

John Keells PLC

Annual Report

2008/09



STOCK	NO	OPEN	LAST	CH
AMP		8.82	8.49	IN
ARC BANK		8.06	8.57	5.50
BHP BLT		7.10	7.11	0.01
COLES RYER		18.28	18.23	0.05
CULTH BANK		11.41	11.43	0.02
FOSTERS		28.31	28.35	0.04
NAT BANK		4.46	4.47	0.01
NEWS CORP		30.67	31.00	0.33
RIO TINTO		12.44	12.45	0.01
ST. GEORGE		25.08	25.12	0.04
TELSTAR		21.37	21.40	0.03
MES. TRUST		4.86	4.89	0.03
MESFRANER		3.49	3.49	0.00
MESFIELD		28.15	28.17	0.02
MESFIELD IN		14.08	14.07	0.01
MESTPAC		1.89	1.89	0.00
MOODSIDE		16.52	16.53	0.01
MOOLNORTHS		11.08	11.09	0.01
SNH MEDIC	0.105	0.11	0.11	0.01
ST SYNERGY	0.021	0.022	0.022	0.001
ST. HUBERT	0.11	0.105	0.105	0.005
STARBUCK	0.200	0.205	0.205	0.005
STARBUCKS	1.21	0.02	0.000	0.02
STARBUCKS	0.20	0.05	0.05	0.00
STARBUCKS	0.027	0.028	0.028	0.001
STERLING	1.30	1.30	1.34	0.04
STIRBUTT	0.17	0.175	0.175	0.005
STRAN PAC	0.38	0.265	0.265	0.115
STRAN STAR	0.66	0.66	0.66	0.00
STRANSTAR	0.66	0.75	0.70	0.09
STOCKS	0.038	0.039	0.039	0.001
STOCKS	4.80	4.80	4.80	0.00
STRAITRES	0.82	0.84	0.83	0.02
STRACH	0.10	0.10	0.10	0.00



Contents

Financial Highlights	3
Financial Calendar	3
Group Structure	4
Chairman's Review	5
Chief Executive Officer's Review	7
Board of Directors	10
Senior Management Team	12
Human Resources	13
Corporate Social Responsibility	14
The Statement of Directors' Responsibility	16
Risk Management	17
Corporate Governance	19
Annual Report of the Board of Directors	23
Historical Milestones	27
Financial Review	
Audit Committee Report	30
Auditors' Report	31
Balance Sheet	32
Income Statement	33
Statement of Changes in Equity	34
Cash Flow Statement	35
Notes to the Financial Statements	36
Statement of Value Added	52
Information to Shareholders and Investors	54
Five Year Summary	56
Glossary of Financial Terminology	58
Notice of Meeting	59
Notes	60
Corporate Information	Inner Back Cover
Form of Proxy	Loose leaf

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.

Vision, Mission & Values



Shared Values, Shared Pride.

John Keells PLC was the first company to be set up under the John Keells banner, way back in 1870, when Edwin John came to Ceylon and together with his brother George established produce and exchange brokers during the early days of the tea industry.

More than 135 years on, we have grown into one of Sri Lanka's leading companies, holding true to the same values of integrity and superior service that have made us what we are today.



Financial Highlights

	GROUP			COMPANY		
	2008/2009	2007/2008	Change %	2008/2009	2007/2008	Change %
Revenue (Rs.000's)	607,949	641,348	(5.21)	457,023	409,215	11.68
Profit before Tax (Rs.000's)	201,746	258,587	(21.98)	224,806	313,295	(28.24)
Profit after Tax (Rs.000's)	128,115	134,963	(5.07)	158,570	255,158	(37.85)
Revenue to Government (Rs.000's)	91,030	122,279	(25.56)	82,405	68,072	21.06
Profit before Tax on Turnover (%)	33.18	40.32	(7.13)	49.19	76.6	(27.37)
Return on Capital Employed (%)	24.75	24.76	(0.01)	25.73	31.72	(5.99)
Earnings per share (Rs.)	8.43	8.88	(5.08)	17.46	16.79	4.03
Dividend per share (Rs.)	10.00	7.00	42.86	10.00	7.00	42.86
Dividend Yield (Rs.)	0.16	0.08	100.00	0.16	0.08	100.00
Dividend Cover (Times)	0.84	1.27	(33.48)	1.04	2.40	(56.50)
Net Assets per Share (Rs.)	76.34	77.91	(2.01)	69.08	68.65	0.63
No. of Employees	140	153	(8.50)	109	133	(18.05)
Turnover per Employee (Rs.000's)	4,342	4,192	3.59	4,193	3,077	36.27
Profit per Employee (Rs.000's)	1,441	1,690	(14.74)	2,062	2,356	(12.45)

Financial Calendar

Interim Reports

1st Quarter	30th July 2008
2nd Quarter	30th October 2008
3rd Quarter	02nd February 2009

Annual Reports

2008/09	29th May 2009
2007/08	27th May 2008

Meetings

62nd Annual General Meeting	29th June 2009
61st Annual General Meeting	30th June 2008

Dividends

An Interim Dividend of Rs.5.00 per share was paid on	24th April 2009
Final Dividend of Rs.5.00 per share to be paid on	18th June 2009

Group Structure

COMPANY : JOHN KEELLS PLC

Principal Activities: Produce Broking and Real Estate Ownership

SUBSIDIARY : JOHN KEELLS WAREHOUSING (PVT) LTD.

Directors of the Company : Mr. S.C. Ratnayake (Chairman), Mr. G.S.A. Gunsekera, Mr. J.R.F. Peiris

Year of Incorporation : 2001

Principal Activities : Warehousing of Tea and Rubber

Capital Structure :

No. of Shareholders		Issued Share Capital (Rs.000's)		Holding Percentage (%)	
2009	2008	2009	2008	2009	2008
2	2	120,000	120,000	100	100
Operating Performance :		Profit Before Tax (Rs.000's)		No. of Employees	
Gross Turnover (Rs.000's)		2009	2008	2009	2008
2009	2008	2009	2008	2009	2008
84,124	77,311	24,420	19,314	4	5

SUBSIDIARY : JOHN KEELLS STOCK BROKERS (PVT) LTD.

Directors of the Company : Mr. A.D. Gunewardene (Chairman), Mr. S.C. Ratnayake, Mr. J.R.F. Peiris, Mr. K.N.J. Balendra

Year of Incorporation : 1979

Principal Activities : Share Broking

Capital Structure :

No. of Shareholders		Issued Share Capital (Rs.000's)		Holding Percentage (%)	
2009	2008	2009	2008	2009	2008
5	5	7,500	7,500	76	76
Operating Performance :		Profit Before Tax (Rs.000's)		No. of Employees	
Gross Turnover (Rs.000's)		2009	2008	2009	2008
2009	2008	2009	2008	2009	2008
82,101	163,284	(6,898)	74,097	27	20

ASSOCIATE : KEELLS REALTORS LTD.

Directors of the Company : Mr. S.C. Ratnayake (Chairman), Mr. A.D. Gunewardene, Mr. J.R.F. Peiris, Mr. S. Rajendra

Year of Incorporation : 1966

Principal Activities : Property Development and Real Estate Operations

Capital Structure :

No. of Shareholders		Issued Share Capital (Rs.000's)		Holding Percentage (%)	
2009	2008	2009	2008	2009	2008
9	9	75,000	75,000	32	32
Operating Performance :		Profit Before Tax (Rs.000's)		No. of Employees	
Gross Turnover (Rs.000's)		2009	2008	2009	2008
2009	2008	2009	2008	2009	2008
6,102	5,508	32,365	53,736	1	1

Chairman's Review

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of your Company for the year ended 31st March, 2009.

Economic Environment

The Sri Lankan economy, which recorded a 6.8% growth in 2007, achieved 6% growth in 2008, with growth in the fourth quarter slowing to 4.3% mainly due to the adverse impact of external developments. This is the fourth consecutive year that the economy recorded a growth rate of 6% or over. Agriculture, including fisheries, has expanded by 7.5% in 2008. Rubber production increased by 10.3% against 4.2% and tea increased 4.3% against a contraction of 1.8% last year, though prices collapsed in the latter part of the year, with the end of the commodity price boom.

During the first nine months, all three sectors contributed to growth. The agriculture sector recorded a significant growth of 8.5% mainly due to the increase in tea and rubber production, benefiting from very attractive prices in the 1st half of the year.

Due to the global turmoil in the fourth quarter of the year, the agriculture sector growth rate decelerated to 4% against 6.4% in 2007, with tea falling by 18.7% and minor export crops by 16.3%

Business Environment Tea Broking

The tea industry in Sri Lanka experienced a year of mixed fortunes in 2008 benefiting from the global commodity boom in early 2008, with export earnings achieving a record 1.23 billion U.S. dollars for the year, higher than the record one billion U.S. dollars earned in 2007. The year commenced with strong prices in line with the world crude oil prices reaching a peak during June/July. From January to September Colombo saw prices reaching U.S.\$ 3.26 per kilogram. However, with the global financial crisis erupting thereafter and crude oil prices crashing, tea prices commenced a drastic downward trend. Prices collapsed to around U.S.\$ 2.20 a kilogram particularly in the months of October and November, ending the year

with an average sale price of U.S.\$ 2.65 per kg.

Another significant achievement was the record tea output registering 318.47 million kilos, up from 305.2 million kilos produced in 2007. Kenya reported a drop of 6.4 % during 2008 achieving only 345.8 Mkg as against 369 Mkg produced in the previous year. India produced 981 Mkg in 2008 reporting an increase of 36 Mkg as against 945 Mkg produced in 2007.

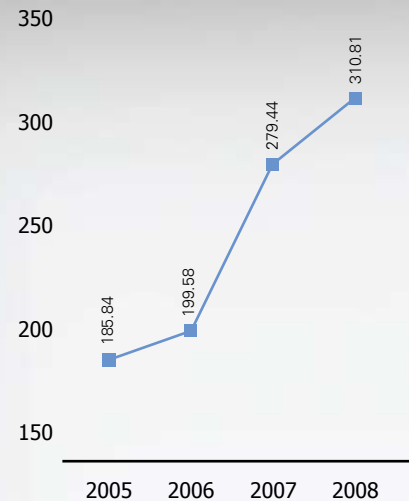
Kenya with an export figure of 383.3 Mkgs continues to lead the major export list in 2008, with Sri Lanka occupying the second place with 319.8 Mkgs.

Rubber Broking

Rubber producers continued to enjoy healthy profits in the first half of the year under review, whilst in the second half prices dropped drastically in some months even below the cost of production. The impact of the global recession had a direct impact on rubber prices as a large percentage of rubber is used in the motor vehicle industry, which also declined. The decline in Crude oil prices too had an effect on the natural rubber prices as the prices of synthetic rubber eased off.

Sri Lanka's rubber production for the year under review recorded a 10.3% increase, total production being 129,000 MT.

**National Tea Averages
2005-2008 in Rs. Per Kg.**



The tea industry in Sri Lanka experienced a year of mixed fortunes in 2008 benefiting from the global commodity boom in early 2008, with export earnings achieving a record 1.23 billion U.S. dollars for the year, higher than the record one billion U.S. dollars earned in 2007

Warehousing

It was a challenging year for the John Keells warehouse. Costs continued to rise with inflation and there was no storage charge revision. In spite of the higher costs, your Company continues to maintain a high standard of efficiency in servicing both Producers and the Exporters.

Stock Broking

High interest rates and concerns over the fallout from the global economic crisis suppressed turnover at the Colombo Stock Exchange, with average daily turnover, adjusted for the one off large transaction of Sri Lanka Telecom shares, declining by 18.5% during the financial year. The adverse economic conditions, both local and global, weighed down on price levels with the broad market All Share Price Index falling by 35.8%, yoy. In this context, equity broking revenue reduced significantly during FY09.

Whilst the global economic environment remains challenging, with the recent decisive victories of the armed forces in the North and East of the country, Sri Lanka is on the brink of an era of peace and rapid economic development. This augurs well for increased activity on the Colombo Stock Exchange.


Financial Performance

Group Revenue decreased to Rs. 608.0 Million. The Consolidated net profit attributable to Equity Holders decreased 5% to Rs. 128.0 Million from Rs. 135.0 Million recorded in the previous year.

The Company turnover increased to Rs. 457.0 Million. Company profits after tax decreased 38% to Rs. 159.0 Million on account of a decrease in dividend income.

Conclusion

I am grateful to our customers and shareholders for their support as we move forward in a difficult environment. I wish to take this opportunity to convey my appreciation to staff at all levels and the Board of Directors for their continued support and confidence in the Company, in a challenging year.



S C Ratnayake
Chairman

29th May 2009

Chief Executive Officer's Review

Introduction

The year 2008 witnessed unprecedented volatility in tea prices around the world. In the first seven months of the year, tea prices touched their historic heights on account of restricted supply from major producing countries, specially Kenya. However, prices started easing since then, due to global recession that effected the purchasing power of major consumers, whilst it is likely that the outlook for the Plantation Sector earnings will be effected during 2008 and beyond.

The crisis coincided with the global economic melt down, which precipitated a crash in all commodity prices since August 2008. The sharp plunge in tea prices, in a short time-frame, had an unexpected and overwhelming impact on trade. The uncertainty it created, left a large percentage of teas offered at the auction un-sold, due to the absence of equitable bids. The decline in prices, swift, and the large volume of un-sold teas caused a cash flow crisis right across the supply chain.

On the directive of the President, the Sri Lanka Tea Board entered the auction and purchased a little under 1 Mkg of teas at a value of Rs. 230 M, with a view to strengthening the market. The proceeds of these purchases were belatedly settled to the brokers, who, in compliance with the auction Bye-Laws, were compelled to make payment in the interim with their own resources to the producers for the tea sold through their catalogues to the Tea Board.

The tea industry which is dominated by the rural tea smallholder sector benefited by the timely state intervention, the Tea Board action achieved a reduction in the percentage of tea remaining un-sold whilst injecting some much needed cash flow requirements into the processes.

The tea industry went through a very difficult period from August to December 2008, with auction prices crashing week by week. The entire industry was in turmoil, with producers not having funds to meet their green leaf payments and other operational costs. This was perhaps the darkest period known to the tea industry for quite some time. The Brokers too faced a very difficult task during this period, since most of the private

sector factories together with some Regional Plantation Companies were heavily dependant in obtaining finance from Brokers. The Broker's financial resources were extended to the limit and the key role played by the broker in propping up producers was much appreciated and acknowledged by all the stakeholders in the industry.

Global Trends

Tea

Sri Lanka's tea production of 318.7Mkg in 2008 is the highest in the history of the tea industry. The previous record was 317.2 Mkg set in 2005. The 2008 figure is 4.6% higher than the 2007 total of 304.6 Mkg.

The High Grown and Low Grown teas have shown increases of 16.4% and 4.3% respectively, whilst Medium Grown have shown a deficit of 9.9%. Output of black tea from major countries in the world in 2008 was 1918.8 Mkg when compared to 1902.9 Mkg produced during the same period in 2007. Amongst the major producers – India and Sri Lanka have reported

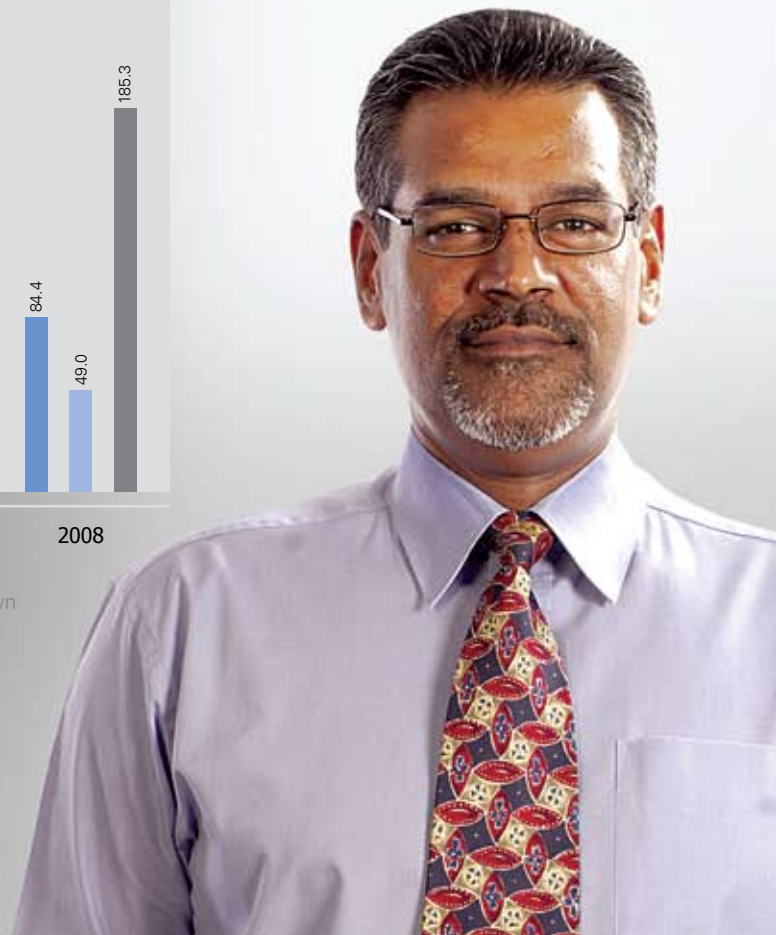
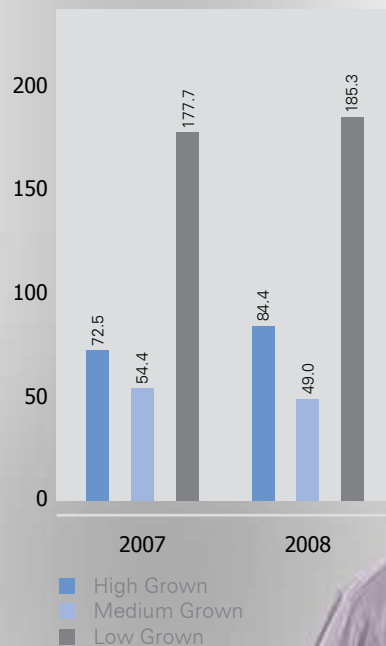
higher production, whilst Kenya has registered 6% drop in production during 2008 when compared to the previous year.

As for demand, the global recession plays a vital role in the present scenario. This situation has taken away the purchasing power of most tea consuming countries. More over a sharp decline in oil prices kept the Middle Eastern countries under pressure. Even though the major importers of tea feel the heat of the financial crunch, the domestic consumer is still having his/her favourite cuppa, given the fact that tea is good for health. The domestic consumption of tea in India, Kenya and Sri Lanka is growing at the rate of 3.5%, 8.8% and 1.5% per annum, respectively.

Rubber

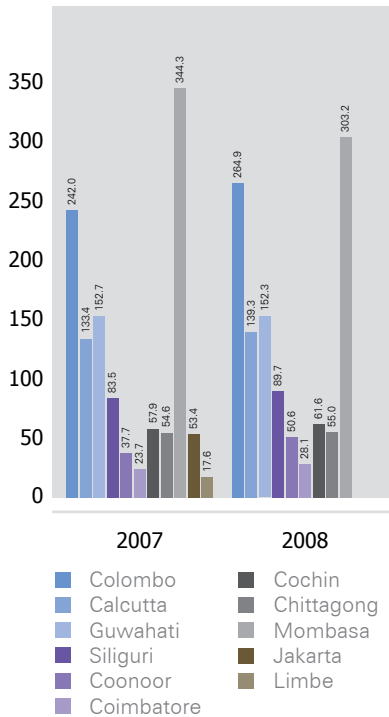
Rubber producers continued to enjoy lucrative prices in the first half of the year under review. During the last two and a half years, producers have enjoyed healthy profits and most of them have ploughed back their profits into the rubber fields, fertilizer and better agricultural practices. As a result,

Annual Tea Production by Elevation (In Mn. Kg)



Chief Executive Officer's Review Contd.

Quantity Sold at World Auction Centres (In Mn. Kg)



Rubber production has increased by 12,000 MT and recorded 129,000 MT for the year.

The second half of the year witnessed a dramatic change of events with the crash of world economies. The demand for rubber declined rapidly, due to low demand of rubber from large users like the tyre industry where sales dropped by around 50% due to the decline in motor vehicle sales. Demand for nonessential rubber products too dropped further. The local industry too cut back heavily on their consumption, even to the extent that factories were closed from time to time due to low orders from overseas.

Decline in the Crude Oil prices also had a negative effect on the natural rubber price as synthetic rubber prices eased sharply.

In December at some of the auctions, Crepe rubber prices recorded Rs.100.00 per kg for 1X and Sheet rubber No.1 - Rs.115.00 per kg. By end of the financial year 1X's were selling at Rs.140.00 per kg and Sheet rubber at Rs.150.00 per kg.

The demand for natural rubber is expected to stay low for some time until the main consuming countries come out of the current economic recession.

Local Trends

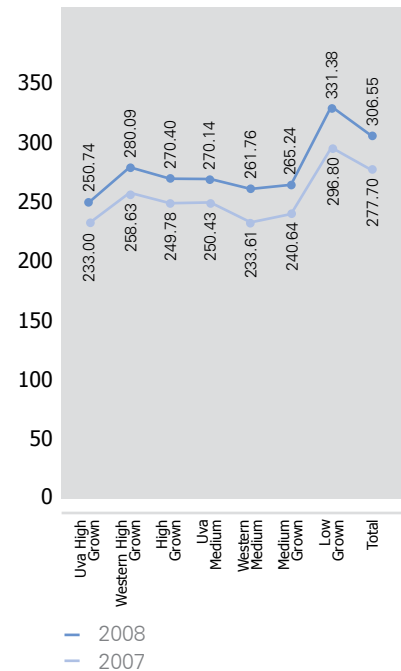
The Sri Lanka Tea Exports for the period January to December 2008 at 319.3 Mkg is second only to the 327.4 Mkg shipped in 2006. Value of the exports is a record Rs. 137.5 billion when compared with a previous high of Rs. 113.5 billion earned in 2007. In US\$, the export value is US\$ 1.26 billion, which is higher than the landmark figure of US\$ 1.0 billion earned in 2007. Another positive feature of the export performance is the percentage of value added exports which is an estimated 45% of all exports. Tea packet exports have increased by 8.7% from Rs. 86.1 Mkg in 2007 to Rs. 93.6 Mkg in 2008. Tea Bag exports declined by 7% to 20 Mkg in the year 2008 as against 22 Mkg in 2007.

The Commonwealth of Independent States have once again immersed as the top importers of Sri Lankan tea followed by UAE, Iran, Syria and Turkey.

Operational Review Tea Broking

Your Company continued to be the largest broking company in Sri Lanka and once again established the highest number of Top Prices and Record Prices amongst the brokers. The weekly price average of the Company reflected an

Colombo Auction Averages (In Rs)



attractive premium over the national average. The Company continued to offer high end services to the producers and export clients.

Rubber Broking

Rubber producers continued to enjoy excellent prices in the first half of the year. However, with the slowing down

The Global economic melt down which precipitated a crash in all commodity prices, began the crisis in the Tea Industry

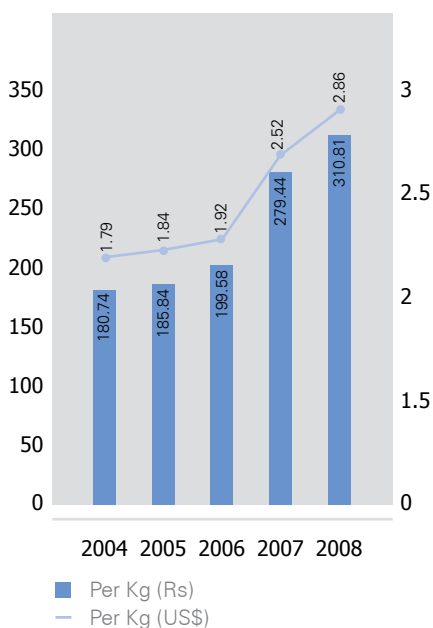
of the world economies in the second half of the year, rubber prices crashed from Rs.325.00 per kg in July to around Rs.150.00 per kg at the end of the financial year.

Warehousing

The Warehousing encountered a difficult year, as the input cost continued to escalate, whilst there was no storage increase for tea & rubber.

Second half of the year witnessed lower arrivals of tea and rubber due to the low prices that were prevalent and the drought in the last quarter. In spite of the difficult year, Warehousing continued to maintain an efficient & high standard of service.

Yearly Elevation Averages



It is imperative that the Colombo Brokers' Association, along with the stakeholders, review the current store rent for tea & rubber, as at present all warehousemen are not adequately compensated.

Real Estate

The revenues and PBT of the real estate arm grew by 10% and 60% respectively during the year as compared with the previous year. The sharp increase in PBT is primarily due to increases in revenue per sq ft, interest

from investments of surplus funds and sustained efforts on cost rationalization through greater focus on energy related costs, preventive maintenance of buildings and machinery and other staff related costs by selective services outsourcing.

Best Annual Report

We are pleased to inform you that your Company won the Sector Bronze Award for Quoted Companies with less than 5 Subsidiaries. The competition is conducted annually by the Institute of Chartered Accountants of Sri Lanka.



Performance of Subsidiaries

John Keells Stock Brokers (Pvt) Limited (76% Holding)

The ASPI contracted 35.8% during the year, dropping sharply from September' 2008 onwards due to adverse economic conditions both locally & globally. The profitability of JKSB decreased significantly due to these reasons.

John Keells Warehousing (Pvt) Ltd. (100% Holding)

Warehousing encountered a challenging year. The arrivals of tea and rubber in the second half of the year dropped drastically due to dry weather and the utilisation was very low during this period.

Performance of Associate Company Keells Realtors (Pvt) Ltd. (32% Holding)

Keells Realtors Limited, the John Keells PLC Associate Company that owns Real Estate, recorded a Profit Before Tax of Rs. 32.4 Million as against a profit of Rs. 53.7 Million in the previous year.

Staff Welfare and Employee Development

According to the new HR initiatives introduced to the Group, JK PLC successfully conducted the "Employee of the Year" award ceremony for Executives and Assistant Managers and "Champion of the year" award for non executives. The winners were selected by the career committee members according to the qualifying criteria based on the PMS ratings.

The Company continuously invests in the training and development of staff in all categories from senior management downwards. The training needs of the employees are clearly identified from appraisals whilst career development is structured and institutionalised.

Staff members are encouraged to express their views for the development of the Company through the monthly Joint Consultative Committee meetings and all the relevant information about the Company are conveyed to all the employees at the staff meetings.

Also, all the HR processes and initiatives are discussed at the HR open days which are held quarterly.

In conclusion, I wish to thank the Chairman and Board of Directors, for the direction and guidance given. My gratitude also goes, to all categories of staff and our valued clients, for their loyalty and support.

Sudath Munasinghe
Chief Executive Officer

29th May 2009

Board of Directors



Susantha Ratnayake
Chairman



Ajit Gunewardene
Executive Director



Sumithra Gunsekera
Executive Director



Ronnie Peiris
Executive Director

Mr Ratnayake who is currently Chairman and CEO of John Keells Holdings PLC was appointed the Chairman of John Keells PLC in January 2006.

He has overall responsibility for Group Strategy and New Business Development. Mr Ratnayake is a council member of the Employers' Federation of Ceylon and is a committee member of the Ceylon Chamber of Commerce. He also serves as a member of the Tourism, Sovereign Rating and Investment Promotion Clusters of the National Council of Economic Development (NCED). Mr Ratnayake has over 30 years management experience, all of which is within the John Keells Group.

Mr Gunewardene was appointed as Director of John Keells PLC in January 2001. He is also the Deputy Chairman of John Keells Holdings PLC and has been a member of their Board for over 16 years. He is a Director of many companies in the John Keells Group and is the Chairman of Nations Trust Bank PLC and Union Assurance PLC. He is a member of the board of Nanco PLC, a company established for the development of Nanotechnology in Sri Lanka under the auspices of the Ministry of Science and Technology. He was also appointed as a member of the National Advisory Council for Export Development (NACFED) by the Minister of Export Development and International Trade. He has also served as the Chairman of the Colombo Stock Exchange. In addition to being a member of the Board of the Sri Lanka Tourism Promotion Bureau, he serves on several committees appointed by the Minister of Tourism for the development of this industry in Sri Lanka. Mr. Gunewardene has a degree in Economics and brings over 26 years of management experience to the Board.

Mr. Gunsekera was appointed as Director of John Keells PLC in March 2005. He has overall responsibility for the Plantation Services Sector and the Corporate Communications function at the Centre and is also the Head of the Management Committee of the John Keells Social Responsibility Foundation. He is the Chairman of the Employers' Network on Disability of the Employers' Federation of Ceylon. Furthermore, he serves on the Board of Directors of the Sri Lanka Institute of Tourism and Hotel Management. Mr. Gunsekera is a Director in many Group Companies and has over 27 years of management experience.

Mr. Peiris was appointed as Director of John Keells PLC in July 2005 and is also the Group Finance Director of John Keells Holdings PLC. He functioned as Managing Director of Anglo American Corporation (Central Africa) Limited and EXCO Member of Konkola Copper Mines plc, both in Zambia. He has over 36 years of finance and general management experience in Sri Lanka and abroad. He is a Fellow 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, Chairman of its Taxation Sub Committee and also serves on its Economic, Fiscal and Policy Planning Sub Committee.



Deshabandu Tilak de Zoysa
Non Executive Director



Kavan D. Ratnayaka
Non Executive Director



Mrs. Yolande Anne Hansen
Non Executive Director



Mrs. Sharmini T. Ratwatte
Non Executive Director

Mr. Tilak de Zoysa - FCMI (UK), FPRI (SL)

Mr. Tilak de Zoysa was appointed as a Non Executive Director to the board of John Keells PLC in July 2005

Tilak de Zoysa was conferred with the title "Deshabandu" in recognition of his services to Sri Lanka and was the recipient of a prestigious National Honour from the Emperor of Japan.

He is Chairman of the Associated Motorways Group of Companies, Carson Cumberbatch & Co. Ltd. and a member of the Monetary Board of Sri Lanka. He serves as Chairman, Helpage Sri Lanka and on the Boards of John Keells PLC., Taj Lanka Hotels Ltd., Lanka Walltiles Ltd., Nawaloka Hospitals Ltd. and Helpage International – U.K. Mr. de Zoysa is the Honorary Consul for Croatia and a Past Chairman of the Ceylon Chamber of Commerce, National Chamber of Commerce of Sri Lanka and the Plastics & Rubber Institute.

Mr. Ratnayaka was appointed Chief Executive Officer of Dialog Broadband Networks on 1st October of 2007. He leads the Dialog teams responsible for Fixed Telephony, Broadband and Enterprise Solutions.

Mr. Ratnayaka holds a Bachelor of Science (Physics) from the University of California, and has 21 years of experience in the field of Information & Communication Technology. Prior to joining Dialog he served as IBM's Country General Manager for Sri Lanka.

Mr. Ratnayaka was appointed as a Non Executive Director to the board of John Keells PLC in July 2005 and also serves on the Board of the Sri Lanka Institute of Information Technology (SLIIT).

Mr. Ratnayaka is a past President of the American Chamber of Commerce, Sri Lanka and has served in the past on the Boards of the Arthur C. Clarke Institute for Modern Technologies and the Young Entrepreneurs of Sri Lanka (YESL).

Mrs. Hansen was appointed as a 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, presently serving as CEO. She is a director of the Tourism Training Institute of Sri Lanka.

Mrs. Ratwatte was appointed as a Non Executive Director to the board of John Keells PLC in May 2007.

She is a Fellow 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 Chairman of the Environmental Foundation Ltd, a non profit organization facilitating environmentally sustainable development in Sri Lanka.

Senior Management Team



S.C. Munasinghe
Vice President / CEO



S.A. Jayewickreme
Assistant Vice President /
Head of Operations
(Rubber/Warehousing)



R.H. Walpola
Assistant Vice President
Head of Operations
(Tea)



Ms. T. De Alwis
Assistant Vice President
Financial Controller



S.K. Karunaratne
Manager - Tea



H. De Mel
Manager - Tea



H.R.A Wanasinghe
Manager - Manufacture



R.S. Ingram
Manager - Finance



B.I. Perera
Manager -
Warehousing



D. Dassanayaka
Manager - Manufacture



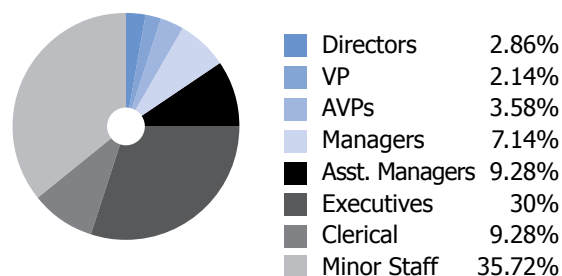
Ms. K. Daluwatte
Manager - Tea



S. Lokubalasuriya
Manager - Sample
Department

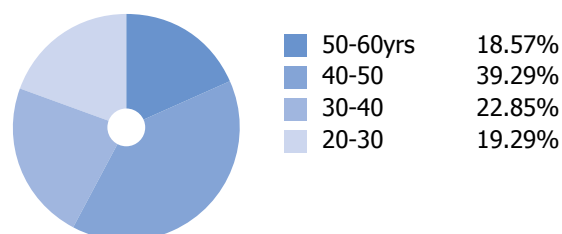
Human Resources

Employee Strength



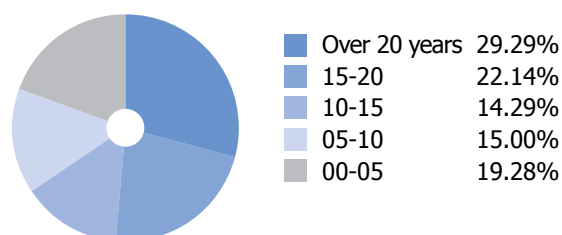
Category	Company	Subsidiary	Total
Directors	04	00	04
VP	01	02	03
AVP	03	02	05
Managers	08	02	10
Asst Managers	07	06	13
Executives	25	17	42
Clerical	12	01	13
Minor Staff	49	01	50
Total	<u>109</u>	<u>31</u>	<u>140</u>

Age Analysis



Age	Company	Subsidiary	Total
50 – 60 yrs	25	01	26
40 – 50	42	13	55
30 – 40	26	06	32
20 – 30	16	11	27
Total	<u>109</u>	<u>31</u>	<u>140</u>

Service Analysis



Years of Service	Company	Subsidiary	Total
Over 20 years	37	04	41
15 – 20	22	09	31
10 – 15	18	02	20
05 – 10	16	05	21
00 – 05	16	11	27
Total	<u>109</u>	<u>31</u>	<u>140</u>

Corporate Social Responsibility

At John Keells we are Committed to addressing the needs of the people who are a part of our daily lives and so, we continue to maintain the historic railway station on behalf of the community we serve

The Slave Island Railway Station is one of the busiest stations in Colombo and one of the oldest legacies of our British heritage, dating back to 1846. Although thousands of people pass through the station each day and whose lives rotate on the arrival and departure of the trains, none were able to see the colonial splendour of a bygone era, as the station had been covered by decades of dust, grime and sheer neglect.

At John Keells PLC we decided to restore the station to its original splendour and provide people with a station that is clean and user friendly. An agreement was entered to with the Sri Lankan Railway Authority enabling modern facilities to complement the age – old architecture by refurbishing and modernising the level crossing, bridge and other amenities within the station.

To us at John Keells PLC., the Slave Island Railway Station, which lies less than a quarter of a kilometre from our main Glennie Street premises, seems to share a strong bond with the very core of our existence. Almost every single person who steps onto that platform has been touched by John Keells PLC., either being among our employees, shareholders, partners or simply stakeholders.



Our aim is to continue maintaining these standards on a long term basis as we see this project as a contribution towards the larger community and to the people who are a part of our daily lives.

Therefore we now continue to maintain this Historic Railway Station on behalf of the Community we serve.

John Keells PLC gives Aid to Flood Victims in Bandaragama

John Keells PLC swiftly came to the aid of the victims of the torrential rains in Bandaragama. We considered it both our responsibility and a privilege to be able to assist them in their hour of need. At JK PLC, one of the values we abide by, is reaching out to communities, identifying their needs and helping them. JK PLC donated packs of essential food items to the victims of the floods through the John Keells Social Responsibility Foundation to the Ministry of Disaster Management and Human Rights.



Minister of Disaster Management and Human Rights Mr. Mahinda Samarasinghe addressing the flood victims before the distribution of food packs.



Food packs being prepared for distribution.

John Keells PLC supports 'English for life' Programme

John Keells PLC, through John Keells Social Responsibility Foundation recognising the need for proficiency in English in order to enhance employability, launched a new programme aptly titled 'English for Life', this year in collaboration with Gateway Language Centre. Scholarships were awarded to the successful applicants after a placement test by Gateway which covers course fees, examination fees, text books and other course material. John Keells PLC believes that empowering the children and youth

of our country with a tool as powerful as the English Language, will not only enrich their personal potential, but will also help Sri Lanka as a nation.



Scholars at the opening ceremony of 'English for Life'.



Picture shows Mr. Sumithra Gunsekera, President, John Keells PLC and Head of the John Keells Social Responsibility Foundation Management Committee and Genie Gunewardhana, Head of Gateway Language Centre at head table. (At right) Dr. Harsha Alles, Director -Gateway, addressing the gathering at the launch of English for Life.

The 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, is set out in the report of the auditors on page 31 of the report.

As per the provisions of the Companies Act No 7 of 2007, the Directors are required to prepare for each financial year and place before a general meeting financial statements, which comprise:

- A balance sheet, 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.
- A statement of income, which presents a true and fair view of the profit or loss of the Company and its subsidiaries for the financial year; and which comply with the requirements of the Act.

The Directors have ensured that, in preparing these financial statements:

- The appropriate accounting policies have been selected and applied in a consistent manner. Material departures, if any, have been disclosed and explained;
- All applicable accounting standards as relevant, have been followed;
- Judgements and estimates have been made which are reasonable and prudent.

The Directors also ensured 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 presented 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.

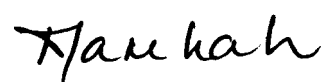
Further, as required by Section 56(2) of the Companies Act No. 7 of 2007, the Board of Directors have confirmed that the company, based on the information available, satisfies the Solvency test immediately after the distribution, in accordance with Section 57 of the Companies Act No. 7 of 2007, and has obtained a certificate from the Auditors, prior to declaring a Final Dividend of Rs. 5.00 per share for the year, to be paid on 18th June 2009.

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 balance sheet date have been paid, or where relevant provided for.

By Order of the Board



Keells Consultants Limited
Secretaries

29th May 2009

Risk Management

John Keells PLC views risk management as integral to good business practice. The Company and its subsidiaries in carrying out its businesses is exposed to various forms of business, operational, environmental and financial risks arising from the transactions entered into and the economic environment within which they operate. The identification of such risks and the implementation of appropriate strategies and processes to manage them within a tolerable level have become extremely important in the context of modern business processes which are geared towards maximizing shareholder value and corporate governance.

Risk assessment and evaluation are incorporated into the key business processes including strategy, business planning, investment appraisal and performance management. The objective of risk management within John Keells PLC and its subsidiaries is to improve performance and decision making through the identification, evaluation and management of key strategic and operational risks.

To achieve this, a Business Risk Management (BRM) process has been established by John Keells Group Risk and Control Review Department to identify, evaluate and assist management of the risks faced by the Business Units. The process operates on a group wide basis and provides the Audit Committee with assurance that major risks faced by the Company have been identified and are regularly assessed and that there are adequate controls in place to manage these risks.

The risk management process is reviewed by the Group Management Committee. The Audit Committee of John Keells PLC oversees the process on behalf of the Board.

Risks are rated as Ultra High, High, Moderate, Low and Insignificant after taking into consideration the probable impact/severity ranking on one side and

the likelihood/occurrence ranking on the other. A review of the risk portfolio of John Keells PLC and its subsidiaries after taking into consideration the implementation progress made on identified action plans and other mitigation activities and control measures are as follows.

Business risks

Due to the controlled environment in which Tea and Rubber Brokers operate, business risk may not be as large as in other industries. The risks stem mainly from poor service performance and poor business ethics. The Company looks to perform beyond customer expectations by ensuring that the team of Auctioneers and Tasters are the best among brokers, by conducting weekly previews and reviews of the service levels including the exchange of market related information. Additionally, enterprise management and marketing advice is given to producer clients in order that estates are aligned to market requirements and the businesses are on a path to stay viable. The Company is identified by the Tea and Rubber trade for its high business ethics.

Production risks

Changes to policies such as fertilizer subsidies, adherence to global environmental standards such as European Union regulations on usage of pesticides have an impact on the possible loss of critical export markets. The Company is actively lobbying with the relevant Government Ministries, Tea Research Institute and other trade bodies to encourage suppliers to conform to minimum standards and encourage them to obtain HACCP and manufacturing/process standard certifications.

Competition risks

This relates to the entry of competition from Brokers who are not members of the Colombo Brokers Association who resort to unethical business practices resulting in loss of business. This is being addressed by the strengthening

of the audit of all member Broker firms by the Colombo Brokers Association.

Legal risks

The Legal division of the John Keells Group provides guidance, review and direction to safeguard the Group against exposure to material unexpected losses arising from the legal consequences of transactions it enters into.

The tax division of the Company regularly monitors, reviews and scrutinises statutory returns submitted in respect of fiscal levies and taxes.

Human Resource risks

The main human resource risks are the shortage of experienced and qualified personnel. The Company attempts to mitigate this risk by encouraging continuous education, providing relevant training and development opportunities and 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 staff was also developed.

Financial risks

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of mainly overdrafts and bank loans.

The Company deals with mostly recognised, credit worthy clients who are private Tea Factory Owners and Plantation Companies. Credit Risks are minimised 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 monitored closely.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to Bad Debts is insignificant.

Risk Management Contd.

On short term advances, exposure to market risk for changes in interest rates is minimised, as the Companies Lending is above the borrowing rates.

Technology risks

The Company operates in a fully computerised, networked environment. The organisational and technical measures needed to protect the confidentiality, availability and integrity of these systems and data becomes increasingly important. In addition, the Company is also exposed to IT risks such as breakdowns and disruptions due to viruses etc.

The Company has invested in security infrastructure appropriate for our size and scale of operations. Security arrangements are constantly updated to take account of the latest knowledge and technical enhancements.

Security regulations cover technical aspects as well as organisational measures including staff training, end user computer policies etc.

The Company has a fully fledged disaster recovery center in place. The IT disaster recovery plan is tested periodically and found to be satisfactory.

Corporate Governance

John Keells PLC, is committed to the highest standards of business integrity, ethical values and professionalism in all its activities. As an essential part of this commitment, the Board of Directors upholds traditions and ethics of the tea and rubber trades and has retained the pre-eminent position as Sri Lanka's leading tea broker to date. The Board of Directors supports high standards of Corporate Governance and the Directors are accountable to the Shareholders in this regard.

John Keells PLC., when developing their Code of Best Practice, clarified their understanding of Corporate Governance to include:

- The Legal requirement – the manner in which requirements of the Colombo Brokers Association, Rules and Code of Ethics, Bye Laws, and the Laws of the Tea Board were met.
- The Ethical requirement – the manner in which John Keells PLC., fulfilled its obligations to its Stakeholders.
- Effectiveness requirement – the manner in which the Board John Keells PLC., ensures that effective decisions are taken in an efficient and timely manner.
- Relationship requirement – the manner in which the Board John Keells PLC, maintains relationships with Stakeholders and Management.
- The Dynamic requirement – how well the Board of John Keells PLC functions as a team.

The Group Policy on Corporate Governance and Corporate Social Responsibility has been well communicated to all levels of staff of the main Company, its Subsidiaries and to its Associate Company. The methods employed to achieve our goals are as important as the goals themselves.

Composition of the Board of Directors, Responsibility and Attendance

The Board of Directors is responsible to the Shareholders for setting the Direction of the Company, its two Subsidiaries and the Associate Company. The Board of Directors met periodically during the year to consider issues of strategic direction, to review performance against plans, internal control and risk management and succession planning. The composition and the working of the Board, consisting of four executive and four non-executive Directors, ensure expediency and independent judgement.

Executive Directors

S.C. Ratnayake
A.D. Gunewardena
G.S.A. Gunesekera
J.R.F. Peiris

Non Executive Directors

T. de Zoysa
K.D.W. Ratnayaka
Ms. Y.A. Hansen
Ms. S.T. Ratwatte

The Directors at John Keells PLC., who are profiled on page 10 & 11 of the Annual Report have a wide range of expertise as well as significant experience in commercial and financial activities. All the non-executive Directors are considered independent in terms of the Combined Code which came into effect in November 2003.

The Board of Directors delegates day to day operations to the Management Committee, comprising of senior members of the staff and reserves certain decisions to itself such as for Capital Expenditure, Acquisitions, Investments and Employment of Key Staff Members.

As recommended in the Code, the position of the Company's Chairman is separate from that of the Chief Executive Officer.

Article No. 84 of the Articles of Association of the Company provides

for one third of the Directors to retire every subsequent year and they may offer themselves for re-election at the Annual General Meeting.

The Company being mainly in the Produce Broking business is committed to timeliness, prompt service, seeking better prices for produce, assisting clients with technical know how and up-dating to best Trade Practices and responding to clients' inquiries.

Directors and Senior Managers meet clients on a regular basis and continuously explore avenues to maximise performance of the Company's Business.

Audit Committee Name of Director

T. de Zoysa
K.D.W. Ratnayaka
Ms. Y.A. Hansen
Ms. S.T. Ratwatte

It is governed by a Charter which inter alia, covers the reviewing of policies and procedures of internal control and risk review and control, considering management letters of the Company's External Auditors, ensuring the independence of External Auditors and confirming that the Company has a process of identifying risk, both financial and operational. The Mandate of the Committee ensures that the following risks, so identified, are managed with a well-defined action plan.

Business Risk
Operational Risk
Financial Risk
Liquidity Risk
Interest Rate Risk
Legal Risk

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

Corporate Governance Contd.

Remuneration Committee and Policy

As permitted by the listing rules of the Colombo Stock Exchange, the Remuneration Committee of the Parent Company John Keells Holdings PLC functions as the remuneration committee of the Company.

The Remuneration Committee of John Keells Holdings PLC comprises three independent directors:

Mr. E.F.G. Amerasinghe – Chairman
Mr. P.D. Rodrigo
Ms. S.S. Tiruchelvam

The remuneration policy adopted by the Company as recommended by the Remuneration Committee of its parent, John Keells Holdings PLC is formulated to attract and retain high calibre executives and motivate them to develop and implement the business strategy in order to optimise long term shareholder value creation. The customised “pay for performance” scheme continues to apply for all group employees based on the pillars of individual performance rating and organisational performance. The remuneration package for all employees at Manager Level and above and is based on organisational performance and individual performance. However for Assistant Manager and Executive level employees the scheme operates purely on individual performance basis.

The remuneration of the Executive Directors is determined as per the above principals.

Compensation for non executive directors (NEDs) is determined in reference to fees paid to other NEDs of comparable companies. NEDs receive a fee for devoting time and expertise offered to the company and further compensated additionally for either chairing or being a member of a committee. NEDs do not receive any performance/incentive payments. Non executive fees are not time bound or defined by a maximum/minimum number of hours committed to the group per annum and hence is not subject to additional/lower fees for additional/lower time devoted.

Director Fees applicable to non executive directors nominated by John Keells Holdings PLC are paid directly to John Keells Holdings PLC and not to individuals.

Details of Remuneration paid to Executive and Non Executive Directors are disclosed in note number 21 of the Notes to the Accounts.

Risk Review and Control

The Board through involvement of Risk Review and Control Department of John Keells Holdings PLC., the parent company endeavoured to ensure that control systems, designed to safeguard the Company’s assets and maintain proper accounting records that facilitate the production and availability of reliable information, are in place and are functioning as planned.

Compliance with Legal Requirements

Compliance with legal requirements and Group-internal rules is a significant element of Corporate Governance for the management of John Keells PLC. The Board of Directors require all Financial Statements of the Company to be prepared in accordance with the Sri Lanka Accounting Standards, and all other Company communiqué to be in compliance with the requirements of relevant regulatory bodies such as the Colombo Stock Exchange , Securities and Exchange Commission of Sri Lanka and Colombo Broker’s Association. Further company continues and makes its best endeavors to comply with the Companies Act No. 7 of 2007.

Accountability and Disclosure

The Board of Directors and the Audit Committee reviewed in detail the quarterly financial updates to shareholders, the annual Consolidated Financial Statements and Accounts in order to satisfy themselves that they present a true and balanced view of the Company’s affairs to shareholders.

The extent of our adherence to the Code of Best Practice of Corporate Governance issued by the Institute of

Chartered Accountants of Sri Lanka is as follows:

Compliance with the Code of Best Practice on Corporate Governance

Board of Directors

The Board comprises eight Directors of whom four, excluding the Chairman, hold office in a Non-executive capacity.

Availability of a Formal Schedule of Matters for Board discussion

Board meetings are conducted based on a formal agenda.. The main responsibilities of the Directors include the following:

- Approving the long term direction, strategies and goals for the organisation and monitor performance against goals.
- Ensuring that effective internal control, audit systems and risk management procedures are implemented.
- Ensuring all statutory and regulatory matters are complied with and that the company adheres to the highest ethical standards.
- Deciding on significant capital expenditure investments, acquisitions and expansions
- Approving annual and interim financial statements for publication.

Procedure for Directors to Obtain Independent Professional Advice

The Board has adopted a procedure whereby Directors may, in the performance of their duties, seek independent professional advice at the company’s expense, if considered appropriate. No Director obtained any such independent professional advice during 2009.

Company Secretary

The company secretary advises the Board and ensures that matters concerning the Companies Act, Board procedures and other applicable rules and regulations are followed. All Directors have access to the Company secretary. The Secretary possesses the required qualifications as set out in the Companies Act. The Articles of the company specify that the removal of the company secretary should be by resolution involving the whole Board.

Independent Judgment

Each Director brings his/her independent judgement to bear on issues that are discussed by the Board. None of the non-executive Directors have held executive positions in the recent past. The Directors refrain from discussions when decisions are made with regard to the Companies where they hold other Directorates. Board members are required to disclose all transactions with the company, including those of close family, which are made on an arms' length basis.

Dedication of Adequate Time and Effort to Matters of the Board and the Company

The Board members dedicate adequate time for the affairs of the company by attending Board meetings, Board sub-committee meetings and by making decisions via circular resolutions. In addition the Board members have meetings and discussions with management when required.

Training for Directors

The Board policy on Directors' training is to provide adequate opportunities for continuous development subject to requirement and relevance for each Director.

The Directors are constantly updated on the latest trends and issues facing the company and the Broking industry in general. The Chairman has the responsibility of ensuring that the Directors continually, update their skills and knowledge as required to fulfil their role both on the Board and on

committees appointed by the Board. The company provides the necessary resources for the training of Directors.

Chairman and CEO Division of Responsibilities between the Chairman and the CEO

The Chairman is responsible for leading the Board and for its effectiveness. In practice this means taking responsibility for the Board's composition, appraisal and development, ensuring that the Board focuses on its key tasks and supporting the Chief Executive Officer in his role of managing the day to day running of the company. The Chairman is also the ultimate point of contact for shareholders, particularly on corporate governance issues.

Chairman's Role Conducting the Board Proceedings in a Proper Manner

The Chairman satisfies himself that the information available to the Board is sufficient to make an informed assessment of the company's affairs as well as to discharge their duties to all shareholders.

The Chairman conducts Board meetings in a manner which ensures that there is effective participation from all Directors, their individual contribution and concerns are objectively assessed prior to making key decisions and the balance of power is maintained. He also ensures that the Board is in complete control of the company's affairs.

Financial Acumen Availability of sufficient Financial Acumen and Knowledge

There are two senior Chartered/ Management accountants on the Board. In addition, all members of the Board have extensive experience in various aspects of financial management.

Balance of the Board

Four of the eight Directors on the Board hold office in a non-executive capacity and are therefore independent of management.

All Board members possess considerable knowledge and experience in the financial services sector as outlined below:

Susantha Ratnayake
Ajit Gunewardene
Sumithra Gunesekera
Ronnie Peiris
Tilak de Zoysa
Kavan Ratnayake
Yolande Jordan Hansen
Sharmini Ratwatte

Supply of Information Provision of relevant information in a timely manner

The Board receives a standard set of documents which are timely, accurate, relevant and comprehensive. The Board papers are circulated a week prior to Board meetings. These papers include a detailed analysis of financial and non financial information. The Board may call for additional information or clarify any issues with any member of the sector committee.

During the year, senior management committee members made presentations to the Board regarding competitor activities, risk management and sales and marketing activities. All Directors are adequately briefed on matters arising at Board meetings.

Disclosure of Details of New Directors to Shareholders

All new appointments are informed to the shareholders via the Colombo Stock Exchange.

Corporate Governance Contd.

Re-election

Re-election of Directors at Regular Intervals

In accordance with the Articles of Association, one of the Directors retires from office at each Annual General Meeting. A retiring Director is eligible for re-election by the shareholders. Any Director who has been appointed to the Board during the year, holds office until the next AGM, when he/she is required to retire and be re-elected by the shareholders.

Appraisal of Board Performance

Although a formal evaluation is not conducted, the Board regularly evaluates its performance based on the following set of guidelines:

Development and Implementation of Strategy

Competency and succession planning for the senior management team.
Effectiveness of internal controls, risk management and corporate governance framework
Compliance with laws, regulations and ethical standards

Appraisal of the Senior Management Team

Following the annual planning process, the Board in consultation with the President sets financial and non financial key result areas (KRAs) to be achieved by the CEO and Senior Management Team.

Constructive use of the AGM

The Board encourages all shareholders to attend and actively participate in the AGM.

Annual Report of the Board of Directors

The Directors have pleasure in presenting the 62nd 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, 2009.

General

The company was incorporated on 1st 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 No.PQ 11 on 15th June 2008.

Principal Activities

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

John Keells Stock Brokers Limited is a subsidiary of JKPLC which continues to provide stock broking services.

John Keells Warehousing is a subsidiary of John Keells PLC which continues to provide warehousing facilities.

Financial Statements

The Financial Statements of the Company and the Group are set out on pages 32 to 51 of the Annual Report

Revenue

Revenue generated by the Company amounted to Rs. 457 mn (2008 - Rs. 409 mn), whilst group revenue amounted to Rs. 608 mn (2008 - Rs. 641 mn). Contribution to group revenue, from the different business segments is provided in note 18.2 to the financial statements on page 46.

Auditors' Report

The Auditor's Report on the Financial Statements is given on page 31 of the Annual Report

Business Review

Operation of the Company and the Group during the financial year and the results of those operations are described in the Chairman's and Chief Executive Officers' statements on pages 5 and 7.

Results and Appropriations

The profit after tax of the Company was Rs. 159 mn (2008 - Rs. 255 mn) whilst the group profit attributable to equity holders of the parent for the year was Rs. 128 mn (2008 - Rs. 135 mn).

Results of the company and of the group are given in the income statement on page 33.

Dividend

The total dividend pay-out was Rs. 10.00 (2008 - Rs. 7.00) per share during the year amounting to Rs. 152 mn (2008 - Rs. 106 mn).

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 final dividend of Rs.5/- per share for the year ended 31st March 2009 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 recognized as a liability as at 31st March 2009

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 from the auditors, prior to approving a final dividend of Rs. 5/- per share for this year. The final dividend will be paid on 18th June 2009 to those shareholders on the register as at 9th June 2009.

Detailed description of the results and appropriations are given below.

Profits	Group		Company	
	2008/09 Rs. 000's	2007/08 Rs. 000's	2008/09 Rs. 000's	2007/08 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	201,746	258,587	224,806	313,295
From which has to be deducted the provision for taxation of Leaving a net profit on ordinary activities after taxation of	(74,861)	(112,344)	(66,236)	(58,137)
From which the amount attributable to Minority Interest was (deducted)/added	126,885	146,243	158,570	255,158
And after the balance brought forward from the previous year was added	1,230	(11,280)	-	-
The amount available for appropriation was	914,984	886,421	787,507	638,749
	1,043,099	1,021,384	946,077	893,907
Appropriations				
And a Final Dividend of Rs. 10/- per share paid for (2007/08) in July 2008	(152,000)	-	(152,000)	-
Interim Dividend of Rs. 7/- per share was paid for 2007/08 on 17/01/2008	-	(106,400)	-	(106,400)
Leaving a balance to be carried forward to the next year of	891,099	914,984	794,077	787,507

Annual Report of the Board of Directors Contd.

Accounting Policies

Details of accounting policies have been discussed in pages 36 to 39 of the financial statements. There have been no changes in the Accounting Policies for the Company or the Group.

Donations

Total donations made by the Company and group during the year amounted to Rs. 1.4 mn (2008 - Rs. 3.6 mn) and Rs. 1.4 mn (2008 - Rs. 5.7 mn), respectively, of these, the donations to approved charities were Rs. 1.4 mn (2008 - Rs. 3.5 mn) at company and Rs. 3.8 mn (2008 Rs. 5.50 mn) at group. The amounts do not include contributions on account of corporate social responsibility (CSR) initiatives.

The John Keells Social Responsibility 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 programmes 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 Social Responsibility Foundation was Rs. 2.4 mn (2008 Rs. 2.1 mn) and the groups contribution was Rs. 3.9 mn (2008 3.5 mn) respectively.

Property, Plant and Equipment

The book value of property, plant and equipment as at the balance sheet date amounted to Rs. 37 mn (2008 - Rs. 50 mn) and Rs. 180 mn (2008 - Rs. 204 mn) for the Company and group respectively.

Capital expenditure for the Company and group amounted to Rs. 1 mn (2008 - Rs. 13 mn) and Rs. 6 mn (2008 - Rs. 15 mn), respectively. Details of property, plant and equipment and their movements are given in note 2 to the financial statements on page 40.

Market Value of Properties

All properties classified as investment property were valued in accordance with the requirements of SLAS 40

(2005) Investment Property. The carrying value of investment property of the company and group amounted to Rs. 696 mn (2008 - Rs. 662 mn) and Rs. 696 mn (2008 - Rs. 662 mn) respectively. The investment property was revalued by Mr. P.B. Kalugalagedra as at 31 March 2009.

Details of the valuation of investment property is provided in note 3 to the financial statements on pages 41.

The real estate portfolio of the group as at 31 March 2009 is disclosed on page 41.

Investments

Investments of the company and the group in subsidiaries, associates, and other external investments amounted to Rs. 172 mn (2008 - Rs. 156 mn) and Rs. 71 mn (2008 - Rs. 46 mn), respectively.

Detailed description of the long term investments held as at the balance sheet date, are given in note 5 to the financial statements on page 42.

Stated Capital

The total stated capital of the Company as at 31 March 2009 was Rs. 152 mn comprising 15.2mn shares (2008 - Rs. 152 mn).

Stock Market Information

An ordinary share of the Company was quoted on the Colombo stock Exchange at Rs.62/- as at 31st March 2009 (31st March 2008 - Rs 90/-). Information relating to public holding, earnings, dividend, net assets, market value per share and share trading is given in "Key Figures and Ratios" on pages 56 to 57 and in the Shareholders Information Section on page 54 to 55.

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

Substantial Shareholdings

Details of the twenty largest shareholders of the Company and the percentages held are given on page 55 of the Annual Report. The distribution schedule of the shareholders and public holdings are disclosed on page 54 of this report

Directors & CEO's Holdings in Shares

Name of Director	Number of shares	
	As at 31/03/2009	As at 31/03/2008
S.C. Ratnayake	NIL	NIL
A.D. Gunewardene	NIL	NIL
G.S.A. Gunesekera	NIL	NIL
J.R.F. Peiris	NIL	NIL
T. de Zoysa	NIL	NIL
K.D.W. Ratnayaka	NIL	NIL
Ms. Y.A. Hansen	NIL	NIL
Ms. S.T. Ratwatte	NIL	NIL
S.C. Munasinghe (CEO)	NIL	NIL

Reserves

Total reserves as at 31 March 2009 for the company and group amounted to Rs. 898 mn (2008 - Rs. 892 mn) and Rs. 1008 mn (2008 - Rs. 1032 mn), respectively.

The movement and composition of the capital and revenue reserves is disclosed in The statement of changes in equity on page 34.

Directorate

The Board of directors of the Company as at 31st March 2009 are listed below. Their brief profiles are given on pages 10 to 11 of this report.

Directors of John Keells PLC

S.C. Ratnayake – Chairman
A.D. Gunewardene
G.S.A. Gunesekera
J.R.F. Peiris
T.de. Zoysa
K.D.W. Ratnayaka
Ms. Y.A. Hansen
Ms. S.T. Ratwatte

Directors of subsidiary Companies

John Keells Stock Brokers (Private) Limited

A.D. Gunewardene
S.C. Ratnayake
J.R.F. Peiris
K.N.J. Balendra

John Keells Warehousing (Private) Limited

S.C. Ratnayake
G.S.A. Gunasekera
J.R.F. Peiris

Board Committees

The following members serve on the Board Audit Committee;

Audit Committee
T. de Zoysa - Chairman
K.D.W. Ratnayaka
Ms. Y.A. Hensen
Ms. S.T. Ratwatte

The report of the Audit Committee is given on page 30 of this report.

RETIREMENT OF DIRECTORS BY ROTATION OR OTHERWISE AND THEIR RE-ELECTION

Mr. J.R.F. Peiris and T. De Zoysa retire by rotation in terms of Article 83 of the Articles of Association of the company, and being eligible offer themselves for re-election.

As announced on 6th April 2009, Mr G S A Gunasekera has advised the board that he shall be resigning from the Board of Directors from 30th June 2009 upon his retirement from John Keells Holdings PLC

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 interests 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 2009.

Directors' Remuneration

Details of the remuneration and other benefits received by the directors are set out on page 47 of the financial statements.

Employment

The number of persons employed by the Company and group as at 31 March 2009 was 109 (2008 - 133) and 140 (2008 - 158), respectively.

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

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 31 March 2009 the trade and other payables of the Company and group amounted Rs. 300 mn (2008 - Rs. 204 mn) and Rs. 342 mn (2008 - Rs. 743 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.

Corporate Governance

Corporate Governance practices and principles with respect to the management and operations of the

Company is set out on page 19 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:

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

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 25.3 to the financial statements on page 50, covering contingent liabilities.

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 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

Annual Report of the Board of Directors Contd.

the involvement of the risk review and control department 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.

Events Occurring after The Balance Sheet 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 28 to the financial statements on page 51.

Going Concern

The Directors are satisfied that the Company, its subsidiaries and associates, have adequate resources to continue in operational existence for the foreseeable future, to justify adopting the going concern basis in preparing these financial statements.

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.

A total amount of Rs. 1.0 mn (2008 – Rs. 0.8 mn) by the company and Rs. 1.6 mn (2008 – Rs. 1.4 mn) by the group has been paid out as audit fees. 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 30.

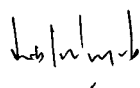
Annual Report

The Board of Directors approved the consolidated financial statements on 29th May 2009. 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 HR Auditorium, (Ground Floor) of John Keells PLC, No. 130, Glennie Street, Colombo 2, on 29th June 2009 (Monday) at 10.30 a.m. The notice of the annual general meeting appears on page 59.

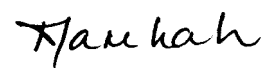
By Order of the Board



Chairman



Director



Keells Consultants Ltd.

Secretaries

29th May 2009

Historical 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 & Co. By this time, business was growing quite rapidly in tea, shares, oil and exchange.

1948 E. John & Co., amalgamated with two London Tea Broking firms, William Jas and Hy Thompson & 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 & Co. Ltd., amalgamated with Keells & Waldock Ltd. The name was changed to John Keells Thompson White Ltd. This Company had its office in the National Mutual Insurance Company building in Chatham Street. The first 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 & Company which was initially used as a warehouse.

1962 The firm moved to the sixth floor of the then newly constructed Ceylinco House

1966 The initial step towards diversification of the activities of the Company was taken with the acquisition of Ceylon Mineral Waters Ltd.,

1970 M.C. Bostock was elected 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 & 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 & Hoteliers Ltd.

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

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

Financial Review

30	Audit Committee Report
31	Auditors' Report
32	Balance Sheet
33	Income Statement
34	Statement of Changes in Equity
35	Cash Flow Statement
36	Notes to the Financial Statements

Audit Committee Report

Composition of the Audit Committee

The Audit Committee consists of four independent non-executive directors. The members of the committee are proven and recognized experts in their respective fields and bring their collective business expertise to bear in the deliberations of the committee. There is one Senior Management Accountant on the Committee. The Head of the Group Risk and Control Review of John Keells Holdings PLC serves as the Secretary to the Committee.

Meetings

The committee met on five occasions during the year. The Executive Director, Chief Executive Officer, and Head of Finance attend meetings of the committee by invitation. The External Auditors and the Internal Auditors attend meetings when matters pertaining to their functions are taken for discussion.

Terms of Reference

The committee is governed by the specific terms of reference set out in the Audit Committee Charter.

The Audit Committee is empowered to

- Review the appropriateness of the procedures in place for the identification, evaluation and management of risk.
- To ensure that systems of internal control are soundly conceived and effectively administered.
- To ensure that there are proper plans for control prior to the commencement of major areas of business changes and for the monitoring of such changes.
- To be satisfied that the Group Risk and Control Review strategies, plans, manning and organization for internal auditing and the methodologies promulgated as best practice are carried out
- To review findings of internal audit reports and follow up action by Management
- Ensure and strengthen the independence and objectivity of the External Auditors

- Review and ensure the integrity of financial statements

The proceedings of the Audit Committee are regularly reported to the Board of Directors.

Summary of Activities

- The Committee reviewed the effectiveness of internal financial controls to ensure that the financial reporting system can be relied on in the preparation and presentation of quarterly and annual financial statements. The Committee reviewed the appropriateness of the accounting policies adopted by the Company and ensured that these were aligned to best business practices and in compliance with Sri Lanka Accounting Standards
- The Committee reviewed the quarterly and year-end financial statements and the reports thereon and recommended their adoption to the Board.
- The Committee met with the independent internal auditors to consider their reports and management's responses thereto and discussed and determined their future scope of work. The committee reviewed the internal audit reports and has received assurance that significant internal control and accounting issues reported therein have been addressed by the management.
- During the course of the year the Committee reviewed the process of Risk Management. Key risks that could impact operations have been identified and, to the extent possible, systems and controls put in place to minimize the impact of such risks.
- The Committee obtained quarterly operations and financial compliance declarations from the respective business units confirming compliance with group policies and procedures and highlighting departures, if any, together with reasons,

- The Committee reviewed the External Auditors' audit plan and met with the auditors at the conclusion of their annual audit to assess their report on the audit and discuss in particular matters relating to the quality of information, co-operation and representations received from the management. The committee is satisfied that the internal guidelines followed by the External Auditors ensure their independence.
- The Committee receives direct reports from the External Auditors on their audit findings and provides a forum for the impartial review of these reports. The Committee reviewed the External Auditor's management letter and examined the actions taken by the management in response.

Conclusion

The Audit Committee is satisfied that a control environment arising from the effectiveness of the organisational structures and compliance with laid down accounting and operational policies are prevalent. By their very nature, these controls provide reasonable, but not absolute, assurance that the financial position of your Company is well managed, and to the extent possible, systems are in place to minimize the impact of identifiable risks.

The Audit Committee has recommended to the Board of Directors that Messrs. Ernst & Young be re-appointed as Auditors for the financial year ending 31st March 2010, subject to the approval of the shareholders at the next Annual General Meeting.



Deshabandu Tilak de Zoysa
Chairman, Audit Committee
29th May 2009

Other members – Mr. Karvan Ratnayaka, Ms. Yolande Anne Hansen and Ms. Sharmini T. Ratwatte.

Auditors' Report



Chartered Accountants

201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : (0) 11 2463500
Fax Gen : (0) 11 2697369
Tax : (0) 11 5578180
eysl@lk.ey.com

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JOHN KEELLS PLC

Report on the Financial Statements

We have audited the accompanying financial statements of John Keells PLC ("Company"), the consolidated financial statements of the Company and its subsidiaries which comprise the balance sheets as at 31 March 2009, the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

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

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2009 and the financial statements give a true and fair view of the Company's state of affairs as at 31 March 2009 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at 31 March 2009 and the profit and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

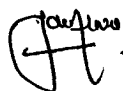
In our opinion, these financial statements also comply with the requirements of Sections 151(2) and 153(2) to 153(7) of the Companies Act No. 07 of 2007.

Colombo.
29th May 2009

Balance Sheet

As at 31st March	Note	GROUP		COMPANY	
		2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	2	180,040	203,587	36,892	50,082
Investment Properties	3	696,250	661,719	696,250	661,719
Leasehold Property	4	45,647	46,736	-	-
Investments in Subsidiaries	5	-	-	120,380	120,380
Investments in Associates	5	43,844	34,437	24,000	24,000
Other Investments	5	27,534	11,295	27,534	11,295
Other Non Current Assets	6	24,378	15,849	12,445	9,784
Deferred Tax Asset	7	9,058	2,413	-	-
Deposits With Colombo Stock Exchange		16,500	5,000	-	-
		<u>1,043,251</u>	<u>981,036</u>	<u>917,501</u>	<u>877,260</u>
Current Assets					
Inventories	8	2,796	1,848	2,693	1,717
Trade & Other Receivables	9	472,580	1,010,951	438,287	475,884
Other Recoverables - Short Term Deposits		2,810	2,796	2,810	2,796
Amounts Due From Related Parties	27.1	12,760	11,288	12,808	11,360
Short Term Investment	10.1	92,000	175,500	-	-
Cash and Bank	10.1	185,702	110,722	178,894	105,531
		<u>768,648</u>	<u>1,313,105</u>	<u>635,492</u>	<u>597,288</u>
Total Assets		<u>1,811,899</u>	<u>2,294,141</u>	<u>1,552,993</u>	<u>1,474,548</u>
EQUITY AND LIABILITIES					
Equity Attributable to Equity Holders of the Parent					
Stated Capital	11	152,000	152,000	152,000	152,000
Revenue Reserves	12	1,008,399	1,032,284	898,077	891,507
		<u>1,160,399</u>	<u>1,184,284</u>	<u>1,050,077</u>	<u>1,043,507</u>
Minority Interest	13	21,278	30,908	-	-
Total Equity		<u>1,181,677</u>	<u>1,215,192</u>	<u>1,050,077</u>	<u>1,043,507</u>
Non-Current Liabilities					
Interest Bearing Loans & Borrowings	17	55,083	66,390	-	-
Deferred Tax Liabilities	14	59,171	49,345	55,512	46,590
Retirement Benefit Obligations	15	44,331	40,479	30,878	29,394
		<u>158,585</u>	<u>156,214</u>	<u>86,390</u>	<u>75,984</u>
Current Liabilities					
Trade and Other Payables	16	342,391	743,119	299,944	203,995
Income Tax Payable		15,531	31,702	15,546	24,650
Amounts due to Related Parties	27.2	1,673	3,197	1,189	3,143
Interest Bearing Loans & Borrowings	17	101,307	9,093	90,000	-
Bank Overdrafts	10.2	10,735	135,624	9,847	123,269
		<u>471,637</u>	<u>922,735</u>	<u>416,526</u>	<u>355,057</u>
Total Equity and Liabilities		<u>1,811,899</u>	<u>2,294,141</u>	<u>1,552,993</u>	<u>1,474,548</u>

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




Ms. T. De Alwis
Chief Financial Officer

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



S.C. Ratnayake
Chairman



J.R.F. Peiris
Director

The accounting policies and notes on pages 36 through 51 form an integral part of the financial statements.

29th May 2009
Colombo

Income Statement

Year ended 31st March	Note	Group		Company	
		2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
Revenue	18	607,949	641,348	457,023	409,215
Cost of Sales		(234,669)	(200,058)	(164,914)	(131,151)
Gross Profit		373,280	441,290	292,109	278,064
Dividend Income	19.1	1,462	1,044	52,402	166,356
Other Operating Income	19.2	28,715	31,212	3,132	5,330
Distribution Expenses		(8,767)	(24,311)	(5,124)	(21,647)
Administrative Expenses		(177,164)	(173,246)	(106,880)	(97,090)
Finance Expenses	20	(60,668)	(34,597)	(45,364)	(17,718)
Share of Associate Company Profit		10,357	17,195	-	-
Change in fair value of investment property		34,531	-	34,531	-
Profit Before Tax	21	201,746	258,587	224,806	313,295
Income Tax Expense	22	(74,861)	(112,344)	(66,236)	(58,137)
Profit for the Period		<u>126,885</u>	<u>146,243</u>	<u>158,570</u>	<u>255,158</u>
Attributable to:					
Equity Holders of the Parent		128,115	134,963		
Minority Interest		(1,230)	11,280		
		<u>126,885</u>	<u>146,243</u>		
Earning Per Share -Basic	23	8.43	8.88		
Dividends Per Share -Gross	24	10.00	7.00		

Figures in brackets indicate deductions.

The accounting policies and notes on pages 36 through 51 form an integral part of the financial statements.

Statement of Changes in Equity

Year ended 31st March 2009							
Group	Note	Stated Capital Rs.000's	General Reserve Rs.000's	Accumulated Profit Rs.000's	Total Rs.000's	Minority Interest Rs.000's	Total Rs.000's
Balance as at 31 March 2007		152,000	117,300	886,421	1,155,721	21,548	1,177,269
Net Profit for the year				134,963	134,963	11,280	146,243
Interim Dividend -2007/2008	24			(106,400)	(106,400)		(106,400)
Subsidiary Dividends to Minority Shareholders						(1,920)	(1,920)
Balance as at 31 March 2008		<u>152,000</u>	<u>117,300</u>	<u>914,984</u>	<u>1,184,284</u>	<u>30,908</u>	<u>1,215,192</u>
Net Profit for the year				128,115	128,115	(1,230)	126,885
Final Dividend -2007/2008	24			(152,000)	(152,000)		(152,000)
Subsidiary Dividends to Minority Shareholders						(8,400)	(8,400)
Balance as at 31 March 2009		<u>152,000</u>	<u>117,300</u>	<u>891,099</u>	<u>1,160,399</u>	<u>21,278</u>	<u>1,181,677</u>

Company	Note	Stated Capital Rs.000's	General Reserve Rs.000's	Accumulated Profit Rs.000's	Total Rs.000's
Balance as at 31 st March 2007		152,000	104,000	638,749	894,749
Profit for the Period		-	-	255,158	255,158
Interim Dividend Paid - 2007/2008	24	-	-	(106,400)	(106,400)
Balance as at 31 March 2008		<u>152,000</u>	<u>104,000</u>	<u>787,507</u>	<u>1,043,507</u>
Profit for the Period		-	-	158,570	158,570
Final Dividend Paid - 2007/2008	24			(152,000)	(152,000)
Balance as at 31 March 2009		<u>152,000</u>	<u>104,000</u>	<u>794,077</u>	<u>1,050,077</u>

The accounting policies and notes on pages 36 through 51 form an integral part of the financial statements.

Cash Flow Statement

Year ended 31st March	Note	Group		Company	
		2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
CASH FLOW FROM /(USED IN) OPERATING ACTIVITIES					
Operating Profit Before working Capital Changes	A	227,705	280,169	201,742	177,610
(Increase)/ Decrease in Inventories		(948)	796	(976)	835
(Increase)/Decrease in Trade and Other Receivables		538,371	(554,795)	37,597	(179,431)
(Increase)/Decrease in Other Non Current Assets		(8,529)	(7,119)	(2,661)	(1,189)
(Increase)/Decrease in Short Term Deposits		(11)	(50)	(11)	(50)
(Increase) /Decrease in Amounts Due from Related Parties		(1,472)	9,244	(1,450)	9,173
Increase/ (Decrease) in Amounts Due to Related Parties		(1,524)	(2,865)	(1,953)	(3,383)
Increase /(Decrease) in Trade and Other Payables		(400,730)	393,418	95,947	13,755
Cash Generated from Operations		<u>352,862</u>	<u>118,798</u>	<u>328,235</u>	<u>17,320</u>
Finance Expenses Paid	20	(60,668)	(34,597)	(45,364)	(17,718)
Income Tax Paid		(86,905)	(78,480)	(66,421)	(43,926)
Retirement Benefit Cost Paid (Net)	15	(3,880)	(8,352)	(3,529)	(8,187)
Deposits made with Colombo Stock Exchange		(11,500)	15,000	-	-
Net Cash Flows from/(Used in) Operating Activities		<u>189,909</u>	<u>12,369</u>	<u>212,921</u>	<u>(52,511)</u>
CASH FLOWS FROM /(USED IN) INVESTING ACTIVITIES					
Acquisition of Property, Plant & Equipment	2	(5,737)	(15,297)	(1,157)	(13,203)
Acquisition of Investment Properties		-	(2,008)	-	(2,008)
Purchase of Rights Issue- Keells Food Products PLC	5.4	(16,239)	-	(16,239)	-
Proceeds from Sale of Property, Plant & Equipment		55	2,398	55	2,360
Interest Received	19.2	26,412	27,381	803	1,519
Dividend Received		1,462	160,884	52,402	166,356
Net Cash Flows from/(Used in) Investing Activities		<u>5,953</u>	<u>173,358</u>	<u>35,864</u>	<u>155,024</u>
CASH FLOWS FROM /(USED IN) FINANCING ACTIVITIES					
Repayment of Interest Bearing Borrowings	17	(9,093)	(4,636)	-	-
Proceeds from short term borrowings	17	90,000	-	90,000	-
Dividends Paid	24	(152,000)	(106,400)	(152,000)	(106,400)
Dividends Paid to Minority Shareholders		(8,400)	(1,920)	-	-
Net Cash Flows (Used in) Financing Activities		<u>(79,493)</u>	<u>(112,956)</u>	<u>(62,000)</u>	<u>(106,400)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		116,369	72,771	186,785	(3,887)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	10.3	150,598	77,827	(17,738)	(13,851)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10.3	<u>266,967</u>	<u>150,598</u>	<u>169,047</u>	<u>(17,738)</u>
A					
Operating Profit Before Working Capital Changes					
Profit Before Tax		201,746	258,587	224,806	313,295
Adjustments for					
Associate Companies Share of Profit	5.3	(10,357)	(17,195)	-	-
Depreciation	21	28,689	28,704	13,752	13,662
Amortisation of Lease Charges	4.1	1,089	1,089	-	-
Change in fair value of investment property	3	(34,531)	-	(34,531)	-
(Profit)/Loss on Sale of Property, Plant & Equipment		543	(2,144)	543	(2,107)
Provision for Retirement Gratuity	15	7,732	4,956	5,013	2,917
Interest Income	19.2	(26,412)	(27,381)	(803)	(1,519)
Investment Income	19.1	(1,462)	(1,044)	(52,402)	(166,356)
Finance Expenses	20	60,668	34,597	45,364	17,718
		<u>227,705</u>	<u>280,169</u>	<u>201,742</u>	<u>177,610</u>

The accounting policies and notes on pages 36 through 51 form an integral part of the financial statements.

Notes to the Financial Statements

ACCOUNTING POLICIES

1. CORPORATE INFORMATION

1.1. General

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 and the principal place of business of the Company is situated at No. 130, Glennie Street, Colombo 2.

1.1.1. Principal Activities and Nature of Operations

During the year, the principal activities of the Company and its Subsidiaries (Group) were the broking of tea and rubber, renting office space and warehouse space and the provision of stock broking activities.

1.1.2. Parent Enterprise

The Company's parent and controlling party is John Keells Holdings PLC., which is incorporated in Sri Lanka.

1.1.3. Date of Authorisation for Issue

The Financial Statements of John Keells PLC., for the year ended 31st March 2009, were authorised for issue in accordance with a resolution of the Board of Directors on 29th May 2009.

1.1.4. Companies in the Group

a) Subsidiaries

All companies in the Group whose Financial Statements have been included in the Consolidated Financial Statements are listed below.

John Keells Warehousing (Pvt) Ltd.
John Keells Stock Brokers (Pvt) Ltd.

b) Associate

The results of the Associate Company Keells Realtors Ltd., have been included in the Consolidated Financial Statements on the basis of the share of income accruing to the Group.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.2. General Policies

1.2.1. Basis of Preparation

The Balance Sheet, Statement of Income, and Changes in Equity and Cash Flows, together with Accounting

Policies and Notes, ("Financial Statements") have been prepared in compliance with Sri Lanka Accounting Standards (SLAS) and the requirements of Companies Act No 07 of 2007.

These Financial Statements presented in Sri Lankan Rupees have been prepared, on a historical cost basis except for the revaluation of certain Property, Plant and Equipment, which have been revalued and Investment Property which are stated at market value.

1.2.2. Use of Estimates and Judgements

The preparation of financial statements in conformity with SLAS, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of SLAS that have a significant effect on the financial statements are mentioned below:

	Policy No	Note No
Property, plant and equipemnt Valuation and depreciation	1.5.1	2
Valuation of investment property	1.5.2	3
Deferred tax	1.4.b	7 & 14
Impairment of assets	1.5.4	-
Employee benefit liabilities	1.6.1	15

1.2.3. Changes in Accounting Policies and Adoption of New and Revised Sri Lanka Accounting Standards during the year

The accounting policies adopted are consistent with those of the previous financial year.

1.2.4. Comparative Information

The Accounting Policies applied by the group are, unless otherwise stated are consistent with those used in the previous year. Previous years figures and phrases have been re arranged, wherever necessary to conform to the current year's presentation

1.2.5. Events after the Balance Sheet Date

All material post balance sheet events have been considered and appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

1.3. Consolidation Policy

a) Basis of Consolidation

The consolidated financial statements include the financial statements of the company, its subsidiaries and other companies over which it has control.

The group's financial statements comprise of the consolidated financial statements of the Company and the group which have been prepared in compliance with the group's accounting policies.

All intra group balances, transactions, income and expenses and profits and losses resulting from intra group transactions are eliminated in full.

1.3.1. Subsidiaries.

Subsidiaries are those enterprises controlled by the parent. Control exist when the parent holds more than 50% of the voting rights or otherwise has a controlling interest.

Subsidiaries are controlled from the date the parent obtains control until the date that control ceases.

The total profits and losses for the period , of the Company and of its subsidiaries included in consolidation and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the consolidated income statement and balance sheet respectively.

Minority interest which represents the portion of profits or losses and net assets not held by the group , are shown as a component of profit for the period in the income statement and as a component of equity in the consolidated balance sheet, separately from parent shareholders' equity.

The consolidated cash flow statement includes the cash flows of the company and its subsidiaries.

All Companies included in the Group have a common financial year, which ends on March 31.

1.3.2. Associate

Associates are those investments over which the group has significant influence and holds 20% to 50% of the equity and which are neither subsidiaries nor joint ventures of the group.

The investments in associate, is carried in the balance sheet at cost plus post acquisition charges in the group's share of net assets of the associate. 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 income statement reflects the share of the results of operations of associate. Where there has been a charge recognised directly in the equity of the associate, the group recognises

its share of any changes in the statement of changes in equity.

When the group's share of losses in an associate equals or exceeds the interest in the undertaking, the group does not recognise further losses unless it has incurred obligations or made payments on behalf of the entity.

The accounting policies of the associate Company conform to those used for similar transactions of the group.

The group ceases to use the method of accounting on the date from which it no longer has significant influence in the associate.

1.4. Tax

a) Current Taxes

The provision for Income Tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax statutes.

b) Deferred Tax

Deferred Taxation is the tax attributable to the temporary difference that arise when taxation authorities recognise and measure assets and liabilities with rules, that differ from those of the consolidated financial statements.

Deferred Tax is provided on the Liability Method on temporary differences at the balance sheet between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred Tax liabilities are recognised for all taxable temporary differences, Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry- forward of unused tax credits and unused tax losses can be utilised.

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 balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally, enforceable right exist to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised directly in equity is recognised in equity.

1.5. Valuation of Assets and Their Bases of Measurement

1.5.1. Property, Plant and Equipment a) Cost and Valuations

Property, Plant and Equipment is stated at cost or fair value less accumulated depreciation and any accumulated impairment in value.

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.

All items of Property, Plant and Equipment are initially recorded at cost. Where items of Property, Plant and Equipment are subsequently revalued, the entire class of such assets are revalued at fair value. The Group has adopted a policy of revaluing assets every 5 years, except for property held for rental and occupied mainly by Group companies, which are revalued every 3 years.

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation reserve, unless it reverses a previous deficit on the same asset recognised as an expense. Any revaluation deficit that off sets a previous surplus in the same asset is directly offset against the surplus in the revaluation reserve or recognised as an expense. Upon disposal, any revaluation reserve relating to the asset sold is transferred to retained earnings.

b) Depreciation

Provision for depreciation is calculated by using the straight-line method on

Notes to the Financial Statements Contd.

the cost or valuation of all Property, Plant and Equipment other than Freehold Land in order to write off such amounts, over the estimated useful economic life of such assets. The estimated useful life of assets, are as follows:

Building on Leasehold Land	over 50 years
Plant and Machinery	over 10 years
Furniture and Fittings	over 8 years
Motor Vehicles	over 5 years
Office Equipment	over 6 years
Computer Equipment	
- Hardware	over 5 years
- Software	over 3 years
Others	over 5 years

c) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as Operating Leases. Rentals paid under operating leases are recognised as an expense in the Income Statement on a straight-line basis over the lease term.

1.5.2. Investment Property

Properties held to earn rental income, and properties held for capital appreciation have been classified as investment property.

Investment properties are initially recognised at cost. Subsequent to initial recognition the investment properties are stated at fair values, which reflect market conditions at the balance sheet date.

Gains or losses arising from changes in fair value are included in the income statement in the year in which they arise.

Investment properties are de-recognised 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 investment property, when there is a change in use evidenced by ending of owner, occupation, commencement of an operating lease to another party or

ending of construction or development. Transfers, are made from investment property, when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

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 as per SLAS 18 (Revised) Property, Plant and Equipment.

1.5.3. Investments

All quoted and unquoted securities, which are held as Non-Current investments, are valued at cost. The cost of the investment is the cost of acquisition inclusive of brokerage and cost of transactions. The carrying amount, of Long Term Investments are reduced to recognise a decline which is considered other than temporary, in the value of investments, determined on an individual investment basis.

In the Company's Financial Statements, investments in Subsidiaries and Associate Company have been accounted for at cost, net of any impairment losses which are charged to the income statement. Income from these investments is recognised only to the extent of dividends received.

1.5.4. Impairment of 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 assets recoverable amount. An asset's recoverable amount is the higher of an asset's cash generating unit's fair value less cost to sell or 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 for impairment losses in respect of property, plant and equipment are recognised against the revaluation to 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 recognised impairment losses may no longer exist or may have decreased. Previously recognised impairment losses other than in respect of goodwill, are reversed only if there has been an increase in the recoverable amount of the asset. Such increase is recognised to the extent of the carrying amount had no impairment losses been recognised previously.

1.5.5. Inventories

Building materials, consumables and spares are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business.

The cost incurred in bringing inventories to its present location and condition, are accounted as follows:-

Building Materials – On a weighted average basis

Consumables and Spares – On a weighted average basis

1.5.6. Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realise net of provision for bad and doubtful receivables.

A provision for doubtful debts is made when the debt exceeds 180 days. And collection of the full amount is no longer probable, Bad debts are written off when identified.

1.5.7. Short – term Investment

Treasury bills and other interest bearing securities held for resale in the near future to benefit from short – term market movements are accounted for at cost plus the relevant proportion of the discounts or premiums.

1.5.8. Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short term deposits with a maturity of 3 months or less, net of outstanding bank overdrafts.

1.6. Liabilities and Provisions

1.6.1. Defined Benefits Plans – Gratuity

The liability recognised in the balance sheet is the present value of the defined benefit obligation at the balance sheet date using the projected unit credit method.

1.6.2. Defined Contribution Plans – Employees’ Provident Fund and Employees’ Trust Fund

Employees are eligible for Employees’ Provident Fund contribution and Employees’ Trust Fund contribution in line with Respective Statutes and Regulations. The Company contributes defined percentages of gross emoluments of employees to an approved Employees’ Provident Fund and to the Employees’ Trust Fund respectively, which are externally funded.

1.6.3. Provision for Contingent Assets and Contingent Liabilities

Provisions are made for all obligations (legal or constructive) existing as at the Balance Sheet date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

All contingent liabilities are disclosed as a note to the Financial Statements unless the outflow of resources is remote.

All contingent assets are disclosed where the inflow of economic benefit is probable.

1.7. Income Statement

1.7.1. Revenue Recognition

Revenue is recognised to the extent 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 the purpose of recognition of revenue.

a) Brokerage Income

Brokerage Income is recognised on an accrual basis on the contractual date. Brokerage Income in respect of forward sales contracts are recognised at the point of delivery of goods.

b) Rendering of Services

Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.

c) Interest Income

Interest Income is recognised on an accrual basis.

d) Dividend Income

Dividend Income is recognised on a cash basis.

e) Rental Income

Rental Income is recognised on an accrual basis.

f) Gains and Losses

Net gains and losses of a revenue nature on the disposal of Property, Plant and Equipment and other non current assets including investments have been accounted for in the Income Statement, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from incidental activities to 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.

g) Others

Other Income is recognised on an accrual basis.

1.7.2. Expenditure Recognition

a) Expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific

item 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 in arriving at the profit for the year.

b) For the purpose of presentation of Income Statement the Directors are of the opinion that function of expenses method present fairly the elements of the company’s performance. Hence such presentation method is adopted.

1.7.3. Borrowing cost

Borrowing cost are recognised as an expense in the period in which they are incurred, unless they are incurred in respect of qualifying assets in which case it is capitalised.

1.8. Segment Information

1.8.1. 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.

1.8.2. 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.

Notes to the Financial Statements Contd.

2 PROPERTY, PLANT & EQUIPMENT

Group

2.1 At Cost

	Balance as at 01.04.2008 Rs.000's	Additions Rs.000's	Disposals/ Retirements Rs.000's	Balance as at 31.03.2009 Rs.000's
Building on Leasehold Land	121,186	-	-	121,186
Plant & Machinery	95,553	2,134	(1,092)	96,595
Furniture & Fittings	119,937	574	(32,963)	87,548
Motor Vehicles	12,249	268	(677)	11,840
Computer Equipment	49,981	2,761	(5,517)	47,225
Office Equipment	10,712	-	(5,421)	5,291
Others	11,542	-	(463)	11,079
Total Value of Assets	<u>421,160</u>	<u>5,737</u>	<u>(46,133)</u>	<u>380,764</u>

2.2 Depreciation

At Cost	Balance as at 01.04.2008 Rs.000's	Charge for the year Rs.000's	Disposals/ Retirements Rs.000's	Balance as at 31.03.2009 Rs.000's
Building on Leasehold Land	13,852	2,384	-	16,236
Plant & Machinery	58,885	8,716	(1,087)	66,514
Furniture & Fittings	83,593	9,121	(32,543)	60,171
Motor Vehicles	6,962	1,208	(578)	7,592
Computer Equipment	39,617	4,714	(5,494)	38,837
Office Equipment	9,051	520	(5,420)	4,151
Others	5,613	2,026	(416)	7,223
Total Depreciation	<u>217,573</u>	<u>28,689</u>	<u>(45,538)</u>	<u>200,724</u>

2.3 Net Book Value of Assets

	2009 Rs.000's	2008 Rs.000's
At Cost	180,040	203,587
Total carrying amount of Property, Plant & Equipment	<u>180,040</u>	<u>203,587</u>

Company

2.4 At Cost

	Balance as at 01.04.2008 Rs.000's	Additions Rs.000's	Disposals/ Retirements Rs.000's	Balance as at 31.03.2009 Rs.000's
Plant & Machinery	64,153	113	(1,092)	63,174
Furniture & Fittings	67,512	-	(32,963)	34,549
Motor Vehicles	12,249	268	(677)	11,840
Computer Equipment	34,617	776	(5,369)	30,024
Office Equipment	7,180	-	(5,421)	1,759
Others	11,244	-	(462)	10,782
Total Value of Assets	<u>196,955</u>	<u>1,157</u>	<u>(45,984)</u>	<u>152,128</u>

2.5 Depreciation

At Cost	Balance as at 01.04.2008 Rs.000's	Charge for the year Rs.000's	Disposals/Retirements Rs.000's	Balance as at 31.03.2009 Rs.000's
Plant & Machinery	44,339	5,553	(1,087)	48,805
Furniture & Fittings	53,760	2,687	(32,543)	23,904
Motor Vehicles	6,963	1,208	(578)	7,593
Computer Equipment	29,446	2,510	(5,345)	26,611
Office Equipment	6,989	86	(5,420)	1,655
Others	5,376	1,708	(416)	6,668
Total Depreciation	<u>146,873</u>	<u>13,752</u>	<u>(45,389)</u>	<u>115,236</u>

2.6 Net Book Value of Assets

	2009 Rs.000's	2008 Rs.000's
At Cost	<u>36,892</u>	<u>50,082</u>
Total carrying amount of Property, Plant & Equipment	<u>36,892</u>	<u>50,082</u>

3. INVESTMENT PROPERTIES

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
At the beginning of the year	661,719	657,230	661,719	657,230
Additions	-	2,008	-	2,008
Transfers from Capital WIP	-	2,481	-	2,481
Change in fair value during the year	34,531	-	34,531	-
At the end of the year	<u>696,250</u>	<u>661,719</u>	<u>696,250</u>	<u>661,719</u>

3.1 The Details of Investment Properties of the Group are disclosed below.

Owner Company/Location	Area (Bldgs.) Sq .Ft.	Land in Acres F/hold	L/hold	Valuation (Rs 000's)	Date	Name of Valuer
John Keells PLC 130,Glennie Street, Colombo 2	122,338	1.78	0.58	636,000	31/03/09	Mr P B Kalugalagedera (Chartered Valuer)
50, Minuwangoda Road Ekala, Ja- Ela		2.64	-	59,000	31/03/09	Mr P B Kalugalagedera (Chartered Valuer)
58, Kirulapone Avenue Colombo 5		0.08		1,250	31/03/09	Mr P B Kalugalagedera (Chartered Valuer)

Investment Properties are stated at fair value which has been determined based on a valuation performed by Mr. P.B. Kalugalagedera, Chartered Valuer, using the Open Market Value method of valuation as at 31 March 2009.

Rental income earned from investment properties by the Company amounts to Rs 64,193,190/- (2008 - Rs 62,137,822/-)

Direct operating expenses incurred amounted to Rs 17,763,696/- (2008 - Rs 35,328,553/-)

Notes to the Financial Statements Contd.

4. LEASEHOLD PROPERTY

4.1 Summary

	Group	
	2009 Rs.000's	2008 Rs.000's
Balance as at 1st April	46,736	47,825
Amortised during the year	(1,089)	(1,089)
Balance as at 31st March	<u>45,647</u>	<u>46,736</u>

4.2 Amortisation of Leasehold Property

	Muturajawela Land Rs.000's
To be amortised in 2010	1,089
To be amortised from 2011 - 2015	5,445
To be amortised from 2016 - 2052	39,113
	<u>45,647</u>

John Keells Warehousing (Pvt) Ltd has entered into a 50 year lease agreement with the Sri Lanka Land Reclamation and Development Corporation to lease a land in Muthurajawela for a total lease rent of Rs.54,450,000/-. The total lease liability was paid off during the year ended 31/03/2005. The total pre-paid lease rentals are being amortised over the lease period of 50 years.

4.3 Details of Leasehold Land as at 31 st March 2009

	Leasehold Property Rs 000's	Extend of Land	Period of Lease	Annual Rental/ Amortisation Rs
John Keells PLC		A - R - P		
Land facing the Beira Lake at 130, Glennie Street Colombo 2		- 2 12.64	Annual	11,610
John Keells Warehousing (Pvt) Ltd				
Land at Muthurajawela	<u>45,647</u> <u>45,647</u>	6 - -	Annual	1,089,000/-

5. LONG TERM INVESTMENTS

Summary	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
Investments in Subsidiaries (5.1)	-	-	120,380	120,380
Investments in Associates (5.2)	43,844	34,437	24,000	24,000
Other Investments (5.3)	27,534	11,295	27,534	11,295
Total Investments	<u>71,378</u>	<u>45,732</u>	<u>171,914</u>	<u>155,675</u>

5.1 Investment in Subsidiaries- Company

Non-Quoted	No. of shares		Holding %	2009		2008	
	2009 000's	2008 000's		Cost Rs.000's	Directors' Valuation Rs.000's	Cost Rs.000's	Directors' Valuation Rs.000's
John Keells Warehousing (Pvt) Ltd.	<u>12,000</u>	12,000	100%	120,000	120,000	120,000	120,000
John Keells Stock Brokers (Pvt) Ltd.	570	570	76%	380	380	380	380
				<u>120,380</u>	<u>120,380</u>	<u>120,380</u>	<u>120,380</u>

5.2 Investments in Associates - Company

Non-Quoted	No. of shares		Holding %	2009		2008	
	2009 000's	2008 000's		Cost Rs.000's	Directors' Valuation Rs.000's	Cost Rs.000's	Directors' Valuation Rs.000's
Keells Realtors Ltd.	<u>2,400</u>	2,400	32%	24,000	24,000	24,000	24,000

5.3 Summarised Financial Information of Associate - Group

	2009 Rs.000's	2008 Rs.000's
Group Share of Balance Sheet Total Assets	46,523	48,797
Group Share of Balance Sheet Total Liabilities	(2,679)	(14,360)
	<u>43,844</u>	<u>34,437</u>
Group Share of Revenue	<u>1,953</u>	<u>1,763</u>
Group Share of Profits	<u>10,357</u>	<u>17,195</u>

5.4 Other Investments

Other Investments Quoted	No. of shares		Holding %	2009		2008	
	2009 000's	2008 000's		Cost Rs.000's	Market Value Rs.000's	Cost Rs.000's	Market Value Rs.000's
Keells Food Products PLC.	788	464	9.28%	27,534	39,834	11,295	25,983
				<u>27,534</u>	<u>39,834</u>	<u>11,295</u>	<u>25,983</u>

	2009 Rs.000's	Additions Rs.000's	2008 Rs.000's
Movement in Other Investments	27,534	16,239	11,295

6. OTHER NON CURRENT ASSETS

Staff Vehicle Loan	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
At the beginning of the year	21,244	22,664	12,746	14,330
Loans Granted	17,296	6,665	7,158	4,475
Loans transferred from /(to)	3,046	(2,947)	3,046	(2,947)
Loans Recovered	(9,574)	(5,138)	(6,669)	(3,112)
	<u>32,012</u>	<u>21,244</u>	<u>16,281</u>	<u>12,746</u>
Receivable within one year	7,634	5,395	3,836	2,962
Receivable after one year	24,378	15,849	12,445	9,784
	<u>32,012</u>	<u>21,244</u>	<u>16,281</u>	<u>12,746</u>

7. DEFERRED TAX ASSET

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
At the beginning of the year	2,413	1,554	-	-
Addition / (Release)	6,645	859	-	-
At the end of the year	<u>9,058</u>	<u>2,413</u>	<u>-</u>	<u>-</u>
The closing Deferred Tax Asset				
Balance relates to the following:				
Accelerated Depreciation for tax purposes	(1,079)	(1,040)	-	-
Retirement Benefit Obligations	4,259	3,453	-	-
Losses available for offset against future taxable income	5,878	-	-	-
	<u>9,058</u>	<u>2,413</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements Contd.

8. INVENTORIES

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
Building Materials	1,010	992	1,010	993
Consumables and Spares	1,786	856	1,683	724
	<u>2,796</u>	<u>1,848</u>	<u>2,693</u>	<u>1,717</u>

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
Trade Debtors	472,988	1,011,820	447,020	485,861
Less: Provision for Doubtful Debts	(13,917)	(15,185)	(13,385)	(14,942)
Other Debtors	1,247	1,694	676	1,098
Advances and Prepayments	4,628	7,227	140	905
Loans to Executives (Note 6)	7,634	5,395	3,836	2,962
	<u>472,580</u>	<u>1,010,951</u>	<u>438,287</u>	<u>475,884</u>

10. CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT

10.1 Favourable Cash & Cash Equivalents

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
Cash & Bank Balances	185,702	110,722	178,894	105,531
Short Term Investment	92,000	175,500	-	-
	<u>277,702</u>	<u>286,222</u>	<u>178,894</u>	<u>105,531</u>
10.2 Unfavourable Cash & Cash Equivalents				
Bank Overdrafts	(10,735)	(135,624)	(9,847)	(123,269)
	<u>266,967</u>	<u>150,598</u>	<u>169,047</u>	<u>(17,738)</u>

11. STATED CAPITAL

11.1 Issued and Fully Paid

	No of Shares	Group		Company	
		2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
Opening Balance - Ordinary Shares	15,200,000	152,000	152,000	152,000	152,000
Closing Balance - Ordinary Shares	15,200,000	<u>152,000</u>	<u>152,000</u>	<u>152,000</u>	<u>152,000</u>

12. REVENUE RESERVES

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
General Reserve	117,300	117,300	104,000	104,000
Accumulated Profit	891,099	914,984	794,077	787,507
	<u>1,008,399</u>	<u>1,032,284</u>	<u>898,077</u>	<u>891,507</u>

13. MINORITY INTEREST

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
Balance at the beginning of the year	30,908	21,548		
Share of Profits/(Loss) for the year	(1,230)	11,280		
Dividend Paid	(8,400)	(1,920)		
Balance at the end of the year	<u>21,278</u>	<u>30,908</u>		

14. DEFERRED TAX LIABILITIES

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2009 Rs.000's
Balance as at the beginning of the year	49,345	46,820	46,590	44,677
Charge for the year	9,826	2,525	8,922	1,913
Balance as at the end of the year	<u>59,171</u>	<u>49,345</u>	<u>55,512</u>	<u>46,590</u>
The closing Deferred Tax Liability balance relates to the following:				
Accelerated Depreciation for Tax Purposes	15,261	17,290	6,581	8,019
Revaluation of Investment Property to Fair Value	59,738	48,859	59,738	48,859
Retirement Benefit Obligations	(11,000)	(10,471)	(10,807)	(10,288)
Others - Tax Losses	(4,828)	(6,333)	-	-
	<u>59,171</u>	<u>49,345</u>	<u>55,512</u>	<u>46,590</u>

15. RETIREMENT BENEFIT OBLIGATIONS - GRATUITY

Balance as at the beginning of the year	40,479	43,875	29,394	34,664
Provision made during the year	3,134	2,773	2,058	1,810
Interest cost for the year	4,048	4,388	2,939	3,466
Payments made during the year	(4,869)	(647)	(4,277)	(482)
Transfers during the year	989	(7,705)	748	(7,705)
(Gain)/Loss arising from changes in the assumptions or due to (over)/under provision in the previous years	550	(2,205)	16	(2,359)
Balance as at the end of the year	<u>44,331</u>	<u>40,479</u>	<u>30,878</u>	<u>29,394</u>

The employee benefit liability of John Keells PLC is based on the actuarial valuation carried out by Messrs. Actuarial & Management Consultants (Pvt) Ltd., actuaries. The employee benefit liability of all other companies in the Group are based on gratuity formula in Appendix E of SLAS 16 – Employee Benefits.

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

Discount rate	10%
Future salary Increases	10%

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2009 Rs.000's
Trade Creditors	296,327	696,249	269,903	175,260
Sundry Creditors and Accrued Expenses	46,064	46,870	30,041	28,735
	<u>342,391</u>	<u>743,119</u>	<u>299,944</u>	<u>203,995</u>

17. INTEREST BEARING LIABILITIES

	Group			Balance as at 31.03.2009 Rs.000's
	Balance as at 01.04.2008 Rs.000's	Loans Obtained during the year Rs.000's	Loans Repaid during the year Rs.000's	
Asset Backed notes payable				
Gross Liability	123,619	-	24,361	99,258
Finance Charges	(48,136)	-	(15,268)	(32,868)
Standard Chartered Bank Loan	-	90,000	-	90,000
	<u>75,483</u>	<u>90,000</u>	<u>9,093</u>	<u>156,390</u>

Notes to the Financial Statements Contd.

17. INTEREST BEARING LIABILITIES Contd.

	Group					
	2009 Amount Repayable Within 1 year Rs.000's	2009 Amount Repayable After 1 year Rs.000's	2009 Total Rs.000's	2008 Amount Repayable Within 1 year Rs.000's	2008 Amount Repayable After 1 year Rs.000's	2008 Total Rs.000's
Asset Backed Notes	11,307	55,083	66,390	9,093	66,390	75,483
Standard Chartered Bank Loan	90,000	-	90,000	-	-	-
	<u>101,307</u>	<u>55,083</u>	<u>156,390</u>	<u>9,093</u>	<u>66,390</u>	<u>75,483</u>
Gross Liability	24,362	74,896	99,258	24,361	99,258	123,619
Finance Charges Allocated to future periods	(13,055)	(19,813)	(32,868)	(15,268)	(32,868)	(48,136)
Standard Chartered Bank Loan	90,000	-	90,000	-	-	-
	<u>101,307</u>	<u>55,083</u>	<u>156,390</u>	<u>9,093</u>	<u>66,390</u>	<u>75,483</u>

18. REVENUE

18.1 Summary

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
Gross Revenue	607,949	641,348	457,023	409,215
	<u>607,949</u>	<u>641,348</u>	<u>457,023</u>	<u>409,215</u>

18.2 Segment Information

Group

	Produce Broking & Warehousing		Share Broking		Real Estate		Total	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
Segment Revenue								
Gross Revenue								
- Third Parties	439,227	390,317	82,101	163,284	14	14	521,342	553,615
- Related Parties	-	-	-	-	101,907	96,194	101,907	96,194
Inter Segment Sales					(15,300)	(8,461)	(15,300)	(8,461)
Sales to customers outside the Group	<u>439,227</u>	<u>390,317</u>	<u>82,101</u>	<u>163,284</u>	<u>86,621</u>	<u>87,747</u>	<u>607,949</u>	<u>641,348</u>
Segment Results								
Profit Before Tax	117,371	139,506	(6,898)	74,097	91,273	44,984	201,746	258,587
Taxation	(3,787)	(2,947)	1,772	(27,098)	(950)	(5,794)	(2,965)	(35,839)
Unallocated Tax							(71,896)	(76,505)
Total Tax							<u>(74,861)</u>	<u>(112,344)</u>
Profit After Tax							<u>126,885</u>	<u>146,243</u>
Segment Assets	<u>919,320</u>	<u>835,468</u>	<u>141,129</u>	<u>694,205</u>	<u>751,450</u>	<u>764,468</u>	<u>1,811,899</u>	<u>2,294,141</u>
Segment Liabilities	<u>506,418</u>	<u>464,705</u>	<u>51,559</u>	<u>564,510</u>	<u>72,245</u>	<u>49,734</u>	<u>630,222</u>	<u>1,078,949</u>
Others								
Purchase of Property Plant & Equipment	3,484	7,833	2,140	290	113	7,173	5,737	15,296
Depreciation	<u>16,463</u>	<u>15,495</u>	<u>2,193</u>	<u>2,652</u>	<u>10,033</u>	<u>10,557</u>	<u>28,689</u>	<u>28,704</u>

19.

19.1 Dividend Income

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
Income from Investments with Related Parties - Quoted	1,462	1,044	1,462	1,044
- Non-quoted	-	-	50,940	165,312
	<u>1,462</u>	<u>1,044</u>	<u>52,402</u>	<u>166,356</u>

19.2 OTHER OPERATING INCOME

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
Interest Income - Outside	26,412	27,381	803	1,519
Guarantee Fees	893	893	893	893
Profit on Sale of Fixed Assets	-	2,144	-	2,107
Sundry Income	1,410	794	1,436	811
	<u>28,715</u>	<u>31,212</u>	<u>3,132</u>	<u>5,330</u>

20. FINANCE EXPENSES

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
On Overdrafts	40,559	17,547	40,523	17,493
Interest Expense on Loans & Borrowings Payable to - Others	20,109	17,050	4,841	225
	<u>60,668</u>	<u>34,597</u>	<u>45,364</u>	<u>17,718</u>

21. Profit Before Tax

Stated after charging/(crediting)

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
Directors' Emoluments	8,656	8,317	4,800	4,717
Personal costs includes -				
- Defined Benefit Plan Costs - Gratuity	7,732	4,956	5,013	2,917
- Defined Benefit Plan Costs - EPF & ETF	16,681	14,906	10,565	9,524
- Other Staff Costs	163,664	151,562	95,861	77,059
Donations	5,341	9,221	3,841	5,711
Auditors' Fees	1,600	1,400	990	832
Depreciation	28,689	28,704	13,752	13,662
Legal Fees & Professional Charges	4,859	4,299	4,859	4,079
(Profit)/Loss on disposal of Assets	543	(2,144)	543	(2,107)

22. INCOME TAX EXPENSE

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
Current Tax on Ordinary Activities for the year (22.1)	66,020	92,310	57,314	56,224
Deferred Taxation Charge (22.2)	3,181	1,667	8,922	1,913
Tax on Dividend Income	5,660	18,367	-	-
Total Income tax Expenses	<u>74,861</u>	<u>112,344</u>	<u>66,236</u>	<u>58,137</u>

Social Responsibility Levy has been charged at the rate of 1.5% (2008 -1%) on the Income Tax Liability, which is included in the Income Tax Expense.

Notes to the Financial Statements Contd.

22.1 Reconciliation between tax expenses/(income) and the product of accounting profit.

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
Profit Before Tax	201,746	258,587	224,806	313,295
Dividend Income From Group Companies	1,462	1,044	(52,402)	(166,356)
Share of Profits From Associate Companies	(10,357)	(17,195)	-	-
Profits not charged to income tax (revaluation of Land)			(1,966)	
Aggregate Accounting Profit	192,851	242,436	170,438	146,939
Non -Taxable Receipts /Gains		-	-	-
Accounting Profit Net of Tax Free Items	192,851	242,436	170,438	146,939
Income Tax on Accounting Profit at Applicable Rates	60,912	80,258	59,663	51,428
Under/(Over) Provision for Previous Year	(179)	-	-	-
Aggregate Disallowed Expenses	6,458	7,053	5,726	6,152
Social Responsibility Levy at the Rate of 1.5% (2008 - 1%)	1,060	871	847	557
Tax on Dividend Income	5,660	18,368	-	-
Share of Associate Company Income Tax Expense	950	5,794	-	-
Total Income Tax Expenses	74,861	112,344	66,236	58,137
Income Tax charged at				
Standard Rate - CSE Listed Companies	56,466	55,666	56,467	55,667
Standard Rate - Others 35% (2007- 35%)	4,748	27,667	-	-
Concessionary Rate of 15% (2007 - 15%)	2,796	2,311	-	-
Social Responsibility Levy at the Rate of 1.5% (2008 - 1%)	1,015	871	847	557
Deferred Tax Charge	3,181	1,667	8,922	1,913
Share of Associate Company Income Tax Expenses	950	5,794	-	-
Tax on Dividend Income	5,660	18,368	-	-
1.5% SRL on Inter Company Dividends	45	-	-	-
Total Income Tax Expenses	74,861	112,344	66,236	58,137

The Group tax expenses is based on the taxable profit of each Group Company, since at present the tax laws of Sri Lanka do not provide for Group taxation.

In terms of agreement dated 14th March , 2003 entered into with the Board of Investment of Sri Lanka under section 15 of the BOI Law No 4 of 1978 John Keells Warehousing (Pvt) Ltd, is entitled to a concessionary tax rate of 15% on business profits for a period of 7 years, commencing from the year of assessment 2003/2004.

22.2 Deferred Tax Expense

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
Deferred Tax arising				
Accelerated Depreciation for tax purposes	(1,991)	(818)	(1,438)	68
Change in fair value of Investment Property	10,879	-	10,879	
Retirement benefits - Gratuity	(1,335)	1,241	(519)	1,845
Benefit Arising from Tax Losses	(4,372)	1,244	-	-
Total Deferred Tax Charged	3,181	1,667	8,922	1,913

Deferred Tax Liabilities have been computed at 35% for all standard rate companies (including listed companies) except for John Keells Warehousing (Pvt) Ltd which enjoys partial exemptions and concessions.

23. EARNINGS PER SHARE

23.1 Amounts Used as the Numerator:

	Group	
	2009 Rs.000's	2008 Rs.000's
Net Profit Attributable to Ordinary Shareholders	128,115	134,963
23.2 Number of Ordinary Shares Used as the Denominator:		
Weighted Average number of Ordinary Shares in Issue	15,200	15,200
Basic Earnings per Share (Rs)	8.43	8.88

The Basic Earnings per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

24. DIVIDENDS

24.1

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
Dividend Paid - Final Rs 10/- per share (2007/08)				
Out of Dividends received - Free of tax	129,852	-	129,852	-
Out of Profits - Liable for tax	22,148	-	22,148	-
	<u>152,000</u>	<u>-</u>	<u>152,000</u>	<u>-</u>
24.2				
Dividends Paid - Interim Rs 7/- per share (2007/08)				
Out of Dividends received - Free of tax	-	87,444	-	87,444
Out of Profits - Liable for tax	-	18,956	-	18,956
	<u>-</u>	<u>106,400</u>	<u>-</u>	<u>106,400</u>
	<u>152,000</u>	<u>106,400</u>	<u>152,000</u>	<u>106,400</u>
24.3 Dividend Per Share				
Dividends Paid During the Year -Net (Rs)	10.00	7.00	10.00	7.00

25. COMMITMENTS AND CONTINGENCIES

25.1 Capital Commitments

The Company does not have any capital commitments as at the Balance Sheet date.

25.2 Financial Commitments

The Company has guaranteed banking facilities of it's related companies amounting to Rs. 447.5 Mn (2008- Rs 183.1 Mn)

Name of the Company	Relationship	Amount Guaranteed 2009 Rs.000's	Amount Guaranteed 2008 Rs.000's
Keells Food Products PLC.	Affiliate	1,000	1,000
John Keells Stock Brokers (Pvt) Ltd.	Subsidiary	290,825	2,000
Walker Tours Ltd.	Affiliate	11,500	11,500
John Keells Holdings PLC.	Parent	45,000	45,000
John Keells Warehousing (Pvt) Ltd.	Subsidiary	99,258	123,619
		<u>447,583</u>	<u>183,119</u>

Notes to the Financial Statements Contd.

25.3 Contingencies

There are no Contingent Liabilities as at the Balance Sheet date other than the following

Sesame Senhora Tea (Pvt)Ltd has claimed a sum of Rs 1.1. million ,which has been contested in courts, Other than this ,no other claim or litigation has been or expected to be received.

26. ASSETS PLEDGED

As at the Balance Sheet date the Following assets of the Company have been pledged as security against the Company's borrowings.

Nature of assets	Nature of Liability	Carrying Amount Pledged 2009 Rs 000's	Carrying Amount Pledged 2008 Rs 000's
Property	Bank Borrowing	45,500	45,500
Investments	Bank Borrowing	3,965	3,965
		<u>49,465</u>	<u>49,465</u>

27. RELATED PARTY DISCLOSURES

27.1 Amounts Due From Related Parties

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
Ultimate Parent	6,345	5,973	6,345	5,973
Parent	-	-	-	-
Subsidiary	-	-	48	72
Associate	-	-	-	-
Companies Under Common Control	6,415	5,315	6,415	5,315
Key Management Personnel	-	-	-	-
Close Family Members of KMP	-	-	-	-
Companies controlled/jointly controlled/significantly influenced by KMP and their close family members	-	-	-	-
	<u>12,760</u>	<u>11,288</u>	<u>12,808</u>	<u>11,360</u>

27.2 Amounts Due To Related Parties

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
Ultimate Parent	1,092	1,062	726	484
Parent	-	-	-	-
Subsidiary	-	-	3	636
Associate	-	600	-	600
Companies Under Common Control	581	1,535	460	1,423
Key Management Personnel	-	-	-	-
Close Family Members of KMP	-	-	-	-
Companies controlled / jointly controlled / significantly influenced by KMP and their close family members	-	-	-	-
	<u>1,673</u>	<u>3,197</u>	<u>1,189</u>	<u>3,143</u>

27.3 Transactions With Related Parties

Ultimate Parent

Receiving of Services for which fees are paid	23,856	25,946	23,856	25,946
Renting of office space for which rent is received	(31,614)	(32,101)	(31,614)	(32,101)
Providing of Services for which fees are received	(675)	(675)	(675)	(675)

Subsidiaries

Taken store space on Rent	-	-	7,714	-
Renting of office space for which rent is received	-	-	(4,801)	(5,521)

Associate

Taken store space on Rent	4,484	3,296	4,484	3,296
---------------------------	-------	-------	-------	-------

27.3 Transactions With Related Parties Contd.

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
Companies under Common Control				
Purchase of goods for a fee	5,916	4,591	5,916	4,591
Receiving of Services for which fees are paid	4,857	3,820	4,857	3,820
Renting of office space for which rent is received	(27,779)	(23,561)	(27,779)	(23,561)
Providing of Services for which fees are received	(20,365)	(30,643)	(20,395)	(30,673)
	<u>(41,320)</u>	<u>(49,327)</u>	<u>(38,437)</u>	<u>(54,878)</u>

	Group		Company	
	2009 Rs.000's	2008 Rs.000's	2009 Rs.000's	2008 Rs.000's
27.4 Post Employment Benefit Plan				
Contribution to Staff Provident Funds	<u>2,127</u>	<u>2,011</u>	<u>2,127</u>	<u>2,011</u>
27.5 Compensation of Key Management Personnel				
Short Term Employee Benefits	8,656	8,317	4,800	4,717
Post employment benefits	-	-	-	-
Other long – term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share based payments	-	-	-	-
	<u>8,656</u>	<u>8,317</u>	<u>4,800</u>	<u>4,717</u>

Key Management Personnel include members of the Board of Directors of the Company, its Subsidiaries & Ultimate Parent Company John Keells Holdings PLC.

27.6 Terms and Conditions of Transactions with Related Parties

Transactions with Related Parties are at normal market prices. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

28. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company has declared a Final Dividend of Rs. 5.00 per share for the Financial Year ended 31 March 2009. As required by section 56 (2) of the Companies Act No 7 of 2007, the Board of Directors has confirmed that the Company satisfies the Solvency test in accordance with section 57 of the Companies Act No. 07 of 2007, and has obtained a certificate from the auditors, prior to declaring a Final Dividend which is to be paid on the 18th June 2009.

In accordance with the Sri Lankan Accounting Standard 12 (revised 2005), Events after the Balance Sheet date, the final dividend has not been recognized as a liability in the financial statements as at 31st March 2009.

Statement of Value Added

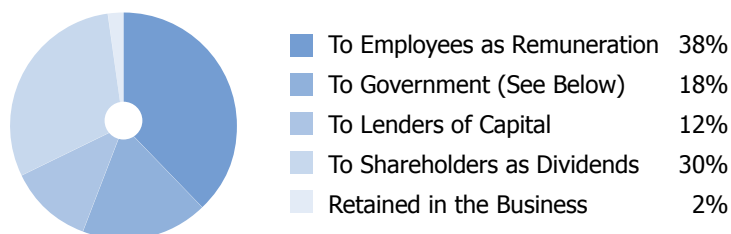
	2005 Rs.000's	2006 Rs.000's	Company 2007 Rs.000's	2008 Rs.000's	2009 Rs.000's
VALUE ADDED					
Gross Revenue	311,808	364,247	374,912	409,215	457,023
Other Income	160,955	25,495	112,075	171,686	55,534
	<u>472,763</u>	<u>389,742</u>	<u>486,987</u>	<u>580,901</u>	<u>512,557</u>
Cost of Materials and Services purchased	(58,413)	(74,400)	(150,629)	(134,065)	(96,046)
	<u>414,350</u>	<u>315,342</u>	<u>336,358</u>	<u>446,836</u>	<u>416,511</u>
	% SHARE	% SHARE	% SHARE	% SHARE	% SHARE
Distribution of Value Added					
To Employees as Remuneration	23 95,499	27 90,769	29 95,005	20 89,311	27 111,424
To Government (see below)	8 35,407	15 46,200	15 52,122	15 68,072	20 82,405
To Lenders of Capital					
-Interest on borrowings	2 9,744	5 15,564	2 7,242	4 17,718	11 45,364
-Minority Interest	- -	- -	- -	- -	- -
To Shareholders as Dividends	9 37,121	11 34,200	54 181,989	24 106,400	36 152,000
Retained in the Business	58 236,579	42 128,609	- -	37 165,335	6 25,318
	<u>100 414,350</u>	<u>100 315,342</u>	<u>100 336,358</u>	<u>100 446,836</u>	<u>100 416,511</u>

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

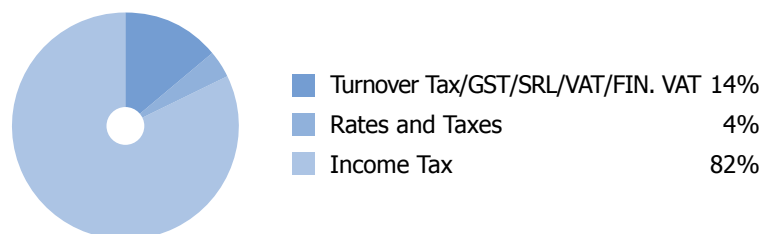
Turnover Tax / GST / SRL / VAT/ FINACIAL VAT	240	7,959	6,697	6,609	12,838
Rates and Taxes	3,562	2,599	3,365	3,326	3,331
Income Tax	<u>31,605</u>	<u>35,642</u>	<u>42,060</u>	<u>58,137</u>	<u>66,236</u>
Total	<u>35,407</u>	<u>46,200</u>	<u>52,122</u>	<u>68,072</u>	<u>82,405</u>

Distribution of Value Added



	2005 Rs.000's	2006 Rs.000's	Group 2007 Rs.000's	2008 Rs.000's	2009 Rs.000's				
	517,462	624,224	634,647	641,348	607,949				
	55,208	18,388	25,391	32,256	30,177				
	<u>572,670</u>	<u>642,612</u>	<u>660,038</u>	<u>673,604</u>	<u>638,126</u>				
	(70,759)	(152,035)	(77,147)	(162,024)	(136,847)				
	<u>501,911</u>	<u>490,577</u>	<u>582,891</u>	<u>511,580</u>	<u>501,279</u>				
% SHARE									
26	131,922	22	108,420	25	147,709	34	174,785	38	187,792
16	82,724	19	92,004	20	109,568	24	122,279	18	91,030
6	31,570	7	34,119	4	25,489	7	34,597	12	60,668
2	9,950	3	16,648	3	17,038	2	11,280	-	(1,230)
7	37,121	7	34,200	31	181,989	21	106,400	30	152,000
43	208,624	42	205,186	17	101,098	12	62,239	2	11,019
<u>100</u>	<u>501,911</u>	<u>100</u>	<u>490,577</u>	<u>100</u>	<u>582,891</u>	<u>100</u>	<u>511,580</u>	<u>100</u>	<u>501,279</u>
	12,151	7,959	6,697	6,609	12,838				
	3,562	3,104	3,365	3,326	3,331				
	<u>67,011</u>	<u>80,941</u>	<u>99,506</u>	<u>112,344</u>	<u>74,861</u>				
	<u>82,724</u>	<u>92,004</u>	<u>109,568</u>	<u>122,279</u>	<u>91,030</u>				

Revenue to Government



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, 2009 have been submitted to the Colombo Stock Exchange.

2 DISTRIBUTION OF SHAREHOLDINGS

No. of Shares held	31st March 2009				31st March 2008			
	Shareholders		Holdings		Shareholders		Holdings	
	Number	%	Number	%	Number	%	Number	%
Less than 1,000	680	72.80	220,594	1.45	646	71.30	219,544	1.44
1,001 - 10,000	213	22.81	656,872	4.32	214	23.62	633,964	4.17
10,001 - 100,000	38	4.07	961,398	6.32	41	4.53	996,956	6.56
100,001 - 1,000,000	1	0.11	152,440	1.01	3	0.33	1,798,140	11.83
Over 1,000,000	2	0.21	13,208,696	86.90	2	0.22	11,551,396	76.00
Total	934	100.00	15,200,000	100.00	906	100.00	15,200,000	100.00

3 ANALYSIS OF SHAREHOLDERS

Categories of Shareholders	31st March 2009				31st March 2008			
	Shareholders		Holdings		Shareholders		Holdings	
	Number	%	Number	%	Number	%	Number	%
Individuals	873	93.47	14,764,572	97.14	833	91.94	1,493,208	9.82
Institutions	61	6.53	435,428	2.86	73	8.06	13,706,792	90.18
Total	934	100.00	15,200,000	100.00	906	100.00	15,200,000	100.00
Residents	924	98.93	15,138,504	99.60	895	98.79	15,134,404	99.57
Non Residents	10	1.07	61,496	0.40	11	1.21	65,596	0.43
Total	934	100.00	15,200,000	100.00	906	100.00	15,200,000	100.00
John Keells Holdings and Subsidiaries	1	0.11	13,208,696	86.90	1	0.11	11,551,396	76.00
Public	933	99.89	1,991,304	13.10	905	99.89	3,648,604	24.00
Total	934	100.00	15,200,000	100.00	906	100.00	15,200,000	100.00

4 SHARE PERFORMANCE AT COLOMBO STOCK EXCHANGE

	2008/2009	2007/2008
Highest Market Price	84.00	98.00
Lowest Market Price	58.00	76.50
Closing Price as at 31st of March	62.00	90.00

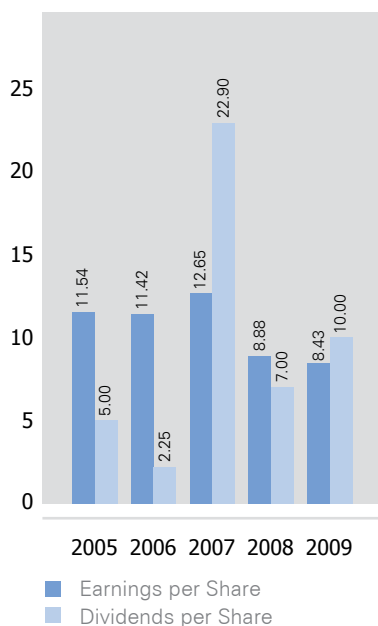
5 DIVIDEND PAYMENTS

An Interim Dividend of Rs. 5/- per share was paid on 24th April 2009
A Final Dividend of Rs. 5/- per share will be paid on 18th June 2009

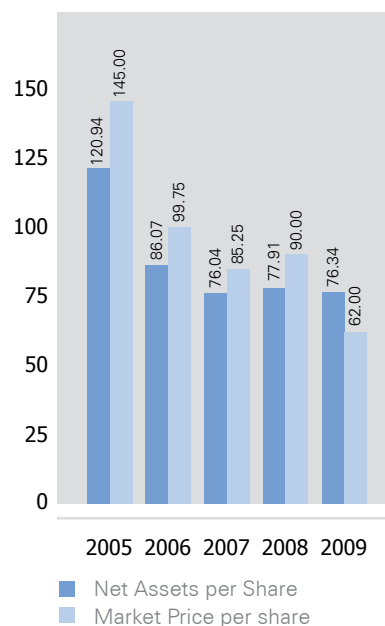
6 TOP TWENTY SHAREHOLDERS

NAME OF SHAREHOLDERS	As at 31st March 2009		As at 31st March 2008	
	No. of Shares	Holding %	No. of Shares	Holding %
John Keells Holdings PLC	13,208,696	86.90	11,551,396	76.00
The Ceylon Investment Company Ltd.	-	-	913,400	6.01
The Ceylon Guardian Investment Trust Ltd.	-	-	742,400	4.88
Mr. H.S.D. Soysa	152,440	1.00	142,340	0.94
The Roman Catholic Archbishop of Colombo	85,708	0.56	85,708	0.56
Bhadra Investments Ltd.	69,112	0.45	69,112	0.45
Mrs. H.G.S. Ansell	60,000	0.39	60,000	0.39
HSBC/R. Senathirajah	60,000	0.39	60,000	0.39
Mr. M. Radhakrishnan	58,200	0.38	58,200	0.38
Eric Rajapakse and Company Ltd.	56,284	0.37	56,284	0.37
Mrs. M.L. De Silva	51,968	0.34	51,968	0.34
Mr. W.R.H. Perera	43,268	0.28	26,168	0.17
Mrs. N. Tirimanne	40,100	0.26	40,000	0.26
Commercial Bank of Ceylon	-	-	30,300	0.20
Sisira Investors Limited	28,568	0.19	-	-
Colombo Fort Investments Ltd.	28,200	0.19	28,200	0.19
Colombo Investment Trust Ltd.	25,712	0.17	25,712	0.17
Mr. D.K.A.K. Weeratunga	23,800	0.16	23,800	0.16
Mrs. H.J.C. Fernando	22,852	0.15	22,852	0.15
Waldock Mackenzie Ltd./Mrs. G. Soysa	21,770	0.14	21,770	0.14
Mr. Perera Wijegoonewardene	-	-	21,700	0.14
Mr. K.C. Vignarajah	20,400	0.13	-	-
Favourite Garments Ltd.	20,000	0.13	-	-
Mr. D.N. Hundlani	18,500	0.12	-	-
	<u>14,095,578</u>	<u>92.73</u>	<u>14,031,310</u>	<u>92.29</u>

Earnings & Dividends per Share



Net Assets & Market Price per Share



Five Year Summary

For the year ended 31 st March	Company				
	2005 Rs.000's	2006 Rs.000's	2007 Rs.000's	2008 Rs.000's	2009 Rs.000's
Trading Results					
Gross Revenue	311,808	364,247	374,912	409,215	457,023
Operating Profit	86,810	122,331	99,570	141,609	169,272
Other Income	160,955	25,495	112,075	171,686	55,534
Share of Association Company Profits	-	-	-	-	-
Amortisation of Negative Goodwill	-	-	-	-	-
Profit before Taxation	247,765	147,826	211,645	313,295	224,806
Taxation based thereon	(29,672)	(36,254)	(42,287)	(58,137)	(66,236)
Profit after Taxation	218,093	111,572	169,358	255,158	158,570
Minority Interest	-	-	-	-	-
Profit attributable to John Keells PLC	218,093	111,572	169,358	255,158	158,570
Stated Capital and Reserves					
Stated Capital	76,000	152,000	152,000	152,000	152,000
Capital Reserves	292,333	-	-	-	-
Revenue Reserves	408,871	921,472	742,750	891,507	898,077
Shareholders' Funds	777,204	1,073,472	894,750	1,043,507	1,050,077
Minority Interest	-	-	-	-	-
	777,204	1,073,472	894,750	1,043,507	1,050,077
Assets Less Liabilities					
Current Assets	521,471	558,572	390,147	597,289	635,492
Current Liabilities	(292,938)	(270,786)	(290,826)	(355,057)	(416,526)
Net Current Assets/(Liabilities)	228,533	287,786	99,321	242,232	218,966
Fixed Assets and Investments	611,927	863,397	874,770	877,259	917,501
Long Term Liabilities	-	-	-	-	-
Negative Goodwill on Consolidation	-	-	-	-	-
Deferred Liabilities	(63,256)	(77,711)	(79,341)	(75,984)	(86,390)
	777,204	1,073,472	894,750	1,043,507	1,050,077
Ratio and Statistics					
Earning per share (Rs.) **	14.34	7.34	11.14	16.79	17.46
Net Assets per share at year end (Rs.)	102.26	70.62	58.86	68.65	69.08
Market price per share (Rs)	145.00	99.75	85.25	90.00	62.00
Price-Earnings Ratio (Times)	8.50	11.43	7.65	5.36	3.55
Effective rate at Dividend (%)	50.00	50.00	234.00	70.00	100.00
Dividend per share (Rs)	5.00	2.25	22.90	7.00	10.00
Dividend (Rs.000's)	38,000	76,000	348,080	106,400	152,000
Dividend cover (Times)	5.73	1.47	0.48	2.40	1.04
Annual Turnover Growth (%)	14.27	16.82	2.92	9.15	11.68
Current Ratio (Times)	1.78	2.06	1.37	1.68	1.53
Turnover per employee (Rs.000's)	2,165	2,512	2,516	3,077	4,193
Value added per employee (Rs.000's)	2,877	2,175	2,257	3,360	3,821

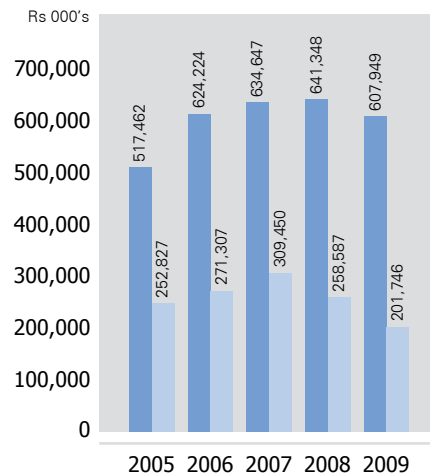
Note:

**Earnings per share is based on 15,200,000 number of shares in issue as at 31st March, 2009.

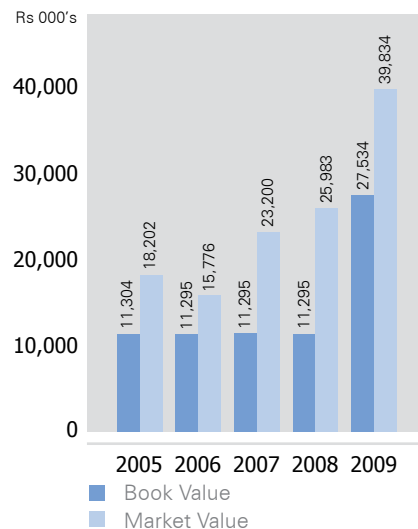
All figures in Rs. 000's unless otherwise stated.

2005	2006	Group 2007	2008	2009
Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's
517,462	624,224	634,647	641,348	607,949
196,685	239,127	209,275	209,136	161,212
55,216	18,388	25,391	32,256	30,177
660	13,526	74,784	17,195	10,357
266	266	-	-	-
252,827	271,307	309,450	258,587	201,746
(67,344)	(81,072)	(100,104)	(112,344)	(74,861)
185,483	190,235	209,346	146,243	126,885
(9,950)	(16,648)	(17,038)	(11,280)	1,230
175,533	173,587	192,308	134,963	128,115
76,000	152,000	152,000	152,000	152,000
360,848	-	-	-	-
482,352	1,156,307	1,003,722	1,032,284	1,008,399
919,200	1,308,307	1,155,722	1,184,284	1,160,399
19,062	28,990	21,548	30,908	21,278
938,262	1,337,297	1,177,270	1,215,192	1,181,677
779,046	830,954	688,323	1,313,105	768,648
(504,665)	(421,067)	(511,884)	(922,735)	(471,637)
274,381	409,887	176,439	390,370	297,011
821,905	1,096,045	1,167,009	981,036	1,043,251
(83,370)	(80,120)	(75,483)	(66,390)	(55,083)
(3,453)	(3,187)	-	-	-
(71,201)	(85,328)	(90,695)	(89,824)	(103,502)
938,262	1,337,297	1,177,270	1,215,192	1,181,677
11.54	11.42	12.65	8.88	8.43
120.94	86.07	76.04	77.91	76.34
145.00	99.75	85.25	90.00	62.00
10.56	7.35	6.74	10.14	7.36
50.00	50.00	234.00	70.00	100.00
5.00	2.25	22.90	7.00	10.00
38,000	76,000	348,080	106,400	152,000
4.62	2.28	0.55	1.27	0.84
(9.99)	20.63	1.70	1.06	(5.21)
1.33	1.97	1.36	1.42	1.63
2,974	3,487	3,526	4,192	4,342
2,885	2,741	3,238	3,227	3,581

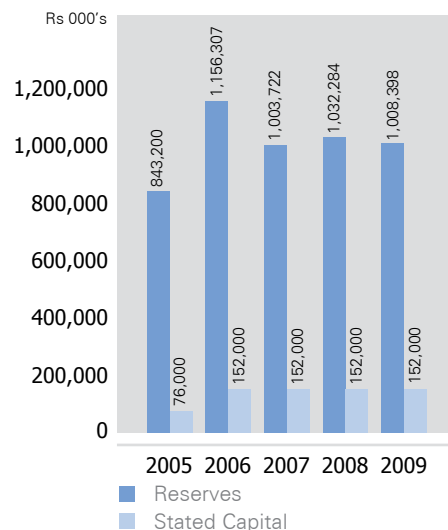
Revenue & PBT



Quoted Investments



Growth in Shareholder's Funds



Glossary of Financial Terminology

Appropriations

Apportioning of annual earnings for committed outflows

Cash Equivalents

Liquid Investments with original maturities of three months or less

Contingent Liabilities

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

Current Ratio

Current Assets divided by Current Liabilities

Dividend Cover

Profit after Tax divided by Gross Dividends. This ratio measures the number of times dividend is covered by current year's Distributable Profits.

Dividend per Share

Dividends Paid and Proposed dividend by the Number of Shares in issue which ranked for those dividends

Dividend Yield

Dividend per share divided by the Market Price per Share

Earnings per Share

Profits attributable to ordinary Shareholders before Extraordinary Items divided by the number of Ordinary Shares in issue and ranking for dividend

Gross Dividends

The portion of profits inclusive of tax withheld distributed to shareholders

Market Capitalisation

The Market Value of a company at a given date obtained by multiplying the Share Price by the number of issued shares.

Net Assets

Sum of Fixed Assets and Current Assets less Current Liabilities

Net Assets per Share

Net Assets at the end of the period divided by the number of Shares in issue

Price Earnings Ratio

Market Price of a share divided by Earnings per Share

Profit per Employee

Profit before Tax divided by the number of Employees

Related Parties

Parties who could control or significantly influence the financial and operating policies of the business

Return on Capital Employed

Profit before interest and tax divided by Net Assets

Revenue Reserves

Reserves considered as being available for distribution and investments

Segment

Constituent business units grouped in terms of nature and similarity of operations

Shareholders' Funds

Funds attributable to shareholders and comprises Shaded Capital, Reserves and Retained Profit

Turnover per Employee

Consolidated Turnover of the Company for the year divided by the number of Employees employed at year end

Value Addition

The quantum of wealth generated by the activities of the Group and its application

Working Capital

Capital required to finance the day-to-day operations Current Assets minus Current Liabilities

Notice of Meeting

NOTICE IS HEREBY GIVEN THAT the Sixty Second Annual General Meeting of John Keells PLC will be held on 29th June 2009 (Monday) at 10.30 a.m. at the HR Auditorium (Ground Floor) of John Keells Holdings PLC, No. 130 Glennie Street, Colombo 2. The business to be brought before the Meeting will be:

- To read the Notice convening the Meeting
- To receive and consider the Report of the Directors and the Statement of Accounts for the Financial Year ended 31st March 2009 with the Report of the Auditors thereon
- To re-elect as Director, Mr. J.R.F. Peiris who retires in Terms of Article 83 of the Articles of Association
- To re-elect as Director, Mr. T. De Zoysa who retires in Terms of Article 83 of the Articles of Association
- To re-appoint Auditors and to authorise the Directors to determine their remuneration
- To authorise the Directors to determine and make donations
- To consider any other business of which due notice has been given

Note:

- 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. 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

By Order of the Board
Keells Consultants Limited
Secretaries
Colombo

5th June 2009

Form of Proxy

I/We of

.....
being a member/members of John Keells PLC hereby appoint

.....
of or failing him/her

Susantha Chaminda Ratnayake of Colombo, failing him

Ajit Damon Gunewardene of Colombo, failing him

Gerard Sumithra Abeywardena Gunesekera of Colombo, failing him

James Ronnie Felitus Peiris of Colombo, failing him

Tilak de Zoysa of Colombo, failing him

Kavantissa Danudra Weerawardene Ratnayaka of Colombo, failing him

Ms. Yolande Ann Hansen of Colombo, failing her

Ms. Sharmini Tamara Ratwatte of Colombo, failing

as my/our proxy to vote for me/us on my/our behalf at the Sixty Second Annual General Meeting of the Company to be held on 29th June 2009 and at every poll which may be taken on consequence of the aforesaid meeting and at any adjournment thereof.

Signed this day of Two Thousand and Nine.

.....
Signature of Shareholder

Note:

- (1) A proxy need not be a member of the Group.
- (2) Instructions regarding completion appear on the reverse hereof.

Form of Proxy Contd.

INSTRUCTIONS AS TO COMPLETION

- 1) To be valid, the Form of Proxy must be deposited at the Registered Office of the Company, 130 Glennie Street, Colombo 2, not less than 48 hours before the time appointed for holding the meeting.
- 2) In perfecting the Form of Proxy, please ensure that all details are legible, sign in the space provided and fill in the date of signature.
- 3) If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf and initial against this entry.
- 4) In the case of a company or body corporate, the Proxy must be executed under its common seal which should be affixed and attested in the manner prescribed by its Articles of Association or Constitution.

Corporate Information

Name of Company

John Keells PLC

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:

P.O. Box 76, 130, Glennie Street,
Colombo 2, Sri Lanka

Tel: 2421101 (9 lines), 2306000

Telex: 21389 KEELLS CE

Telefax: 2446223

E-mail: jkl@keells.com

Company Registration Number

PQ 11

Directors

S.C. Ratnayake

A.D. Gunewardene

G.S.A. Gunesekera

J.R.F. Peiris

T. de Zoysa

K.D.W. Ratnayaka

Ms. Y.A. Hansen

Ms. S.T. Ratwatte

Secretaries & Registrars

Keells Consultants Limited

130, Glennie Street, 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 Ltd.

Deutsche Bank

Hatton National Bank

Hongkong & Shanghai Banking Corporation Ltd.

Nation's Trust Bank

People's Bank

Sampath Bank Ltd.

Seylan Bank Ltd.

Standard Chartered Bank

John Keells PLC

P.O.Box 76, Glennie Street Colombo 2