

JOHN KEELLS HOTELS PLC

Interim Report

Nine Months Ended 31st December 2008

JOHN KEELLS HOTELS PLC
PROVISIONAL FINANCIAL STATEMENTS
BALANCE SHEET
AS AT 31st DECEMBER 2008

COMPANY		
As at 31st Mar-08	As at 31st Dec. 2007 2008	
-	-	-
-	-	-
-	-	-
5,798,629	5,474,605	5,798,629
33	33	33
-	-	-
6,715	2,892	7,010
5,805,377	5,477,530	5,805,672
-	-	-
5,744	30,765	6,321
16,359	22,940	14,473
243,073	464,000	321,100
5,803	6,772	5,803
-	372,700	10,000
43,931	481	123
314,910	897,658	357,820
6,120,287	6,375,188	6,163,492
-	-	-
5,859,880	5,859,880	5,859,880
-	-	-
250,677	239,267	290,463
6,110,557	6,099,147	6,150,343
-	-	-
6,110,557	6,099,147	6,150,343
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
7,463	6,977	5,492
2,267	63,562	2,169
-	-	5,210
-	204,980	-
-	-	-
-	522	278
9,730	276,041	13,149
6,120,287	6,375,188	6,163,492

CONSOLIDATED		
As at 31st Dec. 2008	As at 31st Dec. 2007	As at 31st Mar-08
8,579,533	7,498,414	7,823,749
3,780,717	3,725,906	3,686,557
666,068	666,068	666,068
-	-	-
25,083	25,083	25,083
18,895	18,503	16,244
-	-	-
13,070,296	11,933,974	12,217,701
153,179	145,379	127,577
1,037,861	1,301,882	1,381,974
41,506	55,512	60,080
-	-	-
9,844	38,391	24,118
14,700	373,385	25,379
236,939	270,741	394,502
1,494,029	2,185,290	2,013,630
14,564,325	14,119,264	14,231,331
5,859,880	5,859,880	5,859,880
505,046	93,786	303,213
341,022	483,335	907,451
6,705,948	6,437,001	7,070,544
48,162	50,671	56,534
6,754,110	6,487,672	7,127,078
79,536	82,655	79,536
3,373,676	4,160,440	3,582,006
43,605	75,868	64,028
54,996	45,241	51,641
2,979	3,250	3,223
3,554,792	4,367,454	3,780,434
973,359	1,064,909	1,021,596
220,430	239,287	109,104
9,036	5,251	7,627
2,500	188,485	2,500
501,015	4,964	479,196
2,549,083	1,761,242	1,703,796
4,255,423	3,264,138	3,323,819
14,564,325	14,119,264	14,231,331

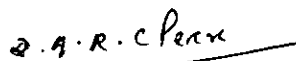
Rs. Rs. Rs.
5.60 5.58 5.63

Net Assets Per Share

Rs. Rs. Rs.
6.14 5.89 6.47

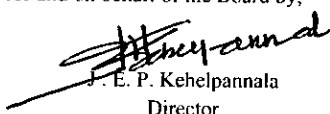
Note: All values are in Rupees thousands, unless otherwise stated. The above figures are subject to audit.

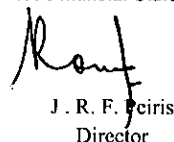
The Chief Financial Officer certifies that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



D.A.R.C. Perera
EVP/C.F.O- Leisure Group

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


J. E. P. Kehelpannala
Director


J. R. F. Peiris
Director

JOHN KEELLS HOTELS PLC
130, Glennie Street
Colombo 02

**PROVISIONAL FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31st DECEMBER 2008**

We have pleasure in presenting hereunder relevant details of the unaudited results of the performance of your Group for the nine months ended 31st December 2008, together with the corresponding figures for the previous year.

CONSOLIDATED INCOME STATEMENT	Quarter Ended 31st Dec.			Nine Months Ended 31st Dec.		
	2008	2007	% Change	2008	2007	% Change
Revenue	1,468,789	1,260,885	16	3,346,581	3,132,095	7
Cost of Sales	(513,094)	(500,210)	3	(1,307,195)	(1,234,491)	6
Gross Profit	955,695	760,675	26	2,039,386	1,897,604	7
Other Operating Income	(12,573)	30,367	(141)	17,931	74,691	(76)
Profit on Disposal of Non-Current Investments	-	-	N/A	-	42,680	N/A
Administrative Expenses	(593,184)	(563,987)	5	(1,748,641)	(1,551,509)	13
Distribution Expenses	(40,537)	(34,950)	16	(106,558)	(90,728)	17
Other Operating Expenses	(210,665)	(177,052)	19	(587,454)	(504,812)	16
Finance Expenses	(84,020)	(107,034)	(22)	(196,797)	(378,306)	(48)
Profit/(Loss) Before Taxation	14,716	(91,981)	(116)	(582,133)	(510,380)	14
Taxation	(2,187)	641	N/A	7,277	16,848	(57)
Profit/(Loss) for the Period	12,529	(91,340)	(114)	(574,856)	(493,532)	16
Attributable to:						
Equity Holders of the Parent	14,548	(91,569)	(116)	(566,429)	(485,841)	N/A
Minority Interest	(2,019)	229	N/A	(8,427)	(7,691)	10
	12,529	(91,340)	(114)	(574,856)	(493,532)	16
	Rs.	Rs.		Rs.	Rs.	
Earnings/(Loss) Per Share	0.01	(0.11)		(0.52)	(0.57)	

Note: All values are in Rupees thousands, unless otherwise stated.
The above figures are subject to audit.
Figures in brackets indicate deductions.

**PROVISIONAL FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31st DECEMBER 2008**

We have pleasure in presenting hereunder relevant details of the unaudited results of the performance of your company for the nine months ended 31st December 2008, together with the corresponding figures for the previous year.

COMPANY INCOME STATEMENT

	Quarter Ended 31st Dec.			Nine Months Ended 31st Dec.		
	2008	2007	% Change	2008	2007	% Change
Revenue	-	-	N/A	-	-	N/A
Cost of Sales	-	-	N/A	-	-	N/A
Gross Profit	-	-	N/A	-	-	N/A
Dividend Income	-	-	-	22,071	-	100
Other Operating Income	12,858	33,748	(62)	36,034	70,225	(49)
Profit on Disposal of Non-Current Investments	-	-	N/A	-	40,964	N/A
Administrative Expenses	(3,338)	(18,109)	(82)	(13,039)	(37,392)	(65)
Other Operating Expenses	(38)	(27)	41	(93)	(502)	(81)
Finance Expenses	-	(9,162)	(100)	-	(77,630)	(100)
Profit/(Loss) Before Taxation	9,482	6,450	47	44,973	(4,335)	N/A
Taxation	(2,189)	-	N/A	(5,187)	(55)	N/A
Profit/(Loss) for the Period	7,293	6,450	N/A	39,786	(4,390)	N/A
	Rs.	Rs.		Rs.	Rs.	
Earnings/(Loss) Per Share	0.01	0.01		0.04	(0.01)	

Note: All values are in Rupees thousands, unless otherwise stated.

The above figures are subject to audit.

Figures in brackets indicate deductions.

JOHN KEELLS HOTELS PLC
PROVISIONAL FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY

GROUP	Attributable to Equity Holders of the Parent								Total Equity	
	Share Capital	Share Premium	Share Capital	Stated Capital	Revaluation Reserve	Exchange Equalisation Reserve	General Reserves	Retained Earnings		Total
Balance as at 1st April 2007	595,696	2,409,805	-	16,572	132,042	7,608	962,565	4,124,288	48,680	4,172,968
Transfers	(595,696)	(2,409,805)	3,005,501	-	-	-	-	-	-	-
Rights Issue of Shares	-	-	2,854,379	-	-	-	-	2,854,379	-	2,854,379
Profit/(Loss) for the Period	-	-	-	-	-	-	(485,841)	(485,841)	(7,691)	(493,532)
Currency Translation Difference	-	-	-	-	(54,828)	-	-	(54,828)	-	(54,828)
Acquisitions Changes in Effective Holding	-	-	-	-	-	-	(997)	(997)	9,682	8,685
Balance as at 31st December 2007	-	-	5,859,880	16,572	77,214	7,608	475,727	6,437,001	50,671	6,487,672
Balance as at 1st April 2008	-	-	5,859,880	258,872	44,341	7,608	899,843	7,070,544	56,534	7,127,078
Profit/(Loss) for the Period	-	-	-	-	-	-	(566,429)	(566,429)	(8,427)	(574,856)
Dividend Paid to Minority Shareholders	-	-	-	-	-	-	-	-	(664)	(664)
Surplus on Revaluation	-	-	-	38,617	-	-	-	38,617	719	39,336
Currency Translation Difference	-	-	-	-	163,216	-	-	163,216	-	163,216
Balance as at 31st December 2008	-	-	5,859,880	297,489	207,557	7,608	333,414	6,705,948	48,162	6,754,110
COMPANY										
Balance as at 1st April 2007	-	-	595,696	2,409,805	-	6,500	237,158	3,249,159	-	-
Transfers	-	-	(595,696)	(2,409,805)	3,005,501	-	-	-	-	-
Rights Issue of Shares	-	-	-	-	2,854,379	-	-	2,854,379	-	2,854,379
Profit/(Loss) for the Period	-	-	-	-	-	-	(4,390)	(4,390)	-	(4,390)
Balance as at 31st December 2007	-	-	5,859,880	6,500	6,500	232,767	6,099,147	6,099,147	232,767	6,099,147
Balance as at 1st April 2008	-	-	5,859,880	6,500	244,177	6,110,557	39,786	6,150,343	-	-
Profit/(Loss) for the Period	-	-	-	-	-	-	39,786	39,786	-	39,786
Balance as at 31st December 2008	-	-	5,859,880	6,500	283,963	6,150,343	6,150,343	6,150,343	283,963	6,150,343

Note: All values are in Rupees thousands, unless otherwise stated.
The above figures are subject to audit.
Figures in brackets indicate deductions.

JOHN KEELLS HOTELS PLC
PROVISIONAL FINANCIAL STATEMENTS
CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED 31st DECEMBER 2008

COMPANY			CONSOLIDATED	
2007	2008		2008	2007
		Cash Flows From Operating Activities		
(4,335)	44,973	Profit/(Loss) from Operations before Tax	(582,133)	(510,380)
		<i>Adjustments for</i>		
-	-	Depreciation	446,448	331,339
-	-	Provision for Retirement Benefit Costs	6,229	6,100
(40,964)	-	Profit on Disposal of Non-Current Investment	-	(42,680)
-	-	Exchange Equalisation Reserve	(112,356)	11,892
-	-	Amortisation of Leasehold Properties	72,474	47,742
77,630	-	Interest Expense	196,797	378,306
-	-	Negative Goodwill on Consolidation	-	(5,093)
-	-	Amortisation of Grant Received	(244)	-
-	(22,071)	Dividend Received	-	-
-	-	(Profit)/Loss on Disposal of Property, Plant & Equipment	1,636	(610)
(70,225)	(36,034)	Interest Income	(9,732)	(46,326)
(37,894)	(13,132)	Operating Profit/(Loss) Before Working Capital Changes	19,119	170,290
-	-	(Increase)/Decrease in Inventories	(25,602)	(49,194)
(28,015)	(577)	(Increase)/Decrease in Trade and Other Receivables	345,539	471,270
(19,565)	1,886	(Increase)/Decrease in Amounts Due from Related Parties	18,574	(27,959)
39,799	(98)	Increase/(Decrease) in Amounts Due to Related Parties	111,326	153,393
(16,027)	(1,971)	Increase/(Decrease) in Trade and Other Payables	(48,237)	(552,469)
(61,702)	(13,892)	Cash Generated from/(Used in) Operations	420,719	165,331
(77,630)	-	Interest Paid	(196,797)	(378,306)
(892)	23	Income Tax Paid	(114)	(20,455)
70,225	36,034	Interest Received	9,732	46,326
-	22,071	Dividend Received	-	-
-	-	Retirement Benefit Cost Transferred	-	107
-	-	Payment of Retirement Benefit Costs	(2,874)	(2,012)
(69,999)	44,236	Net Cash From/(Used in) Operating Activities	230,666	(189,009)
		Cash Flows From/(Used in) Investing Activities		
-	-	Purchase of Property, Plant & Equipment	(877,092)	(1,194,855)
-	-	Proceeds from Disposal of Property, Plant & Equipment	12,043	3,350
81,119	-	Proceeds from Disposal of Investments	-	89,088
-	-	Acquisition of Subsidiary	-	(244,370)
(26,804)	-	Increase in Interest in Subsidiaries	-	(1,804)
(1,050,002)	-	Increase in Investments in Subsidiaries	-	-
-	-	Grants & Subsidies received for Investments	-	3,250
-	-	Dividend Paid to Minority Shareholders	(664)	-
(995,687)	-	Net Cash Flows From/(Used in) Investing Activities	(865,713)	(1,345,341)
		Cash Flows From/(Used in) Financing Activities		
2,854,379	-	Proceeds from Issue of Shares	-	2,854,379
(458,740)	(78,322)	Loans Given to Related Parties	-	-
(564,490)	-	Proceeds from/(Repayment of) Short Term Borrowings	(709)	(2,208,745)
(437,000)	-	Proceeds from/(Repayment of) Long Term Borrowings	(377,773)	269,528
1,394,149	(78,322)	Net Cash Flows From/(Used in) Financing Activities	(378,482)	915,162
328,463	(34,086)	Net Increase/(Decrease) in Cash and Cash Equivalents	(1,013,529)	(619,188)
44,196	43,931	Cash and Cash Equivalents at the Beginning of the Period	(1,283,915)	(491,997)
-	-	Adjustment in Cash & Cash Equivalent Consequent to Acquisition of Subsidiaries	-	(5,931)
372,659	9,845	Cash and Cash Equivalents at the End of the Period	(2,297,444)	(1,117,116)

Note: All values are in Rupees thousands, unless otherwise stated.
The above figures are subject to audit.
Figures in brackets indicate deductions.

JOHN KEELLS HOTELS PLC
PROVISIONAL FINANCIAL STATEMENTS
AS AT 31st DECEMBER 2008

GEOGRAPHICAL SEGMENT INFORMATION

Information based on the location of operations

For the Period Ended 31st December	Sri Lanka		Maldives		Group Total	
	2008	2007	2008	2007	2008	2007
Total Revenue	655,940	672,853	2,690,641	2,459,242	3,346,581	3,132,095
Less: Inter Segment Revenue	-	-	-	-	-	-
Segment Revenue	655,940	672,853	2,690,641	2,459,242	3,346,581	3,132,095
Segment Operating Profit/(Loss)	(222,917)	(199,030)	(180,350)	(50,415)	(403,267)	(249,445)
Other Operating Income	10,838	92,442	7,093	24,929	17,931	117,371
Finance Expenses	(6,963)	(114,766)	(189,834)	(263,540)	(196,797)	(378,306)
Profit/(Loss) before Taxation	(219,042)	(221,354)	(363,091)	(289,026)	(582,133)	(510,380)
Taxation	7,277	16,848	-	-	7,277	16,848
Profit/(Loss) for the Period	(211,765)	(204,506)	(363,091)	(289,026)	(574,856)	(493,532)
Assets						
Segment Assets	3,086,931	3,370,807	10,811,326	10,082,389	13,898,257	13,453,196
Goodwill					666,068	666,068
Total Assets					14,564,325	14,119,264
Liabilities						
Segment Liabilities	463,055	797,188	7,347,160	6,834,404	7,810,215	7,631,592
Total Liabilities					7,810,215	7,631,592
Others						
Purchase of Property, Plant & Equipment	29,717	36,200	847,375	1,158,655	877,092	1,194,855
Depreciation	111,178	124,391	335,270	206,948	446,448	331,339
Amortisation of Leasehold Properties	2,555	2,555	69,919	45,187	72,474	47,742
Provision for Retirement Benefit Costs	6,229	6,100	-	-	6,229	6,100

Note: All values are in Rupees thousands, unless otherwise stated.

The above figures are subject to audit.

Figures in brackets indicate deductions.

JOHN KEELLS HOTELS PLC
PROVISIONAL FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31st DECEMBER 2008

NOTES TO THE FINANCIAL STATEMENTS

1 Market Price Per Share

For the period ended 31st December	2008	2007
	<u>Rs.</u>	<u>Rs.</u>
Highest (for the period)	8.25	10.25
Lowest (for the period)	5.00	5.25
Last traded price (for the period)	5.00	7.00

2 The interim financial statements of the Company and of the Group have been prepared on the basis of the same accounting policies and methods applied for the year ended 31st March 2008 and are in compliance with Sri Lanka Accounting Standard 35-Interim Financial Reporting. Further, provisions of the new Companies Act No. 7 of 2007 have been considered in preparing the Interim Financial Statements of the Company and the Group.

3 The presentation and classification of figures for the corresponding period have been amended, where relevant, for better presentation and to be comparable with those of the current period.

4 Net assets per share has been calculated, for all periods, based on the number of shares in issue as at 31st December 2008.

5 Stated capital as at 31st December 2008 is represented by shares in issue as given below:

	Number of Shares as at ,		
	31.12.2008	31.12.2007	31.03.2008
Ordinary Shares	1,092,110,085	1,092,110,085	1,092,110,085

6 There have been no events subsequent to the Balance Sheet date, which require disclosure in the Interim Financial Statements.

7 All values included in these financial statements are in Rs. '000 unless otherwise stated.