used

If a one percentage point change in the assumed discount rate would have the following effects:

	Group				Company			
	Discount rate		Salary increment		Discount rate		Salary increment	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
Effect on the defined benefit obligation liability								
Increase by one percentage point	64,777	61,888	72,400	64,443	38,944	37,941	44,373	42,869
Decrease by one percentage point	72,183	69,156	64,521	57,185	44,245	42,760	38,788	37,803

31.4 Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years

	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
Future Working Life Time	Defined Benefit Obligation	Defined Benefit Obligation	Defined Benefit Obligation	Defined Benefit Obligation
within the next 12 months	4,116	3,970	1,426	1,989
Between 1-2 years	16,405	9,408	5,226	5,100
Between 2-5 years	13,852	22,681	10,133	12,976
Between 5-10 years	27,330	25,059	18,651	16,400
Beyond 10 years	6,602	4,956	6,020	3,770
Total	68,305	66,074	41,456	40,235

The average duration of the defined benefit plan obligation at the end of the reporting period is 7.01 years for the company

The average duration of the defined benefit plan obligation at the end of the reporting period is 4.61 years for John Keells Stock Brokers (Pvt) Ltd

The average duration of the defined benefit plan obligation at the end of the reporting period is 4.17 years for John Keells Warehousing (Pvt) Ltd.

As at 31st March	Note	Group		Company	
		2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
32 TRADE AND OTHER PAYABLES					
Trade payables		1,524,334	1,427,451	1,255,075	1,334,632
Sundry creditors including accrued expenses		68,761	71,132	30,360	38,649
		1,593,095	1,498,583	1,285,435	1,373,281
33 INCOME TAX LIABILITIES					
At the beginning of the year		17,121	47,304	17,377	41,465
Charge for the year		96,460	99,145	61,186	81,993
Payments and set off against refunds		(89,573)	(129,328)	(77,862)	(106,081)
At the end of the year		24,008	17,121	701	17,377
34 OTHER CURRENT LIABILITIES					
Other tax payables		3,211	3,508	1,688	1,825
		3,211	3,508	1,688	1,825

35 RELATED PARTY TRANSACTIONS

The company carried out transactions in the ordinary course of business with the following related entities.

	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
35.1 Amounts due from related parties				
Ultimate Parent	27	177	27	177
Companies Under Common Control	1,233	2,929	1,233	2,929
Key management personnel	-	-	-	-
Close family members of KMP	-	-	-	-
	1,260	3,106	1,260	3,106

Notes to the Financial Statements

As at 31st March	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
35.2 Amounts due to related parties				
Ultimate Parent	2,181	1,874	1,860	1,608
Other related entities	8,795	2,260	4,937	4,334
Key management personnel	-	4	-	-
Close family members of KMP	-	-	-	-
Companies controlled / jointly controlled / significantly influenced by KMP and their close family members	-	-	-	-
	10,976	4,138	6,797	5,942

For the year ended 31st March	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
35.3 Transactions with related parties				
Ultimate Parent				
Receiving of Services for which fees are paid	26,587	24,957	15,525	13,980
Renting of office space for which rent is received	-	(14,469)	-	(14,469)
Brokerage Commission earned on share transactions	-	-	-	-
Subsidiaries				
Renting of stores space for which rent is paid	-	-	4,291	4,335
Renting of office space for which rent is received	-	-	-	(2,702)
Providing Services for which Fees are Paid	-	-	-	-
Proceeds Received for transfer of Fixed Assets	-	-	-	(476)
Companies under Common Control				
Purchase of goods for a fee	1,917	1,514	380	479
Receiving of Services for which fees are paid	14,744	7,689	11,817	4,691
Lending Money for which interest is received	(13,396)	(16,348)	(372)	(792)
Renting of office space for which rent is received	(273)	(17,429)	(273)	(17,429)
Proceeds Received for transfer of Fixed Assets	30	(2,947)	-	(2,947)
Providing of Services for which fees are received	(30,933)	(37,259)	(26,194)	(32,336)
	(1,324)	(54,292)	5,174	(47,666)

For the year ended 31st March	Group		Company	
	2015 Rs 000's	2014 Rs 000's	2015 Rs 000's	2014 Rs 000's
35.4 Key management personnel				
Receiving of Services for which fees are paid	26,587	24,957	15,525	13,980
Short Term Employee Benefits	20,935	22,281	17,123	18,465
Share Based Payments	14,381	9,338	14,381	9,338
Brokerage Commission earned on share transactions	(5,218)	(3,425)		
	30,098	28,194	31,504	27,803
35.5 Close family members of KMP				
(Receiving) / Rendering of services	(105)	1	-	-
Post employment benefit plan				
Contributions to the provident fund	11,262	10,841	11,262	10,841

35.6 Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

36 COMMITMENTS & CONTINGENT LIABILITIES

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 contingent liabilities as at the reporting date.

36.4 Assets Pledged

There are no assets pledged as security against borrowings as at 31st March 2015.

37 EVENTS OCCURRING AFTER REPORTING PERIOD

Dividends

The Board of Directors of the Company has declared a first and final dividend of Rs 3.75 per share for the Financial Year ended 31 st March 2015. As required by Section 56 (2) of the Companies Act No 7 of 2007, the Board of Directors have confirmed that the Company satisfies the solvency test in accordance with Section 57 of the Companies Act No 7 Of 2007, and has obtained a certificate from the Auditors, prior to approving a first and final dividend which is to be paid on the 18th June 2015.

Super Gains Tax

An imposition of a Super Gains Tax has been recommended for the approval of Parliament as per a Bill dated 27 March 2015. Since the Bill had not been approved by the parliament as at the reporting date, being 31 March 2015, the Group has not provided for the potential liability in the Financial Statements for the year ended 31 March 2015.

Statement of Value Added

For the year ended 31st March	Group									
	2015	2014		2013		2012		2011		
	Rs 000's	Rs 000's		Rs 000's		Rs 000's		Rs 000's		
VALUE ADDED										
Gross Revenue	959,925	908,241		858,097		891,499		1,057,863		
Other Income & Valuation Gains	18,019	55,770		686,674		581,358		428,276		
	977,944	964,011		1,544,771		1,472,857		1,486,139		
Cost of Materials and Services purchased	(273,884)	(298,873)		(77,460)		(274,739)		(118,357)		
	704,060	665,138		1,467,311		1,198,118		1,367,782		
	%	%	%	%	%	%	%	%	%	
	SHARE	SHARE	SHARE	SHARE	SHARE	SHARE	SHARE	SHARE	SHARE	
DISTRIBUTION OF VALUE ADDED										
To employees as Remuneration	30	213,647	33	221,999	16	238,187	22	260,706	13	176,133
To Government (see below)	17	119,625	19	123,208	9	139,674	12	146,208	16	213,342
To Lenders of Capital - Interest on borrowing	11	77,643	15	101,172	4	64,024	3	39,654	2	33,363
- Minority Interest	2	14,446	1	5,959	1	10,786	2	29,604	3	49,209
To Shareholders as Dividends	30	206,720	32	212,800	17	243,200	13	152,000	11	152,000
Retained in the Business	10	71,979	-	-	53	771,440	48	569,946	55	743,735
	100	704,060	100	665,138	100	1,467,311	100	1,198,118	100	1,367,782

The statement of value added shows the wealth, the Company and the Group have been able to create on its own and its employees effort. It also explains how Value Added has been distributed.

REVENUE TO GOVERNMENT.					
SRL/NBT/FINANCE VAT	22,030	21,572	17,865	8,598	12,092
Rates and Taxes	505	2,354	4,162	4,065	3,735
Income Tax	97,090	99,282	117,647	133,545	197,515
Total	119,625	123,208	139,674	146,208	213,342

	Company									
	2015	2014		2013		2012		2011		
	Rs 000's	Rs 000's		Rs 000's		Rs 000's		Rs 000's		
VALUE ADDED										
Gross Revenue	558,765	611,310		572,940		492,077		489,609		
Other Income & Valuation Gains	17,754	55,139		555,983		707,858		456,096		
	576,519	666,449		1,128,923		1,199,935		945,705		
Cost of Materials and Services purchased	(92,086)	(122,964)		(98,007)		(272,024)		(99,244)		
	484,433	543,485		1,030,916		927,911		846,461		
	%	SHARE	%	SHARE	%	SHARE	%	SHARE	%	SHARE
DISTRIBUTION OF VALUE ADDED										
To employees as Remuneration	22	105,707	21	112,358	11	108,595	12	114,972	11	93,822
To Government (see below)	16	79,013	19	101,317	10	103,918	8	75,169	11	91,298
To Lenders of Capital - Interest on borrowing	16	77,394	18	98,925	6	61,375	3	28,708	3	22,983
- Minority Interest										
To Shareholders as Dividends	43	206,720	39	212,800	23	243,200	16	152,000	18	152,000
Retained in the Business	3	15,599	3	18,085	50	513,828	61	557,062	57	486,358
	100	484,433	100	543,485	100	1,030,916	100	927,911	100	846,461

	2015	2014		2013		2012		2011	
	Rs 000's	Rs 000's		Rs 000's		Rs 000's		Rs 000's	
REVENUE TO GOVERNMENT.									
SRL/NBT/FINANCE VAT	17,827	17,475		13,683		8,598		12,092	
Rates and Taxes	-	1,849		3,658		3,561		3,231	
Income Tax	61,186	81,993		86,577		63,010		75,975	
Total	79,013	101,317		103,918		75,169		91,298	

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 2015 have been submitted to the Colombo Stock Exchange.

Stock Symbol - JKL.N0000

ISIN - LK0093N00001

2 DISTRIBUTION OF SHAREHOLDINGS

No. of Shares held	31st March 2015				31st March 2014			
	Shareholders		Holdings		Shareholders		Holdings	
	Number	%	Number	%	Number	%	Number	%
Less than 1,000	676	61.45	195,562	0.32	744	60.73	219,636	0.36
1,001 - 10,000	314	28.55	1,127,416	1.85	369	30.12	1,325,389	2.18
10,001 - 100,000	89	8.09	2,819,668	4.64	95	7.76	3,056,235	5.03
100,001-1000,000	20	1.82	3,822,570	6.29	16	1.31	3,363,956	5.53
over 1,000,001	1	0.09	52,834,784	86.90	1	0.08	52,834,784	86.90
Total	1,100	100.00	60,800,000	100.00	1,225	100.00	60,800,000	100

3 ANALYSIS OF SHAREHOLDERS

Categories of Shareholders	31st March 2015				31st March 2014			
	Shareholders		Holdings		Shareholders		Holdings	
	Number	%	Number	%	Number	%	Number	%
Individuals	1,019	92.64	5,672,966	9.33	1,132	92.41	5,404,915	8.89
Institutions	81	7.36	55,127,034	90.67	93	7.59	55,395,085	91.11
Total	1,100	100.00	60,800,000	100.00	1,225	100.00	60,800,000	100.00
Residents	1,088	98.91	60,568,254	99.62	1,213	99.02	60,568,254	99.62
Non Residents	12	1.09	231,746	0.38	12	0.98	231,746	0.38
Total	1,100	100.00	60,800,000	100.00	1,225	100.00	60,800,000	100.00
John Keells Holdings and Subsidiaries	1	0.09	52,834,784	86.90	1	0.08	52,834,784	86.90
Public	1,099	99.91	7,965,216	13.10	1,224	99.92	7,965,216	13.10
Total	1,100	100.00	60,800,000	100.00	1,225	100.00	60,800,000	100.00

No shares are held by directors and chief executive officer at the end of the year.

4 SHARE PERFORMANCE AT COLOMBO STOCK EXCHANGE

	2014/2015	2013/2014
Highest Market Price	97.90	92.00
Lowest Market Price	66.00	61.00
Closing Price as at 31st of March	92.00	70.00

5 DIVIDEND PAYMENTS

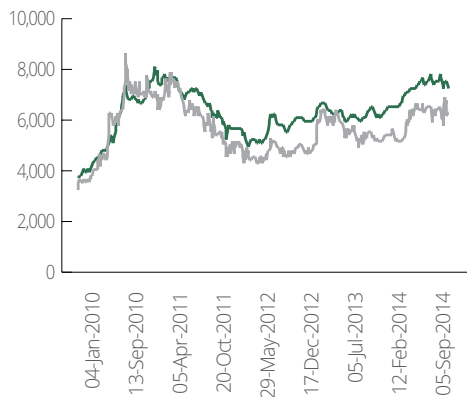
First and Final Dividend of Rs. 3.40 per share was paid on 18th June 2014.

6 TWENTY LARGEST SHAREHOLDERS

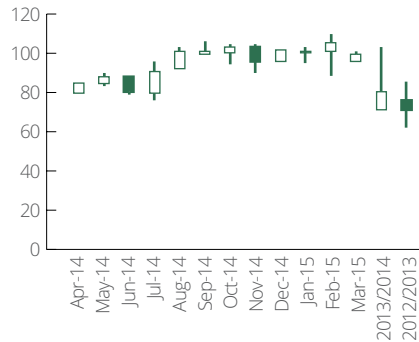
	NAME OF SHAREHOLDERS	31st March 2015		31st March 2014	
		No. of Shares	Holding %	No. of Shares	Holding %
1	John Keells Holdings PLC	52,834,784	86.90	52,834,784	86.90
2	Dr. H.S.D. Soysa	620,160	1.02	620,160	1.02
3	Bank of Ceylon No 2 A/C	338,800	0.56	338,800	0.56
4	Bank of Ceylon No 1 A/C	250,200	0.41	41,287	0.07
5	Mr. H.A.Van Starrex	248,352	0.41	15,000	0.02
6	Mrs. H.G.S. Ansell	240,000	0.39	240,000	0.39
7	EST of Lat M.Radhakrishnan	232,800	0.38	232,800	0.38
8	Mrs. M.L. De Silva	207,872	0.34	207,872	0.34
9	Employees Trust Fund Board	186,341	0.31	186,341	0.31
10	Mr. W.R.H. Perera	184,040	0.30	173,072	0.28
11	Catholic Bishops Conference in Sri Lanka	171,416	0.28	171,416	0.28
12	N S De Mel	137,115	0.23	137,115	0.23
13	Mrs. N. Tirimanne	133,580	0.22	133,580	0.22
14	MRS. F.A.A Marck	116,387	0.19	74,000	0.12
15	Sisira Investors Limited	114,272	0.19	114,272	0.19
16	Colombo Fort Investments PLC	112,800	0.19	112,800	0.19
17	Pinnacle Trust (PVT) Ltd	110,587	0.18	85,690	0.14
18	Waldock Mackenzie/MRS. G.Soyso	105,000	0.17	91,576	0.15
19	MRS. G. Soysa & Dr. H.S.D. Soysa	105,000	0.17	86,851	0.14
20	Miss. E.E. Mack	105,000	0.17	80,000	0.13
		56,554,506	93.02	55,977,416	92.07

JKL and Market Relative Performance

Index



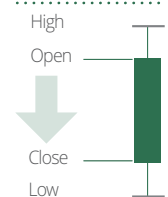
Share Price Fluctuation



Increasing :
Bullish Candle Stick



Decreasing :
Bearish Candle Stick

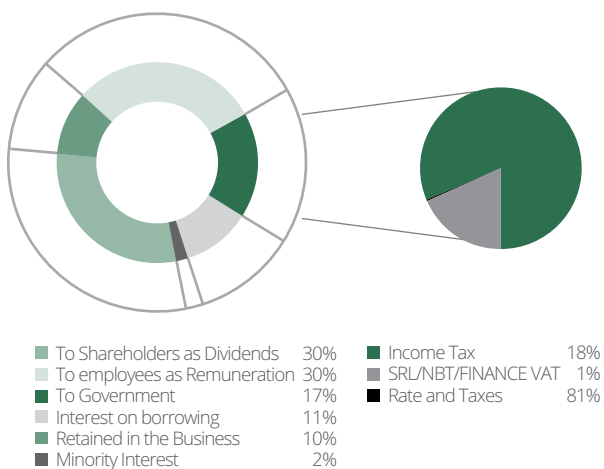


Information to Shareholders and Investors

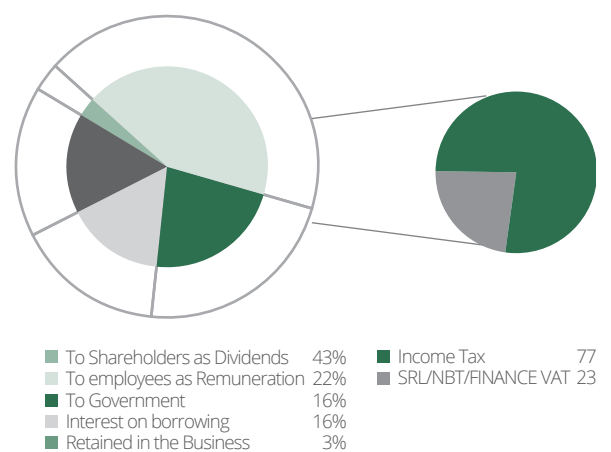
7 MARKET INFORMATION ON ORDINARY SHARES OF THE COMPANY

	2014/2015	Q4	Q3	Q2	Q1	2013/2014
Share Information						
High	97.90	97.90	93.50	94.50	79.00	92.00
Low	66.00	77.50	79.00	66.00	69.00	61.00
Close	92.00	92.00	90.30	90.00	69.80	70.00
Trading Statistics of John Keells PLC						
Number of transactions	1,634	129	283	887	335	2,252
Number of Shares traded	1,731,382	82,448	344,366	1,190,815	113,753	1,256,683
Value of the shares traded (Rs. Mn)	147.34	7.51	31.19	100.36	8.27	103.71
Market Capitalisation (Rs. Mn)	5,593.6	5,593.6	5,490.2	5,472.0	4,243.84	4,256.0

Economic Value Added - Group



Economic Value Added - Company

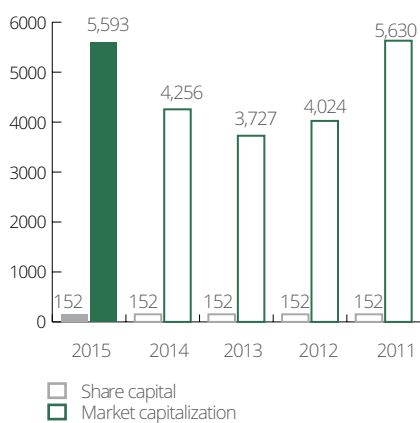


8 FINANCIAL CALENDAR

INTERIM REPORTS	
1st Quarter	28th July 2014
2nd Quarter	24th October 2014
3rd Quarter	5th February 2015
4th Quarter	29th May 2015
ANNUAL REPORTS	
2014/15	5th June 2015
2013/14	3rd June 2014
MEETINGS	
68th Annual General Meeting	30th June 2015
67th Annual General Meeting	26th June 2014
DIVIDENDS	
First and Final dividend of Rs. 3.75 per share will be paid on 18th June 2015	

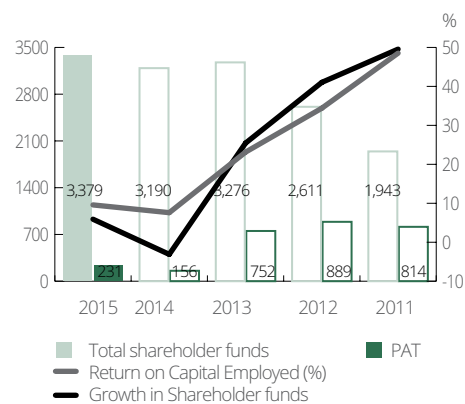
Share Capital and Market Capitalization

Rupees mn



Group - Capital & Returns

Rupees mn



Five Year Summary

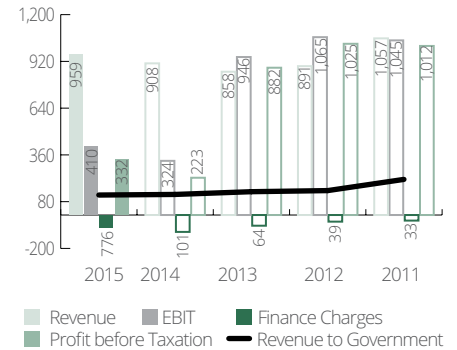
For the year ended 31st March	Group				
	2015 Rs 000's	2014 Rs 000's	2013 Rs 000's	2012 Rs 000's	2011 Rs 000's
TRADING RESULTS					
Gross Revenue	959,925	908,241	858,097	891,499	1,057,863
Operating Profit	355,983	235,408	412,691	433,594	584,585
Other Income	2,921	13,324	5,153	2,727	44,556
Dividend Income	-	-	-	-	-
Changes in Fair Value of Investment Property	15,098	42,466	483,515	581,191	383,720
Finance Expenses	(77,643)	(101,172)	(64,024)	(39,654)	(33,364)
Finance Income	34,330	30,870	33,290	39,843	-
Share of Results of Associate	2,290	2,270	11,454	7,666	32,954
Profit before Taxation	332,979	223,166	882,079	1,025,367	1,012,451
Taxation based thereon	(101,132)	(66,956)	(129,242)	(135,457)	(197,515)
Profit after Taxation	231,847	156,210	752,837	889,910	814,936
Non-Controlling interests	(14,446)	(5,959)	(10,786)	(29,675)	(49,209)
Profit attributable to John Keells PLC	217,401	150,251	742,051	860,235	765,727
SHARE CAPITAL AND RESERVES					
Stated Capital	152,000	152,000	152,000	152,000	152,000
Revenue Reserves	2,859,793	2,844,849	2,907,893	2,408,199	1,699,964
Shareholders' Funds	3,011,793	2,996,849	3,059,893	2,560,199	1,851,964
Other components of equity	367,640	193,844	216,348	51,632	91,231
Non-Controlling interests	46,644	37,435	54,354	61,568	79,893
	3,426,077	3,228,128	3,330,595	2,673,399	2,023,088
ASSETS LESS LIABILITIES					
Current Assets	3,130,850	3,182,677	2,408,888	1,969,784	1,970,973
Current Liabilities	(2,539,620)	(2,603,161)	(1,812,454)	(1,291,735)	(1,350,346)
Net Current Assets/(Liabilities)	591,230	579,516	596,434	678,049	620,627
Fixed Assets and Investments	2,943,536	2,753,187	2,869,978	2,090,667	1,520,918
Long Term Liabilities	-	-	-	(1,957)	(23,544)
Non-Current liabilities	(108,689)	(104,575)	(135,817)	(93,360)	(94,913)
	3,426,077	3,228,128	3,330,595	2,673,399	2,023,088

Company

	2015 Rs 000's	2014 Rs 000's	2013 Rs 000's	2012 Rs 000's	2011 Rs 000's
	558,765	611,310	572,940	492,077	489,609
	244,812	181,673	348,258	243,336	266,286
	2,656	12,673	998	1,415	4,227
	49,034	96,914	73,442	163,800	68,148
	15,098	42,466	483,515	581,191	383,720
	(77,394)	(98,925)	(61,375)	(28,708)	(22,983)
	14,109	7,850	3,847	3,161	-
	-	-	-	-	-
	248,315	242,651	848,685	968,195	699,398
	(60,024)	(39,050)	(83,593)	(64,711)	(75,975)
	188,291	203,601	765,092	903,484	623,423
	-	-	-	-	-
	188,291	203,601	765,092	903,484	623,423
	152,000	152,000	152,000	152,000	152,000
	2,610,820	2,626,361	2,635,191	2,114,270	1,362,786
	2,762,820	2,778,361	2,787,191	2,266,270	1,514,786
	174,124	18,412	45,525	51,344	90,783
	-	-	-	-	-
	2,936,944	2,796,773	2,832,716	2,317,614	1,605,569
	2,547,576	2,867,632	1,587,623	1,232,187	1,016,508
	(2,198,427)	(2,471,584)	(1,233,082)	(813,993)	(735,345)
	349,149	396,048	354,541	418,194	281,163
	2,629,251	2,440,958	2,553,147	1,967,552	1,397,669
	-	-	-	-	-
	(41,456)	(40,233)	(74,972)	(68,132)	(73,263)
	2,936,944	2,796,773	2,832,716	2,317,614	1,605,569

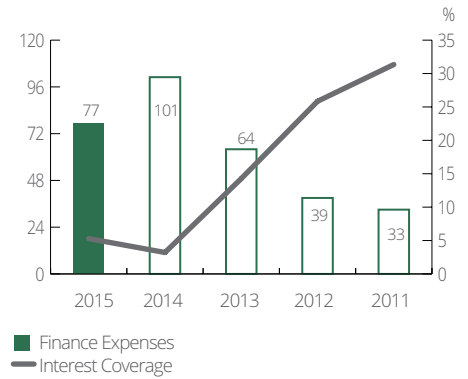
Group PBT Composition

Rupees mn



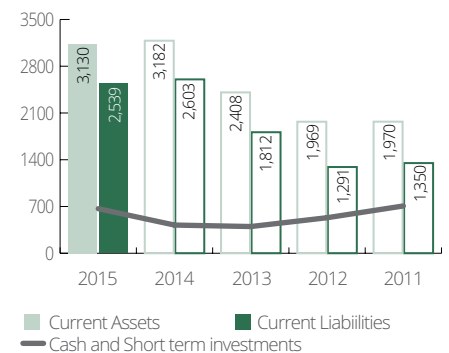
Group - Finance cost Utilization

Rupees mn



Group - Liquidity Management

Rupees mn



Key Ratios and Information

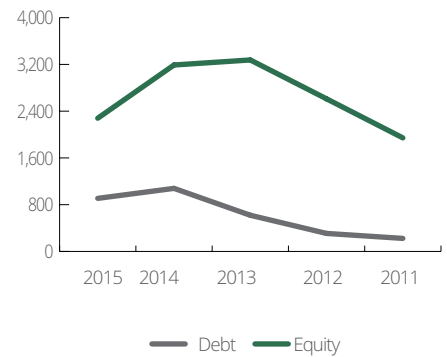
For the year ended 31st March	Group				
	2015 Rs 000's	2014 Rs 000's	2013 Rs 000's	2012 Rs 000's	2011 Rs 000's
KEY INDICATORS					
(A) Profitability & Return to Shareholders					
Annual Turnover Growth (%)	9.73	5.84	(3.75)	(15.72)	24.63
Net Profit Ratio (%)	24.15	17.20	87.83	96.49	72.38
Earnings per share (Rs.) **	3.58	2.47	12.22	14.15	12.59
Returns on Shareholders' Funds (%)	6.43	4.65	25.11	37.90	39.64
Return on Capital Employed (%)	9.60	7.59	23.13	34.40	48.53
Dividend per share (Rs.)**	3.40	3.50	4.00	2.50	2.50
Debt Equity Ratio (%)	26.88	33.84	18.60	11.77	11.56
(B) Liquidity					
Current Ratio (No. of Times)	1.23	1.22	1.33	1.52	1.46
Interest Cover (No. of Times)	5.29	3.21	14.27	25.85	31.35
(C) Investor Ratios					
Net Assets per share at year end (Rs.)**	55.58	52.48	53.89	42.96	30.46
Price-Earnings Ratio (Times)**	25.73	28.34	5.02	4.68	14.71
Effective rate at Dividend (%)	136	140	160	100	100
Dividend (Rs. 000's)	206,720	212,800	243,200	152,000	152,000
Dividend Cover (Times)**	1.05	0.71	3.05	5.66	5.04
(D) Share Valuation					
Market price per share (Rs)	92.00	70.00	61.30	66.20	185.20
(E) Other Information					
Number of Employees	164	166	180	178	181
Turnover per employee (Rs. 000's)	5,853	5,471	4,767	5,008	5,845
Value Added per Employee (Rs. 000's)	4,274	4,007	8,087	6,742	7,557

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, 2015

Company					
2015	2014	2013	2012	2011	
Rs 000's	Rs 000's	Rs 000's	Rs 000's	Rs 000's	Rs 000's
(2.90)	6.70	16.43	0.50	(0.21)	
33.70	33.31	133.37	183.61	127.33	
3.10	3.35	12.57	14.86	10.25	
6.41	7.23	27.42	39.87	41.16	
8.45	8.83	26.50	38.71	43.51	
3.40	3.50	4.00	2.50	2.50	
30.77	38.37	20.58	11.01	9.61	
1.16	1.16	1.29	1.51	1.38	
4.21	4.38	14.75	34.62	31.43	
48.31	46.00	46.59	38.12	24.91	
29.71	20.90	4.88	4.45	18.06	
136	140	160	100	100	
206,720	212,800	243,200	152,000	152,000	
0.91	0.96	3.14	5.94	4.10	
92.00	70.00	61.30	66.20	185.20	
94	95	109	103	109	
5,944	6,435	5,256	4,777	4,492	
5,154	5,721	9,431	9,025	7,766	

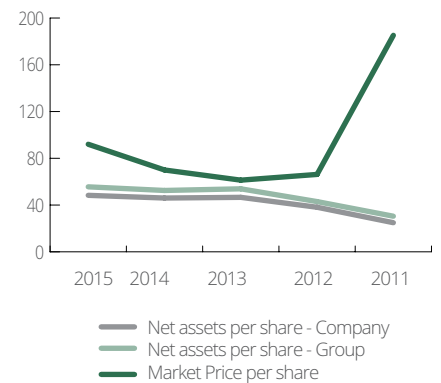
Group Debt & Equity

Rupees mn



Return on Shares

Rupees mn



Glossary of Financial Terminology

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 Debt

CONTINGENT LIABILITIES

A condition or situation existing at the Balance Sheet date due to past events, where the financial effect is not recognised because:

1. The obligation is crystallised by the occurrence or non occurrence of one or more future events or,
2. A probable outflow of economic resources is not expected or,
3. It is unable to be measured with sufficient reliability

CURRENT RATIO

Current Assets over Current Liabilities

DEBT/EQUITY RATIO

Debt as a percentage of Shareholders Funds

DIVIDEND COVER

Earnings per Share over Dividends per Share

DIVIDEND PAYOUT RATIO

Total Dividend interest and Tax as percentage of Capital Employed

EARNINGS PER SHARE (EPS)

Profit after tax attributable to ordinary shareholding over weighted average numbers of shares in issue during the period

EARNINGS YIELD

Earnings per Share as a percentage of Market price per Share end of the period.

EFFECTIVE RATE OF TAXATION

Income Tax, including deferred tax over Profit before Tax

INTEREST COVER

Profit before Interest and Tax over Finance Expenses

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 minus Long Term Liabilities minus Minority Interest

NET ASSET PER SHARE

Net Assets, over number of Ordinary Shares in issue

NET DEBT

Net Debt minus (Cash 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 ASSET RATIO

Cash plus Short Term Investments plus Receivables, Dividend by Current Liabilities

QUICK RATIO

Cash plus Short Term Investments plus Receivables over Current Liabilities

RETURN ON ASSETS

Profit after Tax over Average Total Assets

RETURN ON EQUITY

Profit after Tax as a percentage of Average Shareholder's Funds

RETURN ON CAPITAL EMPLOYED

Earning before interest and tax as percentage of Capital Employed

SHAREHOLDERS FUNDS

Stated Capital plus Revenue Reserves

TOTAL DEBT

Long Term Loans plus Short Term Loans and Overdrafts

TOTAL VALUE ADDED

The difference between revenue (including other income) and expenses, cost of materials and services purchased from external sources

TOTAL ASSETS

Fixed Assets plus Investments plus Non Current Assets plus Current Assets

WORKING CAPITAL

Capital required finance the day-to-day operations Current Assets minus Current Liabilities

Notice of Meeting

Notice is hereby given that the Sixty Eight Annual General Meeting of John Keells PLC will be held on Tuesday 30th June 2015 at 9.30 a.m. at the John Keells Auditorium, 186 Vauxhall Street, Colombo 02. The business to be brought before the meeting will be:

- To read the Notice Convening the Meeting
- To receive and consider the Annual Report and Financial Statements of the Company for the financial year ended 31st March 2015 with the Report of the Auditors thereon
- To re-elect as a Director, Mr. T De Zoysa who retires by rotation in terms of Article 83 of the Articles of Association of the company. A brief profile of Mr. T De Zoysa is contained in Board Profile on page 17 of the Annual Report.
- To re-elect as a Director, Mr. R.S. Fernando who retires in terms of Article 83 of the Articles of Association of the company. A brief profile of Mr. R.S. Fernando is contained in Board Profile Section on page 16 of the Annual Report
- To re-appoint Auditors and to authorize the Directors to determine their remuneration
- To consider any other business of which due notice has been given in terms of the relevant laws and regulations.

Notes:

- i. A member unable to attend is entitled to appoint a Proxy to attend and vote in his/her place.
- ii. A Proxy need not be a member of the Company.
- iii. A member wishing to vote by Proxy at the Meeting may use the Proxy Form enclosed.
- iv. In order to be valid, the completed Proxy Form must be lodged at the Registered Office of the Company not less than 48 hours before the meeting.
- v. If a poll is demanded, a vote can be taken on a show of hand or by a poll. 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 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 appointors indication of the manner to vote will be used.

By order of the Board



Keells Consultants (Private) Limited

Secretaries

Colombo

5th June 2015

Form of Proxy

I/We* of

 being a member/members* of John Keells PLC hereby appoint

 of or failing him/her*

Mr. Susantha Chaminda Ratnayake	of Colombo, failing him
Mr. Ajit Damon Gunewardene	of Colombo, failing him
Mr. James Ronnie Felitus Peiris	of Colombo, failing him
Mr. Tilak de Zoysa	of Colombo, failing him
Ms. Yolande Ann Hansen	of Colombo, failing her
Ms. Sharmini Tamara Ratwatte	of Colombo, failing her
Mr. Ravinath Sanjeeva Fernando	of Colombo

as my/our* proxy to vote for me/us* on my/our* behalf at the Sixty Eighth Annual General Meeting of the Company to be held on Tuesday, 30th June 2015 at 9.30 am and at every poll which may be taken on consequence of the aforesaid meeting and at any adjournment thereof.

	FOR	AGAINST
i) To re-elect as a Director, Mr. T de Zoysa who retires by rotation in terms of Article 83 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
ii) To re-elect as a Director, Mr. R S Fernando who retires by rotation in terms of Article 83 of the Article of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
iii) To re-appoint Auditors and to authorize the Directors to determine their remuneration. • The proxy may vote as he/ she* thinks fit on any other resolution brought before the meeting.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of Two Thousand and Fifteen .

Signature of Shareholder

Note:

- (i) *Strike out whichever is not desired.
- (ii) A proxy need not be a member of the Company.
- (iii) Please indicate an 'X' in the cage provided how your proxy should vote on each resolution. If no indication is given, or if there is, in the view of the proxy holder, any doubt (by reason of the manner in which the instructions contained in the proxy have been completed) as to the way in which the proxy holder should vote, the proxy holder in his / her discretion may vote as he / she thinks fit.

NOTE:

INSTRUCTIONS AS TO COMPLETION OF PROXY FORM ARE NOTED ON THE REVERSE.

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 Company's registered address at No. 117, Sir Chittampalam. A. Gardiner Mawatha, Colombo 2, 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 appointer 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.	:

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: 2306000

Telefax: 2446223

E-mail: jkl@keells.com

Directors

S.C. Ratnayake

A.D. Gunewardene

J.R.F. Peiris

R.S. Fernando

T. de Zoysa

Y.A. Hansen

S.T. Ratwatte

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

People's Bank

Sampath Bank PLC

Seylan Bank PLC

Standard Chartered Bank



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