

RE-RATING



CHAIRPERSON'S MESSAGE

Summarised below are the key operational and financial highlights of our performance during the quarter under review:

- During the quarter under review, the Group's businesses, except for Transportation and Property, recorded growth in profitability.
- Group EBITDA at Rs.8.06 billion in the second quarter of 2023/24 is a decrease of 13% against Group EBITDA of Rs.9.29 billion recorded in the corresponding period of the previous financial year, mainly due to the lower EBITDA in the Transportation industry group. In the second quarter of the previous year, the Group's Bunkering business recorded a substantial increase in profitability in its core ship bunkering operations driven by higher margins on account of the significant increase in global fuel oil prices.
- The functional reporting currency of Waterfront Properties (Private) Limited (WPL), the project company of the Cinnamon Life Integrated Resort, was changed from US Dollars (USD) to Sri Lankan Rupees (LKR) given the impending transition of the project from construction to an operational business next year. The depreciation of the LKR against the USD post-transition resulted in a non-cash exchange loss of Rs.2.14 billion on the USD 225 million term loan facility at WPL, which is recognised under Finance Cost in the Leisure industry group.
- Excluding the impact of the abovementioned exchange loss recorded on the USD 225 million term loan facility, Group PBT stood at Rs.1.99 billion, a decrease of 23% against the second quarter of 2022/23. PBT was further impacted by the notional non-cash interest charged on the convertible debentures issued to HWIC Asia Fund (HWIC) in August 2022, amounting to approximately Rs.800 million compared to approximately Rs.460 million in the second quarter of the last year.
- Further to the ongoing discussions with prospective gaming operators, WPL entered into a Memorandum of Understanding (MOU) with a leading international gaming operator. This MOU consists of the framework for investing into and operating of a casino at the Cinnamon Life Integrated Resort as well as the commercial framework between the parties. As originally envisaged, WPL will lease out space at the Cinnamon Life Integrated Resort for the operation of the casino. On finalising details of the fit-out and equipping costs and conclusion of the lease agreement, a detailed disclosure will be made.
- The groundwork on the West Container Terminal (WCT-1) at the Port of Colombo is progressing well with all construction work relating to the first phase of the project (800 meters of quay length) being awarded.
- In line with expectations and actions undertaken by the businesses, both the Beverages and Frozen Confectionery businesses recorded an improvement in margins on account of declining raw material prices together with the stabilisation of the Rupee.
- The Supermarket business recorded a strong performance in revenue during the quarter, with same store sales recording encouraging growth of 10%, driven by customer footfall growth of 11%. The sustained increase in footfall is encouraging as it demonstrates the continued potential for higher penetration of certain customer segments.
- Leisure recorded an increase in profitability driven by a strong recovery in the Sri Lankan Leisure businesses, particularly the Colombo Hotels segment.
- John Keells Properties launched its latest residential project, 'Viman', located in the heart of Ja-Ela, a suburban area in close proximity to Colombo. The preliminary sales interest for the project has been encouraging and construction of the first phase is expected to commence next year.
- Nations Trust Bank PLC recorded a strong growth in profitability driven by net interest income through proactive asset liability management. Union Assurance PLC recorded encouraging double-digit growth in gross written premiums, driven by renewal premiums, and higher yields on investments.
- The Group's carbon footprint per million rupees of revenue increased by 19% to 0.44 MT while the water withdrawal per million rupees of revenue increased by 30% to 9.25 cubic meters, mainly due to the decline in Group revenue in the second quarter compared to the corresponding quarter of the previous year.

EBITDA* (Rs.000)	Quarter ending 30 September			Six months ending 30 September		
	2023/24	2022/23	%	2023/24	2022/23	%
Transportation	1,699,799	3,034,882	(44)	4,118,458	7,586,331	(46)
Consumer Foods	1,236,534	1,008,997	23	1,956,240	2,242,221	(13)
Retail	1,982,657	1,963,179	1	3,969,994	4,282,130	(7)
Leisure	1,065,013	1,005,086	6	1,348,625	2,874,310	(53)
Property	(435,077)	(278,968)	(56)	(248,080)	(418,735)	41
Financial Services	1,702,139	1,104,167	54	3,395,070	1,981,261	71

*EBITDA includes interest income and the share of results of equity accounted investees which is based on the share of profit after tax but excludes all impacts from foreign currency exchange gains and losses (other than for equity accounted investees), to demonstrate the underlying cash operational performance of businesses.

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Dear Stakeholder,

During the quarter under review, the Group's businesses, except for Transportation and Property, recorded growth in profitability. The operating environment in the country continued its gradual normalisation supported by sustained improvement in the country's key macro-economic indicators, with inflation and interest rates recording a steep decline and the Rupee remaining stable on the back of improved foreign exchange inflows and enhanced confidence levels. While disposable incomes are still negatively impacted by higher direct and indirect taxes, the improvement in macro-economic conditions should result in a gradual recovery in consumer confidence and spending as witnessed in the quarter under review.

Sri Lanka's cumulative tourist arrivals for the calendar year crossed the one million mark for the first time since 2019, and this momentum is expected to accelerate further with the upcoming peak winter season where forward bookings for our hotel properties is encouraging. The improving current account balance in the country and substantial increases in tourism receipts and foreign currency remittances resulted in strong net inflows into the country, considering the suspension of debt servicing. Following the stabilisation of the Rupee, improved foreign currency reserves of the Central Bank of Sri Lanka (CBSL) and the positive outlook for the economy, import restrictions on most items have been relaxed.

Headline inflation significantly decelerated to 1.3% in September 2023, on the back of numerous policy actions, down from the peak levels of 70% in the previous year. Whilst the significant decline in headline inflation is mostly in line with the projections envisaged by the CBSL, the expectation is that inflation may stabilise at 5% in the medium-term. Aligned with these positive macroeconomic indicators and further to providing clarity on the Domestic Debt Optimisation (DDO) plan, in July and October 2023, the Monetary Policy Board of the CBSL reduced the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) by a total of 300 basis points to 10.00% and 11.00%, respectively, resulting in prime lending rates declining below 14% compared to the previous peak rates of 25%-28%.

In October 2023, electricity tariffs were revised for the third time this calendar year by a further increase of 18%. Whilst adopting a cost reflective pricing mechanism is needed to reduce the cost of subsidies to the Government in the short-term, it is imperative to address the fundamental inefficiencies in the cost of energy generation in the medium to long-term to ensure competitiveness of Sri Lankan industries with our competing markets. In this context, the new Electricity Act which has been approved by the Cabinet is welcome, although the full details are yet to be publicly made available, as it paves the way for the liberalisation and competitive distribution of power. Whilst the further increase in rates will impact our business performance, particularly the Supermarket and Leisure businesses, the Group will continue to adopt renewable energy generation, where possible, and improve on measures to manage energy efficiency.

The appointment of transaction advisors, both international and local, to support State Owned Enterprise (SOE) reforms, in July 2023, is expected to set the stage for the next phase of the divestiture process including

investor engagement for the seven identified entities. Given the criticality of the reform of SOEs for Sri Lanka, we urge the Authorities to expedite the process during this period of opportunity.

Sri Lanka reached a crucial staff-level agreement to release the second instalment of the USD 3 billion Extended Fund Facility granted by the International Monetary Fund (IMF), amounting to USD 330 million, once the reform agenda review is approved by the IMF Executive Board by early December 2023. Further changes to tax policies and tax administration systems needed to increase government revenues required to support debt sustainability, which is a key factor for IMF Board approval, is expected to be addressed in Sri Lanka's Budget proposals for 2024, which will be presented in November 2023. The Government announced the revision of the Value Added Tax (VAT) rate to 18% from the current 15%, effective January 2024.

While the implementation of critical reforms and fiscal consolidation measures has resulted in the achievement of economic stabilisation and improved revenues, in addressing the shortfall in meeting the revenue targets, the authorities should consider the impact on economic revival and growth with business confidence gradually recovering from its lows. Maintaining a consistent tax policy framework and confidence building will also be key to restoring economic activity and investment, thereby enabling improved revenue collection.

CHANGE IN THE FUNCTIONAL REPORTING CURRENCY OF WATERFRONT PROPERTIES (PRIVATE) LIMITED

In August 2023, the functional reporting currency of Waterfront Properties (Private) Limited (WPL), the project company of the Cinnamon Life Integrated Resort, was changed from US Dollars (USD) to Sri Lankan Rupees (LKR) given the impending transition of the project from construction to an operational business next year. The depreciation of the LKR against the USD post-transition resulted in a non-cash exchange loss of Rs.2.14 billion on the USD 225 million term loan facility at WPL, which is recognised under Finance Cost in the Leisure industry group.

Previously, under a USD functional reporting currency at WPL, all assets and liabilities of WPL were recorded in USD and matched against each other in line with the accounting standards. This matching ceases to exist on conversion to an LKR functional currency as all assets and liabilities, other than the USD 225 million loan facility, USD cash and any USD denominated transactions, will be fixed in LKR as at the date of conversion. Taking a longer-term view, the overall financial performance of the Group, and WPL, will benefit from the conversion of the asset to LKR at a point of time where the LKR is relatively strong. Assuming the LKR will, on average, depreciate in the long-term, the conversion at this juncture results in a relatively lower LKR carrying cost of the asset, thereby improving the Group's capital employed and returns. Similarly, the depreciation charge on the entire asset will also be anchored to a lower LKR value, thereby having a positive impact on profitability in the long-term. Whilst the exchange loss arising from the USD 225 million term loan facility will be ongoing under an LKR depreciation environment, it is noted that the loan facility will mature in December 2026. Once operations commence, the business will generate USD denominated streams of revenue through its hotel and conferencing facilities.

GROUP PERFORMANCE

Group revenue at Rs.64.11 billion for the quarter under review is a decrease of 7% against the comparative period of last year [2022/23 Q2: Rs.69.06 billion]. The decline is mainly on account of the significantly higher revenue recorded in the Group's Bunkering business in the second quarter of the previous year due to the steep increase in oil prices. Cumulative Group revenue for the first half of the year under review at Rs.127.89 billion is a decrease of 9% against the revenue of Rs.140.58 billion recorded in the corresponding period of the financial year 2022/23.

Group earnings before interest expense, tax, depreciation and amortisation (EBITDA) at Rs.8.06 billion in the second quarter of the financial year 2023/24 is a decrease of 13% against Group EBITDA of Rs.9.29 billion recorded in the previous financial year, mainly due to the lower EBITDA in the Transportation industry group. In the second quarter of the previous year, the Group's Bunkering business recorded a substantial increase in profitability in its core ship bunkering operations driven by higher margins on account of the significant increase in global fuel oil prices. Cumulative Group EBITDA for the first half of the financial year 2023/24 at Rs.17.29 billion is a decrease of 24% against the EBITDA of Rs.22.63 billion recorded in the same period of financial year 2022/23.

Group profit before tax (PBT) at negative Rs.154 million in the quarter under review is a decrease against the Rs.2.56 billion recorded in the second quarter of 2022/23. Excluding the impact of the abovementioned exchange loss on the USD 225 million term loan facility at WPL, Group PBT stood at Rs.1.99 billion, a decrease of 23% against the second quarter of 2022/23.

In addition to the impact from the aforementioned decline in EBITDA and the exchange loss recorded on the USD 225 million term loan facility, PBT was also impacted on account of the interest charged on the convertible debentures issued to HWIC Asia Fund (HWIC), including a notional non-cash interest of approximately Rs.800 million, whereas the corresponding quarter of the previous year included the interest of approximately Rs.460 million on the debenture from mid-August 2022 onwards.

Cumulative Group PBT for the first half of the financial year 2023/24 at Rs.1.24 billion is a decrease against the PBT of Rs.17.37 billion recorded in the same period of financial year 2022/23. Excluding the impact of the abovementioned exchange loss recorded on the USD 225 million term loan facility, cumulative Group PBT for the first half of the financial year 2023/24 stood at Rs.3.38 billion. The first half of the previous year included Rs.10.25 billion of net exchange gains recorded on its US Dollar denominated cash holdings at the Holding Company, resulting from the steep depreciation of the Sri Lankan Rupee against the US Dollar during the quarter, whereas the quarter under review recorded corresponding net exchange gains amounting to Rs.29 million.

Profit attributable to equity holders of the parent at negative Rs.575 million in the quarter under review is a decrease against the comparative quarter [2022/23 Q2: Rs.1.60 billion]. On a cumulative basis, profit attributable to equity holders of the parent is Rs.892 million compared to Rs.12.88 billion in the comparative period.

Company PBT for the second quarter of 2023/24 at negative Rs.1.48 billion is a decrease against the Rs.3.62 billion recorded in the corresponding period of 2022/23, mainly as a result of a decrease in

dividend inflows to the Holding Company due to the timing of dividend receipts and an increase in the interest expense including interest charged on the convertible debentures issued to HWIC. Company PBT for the first half of the financial year 2023/24 at negative Rs.1.83 billion is a decrease against the Rs.14.92 billion recorded in the corresponding period of 2022/23, which included the aforementioned Rs.10.25 billion of net exchange gains recorded on its US Dollar denominated cash holdings at the Holding Company.

TRANSPORTATION

The Transportation industry group EBITDA at Rs.1.70 billion in the second quarter of 2023/24 is a decrease of 44% against the EBITDA of the comparative period [2022/23 Q2: Rs.3.03 billion]. The decline in profitability is mainly attributable to the Group's Bunkering business, Lanka Marine Services (LMS), and to a lesser extent, the Group's Ports and Shipping business, South Asia Gateway Terminals (SAGT). Given the dollar denominated revenue streams of the businesses within the industry group, profitability was adversely impacted by the appreciation of the Sri Lankan Rupee (by approximately 15%) during the quarter under review, whereas both SAGT and LMS benefitted from gains on account of the steep depreciation of the Rupee during the second quarter of the previous year.

In the second quarter of the previous year, LMS recorded a substantial increase in profitability in its core ship bunkering operations driven by higher margins on account of the significant increase in global fuel oil prices. Whilst LMS recorded high margins during the quarter under review, decline in volumes impacted overall profitability. It should be noted that the corresponding quarter in the previous year included local fuel sales as licensed bunkering businesses were permitted to import and supply fuel oil to local industries to ensure continuity of operations in light of the fuel shortages which were prevalent in the country at the time. The temporary approval granted by the Government of Sri Lanka ceased with effect from early June 2023.

During the quarter under review, SAGT recorded a volume growth of 10%, surpassing the volume growth at the Port of Colombo of 8%. However, in addition to the impact of the appreciation of the Sri Lankan Rupee against the US Dollar, profitability was lower due to a change in the volume mix due to a decline in domestic import volumes, while ancillary revenues declined from the peak levels witnessed last year.

The groundwork on the West Container Terminal (WCT-1) at the Port of Colombo is progressing well, with all construction work relating to the first phase of the project (800 meters of quay length) being awarded. Overall timelines for the project remain as originally envisaged.

CONSUMER FOODS

The Consumer Foods industry group EBITDA at Rs.1.24 billion in the second quarter of 2023/24 is an increase of 23% against the corresponding quarter of the previous year [2022/23 Q2: Rs.1.01 billion]. The increase in EBITDA is attributable to the performance of the Frozen Confectionery business.

The increase in profitability in the Frozen Confectionery business was mainly driven by improved margins and reductions in overhead costs. In line with expectations and actions undertaken by the businesses, both Beverages and Frozen Confectionery recorded an improvement in margins on account of declining raw material prices together with the stabilisation of the Rupee. The margins recorded an increase despite

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the impact of the social security contribution levy (SSCL) which came into effect in October 2022, which is a revenue-based tax similar to the Nation Building Tax in force a few years ago.

In addition to the improvement in margins, the Beverages business recorded a volume growth of 5% thereby benefitting from higher operating leverage on account of this growth. However, profitability of the business was impacted by a one-off increase in promotional and marketing-related expenses which were undertaken during the quarter under review given the normalising operating environment and positive volume recovery momentum.

The Convenience Foods business recorded a volume decline during the quarter as a result of a moderation in consumer spend on processed meats, which is a more discretionary and at a higher price point as compared to the Beverages and Frozen Confectionery businesses.

RETAIL

The Retail industry group EBITDA of Rs.1.98 billion in the second quarter of 2023/24 is an increase of 1% over the EBITDA for the second quarter of the previous financial year [2022/23 Q2: Rs.1.96 billion].

The Supermarket business EBITDA of Rs.1.75 billion in the second quarter of 2023/24 is an increase of 5% over the EBITDA for the second quarter of the previous financial year [2022/23 Q2: Rs.1.67 billion]. The Supermarket business recorded a strong performance in revenue during the quarter, with same store sales recording an encouraging growth of 10%, driven by customer footfall growth of 11%. The sustained increase in footfall is encouraging as it demonstrates the continued potential for higher penetration of certain customer segments. The increase in revenue, as witnessed during the quarter, drove the improvement in EBITDA together with the benefits accruing from various productivity and cost efficiency initiatives and supplier negotiations. As expected, the business recorded an improvement in PBT due to the gradual easing of interest rates and normalised working capital requirements. The business will continue to place emphasis on cost optimisation and working capital management.

One new outlet was opened during the quarter and the total outlet count is 132 as of 30 September 2023.

During the quarter under review, the Office Automation business recorded a significant improvement in PBT driven by an increase in mobile phone sales volumes.

LEISURE

The Leisure industry group EBITDA of Rs.1.07 billion in the second quarter of 2023/24 is an increase of 6% over the EBITDA for the second quarter of the previous financial year [2022/23 Q2: Rs.1.01 billion], driven by a strong recovery in the Sri Lankan Leisure businesses, particularly the Colombo Hotels segment.

Given the classification of assets and liabilities of the Cinnamon Life Integrated Resort under the Leisure industry group from October 2022 onwards, the EBITDA of the quarter under review includes marketing and promotional expenses and staff salaries incurred in preparation for the launch of the project next year. Excluding the Cinnamon Life Integrated Resort, the Leisure industry group EBITDA recorded an increase of 26% to Rs.1.26 billion.

As detailed previously, the functional reporting currency of WPL, the project company of the Cinnamon Life Integrated Resort, was changed from USD to LKR, given the impending transition of the project to operations next year. The depreciation of the LKR against the USD post-transition resulted in a non-cash exchange loss of Rs.2.14 billion on the USD 225 million term loan facility at WPL.

Previously, under a USD functional reporting currency at WPL, the exchange rate exposure of the USD denominated loan was matched against the USD denominated assets at WPL. This hedge ceases to operate on conversion to the LKR functional currency as the asset values no longer benefit from the movement in exchange rates. Taking a longer-term view, the overall financial performance of the Group, and WPL, will benefit from the conversion of the asset to LKR at a point of time where the LKR is relatively strong. Assuming the LKR will, on average, depreciate in the long-term, the conversion at this juncture results in a relatively lower LKR carrying cost of the asset, thereby improving the Group's capital employed and returns. Similarly, the depreciation charge on the entire asset will also be anchored to a lower LKR value, thereby having a positive impact on profitability in the long-term. Whilst the exchange loss arising from the USD 225 million term loan facility will be ongoing under an LKR depreciation environment, it is noted that the loan facility will mature in December 2026. Once operations commence, the business will generate USD denominated streams of revenue through its hotel and conferencing facilities. Excluding the impact of the exchange exposure on the term loan facility at WPL, the Leisure industry group PBT stood at negative Rs.582 million.

In September 2023, tourist arrivals to Sri Lanka crossed the one million mark. Sri Lanka's peak pre-pandemic arrivals stood at 2.3 million, which was recorded in 2018. With international tourism levels close to pre-pandemic levels as per the United Nations World Tourism Organisation, the Group is confident that the current recovery trend in arrivals in Sri Lanka will continue, particularly given the increase in frequencies of flights by several major airlines and the opening of the Chinese market for outbound travel. Based on the forward bookings for our hotel properties for the winter season which commences in December, we expect arrivals to the country to reach pre-covid levels.

The Sri Lankan Leisure businesses continued to record an improvement in performance, with an increase in occupancies and room rates across properties, on the back of a sustained recovery in tourist arrivals to the country. The Colombo Hotels segment continued its strong performance in restaurant operations whilst recording an increase in the number of events and banquets.

The performance of the Group's Maldivian Resorts segment was impacted by a change in the mix of overall arrivals to the Maldives, particularly on the summer tourist traffic, where arrivals was lower from source markets with higher yields. The alternative accommodation channels of guest houses which are at a more affordable price point to the typical premium destination, have resulted in a higher number of budget-conscious travellers. Profitability was further impacted by higher distribution costs due to the channel mix.

With effect from October 2023, a Minimum Room Rate stipulation was re-imposed for hotel properties in the city of Colombo with the aim of improving yields and the overall price positioning of Colombo. Whilst it is early to ascertain its impacts, we urge the Authorities to closely monitor

the developments impacting the occupancies of the city, particularly considering that Colombo is yet to reach pre-pandemic arrivals and remains predominately a MICE and leisure travel driven market.

Cinnamon Life Integrated Resort

As detailed in the Annual Report 2022/23, given the near completion of construction works at the Cinnamon Life Integrated Resort and the focus and transition on the pre-operational phase of the project with the impending commencement of operations in end 2024, the review and reporting of the hotel, retail and entertainment components of the project was transitioned to the Leisure industry group. The property development components of the project, namely, the two residential apartment towers and the commercial tower, continue to be recorded under the Property industry group.

The construction work at the Cinnamon Life Integrated Resort is progressing well, where the hotel, retail and entertainment components are in the final stages of construction. The fit-outs and interior works of the hotel rooms and common areas are well underway with approximately 650 rooms nearing completion.

Further to the ongoing discussions with prospective gaming operators, WPL entered into a Memorandum of Understanding (MOU) with a leading international gaming operator. This MOU consists of the framework for investing into and operating of a casino at the Cinnamon Life Integrated Resort as well as the commercial framework between the parties. As originally envisaged, WPL will lease out space at the Cinnamon Life Integrated Resort for the operation of the casino. On finalising details of the fit-out and equipping costs and conclusion of the lease agreement, a detailed disclosure will be made.

We are confident that the convergence of all elements in the launch of the integrated resort will unlock its full potential as a transformative development in South Asia and be a catalyst in creating tourism demand and foreign exchange earnings for Sri Lanka.

PROPERTY

The Property industry group EBITDA of negative Rs.435 million in the second quarter of 2023/24 is a decrease against the EBITDA of the second quarter of the previous financial year [2022/23 Q2: negative Rs.279 million]. The second quarter of the previous year included revenue and profit recognition from real estate sales in Digana, through Rajawella Holdings (Private) Limited.

The EBITDA for the quarter under review includes profit recognition from 'TRI-ZEN' and rental income from ten floors of 'The Offices at Cinnamon Life'. The profitability of 'TRI-ZEN', which records the Group's share of profit after tax as it is an equity accounted investee, was impacted by higher finance expenses on account of temporarily higher working capital requirements for the construction of the project. During the quarter under review, the cumulative sales and purchase agreements (SPAs) signed at 'the 'TRI-ZEN' residential development project increased by 13 units to 670 units. The renewed sales momentum is encouraging and shows that the market is beginning to adjust to the new price levels in the industry. The construction activity at 'TRI-ZEN' is continuing with encouraging momentum where the entire structure of all three towers is completed and the finishing works in the apartments are underway. The overall project is scheduled for completion in the fourth quarter of 2023/24.

In September 2023, John Keells Properties launched its latest residential project, 'Viman', located in the heart of Ja-Ela, a suburban area in close proximity to Colombo. Spread across six acres, offering a harmonious blend of modern comforts with 418 apartments, 'Viman' is designed to provide a secure, family-friendly environment with convenient access to the city of Colombo, while retaining the charm of a small-town setting. 'Viman' offers the distinct advantage of proximity to the Colombo Port access highway, facilitating convenient connectivity between Ja-Ela and Colombo. The preliminary sales interest for the project has been encouraging and construction of the first phase is expected to commence next year.

FINANCIAL SERVICES

The Financial Services industry group EBITDA at Rs.1.70 billion in the second quarter of 2023/24 is an increase of 54% against the EBITDA of the corresponding period in the previous year [2022/23 Q2: Rs.1.10 billion]. The strong growth in profitability was driven by both Nations Trust Bank PLC (NTB) and Union Assurance PLC (UA). NTB recorded a strong growth in profitability driven by net interest income through proactive asset liability management. Profitability in the quarter under review also benefited from the absence of impairment charges on Sri Lankan Government foreign securities given the higher provisioning adopted by NTB in the corresponding quarter of the previous year. UA recorded encouraging double-digit growth in gross written premiums, driven by renewal premiums, and higher yields on investments.

OTHER, INCLUDING INFORMATION TECHNOLOGY AND PLANTATION SERVICES

The Other, including Information Technology and Plantation Services industry group EBITDA of Rs.810 million in the second quarter of 2023/24 is a decrease of 44% over the EBITDA for the second quarter of the previous financial year [2022/23 Q2: Rs.1.46 billion], attributable mainly to the profitability of the Holding Company and the Plantation Services sector. The decrease in EBITDA of the Holding Company is mainly attributable to the lower interest income due to the lower rates and higher administrative costs. The PBT of the Holding Company was impacted by higher interest expense on borrowings, including the interest charged on the convertible debentures issued to HWIC. The debentures included a notional non-cash interest of approximately Rs.800 million, whereas the corresponding quarter of the previous year included the interest on the debenture from mid-August 2022 onwards.

The Plantation Services sector recorded a decrease in profitability as a result of a decline in tea prices. The profitability of the Information Technology sector recorded an improvement as a result of cost saving initiatives.

DIVERSITY, EQUITY AND INCLUSION INITIATIVE

In August 2023, the Group was invited to share knowledge in an advocacy workshop organised by The Family Health Bureau (FHB) together with the UN World Food Programme (WFP) on the success and the positive impact of its Equal Parental Leave Policy launched a year ago and related services that are offered to our people. Three crucial aspects of the Equal Parental Leave Policy were highlighted: recognising the vital role of fathers in early childhood development, eliminating the stigma associated with hiring women, and extending the impact beyond the Group by assisting women in their return to the workforce.

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In September 2023, strengthening our efforts to promote public-private cooperation on employment support for persons with disabilities (PWD), the Group participated in a job coaching training workshop hosted by the Employment Support for Persons with Disabilities (ESPD) - which is a joint venture between the Japan International Cooperation Agency (JICA) and the Department of Social Services.

SUSTAINABILITY INITIATIVES

During the quarter under review, the Group's carbon footprint per million rupees of revenue increased by 19% to 0.44 MT, while the water withdrawal per million rupees of revenue increased by 30% to 9.25 cubic meters, mainly due to the decline in Group revenue in the second quarter compared to the corresponding quarter of the previous year. In absolute terms, the Group's carbon footprint and water withdrawal increased by 10% and 20% to 28,336 MT and 592,571 cubic meters respectively, due to higher levels of operational activity during the quarter compared to the corresponding quarter of the previous year, particularly in the Leisure, Supermarkets and Consumer Food businesses. On average, Group employees were provided with 36 hours of training per employee, whilst 69 occupational injuries were reported during the quarter.

Plasticcycle

In August 2023, 'Plasticcycle,' the Group's social entrepreneurship project, launched 'Start-Up-Cycle,' a challenge platform designed to offer Sri Lankan innovators and entrepreneurs an opportunity to present their implementable solutions to address the issue of plastic pollution in the country. Plasticcycle's partnership with The Pearl Protectors in Cleaner Seabeds for Sri Lanka Expedition which commenced in April this year has resulted in 24 dives in the Trincomalee district of the country and a collection of 1,010 kg of underwater plastic waste to date.

CORPORATE SOCIAL RESPONSIBILITY

During the quarter, John Keells Foundation (JKF) continued its multi-pronged approach to addressing socio-economic issues by upskilling vulnerable communities, empowering our women and youth, and supporting programmes to sustain our environment and build social cohesion. Some noteworthy initiatives during the reporting period are outlined below:

Education

- Skill enhancement of 639 undergraduates of the University of Colombo through 'The Final Step' soft skills programme.
- 228 scholarships for Higher Education and Digital Learning resulted in all 23 students passing their GCE A/L Exam and two students achieving 9th and 38th district rankings.

Livelihood Development

- Initiating livelihood programmes in mushroom cultivation and bee keeping in Ja-Ela and Habarana, respectively, involving 35 households, primarily women.
- Continued livelihood and nutrition benefits under the sustainable farming programme, home gardening programme, greenhouse initiative and model farms rolled out under the Group's Crisis Response Initiative.

Health

- Provided over 455,000 school meals since the launch of the Group's school meal programme in October 2022 and is due to be transitioned. The pilot school gardening programme continued to support school meals in the respective school.
- Initiated the School Nutrition Programme in collaboration with SUN PF, to promote nutrition awareness and school gardening in ten schools in John Keells Praja Shakthi locations.
- Conducted Child Protection awareness for 373 students, National Tour Guides and 'Cinnamon' staff and augmenting Group capacity to train on Gender Based Violence through training-of-trainers for 25 Group staff under Project WAVE (Working Against Violence through Education).
- Suwa Seriya Foundation reported its ability to sustain primary health care throughout the island utilising the Rs.100 million donation provided in 2022/23 for the repairing of ambulances, the repair and replacement of medical equipment, procurement of staff safety equipment and training.

Environment

- 'Cinnamon Rainforest Restoration' project reported the planting of 785 additional seedlings, hosting of eight volunteer programmes, establishing of bat caves and ponds and 56 seed banks.

Arts & Culture

- The 'Foreigners' exhibition at the Museum of Modern and Contemporary Art, Sri Lanka, which has been internationally recognised for its social impact and relevance against the current backdrop of Sri Lankan migration, recorded over 10,000 visitors since its opening and 58 educational sessions attended by 950 persons.
- Sunera Foundation's Habaraduwa workshop sponsored by JKF empowered 29 participants and presented its production 'Nadunana Kiyawanna' at the Samanalayaya Regional Drama Festival in Galle.

Other

- Volunteer Recognition Day was held celebrating the contributions of 610 volunteers in the last financial year. Special awards were given to project teams in the Group for their efforts in the Crisis Response Initiative.

DIVIDEND

Your Board declared a first interim dividend of Rs.0.50 per share to be paid on or before 6 December 2023.

APPOINTMENT OF DIRECTOR

Mr. Suren Fernando was appointed as an Independent Non-Executive Director of JKH with effect from 9 August 2023.



Krishan Balendra
Chairperson

7 November 2023

CONSOLIDATED INCOME STATEMENT

	Note	Quarter ended 30 September			Six months ended 30 September		
		2023	2022	Change %	2023	2022	Change %
Continuing operations							
Revenue from contracts with customers		59,658,048	65,190,442	(8)	119,394,250	133,385,703	(10)
Revenue from insurance contracts		4,455,738	3,874,417	15	8,498,006	7,195,039	18
Total revenue		64,113,786	69,064,859	(7)	127,892,256	140,580,742	(9)
Cost of sales		(52,604,922)	(58,448,680)	(10)	(105,299,612)	(116,225,149)	(9)
Gross profit		11,508,864	10,616,179	8	22,592,644	24,355,593	(7)
Other operating income		1,649,537	652,659	153	2,813,889	1,339,388	110
Selling and distribution expenses		(2,637,283)	(1,937,372)	36	(5,088,062)	(3,944,351)	29
Administrative expenses		(6,487,173)	(5,322,468)	22	(12,650,289)	(10,796,184)	17
Other operating expenses		(1,619,123)	(1,136,467)	42	(3,624,953)	(5,129,733)	(29)
Results from operating activities		2,414,822	2,872,531	(16)	4,043,229	5,824,713	(31)
Finance cost	7	(6,785,918)	(3,822,230)	78	(12,131,117)	(7,065,914)	72
Finance income	7	5,273,002	4,594,158	15	10,406,246	19,117,353	(46)
Change in insurance contract liabilities	6	(3,315,648)	(3,349,913)	(1)	(6,449,043)	(5,039,803)	28
Share of results of equity accounted investees (net of tax)		2,260,174	2,269,160	0	5,373,319	4,528,807	19
Profit before tax		(153,568)	2,563,706	(106)	1,242,634	17,365,156	(93)
Tax expense	8	(504,956)	(877,773)	(42)	(659,476)	(4,253,329)	(84)
Profit for the period		(658,524)	1,685,933	(139)	583,158	13,111,827	(96)
Attributable to:							
Equity holders of the parent		(574,136)	1,604,959	(136)	892,411	12,882,021	(93)
Non-controlling interests		(84,388)	80,974	(204)	(309,253)	229,806	(235)
		(658,524)	1,685,933	(139)	583,158	13,111,827	(96)
		Rs.	Rs.		Rs.	Rs.	
Earnings per share							
Basic		(0.41)	1.16		0.64	9.30	
Diluted		(0.41)	1.16		0.64	9.17	
Dividend per share		-	-		0.50	0.50	

Note : All values are in Rs. '000s, unless otherwise stated.
 Figures in brackets indicate deductions.
 The above figures are not audited.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Quarter ended 30 September		Six months ended 30 September	
		2023	2022	2023	2022
Profit for the period		(658,524)	1,685,933	583,158	13,111,827
Other comprehensive income					
Other comprehensive income to be reclassified to income statement in subsequent periods					
Currency translation of foreign operations		5,690,496	2,760,738	(10,828,875)	30,661,173
Net gain/(loss) on cash flow hedges		529,103	1,535,233	593,724	2,396,555
Net gain/(loss) on debt instruments at fair value through other comprehensive income		4,167,307	(1,050,546)	5,427,846	(1,815,246)
Share of other comprehensive income of equity-accounted investees (net of tax)		2,113,615	(715,291)	1,297,595	2,376,816
Net other comprehensive income to be reclassified to income statement in subsequent periods		12,500,521	2,530,134	(3,509,710)	33,619,298
Other comprehensive income not to be reclassified to income statement in subsequent periods					
Net gain/(loss) on equity instruments at fair value through other comprehensive income		856	(58,957)	19,522	(675)
Re-measurement gain/(loss) on defined benefit plans		-	-	616	-
Net other comprehensive income not to be reclassified to income statement in subsequent periods		856	(58,957)	20,138	(675)
Tax on other comprehensive income	8	-	16	273	27
Other comprehensive income for the period, net of tax		12,501,377	2,471,193	(3,489,299)	33,618,650
Total comprehensive income for the period, net of tax		11,842,853	4,157,126	(2,906,141)	46,730,477
Attributable to:					
Equity holders of the parent		11,261,495	4,106,052	(2,891,912)	45,556,639
Non-controlling interest		581,358	51,074	(14,229)	1,173,838
		11,842,853	4,157,126	(2,906,141)	46,730,477

Note : All values are in Rs. '000s, unless otherwise stated.
 Figures in brackets indicate deductions.
 The above figures are not audited.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	30.09.2023	31.03.2023
ASSETS		
Non-current assets		
Property, plant and equipment	361,207,038	362,096,999
Right-of-use assets	51,406,344	54,184,946
Investment property	32,240,663	33,029,385
Intangible assets	6,023,747	5,792,766
Investments in equity accounted investees	49,807,741	38,486,146
Non-current financial assets	74,387,756	63,957,051
Deferred tax assets	2,745,283	2,582,275
Other non-current assets	1,651,579	1,571,304
	579,470,151	561,700,872
Current assets		
Inventories	36,982,219	39,094,514
Trade and other receivables	18,456,216	21,508,078
Amounts due from related parties	297,917	317,700
Other current assets	16,575,920	14,570,452
Short term investments	81,205,839	82,221,822
Cash in hand and at bank	25,405,534	25,092,977
	178,923,645	182,805,543
Total assets	758,393,796	744,506,415
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Stated capital	73,521,643	73,187,861
Revenue reserves	121,977,628	121,743,376
Other components of equity	142,400,974	146,091,034
	337,900,245	341,022,271
Non-controlling interest	19,262,812	19,396,186
Total equity	357,163,057	360,418,457
Non-current liabilities		
Insurance contract liabilities	65,231,889	58,907,310
Interest-bearing loans and borrowings	150,734,369	159,778,892
Lease liabilities	28,282,172	32,052,489
Deferred tax liabilities	19,848,718	19,687,569
Employee benefit liabilities	2,719,214	2,559,632
Non-current financial liabilities	21,556,767	20,107,025
Other non-current liabilities	183,049	286,236
	288,556,178	293,379,153
Current liabilities		
Trade and other payables	33,416,438	29,866,282
Amounts due to related parties	2,728	3,615
Income tax liabilities	1,061,412	1,798,855
Short term borrowings	16,001,884	8,701,652
Interest-bearing loans and borrowings	15,225,640	12,839,426
Lease liabilities	3,936,513	2,258,653
Other current liabilities	4,712,975	5,191,579
Bank overdrafts	38,316,971	30,048,743
	112,674,561	90,708,805
Total equity and liabilities	758,393,796	744,506,415
	Rs.	Rs.
Net assets per share	243.64	245.89

Note: All values are in Rs. '000s, unless otherwise stated.

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

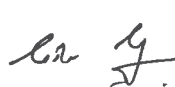


K M Thanthirige
Group Financial Controller

The Board of Directors is responsible for these financial statements.



K N J Balendra
Chairperson



J G A Cooray
Deputy Chairperson/Group Finance Director

7 November 2023
Colombo

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September	Note	2023	2022
OPERATING ACTIVITIES			
Profit before working capital changes	A	2,731,176	3,162,266
(Increase) / Decrease in inventories		1,184,775	(2,752,337)
(Increase) / Decrease in trade and other receivables		1,583,287	2,264,539
(Increase) / Decrease in other current assets		(1,321,960)	(7,370,694)
Increase / (Decrease) in other non-current financial liabilities		(80,214)	100,958
Increase / (Decrease) in trade and other payables		3,259,572	(5,093,243)
Increase / (Decrease) in other current liabilities		(477,309)	1,121,352
Increase / (Decrease) in insurance contract liabilities		6,324,579	5,007,908
Cash generated from operations		13,203,906	(3,559,251)
Finance income received		7,896,526	17,907,112
Finance costs paid		(11,578,895)	(6,369,489)
Dividend received		833,037	3,861,919
Tax paid		(1,367,934)	(2,278,382)
Surcharge tax paid		-	(1,749,052)
Gratuity paid		(173,519)	(106,667)
Net cash flow from operating activities		8,813,121	7,706,190
INVESTING ACTIVITIES			
Purchase and construction of property, plant and equipment		(9,169,796)	(2,849,737)
Purchase of intangible assets		(461,149)	(220,509)
(Increase) / Decrease in other non-current assets		(96,724)	(18,718,287)
Increase in interest in equity accounted investees		(5,551,612)	(1,185,640)
Proceeds from sale of property, plant and equipment and intangible assets		78,886	55,144
Proceeds from sale of financial instruments - fair valued through profit or loss		2,000,939	1,969,337
Purchase of financial instruments - fair valued through profit or loss		(2,137,610)	(1,389,845)
(Purchase) / disposal of deposits and government securities (net)		26,785,426	(10,635,841)
(Purchase) / disposal of non current financial assets (net)		(119,686)	(129,023)
Net cash flow from / (used in) investing activities		11,328,674	(33,104,401)
FINANCING ACTIVITIES			
Proceeds from issue of shares		265,141	-
Proceeds from issue of convertible debentures		-	27,056,250
Dividend paid to equity holders of parent		(692,458)	(692,458)
Dividend paid to shareholders with non-controlling interest		(85,139)	(59,838)
Proceeds from long term borrowings		648,001	1,317,755
Repayment of long term borrowings		(5,393,529)	(41,326,584)
Payment of principal portion of lease liabilities		(1,748,522)	(2,603,758)
Proceeds from/(repayment of) other financial liabilities (net)		7,052,070	1,507,901
Net cash flow from / (used in) financing activities		45,564	(14,800,732)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		20,187,359	(40,198,943)
CASH AND CASH EQUIVALENTS AT THE BEGINNING		40,310,018	134,564,103
CASH AND CASH EQUIVALENTS AT THE END		60,497,377	94,365,160
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Favourable balances			
Short term investments (less than 3 months)		73,408,814	53,172,851
Cash in hand and at bank		25,405,534	71,672,391
Unfavourable balances			
Bank overdrafts		(38,316,971)	(30,480,082)
Total Cash and cash equivalents		60,497,377	94,365,160

Note: All values are in Rs. '000s, unless otherwise stated.
 Figures in brackets indicate deductions.
 The above figures are not audited.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September	Note	2023	2022
A. Profit before working capital changes			
Profit before tax		1,242,634	17,365,156
Adjustments for:			
Finance income	7	(10,406,246)	(19,117,353)
Finance cost	7	12,131,117	7,065,914
Share-based payment expense		163,198	120,504
Share of results of equity accounted investees		(5,373,319)	(4,528,807)
Depreciation of property, plant and equipment		3,218,172	3,030,586
(Profit)/loss on sale of property, plant and equipment and intangible assets		(53,495)	(10,294)
Amortisation of right- of - use assets		1,930,447	2,041,013
Amortisation of intangible assets		471,997	422,830
Employee benefit provision and related costs		329,871	354,919
Unrealised (gain) / loss on foreign exchange (net)		(923,200)	(3,582,202)
		2,731,176	3,162,266

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP	Note	Attributable to equity holders of the parent										Total equity
		Stated capital	Restricted regulatory reserve	Revaluation reserve	Foreign currency translation reserve	Cash flow hedge reserve	Other capital reserve	Fair value reserve of financial assets at FVOCI*	Revenue reserve	Total	Non-controlling interests	
As at 1 April 2022		73,187,861	3,626,604	41,012,553	79,185,589	2,928,815	3,060,095	(802,243)	106,133,124	308,332,398	18,734,311	327,066,709
Profit for the period		-	-	-	-	-	-	-	12,882,021	12,882,021	229,806	13,111,827
Other comprehensive income		-	-	-	32,431,468	2,396,555	-	(2,153,433)	28	32,674,618	944,032	33,618,650
Total comprehensive income		-	-	-	32,431,468	2,396,555	-	(2,153,433)	12,882,049	45,556,639	1,173,838	46,730,477
Share based payments		-	-	-	-	-	120,504	-	-	120,504	-	120,504
Final dividend paid - 2021/22	11	-	-	-	-	-	-	-	(692,458)	(692,458)	-	(692,458)
Issue of convertible debentures		-	-	-	-	-	10,191,770	-	-	10,191,770	-	10,191,770
Subsidiary dividend to non-controlling interest		-	-	-	-	-	-	-	39,734	39,734	(99,572)	(59,838)
As at 30 September 2022		73,187,861	3,626,604	41,012,553	111,617,057	5,325,370	13,372,369	(2,955,676)	118,362,449	363,548,587	19,808,577	383,357,164
As at 1 April 2023		73,187,861	3,626,604	41,136,975	84,594,202	4,215,838	13,840,507	(1,323,092)	121,743,376	341,022,271	19,396,186	360,418,457
Profit for the period		-	-	-	-	-	-	-	892,411	892,411	(309,253)	583,158
Other comprehensive income		-	-	-	(10,687,279)	593,724	-	6,308,939	293	(3,784,323)	295,024	(3,489,299)
Total comprehensive income		-	-	-	(10,687,279)	593,724	-	6,308,939	892,704	(2,891,912)	(14,229)	(2,906,141)
Exercise of share options		265,140	-	-	-	-	-	-	-	265,140	-	265,140
Share based payments		68,642	-	-	-	-	94,556	-	-	163,198	-	163,198
Final dividend paid - 2022/23	11	-	-	-	-	-	-	-	(692,458)	(692,458)	-	(692,458)
Subsidiary dividend to non-controlling interest		-	-	-	-	-	-	-	34,006	34,006	(119,145)	(85,139)
As at 30 September 2023		73,521,643	3,626,604	41,136,975	73,906,923	4,809,562	13,935,063	4,985,847	121,977,628	337,900,245	19,262,812	357,163,057

* FVOCI - Fair value through other comprehensive income

Note : All values are in Rs. '000s, unless otherwise stated.
Figures in brackets indicate deductions.
The above figures are not audited.

COMPANY INCOME STATEMENT

	Note	Quarter ended 30 September			Six months ended 30 September		
		2023	2022	Change %	2023	2022	Change %
Continuing operations							
Services transferred over time		906,433	541,658	67	1,469,406	1,016,384	45
Revenue from contracts with customers		906,433	541,658	67	1,469,406	1,016,384	45
Cost of sales		(635,708)	(370,884)	71	(953,103)	(640,017)	49
Gross profit		270,725	170,774	59	516,303	376,367	37
Dividend income		42,499	4,135,922	(99)	1,231,674	4,367,987	(72)
Other operating income		6,269	3,561	76	50,441	7,466	576
Administrative expenses		(464,202)	(377,474)	23	(1,021,506)	(774,658)	32
Other operating expenses		(1,159)	(4,151)	(72)	(21,495)	(7,000)	207
Results from operating activities		(145,868)	3,928,632	(104)	755,417	3,970,162	(81)
Finance cost	7	(2,663,616)	(1,870,668)	42	(5,699,310)	(3,176,051)	79
Finance income	7	1,328,486	1,559,132	(15)	3,114,908	14,130,466	(78)
Profit before tax		(1,480,998)	3,617,096	(141)	(1,828,985)	14,924,577	(112)
Tax expense	8	(2,223)	(599,135)	(100)	(3,630)	(3,182,708)	(100)
Profit for the period		(1,483,221)	3,017,961	(149)	(1,832,615)	11,741,869	(116)
		Rs.	Rs.		Rs.	Rs.	
Dividend per share		-	-		0.50	0.50	

Note : All values are in LKR '000s, unless otherwise stated.
 Figures in brackets indicate deductions.
 The above figures relating to fourth quarter are not audited.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Note	Quarter ended 30 September		Six months ended 30 September	
		2023	2022	2023	2022
Profit for the period		(1,483,221)	3,017,961	(1,832,615)	11,741,869
Other comprehensive income					
Other comprehensive income to be reclassified to income statement in subsequent periods					
Net gain/(loss) on cash flow hedge		529,103	1,535,233	593,724	2,396,555
Net other comprehensive income to be reclassified to Income Statement in subsequent periods		529,103	1,535,233	593,724	2,396,555
Other comprehensive income not to be reclassified to income statement in subsequent periods					
Remeasurement gain/(loss) on defined benefit plans		-	-	(800)	-
Net gain/(loss) on equity instruments at fair value through other comprehensive income		858	(58,916)	19,593	(578)
Net Other comprehensive income not to be reclassified to income statement in subsequent periods		858	(58,916)	18,793	(578)
Tax on other comprehensive income	8	-	-	-	-
Other comprehensive income for the period, net of tax		529,961	1,476,317	612,517	2,395,977
Total comprehensive income for the period, net of tax		(953,260)	4,494,278	(1,220,098)	14,137,846

Note: All values are in Rs. '000s, unless otherwise stated.
 Figures in brackets indicate deductions.
 The above figures relating to fourth quarter are not audited.

COMPANY STATEMENT OF FINANCIAL POSITION

As at	30.09.2023	31.03.2023
ASSETS		
Non-current assets		
Property, plant and equipment	134,454	140,420
Intangible assets	47,975	62,812
Investments in subsidiaries	205,571,275	198,074,611
Investments in equity accounted investees	21,387,111	16,217,500
Non current financial assets	5,049,708	4,404,983
Other non-current assets	114,301	125,931
	232,304,824	219,026,257
Current assets		
Trade and other receivables	300,418	207,733
Amounts due from related parties	1,452,759	1,177,616
Other current assets	1,998,120	1,695,635
Short term investments	59,545,575	57,473,253
Cash in hand and at bank	7,668,425	8,232,006
	70,965,297	68,786,243
Total assets	303,270,121	287,812,500
EQUITY AND LIABILITIES		
Stated capital	73,521,643	73,187,861
Revenue reserves	99,281,112	101,806,985
Other components of equity	18,762,878	18,055,005
Total equity	191,565,633	193,049,851
Non-current liabilities		
Interest-bearing loans and borrowings	64,741,359	66,907,718
Employee benefit liabilities	226,552	219,756
Non current financial liabilities	19,910,103	18,380,148
Deferred tax liabilities	2,841,984	2,841,984
	87,719,998	88,349,606
Current liabilities		
Trade and other payables	666,100	631,405
Amounts due to related parties	63,768	58,244
Income tax liabilities	258,213	888,214
Short term borrowings	8,116,273	1,300,000
Interest-bearing loans and borrowings	3,505,727	3,344,997
Other current liabilities	17,427	17,811
Bank overdrafts	11,356,982	172,372
	23,984,490	6,413,043
Total equity and liabilities	303,270,121	287,812,500
	Rs.	Rs.
Net assets per share	138.13	139.20

Note : All values are in Rs. '000s, unless otherwise stated.

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

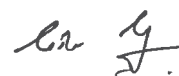


K M Thanthirige
Group Financial Controller

The Board of Directors is responsible for these financial statements.



K N J Balendra
Chairperson



J G A Cooray
Deputy Chairperson/Group Finance Director

7 November 2023
Colombo

COMPANY STATEMENT OF CASH FLOWS

For the six months ended 30 September	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(1,828,985)	14,924,577
Adjustments for:			
Finance income	7	(3,114,908)	(14,130,466)
Dividend income		(1,231,674)	(4,367,987)
Finance cost	7	5,699,310	3,176,051
Depreciation of property, plant and equipment		22,962	18,528
Amortisation of intangible assets		14,837	16,166
Share based payment expenses		114,377	35,697
Employee benefit provision and related costs		8,833	28,682
Profit before working capital changes		(315,248)	(298,752)
(Increase) / Decrease in trade and other receivables		(333,316)	(261,033)
(Increase) / Decrease in other current assets		(302,485)	(262,034)
Increase / (Decrease) in trade and other payables		39,835	78,645
Cash generated from operations		(911,214)	(743,174)
Finance income received		1,341,903	12,723,302
Finance costs paid		(3,822,356)	(2,051,549)
Dividend received		1,231,675	4,367,987
Tax paid		(689,130)	(951,333)
Surcharge tax paid		-	(665,629)
Gratuity paid		(2,837)	(662)
Net cash flow from operating activities		(2,851,959)	12,678,942
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES			
Purchase and construction of property, plant and equipment		(17,241)	(22,184)
Increase in interest in subsidiaries		(7,379,201)	(54,169,650)
Increase in interest in equity accounted investees		(5,169,612)	(1,185,640)
(Purchase) / disposal of deposits and government securities (net)		28,283,307	510,067
(Purchase) / disposal of other non current financial assets (net)		-	27,894
Net cash flow from/(used in) investing activities		15,717,253	(54,839,513)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Proceeds from issue of shares		265,141	-
Dividend paid		(692,458)	(692,458)
Proceeds from issue of convertible debentures		-	27,056,250
Repayment of long term borrowings		(1,087,500)	(862,500)
Proceeds from/(repayment of) short term borrowings (net)		6,498,618	3,000,000
Net cash flow from / (used in) financing activities		4,983,801	28,501,292
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		17,849,095	(13,659,279)
CASH AND CASH EQUIVALENTS AT THE BEGINNING		38,007,046	107,885,292
CASH AND CASH EQUIVALENTS AT THE END		55,856,141	94,226,013
ANALYSIS OF CASH & CASH EQUIVALENTS			
Favourable balances			
Short term investments (less than 3 months)		59,544,698	43,478,707
Cash in hand and at bank		7,668,425	51,956,456
Unfavourable balances			
Bank overdrafts		(11,356,982)	(1,209,150)
Total cash and cash equivalents		55,856,141	94,226,013

Note: All values are in Rs. '000s, unless otherwise stated.
Figures in brackets indicate deductions.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Stated capital	Other capital reserve	Cash flow hedge reserve	Fair value reserve of financial assets at FVOCI*	Revenue reserve	Total equity
As at 1 April 2022		73,187,861	3,060,095	2,928,815	21,171	89,916,647	169,114,589
Profit for the period		-	-	-	-	11,741,869	11,741,869
Other comprehensive income		-	-	2,396,555	(578)	-	2,395,977
Total comprehensive income		-	-	2,396,555	(578)	11,741,869	14,137,846
Share based payments		-	120,504	-	-	-	120,504
Convertible debenture issue		-	10,191,770	-	-	-	10,191,770
Final dividend paid - 2021/22	11	-	-	-	-	(692,458)	(692,458)
As at 30 September 2022		73,187,861	13,372,369	5,325,370	20,593	100,966,058	192,872,251
As at 1 April 2023		73,187,861	13,840,507	4,215,838	(1,340)	101,806,985	193,049,851
Profit for the period		-	-	-	-	(1,832,615)	(1,832,615)
Other comprehensive income		-	-	593,724	19,593	(800)	612,517
Total comprehensive income		-	-	593,724	19,593	(1,833,415)	(1,220,098)
Exercise of share options		265,140	-	-	-	-	265,140
Share based payments		68,642	94,556	-	-	-	163,198
Final dividend paid - 2022/23	11	-	-	-	-	(692,458)	(692,458)
As at 30 September 2023		73,521,643	13,935,063	4,809,562	18,253	99,281,112	191,565,633

* FVOCI - Fair value through other comprehensive income

Note : All values are in Rs. '000s, unless otherwise stated.
 Figures in brackets indicate deductions.
 The above figures are not audited.

NOTES TO THE FINANCIAL STATEMENTS

OPERATING SEGMENT INFORMATION

Business segments

The following tables present revenue, profit information and other disclosures regarding Group's business segments.

For the Quarter ended 30 September	Transportation		Consumer Foods		Retail	
	2023	2022	2023	2022	2023	2022
Goods transferred at a point in time	8,326,565	19,384,316	8,761,457	9,045,103	30,095,055	25,884,174
Services transferred over time	646,373	944,112	-	-	41,807	31,984
Total segment revenue	8,972,938	20,328,428	8,761,457	9,045,103	30,136,862	25,916,158
Eliminations of inter segment revenue						
External revenue						
Segment result	282,810	1,030,050	934,404	715,212	1,309,701	1,184,834
Finance cost	(178,390)	(229,197)	(172,797)	(210,400)	(831,571)	(1,137,366)
Finance income	86,641	31,677	17,386	23,349	21,454	51,497
Share of results of equity accounted investees (net of tax)	1,339,042	1,946,634	-	-	-	-
Eliminations / adjustments	-	-	454	18,435	704	3,503
Profit / (loss) before tax	1,530,103	2,779,164	779,447	546,596	500,288	102,468
Tax expense	(32,021)	(94,529)	(251,176)	(68,526)	(153,887)	8,258
Profit / (loss) for the period	1,498,082	2,684,635	528,271	478,070	346,401	110,726
Purchase and construction of PPE*	14,970	15,420	185,213	203,183	407,073	658,304
Addition to IA*	-	-	350,732	225	162,365	62,419
Depreciation of PPE*	41,536	45,559	271,951	249,203	434,571	406,155
Amortisation / impairment of IA*	2,095	2,106	27,665	13,067	102,011	87,285
Amortisation of ROU* assets	30,867	13,416	2,080	1,975	288,123	283,188
Employee benefit provision and related costs	6,378	9,105	33,720	30,341	24,670	27,191

Note: All values are in Rs. '000s, unless otherwise stated.

Figures in brackets indicate deductions.

The above figures are not audited.

* PPE (Property, plant and equipment), IA (Intangible assets), ROU (Right-of-use-assets)

	Leisure		Property		Financial Services		Others		Group Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	-	-	-	317,927	-	-	786,859	1,052,345	47,969,936	55,683,865
	10,730,998	8,040,201	432,598	453,231	4,544,241	3,970,158	1,719,498	1,574,772	18,115,515	15,014,458
	10,730,998	8,040,201	432,598	771,158	4,544,241	3,970,158	2,506,357	2,627,117	66,085,451	70,698,323
									(1,971,665)	(1,633,464)
									64,113,786	69,064,859
	172,763	(521,555)	(175,573)	(108,046)	462,764	26,356	(226,610)	(112,690)	2,760,259	2,214,161
	(2,928,304)	(761,286)	(27,174)	117,599	-	276,836	(2,647,682)	(1,878,416)	(6,785,918)	(3,822,230)
	31,102	58,604	62,511	36,116	70,743	39,172	1,368,560	1,650,272	1,658,397	1,890,687
	3,977	(15,365)	(244,434)	(401,765)	1,161,589	739,656	-	-	2,260,174	2,269,160
	(881)	(881)	(10,482)	(9,129)	-	-	(36,275)	-	(46,480)	11,928
	(2,721,343)	(1,240,483)	(395,152)	(365,225)	1,695,096	1,082,020	(1,542,007)	(340,834)	(153,568)	2,563,706
	159,674	76,766	3,915	(40,016)	(175,922)	(88,089)	(55,539)	(671,637)	(504,956)	(877,773)
	(2,561,669)	(1,163,717)	(391,237)	(405,241)	1,519,174	993,931	(1,597,546)	(1,012,471)	(658,524)	1,685,933
	8,802,355	508,872	32,783	57,111	26,374	50,907	58,168	68,333	9,526,936	1,562,130
	334	128	-	-	93,143	25,967	8,045	9,817	614,619	98,556
	779,365	744,666	20,213	17,370	29,793	28,635	49,390	37,668	1,626,819	1,529,256
	15,520	18,837	1,651	1,651	74,689	76,953	15,174	12,617	238,805	212,516
	620,126	701,365	5,113	8,730	33,177	32,311	295	294	979,781	1,041,279
	52,298	53,157	366	19,170	68,392	19,241	14,785	31,703	200,609	189,908

NOTES TO THE FINANCIAL STATEMENTS

OPERATING SEGMENT INFORMATION

Business segments

The following tables present revenue, profit information and other disclosures regarding Group's business segments.

For the six months ended 30 September	Transportation		Consumer Foods		Retail	
	2023	2022	2023	2022	2023	2022
Goods transferred at a point in time	19,096,006	42,637,262	17,391,758	17,283,632	60,134,143	51,528,995
Services transferred over time	1,332,132	1,732,394	-	-	78,802	62,717
Total segment revenue	20,428,138	44,369,656	17,391,758	17,283,632	60,212,945	51,591,712
Eliminations of inter segment revenue						
External revenue						
Segment result	517,619	3,799,626	1,295,888	1,624,469	2,679,787	1,397,252
Finance cost	(368,647)	(344,044)	(421,622)	(301,385)	(1,802,116)	(1,790,142)
Finance income	186,938	51,687	34,550	35,268	37,642	128,414
Share of results of equity accounted investees (net of tax)	3,226,113	3,717,899	-	-	-	-
Eliminations / adjustments	-	-	22,452	63	(2,330)	5,058
Profit / (loss) before tax	3,562,023	7,225,168	931,268	1,358,415	912,983	(259,418)
Tax expense	(26,808)	(453,120)	(293,861)	(256,719)	(232,936)	(122,381)
Profit / (loss) for the period	3,535,215	6,772,048	637,407	1,101,696	680,047	(381,799)
Purchase and construction of PPE*	29,515	34,998	299,629	329,877	811,861	1,364,355
Addition to IA*	-	-	354,498	225	236,723	175,023
Depreciation of PPE*	84,407	91,725	541,616	494,446	868,286	798,246
Amortisation / impairment of IA*	4,189	4,213	54,782	26,145	200,968	171,485
Amortisation of ROU* assets	56,335	26,832	4,159	3,950	576,300	550,465
Employee benefit provision and related costs	(3,322)	15,419	67,777	61,539	50,252	51,122

Note: All values are in Rs. '000s, unless otherwise stated.
 Figures in brackets indicate deductions.
 The above figures are not audited.

* PPE (Property, plant and equipment), IA (Intangible assets), ROU (Right-of-use-assets)

	Leisure		Property		Financial Services		Others		Group Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	-	-	-	551,867	-	-	1,466,222	1,974,518	98,088,129	113,976,274
	19,395,146	16,673,047	857,011	882,296	8,629,893	7,326,640	3,076,340	3,044,087	33,369,324	29,721,181
	19,395,146	16,673,047	857,011	1,434,163	8,629,893	7,326,640	4,542,562	5,018,605	131,457,453	143,697,455
									(3,565,197)	(3,116,713)
									127,892,256	140,580,742
	(690,977)	(19,761)	(1,513)	(2,195,433)	960,530	496,033	(590,089)	28,347	4,171,245	5,130,533
	(3,771,317)	(1,375,945)	(58,425)	(57,155)	(4)	(8)	(5,708,986)	(3,197,235)	(12,131,117)	(7,065,914)
	93,401	100,717	169,588	66,714	119,516	116,292	3,226,439	14,287,537	3,868,074	14,786,629
	(5,783)	(16,697)	(154,112)	(502,529)	2,307,101	1,330,134	-	-	5,373,319	4,528,807
	(1,762)	(1,762)	(20,972)	(18,258)	-	-	(36,275)	-	(38,887)	(14,899)
	(4,376,438)	(1,313,448)	(65,434)	(2,706,661)	3,387,143	1,942,451	(3,108,911)	11,118,649	1,242,634	17,365,156
	442,843	102,310	(3,068)	(44,348)	(337,086)	(159,075)	(208,560)	(3,319,996)	(659,476)	(4,253,329)
	(3,933,595)	(1,211,138)	(68,502)	(2,751,009)	3,050,057	1,783,376	(3,317,471)	7,798,653	583,158	13,111,827
	11,891,053	849,656	53,023	59,305	28,436	73,424	124,768	138,122	13,238,285	2,849,737
	334	800	-	-	96,249	25,967	15,172	18,494	702,976	220,509
	1,531,049	1,483,490	35,887	33,409	60,475	56,481	96,452	72,789	3,218,172	3,030,586
	33,390	37,651	3,301	3,301	146,313	154,130	29,054	25,905	471,997	422,830
	1,217,503	1,383,469	10,227	13,856	65,334	61,852	589	589	1,930,447	2,041,013
	101,696	102,891	1,136	24,739	80,144	38,234	32,188	60,975	329,871	354,919

NOTES TO THE FINANCIAL STATEMENTS

Operating segment information

Business segments

The following table presents segment assets and liabilities of the Group's business segments.

As at	Transportation		Consumer Foods		Retail	
	30.09.2023	31.03.2023	30.09.2023	31.03.2023	30.09.2023	31.03.2023
Property, plant and equipment	1,003,037	1,065,820	10,580,137	10,822,124	18,235,308	18,294,522
Right-of-use-assets	334,824	549,380	263,143	267,301	9,003,754	9,539,807
Investment property	-	-	341,398	341,398	304,474	304,474
Intangible assets	60,812	65,000	1,496,323	1,182,500	2,614,990	2,557,066
Non-current financial assets	140,709	125,974	383,065	273,966	266,195	218,490
Other non-current assets	58,333	51,972	63,902	128,962	1,119,857	993,260
Segment non-current assets	1,597,715	1,858,146	13,127,968	13,016,251	31,544,578	31,907,619
Investments in equity accounted investees	25,158,167	17,769,439	-	-	-	-
Deferred tax assets						
Goodwill						
Eliminations / adjustments						
Total non-current assets						
Inventories	1,599,797	462,430	4,356,338	5,541,602	8,748,608	11,173,246
Trade and other receivables	2,867,580	2,799,055	4,042,836	4,660,106	4,067,264	2,639,958
Short term investments	5,649,709	6,665,675	602	-	1,074	243,742
Cash in hand and at bank	1,225,415	3,012,674	685,475	547,979	1,670,867	1,335,771
Segment current assets	11,342,501	12,939,834	9,085,251	10,749,687	14,487,813	15,392,717
Other current assets						
Eliminations / adjustments						
Total current assets						
Total assets						
Insurance contract liabilities	-	-	-	-	-	-
Interest bearing loans and borrowings	523,375	199,760	177,102	227,802	5,542,609	6,622,609
Lease liabilities	355,262	573,466	166,019	160,906	9,501,995	9,840,263
Employee benefit liabilities	107,103	118,217	552,555	523,330	437,431	410,492
Non-current financial liabilities	-	-	-	-	-	-
Other non-current liabilities	-	-	106,347	104,036	-	-
Segment non-current liabilities	985,740	891,443	1,002,023	1,016,074	15,482,035	16,873,364
Deferred tax liabilities						
Eliminations / adjustments						
Total non-current liabilities						
Trade and other payables	2,550,768	2,970,264	3,652,788	3,716,255	14,696,516	13,838,670
Short term borrowings	5,869,151	5,943,802	15,000	262,177	2,010,865	1,205,078
Interest bearing loans and borrowings	-	2,000	150,536	391,775	2,260,000	2,068,696
Lease liabilities	-	-	1,997	1,829	700,175	652,273
Bank overdrafts	1,073,058	2,545,939	4,256,987	5,653,860	7,484,100	10,625,490
Segment current liabilities	9,492,977	11,462,005	8,077,308	10,025,896	27,151,656	28,390,207
Income tax liabilities						
Other current liabilities						
Eliminations / adjustments						
Total current liabilities						
Total liabilities						
Total segment assets	12,940,216	14,797,980	22,213,219	23,765,938	46,032,391	47,300,336
Total segment liabilities	10,478,717	12,353,448	9,079,331	11,041,970	42,633,691	45,263,571

Note : All values are in Rs. '000s, unless otherwise stated.

Leisure		Property		Financial Services		Others		Group Total	
30.09.2023	31.03.2023	30.09.2023	31.03.2023	30.09.2023	31.03.2023	30.09.2023	31.03.2023	30.09.2023	31.03.2023
297,220,627	297,722,918	5,119,709	5,126,480	2,704,985	2,737,024	1,964,148	1,935,074	336,827,951	337,703,962
40,167,366	42,150,699	208,848	210,292	417,099	425,118	33,033	33,622	50,428,067	53,176,219
5,117,334	5,117,334	49,136,362	49,925,083	-	-	2,596,897	2,596,897	57,496,465	58,285,186
96,875	129,931	417	500	1,201,219	1,251,283	163,156	180,255	5,633,792	5,366,535
10,363,356	10,869,131	26,935	27,692	67,974,672	58,388,861	5,431,306	4,775,231	84,586,238	74,679,345
103,843	77,072	169	-	96,711	86,193	208,766	233,844	1,651,581	1,571,303
353,069,401	356,067,085	54,492,440	55,290,047	72,394,686	62,888,479	10,397,306	9,754,923	536,624,094	530,782,550
2,054,620	1,372,911	1,525,441	1,679,553	21,069,513	17,664,243	-	-	49,807,741	38,486,146
								2,745,283	2,582,275
								730,901	730,901
								(10,437,868)	(10,881,000)
								579,470,151	561,700,872
939,824	1,017,150	20,963,494	20,491,493	-	-	440,457	497,343	37,048,518	39,183,264
4,762,015	7,153,088	1,132,949	2,796,959	1,691,145	1,537,315	3,528,370	3,312,418	22,092,159	24,898,899
4,866,427	3,649,725	120,811	4,361,202	14,836,204	12,098,950	59,940,263	58,036,307	85,415,090	85,055,601
4,499,702	2,923,886	4,874,323	4,243,625	656,375	1,060,260	11,214,346	11,769,967	24,826,503	24,894,162
15,067,968	14,743,849	27,091,577	31,893,279	17,183,724	14,696,525	75,123,436	73,616,035	169,382,270	174,031,926
								16,575,920	14,570,452
								(7,034,545)	(5,796,835)
								178,923,645	182,805,543
								758,393,796	744,506,415
-	-	-	-	65,231,889	58,907,310	-	-	65,231,889	58,907,310
89,725,449	96,201,931	186,333	304,742	-	-	64,753,359	66,919,718	160,908,227	170,476,562
17,886,787	21,125,638	358	410	326,094	306,148	-	-	28,236,515	32,006,831
847,527	823,169	9,710	8,699	254,455	184,892	510,433	490,833	2,719,214	2,559,632
76,428	-	1,570,236	1,726,877	-	-	19,910,103	18,380,148	21,556,767	20,107,025
76,956	182,444	-	-	-	-	417	427	183,720	286,907
108,613,147	118,333,182	1,766,637	2,040,728	65,812,438	59,398,350	85,174,312	85,791,126	278,836,332	284,344,267
								19,848,718	19,687,569
								(10,128,872)	(10,652,683)
								288,556,178	293,379,153
8,712,372	5,056,161	698,972	888,337	4,009,517	4,155,248	2,229,939	2,491,243	36,550,872	33,116,178
4,208,144	2,833,700	-	-	-	-	8,128,347	1,312,074	20,231,507	11,556,831
9,145,377	6,843,958	164,000	188,000	-	-	3,505,727	3,344,997	15,225,640	12,839,426
3,359,219	1,682,243	-	-	84,458	112,308	-	-	4,145,849	2,448,653
13,329,700	10,079,148	480,888	647,726	102,625	140,551	11,661,613	428,023	38,388,971	30,120,737
38,754,812	26,495,210	1,343,860	1,724,063	4,196,600	4,408,107	25,525,626	7,576,337	114,542,839	90,081,825
								1,061,412	1,798,855
								4,712,975	5,191,579
								(7,642,665)	(6,363,454)
								112,674,561	90,708,805
								401,230,739	384,087,958
368,137,369	370,810,934	81,584,017	87,183,326	89,578,410	77,585,004	85,520,742	83,370,958	706,006,364	704,814,476
147,367,959	144,828,392	3,110,497	3,764,791	70,009,038	63,806,457	110,699,938	93,367,463	393,379,171	374,426,092

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

John Keells Holdings PLC is a public limited company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. Ordinary shares of the company are listed on the Colombo Stock Exchange and Global Depository Receipts (GDRs) are listed on the Luxembourg Stock Exchange.

2 INTERIM CONDENSED FINANCIAL STATEMENTS

The financial statements for the period ended 30 September 2023, includes "the Company" referring to John Keells Holdings PLC, as the holding company and "the Group" referring to the companies whose accounts have been consolidated therein.

3 APPROVAL OF FINANCIAL STATEMENTS

The interim condensed financial statements of the Group and the Company for the six months ended 30 September 2023 were authorised for issue by the Board of Directors on 7 November 2023.

4 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

4.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 September 2023 have been prepared in accordance with LKAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 March 2023.

The presentation and classification of the financial statements of the previous period have been amended, where relevant, for better presentation and to be comparable with those of the current period.

The interim condensed financial statements are presented in Sri Lankan Rupees (Rs.) and all values are rounded to the nearest thousand except when otherwise indicated.

4.2 FAIR VALUE MEASUREMENT AND RELATED FAIR VALUE DISCLOSURES

The fair values of all the financial assets and financial liabilities recognised during the quarter were not materially different from the transaction prices at the date of initial recognition. There were no transfers between Level 1 and Level 2 and no transfers into or out of Level 3 categories as per the fair value hierarchy, during the quarter. The fair value changes on financial instruments in Level 3 category was properly recorded in the statement of other comprehensive income and there were no purchases and/or disposals during the period.

Fair valuation was done as of 30 September 2023 for all unquoted equity shares classified as Level 3 within the fair value hierarchy according to fair valuation methodology. Fair value would not significantly vary if one or more of the inputs were changed.

4.3 CHANGE IN FUNCTIONAL CURRENCY OF WATERFRONT PROPERTIES (PVT) LTD

In August 2023, the functional reporting currency of Waterfront Properties (Private) Limited (WPL), the project company of the Cinnamon Life Integrated Resort, was changed from US Dollars (USD) to Sri Lankan Rupees (Rs.) given the impending transition of the project from construction to an operational business next year. The depreciation of the rupee against the USD post-transition resulted in a non-cash exchange loss of Rs. 2.14 billion on the USD 225 million term loan facility at WPL, which is recognised under Finance Cost in the Leisure industry group.

The change in functional currency has been accounted for prospectively from August 2023 in accordance with LKAS 21 The Effects of Changes in Foreign Exchange Rates.

Previously, under a USD functional reporting currency at WPL, all assets and liabilities of WPL were recorded in USD and matched against each other in line with the accounting standards. This matching ceases to exist on conversion to rupee functional currency as all assets and liabilities, other than the USD 225 million loan facility, USD cash and any USD denominated transactions, will be fixed in rupees as at the date of conversion. Taking a longer-term view, the overall financial performance of the Group, and WPL, will benefit from the conversion of the asset to rupees at a point of time where the rupee is relatively strong. Assuming the rupee will, on average, depreciate in the long-term, the conversion at this juncture results in a relatively lower rupee carrying cost of the asset, thereby improving the Group's capital employed and returns. Similarly, the depreciation charge on the entire asset will also be anchored to a lower rupee value, thereby having a positive impact on profitability in the long-term. Whilst the exchange loss arising from the USD 225 million term loan facility will be ongoing under a rupee depreciation environment, it is noted that the loan facility will mature in December 2026. Once operations commence, the business will generate USD denominated streams of revenue through its hotel and conferencing facilities.

5 OPERATING SEGMENTS

For management purposes, the Group organised into business units based on their products and services and has seven reportable operating segments as follows:

- Transportation
- Consumer Foods
- Retail
- Leisure
- Property
- Financial Services
- Others

6 CHANGE IN INSURANCE CONTRACT LIABILITIES

The results of Union Assurance PLC are consolidated line by line into the Group's consolidated income statement. The change in insurance contract liabilities represents the transfer to the Life Fund, the difference between all income and expenditure attributable to life policy holders during the period.

7 NET FINANCE INCOME

For the six months ended 30 September In Rs. '000s	GROUP		COMPANY	
	2023	2022	2023	2022
Finance income				
Interest income	9,258,620	8,137,797	3,086,051	3,879,185
Dividend income on				
Financial assets at fair value through profit or loss	91,608	92,812	-	-
Financial assets at fair value through other comprehensive income	2,314	-	-	-
Realised gains on financial assets at fair value through profit or loss	264,697	228,706	-	-
Unrealised gains on financial assets at fair value through profit or loss	851,487	453,726	-	-
Investment related direct expenses	(62,480)	(46,969)	-	-
Exchange gains	-	10,251,281	28,857	10,251,281
Total finance income	10,406,246	19,117,353	3,114,908	14,130,466
Finance cost				
Interest expense on borrowings	(7,198,926)	(5,724,432)	(3,766,846)	(2,722,007)
Finance charge on lease liabilities	(889,130)	(887,438)	-	-
Finance charge on convertible debentures	(1,932,464)	(454,044)	(1,932,464)	(454,044)
Exchange losses	(2,110,597)	-	-	-
Total finance cost	(12,131,117)	(7,065,914)	(5,699,310)	(3,176,051)
Net finance income / (cost)	(1,724,871)	12,051,439	(2,584,402)	10,954,415

8 TAX EXPENSE

For the six months ended 30 September In Rs. '000s	GROUP		COMPANY	
	2023	2022	2023	2022
Income statement				
Current income tax	670,881	4,382,166	3,630	3,182,708
Deferred tax charge/(reversal)	(11,405)	(128,837)	-	-
	659,476	4,253,329	3,630	3,182,708
Other comprehensive Income				
Deferred tax charge/(reversal)	(273)	(27)	-	-
	(273)	(27)	-	-

NOTES TO THE FINANCIAL STATEMENTS

9 RELATED PARTY TRANSACTIONS

For the six months ended 30 September In Rs. '000s	GROUP		COMPANY	
	2023	2022	2023	2022
Transactions with related parties				
Subsidiaries				
Purchases of goods	-	-	11,954	14,840
Rendering of services	-	-	1,169,855	626,899
Receiving of services	-	-	810,197	141,248
Rent paid	-	-	18,440	18,957
Dividend received	-	-	398,638	506,065
Equity accounted investees				
Sales of goods	13,441	3,099	-	-
Rendering of services	503,792	734,992	229,284	388,039
Receiving of services	111,197	237,649	71	-
Interest received	674,394	372,540	649,141	354,625
Interest paid	53,429	51,964	2	-
Dividend received	-	-	833,037	3,861,919
Key management personnel (KMP)				
Sales of goods	-	-	-	-
Close family members of KMP				
Sales of goods	-	-	-	-
Companies controlled/jointly controlled/significantly influenced by KMP and their close family members of KMP				
Rendering of Services	-	-	-	-
Receiving of services	12,396	15,810	-	-
Post employment benefit plan				
Contributions to the provident fund	196,374	164,799	57,053	42,450

10 SHARE INFORMATION

10.1 Stated capital

Stated capital is represented by the number of shares in issue as given below:

As at	30-09-2023	30-06-2023
Ordinary shares *	1,386,885,032	1,384,916,632

* Includes global depository receipts of 1,320,942 (30 June 2023 - 1,320,942).

10.2 Public share holdings

Percentage of shares held by the public and the number of public shareholders is as given below:

As at	30-09-2023	30-06-2023
Public shareholding (%)	99.18	98.86
Number of public shareholders	14,319	14,977
Compliant under option 1 - Float adjusted market capitalization (Rs. Bn)	265.13	205.37

10.3 Net assets per share

Net assets per share have been calculated, for all periods, based on the number of shares in issue as of 30 September 2023.

10.4 Market price per share

The Company's highest, lowest and last traded market price is as given below:

For the quarter ended 30 September	2023 Rs.	2022 Rs.
Highest	200.00	157.00
Lowest	150.00	118.50
Last traded	192.75	137.25

10.5 Directors' share holdings

The number of shares held by the Board of Directors (including their spouses) are as given below:

As at	30-09-2023	30-06-2023
K N J Balendra - Chairperson/CEO	10,914,400	10,914,400
J G A Cooray - Deputy Chairperson /Group Finance Director	208,587	208,587
D A Cabraal	250,137	250,137
S A Coorey	Nil	Nil
D V R S Fernando (appointed w.e.f. 9 August 2023)	Nil	N/A
A N Fonseka	Nil	Nil
M P Perera (retired w.e.f 1 July 2023)	N/A	Nil
S S H Wijayasuriya	Nil	Nil

10.6 Twenty largest shareholders

Twenty largest shareholders of the Company are as given below:

As at	30-09-2023		30-06-2023	
	Number of shares	%	Number of shares	%
1 Melstacorp PLC	128,917,111	9.3	128,917,111	9.3
2 Mr S E Captain	125,757,199	9.1	133,683,592	9.7
3 HWIC Asia Fund	119,200,760	8.6	119,200,760	8.6
4 Paints & General Industries Limited	90,433,119	6.5	94,599,690	6.8
5 CIC Holdings PLC	74,942,853	5.4	53,140,113	3.8
6 Asian Development Bank	65,042,006	4.7	65,042,006	4.7
7 Citigroup Global Markets Limited Agency Trading Prop Securities A/C	61,904,939	4.5	61,904,939	4.5
8 Schroder International Selection Fund	44,418,290	3.2	44,418,290	3.2
9 Aberdeen Standard Asia Focus PLC	36,748,572	2.6	36,748,572	2.7
10 Norges Bank Account 2	33,087,774	2.4	31,901,605	2.3
11 Polypak Secco Ltd	24,424,169	1.8	15,962,533	1.2
12 Mr Kandiah Balendra	19,511,476	1.4	19,511,476	1.4
13 Mrs C S De Fonseka	17,606,991	1.3	17,606,991	1.3
14 Employees Trust Fund Board	16,800,497	1.2	18,499,897	1.3
15 Edgbaston Asian Equity Trust	15,294,914	1.1	17,404,835	1.3
16 Mrs S A J De Fonseka	15,254,730	1.1	15,204,230	1.1
17 Hostplus Pooled Superannuation Trust	14,779,882	1.1	10,483,158	1.1
18 Chemanex PLC	14,590,180	1.1	14,003,780	1.0
19 Sunsuper Superannuation Fund	13,003,542	0.9	12,052,903	0.9
20 Mr K N J Balendra	10,907,628	0.8	10,907,628	0.8

NOTES TO THE FINANCIAL STATEMENTS

11 DIVIDENDS PAID

For the six months ended 30 September In Rs. '000s	2023	2022
Equity dividend on ordinary shares declared and paid		
Final dividend 2022/23-Rs. 0.50 (2021/22 - Rs. 0.50)	692,458	692,458
Total dividend	692,458	692,458

12 CONTINGENCIES, CAPITAL AND OTHER COMMITMENTS

There has been no significant change in the nature of the contingencies and other commitments, which were disclosed in the annual report for the year ended 31 March 2023.

13 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company declared an interim dividend of Rs. 0.50 per share for the financial year 2023/24. As required by section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors had confirmed that the Company satisfied the solvency test in accordance with section 57 of the Companies Act No. 07 of 2007, and obtained a certificate from auditors, prior to declaring the dividend, which is to be paid on or before 6 December 2023.

CORPORATE INFORMATION

Name of Company

John Keells Holdings PLC

Legal Form

Public Limited Liability Company
Incorporated in Sri Lanka in 1979
Ordinary Shares listed on the Colombo Stock Exchange
GDRs listed on the Luxembourg Stock Exchange

Company Registration No.

PQ 14

Directors

KN J Balendra - Chairperson/CEO
J G A Cooray - Deputy Chairperson/Group Finance Director
D A Cabraal
S A Coorey
D V R S Fernando
A N Fonseka
S S H Wijayasuriya

Senior Independent Director

A N Fonseka

Audit Committee

A N Fonseka - Chairperson
D A Cabraal
S A Coorey
D V R S Fernando

Human Resources and Compensation Committee

D A Cabraal - Chairperson
A N Fonseka
S S H Wijayasuriya

Nominations Committee

D A Cabraal - Chairperson
KN J Balendra
S S H Wijayasuriya

Related Party Transaction Review Committee

A N Fonseka - Chairperson
D A Cabraal
S A Coorey

Project Risk Assessment Committee

S S H Wijayasuriya - Chairperson
KN J Balendra
J G A Cooray

Registered Office of the Company

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Secretaries

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Auditors

Ernst & Young
Chartered Accountants
P.O. Box 101
Colombo, Sri Lanka

Bankers for the Company

Bank of Ceylon
Citibank N.A.
Commercial Bank of Ceylon
Deutsche Bank A.G.
DFCC Bank
Hatton National Bank
Hongkong and Shanghai Banking Corporation
National Development Bank
Nations Trust Bank
People's Bank
Sampath Bank
Seylan Bank
Standard Chartered Bank

Depository for GDRs

Citibank N.A. New York



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