

**WHAT MAKES US THE JOHN KEELLS GROUP**

The John Keells Group founded in 1870, has withstood the test of time by reinventing, realigning and repositioning itself over the years. Originated as a produce and exchange broking business, started by two Englishmen, Edwin and George John, in Colombo, Ceylon, business opportunities in the post-independence economy spurred growth and expansion throughout the '50s and '60s. With Sri Lanka becoming a Republic in 1972, social and political change helped drive John Keells' expansion and diversification even further. Today, the company is Sri Lanka's largest listed conglomerate, making its presence felt in every major sphere of the economy.

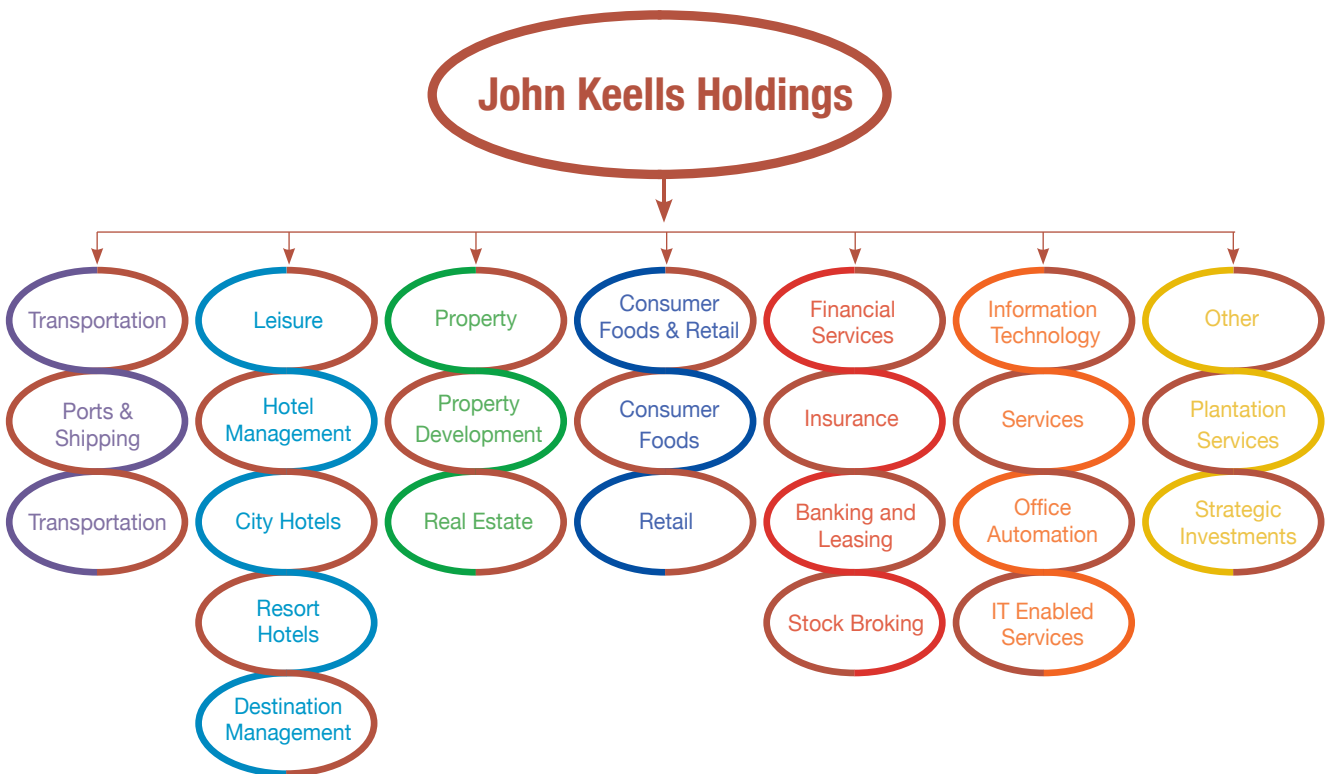
John Keells Holdings PLC (JKH) is a public limited liability company incorporated in 1979. Its ordinary shares are listed on the Colombo Stock Exchange (CSE); and became the first Sri Lankan company to

be listed overseas with Global Depository Receipts (GDR) issued on the Luxemburg Stock Exchange,

The holding company of the Group is John Keells Holdings PLC (JKH) situated at 130, Glennie St. Colombo 2 and it has offices spread around Sri Lanka as well as the Maldives, India, Mauritius, Singapore, UK, USA and the UAE and Canada.

**OPERATING STRUCTURE**

The John Keells Group operates primarily in the areas of Transportation, Leisure, Property, Consumer Foods and Retail, Financial Services, Information Technology among others.



The operating companies including subsidiaries and joint ventures, a description of the company and the regions they operate in are listed in the table given below.

Company by Industry Group and Sector	Business Description	Region **
<b>TRANSPORTATION</b>		
<b>Ports and Shipping</b>		
Keells Shipping (Pvt) Ltd	Shipping agency representation & logistics services	
Mackinnon Mackenzie & Co (Shipping) Ltd	Shipping agency representation & logistics services	
<b>Transportation</b>		
John Keells Logistics (Pvt) Ltd	Integrated supply chain & third party logistics solutions	
John Keells Logistics India (Pvt) Ltd	Shipping agency representation & logistics services	India
John Keells Logistics Lanka (Pvt) Ltd	International freight forwarder & logistics services	
Lanka Marine Services (Pvt) Ltd	Importer & supplier of heavy marine fuel oils & lubricants	
Mackinnon Mackenzie & Co of Ceylon Ltd *	Foreign recruitment agents & consultants	
Trans-ware Logistics (Pvt) Ltd *	Integrated container depot operations & logistic services	
Whittall Boustead (Pvt) Ltd - Cargo Division	International freight forwarder & logistics services	
John Keells Air Services India (Pvt) Ltd	General sales agents for airlines in India	India
Mack Air (Pvt) Ltd	General sales agents for airlines	
Mackinnons Travels (Pvt) Ltd	IATA accredited travel agent and travel related services	
Mack Air Services Maldives (Pte) Ltd	General sales agents for airlines in the Maldives	Maldives
<b>LEISURE</b>		
<b>Hotel Management</b>		
Keells Hotel Management Services Ltd	Manager & marketer of resort hotels	
John Keells Maldivian Resorts (Pte) Ltd	Hotel holding company in the Maldives	Maldives
John Keells Hotels PLC *	Holding company of group resort hotel companies in Sri Lanka and Maldives	
John Keells Hotels Mauritius (Pvt) Ltd *	Hotel holding company in the Mauritius	Mauritius
<b>City Hotels</b>		
Asian Hotels and Properties PLC -Cinnamon Grand	Owner & operator of the five star city hotel "Cinnamon Grand"	
Trans Asia Hotels PLC	Owner & operator of the five star city hotel "Cinnamon Lakeside".	
<b>Resort Hotels</b>		
Ceylon Holiday Resorts Ltd-Bentota Beach Hotel	Owner & operator of "Bentota Beach Hotel" in Bentota	
Beruwala Holiday Resorts (Pte) Ltd	Owner of Real Estate	
Hikkaduwa Holiday Resorts (Pvt) Limited	Will operate Chaaya Tranz	
Fantasea World Investments (Pte) Ltd	Owner & operator of "Chaaya Lagoon Hakuraa Huraa" in Maldives	Maldives
Habarana Lodge Ltd	Owner & operator of "The Cinnamon Lodge" in Habarana	
Habarana Walk Inn Ltd	Owner & operator of "Chaaya Village Habarana"	
International Tourists and Hoteliers Ltd *	Owner of real estate	
John Keells Maldivian Resorts (Pte) Ltd	Operator of "Chaaya Island Dhonveli " in Maldives	Maldives
Kandy Walk Inn Ltd	Owner & operator of "The Chaaya Citadel" in Kandy	
Rajawella Hotels Ltd *	Owner of real estate	
Resort Hotels Ltd	Owner of real estate	
Tranquility (Pte) Ltd	Owner and operator of "Cinnamon Island Alidhoo" in Maldives	Maldives

Company by Industry Group and Sector	Business Description	Region **
<b>LEISURE</b>		
<b>Hotel Management</b>		
Travel Club (Pte) Ltd	Operator of “Chaaya Reef Ellaidhoo” in Maldives	Maldives
Trinco Holiday Resorts (Pte) Ltd	Owner of the “Club Oceanic Hotel” in Trincomalee	
Trinco Walk Inn Ltd	Owner of Real Estate	
Wirawila Walk Inn Ltd *	Owner of real estate	
Yala Village (Pvt) Ltd	Owner and operator of “Yala Village” in Yala	
<b>Destination Management</b>		
Serene Holidays (Pvt) Ltd	Tour operators in India	India
Walkers Tours Ltd	Inbound tour operators	
Whittall Boustead (Travel) Ltd	Inbound tour operators	
<b>PROPERTY</b>		
<b>Property Development</b>		
Asian Hotels and Properties PLC - Crescat Boulevards, The Monarch, The Emperor	Developer and manager of integrated properties	
<b>Real estate</b>		
J K Properties (Pvt) Ltd	Property developers	
Keells Realtors Ltd	Owner of Land and building	
Whittall Boustead Ltd - Real Estate Division	Renting of office space	
John Keells Residential Properties (Pvt) Limited		
<b>CONSUMER FOODS AND RETAIL</b>		
<b>Consumer Foods</b>		
Ceylon Cold Stores PLC	Beverages, frozen confectionery, processed meats, dairy products and holding company of JayKay Marketing Services (Pvt) Ltd	
Keells Food Products PLC	Manufacturer and distributor of branded meat and convenience food products.	
John Keells Foods India (Pvt) Ltd	Manufacturer and distributor of branded meat and convenience food products.	India
Keells Food Products Mauritius (Pvt) Ltd *	Investment holding company	Mauritius
<b>Retail</b>		
JayKay Marketing Services (Pvt) Ltd	Operator of “Keells Super” chain of supermarkets	
<b>FINANCIAL SERVICES</b>		
John Keells Stock Brokers (Pvt) Ltd	Share broking services	
Union Assurance PLC	Life and general insurance underwriters	
<b>INFORMATION TECHNOLOGY</b>		
<b>IT Services</b>		
John Keells Computer Services (UK) Ltd	Software development services (UK)	UK
John Keells Computer Services (Pvt) Ltd	Software services	
John Keells Software Technologies (Pvt) Ltd	Marketer of software packages	
<b>Office Automation</b>		
John Keells Office Automation (Pvt) Ltd	Dealers in office automation equipment	
IT Enabled Services		
Auxicogent Alpha (Pvt) Ltd *	Investment holding company	Mauritius

Company by Industry Group and Sector	Business Description	Region **
<b>INFORMATION TECHNOLOGY</b>		
<b>Office Automation</b>		
Auxicogent Alpha (Pvt) Ltd *	Investment holding company	Mauritius
Auxicogent Holdings (Pvt) Ltd.	Holding company of Auxi group companies	Mauritius
Auxicogent International (Pvt) Ltd *	Investment holding company	Mauritius
Auxicogent International Lanka (Pvt) Ltd	BPO operations	
Auxicogent International US Inc	To manage the US based Sales Team for Quattro Business Support Services	US
Auxicogent Investments Mauritius (Pvt) Ltd *	Investment holding company	Mauritius
InfoMate (Pvt) Ltd	IT enabled services	
<b>OTHERS</b>		
<b>Plantation Services</b>		
John Keells PLC	Commodity brokers	
John Keells (Teas) Ltd *	Manager of bought tea factories & others	
John Keells Warehousing (Pvt) Ltd	Warehousing of rubber and tea	
Tea Smallholder Factories PLC	Owner and operator of factories for tea smallholders	
<b>Strategic Investments</b>		
Facets (Pvt) Ltd *	Owner of real estate	
John Keells Holdings Mauritius (Pvt) Ltd *	Holding company in the Mauritius	Mauritius
John Keells International (Pvt) Ltd	Regional holding company providing administrative & function based services	
J K Packaging (Pvt) Ltd *	Printing and packaging services provider for the export market	
John Keells Singapore (Pte) Ltd	International trading services	Singapore
Keells Consultants Ltd	Company secretarial services to the group	
Mackinnon and Keells Financial Services Ltd *	Rental of office space	
Mortlake Ltd *	Investment company	
Nexus Networks (Pvt) Ltd	Operator of a loyalty card programme	

\* Non Operational Company/Investment Company/Land only/Holding Company/Investment Holding Company/Managing company/Rental of office spaces

\*\* In Sri Lanka if not specified

The companies serve a variety of customers ranging from individuals to businesses to governments. The primary customers served by the sectors are:

- Individual - Consumer Foods & Retail, IT, Financial Services, Property, Leisure
- Businesses - IT, Transportation, Leisure, Other (Plantation Services)
- Government - IT

These services are provided through the primary brands listed below:-

- Transportation – John Keells Logistics
- Leisure – Cinnamon Hotels and Resorts, Chaaya Hotels and Resorts
- Property – John Keells Land
- Consumer Foods and Retail – Elephant, Fountain Café, Keells, Keells Super, Super K, Krest, K Choice, KIK

The above brands include brands which have been introduced newly during the reporting period.

The total employee population of the Group was 11,186; while the Group's net asset value as at 31 March 2011 was Rs. 59.59 billion. Total equity for the year was Rs. 67.19 billion and total debt for the year was Rs. 14.64 billion. Net sales amounted to Rs. 60.50 billion.

John Keells Holdings had growth opportunities to most of its businesses due to the end of the war. Consumer Foods and Retail with its distribution network expanding to the North and the East and Financial Sector, primarily Union Assurance opening branches in these areas benefited the most. Resort hotels re opened the "Club Oceanic" hotel in Trincomalee under the name of "Chaaya Blu" with the number of rooms expanded to 81. They also commenced the construction of a new 200 room resort hotel in Beruwala which will be branded "Chaaya Bey" and embarked on a complete refurbishment of the Coral Gardens Hotel in Hikkaduwa which will be re-launched later this year as "Chaaya Tranz". The Property Sector commenced the construction of 3 residential towers each 36 storeys high housing 475 residential units in Colombo. The Consumer Foods sector launched a new cola drink in to the domestic market by the name of KIK COLA.

The use of outsourced products and services for the primary business operations are limited to the companies where it is an industry practice to do so or it has been proven to be an efficient and effective business model versus performing these functions in-house. For example, in the transportation industry group, certain transportation and loading functions as well as the barge crew and warehousing staff are outsourced to gain maximum efficiency in the respective operations. Similarly, the production and or the packaging of certain products in the Consumer Foods and Retail industry group too are outsourced.

## SIGNIFICANT CHANGES DURING THE REPORTING PERIOD

### Acquisitions and Investments

- Acquired 5.604 Mn shares (14.9%) in Union Assurance PLC
- Additional equity infusion of Rs. 65 million to John Keells Logistics Lanka (Pvt) Ltd

- Purchase of Shares in John Keells Residential Properties for Rs. 925 Mn in exchange of land at Union Place
- Invested Rs. 146.75 million to convert Nations Trust Bank warrants to shares.
- Purchased the head lease of Dhorveli Island for a period of 18 years
- Invested Rs.947 Mn by participating in a rights issue of its subsidiary International Tourists and Hoteliers Limited thereby increasing its effective share holding to 98.39%.
- Invested Rs. 600 Mn by subscribing to the rights issue of its fully owned subsidiary Beruwela Holiday Resorts (Pvt) Limited for the purpose of funding the construction of Chaaya Bey Hotel.
- Invested Rs. 485 Mn by participating in a rights issue of its subsidiary Ceylon Holiday Resorts Limited and thereby increased its effective share holding to 98.65%. Ceylon Holiday Resorts Limited thereafter invested Rs. 485 Mn in Hikkaduwa Holiday Resorts (Pvt) Limited for the purpose of funding the refurbishing and upgrading of Coral Gardens Hotel.

## DIVESTMENTS

- Divested 37.5 Mn shares of John Keells Hotels PLC
- Divested the head lease of Alidhoo Island in Maldives
- Divested 11.62 Mn shares of Asian Hotels & Properties for Rs. 1.98 Bn

## CHANGES IN SHARE CAPITAL

Total number of JKH shares in issue as at 31 March	
2010/11	629,692,367
2009/10	619,473,632
2008/09	611,352,996

AWARDS WON BY GROUP COMPANIES – 2010/2011

Industry Group	Company/ Business Unit	Awards Received
<b>Transportation</b>		
	Mackinnons Travels (Pvt) Ltd.	<ul style="list-style-type: none"> <li>Gold award - Singapore Airlines for Top Agent - 2010/11</li> </ul>
	Mack Air (Pvt) Ltd	<ul style="list-style-type: none"> <li>American Airlines Cargo - Eagle Award</li> </ul>
<b>Leisure</b>		
City Hotels	Cinnamon Lakeside	<ul style="list-style-type: none"> <li>Total of 28 medals and 2<sup>nd</sup> place among the 5 Star City Hotels - Culinary Art 2010</li> <li>Gold and Silver Awards - Cocktail and Mocktail Competition - Chefs' Guild of Sri Lanka 2010</li> <li>Best Spiced Ice Cream - World Spice Food Festival 2010</li> <li>'Most Honoured Citizens' award from Colombo Municipal Council (CMC), in recognition of the valuable contribution the hotel has made towards city development by making payment of Municipal rates and taxes on time and without arrears during the past five years.</li> <li>Green Globe Certification</li> <li>Colombo Region 1st Place in Classic Category and All Island 2nd Place in the Flairing Category - Marie Brizard Cocktail Competition</li> <li>Gold Award in Hospitality and Hospitality Related Travel Category - Sri Lanka Malaysia Business Council</li> <li>Certificate of Commendation in recognition of Excellence in Cleanliness and Food Hygiene - Colombo Municipal Council</li> <li>ICASL Awards 2010 - Hotel Sector - Bronze Award</li> </ul>
	Cinnamon Grand	<ul style="list-style-type: none"> <li>Best Classic Cocktail Category Award – National All Island Marie Brizard Bartender Competition</li> <li>Best "Spiced Tea" Category Award - World Spice Food Festival</li> <li>Best Hotel Award - CMC Public Health Department</li> <li>Crowns for Food Hygiene Certificate with 5 out of 5 'Crowns' for food hygiene</li> </ul>
Resort Hotels	John Keells Hotels PLC	<ul style="list-style-type: none"> <li>STING Corporate Accountability Rating - Gold Award for 2011</li> <li>Institute of Chartered Accountants of Sri Lanka Annual Reports (ICASL) Awards 2010 - Gold Award in the Hotel Sector</li> </ul>
	Chaaya Island Dhonveli	<ul style="list-style-type: none"> <li>First Choice Travel Company Gold Award for Chaaya Island Dhonveli for Customer Satisfaction for 2010</li> </ul>
	Chaaya Reef Ellaidhoo	<ul style="list-style-type: none"> <li>TUI-UK First Choice Travel Company Gold Award for Chaaya Island Ellaidhoo for Customer Satisfaction for 2010</li> </ul>
Leisure Inbound	Walkers Tours (Pvt) Ltd	<ul style="list-style-type: none"> <li>Presidential Awards 2010 - Best Tour Operator – Domestic, Airlines: Contribution to Tourism - Best Charter Airline of the Year handled by Walkers Tours Ltd, Best Niche Operation: Adventure - Nature Odyssey (Brand of WTL), Excellence in Service: Best Chauffeur Tourist Guide Lecturer, Excellence in Service: Best National Guide Lecturer</li> </ul>
	Whittalls Boustead (Pvt) Ltd	<ul style="list-style-type: none"> <li>Presidential Awards 2010 - Excellence in Service: Best National Guide Lecturer</li> </ul>
<b>Consumer Foods &amp; Retail</b>		
	Ceylon Cold Stores (CCS)	<ul style="list-style-type: none"> <li>ICASL Awards 2010 - Food and Beverages Sector – Gold Award</li> <li>SLIM-Nielsen Peoples Awards 2010 – Most Popular FMCG Beverage Brand of the Year for Elephant House Cream Soda</li> </ul>
	Keells Food Products PLC (KFP)	<ul style="list-style-type: none"> <li>ICASL Awards 2010 - Food and Beverages Sector - Silver Award</li> <li>NCE Export Award 2010 - Silver Category</li> </ul>

AWARDS WON BY GROUP COMPANIES – 2010/2011 contd.

Industry Group	Company/ Business Unit	Awards Received
<b>Information Technology</b>		
	John Keells Office Automation	<ul style="list-style-type: none"> <li>National Gold Award 2010 for Toshiba Notebook Long Outstanding Partner – South Asia Region</li> <li>The Best New Partner – FEC POS Solutions and second place – Success Story Competition at FEC Global Partner Conference 2010 – Hangzhou, China.</li> </ul>
<b>Financial Services</b>		
	Union Assurance PLC (UA)	<ul style="list-style-type: none"> <li>ICASL Awards 2010 - Excellence in Annual Financial Reporting - joint overall 2<sup>nd</sup> place, Corporate Governance Disclosures - overall 2<sup>nd</sup> place and 1st place in the Insurance Sector</li> <li>SAFA Annual Reports Awards 2010 - 3<sup>rd</sup> place overall, 1st in Corporate Governance Disclosures, 1st in Insurance Sector</li> <li>HRM Awards – 2010 - HRM Silver Award</li> <li>National Business Excellence Awards - 1st in the Insurance Sector, 2nd place overall for Performance Management Practices</li> <li>National Chamber of Industries - Achiever Award for Industrial Excellence and Silver Award Extra Large Category - Service Sector</li> <li>Achiever Award for Industrial Excellence – Silver Award for Service Sector Extra Large Category Service Sector</li> </ul>
<b>Others</b>		
	John Keells Holdings PLC	<ul style="list-style-type: none"> <li>HRM Awards 2010 - Super 10 – Gold Award Winner</li> <li>ICASL Awards 2010 - Excellence in Annual Financial Reporting - Joint Winners Bronze, Corporate Social Responsibility Reporting Awards – Gold award, Diversified Holdings (Groups above 5 subsidiaries) - Joint Sector Gold Award</li> <li>ACCA Awards 2010 - Winner in Sustainability Reporting</li> <li>South Asian Federation of Accountants (SAFA) - Best Presented Accounts Awards 2009 for Hospitality, Health, Transport &amp; Shipping Category - Joint Winners</li> <li>STING Corporate Accountability Rating - Platinum Award for 2011</li> </ul>
	Tea Smallholder Factories PLC	<ul style="list-style-type: none"> <li>“Silver Flame” - Medium Category of the Manufacturing Sector of the Sri Lanka National Energy Efficiency Awards 2010</li> <li>ICASL Awards 2010 - Manufacturing Sector - Bronze Award</li> </ul>
	John Keells PLC	<ul style="list-style-type: none"> <li>ICASL Awards 2010 - Certificate of Compliance for Sector - Diversified Holdings (upto 5 subsidiaries)</li> </ul>

ISO CERTIFICATION FOR GROUP COMPANIES – 2010/2011

Industry Group	Company/ Business Unit	ISO Certification
<b>Transportation</b>		
	Mackinnons Travels (Pvt) Ltd.	ISO 9001:2008
	Mack Air (Pvt) Ltd	ISO 9001:2008
<b>Leisure</b>		
City Hotels	Cinnamon Grand Colombo	ISO 22000 for Food Safety
		ISO 14001 for environment
		OHSAS 18001 for employee & Guest safety
	Cinnamon Lakeside Colombo	ISO 22000:2005
Resort Hotels	Cinnamon Lodge Habarana	ISO 22000:2005
	Chaaya Island Dhonveli	ISO 22000:2005, OHSAS 18001:2007
	Chaaya Village Habarana	ISO 14001:2004, ISO 22000:2005, OHSAS 18001:2007
	Chaaya Citadel Kandy	ISO 14001:2004, OHSAS 18001:2007, ISO 22000:2005
	Chaaya Lagoon Hakuraa Huraa	ISO 22000:2005, OHSAS 18001:2007, ISO 14001:2004
	Bentota Beach Hotel	ISO 14001:2004, OHSAS 18001:2007, ISO 22000:2005
	Chaaya Reef Ellaidhoo	ISO 14001:2004, ISO 22000:2005, OHSAS 18001:2007
	Chaaya Blu Trincomalee	ISO 22000:2005
Inbound	Walkers Tours Ltd	ISO 9001:2008, ISO 14001:2004
	Whittall Boustead (Travel) Ltd.	ISO 9001:2008, ISO 14001:2004
<b>Consumer Foods &amp; Retail</b>		
	Ceylon Cold Stores (CCS) PLC	ISO 22000:2005, ISO 9001:2008/SLS ISO 9001:2008
		ISO 9000 in 2008 and is valid for 3 years.
	Keells Food Products PLC (KFP)	ISO 9001:2008/SLS ISO 9001:2008, ISO 22000
<b>Information Technology</b>		
	John Keells Computer Services (JKCS)	ISO 9001: 2008
	John Keells Office Automation (JKOA)	ISO 9001: 2008
	InfoMate	ISO/IEC 27001: 2005
<b>Others</b>		
	John Keells Holding PLC	ISO 9001:2008
	Tea Smallholder Factories PLC – Neluwa Tea Factory	ISO 22000:2005
	John Keells Warehousing (Pvt) Ltd	ISO 22000:2005