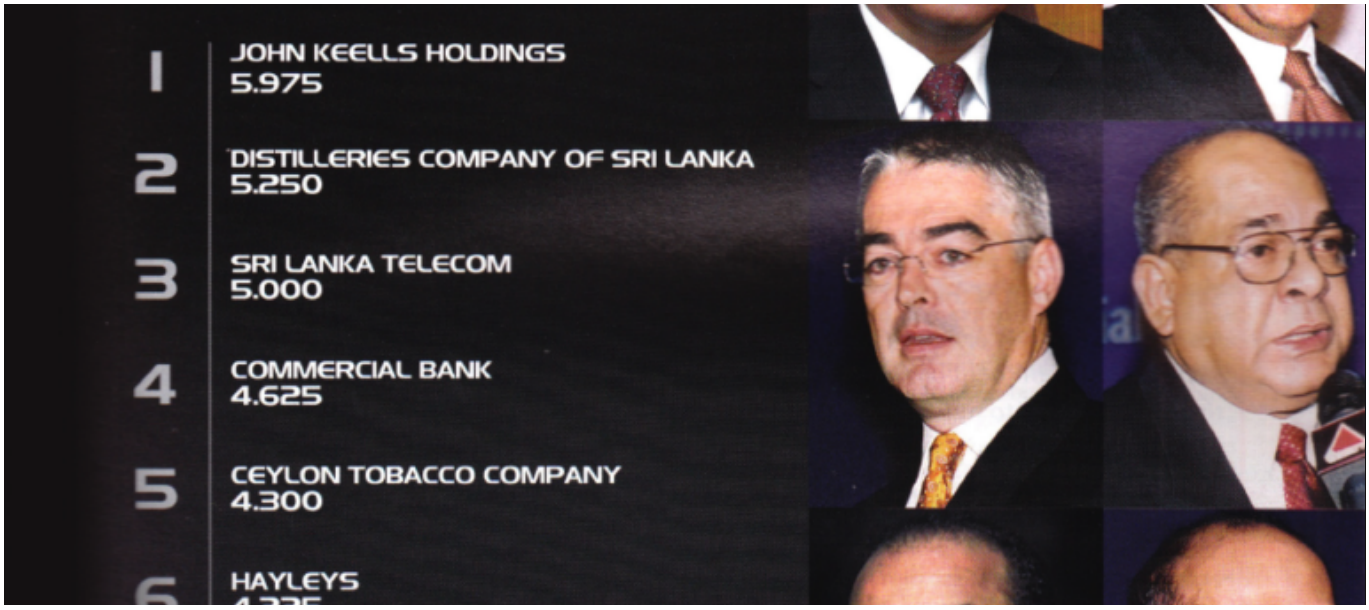

Business Today Top 10 2004-2005

Since liberalisation of the Sri Lankan economy in the late 1970s, every successive government has called on the private sector to function as the engine of growth. The private sector responded to this call and has driven the Sri Lankan economy forward amidst much adversity and under rugged and least lubricant conditions. Many criticise and characterise the private sector as a profit seeking and exploitative animal, but few pause to take cognisance and appreciate the role performed by the private sector of Sri Lanka to grow the economy, and to facilitate the good living conditions of which Sri Lanka can be proud. Albeit, lower than desired are the GDP rates that economists generally use to measure and benchmark the Sri Lanka economy against the rest of the world.

Business Today, appreciating the importance of recognising and commending good corporate performance and achievement, has since 1998 regularly conducted its own survey of top corporate performers and reported and honoured the best of the best on an annual basis. The annual survey is primarily carried out based on published financial information by the private sector companies listed on the Colombo Stock Exchange. As a continuation of this tradition, Business Today is yet again delighted to present its TOP 10 Corporate performers for the financial year

2004-2005.

As observed during the past surveys competition for the top 10 positions in the ranking is intense and closely contested. Those continuing to hold a place in the list have done so by consistently performing, growing and consolidating. Some entered and exited the list due to inconsistency in performance and/ or because of fierce competition that emerged. Relatively new entrants to the list such as Sri Lanka Telecom Ltd, The Bukit Darah Company Ltd, Carson Cumberbatch & Co. Ltd, etc., are classic examples of how any company having the right vision, drive and unwavering determination can claim their place among the best. Those who have already been there know what it takes to get there and stay-in, and those aspiring to get there could take a cue from those who have already got there.

The financial criteria established during the past were used to measure the performance of the contenders of the Private Sector. These criteria are Sales Turnover, Growth in Sales Turnover, Profits, Growth in Profits, Return on Equity, Earnings per Share, Value Added per Employee, Market Capitalisation, Value of Shares Transacted and Value Addition. This year a new criterion – Profit per Employee – is introduced to make the evaluation fairer by all industry sectors. Qualitative criteria have not been used this year as there are several suggestions in these areas, which are under consideration and review. Business Today may decide to reintroduce qualitative criteria in future evaluations if felt necessary.

As in the past, weights applied to the respective criteria are not disclosed for proprietary reasons. Business Today assures that weights were assigned to the above criteria after due consideration to significance of the criteria and ensuring all business sectors are equitably represented. Weights are applied uniformly with no prejudice.

1.JOHN KEELLS HOLDINGS
5.975

A scale of one to ten was used for the evaluation. John Keells Holdings (JKH), a three-time Business Today number one reclaimed the crown after marginally losing out to Distilleries in the previous year. The ascendance of JKH to the top position offers no surprises given its sheer size, scale of activity and its known insatiable appetite for new growth opportunities and excellence. Despite the setback posed to its leisure sector by the tsunami that devastated the country, the JKH Group regained its lead position thanks to its strongly diversified business portfolio fueled by an

excellent performance in its transport sector, particularly the South Asia Gateway Terminals with both Queen Elizabeth Quay and Lanka Marine Services reporting healthy results. JKH has over the years proved that it can build and sustain a business conglomerate that has pleased its shareholders against a backdrop of a changing and challenging business environment.

2. DISTILLERIES COMPANY OF SRI LANKA
5.250

Distilleries Company of Sri Lanka, referred to as the Spirit Super Tanker in the Business Today TOP 10 narrative ‘ t year, skillfully steered its course m the year 2004-2005 as well to stay ahead of all corporate heavyweights Sri Lanka, save JKH. Distilleries is probably the best story in the privatisation history of Sri Lanka and one of the best in privatisations in the world.

A mere liquor manufacturer at time of privatisation, 13 years ago, the company is a Group with interests in food & beverages, tourism, power generation and infrastructure development, destinations management, cargo, logistics, hotels and hotel management, plantations, telecommunications, fabric processing, garments, insurance and shipping. Visionary leadership and a relentless pursuit to succeed are probably key factors influencing the strategic and systematic diversification of the group that has resulted in its corporate strength and stature.

3.SRI LANKA TELECOM
5.000

Sri Lanka Telecom (SLT) retains its number three position on the Business Today TOP 10 rankings after posting the largest sales turnover and healthy profits. SLT is yet another privatisation success story in Sri Lanka benefiting from the industry expertise of a global player – NTI – that helped restructure and fine-tune the company processes to meet the new market challenges. The company is the largest fixed line operator in Sri Lanka and has ventured in to mobile telephony and wireless loop technology. SLT has chosen to maintain its focus in ICT but to push its boundaries through systematic acquisitions and expansions. One of the company goals is to position itself as a premier regional telecommunications operator, and to-wards this end plans are underway to upgrade its global connectivity through investments in international bandwidth capacity such as the SEA-ME-WE 4 submarine cable project, and through interconnection agreements with other national and regional carriers.

4.COMMERCIAL BANK
4.625

Commercial Bank, a former Business Today number one, notched up one place from its last po ition to become number four this year. Over the years Commercial has maintained a clear focus on growing throuoh a planned programme of expan ion based on a solid IT platform and a carefully executed plan to grow its deposit and asset bases. The patience and commitment practiced by the bank in skillfully planning and working to such plans has manifested in the success achieved by the bank, and the many accolades it has received over the years both locally and internationally are testimonies to its success.

5.CEYLON TOBACCO COMPANY
4,300

Ceylon Tobacco Company, the only manufacturing company to make it to the Business Today TOP 10 consistently, once again ensured its presence on the list mainly because of its Yalue adding capacity. The ability of the company to challenge and define its boundaries, employ internationally accepted best business practices and encourage good principles and ethics towards responsible corporate ways of life, have proved invaluable in its march forward against the many challenges placed in its path. The new vision of the company is “To be the inspiration for corporate excellence in Sri Lanka.”

6.Hayleys
4.225

Hayleys, a much-respected company of stature in Sri Lanka with a business history of over 100 years in the country, has been a frequent feature on the Business Today TOP 10. This year too, notwithstanding setbacks and losses in its properties directly resulting from the tsunami, the company found its place amon°the corporate stars. Hayleys, a diversified group, experienced a bag mixed results with some sectors doing well and others normal or below expectation. The main contributors to the overall performance were the plantation sector, particularly rubber and rubber based products, and the transportation and logistics sector. Hayleys subscribe to the view that “Business is primarily about making profit- without it, stakeholders’ interests cannot be served. Profit without compromise on Integrity and Ethics is the ‘Quintessence of Business.’

7. THE BUKIT DARAH
3.900

The Bukit Darah Company is the latest entrant to the Business Today TOP 10. Initially a West Malaysia based oil palm plantation company, Bukit disposed its interests in the Malaysian plantation and changed direction by becoming an investment holding company having significant interests in oil plantation businesses and quoted holding companies with diversified interests. The company is contemplating investments in a large plantation in Indonesia and had increased its stake in the Carson Cumberbatch & Co. group – a Business Today TOP 10 company – to 46.23%. The consolidation of the Carson Cumberbatch Group results launched Bukit to the corporate heavyweight league in Sri Lanka and to number seven on the Business Today TOP 10. Bukit has stated its desire to further its acquisition and strategic investments in the future, hence would in all likelihood be a formidable contender in the race towards the top rungs of the Corporate Best 10 ladder.

8.DFCC Bank
3.475

DFCC, a consistent performer, has demonstrated the strength of its business model by securing a place on the Business Today TOP 10 on a regular basis. A premier development bank in Sri Lanka, DFCC assumed a lead role in the introduction of debt instruments to the Sri Lankan market. DFCC acquired a small licenced commercial bank with the objective of complementing its existing operations allowing it to offer a full spectrum of development and commercial banking services, and thereby providing comprehensive and seamless banking solutions targeted at urban and rural markets. The year 2006 heralds the Golden Jubilee of the DFCC bank’s development banking services, and DFCC hopes to use the occasion as a moment of introspection and a time to plan its course for the next decade and beyond.

9. AITKEN SPENCE & COMPANY
2.275

Aitken Spence, a long standing blue chip conglomerate in Sri Lanka renowned for its record of wealth creation and returns to shareholders, secured its right to remain on the Business Today TOP 10 despite the heavy setbacks the company’s leisure sector endured due to the tsunami. Aitken Spence should be saluted for its per-

formance during the financial year 2004-2005 given its strong leverage to the tourism sector that took a blow because of the natural disaster. The company has since made inroads to the global tourism arena through a strategic alliance with TUI, the largest tour operator in the world.

10. CARSON CUMBERBATCH & COMPANY
2.225
Carsons Cumberbatch & Co. entered the Business Today TOP 10 in the previous year and once again recorded consistent performance and held its place on the list. As in the last year the Group's offshore operations was the key contributor to the overall performance of the Group with local operations showing reasonable success.

In the early years of the Business Today TOP 10 survey institutions from the financial sector occupied most of the positions in the list, but there appears to be a change in trend towards diversified conglomerates replacing the financial institutions in recent years. Selecting ten winners out of a large population that comprises Sri Lanka's vibrant and competitive private sector is by any measure not an easy task. The slightest change in focus could dramatically change the outcome for some, hence Business Today takes the selection process very seriously and employs a robust evaluation process to select its TOP 10.

Business Today congratulates its TOP 10 performers in the year 2004-2005 and salutes the many others who influence the competitive conditions that produce the best. As the magazine of the corporate world, Business Today remains committed to fostering good corporate governance and excellence in Sri Lanka. The Business Today TOP 10 companies have been selected on the basis of their financial performance by Keith Bernard and Shiron Gooneratne with expert advise and support of Business Today TOP 10 specialists.

Business Today thanks all those voluntary contributors of the Business Today TOP 10 resource team for making the Business Today TOP 10 a reality.

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The winning companies of previous year (2003-2004). L-R: The TOP 10 analysis team - Shiron Gooneratne, Keith Bernard and Dinesh Weerakkody; Shuhei Anan, CEO,Sri Lanka Telecom; Dr T N Jinasena, Chairman, DFCC Bank; Andrew O'Regan, CEO, Ceylon Tobacco Company; Mathi K Parthipan, Managing Director / CEO, BT Options; President Mahinda Rajapaksa; D H S Jayawardena, Chairman, Distilleries Company of Sri Lanka and Aitken Spence & Company; Thilak de Soyza, Chairman, Carson Cumberbatch & Company; Rienzie Wijetilleke, Chairman, Hatton National Bank; Harris Premaratne, Senior Deputy GM-Corporate Banking,Commercial Bank of Ceylon; Susantha Ratnayake, Deputy Chairman, John Keells Holdings; and Richard Ebell, Finance Director, Hayleys