

AIRLANKA ANNUAL REPORT 1998





A Clear Strategic Direction The partnership with

Emirates, entered into on 30th March 1998, (under which Emirates will ultimately acquire a 40% interest in Air Lanka) opens up a new period of opportunity for Air Lanka following a time of uncertainty.

Air Lanka now has a clear strategic direction spelt out in detail in the Ten Year Business Plan adopted as an essential element of the part privatisation process. The plan is one of expansion and growth, and also one of profitability and positive cash flow. It will be the task of the new Management Team to ensure that these two drivers remain in balance.

The cornerstone of the Plan is the replacement of the ageing Tristar fleet with six Airbus A330-200s. Within less than two years, following the delivery of the last A330, Air Lanka will have an all Airbus fleet and one of the most modern, certainly in the region.

The network has also come under review, and whilst a number of destinations, particularly in Europe, will be enhanced by more direct flights, a small number of unprofitable routes will be cut, at least in the short-term.

In line with the strategy of expansion, new destinations will also be launched in the future. It is the objective and the ambition of Air Lanka to build Colombo Airport into an important hub, a transfer point between East and West and between Northern and Southern hemispheres.

Whilst the plan and its implementation will inevitably bring change and the need for flexibility and adaptation by the staff of the airline, some things will remain the same. The quality and warmth of our service, particularly our inflight service, will continue to be an essential part of the foundations of Air Lanka which will be further reinforced by the product review currently being undertaken.

The future for Air Lanka is now looking very positive and there is every confidence that it will become one of the foremost carriers of the region.

Its standards, its style, its modern fleet, its well-trained and skilled staff and its increasing marketing muscle will make it a formidable force in its principal markets.

The Government and people of Sri Lanka will have a national carrier of which they can justifiably be proud.

Corporate Information

Public Limited Liability Company

Directors

D H S Jayawardena - Chairman

K Balapatabendi PC

D Nilaweera

W P S Jayawardena

T C Clark - Managing Director

G W Chapman

D Mannion

A Gray

(Alternate to T C Clark)

M Flanagan

(Alternate to G W Chapman)

Ghaith Al Ghaith

(Alternate to D Mannion)

Company Secretary

Mildred Peries

Registered Office

37 York Street, Colombo 1,

Sri Lanka.

Auditors

Ernst & Young

Chartered Accountants

P O Box 101, Colombo 10,

Sri Lanka.

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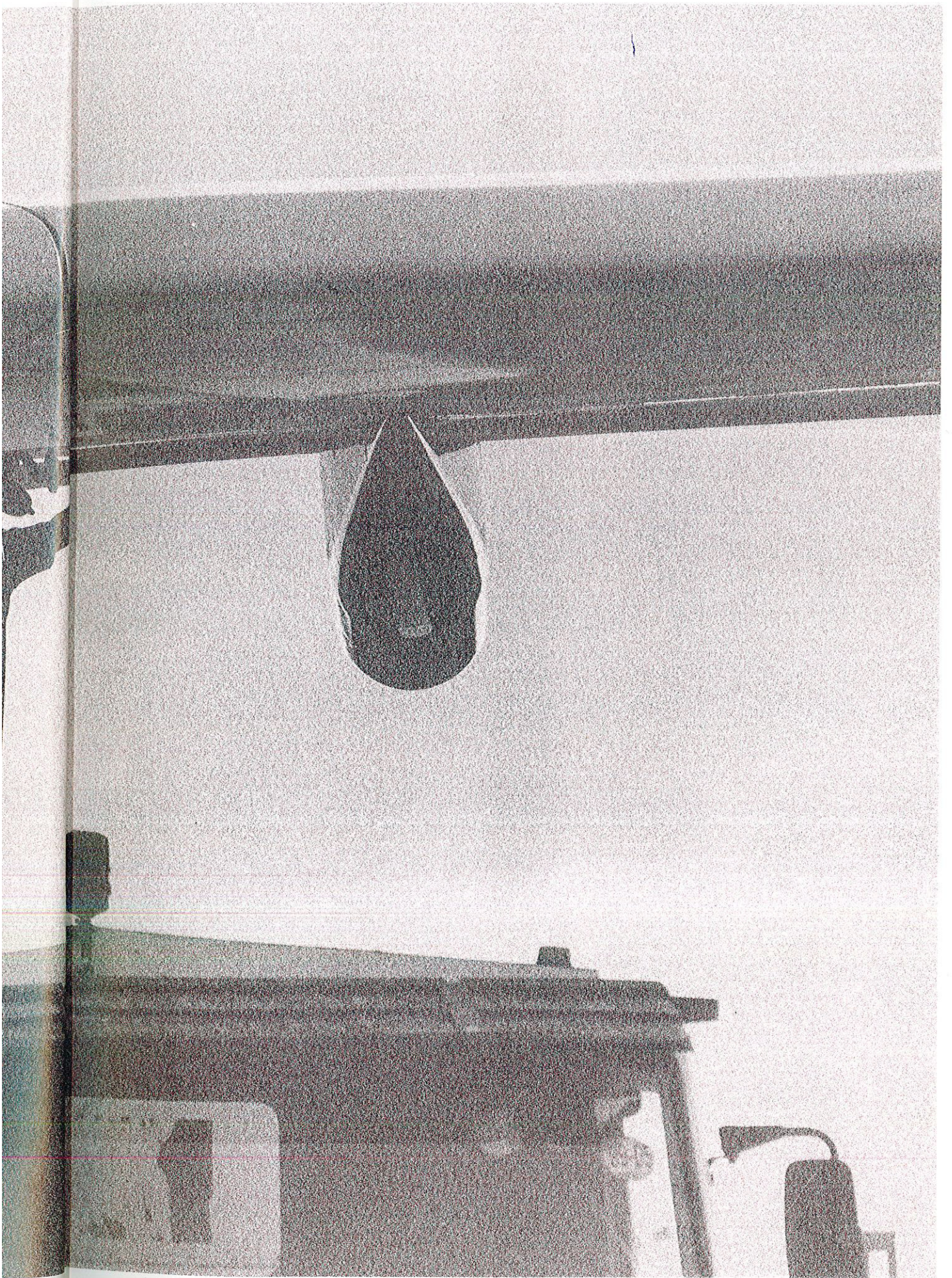
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Chairman's Statement The year under review has been one of achievement for Air Lanka. It has also seen a transformation in the Company's outlook and attitude, in business orientation and customer focus.

We recorded the highest ever revenue and reported respectable profits, which were possible through our focus on operational efficiency, staff productivity and service standards; through also, the development of our employees to contribute more effectively to our goals of strengthening operations, to sustain growth, enhance profitability and more importantly to ensure the comfort and convenience of our customers.

Our achievement is all the more significant considering that most airlines in the region were affected by the economic downturn in Asia.

In an effort to show our appreciation to Air Lanka's loyal and dedicated staff, the Board of Directors was happy to be able, in turn, to share our profits with our employees, offering them a two months' bonus at the end of the financial year - the first time an incentive of this magnitude has been bestowed on the staff in the history of the airline.

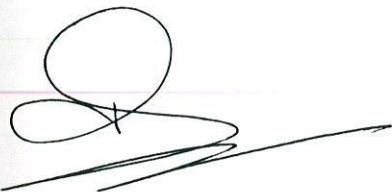
Also for the first time in the history of Air Lanka, dividends were declared, both interim and final to the benefit of the shareholders of the Company.

In the year under review, 44% of tourists who visited Sri Lanka travelled on Air Lanka. Consolidation of our route network saw an injection of capacity into each of the geographical destinations to which we operate - Europe, the Middle East, the Indian sub-continent and the Far East. More frequencies were also added to London, Singapore/ Kuala Lumpur, New Delhi and Kuwait. We also implemented our newly acquired 5th freedom traffic rights between

Dubai and Kuwait. Due credit also must be given to the Agents the world over for this continued service to the customers and the airline.

Much has been achieved this year, but more needs to be done. Managing transformation is a complicated task. Our objective is to have an airline which is founded on real productivity and excellence in the way its employees perform their duties.

Now that our search for a strategic business partner has been concluded, we are confident that the success we achieved this year will be consistently sustained, and that Air Lanka will continue to keep the Sri Lankan flag flying high.

A handwritten signature in black ink, consisting of a large, stylized loop at the top, followed by a horizontal line and a long, sweeping underline.

D H S Jayawardena

Highlights

Financial

		<i>Group</i>		<i>Company</i>	
		1998	1997	1998	1997
Operating revenue	Rs. M	18,019.33	16,005.27	17,608.29	15,619.30
Operating expenditure	Rs. M	14,815.93	14,274.23	14,640.36	14,121.08
Operating profit	Rs. M	3,203.40	1,731.04	2,967.93	1,498.22
Net profit / (loss)	Rs. M	1,405.22	(391.13)	1,641.59	(447.72)

Traffic

Capacity offered	ASK millions			5,672.66	5,525.10
	ATK millions			757.42	746.78
Passengers carried	Thousands			1,201	1,196
Cargo carried	Tonnes			36,478	35,039
Passenger load factor	%			73.24	72.45
Overall load factor	%			72.24	69.91
Break-even load factor	%			70.80	74.40

Staff and productivity

Average number of staff	Nos.	5,508	5,670	4,823	4,965
Revenue per employee	Rs.	3,271,483	2,822,799	3,650,900	3,145,881

Aircraft fleet as at 31st March 1998

<i>Aircraft type</i>	<i>On finance leases</i>	<i>Owned</i>	<i>On order</i>
Airbus A340-300	3		
Airbus A320-200	2		
Airbus A330-200			6
Lockheed Tristar L1011-500		2	
Lockheed Tristar L1011-100		1	
Lockheed Tristar L1011-50		1	
	<u>5</u>	<u>4</u>	<u>6</u>

Review of Operations The Company registered a net profit of Rs.1,641.59 million during the year 1997/98, compared with a net loss of Rs. 447.72 million recorded in 1996/97. This is the highest net profit ever, in its 19 year history.

The Group net profit for the year ended 31st March 1998 amounted to Rs.1,405.22 million, an increase of Rs.1,796.35 million from the previous year.

Revenue Total operating revenue amounted to Rs.17,608.29 million, up by Rs.1,988.99 million or 12.7% from 1996/97.

The revenue of the Group in 1997/98 was Rs. 18,019.33 million, an increase of Rs. 2,014.06 million or 12.6% from the previous year.

Revenue from airline operations increased by Rs. 1,641.33 million or 11.4% to Rs. 16,048.78 million.

Passenger revenue, excluding charter revenue, totalled Rs. 13,298.95 million; an increase of 11.8% from 1996/97.

Revenue from cargo carriage increased by 7.7% to Rs. 2,178.41 million.

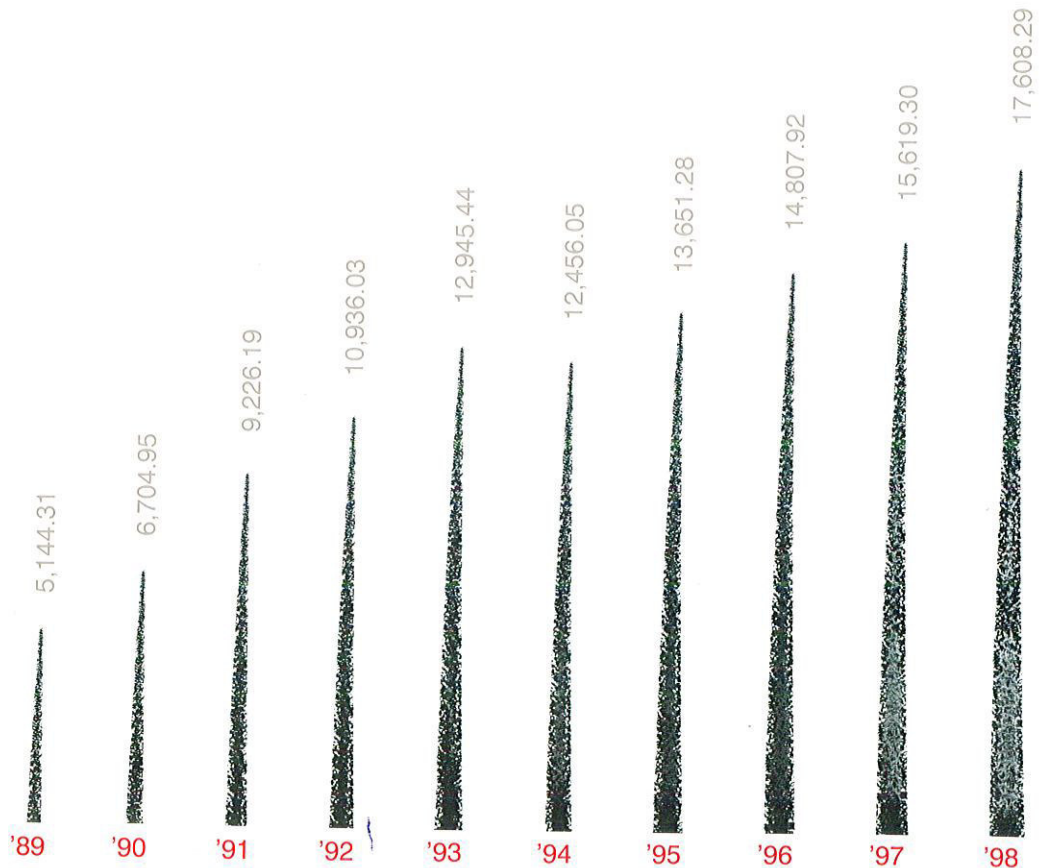
Revenue from charter operations increased by Rs. 50.79 million or 33% to Rs. 204.34 million, while ground

handling revenue increased by 31.4% or Rs. 340.05 million to Rs. 1,421.63 million.

Duty Free Sales increased by Rs. 7.61 million or 5.8% to Rs. 137.88 million.

<i>Composition of revenue</i>	%
<i>Passenger</i>	77
<i>Cargo</i>	13
<i>Charter</i>	1
<i>Ground handling</i>	8
<i>Duty free sales</i>	1

Revenue **GROWTH (Millions)**





Expenditure In 1997/98 the Company's operating expenditure totalled Rs. 14,640.36 million reflecting an increase of 3.7% from 1996/97. Cost of aviation fuel registered a decline of Rs. 236 million due to favourable prices.

<i>Composition of expenditure</i>	<i>Rs. M</i>	<i>%</i>
<i>Staff</i>	1,872.71	13
<i>Fuel</i>	2,712.36	19
<i>Aircraft maintenance</i>	2,479.52	17
<i>Route</i>	4,538.72	31
<i>Aircraft & related equip. depreciation</i>	1,667.66	11
<i>Others</i>	1,369.39	9
<i>Total</i>	14,640.36	100

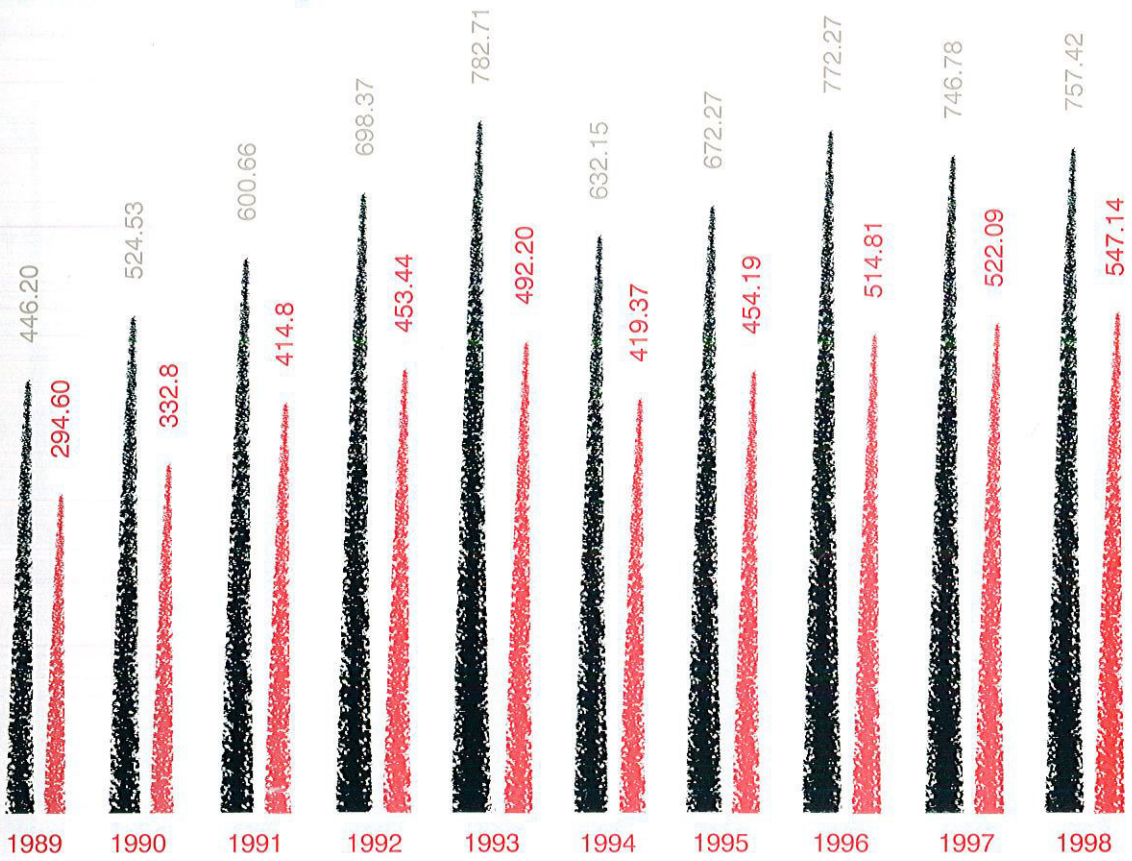
Capacity and traffic growth 1997/98 saw an increase of 1.4% in total capacity production from 746.78 million tonne kilometers to 757.42 million tonne kilometers.

Traffic rose by 4.8% against a 1.4% increase in capacity. This resulted in an increase in the overall load factor by 2.33 percentage points to 72.24%. The number of passengers carried increased marginally to reach 1,201 thousands in 1997/98 compared to 1,196 thousands in the previous year. Cargo carriage increased from 35,039 tonnes to 36,478 tonnes.

Passenger seat factor rose 0.79 percentage points to 73.24%. Seat kilometers offered increased 2.6% to 5,672.66.

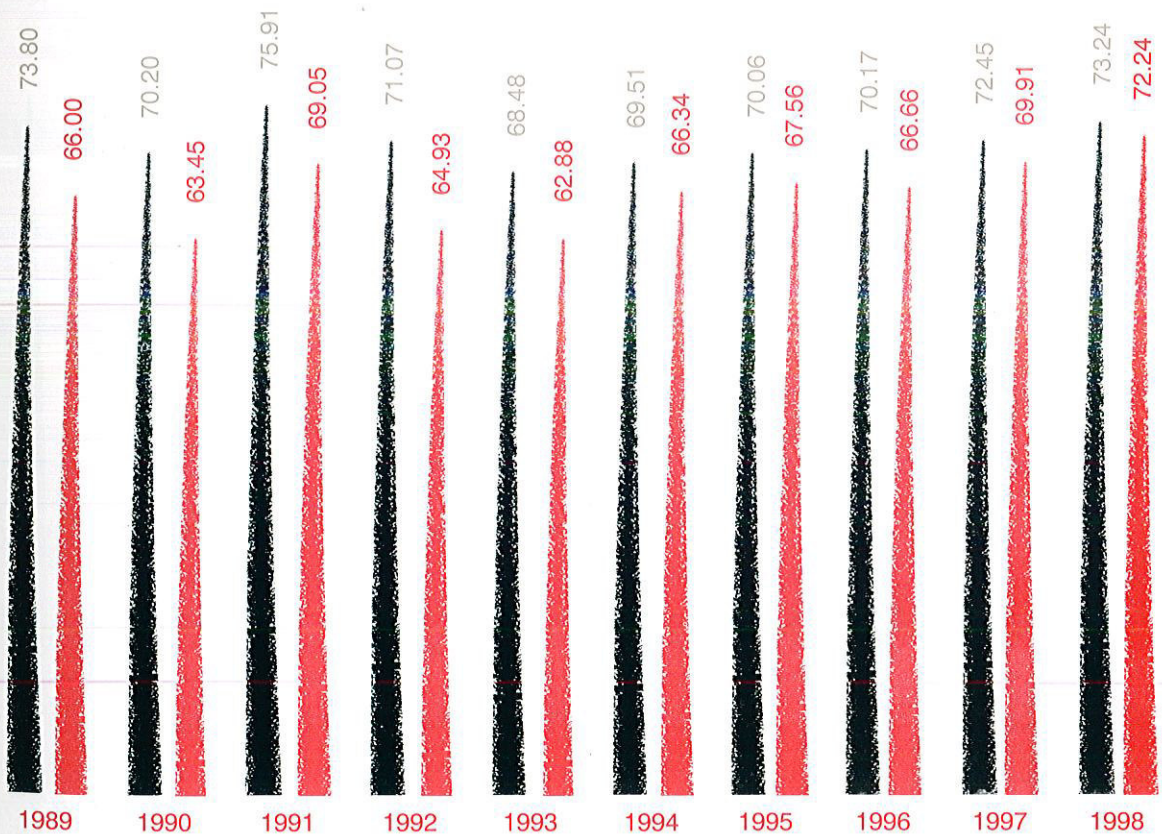
Capacity PRODUCED & UTILISED (Tonne Km - Million)

■ Produced ■ Utilised

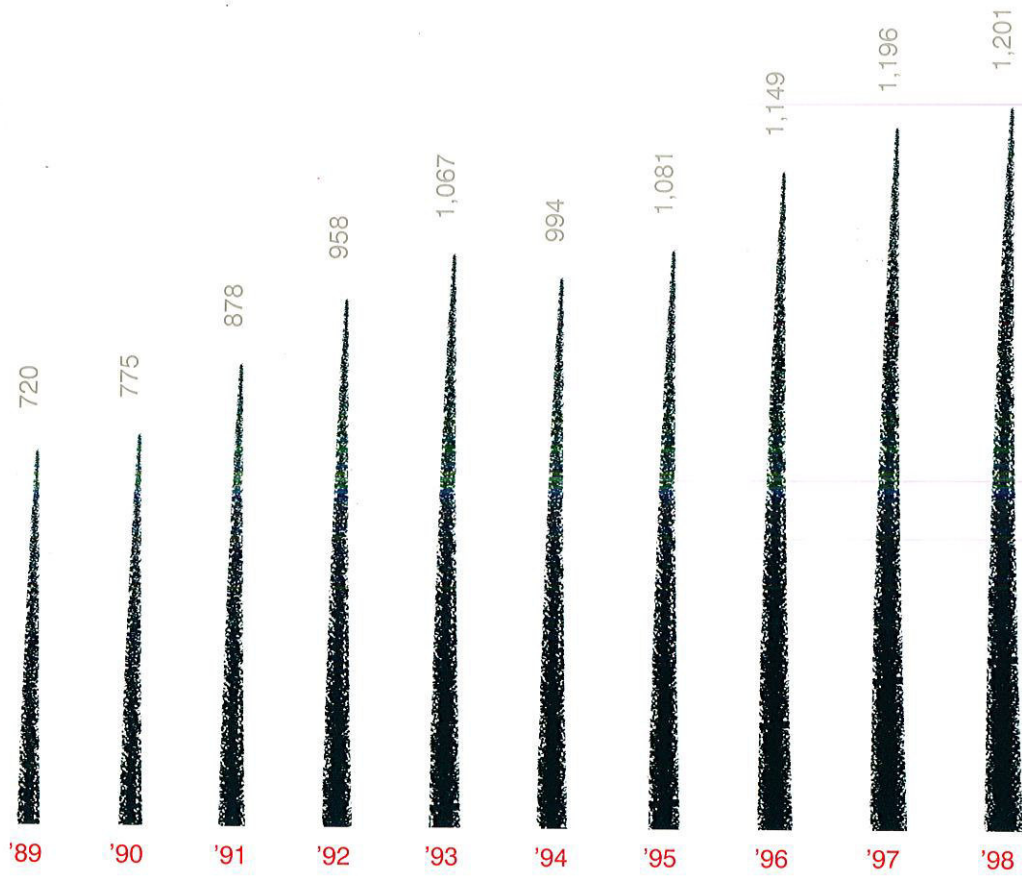


Load Factors CABIN & OVERALL (Percent)

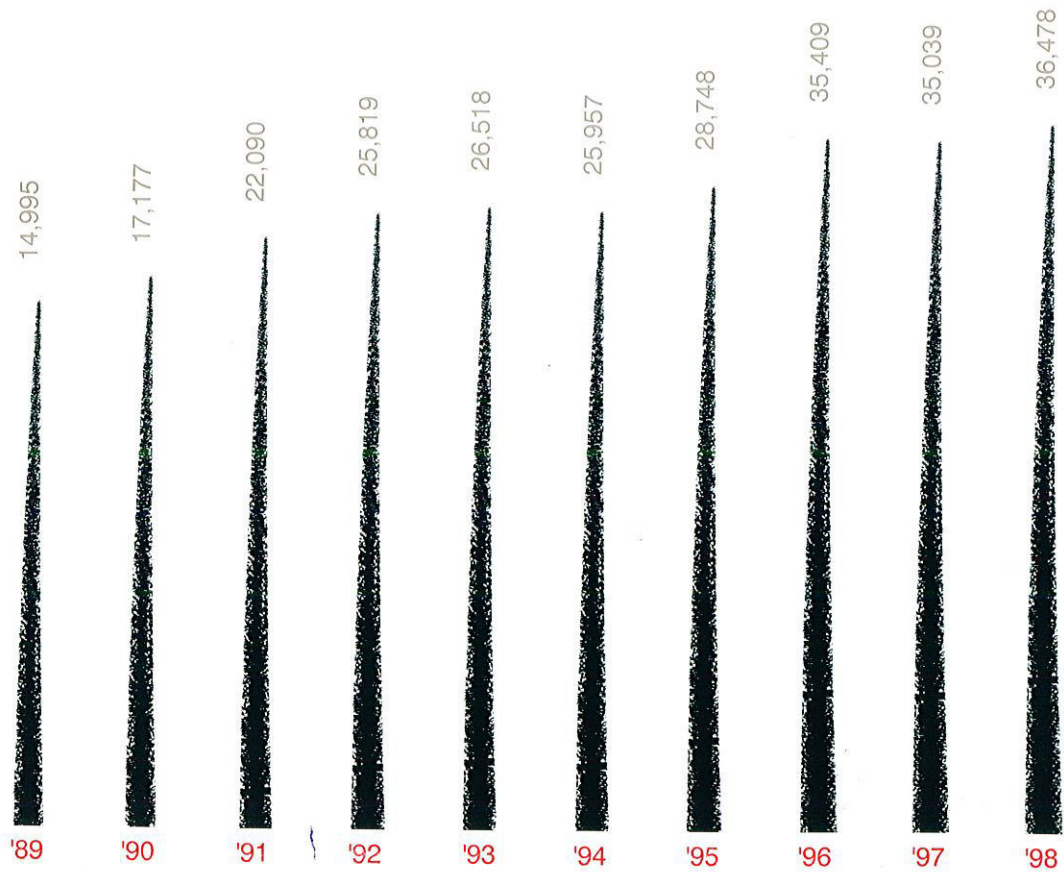
■ Cabin ■ Overall



Passenger CARRIAGE (Thousands)



Cargo CARRIAGE (Tonnes)



Yield/unit cost/break-even load factor Compared to 1996/97 unit

yield increased by 5.8% to Rs.29.0 per load tonne kilometer.

Unit cost increased marginally from Rs. 20.3 to Rs. 20.5 per capacity tonne kilometer. Break-even load factor decreased from 74.4% to 70.8%. The gap between break-even load factor and overall load factor is 1.44 percentage points.

Financial position Shareholder's funds increased by

Rs. 1,047.57 million to Rs. 3,324.59 million as at 31st March 1998.

The Company's liquid assets rose by Rs. 952.95 million to Rs. 6,285.60 million.

The Group liquid assets as at 31st March 1998 was Rs. 6,432.42 million, an increase of Rs. 905.95 million from the previous year.

Total assets of the Company increased by Rs.1,091.91 million or 3.9% to Rs. 29,109.58 million.

The total assets of the Group were Rs. 29,513.74 million as at 31st March 1998, an increase of Rs. 1,112.41 million or 3.9% from 1996/97.





<i>Total assets</i>	%
<i>Aircraft and related equipment</i>	60
<i>Property and other equipment</i>	7
<i>Current assets</i>	33

Cash flow In the year 1998 the Company's net cash generation from operations increased by Rs. 1,324.53 million or 45% to Rs. 4,273.57 million.

Net cash used in investing activities increased to Rs. 1,853.50 million compared with Rs. 77.39 million in the previous year.

Repayment of long term loans and leases amounted to Rs. 1,467.12 million compared to Rs. 2,333.07 million in the previous year.

Operating, investing and financing activities contributed to a net cash inflow of Rs. 952.95 million during the year, resulting in a year end cash balance of Rs. 6,285.60 million as at 31st March 1998. Cash balance as at 31st March 1998 increased by 17.9% from Rs. 5,332.65 million as at 31st March 1997.

The Group cash balance increased by Rs. 905.95 million or 16.4% to Rs. 6,432.42 million as at 31st March 1998.

Human resources The total number of personnel employed by the Company as at 31st March 1998 stood at 4,823 compared to 4,965 as at 31st March 1997.

<i>Functional analysis</i>	<i>No. of staff</i>	<i>%</i>
<i>Flight Deck Crew</i>	132	3
<i>Cabin Crew</i>	453	9
<i>Engineering & Maintenance</i>	1,301	27
<i>Marketing & Sales - Colombo</i>	680	14
<i>Marketing & Sales - Overseas</i>	181	4
<i>Airport Services - Colombo</i>	814	17
<i>Airport Services - Overseas</i>	85	2
<i>Security</i>	306	6
<i>Others</i>	871	18
<i>Total</i>	<u>4,823</u>	<u>100</u>

In the year under review, the Air Lanka Centre for Training which has IATA accreditation, continued to provide in-house training and earn revenue by providing training for external institutions, also expanding services to include several other noteworthy projects, which are listed overleaf.

Its revenue generation of Rs. 2.5 million in the period under review is testimony to the standards of professionalism it maintains.

In-house training included the areas of airline operations, customer care, computer skills and management programmes. Training for other institutions was in the areas of airline operations and customer care.

Service quality In keeping with the worldwide focus of the 1990s on the concept of Total Quality Management to increase productivity, the Air Lanka Centre for Training enlisted the support of volunteers from a cross section of the Company to disseminate the principles of service quality among staff.

World Standards Day In keeping with its focus on Service Quality, the Air Lanka Centre for Training celebrated World Standards Day for the first time, on 14th October 1997.

Exemplary Service Awards In order to encourage and motivate staff, the Air Lanka Centre for Training initiated an exemplary service awards scheme where deserving staff received recognition from management.

Route development During the year under review, Air Lanka continued to operate to 29 destinations in 21 countries as in the previous year.

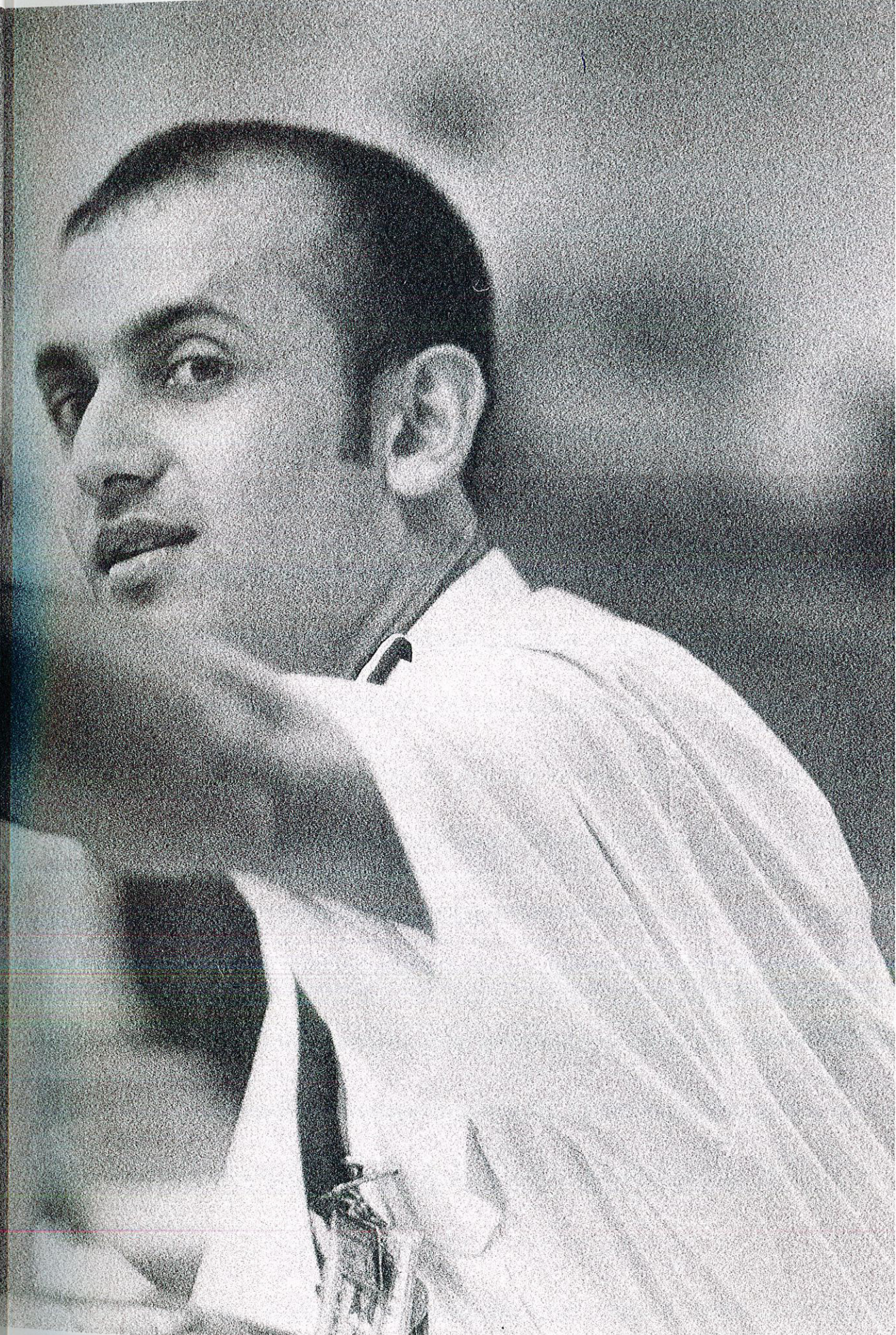
A fifth weekly frequency was added to London in Summer 1998. An additional frequency each to Delhi and Singapore (which is combined with Kuala Lumpur) was also introduced.

Air Lanka introduced travel facilities between Dubai and Kuwait in Summer 1998, utilizing its newly acquired traffic rights between these two stations and offering four weekly frequencies on the Colombo/Dubai/Kuwait route.

Flight operations In keeping with the high standards of professionalism that Air Lanka demands, much emphasis was placed on initial training/continuation training, during the period under review. Six Second Officers were upgraded to the rank of First Officer, while five First Officers were successful in becoming Captains. Four Cadet Pilots were recruited in January 1998 to be inducted as Second Officers later this year.

In conjunction with the Office of the Director-General of





Civil Aviation, Air Lanka finalized plans to conduct the ICAO Flight Operations Officer licensing course in May 1998. This seven month course to be conducted for the seventh time, would be held for 20 students including five staff from Air Lanka.

Ground handling Air Lanka's Ground Handling department provided services to 20 scheduled carriers and 5 scheduled charter carriers in the year under review. Passenger Handling Services were provided to a total of 1,192,910 departing passengers and 1,143,897 arriving passengers at the Bandaranaike International Airport. Of these 51% travelled on Air Lanka.

During the year under review, as part of its programme to consistently upgrade its services, Air Lanka obtained four new passenger buses and placed orders for more ramp equipment such as ambulifts, sky loaders, tractors, passenger steps and joint container pallet loaders (JCPLs).

A closed circuit TV system is now in place in the Baggage Make-up and Sorting areas of the Passenger Terminal, while the most sophisticated baggage/cargo scanning

equipment has been installed in the Cargo Terminal of the Bandaranaike International Airport to provide better customer service.

Inflight and duty free services

Cabin crew services Twenty-six trainee stewardesses were inducted as fully fledged cabin crew during the year under review. In keeping with its encouragement of multi-lingual skills to better assist passengers, Air Lanka now deploys cabin crew with French and German language skills on flights to/from Paris and Frankfurt.

Inflight support services The Inflight Support Services section designed new menus and provided new catering equipment to upgrade lounge facilities at the Bandaranaike International Airport, for First and Business Class passengers.

On Air Lanka's new services between Dubai and Kuwait, a typically Middle Eastern cuisine has been introduced, catering to the special preference of the majority of passengers on these sectors.

Another major service enhancement was the introduction of

authentic Japanese cuisine, accompanied with sake as well as beer from Japan, on all flights from Colombo to Japan.

Duty free services The new product mix for duty free services for the year under review was launched in May 1997 with the help of a new catalogue and video and included popular existing items as well as attractive new additions sought by customers.

Air Lanka continued to offer three broad types of duty free services : (a) a systemwide range available on all flights other than A320 flights (b) a special range for A320 flights and (c) a special pre-order facility for some products in the systemwide range on services to Japan, which enables passengers to place their orders on the onward flight to Sri Lanka and collect their goods on the return flight to Japan.

The London and Middle Eastern sectors were the highest duty free revenue earners for Air Lanka in the year under review.

Engineering and maintenance In the year under review, the Engineering and Maintenance department continued its drive to increase its share of line maintenance services

offered to scheduled and non-scheduled carriers operating to Colombo. The department also provided training for a batch of engineers from B.E.Services (Singapore).

The major thrust of the Engineering and Maintenance department was geared towards systematization and streamlining of procedures to facilitate handling of third party services in the future.

Marketing services The Maldivian Government which celebrated 25 years of Sustainable Tourism in the Maldives in 1997, accorded Air Lanka a singular honour, awarding the national carrier a Certificate of Recognition for its innovative holiday package titled 'Air Lanka Holidays - Maldives'.

During the year under review, in order to facilitate reconfirmation of travel, an office for this purpose was opened at the Taj Samudra Hotel.

Communications services The Local Area Network (LAN) for Reservations Control and Sales departments is now fully operational. The network will be expanded to cover the entire Marketing area.

The present tele-type messaging system will be replaced with an improved version of the user friendly SITATEX system using PCs. LAN gateways are proposed to distribute the access level to user departments which will enhance the efficiency of the messaging system.

Intra-building fibre-connectivity which is in place in the Engineering complex is to be extended to the Airport areas to provide a high speed communications backbone to meet future requirements.

International relations During the period under review, there was considerable improvement in the area of bilateral agreements compared with the previous year of 1996/97.

During this period, the aeronautical authorities of Sri Lanka met their counterparts of Austria, United Kingdom, the Netherlands, Nepal, Oman and Bulgaria at negotiations. Out of the above, the most successful for Air Lanka was the meeting with the British authorities where Air Lanka was able to obtain a fifth frequency to the United Kingdom.

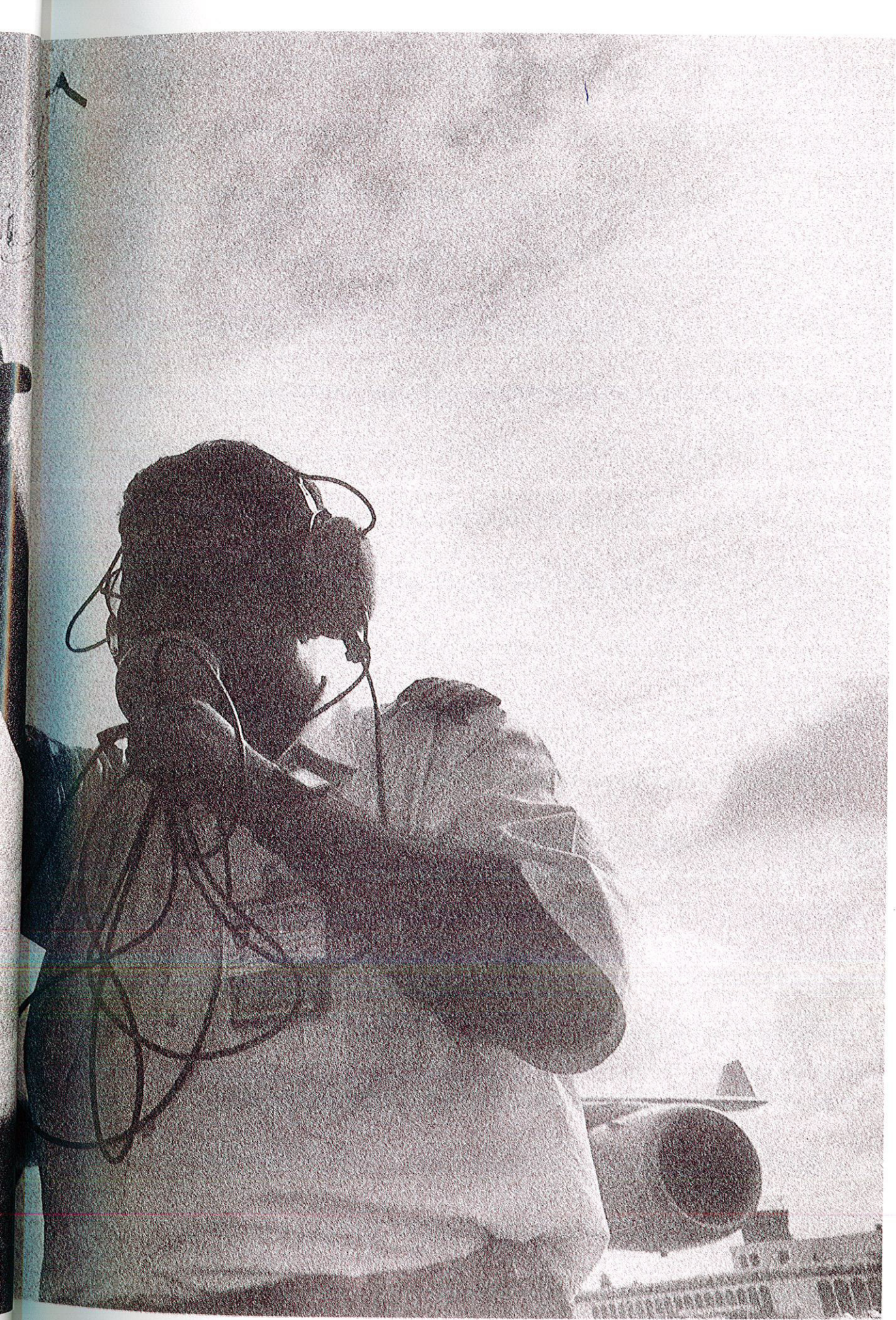
In January 1998, Air Lanka signed a Memorandum of Understanding with Indian Airlines for the purpose of

entering into a codeshare agreement, covering Air Lanka's operation of three weekly services on the Colombo/Delhi route.

Information technology In the year under review, two more modules, Fixed Assets and Accounts Payable, were added to the existing financial information system - OLAS. The in-house developed Accounts Payable system for overseas stations was implemented at our Hong Kong station. More new systems were developed and implemented on PCs and LANs at user departments.

Year 2000 project Air Lanka is taking the Year 2000 problem very seriously and the new management has focused much attention to addressing the issue. Having completed a high level review, a strategy has been put in place for each system and a new infrastructure is being built to support the new systems. A Year 2000 Project Manager has been appointed to be responsible for external business partnerships, ensuring that critical infrastructure and services worldwide which Air Lanka rely on, are protected against the 'Millennium Bug'.





Subsidiary company Air Lanka Catering Services Limited (ALCS), previously a joint venture with Thai Airways, is now wholly owned by Air Lanka consequent to Air Lanka acquiring Thai Airways' share earlier this year. ALCS supplies catering facilities to all Air Lanka flights, as well as to most other carriers operating to Colombo. These number 15 in all. ALCS supplies more than 1.5 million meals annually. This showpiece establishment has gained a superb reputation for high quality catering and has won numerous awards for its excellence and innovativeness of operations. In the year 1997/98, ALCS added to this list the British Airways award for excellence in catering, in recognition of quality and service excellence.

Serving the Nation As the national carrier, Air Lanka continued to demonstrate its commitment to the nation, supporting a wide range of deserving projects on the one hand and helping to promote Sri Lanka on the other.

In particular, Air Lanka contributed much to the celebration of the Golden Jubilee of Independence. Air Lanka offered complimentary travel to 50 deserving

individuals from a cross-section of Sri Lankan society including students, farmers, dairy farmers, artisans, disabled members of the security forces and artistes.

Several Golden Jubilee projects of Sri Lankan missions overseas also received support from the national carrier.

Air Lanka's float at the Independence Day parade on the 4th of February demonstrated the ways in which the airline assists the socio-economic development of the country, while a table model of the National Flag was also distributed to all Air Lanka passengers flying out of Colombo on this day.

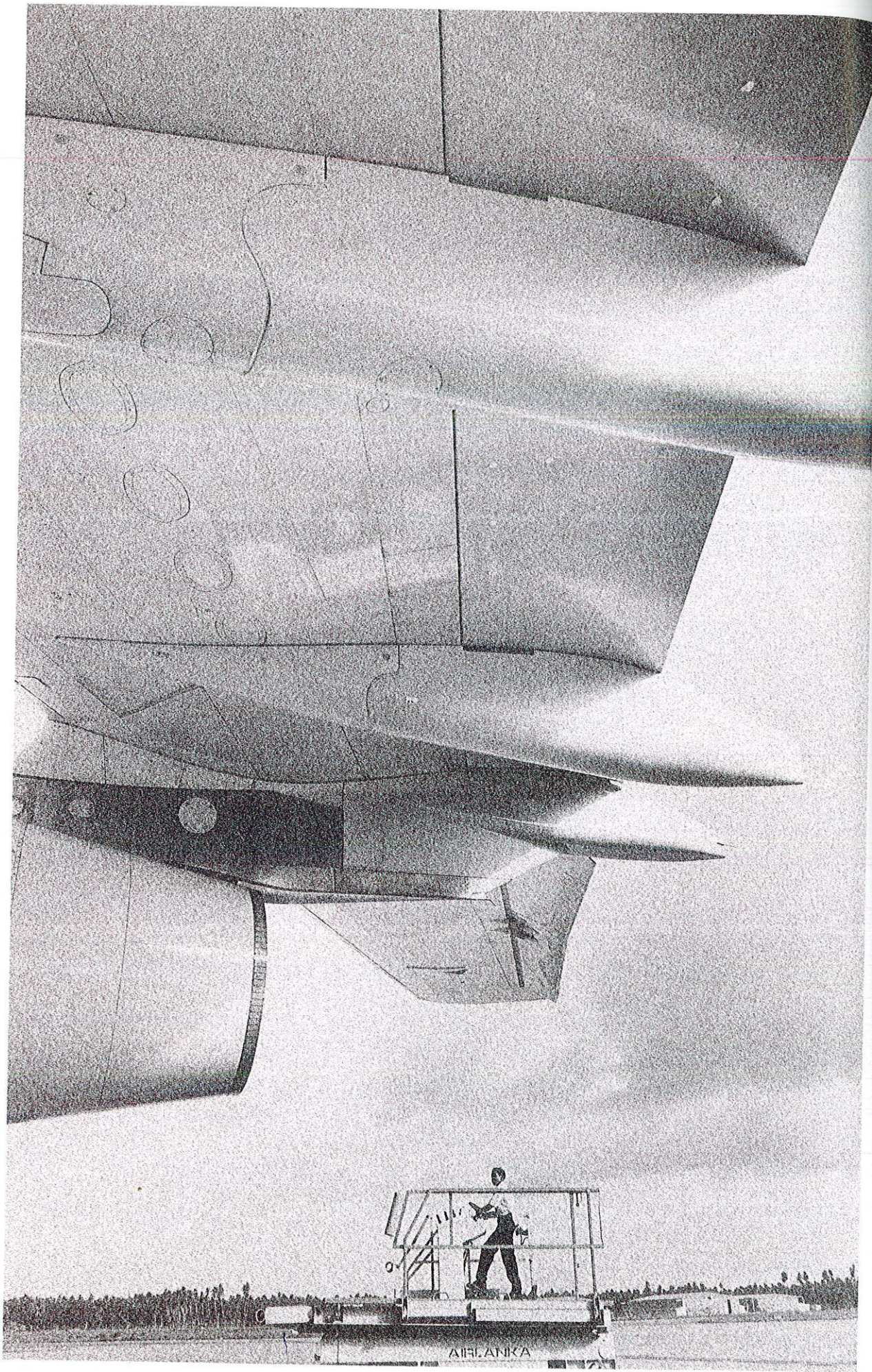
Air Lanka continued to promote Sri Lanka as a tourist destination by providing travel facilities to over 300 travel trade representatives including hoteliers, ground handling agents, Ceylon Tourist Board and aviation officials to attend the major travel trade fairs held worldwide. Over 10,000 kilogrammes of free cargo space too was provided for the carriage of tourism promotion material to overseas destinations.

Over 300 sportsmen and sportswomen representing the

country at international meets were assisted with travel facilities. This included facilities for disabled service personnel to participate in meets for the disabled.

Over 200 Sri Lankan artistes were also provided complimentary air travel to attend a variety of Sri Lankan cultural festivals abroad.





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Directors' Report The Directors have pleasure in submitting their Report and audited Accounts for the year ended 31st March 1998. The Accounts are set out on pages 46 to 73.

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 Bandaranaike International Airport and the sale of duty free goods on-board, constitute other main activities of the Company.

As at 31st March 1998 Air Lanka owned 60% of the issued share capital of its subsidiary Company, Air Lanka Catering Services Limited (ALCS), which is the sole caterer to airlines operating through Bandaranaike International Airport. On 31st May 1998, the Company acquired 40% of the shareholding of ALCS which was held by Thai Airways International Limited. ALCS is now a fully owned subsidiary of Air Lanka Limited.

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:-

Mr. D H S Jayawardena (Chairman)

Mr. K Balapatabendi PC

Mr. D Nilaweera

Mr. W P S Jayawardena

Mr. T C Clark (Managing Director)

Mr. G W Chapman

Mr. D Mannion

Mr. A Gray (alternate to Mr. T C Clark)

Mr. M Flanagan (alternate to Mr. G W Chapman)

Mr. Ghaith Al Ghaith (alternate to Mr. D Mannion)

The Company's Chairman/MD as at 31st March 1997 was Mr. W T Jayasinghe who resigned from the Board with effect from 30th June 1997.

Mr. D H S Jayawardena was appointed as the Chairman of the Company with effect from 15th July 1997, resigned from the Board of the Company on 30th March 1998 and was re-appointed on 31st March 1998. The following Directors

on the Board as at 01st April 1997, resigned on the dates indicated below :

Mr. K Balapatabendi PC	30th March 1998
Mr. B C Perera	31st January 1998
Mr. W P S Jayawardena	30th March 1998
Mr. N Jayamanne PC	30th March 1998

The following Directors appointed to the Board on 15th July 1997 resigned from the Board on 30th March 1998 :

Mr. J M S Brito

Mr. H Rajapakse

Mr. S D Saparamadu

Mr. D Nilaweera who was appointed to the Board on 24th March 1998, resigned on 30th March 1998 and was re-appointed on 31st March 1998 together with the

following :

Mr. K Balapatabendi PC

Mr. W P S Jayawardena

Mr. T C Clark

Mr. G W Chapman

Mr. D Mannion

The following were appointed alternate Directors with effect from 24th June 1998 :

Mr. A Gray (alternate to Mr. T C Clark)

Mr. M Flanagan (alternate to Mr. G W Chapman)

Mr. Ghaith Al Ghaith (alternate to Mr. D Mannion)

Particulars of interests of Directors in contracts and proposed contracts having been declared by the Directors are in notes 23 and 24 to the accounts.

Accounts The consolidated profit for the year ended 31st March 1998, before interest and other similar charges was Rs 4,405.89 million. Consolidated net profit for the year, after interest and similar charges, deferred expenditure, extraordinary items, taxation and minority interests amounted to Rs 1,405.22 million.

Reserves There were no material transfers to or from reserves or provisions during the year ended 31st March 1998, 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 48 to 52.

Property, Plant and Equipment Movements of property, plant and equipment are shown in Note 8 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 17 and 18 to the accounts.

Auditors A resolution for the re-appointment of Ernst & Young as the auditors of the Company and determining their remuneration is to be proposed at the Annual General Meeting.

By order of the Board

Mildred Peries

Company Secretary

21st September 1998

Registered Office:

37 York Street

Colombo 1.

Report of the Auditors

To the members of Air Lanka Limited. We have examined the Balance Sheet of Air Lanka Limited as at 31st March 1998, the Consolidated Balance Sheet of the Company and of its Subsidiary as at that date and the related statements of Profit and Loss and Cash Flows for the year then ended, together with the accounting policies and notes as set out on pages 46 to 73 of this Annual Report.

Respective responsibilities of directors and auditors The directors are responsible for preparing and presenting these financial statements in accordance with Sri Lanka Accounting Standards. Our responsibility is to express an opinion on these financial statements, based on our audit.

Basis of opinion We conducted our audit in accordance with the Sri Lanka Auditing Standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the said financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the said financial statements, assessing the accounting

principles used and significant estimates made by the directors, evaluating the overall presentation of the financial statements, and determining whether the said financial statements are prepared and presented in accordance with the Sri Lanka Accounting 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. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion In our opinion, so far as it appears from our examination, the Company maintained proper books of account for the year ended 31st March 1998 and proper returns adequate for the purpose of our audit have been received from Stations not visited by us, and to the best of our information and according to the explanations given to us, the said Balance Sheet and related statements of Profit and Loss and Cash Flows and accounting policies and notes thereto, which are in agreement with the said books and have been prepared and presented in accordance with the Sri Lanka Accounting Standards, provide the information

required by the Companies Act, No. 17 of 1982 and give a true and fair view of the Company's state of affairs as at 31st March 1998 and its profit and cash flow for the year then ended.

In our opinion, the Consolidated Balance Sheet, Statements of Profit and Loss and Cash flow and the accounting policies and notes thereto have been properly prepared and presented in accordance with the Companies Act No. 17 of 1982 and the Sri Lanka Accounting Standards, and give a true and fair view of the state of affairs as at 31st March 1998 and profit and cash flows for the year then ended of the Company and its subsidiary dealt with thereby, so far as concerns the members of the Company.

Directors' interests in contracts with the company According to the information made available to us, the directors of the Company were not directly or indirectly interested in contracts with the Company during the year ended 31st March 1998, except as stated in Note 23 to these financial statements.



Ernst & Young
Chartered Accountants
Colombo
21st September 1998.

Profit & Loss Account

for the year ended 31st March

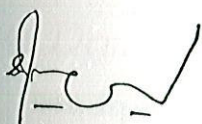
	Note	GROUP		COMPANY	
		1998 Rs. M	1997 Rs. M	1998 Rs. M	1997 Rs. M
REVENUE	1	18,019.33	16,005.27	17,608.29	15,619.30
OPERATING PROFIT	2	3,203.40	1,731.04	2,967.93	1,498.22
Other income	3	1,202.49	989.62	1,487.50	1,044.50
Interest and similar charges	4	4,405.89 (2,680.76)	2,720.66 (2,872.03)	4,455.43 (2,680.76)	2,542.72 (2,872.03)
Deferred expenditure written off	5	1,725.13 (114.32)	(151.37) (110.40)	1,774.67 (114.32)	(329.31) (110.40)
Profit / (Loss) before taxation		1,610.81	(261.77)	1,660.35	(439.71)
Taxation	6	(97.24)	(24.49)	(18.76)	(8.01)
Profit / (Loss) after taxation		1,513.57	(286.26)	1,641.59	(447.72)
Minority interest		(108.35)	(104.87)	-	-
PROFIT/ (LOSS) FOR THE YEAR		1,405.22	(391.13)	1,641.59	(447.72)
PROFIT/(LOSS) BROUGHT FORWARD		(2,692.87)	(2,301.74)	(2,962.36)	(2,514.64)
PROFIT/(LOSS) AVAILABLE FOR APPROPRIATION		(1,287.65)	(2,692.87)	(1,320.77)	(2,962.36)
APPROPRIATIONS					
Dividends					
- Interim dividend paid		(617.60)	-	(617.60)	-
- Final dividend proposed		(85.01)	-	(85.01)	-
UNAPPROPRIATED PROFIT/(LOSS) CARRIED FORWARD	12	(1,990.26)	(2,692.87)	(2,023.38)	(2,962.36)

The accounting policies and notes on pages 48 to 73 form part of these accounts.

Balance Sheet *as at 31st March*

	Note	GROUP		COMPANY	
		1998 Rs. M	1997 Rs. M	1998 Rs. M	1997 Rs. M
Property, Plant and Equipment	8	19,608.13	19,296.98	19,542.49	19,217.72
Work in progress		-	0.47	-	-
Investment in subsidiary	9	-	-	30.40	30.40
Net current assets/(liabilities)	10	642.59	429.48	312.32	(87.12)
		<u>20,250.72</u>	<u>19,726.93</u>	<u>19,885.21</u>	<u>19,161.00</u>
FINANCED BY:					
Issued share capital	11	5,146.35	5,146.35	5,146.35	5,146.35
Profit and loss account	12	(1,990.26)	(2,692.87)	(2,023.38)	(2,962.36)
Capital reserve	13	297.16	297.16	267.56	267.56
Revenue reserve	14	0.63	0.63	-	-
Other reserves	15	-	-	-	-
		<u>3,453.88</u>	<u>2,751.27</u>	<u>3,390.53</u>	<u>2,451.55</u>
Less: Deferred items	16	(65.94)	(174.53)	(65.94)	(174.53)
Shareholder's funds		<u>3,387.94</u>	<u>2,576.74</u>	<u>3,324.59</u>	<u>2,277.02</u>
Minority Interests		227.99	210.65	-	-
Long term loans	17	900.32	964.65	900.32	964.65
Obligations under finance leases	18	15,359.11	15,654.69	15,359.11	15,654.69
Deferred Liabilities	19	375.36	320.20	301.19	264.64
		<u>20,250.72</u>	<u>19,726.93</u>	<u>19,885.21</u>	<u>19,161.00</u>

For and on behalf of the Board



D. Nilaweera
Director
Colombo, 21st September 1998.



T.C. Clark
Managing Director
Colombo, 21st September 1998.

The accounting policies and notes on pages 48 to 73 form part of these accounts.

Accounting Policies

a) Accounting Convention

(i) 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. No adjustments have been made for the effects of inflation other than for revaluation and restatement of certain assets as stated below.

(ii) Certain comparative amounts have been reclassified to conform to current year's presentation.

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 31st 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) Property, Plant and Equipment Property, plant and equipment 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.

Cost of property, plant and equipment 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 31st March 1989.

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

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 25th December 1988 and the Air Lanka Administration and Training Building situated at Katunayake was valued by Mr. S Fernando, Chartered Valuer, on 20th 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 rotable 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 purchased outright at the values equivalent to the principal values of total rental payable during the periods of the leases and the corresponding lease commitments are included under liabilities. Amounts payable under operating lease agreements are charged to the Profit and Loss Account as they arise.

d) *Depreciation* Depreciation is provided on all property, plant and equipment (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.

All assets, with the exception of Buildings, Fixtures and Fittings, Engineering Tools and Aircraft Rotable Spares, are depreciated from the date of their purchase. Buildings, Fixtures and Fittings, Engineering Tools and Aircraft Rotable Spares are depreciated commencing from the financial year immediately following the year of purchase.

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 rotable spares - over 8 years.

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 consumables 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 a first-in-first-out basis.

g) *Conversion of foreign currencies*

(i) Foreign currency transactions are converted into Sri Lankan 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) Gains and losses arising from the translation of long-term foreign currency borrowings as at balance sheet date are dealt with in the Profit and Loss account as currency losses.

(iii) All monetary assets and other liabilities denominated in foreign currencies as at balance sheet date are translated at the exchange rates ruling as at 31st March 1998. Gains and losses arising from the 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 Employees 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.

Airframe and aircraft engine overhaul 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.

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.

Actual revenue adjustments are dealt with in the Profit and Loss Account.

- k) Deferred expenditure* Computer systems development, crew conversion and aircraft structural modification costs are deferred and amortised over periods ranging from three to five years.
- l) Borrowing costs* Borrowing costs amounting to Rs.588.5 million incurred on long-term loans obtained to meet pre-delivery payments in respect of new aircraft have been capitalised during financial years of 1992/93 to 1994/95 as part of the cost of such aircraft. Exchange losses which are regarded as an adjustment to borrowing costs, amounting to Rs.258.66 million on long-term loans obtained to meet pre-delivery payments in respect of new aircraft have been capitalised during financial years of 1992/93 to 1994/95 as part of the cost of such aircraft, as permitted by Sri Lanka Accounting Standard No. 20.
- m) Income from investments* Dividend income and interest income are accounted for on a cash basis.
- n) Post balance sheet events* All material events occurring after the Balance Sheet date are considered and where necessary adjustments made in these financial statements.
- o) Frequent flyer programme* Air Lanka operates three principal frequent flyer programmes. They are Serendib Club, Serendib Premium and Air Lanka Plus Programme. The obligation to provide travel rewards to members of the frequent flyer programme is progressively accrued as a current liability as points are accumulated. This accrual is based on the incremental direct cost of ultimately providing the travel rewards. As members redeem awards or their entitlements expire, the accrual is reduced accordingly to reflect the acquittal of the outstanding obligation.

Notes to the accounts

I. Revenue

	GROUP		COMPANY	
	1998 Rs. M	1997 Rs. M	1998 Rs. M	1997 Rs. M
Airline operations Note 1 (a)	16,034.17	14,392.53	16,048.78	14,407.45
Ground handling	1,421.63	1,081.58	1,421.63	1,081.58
Duty free sales	137.88	130.27	137.88	130.27
Flight catering	425.65	400.89	-	-
	18,019.33	16,005.27	17,608.29	15,619.30

I(a) Revenue from airline operations comprises:

	COMPANY	
	1998 Rs. M	1997 Rs. M
Scheduled services:		
Passenger	13,298.95	11,899.32
Excess baggage	318.39	258.22
Cargo	2,178.41	2,022.01
Mail	48.69	74.35
Non-scheduled services:	15,844.44	14,253.90
	204.34	153.55
	16,048.78	14,407.45

Notes to the accounts

2. Operating profit /(loss)

	GROUP		COMPANY	
	1998 Rs. M	1997 Rs. M	1998 Rs. M	1997 Rs. M
Airline operations	1,807.10	666.93	1,807.10	666.93
Ground handling	1,096.04	785.56	1,096.04	785.56
Duty free sales	64.79	45.73	64.79	45.73
Flight catering	235.47	232.82	-	-
	3,203.40	1,731.04	2,967.93	1,498.22

Operating profit has been arrived at after charging :

	GROUP		COMPANY	
	1998 Rs. M	1997 Rs. M	1998 Rs. M	1997 Rs. M
Depreciation on owned Property, Plant & Equipment	816.79	740.60	792.80	718.32
Depreciation on leased Property, Plant & Equipment	1,061.52	1,061.52	1,061.52	1,061.52
	1,878.31	1,802.12	1,854.32	1,779.84
Auditor's remuneration	1.18	1.12	0.85	0.82
Director's emoluments	9.45	9.90	0.54	1.26
Bad and doubtful debts	28.02	-	28.02	-
Loss on disposal of Property, Plant and Equipment	4.25	8.31	5.15	9.87
Provision for slow moving stocks	455.56	85.27	455.56	85.27

Pursuant to the decision taken by the Company to retire the Lockheed Tristar fleet beginning in the fourth quarter of 1999, an additional provision of Rs. 450.18 million has been made in these accounts in order to reduce the L1011 Tristar aircraft non-rotable spares stock to its net realisable value.

3 Other income

	GROUP		COMPANY	
	1998 Rs. M	1997 Rs. M	1998 Rs. M	1997 Rs. M
Exchange differences	513.81	478.81	480.78	453.18
Interest	429.71	281.65	412.71	263.38
Dividend from subsidiary Company	-	-	336.27	99.83
Other items	258.97	229.16	257.74	228.11
	1,202.49	989.62	1,487.50	1,044.50

Notes to the accounts

4. Interest & similar charges

	GROUP		COMPANY	
	1998 Rs. M	1997 Rs. M	1998 Rs. M	1997 Rs. M
Interest charges :				
On bank and other loans	(102.84)	(184.43)	(102.84)	(184.43)
On lease finances	(1,402.21)	(1,350.10)	(1,402.21)	(1,350.10)
	<u>(1,505.05)</u>	<u>(1,534.53)</u>	<u>(1,505.05)</u>	<u>(1,534.53)</u>
Currency losses :				
On bank and other loans	(68.85)	(139.55)	(68.85)	(139.55)
On lease finances	(1,106.86)	(300.72)	(1,106.86)	(300.72)
On lease finances due to change in Accounting Policy 1996/97	-	(897.23)	-	(897.23)
	<u>(1,175.71)</u>	<u>(1,337.50)</u>	<u>(1,175.71)</u>	<u>(1,337.50)</u>
	<u>(2,680.76)</u>	<u>(2,872.03)</u>	<u>(2,680.76)</u>	<u>(2,872.03)</u>

5. Deferred expenditure written off

	GROUP		COMPANY	
	1998 Rs. M	1997 Rs. M	1998 Rs. M	1997 Rs. M
Crew training and conversion	(2.13)	(3.02)	(2.13)	(3.02)
Computer systems development	(18.16)	(13.11)	(18.16)	(13.11)
Aircraft structural modifications	(94.03)	(94.27)	(94.03)	(94.27)
	<u>(114.32)</u>	<u>(110.40)</u>	<u>(114.32)</u>	<u>(110.40)</u>

Notes to the accounts

6. Taxation

	GROUP		COMPANY	
	1998 Rs. M	1997 Rs. M	1998 Rs. M	1997 Rs. M
Taxes on income for the year	18.68	16.48	-	-
Taxes on interest income on deposits - pending appeal	12.51	5.34	12.51	5.34
Penalty on taxes - pending appeal	6.25	2.67	6.25	2.67
Withholding Tax on Air Lanka Catering Services Dividends	59.80	-	-	-
	<u>97.24</u>	<u>24.49</u>	<u>18.76</u>	<u>8.01</u>

7. Prior year adjustments

	GROUP		COMPANY	
	1998 Rs. M	1997 Rs. M	1998 Rs. M	1997 Rs. M
Accumulated exchange losses	-	(1,549.06)	-	(1,549.06)
Transfer from Revenue Adjustment	-	632.23	-	632.23
Net income received in respect of Duty Free Merchandising Support Fund	-	35.34	-	35.34
	-	<u>(881.49)</u>	-	<u>(881.49)</u>

Notes to the accounts

8. Property, Plant & Equipment - Group

	Aircraft and Related equipment					Total Rs. M
	Own Rs. M	Leased Rs. M	Property Rs. M	Equipment Rs. M	Projects Rs. M	
Cost						
At 01st April 1997	8,465.28	18,871.39	775.21	1,977.45	5.95	30,095.28
Additions	411.91	-	-	142.76	1,661.10	2,215.77
Disposals	(14.23)	-	-	(28.57)	-	(42.80)
Adjustments & transfers	(13.02)	-	-	(0.11)	(6.41)	(19.54)
	<u>8,849.94</u>	<u>18,871.39</u>	<u>775.21</u>	<u>2,091.53</u>	<u>1,660.64</u>	<u>32,248.71</u>
Depreciation						
At 01st April 1997	5,765.43	2,879.98	469.01	1,683.88	-	10,798.30
Charge for the year	606.14	1,061.52	40.46	170.19	-	1,878.31
Disposals	(7.37)	-	-	(28.35)	-	(35.72)
Adjustments & transfers	-	-	-	(0.31)	-	(0.31)
	<u>6,364.20</u>	<u>3,941.50</u>	<u>509.47</u>	<u>1,825.41</u>	<u>-</u>	<u>12,640.58</u>
Net book value						
At 31st March 1998	<u>2,485.74</u>	<u>14,929.89</u>	<u>265.74</u>	<u>266.12</u>	<u>1,660.64</u>	<u>19,608.13</u>
At 01st April 1997	2,699.85	15,991.41	306.20	293.57	5.95	19,296.98

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

Pursuant to the decision taken by the Company to retire the Lockheed Tristar fleet beginning in the fourth quarter of 1999, an additional depreciation charge amounting to Rs. 78.63 million was charged to the Profit and Loss Account for the year ended 31st March 1998, in order to write down the net book value of L1011 Tristar aircraft and related equipment to its expected net realisable value as at 31st March 1999.

Notes to the accounts

8(a) Property, Plant & Equipment - Company

	Aircraft and Related equipment		Property Rs. M	Equipment Rs. M	Projects Rs. M	Total Rs. M
	Own Rs. M	Leased Rs. M				
Cost						
At 01st April 1997	8,465.28	18,871.39	677.70	1,679.54	5.95	29,699.86
Additions	411.91	-	-	132.27	1,661.10	2,205.28
Disposals	(14.23)	-	-	(26.22)	-	(40.45)
Adjustments & transfers	(13.02)	-	-	(0.11)	(6.41)	(19.54)
At 31st March 1998	<u>8,849.94</u>	<u>18,871.39</u>	<u>677.70</u>	<u>1,785.48</u>	<u>1,660.64</u>	<u>31,845.15</u>
Depreciation						
At 01st April 1997	5,765.43	2,879.98	402.45	1,434.28	-	10,482.14
Charge for the year	606.14	1,061.52	36.26	150.40	-	1,854.32
Disposals	(7.37)	-	-	(26.12)	-	(33.49)
Adjustments & transfer	-	-	-	(0.31)	-	(0.31)
At 31st March 1998	<u>6,364.20</u>	<u>3,941.50</u>	<u>438.71</u>	<u>1,558.25</u>	<u>-</u>	<u>12,302.66</u>
Net book value						
At 31st March 1998	<u>2,485.74</u>	<u>14,929.89</u>	<u>238.99</u>	<u>227.23</u>	<u>1,660.64</u>	<u>19,542.49</u>
At 01st April 1997	2,699.85	15,991.41	275.25	245.26	5.95	19,217.72

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

Pursuant to the decision taken by the Company to retire the Lockheed Tristar fleet beginning in the fourth quarter of 1999, an additional depreciation charge amounting to Rs. 78.63 million was charged to the Profit and Loss Account for the year ended 31st March 1998, in order to write down the net book value of L1011 Tristar aircraft and related equipment to its expected net realisable value as at 31st March 1999.

Notes to the accounts

9. Investment in subsidiary Company

	COMPANY	
	1998	1997
	Rs. M	Rs. M
Investment in Air Lanka Catering Services Ltd. At 01st April (600,000 shares of Rs. 100 each)	30.40	30.40
At 31st March (600,000 shares of Rs. 100 each)	<u>30.40</u>	<u>30.40</u>

A bonus issue of 9:16 was made by Air Lanka Catering Services Limited (ALCS) during the year 1995/96. As a consequence, the Company received 216,000 shares of Rs. 100 each, based on its holding of 60% of the issued share capital of ALCS.

The Company's shareholding in ALCS as at 31st March 1998 is included in these accounts at cost. The difference between cost of shareholding and its nominal value is recognised in the Consolidated Capital Reserve - (See note 13).

Notes to the accounts

10. Net current assets / (liabilities)

	GROUP		COMPANY	
	1998 Rs. M	1997 Rs. M	1998 Rs. M	1997 Rs. M
Current assets :				
Stocks	1,078.77	1,458.40	1,048.25	1,415.11
Debtors - trade	1,453.88	1,405.89	1,381.85	1,324.13
Debtors - other	194.23	256.52	194.23	256.52
Debtors - staff	12.24	12.41	8.83	8.60
Advances and deposits	384.59	212.82	278.41	201.53
Cash and bank balances	6,781.90	5,757.84	6,625.12	5,563.66
Total current assets	<u>9,905.61</u>	<u>9,103.88</u>	<u>9,536.69</u>	<u>8,769.55</u>
Current liabilities:				
Bank overdraft	349.48	231.37	339.52	231.01
Bank and other loans	130.92	262.21	130.92	262.21
Finance leases	1,376.32	1,176.53	1,376.32	1,176.53
	<u>1,856.72</u>	<u>1,670.11</u>	<u>1,846.76</u>	<u>1,669.75</u>
Trade creditors	2,316.39	2,983.72	2,321.95	2,956.18
Provision for airframe and aircraft engine overhaul	1,916.34	1,811.83	1,916.34	1,811.83
Amounts due to subsidiary company	-	-	217.76	242.32
Income tax payable	194.18	175.42	194.18	175.42
Dividends payable	85.01	-	85.01	-
Other creditors and provisions	430.26	179.29	178.25	147.14
Sales in advance of carriage	2,464.12	1,854.03	2,464.12	1,854.03
Total current liabilities	<u>9,263.02</u>	<u>8,674.40</u>	<u>9,224.37</u>	<u>8,856.67</u>
Net current assets / (liabilities)	<u>642.59</u>	<u>429.48</u>	<u>312.32</u>	<u>(87.12)</u>

Balance shown under sales in advance of carriage represents approximately 8.1 weeks of average sales (6.8 in 1996/97). Management is committed to the introduction of an automated ticket matching system in order to ascertain, on a coupon by coupon basis, the precise value of unredeemed passenger and cargo revenue. This is expected to result in a future write-back to income in respect of unredeemed revenue.

The balances shown under Debtors (trade, other and staff) are net of provisions for bad and doubtful debts amounting to Rs.186.22 million (Rs.148.53 million in 1996/97).

A provision of Rs.551.21 million has been made with respect to slow moving stocks (Rs.95.64 million in 1996/97). Please refer Notes 2 and 27.

During the year 1997/98 the period of carrying accruals was reduced from 3 years to 2 years. This has resulted in an additional reversal of accruals amounting to Rs. 293.5 million.

Notes to the accounts

11. Share capital

	COMPANY	
	1998 Rs. M	1997 Rs. M
Authorised Shares of Rs.100 each (150,000,000 Shares)	<u>15,000.00</u>	<u>15,000.00</u>
Issued and fully paid		
Ordinary Shares of Rs.100 each At 01st April (42,713,463 Shares)	4,271.35	4,271.35
Preference Shares reconverted (8,750,000 Shares)	875.00	-
At 31st March (51,463,463 Shares)	<u>5,146.35</u>	<u>4,271.35</u>
Cumulative Preference Shares of Rs.100 each (Coupon rate not specified) At 01st April (8,750,000 Shares)	875.00	875.00
Reconverted to Ordinary Shares (8,750,000 Shares)	(875.00)	-
At 31st March	-	875.00
At 31st March	<u>5,146.35</u>	<u>5,146.35</u>

Reconversion of shares took place at an extraordinary meeting held on 30th March 1998.

Emirates, the international airline of the United Arab Emirates entered into an agreement with the Government of Sri Lanka to acquire 40% of the Issued Share Capital of the Company together with Management Control of the Company for a period of ten years from 31st March 1998.

13,380,500 Ordinary Shares comprising of 26% of the Issued Share Capital was paid for and taken up on 31st March 1998, being the first tranche of the total investment by the Emirates Airline.

The Government of Sri Lanka intends to gift 4,631,712 Ordinary Shares held by the Secretary to the Treasury, to the employees of Air Lanka Limited and Air Lanka Catering Services Limited in accordance with the Government's policy on divestiture of Public Enterprises.

Notes to the accounts

12. Profit and loss account

	GROUP		COMPANY	
	1998 Rs. M	1997 Rs. M	1998 Rs. M	1997 Rs. M
Profit / (loss) for the year	1,405.22	(391.13)	1,641.59	(447.72)
Profit and loss account at 01st April				
As previously reported	(2,692.87)	(1,420.25)	(2,962.36)	(1,633.15)
Prior year adjustment [see note 7]	-	(881.49)	-	(881.49)
As restated	(2,692.87)	(2,301.74)	(2,962.36)	(2,514.64)
Interim dividend paid	(617.60)	-	(617.60)	-
Final dividend proposed	(85.01)	-	(85.01)	-
Profit and loss account at 31st March	<u>(1,990.26)</u>	<u>(2,692.87)</u>	<u>(2,023.38)</u>	<u>(2,962.36)</u>

13. Capital reserve

	GROUP		COMPANY	
	1998 Rs. M	1997 Rs. M	1998 Rs. M	1997 Rs. M
At 01st April	297.16	297.16	267.56	267.56
Additions	-	-	-	-
At 31st March	<u>297.16</u>	<u>297.16</u>	<u>267.56</u>	<u>267.56</u>

Capital reserve represents;

The Group:

- The difference between the book value and the restated value of fleet and property - Rs. 267.56 million.
(See Accounting Policies (C)1 and (C)2).
- Reserve on Consolidation - Rs. 8.00 million (See Note 9).
- Bonus Issue - Rs.21.6 million (See Note 9).

The Company:

- The difference between the book value and the restated value of fleet and property - Rs. 267.56 million.
(See Accounting Policies (C)1 and (C)2).

Notes to the accounts

14. Revenue reserve

	GROUP		COMPANY	
	1998 Rs. M	1997 Rs. M	1998 Rs. M	1997 Rs. M
At 01st April	0.63	0.63	-	-
Additions/transfers during the year	-	-	-	-
At 31st March	<u>0.63</u>	<u>0.63</u>	<u>-</u>	<u>-</u>

15. Other reserves

	GROUP		COMPANY	
	1998 Rs. M	1997 Rs. M	1998 Rs. M	1997 Rs. M
At 01st April	-	35.34	-	35.34
Additions during the year	-	17.22	-	17.22
Charge for the year	-	(17.22)	-	(17.22)
Prior year adjustment [see note 7]	-	(35.34)	-	(35.34)
At 31st March	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Other reserves represent merchandising support contributions from vendors of duty-free products sold on board.

Notes to the accounts

16. Deferred items

	GROUP		COMPANY	
	1998 Rs. M	1997 Rs. M	1998 Rs. M	1997 Rs. M
Exchange equalisation (Note a)	-	-	-	-
Deferred expenditure (Note b)	65.94	174.53	65.94	174.53
	<u>65.94</u>	<u>174.53</u>	<u>65.94</u>	<u>174.53</u>

(a) Exchange equalisation

	GROUP		COMPANY	
	1998 Rs. M	1997 Rs. M	1998 Rs. M	1997 Rs. M
At 01st April	-	1,549.06	-	1,549.06
Exchange loss on translation of foreign currency borrowings	-	1,197.95	-	1,197.95
Charge for the year (see note 4)	-	(300.72)	-	(300.72)
Charge due to change in Accounting Policy 1996/97 (see note 4)	-	(897.23)	-	(897.23)
	-	(1,197.95)	-	(1,197.95)
Prior year adjustment (see note 7)	-	(1,549.06)	-	(1,549.06)
At 31st March	-	-	-	-

(b) Deferred expenditure

	GROUP		COMPANY	
	1998 Rs. M	1997 Rs. M	1998 Rs. M	1997 Rs. M
At 01st April	174.53	280.05	174.53	280.05
Additions during the year	5.73	4.88	5.73	4.88
Charge for the year	(114.32)	(110.40)	(114.32)	(110.40)
At 31st March	<u>65.94</u>	<u>174.53</u>	<u>65.94</u>	<u>174.53</u>

Notes to the accounts

17. Long-term loans

The Company has loan obligations to banks and other institutions which are denominated in US Dollar.

	GROUP		COMPANY	
	USD M	Rs. M	USD M	Rs. M
At 01st April 1997	21.07	1,226.86	21.07	1,226.86
Additions during the year	-	-	-	-
Repayments during the year	(4.50)	(264.47)	(4.50)	(264.47)
Restatements	-	68.85	-	68.85
At 31st March 1998	<u>16.57</u>	<u>1,031.24</u>	<u>16.57</u>	<u>1,031.24</u>

The future payments under these loans are as follows:

	1998		1997	
	USD M	Rs. M	USD M	Rs. M
Bank loans payable				
Within one year	-	-	-	-
Between :				
- One and two years	-	-	-	-
- two and three years	-	-	-	-
- three and four years	-	-	-	-
- four and five years	-	-	-	-
- after five years	-	-	-	-
	-	-	-	-
Other loans payable				
Within one year	2.10	130.92	4.51	262.21
Between :				
- One and two years	2.10	130.92	2.10	122.47
- two and three years	2.10	130.92	2.10	122.46
- three and four years	2.10	130.92	2.10	122.46
- four and five years	2.11	130.91	2.10	122.46
- after five years	6.06	376.65	8.17	474.80
	<u>16.57</u>	<u>1,031.24</u>	<u>21.08</u>	<u>1,226.86</u>
Total long term loans	<u>16.57</u>	<u>1,031.24</u>	<u>21.08</u>	<u>1,226.86</u>
Amount due within one year included under current liabilities	<u>(2.10)</u>	<u>(130.92)</u>	<u>(4.51)</u>	<u>(262.21)</u>
	<u>14.47</u>	<u>900.32</u>	<u>16.57</u>	<u>964.65</u>

Loans are repayable on various dates upto the year 2007 at varying interest rates which ranged from 6.731 percent to 9.114 percent per annum during the year. The outstanding balance of USD 16.57 million (Rs.1,031.48 million) is guaranteed by the Government of Sri Lanka. Conversion rate - 1 US Dollar = Rs. 62.2500 (Rs. 58.2300 in 1996/97)

Notes to the accounts

18. Obligations under finance leases

The Company has commitments under finance lease agreements expiring from 2004 to 2007 in respect of Airbus A320 and A340 Aircraft.

	GROUP		COMPANY	
	USD M	Rs. M	USD M	Rs. M
At 01st April 1997	289.05	16,831.22	289.05	16,831.22
Additions during the year	-	-	-	-
Repayments during the year	(20.21)	(1,202.65)	(20.21)	(1,202.65)
Restatements	-	1,106.86	-	1,106.86
At 31st March 1998	<u>268.84</u>	<u>16,735.43</u>	<u>268.84</u>	<u>16,735.43</u>

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

	1998		1997	
	USD M	Rs. M	USD M	Rs. M
Within one year	22.11	1,376.32	20.20	1,176.53
Between :				
- One and two years	24.19	1,505.83	22.11	1,287.44
- two and three years	26.48	1,648.13	24.19	1,408.59
- three and four years	28.97	1,803.41	26.48	1,541.70
- four and five years	31.70	1,973.42	28.97	1,686.94
- after five years	135.39	8,428.32	167.10	9,730.02
	<u>268.84</u>	<u>16,735.43</u>	<u>289.05</u>	<u>16,831.22</u>
Amount due within one year included under current liabilities	(22.11)	(1,376.32)	(20.20)	(1,176.53)
	<u>246.73</u>	<u>15,359.11</u>	<u>268.85</u>	<u>15,654.69</u>

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

	USD M	Rs. M
Within one year	20.29	1,262.87
Between :		
- One and two years	18.57	1,156.23
- two and three years	16.65	1,036.58
- three and four years	14.55	905.53
- four and five years	12.24	761.79
- after five years	22.23	1,383.69
	<u>104.53</u>	<u>6,506.69</u>

The Government of Sri Lanka has guaranteed the obligations of the Company under the finance lease agreements up to a limit of US Dollars 87.53 million (Rs. 5,448.74 million). Conversion rate - 1 US Dollar = Rs. 62.2500 (Rs. 58.2300 in 1996/97). The interest applicable to the finance leases ranged from 6.731 percent to 9.114 percent per annum.

Notes to the accounts

19. Deferred liabilities

	GROUP		COMPANY	
	1998 Rs. M	1997 Rs. M	1998 Rs. M	1997 Rs. M
At 01st April	320.20	239.22	264.64	191.12
Payments during the year	(12.63)	(12.07)	(11.22)	(10.01)
Charge for the year	67.79	93.05	47.77	83.53
At 31st March	<u>375.36</u>	<u>320.20</u>	<u>301.19</u>	<u>264.64</u>

Deferred liabilities represent provision for gratuity payable to qualified employees based in Sri Lanka and at Overseas Stations. (See Accounting policy i)

20. Commitments

	GROUP	COMPANY
	1998 Rs. M	1998 Rs. M
Outstanding Commitments for Capital Expenditure as at 31st March 1998 are as follows :		
Contracts placed	36,984.50	36,984.50
Authorised , but not contracted for	51.16	51.16
	<u>37,035.66</u>	<u>37,035.66</u>

Amount shown under Contracts placed includes the price of six Airbus A330 aircraft on order.

Outstanding commitments for Capital Expenditure as at 31st March 1998, excluding Airbus A330-200 aircraft, are expected to be crystallised during the year 1998/99.

Notes to the accounts

21. Loans granted to employees

Staff debts outstanding as at 31st March 1998 amounting to Rs.12.24m for the Group (Rs.8.83m for the Company) are inclusive of 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 1st April 1997	91	2,799,711
Loans granted during the year	41	1,966,104
Loans recovered during the year	44	(1,820,761)
Balance as at 31st March 1998	<u>88</u>	<u>2,945,054</u>
COMPANY		
Balance as at 1st April 1997	68	2,545,009
Loans granted during the year	20	1,360,604
Loans recovered during the year	14	(1,265,059)
Balance as at 31st March 1998	<u>74</u>	<u>2,640,554</u>

22. 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 01st September 1979, subsequently extended for a period of three years from 01st August 1986, and thereafter a period of five years from 01st August 1989. In August 1994 the Board of Investment of Sri Lanka granted flagship status to the Company, extending the tax exemption period up to 31st March 1998.

In March 1998 the Board of Investment of Sri Lanka granted a further extension extending the tax exemption period up to 31st March 2013.

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 01st April 1980, subsequently extended for a period of two years and thereafter for another three years. This exemption which was further extended for a period of five years, ended in August 1995. Effective from 20th August 1995, the Company now pays a tax on turnover at 2% flat. This tax is paid instead of income tax and is applicable until the year 2006.

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.

Notes to the accounts

23. Directors' interests

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 31st March 1998 were:

Mr. D H S Jayawardena
Mr. K Balapatabendi PC

The nominee Directors as at date are :

Mr. D H S Jayawardena
Mr. K Balapatabendi PC
Mr. Dixon Nilaweera
Mr. Dermot Mannion

Mr. Dixon Nilaweera and Mr. Dermot Mannion were appointed as Directors, with effect from 01st April 1998.

24. Related Party Transactions

As described in Note 23 above, four directors of Air Lanka Limited are directors of Air Lanka Catering Services Limited (ALCS) in which Air Lanka Limited holds 60% of the equity. ALCS provides flight catering services to Air Lanka Limited and Air Lanka Limited provides passenger and freight services to ALCS in the normal course of business. During the year 1997/98, the value of flight catering services provided to Air Lanka Limited amounted to Rs.516 million and freight and air tickets provided to ALCS amounted to Rs.14.6 million.

Notes to the accounts

25. Post balance sheet events

- (i) On 31st May 1998, the Company acquired the remaining 40% of the shareholding of Air Lanka Catering Services Limited, which was held by Thai Airways International Limited, for a purchase consideration of Rs. 40 Million. Air Lanka Catering Services Limited is now a fully owned subsidiary of Air Lanka Limited.
- (ii) The Company has set in motion a series of initiatives to achieve the objectives as set in its Business Plan covering the period 1998/99 to 2007/08 which includes the following :
 - * Introducing six (6) Airbus A330-200 aircraft, beginning in the 4th quarter of 1999 through 2000.
 - * Retiring the fleet of Lockheed Tristar aircraft commencing in the 4th quarter of 1999.
 - * Upgrading all Information Technology applications ensuring Year 2000 compliance.
 - * Restructuring the organisation, suspending operations to unprofitable destinations and introducing new destinations.
- (iii) The management has estimated the cost of Year 2000 compliance of all IT Systems to be in the region of USD 4 million for which no provision has been made in these accounts.
- (iv) The Company is taking steps to install Traffic Collision Avoidance systems on two of its Lockheed Tristar Aircraft to enable their continued operation over Indian airspace beginning January 1998. The installation of such equipment is expected to cost USD 350,000 (Rs.23 million). No provision has been made in these accounts for such expenses.
- (v) The Company currently has PKR 21.47million (Rs.30.84 million) blocked in Pakistan, of its sales made subsequent to the balance sheet date. These funds cannot be repatriated to Sri Lanka as the State Bank of Pakistan is not currently processing foreign exchange transfer applications. The Company is pursuing this matter through the Government of Sri Lanka as well as through the International Air Transport Association to achieve an early resumption of the repatriation process.

26. Aircraft rotatable spares - (Rs. 1,180.87 million - Book value)

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

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

The method of valuing rotatable spares purchased prior to 01st 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.

Pursuant to the decision taken by the Company to retire the Lockheed Tristar fleet beginning in the fourth quarter of 1999, an additional depreciation charge amounting to Rs. 16.13 million was charged to the Profit and Loss Account for the year ended 31st March 1998 in order to write down the net book value of L1011 aircraft rotatable spares stock to its expected net realisable value as at 31st March 1999.

Notes to the accounts

27. Aircraft non-rotable spares - (Rs. 636.98 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 01st 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 31st March 1992 by the aforesaid US Dollar value.
- (ii) Purchases after 01st April 1992 - at cost.

The method of valuing non-rotable spares purchased prior to 01st 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.

Pursuant to the decision taken by the Company to retire the Lockheed Tristar fleet beginning in the fourth quarter of 1999, an additional provision of Rs. 450.18 million has been made in these accounts, in order to reduce the L1011 non-rotable spares stock to its net realisable value.

28. Contingencies

No provision has been made in these 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. Contingent liabilities are estimated by the management at Rs. 349.61million.

A contingent liability exists in respect of the taxes withheld on dividends paid by the subsidiary, Air Lanka Catering Services Limited to the minority shareholder - Thai Airways International. This contingent liability, which is estimated at Rs. 41.83 million may crystallise depending on the ongoing negotiations with Inland Revenue authorities.

Cash Flow Statement

	Note	GROUP		COMPANY	
		1998 Rs.M	1997 Rs.M	1998 Rs.M	1997 Rs.M
Cash flows from operating activities					
Cash generated from operations	A	6,818.35	4,497.10	6,403.06	4,403.14
Interest paid		(1,500.67)	(1,444.09)	(1,500.67)	(1,444.09)
Income taxes paid		(36.06)	(14.41)	-	-
Dividends paid		(696.62)	(76.78)	(617.60)	-
Deferred liabilities paid		(12.63)	(12.07)	(11.22)	(10.01)
		(2,245.98)	(1,547.35)	(2,129.49)	(1,454.10)
Cash flow before extraordinary items		4,572.37	2,949.75	4,273.57	2,949.04
Extraordinary item		-	-	-	-
<i>Net cash from operating activities</i>		4,572.37	2,949.75	4,273.57	2,949.04
Cash flows from investing activities					
Purchase of property, plant and equipment		(2,196.40)	(205.33)	(2,185.85)	(173.32)
Proceeds from disposal of property, plant and equipment		2.83	2.54	1.81	0.98
Dividend received		-	-	336.27	99.83
Deferred expenditure		(5.73)	(4.88)	(5.73)	(4.88)
		(2,199.30)	(207.67)	(1,853.50)	(77.39)
<i>Net cash used in investing activities</i>		(2,199.30)	(207.67)	(1,853.50)	(77.39)
Cash flows from financing activities					
Proceeds from long-term loans		-	-	-	-
Proceeds from finance leases		-	-	-	-
Repayment of long-term loans		(264.47)	(1,299.37)	(264.47)	(1,299.37)
Repayment of finance leases		(1,202.65)	(1,033.70)	(1,202.65)	(1,033.70)
		(1,467.12)	(2,333.07)	(1,467.12)	(2,333.07)
<i>Net cash used in financing activities</i>		(1,467.12)	(2,333.07)	(1,467.12)	(2,333.07)
Net Increase in cash and cash equivalents		905.95	409.01	952.95	538.58
Cash and cash equivalents at beginning of period		5,526.47	5,117.46	5,332.65	4,794.07
Cash and cash equivalents at end of period		6,432.42	5,526.47	6,285.60	5,332.65

Notes to the Cash Flow Statement

A) Reconciliation of net profit to cash generated from operating activities.

	GROUP		COMPANY	
	1998 Rs. M	1997 Rs. M	1998 Rs. M	1997 Rs. M
Net profit before taxation, extraordinary items and after minority interest	1,502.46	(366.64)	1,660.35	(439.71)
Adjustments for:				
Minority interest	108.35	104.87	-	-
Provision for gratuity	67.79	93.05	47.77	83.53
Profit on disposal of property, plant and equipment	4.25	8.31	5.15	9.87
Depreciation	1,878.31	1,802.12	1,854.32	1,779.84
Foreign exchange loss	1,175.71	1,337.50	1,175.71	1,337.50
Investment income	-	-	(336.27)	(99.83)
Interest expense	1,505.05	1,534.53	1,505.05	1,534.53
Deferred expenses	114.32	110.40	114.32	110.40
Other non cash items	(0.20)	1.22	(0.20)	1.22
(Increase)/decrease in trade and other receivables	(157.30)	(125.16)	(72.54)	(105.50)
(Increase)/decrease in inventories	379.63	99.73	366.86	102.08
Increase/(decrease) in trade payables	239.98	(102.83)	82.54	89.21
Cash generated from operations	6,818.35	4,497.10	6,403.06	4,403.14

Ten Year Review - Company

		1989	1990	1991
<i>Profit and loss account</i>				
Operating revenue	Rs. Million	5,144.31	6,704.95	9,226.19
Operating expenditure	Rs. Million	4,713.94	6,405.91	8,821.99
Net profit/(loss)	Rs. Million	(128.43)	163.17	201.06
<i>Balance sheet</i>				
Share capital	Rs. Million	7,369.47	7,369.47	7,369.47
Fixed assets	Rs. Million	3,979.55	3,497.75	3,231.25
Current assets	Rs. Million	1,962.62	2,666.08	3,354.33
Total assets	Rs. Million	6,035.80	6,246.56	6,609.58
Current liabilities	Rs. Million	2,158.64	2,945.89	3,710.71
<i>Yield/Unit cost</i>				
Overall yield	Rs. tkm	16.4	18.8	20.9
Unit cost	Rs. tkm	10.2	11.9	14.4
Breakeven load factor	%	62.4	63.1	68.7
Revenue per RPK	Rs./RPK	1.6	2.0	2.1
<i>Production</i>				
Passenger capacity	ASK Millions	3,401.17	3,945.39	4,539.59
Overall capacity	ATK Millions	446.20	524.53	600.66
<i>Traffic</i>				
Passengers carried	Nos. Thousands	720	775	878
Passengers carried	RPK Millions	2,510.06	2,769.50	3,445.91
Passenger load factor	%	73.80	70.20	75.91
Cargo carried	Tonnes	14,995	17,177	22,090
Cargo load carried	RTK Millions	64.35	77.06	92.13
Overall load carried	RTK Millions	294.60	332.80	414.80
Cargo load factor	%	51.43	47.13	53.05
Overall load factor	%	66.00	63.45	69.05
<i>Staff</i>				
Average strength	Nos.	3,535	3,603	3,678
Revenue per employee	Rs.	1,455,250	1,860,935	2,508,480
Capacity per employee	Tonne-km	126,223	145,581	163,312
Load carried per employee	Tonne-km	83,338	92,367	112,768
<i>Fleet</i>				
Aircraft in service at year end	Nos.	5	6	6

Glossary of terms used

Available Seat Kilometers (ASK) The product of seats offered for sale and the distance over which they are carried.

Available Tonne Kilometers (ATK) This is the measure of transport production. The ATK produced by a flight are the capacity for the payload of the aircraft measured by the distance flown.

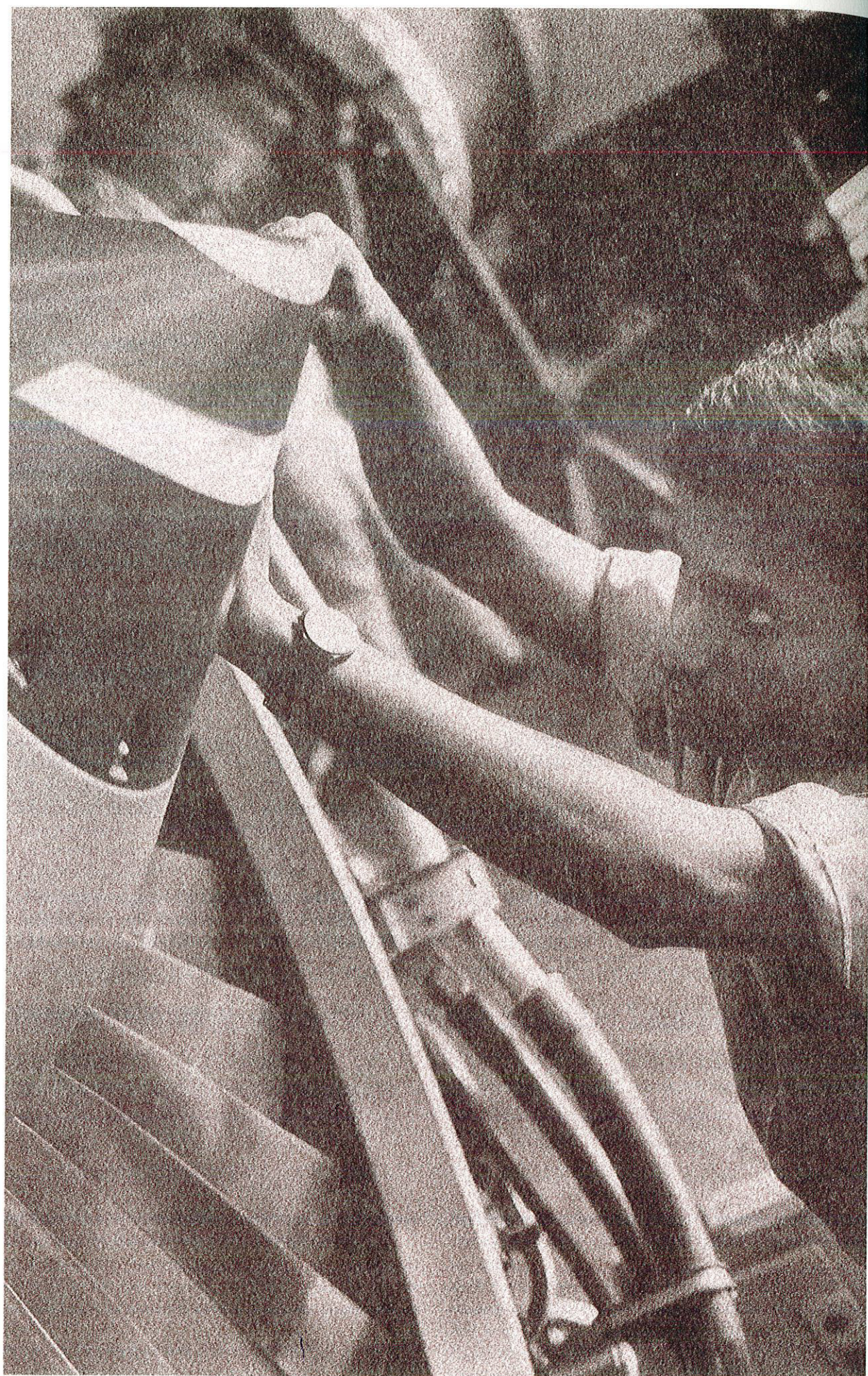
Revenue Passenger Kilometers (RPK) The product of passengers carried and the distance over which they are carried.

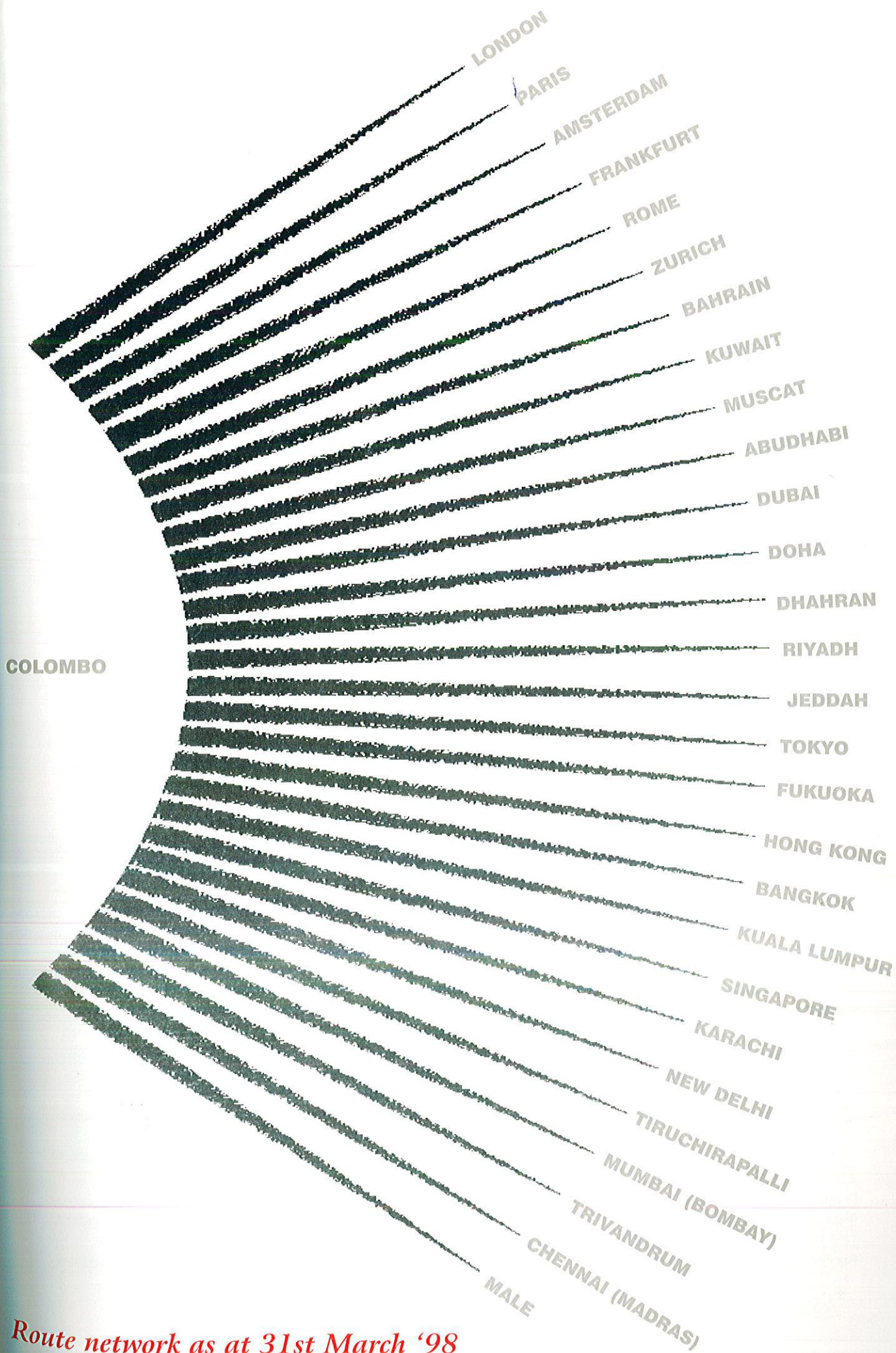
Revenue Tonne Kilometers (RTK) The product of passengers and cargo carried in tonnes and the distance over which they are carried.

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

Break-even Load Factor The load factor required to equate revenue from scheduled airline operations with operating costs.

1992	1993	1994	1995	1996	1997	1998
10,936.03	12,945.44	12,456.05	13,651.28	14,807.92	15,619.30	17,608.29
10,571.89	12,390.28	11,747.81	12,154.46	13,253.64	14,121.08	14,640.36
218.36	127.61	188.60	431.74	(1,212.22)	(447.72)	1,641.59
7,369.47	7,369.47	5,146.35	5,146.35	5,146.35	5,146.35	5,146.35
5,723.71	9,019.84	10,742.20	22,318.81	20,836.32	19,217.72	19,542.49
2,554.93	5,323.45	5,054.09	7,175.43	8,154.25	8,769.55	9,536.69
8,309.04	14,373.69	15,826.69	29,524.64	29,020.97	28,017.67	29,109.58
4,614.17	7,005.56	7,142.16	8,858.31	8,740.41	8,856.67	9,224.37
22.8	24.9	27.6	27.8	26.5	27.4	29.0
15.1	15.5	18.1	17.6	16.7	20.3	20.5
66.4	62.1	65.6	63.1	63.1	74.4	70.8
2.4	2.5	2.8	2.9	2.9	3.0	3.2
5,307.55	6,137.90	5,145.36	5,405.55	5,602.21	5,525.10	5,672.66
698.37	782.71	632.15	672.27	772.27	746.78	757.42
958	1,067	994	1,081	1,149	1,196	1,201
3,772.02	4,203.25	3,576.75	3,786.56	3,931.26	4,003.19	4,154.46
71.07	68.48	69.51	70.06	70.17	72.45	73.24
25,819	26,518	25,957	28,748	35,409	35,039	36,478
105.49	108.63	107.38	119.77	166.23	164.43	173.62
453.44	492.20	419.37	454.19	514.81	522.09	547.14
51.95	48.28	50.81	52.15	61.56	61.94	65.40
64.93	62.88	66.34	67.56	66.66	69.91	72.24
4,181	4,531	4,442	4,584	4,880	4,965	4,823
2,615,649	2,857,082	2,804,154	2,978,028	3,034,410	3,145,881	3,650,900
167,034	172,746	142,312	146,656	158,252	150,409	157,043
108,453	108,629	94,410	99,082	105,494	105,153	113,444
<u>8</u>	<u>9</u>	<u>8</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>





Route network as at 31st March '98

Air Lanka Offices and General Sales Agents

Head Office : 37, York Street, Colombo 1, Sri Lanka.

Telephone Gen. Admin: (94)73 5555 Passenger Reservations & Reconfirmation: 421161/073 5555/073 5500

Telex: 21401LANKAIR CE Fax: 073 5122 Cargo Sales: 073 3276/073 3275

Website: <http://www.airlanka.com> E-mail: ulweb@sri.lanka.net

Australia

Adelaide World Aviation Systems (Aust) Pty Ltd., Avion House, 249/251 Pulteney Street.
Tel: (R/RC) 61-8-83068411,
(G/A) 61-8-83068400 Fax: 61-8-83068439

Perth World Aviation Systems (Aust) Pty Ltd., Level 9 Qvi Building, 250 St Georges Terrace.
Tel: (R/RC) 61-8-892299212,
(G/A) 61-8-92299211 Fax: 61-8-92299399

Brisbane World Aviation Systems (Aust) Pty Ltd., Level 5 217 George Street.
Tel: (R/RC) 61-7-34077188,
(G/A) 61-7-34077100 Fax: 61-7-34077149

Canberra World Aviation Systems (Aust) Pty Ltd., 32 Lonsdale Street, Braddon A.C.T.
Tel: (G/A) 61-2-62196050 Fax: 61-2-62196066

Melbourne World Aviation Systems (Aust) Pty Ltd., Ground Floor, 310 King Street.
Tel: (R/RC) 61-3-99203882,
(G/A) 61-3-99203860 Fax: 61-3-99203880

Sydney World Aviation Systems (Aust) Pty Ltd., Ground Floor 64 York Street.
Tel: (R/RC) 61-2-92442234,
(G/A) 61-2-92442111 Fax: 61-2-92903306

Austria

Vienna Taurus Reiseveranstalter Ges. m.b.H., Rainergasse 1, 1040 Vienna.
Tel: (R/RC) 5035707/8, (G) 5035707,
(A) 5035707 Fax: 5035710

Bahrain

Manama Air Lanka Ltd., P.O. BOX 1142, Manama. Tel: (R/RC) 224819, (G) 223315, (A) 211405, (F) 225617
Bahrain International Travel, Chamber of Commerce Bldg, Ground Floor, King Faizal Highway, P O BOX 1044, Manama, Bahrain.
Tel: (R/RC) 224819 (G) 223315, (A) 211405, (F) 321227 Fax: 210175

Bangladesh

Dhaka G.S.A.-Bengal Airlift Ltd., Landmark Building, 5th Floor, 12-14 Gulshan North, Dhaka 1212. Tel: (D) 9886634-37, 608735, 608796
Fax: 880-2-871335

Brazil

Rio de Janeiro Varig Airlines, AV Almirante, Rm 391, CEP 20021-010 Rio De Janeiro, Brazil.
Tel: (D) 2625881 / 2725461
Fax: 2725720 / 2725700

Bulgaria

Sofia Balkan Bulgarian Airlines, 12 Narodno Subranie, Squire Sofia.
Tel: (D) 884433, 884493, 881180

Canada

Montreal Repworld Inc., 1250 Boul Rene-Levesque Ouest Bureau 2200, Montreal Quebec H3B 4W8, Canada.
Tel: (D) 514 989 3110 Fax: 514 934 4640

Toronto Repworld Inc., 415 Young St, Suite 1704, Toronto M5B 2E7
Tel: (D) 416 598 5554
TOLL FREE: 1 800 837 5377 Fax: 416-598 2051

Cyprus

Nicosia Louis Aviation Ltd., 52, Evagoras Avenue 1095, P O Box 1301, Nicosia.
Tel: (R/RC) 02-670764, (G/A) 02-679999
Fax: 02-671894

France

Paris Air Lanka Ltd., 2, Rue Des Moulins, 75001 Paris.
Ticket Office: Air Lanka Ltd., 18, Rue Therese, 75001 Paris.
Tel: (R/RC) 33-01 42 97 43 44/ 33-01 44 77 82 24,
(G) 33-01 44 77 82 15, (A) 33-01 44 77 82 21
(accts) Fax: 33-01 42 86 83 20

Germany

Frankfurt Air Lanka Ltd., Schwindstrasse 3, 60325 Frankfurt/main, Frankfurt.
Tel: (R/RC) 069 - 97573923, (G) 069 - 9757390,
(A) 069-97573920 Fax: (R) 069 - 97573929

Greece

Athens Intermodalair SA, 25, Filellinon Str, Second floor, 10557 Athens.
Tel: (R/RC) 301-3249797, (G) 301-3239000
Fax: 301-3249152

Hong Kong

Hong Kong Air Lanka Ltd., RM 2703, 27th Floor, Lippo Tower, Lippo Centre, 89 Queensway.
Tel: (R/RC/G) 2521 0708, (G) 2521 0708,
(A) 2801 5180, (F) 2216 1088 Fax: 2801 5600
E-mail: airlanka@netvigator.com

India

Ahmedabad Stic Travels Pvt. Ltd., IV Floor, Karishma Complex, Stadium Circle, Navrangpura, Ahmedabad 380 009.
Tel: (R/RC/G) 079-6423518/6427638/406232/
406056 Fax: 079-6426153

Amritsar Stic Travels Pvt. Ltd., Hotel Amritsar International, Amritsar 143 001.
Tel: (G) 0183-556192/550002
Fax: 0183-550002

Bangalore Stic Travels Pvt. Ltd., G-5, Imperial Court, 33/1, Cunningham Rd, Bangalore 560 052.
Tel: (R/RC/G) 080-2267613/2256194-95/
2202408 Fax: 2202409

Calcutta Stic Travels Pvt Ltd., East Angila House (GF), 3C, Camac Street, Calcutta 700 016.
Tel: (R/RC/G) 033-292092, (G) 294464,
(A) 033-294872 Fax: 226-6588

Chandigarh Stic Travels Pvt Ltd., SCO 40-41, Sector - 17A, Chandigarh 160 017.
Tel: (R/RC/G) 0172-706562/706567/775828/
775816 Fax: 0172-702770

Chennai Air Lanka Ltd., Mount Chambers, 758 Anna Salai, Chennai 600 002.
Tel: (R/RC/G) 8524232, 8261535/6, 8520737,
(A) 8524401, (F) 8524232 Fax: 8522682
Trans Lanka Air Travels Pvt. Ltd., Nagabramha Towers, 76 Cathedral Road, Madras 600 086.
Tel: (R) 8261535/36/37/38, (S) 8261152/54

Cochin M/S Anusha Travels Ltd., 2nd Flr Heera House, Ravipuram, M G Road, Cochin 682 016
Tel: (R/RC) 370340, 380293, (F) 370740/380293
Fax: 370740

Goa : Jetair Ltd., 102, Rizvi Chambers, 1st Floor, H Salgador Road, Panaji, Goa 403 001.
Tel: (G) 222438, 226154 Fax: 0832 221476

India (cont.)

Hyderabad M/s Nagarjuna Travels & Hotels,
3-6-356/358 Basheer Bagh, Hyderabad 500029.
Tel: (R/RC/A/F) 3220207 (7 lines) Fax: 3226789

Jalandhar Stic Travels Pvt Ltd., 2nd Floor,
Alfa Estate, G T Road, OPP. General Bus Stand,
Jalandhar 144 001.
Tel: (R/RC/G) 0181-232056/58/59
Fax: 0181-230961

Mumbai Air Lanka Ltd., c/o Jetair Ltd., 12D,
Raheja Centre, Ground Floor, Free Press Journal
Marg, Nariman Point, Mumbai 400 021.
Tel: (R/S) 2823288/99, 2823599, 2844156,
(A) 2844148 Fax: 2833864 Airport - Cargo Office
(C) 8353508, (G) 8366700 Ext: 3572
Fax: 2833864

New Delhi Air Lanka Ltd., c/o Stic Travels Pvt.
Ltd., Room 1, Hotel Janpath, Janpath,
New Delhi 110 001.
Tel: (R/RC/G) 011-3368843, 3368845, 3367989,
3368671, 3367909
Fax: 011-3346840

Poona Jetair Ltd., Century Arcade,
243/244 Naranji Baug Road, Pune 411 001.
Tel: (G) 623260-8 Fax: 0212-624897

Salem Translanka Air Travels Pvt. Ltd.,
47 Divya Towers, Fort Main Road, Salem 636001.
Tel: (G) 91 427 51542

Trichirapalli Air Lanka Ltd., c/o Translanka
Air Travels, Hotel Femina Complex, 14 C Williams
Road, Trichy 620 001.
Tel: (R/RC) 460844/462381, (A/G) 460852/
460844 Fax: 460852

Trivandrum Air Lanka Ltd., c/o Anusha Air
Travels, Spencer Bldg., M.G. Road, Trivandrum
695 001.
Tel: (R/RC/G/A) 471810/471815 (G) 475037/
474934 Fax: 460224

Indonesia

Jakarta Air Lanka Ltd., c/o P T Dharma Buana
Experindo, JL. IR. H. Djuanda III No 2, Jakarta
10120.
Tel: (R/RC) 021-350 1022, (G) 021-350 1022,
(A) 021-350 1022 Fax: 021-386 2544

Ireland

Belfast Aer Lingus, 46-48 Castle Street, Belfast,
BT1 1HB, Northern Ireland. Tel: (D) 0232/
244224, (R) 084 45151

Cork Aer Lingus, 38 Patrick Street, Cork, Ireland.
Tel: (D) 021 27431

Dublin Aer Lingus, 40 Upper O'Connell Street,
Dublin, Ireland. Tel: (D) 01-377747, 01-377777

Branch Offices

- 1) Aer Lingus, 42 Grafton Street, Dublin, Ireland.
- 2) Aer Lingus, 12, Upper George Street, Dublin, Ireland.
- 3) Aer Lingus, Teoranta, Dublin Airport,
Dublin, Ireland. Tel: (D) 370011

Limerick Aer Lingus, 136 O'Connell Street,
Limerick, Ireland. Tel: (D) 061-45556

Shannon Aer Lingus Limerick Office, Shannon,
Ireland. Tel: (D) 061-45556

Italy

Milan Air Lanka Ltd., Via Gonzaga 5, 20123
Milan. Tel: (R/RC) 02-86-464513/483830,
(G) 02-86-461209, (F) 02-86-464513
Fax: 02-86-461852

Rome Air Lanka Ltd., Via Barberini 3, 00187
Rome. Tel: (R/RC) 06-483830/484428,
(G) 06-484858/4741084, (A) 06-483732,
(C) 06-65010496 Fax: 06-4746385
E-mail: airlankarome@compuserve.com
Airport Office Tel: 65010496, Airport Office
Fax: 6529196

Japan

Fukuoka Air Lanka Ltd., Kyukan Recruit Hakata
Bldg., 2-19-27, Hakataekimae, Hakata-ku,
Fukuoka 812 0011.
Tel: (R/RC) 092-451-2855,
(G/A/C) 092-451-2856, (F) 092-451-2855
Fax: 092-451-2857

Osaka Overseas Travel Agency Co. Ltd., 7th
Floor, Hommachi NS Bldg., 3-2-5 Hommachi,
Chuo-ku, Osaka 541 0053.
Tel: (R/RC) 06-282-2661 Fax: 06-282-2669

Japan (cont.)

Tokyo : Air Lanka Ltd., Dowa Bldg., 7 2 22 Ginza,
Chuo-ku, Tokyo 104-0061.
Tel: (R/RC) 03-3573-4261/2, (G) 03-3573-4263,
(A) 03-3573-4263/4, (C) 03-3573-4265,
(F) 03-3573-4261/2 Fax: 03-3574-0780

Jordan

Amman Grand Travel & Tourism, Behind Housing
Bank Complex, Shmeisani.
Tel: (R/RC) 5682140, 6402001/2, (G) 5682145,
(A) 5698112/3 Fax: 5690402, 5694689

Korea (South)

Seoul Pacific Air Agency Ltd., 1006 Soonhwa B/
D 5-2, Soonhwa-Dong, Choong-Ku, Seoul.
Tel: (R/RC) 02-318-3721/5, (G) 02-318-3721/3
Fax: 02-318-3720

Kuwait

Safat Air Lanka Ltd., c/o Al Madinah Travels
Company, P O Box 20053, Safat 13061.
Tel: (R/RC/G/A/C/F) 965-2424444
Fax: 965-2461437

Malaysia

Kuala Lumpur Air Lanka Ltd., 3rd Floor MUI
Plaza, Jalan P Ramlee, 50250 Kuala Lumpur.
Tel: (R/RC/F) 03-2323633, (G/A) 03-2326022
Airport Tel: 03-87766301 Fax: 03-2388233

Maldives

Male Air Lanka Ltd., No. 20 Athireege Annex 2,
Ameeru Ahmed Magu.
Tel: (R/RC/G) 323459/320189/328329,
(F) 322213/322211 Fax: 313169
Air Lanka Ltd., c/o Air Maldives, Gadhadoo
Building, Boduthakurufaanu Magu.
Tel: (R/RC/G) 328456/322213, (C) 314654/
316897 Fax: 314812, Cargo Office Fax: 323881,
Male Intl. Airport Fax: 328367
Air Lanka Ltd., c/o Galaxy Enterprises,
H. Fasmeeer, 14 Boduthakurufaanu Magu, Male.
Tel: (R/RC) 320002, (G) 317255, (A) 317244
Fax: 317245

Malta

Malta World Aviation Systems Ltd., 20/2,
Republic Street, Valletta, VLT 04.
Tel: (R) 242233, (G) 238744, 242234
Fax: 0356-223887

Nepal

Kathmandu Zenith Travels Pvt. Ltd., Durbar Marg, P O Box 4163, Kathmandu.
Tel: (R/RC/G) 223162, 227064, (A) 223502
Fax: 977-1-227132

Netherlands

Amsterdam Air Lanka Ltd., Assumburg 150, 1081 GC Amsterdam
Tel: (R/RC) 020-6442929, (G) 020-6448989, (A) 020-6428809, (C) 020-6534211, (F) 020-6010395/6041395 Fax: 020-6428181 (res/ticketing), (S) 020-6428899
E-mail: i00563.3314@compuserve.com
Airport Cargo Office, Terminal West Room 623, Departure Hall 202, 1118 Av Schiphol Centre.
Tel: 020-6010395, 6041395 Fax: 020-6534648
Cargo: 020-6534211 Fax: 6534648

New Zealand

Auckland World Aviation Systems (Aust) Pvt. Ltd., Trust Bank Bldg., 6th Floor, 229 Queen Street, Auckland.
Tel: (R/RC) 09-3794455 Fax: 09-3775648

Pakistan

Islamabad Crown Travels Ltd., Shop No. 2, Ground Floor, Shahidi Plaza, Blue Area, Islamabad.
Tel: (R/RC) 051-279795, 278206, 9210947
Fax: 051-278207

Karachi Air Lanka Ltd., No. 7 Services Club, Extension Building, Mereweather Road, Karachi.
Tel: (R/RC) 021-5662679/5676480, (A) 021-514421/514428, (C) 021-5671546
Fax: 021-5684522, 5678286

Airport Office Room No. 5030 Levels Jinnah Terminal, Quaid-e-Azam International Airport.
Tel: (R/RC) 021-4573175, 45791575

Lahore Crown Travels Ltd., Ali Complex, 23 Empress Road, Lahore.
Tel: (R/RC) 042-6313718, 6303265, 6366876/77 Ext 302 Fax: 042-6308352

Qatar

Doha Air Lanka Ltd., c/o Ali Bin Ali Travel Bureau, P O Box 2197, Doha.
Tel: (R/RC) 441217, (G) 441161, (A) 446345, (C) 621571 Airport Office: 621945 Fax: 441241

Russia

Moscow Aeroflot Russian International Airlines, Leningradsky Prospekt 37, Moscow 124167.
Tel: (D) 1556694

Saudi Arabia

Dhahran Air Lanka Ltd., Airline Centre, P O Box 122, King Abdul Aziz Street, Dhahran International Airport, 31932.
Tel: (R/RC) 3-8951153, 3-8952180, 3-8952196, (A) 3-8946503, (G) 3-8951153, (C) 3-8918395, 8951153, (F) 3-8951153, 8952180, 8952196 Fax: 3-8984942

Jeddah Air Lanka Ltd., Kanoo Tower, Kilo 7, Madina Road, P O Box 812, Jeddah 21421.
Tel: (R/RC) 02-6632259, (A) 2-6632259, (G/C/F) 2-6696933 ext 185 Fax: 6695801

Riyadh Air Lanka Ltd., c/o Kanoo Travel Agency, P O Box 753, Kanoo Tower, King Abdul Aziz Street, Riyadh 11421.
Tel: (R/RC): 01-4772228 ext 291, 293, (A) 01-4788935, (G/C/F) 4772228
Fax: 4772228 ext 294, 4786869

Singapore

Singapore Air Lanka Ltd., 133, Cecil Street, #13-01A/B Keck Seng Tower, Singapore 069535
Tel: (R/RC) 2236026/7, (A) 2257233, Fax: 2219425 (Town Office)

Sri Lanka

Colombo Head Office: Air Lanka Ltd., Grindlays Bank Building, 37 York Street, Colombo 01.
Tel: (G) 073 5555, Tlx: 21401 LANKAIR CE
Fax: 073 5122 E-mail: ulweb@sri.lanka.net

Cargo Office: Air Lanka Ltd., 660 Galle Road, Colombo 03.
Tel: (C/S) 073 3280, 073 3286

Ticket Office: Air Lanka Ltd., 660 Galle Road, Colombo 03.
Tel: (D) 073 3295

PTA Ticket Office: Air Lanka Ltd., 12 Sir Baron Jayatillake Mawatha, Colombo 01.
Tel: (D) 073 3677/3678 Fax: 073 5511
Tlx: 21401LANKAIR CE

Sri Lanka (cont.)

Regional Ticket Office Tel: (R) 073 3490 (RC) 421161, 073 5500, (T/D) 073 3667, 073 3713, (D) Government Travel 073 3668

Flight Information: (D) 073 2377, 073 2677

Kandy Ticket Office: Air Lanka Ltd., 19 Temple Street Kandy.
Tel: (R/RC) 08-232494/5
Fax: 08-232494

Solomon Islands

Guadalcanal Solomon Islands Airlines, Solar House, P O Box 23, Honiara.
Tel: (D) 20031 Fax: 67723992

Sultanate of Oman

Muscat Air Lanka Ltd., P O Box 629, Muscat PC 113.
Tel: (R/RC) 796694, (G) 796680-84, (S/A) 796695 Fax: 707547
Email: ulmct@gto.net.om

Switzerland

Zurich Air Lanka Ltd., Reitergasse 6, 8004 Zurich. Tel: (R/RC) 01-245-8090, (G) 01-241-2090, (S) 01-245-8095
Fax: (A) 01-241-7738

Taiwan

Taipei Overseas Travel Services Ltd., 2F, No. 129 Chang Chun Road, Taipei 104.
Tel: (R/RC) 886-02-25116188
Fax: 886-02-25230626

Thailand

Bangkok Air Lanka Ltd., 942/34-35 Charn Issara Tower, Rama IV Rd, Silom, Bangkok 10500.
Tel: (R/RC) 2369292/3, 2364981/2, (G) 2367618/2360159, (A) 2367618
Fax: 2367617 (city), 5311243 (airport)
Email: airlanka-bkk@a-net.net.th

United Arab Emirates

Abu Dhabi: Air Lanka Ltd., c/o Atlas Travel Tourism and Transport, P O Box 2086, Zayed The 2nd Street, Al Darmaki Building, Abu Dhabi.
Tel: (R/RC) 337125 (3 lines), (A) 337927
Fax: 331313 E-mail: airlanka@emirates.net.ae

U A E (cont.)

Ajman Ajman National Travel Agency,
P O Box 641, Shk Mohd Al Mueimi Street,
PIA Building, Ground Floor, Ajman.
Tel: (A) 422399, (G) 422300, (C) 666571
Fax: 427537

Al Ain : Atlas Travels, P O Box 17670,
Al Ain Street, Al Daheri Building, Al Ain.
Tel: (R/RC) 643344

Dubai Air Lanka Ltd., (DNATA), "C" Entrance,
3rd Floor, P O Box 12889, Dubai.
Tel: (R/RC/G) 236755, (G) 225951
Fax: 234245-UL

Dubai Dubai National Air Travel Agency,
P O Box 1515, Dubai.
Tel: (D) 971-4-20 33700, (G) 971-4-20 33702
Fax: 971-4-274710

Fujeirah Fujeirah National Air Travel Agency,
P O Box 96, Sanyo Building, Ground Floor,
Fujeirah. Tel: (G) 222524, 222316 Fax: 222555

Ras Al Khaimah Rak National Travel Agency,
P O Box 5214, Al Seer Building, Oman St.,
Al Nakheel, Ras Al Khaimah.
Tel: (G) 221536 Fax: 221255

Sharjah Sharjah National Travel & Tourist
Agency, P O Box 17, Sharjah Tower,
Al Arooba Street, Sharjah.
Tel: (R/RC) 544066, (G) 351411, (A) 351411,
(C) 544616, (F) 544066 Fax: 374968

Umm Al Quwain Umm Al-Quwain National
Travel Agency, P O Box 601, King Faisal Street,
SHK Saoud Building, Umm Al Quwain.
Tel: (G) 656615, 656652 Fax: 655549

United Kingdom

London Air Lanka Ltd., 22 Regent Street,
London SW1Y4QD.
Tel: (R/RC/G) 0171-930-4688,
(A) 0171-930-2099, (C) 0181-750-9715,
0181-750-9716, (F) 0990 111666
Fax: 0171-930-5626
UL/Heathrow: 0181-759-4048
Ticket Desk: 0181-759-4062
Fax: 0181-745-6649, Cargo Fax: 0181-750-9717
E-mail : airlanka@netcomuk.co.uk

USA

Los Angeles : Pyramid Travel Inc.,
8121 San Fernando Road, Sun Valley CA 91352.
Tel: (R/RC) 1-800-247-5265 (Toll Free),
(G) 818 767 4132 Fax: 818 771 0238

Branch Offices

New York Pyramid Travel Inc., 767 Fifth Ave,
GM Plaza, New York NY 10153.
Tel: (R/RC) 1-800-247-5265 (Toll Free)
Fax: 212 759 0184

Houston Pyramid Travel Inc., 3050 Post Oak
Blvd # 1320, Houston, TX 77056.
Tel: (R/RC) 1-800-247-5265 (Toll Free)
Fax: 713 626 8028

Chicago Pyramid Travel Inc.,
401 N Michigan # 865, Chicago, IL 60611.
Tel: (R/RC) 1-800-247-5265 (Toll Free)
Fax: 312 822 0048

Territories of Croatia, Slovenia, Bosnia Hercegovina and Federal Republic of Yugoslavia

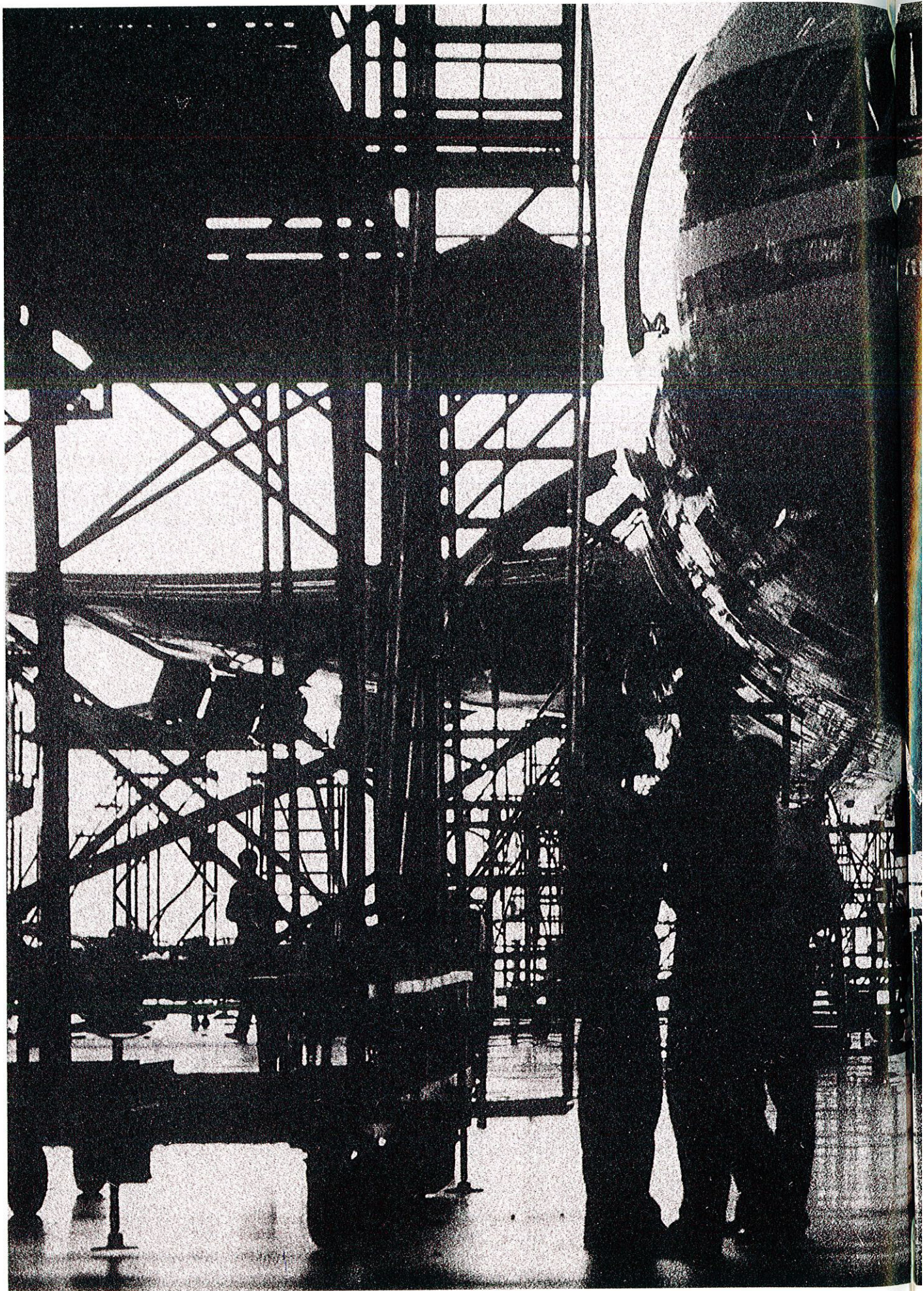
Belgrade Ceylon House, Sanje, Zivanovic 15A,
11000 Belgrade, Fed. Rep. of Yugoslavia.
Tel: (D/G) 3690244 Fax: 3690246

Air Lanka is GSA for the following airlines:

Aer Lingus
Aeroflot Russian International Airlines
Balkan Bulgarian Airlines
Solomon Island Airlines
Varig Brazilian Airlines

Abbreviations used for Telephone Numbers

(A)	Administrative
(C)	Cargo
(D)	Direct
(F)	Flight Information
(G)	General
(R)	Reservations
(S)	Sales Office
(T)	Ticketing
(RC)	Reconfirmation
(P/S)	Passenger Sales
(C/S)	Cargo Sales





AIRLANKA

