ONWARDS & UPWARDS

Keells Krest

Keells Food Products PLC

Annual Report 2024/25

Read the Keells Food Products PLC
Annual Report 2024/25
https://www.keellsfoods.lk/investor-relations/#financial-reports

ONWARDS & UPWARDS

At Keells Food Products, resilience is more than a mindset, it is the foundation of our journey. Despite challenges, we have emerged stronger, transforming obstacles into opportunities and rebuilding with purpose.

This report demonstrates how strategic focus, unwavering commitment, and the dedication of our people have enabled us to not only regained momentum but also pave the way for new possibilities.

As we look to the future, we set our sights on expanding our portfolio, launching new products and venturing into fresh business opportunities—with a clear vision, determined to innovate, adapt and lead. With resilience as our guide and ambition as our fuel, Keells Food Products continues to rise, reaching new heights with every step.

KEELLS KREST

CONTENTS

Read the Keells Food Products PLC
Annual Report 2024/25

ABOUT US

Vision

Our passion is to deliver pleasure and nutrition throughout people's lives, through exciting and superior products, whenever and wherever they choose to eat and drink.

Values

Innovation
Changing constantly, re-inventing and evolving
In trying new ideas we win or learn, there is no failure.

Integrity
Doing the right thing always
Transparency is everything, so we just do it right!

Excellence
Constantly raising the bar
We get better every day.

Caring
Fostering a great place to work
We listen, we are thoughtful and we care to make a difference.

Trust
Building strong relationships based on openness and trust
The foundation we work from.

KEELLS KREST

KEELLS FOOD PRODUCTS PLC

Established in 1982, Keells Food Products PLC (KFP) is the pioneer in processed meat manufacturing in Sri Lanka with 43 years of experience. As the market leader in the processed meat industry, KFP is renowned for its quality, backed by stringent quality controls and its range of nutritious, tasty and convenient products developed in house and manufactured using state of the art food processing facilities.

Our product portfolio of 250+ products reach customers through 30,000+ retail outlets and we take extensive measures to ensure the right product is available at the right time at the right price to satisfy customer needs.

ABOUT OUR ANNUAL REPORT

We are pleased to present Keells Food Product PLC's integrated Annual Report for the financial year ended 31st March 2025. This report is presented to provide a concise and balanced overview of our strategy, governance structure and performance in light of emerging opportunities and risks. The report gives our stakeholder groups pertinent information and demonstrates how resources were distributed to create value for their benefit in the short, medium, and long term.

Basis of Preparation

Reporting Entity

Keells Food Products PLC ("KFP" or "the Company") which operates solely in Sri Lanka and its subsidiary, John Keells Foods India Private Limited, which has operations in India. Collectively these entities are referred to as "the Group."

Basis of Preparation

- Sri Lanka Accounting Standards issued by CA Sri Lanka
- Companies Act No. 7 of 2007
- Integrated Reporting <IR> Framework of the International Integrated Reporting Council
- Sustainability Reporting: Prepared in accordance with the GRI Standards: Core option
- Listing Rules of the Colombo Stock Exchange
- Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021
- ESG Reporting Guidelines issued by the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance issued by Securities and Exchange Commission of Sri Lanka and CA Sri Lanka (2023 & 2017)

Reporting Concepts

Strategic focus : Demonstrates how our activities are guided by clearly defined strategic priorities.

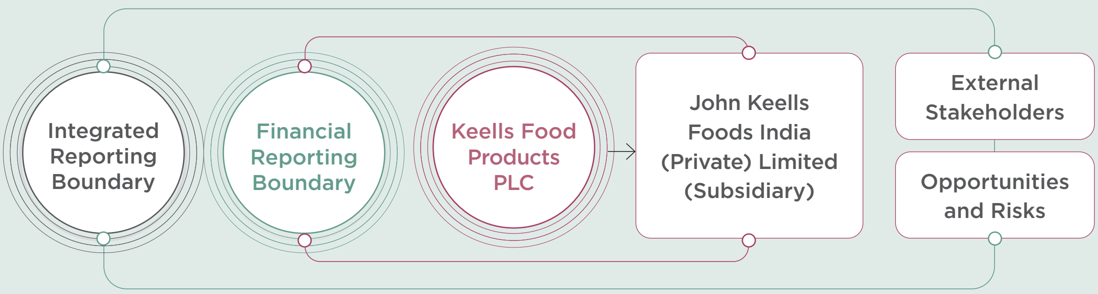
Connectivity : Use of navigation icons and signposting across Report

Conciseness : Discussion limited to material factors that are most relevant to stakeholders

Scope and Boundary

This Report covers the operations of the Group for the period from 1st April 2024 to 31st March 2025. The financial and non-financial information presented relates to consolidated information, unless otherwise mentioned. The Group adopts an annual reporting cycle, and this Report builds on the Group's previous Report for the financial year ended 31st March 2024.

There were no significant changes to the Group's structure, supply chain or size nor any material restatements of information provided in the previous Annual Report.



Assurance

KFP adopts a combined assurance model in ensuring the integrity of the financial and non-financial information presented in this Report. Internal assurance on the Financial Statements and the relevant internal controls are provided by the Internal Audit function and the Audit Committee while external assurance is provided by Messrs. Ernst & Young. Meanwhile, the accuracy of the Group's non-financial information is assessed by the John Keells Group Sustainability Unit and we have sought external assurance on our sustainability reporting in accordance with GRI Standards from Messrs. Ernst & Young.

FEEDBACK

We are committed to consistently enhancing the readability and relevance of our reporting and we welcome your suggestions and comments on our Annual Report. Please direct your feedback to,

Ms. Nelindra Fernando
Director/ Chief Financial Officer
Keells Food Products PLC
E-mail: Nelindra.ccs@keells.com

CONNECTIVITY OF INFORMATION

CAPITALS	STAKEHOLDERS	STRATEGY
Financial Capital	Consumers	Sustainable Growth
Manufactured Capital	Investors	Quality and Innovation
Intellectual Capital	Employees	Accountability
Human Capital	Business Partners	Empowered Team
Social & Relationship Capital	Government & Regulators	Strengthen Channel and Supply Chain
Natural Capital	Communities	

STATEMENT OF BOARD RESPONSIBILITY

The Board of Directors is ultimately responsible for ensuring the integrity of this Report. The Board hereby confirm that the 2024/25 Annual Report addresses all relevant material matters and fairly represents the Group's integrated performance, and we also confirm that the Report has been prepared in line with the guidance set out in the Integrated Reporting (IR) Framework.

The Report is approved and authorized for publication.

Signed on behalf of the Board,

Krishan Balendra
Chairperson

26th May 2025

OVERVIEW

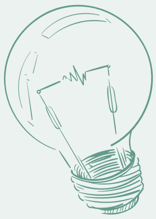
STRATEGIC PRIORITIES

Factors impacting our performance in 2024/25

Sustainable Growth

We expanded our branded outlet network to improve consumer accessibility and launched new products to enhance brand visibility and drive consumption. Additionally, we upgraded product packaging for KeellsKrest and Elephant House and leveraged brand-building events to further engage consumers and strengthen our market presence.

Quality and Innovation



Enhancing the R&D facility through the addition of new capabilities and upgraded machinery to support ongoing product development efforts, strategically expanding the dry range with new products to reduce dependency on meat products and cater to a wider market audience.

Empowered Team

We focused on attracting top-tier talent and implementing retention strategies through structured career development plans, while launching wellness programs and promoting work-life balance to create a motivated and resilient workforce.

Operational Efficiency

We adopted a lean approach across sales, operations, manufacturing, sourcing, and logistics to enhance efficiency and reduce waste. Capital investments in plant and machinery, along with standardized processes, helped to optimize production, minimize downtime, and improve overall productivity.

Strengthen Channel And Supply Chain

Investments in infrastructure and services, along with an expansion of freezer capacity, have been made to strengthen and streamline the distribution process, enabling distributors to enhance efficiency in product storage and distribution.

FINANCIAL HIGHLIGHTS

FINANCIAL PERFORMANCE		2025	2024	YOY change
Revenue	Rs.'000	**6,741,140**	5,798,813	16%
Gross Profit	Rs.'000	**1,822,705**	1,276,881	43%
Operating Profit	Rs.'000	**248,421**	(137,186)	281%
Profit Before Tax	Rs.'000	**178,568**	(289,937)	162%
Profit After Tax	Rs.'000	**133,161**	(218,271)	161%
EBITDA	Rs.'000	**476,459**	102,257	366%

FINANCIAL POSITION		2025	2024	YOY change
Current Assets	Rs.'000	**2,421,069**	1,947,065	24%
Total Assets	Rs.'000	**4,367,649**	3,961,880	10%
Total Debt	Rs.'000	**1,033,259**	1,074,431	-4%
Shareholders' Funds	Rs.'000	**1,972,232**	1,863,261	6%
Debt / Equity	%	**52.39**	57.66	(5.27)
Debt / Total Assets	%	**23.66**	27.12	(3.46)

WORKING CAPITAL MANAGEMENT		2025	2024	YOY change
Inventory	Days	**85**	72	13
Receivable	Days	**57**	58	(1)
Payable	Days	**29**	24	5
Working Capital Cycle	Days	**113**	106	7
Current Asset Ratio	Times	**1.23**	1.13	0.10
Quick Assets Ratio	Times	**0.65**	0.61	0.04

PROFITABILITY RATIO		2025	2024	YOY change
Operating Profit Margin	%	**3.69**	(2.37)	6.06
Return on Assets	%	**3.20**	(5.28)	8.48
Return on Equity	%	**6.94**	(10.99)	17.93
Return on Capital Employed	%	**8.35**	(4.36)	12.71

INVESTOR RATIO		2025	2024	YOY change
Earnings per Share	Rs.	**5.22**	(8.56)	13.78
Net Assets per Share	Rs.	**77.34**	73.07	4.27
Dividend per Share	Rs.	**2.45**	0.50	1.95
Market Price Per Share as at 31st March	Rs.	**169.00**	147.00	22.00
Market Capitalization as at 31st March	Rs.'000	**4,309,500**	3,748,500	15%
Price Earning Ratio	Times	**32.38**	(17.17)	49.55
Cash Earnings per Share	Rs.	**14.31**	1.96	12.35

NON-FINANCIAL HIGHLIGHTS

			2025	2024
Financial And Manufactured Capital	**Direct Economic Value Generated**	Rs.'000	**6,778,654**	5,833,218
	Cost of Materials and Services brought in	Rs.'000	**4,388,665**	4,020,513
	Economic Value Added	Rs.'000	**2,389,989**	1,812,705
	Distributed to:			
	Employees	Rs.'000	**1,041,050**	917,544
	Government	Rs.'000	**903,526**	746,689
	Shareholders	Rs.'000	**62,475**	12,750
	Capital Providers	Rs.'000	**83,993**	166,849
	Depreciation and Amortisation	Rs.'000	**212,766**	225,529
	Property, Plant and Equipment	Rs.'000	**1,619,434**	1,675,939
	Capital Expenditure	Rs.'000	**124,293**	189,382
Intellectual Capital	No. of Certifications	No.	**21**	17
	No. of Recipes	No.	**+600**	+550
	New Products Launched	No.	**20**	23
	Average Length of Employee Service	Years	**11**	11
Human Capital	Total Employees	No.	**613**	601
	Payments to Employees	Rs.'000	**1,041,050**	917,544
	Employee Satisfaction Rate	%	**82**	78
	Female Representation	%	**18**	16
	Investment in Training	Rs.'000	**13,319**	9,200
	Total Training Hours	Hours	**5,209**	6,853
	Average Training Hours/Employee	Hours	**8**	11
	Workplace Injuries	No.	**4**	6
Social and Relationship Capital	Supplier Reach	No.	**+250**	+220
	Distribution Network	No.	**53**	54
	Retail Outlets	No.	**+30,000**	+29,000
	Payments to Suppliers	Rs.'000	**5,893,913**	4,826,402
	Supplier Audits	No.	**60**	58
Natural Capital	Energy Consumption	GJ	**36,883**	33,222
	Water Consumption	m^3	**102,622**	84,405
	Water Recycled	%	**39**	40
	Solid Waste Generation	MT	**744**	665
	Carbon Footprint	tCO_2e	**5,184**	4,632

CHAIRPERSON'S MESSAGE

I am pleased to present the Annual Integrated Report and Consolidated Audited Financial Statements of Keells Food Products PLC (KFP) for the year ended 31 March 2025. I trust our Annual Report will provide you with a concise review of the Group's performance for the year, which has demonstrated a strong turnaround in profitability, insights to our sustainable business model which aided the business in maintaining its market leadership position and future prospects of the business.

OPERATING LANDSCAPE

Sri Lanka continued to witness a stable macroeconomic environment in CY2024, maintaining the strong growth momentum established in the latter part of CY2023, with all key indicators supporting a sustained growth trajectory. Socio-economic stability and sentiment were further supported by the conclusion of the Presidential and Parliamentary elections and the much-anticipated upgrade in the sovereign credit rating after the completion of the restructuring process of the international sovereign bonds, as detailed in the sections that ensue.

Following two consecutive years of contractions in CY2022 and CY2023, the Sri Lankan economy recorded a 5% growth in CY2024, marking its strongest performance since CY2017. The smooth transition of power following the Presidential and Parliamentary elections together with the strong mandate secured by the new Government, paved the way towards restoring political stability. Overall stability with the recovery momentum being sustained also resulted in a strong rebound in business and consumer confidence, as well as overall markets. Growth was driven by the industrial sector which recorded robust growth of 11%, while the Agriculture and Services sectors reported modest growth at 1.2% and 2.4%, respectively. Inflation continued on a downward trend with the country experiencing a period of deflation since September 2024, which peaked at negative 4.2% in February 2025 and moderated thereafter. Interest rates remained below 10% with rates falling slightly on the back of targeted monetary policy initiatives. The conducive low-interest rate regime coupled with overall improvements in socio-economic sentiment contributed to an improvement in credit to households and businesses and resultantly household consumption.

The downward revision in electricity tariffs, on average, by ~18% and ~30% in March 2024 and July 2024 respectively and ~36% in January 2025, in line with the cost reflective pricing mechanism which was adopted to reduce the cost of subsidies provided by the Government was also encouraging. The external sector remained resilient during the year on the back of a notable increase in external buffers and increase in net foreign exchange inflows. Export earnings noted a 7.2% increase to US$ 12.8 billion whilst worker's remittances also strengthened, rising by 10.1% to US$ 6.5 billion. Tourism earnings surged by 53% to US$ 3.1 billion, with tourist arrivals surpassing 2 million, with a 38.1% YoY increase. Against this backdrop, the Sri Lankan Rupee appreciated by 10.7% in CY2024, although a 1.3% depreciation was recorded in the fourth quarter of 2024/25 due to short-term market volatility under the flexible exchange rate regime. Given the improved external sector performance during CY2024, the Government also phased out the remaining restrictions on imports and capital controls during the year.

The successful restructuring of international sovereign bonds during CY2024 and the receipt of the third tranche of the Extended Fund Facility from the International Monetary Fund (IMF) further supported macroeconomic stability. The much anticipated upgrade in the country's sovereign rating from its previous default status also marked a crucial step for the country as it signalled Sri Lanka's official exit from the default status since CY2022, reflecting the improved outlook and restoring confidence. The improved macroeconomic environment, supported by lower interest rates and low inflation, strengthened consumer and business confidence, recovered disposable incomes, and more stable operating conditions have created an enabling environment for the economy to grow.

PROCESSED MEAT INDUSTRY

The overall macroeconomic fundamentals were conducive for business, including growth in the processed meats industry. However, growth was dampened due to multiple challenges that impacted the industry, including raw material price volatility, African Swine Flu (ASF) outbreaks resulting in temporary ban on sale of pork in the third quarter, and intensified competition. Although the ban on pork sales was lifted by December, Sri Lanka's ASF-positive classification continues to restrict pork export opportunities. KFP worked closely with authorities to secure adequate pork stock until March 2025, ensuring supply continuity and minimising disruptions, as explained further below. The industry also experienced heightened competition, which spurred a trend of market downtrading, particularly within the core retail sausage segment, where consumers shifted to unbranded options including value-added meat products. The business also noted rising consumer demand for convenience and healthier protein options reshaping market dynamics, prompting established players to focus on innovation, quality enhancement, and brand differentiation.

PERFORMANCE REVIEW

The Group recorded a 25% rise in sales volumes, albeit a lower base in 2023/24, on the back of a rebound in consumer demand, fuelled by easing inflation and improved household purchasing power. The strategic price reductions undertaken since 2023/24 played a key role in enhancing product affordability, further supporting volume growth throughout the year, with all quarters posting double-digit increases. From a sales channel perspective, growth was driven by a commendable recovery across all sales channels including Modern Trade, General Trade, and HoReCa (Hotels, Restaurants and Catering) supported by strategically positioned pricing, marketing strategies and execution thereon.

KFP continued to prioritise production efficiency and lean manufacturing practices, resulting in significant cost savings and quality enhancements within the factory operations. Higher volumes and to a lesser extent, declining electricity costs, contributed to improved operational leverage, and resultantly better absorption of fixed costs, which resulted in a notable improvement in margins. The margin upliftment was recorded despite lower selling prices and higher trade discounts offered to drive sales volumes. KFP noted a strong turnaround in operating performance with volume growth and margin improvements effectively offsetting the impact of selling price reductions and higher spending on trading activities, resulting in the business recording an operating profit during the year under review, as compared to an operating loss last year.

Brand visibility and reach remained a key priority for KFP, with the business executing major visibility drivers, continuous product sampling initiatives, and targeted consumer activations. To this end, initiatives such as festival campaigns and strategic media partnerships contributed towards further strengthening consumer engagement and brand recognition. During the year under review, the business expanded its export business to Australia under Elephant House brand, through a partnership with a leading distributor of premium food products. This partnership supports expansion strategies across international markets and reflects our commitment to strategic collaborations for business growth and market penetration. Although at a nascent stage, the initial traction has been encouraging.

PROCESSED MEAT PERFORMANCE

KFP reinforced its market leadership within the processed meat industry, driving a 22% increase in volumes during the year under review although off a low base (2023/24: negative 8%). Growth was witnessed across all segments within the processed meats category - sausage, meatball, formed meat, raw meat, and crumbed ranges. The business continued its proactive retail drive by expanding its distributor network and increased trade expenditure, both of which are aimed at ensuring wider product availability and delivering on 'value for money' products. Consumer affordability was also a primary focus, with the business proactively passing on cost benefits stemming from raw material price reductions, electricity revisions, and efficiency gains to the customers. Strategic focus on selected products and channels further accelerated volume growth.

Supply chain related disruptions remained minimal despite price volatilities of inputs and availability of pork products due to the ASF. During the year, the business proactively entered into forward contracts to manage price volatility, minimise production disruptions and ensure continued availability of products. It also continued to undertake initiatives to manage working capital requirements, including negotiations with suppliers to reduce stock holding periods. The overall sausage segment recorded strong growth, reflecting improved consumer affordability and sustained brand strength, and was the primary driver of growth in the processed meats category despite intense competition in the General Trade and HoReCa channels. Competitive pressure further intensified with the increasing availability of low-cost alternatives targeting price-sensitive consumers. In response, KFP strategically reduced catering sausage prices during the second quarter by passing on cost savings from material price reductions and electricity tariff revisions, as outlined previously, thereby enhancing its competitiveness and driving volume growth, particularly within the highly price-sensitive General Trade segment. The meatball segment continued to face challenging market competition from key players within the industry. Despite this, KFP managed to record moderate growth within this segment and remained competitive. The business also witnessed consumer preference increasingly shifting toward affordable protein options and convenience foods, reflecting broader trends in Sri Lanka's processed meat industry.

Both the formed meat and raw meat segments noted a successful turnaround in their performance during the year under review, reversing the significant volume declines witnessed in the prior period where contractions stemmed from heightened inflationary pressures and a shift in consumer demand towards lower-cost protein alternatives. Despite these market headwinds, the formed meat and raw meat segments delivered moderate volume growth supported by the resurgence in the HoReCa channel. Growth in the crumbed range segment was driven by Chinese rolls which exceeded expectations, recording double-digit volume growth, supported by enhancements to product quality to better align with evolving consumer preferences for taste and convenience, alongside strategic price reductions to improve competitiveness.

In terms of sales channels, KFP's processed meat category was driven by the General Trade channel which recorded notable volume growth, while the Modern Trade channel recorded modest growth. Retail sausages, which account for the largest share of total sausage volumes in modern trade, recorded moderate growth as prices remained relatively high during the year, with no price reductions implemented in this segment during the year. The HoReCa segment recorded a strong recovery, posting strong volume growth during the year, supported by increased tourist footfall and the resurgence of out-of-home consumption. The export segment also achieved a strong recovery, delivering notable volume growth despite challenges arising from the outbreak of ASF, which continued to limit pork export opportunities from Sri Lanka. Exports remain a key strategic pillar for KFP, and the Group will continue to focus on expanding the contribution of the export segment within the processed meats category.

DRY RANGE PERFORMANCE

During the year, KFP placed strategic priority on expanding the dry category, launching KeellsKrest Peanuts and strengthening its dry distribution network. The dry range recorded exceptional volume growth during the year, albeit off a lower base. Expansion of this sector continues to gather momentum, supported by rising consumer demand for affordable, shelf-stable, and convenient food options across Sri Lanka.

KFP's current dry portfolio includes soya meat, pasta, peanuts and canned products. The launch of peanuts featured two popular flavours, Salted and Chilli, and a new flavour of Honey Roasted and was introduced in pack sizes of 70g and 100g. This addition caters to the growing demand for on-the-go snacks. The pasta range was further expanded with value-added options such as "Cheese Pasta" and "Spicy Pasta" enhancing its appeal within the increasingly popular ambience category among consumers seeking convenient meal solutions.

FINANCIAL PERFORMANCE

KFP delivered revenue growth of 16%, reaching Rs. 6.7 billion, supported by a 25% increase in volumes despite several selling price reductions undertaken during the year to improve affordability. The improved volume performance, along with strategic sourcing strategies, enhanced production efficiencies including reduction in electricity costs, and favourable raw material price movements, led to a YoY increase in gross profit margins by approximately 500 basis points from 22% to 27%.

The business also noted an operating profit of Rs. 248 million, a notable turnaround versus the operating loss of Rs. 137 million recorded in 2023/24. Accordingly, operating profit margins improved from a negative 2% to a positive 4%, reflecting the successful execution of strategies, increased capacity utilisation, and improved factory efficiency.

Finance costs decreased by 50% to Rs. 84 million primarily on account of the decline in interest rates during the year. Profit Before Tax (PBT) was recorded at Rs. 179 million, a notable turnaround from the loss recorded in the previous year, whilst PBT margins improved from a negative 5% to a positive 3%. KFP recorded a Profit After Tax (PAT) of Rs. 133 million in 2024/25, compared to a post-tax loss of Rs. 218 million in the previous year.

The Group strengthened its financial position, recording net assets growth of 6% to Rs. 2 billion. During the year under review, the business invested Rs. 124 million in its fixed asset base, primarily aimed at capacity enhancements, quality and efficient improvements as well as expanding its freezer network.

OUR EMPLOYEES

KFP's success is driven by a skilled and experienced team of 613 employees, supported by a strong value proposition that aligns their aspirations with business growth, promoting engagement and retention. KFP adheres to the HR policies and procedures adopted by the John Keells Group, which the Company is a part of, ensuring equal opportunity for all employees. During the year, 61 new employees were hired, matching the number of resignations. The health and safety of our team remained a key focus area, with regular safety meetings held and a dedicated Health and Safety Manager reinforcing established policies and best practices across operations. Internal and external communication campaigns were launched to uplift the business's image and promote KFP as a more inclusive workplace. Further, the Group continued to invest in women-centric training programmes and increased the number of female recruits, supporting greater diversity and inclusion across the workforce.

SUSTAINABILITY

KFP's commitment to sustainability continues to shape its operations, which strives to minimise negative impacts on the environment and enhance positive contributions to people and communities. Our focus on customer health and product safety underpins our approach to quality and product development. The Organization's Food Safety Policy and Quality Policy, published on our website, clearly articulates our commitment to upholding high standards. This commitment is reinforced by certifications including ISO 22000:2018 for Food Safety Management, ISO 9001:2015 for Quality Management, ISO 45001:2018 for Occupational Health & Safety, as well as Halal certification by the Halal Assessment Council and GSO guidelines and the SLS certifications on product quality. Driving resource efficiency remains a key priority in reducing our carbon footprint. Accordingly, electricity and water optimisation initiatives and a steam optimisation initiative within the sausage manufacturing process were implemented, contributing to reductions in the energy and water intensity of our products.

Continuing the business's commitment to community empowerment, KFP held the English Language Scholarship Programme (JKELSP) in partnership with the John Keells Foundation in the Ja-Ela and Pannala areas in October 2024, aiding youth in global economic integration. The business also launched a mushroom cultivation project under the Praja Shakthi – Ja-Ela initiative to promote entrepreneurship and sustainable income for local farmers.

GOVERNANCE

I am pleased to state that there were no reported violations of the Code of Conduct of the John Keells Group and the Code of Business Conduct and Ethics which is aligned with the principles of the Code of Best Practice of Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). I also wish to affirm our commitment to upholding Group policies, where emphasis is placed on ethical and legal dealings, zero tolerance for corruption, bribery and any form of harassment or discrimination in our workplace and any work-related situations.

INTEGRATED REPORTING

This Report has been prepared in conformance to the Integrated Reporting Framework of the IFRS Foundation. The Board of Directors and the Management are responsible for ensuring the accuracy and integrity of this Annual Report. We confirm, to the best of our knowledge, the credibility, reliability and integrity of the information presented, and, in this regard, external assurance has also been sought from independent auditors, as applicable.

COMMITMENT TO EXCELLENCE

KFP has demonstrated a strong commitment to excellence and sustainability through various accolades and initiatives. The Company received the Gold Award for the Best Annual Report in the Food and Beverages Sector (Group Turnover up to Rs.15 billion) at the TAGS Awards 2024, hosted by CA Sri Lanka, along with two Silver Awards at the National Convention on Quality and Productivity. KFP also earned a Merit Award at the National Industry Brand Excellence Awards 2024 and a Silver Award at the Annual Export Awards in the Processed Food Products sector.

FUTURE OUTLOOK

The emergence of strong macroeconomic fundamentals alongside a credible platform for sustained, broad-based growth marks a notable shift in the economic landscape of Sri Lanka. The current deflationary environment is envisaged to move towards targeted inflation levels, with the Central Bank's independent and disciplined monetary policy management approach providing scope for interest rates to remain conducive for growth.

The path to fiscal and monetary consolidation is also expected to continue given that the Government and regulators have been steadfast and disciplined in the management of the economy and broadly kept within the parameters of the IMF-EFF programme, which is imperative if Sri Lanka is to continue to sustain this momentum. The fiscal sector, which has undergone a significant recovery over the past two years, is anticipated to maintain its positive trajectory - the recently concluded budget also reinforces a disciplined, reform-oriented approach focused on policy continuity.

Low and stable inflation, a favourable interest rate environment, improved market sentiment, and sustained socio-economic stability, coupled with targeted relief measures that have been announced, including the increase in the income tax exemption threshold from Rs. 1.2 million to Rs. 1.8 million effective 1st April 2025 are expected to improve household income and augur

CHAIRPERSON'S MESSAGE

well for consumption. Although downside risks to this outlook remain primarily from the global economy, especially stemming from geopolitical tensions, including the potential implications from changes in the US import tariff policy, the regulators have indicated that the intent is to implement timely policy measures to soften any adverse impacts. Additionally, from the business front, KFP will continue to monitor external risks, particularly currency fluctuations and their knock-on effects on imported raw materials. Notwithstanding this, the outlook for consumer-focused businesses remains positive and the business is well positioned to capitalise on this growth momentum.

KFP will continue to focus on driving growth through strategic pricing, product and channel initiatives, innovation, and quality improvements aligned with evolving consumer needs. Particular emphasis will be placed on expanding the dry product portfolio and broadening the dry distribution network, given the structural shift in consumer behaviour towards affordable, convenient snacking options, a trend that is expected to strengthen in Sri Lanka's urban and suburban markets. Challenges associated with ensuring product availability, sourcing produce and input price volatility, particularly in chicken and pork, will be managed through initiatives such as forward purchasing, maintaining rigorous engagement with its suppliers to ensure a seamless supply chain, strengthening the procurement process, and better management of the working capital cycle and reduced credit risk exposure. The businesses will also focus on further streamlining the distributor network to ensure greater stability and consistency for the future.

Development of export markets remains a key strategic priority for KFP, recognising the untapped potential across regional and global markets. However, unlocking this potential will require greater policy support, including easing import restrictions for input materials and implementing duty waivers for export-oriented production to enhance competitiveness in overseas markets. Talent retention will be a key area of focus, particularly in light of increased job opportunities overseas. The businesses will continue to implement proactive recruitment strategies to attract and retain staff in key business areas.

In the medium to long-term, consumers are likely to become increasingly health-conscious, placing greater emphasis on nutritional information and product quality. This shift will support a differentiated strategy for KFP, focused on branded, higher-quality products tailored for a more discerning consumer base. While stricter labelling and regulatory requirements may increase compliance costs, they also offer opportunities for brand differentiation. In parallel, rising urbanisation and more demanding lifestyles are expected to boost demand for convenience-driven categories such as Ready Meals, Heat-and-Eat options, and hassle-free meal preparations, creating significant growth opportunities for KFP's product innovation pipeline.

DIVIDENDS

The Company declared a first and second interim dividend of Rs. 0.48 and Rs. 1.97, which was paid in November 2024 and March 2025, respectively. The Board has declared a final dividend of Rs. 1.15 per share, resulting in a total dividend per share of Rs. 3.60 for the year 2024/25. Accordingly, the total payout from profits earned for the year will amount to Rs. 92 million, translating to a 69% payout ratio.

RETIREMENTS AND APPOINTMENT OF DIRECTORS

Ms. Shehara De Silva, Mr. Indrajit Samarajiva and Mr. Pravir Samarasinghe, all Independent Non-Executive Directors of the Company will be retiring from the Board of Directors of the Company, having completed nine years on the Board, effective from and upon conclusion of the Annual General Meeting on 20th June 2025. I wish to place on record our deep appreciation for the invaluable contribution made by Ms. Shehara De Silva, Mr. Indrajit Samarajiva and Mr. Pravir Samarasinghe during their tenures on the Board. As announced to the Colombo Stock Exchange, the Board welcomed the appointment of three new Independent Non-Executive Directors: Ms. Aroshi Nanayakkara and Mr. Shanil Fernando effective 2nd May 2025, and Mr. Janek Jayasekara effective from 15th May 2025.

ACKNOWLEDGEMENTS

I take this opportunity to commend the team at KFP for their exceptional efforts in turning around the business and delivering a strong performance during the year. On behalf of the Board and all employees, I also wish to extend my gratitude to our stakeholders, including customers, investors, business partners and regulators, for their support. Finally, I thank my colleagues on the Board for the foresights and counsel provided which continue to shape the strategic direction and growth of the Group.

Krishan Balendra

Krishan Balendra
Chairperson

26th May 2025

AWARDS

NATIONAL CONVENTION ON QUALITY & PRODUCTIVITY 2024

KFP won two Silver awards at the National Convention on Quality and Productivity 2024, organized by the Sri Lanka Association for the Advancement of Quality and Productivity (SLAAQP).

TAGS AWARDS

KFP won the Gold award for the 'Best Annual Report' in the Food and Beverages Sector (Group Turnover up to Rs. 15 billion) at the TAGS Awards 2024 organized by CA Sri Lanka.

SLIM NATIONAL SALES AWARDS 2024

KFP secured 3 Gold, 2 Silver and 2 Bronze awards at the SLIM National Sales Awards 2024.

BEST WEBSITE IN 2024

KFP won the Bronze award for the 'Best Food & Beverages Website' at the BestWeb.lk Awards 2024 organized by LK Domain Registry.

NCE ANNUAL EXPORT AWARDS 2024

KFP won Silver in the Medium Category – Processed Food Products Sector at the Annual Export Awards organized by the National Chamber of Exporters of Sri Lanka (NCE).

BEST IN-HOUSE R&D UNIT AWARDS

KFP won a Merit Award for the Best In-house R&D Unit at the "National Industry Brand Excellence-2024" Award Ceremony, organized by the Ministry of Industry & Entrepreneurship Development in collaboration with the Industrial Development Board (IDB).

EVENTS FOR THE YEAR

April

Avurudu Campaign
KFP celebrated the Sinhala and Tamil New Year with a comprehensive 360-degree marketing campaign "KeellsKrest Avurudde Sadda Ahena Rasa," highlighting the festive sounds of Avurudu and enhancing consumer engagement.

Nuwara Eliya Season
"KeellsKrest" captured strong visibility during the Nuwara Eliya season through vibrant activations, product variety, and the launch of "KeellsKrest Pasta", amplified by engaging in-store sampling.

May

Mother's Day Campaigns
A digital campaign was launched to create an emotional connection between the brand and consumers, celebrating the essence of maternal love.

Vegetable Chinese Rolls Dansala
In celebration of Vesak, KFP hosted a Vegetable Chinese Rolls Dansala in Makandura, creating community spirit and goodwill in alignment with the festival's values of compassion and togetherness.

June

Annual Staff Trip
KFP organized its annual staff trip at The Palms Beruwala Hotel, offering employees and their families a weekend filled with engaging activities and memorable experiences.

Export Market Expansion (Australia)
KFP strengthened its partnership with Millennium Imports (Pty) Limited in Australia by launching a new recipe series endorsed by Chef Don Sherman. This campaign gained momentum across all communication platforms.

July

Party Platter Launch
"KeellsKrest" introduced the Party Platter, a convenient assortment featuring four popular sausage varieties, designed to cater to diverse consumer preferences. A launch campaign was strategically executed across all communication touchpoints to enhance product awareness and drive engagement, making it the perfect fit for gatherings and celebrations.

Warehouse and Logistic Management Training
Through our Warehouse and Logistics Management Training program, we have strengthened operational competencies, enhanced inventory control and streamlined supply chain processes. This initiative reinforced our commitment to excellence in logistics, optimizing both cost-effectiveness and customer satisfaction.

August

Jalapeno Campaign
A 360-degree campaign was rolled out to launch "Jalapeno Sausages" under Elephant House, ensuring broad visibility across all media channels.

Bradby Season Activation
"Elephant House" partnered as the Official Food Partner of "the Bradby Express", increasing brand visibility across Colombo and Kandy. This engagement was further amplified through collaborations with Yes FM, incorporating sampling sessions, activations, and digital promotions.

September

Mega Visibility Drive
A large scale visibility drive was initiated under the theme "Goodness Tastes Better," strategically positioning brand communication materials within key retail outlets and expanding visibility beyond the frozen category.

John Keells English Language Scholarship Programme (JKELSP) with John Keells Foundation
Through the John Keells Foundation, JKELSP extended its reach to students from four schools in 2024/25, equipping underprivileged youth with vital English language skills to enhance academic and professional success.

October

Oktoberfest Campaign
KFP partnered with several Oktoberfest events, including the flagship celebration at Water's Edge, as the official food partner,

Children's Day Celebrations and Partnerships
Activations focusing on the Children's Day were carried out partnering with TV Derana and the "Frankie Range" was promoted through movie premieres at PVR Cinemas enhancing the brand resonance with the target audience.

November

Battle of the Sales Warriors 2024
KFP held its annual cricket tournament at Angampitiya Playground, Ethulkotte, with twelve teams representing sales regions across the island. The event featured food, entertainment, and vibrant team spirit, marking a significant moment of unity and engagement for the KFP sales force.

Culinary Champions
KFP Culinary Champions program nurtures talent within our organization, empowering employees to experiment with flavours, presentation, and techniques that elevate our product offerings. By fostering a culture of innovation, we continue to refine our offerings to consumer, meeting evolving consumer preferences with quality and ingenuity.

December

KFP Christmas Celebrations
KFP hosted its annual Christmas celebrations at the Pannala and Ekala premises, bringing together over 800 participants including guests, employees and their families. These events featured vibrant music, a DJ party, spectacular fireworks, and a raffle draw with over 20 prizes, marking a joyful conclusion to the year.

CA Sri Lanka TAGS Awards 2024
KFP secured the Gold Award in the Food & Beverage Sector (Group Turnover up to Rs. 15 billion) at the TAGS Awards 2024, presented by the Institute of Chartered Accountants of Sri Lanka. This recognition underscores the Group's excellence in corporate reporting, transparency, accountability, governance and sustainability.

January

KFP Fun Friday
KFP introduced the 'Fun Friday' series, engaging employees with fun filled activities launched at the both Ekala and Pannala plants. These events created enthusiasm and camaraderie among staff.

Women Centric training - Personal Branding and Grooming
A Women-Centric Training on Personal Branding and Grooming was conducted with the aim to equip employees with essential skills in self-presentation, confidence-building, and personal growth. This initiative has also contributed to a diverse and dynamic corporate culture, strengthening leadership and teamwork across all levels.

February

Launch of "KeellsKrest Jumbo Peanuts"
A new product category was introduced with "KeellsKrest Jumbo Peanuts", capturing new market opportunities through activations at major sporting events.

Packaging Facelift of Catering Sausage
To meet growing demand and strengthen market competitiveness, the Farmhouse brand transitioned to "KeellsKrest Catering Chicken Sausages", featuring improved visibility.

March

Partnering with School Big Match Season
"'Elephant House" and "KeellsKrest" took the spotlight during the big match season, driving engagement through point-of-sale materials, interactive stalls, and dynamic on-ground activations.

Women's Day Engagement
A creative digital contest was launched to mark Women's Day, promoting audience participation through themed activities and giveaways on the brand's social media platforms.

BOARD OF DIRECTORS

KRISHAN BALENDRA
Non-Executive - Non-Independent Director / Chairperson

Mr. Balendra was appointed to the Board of Keells Food Products PLC on 1st of January 2018 and was appointed as Chairperson on 1st January 2019.

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

GIHAN COORAY
Non-Executive - Non-Independent Director

Mr. Cooray was appointed to the Board of Keells Food Products PLC on 1st of January 2018.

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

DAMINDA GAMLATH
Non-Executive - Non-Independent Director

Mr. Gamlath was appointed to the Board of Keells Food Products PLC on 1st November 2017.

Mr. Gamlath is the President of the Consumer Foods industry group and has been with the John Keells Group since 2002. He was the Sector Financial Controller for the Information Technology Sector and the Consumer Foods Industry Group before he was appointed as the Head of Beverages in 2013 and the Sector Head in 2017. Prior to joining the John Keells Group, he worked at the Hayleys Group. Mr. Gamlath holds a B.Sc. in Engineering from the University of Moratuwa, an MBA from the University of Colombo and is a passed finalist of the Chartered Institute of Management Accountants (UK).

NELINDRA FERNANDO
Non-Executive - Non-Independent Director

Ms. Fernando was appointed to the Board of Keells Food Products PLC on 1st January 2021.

Ms. Fernando is the Chief Financial Officer for the Consumer Foods Industry Group and joined the John Keells Group in 2013 as the Sector Financial Controller of the Consumer Foods Industry Group. Prior to joining the Group, she worked at the MAS Group and Ernst & Young, Sri Lanka. She is a member of the Chartered Institute of Management Accountants of UK and the Institute of Chartered Accountants of Sri Lanka.

PRAVIR SAMARASINGHE
Non-Executive - Independent Director

Mr. Samarasinghe was appointed to the Board of Keells Food Products PLC on 10th June 2016 and is the Chairperson of the Audit Committee, and Related Party Transactions Review Committee.

Mr. Samarasinghe has 38 years of professional and commercial experience and serves on the Board of Directors of several Publicly Listed and Unlisted Companies. He was the Past Chairman of the Sri Lanka Institute of Directors, Employers' Federation of Ceylon, Industrial Association of Sri Lanka, Condominium Developers Association of Sri Lanka, and EFC Affiliated Group of Companies. He was the Past President of the Chartered Institute of Management Accountants Sri Lanka Division and former Council Member, CIMA (UK). He served as a Board Member of the Ceylon Chamber of Commerce and Sri Lanka Accounting and Auditing Standards Monitoring Board.

Mr. Samarasinghe is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and Chartered Institute of Management Accountants UK and holds a Master's Degree in Business Administration.

INDRAJIT SAMARAJIVA
Non-Executive - Independent Director

Mr. Samarajiva was appointed to the Board of Keells Food Products PLC on 10th June 2016 and is the Chairperson of the Human Resources and Compensation Committee.

Mr. Samarajiva is a writer at www.indi.ca and co-founded and sold YAMU one of Sri Lanka's leading food content platforms to PickMe in 2019. At PickMe, Mr. Samarajiva launched their delivery product PickMe. He has experience moving organisations online, something he has helped to do at Dialog Axiata, The Sunday Leader, and Sarvodaya. He studied Cognitive Science at McGill University in Montreal, Canada.

SHEHARA DE SILVA

Non-Executive - Independent Director

Ms. De Silva was appointed to the Board of Keells Food Products PLC on 10th of June 2016 and she is the Chairperson of the Nominations and Governance Committee.

Ms. De Silva is an international branding and communication specialist with a track record of market development in East Asia and Sri Lanka. She has worked with Omnicom Group related companies as the Director Planning Naga DDB in Kuala Lumpur and later, as the Managing Director of Interbrand Malaysia and Group Director Strategy of Foetus International.

She was formerly the Deputy Director General of the Board of Investment Sri Lanka and Marketing Director of New Zealand Milk products, GM Marketing and Sales of Janashakthi Insurance PLC. She has been involved in the transformation strategy of three of Sri Lanka's leading Corporates; Singer Sri Lanka in Retail, NDB in Banking and Janashakthi in Insurance. She is a trustee of the Neelan Tiruchelvam Trust and on the Boards of Sarvodaya Development Finance PLC, Informatics Institute of Technology, Quickshaws Travel (Pvt) Ltd, Ex-pack Corrugated Cartons PLC, Amana Takaful Life PLC and the Family Planning Association of Sri Lanka. She is also Board Chair of Optima Design and on the Global leadership team of Women in Management.

SHANIL FERNANDO

Non- Executive- Independent Director

Mr. Fernando was appointed to the Board of Keells Food Products PLC on 2nd of May 2025.

He is the Co-Founder and Chief Technology Officer of Cut & Dry, a Silicon Valley-based platform revolutionizing the food service industry. Mr. Fernando is a founding member of Virtusa Corporation (NASDAQ: VRTU), where he served as Chief Technology Officer and Vice President, overseeing engineering teams across multiple continents.

He co-founded and led Sysco Labs, the innovation arm of Sysco (NYSE: SYY), developing technology solutions that processed billions of transactions annually. He is also the founder of Fernando Ventures Pvt. Limited, an investment company focused on global real estate and agro-tourism development.

Mr. Fernando holds a BSc in Computer Science from the University of Warwick and has been recognised as 'ICT Leader of the Year 2016' and listed among the top 40 under 40 leaders by Echelon magazine.

AROSHI NANAYAKKARA

Non-Executive – Independent Director

Ms. Aroshi Nanayakkara was appointed to the Board of Keells Foods Products PLC on 2nd of May 2025.

Ms. Nanayakkara has extensive professional experience in Strategic Planning, HR and Risk Management, serving in leadership roles at prominent organizations including ABN AMRO Bank NV, Deutsche Bank, Eagle Insurance, Delmege Group and Brandix Group of Companies where she held positions as Chief Risk Officer and CEO at Brandix Hangers (Pvt) Ltd.

Ms. Nanayakkara currently serves as the CEO of the Global Consulting Company and is the Chairperson of the Sri Lanka Institute of Directors. She holds positions as an Independent Non Executive Director at Sampath Bank PLC, Asian Hotels & Properties PLC, Royal Palms Beach Hotels PLC and Tangerine Beach Hotels PLC. Additionally, she serves as the Vice President of the Lanka India Business Association and is the Chairperson of the Sri Lanka Women Corporate Directors (WCD) Sri Lanka Chapter.

Ms. Nanayakkara holds a BSc. in Management from the Massachusetts Institute of Technology, USA, a MSc. in Management from the London School of Economics, UK and ACMA and CGMA qualifications from the Chartered Institute of Management Accountants, UK.

BOARD OF DIRECTORS

JANEK JAYASEKARA
Non- Executive – Independent Director

Mr. Jayasekara was appointed to the Board of Keells Food Products PLC on 15th of May 2025.

Mr. Jayasekara is a senior corporate executive and Chartered Accountant with over 25 years of leadership experience across a wide range of sectors including banking and financial services, audit, manufacturing, transportation and logistics, retail and distribution, food and beverage, leisure, exports, and construction. He currently serves as the Group Chief Operating Officer of International Distillers Ltd.

He has previously served in leadership roles both locally and internationally, including appointments as CEO, COO, and CFO at diversified business groups. He has held senior finance and operational positions at Al Rajhi Bank (Saudi Arabia and Malaysia), Standard Chartered Bank (Sri Lanka), John Keells Holdings PLC, Richard Pieris Group, and the Akbar Brothers Group.

Mr. Jayasekara holds a Bachelor of Science Degree in Biological Sciences from the University of Colombo and a Master of Science in Finance and Accounting from the United Kingdom. He is a Fellow of the Chartered Institute of Management Accountants (UK) and CPA Australia, and an Associate Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Marketing (UK).

He serves on the Board of the International Chamber of Commerce Sri Lanka and actively contributes to several professional and voluntary organisations, including the Corporate Governance Council of the Institute of Chartered Accountants of Sri Lanka.

- Audit Committee
- Human Resources and Compensation Committee
- Nominations and Governance Committee
- Related Party Transactions Review Committee
- Project Risk Assessment Committee - JKH

MANAGEMENT TEAM

CHIEF EXECUTIVE OFFICER

Mr. V I Wickramaratne
Vice President / Chief Executive Officer

SALES AND MARKETING

Sales

Mr. N M Adams
Senior Assistant Vice President - Head of Sales & Distribution

Mr. R G P Indika
Manager – Sales Administration

Mr. M A W S S Maddumaarachchi
Channel Manager

Mr. D T A Gunawardhana
Channel Manager

Marketing

Mr. K A S Daksitha
Manager - Marketing

SUPPLY CHAIN

Mr. D V T Abeygunawardane
Senior Assistant Vice President - Head of Operations

Mr. K Gamage
Assistant Vice President
Head of Engineering - Consumer Foods Industry Group

Production

Mr. C N Soza
Senior Factory Manager - Ekala

Research and Development and Quality Assurance

Mr. A A N Lalantha
Senior Assistant Vice President
Head of Quality Assurance and Research & Development - Consumer Foods Industry Group

Mr. B M G M Basnayake
Senior Manager - Quality Assurance and Development Projects

Procurement

Mr. S V R Boteju
Senior Manager - Head of Procurement

Engineering

Mr. L S Gunawardana
Manager - Engineering

Logistics

Mr. A L P P Perera
Manager - Logistics

HUMAN RESOURCES

Ms. A I A Perera
Vice President
Head of Human Resources - Consumer Foods Industry Group

Ms. M W C K Jayasooriya
Manager - Human Resources

Mr. D L Amarakoon
Manager - Training & Development

FINANCE

Ms. P N Fernando
Director/ Executive Vice President
Chief Financial Officer - Consumer Foods Industry Group

Ms. J Ganeshan
Senior Assistant Vice President
Sector Financial Controller - Consumer Foods Industry Group

Mr. G Samarakkody
Assistant Vice President
Financial Controller - Consumer Foods Industry Group

Mr. M Perera
Assistant Vice President
Head of Financial Planning and Analysis - Consumer Foods Industry Group

Ms. E M T M Wijewickrama
Assistant Vice President
Head of Tax - Consumer Foods & Retail Industry Group

Mr. A C Morris
Senior Manager - Management Accounting

Mr. B N Mandis
Manager – Finance

Mr. M H D C Wijesekara
Manager – Financial Planning and Analysis

IT

Mr. Iranda Gunawardena
Assistant Vice President
Head of Business Systems - Consumer Foods Industry Group

KEY PRODUCT CATEGORIES

Our products continue to be a household favourite, celebrated for their trusted quality and distinctive taste. "KeellsKrest" remains a beloved choice at family meals and festive gatherings, offering authentic Sri Lankan flavours enriched with authentic spices. Our unwavering commitment to excellence is upheld through stringent quality controls and industry-recognized certifications that guarantee freshness and safety. We remain focused on innovation and portfolio expansion, introducing exciting new offerings to the market while staying firmly rooted in our promise of taste, quality, and Sri Lankan heritage.

Processed Meat

Sausages & Meatballs

This range features flavourful sausages, expertly crafted from minced meat encased in natural or artificial casings, available in pre-cooked, smoked, and dried varieties. Our meatballs, made from coarsely chopped meat, are blended with authentic local spices and premium binders to enhance flavour and texture. Both "KeellsKrest" and "Elephant House" brands offer these convenient options - perfect for modern Sri Lankan lifestyles, ensuring great taste, quality, and convenience.

Crumbed Range

The crumbed range features products coated in a specially developed breadcrumb blend. Designed to be baked or deep-fried, they deliver a crispy, golden crust that has become a beloved favourite among Sri Lankan families for generations.

Cold Meat

Our cold cuts are a selection of pre-sliced, pre-cooked meats and come in a variety of options. Sold under the "Elephant House" and "KeellsKrest" brands, they offer quality and convenience.

Dry Range

Our expanding range of ambient products offers the ease of room-temperature storage while preserving freshness and flavour. This selection includes pasta, soya meat and peanuts under the "KeellsKrest" brand, along with a canned range from "Elephant House".

MANAGEMENT DISCUSSION AND ANALYSIS

OUR BUSINESS

ORGANISATIONAL OVERVIEW

As a market leader and pioneer in Sri Lanka's processed meat industry, KFP boasts a rich legacy spanning over four decades. Our success is driven by continuous investments in cutting-edge manufacturing technology, research & development and an unwavering commitment to quality and innovation. This approach enables us to stay ahead of evolving consumer preferences and maintain a competitive edge. With an extensive island-wide distribution network, we reach consumers through over 50 distributors and over 30,000 retail locations, ensuring our products are accessible across Sri Lanka. Expanding beyond local borders, KFP has also established a strong regional presence, exporting to the Maldives and multiple markets in the United Arab Emirates and Australia.

KFP operates as a Subsidiary of John Keells Holdings PLC, Sri Lanka's largest listed entity and leading diversified conglomerate.

OUR BRANDS

KeellsKrest and Elephant House are well-known brand names that are strongly associated with quality excellence, flavour, and nutritional value.

CUSTOMER FOCUS

20 New Products Launched

25 Products in Pipeline

Rs. 300 Mn Spent on Brand Building Initiatives

OUR PEOPLE

613 Total Employees

82% Employee Satisfaction Rate

Rs. 13 Mn Investment in Training

Rs. 1,041 Mn Payments to Employees

PRODUCT AND PROCESS QUALITY

Adherence to a variety of quality management and food safety certifications assuring superior quality in our products and process.

MARKET REACH

An extensive nationwide presence due to its **30,000+** retail locations and **53** strong distribution network.

R & D CAPABILITIES

Rs. 19 Mn Investment in R&D

+600 Recipe Library

+250 Product Range

OUR CHANNELS

- General Trade
- Modern Trade
- Hotels, Restaurants & Catering (HoReCa)
- Exports

OUR PRODUCTS

- Processed meat
  - Sausages & Meatballs
  - Crumbed Range
  - Cold Meat
- Dry range

VALUE CHAIN

Suppliers

↓

Procurement
Manufacturing
R&D
Logistics

↓

Channel Partners

↓

Customers

OUR BUSINESS

VALUE CREATION MODEL

Our value creation model visually represents how we strategically utilize resources and relationships (capital inputs), transforming them through our business activities to generate meaningful outputs and stakeholder outcomes. This process creates, preserves, and sometimes challenges our capital inputs, all while being anchored in strong corporate governance and risk management practices. The transformation journey is illustrated below.

CAPITAL INPUTS

FINANCIAL CAPITAL 38

The funds obtained through shareholders, banks and other lenders which allow us to drive our strategic ambitions.

- Shareholders' funds: Rs. 1,972 million
- Borrowings: Rs. 1,033 million

MANUFACTURED CAPITAL 41

State-of-the-art manufacturing facilities through which we manufacture our products.

- 4 Production facilities
- Property, Plant and Equipment: Rs. 1,619 million (Page 201)

INTELLECTUAL CAPITAL 43

Represents our brands and extensive recipe library which underpins our competitive edge as well as our strong R&D capabilities.

HUMAN CAPITAL 46

Our team of 613 employees who provide the competencies and commitment to support the delivery of our strategic objectives.

SOCIAL AND RELATIONSHIP CAPITAL 53

The relationships we rely on to drive our value creation and provide our social license to operate.

- Distributors: 53
- Retail partners: +30,000
- Suppliers: +250
- Communities in which we operate (Page 59)

NATURAL CAPITAL 60

Natural resources we rely on to manufacture and distribute our products and manage our operations.

- Energy consumption: 36,883 GJ
- Water consumption: 102,622 m^3

VALUE TRANSFORMATION PROCESS

VISION: Our passion is to deliver pleasure and nutrition throughout people's lives, through exciting and superior products, whenever and wherever they choose to eat and drink.

VALUES: Innovation, Integrity, Excellence, Caring, Trust

BUSINESS ACTIVITIES

- Procurement of Input Materials
- Warehousing & Distribution
- Research and Development
- Manufacturing and Packaging
- Managing Customer Relationships

STRATEGIC PRIORITIES

- Sustainable Growth
- Accountability
- Innovation & Quality
- Strengthen Channel and Supply Chain
- Empowered Team

Underpinned by effective Corporate Governance (pg..64) and Risk Management practices (pg. 127)

- Corporate Governance
- Risk Management Framework
- ESG Focus

Operating Environment

- Macroeconomic Developments
- Supply Chain Implications
- Changing Customer Preferences
- Climate Related Risks
- Government Regulations

OUTPUTS
Rs. 904 Mn Direct and indirect tax payments
Rs. 2,390 Mn Economic value added
Rs. 1,041 Mn Payments to employees
Rs. 5,894 Mn Payments to suppliers
5,184 tCO2e Carbon footprint

OUTCOMES

FINANCIAL CAPITAL
- Rs. 133 million in profit after tax
- Rs. 62 million dividend payments
- Rs. 84 million paid as interest
- Share price Rs. 169/-

MANUFACTURED CAPITAL
- Rs. 124 million capital expenditure
- Rs. 19 million R&D expenses

INTELLECTUAL CAPITAL
- 20 new products added
- Management System certification from SGS
- Product certification from SLAS
- Obtained GSO certification

HUMAN CAPITAL
- Rs. 1,041 million payments to employees
- Rs. 13 million investment in training
- Measures to ensure physical and mental well-being
- 82% Employee satisfaction rate

SOCIAL AND RELATIONSHIP CAPITAL
- Rs. 597 million distributor earnings
- Rs. 5,894 million payments to suppliers

NATURAL CAPITAL
- 5,184 tCO2e generated from operations
- Zero environmental grievances
- Fully compliant with all relevant environmental regulations
- 39% water recycled

OUR BUSINESS

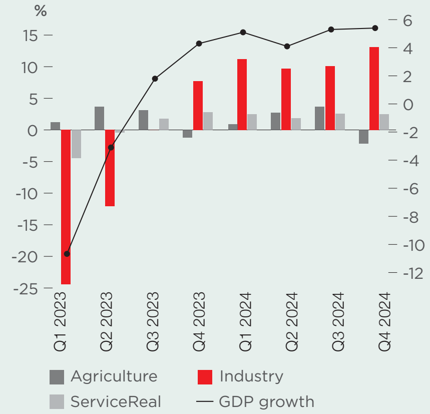
ECONOMIC ENVIRONMENT

GDP PERFORMANCE

In 2024, Sri Lanka made significant strides in restoring macroeconomic and financial stability. Key macroeconomic indicators have demonstrated notable improvement, marking a recovery from the suboptimal levels observed in recent years. Notably, persistent fiscal imbalances were addressed through fiscal consolidation measures and stronger fiscal discipline.

The economy has stabilized, with growth of 5% reached in 2024, surpassing earlier forecasts. This positive outlook follows four consecutive quarters of growth, driven by the industrial and tourism sectors, and supported by crucial structural and policy reforms. According to GDP estimates from the Central Bank of Sri Lanka, the economy grew by 5.4% YoY in Q4 2024, compared to 4.3% growth in Q4 2023.

QUARTERLY GDP GROWTH (CONSTANT PRICES)



Source: Central Bank of Sri Lanka

IMPACT ON KFP

Increased consumer spending, driven by economic growth, boosts demand for discretionary items such as processed meats, offering opportunities to expand operations and diversify products. A favourable economic environment also encourages higher business investment, enabling the Group to improve technology used, enhance production efficiency, and strengthen long-term market competitiveness.

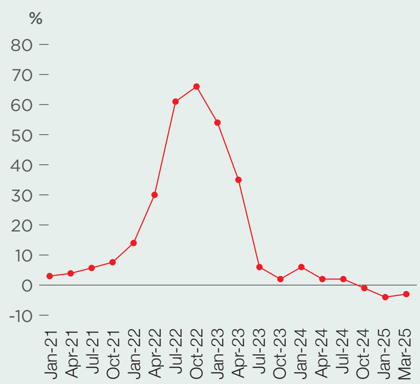
INFLATION

Inflationary pressures eased significantly, leading to temporary deflation for the first time in several years. This allowed for further monetary easing, which in turn accelerated economic growth, driven by low interest rates, improved sentiment, and stronger domestic and external demand.

Headline inflation, as measured by the Colombo Consumer Price Index, stayed in the low single digits throughout 2024/25, reaching a deflation of 2.6% in March 2025. This was attributed to low interest rates, currency appreciation, and improved supply conditions.

Despite inflation falling below the target, price levels remained elevated due to the lingering effects of past inflation.

CCPI BASED Y-O-Y HEADLINE INFLATION



Source: Department of Census and Statistics

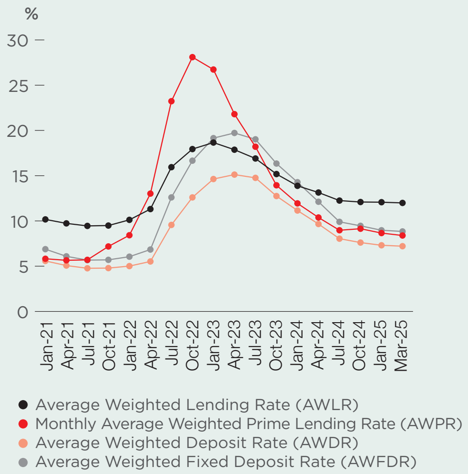
IMPACT ON KFP

Lower production costs present an opportunity to enhance profit margins while offering more competitive pricing to consumers, aligning well with the observed trend of higher demand for low-cost budgetary packs such as bulk and catering sausages. Additionally, stabilized inflation helps reduce consumer sensitivity to price fluctuations, further stimulating demand for these value-oriented options.

INTEREST RATES

With inflation well below target, the central bank maintained an accommodative stance, reducing policy rates by 100 basis points between March and November 2024, totalling a 800 basis point reduction since May 2023. Market lending and deposit rates continued to decline in line with the easing monetary policy cycle that began in mid-2023. The decrease in inflation, inflation expectations, and risk premiums on Government securities further supported this adjustment.

MARKET INTEREST RATES



Source: Central Bank of Sri Lanka

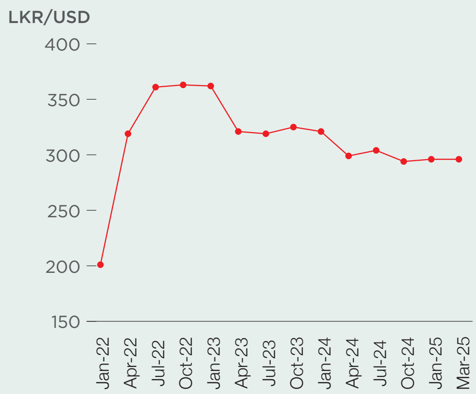
IMPACT ON KFP

Lower interest rates facilitate easier access to capital, enabling investments in new production lines, technological innovations, and operational enhancements. Reduced borrowing costs stimulate consumer spending, with increased willingness to make discretionary purchases. Furthermore, the profitability of the distributor network improved as a result of access to low-cost funding, enhancing the overall stability of the distributor channel.

EXCHANGE RATE AND EXTERNAL POSITION

Despite an increased merchandise trade deficit driven by higher import spending, improvements in tourism and remittances helped offset the impact on the current account. While the Sri Lankan Rupee appreciated by 10.7% in 2024, it has depreciated by about 1.3% against the US dollar thus far in 2025. The successful completion of external debt restructuring by December 2024 boosted the country's external sector outlook. Gross Official Reserves stood at USD 6.5 billion by the end of March 2025, and Sri Lanka's sovereign rating was upgraded, reducing the country's risk premium.

EXCHANGE RATE MOVEMENT LKR PER USD



Source: Central Bank of Sri Lanka

IMPACT ON KFP

Positive economic conditions boost investor confidence, attracting valuable investments. Meanwhile, favourable trade relations facilitate easier access to foreign markets, creating expanded export opportunities. KFP has proactively passed on direct and indirect benefits from the improved exchange rate position, which resulted in lower raw material prices and reduced repair and maintenance costs, to consumers through reductions in selling prices.

INDUSTRY DRIVERS

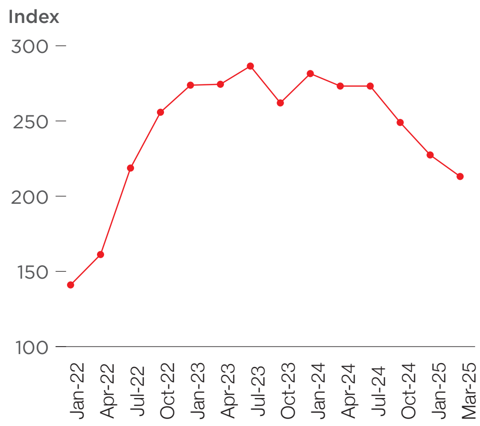
Industry Environment

The meat industry in Sri Lanka is a vital subsector of the livestock industry, supplying a variety of meats including pork, beef, chicken, and mutton, to meet the diverse dietary preferences of consumers across the country. Recent expansions and technological improvement efforts in the poultry sector, driven by advancements in feed formulations, breeding, and disease control, significantly enhanced productivity and efficiency, reinforcing poultry's leadership within the livestock industry.

Towards end of 2024, the industry faced a notable challenge with the outbreak of African Swine Fever (ASF) in certain districts. This led to temporary disruptions in pork sourcing and created uncertainty in the market. While government-issued guidelines provided a basic structure for response, gaps in enforcement and public communication initially limited their effectiveness. Misconceptions regarding the safety of consuming pork during outbreaks led to hesitation among consumers. However, through proactive engagement with regulatory authorities including the Department of Animal Production & Health and by strictly adhering to biosecurity protocols, we successfully mitigated risks and helped restore market confidence.

Urbanization and evolving dietary preferences have led to an increased demand for meat and processed meat products. This trend is further supported by the rising popularity of ready-to-eat and easy-to-prepare meal solutions, catering to the convenience sought by modern consumers. The industry also faces challenges due to growing health consciousness among consumers leading to a gradual shift towards plant-based and organic alternatives.

PRODUCER PRICE INDEX - ANIMAL PRODUCTION



Source: Department of Census and Statistics

In early 2024, consumer prices increased due to Value Added Tax (VAT) rate increase from 15% to 18% and temporary spike in food inflation, largely driven by weather related supply disruptions, including erratic rainfall and dry spells that affected crop yields in key agricultural districts. However, as the year progressed, headline inflation, as measured by the YoY change in the Colombo Consumer Price Index (CCPI), turned negative, reflecting declining electricity tariffs, fuel price reductions, and subdued domestic demand. Looking ahead, CCPI-based deflation is expected to deepen in early 2025, partly due to the significant electricity tariff reduction implemented in January 2025. This will be further supported by stable utility prices and muted volatility in food prices, particularly for perishables. Nevertheless, global risks persist. The Food and Agriculture Organization (FAO) Food Price Index is projected to average higher in 2025, driven by ongoing climate-related disruptions such as droughts and floods affecting major global food supply chains.

An overview of the industry drivers during the year is given below:

Consumer Preferences	
• The rising Consumer Confidence Index indicating an increase in consumer willingness to spend on food and beverages • Disposable income for lower to middle-income households showed signs of gradual improvement, mainly due to easing inflation, increased remittances, and moderate wage recovery.	**Implications to KFP:** • Branded consumer goods are regaining momentum as spending confidence returns and price sensitivity moderates. • Opportunities to capitalize on urban consumption trends including both in-home and out of home experiences such as gatherings and events while expanding our product range.
	Our response: KFP focused on revitalizing sausage and meatball consumption by expanding its branded outlet network and launching new products tailored for both in-home and outdoor occasions. By passing on electricity and operational savings, we enhanced product affordability. Additionally, we strengthened our role in daily meals by driving demand for our expanded crumbed and dry range.

Supply Chain Disruptions	
• Disruptions to pork sourcing due to recent Swine flu outbreak • Stabilization of domestic and international supply chain operations	**Implications to KFP:** • Increased customer concerns regarding consumption of pork related items • Need for more stringent assessment of suppliers and quality control **Our response:** • Strengthened pork sourcing strategies and implemented stringent quality controls, while continuously working with authorities to maintain product quality and ensure uninterrupted supply. • Focus on expanding the dry range of goods, which is less affected by supply chain disruptions • Diversifying sourcing channels for primary raw materials to reduce supply risk and gain more favourable pricing.

Environment and Climate Related Risks	
• The meat industry contributes significantly to climate change, primarily through the emission of greenhouse gases (GHGs) and its water usage is substantially higher than that of plant-based food production. • Extreme weather events driven by climate change, including heatwaves, droughts, and floods, threaten global food supplies and exacerbate concerns over food security.	**Implications to KFP:** • Increased awareness of climate change may result in stricter regulations surrounding emissions and water usage, which could affect production methods. • Climate change-induced extreme weather events may disrupt supply chains, especially for raw materials such as livestock, feed, and other essential resources. • Growing concern about climate change may drive consumers to choose more sustainable, plant-based food options, affecting sales of meat products. **Our response:** • Implement energy-efficient technologies and adopt sustainable farming practices to reduce greenhouse gas emissions and water usage. • Develop diversified and resilient supply chains to protect against disruptions caused by extreme weather or other climate-related challenges. • Introduce more sustainable and environmentally friendly products, such as plant-based or reduced-carbon footprint meat options, to meet changing consumer preferences.

Government Policy	
• The improvement in the country's economy and external position has bolstered investor confidence. • Laxed monetary policy resulting in driving down interest rates and inflation. • Lower electricity tariffs and fuel price reductions contributing to driving down inflation.	**Implications to KFP:** • A growing economy may boost consumer spending power including demand for premium or processed meat products. • Regulatory challenges increasing the need for adaptability and risk management strategies. • Access to long-term financing to fund capital expansion initiatives. **Our response:** • Stay updated and compliant with evolving government regulations by developing crisis management plans and collaborating with authorities. • Closely track shifts in consumer preferences due to economic changes and adjust product offerings accordingly to meet market demands. • Cost reductions was passed down by way of selling price reductions. • Utilize the benefits of lower interest rates to invest in long-term growth projects.

STAKEHOLDER ENGAGEMENT

KFP identifies key stakeholders as all relevant parties (both internal and external) significantly affected by or having an interest in its activities. We strengthened relationships with all key stakeholders during the year by proactively engaging with them to identify their priorities and concerns.

CUSTOMERS

KEY CONCERNS

- Strong focus on value for money offerings
- Maintaining high standards of quality and taste
- Affordability and enhanced convenience

OUR RESPONSE

Providing a diverse range of products tailored to customer needs while ensuring easy accessibility for consumers.

20
New products introduced

60%
Top of the mind recall of "KeellsKrest"

ENGAGEMENT MECHANISM

- Customer satisfaction surveys (periodic)
- Customer hotline (continuous)
- Social media engagement (continuous)
- Website
- Marketing communications (continuous)
- Mystery Shopper audits (periodic)

INVESTORS

KEY CONCERNS

- Opportunities for sustainable growth
- Implications of operating environment
- Relevance of strategy and risk management
- Timely and transparent communication
- Robust Corporate Governance practices

OUR RESPONSE

Strategic investments to increase product relevance to drive sustainable value creation for our shareholders.

Rs. 476 Mn
EBITDA

Rs. 2.45
Dividends per share

ENGAGEMENT MECHANISM

- Annual General Meeting and publication of Annual Report (annually)
- Interim Financial Statements (quarterly)
- Announcements to the Colombo Stock Exchange (continuous)
- Corporate website (continuous)
- Press releases (continuous)
- One-to-one engagement (when required)

EMPLOYEES

KEY CONCERNS

- Financial stability and job security
- Rewards and recognition
- Safe working environment
- Opportunities for skill and career progression
- Freedom of association
- Physical and mental wellbeing

OUR RESPONSE

Providing employees with an engaging and inclusive work environment that allows for personal and professional growth.

Rs. 1,041 Mn
Payments to employees

Rs. 13 Mn
Investment in training

ENGAGEMENT MECHANISM

- Employee satisfaction surveys -Voice of Employee (annual)
- Performance appraisals (annual)
- Work-life balance initiatives
- Open door communication policy (continuous)
- Digital platforms including staff intranet (continuous)

These insights supported informed and inclusive decision making, enabling strategic interventions that balanced their diverse needs and aligned business goals with stakeholder values. How we engaged with key stakeholders in 2024/25 is summarized below.

BUSINESS PARTNERS

KEY CONCERNS

- Stable and fair pricing
- Equitable terms and conditions
- Financial viability
- Building long term relationships
- Responsible procurement practices
- Timely payments

OUR RESPONSE

Promoting stable and sustainable business opportunities through fair treatment and mutual respect.

Rs. 86 Mn
Financial assistance to channel partners

Rs. 5,894 Mn
Payments to suppliers

ENGAGEMENT MECHANISM

- Distributor Management System - Surge (continuous)
- Distributor conventions (annual)
- Audits and site visits (periodic)
- Supplier selection process (as required)
- Training programs (ongoing)
- Supplier financing

GOVERNMENT & REGULATORS

KEY CONCERNS

- Compliance with relevant regulations and guidelines
- Transparency in work practices
- Payment of taxes on a full and timely basis
- Minimize adverse environmental impacts

OUR RESPONSE

Engaging proactively with regulatory bodies and industry stakeholders while ensuring full compliance with applicable regulations.

Rs. 904 Mn
Payments to Government

No Significant Instances of Non-Compliance with laws and regulations

ENGAGEMENT MECHANISM

- On-site surveillance and factory visits (periodic)
- Directives and circulars (continuous)
- One-to-one engagement (when required)
- Press releases (continuous)

The Group has not sought any financial assistance nor made any political contributions to the government during the year.

COMMUNITY

KEY CONCERNS

- Employment creation
- Meaningful CSR projects
- Minimising adverse environmental impacts of operations
- Contribution towards community development

OUR RESPONSE

Creating employment in the communities that we operate in, while ensuring we contribute to the preservation and development of local communities.

No Complains from the community on Group's operations

80
CSR beneficiaries

ENGAGEMENT MECHANISM

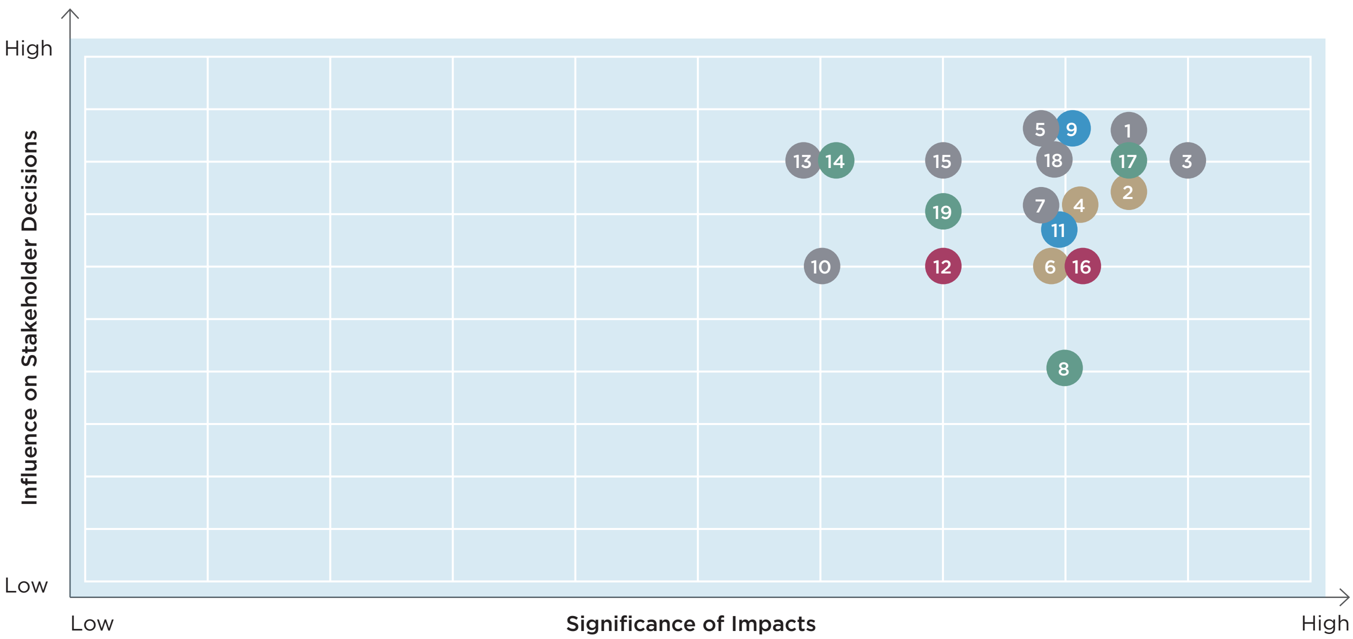
- Community engagement initiatives (continuous)
- Public events (continuous)
- Social media interactions and press releases (continuous)
- CSR projects in partnership with John Keells Foundation

MATERIAL TOPICS

We define material topics as those that impact our ability to create value across the short, medium, and long term. Identified through a comprehensive review of internal and external factors, our material matters reflect the priorities of our stakeholders and the drivers of our value creation model. Our formal materiality assessment incorporates both retrospective and forward-looking perspectives, ensuring we evaluate past performance while shaping strategies to enhance future value.

The process we adopt in determining these issues is illustrated below:

IDENTIFICATION OF ISSUES	• Assessment of external environment, results of stakeholder engagement and the Group's strategic aspiration, and emerging risks and opportunities across the internal and external landscape.
ASSESSMENT	• Assess potential impact on the Group's performance, stability and key stakeholder groups.
PRIORITISATION	• Prioritise matters based on relative significance and likelihood of impact.
SELECTION AND VALIDATION	• Determine material aspects to be included in the report.



- Sustainable Growth
- Quality and Innovation
- Operational Efficiency
- Empowered Team
- Strengthen Channel and Supply Chain

CHANGES IN MATERIAL TOPICS

- Managing working capital, cashflows and cost optimization
- Innovation to promote health, nutrition and lifestyle changes
- Data Security

	Material Topic		Change in materiality compared to 2023/24	Corresponding GRI Topic
1	Macro-economic conditions and policy developments		-	GRI 201: Economic Performance
2	Managing working capital, cashflows and cost optimizations			GRI 201: Economic Performance
3	Managing margins, enhancing financial performance and stability		-	GRI 201: Economic Performance
4	Operational excellence		-	
5	Customer health and safety		-	GRI 416: Customer health and safety
6	Digitization and e-commerce platforms		New	
7	Market leadership and market reach		-	GRI 206: Anti-competitive behaviour
8	Talent attraction and retention		-	GRI 401: Employment GRI 402: Labour management relations GRI 404: Training and education GRI 405: Diversity and equal opportunity GRI 406: Non-discrimination GRI 407: Freedom of association and collective bargaining GRI 408: Child labour GRI 409: Forced or compulsory labour
9	Providing value for money with quality products		-	
10	Product labelling and market communication compliance		-	GRI 417: Marketing & labelling
11	Innovation to promote health, nutrition and lifestyle changes			GRI 416: Customer health and safety
12	Stability and efficiency in distributor channels		-	
13	Developing livelihoods through developing community infrastructure		-	GRI 203: Indirect economic impacts GRI 413: Local communities
14	Compliance and good governance		-	GRI 205: Anti-corruption GRI 207: Tax GRI 415: Public policy
15	Managing natural inputs and outputs		-	GRI 301: Materials GRI 302: Energy GRI 303: Water & effluents GRI 305: Emissions GRI 306: Waste
16	Procurement Practices		-	GRI 204: Procurement practices GRI 308: Supplier environmental assessment GRI 414: Supplier social assessment
17	A Safe Workplace		-	GRI 403: Occupational health and safety
18	Data Security			GRI 418: Customer privacy
19	Inclusive Workplace		New	GRI 202: Market Presence GRI 405: Diversity and equal opportunity GRI 406: Non-discrimination

DELIVERING OUR STRATEGY

Following a challenging year in 2023/24 marked by muted consumer sentiment and suppressed discretionary spending, the Group has entered 2024/25 with renewed momentum. Supported by early signs of economic recovery and easing inflation, our strategic focus has shifted towards reigniting demand and driving volume growth. Cross-functional initiatives are now centered on expanding accessibility, strengthening brand equity, and enhancing in-home and out-of-home consumption. These efforts are underpinned by disciplined cost management and continued innovation ensuring we not only restore growth but also reinforce our market leadership in the evolving consumer landscape.

The Group adopted a multi-faceted approach to drive recovery. Key initiatives included stimulating category consumption while preserving market share, innovating and expanding the margin-enhancing portfolio through the introduction of new product lines, and capitalizing on growth opportunities in the export market by increasing volumes beyond Sri Lanka. Additionally, a strong emphasis was placed on operational efficiency—streamlining sales, manufacturing, sourcing and logistics to operate as a lean, agile organization. These concerted efforts led to improved gross margins and a return to profitability, laying a solid foundation for a resilient, growth-focused strategy in the current year.

SUSTAINABLE GROWTH

DEVELOPMENTS AND HIGHLIGHTS

- Expanded branded outlet network from 55 to 75 outlets to enhance consumer accessibility.
- Launched new products to energize the market, boost brand visibility, and drive urban and in-home consumption.
- Enhanced product packaging to improve shelf appeal, with both KeellsKrest and Elephant House undergoing packaging facelifts.
- Leveraged events as a key brand-building platform through on-site activations, to engage consumers and enhance brand visibility.

RESOURCE ALLOCATION:

- Investment in branded outlet expansion
- Rs. 300 Mn expenditure in marketing activities

KEY PERFORMANCE INDICATORS:

- 34% increase in brand equity
- 16% growth in revenue
- Leading market share in sausage & meatball category

PLANS FOR 2025/26

- Focus on export growth by re-establishing sales volumes in the Maldives, enhancing brand presence in Australia, and entering untapped markets.
- Aim to penetrate the main meal segment and in-between meals through the introduction of new innovative products
- KFP also plans to expand its dry range with both existing and new product offerings through a separate distribution network

OPERATIONAL EFFICIENCY

DEVELOPMENTS AND HIGHLIGHTS

- Focused on efficiency by adopting a lean approach across sales, operations, manufacturing, sourcing and logistics.
- Reduced waste in production by optimizing processes to align with industry benchmarks.
- Implemented energy-saving initiatives to drive energy optimisation and reduce utility costs.
- Capital investments were made in plant and machinery to reduce equipment downtime and support a more efficient, lean-focused operational framework.

RESOURCE ALLOCATION:

- Rs. 57 Mn on Capital expenditure on machine upgrading and maintenance
- Enhancing resource efficiency by implementing targeted process optimization initiatives.

KEY PERFORMANCE INDICATORS:

- Rs. 90 Mn cost savings achieved through wastage reduction
- Rs. 10 Mn savings through process optimization
- 7 process improvements

PLANS FOR 2025/26

- Ongoing initiatives to improve operational efficiency, aimed at elevating product quality and enhancing taste

QUALITY AND INNOVATION

DEVELOPMENTS AND HIGHLIGHTS

- Enhancing the R&D facility through the addition of new capabilities and upgraded to support ongoing product development efforts.
- Aggressively growing the dry range such as soya, peanuts, and pasta businesses to reduce reliance on processed meat products.
- Ensured consistent product quality by using high-grade materials and standardising inputs prior to production, prioritising quality.
- Close collaboration with government authorities and suppliers to ensure compliance and maintain supply continuity following the swine flu outbreak.

RESOURCE ALLOCATION:

- Investment in R&D facility upgrade
- 60 no. of supplier evaluations and audits

KEY PERFORMANCE INDICATORS:

- 25 new products in the pipeline
- 20 new products launched during the year

PLANS FOR 2025/26

- Transitioning into a total food brand and catering to a broader range of customers, including those who don't consume meat.
- Expanded reach into new outlets, including those without freezers, by leveraging our growing dry product range, targeting a wider variety of shops.

STRENGTHEN CHANNEL AND SUPPLY CHAIN

DEVELOPMENTS AND HIGHLIGHTS

- Investments made in infrastructure and services to strengthen and streamline the distribution process.
- Expanding freezer capacity to help distributors enhance efficiency in product storage and distribution.
- Collaborated closely with local farmers to distribute antigen testing kits, assisting in the testing of animals to address the swine flu issue.
- Expanded and diversified the supplier base to reduce dependency and enhance bargaining power for more competitive pricing.

RESOURCE ALLOCATION:

- Rs. 5,894 Mn in supplier payments
- Rs. 28 Mn invested in freezer infrastructure

KEY PERFORMANCE INDICATORS:

- 48 new suppliers added during the year
- 1,660 new outlets reached

PLANS FOR 2025/26

- Strengthening the distribution network to increase our market strength and expand our presence

EMPOWERED TEAM

DEVELOPMENTS AND HIGHLIGHTS

- Focused on attracting top-tier talent and implementing retention strategies through structured career development plans.
- Launching wellness programs, and promoting work-life balance to support a motivated and resilient workforce.
- Invested in training and upskilling initiatives and leadership development programs to build capabilities.
- Strengthen a results-driven and collaborative workplace culture.

RESOURCE ALLOCATION:

- Rs. 1,041 Mn payments to employees
- Rs. 13 Mn investment in training
- Rs. 15 Mn investment in employee health benefits

KEY PERFORMANCE INDICATORS:

- 82% employee satisfaction rating
- Zero fatal accidents
- 5,209 training hours

PLANS FOR 2025/26

- Reinforcing company best practices to drive excellence.
- Implementing key success drivers and integrating them with development programs.

FINANCIAL CAPITAL

KFP recorded a strong financial performance in FY 2024/25, with revenue increasing by 16% to Rs. 6.7 billion. The Group reported a Profit Before Tax of Rs. 133 million, marking a significant turnaround from the losses recorded in the previous year. This recovery was driven by a 25% increase in sales volume and substantial cost savings, supported by enhanced operational efficiencies.

Maintaining a sharp focus on **driving efficiencies** and **productivity improvements**, while consistently **enhancing value to customers** to reinforce market leadership.

Rs. 1,972 Mn
Equity

16%
Increase in revenue

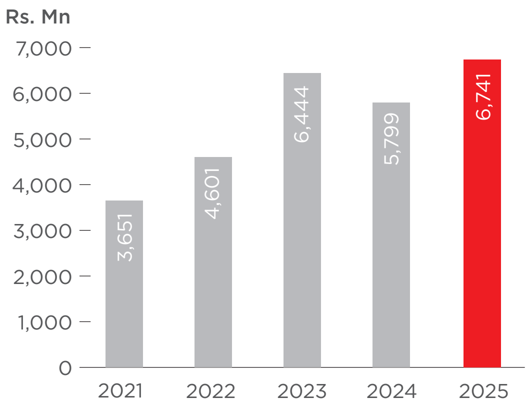
Rs. 2.45
Dividend per share

FINANCIAL PERFORMANCE

Revenue

The Group recorded a 25% increase in sales volumes, largely driven by a recovery in consumer demand, aided by easing inflation and improved household purchasing power. The strategic price reductions undertaken in the latter part of 2023/24 played a key role in enhancing product affordability, further supporting volume growth throughout the year, with all quarters posting double-digit volume increases. From a sales channel perspective, growth was driven by a commendable recovery across all sales channels including Modern Trade, General Trade, and HoReCa (Hotels, Restaurants and Catering) supported by strategically positioned pricing and marketing strategies and execution thereon.

REVENUE TREND



KFP remained as the market leader in the processed meat industry recording a 22% increase in volumes, despite a low base from the previous year. All product segments within the processed meat category saw growth, with sausages category being the primary driver, boosted by consumer affordability and brand strength. Competitor pressure in the General Trade and HoReCa channels led KFP to implement strategic price reductions, particularly in the second quarter, which helped maintain competitiveness and drive volume growth. The meatball segment continued to face challenging market competition from key players within the industry. Despite this, KFP managed to record moderate growth within this segment. The formed meat and raw meat segments saw a successful turnaround, reversing the prior year's volume declines. Growth in the crumbed range segment was driven by Chinese rolls, which surpassed expectations with double-digit volume growth, aided by improved product quality and strategic price reductions to boost competitiveness.

The General Trade channel was the key driver of growth for KFP's processed meat category, while the Modern Trade channel saw modest growth. Retail sausages in

Modern Trade experienced moderate growth, as prices remained relatively high. The HoReCa channel, buoyed by a recovery in tourism and out-of-home consumption, posted strong volume growth.

Gross Profit

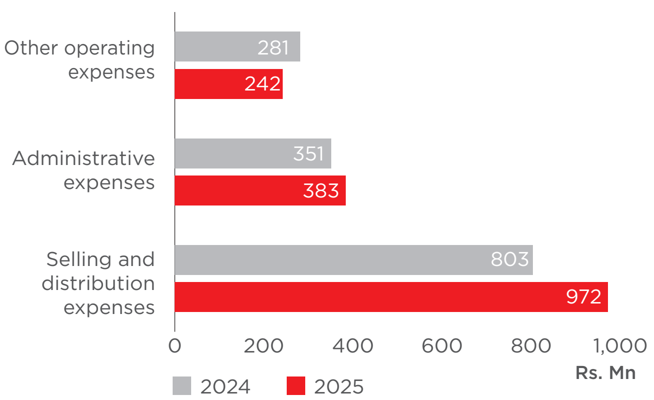
KFP reported a gross profit of Rs. 1.8 billion, reflecting a substantial 43% increase over the previous year, with gross profit margins rising from 22% to 27%. This improvement was driven by higher sales volumes, strategic sourcing initiatives, enhanced production efficiencies including reduced electricity costs and favourable changes in raw material prices.

Operating Profitability

The Group recorded an operating profit of Rs. 248 million for the year, marking a significant turnaround from the operating loss of Rs. 137 million in the previous year with operating profit margins improved from a negative 2% to a positive 4%, reflecting the successful execution of sales strategies and improved factory efficiency.

Selling and distribution expenses increased by 21%, primarily due to higher distribution costs resulting from expanded volumes, increased field staff expenses, and targeted investments in advertising and promotional activities. The increased spending on marketing was strategically directed towards enhancing brand presence, improving product visibility at retail outlets and boosting promotional efforts within the modern trade channel. Administrative expenses increased by 9%, mainly due to annual increments in staff-related costs and higher IT expenditures, with an emphasis on strengthening system security. Conversely, other operating expenses declined by 14% YoY, reflecting a notable reduction in market returns, attributed to improved temperature control measures within the cold chain.

COST MANAGEMENT



Pre and Post-Tax Profit

The Group reported a Profit Before Tax (PBT) of Rs. 179 million for the year, compared to a pre-tax loss of Rs. 290 million in the previous year. This turnaround was fuelled by expanded volume backed by operational efficiencies and cost savings as discussed in the aforementioned sections.

Finance costs declined sharply by 50% to Rs. 84 million, reflecting effective management of working capital and cash flows, as well as the benefit of lower interest rates. The Group strategically managed its external funding requirements through short-term borrowings, capitalizing on favourable interest rates. The Group recorded a tax charge of Rs. 45 million mainly resulting from the reversal of a deferred tax asset recognized in the previous year in respect of tax losses. KFP recorded a Net Profit After Tax (PAT) of Rs. 133 million, marking a significant improvement from the previous year's net loss of Rs. 218 million.

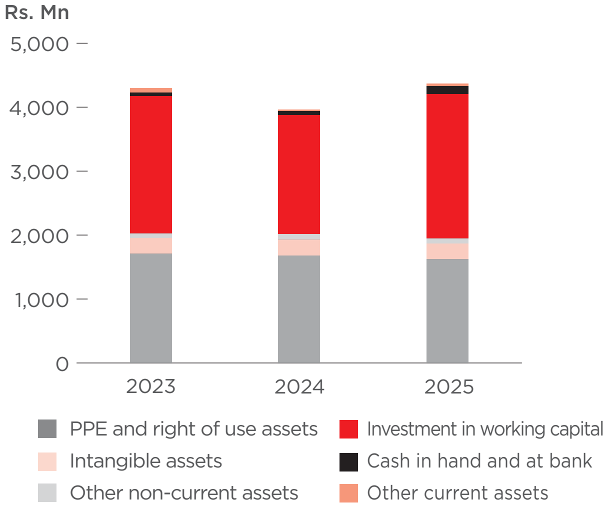
Financial Position and Stability

As at 31st March 2025, the Group's total assets increased by 10% to Rs. 4.4 billion, driven by improved operational performance and an expansion in working capital to support business growth. Non-current assets remained steady at Rs. 1.9 billion, with limited investment in new capital projects, as the business primarily focused on capital expenditure on enhancing the efficiency of the existing plants and machinery.

Current assets increased by 24%, mainly reflecting higher working capital requirements to support the Group's continued sales growth. As a result, the working capital cycle extended to 113 days, up from 106 days in the previous year. Inventory days rose from 72 to 85, indicating a strategic stock build-up to meet growing market demand. Trade and other receivables increased in line with higher sales volumes, while improved collection efficiency led to a slight reduction in receivable days to 57 from 58. The trade creditors period extended to 29 days from 24 days, underscoring the Group's success in negotiating more favourable credit terms with suppliers. Non-current liabilities rose by 16% to Rs. 428 million, primarily due to a reduction in deferred tax assets following the utilization of brought-forward tax losses. Current liabilities increased by 14%, driven by higher trade payables associated with increased trading activity, as well as a rise in bank overdrafts to meet elevated working capital demands. The Group's debt-to-equity ratio improved to 52% in FY 2024/25, compared to 58% in the previous year, reflecting enhanced financial stability and a more balanced capital structure.

FINANCIAL CAPITAL

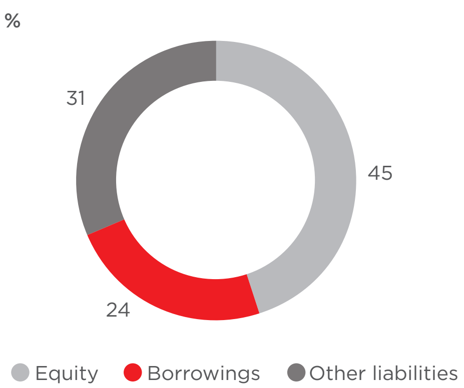
ASSET COMPOSITION



Cash Flows

For the financial year ended 31st March 2025, the Group generated Rs. 291 million in cash flow from operating activities, a decrease from Rs. 374 million in the previous year. This decline was primarily driven by a Rs. 181 million increase in working capital requirements, resulting from the Group's expanded sales performance. Inventory levels increased by Rs. 257 million and trade receivables grew by Rs. 124 million, both consistent with higher sales volumes. Net cash used in investing activities was Rs. 123 million, down from Rs. 189 million in the previous year, as capital expenditure was largely confined to the maintenance and enhancement of existing plant infrastructure, following higher capital investments done in the prior year.

FUNDING PROFILE



Net cash outflows from financing activities totalled Rs. 290 million, mainly reflecting the repayment of Rs. 225 million in short-term borrowings and dividend payments of Rs. 62 million. To support working capital requirements and dividend distributions, the Group utilized its overdraft facility, capitalizing on favourable interest rates, which led to an increase in overdraft balances to Rs. 1 billion by year-end. Despite these funding needs, cash and bank balances improved to Rs. 129 million, underlining the Group's resilient liquidity position. A disciplined approach to cash flow management was maintained throughout the year, with timely settlement of obligations in accordance with agreed credit terms and prudent control over capital expenditure to preserve financial flexibility.

Dividends and Shareholder Returns

Shareholder Return Metric	2025	2024
Earnings per share (Rs.)	**5.22**	(8.56)
Dividend per share* (Rs.)	**2.45**	0.50
Net asset value per share (Rs.)	**77.34**	73.07
Return on equity (%)	**6.94**	(10.99)
Closing share price (Rs.)	**169.00**	147.00

* Excluding proposed dividend

The Group reinstated dividend payments during the year, underscoring its restored profitability and improved financial position. A first and second interim dividend of Rs. 0.48 and Rs.1.97 was paid in November 2024 and March 2025, respectively and the Board has proposed a final dividend of Rs. 1.15 per share, resulting in a total dividend per share of Rs. 3.60 for 2024/25. Accordingly, the total payout from profits earned for the year will amount to Rs. 92 million, translating to a 69% payout ratio, supported by the Group's return to profitability, with earnings per share of Rs. 5.22. As at 31st March 2025, the net asset value per share increased by Rs. 4.27 to Rs. 77.34.

MANUFACTURED CAPITAL

The Group's manufactured capital plays a crucial role in the value creation process, enabling the production of high-quality products that consistently meet industry standards, keeping us competitive and maintaining our position as a market leader.

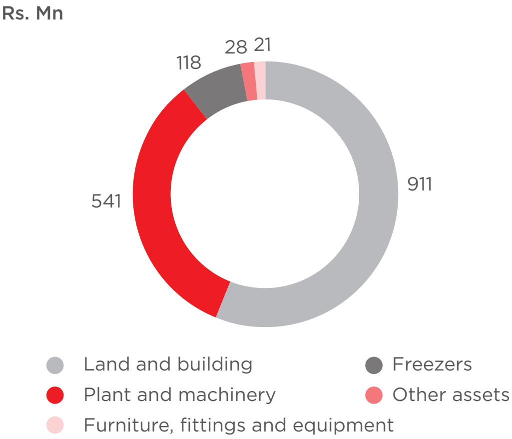
Strategic focus on continuously enhancing the **taste** and **quality** of products through extensive **trials, testing**, and **feedback**.

Rs. 124 Mn
Investment in CAPEX

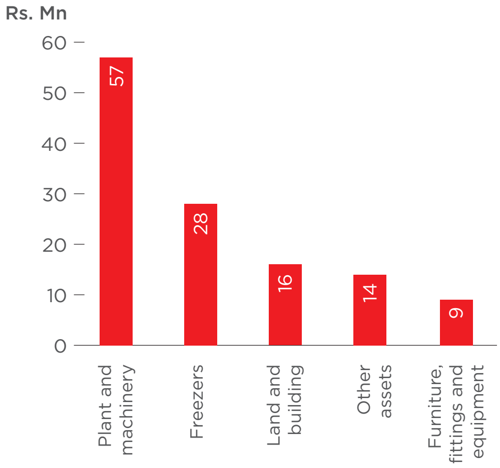
Rs. 90 Mn
Savings from efficiency improvements

74%
Capacity utilization

PROPERTY, PLANT & EQUIPMENT (PPE)



CAPITAL EXPENDITURE DURING THE YEAR



MANUFACTURING CAPABILITIES

KFP's manufacturing infrastructure, which accounts for 37% of our total asset base, reflects our commitment to operational excellence and continuous process development. Our machinery is equipped with cutting-edge technology, positioning us at the forefront of the industry. Investment decisions are made after careful assessment of product design and manufacturing requirements, with input from engineering, R&D, finance, and other technical teams. We have integrated robust R&D facilities and quality assurance infrastructure to ensure compliance with stringent industry standards and certifications. Through continuous improvement initiatives, we maintain the highest levels of efficiency, quality, and customer satisfaction in our manufacturing operations.

An overview of the Group's manufactured capital is given below:

FACILITY	PANNALA	PANNALA DRY PLANT	JA-ELA: PLANT 1
Description	Manufacturing a range of chicken and fish-based products	Manufacturing of dry products	Crumbed range of products including formed meat, chinese rolls, toppings and sauces
Capacity	Annual capacity over 5,000 MT	Annual capacity over 500 MT	Annual capacity over 1,000 MT

MANUFACTURED CAPITAL

FACILITY	JA-ELA: PLANT 2	QUALITY ASSURANCE LABORATORY	R&D LABORATORY (TEST KITCHEN)
Description	Manufacture of the Elephant House range of processed meats and value-added raw meats	Assures manufacturing quality in conformity with certification standards.	R&D facility outfitted with cutting-edge food technology that is used to develop, test, and analyse recipes.
Capacity	Annual capacity over 1,000 MT		
Certifications and standards	ISO 22000: 2018 - Food Safety Management System ISO 9001: 2015 – Quality Management System ISO 45001: 2018 - Occupational Health and Safety Management System SLS 1218 and SLS 1146 - Product Certifications Halal certified as per the Halal Assessment Council and GSO guidelines Factory registration for export by Department of Animal Production and Health (DAPH)		

CAPITAL EXPENDITURE IN 2024/25

During the year, capital expenditure was primarily directed towards maintaining existing machinery to ensure operational efficiency, following a substantial investment in capital expenditure made in previous year. Cost optimization remained a key priority during the year, driving a comprehensive review and upgrade of operational processes to reduce inefficiencies and minimize wastage. At the Ekala plant, identifying waste and inefficiencies in aging equipment was a primary focus. Through the combined efforts of the R&D, production, and quality teams, machinery enhancements led to a 10–15% reduction in wastage, contributing to improved yield optimization. At the Pannala factory, increasing energy efficiency in steam generation was a key initiative, resulting in a 10% increase in yield. Steam leakage issues were identified and rectified, while key machinery components were upgraded to minimize steam losses. Additionally, to strengthen research and development capabilities, the R&D facility underwent complete modernization, incorporating advanced equipment to drive innovation and enhance product development.

Capital expenditure during the year consisted of the following:

- Rs. 18 million to upgrade plant machinery and equipment.
- Rs. 9 million investment for energy efficiency improvements.
- Rs. 3 million in upgrading R&D facility.

OPERATIONAL EXCELLENCE

As a Group dedicated to delivering exceptional products while ensuring efficiency and competitiveness, we prioritize operational excellence and cost optimization in our production processes. At KFP, our commitment to efficiency is reflected in a comprehensive approach that focuses on process enhancement, waste reduction, and productivity improvement. We achieve this through ongoing process optimization, stringent quality control measures, and strategic investments in advanced technology, reinforcing our commitment to excellence across all operations.

Following initiatives were implemented during the year to drive operational efficiency:

- Optimisation of Sausage manufacturing process by reducing cooking loss and wastage from 9% to 2%, aligning with industry benchmarks in terms of product yield.
- Pannala factory implemented energy related process improvements that increased steam generation yield by 10%.
- Filling level standardisation adjusted filling levels to precise upper and lower limits, achieving a 0.5% tolerance level, eliminating inefficiencies.
- Auto-picking system implemented for raw meats process to optimize stock utilization and minimize material wastage.

WAY FORWARD

KFP is committed to enhancing production efficiency through strategic investments in innovative solutions while maintaining the highest quality standards. By continuously upgrading infrastructure, adopting advanced technologies, and optimizing resource management, we ensure that our operations remain efficient, sustainable and aligned with the evolving needs of our customers. Our priorities for the following year include:

- New infrastructure development planned to accommodate upcoming value-added products in the pipeline, requiring facility upgrades and investment in new machinery.
- Investments in infrastructure and machinery aimed at enhancing quality standards.
- Solar energy projects set to be implemented at the Pannala facility.
- Energy-saving initiatives planned for steam and electricity optimization.

INTELLECTUAL CAPITAL

KFP's Intellectual Capital is key to retaining its competitive edge, which is the foundation of the Group's strengths in research and development, innovation and quality. Intellectual capital is nurtured through a culture of learning and knowledge sharing, along with industry-leading systems and processes, which has enabled the Group to build a unique base of tacit knowledge.

Ongoing compliance to **certificates, policies, and regulatory acts** to maintain industry best practices.

Rs. 72 Mn
Revenue generated from new products

20
New products launched

25
Products in the pipeline

With over four decades of industry leadership, KFP has solidified its position as a key player in the processed meat sector. Its long-standing presence and influence have significantly contributed to the industry's growth and development. KFP operates as a subsidiary of the John Keells Group, leveraging the strong market presence of its flagship brands. The KeellsKrest brand, ranked as 20th most loved product brand in Sri Lanka, as recognized by LMD Magazine in 2024. Meanwhile, Elephant House and KeellsKrest brands are renowned for its premium quality and reliability. By capitalizing on the trust and reputation of these brands, KFP continues to drive growth and deliver value to its stakeholders.

KFP's brand equity has seen notable improvement, with strong performance in Top of the Mind Recall. A brand study conducted by KANTAR revealed a remarkable increase in KFP's brand equity score, rising from 21.9 to 29.3. Throughout the year, brand-building strategies have been centered on enhancing visibility across key trade channels. Initiatives included the expansion of branded outlets, installation of outlet boards, and the deployment of distributor visibility boards to strengthen market presence. Additionally, significant investments were made to enhance branding at meat counters in SMMTs, alongside in-store visibility improvements.

KEELLS KREST | Elephant House — The Legendary Taste | Keells Krest Soya meat

RECIPE LIBRARY

The recipe library embodies the collective expertise of our food scientists, chefs, and R&D teams, representing years of research, innovation, and experimentation. It is a critical component of our technical knowledge and intellectual capital. Over the years, we have focused on expanding and refining the recipe library to address the diverse and evolving needs of our discerning customers. With more than 600 carefully crafted recipes, our repository of creativity serves as a foundation of our intangible assets. As industry pioneers, we have leveraged this library to continually push boundaries and introduce innovative products that capture market attention. Each new recipe undergoes rigorous testing to ensure it meets our high standards of excellence. During the year, KFP developed +50 recipes, of which 20 were successfully launched onto the market.

+275
Recipes in **processed meat** range

+275
Recipes in **crumbed meat** range

+60
Recipes in **dry** range

INTELLECTUAL CAPITAL

RESEARCH AND DEVELOPMENT CAPABILITIES

Innovation has been a cornerstone of KFP's success, allowing the Group to stand out from competitors, anticipate customer needs, and remain agile in dynamic markets. Through close collaboration with key departments such as marketing, quality assurance, and finance, our R&D team leverages collective expertise to identify emerging trends, develop innovative products, and set new industry standards. Over the past three years, we have invested over Rs. 42 million in research and development, culminating in the successful creation of 58 products that meet the evolving demands of our customers, driving sustained growth for the Group.

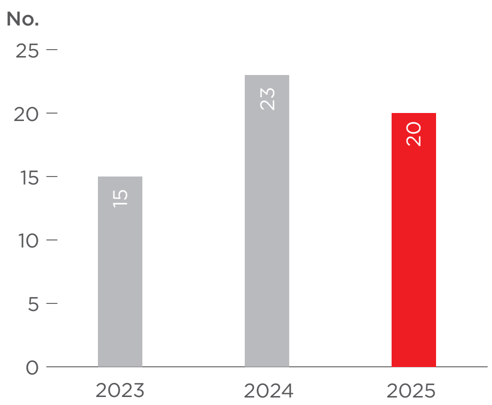
KFP enhanced the R&D facility through the addition of new capabilities and upgraded machinery to support ongoing product development efforts and strategically expanded the dry range with new products to reduce dependency on meat products and cater to a wider market audience.

Rigorous testing protocols in our test kitchen and laboratory facilities to ensure that all products meet the highest standards of quality, safety, and regulatory compliance. By maintaining these stringent quality standards, we protect consumer well-being and reinforce our reputation as a trusted manufacturer of premium food products.

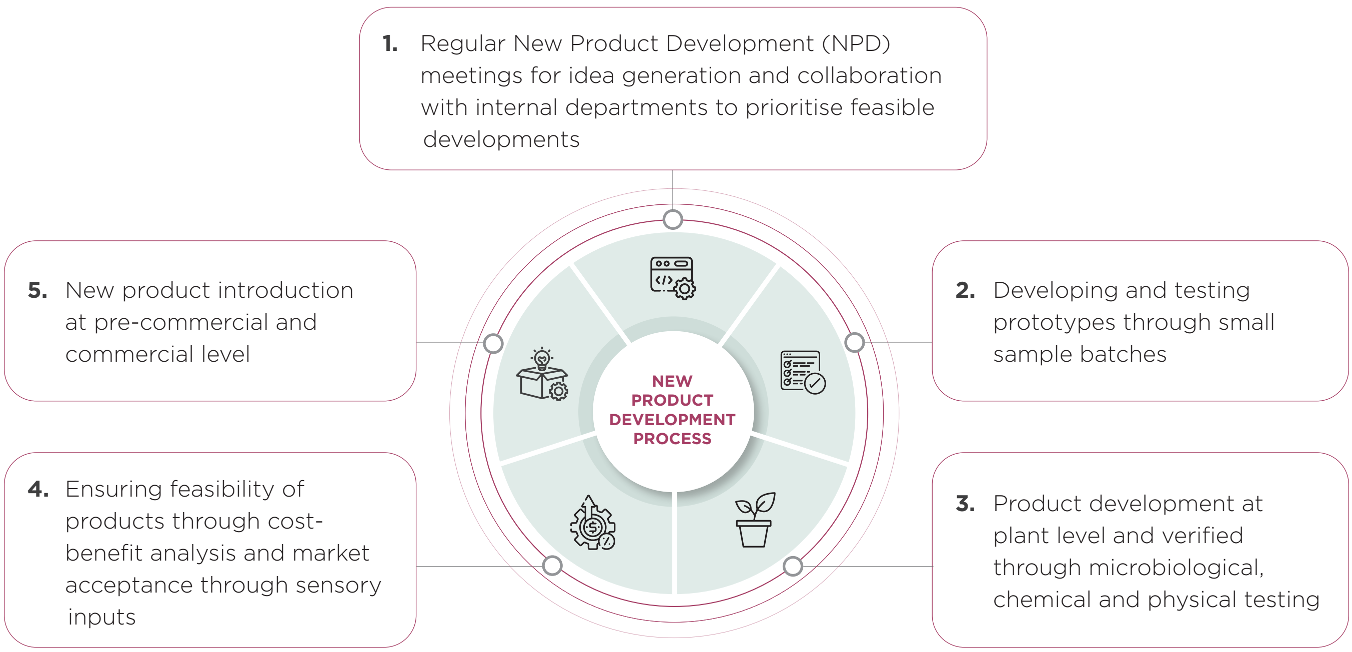
Key developments during the year:

- Burger Patty – Burger Slice designed for kids and busy mums.
- Snack Platter & Party Platter offering convenient options for gatherings.
- Vegan product introduced in selected hotels through research collaboration with John Keells Research.
- Ham range expansion including new variants such as Pepper Beef, Pepper Ham, and Chicken Ham.
- Introduction of peanuts targeting the snacking segment.

NEW PRODUCTS LAUNCHED



NEW PRODUCT DEVELOPMENT PROCESS



SYSTEMS, STANDARDS AND PROCESSES

KFP adheres to a range of local and international certifications in quality, food safety, environmental management, and occupational health and safety. These certifications allow us to benchmark our processes against global best practices and provide assurance to third parties regarding our business operations. By implementing robust systems and processes, we have nurtured a culture of excellence within the organization. This approach enables us to mitigate risks, improve operational efficiency, and ensure the health and safety of our valued customers. During the year there were no incidents of food safety violations and there were no food product recalls. Key certifications and affiliations of KFP are listed below:

100% SLS certified products in Pannala manufacturing facility

The Way We Work - Certifications, Policies and Regulatory Acts

Certifications	**ISO 9001:2015** – Assurance on processes implemented for ensuring highest standard of quality across all operational aspects **ISO 22000:2018** – Assurance on the ability to control food safety hazards, ensuring suitability for human consumption **Halal Certification** - Attests that a product is manufactured in full compliance with Halal Assessment Council (HAC) and GSO guidelines	**ISO 45001: 2018** - Assurance on the health and safety of employees working within the manufacturing premises **Factory registration** for Export by Department of Animal Production and Health (DAPH) **SLS 1218** - Products quality and safety standards for comminuted meat products **SLS 1146** - Products quality and safety standards for ham products
Policies	**KFP Quality Policy:** • Quality, safety, convenience, and nutrition • Timely delivery • Continuous improvement • Competency development	**KFP Food Safety Policy:** • Manufacturing facilities • Food safety practices • Employee training • Compliance
Regulatory Acts	• Consumer Affairs Authority Act No. 9 of 2003 • National Environmental Act No. 47 of 1980	• Food Act No. 26 of 1980

DIGITAL CAPABILITIES

Recognizing the transformative potential of technology to enhance and improve process efficiency, KFP has intensified its focus on adopting new technologies, including digital platforms.

During the year under review the following initiatives were implemented:

- The integration of Internet of Things (IoT) technologies in factory operations to improve product quality, process efficiency, and enabling real-time monitoring.
- Upgrading to TORQUE V2 which is an advanced digital platform that enhances collaboration and efficiency by automating business workflows.
- Introducing SURGE SMART for delivery confirmations, day-end sales alerts and approvals for both field staff and admin users.
- Implementing a comprehensive project to ensure end-to-end quality (E2EQ) of cold and processed meat products by installing temperature sensors across our trucks, distributor cold trucks, freezers, and cold rooms.
- Launching a project to gather outlet information by capturing images of outlet nameboards with geotags, which are analysed using AI models.
- The ongoing automation of workflows resulting in greater transparency, improved approval processes and control, enhanced efficiency, and a reduction in manual paperwork.

WAY FORWARD

- Focus on obtaining ISO 14001 certification demonstrating our commitment to minimizing our environmental impact and promoting sustainable practices across all operations.
- Implementing innovative strategies to reduce packaging material waste by converting from pouch to reel form.
- Upgrading the ERP system to enhance efficiency and improve data processing capabilities.

HUMAN CAPITAL

Our HR strategy—centered on retaining, developing, and inspiring talent—creates an environment where people grow. By investing in our people, we empower them to shape not just their future, but the future of our organization.

Cultivating a **strong culture, nurturing talent, enhancing welfare and well-being, and building future-ready capabilities** are rooted in our **core values** and will continue to drive our progress.

Rs. 13 Mn
Investment in training

63%
Permanent employees

11 years
Average Length of Employee Service

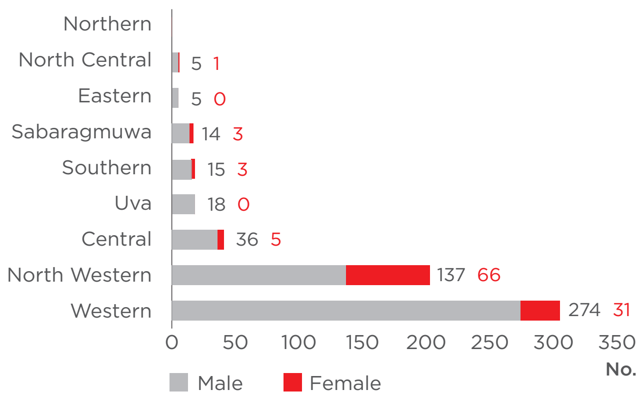
MANAGEMENT APPROACH

KFP's approach to people management is firmly aligned with the overarching human resource philosophy of our parent entity, John Keells Holdings (JKH), ensuring consistency in values, standards, and strategic direction. Our HR policies and practices are fully compliant with all applicable regulatory requirements in the country. At the core of our people management framework is a comprehensive set of policies designed to cultivate a workplace culture rooted in fairness, inclusivity, and equal opportunity for all employees, regardless of role or background. To remain agile and responsive to evolving legal landscapes and industry dynamics, our HR policies undergo regular reviews and updates.

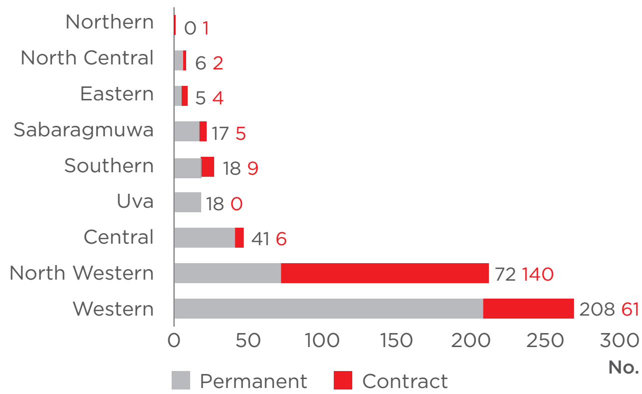
TEAM PROFILE

The KFP team consists of 613 employees, with 385 (63%) employed on a permanent basis and 228 (37%) serving as contract staff. All employees are engaged on a full-time basis. All contract staff employed are engaged in non-core activities at production locations, offices and in the field. Reflecting strong employee loyalty and continuity, over 54% of our workforce has been with the Group for at least five years, while 82% are below the age of 50, contributing to a dynamic and diverse workforce. As an equal opportunity employer, KFP is committed to creating an inclusive and respectful work environment, free from discrimination based on ethnic origin, religion, political affiliation, gender, marital status, or physical ability.

EMPLOYEES BY REGION AND GENDER



EMPLOYEES BY REGION AND CONTRACT



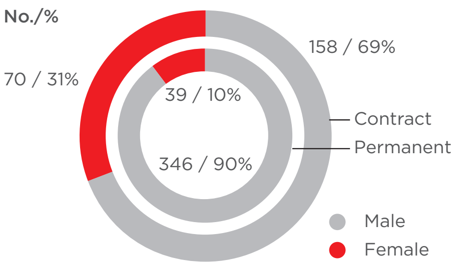
Relevant HR Policies

- Recruitment Policy
- Training & Development Policy
- Equal Opportunity Policy
- Non-Discrimination Policy
- Parental Leave Policy

Age Diversity of Our Team

Employee Category	<30 Yrs	30-50 Yrs	> 50 Yrs
Managers and above (%)	0.0	2.4	0.7
Assistant managers (%)	0.3	3.3	0.3
Executive staff (%)	4.6	8.8	0.5
Non-executive staff (%)	10.6	18.4	12.9
Contract personnel (%)	24.0	9.5	3.7
Total (%)	39.5	42.4	18.1

EMPLOYEES BY CONTRACT AND GENDER



Employees by Category and Gender

Employee Category	Male	%	Female	%
Managers and above	17	2.8%	2	0.3%
Assistant Managers	22	3.6%	2	0.3%
Executive staff	58	9.5%	27	4.4%
Non-executive staff	249	40.6%	8	1.3%
Contract Personnel	158	25.7%	70	11.5%
Total	504	82.2%	109	17.8%

1.05 **1.05**

Standard entry level wage by gender compared to local minimum wage

100%

Senior management hired from the local community

TALENT MOVEMENTS DURING 2024/2025

Talent Recruitment:

KFP's recruitment process follows formal, transparent procedures as outlined in our recruitment policy. It is designed to attract top industry talent through a compelling employee value proposition that includes competitive compensation, growth potential, and career advancement. During the year, 61 new employees were hired to fill vacancies; however, high attrition especially among front-line and sales staff remained a challenge. In response, we focused on strengthening our recruitment channels highlighting intrinsic employee benefits, and ensuring inclusive hiring practices, all while actively communicating the value of working at KFP to retain and attract talent.

Talent Retention:

With a strong employee value proposition rooted in over 40 years of heritage, we continue to be recognized as an employer of choice, reflected in commendable retention levels of 90% overall and 88% among female employees. Amid ongoing migration challenges, we placed a strong focus on retaining existing talent by identifying what motivates our workforce and implementing strategies to strengthen engagement and loyalty.

Recruitment and Turnover by Gender

Gender	Recruitment	%	Turnover	%
Male	40	66%	48	79%
Female	21	34%	13	21%
Total	61	100%	61	100%

Recruitment and Turnover by Age

Age Group	Recruitment	%	Turnover	%
Under 30 Years	40	65%	28	45%
30-50 Years	20	33%	29	48%
Over 50 Years	1	2%	4	7%
Total	61	100%	61	100%

Recruitment and Turnover by Region

Region	Recruitment	%	Turnover	%
Central	6	10%	6	10%
Eastern	0	0%	1	2%
North Central	4	7%	2	3%
North Western	15	25%	14	23%
Sabaragamuwa	7	11%	6	10%
Southern	2	3%	1	2%
Uva	1	2%	4	7%
Western	26	42%	27	43%
Total	61	100%	61	100%

Recruitment & turnover ratio from total headcount	Male	Female
Recruitment	7.9%	19.3%
Turnover	9.5%	11.9%

HEALTH AND SAFETY

At KFP, ensuring the health and safety of our employees and maintaining a safe, injury-free work environment is a strategic priority embedded in our operational ethos. Guided by a comprehensive Occupational Health & Safety Policy, we have established a structured framework to drive organization-wide initiatives focused on protecting the well-being of all employees. This policy outlines robust measures and protocols aimed at minimizing workplace risks and creating a strong culture of safety across all functions. A dedicated Health and Safety Committee, with representatives from each department, meets regularly to assess current systems, identify improvements, and implement enhancements to our safety practices. Reflecting our proactive approach, several key initiatives have been undertaken to effectively manage health and safety risks, including:

- Regular sessions to assess the progress and effectiveness of our Health & Safety (H&S) management system.
- Annual Hazard Identification and Risk Assessment - a comprehensive process to identify potential hazards and mitigating risks to enhance the overall safety of our operations.
- Conduct annual testing to monitor the impact of the factory environment on employees' health and well-being.
- Maintenance of ISO 45001:2018 Management System- Adhering to this internationally recognized standard provides a framework for implementing an effective H&S management system, ensuring compliance with regulatory requirements and best practices.
- Dedicated Safety Manager- A Responsible Manager appointed to oversee potential hazards, conduct risk assessments, and implement preventive measures to mitigate potential risks.

Health and safety related benefits provided to employees include:

- The SHE App platform designed to enhance health and safety measures by enabling users to report incidents, hazards, and near misses.
- Mandatory annual health checkups for food handlers.
- Health screening facilities for employees, including a consultation with a physician.
- Medical insurance coverage for all staff.

The Group's health and safety record for the year under review is given below.

0 Work related ill health	**0** No. of Fatalities
13 No. of man days lost due to occupational injuries	**4** Work related injuries

HEALTH AND SAFETY TRAININGS

- First aid training
- Emergency response training
- Fire training
- Occupational Health & Safety general awareness
- GMP training
- ISO 22000:2018 Food Safety Management System (Internal Auditor/Lead Auditor) training

EMPLOYEE ENGAGEMENT AND WELL-BEING

Employee engagement is vital to creating a positive work culture and driving the long-term success of the Group. Recognizing the importance of retaining our large sales force, we prioritized ongoing dialogue between sales teams and HR, demonstrating active involvement and support. As a key initiative, we introduced 'Sales Connect,' a structured engagement platform designed to conduct regular focus group sessions, open discussions on challenges and pain points, and informative presentations on policies. This initiative ensured teams remained well-informed and led to actionable outcomes that addressed their needs throughout the year.

Few employee engagement activities conducted during the year are listed below:

In celebration of Vesak, KFP hosted a Vegetable Chinese Rolls Dansala in Makandura in May 2024, creating community spirit and goodwill in alignment with the festival's values of compassion and togetherness.	KFP held its annual "Battle of the Sales Warriors" cricket tournament at Angampitiya Playground, Ethulkotte, with twelve teams representing sales regions across the island. The event featured food, entertainment, and vibrant team spirit, marking a significant moment of unity and engagement for the KFP sales force.
KFP organized its annual staff trip at The Palms Beruwala Hotel, offering employees and their families a weekend filled with engaging activities and memorable experiences.	KFP organized a day outing for non-executive staff at Sanmali Beach Hotel in Marawila. The event featured interactive games, pool activities, and entertainment, providing an opportunity for staff to relax and engage in team-building activities.
In December 2024 KFP hosted its annual Christmas celebrations at the Pannala and Ekala premises, bringing together over 800 employees, partners, and guests. The festive events featured vibrant music, a DJ party, spectacular fireworks, and a raffle draw with over 20 prizes, marking a joyful conclusion to the year.	KFP hosted its annual volleyball tournament at the Ekala premises, featuring six teams that showcased exceptional teamwork and enthusiasm. The event had an atmosphere of friendly competition and camaraderie, creating memorable experiences for all participants.
In early 2025, KFP introduced the 'Fun Friday' series, engaging employees with fun filled activities and dance performances. Launched at the Ekala plant in January and followed by the Pannala plant in February, these events created enthusiasm and camaraderie among staff.	KFP held its annual cricket tournament at Makandura Public Ground, where six teams competed. "Team - Production" emerged as champions, with "Team - Logistics" as runners-up.

Employee welfare and well-being remained a key focus throughout the year, highlighted by the rollout of several impactful initiatives:

- Conducted health checks for women during Breast Cancer Awareness Month.
- Promoted access to group-sponsored employee counselling programs.
- Organized a well-being session led by a psychologist focusing on female health and overall mental wellness across sectors.
- Created recreational spaces at KFP, including an in-house volleyball court for employee use.
- Offered flexible hours, work from home and other support services aimed at enhancing employee work-life balance and family well-being.

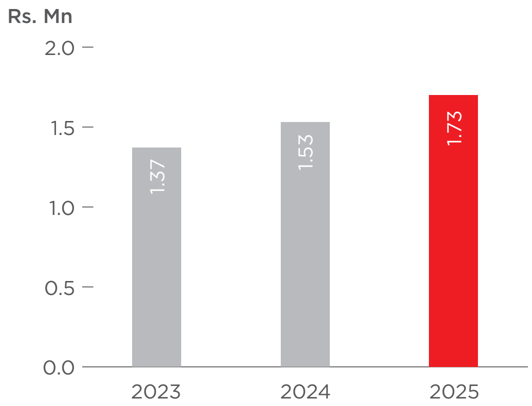
RELATIONSHIPS WITH TRADE UNIONS

We recognise our employees' right to collective bargaining, and 33% of our permanent employees are represented by trade unions and covered by collective bargaining agreements with one trade union. Management maintains open dialogue with these unions, providing a two-week notice period before any significant operational changes. We continued to engage through our collective program and are currently in the process of signing and discussing ongoing agreements. The Group maintained cordial relations with trade unions during the year under review with no disputes, work stoppages or idle days due to industrial action.

REMUNERATION AND BENEFITS

KFP's remuneration and benefits framework is strategically designed to attract, retain, and motivate top-tier talent while reinforcing a high-performance culture across the organization. By aligning compensation with industry benchmarks, we ensure that all employees are fairly and competitively rewarded for their contributions. Our approach emphasizes equity, transparency, and meritocracy, with clear policies in place to guarantee that remuneration is free from gender-based bias or other discriminatory practices. A total of Rs. 1,041 million was disbursed as employee remuneration during the year, marking an increase of 13% compared to the previous year.

REMUNERATION PER EMPLOYEE



Other benefits provided by the Group includes:

MEDICAL
- Medical insurance for both inpatient and outpatient departments
- Workmen's compensation for serious injury
- Personal accident cover for all staff members
- Critical Illness Cover for all staff members

FINANCIAL
- Festival advances
- Productivity and attendance incentives
- Special allowances

OTHER
- Group products at discounted prices
- Free transportation for factory staff

PERFORMANCE MANAGEMENT

KFP's performance evaluation process is fair, transparent, and grounded in clearly defined Key Performance Indicators (KPIs) that align with the organization's strategic objectives. This structured approach enables objective assessment of all employees and their contributions across the entire workforce. Annual performance reviews provide a platform to evaluate achievements, identify development needs, and set future goals. In recognition of performance, employees are rewarded through merit-based salary increments, annual bonuses, and promotional opportunities. Additionally, the sales team benefits from a targeted incentive scheme, receiving monthly performance-based rewards linked to predefined sales targets.

EMPLOYEE RECOGNITION AND REWARDS

At KFP, we are committed to celebrating and recognizing the outstanding efforts of our employees, whose dedication and hard work are integral to our continued success. We host a variety of employee recognition initiatives including the John Keells Group's prestigious BRAVO award system, which is designed to honour individuals who have demonstrated exceptional commitment and made significant contributions toward advancing the Group's strategic goals. Over the past year, we proudly recognized the achievements of 11 employees by awarding them BRAVO certificates, celebrating their remarkable contributions and inspiring others to strive for excellence.

TRAINING AND DEVELOPMENT

KFP has adopted a holistic approach to learning and development, focusing on nurturing and managing talent at all levels. Training needs are identified through the annual performance appraisal process, with tailored interventions supporting both personal and professional growth. We placed a conscious emphasis on development across various tiers, launching customized programs for managers and senior managers. Our leadership development portfolio was expanded to ensure a diverse range of opportunities.

In alignment with the John Keells Group's new competency framework, we engaged in extensive deliberations on the nine identified "Success Drivers"—Inclusive leadership, connecting the dots, being agile, relentless execution, emotional resilience, storytelling, entrepreneurial mindset, 360 stakeholder commitment and corporate citizenship to determine which best align with our business needs. Moving forward, these drivers will guide our development efforts, with clear communication on their relevance to both our sector and the Group. Over the past year, we invested Rs. 13 million in training, with employees collectively completing 5,209 hours of development programs.

Key training programs conducted during the year are listed below:

COMPLIANCE TRAININGS
- Fire Training
- First Aid Training
- GMP Training
- Ammonia Safety Training
- ISO 22000 Internal Auditor Training
- Allergen Training

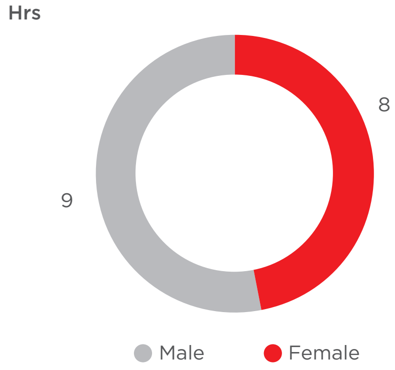
TECHNICAL TRAININGS
- Warehouse and Logistics Management
- Boiler Training
- Pneumatic Controls Training
- Programmable Logic Controller Training

SOFT SKILLS TRAINING
- Mastering the Art of Presentation Skills
- Personal Branding and Grooming
- LEAP Leadership Development Programme
- Management Development Programme
- Embracing Marvel Moments
- Coaching Fundamentals for People Managers

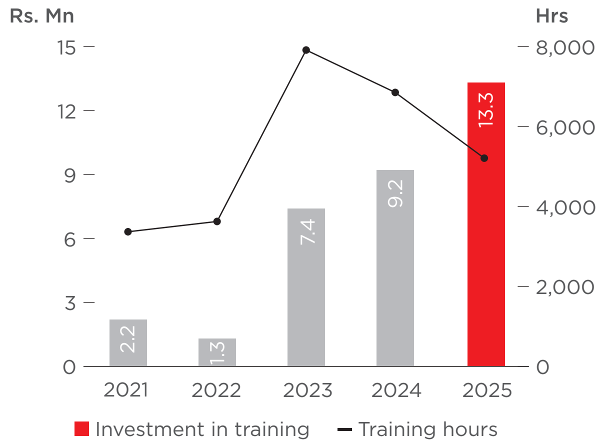
SALES TRAININGS
- Sales Management Master class
- Culinary Championships
- Sales Warriors Programme

DE & I RELATED TRAININGS
Women-centric trainings on quarterly basis with focal points on women empowerment and personal development

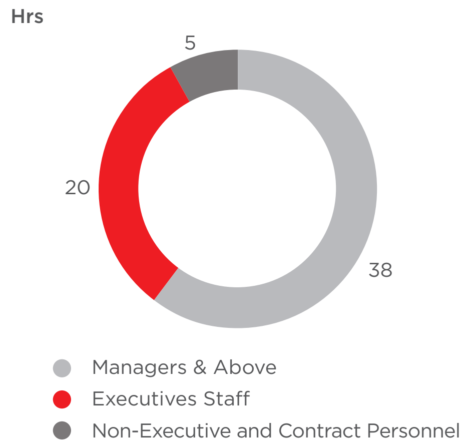
AVERAGE TRAINING HOURS PER EMPLOYEE BY GENDER



TRAINING AND DEVELOPMENT



AVERAGE TRAINING HOURS PER EMPLOYEE BY CATEGORY



Parental Leave Details

	Male	Female
Total number of employees due to return to work from parental leave during the Financial Year 24/25	10	1
Total number of employees that did return to work from parental leave during the Financial Year 24/25	10	1
Total number of employees returned from parental leave during the Financial Year 23/24	8	2
Total number of employees that returned to work from parental leave during Financial Year 23/24 and are still employed more than 12 months after returning	5	1
Return to work and retention rates		
- Return to work percentage	100%	100%
- Retention percentage	63%	50%

DIVERSITY AND INCLUSION

As an equal opportunity employer, KFP is dedicated to promoting an inclusive workplace through policies aligned with the JKH Group's ONE JKH Program, ensuring equitable employment opportunities and fair remuneration for all individuals, irrespective of their background. Employees are encouraged to report any incidents of discrimination, and notably, no such cases were reported during the year.

To strengthen inclusivity, we conducted regular employee engagement through quarterly pulse checks to assess satisfaction and shape our HR plans accordingly. With guidance from an external expert, we conducted accessibility audits at two factories and one office to evaluate our readiness and to expand our talent pool to include Persons With Disabilities (PWD). While overall satisfaction remained steady, we identified areas for improvement, particularly in recruitment onboarding, meeting efficiency, and work-life balance, which will be key focus areas in the coming financial year to enhance our inclusive work culture.

In line with our commitment to inclusivity, we are dedicated to empowering women to reach their full potential. Our recruitment process requires that at least one female candidate be shortlisted whenever female applicants are available, ensuring equitable consideration. To support a female-friendly work environment, we provide on-site daycare facilities and access to hygiene products for female employees. These initiatives are aimed at creating a supportive, inclusive workplace where women can thrive professionally while maintaining a healthy work-life balance.

Recognizing that true inclusivity extends beyond gender, we are committed to providing equal opportunities and necessary accommodations for differently-abled persons to participate fully in our workforce. During the year, we recruited a differently-abled Manager and enhanced accessibility to our factory premises to better support differently-abled employees.

WAY FORWARD

The Groups HR priorities for upcoming year are as follows:

- Streamlining the recruitment and onboarding process to ensure seamless candidate experience.
- Concentrating talent management efforts on identifying and nurturing talent at all levels, including succession planning and developing technical experts for expanded roles.
- Refining and reinforcing best practices within the business model to address any gaps and ensure operational excellence.
- Rolling out success drivers and integrating them into development initiatives to align with the organizational roles.

SOCIAL AND RELATIONSHIP CAPITAL

Our social and relationship capital is built on deep connections with our customers, collaborative partnerships with distributors & suppliers, and a strong commitment to the communities we serve.

60%
Top of the mind recall of "KeellsKrest"

10
New distributors

Extensive market penetration with **53 distributors and +30,000 retail outlets** serving all parts of the country

CUSTOMERS

For over four decades, KFP has earned the trust of Sri Lankan families, becoming a preferred choice in the country's processed meat market. KFP being the market leader, it has built a strong reputation for consistently delivering high-quality products that meet the needs of its diverse customer base. KFP has established a strong presence across all provinces through strategic partnerships with 53 distributors, serving a wide clientele that includes individuals, families, as well as prestigious hotels, restaurants, and catering establishments. KFP's commitment to innovation and quality has helped to cultivate long-lasting relationships with customers, making it a household name across Sri Lanka. Group continuously strives to cater to various market segments, offering products that suit different tastes and preferences, ensuring it remains a go-to brand for families across the nation.

CUSTOMER VALUE CREATION

As a market leader, we provide high-quality products that deliver value through a diverse and innovative range of convenient options designed to enhance the consumer experience. Our focus remains on improving accessibility and affordability while maintaining excellence. By adhering to stringent quality control standards and leveraging cutting-edge technology in our production processes, we ensure the superior quality of our products. With the economic recovery and evolving consumer sentiments, we have entered a growth phase and are committed to grow market share by offering an exceptional variety of products that meet the needs of our customers.

Our overall consumer strategy for the year is outlined below:

- Commitment to innovation
- Enhanced Packaging and Shopper Engagement
- Expanding Accessibility and Consumer Reach
- Quality and Trust

COMMITMENT TO INNOVATION

To cater to shifting consumer preferences and consumption habits, we have focused on introducing new and innovative products that cater to different occasions and meal moments. Our recent launches, particularly in the crumb range and frozen snacks, have garnered positive feedback.

- Introduced Crumb Range Snack Platter, Jalapeno Chicken Sausages, Swedish Meatballs and Better Meat-Pork Curry targeting everyday consumption.
- Launched Party Platter and Cocktail Sausage to tap into the growing trend of in-home gatherings.
- Revamped the canned product range with a refreshed look and introduced new additions, including Fish Ambulthiyal, Fish Spread, and Chicken Spread.
- A kid-friendly burger patty was launched, specifically designed to provide convenience for busy moms.
- A plant-based vegan option introduced to selected hotels, developed in collaboration with John Keells' research.
- Launched the Elephant House Seasonal Christmas Range featuring Pepper Beef Ham, Pepper Pork Ham, Chicken Meat Loaf, and X-Mas Rollschinken.

ENHANCED PACKAGING AND SHOPPER ENGAGEMENT

We recognize that appealing packaging and an immersive shopper experience play a key role in driving consumer decisions. To support this, we have redesigned packaging for both KeellsKrest and Elephant House products to enhance visual appeal and product differentiation in the market.

- Launched new SKUs with attractive packaging to improve shelf presence and consumer appeal.
- Organized events, festivals and shopper activities that create consumption moments and enhance brand visibility.
- Implementation of a visibility initiative using trademark-driven POSM strategically placed within 10 meters of the outlet, 5 meters in front of the store, and directly in front of the freezer to maximize visibility.
- Cross-promoting KeellsKrest Nai Miris Chicken Sausages with KeellsKrest Nai Miris Pasta through in-store sampling, inspiring customers to enhance their dishes with a range of KeellsKrest products.
- Executed a 360-degree campaign for the launch of Elephant House products in Australia featuring brand ambassador Chef Don Sherman.
- Launched the "Tea-Time" campaign to promote the KeellsKrest Crumb Range, highlighting snacking occasions to encourage consumer engagement and drive consumption.

EXPANDING ACCESSIBILITY AND CONSUMER REACH

As part of KFP's strategy to expand consumer reach, we have made significant progress in improving product accessibility by growing our branded outlet network within the country. This expansion focuses on both urban and suburban markets, catering to the rising demand for processed meat driven by increasing consumer spending power.

- Increasing our physical presence from 55 to 75 branded outlets to improve consumer accessibility.
- Combining Dry operation with Elephant House Beverages with a unified sales team to capitalize on market opportunities within the KFP Dry segment.
- Enhancing our Online sales portal (Meathouse.lk) with a new, user-friendly interface to attract more traffic and improve customer experience.
- Introducing branded delivery bags and uniforms for delivery personnel to elevate service quality and strengthen brand identity.

QUALITY AND TRUST

The Group remains dedicated to upholding the highest quality standards through stringent internal policies on food quality and safety, while ensuring compliance with multiple certifications, including:

- Ongoing adherence to ISO 22000:2018, ISO 9001:2015, ISO 45001:2018 Halal certifications, GMP, and HACCP standards.
- A holistic approach to ensuring 100% of products meet health and safety criteria, promoting consumer well-being.
- Careful selection of ingredients with optimal nutritional profiles, minimizing artificial additives or preservatives, and providing transparent, accurate nutritional information on packaging.
- Active involvement in research and development to create healthier product alternatives.
- Routine testing of ingredients, strict compliance with standardized recipes, and continuous monitoring of critical control points to ensure safety and prevent contamination.

CUSTOMER ENGAGEMENT

KFP uses a variety of communication channels to strengthen consumer engagement. Combining traditional methods such as in-store promotions and point-of-sale materials with digital platforms such as social media, email, and mobile apps, KFP ensures consistent interaction with customers. These touchpoints keep consumers informed about new products, promotions, and campaigns, while creating a personalized connection. By actively gathering feedback through surveys and reviews, KFP continuously adapts its strategies to enhance customer experience and build long-term brand loyalty.

SOCIAL AND RELATIONSHIP CAPITAL

CUSTOMER HOTLINE

- 2 Customer care agents
- 100% customer complaints resolved

CUSTOMER TOUCHPOINTS

- 53 Distributors
- +30,000 Retail Outlets

CUSTOMER REACH

- 2.1 million customer touch points through activations
- Rs. 300 million spent in brand building initiatives

DIGITAL INTERACTION

- Retail website
- 11 Social Media Platforms

KFP actively monitors customer engagement across multiple touchpoints using various tools to better understand the customer journey and tailor strategies that resonate with our target audience. Over the past year, the brand's equity score has risen by seven points, reaching a value of 29. according to the brand equity study of KANTAR. This growth reflects an increasing level of brand recognition, consumer trust, and market acceptance, reinforcing the brand's strong position in the industry.

To further strengthen customer relationships, KFP maintains a dedicated customer service hotline to address inquiries and resolve complaints within 48 hours. Customer complaints received related to health and safety impacts of products offered are categorized as serious, major, or minor. During the year, there were no serious or major incidents of non compliance concerning health and safety impacts of products and services were reported. All minor complaints were promptly addressed, ensuring a high level of customer satisfaction and support.

KFP's approach to Above the Line (ATL) marketing focuses on radio, particularly during peak seasons. This platform has been utilized effectively for product launches, such as the burger and snacking categories.

During the year we focused heavily on Below the Line (BTL) activities, with a strong emphasis on building brand visibility at the outlet level. Our strategy centers around consumer-driven activations, especially in the Modern Trade. This approach consists of three key components:

1. **Invitation:** We engage consumers through social media, inviting them to visit selected outlets for exclusive brand experiences.
2. **Experience:** Upon arrival, shoppers can participate in interactive activities, including raffle draws, spin-the-wheel games, and product sampling, to create an engaging and memorable experience.
3. **Amplification:** After the event, we amplify the experience on social media to ensure continued brand recall. Additionally, consumers are given brand tokens as a reminder, helping to reinforce brand awareness even after they leave the outlet.

The Food Act No.26 of 1980, the Food (labelling and advertising) Regulations 2005, and the Consumer Affairs Authority Act No.9 of 2003 govern the marketing and labelling of our products. The International Chamber of Commerce's (ICC) Code of Advertising and Marketing Communications, a self-regulatory framework that advocates for elevated ethical standards in advertising, additionally influences our marketing communications.

Our product labels include information pertaining to the product, date of manufacture, expiry date, weight and ingredients, nutrition among others. Product and service information, labelling and marketing communications are made in all three languages whenever possible. There were no occurrences of non-compliance with regulations or voluntary codes pertaining to product & service information and labelling, marketing communications, data privacy violations, and other relevant areas throughout the year. None of our products are labelled as containing Genetically Modified Organisms (GMOs).

Cyber-security and data protection

The Group's data security practices are aligned with the legislative requirements of the Personal Data Protection Act No. 9 of 2022 and its parent entity's Zero Trust data security guidelines which are benchmarked to international best practice. All necessary measures have been implemented to maintain cybersecurity and protect customers' and employees' personal data. During the year under review, no instances of data breaches, breaches of customer privacy or instances of customer data loss were reported.

CHANNEL PARTNERS

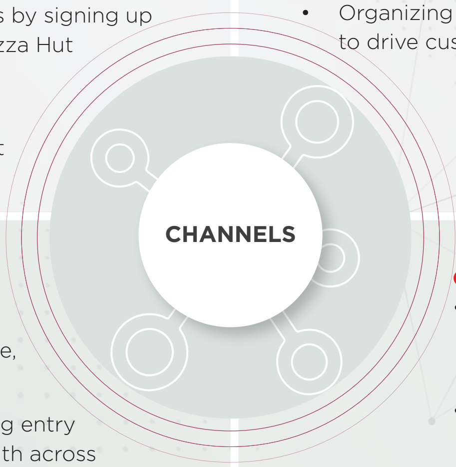
KFP employs a multi-channel distribution strategy designed to maximize product reach across various consumer segments. This strategy covers a wide array of channels, including General Trade, Modern Trade and HoReCa (Hotel, Restaurant & Catering). As a result, KFP has successfully expanded its market presence, reaching all regions within the country. Through General Trade, Group taps into traditional retail outlets, ensuring accessibility and convenience for a broad audience. The Modern Trade channels, which include supermarkets and retail chains, offer increased product visibility and a wider product range. KFP has further strengthened brand presence by partnering with hotels, restaurants, and catering services within the HoReCa sector, providing greater customer access. Strategies and initiatives executed for each channel during the year is highlighted below:

HORECA

- Partnered with renowned ITC Hotel chain and Cinnamon Life to establish long-term relationships.
- Introduced innovative products, including vegan-based options, to cater to the evolving demands of customers.
- Focused on out-of-home campaigns, including eateries and canteens, utilizing newly innovated products with competitive pricing.
- Expanded reach in HoReCa outlets by signing up with outlets such as Bread Talk, Pizza Hut and Machan outlets.
- Expanded presence in restaurants, cafes, and pubs to broaden market coverage.

MODERN TRADE

- Complete revamp of the Modern Trade operation, now managed by a dedicated sector team.
- Collaborations with specific chains, including Valentines with SPAR, Christmas with Keells, and Oktoberfest activations with SPAR supermarket.
- Conducting special product-focused activities to strengthen the connection between the brand and shoppers.
- Organizing more engaging events and campaigns to drive customer interaction.



EXPORT

- Facilitated on-site visits for export market partners, demonstrating compliance, hygiene, and operational excellence.
- Secured Halal certification, enabling entry into a broader range of markets with across the world with diverse consumer requirements.
- Pursuing India as a high-potential export market with significant volume opportunities, especially for bacon and pork products.

GENERAL TRADE

- Identifying opportunities in bulk packs where consumers prefer larger formats for stocking up.
- Expanding the crumb range to encourage increased daily consumption.
- Upgrading packaging to enhance visibility and stand out among competitors.

DISTRIBUTOR VALUE CREATION

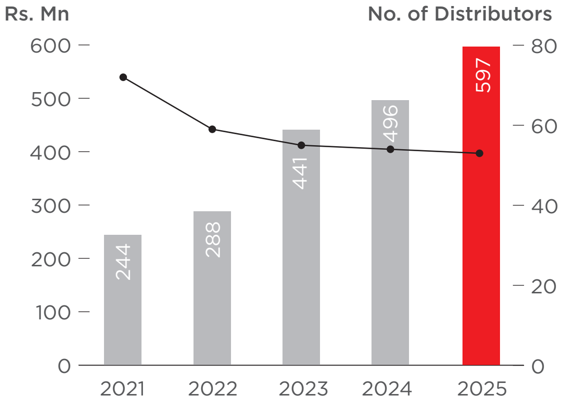
Our distributors play a crucial role in our value chain, enabling us to extend our reach to customers across the island. To support their efforts, we have made significant investments in both infrastructure and services, which have been essential in enhancing the overall distribution process. In support of our distributors, we have provided additional freezer capacity, enhancing their ability to store and distribute products effectively. Furthermore, we have invested in new delivery vehicles to strengthen our logistics and increased visit frequencies, ensuring more consistent and efficient product replenishment at outlets.

SUPPLIERS

Our supply chain follows a two-tiered structure, with Tier I suppliers consisting of corporations and large-scale farmers, while Tier II suppliers include small-scale farmers and out-growers. By spending approximately 86% of raw material sourcing costs on local suppliers we play a vital role in supporting the nation's socio-economic growth. Recognizing the importance of small and medium-sized suppliers, we ensure steady demand, offer competitive pricing, and create opportunities to enhance their production capabilities. To minimize reliance on specific

SOCIAL AND RELATIONSHIP CAPITAL

DISTRIBUTOR EARNINGS



Total distributor earnings
No. of distributors

suppliers, we have expanded our supplier network from 200 to 250 over the year. Additionally, we successfully secured pricing stability through forward contracts, ensuring cost stability and supply continuity.

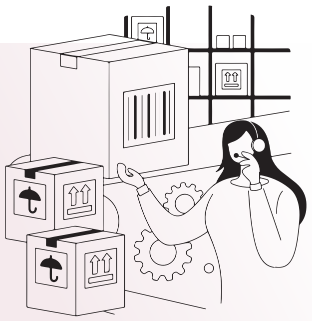
37 Pork Suppliers

11 Poultry Suppliers

5 Vegetable Suppliers

7 Spice Suppliers

Rs. 5,894 Mn Payments to Suppliers



QUALITY ACROSS THE SUPPLY CHAIN

Our supplier selection process follows a rigorous and structured approach, ensuring strict adherence to compliance standards, regular audits, and close collaboration. All suppliers are required to meet both local and international food safety regulations and undergo a comprehensive vetting process to assess their ability to meet KFP's quality and safety expectations. Regular certification reviews are conducted to ensure ongoing compliance with evolving industry standards. Additionally, we perform periodic audits to verify adherence to social and environmental criteria.

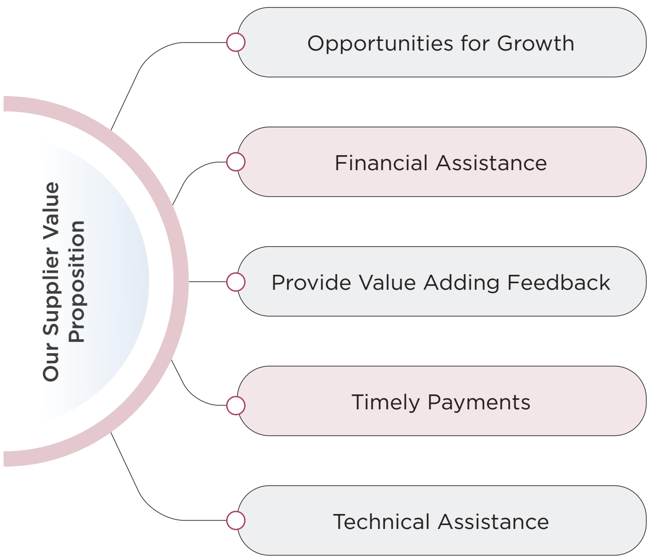
Following the African Swine Fever (ASF) outbreak, the Department of Animal Production and Health (DAPH) imposed a ban in late October, leading farmers to halt breeding and restricting pork imports. Despite these challenges, KFP remained committed to regulatory compliance while maintaining supply continuity. As a long-term solution, we worked closely with the DAPH, Ministry of Livestock, and local farmers, and distributed antigen testing kits to support farmers with the testing of animals.

Over the past year, we evaluated 32 new suppliers (80%) for social and environmental impacts, prior to onboarding and evaluated 28 existing suppliers through supplier audits for social and environmental impacts identifying 3 instances of non-compliance with negative environmental/social impacts. Notably, none of the ingredients are sourced are from regions experiencing high or extremely high baseline water stress.

Our procurement strategy is centered on creating sustainable, long-term partnerships with suppliers, extending beyond traditional transactional purchasing. This approach ensures mutual growth and value creation, as depicted in the diagram to the right.

SUPPLIER ASSESSMENT CRITERIA:

- Certifications including ISO 22000:2018, ISO 9000:2015, SLS 1218, SLS 1146 and the Halal Certification
- Product specification and quality
- Timeliness of delivery
- Zero incidents of child labour/forced or compulsory labour
- Environmental assessment including CEA certifications



INDUSTRY PARTNERSHIPS

As a member of multiple industry associations, KFP actively collaborates with external institutions to address key industry challenges and drive sector development.

MEMBERSHIP ASSOCIATIONS

- Ceylon Chamber of Commerce
- Ceylon National Chamber of Industries
- National Chamber of Exports
- Employer's Federation of Ceylon

COMMUNITY

We are committed to making a meaningful and positive impact on the communities where we operate. Our approach to community engagement and corporate social responsibility (CSR) aligns with our parent company, John Keells Holdings, and its vision of 'Empowering the Nation for Tomorrow.' Each CSR initiative is carefully selected to ensure it aligns with our broader objectives and delivers tangible benefits. Our efforts primarily focus on supporting and uplifting the communities surrounding our operations. The Group has not identified any operations with significant negative impacts on the local community.

Initiatives by KFP during the year include the following:

ENGLISH LANGUAGE SCHOLARSHIP PROGRAM (JKELSP) WITH JOHN KEELLS FOUNDATION

During the year we extended our English language program to support 60 students from disadvantaged backgrounds in schools located in Pannala and Ekala. The initiative aims to equip them with essential English skills to enhance academic and professional opportunities, build confidence, and boost overall educational development. Following schools benefited from this program:

- Nalawalana Kanishta Vidyalaya, Pannala
- Labbala Maha Vidyalaya, Pannala
- Verahera Kanishta Vidyalaya, Pannala
- G. B Senanayake Vidyalaya, Ekala

English Language Scholarship Program

MUSHROOM CULTIVATION PROJECT

A mushroom cultivation project was launched under John Keells Foundation Praja Shakthi by John Keells Foundation & Keells Food Products PLC. The primary goal of this initiative is to increase the number of mushroom farmers in Ja-Ela area to satisfy market demands, all while fostering entrepreneurship and facilitating sustainable income generation within the community.

Mushroom cultivation project

WAY FORWARD

Our strategic focus remains on strengthening our market position by driving growth, enhancing brand equity, and expanding our product portfolio. By leveraging innovation and targeted initiatives, we aim to penetrate new consumption segments, cater to evolving consumer needs, and solidify our presence across the market.

- Continuing with our strategic pillars of growing back consumption and building brand equity through innovation
- Strengthening brand presence with a strong focus on consumption-driven categories, particularly snacking, to expand our reach beyond the freezer into ambient product ranges.
- Expanding our presence in main meal segments by increasing processed meat consumption beyond dinner into breakfast and lunch categories.
- Expand community engagement through skills development programs focused on sustainable practices and local economic empowerment.

NATURAL CAPITAL

We are committed to reducing our ecological footprint while securing the long-term success of our business, ensuring a balance between growth and responsible resource management.

11.6%
Reduction in Energy Intensity

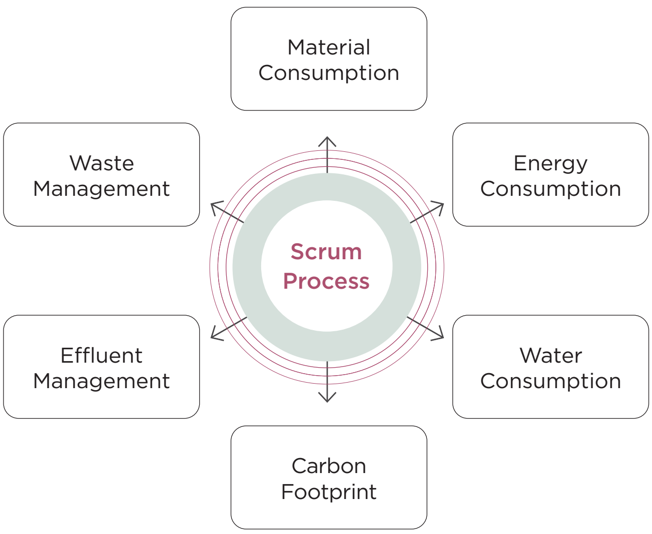
5,184 tCO2e
Carbon Footprint

Rs. 9 Mn
Energy saving initiatives

MANAGING OUR ENVIRONMENTAL IMPACT

KFP's approach to managing its natural capital, including sustainability and climate-related risks and opportunities, is aligned with the environmental principles set by its Parent Company John Keells Holdings. The Group has established a comprehensive policy framework to guide sustainability efforts, ensuring that environmental objectives are met. Through regular reporting to the Board of Directors and senior management, environmental concerns are consistently monitored and addressed in line with established processes. KFP has committed to achieving sustainable reductions in its environmental footprint, in line with the broader environmental goals of the John Keells Group.

Environment Management Framework



ENVIRONMENTAL TARGETS FOR 2025

- **1.5%** Reduction in water consumption
- **1.5%** Reduction in energy consumption
- **1%** Reduction in carbon footprint

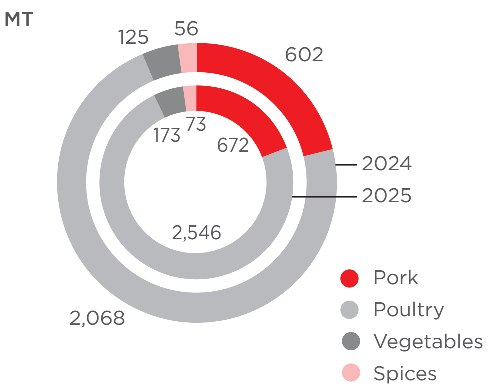
ENVIRONMENTAL COMPLIANCE

We fully comply with all applicable environmental laws and regulations in Sri Lanka. Through regular internal audits and compliance reports, we proactively identify areas for improvement and take corrective actions as needed. During the year, we underwent an external audit to verify the accuracy of our data, ensuring that our data collection processes are in order. Our Environmental Protection License (EPL) underscores our commitment to adhering to rigorous environmental standards across our manufacturing facilities, in line with regulations set by the Central Environmental Authority. This certification affirms our efforts to minimize environmental impact and advance sustainability. In line with our dedication to sustainable practices, we are actively pursuing ISO 14001:2015 Environmental Management System certification, which will enhance our environmental management processes. This internationally recognized standard will further strengthen our ability to identify and address environmental risks, optimize resource efficiency, and drive continuous improvement in our environmental performance. Throughout the year, we upheld full compliance with environmental regulations and voluntary standards, with no instances of non-compliance.

MATERIALS

Our manufacturing process relies on primary raw materials such as poultry, pork, vegetables, spices, and other additives, all of which are renewable natural resources. We prioritize sourcing these materials from trusted vendors who meet our environmental standards. As part of our commitment to environmental responsibility, suppliers are required to obtain certifications aligned with our Social and Relationship Capital framework. To ensure sustainable practices throughout our supply chain, our purchasing and quality assurance teams conduct bi-annual visits to key suppliers, including those for vegetables, pork, chicken, and packaging materials. Additionally, we have partnered with the Island Climate Initiative (ICI) to explore eco-friendly alternatives for reducing polythene usage in our packaging. Several initiatives have been implemented to minimize packaging waste, such as transitioning certain products from pouch to reel form, which has reduced material usage per pack. Furthermore, the improving of our packaging machines has helped lower wastage, contributing to more sustainable operations.

RAW MATERIAL CONSUMPTION



ENERGY CONSUMPTION

Despite our manufacturing process being relatively energy-intensive, we diligently monitor the usage of non-renewable energy sources to effectively manage consumption and the group has set energy related goals based on last year performance. Our primary energy sources include furnace oil, diesel, LP gas, and electricity. To optimize energy consumption, we have implemented several energy-saving initiatives, including daily monitoring and evaluation of our energy management system and increasing awareness through targeted training programs. As a result of these dedicated energy management efforts, our energy intensity has decreased by 11.6%, while energy consumption has increased by 11% primarily due to rise in operations which is calculated using Finished Goods Production (MT) as the denominator. Energy saving initiatives during the year includes.

- Enhancing blast freezer cycle time by 5% and increasing capacity utilization to lower energy consumption.
- Optimizing the steam generation process to improve yield by 10%.
- Upgrading machinery to minimize steam generation leaks and improve efficiency.

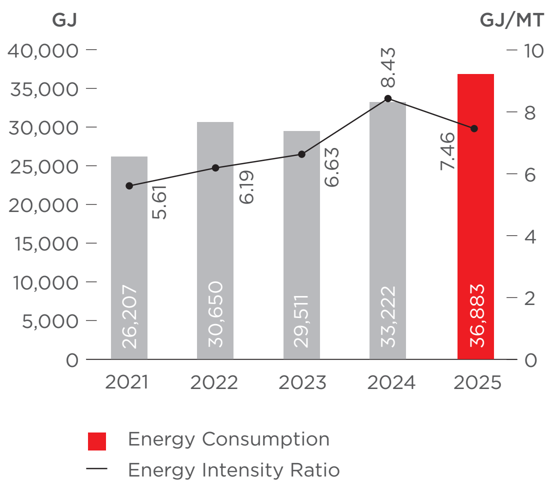
Energy Consumption

	2025	2024	YoY Change
Furnace oil (Liters)	**273,190**	248,935	10%
Diesel (Liters)	**135,288**	83,453	62%
Electricity (kWh)	**5,824,160**	5,609,081	4%
LPG (kg)	**2,963**	2,063	44%
Total energy consumption (GJ)	**36,883**	33,222	11%

Energy Consumption (GJ)

	2025	2024	YoY Change
Furnace oil (GJ)	**10,870**	9,905	10%
Diesel (GJ)	**4,907**	3,027	62%
Electricity (GJ)	**20,966**	20,192	4%
LPG (GJ)	**140**	98	44%
Total energy consumption (GJ)	**36,883**	33,222	11%

ENERGY

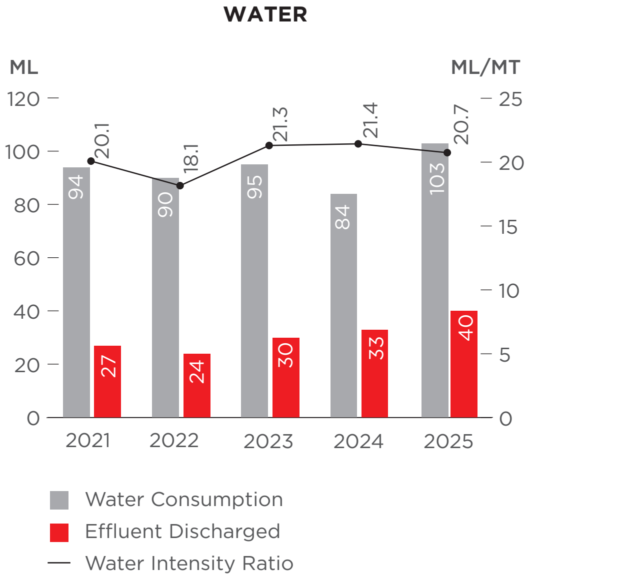


NATURAL CAPITAL

WATER

Water is a critical resource in the food processing industry, particularly due to the strict hygiene and cleanliness requirements of production. At KFP, water is essential for various operations, including cleaning, sanitation, processing, cooling, and heating. Our primary water source is groundwater, and we continuously strive to optimize consumption to mitigate water stress in the region. To promote responsible water usage, we conduct employee awareness programs to highlight the impact of overuse on local communities and ecosystems. Internal water audits help us to identify opportunities for conservation, while improved cleaning efficiencies have contributed to minimizing water consumption. In the past year, KFP reported no incidents of non-compliance with water quality permits, standards, or regulations. We achieved a 3.2% reduction in total water intensity, while higher operational volume has increased water usage by 22%. Following initiatives were taken during the year to achieve this progress.

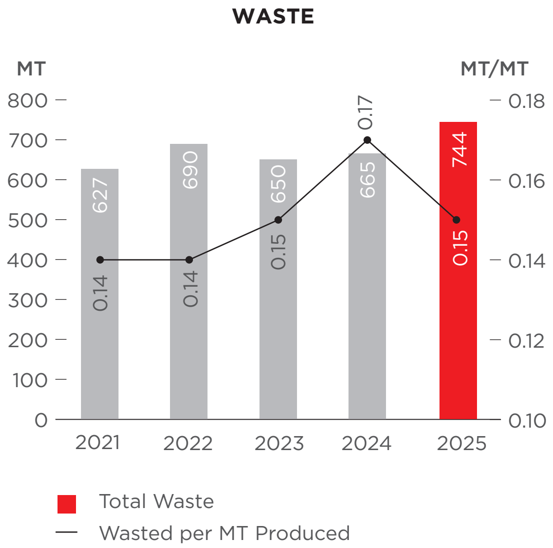
- Optimized water usage in sausage manufacturing by shifting from the showering method to sprinkling, reducing water consumption and eliminating the need for chilled water.
- Reduced water consumption in crate washing and processing areas.



Water Withdrawal by Source	
Ground water (ML)	103
Municipal lines (ML)	-
Recycled water (ML)	-
Total water withdrawal (ML)	103

WASTE AND EFFLUENTS

Food processing operations generate significant wastewater volumes that must be treated prior to discharge in order to comply with the Central Environmental Authority's regulations. Continuous monitoring ensures that the quality of the discharged water minimizes any adverse impacts on the ecosystem. Our Ja-Ela facility rigorously tests its water before release to verify that it meets all necessary quality criteria before being sent to the sewage system. At our Pannala factory, wastewater is treated using an Effluent Treatment Plant and then repurposed for gardening and cleaning. Notably, 39% of our water consumption over the year was recycled and reused.



Types of waste generated (MT)	2025	2024	YoY change
Non-hazardous waste	**433.1**	386.3	12%
Hazardous waste	**311.2**	278.9	12%
Total waste disposed	**744.3**	665.2	12%

Waste type and disposable method (MT)	2025	2024	YoY change
Waste diverted from disposal			
- Recycling	**334.5**	299.4	12%
Waste directed to disposal	**409.8**	365.8	12%
Total waste disposed	**744.3**	665.2	12%

Waste Disposal by Operation

Total non-hazardous waste (MT)
Recycling (MT) - 23.3
Incineration (MT) - 409.8

Total hazardous waste (MT)
Recycling (MT) - 311.2

Our manufacturing processes naturally generate solid waste, and we prioritize proactive waste management by emphasizing recycling and resource reuse to maximize material efficiency. Organic waste is incinerated onsite, reducing potential hazards and decreasing landfill burden. We have enhanced the KFP waste management system by creating agreements with waste collectors, where waste collectors are subject to performance reviews and verification of legal registration and certifications. Additionally, as part of the John Keells Group's Plastic-Cycle initiative, KFP actively contributes to reducing plastic waste, underscoring our commitment to environmental stewardship.

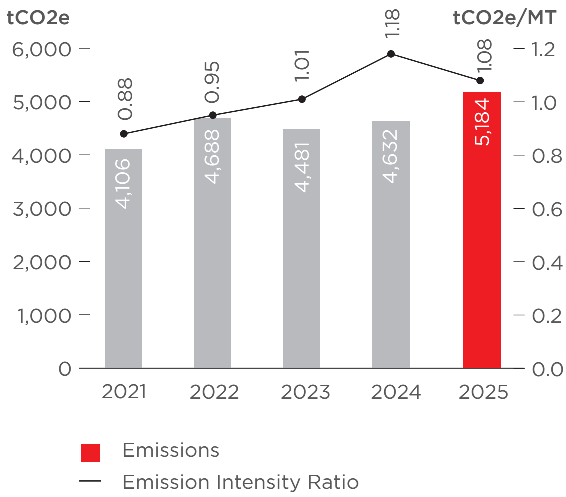
CARBON FOOTPRINT

KFP is committed to achieving sustained reduction in its carbon footprint and has aligned its goals for lowering emissions with a reduction of 11% in emission intensity compared to the actuals in 2023/24 calculated using emissions under Scope 1 and Scope 2. The Group computes its carbon footprint based on the GHG Protocol published by the World Resources Institute. Further, the Group has referred Intergovernmental Panel on Climate Change (IPCC) for the disclosures. The Group only considers emissions generated from product distribution, product re-distribution and business air travel under Scope 3 GHG emissions. Our primary sources of energy requirements are electricity, diesel, furnace oil and LP Gas. A key focus has been increasing the use of renewable energy, with plans to expand solar power generation to support emission reduction efforts. Collaborative efforts between the Quality and Production teams have been undertaken to identify and minimize energy wastage, enhancing overall energy efficiency in production processes. Additionally, factory emission levels are regularly tested by third-party institutions such as ITI and NAITA to ensure compliance with emission standards and no substantial air emissions in the form of Nitrogen oxides (NOx), Sulfur oxides (SOx), and other noteworthy air emissions were detected.

Scope 1	tCO2e
Direct emissions	1,214
Scope 2	**tCO2e**
Emissions from purchased energy	3,970
Scope 3	**tCO2e**
Other indirect emissions	158

Carbon Footprint of Ozone Depleting Sources (MT)	1,798

EMMISSIONS



WAY FORWARD

We remain focused on achieving our 2025 environmental targets, with key priorities including:

- Implementing a solar power investment at the Pannala facility next year.
- Introducing additional energy-saving initiatives for steam and electricity.
- Completing the ISO 14001:2015 Environmental Management certification.
- Water reuse initiatives are being implemented to manage water withdrawal effectively and to address future increases in water demand resulting from higher production volumes.

CORPORATE GOVERNANCE

EXECUTIVE SUMMARY

The John Keells Group's robust and comprehensive corporate governance framework, endeavours to create an enabling environment for growth in a structured, sustainable and transparent manner, whilst following all mandatory regulations and ensuring the highest levels of corporate governance. The JKH Group's corporate governance philosophy is institutionalised across all its business units, and this philosophy has continuously created value for all its stakeholders, notwithstanding the external environment and macroeconomic conditions.

The Keells Food Products PLC (KFP or Company) and its Subsidiary John Keells Foods India (Private) Limited (collectively KFP Group) as members of the John Keells Group its own set of internal policies processes and structures aimed at meeting, and, where possible, exceeding accepted best practice, in addition to the 'triggers' which ensure compliance with mandatory regulatory requirements. This framework is regularly reviewed and updated to reflect global best practice, evolving regulations, and dynamic stakeholder needs, while maintaining its foundational principles of accountability, participation, integrity and transparency.

In improving the quality and relevance of our governance reporting, the KFP Group has to structure the narrative in a manner that showcases the Board's activities and contribution to value creation during the year. Compliance with applicable statutory requirements is summarised in the narrative and discussed in detail in the compliance tables.

The ensuing discussion comprises of the following key aspects:

- Significant components of the John Keells Holdings PLC (JKH) Corporate Governance System
- Monitoring mechanisms in place to ensure strict compliance with the KFP Group's Governance policy
- Outlook and emerging challenges for corporate governance
- KFP Group's compliance with all mandatory requirements of law and its voluntary adoption of recommended codes in the governance field.

COMPLIANCE SUMMARY

Mandatory Regulatory Frameworks – fully compliant

- The Companies Act No. 7 of 2007 including applicable regulations
- Listing Rules of the Colombo Stock Exchange (CSE), including circulars
- Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including rules, regulations, directives and circulars
- Code of Best Practices on Related Party Transactions (2013) advocated by the SEC

Voluntary Frameworks and Standards

- Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka – compliant to the extent of business exigency and as required by the Group
- Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka – compliant to the extent of business exigency and as required by the Group

Reporting Frameworks

- International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC)
- Global Reporting Initiative (GRI) Standards

Internal Mechanisms

- Articles of Association
- Board Charter and Board Sub-Committee Charters
- Internal Policies
- Code of Conduct

CORPORATE GOVERNANCE HIGHLIGHTS FOR 2024/25

- The JKH Group undertook a thorough reassessment of its internal policy framework to align with the updated Listing Rules of the CSE. Additionally, a comprehensive Board Charter was formulated to establish a clear and consistent governance structure for the JKH Board, aimed at enhancing oversight, accountability, and operational effectiveness across the JKH Group.
- Aligned with the revised Listing Rules of the CSE, the JKH Group restructured the Board Committee framework for its listed subsidiaries. Effective 1 October 2024, separate Board Committees were established for each listed subsidiary. This marked a shift from the earlier practice where JKH's Board Committees, played this role, ensuring adherence to the JKH Group's overarching governance principles. Going forward, while each respective Subsidiary has its own Board

Committee, the Parent Company Board Committee will have oversight to ensure broad alignment of the Group's governing principles.

- The JKH Group embarked on a comprehensive financial transformation initiative aimed at optimising processes and improving efficiency, increasing agility, aligning with business strategy, and enhancing data driven insights and decision-making by leveraging on technology as an enabler. This involved a detailed analysis of financial workflows, identifying existing challenges, and reshaping the finance function to play a more strategic role in business operations. The transformation emphasised leveraging technology and advanced analytics, to address areas of manual work and enhance controls. By focusing on scalable processes, data-driven insights, and continuous improvement, the initiative aimed to strengthen reporting accuracy, support informed decision-making, and ensure robust financial system security.

- The core system of the JKH Group will be migrated to S/4 Hana, the latest SAP database built on a single data structure and architecture. These cloud-based solutions enable operational enhancements, real-time decision-making, increased agility, improved customer satisfaction, innovation, better risk management, and cost optimisation. The integration of advanced AI-driven analytics empowers the Group with deeper insights into customer behaviour, market trends, and operational performance, fostering data-informed decision-making and personalised customer experiences.

- The JKH Group has in place a Forensic Data Analytics platform to bolster financial governance and strengthen risk oversight through automated 'Transaction Outlier Detection.' By continuously monitoring critical accounting data sets, the system identifies unusual patterns and issues categorised alerts for prompt management intervention. Harnessing the power of machine learning and behavioural analytics, this platform, which is aligned with international standards, enhances fraud detection, supports risk mitigation strategies and ensures regulatory compliance.

- The JKH Group implemented measures to align its data governance practices with the Personal Data Protection Act No. 09 of 2022 (PDPA). Data Protection Officers (DPOs) have been designated across industry groups to oversee data compliance efforts, supported by a Data Governance Steering Committee that offers strategic guidance. To further enhance its data protection framework, the JKH Group engaged external consultants to conduct a gap analysis, evaluate and refine its technical, security, and organisational measures. Additionally, the JKH Group remains vigilant about regulatory developments and actively collaborates with the Data Protection Authority (DPA) through public consultations, ensuring sustained compliance and adherence to industry-leading best practices.

- Building on the JKH Group's overhaul of its Competency Framework, which introduced nine revised Success Drivers in the previous year, sector-specific awareness sessions and digital learning initiatives were implemented to engage employees. Success Drivers has been integrated into the performance management process to assess employees and identify development areas for 2024/25.

- To align with SLFRS S1 and S2, the local standards introduced by CA Sri Lanka for sustainability-related financial disclosures and climate-specific disclosures, the JKH Group partnered with an external consultant with international expertise to perform a comprehensive gap analysis across both Group and sector-level teams. This initiative ensures readiness to meet the CSE's reporting requirements for 2025/26. The standards are effective from 1 January 2025.

- The JKH Group advanced its environmental, social, and governance (ESG) framework by refining its ambitions and establishing a robust governance structure. The ESG ambitions were formally approved by the Group's Executive Committee, followed by the introduction of a governance framework to oversee and implement these commitments effectively. Key roles were designated, including Group Ambition Heads, Group Ambition Champions, and a Group-level Steering Committee, each guided by clearly defined responsibilities outlined in the ESG Steering Committee mandate. Initial kick-off meetings were conducted to create milestone plans, ensuring steady progress towards the JKH Group's short, medium, and long-term ESG objectives.

KEY ANNOUNCEMENTS TO THE COLOMBO STOCK EXCHANGE IN 2024/25

- The Board approved first and second interim dividends of Rs. 0.48 and Rs. 1.97 per share, in October 2024 and January 2025 respectively. A final dividend of Rs. 1.15 per share was declared in May 2025 for the financial year 2024/25. Accordingly, the dividend declared for 2024/25 is Rs. 3.6 per share [2023/24: .Nil]

CORPORATE GOVERNANCE

BOARD APPOINTMENTS AND RETIREMENTS IN 2024/25

There were no Board Appointments or retirements in 2024/25.

Below Board appointments were made as at 26th May 2025

- Ms. A Nanayakkara and Mr. K C S Fernando were appointed as Independent, Non-Executive Directors with effect from 2nd May 2025.
- Mr. M M J W Jayasekara was appointed as an Independent, Non-Executive Director with effect from 15th May 2025.

Highlights of the 42nd Annual General Meeting Held on 18th June 2024

- Mr. D P Gamlath who retired in terms of Article 83 of the Articles of Association of the Company was re- elected as a Director of the Company.
- Ms. P N Fernando who retired in terms of Article 83 of the Articles of Association of the Company was re-elected as a Director of the Company.
- Messrs. Ernst & Young (E&Y) was re-appointed as the External Auditors of the Company and the Directors were authorised to determine the remuneration of E&Y.

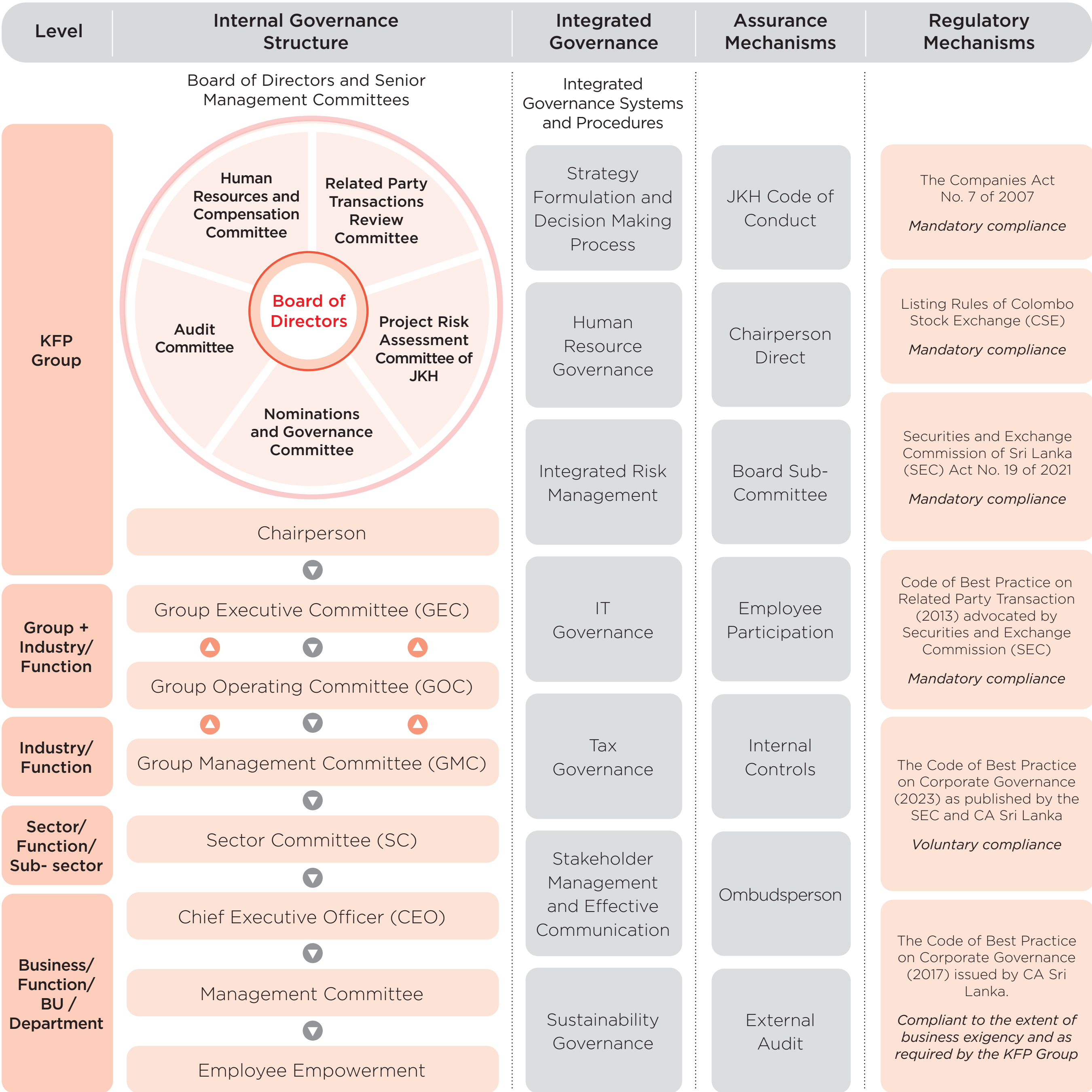
The 43rd Annual General Meeting will be held on 20th June 2025.

Furthermore, an Extraordinary General Meeting took place on 18th June 2024, during which the Articles of Association were amended to incorporate the requirements outlined in Section 9.9 of the revised Listing Rules of the CSE regarding Alternate Directors.

CORPORATE GOVERNANCE – NAVIGATION OF CONTENTS

THE CORPORATE GOVERNANCE SYSTEM

The diagram below illustrates governance structures and policies of the Company and KFP Group conform to those of the Parent Company, John Keells Holdings PLC (JKH). It depicts the internal governance structure, from the Board of Directors cascading down to the employee level, the integrated Governance systems and procedures of JKH, the Assurance Mechanisms in place and the various regulatory frameworks which abide by from a Governance standpoint.



- *Except for the Project Risk Assessment Committee, all other sub committees are appointed by the KFP Board.*
- *Audit Committee meetings are attended by the President overseeing the Consumer Foods industry group of JKH, Chief Financial Officer, Chief Executive Officer and the Head of Group Business Process Review, Internal and External Auditors are regular attendees.*
- *The GOC acts as the binding agent to the various businesses within the KFP Group towards identifying and extracting JKH Group synergies.*
- *Only the key components are depicted in the diagram.*

CORPORATE GOVERNANCE

INTERNAL GOVERNANCE STRUCTURE

The Internal Governance Structure comprises of the committees which formulate, execute and monitor Group strategies and initiatives and the policies, processes and procedures employed for doing so. These components have an impact on the execution and monitoring of all governance related initiatives, systems and methods, and is illustrated as follows:

BOARD OF DIRECTORS

Purpose: Assess the overall direction and implement strategy of the business; fiduciary duty towards protecting stakeholder interests; monitor the performance of the senior management; ensure effectiveness of governance practices; implement a framework for risk assessment and management, including internal controls etc.

AUDIT COMMITTEE

Purpose:

Compliance with applicable policies and procedures; the qualifications, independence, remuneration and performance of the external auditors; and the performance of the Company's Group Business Process Review division and the outsourced internal auditors.

HUMAN RESOURCES AND COMPENSATION COMMITTEE

Purpose:

To assist the Board in the establishment of remuneration policies and practices that are fair, appropriate and competitive.

To review and recommend appropriate remuneration packages for the CEO and Key Management Personnel and review the performance of the KFP Group's top talent/ monitor succession planning and the periodically review Group's Performance Management System.

NOMINATIONS & GOVERNANCE COMMITTEE

Purpose:

Oversight of the process of appointment, re-election and re-appointment of Directors in accordance with the KFP Group's framework, ensure a comprehensive Board induction process is in place, to ensure that an acceptable methodology is in place for a self-evaluation of the Board, to review and recommend an overall corporate governance framework, periodically in consultation with the Chairperson, review the succession planning, in liaison with all the Directors

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Purpose:

To ensure that all related party transactions of the KFP Group are consistent with the Code on Related Party Transactions issued by the SEC and with the Listing Rules of the CSE.

Alignment with Group policies and procedures, ensure shareholder interests are protected, and fairness, integrity and transparency are maintained.

PROJECT RISK ASSESSMENT COMMITTEE OF JKH

Purpose:

To evaluate and assess risks associated with significant new investments at the initial stages of formulation and in any event prior to making any contractual commitments for the long-term.

Leadership and control

Accountability through reporting obligations

CHAIRPERSON

Purpose as Chairperson:

- To provide leadership to the Board whilst inculcating good governance and ensuring effectiveness of the Board.
- Ensure constructive working relations are maintained among the members of the Board.
- Ensure, with the assistance of the Board Secretary, that:
  - Board procedures are followed.
  - Information is disseminated in a timely manner to the Board.

CEO:

Purpose as CEO:

- Execute strategies and policies of the Board
- Ensure the efficient management of the business
- Ensure the operating model of the Group is aligned with short and long-term strategies of the Group
- Ensure succession is planned

Reporting obligations

Operations Management /Performance feedback

Delegated authority

MANAGEMENT COMMITTEES

Purpose: Led by the CEO, these committees execute strategies and policies determined by the Board, manage through delegation and empowerment the business and affairs of the Group, make portfolio decisions and prioritises the allocation of the capital, technical and human resources, thereby ensuring that value is created/enhanced for all stakeholders throughout the value chain.

EMPLOYEE EMPOWERMENT

Purpose: Effective recruitment, development and retention of this vital stakeholder, by equipping employees with the necessary skill set and competencies, to enable them to execute management decisions.

The components of the internal governance structures are strengthened and complemented by internal policies, processes and procedures, such as, strategy formulation and decision making, human resource governance, sustainability governance, integrated risk management, IT governance, tax stewardship and stakeholder management and effective communication.

The components of the internal governance structures are strengthened and complemented by internal policies, processes and procedures, such as, strategy formulation and decision making, human resource governance, sustainability governance, integrated risk management, IT governance, tax stewardship and stakeholder management and effective communication.

THE BOARD OF DIRECTORS

The KFP Board has the authority to manage the affairs of the KFP Group in accordance with its Articles, applicable law and the Group's operating model. All decisions of the Board are made collectively and in a manner that upholds the principles of accountability, transparency, and good governance. Appropriate checks and balances are in place, as discussed in detail within this Section, to prevent the concentration of power in a single individual and to promote effective decision-making.

Board Oversight and Delegation of Authority

While the Board is accountable and responsible for the strategic direction and management of the KFP Group, it delegates the authority to the CEO and senior management to carry out day-to-day operations of the businesses. Once the Board has delegated broad authority, its primary responsibility is to oversee management's performance and ensure compliance with the broad policies and established governance principles. The Board reserves the right to withdraw or change any delegation of authority as deemed appropriate.

Board oversight involves the continual inquiry by Directors into whether the Board's delegation of authority to management is reasonable, and whether the Board has received sufficient and accurate information from management to make that determination.

Typical areas of oversight include strategic initiatives, portfolio decisions, financial performance, the integrity of financial statements, accounting and financial reporting processes, risk management, governance and compliance, and ESG matters.

The Group's governance framework ensures that Directors are well-positioned to satisfy their oversight responsibility through periodic assessment of Board agenda priorities and the related structures, processes, and controls that are in place to ensure that the Board is well-informed on a timely basis of matters requiring attention. Appropriate and sufficiently detailed reports are furnished at regular intervals in a form, timeframe and quality that enables the Board to discharge its duties effectively.

Board Responsibilities and Duties

The Board's principal role is to oversee the management and governance of the Group, ensuring that it operates in the best interests of its shareholders and stakeholders. The Board Charter sets out the overall governance framework and the roles and responsibilities of the Board. It is designed to ensure clarity and consistency in the functions of the Board functioning and promotes effective oversight and accountability in the Group's operations.

While the Board assumes these responsibilities on behalf of the shareholders, the Directors recognise that other stakeholders including employees, customers, business partners, regulators and, ultimately, the general public will benefit from effective commercial performance and enhanced governance processes.

The Board's key responsibilities include:

- Providing direction and guidance to the Group in the formulation of sustainable, high-level, medium, and long-term strategies which are aimed at promoting the long-term success of the Group.
- Reviewing and approving annual plans and long-term business plans.
- Tracking actual progress against plans.
- Ensuring business is conducted with due consideration on ESG factors.
- Reviewing HR processes with emphasis on top management succession planning, including the Diversity, Equity and Inclusion (DE&I) strategy.
- Ensuring operations are carried within the scope of the Enterprise Risk Management framework.
- Appointing and reviewing the performance of the CEO.
- Ensuring compliance with laws, regulations and ethical standards and monitoring systems of governance and compliance, including concerns on ethics, bribery and corruption.
- Overseeing systems of internal control, risk management and establishing whistle-blowing conduits.
- Determining any changes to the discretions/ authorities delegated from the Board to the executive levels.
- Reviewing and approving major acquisitions, disposals and capital expenditure.

- Approving any amendments to constitutional documents.
- Approving the issue of equity/debt/hybrid securities.
- Ensuring all related party transactions are compliant with statutory obligations.
- Ensuring that the Group's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.
- Ensuring all stakeholder interests are considered in corporate decisions.
- Ensuring sustainable business development in corporate strategy decisions and activities.
- Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned.

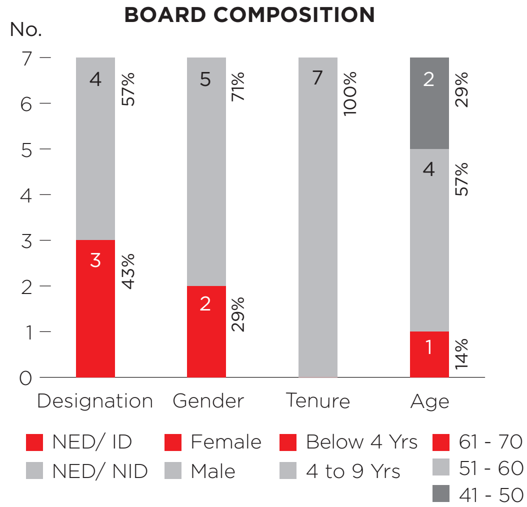
BOARD COMPOSITION

As of 31st March 2025, the Board comprised of 7 Directors, with 3 of them being Non-Executive Independent (NID/ID), 4 of them being Non-Executive Non-Independent (NED/NID).

The Group policy is to maintain a healthy balance between the Non- Independent Directors (NED) and Independent Directors (ID), in keeping with the applicable rules and codes, with the NED/NIDs bringing in deep knowledge of the businesses and the NED/IDs bringing in experience, objectivity and independent oversight. Independent Non-Executive Directors add value to strategic discussions and decision-making, whilst enhancing fair-mindedness.

In terms of composition, the Board shall comprise of not less than three and not more than twelve Directors, unless otherwise permitted by the Articles. The optimal number of Directors ranges from five to ten Directors, in compliance with applicable law, to facilitate effective group dynamics, foster individual responsibility, ensure adequate expertise and support decision-making. The Board includes at least two Independent Directors or such number equivalent to one third of the total number of Directors, whichever is higher, at any given time to be complaint with the applicable laws. Below key changes were made to the Board composition as of 26th May 2025.

- Ms. A Nanayakkara was appointed as an Independent, Non-Executive Director with effect from 2nd May 2025.
- Mr. K C S Fernando was appointed as an Independent, Non-Executive Director with effect from 2nd May 2025.
- Mr. M M J W Jayasekara was appointed as an Independent, Non-Executive Director with effect from 15th May 2025.



The composition of the KFP Board as of 31st March 2025 is as follows;

Name of the Directors	Membership	Year of Appointment	Age	Meeting Attendance Attended/ Eligible to Attend	Tenure on the Board (Years)
Mr. K N J Balendra - Chairperson	NED/NID	2018	51	4/4	7
Mr. J G A Cooray	NED/NID	2018	48	4/4	7
Mr. D P Gamlath	NED/NID	2017	51	4/4	8
Ms. P N Fernando	NED/NID	2021	51	4/4	4
Mr. P D Samarasinghe	NED/ID	2016	58	3/4	9
Ms. S De Silva	NED/ID	2016	65	4/4	9
Mr. I Samarajiva	NED/ID	2016	42	3/4	9

NED/NID - Non-Executive Non-Independent Director **NED/ID** - Non-Executive Independent Director

*Ms. A Nanayakkara and Mr. K C S Fernando were appointed to the Board w e f 2nd May 2025 and Mr. M M J W Jayasekara was appointed w e f 15th May 2025

BOARD SKILLS

The KFP Group is conscious of the need to maintain an appropriate mix of skills and experience in the Board through an annual review of its composition in order to ensure Board balance, diversity and appropriate levels of relevant skills and expertise aligned with the current and future needs of the KFP Group.

The Board regularly assesses its collective skills and experience to align with the KFP Group's strategic needs and ensure diverse representation.

Collectively, the Board brings in a multi-dimensional wealth of diverse exposure in the fields of management, business administration, banking, finance, economics, taxation, marketing and human resources. All Directors possess the skills, expertise and knowledge complemented with a high sense of integrity and independent judgement.

Further details of their qualifications and experience are provided under the Board and Management Profiles section. - page 18

BOARD ACCESS TO INDEPENDENT PROFESSIONAL ADVICE

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

BOARD APPOINTMENT

Board appointments follow a structured and formal process within the purview of the Nominations and Governance Committee.

Pursuant to Listing Rule 9.3 of the Colombo Stock Exchange (CSE) , a separate Nominations and Governance Committee was established for KFP Group with Effect from 1st October 2024 which marked a shift from the earlier practice where JKH's Board Committees, as the Parent Company, provided oversight, ensuring adherence to the Group's overarching governance principles.

The Committee has overall responsibility for making recommendations to the Board on all new appointments and for ensuring that the Board and its Committees have the appropriate balance of skills. The Board considers the recommendations of the Nominations and Governance Committee for appointment or re-election by the Board and, where relevant, by the shareholders at the Annual General Meeting.

Details of new Director appointments are disclosed to the Colombo Stock Exchange and media at the time of their appointment through a public announcement, covering the following:

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

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

The Group has implemented requisite measures to ensure that the Directors consistently meet the fit and proper criteria stipulated in Section 9.7 of the Listing Rules. The Nominations and Governance Committee evaluates the fulfilment of the fit and proper criteria outlined in the Listing Rules prior to presenting nominations at the shareholders' meeting or making appointments. Additionally, annual declarations from the Directors are obtained, confirming that each individual has consistently met the fit and proper assessment criteria outlined in these Rules throughout the relevant financial year and continues to meet the criteria as of the date of such confirmation and any non-compliances shall be disclosed.

The Terms of Reference for the members of the Nominations and Governance Committee, and the Committee report can be found in the Nominations and Governance Committee section of this report. - page 82

BOARD INDUCTION AND TRAINING

When Directors are newly appointed to the Board, they undergo a comprehensive induction where they are apprised, inter-alia, of the KFP Group values and culture, its operating model, policies, governance framework and processes, the Code of Conduct (which includes anti-corruption and anti-bribery) and the operational, environmental and social strategies of the KFP Group.

Additionally, the newly appointed Directors are granted access to relevant segments of the business and are given the opportunity to meet with Key Management Personnel and other key third-party service providers such as External Auditor, Internal Auditor and consultants.

The Board of Directors recognise the need for continuous training and expansion of knowledge and undertakes such professional development, as they consider necessary, to assist them in carrying out their duties as Directors. To this effect, the Chairperson, and the Nominations and Governance Committee periodically reviews any training and development needs of the Board and recommends any identified gaps to the Board.

Each Director is responsible for ensuring continuous learning and development in their areas of expertise and that their professional qualifications/licenses and memberships are maintained.

The Chairperson ensures that the Board is informed of significant developments in applicable laws, rules, regulations and corporate governance practices, including any impacts to the Group, including ensuring that the senior management reports on the Group's compliance with applicable laws, rules and regulations to the Nominations and Governance Committee and the Board.

RE-ELECTION

All Independent Non-Executive Directors are appointed for a period of three years, aligned with the Annual General Meeting, and are eligible for re-election, subject to the recommendation of the Nominations and Governance Committee and approval of the KFP Board. All Independent Non-Executive Directors may serve a maximum of three (3) successive terms, totalling nine (9) years unless otherwise permitted under Applicable Law or unless an extended Board tenure is necessitated by the requirements of the KFP Group.

All contracts are renewed by the Board based on the recommendation of the Nominations and Governance Committee. Nominations and Governance Committee recommendations will be based on the Directors meeting fit and proper criteria and, in the case of Independent Directors, independence criteria in addition to other requirements pertaining to qualifications, skills and experience, strategic demands facing the company and time commitments, diversity, etc are considered.

In terms of the Articles of Association, one third of all the Directors, except for the Chairperson, are eligible for re-election at the Annual General Meeting by the shareholders.

Annually, the Board discusses the possibility of any impairment of Director independence and collectively evaluates the independence of such Board members.

BOARD MEETINGS

Regularity of Meetings

The quarterly Board Meetings are scheduled well in advance to ensure full attendance and the Board and the Board Committees joining through audio visual means shall be accounted for attendance. In addition to the Board meetings, the Board of Directors communicate, as appropriate, when issues of strategic importance requiring extensive discussions arise.

The Board may increase the frequency of Meetings based on the needs of the Board and the business exigencies of the Group. The Chairperson presides at all Board meetings, unless excused or absent, in which circumstance either the Deputy Chairperson shall lead proceedings. Directors are required to attend a minimum of two or 50% of the meetings held during the financial year, whichever is higher, unless otherwise excused by the Board.

Pertinent Board discussions and decisions are recorded by the Board Secretary in the Board minutes and such minutes are put forward for approval of the Board at the next Board Meeting. All records pertaining to Board meetings and decisions are maintained in the minute book by the Board Secretary.

In addition to the Board meetings, the Board of Directors communicate, as appropriate, when issues of strategic importance requiring extensive discussions arise.

The attendance at the Board meetings held during the financial year 2024/25 is given below:

Name of the Directors	Board Meeting Attendance						
	Year of Appointment	29/04/2024	23/07/2024	29/10/2024	27/01/2025	Eligibility	Attended
Non-Independent/ Non-Executive							
Mr. K N J Balendra- Chairperson	2018	✓	✓	✓	✓	4	4
Mr. J G A Cooray	2018	✓	✓	✓	✓	4	4
Mr. D P Gamlath	2017	✓	✓	✓	✓	4	4
Ms. P N Fernando	2021	✓	✓	✓	✓	4	4
Independent/ Non-Executive							
Mr. P D Samarasinghe	2016	✓	✓	Excused	✓	4	3
Ms. S De Silva	2016	✓	✓	✓	✓	4	4
Mr. I Samarajiva	2016	✓	Excused	✓	✓	4	3

TIMELY SUPPLY OF INFORMATION

The Directors were provided with the necessary information, well in advance, by way of electronic Board papers and proposals, as relevant, for all Board meetings held during the year, in addition to the monthly and quarterly information submitted pertaining to the Group, in order to ensure robust discussion, informed deliberation and effective decision-making.

The Directors continue to have access to, and independent contact with, the corporate and senior management of the KFP Group.

BOARD AGENDA

The agenda for Meetings is determined by the Chairperson, where relevant consulting the Deputy Chairperson, and Board Secretary, with information relevant to such Meetings disseminated to the Board in a timely manner. During the period under review, the Chairperson ensured that all Board proceedings were conducted smoothly and efficiently, approving the agenda for each meeting prepared by the Board Secretary.

The typical Board agenda in 2024/25 entailed, discussion of matters arising from the previous minutes, submission of Board Sub-Committee reports, status updates of major projects and raising of capital, review of performance, strategy formulation, approval of quarterly and annual financial statements, review of risk, sustainability and corporate social responsibility related aspects, ratification of capital expenditure, ratification of Circular Resolutions and use of Common Seal, among others. Added emphasis was also placed on business performance in lieu of the challenges stemming from the macroeconomic volatilities and uncertainties.

BOARD SECRETARY

Keells Consultants (Pvt) Limited functions as both the Secretaries and Registrars of the Company.

The key responsibilities of the Board Secretary:

i. Assist the Board with compliance related matters pertaining to the Articles, Applicable Law and corporate governance practices adopted by the Group.

ii. Organise, coordinate, and support the scheduling of Board meetings, ensuring that all required documents and agendas are distributed in advance.

iii. Attend Board meetings and record minutes and ensure that all decisions are accurately documented.

iv. Facilitate regular updates to the Board on key developments in Applicable Law and corporate governance practices.

v. Assist in monitoring the Board's compliance with internal policies.

vi. Facilitate communications between the Board and the management of the Group.

TIME DEDICATED BY NON-EXECUTIVE DIRECTORS

The Board has dedicated adequate time for the fulfilment of their duties as Directors of the KFP Group.

In addition to attending Board meetings the Directors have attended the respective Sub-Committee meetings and have also contributed to decision-making via Circular Resolutions and one-on-one meetings with Key Management Personnel, when necessary.

BOARD EVALUATION

The Board conducted its annual Board performance appraisal for the financial year 2024/25. The process for the periodic evaluation of the performance of Board is established under the oversight of the Nominations and Governance Committee. This formalised process of individual appraisal enabled each member to self-appraise, on an anonymous basis, the performance of the Board under the areas of:

- Role clarity and effective discharge of responsibilities
- People mix, balance and structures
- Systems and procedures
- Quality of participation
- Board and corporate image and reputation

More recent deliberations have centred around the completion of the large ticket investments of the Group, continuous enhancement on the approach to proactively managing identification of risks, particularly in relation to cybersecurity risks, business resilience and enterprise risk management, including holistic ESG-related policies.

ENSURING INDEPENDENCE AND MANAGING CONFLICTS OF INTERESTS

The KFP Group takes necessary steps to ensure that Directors avoid situations in which they have, or could have, a direct or indirect interest which conflicts with, or might possibly conflict, with the interests of the KFP Group.

In order to avoid such potential conflicts or biases, the Directors make a general disclosure of interests, as illustrated below, at appointment, at the beginning of every financial year, and during the year, as required. The confirmatory statement shall include declaration of all material interests in contracts involving the Company and whether they have refrained from voting on materially interested matters.

Such potential conflicts are reviewed by the Board from time to time to ensure the integrity of the Board's independence. The details of companies in which Board members hold Board or Board Committee membership are available with the Company Secretary for inspection by shareholders, on request.

PRIOR TO APPOINTMENT

- Nominees are requested to make known their various interests.
- Provision of declarations and documents to confirm that there are no conflicts, meet the fit and proper criteria and satisfy the independence criteria. (to the extent applicable)

ONCE APPOINTED

- Directors obtain Board clearance prior to:
  - Accepting a new position.
  - Engaging in any transaction that could create or potentially create a conflict of interest.
- All NEDs are required to notify the Chairperson of any changes to their current Board representations or interests and a new declaration is made annually.
- Provision of declarations and documents to confirm that there are no conflicts, meet the fit and proper criteria and satisfy the independence criteria. (to the extent applicable)

DURING BOARD MEETINGS

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

The independence of all its Non-Executive Independent Directors was reviewed on the basis of criteria summarised as follows.

No Non-Executive Independent Director has a conflict of interest as at 31st March 2025 as per the criteria for independence outlined below.

	Criteria for Defining Independence	Status of conformity of NEDs
1.	Shareholding carrying not less than 10% of voting rights.	None of the individual NED/IDs' shareholdings exceed 1%.
2.	Director of another company*.	None of the NED/IDs are Directors of another related party company.
3.	Income/non-cash benefit equivalent to 20% of the Director's annual income excluding income/non-cash benefits received which are applicable on a uniform basis to all non-executive Directors on the Board.	NED/ID income/cash benefits are less than 20% of an individual Director's annual income.
4.	Employment at KFP Group and/or material business relationship with KFP Group, currently or in the three years immediately preceding appointment as a Director.	None of the NED/IDs are employed or have been employed at KFP Group or any of its subsidiaries or JKH Group
5.	Close family member is a Director, CEO, or a Key Management Personnel.	No family member of the NED/ IDs is a Director or a Key Management Personnel of a Related Party Company.
6.	Has served on the Board continuously for a period exceeding nine years from the date of the first appointment.	No NED/IDs has served on the Board for more than nine years.
7.	Is employed, is a Director, has a material business relationship and/or significant shareholding in other companies*. Entails other companies that have significant shareholding in KFP Group and/or KFP Group has a business connection with.	None of the NED/IDs are employed, are Directors, or have a material business relationship or a significant shareholding of another related party company as defined.
8.	Is below 70 years of age, unless Nominations and Governance Committee recommends the appointment, The Board of Directors approves the recommendation and Board approval is affirmed by passing a resolution through majority vote of public shareholders at a General Meeting.	None of the Directors are above the age of 70.

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

Amendment to Section 9.8.3 (ix) of the Listing Rules of the CSE
With effect from 1st March 2025, CSE amended the listing rule 9.8.3 (ix) relating to a Director losing his/her independence after reaching the age of 70 years. As per the amended rule, a Director above 70 years may be considered independent if:

1. The Nominations and Governance Committee recommends the appointment, providing justification and rationale.
2. The Board of Directors approves the recommendation.
3. The recommendation and Board approval are affirmed by passing a resolution through majority vote of public shareholders at a General Meeting.

The existing Directors above 70 years may continue as Independent Directors if the entity complies with these conditions at the next Annual General Meeting, held within 12 months of the rule's adoption and the approval process for Directors over 70 years to be considered independent must be repeated at each Annual General Meeting.

CORPORATE GOVERNANCE

DETAILS IN RESPECT OF DIRECTORS

In accordance with the Group policy and applicable law, the Directors shall not hold more than fifteen directorships in listed companies. The following table illustrates the total number of Board seats held and employed as key management personnel in other companies by each Director.

Name of the Directors	Board Seats Held and employed as Key Management Personnel in Other Listed Sri Lankan Companies			No. of Board Seats Held in Other Unlisted Sri Lankan Companies
	Executive Capacity	Non-Executive Capacity	Key Management Personnel	
Mr. K N J Balendra - Chairperson	John Keells Holdings PLC	• Asian Hotels & Properties PLC • John Keells PLC • John Keells Hotels PLC • Trans Asia Hotels PLC • Ceylon Cold Stores PLC • Union Assurance PLC • Tea Smallholder Factories PLC (resigned on 3 April 2025)	Nil	Director of many Unlisted Companies in the John Keells Group.
Mr. J G A Cooray	John Keells Holdings PLC	• Asian Hotels & Properties PLC • John Keells PLC • John Keells Hotels PLC • Trans Asia Hotels PLC • Ceylon Cold Stores PLC • Tea Smallholder Factories PLC (Resigned on 3 April 2025)	Nil	Director of many Unlisted Companies in the John Keells Group.
Mr. D P Gamlath	Ceylon Cold Stores PLC	• Union Assurance PLC	Nil	Director of many Unlisted Companies in the John Keells Group.
Ms. P N Fernando	Ceylon Cold Stores PLC	Nil	Nil	The Colombo Ice Company (Private) Limited
Mr. P D Samarasinghe	Overseas Realty (Ceylon) PLC	• Swadeshi Industrial Works PLC • Peoples Leasing & Finance PLC • John Keells PLC	Nil	• Mireka Capital Land (Pvt) Ltd - Director • Mireka Homes (Pvt) Ltd - Director • Havelock City (Pvt) Ltd - Director • Realty Management Services (Pvt) Ltd - Director • Overseas Realty Trading (Pvt) Ltd - Director • Hotel Developers (Lanka) Limited – Chairperson /NED • Mireka Seascapes (Pvt) Ltd – Director &CEO
Ms. S De Silva	Nil	• Ex-pack Corrugated Cartons PLC • Amana Takaful Life PLC • Sarvodaya Development Finance PLC	Nil	• Optima Design (Pvt) Ltd– Chairperson (INED) • Quickshaws (Pvt) Ltd (INED) • Quickshaws Tours (Pvt) Ltd (INED) • Chimneys (Pvt) Ltd (INED) • Informatics Institute of Technology(INED)

Name of the Directors	Board Seats Held and employed as Key Management Personnel in Other Listed Sri Lankan Companies			No. of Board Seats Held in Other Unlisted Sri Lankan Companies
	Executive Capacity	Non-Executive Capacity	Key Management Personnel	
Mr. I Samarajiva	Nil	Nil	Nil	Nil
Ms A Nanayakkara (appointed w.e.f. 2 May 2025)	Nil	• Sampath Bank PLC • Asian Hotels and Properties PLC • Tangerine Beach Hotels PLC • Royal Palms Beach Hotels PLC	CEO - Global Consulting Company	Rubik International (Pvt) Ltd (Executive Director)
Mr K C S Fernando (appointed w.e.f. 2 May 2025)	Nil	Nil	Nil	Fernando Ventures Limited (Chairman)
Mr. M M J W Jayasekara (appointed w.e.f. 15 May 2025)	Nil	Nil	Group COO – International Distillers Ltd	Jaytaro International Pvt Ltd (NED)

Directors' Shareholding in Keells Food Products PLC (Including the spouse)	No. of Shares as at 31st March 2025	No. of Shares as at 31st March 2024
Mr. K N J Balendra - Chairperson	-	-
Mr. J G A Cooray	-	-
Mr. D P Gamlath	-	-
Ms. P N Fernando	-	-
Mr. P D Samarasinghe	-	-
Ms. S De Silva	-	-
Mr. I Samarajiva	-	-

Ms. A Nanayakkara and Mr. K C S Fernando who were appointed to the Board w e f 2nd May 2025 and Mr. M M J W Jayasekara who was appointed w e f 15th May 2025 had no shares in the Company as of 26th May 2025.

Chief Executive Officer's Shareholding (Including the spouse)	No. of Shares as at 31st March 2025	No. of Shares as at 31st March 2024
Mr. V I Wickramaratne	-	-

DIRECTOR REMUNERATION

Non-Executive Director Remuneration

The compensation of Non-Executive Directors is determined by the Board, based on the principles of non-discriminatory pay practices and with reference to fees paid to other Non-Executive Directors of comparable companies, macro-economic conditions, time commitments to be made by such Directors and the complexities of the KFP Group.

Non-Executive Directors were paid additional fees for either chairing or being a member of a Sub-Committee and did not receive any performance/incentive payments/share option plans.

The total aggregate of Non-Executive Director remuneration for the year was Rs. 10 million [2023/24: Rs. 11 million].

Compensation for Early Termination

In the event of an early termination of a Director, there are no compensation commitments other than for:

- Non-Executive Directors: accrued fees payable for Board and Board Committee membership, if any, as per the terms of their contract.

Apart from the remuneration and compensation disclosed above, no other considerations such as recruitment incentives, termination benefits, or retirement benefits have been made to the Directors.

CORPORATE GOVERNANCE

BOARD SUB-COMMITTEES

Whilst retaining final decision rights, the Board has delegated certain functions to Board Sub-Committees. Members of these Sub-Committees focus on their designated areas of responsibility and impart knowledge and oversight in areas where they have greater expertise.

The five (5) Board Sub-Committees are as follows:

1. Audit Committee
2. Human Resources and Compensation Committee
3. Nominations & Governance Committee
4. Related Party Transactions Review Committee
5. Project Risk Assessment Committee of Parent Company – JKH

Out of the five Board Sub-Committees, four are mandatory, whist the Project Risk Assessment Committee was formed voluntarily, considering the diverse nature of businesses within the JKH Group.

Important matters arising from the Board Sub-Committee meetings are deliberated at the Board meetings, and any concerns identified are referred to the Board for oversight. The Board Sub-Committees comprise predominantly of Independent Non-Executive Directors.

In accordance with the mandatory compliance obligations stipulated under the revised Listing Rules of the Colombo Stock Exchange (CSE) on Corporate Governance, which require all listed companies to have their own Audit, Nominations and Governance, Human Resources and Compensation and Related Party Transactions Review Committees, the following Board Committees were constituted/re-constituted with effect from 1st October 2024.

Sub-committee name		Constituted/ Re-constituted
i.	Audit Committee	Re-constituted
ii.	Human Resources and Compensation Committee	Constituted*
iii.	Nominations and Governance Committee	Constituted*
iv.	Related Party Transactions Review Committee	Constituted*

* Prior to 1 October 2024, the Parent company Board Committees acted on behalf of the Company

Details of the sub-committees and their reports are provided on pages 79 to 88.

The membership of the five Board Sub-Committees is as follows;

Board Sub-Committee membership as at 31st March 2025	Audit Committee**	Human Resources and Compensation Committee	Nominations and Governance Committee	Related Party Transactions Review Committee**	Project Risk Assessment Committee of JKH*
Non Independent/Non-Executive					
Mr. K N J Balendra	-	-	Member	-	Member
Mr. J G A Cooray	-	Member	-	-	Member
Mr. D P Gamlath	-	-	-	-	-
Ms. P N Fernando	-	-	-	-	-
Independent/Non-Executive					
Mr. P D Samarasinghe	Chairperson	Member	-	Chairperson	-
Ms. S De Silva	Member	-	Chairperson	Member	-
Mr. I Samarajiva	Member	Chairperson	Member	Member	-

* Mr D A Cabraal and Dr (Mr) S S H Wijayasuriya (Chairperson) are members of the Project Risk Assessment Committee which is formed by the Parent Company.

**Ms. A Nanayakkara and Mr. K C S Fernando were appointed to the Audit Committee and the Related Party Transactions Review Committee w e f 2nd May 2025.

Audit Committee

The KFP Group's Audit Committee comprise three (3) Non-Executive Independent Directors as of 31 March 2025.

Attendance and Composition

- All members are Independent Non-Executive Directors, with the chairperson of the committee having significant, recent and relevant financial management and accounting experience, and membership in a recognised professional accounting body.

- The Sector President, the Sector Chief Financial Officer and the Head of the Group Business Process Review are permanent invitees for all Committee meetings.

The composition of the Committee as at 31st March 2025 along with the attendance of the members at Committee meetings respectively, is provided below.

No of meetings – Five (05) - The Committee convened at least once every quarter.

Members	Date of Appointment	Eligible to Attend	Attended
Mr. P D Samarasinghe - Chairperson	10/06/2016	5	5
Mr. I Samarajiva	10/06/2016	5	5
Ms. S De Silva	10/06/2016	5	4
By Invitation			
Mr. D P Gamlath		5	5
Ms. P N Fernando		5	5

*Ms. A Nanayakkara and Mr. K C S Fernando were appointed to the Sub-Committee w e f 2nd May 2025.

SCOPE OF THE AUDIT COMMITTEE	Overseeing the preparation, presentation and review of the quarterly and annual financial statements, including the quality, transparency, integrity, accuracy and compliance with accounting standards, laws and regulations, prior to tabling the same for the approval of the Board of Directors.
	Assess the adequacy and effectiveness of the internal control environment in the Group and ensure that appropriate action is taken by management on the recommendations of the internal auditors and to prevent the leakage of material information to unauthorised persons.
	Obtain and review assurance received from the Sector President and the Sector Chief Financial Officer and other Key Management Personnel, as relevant that the financial records have been properly maintained, and the financial statements give a true and fair view of the Company's and the KFP Group's operations and finances.
	Evaluate the competence and effectiveness of the risk management systems and internal controls of the Group and ensure robustness and effectiveness in monitoring and controlling risks, as recommended by the internal auditors.
	Review the adequacy and effectiveness of internal and external audit arrangements.
	Review the risk policies adopted by the Company on an annual basis.
	Recommend the appointment, re-appointment and removal of the External Auditors including their remuneration and terms of engagement by assessing qualifications, expertise, resources and independence.

REPORT OF THE AUDIT COMMITTEE

Refer Audit Committee Report on page 155 to 157 of the Annual Report.

HUMAN RESOURCES AND COMPENSATION COMMITTEE

In line with the recent amendments to the Listing Rules of the Colombo Stock Exchange ("CSE") the Company constituted its own Human Resources and Compensation Committee from 1st October 2024, replacing the previously permitted arrangement of sharing the Human Resources and Compensation Committee of the Parent Company, John Keells Holdings PLC (JKH) which acted on behalf of the Company until 30th September 2024.

Attendance and Composition

The composition of the Committee as at 31st March 2025 as well as 30 September 2024, along with the attendance of the members at Committee meetings respectively, is provided below.

31st March 2025: The Committee met on one occasion after 1st October 2024.

Members	Date of Appointment	Eligible to Attend	Attended
Mr I Samarajiva - Chairperson	01/10/2024	1	1
Mr P D Samarasinghe	01/10/2024	1	Excused
Mr J G A Cooray	01/10/2024	1	1

*The Committee's composition complies with the requirements of Rule 9.12.6 of the Listing Rules of the Colombo Stock Exchange.

30th September 2024: The Committee met on one occasion from April to September 2024.

Members	Date of Appointment	Eligible to Attend	Attended
Mr D V R S Fernando* - Chairperson	01/07/2024	N/A	N/A
Mr D A Cabraal	29/01/2015	1	1
Dr (Mr) S S H Wijayasuriya	05/11/2016	1	Excused

* Appointed w e f 01 July 2024

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

REPORT OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

The Company established its own Human Resources and Compensation Committee, effective 1st October 2024, in compliance with the revised listing rules of the Colombo Stock Exchange on corporate governance. This replaced the previous arrangement of sharing the Parent Company, John Keells Holdings PLC's Human Resources and Compensation Committee, as permitted under prior rules. The Committee is governed by a Charter (Terms of Reference) that defines its mandate, functions, composition, and practices. The Charter is reviewed periodically to ensure alignment with regulatory requirements and corporate governance best practices, including Section 9.12 of the Listing Rules. The Company Secretary serves as its Secretary.

The Committee plays a vital role in the Company's governance framework by ensuring compensation and benefits policies are fair, competitive, and aligned with the John Keells Group's compensation philosophy. It reviews and ratifies the compensation of the Chief Executive Officer (CEO) and key executives, who are pivotal in shaping business strategies and decision-making, while also making recommendations to the Board. Additionally, the Committee monitors and evaluates top talent performance to support organizational growth and succession planning, with a focus on key executive roles. In fulfilling these responsibilities, it ensures the alignment of stakeholder interests, the retention of top talent, and compliance with legal and regulatory standards.

The Chairperson of the Committee updates the Board on pertinent matters during Board meetings, ensuring key developments and relevant issues are addressed. The Committee confirms compliance with the Companies Act No 7 of 2007 regarding Director remuneration and confirms that no Director or key executive participated in decisions regarding their own remuneration. Performance appraisals, along with short-term and long-term incentive calculations for the CEO and key executives, were conducted in line with approved processes and the framework of the John Keells Group. As part of its governance responsibilities, the Committee conducted a self-evaluation of its performance for the year and concluded that its functions were carried out effectively in accordance with the Committee Charter.

Mr I Samarajiva
Chairperson of the Human Resources and Compensation Committee

26th May 2025

NOMINATIONS AND GOVERNANCE COMMITTEE

In line with the recent amendments to the Listing Rules of the Colombo Stock Exchange ("CSE") the Company constituted its own Nominations and Governance Committee from 1st October 2024, replacing the previously permitted arrangement of sharing the Nominations and Governance Committee of the Parent Company, John Keells Holdings PLC (JKH) which acted on behalf of the Company until 30th September 2024.

Attendance and Composition

The composition of the Committee as at 31st March 2025 as well as 30th September 2024, along with the attendance of the members at Committee meetings respectively, is provided below.

31st March 2025: The Committee met on one occasion after 1st October 2024.

Members	Date of Appointment	Eligible to Attend	Attended
Ms S De Silva– Chairperson	01/10/2024	1	1
Mr I Samarajiva	01/10/2024	1	1
Mr K N J Balendra	01/10/2024	1	1

*The Committee's composition complies with the requirements of Rule 9.11.4 of the Listing Rules of the Colombo Stock Exchange.

30th September 2024: The Committee met on five occasions from April to September 2024.

	Date of Appointment	Eligible to Attend	Attended
Dr (Ms) S A Coorey - Chairperson	08/11/2023	5	5
Mr D A Cabraal	07/11/2013	5	5
Dr (Mr) S S H Wijayasuriya	05/11/2016	5	5
Mr K N J Balendra*	01/01/2019	5	5

* Resigned w e f 1st October 2024.

SCOPE OF THE NOMINATIONS AND GOVERNANCE COMMITTEE	
	Assess the skills required on the Board given the needs of the businesses.
	From time to time assess the extent to which the required skills are represented at the Board.
	Prepare a clear description of the role and capabilities required for a particular appointment.
	Identify and recommend suitable candidates for appointments to the Board.
	Ensure, on appointment to the Board, Non-Executive Directors receive a formal letter of appointment specifying clear expectations in terms of time commitment, involvement outside of the formal Board meetings and participation in Committees, amongst others.
	Ensure that every appointee undergoes an induction to the Group.

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee, appointed by the Board, is constituted in compliance with the Listing Rules and the Company's Corporate Governance framework. Governed by a Charter (Terms of Reference), it defines the Committee's mandate, functions, composition, and operative practices, reviewed annually for alignment with regulatory requirements, including Section 9.11.5 of the Listing Rules and corporate governance best practices voluntarily adopted by the Company. Effective 1st October 2024, the Company established its own Committee, replacing the previous arrangement of utilizing the parent company's Nominations Committee until 30th September 2024. The Company Secretary serves as its Secretary.

The Committee reaffirmed its mandate to:

- Lead the process of Board appointments and to make recommendations to the Board in respect of all new Board appointments, and the re-election/re-appointment of those retiring in terms of the Articles of Association, under contract or applicable law.
- Oversee the process of appointment, re-election and re-appointment of Directors to the Board of the Company, in accordance with the John Keells Group's philosophy and framework on matters pertaining to the appointment and tenure of Directors of the listed subsidiaries.
- Ensure a comprehensive Board induction process is in place and is carried out in a timely manner.
- Define and establish processes for the nomination and re-appointment/re-election of Independent Non-Executive Director and Non-Independent Non-Executive Directors.
- Ensure that there is an acceptable methodology in place to periodically carry out a self-evaluation of the Board, which will be administered by the Chairperson of this Committee and the outcomes discussed at the Board level.
- Review and recommend an overall corporate governance framework, considering applicable laws, rules, regulatory requirements and industry/international best practices.

Activities During the Year

During the financial year ended 31st March 2025, the Committee undertook the following key activities:

- Collaborated with the Board in reviewing the skills and competencies required for effective Board functioning.

- Prioritized Board balance and diversity by considering a broad range of factors—including experience, skills, age, gender, and other attributes—to foster a well-rounded mix of perspectives that enhance decision-making and Board performance. These considerations were integrated into the Director appointment process.

- Evaluated all appointments and re-appointments to the Board, ensuring that all appointments were made in alignment with the Company's corporate governance policies and framework, including succession planning, and were conducted in an informed, equitable, and impartial manner, with no individual participating in decisions pertaining to their own appointment/re-appointment.

- Ensured that in accordance with Article 83 of the Company's Articles of Association, one-third of the Directors on the Board being subject to retirement by rotation by virtue of being the longest-serving members in office (excluding the Chairperson) retired by rotation at each Annual General Meeting. Additionally, ensured adherence to Article 90, requiring Directors appointed during the year, if any, to retire at the first Annual General Meeting following their appointment.

- During the year, the following Directors, retiring under Article 83 and being eligible for re-election, were presented along with their respective profiles, to the shareholders of the Company for re-election at the Annual General Meeting held on 18th June 2024:

  o Mr. D P Gamlath - Non-Executive Director

  o Ms. P N Fernando - Non-Executive Director

- Ensured that newly appointed Directors were provided with an induction to the Company and the Group together with an induction pack containing key governance documents.

- Ensured that all Directors, including Independent Non-Executive Directors, remained informed of regulatory updates, governance developments and significant matters relevant to the Company and the Group, through periodic briefings at Board and Board Committee meetings from the Chairperson, Executive Directors, Company Secretary, and senior management and through Board notes.

- Reviewed general disclosure of interests, statutory and fit and proper declarations submitted by Directors and confirmed their eligibility in accordance with the Listing Rules and applicable governance requirements.

- Reviewed the independence declarations submitted by Independent Non-Executive Directors and confirmed their compliance with the criteria outlined in Rule 9.8.3 of the Listing Rules.

- Reviewed key Company policies ensuring compliance with Rule 9.2 of the Listing Rules.

Director Profiles and Information Disclosures

The profiles of the Company's Directors, including details of their first appointment to the Board, nature of Directorship, appointments to Board Committees, principal commitments and positions held and any relevant relationships (including relationships with other Directors, the Company, or significant shareholders of the Company), are provided in the Board and Management Profiles and Corporate Governance sections of this Annual Report.

Directors retiring at the Annual General Meeting of the Company for the financial year 2024/2025.

The Committee notes that the following Directors will complete their contractual tenure, having served over nine (9) years on the Board of Directors and will retire from the Board of Directors on the date immediately following the date of the Annual General Meeting of the Company:

o Ms. S De Silva - Independent Non-Executive Director

o Mr. I Samarajiva - Independent Non-Executive Director

o Mr. P D Samarasinghe - Independent Non-Executive Director

The following Directors who are retiring under Articles 83 and 90 of the Articles of Association of the Company will be placed before the shareholders at the Annual General Meeting of the Company for re-election:

Members proposed for re-election and contract renewal	Nature of Directorship	Date of first appointment as a Director	Date of last re-appointment as a Director	Current membership in Board Committees Other principal commitments Any other relationships
Mr. J G A Cooray (Article 83)	Non-Executive Non-Independent Director	01st January 2018	23rd June 2021	The details are provided in the Board Profiles and Corporate Governance sections of this Annual Report.
Mr. D P Gamlath (Article 83)	Non-Executive Non-Independent Director	1st November 2017	18th June 2024	
Ms. A Nanayakkara (Article 90)	Independent Non-Executive Director	02nd May 2025	None	
Mr. K C S Fernando (Article 90)	Independent Non-Executive Director	02nd May 2025	None	
Mr. M M J W Jayasekara (Article 90)	Independent Non-Executive Director	15th May 2025	None	

Board and Board Committee Evaluations

- The Committee conducted a self-evaluation of its performance for the year and concluded that its functions were carried out effectively in accordance with the Committee Charter.
- All other Committees of the Board underwent similar performance assessments.
- The Board completed an annual self-assessment of its performance for the financial year 2023/24, the outcome of which were discussed between the Board and the Committee.

Reporting

The Committee reports its activities at each Board Meeting of the Company.

Governance Practices and Compliance with Listing Rules

The Committee has reviewed the management report confirming compliance with the corporate governance framework and confirms that all applicable requirements under Section 9 of the Listing Rules have been met. The Company continues to strengthen its governance practices to promote transparency, accountability, and stakeholder confidence. A detailed statement of the Company's compliance with the Listing Rules may be found in the Corporate Governance section of the Annual Report.

Ms. S De Silva
Chairperson of the Nominations and Governance Committee
26th May 2025

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

In line with the recent amendments to the Listing Rules of the Colombo Stock Exchange ("CSE") the Company constituted its own Related Party Transactions Review Committee from 1st October 2024, replacing the previously permitted arrangement of sharing the Related Party Transactions Review Committee of the Parent Company, John Keells Holdings PLC (JKH) which acted on behalf of the Company until 30th September 2024.

Attendance and Composition

The composition of the Committee as at 31st March 2025 as well as 30th September 2024, along with the attendance of the members at Committee meetings respectively, is provided below.

31st March 2025: The Committee met on two occasions after 1st October 2024.

Members	Date of Appointment	Eligible to Attend	Attended
Mr P D Samarasinghe - Chairperson	01/10/2024	2	2
Ms S de Silva	01/10/2024	2	2
Mr I Samarajiva	01/10/2024	2	2

*Ms. A Nanayakkara and Mr. K C S Fernando were appointed to the Sub-Committee w e f 2nd May 2025.
*The Committee's composition complies with the requirements of Rule 9.14.2 of the Listing Rules of the Colombo Stock Exchange.

30th September 2024: The Committee met on three occasions from April to September 2024.

	Date of Appointment	Eligible to Attend	Attended
Mr H M A Jayesinghe** - Chairperson	01/07/2024	1	1
Mr. D V R S Fernando	08/11/2023	3	3
Mr D A Cabraal	29/01/2014	3	3
Mr A N Fonseka*	29/01/2014	2	2

* Retired w e f 1st July 2024. **Appointed w e f 1st July 2024.

SCOPE OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE	The Group has broadened the scope of the Committee to include senior decision makers in the list of Key Management Personnel, whose transactions with Group companies also get reviewed by the Committee, in addition to the requisitions of the CSE.
	All proposed Related Party Transactions shall be reviewed in advance and in the event of any material changes, such changes shall also be reviewed by the Related Party Transactions Review Committee prior to the completion of the transaction.
	Develop and recommend for adoption by the Board of Directors a Related Party Transaction Policy which is consistent with the operating model and the delegated decision rights of the Group.
	Update the Board on Related Party Transactions of companies of the KFP Group on a quarterly basis and formally request the Board to approve the Related Party Transactions following the determination of whether such approval is needed.
	Define and establish the threshold values for each of the subject companies in setting a benchmark for Related Party Transactions, Related Party Transactions which have to be pre-approved by the Board, Related Party Transactions which require to be reviewed annually, such as recurrent Related Party Transactions and similar issues relating to listed companies.
	Ensure that they have or have access to expertise to assess all aspects of proposed Related Party Transactions, and where necessary, obtain expert advice from an appropriately qualified person.
	Where a Director has personal material interest in a matter being reviewed by the Committee, such Director shall not be present in the meeting and shall not vote in the matter, except at the request of the Committee.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

In line with the recent amendments to the Listing Rules of the Colombo Stock Exchange (“CSE”) the KFP Group constituted its own Related Party Transactions Review Committee with effect from 1st October 2024, replacing the previous arrangement of sharing the Related Party Transactions Review Committee of the Parent Company, John Keells Holdings PLC (JKH) which acted on behalf of the KFP Group until 30th September 2024. In line with the Corporate Governance rules, documented policy and processes are in place regarding related party transactions.

The Chief Financial Officer of the Consumer Foods Industry Group serves as the Secretary to the Committee.

Objective and Governing Policies

To ensure on behalf of the Board of Directors of the KFP Group, that all Related Party Transactions (RPT) of the KFP Group are consistent with the Code of Best Practices on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka (“Code”), the Listing Rules of the Colombo Stock Exchange (“Listing Rules”) and other applicable laws, rules, regulations, codes of best practice and standards.

The Committee shall ensure that in discharging its functions:

- It is in compliance with the Listing Rules, the Code and other applicable rules and regulations.
- KFP Group's Related Party Transactions framework is aligned with the John Keells Group's policies and procedures.
- Shareholder interests are protected.
- Fairness, integrity and transparency are maintained.

Functions of the Committee

- To develop, and recommend for adoption by the Board of Directors of the KFP Group, an RPT Policy which is consistent with applicable laws, rules and regulations, the Operating Model and delegated decision rights of the John Keells Group and which sets out, amongst others, the following:
    - o Defining relevant requirements and threshold values for the KFP Group in setting a benchmark for RPTs, including those requiring detailed discussion, the approval of the Board and/or annual review.
    - o The guiding principles on which RPTs require prior approval of the Board and which transactions do not require the prior approval of the Board and therefore can be reviewed retrospectively.
    - o Establishment of the starting base for Recurrent RPTs.
    - o Guidelines which senior management must follow in dealing with Related Parties, including the conformance with Transfer Pricing regulations.
    - o Instances where an immediate market disclosure of the RPT is required.
    - o Instances where shareholder approval for the RPT is required.
    - o Formats to be used by the KFP Group in presenting the RPT information to the Committee.
- To provide updates to the Board on a quarterly basis, of the RPTs pertaining to the KFP Group as follows:
    - o Starting Recurrent RPTs.
    - o RPTs during the quarter including Non-recurrent RPTs.
    - o RPTs which were above the thresholds.
    - o Market announcements made in keeping with the RPT disclosure guidelines.
- The Committee primarily relied on processes that were validated from time to time, periodic reporting by the relevant entities and Key Management Personnel (KMP), with a view to ensuring that:
    - o There is compliance with the Code and the Listing Rules of the CSE;
    - o Protection of Shareholder interests; and
    - o Maintenance and preservation of fairness and transparency
- Recurrent RPTs were reviewed annually by the Committee

Further in addition to the Directors, President, Executive Vice President, Chief Executive Officer have been designated as KMPs to increase transparency and enhance good governance. Annual disclosures from all KMPs setting out any RPTs they were associated with, if any, were obtained and reviewed by the Committee

Conclusion

The committee has reviewed Related Party Transactions during the financial year. During the year no Related Party Transaction has been reported to the Board that has exceeded the limits prescribed in the Listing Rules Section 9. Further, either the Directors or close family members do not have any material business relationships with the KFP Group or with other Directors of the KFP Group. The activities and views of the Committee are communicated to the Board of Directors, through verbal briefings and by tabling the minutes of the Committee meetings.

P D Samarasinghe
Chairperson of the Related Party Transactions Review Committee

26th May 2025

PROJECT RISK ASSESSMENT COMMITTEE OF THE PARENT COMPANY - JKH

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

REPORT OF THE PROJECT RISK ASSESSMENT COMMITTEE

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

During the year under review, the context of Project Risk Assessment was centred primarily on the two landmark investment projects - 'City of Dreams Sri Lanka' and the West Container Terminal. Given the scale and impact of the risks and opportunities associated with the said projects and the near operational status of both projects, the committee and board were of the view that related deliberations should take place with participation of the full Board as regular board agenda items.

While there were no specific new investments during the year which required the approval of the Committee as per the Board agreed financial thresholds, matters pertaining to the operationalisation of the BYD - New Energy Vehicle business were presented to the full Board and duly deliberated.

Dr. (Mr.) S S H Wijayasuriya
Chairperson of the Project Risk Assessment Committee

26th May 2025

No of meetings – The committee did not convene during the year.

	Date of Appointment
Dr (Mr) S S H Wijayasuriya - Chairperson	25/05/2018
Mr D A Cabraal*	01/10/2024
Mr. K N J Balendra	25/05/2018
Mr. J G A Cooray	25/05/2018

*Appointed w e f 1st October 2024.

ROLE OF THE CHAIRPERSON OF THE BOARD

The Chairperson is a Non-Executive Non-Independent Director. The Chairperson conducts Board Meetings ensuring effective participation of all Directors. The Chairperson is responsible for providing leadership to the Board and ensuring that proper order and effective discharge of Board functions is carried out at all times by the Board Members.

Chairperson

The Chairperson of JKH, the Parent Company, serves as the Chairperson of the Company and is responsible for providing leadership to the Group and for performance of the Board, engaging all Directors to actively contribute to matters set before the Board. He sets the tone for the governance and ethical framework of the KFP Group, facilitates and encourages the expression of diverse views and by keeping in touch with local and global industry developments, ensures that the Board is alert to its obligations to the Company's shareholders and other stakeholders.

With the assistance of the Board Secretaries, Keells Consultants (Private) Limited, he also ensures that:

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

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

GROUP EXECUTIVE COMMITTEE AND OTHER MANAGEMENT COMMITTEES

The JKH Group Executive Committee and the other Management Committees met regularly as per a timetable communicated to the participants 6 months in advance. In the absence of a compelling reason, attendance at these Committee meetings is mandatory for the Committee members. All the Committees carried out specific tasks entrusted to each component, as expected.

Whilst the Chairperson and Presidents are ultimately accountable for the Company/Group and the industry groups/sectors/ business functions respectively, all decisions are taken on a committee structure as described below.

Group Executive Committee (GEC) - JKH

As at 31st March 2025, the eight-member GEC consisted of the Chairperson of the JKH Group, Deputy Chairperson/ Group Finance Director of the JKH Group and the Presidents of each business/ function. The GEC is the overlay structure that implements, under the leadership and direction of the Chairperson, the strategies and policies determined by the Board, manages through delegation and empowerment, the business and affairs of the JKH Group, makes portfolio decisions and prioritises the allocation of all forms of capital.

A key responsibility of the members of the GEC is to act as the enablers of the operating model of the JKH Group. The members of the GEC are well equipped to execute these tasks and bring in a wealth of experience and diversity to the Group in terms of their expertise and exposure.

Refer GEC Profiles section of the JKH corporate website for more details.

The GEC meets twice a month, in addition to the meetings that are scheduled as necessitated by the requirements of the JKH Group.

Group Operating Committee (GOC) - JKH
As at 31st March 2025, the twenty-member GOC consisted of the Chairperson of the JKH Group, Deputy Chairperson/ Group Finance Director of the JKH Group, the Presidents and the Executive Vice Presidents in charge of sectors and the finance functions of the industry groups and Executive Vice Presidents who are functional heads at Centre Functions. The GOC provided a forum to share learnings, and identify synergies, across industry groups, sectors, business units and functions.

The GOC meets once a month and is instrumental in preserving a common group identity across diverse business units.

Refer GOC Profiles section of the corporate website for more details

Group Management Committee (GMC)
The GMC's of the Consumer Foods Industry Group operate under the leadership of the respective Presidents are dedicated and focused towards implementing strategies and policies determined by the Board and designing, implementing and monitoring the best practices in their respective functions, strategic business units or even at departmental level where appropriate and material.

Key Objectives of the GMC
The underlying intention of the GMC is to encourage the respective business units to take responsibility and accountability to the lowest possible level, via suitably structured committees and teams in a management by objectives setting.

Scope of the GMC
The agenda of the GMC is carefully structured to avoid duplication of effort and ensure that discussions and debate are complementary both in terms of a bottom-up and top-down flow of information and accountability. Responsibility and accountability of the effective functioning of the GMC is vested upon the President and the functional heads as applicable.

The GMC focus is aligned to headline financial and non-financial indicators, strategic priorities, risk management, implement the strategies and policies determined by the Board, the use of IT as a tool of competitive advantage, new business development, continuous process improvements, management of human resource and managing through delegation and empowerment, the business affairs of the respective sectors. Responsibility for monitoring and achieving plans as well as ensuring compliance with Group policies and guidelines rests with the Presidents and functional heads where applicable.

These Committees met regularly and carried out their tasks in keeping with their scope. The Management Committees proved to be key in enhancing employee engagement and empowerment.

Illustrated below is the structure of the three Committees.

GMC Structure

* Vice President (VP)

CORPORATE GOVERNANCE

EMPLOYEE EMPOWERMENT

The KFP Group ensures that the necessary policies, processes and systems are in place to ensure effective recruitment, development and retention of this vital stakeholder. The bedrock of these policies is the Group's competency framework, which has been further refined and updated to reflect the current needs of the Group. To support these policies, the Group continued with, and further strengthened, the following practices.

- Top management and other senior staff are mandated to involve, as appropriate, all levels of staff in formulating goals, strategies and plans.
- Decision rights were defined for each level of employment in order to instil a sense of ownership, reduce bureaucracy and speed-up the decision-making process.
- A bottom-up approach was taken in the preparation of annual and long-term plans and the Group also ensured employee involvement in strategy, and thereby empowerment.
- Organisational and Committee structures are designed to enable, and facilitate, high accessibility of all employees to every level of management.
- Open, honest, frank and constructive communication is encouraged at all levels. The Group strongly believes that constructive disagreement is essential for optimal decision making.

The KFP Group prioritises a safe, secure and conducive environment for all its employees, allows freedom of association and collective bargaining, prohibits child labour, forced or compulsory labour and any discrimination based on gender, race, religion, gender identity or sexual orientation, and promotes workplaces which are free from physical, verbal or sexual harassment.

Integrated Governance Systems and Procedures

Listed below are the main governance systems and procedures of the JKH Group, adopted by the Company and the KFP Group. These systems and procedures strengthen the elements of the Internal Governance Structure and are benchmarked against industry best practice.

i. Strategy formulation and decision-making process

ii. Human resource governance

iii. Integrated risk management

iv. IT governance

v. Tax governance

vi. Stakeholder management and effective communications

vii. Sustainability governance

JKH Group's ethical business practices, adopted by the Company and the KFP Group;

Seeks to ensure that ethical business practices are the norm from the most senior to the most junior employee, stemming from, and including the Board of Directors. All Group companies have procedures and processes to enable the prevention and reduction of corruption and bribery. Each business unit is also expected to evaluate the risk of corruption as part of its risk management process and put in place mitigation measures to reduce such risks. Its transparent control and prevention mechanisms also extend this expectation to its value chain comprising of its customers, suppliers and business partners. The Group is required to analyse all its business units and functions and include the risk of corruption as part of its risk management process. The Group has a zero-tolerance policy towards bribery and corruption.

i. Stringent checks during the recruitment process ensures that minimum age requirements are met.

ii. Ensures that all businesses are educated on the possible sources of forced and compulsory labour.

iii. Committed to upholding the universal human rights of all its stakeholders.

iv. Is an equal opportunity employer and has zero-tolerance for physical or verbal harassment based on gender identity, race, religion, nationality, age, social origin, disability, sexual orientation, political affiliations or opinion.

STRATEGY FORMULATION AND DECISION-MAKING PROCESSES

The Company and the KFP Group have adopted the JKH Strategy Formulation and Decision-Making Processes.

Strategy Mapping

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

This exercise entails the following key aspects, among others.

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

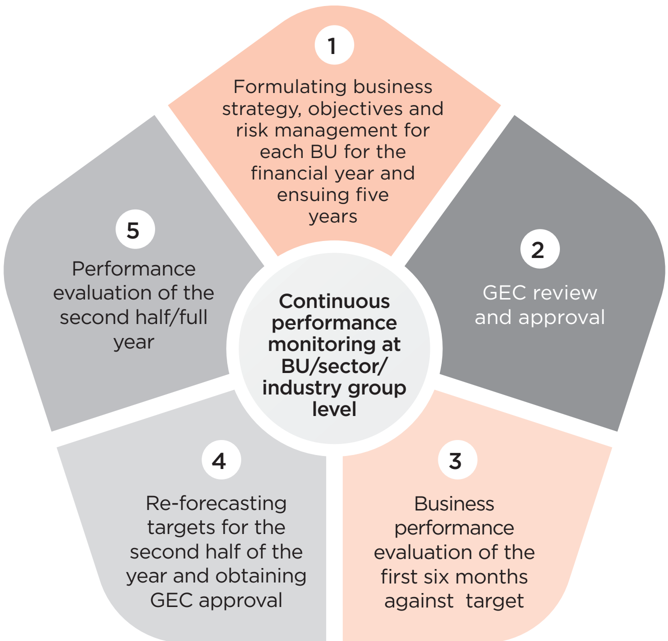
The strategies of the various business units, operating in diverse industries and markets, will always revolve around the JKH Group strategy, while considering their domain specific factors. The prime focus always is to heighten value for all stakeholders.

The JKH Group's investment appraisal methodology and decision-making process ensures the involvement of all key stakeholders that are relevant to the evaluation of the decision.

In this manner:

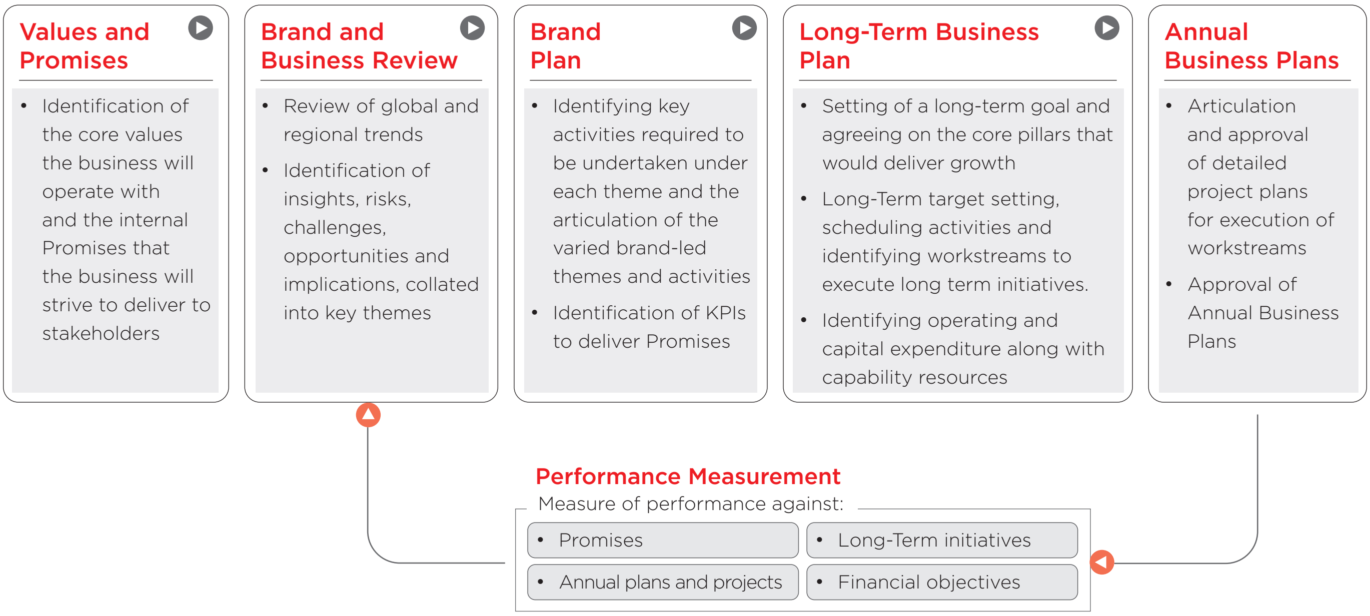
- A broad range of views, opinions and advice are obtained prior to making an investment decision.
- A holistic view is taken on the commercial viability and potential of any project, including operational, financial, funding, legal, risk, sustainability and tax implications.
- Sensitivity and scenario analysis are conducted to understand the impacts from the macroeconomic environment, especially during periods of volatility and uncertainty.
- All investment decisions are consensual in nature, made through the afore-discussed management Committee structure where no single individual has unfettered decision making powers over investment decisions.
- The ultimate responsibility and accountability of the investment decision rests with the Chairperson.

Group's strategy formulation and planning process



Medium-Term Strategy

The ensuing section illustrates the comprehensive process followed by each business in developing the business's strategy for the medium-term.



Project Approval Process
Projects undertaken at the Group follow a detailed feasibility report covering key business considerations under multiple scenarios, within a framework of sustainability. The feasibility stage is not restricted to a financial feasibility and encompasses a wider scope of work covering risk management, sustainable development, ESG and HR considerations.

Based on the decision rights matrix, subsequent to review by the relevant leadership committee of the feasibility report and post in principle approval, a multi-disciplined project team will proceed to the next phase of the project evaluation which will focus on detailed operational, commercial, financial and legal due diligence, including a deep dive into ESG impacts and risks. Discussions will also commence with regulatory and licensing authorities, financial institutions and possible partners, worker representatives, as relevant and deemed necessary.

- Where the transaction involves the transfer or lease of land, title searches would be conducted for both private and State land. In case of State land, every action would be taken to ensure compliance with the relevant rules and regulations. As appropriate, written authority and approvals will be obtained.
- Any project which involves bidding on contracts and tenders, including to those of local and foreign Government and related bodies, is executed in conformance with the Group's policy on bidding on contracts and tenders. It is noted that, while the Company currently does not have any contracts with any local and foreign Governments, the Company will disclose the same in its financial statements, in such an event.
- Where the project is a part of a privatisation, the entire process will be conducted in line with the directives of the relevant administrative authority as communicated through expressions of interests, request for proposals, pre-bid meetings, official approvals and correspondence.

Subsequent to the project satisfying the above highlighted criteria, the final approval to proceed will be granted by the Board. Based on thresholds of the investment quantum, the JKH Project Risk Assessment Committee, on behalf of the Board, will review and assess risks associated with such investments and the mitigatory plans thereto, if mitigation is possible, and identify risks that cannot be mitigated. The aim of this intervention is to ensure alignment with the interest of various stakeholders and to recommend to the Board, necessary action required, to mitigate risks that are identified in the course of evaluating a project in order to ensure that those risks are captured by the Group Risk Matrix for monitoring and mitigation. When appropriate, the GEC is empowered to approve such proposals in terms of the delegated decision rights with the Board being kept informed.

The aforementioned **Project Appraisal Framework** flow is illustrated below:

Risk Management

Project origination → Feasibility study → Review by the GEC → Due diligence → Board/ GEC approval

Sustainability Management

Legal, Regulatory and HR Requirements/ Framework

HUMAN RESOURCE GOVERNANCE

The Company and KFP Group abide by the JKH human resource governance framework, which is designed in a manner that enables high accessibility by any employee to every level of management. Constant dialogue and facilitation is also maintained, ranging from work related issues to matters pertaining to general interest that could affect employees and their families. The Company and KFP Group follows an open-door policy for its employees which is promoted at all levels of the Group.

The state-of-the-art cloud based Human Resource Information System (HRIS) manages the entire lifecycle of the employee from onboarding to performance management, succession planning, compensation, learning and development, through to offboarding.

Performance Management

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

Performance Management System

Compensation and Benefits

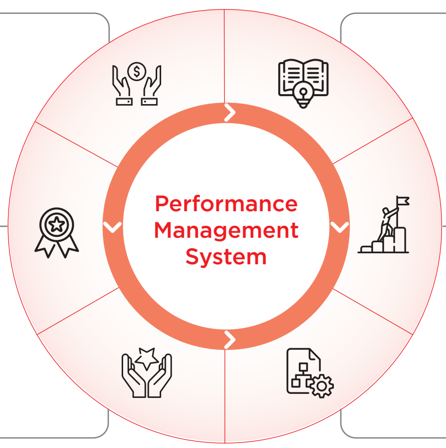
Identification of:
- Performance rating
- Competency ratings

Rewards and Recognition

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

Talent Management

Identification of:
- High performers
- High potential



Learning and Development

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

Career Development

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

Succession Planning

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

Whilst the employees are appraised for their performance, equal emphasis is placed on how well they embody KFP Group Values, namely: Caring, Trust, Integrity, Excellence and Innovation.

JKH SUCCESS DRIVERS

During the year, the JKH Group initiated a project to revamp its Competency Framework, which had been in use for over a decade. This effort resulted in the creation of Success Drivers, a refreshed and more relevant set of competencies. These nine Success Drivers were developed through discussions and workshops, involving a diverse group of internal and external stakeholders at various levels.

In 2024/25, the JKH Group introduced sector-specific awareness sessions and digital learning initiatives to enhance understanding and encourage the adoption of these Success Drivers within teams. Around 70% of employees participated in these awareness sessions during the year. Furthermore, Success Drivers are set to become a key part of the performance management process in 2024/25. Employees will be evaluated based on these competencies, with opportunities for development identified as part of the process.

JKH Success Drivers with Highlights:

1. INCLUSIVE LEADERSHIP
- Inclusivity & Diversity
- Collaboration & Open Communication
- Compassion & Empathy
- Coaching & Mentoring
- Upholding Values

2. CONNECTING THE DOTS
- Big Picture Perspective
- Multidisciplinary Approach
- Critical Thinking
- Value Driven Approach

3. BEING AGILE
- Adapting to Change
- Thriving in Uncertainty
- Bouncing Back from Adversities
- Rapid Experimentation Approach
- Solution-Oriented Growth Mindset

4. RELENTLESS EXECUTION
- Action Orientation
- Prioritization
- Effective Time Management Focus & Commitment

5. EMOTIONAL RESILIENCE
- Self-Control and Self-Regulation
- Adapting to Change
- Bouncing Back from Adversities
- Positive Outlook & Growth Mindset

6. STORYTELLING
- Impactful Communication
- Inspiring People
- Creative Ways of Engagement
- Active Listening

7. ENTREPRENEURIAL MINDSET
- Innovative Thinking
- Decisiveness & Ownership
- Unwavering Commitment
- Prudent Risk-Taking

8. 360 STAKEHOLDER COMMITMENT
- Passion for all Stakeholders
- Building Synergies
- Trust & Credibility
- Commitment to Financial Outcomes + ESG

9. CORPORATE CITIZENSHIP
- Commitment to ESG
- Ethical Practices
- Focus on Sustainability

PERFORMANCE BASED COMPENSATION PHILOSOPHY

The JKH Group Compensation Policy which have been adopted by the KFP Group is as follows:

PERFORMANCE MANAGEMENT

"Pay for performance"
Greater prominence is given to the incentive component of the total target compensation.

SATISFACTION

"More than just a workplace"
Continuously focuses on creating a sound work environment covering all aspects of employee satisfaction.

COMPENSATION POLICY

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

INTERNAL EQUITY

- Remuneration policy is built upon the premise of ensuring equal pay for equal roles.
- Manager and above level roles are banded using the Mercer methodology for job evaluation, on the basis of the relative worth of jobs.

EXTERNAL EQUITY

- Fixed compensation is set at competitive levels using the median, 65th percentile and 75th percentile of the best comparator set of companies (from Sri Lanka and the region, as relevant) as a guide.
- Regular surveys are done to ensure that employees are not under / over compensated.

Equity Sharing

The Company does not offer its shares under an ESOP Scheme. The ESOP Scheme made available to the Senior Executives of the Company is from the Parent Company, JKH, at defined career levels based on pre-determined criteria which are uniformly applied across the eligible levels and performance levels. These long-term incentives have been significantly instrumental in inculcating a deep sense of ownership in the recipients and are seen to be a key driver of performance-driven rewards. Share options are awarded to individuals based on their immediate performance and the potential importance of their contribution to the KFP Group's plans.

JKH Group issues share options not exceeding a specified percentage of the total issued shares of the Company as at the date of awarding every such option, which is subject to in-principle approval of the Exchange and shareholder approval, by way of a Special Resolution at a General Meeting.

INTEGRATED RISK MANAGEMENT

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

Continuous steps taken towards promoting the KFP Group's integrated risk management process are:

- Integrating and aligning activities and processes related to planning, policies/ procedures, culture, competency, internal audit, financial management, monitoring and reporting with risk management.
- Supporting executives/managers in moving the organisation forward in a cohesive integrated and aligned manner to improve performance, while operating effectively, efficiently, ethically and legally within the established limits for risk taking. The risk management programmes have allowed greater visibility and understanding of risk appetites. Enabled by the automated risk management platform, key

management personnel have virtual visibility of the risks, as relevant, while the Board has visibility of all KFP Group risks.

- Update of the Enterprise risk management platform to improve performance and include the latest features.

The Board, GEC and GOC, oversee risk management across the Group to ensure that risks are brought within tolerance, managed and/or mitigated.

Please refer the Enterprise Risk Management section of the Annual Report for more details.

INFORMATION TECHNOLOGY (IT) GOVERNANCE

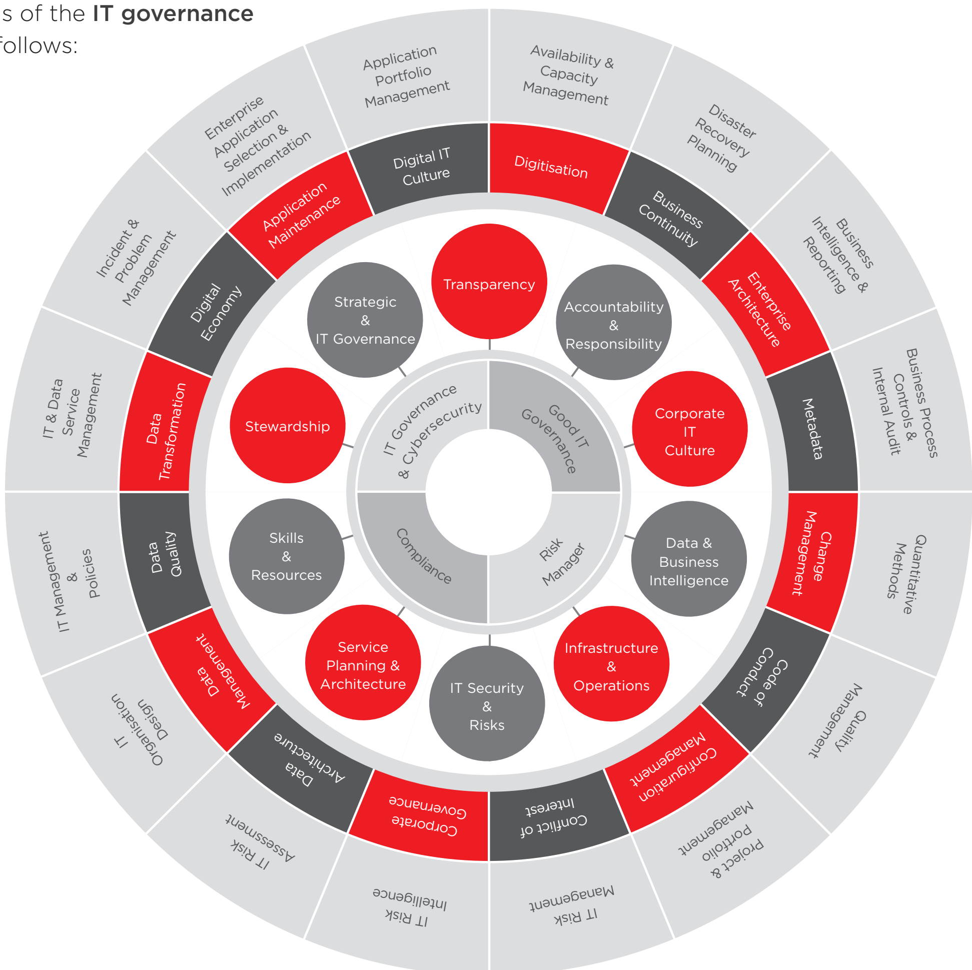
IT governance stewardship roles are governed through layered and nested committees, cascading from the Board, GEC, GOC, the Group IT Steering Committee and to the Group IT Operations Committee with well-defined roles and responsibilities across the Group with a federated governance structure to cater to the holistic Group-level as well as specific industry level nuances.

This ensures empowerment and enablement to act with a singular and more robust governance and policy framework across the Group, whilst being agile and nimble.

The Group's IT governance framework focuses on five broader segments, namely, strategic alignment, value delivery, performance management, risk management, and resource management.

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

The key focus areas of the **IT governance framework** are as follows:



The KFP Group continually focuses on enhancing the IT governance framework in line with its business and IT strategies with a focused shift towards a zero-trust model built on a mobile-first, internet-first, cloud-first and artificial intelligence (AI)-first strategy.

KEY INITIATIVES DURING THE YEAR:

- During the year, the Group undertook a financial transformation to align processes with strategic goals and enhance performance. This involved a comprehensive look of the business's financial processes, understanding existing challenges, controls, areas of manual work, identifying areas to leverage technology such Robotic Process Automation (RPA), Advance Analytics and challenges to transform the finance function to be a more strategic contributor to the businesses. With the initial review over 200 changes and areas of improvement were identified and are being reviewed for implementation. The transformation efforts have been focused on establishing scalable finance processes, leveraging data-driven insights, and fostering a culture of continuous improvement, enhanced financial reporting accuracy, improved decision-making capabilities and security across all financial systems.

- As a part of the transformation journey, JKH embraced the advancement of technology within core systems and made a decision to migrate its core system to S/4 Hana which is the latest SAP database built on a single data structure and architecture and emphasises the simplifications and innovation in processes. The integration of S/4HANA simplifies complex processes, reduces redundancies, and enables faster transaction times. With a unified data structure, decision-makers can access real-time insights, facilitating quicker and more informed decisions. Cloud-based scalability reduces costs and improves flexibility while the AI-driven analytics enhance insights and predictive analytics supports proactive planning. The migration decision has been integral in improving customer experience, fostering innovation, strengthening security and compliance, and optimising resources, ensuring long-term success.

TAX GOVERNANCE

The JKH Group's tax governance framework adopted by the Company and the KFP Group is designed to ensure responsible tax practices and is aligned with the Group's broader ESG commitments focusing on compliance, transparency and stakeholder engagement. It ensures that tax decisions contribute to sustainable business practices, respect societal norms and are aligned with ethical corporate behaviour.

Key components of the framework are:

- Keeping abreast with local and international tax laws and regulations to avoid non-compliance and reputational damage.
- Transparency in tax disclosures to stakeholders, ensuring clarity on tax strategies and practices.
- Accountability to stakeholders, ensuring that tax obligations are met in a socially responsible manner, balancing shareholder interests with societal responsibilities.

CORPORATE GOVERNANCE

Governance Structure	• The JKH Group's Tax Governance Structure is overseen by the Deputy Chairperson/Group Finance Director who provides oversight to ensure that the tax strategies align with the Group's overall ESG objectives. • Voluntary compliance and efficient tax management are key aspects of the Group's overall tax strategy. • This is enabled through a decentralised tax structure where expertise is built at each industry group level to executing the tax strategy, ensuring compliance with existing laws and changes to legislation, and managing tax risks for the Group. • The Head of Tax of each industry group, reporting functionally to the Group Head of Tax, ensures uniformity of interpretation, robust compliance management and roll-out of Group tax strategy across all businesses.
Policy and Strategy	• Ensures the following taking into account the Group's business models, supply and value chains, structure, assets, investments and financing: - Integrity of all reported tax disclosures. - Robust controls and processes to manage tax risk. - Openness, honesty, and transparency in all dealings. - Presence of legitimate business transactions underpinning any tax planning or structuring decision/opportunity. • Contribute to fiscal policy formulations constructively in the interest of all stakeholders.
Role	• Implement and maintain strong tax compliance and review processes for current and potential business operations and transactions. • Analyse and disseminate business impact from changes in tax legislation. • Provide clear, timely, and relevant business focused advice across all aspects of tax. • Ensure availability of strong and well documented technical support for all tax positions. • Obtain independent/external opinions where the law is unclear or subject to interpretation. • Foster healthy professional relationships with all regulatory authorities
Review and Monitoring	• Leverage on digital platforms to support, record and report on tax compliance status across the Group. • Continuous dialog and scheduled meetings of the Group Tax Team to ensure uniformity of tax interpretation and application. • Monitored through internal controls including compliance reporting measures and, external audit reviews. • Debate discussion and signoff by the Board of Directors on any significant tax positions with supporting legal rationale. • Periodic updates to the Board of Directors on the Group Tax positions (quarterly at minimum).

The Groups Tax Governance Framework integrates compliance, transparency, and social responsibility, aligned with ESG reporting obligations. By adhering to this framework, the Group ensures that its tax practices are both legally compliant and ethically responsible, supporting sustainable growth while creating value for all stakeholders.

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

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

STAKEHOLDER ENGAGEMENT, MANAGEMENT AND EFFECTIVE COMMUNICATION

Stakeholders play a crucial role in the Group, contributing labour, capital, and market demand. The KFP Group is committed to transparently communicating its ambitions to its diverse stakeholder groups and actively seeks their input to refine its initiatives. With well-defined objectives aligned with its sustainability and business goals and targets, the KFP Group prioritises the achievement of these commitments across the short, medium, and long term.

Engagement of significant stakeholders

Recognising the broad impact of its operations, the Group actively engages with a wide range of stakeholders across different industries, communities, and regions.

Internally, the KFP Group's stakeholders consist of its business units and employees. Externally, it engages with shareholders, investors, lenders, customers, suppliers, business partners, government bodies, regulators, industry peers, advocacy groups, media, and the wider community. Through ongoing dialogue and collaboration, the KFP Group strives to integrate diverse perspectives into its sustainability efforts.

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

The table shown below indicates the key stakeholders of KFP, and the in-debt engagement and management methodologies adopted and carried out by the group. This helps in enabling effective communication between both parties.

Stakeholder Expectations	Management	Methods of Engagement
	Customers	
Products and services being up to their required standards, in terms of high quality and safety. Products and services are provided in an environmentally and socially responsible manner.	• Constant engagement with customers. • Providing products that meet customer requirements.	• Road shows, trade fairs and field visits (A) • One-on-one meetings, discussion forums, progress reviews (B) • Customer satisfaction survey (Q) • Information dissemination through printed reports, telephone, SMS, e-mail, corporate website, workshops and business development activities (O)
	Employees	
Provide a safe and enabling environment. Ensure equal opportunity within a meritocratic culture Enhancement of skills and knowledge, continuous engagement Work-life balance	• Accessibility to all levels of the management. • Involvement though means such as staff volunteerism, John Keells employee service, HIVE portal extra.	• Performance reviews and skip level meetings (B) • Employee satisfaction surveys and group-wide year end get-together (A) • Intranet communications (Q) • Training and development, team building, joint consultative committees, open door policy, sports events, Corporate Social Responsibility programs (O)

CORPORATE GOVERNANCE

Stakeholder Expectations	Management	Methods of Engagement
	Community	
Stimulate local economy through procurement and employment. Operate with minimal impact on shared natural resources	• Provide updates on business activities that may impact the community. • Support local businesses through partnerships and sourcing from local suppliers • Provide direct and indirect employment	• Community engagement prior to entry and on exit via one-on-one meetings, workshops, forums (On) • Regular engagement while operating via one-on one meetings, workshops, forums (M) • Corporate Social Responsibility programs (O)
	Institutional Investors etc.	
Consistent economic performance. Economic growth	• Maintain transparency in reporting and corporate governance. • Stay updated on policy changes and proactively adapt business strategies.	• Annual reports, disclosures and reviews (A) • Quarterly reports (Q) • Investor Road shows (R) • Phone calls, e-mail, written communication, websites, one-on-one meetings (O)
	Government	
Contribute to economy through strategic investments Create direct and indirect employment Timely payment of taxes and levies	• Transactions in compliance with all relevant laws and regulations, transparently and ethically. • Zero- tolerance policy in ensuring that all business units meet their statuary obligations in time and in full.	• Participation of senior management in chambers and industry associations. (Q) • Meetings, business forums, newsletters, circulars, presentations and briefings, advisory meetings of industry associates. (O)
	Legal and Regulatory Bodies	
Compliance with laws and regulations Practice sound corporate governance	• Regularly review policies and procedures to align with legal changes. • Conduct regular legal audits and risk assessments.	• Participation of senior management in chambers and industry associations (Q) • Meetings, periodic disclosures, correspondence (O)
	Business Partners	
Long-term business relation and adherence to contractual obligations Knowledge sharing Representation in business councils and committees	• Set clear service-level agreements (SLAs) and key performance indicators (KPIs). • Implement a Supplier Code of Conduct to enforce ethical business practices.	• Distributor conferences, contract renegotiations and reviews, road shows, supplier assessments, supplier fora (A) • Supplier review meetings (B) • Market reports (R) • Conference calls, e-mails, circulars, corporate website and sourcing, contracting and supplier management platform (O)

Stakeholder Expectations	Management	Methods of Engagement
	Society, Media, Pressure Groups	
Operate in accordance with social norms, cultures with minimal negative social and environmental impact Adhere to laws and regulations Operate as a responsible corporate citizen	• Invest in social causes that align with business values and stakeholder expectations. • Demonstrate commitment to ethical and sustainable business practices.	• Website, press releases, media briefings, correspondence (O).
	Industry Peers and Competition	
Ethical business practices Participation in business councils and committees	• Stay agile and adapt to market changes	• Membership of trade associations, conferences, discussion forums (R)

(A)-Annually, **(B)**- Biannually, **(Q)**- Quarterly, **(O)**- Ongoing, **(On)**- One- off, **(M)**- Monthly, **(R)**- Regular

POLICY ON CORPORATE DISCLOSURES AND RELATIONS WITH SHAREHOLDERS AND INVESTORS

This policy ensure that required information, other than confidential business information, is disclosed to the public, investors, employees, customers, creditors and other relevant stakeholders in a timely, accurate, complete, understandable, convenient and affordable manner, in compliance with the Group's governing framework and listing regulations of the Colombo Stock Exchange (CSE). The policy covers matters related to shareholders and investors of the Group such as disclosures of material information, financial information, Annual Reports, press releases and website management.

Corporate disclosures and relations with shareholders and investors are mainly centrally managed at John Keells Holdings PLC, on behalf of the Group companies.

This Policy is governed by the Company's Board of Directors and is periodically reviewed by the Board to ensure alignment with evolving regulatory changes, best practices and the strategic interests of the Group and its stakeholders.

A mechanism is in place under the policy for keeping Directors aware of major issues and concerns of shareholders.

Communication with Shareholders

The KFP Group maintains several communication channels with the shareholders which include the Annual Report, Interim Financial Statements, investor presentations, AGMs, EGMs, announcements to the CSE, press releases, the corporate website, shareholder surveys on a needs basis, the investor feedback form provided in the Annual Report, and through the Company Secretaries.

Engagement Mechanism	Frequency
Annual Reports and AGMs	Annually
Extraordinary General Meetings	As required
Interim Financial Statements	Quarterly
Investor Relations Webinar	Quarterly
Investor Presentations	As required, Quarterly at a Minimum
Transcript of the Investor Relations Webinar	Quarterly
Press Releases	As required
Announcements to CSE	As required
One-to-One Discussions	As required
Investors' Section in the Corporate Website	Continuous
Feedback Surveys	As required

CORPORATE GOVERNANCE

Investor Relations
The Investor Relations team of the JKH Group is responsible for maintaining an active dialogue with shareholders, potential investors, investment banks, analysts and other interested parties in ensuring effective investor communication.

- The Investor Relations team has regular discussions with shareholders, as and when applicable, to disseminate highlights of the JKH Group's performance as well as to obtain constructive feedback.

- The online quarterly investor forums provide stakeholders the opportunity to directly engage with the JKH Group's Chairperson and the Deputy Chairperson/Group Finance Director. The recording and the transcript of the investor forum is made available on the corporate website for reference of all stakeholders/shareholders.

- Quarterly Investor Presentations, which include an update on the latest financial results, are made available on the corporate website, to provide easier access and in-depth detail of the operational performance of the JKH Group.

- Annual Investor Presentations, detailing an overview of the JKH Group and industry groups with financial and non-financial performance indicators, are made available on the corporate website, to provide easier access and in-depth detail of the overall Group.

- Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or management of the Group by contacting the Investor Relations team, Secretaries, or the Chairperson, although individual shareholders are encouraged to carry out adequate analysis or seek independent advice on their investing, holding or divesting decisions at all times.

JKH won the Silver award for Best Investor Relations at the Capital Market Awards 2024 of CFA Society Sri Lanka.

Release of Information to the Public and CSE
The Board of Directors, in conjunction with the Audit Committee, where applicable, is responsible in ensuring the accuracy and timeliness of published information and in presenting a true and fair view, and balanced assessment of results in the quarterly and annual financial statements. Accordingly, KFP has reported a true and fair view of its financial position and performance for the year ended 31st March 2025 and at the end of each quarter of the financial year 2024/25.

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

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

Annual General Meeting
Information is provided to the shareholders prior to the AGM to give them an opportunity to exercise the prerogative to raise any issues relating to the businesses of the KFP Group. Annual Reports are made available to shareholders in electronic form. Shareholders may at any time elect to receive an Annual Report from KFP in printed form, which is provided free of charge.

The KFP Group maintains records of all resolutions and applicable information upon a resolution being considered at any General Meeting. The Group shall also provide copies of the same at the request of the Colombo Stock Exchange and/or the SEC.

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

- Notice of the AGM and related documents are made available to the shareholders along with the Annual Report within the specified time.

- Summary of procedures governing voting at the AGM are clearly communicated.

- The Board ensures that the external auditors are present at the AGM.

- Most Executive and Non-Executive Directors are made available to answer queries.

- The Chairperson ensures that the relevant senior managers are also available at the AGM to answer specific queries.

- Separate resolutions are proposed for each item that is required to be voted on.

- Proxy votes, those for, against, and withheld (abstained) are counted.

- The AGM for the year was held virtually, complying to the guidelines issued by the CSE.

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

Extraordinary General Meetings, including Shareholder Approval through Special Resolution
The Company will seek shareholder approval, either via special or ordinary resolution as permitted under applicable law, when transactions and events which are material in the context of KFP Group and Company occur or are undertaken in line with all applicable rules and regulations. During the year under review, an amendment to the Articles of Association was done through passing a special resolution in an extraordinary general meeting, to facilitate the revised rules on Alternative Directors.

SUSTAINABILITY GOVERNANCE

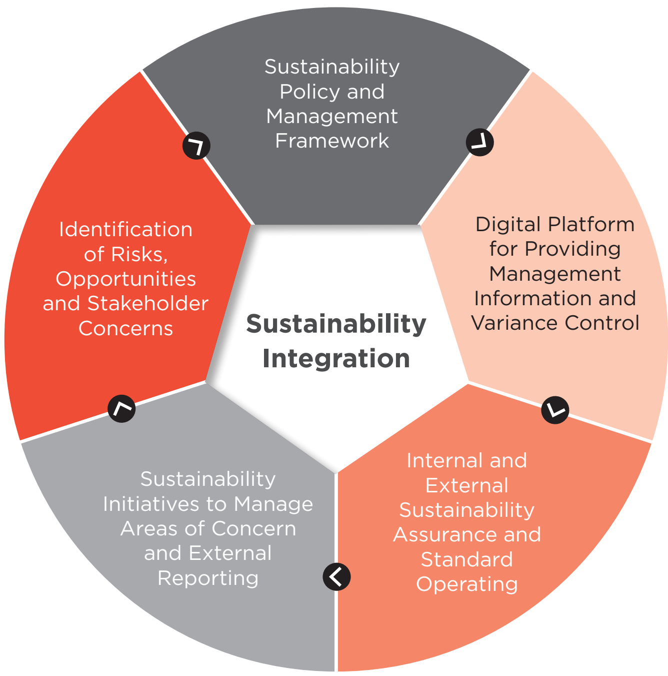
The KFP Group remains steadfast in its commitment to being responsible and conducting operations in a sustainable manner whilst focusing on environmental, social and governance aspects. Sustainable practices remain a strategic priority of the Group, and this is ensured through the embedding of its framework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

Approach
The company and the KFP Group adopted the JKH Group's approach to sustainability. The JKH Group's approach to sustainability is materiality and is optimised continuously based on performance. The Board firmly embeds sustainability concerns within the Group's strategic planning process, with companies striving to optimise performance from a triple bottom line lens and Internal and External Sustainability Assurance and Standard Operating Procedures which are in place to review the effectiveness of the procedures embodied by the group on a needs basis.

The KFP Group has in place a sound sustainability integration process, management framework and sustainability organisational structure through which sustainable practices are embedded to the KFP Group's operations.

With the introduction of the Group's Environmental, Social, and Governance (ESG) ambitions, A governance framework has been put in place to follow through and ensure accountability. This structure will enable top down undertaking of material aspects at Group and Sector levels and assign accountability as well as further contribution.

Sustainability Integration Process



CORPORATE GOVERNANCE

Sustainability Integration Process

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

Environmental issues such as, climate change, resource scarcity and environmental pollution, social issues such as, the Group's labour practices, talent management, product safety and data security, and Governance aspects such as, Board diversity, executive pay and business ethics are given significant emphasis within the Group and are periodically reviewed by the GEC and Board.

JKH GROUP'S EFFORT TOWARDS ESG INITIATIVES DURING THE YEAR:

- Outlined a comprehensive roadmap to achieve Environmental, Social, and Governance (ESG) ambitions, focusing on short, medium, and long-term goals across various dimensions.
- Governance framework established to drive ambitions with senior leadership appointed as ambition heads and champions from across the JKH Group to spearhead ambitions at a Group level.
- Cross cutting steering committees have been appointed for each ambition to assist with sector level implementation
- Developed and updated JKH Group policies to support ambitions.

ESG FOCUS AREAS AND GOVERNANCE STRUCTURE

Environmental	• GHG Emission and Energy Management
	• Water Stewardship
	• Waste/Packaging
	• Biodiversity
Social	• Health & Safe
	• Diversity and Equal Opportunity
	• Stakeholder Management (Customers/Suppliers/Regulators)
	• Community Empowerment
Governance	• Risk Management
	• Business Conduct and Ethics
	• Corporate Governance and Compliance

GROUP'S ESG FOCUS AREAS

These ambitions are also focus areas for the John Keells Foundation (JKF). Efforts through JKF will also contribute towards the achievement of ambitions set under these pillars.

The JKH Group has outlined a comprehensive roadmap to achieve Environmental, Social, and Governance (ESG) ambitions, focusing on short, medium, and long-term goals across various dimensions. On the environmental front, the Group aims to achieve net-zero Green House Gas (GHG) Emissions by 2050, reflecting its commitment to energy management. For waste management and packaging, the medium-term targets include using 100% recyclable plastics, eliminating 50% of internally consumed plastics, achieving zero waste to landfill, and becoming plastic-neutral by 2030. Looking further ahead, the Group aspires to become plastic-positive by 2040. Under water stewardship, medium-term goals include reducing water consumption per revenue earned, with group-wide targets to be determined, while the long-term vision is to achieve water neutrality by 2040 and water positivity by 2050.

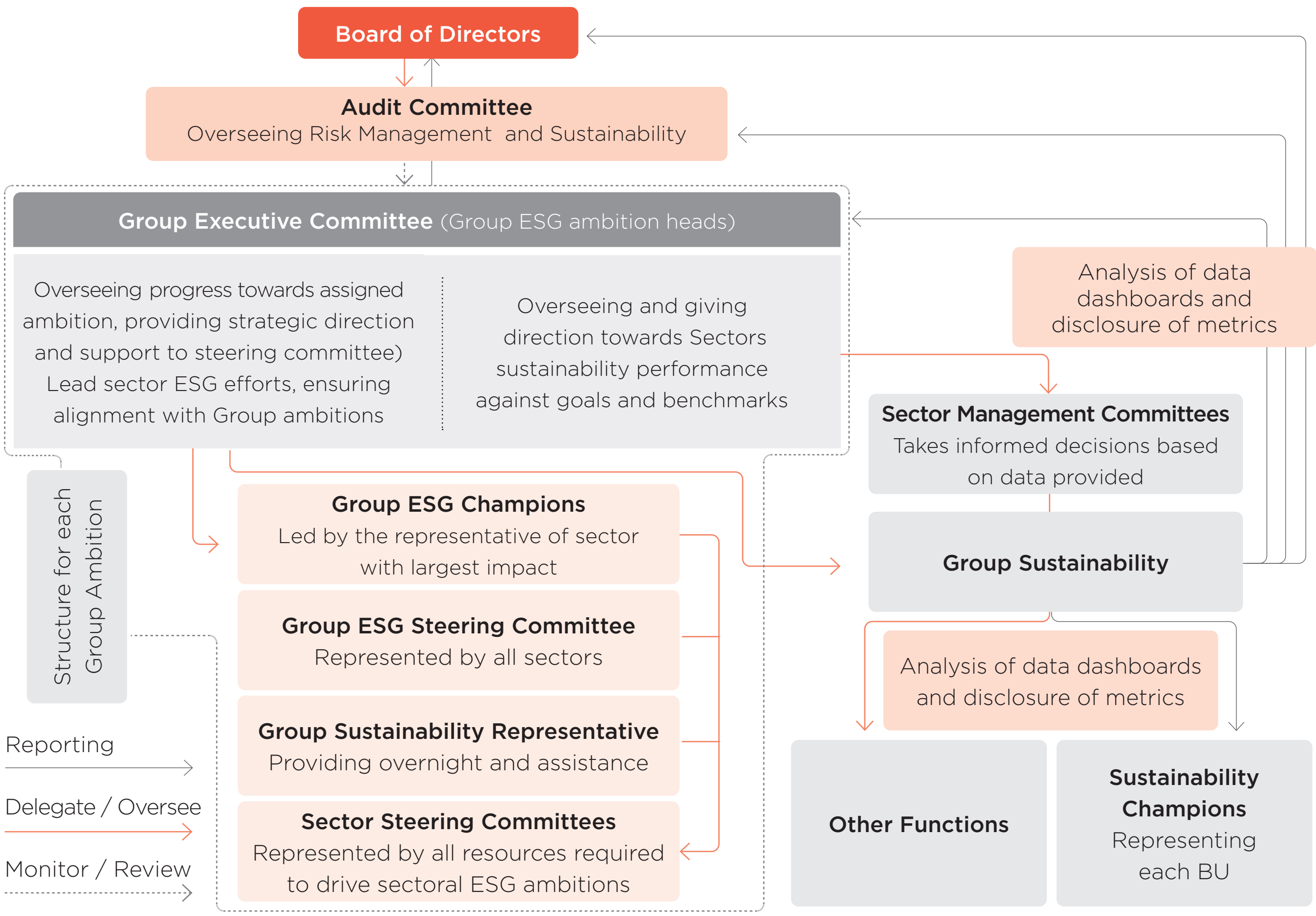
In the social domain, health and safety targets aim for zero preventable injuries across all businesses in the medium term, with all businesses achieving Occupational Health and Safety (OHS) accreditation in the long term. Diversity and equal opportunity initiatives include increasing female workforce representation to 40% by 2025, ensuring workplace accessibility by 2027, and committing leadership to the Champions of Change pledge. Medium-term objectives include achieving 30% women in leadership positions and enhancing accessible communication for all. Long-term goals target gender parity and establishing a specific representation target for Persons With Disabilities (PWDs) by 2040.

Under community empowerment, the JKH Group's short-term objectives involve enhancing skills, increasing market access, and implementing activities to promote social health by 2025. For stakeholder management, the Group is committed to enhancing the sustainability of its supply chain. These goals demonstrate the Group's commitment to fostering a sustainable, inclusive, and equitable future through deliberate and phased ESG strategies.

John Keells Foundation, the CSR arm of the Group, undertook a strategic review of its focus areas, guided by research into evolving socio-economic needs. The initiatives carried out under the areas of Education, Community and Livelihoods, Social Health and Cohesion, and Biodiversity not only fulfil the Foundation's purpose but also contribute meaningfully towards achieving the Group's Environmental and Social (E&S) ambitions, as illustrated.

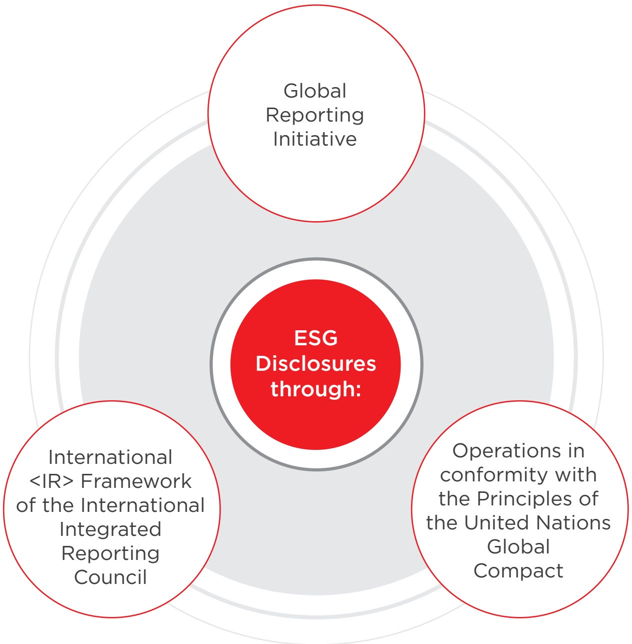
The JKH Group established a comprehensive governance framework to ensure accountability, consistency, and support the effective delivery of the ambitions set out under the ESG pillars. This included the appointment of Group ESG Ambition Heads, ESG Champions, and Steering Committees, all guided by a clearly defined mandate outlining roles, responsibilities, reporting structures, and frequencies. This framework was integrated into the existing sustainability governance structure to create a unified, streamlined system for reporting and decision making.

ESG Governance Framework



The JKH Group's ESG framework is an amalgamation of the various frameworks within the JKH Group and through this, the KFP Group endeavours to ensure sustainable value creation for all stakeholders and mitigate any adverse impacts of Group businesses on the environment, economy and society.

ESG disclosures across the Report are captured through the following frameworks:



SUSTAINABILITY ORGANISATION STRUCTURE

GROUP EXECUTIVE COMMITTEE
Responsible for formulating and steering the Group's overall Sustainability strategy.

SUSTAINABILITY, ENTERPRISE RISK MANAGEMENT AND GROUP INITIATIVES DIVISION
Operationalises the Sustainability Management Framework (SMF) and carries out Group-wide processes, including identification of stakeholder and material issues, stakeholder engagements, risk assessments, Group-wide awareness campaigns and overall review and monitoring of the SMF.

BUSINESS UNITS
Each business unit is responsible for their sustainability performance, operating under the umbrella of the Group's SMF. Sustainability Champions under the leadership of their respective Heads of Business/Sector Heads, and working closely with the central sustainability division, have responsibility for implementing sustainability initiatives and management of performance of their individual businesses.

The KFP Group firmly embeds sustainability concerns within the Group's strategic planning process, with companies striving to optimise performance from a triple bottom line lens. All business units are required to identify non-financial risks and material impacts and include strategies to address these through sustainability initiatives and projects. Business and individual objectives are therefore aligned with overall sustainability goals, resulting in an entrenched focus on sustainability.

The SMF extends beyond Group boundaries, also focusing on the Group's value chain with the purpose of benefiting suppliers and their own dependent supply chains. Through its Supplier Code of Conduct, annual assessment of supply chain partners and ongoing awareness and engagement through Supplier Forum, the Group hopes to have a positive impact on key external stakeholders.

Sustainability Disclosures

The KFP Group uses both its Annual Integrated Report and corporate website as the primary means of responding to stakeholder concerns and outlining its sustainability strategy, including materiality assessments and management policies and processes. The data measurement techniques, calculation methodologies, assumptions and estimations applied in the compilation of the sustainability indicators contained in this Report, are in accordance with standard industry practices and GRI Standard. Such data measurement techniques, methodologies, assumptions and estimations are detailed in the relevant Management Approach Disclosures section and can be found in each of the Capital Review sections of the Annual Report. Reference to specific information and disclosures required by the GRI Standards can be found through the GRI content index. Figures and statements have been rearranged, wherever necessary, to conform to the current year's presentation in terms of restatements and comparisons to the previous year.

Assurance Mechanisms

The Assurance Mechanisms comprise of the various supervisory, monitoring and benchmarking elements of the KFP Group Corporate Governance System which are used to measure actuals against plan with a view to highlighting deviations, signalling the need for quick corrective action, and quick redress when necessary. These mechanisms also act as safety nets and internal checks in the Governance system. The KFP Group also conducts internal and external audits on a periodic basis, annually at minimum.

As outlined in the ensuing sections, the KFP Group has various mechanisms in place for concerns to be escalated and raised to the GEC or to the Board as relevant and required. Other than matters on significant transactions linked to the operations of the KFP Group, no critical concerns which have a material adverse effect on the KFP Group were raised during the year.

THE CODE OF CONDUCT

The Company and the KFP Group abide by the JKH Code of Conduct.

JKH Code of Conduct

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

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

- anti-bribery controls to prevent payments and contributions being made with the aim of obtaining an improper business benefit from any party including, but not limited to, clients, service providers, customers, business associates and political parties; and
- controls on gifting and favours. The giving or accepting gifts or favours in whatsoever form, including from clients, service providers, customers, business associates and political parties and any other stakeholder we engage within the course of carrying out duties in our professional capacity, is prohibited if it was possible on the part of a reasonable person to conclude that the giving/ acceptance of such gifts or favours could directly or indirectly affect one's independence in decision making and conduct as an employee and/or if it could be seen by others as a consideration for an official or business favour. The reasonable person test should also be applied in respect of charitable donations and sponsorships (financial or in-kind) that are made.
- In the event a gift or benefit of a threshold of above USD 50 per gift is given or received, based on business exigencies, these are monitored to ensure conformance with the Group's policies, including policies on gifts and entertainment. Such exceptions are required to be reported to the respective Finance Head of the business (Chief Financial Officer or Sector Financial Controller), where in turn, these are collated and monitored centrally.

The Code of Conduct, and thereby all Group policies, apply to all employees and Directors. All policies of the Company receive final approval at Board level and are readily available to employees in the official languages of Sri Lanka (Sinhala, Tamil and English). The Company Leadership, both the Board of Directors and the Group Executive Committee, spearheads the implementation of the Code.

During the year under review, no legal actions for anti-competitive behaviour, anti-trust, and monopoly practices has been recorded.

During the year under review, the Group continued to strengthen its internal policy framework in line with best practices and the revised CSE Listing Rules. This included a review of the interdependencies among its policies, the revamping of existing policies, and the formalisation of processes already in place through the introduction of overarching policies for these processes. As part of this effort, the Group's Code of Conduct is currently being revamped to consolidate all expectations from an employee into a single, more informative, and comprehensive policy document.

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

The Group Values continue to be consistently referred to by the Chairperson, Presidents, Sector and Business Unit Heads during employee and other key stakeholder engagements, in order to instil these values in the DNA of the employees.

The KFP Group Values are found in the Annual Report – page 3.

INDEPENDENT DIRECTORS

Independent Directors represent more than one third of the Non-Executive Directors in the Board to preserve the corporate governance as stake holders need an independent party to voice their concerns on a confidential note.

KEY INTERNAL POLICIES

The KFP Group maintains a robust set of internal policies and implementation procedures adopted from JKH and any changes to such polices shall be communicated to the stakeholders as relevant. The Board delegates the responsibility for monitoring compliance with such policies to the Chairperson or relevant Board Committees. The Board shall monitor adherence to the policies and where relevant, will inquire into and take requisite steps to address any material departures.

Key Internal Policies of the KFP Group:

- Policy on Conduct and Business Ethics
    - Code of Conduct, which also includes policies on gifts, entertainment, facilitation payments, proprietary and confidential information
    - Policy on Diversity, Equity and Inclusion (DE&I), including a Gender Policy
    - Policies on equal opportunities, non-discrimination, career management and promotions, including on employees with disabilities
    - Information Technology (IT) policies and procedures, including data protection, classification and security
    - Policy on Communications and Ethical Advertising, complemented by social media and crisis communication guidelines
    - Insider Trading Policy
    - Supplier Code of Conduct
    - Policy against Sexual Harassment
- Policy on Matters Relating to the Board of Directors (BoD)
- Policy on Board Committees
- Policy on Corporate Governance
- Policy on Nominations and Re-election
- Policy on Remuneration
- Policy on Relations with Shareholders and Investors
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on Corporate Disclosures
- Policy on the Engagement of the External Auditor for Non-Audit Services
- Policy on Anti-Bribery, Anti-Corruption, Anti-Fraud, Anti-Money Laundering, Anti-Terrorism and Proliferation Financing and Sanctions.
- Policies on Whistleblowing (Speak up Policy), grievance handling and disciplinary procedures
- Leave (which also encompasses the equal parental leave), flexi-hours, tele-working and agile working policies including health and safety enhancements and protocols
- Enterprise Risk Management and Internal Controls Policy
- Policies on Products and Services
- Recruitment and Selection, Rewards and Recognition, and Learning and Development Polices
- Policy on Forced, Compulsory Child Labour and Child Protection
- Group Accounting Procedures and Policies
- Policies on Fund Management and Foreign Exchange Risk Mitigation
- Ombudsperson Policy
- Environmental, Social and Governance (ESG) Policy

The KFP Group's policy commitments available to all employees via the KFP Group's employee portal and such policies are made available to the shareholders upon a written request. These policy commitments are approved by the Group Executive Committee with Board oversight. No material changes were done to the Group policies during the reporting period and all the policies were complied with and no waivers from compliance or exemptions for the internal code of conduct and business ethics were granted during the year under review. The Group is in the process of making available all applicable policies in the public domain.

Key initiatives of JKH Group during the year
During the year under review, the Group revisited its internal policy universe to ensure adherence with the revised Listing Rules of the CSE. The key developments include:

- While the Group has a Code of Conduct applicable to all Employees, a Policy on the Code of Conduct was introduced to provide a structured framework to govern ethical business practices and professional behaviour.
- While separate sustainability related policies existed and continue to do so, a Policy on Environmental, Social and Governance (ESG) was newly developed to provide an overarching framework to tie in the different aspects of the individual policies.
- A Policy on Relations with Shareholders and Investors was introduced, and while the Group already had relevant processes in places for the same, this Policy ensures alignment with the Listing Rules while incorporating existing governance measures.
- A Policy on Control and Management of Company Assets and Shareholder Investments was formalised to enhance transparency and accountability in the oversight of shareholder assets and investment decisions.

Disclosure as per Rule 9.2 of the Listing Rules:
https://www.keells.com/resource/governance/Statement-for-Website-Adoption-of-Policies.pdf

CHAIRPERSON DIRECT

The JKH Group has a formal mechanism in place that enables both shareholders and employees to directly communicate with the Chairperson via email regarding any critical grievances or concerns. This platform ensures transparency, accountability, and open dialogue, allowing stakeholders to voice their issues in a structured and confidential manner.

BOARD SUB-COMMITTEES

The Board Sub-Committees play an important supervisory and monitoring role by focusing on the designated areas of responsibility passed to it by the Board.

For more information refer the Board Sub-Committees section – page 78.

EMPLOYEE PARTICIPATION IN ASSURANCE

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

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

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

Transparency in Corporate Reporting (TRAC) Assessment of JKH
JKH was ranked first in the Transparency in Corporate Reporting (TRAC) Assessment by Transparency International Sri Lanka (TISL) for the past four consecutive years, with a 100% score for transparency in disclosure practices.

This ranking is based on an assessment of corporate disclosure practices among the top 125 companies listed on the Colombo Stock Exchange (CSE), under six different thematic areas crucial to fighting and preventing corruption – reporting on anti-corruption programmes, organisational transparency, country-by-country reporting, domestic financial reporting, reporting on gender and non-discrimination and reporting on procurement related to Government contracts and tenders. For the period under review, TISL has not updated the TRAC assessment ranking.

INTERNAL CONTROLS

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

Internal Compliance

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

System of Internal Control

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

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

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

The digital system for quarterly financial and operational information management implemented, continues to perform as per expectations facilitating data capturing for compliance reporting, providing a sustainable and structured mechanism to enable top-down and bottom-up stakeholder engagement, and tracking the progression of how the compliance posture at an entity level has evolved, among others. The Forensic Data Analytics platform feeds into Internal Audit Scoping and continues to be used to identify areas for process optimisation, strengthening controls and in feedback reporting to reinforce governance (management) and assurance structures.

Initiatives to Strengthen Internal Controls

- A Forensic Data Analytics platform was implemented for automated transaction outlier detection, to monitor key financial data such as Accounts Payable, Accounts Receivable, the General Ledger and other financial transactions. The system detects anomalies and routes alerts for timely management review, helping deter fraud and reinforce internal controls. Alerts are classified as Useful or Not Useful, with the latter undergoing independent internal audit review. This process includes a formal root-cause analysis and an evaluation of the efficacy of remedial measures. Findings and trends are regularly reviewed with governance bodies to drive continuous improvements. Utilising machine learning and behavioural analytics, the platform enhances risk mitigation, fraud detection, and regulatory compliance.

- The JKH Group launched a pilot for an advanced, data-driven Integrated Risk Intelligence System to enhance financial governance, compliance oversight, and credit risk mitigation. Utilising behavioural analytics and machine learning, the system analyses customer payment patterns, generating actionable insights. Aligned with IFRS 9 guidelines, it supports informed decision-making, strengthens governance, and ensures regulatory compliance.

- The JKH Group maintained a robust Business Continuity Management (BCM) framework; a process driven approach designed to safeguard operational integrity, protect stakeholder interests, and align with globally recognised resilience standards such as ISO22301:2019 and DRI best practices. This framework integrates proactive risk mitigation, rigorous testing, and governance oversight to ensure continuity of critical functions during disruptions.

- In order to ensure compliance with the Personal Data Protection Act No. 09 of 2022 (PDPA), Data Protection Officers (DPOs) have been designated across the various Industry Groups, each responsible for overseeing data protection practices within their respective domains. They are supported by a Data Governance Steering Committee that provides strategic oversight and guidance on data governance and personal data protection matters. External professionals have also been engaged to conduct comprehensive analyses, which have helped identify areas of improvement in the Group's data protection framework leading to enhancements in processes, technical including security controls, and organisational measures. Regular compliance reports are submitted by the DPOs to the President/Sector Head and the Data Governance Steering Committee, while the Audit Committee receives updates on compliance, emerging issues and continuous improvements. No substantiated complaints concerning breaches of customer privacy or loss of customer data have been reported by the businesses through the complaints recording mechanism, as reflected in the Group's operational compliance report. The Group remains committed to strengthening the reporting process to enhance overall governance and establish robust oversight. In parallel The Group actively monitors regulatory developments and engages with the Data Protection Authority (DPA) to ensure adherence to evolving the evolving regulatory requirements.

The risk review programme covering the internal audit of the whole Group is outsourced. Reports arising out of such audits are, in the first instance, considered and discussed at the business/ functional unit levels and, after review by the Sector President are forwarded to the relevant Audit Committee on a regular basis. Further, the Audit Committees also assess the effectiveness of the risk review process and systems of internal control on a regular basis.

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

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

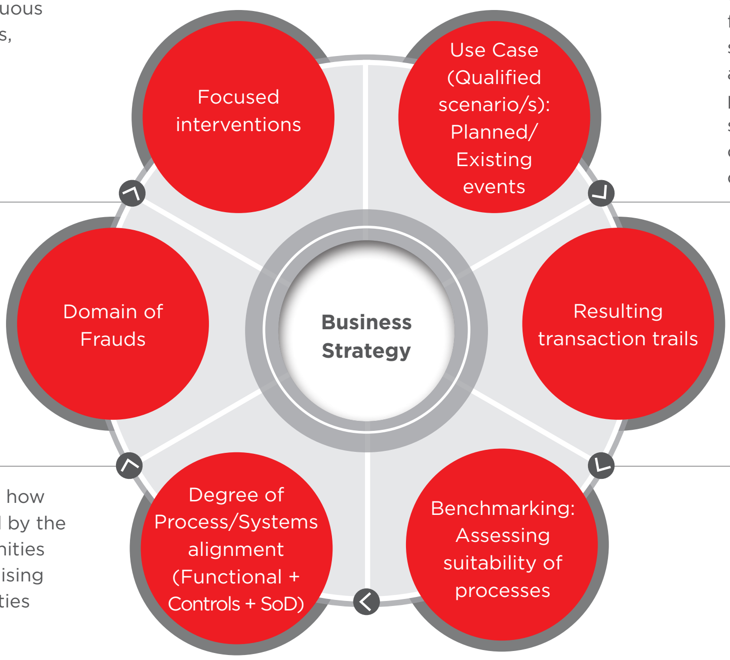
Internal Audit

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

The New Internal Audit Approach: Continuous Emphasis on Context

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

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



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

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

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

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

KFP maintains an in-house Internal Audit team to address operationally specific requirements that demand industry specific knowledge, while an outsourced Internal Auditor is engaged for selected, specialized engagements.

Forensic data analytics to identify anomalies and facilitate behavioural oversight

Traditionally, internal auditing followed an approach which was based on a cyclical process that involves manually identifying control objectives, assessing and testing controls, performing tests, and sampling only a relatively small population of the dataset to measure control effectiveness and operational performance. Today, the Group operates in a complex and dynamic business environment where the number of transactions has increased exponentially over the years and traditional cyclical/sample based internal auditing techniques are becoming less effective. As such, the Group continues to use big data analysis techniques on the total data using standard deviations, z-scores and other statistical measures in establishing real-time, user-friendly outlier identification and early warning triggers.

Forensic Data Analytics
The KFP Group uses forensic data analytics to facilitate action towards investigating transactions that are distinct within its population, based on well-established algorithms that prompt attention to strengthen process and systems controls in ensuring the integrity of such transactions within its contextual domain.

A key success factor of this oversight mechanism is the use of advanced machine learning algorithms, that are continuously sensitised to each business's operating circumstances that trigger such transactions, and to remain relevant and insightful, by increasing its utility and providing optimisation opportunities for Continuous Controls Monitoring (CCM) and active intervention.

As part of the Group's commitment to strengthening financial governance and risk oversight, a Forensic Data Analytics platform for automated Transaction Outlier Detection is deployed to monitor data sets related to amongst others, Accounts Payable, Accounts Receivable, General Ledger, and other financial transactions. This system detects anomalies and routes alerts to Management for timely review and response, functioning as a strong oversight mechanism that helps deter fraud and reinforce the control environment.

OMBUDSPERSON

Ombudsperson who was appointed by the Parent Company, JKH, is available to report any complaints from employees of alleged violations of the published Code of Conduct if the complainant feels that the alleged violation has not been addressed satisfactorily by the internally available mechanisms.

The findings and the recommendations of the Ombudsperson, subsequent to an independent inquiry, are confidentially communicated to the Chairperson- or to the Senior Independent Director upon which the involvement duty of the Ombudsperson ceases.

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

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

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

The current Ombudsperson is an attorney-of-law by profession. Typically, the appointment of the Ombudsperson is for a fixed term between three to five years, which may be renewed at the option of the Board.

Mandate and Role
For purposes of easy reference, the Ombudsperson's mandate and role is set out below:

(a) legal and ethical violations of the Code of Conduct for employees, but in an appellate capacity, when a satisfactory outcome using existing procedures and processes has not resulted or when the matter has been inadequately dealt with;

(b) violations referred to above by individuals at the Executive Vice President, President and Executive Director levels, including that of the Chairperson, in which case the complainant has the option of either complaining to the Ombudsperson in the first instance, or first exhausting the internal remedies;

(c) sexual harassment, in which event the complainant has the option of either complaining to the Ombudsperson in the first instance, or first exhausting the internal remedies.

The mandate excludes disciplinary issues from the Ombudsperson's responsibilities. The right to take disciplinary action is vested exclusively in the Chairperson and those to whom this authority has been delegated.

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

Ombudsperson
31st March 2025

CORPORATE GOVERNANCE

EXTERNAL AUDIT

Messrs. Ernst & Young are the External Auditors of the Company and the Consolidated Financial Statements of the Group, while Luthra and Luthra Chartered Accountants is the External Auditor for the Subsidiary.

In addition to the normal audit services, Ernst and Young and the other External Auditors, also provided certain non-audit services to the KFP Group. However, the lead/consolidating auditor would not engage in any services which are in the restricted category as defined by the CSE for External Auditors. All such services have been provided with the full knowledge of the Audit Committee and are assessed to ensure that there is no compromise of External Auditor independence.

The Board has agreed that, such non-audit services should not exceed the value of the total audit fees charged by the subject auditor within the relevant geographic territory. The External Auditors also provide a certificate of independence on an annual basis.

The Audit and non-audit fees paid by the Group and Company to its Auditors are separately classified in the notes to the financial statements of the Annual Report.

Governance Outlook and Emerging Challenges

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

The pursuit of continuous improvement in governance, emphasis on environmental and social considerations, and a call for increased accountability and transparency continue to influence and shape the role of Board governance aspects. It not only mitigates risks but also fosters trust, attracts investment, and drives sustainable growth. The primary areas of focus and challenges, amongst many others, being continuously addressed by KFP Group are detailed in the ensuing section.

BOARD DIVERSITY

KFP Group values Board diversity and strives to attract skilled Directors who align with its vision and values, while understanding the complexities of its diverse business interests. The Group believes diversity enhances stakeholder insights and responsiveness. Efforts are focused on recruiting qualified individuals from various demographics, experiences, and backgrounds, all within a strong culture of meritocracy.

BOARD INDEPENDENCE

Board independence holds significant value for stakeholders, stock exchanges, and regulatory bodies globally. KFP Group emphasises the need for effective structures and nomination processes to foster independent decision-making and minimize conflicts of interest.

While criteria for defining Board independence vary across countries, evidence suggests that a combination of checks and balances, such as assurance mechanisms, comprehensive evaluations, and Independent Director-led engagements, can enhance governance without compromising corporate operations. KFP Group remains committed to strengthening Board independence while aligning with its diversified conglomerate operating model.

ANTI-FRAUD, ANTI-CORRUPTION AND ANTI-BRIBERY

The KFP Group prioritises ethical practices across all operations and enforces a strict zero-tolerance policy against bribery and corruption. It fosters a culture of transparency and honesty in interactions with both internal and external stakeholders. Through its Code of Conduct and policies on anti-fraud, anti-corruption, anti-money laundering, counter-terrorist financing, and transparency, the KFP Group is dedicated to preventing, managing, and reporting unethical practices. Prohibited actions include fraud, embezzlement, bribery, conflicts of interest, and dishonesty in reporting.

Additionally, the Group continuously enhances its monitoring and resolution processes for Code of Conduct deviations.

There were no material incidents of corruption reported during the year by the Group.

INCREASING EMPHASIS ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) ASPECTS

ESG-focused investing is gaining momentum globally as governments, funding agencies, and investors seek to minimise irresponsible corporate practices that harm the environment, infringe on human rights, and encourage corruption. Effective ESG policies are vital for attracting talent, retaining employee loyalty, and ensuring sustainable growth.

KFP Group believes that prioritising ESG fosters a comprehensive analysis of performance, enabling a sustainable business model that benefits all stakeholders. Efforts include managing natural resources, reducing environmental impact, enhancing stakeholder well-being, and ensuring robust governance. ESG metrics are regularly reviewed during decision-making to stay ahead of developments and integrate ESG elements into strategy, operations, and reporting.

In collaboration with an international consultancy, JKH conducted detailed studies across industries to identify material ESG topics, benchmark performance against industry leaders, and engage stakeholders for insights. This resulted in the identification of key ESG priorities for each sector.

Following the release of IFRS S1 and S2 standards by International Sustainability Standards Board (ISSB) and their localisation to SLFRS S1 and S2 by CA Sri Lanka, JKH Group is preparing for their implementation. A consultant-led gap analysis will guide integration, supported by dedicated teams at KFP Group level. Without opting for transitional relief, JKH aims to align fully with the standards, creating a roadmap to refine processes and enhance disclosures while adhering to CSE listing requirements for the 2025/26 reporting period.

CONTINUAL STRENGTHENING OF INTERNAL CONTROLS

Augmenting transactional and financial internal controls with operational aspects, in line with international best practice, remains a medium-term priority for the KFP Group. Continuous strengthening of internal controls through a structured process that optimises and facilitates process audit information, lifecycle management and related processes are expected to:

- eliminate inefficiencies inherent in manual processes.
- provide a platform based on process enforcement.
- enable management follow-up based on centrally held data in a compliance repository.
- identify trends, action taken, effectiveness and opportunities for process improvement by analysing movement of the compliance posture.
- strengthen the Group's ability to prevent and detect fraud.
- leverage data analytics and technology to raise alerts.

DIGITAL OVERSIGHT AND CYBER SECURITY

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

DATA PROTECTION, INFORMATION MANAGEMENT AND ADOPTION

The presence of continuously evolving IT infrastructure and platforms to meet requirements of day-to-day business, continues to augur well for the KFP Group. Given the emergence of regulations such as the European Union General Data Protection Regulation (GDPR) and the Sri Lankan Personal Data Protection Act No. 9 of 2022, data security, integrity and information management has become pivotal. In addition to this, the Group's initiatives on advanced data analytics also necessitate an established governance framework to manage the flow of data. To this end, the KFP Group will continue to strengthen its data governance structure to ensure ownership and accountability of clearly articulated data governance policies and processes and Group-wide data quality standards.

GREATER EMPLOYEE INVOLVEMENT IN GOVERNANCE

Whilst all necessary compliance and assurance frameworks are believed to be in place, KFP Group recognises the pivotal role played by employees in reinforcing an effective governance system across the Group. KFP Group will continue to encourage greater employee participation through:

- ongoing training and refreshers on the Code of Conduct and related governance policies, including non-discrimination, anti-corruption and anti-bribery.
- a further strengthened performance management process, which envisages continuous feedback and greater engagement via employee information systems.
- engagement and empowerment via greater delegation of authority.
- increased communication and collaboration.
- adoption of differentiated means of communication based on the demographical dynamics of employee segments.

CORPORATE GOVERNANCE

NEED FOR INCREASED TRANSPARENCY

Ensuring transparency is a continually evolving journey given progressing regulations, advancements in global best practice and complex stakeholder needs. Staying abreast of internally accepted best practice and continuously challenging the status quo is vital in this journey of being transparent. Additionally, transparency and accountability in reporting foster a foundation of trust with stakeholders which improves the credibility of the organisation, whilst also strengthening an organisation's legitimacy and reputation. Openly reporting on activities and challenges builds public trust and demonstrates a commitment to ethical practices. In today's information age, such aspects will aid organisations in differentiating themselves from a stakeholder's point of view, including attracting investment so long as the information is relevant to the stakeholder and does not create information overload where the material information may lose the perspective and attention it warrants.

In an organisation's journey towards transparency, the Government and regulatory bodies also need to play a pivotal role in ensuring the required foundations and criteria for good governance are advocated and put in place. Hence, it is vital for the regulatory frameworks of the country to evolve as corporates cannot operate in isolation within the ecosystem. For instance, Transparency International, including its local counterpart, Transparency International Sri Lanka advocates for the disclosure of Ultimate Beneficial Owners (UBO) of corporates. However, collating information on ultimate beneficial owners of entities is not possible as the country's regulations do not require this to be disclosed when purchasing shares in the Colombo Stock Exchange, and a listed entity cannot compile this information in isolation.

COMPLIANCE SUMMARY

The KFP Board, through its operating structures, strived to ensure that the Company and all its subsidiaries and associates complied with the laws and regulations of the countries they operated in. Accordingly, the KFP Group complied with all applicable laws and regulations of the countries it operates in, including anti-corruption and anti-bribery laws.

The Board of Directors also took all reasonable steps in ensuring that all financial statements were prepared in accordance with the Companies Act No 7 of 2007, the Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), Sri Lanka Sustainability Disclosure Standards and the requirements of the CSE and other applicable authorities. Information contained in the financial statements of the Annual Report is supplemented by a detailed Management Discussion and Analysis which explains to shareholders the strategic, operational, investment, sustainability and risk related aspects of the KFP Group , and the means by which value is created and how it is translated into the reported financial performance and is likely to influence future results.

STATEMENT OF COMPLIANCE PERTAINING TO THE COMPANIES ACT NO. 7 OF 2007

MANDATORY PROVISIONS - FULLY COMPLIANT

Section		Compliance Status	Reference	Pages
168 (1) (a)	The nature of the business of the Company or classes of business in which it has an interest together with any change thereto	Yes	Management Discussion and Analysis, Annual Report of the Board of Directors	25, 147
168 (1) (b)	Signed Financial Statements of the Group and the Company	Yes	Financial Statements	162-221
168 (1) (c)	Auditors' Report on Financial Statements	Yes	Independent Auditors' Report	159-161
168 (1) (d)	Accounting policies and any changes thereto	Yes	Notes to the Financial Statements	169-221
168 (1) (e)	Particulars of the entries made in the Interests Register	Yes	Annual Report of the Board of Directors	152
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	Yes	Notes to the Financial Statements	193
168 (1) (g)	Total corporate donations made by the Company	Yes	Notes to the Financial Statements	193

Section		Compliance Status	Reference	Pages
168 (1) (h)	Information on the Directorate of the Company-and its subsidiaries during and at the end of the accounting period	Yes	Annual Report of the Board of Directors	150
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Notes to the Financial Statements	193
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries (other than as auditor)	Yes	Report of the Audit Committee / Financial Statements	156
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Financial Statements / Annual Report of the Board of Directors	164, 154
168 (2)	Information specified in paragraphs (b) to (j) of subsection (1) in relation to Subsidiaries	Yes	Financial Statements / Annual Report of the Board of Directors	208, 147

STATEMENT OF COMPLIANCE UNDER SECTION 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE (CSE) ON ANNUAL REPORT DISCLOSURES

MANDATORY PROVISIONS - FULLY COMPLIANT

CSE Rule		Compliance Status	Reference	Pages
(i)	Names of persons who were Directors of the Company	Yes	Board of Directors	18-20
(ii)	Principal activities of the Company and its subsidiaries during the year, and any changes therein	Yes	Management Discussion and Analysis, Annual Report of the Board of Directors, Financial Statements and Notes to the Financial Statements	25, 147, 169
(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in LKR and the percentage of such shares held	Yes	Your Share in Detail	222-223
(iv)	a) The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Companies complies with the Minimum Public Holding requirement in respect of voting ordinary shares The Public holding percentage in respect of non- voting Shares (where applicable) b) The public holding percentage in respect of Foreign Currency denominated Shares	Yes Not Applicable Not Applicable	Your Share in Detail	222-223

CSE Rule		Compliance Status	Reference	Pages
(v)	A statement of each Director's holding in shares of the Company at the beginning and end of each financial year	Yes	Annual Report of the Board of Directors	151
(vi)	Information pertaining to material foreseeable risk factors of the Company	Yes	Enterprise Risk Management Report	127-136
(vii)	Details of material issues pertaining to employees and industrial relations of the Company	Not Applicable	During the year 2024/25, there were no material issues pertaining to employees and industrial relations of the KFP Group	-
(viii)	Extents, locations, valuations and the number of buildings of the Company's land holdings and investment properties	Yes	Group Real Estate Portfolio	226
(ix)	Number of shares representing the Company's stated capital	Yes	Your Share in Detail	222-223
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	Your Share in Detail	222-223
(xi)	Ratios and market price information	Yes	Notes to the Financial Statements	202
(xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value			
(xiii)	Details of funds raised through a public issue or further issue of securities, the manner in which the funds of such issue have been utilised, details of the number of securities, class and consideration received and the reason for the issue and any material change in the use of funds	Not Applicable		-
(xiv)	Information in respect of Employee Share Ownership or Share Purchase Schemes	Yes	Corporate Governance / Notes to the Financial Statements	212-214
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Yes		
(xvi)	Related Party transactions exceeding 10% of the equity or 5% of the total assets of the Company as per audited financial statements, whichever is lower, with requisite details	Yes		
(xvii) to (xxii)	Disclosures pertaining to Foreign Currency denominated Securities, Sustainable Bonds, Perpetual debt Securities, Infrastructure Bonds, Compliant Debt Securities and/or High Yield Corporate Debt Securities listed on the CSE	Not Applicable		-

CSE Rule		Compliance Status	Reference	Pages
(xvi)	Related Party transactions exceeding 10% of the equity or 5% of the total assets of the Company as per Audited Financial Statements, whichever is lower, with requisite details	Yes	Annual Report of the Board of Directors/ Notes to the Financial Statements	149, 218
(xvii) to (xxii)	Disclosures pertaining to Foreign Currency denominated Securities, Sustainable Bonds, Perpetual debt Securities, Infrastructure Bonds, Compliant Debt Securities and/or High Yield Corporate Debt Securities listed on the CSE	Not Applicable		-

STATEMENT OF COMPLIANCE UNDER SECTION 9 OF THE LISTING RULES OF THE CSE ON CORPORATE GOVERNANCE

MANDATORY PROVISIONS - FULLY COMPLIANT

CSE Rule		Compliance Status	Reference	Pages
9.1 Corporate Governance Rules				
9.1.3	A statement confirming compliance with Corporate Governance Rules	Yes	Chairperson's Message	13
9.2 Policies				
9.2.1	Specified set of policies to be maintained together with the details relating to the implementation of such policies mentioned of website	Yes	Corporate Governance	106
9.2.2	Disclosure of any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by Company	Yes	Corporate Governance	108
9.2.3 (i) (ii)	List of policies to be disclosed along with any changes made to policies	Yes	Corporate Governance	108
9.2.4	Policies to be made available on written request to shareholders	Yes	Corporate Governance	109
9.3 Board Committees				
9.3.1 a/b/c/d	Maintenance of minimum required Board Committees	Yes	Corporate Governance	78
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees	Yes	Corporate Governance	78
9.3.3	Chairperson of the Board to not serve as the Chairperson of the Board Committees referred in 9.3.1	Yes	Corporate Governance	79-84

CSE Rule		Compliance Status	Reference	Pages
9.4 Meeting Procedures and the conduct of all General Meetings with Shareholders				
9.4.1	Maintenance of records relating to all resolutions considered at any General Meeting including requisite information. Making available copies of the same on request to the CSE and/or SEC	Yes	Corporate Governance	102
9.4.2 a-d	Communication and relations with shareholders and investors	Yes	Corporate Governance	101
9.5 Policy on matters relating to the Board of Directors				
9.5.1 a	Balanced representation between EDs and NEDs, covering Board composition, roles of the Chairperson and CEO, Board balance, and procedures for evaluating Board and CEO performance	Yes	Corporate Governance	70
9.5.1 b	Rationale for combining the roles of Chairperson and CEO, terms of reference of SID, and measures implemented to protect the interests of the SID in the event the Chairperson and CEO roles are combined	Not Applicable	Corporate Governance	-
9.5.1 c	Require diversity in Board composition for Board effectiveness	Yes	Corporate Governance	71
9.5.1 d	The rationale and the maximum number of Directors	Yes	Corporate Governance	72
9.5.1 e	Frequency of Board meetings	Yes	Corporate Governance	72
9.5.1 f	Establish mechanisms to keep Directors informed of Listing Rules and the Company's status of compliance/non-compliance	Yes	Corporate Governance	72
9.5.1 g	Minimum number of meetings (number and percentage) that a Director must attend	Yes	Corporate Governance	73
9.5.1 h	Requirements relating to trading in securities of the Company and its listed group companies, including disclosure obligations	Yes	Corporate Governance	109
9.5.1 i	Maximum number of directorships that may be held by Directors In listed companies	Yes	Corporate Governance	76-77
9.5.1 j	Permit participation in Board and Committee meetings through audiovisual means, with such participation counting toward the quorum	Yes	Corporate Governance	72
9.5.2	Confirmation of compliance with policy in the annual report, with reasons for non-compliance and proposed remedial action	Yes	Corporate Governance	116-124

CSE Rule		Compliance Status	Reference	Pages
9.6 Chairperson and CEO				
9.6.1	Requirement for a SID if the positions of Chairperson and CEO are held by the same individual	Not Applicable	Corporate Governance	-
9.6.2	Market announcement on the Chairperson being an Executive Director and/or combination of the Chairperson-CEO Roles including the rationale	Not Applicable		
9.6.3 a-d	Requirement for a SID	Not Applicable		
9.6.3 e	SID shall make a signed explanatory disclosure demonstrating the effectiveness of their duties	Not Applicable		-
9.6.4	Rationale for the appointment of a SID set out in the Annual Report	Not Applicable		-
9.7 Fitness of Directors and CEO				
9.7.1	Company to take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons in terms of the rules	Yes	Corporate Governance	153
9.7.2	Ensure nominees meet fit and proper criteria before shareholder approval or appointment as Director	Yes		
9.7.3	Assessment Criteria: Honesty, Integrity and Reputation, Competence and Capability and Financial Soundness	Yes		
9.7.4	Annually obtain declarations from Directors and the CEO confirming compliance with Fit and Proper Assessment Criteria	Yes		74
9.7.5	Disclosures in the Annual Report	Not Applicable	No non-compliances were reported during the year in this regard	
9.8 Board Composition				
9.8.1	Minimum number of Directors on the Board	Yes	Corporate Governance	70
9.8.2	At least 2 members or 1/3 of the Board, whichever is higher to be independent.	Yes		70
9.8.3 (i) to (ix)	Criteria for determining independence	Yes		75
9.8.5 a-c	The Board to ensure that IDs annually submit declarations on independence/ non-independence. Board to make an annual determination on the independence or otherwise of IDs and name the Directors who are determined to be independent Market announcement if ID independence has been impaired	Yes		74

CORPORATE GOVERNANCE

CSE Rule		Compliance Status	Reference	Pages
9.9 Alternate Directors				
a-e	Appointment of Alternate Directors to be in accordance with the Rules and such requirements to be incorporated into the Articles of Association	Not Applicable	No Alternate Directors were appointed during the financial year. Additionally, an EGM was held during the year and Articles of Association was amended to incorporate changes required as per the Rules	-
9.10 Disclosures relating to Directors				
9.10.1	Disclose policy on the maximum number of directorships Board members are permitted to hold	Yes	Corporate Governance	76-77
9.10.2/ 9.10.3	Market announcement upon the appointment of a new Director and any changes to the Board and Board Committee composition, including necessary details	Yes	Corporate Governance	71
9.10.4a-i	Disclosure of details relating to the Board members	Yes	Board of Directors	18-20
9.11 Nominations and Governance Committee				
9.11.1	Establishment of a Nominations and Governance Committee (NGC)	Yes	Corporate Governance	81-84
9.11.2	Formal procedure for the appointment and re-election of Directors	Yes		
9.11.3 9.11.4 (1)	NGC to have a written Terms of Reference	Yes		
a-b	The Composition of NGC	Yes		
9.11.4 (2)	Chairperson of NGC to be an ID	Yes		
9.11.4 (3)	Disclosure of names of the NGC Chairperson and members	Yes		
9.11.5 (i) – (x)	Functions of NGC	Yes		82
9.11.6 a-m	NGC Report with requisite information to be disclosed in Annual Report	Yes		82
9.12 Remuneration Committee				
9.12.2	Establishment of a Remuneration Committee (RC)	Yes	Corporate Governance	80-84
9.12.3	RC to establish and maintain a formal and transparent procedure for developing policy on EDs and individual Director's remuneration, ensuring that no Director is involved in fixing their own remuneration	Yes		
9.12.4	Remuneration for NEDs shall be based on a policy of non-discriminatory pay practices to ensure their independence	Yes		77
9.12.5	The RC to have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Yes		80

CSE Rule		Compliance Status	Reference	Pages
9.12.6 (1)	Composition of RC	Yes	Corporate Governance	80-84
9.12.6 (2)	Chairperson of RC to be an ID	Yes		
9.12.7	Functions of the RC	Yes		
9.12.8 a	Disclosure of names of Chairperson and members of RC	Yes		
9.12.8 b	Disclosure of statement of Remuneration policy	Yes		
9.12.8 c	Aggregate remuneration paid to EDs and NEDs	Yes		
9.13 Audit Committee				
9.13.1	Audit Committee (AC) to handle Risk functions where Company does not have separate Committees for Audit and Risk	Yes	Corporate Governance/ Audit Committee Report	79
9.13.2	AC to have written Terms of Reference	Yes		155
9.13.3 (1) a-b	Composition of AC	Yes		155
9.13.3 (2)	The quorum for AC meeting shall require a majority of those in attendance to be IDs	Yes		79
9.13.3 (3)	AC to meet as often as required, provided it meets compulsorily on a quarterly basis, at minimum, prior to recommending the release of financials	Yes		79
9.13.3 (4)/(6)	ID who is a member of a recognised professional accounting body to be appointed as Chairperson of the AC	Yes		79
9.13.3 (5)	CEO and the Chief Financial Officer (CFO) to attend the Audit Committee meetings by invitation.	Yes		155
9.13.4	Functions of AC	Yes		79
9.13.5 (1)	Report of the AC	Yes		155-157
9.13.5 (2) a-i	Disclosures to be included in the AC report	Yes		155-157
9.14 Related Party Transactions Review Committee				
9.14.1	Establishment of a Related Party Transactions Review Committee (RPTRC)	Yes	Corporate Governance	84
9.14.2 (1)	Composition of RPTRC	Yes		84
9.14.3	Functions of the RPTRC	Yes		85
9.14.4 (1) – (4)	General Requirements including requirement for RPTRC to meet at least once a quarter, access to all aspects of Related Party Transactions (RPTs), RPTRC to request Board to approve RPTs reviewed by it and requirements relating to Director's material personal interest in a matter being considered at a Board Meeting in relation to a RPT	Yes		85
9.14.5	Review of RPTs by the RPTRC	Yes		85

CSE Rule		Compliance Status	Reference	Pages
9.14.6	Shareholder Approval for RPTs	Not Applicable	Corporate Governance During the year under review there was no requirements for Shareholder Approval.	-
9.14.7	Immediate Disclosures	Yes	Corporate Governance	82-85
9.14.8 (1)	Details and disclosures pertaining to Non-Recurrent RPTs in the Annual Report	Yes	Notes to the Financial Statements/ Corporate Governance	218
9.14.8 (2)	Details and disclosures pertaining to Recurrent RPTs in the Annual Report	Yes		218
9.14.8 (3)	Report of the RPTRC	Yes		82-86
9.14.8 (4)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to RPTs, or a negative statement otherwise	Yes	Annual Report of the Board of Directors.	149
9.14.9 (1)/(2)	Shareholder approval for acquisition and disposal of substantial assets	Not Applicable	Corporate Governance During the year under review there was no requirements for Shareholder Approval.	-
9.14.9 (4)/(5)/ (6)	TPTRC to obtain competent independent advice on acquisition and disposal of substantial asset	Not Applicable	There were no acquisition and disposal of substantial assets during the year 2024/25.	-
9.17 Additional Disclosures				
(i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved	Yes	Corporate Governance	74
(ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence	Yes	Corporate Governance	69
(iii)	Arrangements made for Directors to be made aware of laws, rules and regulations and any changes thereto particularly to Listing Rules and applicable capital market provisions	Yes	Corporate Governance	69
(iv)	Disclosure of material non-compliance with laws/regulations and fines by relevant authorities where the Company operates	Yes	There were no instances of non-compliance with laws and regulations during the reporting period.	-

CODE OF BEST PRACTICE OF CORPORATE GOVERNANCE 2023 ISSUED BY CA SRI LANKA

VOLUNTARY PROVISIONS

The KFP Group is compliant with almost the full 2023 Code of Best Practice on Corporate Governance issued by the CA Sri Lanka to the extent of business exigency and as required by the Group.

Directors	• The KFP Group is directed, controlled and led by an effective Board that possess the skills, experience and knowledge and thus all Directors bring independent judgement on various subjects, particularly financial acumen. • Regular meetings of the Board are held and at the minimum once a quarter, with access to information, the advice of Company Secretary and independent professional advice, as required. • The Board (collectively) and Directors (individually) are aware of their obligation to act in accordance with the laws of the Country. • Board Balance is maintained as the Code stipulates. • Whilst there is a transparent procedure for Board Appointments under the oversight of the Nominations and Governance Committee, election and re-election, subject to shareholder approval, takes place at regular intervals. • Specified information regarding Directors, such as annual appraisal of the Board s shared in the Corporate Governance.
Directors' Remuneration	• The Human Resource and Compensation Committee, consisting of exclusively NEDs is responsible for determining the remuneration of Directors. • Compensation commitments in the event of early termination, determination of NED remuneration by the Board as a whole, remuneration policy and aggregate remuneration paid is disclosed under the Director Remuneration section and is in line with the Code.
Relations with Shareholders	• There is constructive use of the AGM, as per Code. Notice of Meeting, with adequate details, is circulated to shareholders as per statute. • The Group has in place multiple channels to reach shareholders as discussed under the Stakeholder Management and Effective Communication section. • Disclosure of material transactions and requisite shareholder approvals for major transactions.
Other Investors	• Individual shareholders investing directly in shares of the KFP Group are encouraged to carry out adequate analysis and seek independent advice in all investing and/or divesting decisions. They are encouraged to participate at the AGM and any General Meetings that are convened and to exercise their voting rights and seek clarity, whenever required.
Sustainability	• ESG (Environmental, Social, and Governance) is a pivotal consideration in the Group's decision making. In reporting performance, the Annual Report covers ESG disclosures through the <IR> framework, GRI standards and operations in conformity with the Principles of the United Nations Global Compact and United Nations Sustainable Development Goals. • The KFP Group has established a governance framework and structure which includes conformance, performance and sustainability/ESG factors in line with the Code.

CORPORATE GOVERNANCE

Accountability and Audit	• Interim and other price sensitive and statutorily mandated reports are disclosed to Regulators. As evident from the Annual Report of the Board of Directors, the KFP Group carried out all business in accordance with regulations and applicable laws, equitably and fairly. • The KFP Group continues to be a going concern and remedial action for any material events is in place. All related party transactions are reported under the Notes to the Financial Statements. • There is an annual review of the effectiveness of the Group's risk management and internal controls which ensures the maintenance of a sound system of internal control which is reported on under the Internal Controls section. • The Internal Audit function and the Audit Committee, functions as stipulated by the Code, and are discussed under the Audit Committee section. • A Related Party Transactions Review Committee is in place and functions in line with the Code. • There were no violations of the Group Code of Conduct, the Code of Business Conduct and Ethics during the year, which is mentioned under the Chairperson's Message section. • All Corporate Governance disclosures under CSE rules have been complied with.
Institutional Investors	• The KFP Group conducts regular and structured dialogue with shareholders based on a mutual understanding of objectives. This is done via the Investor Relations team and through the AGM or other General Meetings as convened on a need basis.
Internet and Cybersecurity	• The Board has prioritised cybersecurity by appointing a dedicated member responsible for overseeing it within the Group. The KFP Group has implemented a group policy, conduct periodic reviews to ensure its effectiveness, discuss cybersecurity risks at the Board level, and disclose the management of risks in the Annual Report. Furthermore, measures have been taken to secure connectivity for both internal and external devices.
Special Considerations for Listed Entities	• The KFP Group maintains policies relating to its governance and matters relating to Board of Directors in line with the Listing Rules of the CSE and the Code.

ENTERPRISE RISK MANAGEMENT

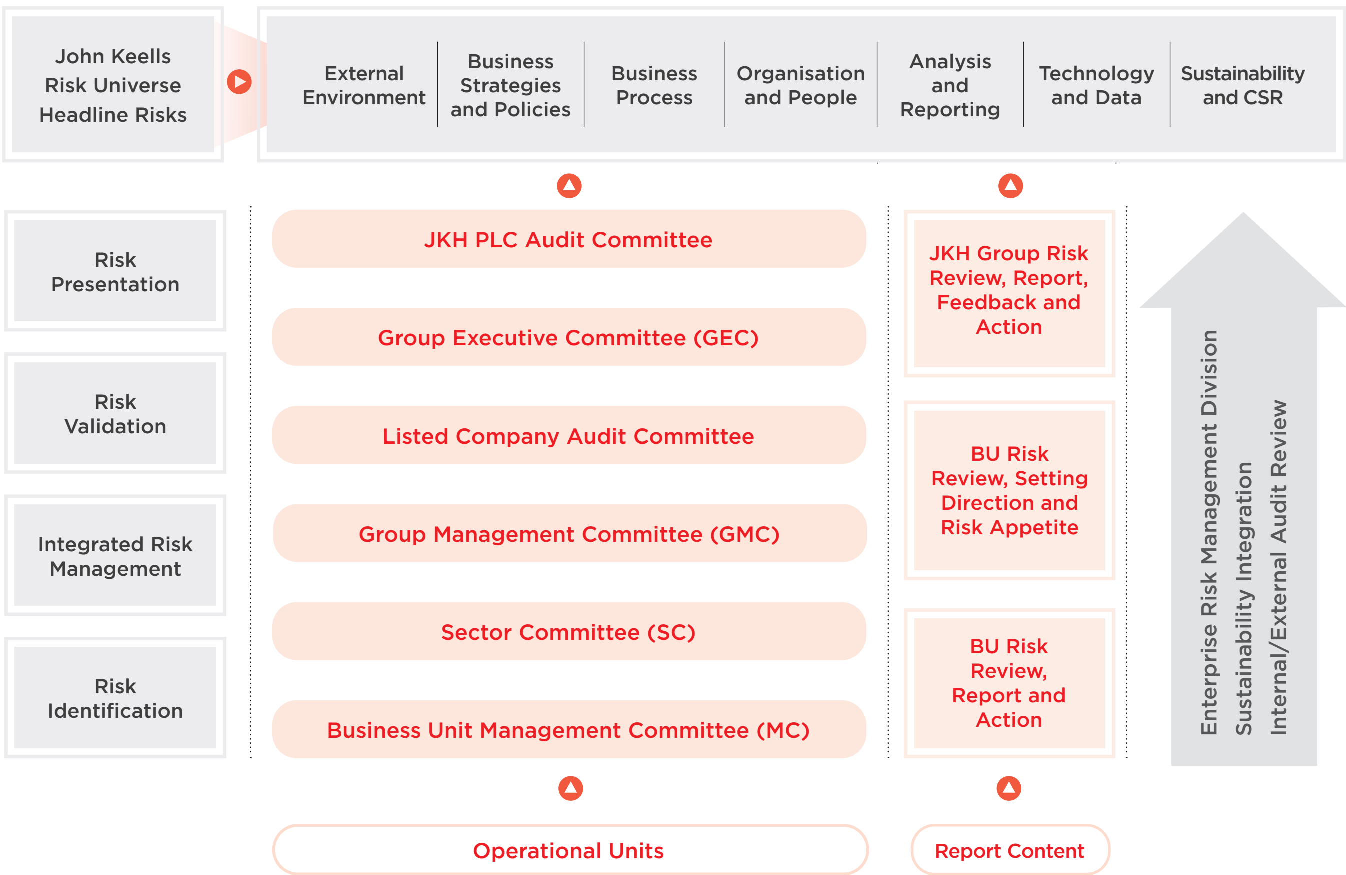
Risk Management plays a pivotal role in the strategic decision-making process of the Group. A rigorous and consistent Risk Management culture is embedded across the Group, where an Annual Risk Management cycle begins with a detailed discussion with the Group Management Committees (GMC) on the identification of impact, likelihood and velocity of risks, along with preventive, detective and corrective mitigation plans of the identified risks. The Group assesses if the risk ratings reflect the changing macroeconomic and operating environments.

The entire Risk Management process is conducted through the online Enterprise Risk Management Platform which further enhances transparency and ownership of all risk-related responsibilities and ensures that Risk Management is a holistic and dynamic process.

Individual business units are the ultimate owners of their risks and are responsible for reviewing their risk assessment forms on a quarterly basis. Identified risks are then validated at the Group Management Committees (GMC) and presented to the Audit Committee.

The outcomes of the Company risk review are considered by the JKH ERM division in consolidating risks for the John Keells (JK) Group. The Risk Management cycle is concluded with the distribution of a Group Risk Report, which is compiled by the JKH ERM division, containing risk profiling and analysis, to the JK Group Audit Committee. The Risk Management process and information flow adopted by JK Group is depicted below in Table 1.

Table 1 - John Keells Group Risk Management Process



ENTERPRISE RISK MANAGEMENT

The ERM Framework adopted by the John Keells Group and implemented by the Company and its Subsidiary involves the following:

1. **Identification of Risk**
   A Risk Event - Any event with a degree of uncertainty which, if it occurs, may result in the Organisation or Business Unit not meeting its stated objectives.

   The identified risks are classified as

   i. **Common Risks** - Common Risks are those risks which commonly appear on the risk grids of several companies of the John Keells Group. These risks are incorporated in the risk grid of the Group Executive Committee of JKH and are rated based on a consolidation of the risk ratings of such risks in the RCSAs of the constituent businesses.

   ii. **Business Specific Risks** - Business Specific Risks are defined as those risks which are applicable only to an individual line of business.

   iii. **Core Sustainability Risks** -Core Sustainability Risks are defined as those risks having a catastrophic impact to and from the Organisation, but may have a very low or nil probability of occurrence. These are risks that threaten the sustainability or long term viability of a business.

2. **Establishment of a Risk Register with Likelihood of Occurrence and Severity of Impact**
   Using the JK Group guidelines, a risk grid is established for the Company and its Subsidiary. Every risk is analysed in terms of likelihood of occurrence and severity of impact and assigned a score ranging from 1 (low probability/ impact) to 5 (high probability/ impact) to signify the probability of occurrence and the level of impact to the organisation. Please see Table 2 for further details.

3. **Establishment of Level of Risk**
   Based on the values assigned for each individual risk, using the matrix given in Table 2, a level of risk is established by multiplying the likelihood of occurrence with severity of Impact.

Table 2 -Guideline for Rating Risks

Impact / Severity	Rare/ Remote to Occur 1	Unlikely to Occur 2	Possible to Occur 3	Likely to Occur 4	Almost Certain to Occur 5
5 Catastrophic/ Extreme Impact	5	10	15	20	25
4 Major/ Very High Impact	4	8	12	16	20
3 Moderate/ High Impact	3	6	9	12	15
2 Minor Impact	2	4	6	8	10
1 Low/ Insignificant Impact	1	2	3	4	5

Occurrence/ Likelihood

The Colour Matrix implies the following;

Priority level	5	4	3	2	1
Colour code	Ultra High	High	Medium	Low	Insignificant
Score	13-25	10-12	7-9	3-6	1-2

QUARTERLY REVIEW OF THE RISK IDENTIFIED USING RISK FRAMEWORK BY THE COMPANY

It is the responsibility of the Chief Executive Officer (CEO) and the Company Risk Management team to ensure that each risk item is reviewed on a quarterly basis and to ensure that the mitigation actions identified during the risk review process are being carried out adequately. This ensures that the Company has a 'living' document that is updated based on internal and external conditions, on a quarterly basis through the Group's online Enterprise Risk Management IT platform, facilitating a relevant and timely dynamic risk register.

RISK UNIVERSE

The identified risks are broadly classified into the risk universe as identified by the John Keells Group. The risk universe for KFP is given in Table 3.

Table 3 - KFP Risk Universe

RISK UNIVERSE							
Headline Risk	**External Environment**	**Business Strategies and Policies**	**Business Process**	**Organisation and People**	**Analysing and Reporting**	**Technology and Data**	**Sustainability and CSR**
RELATED RISKS	Political	Reputation and Brand Image	Internal Business Process	Leadership/ Talent Pipeline	Performance Measurement and Reporting	Technology Infrastructure/ Architecture	Sustainability Strategy
	Competitor	Governance	Operations – Planning, Production, Process	Training and Development	Budgeting/ Financial Planning	Technology Reliability and Recovery	Biodiversity and Climate Change
	Catastrophic Loss	Capital and Finance	Operations – Technology, Design, Execution, Continuity	Human Resource Policies and Procedures	Accounting/ Tax	Data relevance, Processing and Integrity	Natural/ Sustainable Resource Utilisation
	Stakeholder Expectations	Strategy and Planning	Interdependency	Ethics	Internal/ External Reporting and Disclosures	Cyber Security	Community Investment and Philanthropy
	Macro Economic	Business/ Product Portfolio	Customer Satisfaction	Fraud and Abuse		IT Processes	Financing and Tax
	Foreign Exchange and Interest Rates	Organisation Structure	Legal, Regulatory Compliance and Privacy	Attrition		Cloud Computing	Oversight/ Monitoring/ Compliance
	Weather and Climate	Innovation and R&D	Property and Equipment Damage and Breakdown	Knowledge and Intellectual Capital		Data Protection and Privacy	Goal Congruence/ Dependence
		Investment, Mergers, Acquisitions and Divestments	Vendor/ Partner Reliance	Employee Relations and Welfare/ Health and Safety			
		Treasury, Hedging and Insurance		Performance Management and Compensation			

INTEGRATED RISK MANAGEMENT

The Company's risk management strategy is closely interwoven with its sustainability management framework and corporate social responsibility (CSR) functions, enabling a holistic approach towards the identification, management and mitigation of risk. Risk Management therefore extends beyond managing the operational and financial risks faced by the Company, to encompass broader environmental, community, employee, value chain and other non-financial risks related to the triple bottom-line approach of the Company, providing a foundation for productive engagements with internal and external stakeholders.

ENTERPRISE RISK MANAGEMENT

RISK MANAGEMENT DURING THE REPORTING YEAR

In the financial year 2024/25, Sri Lanka maintained macroeconomic stability, with key indicators such as inflation, interest rates, and foreign exchange rates reflecting improvement. Despite these positive developments, supply chain disruptions caused by the African Swine Fever (ASF) outbreak in Sri Lanka affected domestic raw material suppliers, posing challenges for the processed meat industry. In response to these evolving challenges, the Group has strengthened its risk management framework, focusing on fiscal, regulatory, and market risks. Proactive measures have been taken to enhance resilience against external shocks, ensuring adaptability in a dynamic operating environment.

Any high-level risks or core risks were reviewed by the Group Management Committee (GMC) headed by the President of the Industry Group as a means of validating the risk process at Business Unit level. The significant risk areas that impact the achievement of the strategic business objectives of the Company and the measures taken to address these risks during the year under review are discussed below.

● High ● Medium ● Low

Risk Factor	Impact on Value Creation	Risk Mitigation Actions	Risk Rating	
			2024/25	2023/24
1. Macro-Economic Environment, changes in taxes and tariffs	Macro-economic fundamentals such as inflation, GDP growth, interest rates, exchange rates, policy developments relating to tax/duty structures, and energy prices directly impact the fixed and variable costs of the Company as well as consumer disposable income which in turn impacts sales volumes. The cost of locally sourced and imported raw materials constitute a significant portion of our cost of production, due to which the changes in duties and taxes have a considerable impact on the cost base. The increase in Value-Added Tax (VAT) in the last financial year, coupled with the removal of VAT exemptions on certain goods and services, continues to weaken consumer spending. This ongoing impact has further intensified challenges in maintaining sales volume.	• Continuous review of emerging macro-economic developments and consumer behaviour through market surveys. • Strengthen local procurement through the development of local suppliers as a substitute for imported raw materials to mitigate the cost volatility of imports. • Due to uncertainty and volatility in the market, proactive demand planning and frequent forecasting is carried out. • Strategic planning in sourcing and holding buffer inventory for the smooth execution of the production plan. • Obtaining short-term loans to fund working capital requirement and long term facilities to fund the capex. • Continuous enhancement of products to ensure high quality while maintaining affordability. • Initiatives to support distributors through economic challenges stemming from indirect tax hikes and rising costs. • Weekly/ monthly cashflow monitoring to ensure cashflows are planned and control to minimise finance cost.	● Medium	● High

Risk Factor	Impact on Value Creation	Risk Mitigation Actions	Risk Rating	
			2024/25	2023/24
2. Volatility of material prices and inconsistency in supply of raw materials	The company faces price volatility in the market, particularly in raw meat, a key material for its operations. During the year, the outbreak of African Swine Fever (ASF) significantly affected pork availability, presenting challenges that impacted operations and contributed to higher product costs.	• Enter long-term contracts with suppliers at guaranteed terms. • Support suppliers through the provision of financial assistance at concessionary interest rates, and shorter credit period. • Increase the supplier base and monitor the material prices on a continuous basis. • In house deboning of raw meat to mitigate price volatility. • Ongoing focus on backward integration to mitigate the impact of price volatilities. • Compliance with stringent quality criteria in material procurement. • Capacity development of local farmers to share industry's best practices. • Pursued partnerships with alternative suppliers as a means of obtaining direct imports at a low cost. • Development of alternative recipes and value engineering to mitigate the cost impact without compromising on the taste and the quality of the products. • Carry buffer stock to manage unforeseen situations in the market.		
3. Vulnerabilities from IT related risks (Cyber Risk)	As the Company increasingly relies on IT and digital services, it is inevitably exposed to risks stemming from data privacy, cyber-crime and other ICT risks. With the digitisation and increased connectivity to company networks, potential risks related to network security, information leakage, and device stability have escalated. Reliance on cloud infrastructure and data retention increases the risk of unauthorised access, potential downtime that may disrupt Company operations and noncompliance with the regulations.	• Install stringent access controls, firewalls, security software and dedicated user IDs. • A comprehensive disaster recovery plan is in place to ensure continuity of business operations. • Availability of dedicated Information Security measures and the use of appropriate software. • Maintain up to date virus definition files and firewalls. • Obtain daily, weekly, and monthly "on-site" and "off-site" data backups, cloud storage for all users.		

ENTERPRISE RISK MANAGEMENT

● High ● Medium ● Low

Risk Factor	Impact on Value Creation	Risk Mitigation Actions	Risk Rating	
			2024/25	2023/24
	Risks arising from the rapid adoption of generative artificial intelligence in data governance and protection practices. The Group is exposed to compliance risks related to domestic and international data protection laws, such as the Personal Data Protection Act No. 9 of 2022 and the European Union's General Data Protection Regulation (2016). These risks can influence stakeholder confidence, affect digital transformation initiatives, and pose potential legal and regulatory challenges.	• Continuous training for employees on information security, data protection, and governance is complemented by targeted initiatives to enhance user awareness and sensitivity to these risks through engagement with relevant stakeholders. • The Group will continue to strengthen its data governance framework by reinforcing accountability mechanisms, refining data classification and retention policies and implementing privacy by design principles.		
4. Business process and product liability risk	The Company has identified Business Process and Product Liability as a core risk which can arise due to defect in the product and/ or manufacturing process such as food contamination and poisoning.	• External assurance on the manufacturing processes including certifications such as ISO 9001:2015 and ISO 22000: 2018 and Halal Certificate. • Adherence to Good Manufacturing Practice (GMP) and Food Safety standards. • Fully compliant with rules and regulations which are imposed by the Consumer Affairs Authority's and other statutory bodies. • Established a Complaint Management System (CMS). • Implemented new test kits methods which are certified under AOAC and ISO certification which provide results within 24 hours with greater accuracy. • Deployed "Physical Quality Checkers" in the manufacturing facilities whose preliminary responsibility is to observe the entire manufacturing processes to ensure production is carried out according to the stipulated regulations and standards.	● Low	● Low
5. Reputation Risk	The Group recognises that reputational risk encompasses the potential harm to its image and positioning in the eyes of stakeholders, including customers, investors, employees, and the public. This risk arises from adverse events, actions, or perceptions that tarnish the Group's reputation.	• Ensure compliance with John Keells Group policies and applicable laws, adhere to corporate governance, ethical behaviour, and maintain positive customer relationships to foster trust and goodwill among stakeholders and the community.	● Low	● Low

Risk Factor	Impact on Value Creation	Risk Mitigation Actions	Risk Rating	
			2024/25	2023/24
6. Meeting quality expectations and change in customer expectations	The food manufacturing industry is subject to general risks of food spoilage or contamination, consumer preferences with respect to nutrition and health related concerns, Governmental regulations and consumer liability claims. These risk if materialised, could impact Company's reputation leading to loss of market share and possible litigation.	• The Company has put in place a comprehensive quality assurance system powered by qualified specialists using international benchmarks, which considers all product and process innovations to avoid any regulatory, health and nutrition related concerns. • Validating all nutritional standards of the products with respect to Government regulations. • Use of high-quality ingredients which satisfy international and local regulatory standards. • Ensure compliance with the ISO 22000:2018 (food safety standard) and ISO 9001:2015 (Quality Management Systems). • Lobbying and reviewing internal standards related to material specifications. • The effluent treatment plant at Pannala upgraded to match the latest technology and to address the specific requirements in relation to the water-related quality standards. • Recipe validation was done covering every product range to improve the consistency. • Inspections at the distributor's cold chain facilities and strengthening the sites of raw material suppliers by visiting them on a regular basis. • Introduction of data loggers inside the delivery vehicles to monitor the freezer temperature and thereby ensure consistent cold chain. • A system with restricted access has been created to ensure data security and confidentiality of QA related documents in both Pannala and Ekala.		

ENTERPRISE RISK MANAGEMENT

● High ● Medium ● Low

Risk Factor	Impact on Value Creation	Risk Mitigation Actions	Risk Rating	
			2024/25	2023/24
	To proactively understand and meet emerging customer expectations, the Company is required to monitor and keep up to date with market trends to ensure a satisfied and loyal customer base and retain a competitive edge.	• Strengthened microbiology and sensory evaluation system covering entire product portfolio prior to market release. • Continued monitoring of customer preferences and development of products to suit these emerging requirements. • Continuous upgrading of recipes. • Increased focus on strengthening our value-for-money offering, given customers' increased concerns on product affordability. This included value engineering of products and expanding the small-sized pack for several key products. • Launch of the new KeellsKrest Jumbo Peanuts range, introduction of the Chinese Rolls range for the HORECA channel, new SKU additions such as Chicken Burger Patty, Ham range, assorted Curry Pork range, all aimed at ensuring a satisfied and loyal customer base.		
7. Human Resources, Labour Relations and Talent Management	Key Human Resource areas such as recruitment, career development, performance management, training and development, competency frameworks, coaching and mentoring, talent management, reward and recognition, compensation and benefits have been reviewed and revised to align with John Keells Group policies and industry best practice. The Company has 385 permanent employees, of which 33% are represented by unions. For KFP, weakening of labour relations could result in a significant increase in labour costs, disruption to operations and increase in production downtime and could impact on the image of the Company. The company's operations may be impacted by the potential loss of experienced employees due to skill migration trend prevalent in the country.	• Maintaining ongoing dialogue on a proactive basis with union representatives to maintain cordial industrial relations. • Embedded various personnel development programmes to develop skills and capabilities. • Aligning Compensation and Benefits (C&B) structures and organisational culture to suit contemporary trends while strengthening emotional connections with regular employee engagement activities. • The extension of paternity leave to 100 days to support employees in meeting their early childcare responsibilities.	●	●

Risk Factor	Impact on Value Creation	Risk Mitigation Actions	Risk Rating	
			2024/25	2023/24
8. Health and Safety	Ensuring a safe working environment for employees remains a top priority to ensure safety and improve motivation and productivity among staff while reducing accidents in the workplace. A rise in workplace accidents could elevate the risk of injury, employee turnover, financial penalties, legal repercussions or litigation, and reputational damage.	• The Company obtained the ISO 45001: 2018 system certifications related to Occupation Health and Safety Management System (OHSMS) for both Pannala and Ekala Plant. The factories are registered with the District Factory Inspecting Engineer's office to comply with regulations.		
9. Credit Risk	Credit facilities are offered to the Company's customers and distributors in keeping with the industry norms. Hence, the Company is exposed to the risk of defaulting payments and increase in cost of operations due to bad debts.	• Continuous evaluation of creditworthiness to set credit limits. • Maintain bank guarantees and periodically increase bank guarantee requirements to align with business growth and minimise exposure. • Grant approval for additional credit facilities while adequately safeguarding exposures with sufficient asset-backed securities. • Weekly monitor debtors and ensure the outstanding are settled on time.		
10. Natural disaster, fire and lightning	Natural disasters such as earthquakes, storms, floods, fire and lightning give rise to major adverse events which could be beyond a controllable proportion and can significantly affect the Company's business process by way of loss of life, loss and damage to property and disruption of operations.	• Maintaining adequate insurance coverage for all properties. • Implemented Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) with regular drills. • KFP obtained ISO 45001:2018 (OHSMS), which is integrated into daily operations, and supported by awareness, training, and system audits. KFP has also developed and trained the employees in the Emergency response plan (ERP). • The company has factories in two separate locations, providing an alternative in emergencies such as natural disasters or a fire, and is registered with the fire brigade. • Surge protection devices installed and monitored by a dedicated team.		

ENTERPRISE RISK MANAGEMENT

● High ● Medium ● Low

Risk Factor	Impact on Value Creation	Risk Mitigation Actions	Risk Rating	
			2024/25	2023/24
11. Impact of climate change	Given the KFP Group's exposure to climate-related disasters and vulnerability to climate risks, the Group recognises the importance of assessing how climate change may impact its operations.	• The Group is mindful of the impact its business operations may have on climate change and is proactively working to minimise such effects. • Business units currently recognise the impact of climate change as a risk factor and incorporate its effects into other relevant risk assessments. • The John Keells Group is in the process of developing a Climate Change Mitigation policy with the assistance of external subject experts. Furthermore, the John Keells Group will be carrying out a climate scenario analysis on all its business operations to assess its physical risks due to climate change which the KFP Group will adopt subsequently.	●	●
12. Environmental implications arising from effluent water, gas leaks and incinerator fumes	As a manufacturing organisation, KFP's environmental impacts include water discharge, incinerator fumes, disposal of waste and the possibility of gas or fuel leaks that could escape to the surrounding environment. These impacts can affect the Company's reputation, which can have a prolonged adverse impact on operations.	• Comprehensive environmental management framework aligned to the Parent entity, which includes targets for reducing energy, water and carbon intensity. • Responsible disposal in wastewater of the Ja-Ela manufacturing facility directly to the Central Waste-water Treatment plant which is maintained by National Water Supply and Drainage Board. • The wastewater of the Pannala manufacturing facility is treated through an Effluent Treatment Plant within the factory before being irrigated in the land of the factory premises. • A Dissolved Air Flotation system (DAF) was installed in Pannala facility which separates the solid waste and reduces the amount of effluent treated. • Wastewater quality checks conducted through accredited laboratories to ensure treated water conforms to Chemical Oxygen Demand (COD) and Biochemical Oxygen Demand (BOD) levels stipulated under the Environmental Protection License (EPL).	●	●

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT

Shape the future
with confidence

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

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

Independent practitioner's assurance report to the Board of Directors of Keells Food Products PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2024/25

SCOPE

We have been engaged by Keells Food Products PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Keells Food Products PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained Keells Food Products PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY KEELLS FOOD PRODUCTS PLC

In preparing the Subject Matter, Keells Food Products PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at https://www.globalreporting.org

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

KEELLS FOOD PRODUCTS PLC'S RESPONSIBILITIES

Keells Food Products PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Keells Food Products PLC on 4 March 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT

in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

EMPHASIS OF MATTER

Economic, Environment, Social management data/ information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Keells Food Products PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.

Ernst + Young

26th May 2025
Colombo

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

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

A member firm of Ernst & Young Global Limited

GRI CONTENT INDEX

Statement of use	Keells Food Products PLC has reported in accordance with the GRI Standards for the period 1st April 2024 to 31st March 2025
GRI 1 used	GRI 1: Foundation 2021

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
General disclosures					
GRI 2: General Disclosures 2021	**The organisation and its reporting practices**				
	2-1 Organisational details	4, IBC	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	2-2 Entities included in the organisation's sustainability reporting	4			
	2-3 Reporting period, frequency and contact point	4,5			
	2-4 Restatements of information	4			
	2-5 External assurance	4, 137-138			
	Activities and workers				
	2-6 Activities, value chain and other business relationships	4, 23,26-27, 57-58			
	2-7 Employees	46-47			
	2-8 Workers who are not employees	46			
	Governance				
	2-9 Governance structure and composition	67			
	2-10 Nomination and selection of the highest governance body	71			
	2-11 Chair of the highest governance body	67,88			
	2-12 Role of the highest governance body in overseeing the management of impacts	69-70			
	2-13 Delegation of responsibility for managing impacts	68			
	2-14 Role of the highest governance body in sustainability reporting	103-107			
	2-15 Conflicts of interest	74-75			
	2-16 Communication of critical concerns	109,113			
	2-17 Collective knowledge of the highest governance body	18-20,71-72			
	2-18 Evaluation of the performance of the highest governance body	74			
	2-19 Remuneration policies	77			
	2-20 Process to determine remuneration	49-50, 77, 80-81			
	2-21 Annual total compensation ratio		2-21	Confidentiality constraints	Industry does not disclose this due to confidentiality reasons.
	Strategy, policies and practices				
	2-22 Statement on sustainable development strategy	10-14			
	2-23 Policy commitments	107-108			
	2-24 Embedding policy commitments	91			
	2-25 Processes to remediate negative impacts	109, 127-136			

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
	2-26 Mechanisms for seeking advice and raising concerns	109			
	2-27 Compliance with laws and regulations	33, 116-126			
	2-28 Membership associations	59			
	Stakeholder engagement				
	2-29 Approach to stakeholder engagement	32-33			
	2-30 Collective bargaining agreements	49			
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	34	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	3-2 List of material topics	35			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	38-40			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	9			
	201-2 Financial implications and other risks and opportunities due to climate change	135-136			
	201-3 Defined benefit plan obligations and other retirement plans	215-217			
	201-4 Financial assistance received from government	33			
Market presence					
GRI 3: Material Topics 2021	3-3 Management of material topics	47			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	47			
	202-2 Proportion of senior management hired from the local community	47			
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	28,41-42			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	41-42			
	203-2 Significant indirect economic impacts	28-29, 59			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	57			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	57			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	114-116			

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	114			
	205-2 Communication and training about anti-corruption policies and procedures	71-72, 115			
	205-3 Confirmed incidents of corruption and actions taken	114			
Anti-competitive behaviour					
GRI 3: Material Topics 2021	3-3 Management of material topics	221			
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	107			
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics	97-98			
GRI 207: Tax 2019	207-1 Approach to tax	97-98			
	207-2 Tax governance, control, and risk management	97-98			
	207-3 Stakeholder engagement and management of concerns related to tax	97-98			
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	61			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	61			
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	61			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	61			
	302-3 Energy intensity	61			
	302-4 Reduction of energy consumption	61			
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	62-63			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	62			
	303-2 Management of water discharge-related impacts	62			
	303-3 Water withdrawal	62			
	303-4 Water discharge	62			
	303-5 Water consumption	62			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	60-63			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	63			
	305-2 Energy indirect (Scope 2) GHG emissions	63			
	305-3 Other indirect (Scope 3) GHG emissions	63			

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
	305-4 GHG emissions intensity	63			
	305-5 Reduction of GHG emissions	63			
	305-6 Emissions of ozone-depleting substances (ODS)	63			
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	63			
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	60-63			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	62			
	306-2 Management of significant waste-related impacts	62			
	306-3 Waste generated	62			
	306-4 Waste diverted from disposal	62			
	306-5 Waste directed to disposal	62-63			
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	57-58			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	58			
	308-2 Negative environmental impacts in the supply chain and actions taken	58			
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	46-52			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	47			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	49-50			
	401-3 Parental leave	52			
Labour/management relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	49			
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	49			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	48			
	403-2 Hazard identification, risk assessment, and incident investigation	48			
	403-3 Occupational health services	48			
	403-4 Worker participation, consultation, and communication on occupational health and safety	48			

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
	403-5 Worker training on occupational health and safety	48			
	403-6 Promotion of worker health	48-49			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	48			
	403-8 Workers covered by an occupational health and safety management system	48			
	403-9 Work-related injuries	48			
	403-10 Work-related ill health	48			
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	50-51			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	51			
	404-2 Programmes for upgrading employee skills and transition assistance programmes	51			
	404-3 Percentage of employees receiving regular performance and career development reviews	50			
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	46-47,70			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	46-47,70			
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	52			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	52			
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	49			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	49			
Child labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	58			
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	58			

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
Forced or compulsory labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	58			
GRI 409: Forced or Compulsory labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	58			
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	59			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	59			
	413-2 Operations with significant actual and potential negative impacts on local communities	59			
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	57-58			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	58			
	414-2 Negative social impacts in the supply chain and actions taken	58			
Public policy					
GRI 3: Material Topics 2021	3-3 Management of material topics	32-33			
GRI 415: Public Policy 2016	415-1 Political contributions	33			
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	55-56			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	55			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	56			
Marketing and labelling					
GRI 3: Material Topics 2021	3-3 Management of material topics	55-56			
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	56			
	417-2 Incidents of non-compliance concerning product and service information and labelling	56			
	417-3 Incidents of non-compliance concerning marketing communications	56			
Customer privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	56			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	56			

FINANCIAL INFORMATION

FINANCIAL CALENDAR

	Date
First Quarter Released on	29th July 2024
Second Quarter Released on	4th November 2024
Third Quarter Released on	3rd February 2025
Fourth Quarter Released on	26th May 2025
Annual Report 2024/25 Released on	26th May 2025
Forty Third Annual General Meeting on	20th June 2025

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Keells Food Products PLC (Company) has pleasure in presenting the 43rd Annual Report of your Company which covers the Audited Financial Statements of the Company and its Subsidiary John Keells Foods India (Private) Limited (Subsidiary), Chairperson's Message, Corporate Governance, Management Discussion and Analysis, Enterprise Risk Management and all other relevant information for the year ended 31st March 2025.

The Group successfully maintained its market leadership position and demonstrated a strong improvement in profitability, recording a Profit Before Tax (PBT) of Rs. 179 million, a notable turnaround from the losses recorded in the previous year.

The management has formed judgment that the Group have adequate resources to continue in operational existence for the foreseeable future driven by the continuous application of risk mitigation initiatives and monitoring of business continuity, and response plans by the operations, backed by the financial strength of the Group.

The content of this Annual Report has also considered the requirements of the Companies Act No. 07 of 2007 (Companies Act), the relevant Listing Rules of the Colombo Stock Exchange (CSE) and recommended best practices, such as the rules on corporate governance (2023) jointly issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and also guided by recommended best accounting practices.

The Company was incorporated on the 5th November 1982 as a Public Limited Liability Company and the shares of the Company were listed on the Colombo Stock Exchange. Subsequently, in pursuant to the requirements of the Companies Act, the Company was re-registered and given a new Company number PQ 3 on 15th June 2007.

CORPORATE VISION AND VALUES

A culture of innovation, integrity, excellence, caring and trust has been developed within the Group. By being aligned with these values the Directors and employees conduct their activities in accordance with the highest levels of ethical standards to achieve the vision, "Our passion is to deliver pleasure and nutrition throughout people's lives, through exciting and superior products, whenever and wherever they choose to eat and drink."

PRINCIPAL ACTIVITIES

Company

The principal activity of the Company is the manufacture and sale of processed meats, raw meats, crumbed products and other convenient food products, which remained unchanged during the year.

Subsidiary

John Keells Foods India (Private) Limited

The principal activity of John Keells Foods India (Private) Limited (JKFI) is the marketing of processed meat products in India. JKFI was incorporated on the 7th April 2008. JKFI has not carried out any commercial operations during the year ended 31st March 2025.

Ultimate Parent

The Company's ultimate Parent and controlling entity is John Keells Holdings PLC (JKH or Parent Company), which is incorporated in Sri Lanka.

REVIEW OF BUSINESS SEGMENTS

A review of the financial and operational performance and future business developments of the Group is described in the Chairperson's Message and in the Management Discussion and Analysis section of the Annual Report. These reports form an integral part of the Annual Report of the Board of Directors and together with the Audited Financial Statements provide a fair review of the performance of the Company and its Subsidiary during the financial year ended 31st March 2025. The Segment wise contribution to Group revenue, results, assets and liabilities are provided in Note 7.1 to the Financial Statements of this Annual Report.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

Financial Statements of the Group and the Company for the year ended 31st March 2025, have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) with the inclusion of the signatures of the Directors are given as a part of the Integrated Annual Report.

For the year ended 31 March	2025 Rs. '000	2024 Rs. '000
Profit/(Loss) after tax	**133,161**	(218,271)
Other adjustments	**15,493**	(25,635)
Balance brought forward from the previous year	**143,013**	399,669
Amount available for appropriation	**291,667**	155,763
Final dividend paid for the previous year	**-**	(12,750)
Interim dividend paid for the current year	**(62,475)**	-
Balance carried forward	**229,192**	143,013

ANNUAL REPORT OF THE BOARD OF DIRECTORS

ACCOUNTING POLICIES

All the significant accounting policies based on the Accounting Standards (SLFRS/ LKAS) issued by the CA Sri Lanka are provided in detail, in the notes to the Financial Statements on pages 169 to 221. There have been no changes in the accounting policies adopted by the KFP Group during the year under review.

REVENUE

The Revenue generated by the Group and the Company for the financial year amounted to Rs.6,741 million (Rs. 5,799 million in 2023/24). An analysis of the Revenue is given in Note 13 to the Financial Statements.

PROFITS AND APPROPRIATIONS

The Profit of the Group attributable to equity holders of the Parent for the financial year was Rs.133 million (2023/24 – Loss of Rs. 218 million) whilst for the Company, it was a profit of Rs. 131 million (2023/24 - Loss of Rs. 219 million).

The Group's total comprehensive income/ expenses net of tax attributable to equity holders of the Parent was Rs. 167 million of Income (2023/24 - Rs. 234 million of Expense), and the Company's total Comprehensive Income/expenses net of tax was Rs. 167 million of Income (2023/24 - Rs. 239 million of Expense).

DIVIDENDS

1st Interim dividend of Rs. 0.48 was paid on the 29th November 2024 and 2nd Interim dividend of Rs. 1.97 was paid on the 5th March 2025.

The Board of Directors has now approved a final dividend of Rs. 1.15 per share for the financial year 2024/25 to be paid on or before 11th June 2025 to those shareholders on the register as of the 23rd May 2025 (Record Date). In accordance with the Sri Lanka Accounting Standard 10, events after the reporting period, the declared dividend has not been recognised as a liability as at 31st March 2025.

As required by Section 56(2) of the Companies Act, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the Companies Act and a certificate has been obtained from the Auditors, prior to declaring all dividends.

Dividend per share has been computed for all periods based on the number of shares in issue at the time of the dividend payout. The dividends are paid out of taxable profits of the Company and will be subjected to a withholding tax at the rate prevailing on the date of payment.

RESERVES

Total reserves as at 31st March 2025 for the Group amounted to Rs. 677 million (Rs. 568 million as at 31st March 2024) whilst the Company was Rs. 681 million (Rs. 572 million as at 31st March 2024). The detailed movement of Reserves is given in the Statement of Changes in Equity on page 167 of this Annual Report.

CAPITAL EXPENDITURE

The total capital expenditure on acquisition of Property, Plant and Equipment and Intangible Assets of the Group and the Company amounted to Rs. 124 million (Rs. 189 million in 2023/24) details of which are given in Note 20 and 22 to the Financial Statements. Capital expenditure approved but not provided in the Financial Statements for the KFP Group and Company is given in Note 39 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

The value of Property, Plant and Equipment as at the reporting date amounted to Rs. 1,619 million (Rs. 1,676 million 2023/24) for the Group and the Company. The details of Property, Plant and Equipment and their movements are shown in Note 20 to the Financial Statements. The details of Intangible assets are shown in Note 22 to the Financial Statements.

VALUATION OF LAND AND BUILDINGS

All land and buildings owned by the KFP Group were revalued by a professionally qualified independent valuer as at 31st December 2024. The valuation was carried out by Upali Silva & Lochana Silva - Chartered Valuers (Pvt) Limited.

The Directors are of the opinion that the re-valued amounts are not in excess of the current market values of such properties. The details of the re-valued land and buildings of the Company as well as the extent of land, location and the number of buildings along with the relevant accounting policies are given in Note 20 of the Financial Statements and the Real Estate Portfolio on page 226 of the Annual Report.

INVESTMENTS

Details of investments held by the Company are disclosed in Note 23 to the Financial Statements.

STATED CAPITAL

In compliance with the Companies Act, the Financial Statements reflect the Stated Capital of the Company. The Stated Capital is the total of all amounts received by the Company in respect of the issue of shares and calls on shares.

The total Stated Capital of the Company as at 31st March 2025 was Rs. 1,295 million (Rs. 1,295 million as at 31st March 2024) details of which are provided in Note 30 to the Financial Statements.

PROVISION FOR TAXATION

Provision for taxation has been computed at the rates given in Note 19 to the Financial Statements.

DONATIONS

The KFP Group did not make any donations during the year. (Rs. 3 million in 2023/24).

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no material Contingent Liabilities or Capital Commitments as at 31st March 2025, except those disclosed in Note 38 to 39 to the Financial Statements.

OUTSTANDING LITIGATION

In the opinion of the Directors and in consultation with the Company lawyers, litigations currently pending against the Company will not have a material impact on the reported financial results or future operations of the Company.

RELATED PARTY TRANSACTIONS

The Company did not engage in any Non-Recurrent Related Party Transactions during the year under review. Recurrent Related Party Transactions exceeding 10% of the consolidated revenue as per the Audited Financial Statements as at 31st March 2024 have been disclosed in the table below;

The Directors confirm that transactions with Related Parties in terms of the Sri Lanka Accounting Standard LKAS 24- Related Party Disclosures have been detailed in Note 37 to the Financial Statements, as well as that the requirements as per the Section 9.14 of the CSE Listing Rules pertaining to Related Party Transactions have been complied with.

SHARE INFORMATION

An Ordinary Share of the Company was quoted on the CSE at Rs. 169.00 as at 31st March 2025 (Rs. 147.00 as at 31st March 2024). Information relating to earnings, dividends, net assets and market value per share is given in the Ten Year Information at a Glance section on page 224, Key Figures and Ratios are given on page 225 of this report.

SHAREHOLDINGS

There were 1,225 registered shareholders, holding ordinary voting shares as at 31st March 2025 (1,235 registered shareholders as at 31st March 2024). The distribution of shareholdings including the percentage held by the public is given on page 222 of this report. The Company is listed in the Diri Savi Board of CSE.

FLOAT ADJUSTED MARKET CAPITALISATION

As at 31st March 2025 Keells Food Products PLC had a float adjusted market capitalisation of Rs. 433 million, 10.05% Public shareholding which includes 1,223 Public shareholders. Thus, the Company is compliant under option 2 of the minimum threshold requirements for the Diri Savi Board of the CSE, as per section 7.6 of the listing rules of the CSE.

MAJOR SHAREHOLDERS

The list of the top twenty shareholders is given on page 223 of this report.

INFORMATION TO SHAREHOLDERS

The Board strives to be transparent and provide accurate information to shareholders in all published material. The quarterly financial information during the year has been sent to the CSE in a timely manner.

Name of Related Party	Relationship	Nature of the Transactions	Aggregate Value of Related Party Transactions entered into During the Financial Year	Aggregate Value of Related Party Transactions as a % of Net Revenue	Terms and Conditions of the Related Party Transactions
Jaykay Marketing Services (Private) Limited	Company under common control	Sale of goods	Rs. 1,582,531,656.37	27.29%	Ordinary course of business on an arm's length basis

ANNUAL REPORT OF THE BOARD OF DIRECTORS

EQUITABLE TREATMENT TO ALL SHAREHOLDERS

The Company has made every endeavour to ensure the equitable treatment to all shareholders and has adopted adequate measures to prevent information asymmetry.

DIRECTORATE

The Board of Directors of the Company who served during the year and as at the end of the Financial Year are given below:

- Mr. K N J Balendra (Non-Executive, Non-Independent)
- Mr. J G A Cooray (Non-Executive, Non-Independent)
- Mr. D P Gamlath (Non-Executive, Non-Independent)
- Ms. P N Fernando (Non-Executive, Non-Independent)
- Mr. P D Samarasinghe (Non-Executive, Independent)
- Ms. S De Silva (Non-Executive, Independent)
- Mr. I Samarajiva (Non-Executive, Independent)

No other Director held office during the period under review .

Ms. A Nanayakkara and Mr. K C S Fernando were appointed as Independent Non-Executive Directors of the Company with effect from 2nd May 2025.

Mr. M M J W Jayasekara was appointed as an Independent Non-Executive Director of the Company with effect from 15th May 2025.

The Brief profiles of the said Directors appear on pages 19 to 20 of this Annual Report.

Ms. S De Silva, Mr. I Samarajiva and Mr. P D Samarasinghe, Independent Non- Executive Directors, will retire from the Board of Directors of the Company effective from and upon the conclusion of the Annual General Meeting of the Company to be held on 20th June 2025, having completed 9 years on the Board.

Brief Profiles of the Directors, appear on pages 18 to 20 of this Annual Report.

The Board of Directors of John Keells Foods India (Private) Limited who served during the year and as at the end of the Financial Year are given below.

- Mr. D P Gamlath (Non-Executive, Non-Independent)
- Ms. P N Fernando (Non-Executive, Non-Independent)

No other Director held office during the period under review.

REVIEW OF THE PERFORMANCE OF THE BOARD

The performance of the Board has been appraised through a formalised process, where each individual Director anonymously comments on the dynamics of the Board. The process is described in the Corporate Governance section of the Annual Report.

BOARD SUB-COMMITTEES

Audit Committee

As at 31st March 2025, the Audit Committee of Keells Food Products PLC consists of three (3) Non-Executive, Independent Directors:

Mr. P D Samarasinghe (Chairperson)

Ms. S De Silva

Mr. I Samarajiva

Ms. A Nanayakkara and Mr. K C S Fernando were appointed to the Audit Committee w e f 2nd May 2025.

The report of the Audit Committee is given on pages 155 to 157 of this Annual Report. The Audit Committee has reviewed all other services provided by the External Auditors to the Group to ensure that their independence as Auditor has not been compromised.

Human Resources and Compensation Committee

In accordance with the Listing Rules of the Colombo Stock Exchange (CSE), the Human Resources and Compensation Committee of John Keells Holdings PLC (JKH), the Parent Company of Keells Food Products PLC (KFP), served as the Human Resources and Compensation Committee of KFP until 30th September 2024. Pursuant to Listing Rule 9.3, KFP established its own Human Resources and Compensation Committee with effect from 1st October 2024.

The mandate and the scope of the Human Resources and Compensation Committee is set out in page 80 of this Annual Report.

As at 30th September 2024, the Human Resources and Compensation Committee of JKH, the Parent Company, comprises following Independent Non-Executive Directors:

Mr. D V R S Fernando - Chairperson (Appointed w e f 01.07.2024)

Mr. D A Cabraal

Dr. (Mr.) S S H Wijayasuriya

As at 31st March 2025, the Human Resources and Compensation Committee of KFP, comprises following Independent Non- Executive Directors

Mr. I Samarajiva (Chairperson)

Mr. P D Samarasinghe

Mr. J G A Cooray

The Remuneration Policy of the Company is detailed in the Corporate Governance Report of this Annual Report.

Nominations & Governance Committee
In accordance with the Listing Rules of the Colombo Stock Exchange (CSE), the Nominations & Governance Committee of John Keells Holdings PLC (JKH), the Parent Company of Keells Food Products PLC (KFP), served as the Nominations & Governance Committee of KFP until 30th September 2024. Pursuant to Listing Rule 9.3, KFP established its own Nominations & Governance Committee with effect from 1st October 2024.

The mandate and the scope of the Nominations & Governance Committee is set out in pages 81 to 82 of this Annual Report.

As at 30th September 2024, the Nominations & Governance Committee of JKH, the Parent Company are as follows;

Dr. (Ms.) S A Coorey (Chairperson)

Mr. D A Cabraal

Dr. (Mr.) S S H Wijayasuriya

Mr. K N J Balendra (Resigned w e f 01.10.2024)

As at 31st March 2025, the Nominations & Governance Committee of KFP, comprises the following Independent Non- Executive Directors.

Ms. S De Silva (Chairperson)

Mr. I Samarajiva

Mr. K N J Balendra

Related Party Transactions Review Committee
In accordance with the Listing Rules of the Colombo Stock Exchange (CSE), the Related Party Transactions Review Committee of John Keells Holdings PLC (JKH), the Parent Company of Keells Food Products PLC (KFP), served as the Related Party Transactions Review Committee of KFP until 30th September 2024. Pursuant to Listing Rule 9.3, KFP established its own Related Party Transactions Review Committee with effect from 1st October 2024.

As at 30th September 2024, the Related Party Transactions Review Committee members of the Parent Company are as follows;

Mr. H M A Jayasinghe (Chairperson) - Appointed w e f 01.07.2024

Mr. D A Cabraal

Mr. D V R S Fernando

Mr. A N Fonseka (Retired w e f 01.07.2024)

As at 31st March 2025, the Related Party Transactions Review Committee members of the Company are as follows;

Mr. P D Samarasinghe (Chairperson)

Ms. S De Silva

Mr. I Samarajiva

Ms. A Nanayakkara and Mr. K C S Fernando were appointed to the Related Party Transactions Review Committee w e f 2nd May 2025.

The mandate and the scope of the Related Party Transactions Review Committee is set out in pages 84 to 85 of this Annual Report.

Project Risk Assessment Committee
As at 31st March 2025, Project Risk Assessment Committee of JKH, the Parent Company of Keells Food Products PLC, functions as the Project Risk Assessment Committee of the Company and its Subsidiary. The Project Risk Assessment committee members of the Parent Company are as follows;

Dr. (Mr.) S S H Wijayasuriya (Chairperson)

Mr. K N J Balendra

Mr. J G A Cooray

Mr. D A Cabraal (Appointed w e f 01.10.2024)

The Project Risk Assessment Committee policy is set out in page 87 of this Annual Report.

DIRECTORS INTEREST IN SHARES
The Director's (Including their spouses) Individual shareholdings in the Company as at 31st March 2025 and 31st March 2024 were as follows;

DIRECTORS INTEREST IN SHARES

Name of the Directors	31/03/2025 No. of Shares	31/03/2024 No. of Shares
Mr. K N J Balendra - Chairperson	-	-
Mr. J G A Cooray	-	-
Mr. D P Gamlath	-	-
Mr. P D Samarasinghe	-	-
Ms. S De Silva	-	-
Mr. I Samarajiva	-	-
Ms. P N Fernando	-	-

Ms. A Nanayakkara and Mr. K C S Fernando who were appointed w e f 2nd May 2025 and Mr. M M J W Jayasekara who was appointed w e f 15th May 2025 had no shares as of 26th May 2025.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

CEO'S INTEREST IN SHARES

CEO	31/03/2025 No. of Shares	31/03/2024 No. of Shares
Mr. V I Wickramaratne	-	-

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

Retirement and Re-election of Directors of the Company are given in the Notice of Meeting and Proxy Form .

REMUNERATION TO DIRECTORS

Directors' remuneration is established within a framework approved by the Board of KFP and the Human Resources and Compensation Committee of KFP. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company. The remuneration of the Non- Executive Directors is determined according to scales of payment decided upon by the Board previously. Details of Directors' fees and emoluments paid during the year are disclosed in the Note 16 and Note 37 to the Financial Statements.

DIRECTORS' MEETINGS

Details of Directors' meetings is presented on page 73 of this report.

INTERESTS REGISTER

The Company has maintained an Interests Register as contemplated by the Companies Act. In compliance with the requirements of the Companies Act this Annual Report contains particulars of entries made in the Interests Register. Particulars of entries in the Interests Register for the Financial Year 2024/25;

Interest in Contracts

The Directors have all made a General Disclosure to the Board of Directors as permitted by Section 192 (2) of the Companies Act and no additional interests have been disclosed by any Director

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Group and the Company to reflect a true and fair view of the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No.07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Listing Rules of the CSE.

EMPLOYEE SHARE OPTION SCHEME (ESOP)

The Company does not offer its shares under an ESOP Scheme. The ESOP Scheme made available to the Senior Executives of the Company is from the Parent Company, JKH. The Company has not directly or indirectly provided funds to its employees to purchase shares under ESOP Scheme.

EMPLOYMENT

The Group has an equal opportunity policy and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability. During the year the Group instituted a Diversity, Equity and Inclusion team towards increasing the diversity of its workforce. The KFP Group is part of the 'ONE JKH' brand that consolidates its efforts towards Diversity, Equity and Inclusion (DE&I) and reinforce its position on non-discrimination and equal opportunity.

Details of the Group's human resource initiatives are detailed in the Human Capital section of the Management Discussion and Analysis section of the Annual Report.

The number of persons directly employed by the Company and Group as at 31st March 2025 was 385 (2024- 400). There have been no material issues pertaining to employees and industrial relations of the Company and the Group.

SUPPLIER POLICY

The KFP Group applies an overall policy of agreeing and clearly communicating the terms of payment as part of the commercial agreements negotiated with suppliers, and endeavours to pay for all items in accordance with these agreed terms. As at 31st March 2025, the trade and other payables of the Group and the Company amounted to Rs. 824 million (Rs. 564 million as at 31st March 2024) and Rs. 820 million (Rs. 560 million as at 31st March 2024), respectively.

The KFP Group strives to integrate principles of sustainable practices and policies in its value chain through extensive stakeholder consultations, the findings of which are integrated into work-plans.

RATIOS AND MARKET PRICE INFORMATION

The ratios relating to equity, debt and market price information as required by the listing requirements of the Colombo Stock Exchange are given under the Key Figures and Ratios of this Report on page 225.

CORPORATE GOVERNANCE

Corporate Governance practices and principles with respect to the management and operations of the KFP Group are set out on pages 64 to 126 of this Annual Report. The Directors confirm that the KFP Group is in compliance with the rules on Corporate Governance as per the listing rules of the CSE.

The Directors declare that to the best of their knowledge:

- The Company and its Subsidiary have not engaged in any activities, which contravene laws and regulations.
- The Directors have declared all material interests in contracts involving the Company and its Subsidiary and refrained from voting on matters in which they were materially interested.
- The Company has made all endeavours to ensure the equitable treatment to all shareholders.
- The Company, being listed on the CSE, is fully compliant with the rules on Corporate Governance under the Listing Rules of the CSE.
- A review of internal controls covering financial, operational and compliance controls and risk management has been conducted, and the Directors have obtained a reasonable assurance of their effectiveness and successful adherence.
- The Company is complied with the Code of Best Practice on Corporate Governance (2023) issued by the CA Sri Lanka to the extent of business exigency and as required by the John Keells Group.
- Directors made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes, particularly to Listing Rules and applicable capital market provisions.
- The Company has implemented a formal policy governing matters relating to the Board of Directors as required by the Listing Rules of the CSE and confirms compliance with such policy.
- The Directors and the CEO of the Company satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange.
- The Independent Directors meet the independent criteria set out in the Listing Rules consequent to the annual determination
- There are no waivers from compliance with the Policy on Internal Code of Business Conduct and Ethics.
- In compliance with the formal policy governing matters relating to the Board of Directors, Directors of the Company do not hold more than fifteen (15) Directorships in listed companies.

The Board of Directors is committed to maintaining an effective Corporate Governance structure and process. A full report on Corporate Governance is given on pages 64 to 126.

SUSTAINABILITY

This is the KFP Group's 10th Integrated Annual Report, which presents a comprehensive discussion on its financial and non-financial performance, in a bid to provide its stakeholders with holistic information relating to its value creation proposition through the six forms of capital reported under the International <IR> Framework.

The KFP Group pursues its business goals based on a model of stakeholder governance and findings from continuous stakeholder engagements have enabled the Group to focus on material issues and encapsulate a sustainable strategy.

RESEARCH AND DEVELOPMENT

The Group has an active approach to research and development and recognises the contribution that it can make to Group's intellectual property and operations. Significant expenditure has taken place over the years and substantial efforts will continue to be made to introduce intellectual property rights, develop new products and processes and to improve the existing products.

ENVIRONMENTAL PROTECTION

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

STATUTORY PAYMENTS

The Directors confirm to the best of their knowledge all taxes, duties and levies payable by the Group and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Group and all other known statutory dues as were due and payable by the Group as at the end of the reporting period have been paid or where relevant provided for.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

COMPLIANCE WITH LAWS AND REGULATIONS
The Group and the Company have complied with all applicable laws and regulations. A compliance checklist is signed on a quarterly basis by responsible officers and any violations are reported to the Audit Committee and Board of Directors.

ENTERPRISE RISK MANAGEMENT
The Board confirms that there is an ongoing process of identifying, evaluating and managing any significant risk faced by the Group, where annual risk reviews are carried out by the JKH Enterprise Risk Management Division and the risks are further reviewed each quarter by the Group and the headline risks are presented to the Audit Committee.

INTERNAL CONTROLS AND ASSURANCE
The Board, through the involvement of the JKH Business Process Review Division, takes steps to gain assurance on the effectiveness over the financial, operational and risk management control systems in place. The Audit Committee receives regular reports on the adequacy and effectiveness of internal controls in the Group, compliance with laws and regulations and established policies and procedures of the Group. The head of the JKH Business Process Review Division has direct access to the Chairperson of the Audit Committee. Reports of the outsourced Internal Auditors are also reviewed by the Committee.

EVENTS AFTER THE REPORTING PERIOD
There have been no events subsequent to the reporting period, which would have any material effect on the Company or on the Group other than those disclosed in Note 40 to the Financial Statements.

GOING CONCERN
The management has formed judgment that the Company and its subsidiary have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group. The Group's outlook has been presented in the Chairperson's Message on page 10 to 14.

AUDITORS
The Financial Statements for the year has been audited by Messrs. Ernst & Young, Chartered Accountants. The retiring Auditors, Messrs. Ernst & Young, Chartered Accountants, are willing to continue as Auditors of the Company, and a resolution proposing their reappointment will be tabled at the Annual General Meeting.

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

The Group works with two firms of Chartered Accountants namely, Ernst & Young and Luthra & Luthra Chartered Accountants. Details of audit fees are set out in Note 16 to the Financial Statements. The Auditors do not have any relationship (other than that of an Auditor) with the Company or any of its subsidiary.

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

INDEPENDENT AUDITORS' REPORT
The Independent Auditors' Report is found in the Financial Statements section of the Annual Report on pages 159 to 161.

APPROVAL OF THE FINANCIAL STATEMENTS
The Board of Directors approved the Integrated Annual Report on the 26th May 2025. The appropriate number of copies of this report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board.

ANNUAL GENERAL MEETING
The Annual General Meeting will be held as a virtual meeting on 20th June 2025 at 10.00 am.

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

By order of the Board.

D P Gamlath
Director

J G A Cooray
Director

Keells Consultants (Private) Limited
Secretaries

26th May 2025

AUDIT COMMITTEE REPORT

The powers and responsibilities of the Audit Committee are governed by the Audit Committee Charter which is approved and adopted by the Board. The terms of reference comply with the requirements of the Corporate Governance Rules as per Section 7.10 of the Listing Rules of the Colombo Stock Exchange (CSE). The Audit Committees functions and scope are in compliance with the requirements of the Code of Best Practice on Audit Committees and conducted it's affairs in compliance with the requirements of the Code of Best Practice on Audit Committees.

The Committee is tasked with assisting the Board in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community and other stakeholders in relation to the integrity of the Financial Statements of the Group, ensuring that a good financial reporting system is in place and is well managed in order to give accurate, appropriate and timely information, that it is in accordance with the Companies Act and other legislative reporting requirements and that adequate disclosures are made in the Financial Statements in accordance with the Sri Lanka Accounting Standards.

The Audit Committee reviews the design and operational effectiveness of internal controls and implement changes where required and ensures that the risk management processes are effective and adequate to identify and mitigate risks.

The Audit Committee also ensures that the conduct of the business is in compliance with applicable laws and regulations and policies of the Group. The Audit Committee also assesses the Group's ability to continue as a going concern in the foreseeable future.

The Committee evaluates the performance and the independence of the Internal Auditors and the External Auditors. The Committee is also tasked with the responsibility of recommending to the Board the re-appointment and change of External Auditors and to recommend their remuneration and terms of engagement.

In fulfilling its purpose, it is the responsibility of the Audit Committee to maintain a free and open communication with the Independent External Auditors, the outsourced Internal Auditors and the management of the Company and to ensure that all parties are aware of their responsibilities.

The Audit Committee is empowered to carry out any investigations it deems necessary and review all internal control systems and procedures, compliance reports, risk management reports etc. to achieve the objectives as stated above. The Committee has reviewed and discussed with Management and Internal and External Auditors, the Audited Financial Statements, the quarterly unaudited Financial Statements as well as matters relating to the Company's internal control over financial reporting, key judgments and estimates in the preparation of Financial Statements and the processes that support certification of the Financial Statements by the Directors and the Chief Financial Officer (CFO).

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee is a sub-committee of the Board of Directors, appointed by and responsible to the Board of Directors.

The Audit Committee consists of five Independent, Non-Executive Directors in conformity with the Listing Rules of The Colombo Stock Exchange.

- Mr. P D Samarasinghe – Chairperson
- Ms. S De Silva
- Mr. I Samarajiva
- Ms. A Nanayakkara (Appointed w e f 02.05.2025)
- Mr. K C S Fernando (Appointed w e f 02.05.2025)

The Audit Committee comprises of individuals with extensive experience and expertise in the fields of Finance, Corporate Management and Marketing. The Chairperson of the Audit Committee is a Chartered Accountant.

A brief profile of each member of the Audit Committee is given on pages 18 and 20 of this report under the section the Board of Directors.

MEETINGS OF AUDIT COMMITTEE

The Audit Committee meets as often as may be deemed necessary or appropriate in its judgment and at least quarterly each year. During the year under review there were five (5) meetings, and the attendance of the committee members are given in the table below.

The Chief Executive Officer (CEO), the industry group President, the CFO and the Head of JKH Group Business Process Review attended such meetings by invitation and briefed the committee on specific issues.

AUDIT COMMITTEE REPORT

The External Auditors and the Internal Auditors were also invited to attend meetings when necessary. The proceedings of the Audit Committee are reported to the Board of Directors by the Chairperson of the Audit Committee.

Audit Committee Attendance

Members	6/5/24	19/7/24	24/10/24	22/1/25	28/3/25
Mr. P D Samarasinghe	✓	✓	✓	✓	✓
Ms. S De Silva	Online	Online	✓	✓	Excused
Mr. I Samarajiva	✓	Online	✓	✓	✓
Ms. A Nanayakkara*	-	-	-	-	-
Mr. K C S Fernando*	-	-	-	-	-

*Appointed w e f 02.05.2025

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

Oversight of Company and Consolidated Financial Statements

On 7th May 2025 the Committee along with the Independent External Auditors, who are responsible for expressing an opinion on the truth and fairness of the Financial Statements reviewed the Financial Statements of the Company and the Group and their conformity with the Sri Lanka Financial Reporting Standards (SLFRS) and the Sri Lanka Accounting Standards (LKAS).

The Committee also reviewed the Accounting Policies of the Company, and such other matters as are required to be discussed with the Independent External Auditors in compliance with Sri Lanka Auditing Standard 260 – Communication of Audit Matters with those charged with Governance. The quarterly Financial Statements were also reviewed by the Committee and recommended their adoption to the Board.

The Committee also evaluated the process to assess the effectiveness of the internal financial controls that have been designed to provide reasonable assurance to the Directors that the Financial Reporting System can be relied upon in preparation and presentation of the Financial Statements of the Company and the Group.

INTERNAL AUDIT

The Committee monitors the effectiveness of the Internal Audit function and is responsible for approving their appointment or removal and for ensuring they have adequate access to information required to conduct their audits.

The Internal Audit function of the Company has been outsourced to Messrs. Deloitte Advisory Services Pvt Ltd , a firm of Chartered Accountants. The Audit Committee has agreed with the Internal Auditor as to the frequency of audits to be carried out, the scope of the audit, the areas to be covered and the fee to be paid for their services.

During the year under review, the Audit Committee has met with the Internal Auditors to consider their reports, management responses and matters requiring follow-up on the effectiveness of the internal controls and audit recommendations.

The Internal Audit Frequency depends on the risk profile of each area, higher-risk areas being on a shorter audit cycle. The Audit Committee is of the opinion that the above approach provides an optimal balance between the need to manage risk and the costs thereof.

RISK AND CONTROL REVIEW

The Audit Committee has reviewed the Business Risk Management Process and Procedures adopted to manage and mitigate the effects of such risks and observed that the risk analysis exercise has been conducted. The key risks that could impact operations have been identified and wherever necessary, appropriate action has been taken to mitigate their impact to the minimum extent.

EXTERNAL AUDIT

The External Auditors of the Company Messrs. Ernst & Young Chartered Accountants submitted a detailed audit plan for the financial year 2024/25, which specified, inter alia, the areas of operations to be covered in respect of the Company. The audit plan specified 'areas of special emphasis' which had been identified from the last audit and from a review of current operations. The Audit committee had meetings with the External Auditor to review the scope, and timelines of the audit plan and approach for the audits. Messrs Luthra & Luthra Chartered Accountants is the External Auditor of the Subsidiary Company.

The areas of special emphasis have been selected due to the probability of error and the material impact it can have on the Financial Statements. At the conclusion of the audit, the External Auditors met with the Audit Committee to discuss and agree on the treatment of any matter of concern discovered in the course of the audit and also to discuss the Audit Management Letters. Actions taken by the Management in response to the issues raised were discussed with the Audit Committee. There were no issues of significant importance during the year under review.

The Audit Committee also reviewed the audit fees of the External Auditors of the Company and recommended its adoption by the Board. It also reviewed the other services provided by the Auditors in ensuring that their independence as Auditors was not compromised.

The Audit Committee has received a declaration from Messrs. Ernst & Young, as required by the Companies Act No.07 of 2007, confirming that they do not have any relationship or interest in the Company, which may have a bearing on their independence within the meaning of the Code of Conduct and Ethics of The Institute of Chartered Accountants of Sri Lanka.

The Audit Committee has proposed to the Board of Directors that Messrs. Ernst & Young, Chartered Accountants, be recommended for re-appointment as Auditors of the Company for the financial year commencing 1st April 2025, at the next Annual General Meeting.

COMPLIANCE WITH FINANCIAL REPORTING AND STATUTORY REQUIREMENTS

The Audit Committee receives a quarterly declaration from the Chief Executive Officer, President and the Chief Financial Officer, listing any departures from financial reporting, statutory requirements and Group policies. Reported exceptions, if any, are followed up to ensure that appropriate corrective action has been taken.

With the view of ensuring uniformity of reporting, the Group has adopted the standardised format of Annual Financial Statements developed by the ultimate Parent Company.

SUPPORT TO THE COMMITTEE

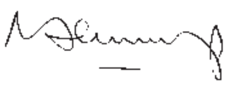
The Committee received excellent support and timely information at all times from the Management during the year to enable them to carry out its duties and responsibilities effectively.

EVALUATION OF COMMITTEE

The Audit Committee formally evaluated the performance of the Committee as well as the individual contribution of each member. Steps have been taken to address the matters highlighted following such evaluation.

CONCLUSION

The Audit Committee is satisfied that the effectiveness of the organisational structure of the Group in the implementation of the accounting policies and operational controls, provide reasonable assurance that the affairs of the Group are managed in accordance with accepted policies and that assets are properly accounted for and adequately safeguarded. The Committee is also satisfied that the Group's Internal and External Auditors have been effective and independent throughout the period under review.



P.D Samarasinghe
Chairperson , Audit Committee
26th May 2025

STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibility of the Directors, in relation to the Financial Statements, is set out in the following statement. The responsibility of the Auditors, in relation to the Financial Statements prepared in accordance with the provisions of the Companies Act No. 07 of 2007 ('Companies Act'), is set out in the Independent Auditors' Report.

As per the provisions of the Companies Act No. 07 of 2007 the Directors are required to prepare, for each financial year and place before a Annual General Meeting, Financial Statements which comprise of;

- A Statement of Income, which presents a true and fair view of the profit or loss of the Company for the financial year; and
- A Statement of Other Comprehensive Income; and
- A Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of the financial year.

The Directors have ensured that, in preparing these Financial Statements:

- Appropriate accounting policies, have been selected and applied in a consistent manner and material departures, if any have been disclosed and explained; and
- All applicable accounting standards as relevant have been applied; and
- Reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected; and
- Provides the information required by and otherwise comply with the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors are also required to ensure that the Company and its Subsidiary have adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Company and its Subsidiary maintain sufficient accounting records to disclose, with reasonable accuracy of the Financial Position of the Company and of the Group.

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

The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider being appropriate to enable them to give their audit opinion.

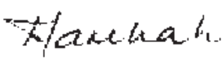
Further, as required by section 56(2) of the Companies Act, No. 07 of 2007 the Board of Directors confirm that the Company, satisfies the solvency test in accordance with Section 57 of the Companies Act No. 07 of 2007, and has obtained a certificate from the Auditors, prior to declaring for all the dividend paid during the year ended 31st March 2025.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its Subsidiary, all contributions, levies and taxes payable on behalf of the employees of the Company and its Subsidiary, and all other known statutory dues as were due and payable by the Company and its Subsidiary as at the date of the Statement of Financial Position have been paid or, where relevant provided for except as specified in Note 38 to the Financial Statements covering contingent liabilities.

By Order of the Board



Keells Consultants (Private) Limited
26th May 2025

INDEPENDENT AUDITOR'S REPORT

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

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF KEELLS FOOD PRODUCTS PLC

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Keells Food Products PLC ("the Company"), and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31 March 2025, and the income statement and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2025, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Existence and carrying value of inventory	
As at 31 March 2025, the carrying value of inventory amounted to Rs. 1,146 Mn (2024 - Rs. 889 Mn) subsequent to writing off of spoilage and wastage amounting to Rs. 65 Mn (2024 - Rs. 117 Mn) as disclosed in Note 26 and 14.2 to the financial statements. Existence and carrying value of inventory was a key audit matter due to: • The materiality of the reported inventory balance which represents 26% of the Group's total assets as of the reporting date; and • Judgements applied by the management on the condition of inventory due to wastages spoilages, shelf life of products, slow moving goods and other compliance requirements as disclosed in Note 26 and 14.2 to the financial statements.	Our audit procedures included the following key procedures: • Observed physical inventory counts and reconciled the count results to the inventory listings compiled by management to support amounts reported. • Tested whether inventory was stated at the lower of cost and net realizable value, by comparing cost with subsequent selling prices. • Assessed the reasonableness of management judgements applied in determining that the provision is based on the condition of inventory in relation to wastages, spoilages, shelf life of products, slow moving products and due to other compliance requirements. We also evaluated the adequacy of the disclosures in Note 26 and 14.2 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of impairment of goodwill	
The Group's Statement of Financial Position includes an amount of Rs. 242 Mn relating to Goodwill acquired through the purchase of the manufacturing facility at Pannala (CGU). The CGU with goodwill is tested annually for impairment based on its recoverable amount. The recoverable amount is estimated using value in use (VIU) computations prepared by Management based on discounted future cash-flows. Assessment of impairment of this CGU with goodwill was a key audit matter due to: • The degree of assumptions, judgements and estimates associated with deriving the estimated future cashflows used for value in use calculations considering current economic conditions As disclosed in Note 22.2, key areas of significant judgments, estimates and assumptions included key inputs and assumptions related to the gross margins, volume growth over forecast period, discount rate and terminal growth rate including the potential impacts of the current economic conditions prevailing in the country.	Our audit procedures included the following: • We gained an understanding of how management has forecast its discounted future cash flows. Our procedures included understanding how management has considered the potential impact of the current economic conditions prevailing in the country in forecasting the cash flows. • We checked the calculations of the discounted future cash flows and cross checked the data used by management to relevant underlying accounting records, to evaluate their completeness and accuracy. • Based on the best available information up to the date of our report, we assessed the reasonableness of significant assumptions used by the Company, in particular those relating to the volume growth rates and discount rate of the estimated future cashflows. We assessed the adequacy of the disclosures made in Note 22.2 in the financial statements.

OTHER INFORMATION INCLUDED IN THE GROUP'S 2024/2025 ANNUAL REPORT

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

26th May 2025
Colombo

INCOME STATEMENT

		Group		Company	
For the year ended 31st March	Notes	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Continuing operations					
Goods transferred at a point in time	13.1	**6,741,140**	5,798,813	**6,741,140**	5,798,813
Total Revenue from contracts with customers		**6,741,140**	5,798,813	**6,741,140**	5,798,813
Cost of sales		**(4,918,435)**	(4,521,932)	**(4,918,435)**	(4,521,932)
Gross profit		**1,822,705**	1,276,881	**1,822,705**	1,276,881
Other operating income	14.1	**23,374**	20,307	**21,459**	18,548
Selling and distribution expenses		**(972,465)**	(802,771)	**(972,465)**	(802,771)
Administrative expenses		**(382,973)**	(350,895)	**(382,973)**	(350,075)
Other operating expenses	14.2	**(242,220)**	(280,708)	**(242,220)**	(280,708)
Results from operating activities		**248,421**	(137,186)	**246,506**	(138,125)
Finance cost	15.1	**(83,993)**	(166,849)	**(83,993)**	(166,849)
Finance income	15.1	**14,140**	14,098	**14,140**	14,098
Net finance cost		**(69,853)**	(152,751)	**(69,853)**	(152,751)
Profit /(Loss) before tax	16	**178,568**	(289,937)	**176,653**	(290,876)
Tax (expense)/reversal	19.1	**(45,407)**	71,666	**(45,407)**	71,666
Profit /(Loss) for the year		**133,161**	(218,271)	**131,246**	(219,210)
Attributable to:					
Equity holders of the parent		**133,161**	(218,271)		
		133,161	(218,271)		
Earnings per share					
Basic (Rs.)	17.1	**5.22**	(8.56)		
Diluted (Rs.)	17.2	**5.22**	(8.56)		
Dividend per share (Rs.)	18	**2.45**	0.50		

Figures in brackets indicate deductions.
The accounting policies and notes as set out in pages 169 to 221 form an integral part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

		Group		Company	
For the year ended 31st March	Notes	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Profit / (Loss) for the year		**133,161**	(218,271)	**131,246**	(219,210)
Other comprehensive income					
Other comprehensive income to be reclassified to Income Statement in subsequent periods					
Currency translation of foreign operations		**(1,761)**	4,122	**-**	-
Net other comprehensive income/ (expense) to be reclassified to Income Statement in subsequent periods		**(1,761)**	4,122	**-**	-
Other comprehensive income / (expense) not to be reclassified to Income Statement in subsequent periods					
Revaluation gain on land and buildings	20.1	**29,248**	7,787	**29,248**	7,787
Re-measurement gain/(loss) on defined benefit plans	34.3	**22,133**	(36,621)	**22,133**	(36,621)
Net other comprehensive income /(expense) not to be reclassified to Income Statement in subsequent periods		**51,381**	(28,834)	**51,381**	(28,834)
Tax (expense) / reversal on other comprehensive income	19.2	**(15,414)**	8,650	**(15,414)**	8,650
Other comprehensive income/(expense) for the year, net of tax		**34,206**	(16,062)	**35,967**	(20,184)
Total comprehensive income/(expense) for the year, net of tax		**167,367**	(234,333)	**167,213**	(239,394)
Attributable to:					
Equity holders of the parent		**167,367**	(234,333)		
		167,367	(234,333)		

Figures in brackets indicate deductions.
The accounting policies and notes as set out in pages 169 to 221 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

		Group		Company	
As at 31st March	**Notes**	**2025 Rs. '000**	**2024 Rs. '000**	**2025 Rs. '000**	**2024 Rs. '000**
ASSETS					
Non-current assets					
Property, plant and equipment	20.1	**1,619,434**	1,675,939	**1,619,434**	1,675,939
Right-of-use assets	21.1.1	**2,194**	3,617	**2,194**	3,617
Investment in subsidiary	23	**-**	-	**-**	-
Intangible assets	22.1	**246,286**	247,822	**246,286**	247,822
Non-current financial assets	24	**53,659**	58,780	**53,659**	58,780
Other non-current assets	25	**25,007**	28,657	**25,007**	28,657
		1,946,580	2,014,815	**1,946,580**	2,014,815
Current assets					
Inventories	26	**1,146,181**	889,488	**1,146,181**	889,488
Trade and other receivables	27	**854,943**	731,274	**854,943**	731,274
Amounts due from related parties	37.1	**220,837**	205,560	**220,837**	205,560
Income tax receivables	19.3	**31,861**	31,861	**31,861**	31,861
Other current assets	28	**38,679**	20,227	**38,675**	20,223
Cash in hand and at bank	29	**128,568**	68,655	**127,918**	67,836
		2,421,069	1,947,065	**2,420,415**	1,946,242
Total assets		**4,367,649**	3,961,880	**4,366,995**	3,961,057
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated capital	30	**1,294,815**	1,294,815	**1,294,815**	1,294,815
Revenue reserve	31	**229,192**	143,013	**226,340**	142,076
Other components of equity	32	**448,225**	425,433	**454,696**	430,143
Total equity		**1,972,232**	1,863,261	**1,975,851**	1,867,034
Non-current liabilities					
Lease liabilities	21.1.2	**2,238**	3,357	**2,238**	3,357
Deferred tax liabilities	19.4	**267,012**	206,191	**267,012**	206,191
Employee benefit liabilities	34.1	**158,636**	160,425	**158,636**	160,425
		427,886	369,973	**427,886**	369,973
Current liabilities					
Trade and other payables	35	**823,980**	564,474	**819,877**	560,098
Amounts due to related parties	37.2	**48,102**	45,164	**48,102**	45,164
Interest-bearing loans and borrowings	33.2	**-**	224,916	**-**	224,916
Lease liabilities	21.1.2	**1,119**	1,663	**1,119**	1,663
Other current liabilities	36	**61,071**	42,914	**60,901**	42,836
Bank overdrafts	29	**1,033,259**	849,515	**1,033,259**	849,373
		1,967,531	1,728,646	**1,963,258**	1,724,050
Total equity and liabilities		**4,367,649**	3,961,880	**4,366,995**	3,961,057

I certify that the Financial Statements comply with the requirements of the Companies Act No. 07 of 2007.

P N Fernando
Chief Financial Officer/ Director

The Board of Directors is responsible of these Financial Statements.

D P Gamlath
Director

J G A Cooray
Director

26th May 2025
Colombo

The accounting policies and notes as set out in pages 169 to 221 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

		Group		Company	
For the year ended 31st March	Notes	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
OPERATING ACTIVITIES					
Profit before working capital changes	A	**480,156**	130,990	**478,241**	130,051
(Increase) / Decrease in inventories		**(238,868)**	299,702	**(238,868)**	299,702
(Increase) / Decrease in trade and other receivables		**(110,373)**	(55,193)	**(110,373)**	(55,193)
(Increase) / Decrease in amounts due from related parties		**(15,277)**	30,154	**(15,277)**	30,154
(Increase) / Decrease in other current assets		**(18,452)**	57,567	**(18,452)**	57,571
Increase / (Decrease) in trade and other payables		**259,506**	58,451	**259,779**	62,787
Increase / (Decrease) in amounts due to related parties		**2,938**	30,166	**2,938**	30,166
Increase / (Decrease) in other current liabilities		**18,157**	6,573	**18,065**	6,495
Cash generated from operations		**377,787**	558,410	**376,053**	561,733
Finance income received		**4,417**	4,277	**4,417**	4,277
Finance cost paid*		**(83,111)**	(165,829)	**(83,111)**	(165,829)
Gratuity paid/transfers	34.3	**(8,213)**	(22,590)	**(8,213)**	(22,590)
Net cash flow generated from operating activities		**290,880**	374,268	**289,146**	377,591
INVESTING ACTIVITIES					
Purchase and construction of property, plant and equipment	20.1	**(124,293)**	(188,857)	**(124,293)**	(188,857)
Purchase of intangible assets	22.1	**-**	(525)	**-**	(525)
Proceeds from sale of property, plant and equipment		**1,279**	166	**1,279**	166
Net cash flow used in investing activities		**(123,014)**	(189,216)	**(123,014)**	(189,216)
FINANCING ACTIVITIES					
Dividend paid	18	**(62,475)**	(12,750)	**(62,475)**	(12,750)
Proceeds from short term interest-bearing loans and borrowings	33.1	**-**	224,916	**-**	224,916
Repayment of short term interest-bearing loans and borrowings	33.1	**(224,916)**	(67,213)	**(224,916)**	(67,213)
Payment of lease liabilities	21.1.2	**(2,545)**	(2,410)	**(2,545)**	(2,410)
Net cash flow from/(used in) used in financing activities		**(289,936)**	142,543	**(289,936)**	142,543

STATEMENT OF CASH FLOWS

For the year ended 31st March	Notes	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(122,070)**	327,595	**(123,804)**	330,918
CASH AND CASH EQUIVALENTS AT THE BEGINNING		**(780,860)**	(1,112,577)	**(781,537)**	(1,112,455)
Effect of exchange rate changes		**(1,761)**	4,122	**-**	-
CASH AND CASH EQUIVALENTS AT THE END		**(904,691)**	(780,860)	**(905,341)**	(781,537)
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Favourable balances					
Cash in hand and at bank	29	**128,568**	68,655	**127,918**	67,836
Unfavourable balances					
Bank overdrafts	29	**(1,033,259)**	(849,515)	**(1,033,259)**	(849,373)
Cash and cash equivalents **		**(904,691)**	(780,860)	**(905,341)**	(781,537)
Note A					
Profit before working capital changes					
Profit /(Loss) before tax		**178,568**	(289,937)	**176,653**	(290,876)
Adjustments for:					
Finance income	15.1	**(14,140)**	(14,098)	**(14,140)**	(14,098)
Finance cost	15.1	**83,993**	166,849	**83,993**	166,849
Depreciation of property, plant and equipment	20.1	**209,807**	222,594	**209,807**	222,594
Amortisation of right of use assets	21.1.1	**1,423**	1,423	**1,423**	1,423
Amortisation of intangible assets	22.1	**1,536**	1,512	**1,536**	1,512
Net gain on disposal of property, plant and equipment	14.1	**(1,040)**	(26)	**(1,040)**	(26)
Employees benefit provisions and related costs	34.2	**28,557**	32,313	**28,557**	32,313
Provision /(reversal) for slow moving inventory	26	**(17,825)**	5,219	**(17,825)**	5,219
Provision for impairment of trade receivable	27	**5,198**	3,073	**5,198**	3,073
Share based payment expense	32.3	**4,079**	2,068	**4,079**	2,068
		480,156	130,990	**478,241**	130,051

* Finance cost paid represents the finance cost incurred (Note 15) excluding interest on lease liabilities (Note 21.1.2)

** Cash and cash equivalents in the Statement of Financial Position comprise of cash at banks and in hand and short-term deposits with a maturity of three months or less. For the purpose of the Cash Flow Statement, cash and cash equivalents consists of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 169 to 221 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent					
	Stated capital Rs. '000	Revaluation reserve Rs. '000	Foreign currency translation reserve Rs. '000	Other capital reserve Rs. '000	Revenue reserve Rs. '000	Total equity Rs. '000
Group						
As at 01st April 2023	1,294,815	362,221	(8,832)	60,403	399,669	2,108,276
Loss for the year	-	-	-	-	(218,271)	(218,271)
Other comprehensive income/ (expense)	-	5,451	4,122	-	(25,635)	(16,062)
Total comprehensive income / (expense)	-	5,451	4,122	-	(243,906)	(234,333)
Share based payment transactions	-	-	-	2,068	-	2,068
Final dividend paid - 2022/23	-	-	-	-	(12,750)	(12,750)
As at 01st April 2024	1,294,815	367,672	(4,710)	62,471	143,013	1,863,261
Profit for the year					133,161	133,161
Other comprehensive income/ (expense)	-	20,474	(1,761)	-	15,493	34,206
Total comprehensive income / (expense)	-	20,474	(1,761)	-	148,654	167,367
Share based payment transactions	-	-	-	4,079	-	4,079
Interim dividend paid -2024/25	-	-	-	-	(62,475)	(62,475)
As at 31st March 2025	1,294,815	388,146	(6,471)	66,550	229,192	1,972,232

	Stated capital Rs. '000	Revaluation reserve Rs. '000	Other capital reserve Rs. '000	Revenue reserve Rs. '000	Total equity Rs. '000
Company					
As at 01st April 2023	1,294,815	362,221	60,403	399,671	2,117,110
Loss for the year	-	-	-	(219,210)	(219,210)
Other comprehensive income/(expense)	-	5,451	-	(25,635)	(20,184)
Total comprehensive income / (expense)	-	5,451	-	(244,845)	(239,394)
Share based payment transactions	-	-	2,068	-	2,068
Final dividend paid - 2022/23	-	-	-	(12,750)	(12,750)
As at 01st April 2024	1,294,815	367,672	62,471	142,076	1,867,034
Profit for the year	-	-	-	131,246	131,246
Other comprehensive income/(expense)	-	20,474	-	15,493	35,967
Total comprehensive income	-	20,474	-	146,739	167,213
Share based payment transactions	-	-	4,079	-	4,079
Interim dividend paid -2024/25	-	-	-	(62,475)	(62,475)
As at 31st March 2025	1,294,815	388,146	66,550	226,340	1,975,851

Figures in brackets indicate deductions.
The accounting policies and notes as set out in pages 169 to 221 form an integral part of these Financial Statements.

INDEX TO NOTES

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Reporting entity

Keells Food Products PLC (PQ3) is a Public Limited Liability Company incorporated and domiciled in Sri Lanka and is listed on the Colombo Stock Exchange. The registered office of the Company is located at No.117, Sir Chittampalam A. Gardiner Mawatha, Colombo 2, and the principal place of business is at no. 16, Minuwangoda Road, Ekala, Ja Ela. The Company also has a manufacturing facility at the Makandura Industrial Estate in Pannala.

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

Consolidated Financial Statements

The Financial Statements for the year ended 31st March 2025, comprise "the Company" referring to Keells Food Products PLC as the holding Company and "the Group" referring to the Company that have been consolidated therein.

Approval of Consolidated Financial Statements

The Consolidated Financial Statements of the Group for the year ended 31st March 2025 were authorised for issue by the Board of Directors on the 26th May 2025.

Principal activities and nature of operations

Company

The principal activities of the Company were manufacture and sale of processed meats, raw meats, crumbed products and other convenient food products which remained unchanged during the year.

Subsidiary

The principal activity of John Keells Foods India (Private) Limited was marketing of processed and formed meat products, which remained unchanged during the year
The Subsidiary did not carry out any commercial operation during the year ended 31st March 2025.

Responsibility for Financial Statements

The responsibility of the Board of Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility report in the Annual report.

Statements of compliance

The Financial Statements which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows, together with the accounting policies and notes (the "Financial Statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No.07 of 2007.

2. GROUP INFORMATION

Parent Enterprise and Ultimate Parent Enterprise

The Company's Parent undertaking is John Keells Holdings PLC. The Directors are of the opinion that the Company's Ultimate Parent undertaking and controlling party is John Keells Holdings PLC which is incorporated in Sri Lanka.

3. BASIS OF PREPARATION

The Consolidated Financial Statements have been prepared on an accrual basis and under the historical cost convention except for Land and Buildings that has been measured at fair value through Other Comprehensive Income.

Going concern

The Group has prepared the Financial Statements for the year ended 31st March 2025 on the basis that it will continue to operate as a going concern.

Based on available information, the management has assessed prevailing macroeconomic conditions and its effect on the Group companies in determining the going concern basis for preparation of Financial Statements. The management has formed judgment that the Company, its subsidiary have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

Presentation and functional currency

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

Each material class of similar items is presented cumulatively in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard-LKAS 1 on 'Presentation of Financial Statements'.

All financial information presented in Sri Lankan Rupees has been rounded to the nearest Rupees thousand (LKR '000) except when otherwise indicated.

Comparative information

The presentation and classification of the Financial Statements of the previous years have been amended if necessary, where relevant for better presentation and to be comparable with those of the current year.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Summary of material accounting policies have been disclosed along with the relevant individual notes in the subsequent pages.

Those accounting policies presented with each note, have been applied consistently by the Group.

Other Significant accounting policies not covered with individual notes

Following accounting policies, which have been applied consistently by the Group, are considered to be material but not covered in any other sections.

Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/ non-current classification.

An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities accordingly.

Foreign currency translation, foreign currency transactions and balances

The Consolidated Financial Statements are presented in Sri Lanka Rupees (Rs.), which is the Company's functional and presentation currency.

The functional currency is the currency of the primary economic environment in which the entities of the Group operate.

All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are effected.

Monetary assets and liabilities denominated in foreign currency are retranslated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss on changing fair value of the item.

Foreign operations

The Statement of Financial Position and Income Statement of the overseas Subsidiary which is deemed to be foreign operation is translated to Sri Lanka rupees at the rate of exchange prevailing as at the reporting date and at the average annual rate of exchange for the period respectively.

The exchange differences arising on the translation are taken directly to Other Comprehensive Income. On disposal of a foreign entity, the deferred cumulative amount recognised in Other Comprehensive Income relating to that particular foreign operation is recognised in the Income Statement.

Any goodwill arising on the acquisition of a foreign operation subsequent to 1st April 2012 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Prior to 1st April 2012, the date of transition to SLFRS/ LKAS, the Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

During the year the extent of fluctuation in the Sri Lankan Rupee exchange rate to the Indian Rupee can be observed by looking at the two extremes in the exchange rates that prevailed during the year which is the highest and lowest rate set during the year. This is especially important when deducing the potential foreign currency translation impact that could affect the Group's Financial Statements.

The exchange rates applicable during the period were as follows:

	Statement of Financial Position		Income Statement	
Currency	Closing rate as at 31st March		Average rate	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Indian Rupee	**3.47**	3.60	**3.53**	3.68

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements of the Group require the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets , liabilities and the disclosure of contingent liabilities, at the end of the reporting period.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies , management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the Consolidated Financial Statements have been discussed in the individual notes of the related Financial Statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date , that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes to the Financial Statements. The Group has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however ,may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The line items which have most significant effect on accounting, judgements, estimate and assumptions are as follows;

a) Valuation of property, plant and equipment - Note 20.2

b) Impairment of non-financial assets - Note 23 and 22.2

c) Taxes - Note 19

d) Employee benefit liability - Note 34

e) Share based payments - Note 32.3

f) Goodwill - Note 22.2

g) Provision for expected credit losses of trade receivables and contract assets - Note 10.1.3

h) Leases - Estimating the incremental borrowing rate - Note 21

i) Going Concern- Note 3

6. CHANGES IN ACCOUNTING STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

6.1 Changes in accounting standard

The following amendments and improvements are not expected to have a significant impact on the Group's financial statements.

- Amendments to LKAS 1: Classification of Liabilities as Current or Noncurrent and Noncurrent Liabilities with Covenants
- Amendments to SLFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to LKAS 7 and SLFRS 7 : Supplier Finance Arrangements
- Amendments to LKAS 12 : International Tax Reform - Pillar Two Model Rules

6.2 Standards issued but not yet effective

The following amendments and improvements are not expected to have a significant impact on the Group's financial statements.

- Amendments to SLFRS 21: Lack of Exchangeability

7. Operating Segment Information

Accounting Policy

The Group's internal organisation and management is structured based on individual products and services which are similar in nature and process and where the risks and returns are similar. The operating segments represent this business structure.

In addition, segments are determined based on the Group's geographical spread of operations as well. The geographical analysis of turnover and profits are based on location of customers and assets respectively.

As such for management purposes, the Group is organised into business units based on their products and services and has two operating business segments as manufacturing and trading.

The measurement policies the Group uses for segment reporting under SLFRS 8 are the same as those used in its Financial Statements.

Segment information

Segment information has been prepared in conformity with the Accounting Policies adopted for preparing and presenting the Financial Statements of the Group.

All Inter-Segment transfers are carried out at arm's length prices.

7.1 **BUSINESS SEGMENT ANALYSIS -GROUP**

The following tables present revenue and profit information regarding the Group's operating segments.

For the year ended 31st March	2025 Manufacturing Rs. '000	2025 Trading Rs. '000	2025 Total Rs. '000	2024 Manufacturing Rs. '000	2024 Trading Rs. '000	2024 Total Rs. '000
Goods transferred at a point in time	**6,464,582**	**276,558**	**6,741,140**	5,537,788	261,025	5,798,813
Total segment revenue from contracts with customers	**6,464,582**	**276,558**	**6,741,140**	5,537,788	261,025	5,798,813
Segment Results	**1,780,051**	**42,654**	**1,822,705**	1,226,964	49,917	1,276,881
Other operating income	**23,374**	**-**	**23,374**	20,307	-	20,307
Selling and distribution expenses	**(944,163)**	**(28,302)**	**(972,465)**	(777,312)	(25,459)	(802,771)
Administrative expenses	**(366,869)**	**(16,104)**	**(382,973)**	(346,058)	(4,837)	(350,895)
Other operating expenses	**(233,866)**	**(8,354)**	**(242,220)**	(274,497)	(6,211)	(280,708)
Operating Profit /(Loss)	**258,527**	**(10,106)**	**248,421**	(150,596)	13,410	(137,186)
Finance cost	**(80,437)**	**(3,556)**	**(83,993)**	(159,435)	(7,414)	(166,849)
Finance income	**14,140**	**-**	**14,140**	14,098	-	14,098
Net finance cost	**(66,297)**	**(3,556)**	**(69,853)**	(145,337)	(7,414)	(152,751)
Profit /(Loss) before tax	**192,230**	**(13,662)**	**178,568**	(295,933)	5,996	(289,937)
Tax expense /(reversal)			**(45,407)**			71,666
Profit /(Loss) after tax			**133,161**			(218,271)
Segment Assets	**4,352,443**	**15,206**	**4,367,649**	3,951,355	10,525	3,961,880
Segment Liabilities	**2,395,417**	**-**	**2,395,417**	2,098,619	-	2,098,619
Purchase and construction of PPE*	**124,293**	**-**	**124,293**	188,857	-	188,857
Addition to IA**	**-**	**-**	**-**	525	-	525
Depreciation of PPE*	**209,807**	**-**	**209,807**	222,594	-	222,594
Amortisation of IA**	**1,536**	**-**	**1,536**	1,512	-	1,512
Amortisation of ROUA***	**1,423**	**-**	**1,423**	1,423	-	1,423
Employees benefit provisions and related costs	**28,557**	**-**	**28,557**	32,313	-	32,313

PPE* - Property plant and equipment **IA**** - Intangible assets **ROUA***** - Right-of-use assets

Non-current assets have not been allocated to the trading segment.

7.2 Disaggregation of revenue- Geographical segment analysis (by location of customers)

The disaggregation of revenue based on geographical segment is discussed in Note. 13.2

8. BASIS OF CONSOLIDATION

Accounting Policy

The Consolidated Financial Statements comprise the Financial Statements of the Company and its Subsidiary as at the end of the reporting period. The Financial Statements of the Subsidiary is prepared in compliance with the Group's accounting policies unless otherwise stated.

Control over an investee

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

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

The following Companies have been consolidated based on above criteria.

Name of the Company	Effective Holding
John Keells Foods India (Private) Ltd	100%

John Keells Foods India (Private) Ltd was incorporated in India on the 7th of April 2008.

Subsidiaries

The Subsidiary is fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The Financial Statements of the Subsidiary is prepared for the same reporting period as the Company, which is 12 months ending 31st March, using consistent accounting policies.

The total profits and losses for the year of the Company and of its Subsidiary included in consolidation are shown in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income and all assets and liabilities of the Company and of its Subsidiary included in consolidation are shown in the Consolidated Statement of Financial Position.

The Consolidated Statement of Cash Flows includes the Cash Flows of the Company and its Subsidiary. A change in the ownership interest of a Subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a Subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the Parent's share of components previously recognised in Other Comprehensive Income to profit or loss or retained earnings, as appropriate.

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the Consolidated Income Statement and Statement of Comprehensive Income and as a component of equity in the Consolidated Statement of Financial Position, separately from Parent's shareholders' equity.

9. BUSINESS COMBINATIONS AND GOODWILL

Accounting Policy

Business combinations are accounted for using the acquisition method of accounting. The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

When the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree is lower than the fair value of net assets acquired, a gain is recognised immediately in the Income Statement. The Group elects on a transaction by-transaction basis whether to measure non-controlling interests at fair value, or at their proportionate share of the recognised amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the Income Statement, in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

9. BUSINESS COMBINATIONS AND GOODWILL (CONTD.)

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro-rata to the carrying amount of each asset in the unit.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation, goodwill disposed in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Common Control Business Combinations

SLFRS 3 – Business Combination scopes out common control business combinations. LKAS 8 – Accounting policies, Changes in Accounting estimates and errors – requires that in the absence of specific guidance in SLFRS, management should use its judgment in developing and applying an accounting policy that is relevant and reliable. Accordingly, The Group selected pooling of interest method as the most appropriate method for accounting the business combinations involving business under common control.

The concept underlying the use of pooling of interest method to account for a business combination is that no acquisition has occurred and there has been a continuation of the risks and benefits to the controlling party (or parties) that existed prior to the business combination.

Under the pooling of interest method, the net assets of the combining entities are consolidated using the existing book values from the controlling parties' perspective. The assets and liabilities of the acquired entity are recorded at the book values as stated in the Financial Statements of the controlling party.

The amount has been recognised as the consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination. (Note No. 22.2)

Impairment of Goodwill

Goodwill is tested for impairment annually (as at 31st March) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

10 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Group's principal financial liabilities, comprise of loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support it's operations.

The financial risk governance framework provides assurance to the senior management that the financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Group is exposed to market risk, credit risk and liquidity risk.

10.1 Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. The individual receivable balances were re-assessed, specific provisions were made wherever necessary, existing practice on the provisioning of trade receivables were re-visited and adjusted to reflect the different rearrangement of homogeneous groups. Receivable balances are monitored on an ongoing basis to minimise bad debt risk and to ensure default rates are kept very low, whilst the improved operating environment resulted in improved collections during the financial year although there could be stresses in the ensuing year on account of the macroeconomic uncertainty and related impacts to our customers on account of elevated inflation and interest rates and the possible impact on consumer discretionary spend.

10.1.1 Credit risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available).

The following table shows the maximum risk positions;

As at 31st March 2025	Notes	Non-current financial assets Rs. '000	Cash in hand and at bank Rs. '000	Trade and other receivables Rs. '000	Amounts due from related parties Rs. '000	Total Rs. '000	% of allocation
Group							
Loans to executives	10.1.2	53,659	-	23,206	-	76,865	6
Trade and other receivables	10.1.3	-	-	831,737	-	831,737	66
Amounts due from related parties	10.1.4	-	-	-	220,838	220,838	18
Cash in hand and at bank	10.1.5	-	128,568	-	-	128,568	10
Total credit risk exposure		53,659	128,568	854,943	220,838	1,258,008	100

10.1.1 Credit risk exposure (Contd.)

As at 31st March 2024	Notes	Non-current financial assets Rs. '000	Cash in hand and at bank Rs. '000	Trade and other receivables Rs. '000	Amounts due from related parties Rs. '000	Total Rs. '000	% of allocation
Group							
Loans to executives	10.1.2	58,780	-	24,206	-	82,986	8
Trade and other receivables	10.1.3	-	-	707,068	-	707,068	67
Amounts due from related parties	10.1.4	-	-	-	205,560	205,560	19
Cash in hand and at bank	10.1.5	-	68,655	-	-	68,655	6
Total credit risk exposure		58,780	68,655	731,274	205,560	1,064,269	100

As at 31st March 2025	Notes	Non-current financial assets Rs. '000	Cash in hand and at bank Rs. '000	Trade and other receivables Rs. '000	Amounts due from related parties Rs. '000	Total Rs. '000	% of allocation
Company							
Loans to executives	10.1.2	53,659	-	23,206	-	76,865	6
Trade and other receivables	10.1.3	-	-	831,737	-	831,737	66
Amounts due from related parties	10.1.4	-	-	-	220,838	220,838	18
Cash in hand and at bank	10.1.5	-	127,918	-	-	127,918	10
Total credit risk exposure		53,659	127,918	854,943	220,838	1,257,358	100

As at 31st March 2024	Notes	Non-current financial assets Rs. '000	Cash in hand and at bank Rs. '000	Trade and other receivables Rs. '000	Amounts due from related parties Rs. '000	Total Rs. '000	% of allocation
Company							
Loans to executives	10.1.2	58,780	-	24,206	-	82,986	8
Trade and other receivables	10.1.3	-	-	707,068	-	707,068	67
Amounts due from related parties	10.1.4	-	-	-	205,560	205,560	19
Cash in hand and at bank	10.1.5	-	67,836	-	-	67,836	6
Total credit risk exposure		58,780	67,836	731,274	205,560	1,063,450	100

10.1.2 Loans to executives

Loans to executives is made up of vehicle loans which are given to staff at executive level and above. The Company has obtained the necessary Power of Attorney/promissory notes as collateral for the loans granted.

10.1.3 Trade and other receivables

As at 31st March	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Neither past due nor impaired				
01-60 days	**796,768**	663,844	**796,768**	663,844
Past due but not impaired				
61-90 days	**29,832**	19,113	**29,832**	19,113
91-120 days	**2,390**	18,365	**2,390**	18,365
121-180 days	**2,747**	3,068	**2,747**	3,068
Allowance for expected credit losses	**11,565**	9,045	**11,565**	9,045
Gross carrying value	**843,302**	713,435	**843,302**	713,435
Less: Allowance for expected credit losses				
Individually assessed Allowance for expected credit losses	**(11,565)**	(6,367)	**(11,565)**	(6,367)
Total	**831,737**	707,068	**831,737**	707,068

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group has obtained bank guarantees from major customers by reviewing their past performance and credit worthiness, as collateral. The requirement for an impairment is analysed at each reporting date on an individual basis for major customers and uses a provision matrix to calculate Expected Credit Loss (ECL) for the balance. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix was initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The Group considers a financial asset including trade and receivable in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

10.1.4 Amounts due from related parties

The balance consists of amounts due from the entities which has significant influence over Parent, Parent, Companies under common control, Joint Ventures and Associates of the Parent.

10.1.5 Cash and cash equivalents

In order to mitigate the concentration, settlement and operational risks related to cash and cash equivalents, the Group consciously manages the exposure to a single counter-party, where taking into consideration, where relevant, the rating or financial standing of the counter-party, where the position is reviewed as and when required, the duration of the exposure in managing such exposures and the nature of the transaction and agreement governing the exposure. The Group held a net negative cash and cash equivalents of Rs. 905 Mn as at 31st March 2025 (2023/24 net negative cash and cash equivalents of Rs. 781 Mn). The Company held a net negative cash and cash equivalents of 905 Mn as at 31 March 2025 (2023/24 net negative cash and cash equivalents of Rs.782 Mn).

10.2 Liquidity risk

The Group's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that there is available funds to meet its medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk.

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts over a broad spread of maturities.

10.2.1 Net debt/ (cash)

		Group		Company	
As at 31st March	Notes	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Cash in hand and at bank	29	**128,568**	68,655	**127,918**	67,836
Total liquid Assets		**128,568**	68,655	**127,918**	67,836
Interest-bearing borrowings - current	33.2	**-**	224,916	**-**	224,916
Bank overdrafts	29	**1,033,259**	849,515	**1,033,259**	849,373
Total liquid liabilities		**1,033,259**	1,074,431	**1,033,259**	1,074,289
Net debt		**904,691**	1,005,776	**905,341**	1,006,453

10.2.2 Liquidity risk management

Group has implemented a mixed approach that combines elements of the cash flow matching approach and the liquid assets approach. The Group attempt to match cash outflows in each time bucket against the combination of contractual cash inflows plus other inflows that can be generated through the sale of assets or other borrowings.

The Group continued to place emphasis on ensuring that cash and undrawn committed facilities are sufficient to meet the short, medium and long-term funding requirements, unforeseen obligations as well as unanticipated opportunities. Constant dialogue between Group companies and banks regarding financing requirements, ensures that availability within each single borrower limit is optimised by efficiently reallocating under-utilised facilities within the Group.

The daily cash management processes at the business units include active cash flow forecasts and matching the duration and profiles of assets and liabilities, thereby ensuring a prudent balance between liquidity and earnings.

Maturity analysis - Group

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted (principle plus interest) payments.

As at 31st March 2025	Within 1 year Rs. '000	Between 1-2 years Rs. '000	Between 2-3 years Rs. '000	Between 3-4 years Rs. '000	Between 4-5 years Rs. '000	More than 5 years Rs. '000	Total Rs. '000
Interest-bearing loans and borrowings	-	-	-	-	-	-	-
Lease liabilities	1,407	578	625	675	729	26,554	30,568
Trade and other payables	823,980	-	-	-	-	-	823,980
Amounts due to related parties	48,102	-	-	-	-	-	48,102
Bank overdrafts	1,033,259	-	-	-	-	-	1,033,259
	1,906,748	578	625	675	729	26,554	1,935,909

As at 31st March 2024	Within 1 year Rs. '000	Between 1-2 years Rs. '000	Between 2-3 years Rs. '000	Between 3-4 years Rs. '000	Between 4-5 years Rs. '000	More than 5 years Rs. '000	Total Rs. '000
Interest-bearing loans and borrowings	227,626	-	-	-	-	-	227,626
Lease liabilities	2,545	1,407	578	625	675	27,283	33,113
Trade and other payables	564,474	-	-	-	-	-	564,474
Amounts due to related parties	45,164	-	-	-	-	-	45,164
Bank overdrafts	849,515	-	-	-	-	-	849,515
	1,689,324	1,407	578	625	675	27,283	1,719,892

Maturity analysis - Company

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted (principle plus interest) payments.

As at 31st March 2025	Within 1 year Rs. '000	Between 1-2 years Rs. '000	Between 2-3 years Rs. '000	Between 3-4 years Rs. '000	Between 4-5 years Rs. '000	More than 5 years Rs. '000	Total Rs. '000
Interest-bearing loans and borrowings	-	-	-	-	-	-	-
Lease liabilities	1,407	578	625	675	729	26,554	30,568
Trade and other payables	819,877	-	-	-	-	-	819,877
Amounts due to related parties	48,102	-	-	-	-	-	48,102
Bank overdrafts	1,033,259	-	-	-	-	-	1,033,259
	1,902,645	578	625	675	729	26,554	1,931,806

10.2.2 Liquidity risk management (Contd.)

As at 31st March 2024	Within 1 year Rs. '000	Between 1-2 years Rs. '000	Between 2-3 years Rs. '000	Between 3-4 years Rs. '000	Between 4-5 years Rs. '000	More than 5 years Rs. '000	Total Rs. '000
Interest-bearing loans and borrowings	227,626	-	-	-	-	-	227,626
Lease liabilities	2,545	1,407	578	625	675	27,283	33,113
Trade and other payables	560,098	-	-	-	-	-	560,098
Amounts due to related parties	45,164	-	-	-	-	-	45,164
Bank overdrafts	849,373	-	-	-	-	-	849,373
	1,684,806	1,407	578	625	675	27,283	1,715,374

10.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises of the following risks:

* Interest rate risk
* Foreign currency risk

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

The sensitivity analysis in the following sections relate to the position as at 31 March in 2025 and 2024.

The analysis excludes the impact of movements in market variables on; the carrying values of other post-retirement obligations; provisions; and the non-financial assets and liabilities.

The following assumptions have been made in calculating the sensitivity analyses;

- The sensitivity of the relevant Income Statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March 2025 and 2024.

10.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's and Company's long-term debt obligations with floating interest rates.

Most lenders grant loans under floating interest rates.

The Group has managed the risk of volatile interest rates by having a balanced portfolio of borrowings at fixed and variable rates while interest rate swap agreements are in place for a significant portion of the Group's foreign currency borrowing portfolio.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. (through the impact on floating rate borrowings).

Rupee borrowings	Increase/ (decrease) in basis points	Group Rs. '000	Company Rs. '000
For the year ended 31st March			
2025	**+225**	**-**	**-**
	-225	**-**	**-**
2024	+1036	2,372	2,372
	-1036	(2,372)	(2,372)

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market environment changes to base floating interest rates.

10.3.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign currency risk where it has cash flows in overseas operations and foreign currency transactions which are affected by foreign exchange movements. Group treasury (JKH) analyses the market condition of foreign exchange and provides market updates to the JKH Group Executive Committee (GEC), with the use of external consultants' advice. Based on the suggestions made by JKH Group treasury, the GEC takes decisions on whether to hold, sell, or make forward bookings of foreign currency as per decisions rights given by the Board of Directors.

The Group adopted prudent measures, as and when required, to manage the financial impacts arising from the liquidity constraints and currency fluctuations by matching liabilities with corresponding inflows. At a Group level, the translation risk on foreign currency debt is largely hedged "naturally" because of the conscious strategy of maintaining US Dollar cash balances at the holding company whilst also ensuring obligations can be managed through US Dollar denominated revenue streams. .

10.3.2.1 Effects of currency translation

For purposes of Keells Food Products PLC's Consolidated Financial Statements, the income and expenses and the assets and liabilities of the subsidiary located outside Sri Lanka are converted into Sri Lankan Rupees (LKR). Therefore, period-to-period changes in average exchange rates may cause translation effects that have a significant impact on, for example, revenue, segment results (earnings before interest and taxes –EBIT) and assets and liabilities of the Group. Unlike exchange rate transaction risk, exchange rate translation risk does not necessarily affect future cash flows. The Group's equity position reflects changes in book values caused by exchange rates.

		Group	
Exchange rate	Increase/ (decrease) in exchange rate	Effect on profit before tax (Rs.)	Effect on equity (Rs.)
2025			
USD	**+1.48%**	**1,988**	**1,988**
USD	**-1.48%**	**(1,988)**	**(1,988)**
INR	**+3.88%**	**6,169**	**6,169**
INR	**-3.88%**	**(6,169)**	**(6,169)**
2024			
USD	**+7.50%**	**6,858**	**6,858**
USD	**-7.50%**	**(6,858)**	**(6,858)**
INR	**+8.93%**	**11,701**	**11,701**
INR	**-8.93%**	**(11,701)**	**(11,701)**

Assumptions

The assumed movement, in the spread of the exchange rate sensitivity analysis, is based on the current observable market environment.

10.4 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares, have a rights issue or buy back of shares.

	Group		Company	
	2025	2024	2025	2024
Debt/ Equity	**52.39%**	57.66%	**52.29%**	57.54%

11 FAIR VALUE MEASUREMENT AND RELATED FAIR VALUE DISCLOSURES

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are only, disclosed and are reflected in this note. Besides this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in:

- Investment in Subsidiary- Note 23.1
- Property, plant and equipment under revaluation model - Note 20
- Financial instruments and related policies (including those carried at amortised cost) - Note 12

Accounting Policy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets fair value through Other Comprehensive Income, and for non-recurring measurements, such as assets held for sale in discontinued operations.

External valuers are involved for valuation of significant assets, such as land and buildings, and significant liabilities. Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides after discussion with the external valuers, which valuation techniques and inputs to used for individual assets and liabilities.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair Value Hierarchy

11.1 Non-Financial Assets -Group and Company

As at 31st March	Notes	Level 1		Level 2		Level 3	
		2025	2024	2025	2024	2025	2024
Assets measured at fair value (Rs. '000)							
Land and buildings on freehold land	20.1	**-**	-	**-**	-	**563,680**	543,270
Buildings on leasehold land	20.1	**-**	-	**-**	-	**340,465**	349,452
Total		**-**	-	**-**	-	**904,145**	892,722

In determining the fair value, highest and best use of the property has been considered including the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

12 FINANCIAL INSTRUMENTS AND RELATED POLICIES

Accounting Policy

Financial Instruments — Initial recognition and subsequent measurement

Financial Assets- Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified as amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

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

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories;

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no re-cycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

Debt Instruments
Financial assets at amortised cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost is disclosed under note 12.1.

Financial assets-de-recognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets
From 1st April 2021, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

12 FINANCIAL INSTRUMENTS AND RELATED POLICIES (CONTD.)

Financial liabilities-Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Financial liabilities-Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below;

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Income Statement.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Income Statement.

De Recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income Statement.

Offsetting of financial instruments

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

12.1 Financial assets and liabilities by categories

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9.

Financial assets at amortised cost

		Group		Company	
As at 31st March	Notes	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Financial instruments in non-current assets					
Non-current financial assets	24	**53,659**	58,780	**53,659**	58,780
Financial instruments in current assets					
Trade and other receivables	27	**854,943**	731,274	**854,943**	731,274
Amounts due from related parties	37.1	**220,837**	205,560	**220,837**	205,560
Cash in hand and at bank	29	**128,568**	68,655	**127,918**	67,836
		1,204,348	1,005,489	**1,203,698**	1,004,670
Total		**1,258,007**	1,064,269	**1,257,357**	1,063,450

Financial liabilities measured at amortised cost

		Group		Company	
As at 31st March	Notes	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Financial instruments in non-current liabilities					
Lease liabilities	21.1.2	**2,238**	3,357	**2,238**	3,357
		2,238	3,357	**2,238**	3,357
Financial instruments in current liabilities					
Trade and other payables	35	**823,980**	564,474	**819,877**	560,098
Amounts due to related parties	37.2	**48,102**	45,164	**48,102**	45,164
Interest-bearing loans and borrowings	33.2	**-**	224,916	**-**	224,916
Lease liabilities	21.1.2	**1,119**	1,663	**1,119**	1,663
Bank overdrafts	29	**1,033,259**	849,515	**1,033,259**	849,373
		1,906,460	1,685,732	**1,902,357**	1,681,214
Total		**1,908,698**	1,689,089	**1,904,595**	1,684,571

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

The fair value of loans and receivables is not significantly different from the value based on amortised cost methodology.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in ordinary transaction between market participants at the measurement date.

12.1 Financial assets and liabilities by categories (Contd.)

Accounting judgements, estimates and assumptions

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The input to these models are taken from observable markets where possible. Where this is not feasible, a degree of judgment is required in establishing fair values. The judgement include consideration of input such as liquidity risk, credit risk and volatility.

13 REVENUE

Accounting Policy

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Goods transferred at a point in time

Under SLFRS 15, revenue is recognised upon satisfaction of performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Services transferred overtime

Under SLFRS 15, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

Turnover based taxes

Turnover based taxes include Value Added Tax and Social Security Contribution Levy. The Company pays such taxes in accordance with the respective statutes.

		Group		Company	
	For the year ended 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
13.1	Goods transferred at a point in time	**6,741,140**	5,798,813	**6,741,140**	5,798,813

		Group		Company	
	For the year ended 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
13.2	**Disaggregation of revenue**				
	Geographical segment analysis (by location of customers)				
	Sri Lanka	**6,527,483**	5,635,712	**6,527,483**	5,635,712
	Others	**213,657**	163,101	**213,657**	163,101
	Total revenue	**6,741,140**	5,798,813	**6,741,140**	5,798,813

13.3 Reconciliation of revenue

Reconciliation between Revenue from contracts with customers and revenue information that is disclosed for each reportable segment has been provided in the operating segment information section.

13.4 Contract balances

Contract assets

Contract assets are Group's right to consideration in exchange for goods or services that the Group has transferred to a customer, with rights that are conditioned on some criteria other than the passage of time. Upon satisfaction of the conditions, the amounts recognised as contract assets are reclassified to trade receivables. The Group has not held contract assets at the reporting date.

Contract liabilities

Contract liabilities are Group's obligation to transfer goods or services to a customer for which the group has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services, short-term advances received to render certain services. The Group has not held contract liabilities at the reporting date.

13.5 Performance obligations and significant judgements

The Group's performance obligations and significant judgements are summarised below:

Manufacturing and Trading

Manufacturing and Trading segments focused on manufacturing of a wide range of processed meats, raw meats, crumbed products and other convenient food products. Revenue is recognised at the point in time when the control of the asset is transferred to the customer, which is generally upon delivery of the goods. Revenue is measured based on actual sales, and therefore the output method is used for revenue recognition.

14 OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

Accounting Policy

Other income and expense

Other income and expenses are recognised on an accrual basis.

Gains and losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets are accounted for in the Income Statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions, which are not material are aggregated, reported and presented on a net basis.

	Group		Company	
For the year ended 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
14.1 Other operating income				
Exchange gain	**1,915**	1,759	**-**	-
Net gain on disposal of property, plant and equipment	**1,040**	26	**1,040**	26
Unclaimed dividend	**476**	295	**476**	295
Sundry income	**19,943**	18,227	**19,943**	18,227
	23,374	20,307	**21,459**	18,548

	Group		Company	
For the year ended 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
14.2 Other operating expenses				
Spoilage and wastage	**64,554**	116,630	**64,554**	116,630
Bank charges	**5,304**	1,880	**5,304**	1,880
Exchange loss	**1,133**	1,575	**1,133**	1,575
Provision for closure expenses of subsidiary	**-**	11,167	**-**	11,167
Social security contribution levy	**171,229**	149,456	**171,229**	149,456
	242,220	280,708	**242,220**	280,708

15 FINANCE INCOME AND FINANCE COST

Accounting Policy

Finance income

Finance income comprises interest income on funds invested, dividend income, fair value gains on financial assets at fair value through profit or loss, gains on the remeasurement to fair value of any pre-existing interest in an acquiree that are recognised in the income statement.

Finance income from financial instruments includes, notional interest pertaining to loan granted to executive staff.

Interest income is recorded as it accrues using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash receipt though the expected life of the financial instrument or a shorter period, where appropriate to the net carrying amount of the financial asset. Interest income is included under finance income in the Income Statement.

Finance cost

Finance cost comprise interest expense on borrowings, unwinding of the discount on provisions, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables) that are recognised in the Income Statement.

Interest expense is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

		Group		Company	
	For the year ended 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
15.1	**Finance Income and Finance Cost**				
	Finance income				
	Finance income from other financial instruments	**14,140**	14,098	**14,140**	14,098
	Total finance income	**14,140**	14,098	**14,140**	14,098
	Finance cost				
	Finance charge on lease liabilities	**(882)**	(1,020)	**(882)**	(1,020)
	Interest expense on borrowings - Long-term	**-**	(4,977)	**-**	(4,977)
	Interest expense on borrowings - Short-term	**(83,111)**	(160,852)	**(83,111)**	(160,852)
	Total finance cost	**(83,993)**	(166,849)	**(83,993)**	(166,849)
	Net finance cost	**(69,853)**	(152,751)	**(69,853)**	(152,751)

16 PROFIT/ (LOSS) BEFORE TAX

Accounting Policy

Expenditure recognition

Expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Income Statement.

For the purpose of presentation of the income statement, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's and Group's performance.

Profit before tax is stated after charging all expenses including the following;

	Group		Company	
For the year ended 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Profit /(Loss) before tax				
Remuneration to Non- Executive Directors	**10,112**	11,015	**10,112**	11,015
Auditors' fees and expenses - Audit Service	**1,410**	1,264	**1,150**	1,014
- Non-Audit Service	**486**	124	**486**	124
Costs of defined employee benefits				
Employee defined benefit provision and related cost	**28,557**	32,313	**28,557**	32,313
Defined contribution plan cost - EPF and ETF	**62,889**	57,587	**62,889**	57,587
Staff expenses	**939,492**	816,629	**939,492**	816,629
Depreciation of property, plant and equipment	**209,807**	222,594	**209,807**	222,594
Amortisation of right-of-use assets	**1,423**	1,423	**1,423**	1,423
Amortisation of intangible assets	**1,536**	1,512	**1,536**	1,512
Donations	**-**	3,004	**-**	3,004

17 EARNINGS PER SHARE (EPS)

Accounting Policy

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for outstanding share options) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

			Group	
	For the year ended 31st March	Notes	2025	2024
17.1	**Basic earnings per share**			
	Profit/ (Loss) attributable to equity holders of the parent (Rs. '000)		**133,161**	(218,271)
	Weighted average number of ordinary shares (No. '000)	17.3	**25,500**	25,500
	Basic earnings per share (Rs.)		**5.22**	(8.56)

			Group	
	For the year ended 31st March	Notes	2025	2024
17.2	**Diluted earnings per share**			
	Profit/ (Loss) attributable to equity holders of the parent (Rs. '000)		**133,161**	(218,271)
	Adjusted Weighted average number of ordinary shares (No. '000)	17.3	**25,500**	25,500
	Diluted earnings per share (Rs.)		**5.22**	(8.56)

For the year ended 31st March	Group 2025 No. '000	2024 No. '000
17.3 Amount used as denominator		
Ordinary shares at the beginning of the year	**25,500**	25,500
Ordinary shares at the end of the year	**25,500**	25,500
Weighted average number of ordinary shares outstanding during the year	**25,500**	25,500
Adjusted Weighted average number of ordinary shares*	**25,500**	25,500

* There are no effects of dilution to the weighted average number of shares at present.

18 DIVIDEND PER SHARE (DPS)

Equity dividend on ordinary shares

For the year ended 31st March	Group 2025 Rs.	2025 Rs. '000	2024 Rs.	2024 Rs. '000
Declared and paid during the year				
Final dividend	**-**	**-**	0.50	12,750
1st Interim dividend	**0.48**	**12,240**	-	-
2nd Interim dividend	**1.97**	**50,235**		
Total dividend	**2.45**	**62,475**	0.50	12,750

19 TAXES

Accounting Policy

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity, is recognised in equity and for items recognised in other comprehensive income is recognised in Other Comprehensive Income and not in the Income Statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

The management has used its judgement on the application of tax laws including transfer pricing regulations involving identification of associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanisms.

The Group has confirmed with the arm's length principles relating to Transfer Pricing, as prescribed in the Inland Revenue Act.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arising from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in Subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and unused tax credits and tax losses carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and tax losses carried forward can be utilised except;

Where the deferred tax assets relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deducible temporary differences associated with investments in Subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

- Deferred tax relating to items recognised outside the Income Statement is recognised outside the Income Statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of an asset or service is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable and;

- Where receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

		Group		Company	
For the year ended 31st March	Notes	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
19.1 Tax expense					
Deferred Tax					
Relating to origination and (reversal) of temporary differences	19.2	**45,407**	(71,666)	**45,407**	(71,666)
		45,407	(71,666)	**45,407**	(71,666)

Applicable Rates of Income Tax

Income tax has been provided as per the its rates legislated in accordance with the Inland Revenue Act, No. 45 of 2022 and it's amendments. (Note 19.5)

	Group		Company	
For the year ended 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
19.2 Deferred tax expense				
Income Statement				
Deferred tax expense/(reversal) arising from;				
Accelerated depreciation for tax purposes	**(15,236)**	3,968	**(15,236)**	3,968
Employee benefit liability	**(6,104)**	(4,474)	**(6,104)**	(4,474)
Reversal/(Benefits) arising from tax losses	**66,456**	(71,160)	**66,456**	(71,160)
Unrealized capital gain/others	**291**	-	**291**	-
Deferred tax charge/(reversal) directly to Income Statement	**45,407**	(71,666)	**45,407**	(71,666)
Other Comprehensive Income				
Deferred tax expense/(reversal) arising from;				
Actuarial gain/(loss)	**6,640**	(10,986)	**6,640**	(10,986)
Revaluation of land and building to fair value	**8,774**	2,336	**8,774**	2,336
Deferred tax charge/ (reversal) directly to other comprehensive income	**15,414**	(8,650)	**15,414**	(8,650)
Total deferred tax charge/ (reversal)	**60,821**	(80,316)	**60,821**	(80,316)

Deferred tax has been computed at the rate of 30% (2023/24-30%).

19.3 Income tax Receivables

		Group		Company	
As at 31st March	Notes	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Income tax receivables					
At the beginning of the year		**31,861**	31,861	**31,861**	31,861
At the end of the year		**31,861**	31,861	**31,861**	31,861

		Group		Company	
As at 31st March	**Notes**	**2025 Rs. '000**	**2024 Rs. '000**	**2025 Rs. '000**	**2024 Rs. '000**
19.4 Deferred tax liabilities/(assets)					
At the beginning of the year		**206,191**	286,507	**206,191**	286,507
Charge/(reversal) for the year	19.2	**60,821**	(80,316)	**60,821**	(80,316)
At the end of the year		**267,012**	206,191	**267,012**	206,191
The closing deferred tax asset and liability balances relate to the following;					
Accelerated depreciation for tax purposes		**204,787**	218,367	**204,787**	218,367
Employee benefit liability		**(47,591)**	(48,127)	**(47,591)**	(48,127)
Losses available for offset against future taxable income		**(5,143)**	(71,160)	**(5,143)**	(71,160)
Revaluation gained in relation to land buildings		**114,959**	107,111	**114,959**	107,111
At the end of the year		**267,012**	206,191	**267,012**	206,191

Accounting judgement, estimates and assumptions

The Group is subject to income tax and other taxes including VAT and SSCL. Significant judgment was required to determine the total provision for current, deferred and other taxes due to uncertainties that exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these Financial Statements.

Uncertainties also with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Where the final tax outcome of such matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

	Group		Company	
For the year ended 31st March	**2025 Rs. '000**	**2024 Rs. '000**	**2025 Rs. '000**	**2024 Rs. '000**
19.5 Reconciliation between current tax expense and the accounting profit				
Profit /(Loss) before tax	**178,568**	(289,937)	**176,653**	(290,876)
Income not liable for income tax	**(1,623)**	(332)	**(1,623)**	(332)
Other consolidated adjustments	**(1,915)**	(939)	**-**	-
Adjusted accounting profit chargeable to income taxes	**175,030**	(291,208)	**175,030**	(291,208)
Disallowable expenses	**277,299**	292,237	**277,299**	292,237
Allowable expenses	**(469,474)**	(238,229)	**(469,474)**	(238,229)
Taxable income	**(17,145)**	(237,200)	**(17,145)**	(237,200)

19.6 Reconciliation between tax expense and the product of accounting profit

	Group		Company	
For the year ended 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Adjusted accounting profit / (loss) chargeable to income taxes	**175,030**	(291,208)	**175,030**	(291,208)
Tax effect on chargeable profits	**52,509**	(87,362)	**52,509**	(87,362)
Tax effect on non deductible expenses	**5,977**	17,441	**5,977**	17,441
Tax effect on gratuity transfers	**407**	1,557	**407**	1,557
Tax effect on deductions claimed	**(13,486)**	(3,302)	**(13,486)**	(3,302)
Tax expense/ (Reversal)	**45,407**	(71,666)	**45,407**	(71,666)

19.7 Income tax rates of off-shore Subsidiaries

Country of incorporation	Company	Rate
India	John Keells Foods India (Private) Ltd	25%

20 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Basis of recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be reliably measured.

Basis of measurement

Property, plant and equipment except for land and buildings are stated at cost less accumulated depreciation and any accumulated impairment loss. Such cost includes the cost of replacing component parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Any revaluation surplus is recognised in Other Comprehensive Income and Changes in Equity under asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Income Statement, in which case the increase is recognised in the Income Statement. A revaluation deficit is recognised in the Income Statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Where land and buildings are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation. The Group has adopted a policy of revaluing Land and Building by a professional valuer at least once every 5 years.

Capital Work-in-Progress is stated at cost including borrowing cost capitalised where applicable.

De-recognition

An item of property, plant and equipment is derecognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the Income Statement in the year the asset is derecognised.

Depreciation

Depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets.

Depreciation commences in the month following the purchase/commissioning of the assets and ceases in the month of disposal/scrapped.

The estimated useful life of assets is as follows:

Assets	Years
Buildings on Freehold Land	30
Buildings on Leasehold Land	20-25
Plant and machinery	2-20
Furniture and fittings and equipment	5-8
Motor vehicles	5
Freezers	10-12
Other assets	2-6

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

20 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Impairment of property, plant and equipment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the Income Statement, except that, impairment losses in respect of property, plant and equipment previously revalued are recognised against the revaluation reserve though the Statement of Other Comprehensive Income to the extent that it reverses a previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased if such indication exists the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Income Statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value on a systematic basis or its remaining useful life.

20 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

20.1 Group and Company

As at 31st March	Land and buildings Rs. '000	Buildings on leasehold land Rs. '000	Plant and machinery Rs. '000	Furniture, fittings and equipment Rs. '000	Motor vehicles Rs. '000	Freezers Rs. '000	Other assets Rs. '000	Total 2025 Rs. '000	Total 2024 Rs. '000
Cost or valuation									
At the beginning of the year	546,190	354,818	1,754,406	81,306	2,590	190,901	68,292	**2,998,503**	2,829,362
Additions	8,867	7,526	56,829	9,169	-	27,856	14,046	**124,293**	188,657
Disposals	-	-	(62,744)	-	-	(2,975)	-	**(65,719)**	(1,517)
Transfers on revaluation	(9,379)	(19,064)	-	-	-	-	-	**(28,443)**	(25,986)
Revaluations	27,655	1,593	-	-	-	-	-	**29,248**	7,787
At the end of the year	573,333	344,873	1,748,491	90,475	2,590	215,782	82,338	**3,057,882**	2,998,303
Accumulated depreciation									
At the beginning of the year	(2,920)	(5,366)	(1,123,405)	(63,107)	(518)	(82,458)	(44,790)	**(1,322,564)**	(1,127,333)
Charge for the year	(9,365)	(18,106)	(146,110)	(6,667)	(518)	(18,084)	(10,957)	**(209,807)**	(222,594)
Disposals	-	-	62,521	-	-	2,959	-	**65,480**	1,377
Transfers on revaluation	9,379	19,064	-	-	-	-	-	**28,443**	25,986
At the end of the year	(2,906)	(4,408)	(1,206,994)	(69,774)	(1,036)	(97,583)	(55,747)	**(1,438,448)**	(1,322,564)
Carrying value									
As at 31 March 2025									
At Valuation	563,680	340,465	-	-	-	-	-	**904,145**	
At Cost	6,747	-	541,497	20,701	1,554	118,199	26,591	**715,289**	
	570,427	340,465	541,497	20,701	1,554	118,199	26,591	**1,619,434**	
Carrying value									
As at 31 March 2024									
At Valuation	543,270	349,452	-	-	-	-	-	**-**	892,722
At Cost	-	-	631,001	18,199	2,072	108,443	23,502	**-**	783,217
	543,270	349,452	631,001	18,199	2,072	108,443	23,502		1,675,939

20.2 Revaluation of land and buildings

Accounting judgements, estimates and assumptions

The Group / Company uses the revaluation model of measurement of land and buildings. The Group / Company engaged independent expert valuers to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties. Valuations are based on open market prices, adjusted for any difference in the nature, location, or condition of the specific property. These valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The date of the most recent revaluation was carried out on 31st December 2024.

The valuations as of 31st December 2024 contained a higher estimation uncertainty as there were fewer market transactions which are ordinarily a strong source of evidence regarding fair value. The value reflected represents the best estimate based on the market conditions that prevailed, which in valuers' considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

The changes in fair value recognised in Other Comprehensive Income and in the Statement of Changes in Equity.

Details of Land and Building stated at valuation are indicated below;

Property	Location	Method of valuation	Effective date of valuation	Independent Valuer
Land and Building at Keells Food Products PLC	Ja-Ela	Open market value	31st December 2024	Upali Silva and Lochana Silva - Chartered Valuers (Pvt) Ltd.
Land and Building at Keells Food Products PLC	Pannala	Open market value	31st December 2024	

Type of Asset	Valuation technique	Significant unobservable inputs	Group and Company Estimates for unobservable inputs 2025	2024	Sensitivity of fair value to unobservable inputs
Land- Ja-Ela	Comparable Market Approach*	Estimated price per perch	Rs. 775,000/-	Rs. 725,000/-	Positively correlated sensitivity
Land- Pannala	Comparable Market Approach*	Estimated price per perch	Rs. 73,500/-	Rs. 70,000/-	
Buildings on freehold land	Comparable Market Approach*	Estimated price per square feet	Rs. 3,790/- Rs. 420/-	Rs. 3,500/- Rs. 400/-	
Buildings on leasehold land	Depreciated replacement cost **	Estimated price per square feet**	Rs.160/- Rs.10,895/-	Rs.150/- Rs.10,000/-	

Summary description of valuation methodologies;

*Comparable market approach (CMA)

This method uses prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

**Depreciated replacement cost (DRC)

The replacement cost method is used to value properties which do not generally exchange on the open market and for which comparable evidence therefore does not exist. The valuations are based on two components: the depreciated cost of the building element and the market value of the land. Current building costs and often the land price will be established by comparison.

20.3 Carrying value of total assets

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

	Group		Company	
As at 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Cost	**500,158**	483,765	**500,158**	483,765
Accumulated depreciation	**(170,377)**	(145,369)	**(170,377)**	(145,369)
Carrying value	**329,781**	338,396	**329,781**	338,396

20.4 Usage of Fully Depreciated Assets

	Group		Company	
As at 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Cost of property, plant, and equipment that is fully depreciated but continues to be in use	**533,297**	524,418	**533,297**	524,418

20.5 During the financial year, the Group and the Company acquired property, plant and equipment to the aggregate value of Rs. 124 Mn (2023/24 -Rs. 189 Mn) cash payments amounting to Rs. 124 Mn (2023/24 -Rs. 189 Mn) were made during the year for purchase of property, plant and equipment.

20.6 During the year, borrowing costs had not been capitalized.

21 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Accounting policy

Right-of-use assets

The Group recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group uses 6 months AWPLR based plus margin when calculating the incremental borrowing rate which reflects the average rate of borrowings in the Group. Quarterly calculated incremental borrowing rates were used to discount new leases obtained during the year.

21 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTD.)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Businesses continued to respond with specific plans to enable smooth and uninterrupted functioning of businesses and operations, despite some of the immediate term challenges due to constraints on supply chains and electricity and fuel disruptions, whilst maintaining strict adherence to Government directives and health and safety considerations. The Group managed to circumvent these issues without a significant impact on output. As such, the Group has not determined impairment as at the reporting date.

21.1 Amounts recognised in the Statement of Financial Position and Income Statement

Set out below, are the carrying amounts of the Group and company's right of use assets and the movements for the period ended 31 March.

		Group and Company	
	As at 31st March	2025 Rs. '000	2024 Rs. '000
21.1.1	**Lease hold properties - Right- of-use assets**		
	Cost		
	At the beginning of the year	**10,632**	10,632
	At the end of the year	**10,632**	10,632
	Accumulated amortisation		
	At the beginning of the year	**(7,015)**	(5,592)
	Amortisation	**(1,423)**	(1,423)
	At the end of the year	**(8,438)**	(7,015)
	Carrying value	**2,194**	3,617

Set out below are the carrying amounts of lease liabilities and the movements for the period ended 31st March.

		Group and Company	
	As at 31st March	2025 Rs. '000	2024 Rs. '000
21.1.2	**Lease hold properties - Lease liabilities**		
	At the beginning of the year	**5,020**	6,410
	Finance charge on lease liabilities	**882**	1,020
	Payments	**(2,545)**	(2,410)
	At the end of the year	**3,357**	5,020
	Payable within one year	**1,119**	1,663
	Payable after one year	**2,238**	3,357
	Total lease liability as at 31 March	**3,357**	5,020

The following are the amounts recognised in Income Statement

	Group and Company	
For the year ended	2025 Rs. '000	2024 Rs. '000
Amortisation expense of right-of-use assets	**1,423**	1,423
Finance charge on lease liabilities	**882**	1,020
Total amount recognised in Income Statement	**2,305**	2,443

During the year the company hasn't recognised expenses relating to short-term leases and leases of low value assets in Income Statement.

The Group had total cash outflows for leases of 2.5 Mn in 2024/25. (2023/24 - Rs. 2.4Mn).

The maturity analysis of lease liabilities is disclosed in Note 10.2.2.

22 INTANGIBLE ASSETS

Accounting Policy

Basis of recognition

An Intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the Company and the cost of the asset can be reliably measured.

Basis of measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised, and expenditure is charged against Income Statement in the year in which the expenditure is incurred.

Useful economic lives, amortisation and impairment

The useful lives of intangible assets are assessed as either finite or indefinite lives. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end and treated as accounting estimates. The amortisation is calculated by using straight-line method on the cost of all the intangible assets and the amortisation expense on intangible assets with finite lives is recognised in the Income Statement.

22 INTANGIBLE ASSETS (CONTD.)

Intangible assets with indefinite useful lives and goodwill are not amortised but tested for impairment annually, or more frequently when an indication of impairment exists either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Purchased software

Purchased software is recognised as an intangible asset and is amortised on a straight line basis over its useful life.

Software license

Software license costs are recognised as an intangible asset and amortised over the period of the related license.

A summary of the policies applied to the Company's intangible assets are as follows;

Intangible Assets	Useful life	Acquired/ Internally generated	Impairment testing
Purchased Software	4-6 years	Acquired	When indicators of impairment exists, the amortization method is reviewed at each financial year end.
Software License	4-6 years	Acquired	

De-recognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Income Statement when the asset is derecognised.

	Group and Company			
As at 31st March Rs. '000	Purchased software	Goodwill	2025 Total	2024 Total
22.1 Intangible assets				
Cost				
At the beginning of the year	9,816	242,268	**252,084**	251,559
Additions	-	-	**-**	525
At the end of the year	9,816	242,268	**252,084**	252,084
Accumulated amortisation and impairment				
At the beginning of the year	(4,262)	-	**(4,262)**	(2,750)
Amortisation	(1,536)	-	**(1,536)**	(1,512)
At the end of the year	(5,798)	-	**(5,798)**	(4,262)
Carrying value				
As at 31 March 2025	4,018	242,268	**246,286**	
As at 31 March 2024	5,554	242,268		247,822

Group Intangible assets with a cost of Rs. 1.3 Mn (2024 - Rs. 1.3 Mn) have been fully amortised and continue to be used by the Group.

	Group and Company	
As at 31st March	Net carrying value of goodwill 2025 Rs. '000	Net carrying value of goodwill 2024 Rs. '000
22.2 Goodwill	242,268	242,268

Accounting judgements, estimates and assumptions

Goodwill acquired through business combination is due to the purchase of the manufacturing facility (CGU) of D&W Food Products (Pvt) Ltd and goodwill is tested for impairment as follows;

Impairment of Goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. A zero terminal growth rate has been incorporated into the value-in-use calculations for cash flows extending beyond five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The recoverable amount of the cash generating unit relevant to the goodwill is more than the carrying amount at the end of the reporting period. Therefore, no impairment loss is recognized in respect of goodwill as at 31st March 2025.

The key assumptions used to determine the recoverable amount for the cash generating units as follows;

Gross margins

The basis used to determine the value assigned to the budgeted gross margins, is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

Discount rates

The discount rate used is the risk free rate adjusted by the addition of an appropriate risk premium of 15%

Inflation

The basis used to determine the value assigned to the budgeted cost inflation is the inflation rates based on projected economic conditions.

Volume growth

A volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to four years immediately subsequent to the budgeted year based on industry growth rates. Cash flows beyond the five year period are extrapolated using reasonable growth rate.

Sensitivity of assumptions used

The Management tested several scenarios based calculations on possible changes of the assumptions due to the prevailing macroeconomic conditions. Based on those calculations, the management has concluded that there is no material impact to Value in Use which was computed.

23 INVESTMENTS IN SUBSIDIARY

Accounting Policy

Investment in Subsidiary is initially recognised at cost in the Financial Statements of the Company. Any transaction cost relating to acquisition of an investment in Subsidiary is immediately recognised in the Income Statement. Following the initial recognition, the Investment in Subsidiary is carried at cost less any accumulated impairment losses.

		Company	
	As at 31st March	2025 Rs. '000	2024 Rs. '000
23.1	**Carrying value**		
	Investments in Subsidiary	**220,292**	220,292
	Less		
	Allowance for impairment of investment	**(220,292)**	(220,292)
	Effective Holding %	**100%**	100%

The Subsidiary, John Keells Foods India (Private) Limited remained non-operational since the financial year 2014/15. The investment in the Subsidiary was fully impaired in the financial year 2021/22.

24 NON-CURRENT FINANCIAL ASSETS

Accounting Policy

Non-current financial assets within the scope of SLFRS 9 are classified as financial assets at initial recognition.

			Group		Company	
	As at 31st March	Notes	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
	Loans to executives	24.1	**53,659**	58,780	**53,659**	58,780
			53,659	58,780	**53,659**	58,780
24.1	**Loans to executives**					
	At the beginning of the year		**82,986**	68,286	**82,986**	68,286
	Loans granted		**31,450**	63,977	**31,450**	63,977
	Recoveries		**(37,571)**	(49,277)	**(37,571)**	(49,277)
	At the end of the year		**76,865**	82,986	**76,865**	82,986
	Receivable within one year	27	**23,206**	24,206	**23,206**	24,206
	Receivable after one year					
	Receivable between one and five years	24	**53,659**	58,780	**53,659**	58,780
			76,865	82,986	**76,865**	82,986

25 OTHER NON-CURRENT ASSETS

Accounting Policy

Group classifies all non-financial non-current assets that are not expected to be realised within twelve months under other non-current assets.

	Group		Company	
As at 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Pre-paid staff cost*	**25,007**	28,657	**25,007**	28,657
	25,007	28,657	**25,007**	28,657

*Prepaid staff cost represents the prepaid potion of the loans granted to the staff.

26 INVENTORIES

Accounting Policy

Inventories are valued at the lower of cost or net realizable value. Net realisable value is the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

Significant accounting judgements, estimates and assumptions

Inventory provisions are recognized in cases where the expected net realizable value of inventory is lower than its carrying amount, including provisions for obsolete, slow moving stock and waste. The provision is based on periodical reviews performed by the Group. All inventory provisioning requires a level of judgement on how the condition of inventory is impacted by spoilages, shelf – life of products and other industry compliance requirements.

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

Inventory	Basis of Valuation
Raw materials,machinery spares and other inventories	At actual cost on weighted average basis
Manufactured finished goods, retail inventories and work-in-progress	At the actual cost of direct materials, direct labour and an appropriate portion of fixed production overheads based on normal operating capacity but excluding borrowing cost

	Group		Company	
As at 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Inventories				
Raw materials	**339,126**	304,683	**339,126**	304,683
Work-in-progress	**60,170**	42,329	**60,170**	42,329
Finished goods	**411,390**	270,329	**411,390**	270,329
Spare parts	**264,145**	288,602	**264,145**	288,602
Goods in transit	**69,988**	323	**69,988**	323
Other inventories	**1,362**	1,047	**1,362**	1,047
	1,146,181	907,313	**1,146,181**	907,313
Provision for slow-moving inventories	**-**	(17,825)	**-**	(17,825)
	1,146,181	889,488	**1,146,181**	889,488

27 TRADE AND OTHER RECEIVABLES

Accounting Policy

Trade receivables are classified as current assets if payment is due within one year.

A receivable represents the Group's right to an amount of consideration that is unconditional. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. In 2024/25, Rs. 11.6Mn (2023/24 Rs.6.4Mn) was recognised as provision for expected credit losses on trade receivables.

		Group		Company	
As at 31st March	Notes	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Trade receivables		**839,549**	710,647	**839,549**	710,647
Less: Allowance for expected credit losses		**(11,565)**	(6,367)	**(11,565)**	(6,367)
		827,984	704,280	**827,984**	704,280
Other receivables		**3,753**	2,788	**3,753**	2,788
Loans to executives	24.1	**23,206**	24,206	**23,206**	24,206
		854,943	731,274	**854,943**	731,274

For further explanation on the Group's liquidity risk management process refer note 10.2.2.

28 OTHER CURRENT ASSETS

Accounting Policy

Group classifies all non-financial current assets under other current assets.

	Group		Company	
As at 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Pre-payment and non-cash receivables	**38,679**	20,227	**38,675**	20,223
	38,679	20,227	**38,675**	20,223

	Group		Company	
As at 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
29 CASH IN HAND AND AT BANK				
Cash in hand	**999**	947	**999**	947
Cash at bank	**127,569**	67,708	**126,919**	66,889
Cash in hand and at bank - favourable	**128,568**	68,655	**127,918**	67,836
Bank overdraft	**(1,033,259)**	(849,515)	**(1,033,259)**	(849,373)
Cash in hand and at bank - unfavourable	**(1,033,259)**	(849,515)	**(1,033,259)**	(849,373)

Security and repayment terms of short-term borrowings - Group and Company

Type of facility	Nature of facility	Facility amount Rs. '000	Security	Repayment terms
Short-term	Bank overdraft	1,765,000	Clean basis	On demand

	2025		2024	
As at 31st March	Number of shares No. '000	Value of shares Rs. '000	Number of shares No. '000	Value of shares Rs. '000
30 STATED CAPITAL				
Fully paid ordinary shares				
At the beginning of the year	**25,500**	**1,294,815**	25,500	1,294,815
At the end of the year	**25,500**	**1,294,815**	25,500	1,294,815

The issued ordinary shares of the Company are listed on the Colombo Stock Exchange.

	Group		Company	
As at 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
31 REVENUE RESERVE				
Retained earnings	**229,192**	143,013	**226,340**	142,076
	229,192	143,013	**226,340**	142,076

		Group		Company	
As at 31st March	Notes	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
32 OTHER COMPONENTS OF EQUITY					
Revaluation reserve	32.1	**388,146**	367,672	**388,146**	367,672
Foreign currency translation reserve	32.2	**(6,471)**	(4,710)	**-**	-
Employee share option reserve	32.3	**66,550**	62,471	**66,550**	62,471
		448,225	425,433	**454,696**	430,143

32.1 Revaluation reserve consists of the surplus on the revaluation of property, plant and equipment net of deferred tax effect.

32.2 Foreign currency translation reserve comprises the net exchange movement arising on the currency translation of the foreign subsidiary into Sri Lanka rupees.

32.3 Share-based payment plans

Accounting Policy

Employee Share Option Plan- Equity-settled transactions

Employees receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of the employee services received in respect of the shares or share options granted is recognised in the Income Statement over the period that employees provide services, from the time when the award is granted up to the vesting date of the options. The overall cost of the award is calculated using the number of share options expected to vest and the fair value of the options at the date of grant.

In accounting for employee remuneration in the form of shares, SLFRS 2- Share Based Payments, is effective for the Company, from the financial year beginning 2013/14.

The employee remuneration expense resulting from the John Keells Group's Employees share option (ESOP) scheme to the employees of Keells Food Products PLC is recognized in the Income Statements of the Company. This transaction does not result in a cash outflow and the expense recognised is met with a corresponding Equity reserve increase, thus having no impact on the Statement of Financial Position (SOFP).

The fair value of the options granted is determined by using an option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Income Statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in the share based payment plan.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and service conditions are satisfied.

Where the terms of an equity-settled transaction award is modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled award and the new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Employee Share Option Scheme

Under the John Keells Group's Employees share option scheme (ESOP), share options of the Parent Company are granted to Senior Executives with more than 12 months of service. The exercise price of the share options is equal to the 30 day volume weighted average market price of the underlying shares on the date of grant. The share options vest over a period of four years and is dependent on a performance criteria and a service criteria. The performance criteria being a minimum performance achievement of "Met Expectations" and service criteria being that the employee has to be in employment at the time the share options vest. The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

The contractual term for each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

Accounting judgements, estimates and assumptions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

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

		Group		Company	
As at 31st March	Notes	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
At the beginning of the year		**62,471**	60,403	**62,471**	60,403
Expense arising from equity-settled share-based payment transactions		**4,079**	2,068	**4,079**	2,068
At the end of the year	32	**66,550**	62,471	**66,550**	62,471

Estimating fair value for share-based payment transactions require determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The John Keells Group measures the cost of equity settled transactions with employees relevant to the entire Group by reference to the fair value of the equity instruments on the date at which they are granted. The same assumptions have been used by the Company as John Keells Group's Employee Share Option Scheme applies to the Company.

The expected life of the share options is based on the historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

32.3 Share-based payment plans (Contd.)

The following information were used and results were generated using binomial model for ESOP.

	2025 Plan no 11 award 3	2024 Plan no 11 award 2.1	2024 Plan no 11 award 2	2023 Plan no 11 award 1	2022 Plan no 10 award 3	2021 Plan no 10 award 2
Dividend yield (%)	**1.46**	**2.07**	2.54	2.90	3.28	3.87
Expected volatility (%)	**24.54**	**25.05**	24.99	24.15	22.37	21.35
Risk free interest rate (%)	**12.76**	**14.49**	26.92	23.10	8.87	6.44
Expected life of share options (Years)	**5**	**5**	5	5	5	5
Weighted average share price at the grant date (Rs)	**194.00**	**158.36**	137.83	119.85	132.63	134.74
Weighted average remaining contractual life for the share options outstanding (Years)	**3**	**3**	3	3	3	3
Weighted average fair value of options granted during the year (Rs)	**64.67**	**52.79**	45.94	39.95	44.21	44.91
Exercise price for options outstanding at the end of the year (Rs)	**200.74**	**145.59**	137.86	121.91	136.64	132.86
Exercise price for options outstanding at the end of the year (Rs)	**20.03**	**14.53**	13.76	12.17	13.64	13.26

Movements in the year

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	Group 2025 No.	Group 2025 WAEP Rs.	Company 2025 No.	Company 2025 WAEP Rs.
ESOP PLAN 8				
Outstanding at the beginning of the year	**76,000**	**141.90**	76,000	141.90
Granted during the year	**86,100**	**20.03**	86,100	20.03
Adjusted - Sub Division	**1,468,142**	**N/A**	1,468,142	N/A
Outstanding at the end of the year	**1,630,842**	**17.27**	1,630,842	17.27
Vested as at 31st March	**283,669**	**14.03**	283,669	14.03

Fair value of the share option and assumptions

The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

The valuation takes into account factors such as stock price, expected time to maturity, exercise price, expected volatility of share price, expected dividend yield and risk free interest rate.

33 INTEREST -BEARING LOANS AND BORROWINGS

As at 31st March	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
33.1 Movement				
Interest- bearing loans and borrowings				
At the beginning of the year	**224,916**	67,213	**224,916**	67,213
Cash movements				
Loans obtained	**-**	224,916		224,916
Repayments	**(224,916)**	(67,213)	**(224,916)**	(67,213)
At the end of the year	**-**	224,916	**-**	224,916

As at 31st March	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
33.2 Total Borrowings				
Repayable within one year	-	224,916	-	224,916
Repayable after one year	-	-	-	-
Total Interest-bearing loans and borrowings	-	224,916	-	224,916

Security and repayment terms-Group and Company

Nature of facility	Interest rate and security	Maturity	Repayment Terms	2025 Rs. '000	2024 Rs. '000
Short term borrowings	Pre-agreed fixed rate	April 2024	Lump Sum payment in April 2024	-	24,916
Short term borrowings	Pre-agreed fixed rate	April 2024	Lump Sum payment in April 2024	-	200,000
				-	224,916

34 EMPLOYEE BENEFIT LIABILITIES

Accounting Policy

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

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The Company contribute the defined percentages of gross emoluments of employees to an approved Employees' Provident Fund and to the Employees' Trust Fund respectively, which are externally funded.

Employee defined benefit plan - gratuity

The liability recognised in the Statement of Financial Position is the present value of the defined benefit obligation as at the reporting date using the projected unit credit method. Any actuarial gains or losses arising are recognised immediately in Other Comprehensive Income. Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service. The obligation is not externally funded.

As at 31st March	Notes	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
34.1 Total employee liabilities					
Employee defined benefit plan- gratuity	34.3	**158,636**	160,425	**158,636**	160,425
At the end of the year		**158,636**	160,425	**158,636**	160,425

		Group		Company	
For the year ended 31st March	Notes	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
34.2 Employee benefit provisions and related costs					
Employee defined benefit plan- gratuity	34.3	**28,557**	32,313	**28,557**	32,313
		28,557	32,313	**28,557**	32,313

		Group		Company	
As at 31st March	Notes	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
34.3 Employee defined benefit plan- gratuity					
At the beginning of the year		**160,425**	114,081	**160,425**	114,081
Current service cost		**9,306**	10,067	**9,306**	10,067
Interest cost on benefit obligation		**19,251**	22,246	**19,251**	22,246
		28,557	32,313	**28,557**	32,313
Transfers		**(1,358)**	(5,190)	**(1,358)**	(5,190)
Payments		**(6,855)**	(17,400)	**(6,855)**	(17,400)
		(8,213)	(22,590)	**(8,213)**	(22,590)
Loss/(gain) arising from changes in assumptions		**(22,133)**	36,621	**(22,133)**	36,621
At the end of the year	34.1	**158,636**	160,425	**158,636**	160,425
The expenses are recognised in the Income Statement in the following line items;					
Cost of sales		**21,561**	20,923	**21,561**	20,923
Selling and distribution expenses		**4,286**	6,558	**4,286**	6,558
Administrative expenses		**2,710**	4,832	**2,710**	4,832
	34.2	**28,557**	32,313	**28,557**	32,313

The employee defined benefit liability of the Group is based on the actuarial valuations carried out by Messrs. Smiles Global (Pvt) Ltd.

34.4 Accounting judgements, estimates and assumptions

Employee benefit liability

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

The principal assumptions used in determining the cost of employee benefits were:	Group and Company 2025	2024
Discount rate	**11% p.a**	12% p.a
Future salary increases:		
Executives	**6%**	12%
Non-executives	**9%**	11%
Retirement age		
As of 17 Nov 2021, employees who have attained the age of;		
Less than 52 years	**60 years**	60 years
53 years	**59 years**	59 years
54 years	**58 years**	58 years
55 years	**57 years**	57 years

34.5 Sensitivity of assumptions used

A percentage point change in the assumptions would have the following effects to employee benefit plan - gratuity;

	Group		Company	
As at 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Discount rate				
1% Increase	**(5,297)**	(6,539)	**(5,297)**	(6,539)
1% Decrease	**5,667**	7,086	**5,667**	7,086
Salary increment rate				
1% Increase	**5,834**	7,113	**5,834**	7,113
1% Decrease	**(5,540)**	(6,677)	**(5,540)**	(6,677)

Maturity analysis of the payments

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

	Group and Company	
As at 31st March	2025 Rs. '000	2024 Rs. '000
Within the next 12 months	**6,251**	2,699
Between 1 and 2 years	**1,869**	4,694
Between 2 and 5 years	**112,281**	82,503
Between 5 and 10 years	**38,236**	70,529
Total expected payments	**158,637**	160,425
Weighted average duration of the defined benefit plan obligation in years	**4.99**	5.45

35 TRADE AND OTHER PAYABLES

Accounting Policy

Trade payables are aggregate amount of obligations to pay for goods or services, that have been acquired in the ordinary course of business. Trade and other payables are normally non-interest bearing and settled within one year.

	Group		Company	
As at 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Trade payables	**391,043**	291,524	**391,043**	291,524
Sundry creditors including accrued expenses	**432,937**	272,950	**428,834**	268,574
	823,980	564,474	**819,877**	560,098

For further explanation on the Group's liquidity risk management process refer note 10.2.2.

36 OTHER CURRENT LIABILITIES

Accounting Policy

Group and company classifies all non-financial current liabilities under other current liabilities. Other payables include indirect taxes and advance received from customers.

	Group		Company	
As at 31st March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Other payables	**61,071**	42,914	**60,901**	42,836

37 RELATED PARTY TRANSACTIONS

Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of the business on an arm's length basis. Outstanding current account balances as at year end are unsecured, interest free and settlement occurs in cash. There are no related party transactions other than that, which have been disclosed below;

Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2024 Audited Financial Statements, which requires additional disclosures in the 2024/25 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Recurrent related party transactions

Recurrent related party transactions which have an aggregate value exceeding 10% of the consolidated revenue of the Group as per the Audited Financial Statements as at 31st March 2024 which requires additional disclosures in the 2024/25 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Name of related party	:-	Jaykay Marketing Services (Pvt) Ltd
Relationship	:-	Company under common control
Nature of the transaction	:-	Sale of goods
Aggregate value of related party transactions entered into during the financial year	:-	Rs, 1,583 Mn
Aggregate value of related party transactions as a % of net revenue	:-	27.29%
Terms and Conditions of the related party transaction	:-	Ordinary course of business on an arm's length basis

			Group and Company	
	As at 31st March	Notes	2025 Rs. '000	2024 Rs. '000
37.1	Amounts due from related parties			
	Companies under common control	37.3	**220,837**	205,560
			220,837	205,560

The Company has not recognised a provision for expected credit losses for amounts due from related parties as such recoverability is certain.

As at 31st March	Notes	Group and Company 2025 Rs. '000	2024 Rs. '000
37.2 Amounts due to related parties	37.3		
Entity including its affiliated entities with significant influence over ultimate parent		**9,506**	6,303
Ultimate Parent		**6,135**	6,994
Companies under common control		**32,413**	31,832
Equity accounted investees of the Parent		**48**	35
		48,102	45,164

No provision has been made in respect of related party receivables and no guarantees provided for third party on behalf of related party payables.

As at 31st March	Group and Company Amounts due from 2025 Rs. '000	Amounts due from 2024 Rs. '000	Amounts due to 2025 Rs. '000	Amounts due to 2024 Rs. '000
37.3 Details of due from/due to related parties				
Entity including its affiliated entities with significant influence over parent				
CIC Poultry Farms Ltd	**-**	-	**9,506**	6,303
Ultimate Parent				
John Keells Holdings PLC	**-**	-	**6,135**	6,994
Subsidiary				
John Keells Foods India (Pvt) Ltd	**-**	-	**-**	-
Companies under common control				
Ceylon Cold Stores PLC	**-**	5	**27,420**	7,868
InfoMate (Pvt) Ltd	**-**	-	**1,117**	773
Jaykay Marketing Services (Pvt) Ltd	**219,613**	202,433	**2,712**	19,766
John Keells Information Technology (Pvt) Limited	**-**		**241**	
John Keells Office Automation (Pvt) Ltd	**-**	-	**620**	129
Travel Club (Pte) Ltd	**242**	332	**-**	-
Trinco Holiday Resorts (Pvt) Ltd	**880**	979	**-**	-
Fantasea World Investments (Pte) Ltd	**-**	385	**-**	-
Tranquillity (Pte) Ltd	**102**	901	**-**	-
John Keells PLC	**-**	474	**196**	186
Keells Consultants (Pvt) Ltd	**-**	-	**107**	64
Mack International Freight (Pvt) Ltd	**-**	-	**-**	2,825
Mackinnons Travels (Pvt) Ltd	**-**	-	**-**	205
LogiPark International (Pvt) Ltd	**-**	51	**-**	16
Equity accounted investees of the Parent				
Fairfirst Insurance Ltd	**-**	-	**48**	35
	220,837	205,560	**48,102**	45,164

	Group		Company	
For the year ended 31st March	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
37.4 Transactions with related parties				
Entity including its affiliated entities with significant influence over Parent				
Purchase of goods	**129,678**	54,320	**129,678**	54,320
Ultimate Parent Company - John Keells Holdings PLC				
Receiving of services	**67,854**	66,446	**67,854**	66,446
Companies under common control				
Sales of goods	**1,601,933**	1,469,615	**1,601,933**	1,469,615
Receiving of services	**111,820**	114,299	**111,820**	114,299
Subsidiary	**-**	-	**-**	-
Equity accounted investees of the Parent				
Receiving of services	**250**	280	**250**	280
Interest Paid	**(1,012)**	(2,866)	**(1,012)**	(2,866)
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	**-**	-	**-**	-
Post Employment Benefit				
Contribution to provident fund	**1,481**	2,411	**1,481**	2,411

Governance structure, nature of the entity's relationships, principal place of business and the country of incorporation have been disclosed in the "Report of the Related Party Transaction Review Committee".

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

37.5 Compensations to Key Management Personnel

Key management personnel include members of the Board of Directors of the Group.

	Group		Company	
For the year ended 31st March	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Short-term employee benefits	**10,112**	11,015	**10,112**	11,015

The governance structure, nature of the entity's relationships, principal place of business and the country of incorporation have been disclosed in the "Report of the Related Party Transaction Review Committee" under Corporate Governance and the Corporate Information in Note 1 of the Financial Statements.

38 CONTINGENT LIABILITIES

Accounting Policy

Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of:

- The amount that would be recognised in accordance with the general guidance for provisions above (LKAS 37)

or

- The amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition (SLFRS 15)

Contingent assets are disclosed, where inflow of economic benefit is probable.

There were no contingent liabilities for the Group at the end of reporting period.

39 CAPITAL AND OTHER COMMITMENTS

39.1 Capital Commitments

Capital Commitments approved but not provided for as at the reporting date is as follows;

	Group		Company	
As at 31st March	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Approved and contracted but not provided for	**77,684**	9,300	**77,684**	9,300
	77,684	9,300	**77,684**	9,300

40 EVENTS AFTER THE REPORTING PERIOD

There were no material events occurring after reporting period that required adjustment to or disclosure to the Financial Statements other than following.

The Board of Directors has approved the payment of a final dividend of Rs 1.15 per share to be paid on or before 11th June 2025.

As required by section 56 (2) of the Companies Act, No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with Section 57 of the Companies Act, No. 07 of 2007, and has obtained a certificate from the auditors, prior to approving the final dividend.

In accordance with LKAS 10, Events after the reporting period, the final dividend has not been recognised as a liability in the Financial Statements as at 31 March 2025.

YOUR SHARE IN DETAIL

ORDINARY SHAREHOLDING

Number of Ordinary Shares - 25,500,000

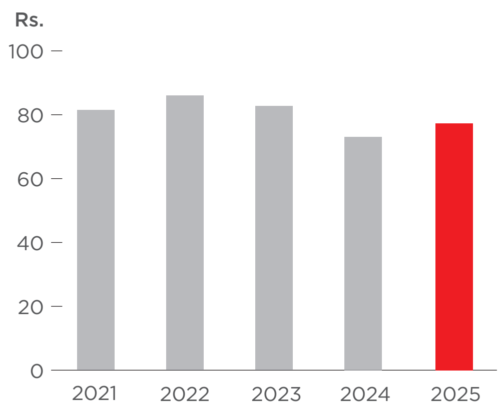
Distribution of Shareholders

	As at 31st March 2025			As at 31st March 2024		
Shareholding Range	No. of Shareholders	No. of Shares Held	%	No. of Shareholders	No. of Shares Held	%
Less than or equal to 1,000	**1,081**	**151,864**	**0.60**	1,090	161,439	0.63
1,001 to 10,000	**117**	**338,319**	**1.33**	115	324,889	1.27
10,001 to 100,000	**20**	**698,798**	**2.73**	23	741,983	2.91
100,001 to 1,000,000	**5**	**1,373,769**	**5.39**	5	1,334,439	5.23
Over 1,000,001	**2**	**22,937,250**	**89.95**	2	22,937,250	89.95
	1,225	**25,500,000**	**100.00**	1,235	25,500,000	100.00

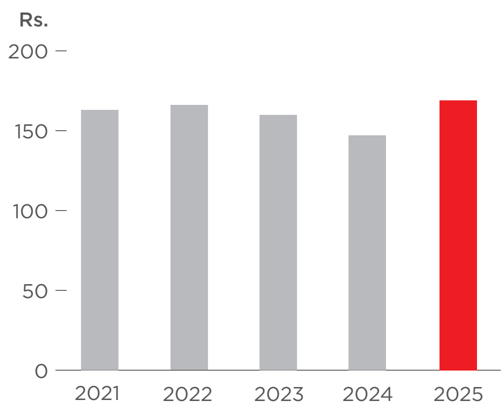
	As at 31st March 2025			As at 31st March 2024		
Categories of Shareholders	No. of Shareholders	No. of Shares Held	%	No. of Shareholders	No. of Shares Held	%
John Keells Holdings PLC and Subsidiaries	**2**	**22,937,250**	**89.95**	2	22,937,250	89.95
Directors and Spouses	**-**	**-**	**-**	-	-	-
CEO and Spouse	**-**	**-**	**-**	-	-	-
Shareholders Holding more than 10%	**-**	**-**	**-**	-	-	-
Public	**1,223**	**2,562,750**	**10.05**	1,233	2,562,750	10.05
Total	**1,225**	**25,500,000**	**100.00**	1,235	25,500,000	100.00
Sri Lankan Residents	**1,206**	**25,256,617**	**99.05**	1,215	25,265,678	99.08
Non-Residents	**19**	**243,383**	**0.95**	20	234,322	0.92
Total	**1,225**	**25,500,000**	**100.00**	1,235	25,500,000	100.00

The Company had a float adjusted market Capitalisation of Rs. 433 million, 10.05% public shareholding which includes 1,233 public shareholders. Therefore, the Company is compliant under option 2 of the minimum threshold requirements for the Diri Savi Board of the CSE, as per section 7.6 of the listing rules of the CSE.

NET ASSET PER SHARE



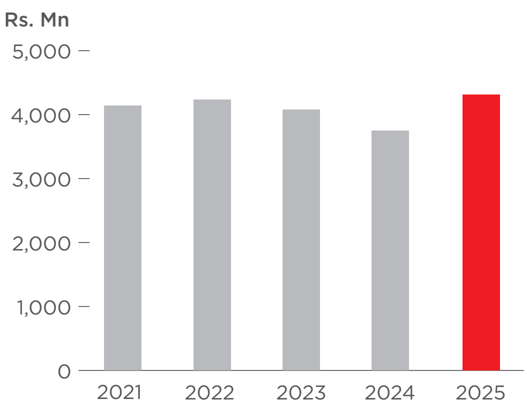
MARKET PRICE PER SHARE



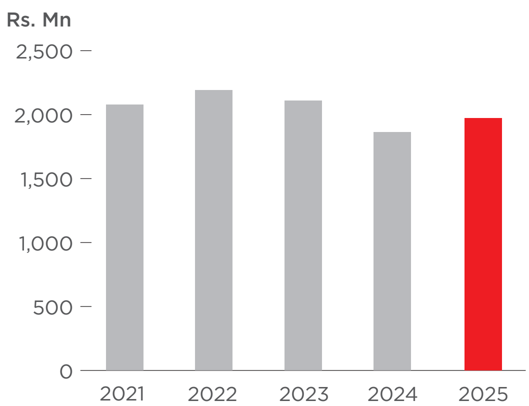
Top 20 Shareholders	As at 31st March 2025 No. of Shares Held	As at 31st March 2025 % of Issued Capital	As at 31st March 2024 No. of Shares Held	As at 31st March 2024 % of Issued Capital
John Keells Holdings PLC	**20,364,054**	**79.86**	20,364,054	79.86
John Keells PLC	**2,573,196**	**10.09**	2,573,196	10.09
Usui Lanka (Pvt) Ltd	**745,498**	**2.92**	745,498	2.92
People's Leasing and Finance PLC/ L P Hapangama	**276,298**	**1.08**	245,719	0.96
People's Leasing and Finance PLC/ H L M P Haradasa	**134,753**	**0.53**	126,752	0.50
T R L Holdings (Pvt) Limited	**112,500**	**0.44**	111,750	0.44
Mr. J B Hirdaramani	**104,720**	**0.41**	104,720	0.41
Sampath Bank PLC/Mrs.Priyani Dharshini Ratnagopal	**84,049**	**0.33**	70,049	0.27
Ms. N Harnam	**82,844**	**0.32**	82,844	0.32
Harnam Holdings SDN BHD	**49,711**	**0.19**	40,000	0.16
Employees Trust Fund Board	**48,842**	**0.19**	48,842	0.19
Deustche Bank AG Singapore A/C 02 / P.W.M. WM Client	**47,469**	**0.19**	47,469	0.19
Mrs. J M Blackler	**46,686**	**0.18**	46,686	0.18
Mr. A J M Jinadasa	**43,000**	**0.17**	45,000	0.18
Mr. R S Ingram	**38,311**	**0.15**	21,860	0.09
Mrs. G J I S De Fonseka	**33,240**	**0.13**	33,240	0.13
People's Leasing & Finance PLC/Dr. H S D Soysa & Mrs. G Soysa	**29,959**	**0.12**	14,012	0.05
People's Leasing and Finance PLC/ L H L Noris de Silva and Son (Pvt) Ltd	**28,273**	**0.11**	28,273	0.11
Ms. N Bandaranayake	**25,270**	**0.10**	25,270	0.10
Mr. K C Vignarajah	**24,600**	**0.10**	24,600	0.10

Share Prices - (Rs.)	2025		2024	
Beginning of the year (As at 01st April)	**147.00**		160.00	
Highest for the year	**190.00**	**(10-01-2025)**	186.00	(08-08-2023)
Lowest for the year	**131.00**	**(01-08-2024)**	133.00	(01-03-2024)
End of the year (As at 31st March)	**169.00**		147.00	

MARKET CAPITALISATION



SHAREHOLDERS FUNDS



TEN YEAR INFORMATION AT A GLANCE

For the year ended 31st March	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenue	**6,741,140**	5,798,813	6,444,270	4,601,230	3,651,241	3,590,579	3,429,791	3,118,976	3,048,594	3,030,204
Profit / (loss) from operating activities	**248,421**	(137,186)	230,477	394,896	329,304	207,667	362,892	338,884	380,354	426,782
Net finance (cost) / income	**(69,853)**	(152,751)	(161,362)	(5,131)	(3,063)	(2,949)	14,892	10,521	11,460	6,606
Profit / (loss) before Tax	**178,568**	(289,937)	69,115	389,765	326,241	204,718	377,784	349,404	391,814	433,388
Income Tax (expense) / reversal	**(45,407)**	71,666	(55,170)	(60,192)	(5,261)	(54,543)	(110,651)	(105,801)	(116,395)	(98,682)
Net profit after tax	**133,161**	(218,271)	13,945	329,573	320,980	150,175	267,133	243,603	275,419	334,706

As at 31st March	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
WHAT WE OWNED										
Property, plant and equipment	**1,619,434**	1,675,939	1,702,029	1,502,851	1,546,009	1,583,519	1,250,470	1,183,804	1,183,711	1,160,902
Non Current assets (Including Goodwill)	**327,146**	338,876	325,253	314,763	307,836	305,978	294,164	293,376	298,659	273,156
Short term investments	**-**	-	-	-	514	1,795	37,466	108,095	137,558	285,561
Inventories	**1,146,181**	889,488	1,194,409	585,727	543,139	399,214	337,117	309,081	294,587	234,182
Trade and other receivable including amounts due from related parties	**1,075,780**	936,834	921,080	817,684	626,292	525,552	559,104	446,172	446,986	401,885
Other current assets (Including income tax refunds)	**199,108**	120,743	159,924	218,509	44,844	70,709	89,970	91,574	46,921	56,555
Total Assets	**4,367,649**	3,961,880	4,302,695	3,439,534	3,068,634	2,886,767	2,568,291	2,432,102	2,408,422	2,412,241
WHAT WE OWED										
Stated capital	**1,294,815**	1,294,815	1,294,815	1,294,815	1,294,815	1,294,815	1,294,815	1,294,815	1,294,815	1,294,815
Revenue reserves	**229,192**	143,013	399,669	503,344	422,733	285,844	286,241	220,510	128,747	279,707
Other components of equity	**448,225**	425,433	413,792	394,472	358,834	295,331	266,119	231,538	246,567	196,616
Total equity	**1,972,232**	1,863,261	2,108,276	2,192,631	2,076,382	1,875,990	1,847,175	1,746,863	1,670,129	1,771,138
Non-current liabilities	**427,886**	369,973	405,607	344,332	373,756	484,751	351,490	325,922	306,688	317,639
Interest bearing borrowings - current	**-**	224,916	67,213	43,455	43,455	43,455	4,629	33,495	50,000	50,000
Lease liabilities - current	**1,119**	1,663	1,391	1,243	1,041	960	-	-	-	-
Bank overdrafts	**1,033,259**	849,515	1,162,846	245,261	160,780	176,280	15,632	1,332	39,471	10,435
Trade and other payables including amounts due to related parties and other current liabilities	**933,153**	652,552	557,362	572,459	393,947	305,331	315,794	282,080	276,642	240,658
Income tax payable	**-**	-	-	40,153	19,273	-	33,571	42,410	65,492	22,371
Total Equity and Liabilities	**4,367,649**	3,961,880	4,302,695	3,439,534	3,068,634	2,886,767	2,568,291	2,432,102	2,408,422	2,412,241

The above indicates the simplified Income Statement and the Statement of Financial Position of the Group.
The Statement of Financial Position is categorised in to its key Assets and Liabilities.
All figures are given in Rs. '000s unless otherwise stated.

KEY FIGURES AND RATIO

For the year ended 31st March			2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
KEY INDICATORS												
(A)	**PROFITABILITY AND RETURN TO SHAREHOLDERS**											
	Net profit ratio	%	**1.98**	(3.76)	0.22	7.16	8.79	4.18	7.79	7.81	9.03	11.05
	Earnings per share	Rs.	**5.22**	(8.56)	0.55	12.92	12.59	5.89	10.48	9.55	10.80	13.13
	Return on equity	%	**6.94**	(10.99)	0.65	15.44	16.24	8.07	14.87	14.26	16.01	19.29
	Return on capital employed	%	**8.35**	(4.36)	7.84	16.09	14.31	10.10	19.79	18.96	20.51	22.31
	Dividend per share	Rs.	**2.45**	0.50	2.00	9.50	7.00	6.00	8.00	6.00	16.75	11.00
	Debt equity ratio	%	**52.39**	57.66	58.34	15.09	13.96	18.21	2.10	1.99	7.38	8.14
	Shareholder equity ratio	%	**45.16**	47.03	49.00	63.75	67.66	64.99	71.92	71.83	69.35	73.42
(B)	**Liquidity**											
	Current ratio	Times	**1.23**	1.13	1.27	1.80	1.96	1.90	2.77	2.66	2.15	3.02
	Quick ratio	Times	**0.65**	0.61	0.60	1.15	1.09	1.14	1.86	1.80	1.46	2.30
	Interest cover	Times	**2.96**	(0.82)	1.34	31.91	26.17	16.97	229.63	42.47	30.38	31.70
(C)	**Investors Ratios**											
	Price earnings ratio	Times	**32.38**	(17.17)	290.91	12.87	12.91	18.37	11.91	13.60	13.43	12.95
	Dividend cover	Times	**2.13**	(17.12)	0.28	1.36	1.80	0.98	1.31	1.59	0.64	1.19
	Dividend payout	%	**46.92**	(5.84)	365.72	73.50	55.61	101.88	76.37	62.81	155.08	83.80
	Dividend yield	%	**1.45**	0.34	1.25	5.71	4.31	5.55	6.41	4.62	11.55	6.47
	Earnings yield	%	**3.09**	(5.82)	0.34	7.77	7.75	5.44	8.40	7.35	7.45	7.72
	Net assets per share	Rs.	**77.34**	73.07	82.68	85.99	81.43	73.57	72.44	68.50	65.50	69.46
(D)	**SHARE VALUATION**											
	Market value per share	Rs.	**169.00**	147.00	160.00	166.25	162.50	108.20	124.80	129.90	145.00	170.00
(E)	**Other Information**											
	Number of permanent employees	No	**385**	400	397	399	399	383	352	339	343	322
	Turnover per permanent employee	Rs.'000	**17,509**	14,497	16,232	11,532	9,151	9,375	9,744	9,201	8,888	9,411

The above ratio are based on the Income Statement and the Statement of Financial Position of the Group.

REAL ESTATE PORTFOLIO

Location	Number of Buildings	Buildings in Sq. Feet	Land in Acres		NBV 2025 Rs. '000	NBV 2024 Rs. '000
			Freehold	Leasehold		
KEELLS FOOD PRODUCTS PLC						
16, Minuwangoda Road, Ekala, Ja-Ela	5	44,675	3.00	-	**518,797**	494,108
16, Minuwangoda Road, Ekala, Ja-Ela	3	8,120	-	1.00	**16,807**	15,066
Industrial Estate, Makadura, Gonawila, Pannala	4	41,808	-	4.08	**323,212**	334,386
Industrial Estate, Makadura, Gonawila, Pannala	-	-	3.86	-	**51,617**	49,162
					910,433	892,722

GLOSSARY OF FINANCIAL TERMINOLOGY

ACCRUAL BASIS
Recording Revenues and Expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

CAPITAL EMPLOYED
Shareholders' funds plus non-controlling interests and debt including lease liabilities.

CASH EARNINGS PER SHARE
Profit After Tax attributable to Ordinary Shareholding adjusted for non-cash items over by weighted average number of shares in issue during the year.

CONTINGENT LIABILITIES
A condition or situation existing at the end of the reporting period due to past events, where the financial effect is not recognised because:

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

CURRENT RATIO
Current Assets over Current Liabilities.

DEBT/ EQUITY RATIO (GEARING)
Debt as a percentage of Shareholders' Funds.

DIVIDEND PAYABLE
Final Dividend per share multiplied by the latest available total number of shares as at the reporting date.

DIVIDEND PER SHARE - PAID
Gross Dividends paid to ordinary shareholders divided by Number of Ordinary Shares issued.

DIVIDEND COVER
Earnings per Share over Dividend per Share.

DIVIDEND PAYOUT RATIO
Total Dividend as a percentage of Profit After Tax.

DIVIDEND YIELD
Dividend per Share as a percentage of Market Price of Share at the end of the period.

EARNINGS PER SHARE (EPS)
Profit After Tax attributable to Ordinary Share holding over weighted average number of shares in issue during the period.

ENTERPRISE VALUE
Market Capitalisation plus Debt and minus Total Cash and Cash Equivalents.

EARNINGS YIELD
Earnings per Share as a percentage of Market Price per Share at the end of the period.

EBIT
Earnings Before Interest and Tax (includes other operating income)

EBITDA
Earnings before interest expense, tax, depreciation and amortization (includes other operating income). Note that EBITDA includes interest income but excludes exchange gains or losses.

EFFECTIVE RATE OF TAXATION
Income Tax including Deferred Tax over Profit Before Tax.

INTEREST COVER
Profit Before Interest and Tax over Finance Expenses.

MARKET CAPITALISATION
Number of Shares in issue at the end the of period multiplied by the share price at end of the period.

NET ASSETS
Total Assets minus Current Liabilities minus Long Term Liabilities minus Minority Interest.

NET ASSET PER SHARE
Net Assets divided by the number of Ordinary Shares in issue at the end of the period

NET DEBT
Debt minus Cash and Short-Term Deposits.

NET PROFIT MARGIN
Profit After Tax attributable to equity holders of the Parent divided by total Revenue.

NET WORKING CAPITAL
Current Assets - Current Liabilities

NET TURNOVER PER PERMANENT EMPLOYEE
Net Turnover over average number of permanent employees.

PRICE EARNINGS RATIO
Market Price of Share over Earnings per Share.

PUBLIC HOLDING
Percentage of shares held by the public calculated as per the Colombo Stock Exchange Listing Rules as at the date of the Report.

QUICK RATIO
Cash plus Short-Term Investments plus Receivables over Current Liabilities.

RETURN ON ASSETS
Profit After Tax over Average Total Assets.

RETURN ON CAPITAL EMPLOYED
EBIT as a percentage of average capital employed.

RETURN ON EQUITY
Consolidated Profit After Tax as a Percentage of Average Shareholders' Funds.

SHAREHOLDERS' FUND
Stated Capital, Other Components of Equity and Revenue Reserves.

SHAREHOLDERS' EQUITY RATIO/ EQUITY ASSETS RATIO
Total Equity over Total Assets.

TOTAL ASSETS
Fixed Assets plus Investment plus Non-Current Assets plus Current Assets.

TOTAL DEBTS
Long and short-term loans, including overdrafts, but excluding lease liabilities.

TOTAL DEBTS/ TOTAL ASSETS
Total Debts over Total Assets.

TOTAL VALUE ADDED
The difference between Revenue (including Other Income) and Expenses, Cost of Materials and Services purchased from External Sources.

WORKING CAPITAL
Trade Receivables + Inventory + Amount due from Related Parties - Trade and Other Payables - Amount due to Related Parties

NOTES

NOTICE OF MEETING

Notice is hereby given that the 43rd **Annual General Meeting (AGM) of Keells Food Products PLC** (Company) will be held as a virtual meeting on Friday, 20th June 2025 at 10.00 a.m.

The business to be brought before the Meeting will be:

1. To read the Notice convening the Meeting.

2. To receive and consider the Annual Report and the Financial Statements for the Financial Year ended 31st March 2025 with the Report of the Auditors thereon.

3. To re-elect as a Director, Mr. D P Gamlath who retires in terms of Article 83 of the Articles of Association of the Company. A brief profile of Mr. D P Gamlath is contained in the Board of Directors' section in the Annual Report.

4. To re-elect as a Director, Mr. J G A Cooray who retires in terms of Article 83 of the Articles of Association of the Company. A brief profile of Mr. J G A Cooray is contained in the Board of Directors' section in the Annual Report.

5. To re-elect as a Director, Ms. A Nanayakkara who retires in terms of Article 90 of the Articles of Association of the Company. A brief profile of Ms. A Nanayakkara is contained in the Board of Directors' section in the Annual Report.

6. To re-elect as a Director, Mr. K C S Fernando who retires in terms of Article 90 of the Articles of Association of the Company. A brief profile of Mr. K C S Fernando is contained in the Board of Directors' section in the Annual Report.

7. To re-elect as a Director, Mr. M M J W Jayasekara who retires in terms of Article 90 of the Articles of Association of the Company. A brief profile of Mr. M M J W Jayasekara is contained in the Board of Directors' section in the Annual Report.

8. To re-appoint Messrs. Ernst & Young, Chartered Accountants as Auditors of the Company for the year 2025/26 and to authorise the Directors to determine their remuneration.

9. To consider any other business of which due notice has been given in terms of the relevant laws and regulations.

The Annual Report and the Financial Statements of the Company are available on the:

(1) Corporate Website - https://www.keellsfoods.com/investor-relations/#financial-reports

(2) The Colombo Stock Exchange Website - https://www.cse.lk/Search Company - Keells Food Products PLC - (KFP.N0000)

Members may also access the Annual Report and the Financial Statements on their electronic devices by scanning the following QR code.

By Order of the Board
Keells Food Products PLC

Keells Consultants (Private) Limited
Secretaries

26th May 2025

NOTICE OF MEETING

For clarifications on how to download and/or access the Annual Report and the Financial Statements, please contact Mr. Gihan Samarakkody on +94 772756890 during normal office hours (8.30 a.m. to 4.30 p.m.) or e-mail gihansa.ccs@keells.com.

Should any Members wish to obtain a hard copy of the Annual Report, they may complete and send the Form of Request to Level 20, The Offices at Cinnamon Life, No. 05, Justice Akbar Mawatha, Colombo 02 or email gihansa.ccs@keells.com by filling the Form of Request attached to the Form of Proxy. A printed copy of the Annual Report will be forwarded by the Company within eight (8) market days subject to the prevailing circumstances at the time from the date of receipt of the request.

Notes:

a. A Member unable to attend is entitled to appoint a Proxy to attend and vote in his/her place.

b. A proxy need not be a member of the Company.

c. A Member wishing to vote by Proxy at the AGM may use the Form of Proxy enclosed herein.

d. Members are encouraged to vote by proxy through the appointment of a member of the Board of Directors to vote on their behalf and to include their voting preferences on the resolutions to be taken up at the AGM in the Form of Proxy.

e. In order to be valid, the completed Form of Proxy must be lodged at the registered office of the Company at No. 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 2 or forwarded to the email address: keellsconsultants@keells.com or facsimile No. +94 11 2439037 not less than 48 hours before the AGM.

f. A vote can be taken on a show of hands or by a poll. If a poll is demanded, each share is entitled to one vote. Votes can be cast in person, by proxy or corporate representatives. In the event an individual Member and his/her proxy holder are both present at the Meeting, only the Member's vote is counted. If the proxy holder's appointer has indicated the manner of voting, only the appointer's indication of the manner to vote will be used.

FORM OF PROXY

I/We...of

....being a shareholder/s of Keells Food Products PLC,

hereby appoint: ....of

.... or failing him/her

Mr. Krishan Niraj Jayasekara Balendra	or failing him
Mr. Joseph Gihan Adisha Cooray	or failing him
Mr. Daminda Prabhath Gamlath	or failing him
Ms. Shehara De Silva	or failing her
Mr. Pravir Dhanoush Samarasinghe	or failing him
Mr. Indrajit Samarajiva	or failing him
Ms. Payagalage Nelindra Fernando	or failing her
Ms. Aroshi Nanayakkara	or failing her
Mr. Kurukulasuriya Christopher Shanil Fernando	or failing him
Mr. Moderage Marian Janek Waas Jayasekara	

as my/our proxy to represent me/us and vote for me/us on my/our behalf at the Forty Third Annual General Meeting of the Company to be held on Friday, 20th June 2025 at 10.00 a.m. and at any postponement or adjournment thereof and at every poll which may be taken in consequence thereof.

I/We, the undersigned, hereby direct my/our proxy to vote for me/us and on my/our behalf on the specified Resolution as indicated by the letter "X" in the appropriate cage:

	FOR	AGAINST	ABSTAINED
To re-elect as a Director, Mr. D P Gamlath, who retires in terms of Article 83 of the Articles of Association of the Company.			
To re-elect as a Director, Mr. J G A Cooray, who retires in terms of Article 83 of the Articles of Association of the Company.			
To re-elect as a Director, Ms A Nanayakkara, who retires in terms of Article 90 of the Articles of Association of the Company.			
To re-elect as a Director, Mr. K C S Fernando, who retires in terms of Article 90 of the Articles of Association of the Company.			
To re-elect as a Director, Mr. M M J W Jayasekara, who retires in terms of Article 90 of the Articles of Association of the Company.			
To re-appoint the Auditors and to authorise the Directors to determine their remuneration.			

Signed on this .... day of .... Two Thousand and Twenty Five (2025).

....

Signature/s of shareholder/s

NOTE : INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY ARE NOTED ON THE REVERSE.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION OF PROXY

1. Please perfect the Form of Proxy by filling in legibly your full name and address, signing in the space provided and filling in the date of signature.

2. The completed Form of Proxy should be deposited at the Registered Office of the Company at No.117, Sir Chittampalam A. Gardiner Mawatha, Colombo 2, or forwarded to the email address: keellsconsultants@keells.com or facsimile No. +94 11 2439037 no later than 48 hours before the time appointed for the holding of the AGM.

3. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.

4. If the appointer is a company or corporation, the Form of Proxy should be executed under its Common Seal or by a duly authorised officer of the company or corporation in accordance with its Articles of Association or Constitution.

5. If this Form of Proxy is returned without any indication of how the person appointed as Proxy shall vote, then the Proxy shall exercise his/her discretion as to how he/she votes or, whether or not he/she abstains from voting.

Please fill in the following details:

Name : ....

Address : ....

Jointly with : ....

Share Folio No/ CDS Account No : ....

National Identity Card No. ....

CORPORATE INFORMATION

NAME OF COMPANY
Keells Food Products PLC

COMPANY REGISTRATION NUMBER
PQ 3

LEGAL FORM
Public Limited Liability Company Established in 1982

REGISTERED OFFICE OF THE COMPANY
No. 117, Sir Chittampalam A. Gardiner Mawatha,
Colombo 02, Sri Lanka.
Tel: +94 11 2421101

EKALA FACTORY
No. 16, Minuwangoda Road,
Ekala, Ja-Ela, Sri Lanka.
Tel: +94 11 2236317
E-mail: foods@keells.com
Web: www.keellsfoods.com

PANNALA FACTORY
P.O. Box 14, Industrial State, Makadura,
Gonawila (NWP), Sri Lanka.
Tel: +94 37 4933248-51

BOARD OF DIRECTORS
Mr. K N J Balendra (Chairperson)
Mr. J G A Cooray
Mr. D P Gamlath
Ms. P N Fernando
Ms. S De Silva
Mr. P D Samarasinghe
Mr. I Samarajiva
Ms. A Nanayakkara
Mr. S Fernando
Mr. J Jayasekara

AUDIT COMMITTEE
Mr. P D Samarasinghe (Chairperson)
Ms. S De Silva
Mr. I Samarajiva
Ms. A Nanayakkara
Mr. S Fernando

SECRETARIES AND REGISTRARS
Keells Consultants (Pvt) Ltd
No. 117, Sir Chittampalam A. Gardiner
Mawatha, Colombo 02, Sri Lanka.
Tel: +94 11 2306245
Fax: +94 11 2439037

EXTERNAL AUDITORS
Ernst & Young, Chartered Accountants,
Rotunda Towers, 109 Galle Rd, Colombo 03
Sri Lanka.

INTERNAL AUDITORS
Deloitte Advisory Services (Pvt) Ltd
100 Braybrooke Place, Colombo 02
Sri Lanka.

BANKERS
Commercial Bank of Ceylon PLC
Deutsche Bank AG
Hongkong & Shanghai Banking Corporation Ltd
Nation Trust Bank PLC
Hatton National Bank PLC
Union Bank of Colombo PLC
NDB Bank PLC
Sampath Bank PLC
Seylan Bank PLC

STOCK EXCHANGE LISTING
The Ordinary Shares of the Company are Listed
with the Colombo Stock Exchange of Sri Lanka

SUBSIDIARY COMPANY
John Keells Foods India (Pvt) Ltd

Designed & produced by
emagewise
Printed by Printel (Pvt) Limited.

KEELLS

KREST