

Air Lanka Limited

Annual Report 1993

Fiscal Year Ended 31 March 1993



CORPORATE INFORMATION

Legal Form

Public Limited Liability Company

Directors

Desamanya Gen. D S Attygalle Chairman/Managing Director

Mr. D S J Pelpola Executive Director

Air Chief Marshal A W Fernando Executive Director

Mr R Paskaralingam

Mr K H J Wijayadasa

Mr K M Abeysinghe

Mrs R L Nanayakkara

Company Secretary

Mrs. M R Peries

Registered Office

37, York Street,

Colombo 1.

Sri Lanka

Auditors

Ernst & Young

Chartered Accountants,

P.O. Box 101

Colombo 10.

Principal Bankers

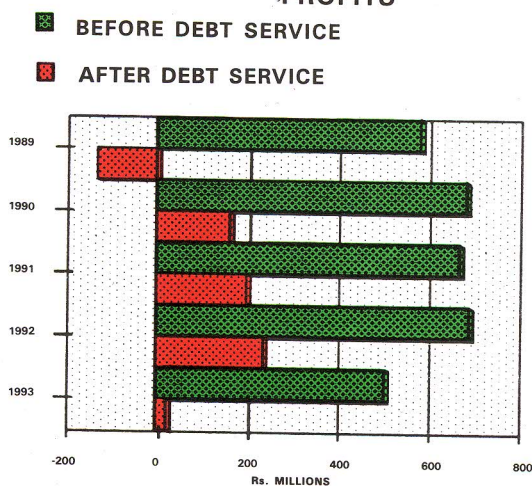
Bank of Ceylon

CONTENTS

HIGHLIGHTS	2
CHAIRMAN'S STATEMENT	3
REVIEW OF OPERATIONS	4 - 11
DIRECTORS' REPORT	12 - 13
REPORT OF THE AUDITORS'	14
PROFIT AND LOSS ACCOUNT	15
BALANCE SHEET	16
ACCOUNTING POLICIES	17 - 21
NOTES TO THE ACCOUNTS	22 - 40
STATEMENT OF CHANGES -IN FINANCIAL POSITION	41 - 42
STATEMENT OF VALUE ADDED	43
TEN YEAR REVIEW	44 - 45
AIR LANKA OFFICES & -GENERAL SALES AGENTS	46 - 47

REVIEW OF OPERATIONS

PROFITS



NET EARNINGS

The Company registered a net profit of Rs. 127.61 million during the year 1992/93, compared with a net profit of Rs. 218.36 million recorded in 1991/92. A decrease of Rs. 90.75 million or 41.56% from 1991/92. This was due to the recession in the major industrialised countries and intense competition in the airline industry.

The Group net profit for the year ended 31st March 1993 amounted to Rs.178.64 million.

At the Company level, earnings per share was down by 41.5% to 1.73. Return on shareholders' funds was 5.0% compared to 17.8% achieved in 1991/92.

REVENUE

Total operating revenue amounted to Rs. 12,945.44 million, up by Rs.2,009.41 million or 18.4% from 1991/92.

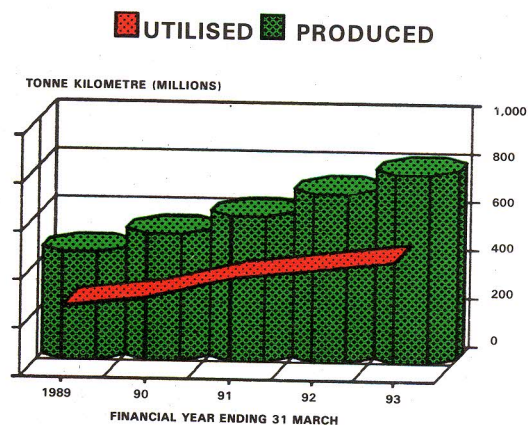
The revenue of the group in 1992/93 was Rs. 13,244.15 million.

Revenue from airline operations increased by Rs. 1,884.68 million or 18.2% to Rs. 12,246.78 million.

Passenger revenue excluding charter revenue, totalled Rs. 10,709.26 million an increase of 19.1% from 1991/92.

Revenue from cargo carriage increased by 9.6% to Rs. 1,165.31 million.

CAPACITY



REVIEW OF OPERATIONS

Passenger and cargo carriage constituted 94.6% of the Company's total revenue for the year.

Revenue from charter operations increased Rs. 38.82 million or 58.9% to 104.77 million, while ground handling revenue increased by 20.9% to Rs. 597.25 million.

Duty Free Sales increased Rs. 21.36 million or 26.7% to Rs. 101.41 million.

Ground handling and Duty Free Sales constituted 4.6% and 0.8% of the company's total revenue respectively.

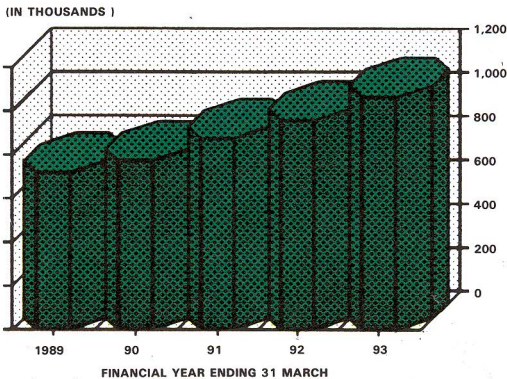
The European routes continued to be the largest contributor to revenue from airline operations with 52.8% of the total. South East Asian and Far East routes were second at 23.3%. Middle East and regional routes followed at 13.8% and 10.1% respectively.

EXPENDITURE

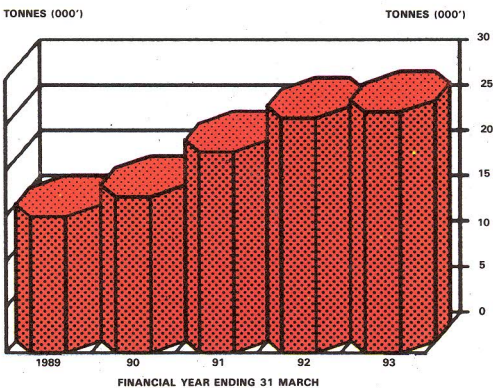
In 1992/93 the Company's operating expenditure totalled Rs. 12,390.28 million reflecting an increase of 17.2% from 1991/92.

Increases were registered in Flight Operations costs (+ Rs. 169.9 million or 55.8%), Aircraft lease charges (+ Rs. 409.2 million or 40.3%),Marketing costs (+ Rs. 274.5 million or 37.2%), Administration costs (+ Rs.79.9 million or 24.5%), Stations and Traffic (+ Rs. 430.9 million or 22.1%), Fuel and Oil costs (+Rs. 492.3 million or 21.3%), Advertising and Promotions costs (+ Rs. 30.4 million or 19.2%), Passenger services (+ Rs. 228.0 million or 17.1%), Aircraft Standing charges (+ Rs. 20.9 million or 4.5%).

PASSENGER CARRIAGE



CARGO CARRIAGE



REVIEW OF OPERATIONS

These cost increases were partially offset by a reduction in Maintenance and Overhaul costs (- Rs. 395.2 or 22.5%).

The increase in Flight Operations costs was principally due to recruitment of additional Pilots and an increase in the pay and allowances of the existing Technical Crew.

The wet lease of a B 737 aircraft for a three month period and the full year's effect of leasing two L1011-200 aircraft contributed to the increase in lease charges.

Cost increases in Marketing and Administration, could be attributed to the higher staff costs due to an increase in number of staff and revision of pay and allowances of certain categories of staff both at Head Office and at Stations.

Cost increases in Stations and Traffic can be attributed to the increased level of operations undertaken during the year and worldwide increases in navigation, landing fees and ground handling charges.

The increase in fuel and Oil costs was mainly due to a higher volume of fuel uplifted as a result of capacity expansion.

CAPACITY & TRAFFIC GROWTH

1992/93 saw 12.1% growth in total capacity production from 698.37 million tonne

kilometres to 782.71 million tonne kilometres.

The expansion came principally from frequency increases to Europe and India and the introduction of flights to Jakarta, Delhi and Munich.

The airline continued to spread its wings and attract new passengers. Traffic rose by 8.6%, against a 12.1% increase in capacity. This resulted in a drop in load factor of 2.05 percentage points to 62.88%.

Passenger and cargo loads increased by 11.4% and 2.7% respectively.

The number of passengers carried increased by 11.4% to reach 1.07 million in 1992/93 compared to 0.958 million in the previous year, while cargo carriage increased from 25,819 tonnes to 26,518 tonnes.

However the passenger seat factor fell 2.59 percentage points to 68.5% as the rise in passenger kilometres of 11.4% fell short of the 15.6% increase in seat - kilometres offered.

YIELD / UNIT COST / BREAK-EVEN

Compared to 1991/92, unit yield increased by 8.9% to Rs. 24.88 per load tonne - kilometre, with passenger and cargo yields increasing by 7.1% and 6.4% respectively.

REVIEW OF OPERATIONS

Favourable movements in exchange rates and increased fare levels enabled the company to achieve this improvement.

Unit cost increased 4.3% to 15.45 per capacity tonne kilometre. Flight operation costs and aircraft lease charges were the main contributors to this increase.

With marginally higher unit costs improved 2.8 percentage points to 62.10%. The load factor gap - the difference between the overall and break-even load factors improved from 0.07 percentage points to 0.78 percentage points in 1992/93.

FINANCIAL POSITION

Shareholders' funds grew by Rs. 1,330.43 million or 108.49% to Rs. 2,556.73 million as at 31 March 1993.

The Company's Liquid Assets improved by Rs. 1,180.51 million to Rs. 1,549.33 million.

The Group liquid assets as at 31st March 1993 were Rs. 1,652.13 million.

Total assets of the Company rose by Rs. 5,085.68 million or 61.2% to Rs. 13,394.72 million.

The total assets of the Group were Rs.13,658.45 as at 31st March 1993.

Return on total assets was 1.0% compared with 2.6% in the previous year.

Return on total assets for the Group was 1.3%.

VALUE ADDED

The total value added by the Company during the year under review amounted to Rs. 2,155.40 million, an increase of Rs. 319.11 million or 17.4% over the previous year.

Contributions to value added came chiefly from revenue of Rs. 12,945.44 million, Investment income of Rs. 81.02 million and non - operating revenue of Rs. 72.30 million.

Of the total value added 48.2% was distributed to employees in the form of salaries and allowances, Provident Fund contributions and other staff related expenses, whilst 33.3% was retained in the company for re-investment and future growth. 17.0% of the value added was paid to suppliers of capital in the form of interest charges and 1.5% went to Overseas governments as taxes.

Total value added by the Group was Rs.2,407.59 million.

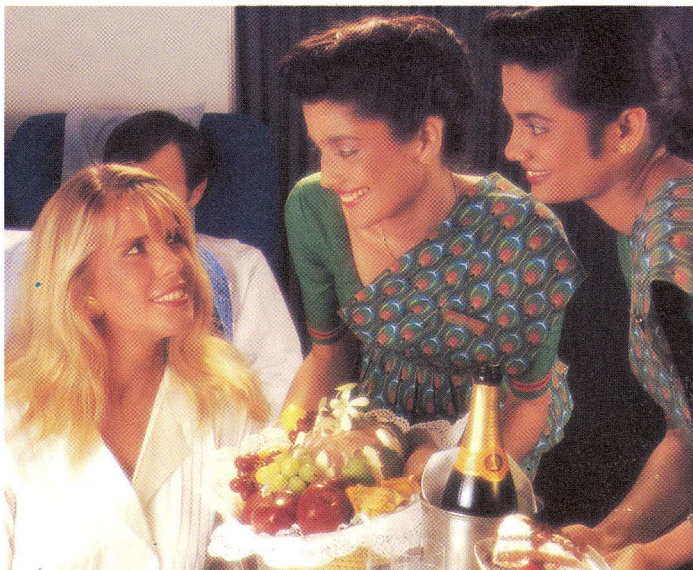
REVIEW OF OPERATIONS

PERSONNEL

The total number of personnel employed by the Company at 31 March 1993 numbered 4,531 compared to 4,181 at 31 March 1992.

Employee productivity in terms of capacity per employee and revenue per employee improved by 3.4% and 9.2% respectively.

Value added per employee increased from Rs. 439,199 in 1992 to Rs. 475,701 in 1993.



Employee statistics as at 31 March 1993 are given below:

FUNCTIONAL ANALYSIS	NUMBER
Engineering & maintenance	1,099
Flight operations	210
Inflight services	610
Stations & traffic	774
Marketing	651
Advertising & promotions	15
Admin. & security	1,172
TOTAL	4,531

AIRCRAFT FLEET

Air Lanka's fleet strength on 31 March 1993 stood at 9 aircraft comprising 7 Lockheed Tristar L1011 aircraft, 1 Boeing 737 aircraft and 1 Airbus A320 aircraft.

Of these, 3 Lockheed Tristar L1011 aircraft and the Boeing 737 are on operating leases from other airlines, 2 are fully owned and the rest are on Finance leases.

Air Lanka has embarked on a major re-fleet exercise which commenced in January 1993 when the first of the Airbus A320-200 aircraft joined our services.

REVIEW OF OPERATIONS

The second Airbus A320-200 aircraft entered service in April 1993.

ROUTE DEVELOPMENT

Air Lanka's route network now covers 28 cities in 20 countries and offers 59 flights a week providing convenient connections to many destinations.

Towards the end of the year, Airlanka's route network was reviewed with a view to achieving cost efficiency whilst at the same time providing adequate enhanced services to the main gateways to Europe, South East Asia, Far East, the Middle east and the Indian Sub Continent. As a result of the above strategy, certain destinations came off-line.

The flight schedule now caters to preferred days of operation, particularly to Europe, and the Middle East where flights are scheduled for weekend operation to help our passengers.

SUPPORT SERVICES

Air Lanka is co-hosted on SABRE for its worldwide reservations. The enhanced facilities of SABRE will enable the airline to provide faster and more accurate up to date information to its travel agents.

In order to enhance the efficiency of the services provided at the Katunayake

international Airport, the following improvements were implemented during the year.

- Airlanka's new CPS counter was commissioned at the Arrivals lounge in Katunayake. It will handle inbound passengers, whose transitting time in Sri Lanka is more than 8 hours. The new service centre will cater to the requirements of the passengers, their hotel accommodation etc, speedily.

- Airlanka now provides an Express Handling Service, to facilitate needs of clients in respect of urgently required cargo.

- The cargo complex at the Colombo airport with a total warehouse area of 53,000 square feet, handles all air cargo movements in to and out of Sri Lanka.

- Two highly sophisticated X-ray screening machines have been installed at the Cargo Terminal. These are geared to provide maximum protection and safety against modern day threats to air cargo transportation.

- Automated flight information systems are presently at work to impart information to the public. This system can handle upto 10 calls simultaneously, supplemented by a Digital Voice Announcing System. Data is updated regularly by Ground Handling Staff.

- The PC based Local Area Network, with over 100 PC's is now fully operational with all functionalities at the Colombo Airport. This is the largest Local

REVIEW OF OPERATIONS

area Network in Sri Lanka and comprises of a number of international gateways to different airline HOSTS.

This system also extends to cover areas like Flight Operations, Inflight, Cargo Services and Ramp Services which greatly facilitates the flow of "Need to Know" information to ground handlers.

The capabilities of the new Reservation Computer System (SABRE) was utilised to eliminate conventional tele-type circuits and switching system-wide.

A Flight Control Centre was opened at the Flight Operations department to help optimise operation of our flights. Its main purposes are to ensure punctuality, with minimum inconvenience to passengers, while keeping in mind cost, safety and service constraints.

The Flight Control Centre manned by Flight Operations staff was specifically set up with a view to streamlining the co-ordination of all operations related to intra and inter-department activities, so that, in the event of a flight delay in Colombo or Overseas, passengers will experience the minimum inconvenience.

The Serendib Club - Airlanka's frequent flyer programme was introduced in 1992.

The Club offers many attractions to the regular traveller.



REVIEW OF OPERATIONS

Some of the benefits available for Serendib Club members are given below:

- Speedier check-in at Airport.
- Extra Baggage allowance.
- Priority Baggage clearance.
- Extended Lounge facilities.
- Priority upgrading.
- Priority Seat selection.
- Hotel room upgrading.
- Shopping discounts.

Airlanka's main distribution channel is through Travel Agents who account for the bulk of the Airlanka Sales Worldwide.

Airlanka is presently conducting a feasibility study of a Multi-Access Neutral Distribution System for Sri Lankan Travel Agents.

Recognising that quality of service is a reflection of the quality and orientation of its employees, the Company has placed much emphasis in developing and upgrading the professional skills of the various categories of its employees.

Despite difficult economic conditions, staff training remained an investment priority.

During the year, the Company launched a Human Resources Development Plan and a complete job analysis was done in respect of all jobs in Airlanka. A revamping of the existing performance appraisal system also commenced during the financial year.

Airlanka's emphasis on all-round staff development extends to the Social and sports arenas. A concerted effort has been made to revive Airlanka's sporting activities. Airlanka's participation has extended to the international sporting arena. Our sportsman and women participated in the World Airlines Badminton Championships held in Zurich, World Airlines Netball Championships held in Malaysia, the World Airlines Cricket Championships held in South Africa, Asian Veterans Athletics Meet held in Singapore, Australian Masters Games and South Asian Sports Federation Swimming Championships held in Calcutta.

The world airlines Hockey Tournament was hosted in Colombo by Airlanka and Airlanka was elected the Vice President of SAARC Airlines Sports Federation during the year.

SUBSIDIARY COMPANY

Our subsidiary, Airlanka Catering Services is the sole caterer to 22 airlines operating through Colombo International Airport supplying more than 1.5 million meals annually.

DIRECTORS' REPORT

The Directors have pleasure in submitting their Report and audited Accounts for the year ended 31 March 1993.

The Accounts are set out on pages 15 to 42.

FINANCIAL STRUCTURE

Air Lanka Limited is a Company substantially owned by the Government of Sri Lanka.

The issued share capital of the Company as at balance sheet date was Rs. 7,369.47 million.

PRINCIPAL ACTIVITIES

Air Lanka's principal activity is the operation of international scheduled and non scheduled air services for the carriage of passengers, freight and mail, as the designated carrier of Sri Lanka.

Providing Air Terminal services at the Colombo International Airport and the sale of duty free goods on-board, constitute other main activities of the Company.

Air Lanka owns 60 % of the issued share capital of its subsidiary company, Air Lanka Catering Services Limited, which is the sole caterer to airlines operating through Colombo International Airport.

There was no significant change in the nature of the activities of the Company during the year.

DIRECTORS IN OFFICE

The names of the present Directors of Air Lanka Limited are listed below:-

Desamanya Gen. D S Attygalle

Chairman/Managing Director

Mr D S J Pelpola

Executive Director

Air Chief Marshal A W Fernando

Executive Director

Mr. R Paskaralingam

Mr K H J Wijayadasa

Mr K M Abeysinghe

Mrs R L Nanayakkara

Desamanya Gen. D S Attygalle was appointed on 25 May 1993 in place of Mr M G D Jayawardena who resigned on 24 May 1993.

Mr R Paskaralingam served throughout the Financial Year 1992/93 and holds office at the date of this report.

Mr R A Jayakody, Mr. S K H Wijayatilake PC and Mr. S Dhanabala resigned on 24 May 1993.

Mr. K H J Wijayadasa, Mr. K M Abeysinghe, Mrs. R L Nanayakkara and Mr. D S J Pelpola were appointed to the Board on 25 May 1993.

DIRECTORS' REPORT

Air Chief Marshal A W Fernando was appointed to the Board on 6 September 1993.

Particulars of interests of Directors in contracts and proposed contracts having been declared by the Directors are in note 24 to the accounts.

ACCOUNTS

The Consolidated profit for the year ended 31 March 1993, before interest and other similar charges was Rs 827.97 million.

Consolidated net profit for the year, after interest and similar charges, deferred expenditure, extraordinary items and minority interests amounted to Rs 178.64 million.

RESERVES

There were no material transfers to or from reserves or provisions during the year ended 31 March 1993, other than those stated in the accounts and the notes thereto.

ACCOUNTING POLICIES

The principal accounting policies of the Company are set out on pages 17 to 21.

FIXED ASSETS

Movements of fixed assets are shown in note 7 to the accounts.

BANK AND OTHER BORROWINGS

The net bank loans and other borrowings, including obligations under finance leases of the Company are shown under notes 16 and 17 to the accounts.

AUDITORS

Messrs Ernst & Young, Chartered Accountants as the auditors of the Company, being eligible offer themselves for re-election.

By order of the Board

Mrs. M R Peries
Company Secretary
29 September 1993
Registered Office:
37 York Street
Colombo 1.

REPORT OF THE AUDITORS

We have examined the Balance Sheet of Air Lanka Limited as at 31st March 1993, the Consolidated Balance Sheet of the Company and of its Subsidiary and the related Statements of Profit and Loss Account and the Changes in Financial Position for the year then ended, read together with the accounting policies and notes, exhibited on pages 15 to 42 of the Annual Report.

Our examination was made in accordance with the Sri Lanka Auditing Standards. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for purposes of our audit. In auditing the returns submitted by overseas stations, we have relied on management representation as to the accuracy and completeness of these returns.

The Financial Statements of the subsidiary, Air Lanka Catering Services Limited have been audited by another firm of chartered accountants.

In our opinion, except for Accounting Policy G (iii) to the Financial Statements of Air Lanka Limited, so far as it appears from our examination, proper books of account have been maintained by the Company and to the best of our information and according to explanations given to us, the said Financial Statements which are in agreement therewith, read together with notes referred to therein ;

- 1) provide the information required by the Companies Act No. 17 of 1982 ; and
- 2) give a true and fair view of the state of the Company's affairs as at 31st March 1993 and of its Profit and Changes in Financial Position for the year

then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for Accounting Policy N (i).

We further report that according to information available to us no Director of the Company is directly or indirectly interested in a contract with the Company other than those disclosed in Note 24 to the accounts.

In our opinion, except for Accounting Policy G (iii) to the Consolidated Financial Statements, so far as it appears from our examination, the Consolidated Balance Sheet, Statements of Profit and Loss Account and Changes in Financial Position which are properly drawn up in accordance with the audited accounts of the Company and its Subsidiary included in consolidation -

- 1) provide the information required by the Companies Act No. 17 of 1982 ; and
- 2) give a true and fair view of the state of affairs of the Group as at 31st March 1993 and of its Profit and Changes in Financial Position for the year then ended.

Ernst & Young
Chartered Accountants
Colombo
29 September 1993

PROFIT AND LOSS ACCOUNT

for the year ended 31 March

	Note	GROUP		COMPANY	
		1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
REVENUE	1	13,244.15	11,136.16	12,945.44	10,936.03
OPERATING PROFIT	2	728.08	523.82	555.16	364.14
Other income	3	99.89	372.49	153.77	352.56
		827.97	896.31	708.93	716.70
Interest and similar charges	4	(537.70)	(455.29)	(537.70)	(455.29)
		290.27	441.02	171.23	261.41
Deferred expenditure written off	5	(43.62)	(43.05)	(43.62)	(43.05)
		246.65	397.97	127.61	218.36
Extraordinary items	6	15.97	(23.49)	—	—
		262.62	374.48	127.61	218.36
Minority interests		(83.98)	(62.45)	—	—
PROFIT FOR THE YEAR		178.64	312.03	127.61	218.36
PROFIT/(LOSS) BROUGHT FORWARD	11	(5,724.66)	(6,036.69)	(5,818.33)	(6,036.69)
PROFIT/(LOSS) AVAILABLE FOR APPROPRIATION		(5,546.02)	(5,724.66)	(5,690.72)	(5,818.33)
APPROPRIATIONS					
Dividends					
Interim		—	—	—	—
Proposed		—	—	—	—
		—	—	—	—
UNAPPROPRIATED PROFIT/(LOSS) CARRIED FORWARD		(5,546.02)	(5,724.66)	(5,690.72)	(5,818.33)

The accounting policies and notes on pages 17 to 40 form part of these accounts.

BALANCE SHEET

as at 31 March

	Note	GROUP		COMPANY	
		1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
Fixed assets	7	9,114.46	5,809.58	9,019.84	5,723.71
Investment in subsidiary	8	—	—	30.40	30.40
Net current assets/(liabilities)	9	(1,455.82)	(1,891.19)	(1,682.11)	(2,079.99)
		7,658.64	3,918.39	7,368.13	3,674.12
Financed by:					
Issued share capital	10	7,369.47	7,369.47	7,369.47	7,369.47
Funds awaiting allotment		1,312.87	—	1,312.87	—
Profit and loss account	11	(5,546.02)	(5,724.66)	(5,690.72)	(5,818.33)
Capital reserve	12	275.56	275.56	267.56	267.56
Revenue reserve	13	0.63	41.93	—	—
Other reserves	14	22.43	15.80	22.43	15.80
		3,434.94	1,978.10	3,281.61	1,834.50
Less: Deferred items	15	(724.88)	(608.20)	(724.88)	(608.20)
Shareholder's funds		2,710.06	1,369.90	2,556.73	1,226.30
Minority Interests		122.69	91.15	—	—
Long term loans	16	2,684.57	1,289.97	2,684.57	1,289.97
Obligations under finance leases	17	2,031.60	1,095.63	2,031.60	1,095.63
Deferred Liabilities	18	109.72	71.74	95.23	62.22
		7,658.64	3,918.39	7,368.13	3,674.12

For and on behalf of the Board.


 Desamanya Gen. D S Attygalle
 Chairman/Managing Director
 Colombo, 26 September 1993


 R. Paskeralingam
 Director

The accounting policies and notes on pages 17 to 40 form part of these accounts.

ACCOUNTING POLICIES

A) ACCOUNTING CONVENTION

The Financial Statements have been prepared under the historical cost convention in accordance with accepted accounting principles and the Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka except as stated in the Accounting Policy G (iii). No adjustments have been made for the effects of inflation other than for revaluation and restatement of certain assets as stated below.

B) CONSOLIDATION

The Consolidated Financial Statements include the accounts of the Company and its subsidiary, Air Lanka Catering Services Limited.

The Company and its subsidiary have a common financial year which ends on 31 March.

The consolidated profit and loss account includes the total profits and losses of the Company and of its subsidiary, Air Lanka Catering Services Limited. The proportion of the profit or loss applicable to outside shareholders is shown under the heading "Minority Interest".

All assets and liabilities of the Company and of its subsidiary, Air Lanka Catering Services Limited are included in the consolidated balance sheet. The interests of the outside shareholders are shown in the consolidated balance sheet under the heading

"Minority Interest".

The consolidated profit and loss account does not include unrealised profits from inter-company transactions involving inventory and turnover from intra-group transactions.

C) FIXED ASSETS

Fixed assets are stated at cost of acquisition or construction except for certain properties which are included at valuation or are restated.

Major overhauls and modifications which result in an increase in the earning capacity or the useful life of assets are capitalised.

Depreciation is calculated to write off the cost or valuation, less residual value if any, over the anticipated useful lives of the fixed assets on a straight line basis.

Cost of fixed assets which have been financed by foreign currency loans/leases were restated in 1987/88 and in 1988/89 at year end exchange rates. These are carried at their restated value as at 31 March 1989.

1. Fleet

Aircraft and aircraft engines owned by the Company prior to 31 March 1989 are stated in the accounts at their restated value as at 31 March 1989. Subsequent additions are reflected at cost.

ACCOUNTING POLICIES

2. Property and Equipment

Property owned by the Company and situated at No. 12 Sir Baron Jayatilaka Mawatha, Colombo 1, was valued by Mr D S A Senaratne, Chartered Valuer on 25 December 1988 and the Air Lanka Administration and Training Building situated at Katunayake was valued by Mr S Fernando, Chartered Valuer, on 20 January 1989. These properties are included in the accounts on the basis of that valuation.

All other property and equipment have been included in these accounts at cost.

3. Aircraft Rotable Spares

Aircraft rotatable spares, which are treated as tangible fixed assets are recorded in the balance sheet at cost.

4. Leased Assets

Where assets are financed by lease arrangements under which all the risks and rewards of ownership are substantially transferred to the lessee, such assets are treated as fixed assets and recorded at the present value of the minimum lease payments payable over the lease period, derived by discounting them at the rate of interest implicit in the lease. The corresponding liability is recorded as an obligation under finance leases.

Amounts payable under operating lease agreements are charged to profit and loss account as they arise.

D) DEPRECIATION

Depreciation is provided on all fixed assets (freehold and leasehold) other than freehold land at rates calculated to write off the cost or valuation of fixed assets, less residual value if any, over their estimated useful lives, on a straight-line basis.

New aircraft and spare engines - over 16 years after making a 10 percent allowance for residual value.

Used aircraft and spare engines - over the estimated remaining useful life which currently ranges from 4 to 8 years.

Buildings - over the expected useful life subject to a maximum of 20 years.

Equipment - over periods ranging from 3 to 10 years according to the type of equipment.

Aircraft rotatable spares - over 8 years.

ACCOUNTING POLICIES

E) SUBSIDIARY COMPANY

A subsidiary company is an enterprise in which the Company has a controlling interest and in which the Company has more than 50 percent investment in equity.

The profit and loss account of the Company includes the dividends declared and paid by the subsidiary company.

The investment in the subsidiary company is stated at cost.

F) STOCKS AND CONSUMABLE STORES

Stocks are stated at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items.

Aircraft consumable spares and ground support equipment consumable spares are valued on the basis of weighted average cost.

Other consumable stocks are valued on first-in-first-out basis.

G) CONVERSION OF FOREIGN CURRENCIES

(i) Foreign currency transactions are converted into Sri Lanka Rupees at the rates of

exchange prescribed by the International Air Transport Association where applicable, and at exchange rates ruling on transaction dates in all other cases.

(ii) All monetary assets and liabilities denominated in foreign currencies as at balance sheet date are translated at the exchange rates ruling as at 31 March 1993.

(iii) Gains and losses arising from the translation of long term liabilities (term loans and leases denominated in foreign currencies) as at balance sheet date which finance specific fixed assets are recorded in an exchange equalisation account and amortised as currency gains/losses over the remaining life of the related assets. Unamortised balance of such gains and losses are carried forward in the exchange equalisation account.

This policy is a departure from the provisions of the Sri Lanka Accounting Standard No. 21, issued by the Institute of Chartered Accountants of Sri Lanka which is effective from 01 April 1990. This requires such exchange differences to be dealt with in the Profit and Loss Account in the year in which they arise. Adoption of the provisions of the Sri Lanka Accounting Standard No. 21 would result in a reduction in the profit for the year by Rs. 153.92 million.

ACCOUNTING POLICIES

The directors consider that the policy adopted presents a fair view since;

a) The foreign exchange earnings of the company are adequate to meet the foreign currency commitments on long-term loans and finance leases without the need to convert Sri Lanka Rupees into the relevant currencies.

and

b) The related assets, mainly aircraft, which are financed by foreign currency loans and finance leases are saleable in foreign currency.

In these circumstances, if the entire unrealised exchange difference is taken into the Profit and Loss Account of a given year, it would distort that particular year's result.

(iv) Exchange losses amounting to Rs. 183.43 million on long-term loans obtained to meet pre-delivery payments in respect of new aircraft are capitalised as part of the cost of such aircraft.

v) All other gains and losses arising on translation are dealt with in the Profit and Loss Account as exchange differences.

H) DEBTORS

Debtors are stated at the amounts they are estimated to realise. Provision has been made in the accounts for bad and doubtful debts.

I) LIABILITIES AND PROVISIONS

All known liabilities as at the balance sheet date have been provided for in the financial statements.

All employees based in Sri Lanka are covered under the Employee Provident Fund and Employees Trust Fund.

All employees based in Sri Lanka with 5 or more years service with the company are entitled to the payment of gratuity, under the Payment of Gratuity Act No 12 of 1983.

Overseas based employees are covered under social security schemes applicable in their home country.

J) AIRLINE REVENUE RECOGNITION

Passenger and cargo sales are initially recorded as a liability in the Sales in advance of carriage account and subsequently recognised as air transport revenue when the service is utilised through carriage by the company.

Passenger and cargo sales made by the company and utilised on the services of other airlines are billed by them and offset against Sales in advance of carriage when paid.

ACCOUNTING POLICIES

Provision is made in the accounts for anticipated revenue adjustments which the management considers necessary.

K) DEFERRED EXPENDITURE

Airframe overhaul ("C" check) costs are deferred and amortised over prescribed flying hours.

Computer systems development, crew conversion and aircraft refurbishment costs are deferred and amortised over periods ranging from three to five years.

L) BORROWING COSTS

Borrowing costs amounting to Rs. 143.15 million incurred on long term loans obtained to meet pre - delivery payments in respect of new aircraft are capitalised as part of the cost of such aircraft.

M) INCOME FROM INVESTMENTS

Dividend income and interest income from fixed deposits are accounted for on a cash basis.

N) CHANGES IN ACCOUNTING POLICIES

i) Valuation of stocks

The method of valuation of consumable stocks (other than aircraft consumable spares and ground support equipment spares) has been changed from the weighted average method to the first-in-first-out method with effect from 01 April 1992.

The adoption of this accounting policy has resulted in an increase in the profit by Rs. 10.21 million.

NOTES TO THE ACCOUNTS

1. Revenue

	GROUP		COMPANY	
	1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
Airline operations – Note 1 (a)	12,233.85	10,362.10	12,246.78	10,362.10
Ground handling	597.25	493.88	597.25	493.88
Duty free sales	101.41	80.05	101.41	80.05
Flight catering	311.64	200.13	—	—
	13,244.15	11,136.16	12,945.44	10,936.03

1(a).Revenue from airline operations comprises :

	COMPANY	
	1993 Rs. M	1992 Rs. M
Scheduled services :		
Passenger	10,709.26	8,988.89
Excess baggage	177.02	160.77
Cargo	1,165.31	1,063.34
Mail	90.42	83.15
	12,142.01	10,296.15
Non scheduled services :	104.77	65.95
	12,246.78	10,362.10

NOTES TO THE ACCOUNTS

2. Operating profit /(loss)

	GROUP		COMPANY	
	1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
Airline operations	155.19	10.66	155.19	10.66
Ground handling	363.05	319.89	363.05	319.89
Duty free sales	36.92	33.59	36.92	33.59
Flight catering	172.92	159.68	—	—
	728.08	523.82	555.16	364.14

	GROUP		COMPANY	
	1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
Operating profit has been arrived at after charging :				
Depreciation on owned fixed assets	361.62	307.23	341.37	287.92
Depreciation on leased fixed assets	248.65	224.35	248.65	224.35
	610.27	531.58	590.02	512.27
Operating lease charges	1,423.64	1014.42	1,423.64	1,014.42
Auditor's remuneration	0.76	0.60	0.57	0.45
Director's emoluments	5.66	5.56	0.76	0.67
Bad and doubtful debts	19.73	67.90	19.72	67.89
Deferred maintenance checks	41.58	43.30	41.58	43.30

NOTES TO THE ACCOUNTS

3. Other income

	GROUP		COMPANY	
	1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
Profit/(loss) on disposal of fixed assets	1.59	3.16	0.45	0.97
Exchange differences	(121.78)	73.91	(133.97)	61.40
Interest	86.26	129.51	81.02	124.93
Dividend from subsidiary/associate company	41.30	38.82	114.93	38.82
Other items	92.52	127.09	91.34	126.44
	99.89	372.49	153.77	352.56

4. Interest & similar charges

	GROUP		COMPANY	
	1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
Interest charges :				
On bank loans	(41.70)	(24.80)	(41.70)	(24.80)
On other loans and lease finances	(323.95)	(322.74)	(323.95)	(322.74)
	(365.65)	(347.54)	(365.65)	(347.54)
Currency losses :				
On bank loans	(27.19)	(51.86)	(27.19)	(51.86)
On other loans and lease finances	(144.86)	(55.89)	(144.86)	(55.89)
	(172.05)	(107.75)	(172.05)	(107.75)
	(537.70)	(455.29)	(537.70)	(455.29)

NOTES TO THE ACCOUNTS

5. Deferred expenditure written off

	GROUP		COMPANY	
	1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
Maintenance checks	(41.58)	(43.30)	(41.58)	(43.30)
Crew training and conversion	(2.90)	(0.48)	(2.90)	(0.48)
Computer systems development	(1.58)	(3.63)	(1.58)	(3.63)
Aircraft refurbishing expenses	(38.54)	(38.34)	(38.54)	(38.34)
Other items	(0.60)	(0.60)	(0.60)	(0.60)
	(85.20)	(86.35)	(85.20)	(86.35)
Less : Deferred maintenance checks included in operating expenditure	41.58	43.30	41.58	43.30
	(43.62)	(43.05)	(43.62)	(43.05)

6. Extraordinary items

	GROUP		COMPANY	
	1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
Provision for deposits with BCCI	19.04	(22.49)	—	—
Design and development cost of new flight kitchen written off.	(3.07)	(1.00)	—	—
	15.97	(23.49)	—	—

The subsidiary, Air Lanka Catering Services Limited had a deposit of US Dollars 1,043,377.14 (equivalent of Rs. 44.98 million) with the Bank of Credit & Commerce International which was placed under receivership during 1991. A provision of Rs. 22.49 million was made in the accounts of the subsidiary in 1991/92 in respect of this deposit , the recovery of which was in dispute at that time. During the year 1992/93, US Dollars 963,822 (equivalent of Rs. 41.53 million) was recovered by the subsidiary. The provision of Rs. 22.49 million is accordingly reduced to reflect this position.

NOTES TO THE ACCOUNTS

7. Fixed assets – GROUP

	Aircraft and Related equipment		Property Rs. M	Equipment Rs. M	Projects Rs. M	Total Rs. M
	Own Rs. M	Leased Rs. M				
Cost						
At 01 April 1992	2,104.31	3,986.56	745.48	1,172.44	2,701.05	10,709.84
Additions	75.59	—	2.34	225.11	3,428.69	3,731.73
Disposals	(15.38)	—	—	(6.67)	—	(22.05)
Adjustments & transfers	365.24	2,074.86	4.49	24.36	(2,285.52)	183.43
At 31 March 1993	2,529.76	6,061.42	752.31	1,415.24	3,844.22	14,602.95
Depreciation						
At 01 April 1992	1,804.41	2,140.48	262.14	693.23	—	4,900.26
Charge for the year	106.71	248.65	41.29	213.62	—	610.27
Disposals	(15.37)	—	—	(6.67)	—	(22.04)
Adjustments & transfers	—	—	—	—	—	—
At 31 March 1993	1,895.75	2,389.13	303.43	900.18	—	5,488.49
Net book value						
At 31 March 1993	634.01	3,672.29	397.98	471.34	3,844.22	9,114.46
At 01 April 1992	299.90	1,846.08	483.34	479.21	2,701.05	5,809.58

The amounts reflected under property includes land at a valuation of Rs. 31.25 million as referred to in Accounting Policy (C) 2.

The amounts reflected under projects represents the advance and progress payments made in respect of the fleet replacement programme of the Company.

NOTES TO THE ACCOUNTS

7(a). Fixed assets – COMPANY

	Aircraft and Related equipment					Total Rs. M
	Own Rs. M	Leased Rs. M	Property Rs. M	Equipment Rs. M	Projects Rs. M	
Cost						
At 01 April 1992	2,104.31	3,986.56	648.06	967.79	2,701.05	10,407.77
Additions	75.59	—	2.25	196.20	3,428.69	3,702.73
Disposals	(15.38)	—	—	(8.63)	—	(24.01)
Adjustments & transfers	365.24	2,074.86	4.49	24.36	(2,285.52)	183.43
At 31 March 1993	2,529.76	6,061.42	654.80	1,179.72	3,844.22	14,269.92
Depreciation						
At 01 April 1992	1,804.41	2,140.48	220.51	518.66	—	4,684.06
Charge for the year	106.71	248.65	36.31	198.35	—	590.02
Disposals	(15.37)	—	—	(8.63)	—	(24.00)
Adjustments & transfers	—	—	—	—	—	—
At 31 March 1993	1,895.75	2,389.13	256.82	708.38	—	5,250.08
Net book value						
At 31 March 1993	634.01	3,672.29	397.98	471.34	3,844.22	9,019.84
At 01 April 1992	299.90	1,846.08	427.55	449.13	2,701.05	5,723.71

The amounts reflected under property includes land at a valuation of Rs. 31.25 million as referred to in Accounting Policy (C) 2.

The amounts reflected under projects represents the advance and progress payments made in respect of the fleet replacement programme of the Company.

NOTES TO THE ACCOUNTS

8. Investment in subsidiary company

	COMPANY	
	1993 Rs. M	1992 Rs. M
Investment in Air Lanka Catering Services Ltd.		
At 01 April	30.40	24.00
Acquired in the year	—	6.40
At 31 March (384,000 shares of Rs. 100 each)	30.40	30.40

The Company holds 60% of the issued share capital of Air Lanka Catering Service Limited (ALCS).
The Company's shareholding in ALCS as at 31 March 1993 is included in these accounts at cost.

NOTES TO THE ACCOUNTS

9. Net current assets / (liabilities)

	GROUP		COMPANY	
	1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
Current assets :				
Stocks	792.70	497.01	765.59	460.92
Debtors – trade	1,373.03	1,015.92	1,312.60	968.04
Debtors – other	159.81	222.79	159.81	180.05
Debtors – staff	64.47	42.62	63.29	41.27
Advances and deposits	501.85	537.76	493.86	535.83
Cash and bank balances	1,652.13	448.94	1,549.33	368.82
Total current assets	4,543.99	2,765.04	4,344.48	2,554.93
Current liabilities				
Creditors – repayable within one year				
Bank and other loans	367.58	145.03	367.58	145.03
Finance leases	857.88	612.14	857.88	612.14
	1,225.46	757.17	1,225.46	757.17
Trade creditors	2,649.36	2,142.01	2,635.59	2,113.99
Amounts due to subsidiary company	–	–	61.12	98.63
Other creditors	49.40	247.80	28.83	155.88
Sales in advance of carriage	2,075.59	1,509.25	2,075.59	1,509.25
Total current liabilities	5,999.81	4,656.23	6,026.59	4,634.92
Net current assets / (liabilities)	(1,455.82)	(1,891.19)	(1,682.11)	(2,079.99)

The balance shown under Sales in advance of carriage represents approximately 8.9 weeks of average sales (7.6 in 1992). This balance includes a provision for revenue adjustments which the management considers adequate based on past experience.

The balances shown under Debtors (trade, other and staff) are net of provisions for bad and doubtful debts amounting to Rs. 165.97 million, (Rs. 146.24 million in 1992).

NOTES TO THE ACCOUNTS

10. Share capital

	COMPANY	
	1993 Rs. M	1992 Rs. M
Authorised		
150,000,000 shares of Rs.100 each	15,000.00	15,000.00
Issued and fully paid		
73,694,713 shares of Rs.100 each	7,369.47	7,369.47

11. Profit and loss account

	GROUP		COMPANY	
	1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
Profit / (loss) for the year	178.64	312.03	127.61	218.36
Profit and loss account at 01 April				
As previously reported	(5,703.91)	(6,036.69)	(5,797.58)	(6,036.69)
Prior year adjustments	(20.75)	—	(20.75)	—
As restated	(5,724.66)	(6,036.69)	(5,818.33)	(6,036.69)
Profit and loss account at 31 March	(5,546.02)	(5,724.66)	(5,690.72)	(5,818.33)

Prior year adjustments represent a provision made in 1992/93 amounting to Rs. 20.75 million, in respect of Immigration Service Notices issued on the Company by the United Kingdom Immigration authorities under the Immigration (Carriers Liability) Act of 1987.

NOTES TO THE ACCOUNTS

12. Capital reserve

	GROUP		COMPANY	
	1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
At 01 April	275.56	267.56	267.56	267.56
Reserve on consolidation	—	8.00	—	—
At 31 March	275.56	275.56	267.56	267.56

13. Revenue reserve

	GROUP		COMPANY	
	1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
At 01 April	41.93	—	—	—
Additions/transfers during the year	(41.30)	41.93	—	—
At 31 March	0.63	41.93	—	—

14. Other reserves

	GROUP		COMPANY	
	1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
At 01 April	15.80	14.31	15.80	14.31
Additions during the year	8.41	5.45	8.41	5.45
Charge for the year	(1.78)	(3.96)	(1.78)	(3.96)
At 31 March	22.43	15.80	22.43	15.80

NOTES TO THE ACCOUNTS

15. Deferred items

	GROUP		COMPANY	
	1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
Exchange equalisation (Note a)	653.27	499.35	653.27	499.35
Deferred expenditure (Note b)	71.61	108.85	71.61	108.85
	724.88	608.20	724.88	608.20

(a) Exchange equalisation

	GROUP		COMPANY	
	1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
At 01 April	499.35	456.58	499.35	456.58
Exchange loss on translation of foreign currency loans and finance leases – see Accounting Policy G(iii)	240.01	109.14	240.01	109.14
Charge for the year	(86.09)	(66.37)	(86.09)	(66.37)
At 31 March	653.27	499.35	653.27	499.35

(b) Deferred expenditure

	GROUP		COMPANY	
	1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
At 01 April	108.85	16.39	108.85	16.39
Additions during the year	47.96	178.81	47.96	178.81
Charge for the year	(85.20)	(86.35)	(85.20)	(86.35)
At 31 March	71.61	108.85	71.61	108.85

NOTES TO THE ACCOUNTS

16. Long-term loans

The Company has loan obligations to banks and other institutions which are denominated in US dollars and in Japanese Yen. The balance outstanding as at 31st March 1993 in respect of loans denominated in Japanese Yen was JPY 889.17 million (US Dollars 7.71 million).

	GROUP		COMPANY	
	USD M	Rs. M	USD M	Rs. M
At 01 April 1992	33.33	1,435.00	33.33	1,435.00
Additions during the year	28.52	1,245.76	28.52	1,245.76
Repayments during the year	(3.13)	(130.88)	(3.13)	(130.88)
Restatements	0.74	268.69	0.74	268.69
At 31 March 1993	59.46	2,818.57	59.46	2,818.57

The future payments under these loans are as follows:

	1993		1992	
	USD M	Rs. M	USD M	Rs. M
Bank loans payable				
Within one year	0.90	42.66	1.20	51.68
Between :				
- One and two years	3.13	148.14	0.90	38.75
- two and three years	8.98	425.87	4.69	201.84
- three and four years	12.71	602.64	6.25	269.13
- four and five years	12.71	602.64	6.25	269.12
- after five years	13.31	631.26	7.81	336.41
	51.74	2,453.21	27.10	1,166.93
Other loans payable				
Within one year	1.93	91.34	2.17	93.35
Between :				
- One and two years	1.93	91.34	1.02	43.68
- two and three years	1.93	91.34	1.02	43.68
- three and four years	1.93	91.34	1.01	43.68
- four and five years	-	-	1.01	43.68
- after five years	-	-	-	-
	7.72	365.36	6.23	268.07
Total long term loans	59.46	2,818.57	33.33	1,435.00
Amount due within one year included under current liabilities	2.83	134.00	3.37	145.03
	56.63	2,684.57	29.96	1,289.97

Loans are repayable on various dates upto the year 1997 at varying interest rates which ranged from 5.4 percent to 8.5 percent per annum during the year. Obligations on bank and othe loans stated above are secured on fixed assets owned by the Company to the extent of USD 0.9 M (Rs. 42.67 M). The balance of USD 58.56. M (Rs. 2,775.91 M) is guaranteed by the Government of Sri Lanka.

NOTES TO THE ACCOUNTS

17. Obligations under finance leases

The Company has commitments under finance lease agreements expiring in 1994 and in 2004 in respect of aircraft and aircraft spare engines..

	GROUP		COMPANY	
	USD M	Rs. M	USD M	Rs. M
At 01 April 1992	39.66	1,707.77	39.66	1,707.77
Additions during the year	35.51	1,576.02	35.51	1,576.02
Repayments during the year	(14.22)	(629.03)	(14.22)	(629.03)
Restatements	—	234.72	—	234.72
At 31 March 1993	60.95	2,889.48	60.95	2,889.48

The future payments under these finance leases, which are US Dollar denominated are as follows.

	1993		1992	
	USD M	Rs. M	USD M	Rs. M
Within one year	18.10	857.88	14.22	612.14
Between :				
— One and two years	10.97	519.96	16.36	704.76
— two and three years	2.07	97.99	9.08	390.87
— three and four years	2.25	107.12	—	—
— four and five years	2.47	117.11	—	—
— after five years	25.09	1,189.42	—	—
	60.95	2,889.48	39.66	1,707.77
Amount due within one year included under current liabilities	18.10	857.88	14.22	612.14
	42.85	2,031.60	25.44	1,095.63

The future payments of interest charges relating to these finance leases are as follows.

	1993	
	USD M	Rs. M
Within one year	5.47	259.33
Between :		
— One and two years	3.07	145.35
— two and three years	2.43	115.31
— three and four years	2.28	107.86
— four and five years	2.09	99.06
— after five years	8.00	379.13
	23.34	1,106.04

The Government of Sri Lanka has guaranteed the obligations of the Company under the finance lease agreements up to a limit of US Dollars 36.54 million (Rs. 1,732.22 million).

NOTES TO THE ACCOUNTS

18. Deferred liabilities

	GROUP		COMPANY	
	1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
At 01 April	71.74	63.55	62.22	55.10
Payments during the year	(4.85)	(2.78)	(2.64)	(2.78)
Charge for the year	42.83	10.97	35.65	9.90
At 31 March	109.72	71.74	95.23	62.22

NOTES TO THE ACCOUNTS

19. Commitments

(a) Outstanding commitments for capital expenditure at 31 March 1993 are as follows :

	GROUP	COMPANY
	Rs. M	Rs. M
- Contracts placed	28,643.76	28,643.76
- Authorised but not contracted for	12.52	12.52

Amount shown under contracts placed includes the price of one Airbus A320 - 200 aircraft and five Airbus A340-300 aircraft on order.

Outstanding commitments for capital expenditure as at 31 March 1993 are expected to be crystallised in the following periods.

	GROUP	COMPANY
	Rs. M	Rs. M
- 1993/94	2,270.18	2,270.18
- 1994/95	14,766.18	14,766.18
- 1995/96	-	-
- 1996/97	-	-
- 1997/98	-	-
- After 1997/98	11,619.92	11,619.92
	28,656.28	28,656.28

NOTES TO THE ACCOUNTS

(b) At 31 March 1993, the Company had commitments under Operating leases to make payments in the subsequent years as follows:

	USD. M	Rs. M
Leases expiring :		
- Within one year	9.80	464.76
- After one year but within 5 years	3.43	162.68
- After 5 years	-	-
	<u>13.24</u>	<u>627.44</u>

20. Loans granted to employees

Staff debts outstanding as at 31 March 1993 amounting to Rs. 64.47 M include loans granted to employees in excess of Rs. 20,000. Particulars of such loans are as follows;

	No. of employees	Amount in Rs.
GROUP		
Balance as at 01 April 1992	18	883,287
Loans granted during the year	14	2,044,936
Loans recovered during the year	-	(825,747)
Balance as at 31 March 1993	30	2,102,476
COMPANY		
Balance as at 01 April 1992	13	618,704
Loans granted during the year	7	1,569,436
Loans recovered during the year	-	(628,584)
Balance as at 31 March 1993	19	1,559,556

NOTES TO THE ACCOUNTS

21. Taxation

Sri Lanka taxation

The Company has signed an agreement under Section 17 of the Greater Colombo Economic Commission Law No. 4 of 1978 which exempts it from the payment of income tax, corporate tax and tax on dividends and royalties for an initial period of seven years from 01 September 1979, subsequently extended for a period of three years from 01 August 1986. This exemption has been further extended for a period of five years from 01 August 1989.

The subsidiary, Air Lanka Catering Services Limited has signed an agreement under Section 17 of the Greater Colombo Economic Commission Law No. 4 of 1978 which exempts it from the payment of income tax, corporate tax and tax on dividends and royalties for an initial period of five years from 01 April 1980, subsequently extended for a period of two years and thereafter for another three years. This exemption has been further extended for a period of five years from 01 April 1991.

Overseas taxation

The Company is liable to tax on its overseas operations in countries where there are no double tax treaties at present.

However, there is no liability in the current year due to the carry forward tax losses available to the Company, except as stated in Note 30 (b).

22. Charge on assets

Assets shown as owned in the financial statements of the Company at 31 March 1993 belonged to the Company and were free from any charge except for :

Lockheed Tristar L 1011-50 4R ULE (airframe)

Nine Rolls Royce RB 211 aircraft engines

23. Consolidated Financial Statements

The results of Air Lanka Catering Services Limited for the first two months ended 30 May 1991 have been accounted for as an associate company while the results for the balance ten months ended 31 March 1992 have been consolidated as a subsidiary company. This position is reflected in the comparative results for 1992.

NOTES TO THE ACCOUNTS

24. Director's interest

Air Lanka has the right to nominate four Directors to the Board of Air Lanka Catering Services Limited, with whom the company has a contract for catering. The nominee Directors as at 31 March 1993 were:

Mr. M G D Jayawardena
Mr. R Paskaralingam
Mr. S K H Wijayatillake PC
Mr. R Jayakody

The nominee Directors as at date are:

Desamanya Gen. D S Attygalle
Mr. R Paskaralingam
Mr. D S J Pelpola
Mrs. R L Nanayakkara

25 Post balance sheet events

In terms of the provisions of article 10(iv) of the Articles of Association of the Company, the issued and fully paid share capital of the Company was reduced from Rs. 7,369,471,300 divided into 73,694,713 shares of Rs. 100 each, to Rs. 3,833,471,300 divided into 38,334,713 share of Rs. 100 each fully paid up.

The capital reduction is effective from 01 April 1993 and was applied against accumulated losses in accordance with a capital restructuring

programme undertaken by the Company.

26. Comparative amounts

Certain comparative amounts have been reclassified to conform with the current year's presentation.

27. Aircraft rotatable spares

(Rs. 525.74 million - Book value)

Aircraft rotatable spares were physically verified at the year end. These spares were valued as follows:

(i) Purchases prior to 01 April 1991 - using the cross rate arrived at by dividing the Sri Lanka Rupee book value of rotatable spares as at 31 March 1991 by the aggregate US Dollar value of individual rotatable spares as at that date.

(ii) Purchases after 01 April 1991 - at cost.

The method of valuing rotatable spares purchased prior to 01 April 1991 is a departure from Sri Lanka Accounting Standard No. 18 which requires fixed assets to be valued at historical rupee values. This method was nevertheless adopted, in order to establish individual rupee costs which were previously not available.

NOTES TO THE ACCOUNTS

28. Aircraft non-rotable spares

(Rs. 479.70 million)

Aircraft non-rotable spares were physically verified during the year under a continuous verification programme. These spares were valued as follows:

(i) Purchases prior to 01 April 1992 - using the weighted average US Dollar rates available in the perpetual inventory records and converted into Sri Lanka Rupees by using a cross rate.

The cross rate was arrived at by dividing the Sri Lanka Rupee book value of the non-rotable spares as at 31 March 1992 by the aforesaid US Dollar value.

(ii) Purchases during the year at cost.

The method of valuing non-rotable spares purchased prior to 01 April 1992 is a departure from Sri Lanka Accounting Standard No. 5 which requires inventories to be valued at cost or net realisable value whichever is lower.

The Directors, however, consider this appropriate in order to establish individual rupee costs which were previously not available.

29. Aircraft engine overhaul

Aircraft engine maintenance cost is provided for in these accounts on the basis of actual hours flown, at an estimated cost per flying hour established at the commencement of the Financial year.

30. Contingencies

(a) No provision has been made in the accounts in respect of contingent liabilities arising in the normal course of business of the Company, in respect of legal actions or other claims being undertaken against the Company. This contingent liability is estimated by the management at Rs. 184.25 M.

(b) No provision has been made in the Accounts in respect of a potential tax liability of OMR 319,547 (Rs. 37.07 M) and SAR 6,011,109 (Rs. 72.07 M) in respect of income arising in Oman and Saudi Arabia respectively. However, with the impending signing of a double tax treaty between Sri Lanka and the two governments, it is anticipated that this matter will be resolved in favour of the Company.

31. Related party transactions

The Company has entered into a contract with M/s Indo Pacific Business & Management Consultants (Pte.) Ltd. Singapore, for consultancy services. Mr. A C Mahajan who is employed on a contractual basis as Chief Marketing Officer is also a member of the team of Consultants of the said firm.

Other than the above, there were no other related party transactions during the year.

STATEMENT OF CHANGES IN FINANCIAL POSITION

Source of funds :	Note	GROUP		COMPANY	
		1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
Profit / (loss)	A	137.38	273.21	12.72	179.54
Adjustment for items not involving the movement of funds	B	1,010.25	886.61	902.19	783.22
Funds generated from operations		1,147.63	1,159.82	914.91	962.76
Funds awaiting allotment		1,312.87	—	1,312.87	—
Long term loans		1,245.76	1,303.19	1,245.76	1,303.19
Finance leases		1,576.02	—	1,576.02	—
Short term loans		247.95	—	247.95	—
Duty Free Product Support reserve		8.41	5.45	8.41	5.45
Proceeds from disposal of fixed assets		1.59	4.05	0.45	0.99
Income from investments		—	—	114.93	38.82
		5,540.23	2,472.51	5,421.30	2,311.21
Application of funds					
Purchase of fixed assets		303.04	506.43	274.04	494.69
Investment in projects		3,428.69	2,510.07	3,428.69	2,510.07
Investment		—	6.40	—	6.40
Deferred expenditure		47.96	178.81	47.96	178.81
Duty Free Product Support reserve		1.78	3.96	1.78	3.96
Long term loans		130.88	114.30	130.88	114.30
Short term loans		20.39	—	20.39	—
Dividend payment to minority interests		91.26	98.83	—	—
Deferred liabilities		2.64	2.78	2.64	2.78
Finance leases		629.03	513.11	629.03	513.11
		4,655.67	3,934.69	4,535.41	3,824.12
Working capital					
Net increase	C	884.56	(1,462.18)	885.89	(1,512.91)

NOTES TO THE STATEMENT OF CHANGES IN FINANCIAL POSITION

Notes	GROUP		COMPANY	
	1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
A) Profit / (loss) per accounts	178.64	312.03	127.61	218.36
Prior year non-cash adjustments	0.04	—	0.04	—
Income from associate company	(41.30)	(38.82)	(114.93)	(38.82)
	137.38	273.21	12.72	179.54
B) Adjustments for items not involving— — the movement of funds				
Depreciation	610.27	531.58	590.02	512.27
Amortisation of deferred items	257.25	194.10	257.25	194.10
Profit on disposal of fixed assets	(1.59)	(3.16)	(0.45)	(0.97)
Minority interest	83.98	62.45	—	—
Aircraft rotatable spares	—	0.03	—	0.03
General provisions	60.34	101.61	55.37	77.79
	1,010.25	886.61	902.19	783.22
C) Increase/ (decrease) in components of working capital				
Stocks	290.23	86.36	304.67	74.74
Debtors	279.14	279.41	366.06	245.18
Advance payments and deposits	(39.16)	207.91	(41.97)	207.76
Creditors and accruals	(854.31)	(722.93)	(923.38)	(781.41)
Net liquid funds	1,208.66	(1,312.93)	1,180.51	(1,259.18)
	884.56	(1,462.18)	885.89	(1,512.91)

STATEMENT OF VALUE ADDED

Value added	GROUP		COMPANY	
	1993 Rs. M	1992 Rs. M	1993 Rs. M	1992 Rs. M
Total revenue	13,244.15	11,136.16	12,945.44	10,936.03
Less: Purchases of goods and services	10,936.45	9,431.86	10,943.81	9,452.30
Value added by the Company	2,307.70	1,704.30	2,001.63	1,483.73
Add: Surplus on sale of fixed assets	1.59	3.16	0.45	0.97
Investment income	86.26	129.51	81.02	124.93
Non operating revenue	12.04	239.82	72.30	226.66
Total value added	2,407.59	2,076.79	2,155.40	1,836.29
Distribution of value added :				
To employees— as remuneration	1,135.13	821.42	1,038.20	756.33
To overseas governments— as corporation and other taxes	33.92	1.79	33.92	1.79
To suppliers of capital— as interest	365.65	347.54	365.65	347.54
Minority Interest	83.98	62.45	—	—
Retained for re—investment and future growth				
Depreciation	610.27	531.56	590.02	512.27
Retained profits	178.64	312.03	127.61	218.36
Total value added	2,407.59	2,076.79	2,155.40	1,836.29

Value added is a measure of wealth created. This statement shows the value added and its distribution by way of payments to employees, local and overseas governments and to providers of capital. It also indicates the proportion retained for re—investment and future growth.

TEN YEAR REVIEW - COMPANY

		1984	1985	1986
PROFIT AND LOSS ACCOUNT				
Total revenue	Rs. Million	3,238.84	3,778.60	4,247.25
Total expenditure	Rs. Million	3,082.33	3,963.96	4,495.23
Net profit/(loss)	Rs. Million	(648.15)	(1,269.06)	(1,042.16)
BALANCE SHEET				
Share capital	Rs. Million	1,780.00	2,868.00	3,265.00
Fixed assets	Rs. Million	4,209.43	4,280.60	4,867.62
Current assets	Rs. Million	974.04	1,109.26	1,376.58
Total assets	Rs. Million	5,183.48	5,389.87	6,244.21
Current liabilities	Rs. Million	1,577.66	1,693.86	1,825.14
YIELD/UNIT COST				
Overall yield	Rs. tkm	12.5	12.0	12.2
Unit cost	Rs. tkm	7.8	7.6	8.6
Breakeven load factor	%	62.4	63.0	70.5
Revenue per RPK	Rs./RPK	1.2	1.2	1.2
PRODUCTION				
Passenger capacity	ASK Millions	3,172.91	3,910.94	3,959.97
Overall capacity	ATK Millions	397.20	514.30	490.40
TRAFFIC				
Passengers carried	Nos. Thousands	622	687	713
Passengers carried	RPK Millions	2,142.10	2,545.52	2,573.25
Passenger load factor	%	67.50	65.10	65.00
Cargo carried	Tonnes	11,805	13,773	14,959
Cargo load carried	RTK Millions	48.91	61.92	66.95
Overall load carried	RTK Millions	245.20	294.50	303.00
Cargo freight factor	%	na	48.35	49.63
Overall load factor	%	61.70	57.30	61.80
STAFF				
Average strength	Nos.	3,048	3,874	3,885
Revenue per employee	Rs.	1,062,612	975,374	1,093,243
Capacity per employee	Tonne-km	130,315	132,757	126,229
Load carried per employee	Tonne-km	80,446	76,020	77,992

GLOSSARY OF TERMS USED

Available Seat Kilometres (ASK)

The product of seats offered for sale and the distance over which they are carried.

Available Tonne Kilometres (ATK)

This is the measure of transport production. The ATK produced by a flight are the capacity for payload of the aircraft measured in tonnes multiplied by the distance flown.

Revenue Passenger Kilometres (RPK)

The product of passengers carried and the distance over which they are carried.

TEN YEAR REVIEW - COMPANY

1987	1988	1989	1990	1991	1992	1993
3,746.93	4,190.34	5,144.31	6,704.95	9,226.19	10,936.03	12,945.44
3,658.76	4,139.44	4,713.94	6,405.91	8,821.99	10,571.89	12,390.28
(642.72)	(374.64)	(128.43)	163.17	201.06	218.36	127.61
5,898.47	6,510.47	7,369.47	7,369.47	7,369.47	7,369.47	7,369.47
5,456.47	4,063.57	3,979.55	3,497.75	3,231.25	5,723.71	9,019.84
1,246.67	1,383.21	1,962.62	2,666.08	3,354.33	2,554.93	4,344.48
6,774.15	5,520.95	6,035.80	6,246.56	6,609.58	8,309.04	13,394.72
1,722.74	1,886.51	2,158.64	2,945.89	3,710.71	4,614.17	6,026.59
13.9	15.6	16.4	18.8	20.9	22.8	24.9
8.9	10.3	10.2	11.9	14.4	15.1	15.4
64.0	66.0	62.4	63.1	68.7	66.4	62.1
1.4	1.5	1.6	2.0	2.1	2.4	2.5
3,062.21	2,930.09	3,401.17	3,945.39	4,539.59	5,307.55	6,137.90
374.80	366.70	446.20	524.53	600.66	698.37	782.71
583	591	720	775	878	958	1,067
1,927.28	1,974.00	2,510.06	2,769.50	3,445.91	3,772.02	4,203.25
62.90	67.40	73.80	70.20	75.91	71.07	68.48
11,045	11,462	14,995	17,177	22,090	25,819	26,518
46.50	47.39	64.35	77.06	92.13	105.49	108.63
223.10	228.90	294.60	332.8	414.8	453.44	492.20
45.14	45.58	51.43	47.13	53.05	51.95	48.28
59.50	62.40	66.00	63.45	69.05	64.93	62.88
3,796	3,638	3,535	3,603	3,678	4,181	4,531
987,073	1,151,825	1,455,250	1,860,935	2,508,480	2,615,649	2,857,082
98,736	100,797	126,223	145,581	163,312	167,034	172,746
58,772	62,919	83,338	92,367	112,768	108,453	108,629

Revenue Tonne Kilometres (RTK)

The product of passenger and cargo carried in tonnes and the distance over which they are carried.

Load Factor

The percentage relationship of revenue load to capacity provided. The passenger load factor relates RPK to ASK while the overall load factor relate RTK to ATK.

Break-even Load Factor

The load factor required to equate revenue from scheduled airline operations with operating costs.

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HEAD OFFICE: 37 York Street, Colombo 1, Sri Lanka. Tel: 94-1 Gen Admin 421291, 07 35555, Passenger Reservations/Reconfirmations 421161, 0735555
Telex: 21401 LANKAIR CE, Fax: 449841, Cargo Sales 436362/580104

AUSTRALIA

Adelaide: World Aviation Systems (Aust) Pty Ltd.,
Avion House, 249-251 Pulteney Street, Adelaide 5000,
South Australia. Tel: (G) 61-8-2321411 Tlx: AA88302 CONIT
Brisbane: World Aviation Systems (Aust) Pty Ltd.,
6th Floor, 217 George Street, Brisbane, Australia.
Tel: 61-07 (G) 8677188 Fax: 2213049
Canberra: World Aviation Systems (Aust) Pty Ltd.,
A.C.I.L. House, 103-105, Northbourne Avenue, Turner A.C.T.
2601, Australia. Tel: (G) 61-6-2571055
Melbourne: Air Lanka Ltd.,
c/o World Aviation Systems (Aust) Pty Ltd.,
543 King Street, West Melbourne, Victoria 3003, Australia.
Tel: 61-3 (G) 3216860, (R) 3216882
Tlx: AA33508 CONIT Fax: 3290082
Sydney: Admin.: Air Lanka Ltd.,
c/o World Aviation Systems (Aust) Pty Ltd.,
403 George Street, Sydney 2000, New South Wales,
Australia. Tel: 61-2 (G) 2391786, (R) 2391722
Tlx: AA24577 CONIT Fax: 2901817
Tktg. & Res.: World Aviation Systems (Aust) Pty Ltd.,
64 York Street, Sydney 2000, New South Wales, Australia.
Tel: 61-2 (R/T) 2391722 INWATTS: 008-424038

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(T) 5133776-13 Tlx: SITA-VIERRUL COMM-113254
Fax: 5139552

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c/o Bahrain International Travel, Ground Floor,
Chamber of Commerce Bldg., King Faizal Street,
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Tel: 973 (G) 253315, (R) 233819
Tlx: 9242 BIT BAH BN Fax: 210175

BELGIUM

Brussels: Air Lanka Ltd.,
Station Building 1, Room 445, 1930 Zaventem, Brussels,
Belgium. Tel: 32-2-7223132 Tlx: COMM-21524
Fax: 7223829

BRAZIL

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20021-010, Brazil. Tel: 55-21 (D) 2625881,
(R) 2926600, (T) 2203871 Tlx: 2122363

BULGARIA

Sofia: Balkan Bulgarian Airlines,
12 Narodno Subranie Square, Sofia,
People's Republic of Bulgaria.
Tel: 359 (D) 884433, 884493

CANADA

Ontario: D & N Travel Services Inc.,
2235 Kennedy Road, Suite 101, Scarborough,
Ontario M1T, 3G8, Canada Tel: (G) 1-416-6961225
Tlx: 06217847 Fax: 2915336

CYPRUS

Nicosia: Signal Travel Ltd.,
52 Evagoras Avenue, P. O. Box 1301, Nicosia, Cyprus.
Tel: 357-2 (R) 464764 Tlx: 2341 NIC Fax: 461894 NIC

FRANCE

Paris: Sales: Air Lanka Ltd.,
2 Rue Des Moulins, 75001, Paris, France.
Tel: 33-1 (G) 42969022, (D) 44778220, (R) 42974344
Tlx: 213638 Fax: 42868320
Regional Office For Europe:
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Tel: 33-1 (D) 44778215-16 Fax: 42868320

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Tel: 49-30 (G) 6788600, 67872874
Tlx: 11254244 DD Fax: 67872914
Munich: Air Lanka Ltd.,
Airport Terminal D Building,
310A Room D4310, 8000 Muenchen 87,
Munich, Germany.
Tel: 49-89-97591680 Fax: 97591686

GREECE

Athens: Intermodal Air S.A.,
31-33 Voulis St., 105-57 Athens, Greece.
Tel: 30-1 (G) 3349089, (R) 3349797
Tlx: 221530 Fax: 3249152

HONG KONG

Hong Kong: Air Lanka Ltd.,
Room 602, 6/F, Peregrine Tower, Lippo Centre,
89 Queensway, Hong Kong. Tel: 852 (R) 5210708 (4 Lines)
Pax Sales 5210812, CGO Sales 5210830 Fax: 8015600

INDIA

Amritsar: Stic Travels Pvt. Ltd.,
Amritsar International Hotel, City Centre, India.
Tel: 91-183 (G) 31991, 31992
Bangalore: Stic Travels Pvt. Ltd.,
G-5 Imperial Court, 33/1 Cunningham Road, Bangalore-5,
India. Tel: 91-812-262814, 267613 Tlx: 845-8633 STIC IN
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c/o Anusha Air Travels Pvt. Ltd.,
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Bombay 400 021, India.
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Faridabad: Stic Travels Pvt. Ltd.,
Maggie Tourist Complex, Mathura Road, Faridabad, India.
Tel: 91-1181 (G) 3473, 5864
Hyderabad: Nagarjuna Travels & Hotels Pvt. Ltd.,
3-6-356/358 Basheer Bagh, Hyderabad 500029, India.
Tel: 91-237201 (7 Lines) Tlx: 04256260 HONAIN
Jullundur: Stic Travels Pvt. Ltd.,
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Tel: (G) 91-181-2975 Tlx: 56540 STIC IN
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c/o Translanka Air Travels (Pvt.) Ltd., Mount Chambers,
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New Delhi: Ms Stic Travels Pvt. Ltd.,
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Other GSA: Air Lanka Ltd.,
c/o Stic Travels Pvt Ltd, Room 5, Hotel Imperial, Janpath,
New Delhi 110001, India. Tel: 91-11 (G) 3713766/9,
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Patna: Stic Travels Pvt. Ltd.,
"Hotel Ashok", Patliputra, Patna, India. Tel: (G) 91-612-26270
Tlx: 31-62985 STIC IN
Salem: Translanka Air Travels (Pvt.) Ltd.,
47 Divya Towers, Fort Main Road, Salem 636001, India.
Tel: 91-427-51542 PP
Tiruchirapalli: Air Lanka Ltd.,
c/o Translanka Air Travels (Pvt.) Ltd.,
"Femina Hotel", 14-C Williams Road, Cantonment,
Tiruchirapalli 620 001, India. Tel: (G) 91-431-40844,
Tirunelveli: Trans Air Travels (Pvt.) Ltd., 66X Vijay Building
Anyas Hotel Complex, Madurai Road, Tirunelveli 627001,
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Trivandrum: Air Lanka Ltd., c/o Anusha Air Travels (Pvt.) Ltd.
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695014 Kerala, Trivandrum,
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Cork: Aer Lingus, 38 Patrick Street, Cork, Ireland.
Tel: 353-21-27431 Tlx: 76176
Dublin: Aer Lingus, 40 Upper O'Connell Street, Dublin,
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Branch Office:
Aer Lingus, 42 Grafton Street, Dublin, Ireland.
Aer Lingus, 12 Upper George Street, Dublin, Ireland.
Aer Lingus, Teoranta, Dublin Airport, Dublin, Ireland.
Tel: 353-1-370011
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136 O'Connell Street, Limerick, Ireland. Tel: 353-61-45556
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Building", 2-19-27 Hakata Ekimae, Hakata-Ku, Fukuoka 812,
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Tel: 81-3 (G) 35734263-4, (R) 35734261, (T) 35734262
Fax: 35740780

JORDAN

Amman: Grand Travel & Tourism Co., Shmeisani Behind
Housing Bank Complex, P.O. Box 2152, Amman.
Tel: 96-26 (G) 682140, (T) 682146 Telex: 21194 GRAND JO
Fax: 690402

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Seoul: Dongil Express Co. Ltd.,
Room 705, Namgang Bldg., 32-2 Mukyo-Dong, Chung-Ku,
Seoul, South Korea. Tel: (R) 82-2-7562161-2

KUWAIT:

Safat: Air Lanka Ltd., c/o Delta Travel Company, P.O. Box
26347, Alsour Street, Safat 13124, Kuwait.
Tel: (G) 965-2424444 Tlx: 44544 KT OZARK Fax: 2461437

LEBANON

Beirut: World International Lines Co. Ltd.,
Autostrade Jal-Eldib, Douehi Bldg.,
P.O. Box 70775, Beirut, Lebanon.
Tel: 961-1 (G) 403515, (R) 415385 Tlx: 43750 PALTIC LE
Fax: 414567

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Kuala Lumpur, Malaysia. Tel: 60-3 (G) 2740211 Fax: 2740897

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(Ext. 245, 246), 352677 Fax: 313169
Maldives Air Services Ltd.,
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P.O. Box 2049, Male 20-05,
Rep. of Maldives. Tel: 960 (G) 322438, (T) 322437,
(R) 325676 Tlx: 77058 AIRMALE MF

MALTA

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Tlx: 12820 ULAMS NL Fax: 6428899

NEW ZEALAND

Auckland: Astjet Air Services Ltd.,
Jetset Center, Level 6, 44 Emily Place, Auckland, New
Zealand. Tel: 64-9-3022695 Fax: 2425

PAKISTAN

Islamabad: Crown Travels Ltd.,
No. 12, Block 1/A, Shaid Plaza, Blue Area,
Islamabad, Pakistan.
Tel: 92-51 (G) 210947, (R) 819706 Tlx: 54265 AKBAR PK
Karachi: Air Lanka Ltd., c/o Crown Travels,
1st Floor, Services Club Extn. Bldg.,
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Tel: 92-21 (G) 528286, (R) 514421, 514428, 521546,
(T) 522679, 526480
Tlx: 21368 AKBAR PK Fax: 5684522
Lahore: Crown Travels,
Ali Complex, 23 Empress Road, Lahore, Pakistan.
Tel: 92-42 (G) 304265, 303265 Tlx: 44162 AKBAR PK

QATAR

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Commercial Centre, Alsadd Street, Doha, Qatar.
Tel: 974 (D) 446345, (G) 441161
Tlx: 4243 ABATRV DH Fax: 441241

SAUDI ARABIA**Dammam (Eastern Province):**

Air Lanka Ltd., c/o Y.B.A. Kanoo,
Airline Centre, P.O. Box 122, King Abdul Aziz Street,
Al Khobar 31932, Dhahran Airport, Saudi Arabia.
Tel: 966-3 (R) 8951153, (T) 8952180, 8952196
Tlx: 871298 KANOO SJ Fax: 8984942

Jeddah (Western Province):

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Fax: 6695801

Riyadh (Central Province): Air Lanka Ltd.,
c/o Y.B.A. Kanoo, Kanoo Tower, P.O. Box 753,
King Abdul Aziz Street, Riyadh 11421, Saudi Arabia.
Tel: 966-1 (D) 4788935, (G) 4772228
Tlx: 401038 KANOO SJ Fax: 4786869

SINGAPORE

Singapore: Air Lanka Ltd.,
Unit 02-00/B PIL Bldg., 140 Cecil Street, Singapore 0106.
Tel: 65 (G/T) 2257233, (R) 2236023 Fax: 2219425

SRI LANKA

Colombo Cargo Office: Air Lanka Ltd.,
660 Galle Road, Colombo 3, Sri Lanka.
Tel: 94-1 Gen 581131-4, 0735555
Tktg. Office: Air Lanka Ltd. (Opp. National Savings Bank)
No.283C, Galle Road, Colombo 3, Sri Lanka.
Tel: 94-1-576394-7, 576391
Tktg. Office: Air Lanka Ltd., Mercantile Building, 55
Janadhipathi Mawatha, Colombo 1, Sri Lanka.
Tel: 94-1 (G) Tktg 328331-4, 0735555,
(R) Recon 421161, 0735555 Fares 27735,
Flt Inf 446175, 452911, 452281
PTA & Regional Tktg. Office: Air Lanka Ltd.,
No. 10-12, Sir Baron Jayathilake Mawatha,
Colombo 1, Sri Lanka. Tel: 94-1 (G) 421291, 0735555
PTA Section 436362, 430531, 0733677

Kandy: Tktg. Office: Air Lanka Ltd.,
(Opp. The Queens Hotel), No. 19, Temple Street,
Kandy, Sri Lanka. Tel: 94-8-32494-5

SOLOMON ISLANDS

Guadalcanal: Solomon Airlines,
Solar House, P.O. Box 23, Honiara, Solomon Islands.
Tel: 677 (G) 20031, (T) 20152 Tlx: HIRSZIE

SULTANATE OF OMAN

Muscat: Air Lanka Ltd.,
c/o Mezon Travels L.L.C.,
P. O. Box 629, Muscat, Sultanate of Oman.
Tel: 968 (G) 796695, (R) 796680-85, (T) 796686
Tlx: 704750 MEZMCT ON Fax: 795721

SWITZERLAND

Zurich: Air Lanka Ltd.,
Reitergasse 6, 8021 Zurich, Switzerland.
Tel: 41-1 (G) 2412090, (R) 2415100, (S) 2413334-5
Tlx: 288418 AIRL CH 812517 (RES) Fax: 2417738

TAIWAN

Taipei: Overseas Travel Services Ltd.,
3 F, No. 156 Fu-Shin N. Road, Taipei, Taiwan.
Tel: (G) 886-2-5144652 Tlx: 26360 OTS TPE

THAILAND

Bangkok: Air Lanka Ltd.,
942/34-35 Cham Issara Tower, Rama IV Rd,
Bangkok 10500, Thailand.
Tel: 66-2 (G) 2369292-3, (R) 2364981-2,
(T) 2364981-2 Fax: 2367617

UNITED ARAB EMIRATES

Abu Dhabi: Air Lanka Ltd.,
c/o Atlas Travels Tourism & Transport, Electra Road,
Zayed The 2nd Street, Al Darmaki Bldg.,
P.O. Box 2086, Abu Dhabi, UAE.
Tel: 971-2 (G) 337272, (R) 337125
Tlx: 23575 ATTRAV Fax: 340391

Ajman: Ajman National Travel Agency,
Sh. Mohd Bin Ali Al Nuaimi Building,
Flat No. 2, Ground Floor, Sh. Rashid Bin Humaid Street,
Ajman, P.O. Box 641, U.A.E.
Tel: (G/R) 971-6-422300 Tlx: 69625 ANTA EM

Al Ain: Atlas Travels Tourism & Transport,
Al Ain Street, Al Dhaheri Building,
P.O. Box 16060, Al Ain, U.A.E. Tel: 971-3-643344

Dubai: Air Lanka Ltd.,
Dnata Airline Center, "C" Entrance,
P.O. Box 12889, Dubai, U.A.E.
Tel: 971-4 (G) 225951, 287781, (R) 236755, 223423
Dubai National Air Travel Agency,
P.O. Box 1515, Dubai, U.A.E.
Tel: 971-4 (G) 228151, (R) 236755 Tlx: 45728 DNATA EM
Fax: 234245

Fujairah: Fujairah National Air Travel Agency,
P.O. Box 96, Fujairah, U.A.E.
Tel: 971-70 (G) 222524 (R/T) 222316

Ras Al Khaimah: Rak National Travel Agency,
Al Seer Bldg., P.O. Box 5214, Oman Street,
Ras Al Khaimah, U.A.E.
Tel: 971-77 (R) 221536, 221531

Sharjah: Sharjah National Travel & Tourist
Agency (Pvt.) Ltd.,
Al Arooba Street, Sharjah Tower, Sharjah, P.O. Box 17,
U.A.E. Tel: 971-6 (R) 544066, (T) 351411
Tlx: 68021 SNTTA EM

Umm Al Qiwain: Umm Al Qiwain National Travel Agency,
P.O. Box 601, King Faizal Street,
Umm Al Qiwain, U.A.E.
Tel: (G) 971-6-656615

UNITED KINGDOM

London: Air Lanka Ltd.,
22 Regent Street, London SW1Y 420, United Kingdom.
Tel: 44-71 (R) 9304688, (S) 9303766-67
Tlx: 269171 LANKA G Fax: 9305626

UNITED STATES OF AMERICA

Los Angeles: Pyramid Travel Inc.,
8133, San Fernando Road,
Sun Valley, CA. 91352, U S A.
Tel: 1-818 (R) 7674132, (S) 7673827
(Toll Free) 800-4219898 Tlx: 9103214599
Fax: 7674346

Branch Offices: Pyramid Travel Inc.,
New York Branch, 767 Fifth Avenue,
G.M. Plaza, New York, NY 10153, U S A.
Tel: 1-212-8385120 (Toll Free) 800-2475265 Tlx: 710
5812297
Pyramid Travel Inc., 3050 Post oak Suite 1320,
Houston TX 77506, U S A.
Tel: (Toll Free) 1-713-800-5285517

Chicago: Pyramid Travel Inc.,
Macomb Branch, 50 Charleston Road,
Macomb, IL 61455, U S A.
Tel: 1-309-8331401

Florida: Pyramid Travel Inc.,

Fort Lauderdale, 1160 North Federal Highway,
Suite 1013, Fort Lauderdale,
FL 33304, U S A. Tel: 1-305-5233335

U.S.S.R.

Moscow: Aeroflot Soviet Airlines,
Leningradsky Prospekt, 37 Moscow 124167, U.S.S.R.

YUGOSLAVIA
Belgrade: Yugoslanka, Dusana Brankovića 15, 11000
Belgrade, Yugoslavia. Tel: (G) 38-11-542313
Tlx: 72293 TRDLAK YU Fax: 543001
Branch Office: Yugoslanka,
Trg Burze No. 1, 41000 Zagreb, Croatia.
Tel: 38-41-442687
Telex: 21506 LANKA RH Fax: 442878

Air Lanka Route Network Map

