

At every corner of the world



you'll have a friend.



Annual Report 2004/2005

Vision

To be the most preferred
airline in Asia

Mission

We are in the air transportation business.

We provide our customers with a reliable
and pleasant travel experience.

We provide our business partners with
a variety of innovative, professional
and mutually profitable services.

We meet shareholders expectations
of profitably marketing Sri Lanka
and contributing towards the
well-being of society.

We are a competent, pro-active
and diligent team.

Our contribution is recognized
and rewarded.

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LEGAL FORM

Public Limited Liability Company

DIRECTORS

J M S Brito - Chairman

A Hewage

S Ukwatte

R A Chandiram

T C Clark - Managing Director

G W Chapman

N J Hopkins

P M Hill - (Alternate to T C Clark)

M Flanagan - (Alternate to G W Chapman)

Ghaith Al Ghaith - (Alternate to N J Hopkins)

COMPANY SECRETARY

Mildred Peries

Corporate Information

REGISTERED OFFICE

#22-01, East Tower

World Trade Center

Echelon Square

Colombo 1

Sri Lanka

AUDITORS

Ernst & Young

Chartered Accountants

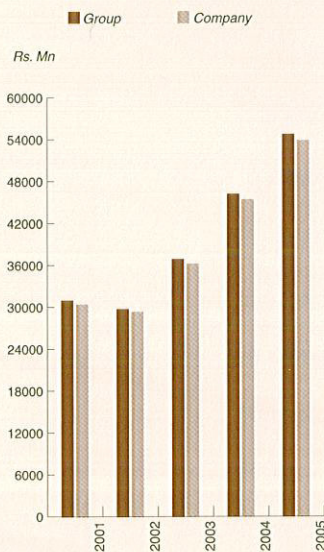
PO Box 101

Colombo 10

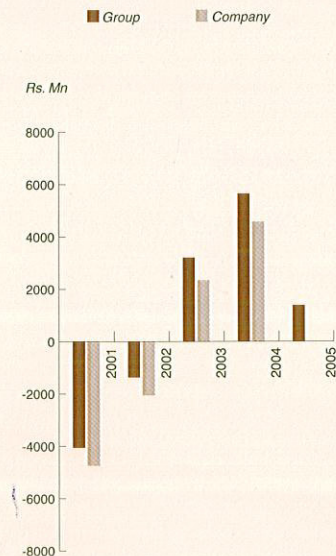
		Group 2005	Group 2004	% Change Group	Company 2005	Company 2004	% Change Company
Financial							
Operating Revenue	Rs. Million	54,720.54	46,191.34	18.46	53,808.85	45,397.54	18.53
Operating Expenditure	Rs. Million	54,201.94	41,996.93	(29.06)	54,617.41	42,311.16	(29.09)
Profit from Operating Activities	Rs. Million	1,742.08	5,899.41	(70.47)	324.20	4,779.92	(93.22)
Net Profit for the Year	Rs. Million	1,376.07	5,635.51	(75.58)	7.66	4,555.14	(99.83)
Total Assets	Rs. Million	33,733.18	35,972.66	(6.23)	31,822.03	35,253.67	(9.73)
Shareholders' Funds	Rs. Million	11,565.09	11,475.61	0.78	6,282.60	7,561.53	(16.91)

Financial Highlights

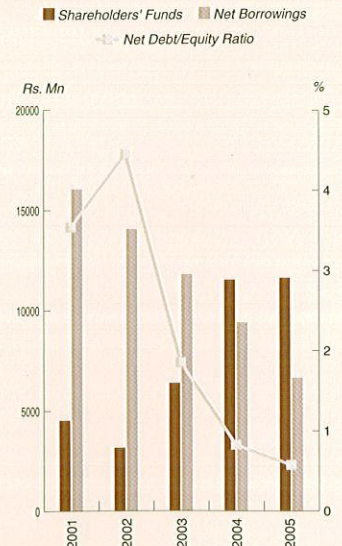
Operating Revenue



Net Profit after Tax



Group Net Debt and Equity



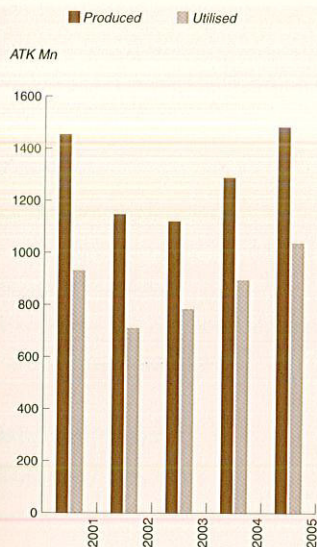
		Group 2005	Group 2004	% Change Group	Company 2005	Company 2004	% Change Company
Traffic							
Passenger capacity	ASK Millions				11,326.54	9,692.08	16.86
Overall capacity	ATK Millions				1,484.02	1,289.94	15.05
Passengers carried	RPK Millions				8,142.54	7,276.35	11.90
Overall load carried	RTK Millions				1,039.34	896.59	15.92
Passenger load factor	%				71.89	75.08	(3.19)
Overall load factor	%				70.04	69.51	0.53
Breakeven load factor	%				74.94	68.66	(6.29)

Staff Productivity

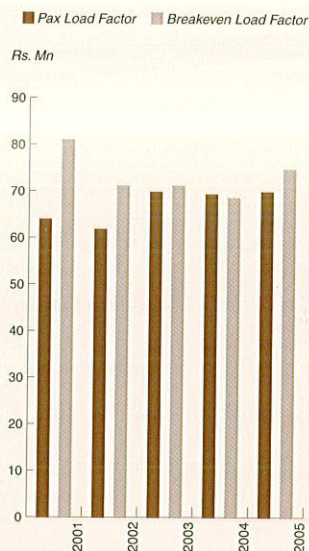
Average Strength	Nos.	5,739.00	5,264.00	9.02	5,163.00	4,714.00	9.52
Revenue per employee	Rs. Million	9.53	8.77	8.66	10.42	9.63	8.22
Value added per employee	Rs. Million	2.00	2.65	(24.30)	1.88	2.66	(29.24)

Financial Highlights

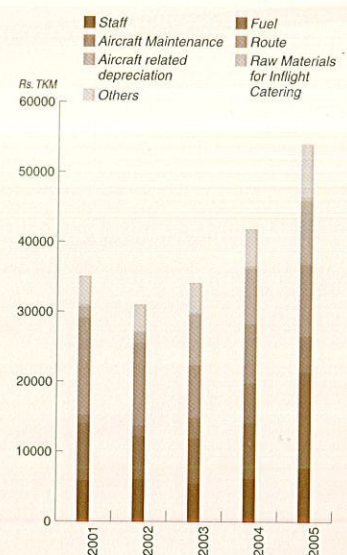
Capacity



Pax Load Factor & Breakeven Load Factor



Composition of Expenditure (Group)





Board of Directors

From Left to Right

R A Chandiram - Director

S Ukwatte - Director

Peter Hill - Chief Executive Officer

A Hewage - Director

J M S Brito - Chairman (*Seated*)

Mildred Peries - Company Secretary

Tim Clark - Managing Director

Dermot Mannion - Director (*Out-going*)

Nigel J Hopkins - Director (*In-coming*)

Gary Chapman - Director

J M S Brito

Chairman

Deputy Chairman and Managing Director of Aitken Spence & Co. Ltd and a Chartered Accountant by profession

A Hewage

Director

Advisor to the Ministry of Ports & Aviation

S Ukwatte

Director

Chairman and Managing Director of Mount Lavinia Hotel Limited and a Hotelier by profession

R A Chandiram

Director

Director, Odel (Pvt) Limited and Odel Apparels (Pvt) Ltd

Tim Clark

Managing Director

President/Emirates Airlines

Board of Directors

Gary Chapman

Director

President, Dnata and Associated Companies/Emirates Airlines

Dermot Mannion

Director

President, Group Support Services/Emirates Airlines

Has tendered his resignation from the Board effective 31st May 2005

Peter Hill

Chief Executive Officer

Nigel J Hopkins

Executive VP Service Department/Emirates Airlines

Appointment as Director with effect from 1st June 2005

Mildred Peries

Company Secretary

The performance of the SriLankan Airlines Group during the financial year 2004/05 cannot be measured or quantified in rupees and cents.

I am proud to say that the SriLankan Airlines Group and its staff proved to be a tremendous source of strength for the nation during its time of greatest crisis in the aftermath of the Tsunami of 26th December 2004. Apart from providing services free of charge for affected foreign tourists to return home, and handling the unloading over thousands of tonnes of life-saving supplies, SriLankan Airlines organized relief and reconstruction efforts on both the devastated southern and eastern coastlines, which continue to this day.

As expected, tourism numbers plummeted following the Tsunami, and had a direct adverse impact on the Company's bottom line.

In addition, this year was an extremely challenging one for the global airline industry as a whole due to the skyrocketing price of aviation fuel. Global oil prices climbed steeply to nearly USD 60 per barrel by the winter of 2004.

Chairman's Statement



“This year was an extremely challenging one for the global airline industry as a whole due to the skyrocketing price of aviation fuel.”

Our shareholders will appreciate that, as a result of these factors, it proved impossible for the Group to continue its outstanding performance during the previous year in which the Air transport business achieved a stand-alone profit in its long history. For the year under review, the Group posted a Net Profit after Taxation of Rs 1,376.07 million, a decrease of 75.58% from the previous financial year's Net Profit after Taxation of Rs 5,635.51 million.

Despite these tremendous challenges, the Group continued with its plans for expansion. New destinations such as Calicut came on-line. Preparations were completed for the launch of services to Beijing. New codeshare agreements with our partner Emirates expanded our network to include daily flights to New York and other important destinations. Frequencies to existing destinations were rapidly increased. New ticket offices were opened within Sri Lanka. The Airline now offers paperless "E-Ticketing" to its customers anywhere in the world.

The Airline acquired two more Airbus A320 aircraft during the year. The domestic service of the Airline, SriLankan Air Taxi, acquired two more aircraft and increased the number of destinations it serves to 12. SriLankan Catering Services (Private) Limited also continues to expand, and will triple its capacity when its new flight kitchen is scheduled to be commissioned in late 2005. SriLankan Cargo will also double its handling capacity when the new Cargo Centre is completed this year.

Chairman's Statement

The year ahead will continue to pose many challenges. However, I am confident that the management and staff of SriLankan Airlines Group will successfully turn them into opportunities and subject to global oil prices, improve our profitability in 2005/06.

I take this opportunity to also warmly welcome two new Directors, namely Mr. R A Chandiram and Mr. Nigel Hopkins to the Board and also thank Mr Balapatabendi and Mr Dermot Mannion who resigned from their positions as Chairman and Director respectively, for their valuable services during their tenure of office in the Company.

Finally I would like to extend my thanks to every member of the staff and management of SriLankan Airlines and SriLankan Catering and the Board of Directors for their unstinted support and hard work during this difficult year.


J M S Brito
Chairman

30th May 2005

SriLankan Airlines has made significant progress during the last financial year by expanding its network into India and South East Asia, increasing its overall capacity by 15% and its revenue by 18%. Against this positive background we have had to cope with spiralling fuel prices, up 41% over the previous year and the devastating effects of the tsunami to the people and economy of Sri Lanka. In spite of all of this we have achieved a modest profit, which bears testimony once again to the remarkable resolve and dedication of the management and staff of the company.

Our strategy in the immediate future will be to continue to build up our hub in Colombo, seeking to add capacity and new destinations when and wherever possible, but very much dependent upon prevailing market conditions and the anticipated surging fuel costs. We have instigated a major cost reduction programme across all divisions within the Company, but inevitably much of our increased fuel bills will have to be passed on to our customers by higher fuel surcharges. We are working closely with the other major stakeholders in tourism within Sri Lanka, to develop a co-ordinated marketing programme that will rebuild the country's shattered image around the world and show that Sri Lanka is very much open for business again.

Managing Director's Statement



“New on-line markets such as China will also emerge as major tourism contributors in the future. Our hub in Colombo is rapidly becoming known as the new ‘Gateway to India’.”

The threat that private Indian carriers hold for our business has to date largely been contained, but we are very aware of their growing presence and are monitoring the situation closely. Our greater concern is the penetration of Government supported foreign airlines on our traditional routes, which by pricing far below cost are able to buy business at our expense and seriously destabilize the market place.

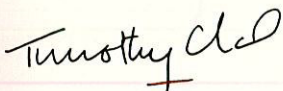
Developments at Bandaranaike International Airport continue to move ahead with eight new Passenger Airbridges being added to the recently expanded Immigration Hall and Duty Free Shopping Area, together with our newly opened and luxuriously appointed Business Class Lounge. Not to be sidelined, Cargo Handling capacity will shortly be doubled with the opening of the 2nd Cargo Terminal.

With the prospects of inbound tourism playing a major role in Sri Lanka's economic revival, our domestic Air Taxi service is also expanding to meet increasing demand. Now featuring two amphibious Turbo Otter aircraft, it is playing a pivotal role in opening up previously little visited parts of the island to upmarket tourists. We are planning to introduce scheduled services on some of the more popular Air Taxi routes shortly.

Managing Director's Statement

Despite difficult economic times within Sri Lanka in the recent past, our relationship with staff and their elected representative groups continues to progress well. A recent Employee Opinion Survey result showed an overall satisfaction level of 76% amongst all employees, up from 45% in 2002.

Looking to the future, in the short term we will continue to be faced with mounting fuel bills which will certainly negatively impact upon our profitability. On the positive side however, much progress is being made on rebuilding inbound tourism to Sri Lanka post tsunami, with all segments of the industry working together. New on-line markets such as China will also emerge as major tourism contributors in the future. Our hub in Colombo is rapidly becoming known as the new 'Gateway to India' and I am confident that this will play a major role in our profitable growth in the years to come.



Tim Clark
Managing Director

30th May 2005

SriLankan Airlines faced one of its most challenging periods during the financial year 2004/05. After achieving the first stand alone profit from airline activities in our 25-year history in the previous year, performance was severely constrained by the twin blows of the Tsunami and the skyrocketing price of aviation fuel.

This airline has a long-standing tradition of rising to face the challenges that spring up in its path, and the year under review was true to form. Although buffeted by nature's fury and industry challenges, SriLankan Airlines remained unbowed, and continued to seek opportunities to adapt and expand.

Horrific footage of the Tsunami, coupled with travel advisories in many countries, sent tourist arrivals plummeting in January and February. But the Airline adopted a proactive approach and immediately embarked upon a series of strategies aimed at rebuilding the tourist industry. By March, the Seat Factor had climbed to 74%, which is quite remarkable.

Chief Executive Officer's Review



“SriLankan Airlines is leading the global drive to re-position Sri Lanka in the minds of consumers, and to convince existing tourists to return.”

We also faced increased competition from low cost carriers and competitors who are heavily supported by their respective governments, enabling them to price their products below cost.

SriLankan gathered more global recognition this year, and was the proud winner of some prestigious awards in the airline industry:

- “Airline Turnaround of the Year 2004” from the Centre for Asia Pacific Aviation
- “Best Airline in Central Asia” from Skytrax for the fourth consecutive year
- “Best Airline in South Asia” from TTG Asia for the second consecutive time
- Three Avion Awards from the World Airline Entertainment Association — “Best Overall Inflight Entertainment”, “Best Inflight Video Programming – Short Haul,” and “Best Inflight Video Programming – Long Haul”
- Skywards won a Freddie Award for Best Redemption Programme
- SriLankan Catering won a Mercury Award in the Food & Beverage category from the International Flight Catering Association

Chief Executive Officer’s Review

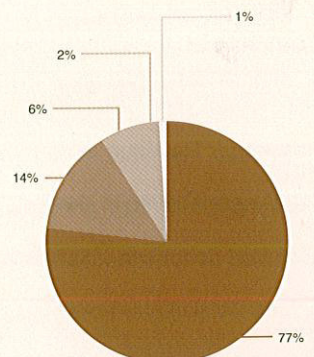
Financial Performance

In the backdrop of many challenges, the SriLankan Airlines Group achieved a Net Profit After Tax of Rs 1,376.07 million, a decline in profitability of 75.58% from the previous financial year. The Group’s Operating Profit before Finance Cost & Tax was Rs 1,742.08 million a decline of 70.47% as against the previous year.

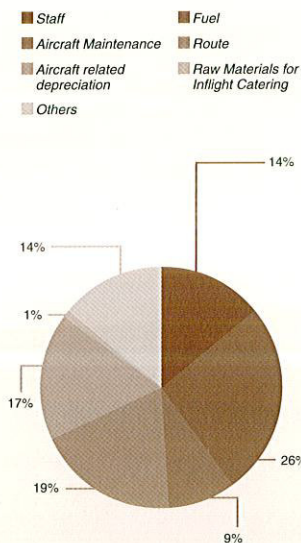
The Airline reported an Operating Profit Before Finance Cost & Taxation of Rs 324.20 million, 93.22% below the previous financial year and ended up with a marginal Net Profit after Tax of Rs 7.66 million, which is 99.83% below the previous financial year.

However, the Group’s Operating Revenue was Rs 54,720.54 million, up 18.46% from the previous year and the Airline’s Operating Revenue was Rs 53,808.85 million, up 18.53% from the previous financial year.

Composition of Revenue (Group)



Composition of Expenditure (Group)



The Group's Operating Expenditure increased by 29.06%, to Rs 54,201.94 million, as against the Rs 41,996.93 million in the previous financial year. The Airline's Operating Expenditure rose by 29.09% in the year under review, to Rs 54,617.41 million.

Unit Cost increased by 10.86% to Rs 36.02 per capacity tonne kilometer, compared to Rs 32.49 in the previous year. This was mainly due to the Company's Fuel Cost skyrocketing by 71.49% on the back of a 41.36% increase in average fuel prices and a 15.98% increase in consumption required by the Airline's expansion. In real terms, an increase of one US cent per gallon in the price of fuel, translates into an added expenditure of US \$ 1 million per annum for SriLankan.

The Company's growth strategy required higher staffing levels which, coupled with annual pay reviews and increase in the provision for retirement gratuities

Chief Executive Officer's Review

based on revised salaries caused staff costs to rise by 24.86%. The number of employees in service as at 31st March 2005 was 5,163 when compared to 4,714 on 31st March 2004.

Aircraft Maintenance Costs decreased by 9.73% due to the reduction in the number of required scheduled maintenance events. The Company's Break Even Load Factor increased by 6.28 percentage points to 74.94%, a result of the increase in Unit Cost.

Commercial

Passenger Revenue increased by 15.08% to Rs. 41,951.44 million, and constituted 77% of the Group's Revenue. Passenger Carriage grew 17.48% to register 2.42 million as against the previous year's 2.06 million. This was achieved despite the disastrous period in January and February 2005 following the Tsunami.

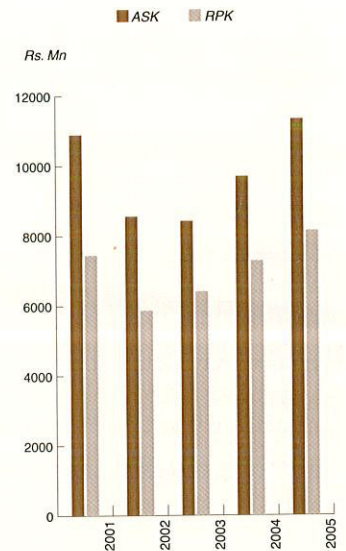
The addition of two more Airbus A320 aircraft to the fleet in the year under review saw Capacity Production increasing by 15.05%, with the number of frequencies in our route network increasing by 28.86%. Overall Load Factor increased

to 70.04% from 69.51% the previous year. However, Seat Factor fell by 3.19 percentage points to 71.89%, attributed to the negative effects of the Tsunami.

Frequencies to London were increased to 12 per week, and codeshares with Emirates were used to strengthen SriLankan's presence in both France and Germany. In the Middle East, greater flexibility and capacity was provided by greatly increasing frequencies and upgrading services to wide-bodied Airbus A330 aircraft.

Operations in Colombo further focused on the hub concept, with 88 flights per week to India and seamless connections to Europe, the Middle East and the Far East. Services were launched to Calicut and frequencies in Southeast Asia were increased significantly to Bangkok, Singapore, and Kuala Lumpur. The use of codeshares with Emirates greatly expanded SriLankan's brand presence in markets like the USA and Australia, providing additional revenue generating opportunities.

Passenger Capacity & Passenger Carried



Chief Executive Officer's Review

On the domestic scene, SriLankan Air Taxi is now well-established as a rapid mode of travel and we plan to begin scheduled flights to several destinations soon. A new Ticket Office was opened in Sri Lanka's southern town of Matara.

Service Delivery



Passengers enjoying the comfort of the new Serendib Lounge

Airport Service Delivery experienced an exciting time, with Bandaranaike International Airport in the midst of a massive development.

SriLankan's new Serendib Lounge will allow Business Class passengers to enjoy the latest comforts, and a new pier from the Passenger Terminal with eight aero-bridges is scheduled for completion in September 2005.

Revenue from Air Terminal Services increased by 31.77% to Rs. 3,498.61 million. It is noteworthy that Airport Service Support maintained its levels of efficiency in the Ramp area, despite the heavy construction work taking place there.

Inflight Duty Free Sales grew by a healthy 10.90% and totaled Rs. 338.33 million, a new record. Improvements were made to Inflight Entertainment systems by the addition of new games and video facilities.

SriLankan Cargo

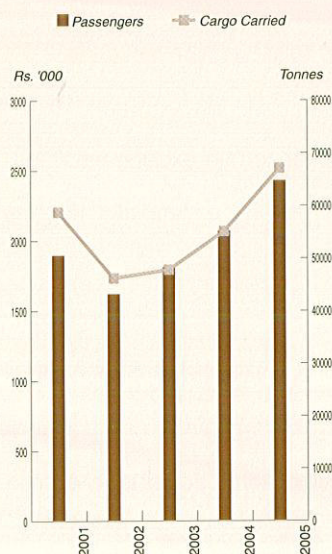
Revenue from Cargo operations grew by an extremely satisfactory 37.45% to Rs. 7,331.90 million. This was 14% of the Group's Revenue, and it was undoubtedly a good year for Cargo. Total Cargo Carriage was 66,977 tonnes, an increase of 21.90% compared to the previous year's 54,943 tonnes.

SriLankan Cargo was in the forefront of handling relief cargo in the aftermath of the Tsunami. It is a tribute to the

Chief Executive Officer's Review

efficiency of the staff of SriLankan Cargo and Airport Service Support that flights were run on schedule despite the large volume of relief cargo handled.

Passenger and Cargo Carried



Cargo operations were expanded, with daily services to Bangalore. Surplus payload capacity available on Tokyo flights due to decreased post-Tsunami passenger sales, was utilized for supplementary cargo.

SriLankan Cargo, which is positioning itself as the best supply chain solutions provider in the region, continues to use Colombo's geographical advantage to capitalize on its "Hub in the Ocean" concept. Growth in revenue is expected from the Airline's increased activities in India, Europe and China, and freighter services are likely to be launched to several new destinations in the Indian Subcontinent and China.

The commissioning of the new Cargo Centre building at BIA in the fourth quarter of 2005 would increase its total handling capacity to 300,000 tonnes.

Corporate Communications

Throughout the year under review, Corporate Communications' strategy was to re-position the brand perception of SriLankan and boost its image in the minds of consumers.

In the Middle East, efforts focused on promoting greater awareness of SriLankan's partnership with Emirates, to obtain maximum benefits from the market positioning of our strategic partner. Tactical campaigns were carried out in other regions with similar objectives, with corporate events being conducted in key markets such as Beijing, Bangkok, Dubai, and New Delhi.

The Airline's longstanding promotional events in Sri Lanka in surfing, rugby, horseracing and golf, also underwent significant changes, with events being upgraded and profiles being raised in line with the Company's long-term brand positioning. The Company's advertising campaigns have now matured into proactive, well-researched

Chief Executive Officer's Review

approaches with separate focuses on different areas such as tactical, corporate, electronic, research, and in-house brochures.

The Airline's Corporate Communications strategies underwent a considerable change following the Tsunami, and the focus was shifted from Company brand-building to the larger cause of rebuilding the nation's image. SriLankan Airlines is playing a leading role in bringing together all stakeholders in Sri Lankan tourism to work towards a common goal.

Information Technology

The IT Division continued to provide new innovations by which SriLankan Airlines often outpaced our competitors.

The introduction of an Internet Booking Engine eliminated the need for customers to visit offices of the Airline or travel agents, a convenience that will undoubtedly be the future of air travel. The advent of E-ticketing went one step further by altogether doing away with the need for physical tickets.

The number of overseas stations with real-time links with the SriLankan network now stands at 25, with eight offices being added in the year under review. This is of significant value to customers who can obtain instant answers to queries that require inputs from Colombo or other stations.

Many other systems were introduced or upgraded, including the PROS Revenue Management System, which provides crucial data for managing yield on our flights. The SriLankan Airlines website www.srilankan.aero was also re-launched with many more interactive features for the benefit of our customers.

Members of the staff now have the benefits of E-learning, a useful distance learning tool that was introduced in 2004, that greatly reduces classroom time and has proved to be very popular.

Chief Executive Officer's Review

Finance

The Company implemented a Fuel Risk Management Program during the year under review to hedge the impact of volatility in the purchase price of aviation fuel. Approximately 45% of the Airline's fuel requirement is now covered under the Fuel Risk Management Programme.

The Finance Division underwent some restructuring process with a view to place greater emphasis on controllership, compliance and risk management. Productivity was also improved through automation and upgrading revenue accounting systems and upgrading overseas accounting systems. The Division focused on consolidating operations and streamlining back-end processes in order to prepare for the Company's future growth.

Negotiations for a US \$ 22 million financing facility for the new Flight Kitchen of SriLankan Catering, which is currently under construction, was completed successfully.

Operations in the Treasury Department were streamlined, and focused on risk management and maximizing of returns from available funds. The Treasury team was successful in negotiating with banks to reduce the cost of funds.

Engineering & Flight Operations

Flight despatch reliability was maintained very near our best levels in on-time performance. The efficiency of Route Planning was increased, and negotiations successfully carried out with foreign governments on over-fly rights to reduce fuel consumption.

The Airline was able to retain most of its experienced technical crew despite fierce competition from other carriers, notably in Asia, for Airbus-experienced pilots. The in-house Cadet Pilot Training Programme continued,

Chief Executive Officer's Review

and we are now hiring experienced First Officers. Retention of key engineering staff is a continuous issue, especially with competition from new airlines.

With changing market conditions, certain adjustments were made to seat configurations on the A330 and A340 fleets. Major maintenance checks were completed on all but one of the A340 aircraft and the entire A330 fleet.

Monitoring of warranties and contracts with suppliers and partners was reviewed to achieve significant savings, and new contracts were negotiated to ensure the maximum financial benefits.

SriLankan Air Taxi now operates at an expanded level with the acquisition of two amphibious Turbo Otter aircraft, and serves a dozen destinations. A new hangar was constructed for SriLankan Air Taxi, ensuring that maintenance work on this growing fleet is not compromised by our mainline operations.

Procurement & Logistics

Main focus of the Procurement and Logistics division is to obtain the best prices for the goods and services without compromising on quality.

Significant contributions were made to this effort through further centralization of procurement activities, professionalized purchasing and better inventory management.

A cost reduction drive was launched encouraging participation of personnel at all levels and involvement of all divisions to reduce both capital and operating expenditure. Major savings were achieved by re-negotiating purchase contracts for various categories of goods and services.

Chief Executive Officer's Review

Despite the need for extreme caution in expenditure, the Airline did not hesitate to make prudent investments in key areas that would increase efficiency and services, in relation to both customers and the Airline's staff. These included the construction of a Water Tower, a Training Centre Building at Flight Operations, a Hangar for SriLankan Air Taxi, refurbishing of the Security Building, enhancing of support facilities at the airport terminal, engineering hangar, and regional building.



Achiever of the year Mr. K A D Wijesiri, receiving his award from the CEO Mr. Peter Hill

Human Resources

The Human Resources division of the Company, continued its efforts on building a competent and motivated workforce to enhance productivity and increase efficiency.

The Company's second Employee Opinion Survey was carried out during the year under review. An internationally accredited Company conducted an impartial survey on

comparative basis. The level of satisfaction among employees as measured by the TRI*M Index was 76, significantly higher than the 45 in the 2002 survey.

An Achievers Awards Night was introduced to reward and encourage our finest employees. Awards were presented for "Achiever of the Year," "Best Idea," "Best Country," and "Best Sportsman." Quarterly Awards were also presented for the first time to honour employees who contributed towards increasing efficiency through the "Sankalpa" Scheme. Long Service Awards honored 539 employees – 96 with 25 years service, 151 with 20 years, 45 with 15 years, and 247 with 10 years.

The Company's Human Resource Development Centre has been positioned as one of Sri Lanka's most professional institutes of employee training, and is now accredited by a large number of professional bodies such as ACCA, ICBT, City & Guilds, Edexcel, CIMA, B-Tech, and the Synergy School of Marketing, which provide our employees with increased opportunities to further their careers.

Chief Executive Officer's Review

Strategic programmes were commenced for members of the management team and other key staff, to enhance the Company's competitiveness. The Airline recognized the need to professionalize the skills of future Country Managers through a Country Managers Training Course.

An IATA approved training programme was commenced for 200 staff of travel agencies in Sri Lanka. A unique programme was commenced to create a pool of prospective cabin crew by providing training in Personality Development for applicants who had come up to the final stage of selection for cabin crew.

"5S" programmes were commenced at the Engineering, and Flight Operations Departments, in addition to the existing one at Cargo.

SriLankan Airlines has positioned itself as an employer of choice, and more than 2,800 applications were received for 23 vacancies in the Trainee Executives Programme. The Company continued to recruit fresh

talent and head-hunted experienced individuals in order to give it a competitive advantage, while at the same time providing ample opportunities for existing staff to develop their careers through lateral and upward movement.

SriLankan Catering

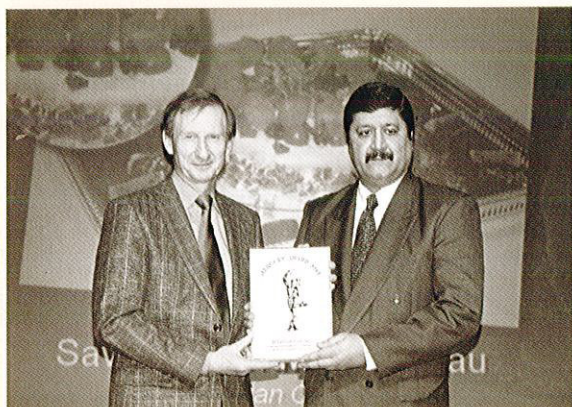
It has been an outstanding year for SriLankan Catering, following its entry into the “billion rupee club” in the previous year. SriLankan Catering has posted a Nett Profit After Tax of Rs. 1,368.42 million, a growth of 26.7% over the previous year.

The existing unit saw an increase in production that is far beyond its capacity of 4,200 meals per day, and now averages 10,500 meals per day, which climbs to 13,000 on peak days.

Chief Executive Officer's Review

SriLankan Catering's new Flight Kitchen, which will have a capacity of 13,000 meals per day, is scheduled for completion by the end of 2005. The added capacity will allow SriLankan Catering to explore many new avenues in developing its business strategies.

As with the rest of the Group, SriLankan Catering experienced a downturn in the immediate aftermath of the Tsunami. However, it is heartening to note that recovery was swift, and by April 2005 the average meals per day was 10,500 and continuing to climb, having surpassed the pre-Tsunami level of 9,200 average meals per day in December 2004.



CEO of SriLankan Catering with the Mercury award for F & B awarded by the International Flight Catering Association in Copenhagen

SriLankan Catering added yet another feather to its cap by winning the Food & Beverage category at the prestigious Mercury Award from the International Flight

Catering Association in Copenhagen, during the year under review. SriLankan Catering's most unique entry, "Savoury Sandwich Gateau," contended with stiff competition from entries from numerous other airlines, airline caterers, and catering suppliers. SriLankan Catering last won a Mercury Award in 1985.

SriLankan Airlines' Role in Tsunami Relief

The staff of SriLankan Airlines Group stood shoulder to shoulder in the immediate aftermath of the Tsunami that devastated Sri Lanka's coastal areas.

Thousands of tourists thronged the airport, some sans all travel documents after surviving the Tsunami in only their swimwear. Our Airport Service Delivery staff worked around the clock to send them home as rapidly as possible.

Chief Executive Officer's Review

Ground Handling and Cargo were the airport's focal points for the torrent of relief that was rushed into the country. Apart from regular flights of SriLankan and other airlines, more than 200 freighter aircraft arrived in a 6-week period. The fact that this relatively small airport was able to handle them without any complaints is testimony to the professionalism of our staff. Up to 20 freighters were unloaded at any one time, compared to one or two in more normal times. The tireless efforts of our staff served to help the nation through the most difficult period.



SriLankan Airlines staff helping out in post Tsunami clean-up

Apart from those on the roster at BIA, large numbers of staff from all departments volunteered their spare time in an incredible team effort, sorting, storing and distributing relief supplies. Our overseas stations gathered medicines and other essential items that were desperately needed. Throughout the crisis,

SriLankan Airlines worked closely with many agencies such as the Social Services Department, Ministry of Health, Airport & Aviation Services, the Sri Lanka Air Force, and our strategic partner Emirates.

Over one million kilogrammes of relief cargo was carried free of charge and the Airline provided free ground handling services.

In addition, SriLankan Airlines Group embarked on numerous short-term and long-term efforts to assist survivors. The work undertaken by our charity arm SriLankan Cares is covered more extensively in the section for Corporate Social Responsibility.

Chief Executive Officer's Review

Outlook for the near future

The year ahead will be one of the most challenging ever for the entire airline industry, with fuel prices expected to continue at record high levels. We have already taken steps to minimize the negative impact, eliminating some loss making routes and focusing on expanding more profitable ones.

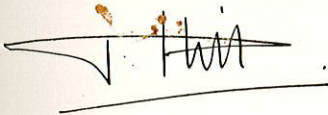
We are increasing the utilization of our strategic partnership with Emirates, entering into codeshares to reach new markets in North America, Australia and Europe, and enhancing our own services on existing routes. Codeshares provide substantial benefits through commissions for seats that we sell, while at the same time incurring only marketing costs.

In India, we have identified several new destinations that we intend to begin services to, when market conditions are favourable. Our entry into the vast China market in June 2005 is expected to provide exciting new opportunities for the future.

SriLankan Airlines is leading the global drive to re-position Sri Lanka in the minds of consumers, and to convince tourists to return. A number of major projects are being undertaken together with the Sri Lanka Tourist Board.

This Airline has faced many hurdles over the years that have threatened its operations. Even now we continue to deal with the effects of the Tsunami and ever-increasing fuel prices. But I have no doubt that the SriLankan Team, all around our ever-expanding network, will rise to the occasion once again, and ensure our continued success in the future.

Finally, I would like to express my sincere gratitude to our Board of Directors and the entire SriLankan Airlines Team for their unstinting support throughout the year.

A handwritten signature in black ink, appearing to read 'Peter Hill', is written over a horizontal line. There are some small brown spots above the signature.

Peter Hill
Chief Executive Officer

30th May 2005

Corporate Social Responsibility can be defined as the continuing commitment by business organizations to conduct themselves ethically, contribute to economic development and improve the quality of life not only of their employees and their families, but the community and society at large while being mindful of obligations to the environment.

At SriLankan, our own systems help us to be socially and morally responsible for all CSR moves we make that touch our people, directly or indirectly.

The trauma of the devastating tsunami that ravaged coastal areas on Boxing Day, 2004, is still vivid. In the aftermath, SriLankan was very much in the forefront of relief operations and members of the staff played a vital role.

Corporate Social Responsibility

The repatriation of thousands of tourists who were at coastal resorts took priority. Many who survived had only the clothes they were wearing at the time. SriLankan Airlines staff worked round the clock assisting boarding passengers and making the others awaiting flights as comfortable as was possible.

The staff, mobilized in support of our relief effort 'SriLankan Cares' the charity arm of SriLankan, obtained support from our overseas offices and worldwide general sales agents to work with governments and private organizations to collect essential items, especially medicines and a total of 1,123 tonnes of relief cargo was transported free of charge/on a rebated basis to Colombo. The cost to the company of this relief effort was valued at Rs. 78.69 million. A massive effort was required on the ground too, to unload the huge amounts of relief cargo that kept streaming in and more than 300 members of the staff – from IT Executives to Accountants, volunteered to load trucks at the Cargo Centre. In addition, our entire staff donated a day's salary to 'SriLankan Cares' relief efforts. It must be recorded, to the immense credit of the Airline's staff, the operation went smoothly as they ensured

the airport's apron was not congested. The Airline also conducted Medical Clinics for 1,000 persons at six refugee camps around Tangalle, while another project cleaned up the beaches in affected coastal resort areas.

Perhaps it is a little known fact that the Airline waived all ground-handling and cargo storage charges for the first few weeks and continued to extend this waiver for government-to-government cargo for a much longer period. These waivers are estimated to have totalled approximately Rs.70.06 million.

Reconstruction of Al Bahriya Maha Vidyalaya - Kalmunai

'SriLankan Cares' is raising a sum of Rs.40 million through fund-raising efforts for the reconstruction of this school which was devastated by the Tsunami.

Corporate Social Responsibility

Development of Meepagama Jayanthi Maha Vidyalaya - Kalawana

Post-Tsunami relief work apart, the Airline is also adopting this school, in Kalawana in the district of Ratnapura, which has also been affected by flood waters. In fact, this project, launched sometime back, continues to construct classrooms as the school has 911 students housed in buildings designed for 422, replenish libraries, upgrade administration and even toilet facilities and support sports activities. Training in English and computer skills has also been provided for the staff.

Distribution of schoolbooks in nine districts

This project, launched several years ago, continues to grow in scope. During the year, a total of 3,000 children, from 14 rural schools in Matale, Batticaloa, Kurunegala, Ratnapura, Badulla, Trincomalee, Kandy, Galle and Kegalle, identified as being the most needy, received gifts of books.

The Children's Heart Project

SriLankan Airlines also works with “**Children’s Heart Project of Sri Lanka**”, a charity organization supporting thousands of children requiring surgery to correct a spectrum of heart ailments.

ENVIRONMENTAL IMPACT REPORTING

As an international airline, SriLankan has to acquiesce to various regulation and compliance standards which affect the air transportation industry, both locally and overseas. This section highlights some of the key initiatives that the company has in place for environmental protection.

Corporate Social Responsibility

Keeping noise levels within international standards

Noise is a major environmental issue for the aviation industry and to reduce the noise impact on the community, many airports have already introduced noise charges, take off and landing restrictions and landing bans on certain types of aircraft.

Our entire fleet of Airbus aircraft are compliant with noise levels stipulated in International Civil Aviation Organisation (ICAO) Chapter 3 Annex 16 which enables us operate into airfields where noise abatement procedures are in force. Our pilots have been instructed to adhere to special arrival procedures published by some airfields, where noise abatement procedures are adhered to.

CONSERVING OUR NATURAL RESOURCES

Fuel efficiency

Monitoring and improving fuel efficiency is essential for the success of any airline. It is also an important mechanism for reducing climate change impacts through reduced CO₂ emissions. We have adopted various initiatives to improve fuel efficiency through weight management, reclearance, redespach techniques, fuel efficiency tracking, reduced use of Auxillary Power Unit (APU) power on the ground and other operational measures. Consequently fuel efficiency has improved and we continue our endeavours.

Electricity

We are progressively and successfully participating in the national energy conservation effort by

Corporate Social Responsibility

introducing and implementing energy conservation at our offices, which apart from reducing power consumption also contributes to the management of our country's relatively low hydro electricity generation.

Conservation focuses on automatic control systems which regulate lighting, air-conditioning and other energy loads based on time, temperature and/or load limiting measures, efficient lighting systems (such as compact fluorescent lamps with reflectors) and power factor correction capacitor banks.

Automatic capacitor banks were installed to reduce KVA Demand of the electricity supply from the Ceylon Electricity Board (CEB) and energy losses in transformers, switchgear and feeder cables from the CEB Metering Point to where capacitors are installed, to a great extent.

Water

With the objective of supplying ample clean, disease free pure drinking water to over 3,000 employees based in Katunayake, the Company invested in a 350m³ capacity centrally located water tower supplied by a state

of the art Package Water Treatment Plant sourced by bore holes . At full potential the plant can deliver 600m³ water per day which is sufficient to cover the future demand, thus reducing the burden on the national water supply.

HEALTH AND SAFETY

Health and Safety awareness among employees

We have adopted a variety of measures to constantly improve occupational health and safety standards including comprehensively documented policies and procedures. These are put in place to educate and train the staff who deal with safety issues through conducting annual safety campaigns and presentations.

Handling/disposal of hazardous chemicals and other toxic material

A significant amount of hazardous material is handled by the aviation industry. At SriLankan all such

Corporate Social Responsibility

materials are handled according to the safe handling/disposal procedures specified by the manufacturers and strict adherence to these standards are monitored by our Safety Inspectors.

In the interest of total safety, areas are cordoned off when radiation survey materials are in use and proper monitoring equipment such as personal Dosi meters, which indicate accumulated radiation are regularly sent to the Atomic Energy Authority for evaluation.

We at SriLankan, will continue working towards an even more sustainable programme to fulfil Corporate Social Responsibility for the greater benefit of the community, through our charitable arm "SriLankan Cares" in the future.

At SriLankan, given the strong employee-welfare focus, efforts concentrated on the moulding of a competent, motivated workforce, with a view to enhance productivity. Today, the work volume, boosted by a significant increase in operations, is being competently handled by the same number of personnel the Company had on its payroll prior to the Voluntary Retirement Scheme in 2001.

Our Human Resources Division, in adopting the theme: "Speed in delivery and taking personal responsibility" has also rung in several changes which target more and more support to the Company.

Employee Opinion Survey

The cutting-edge research and practices in the area of HRM have substantially increased the regard for employee expectations and concerns. These in fact, are now high on the priority list. The evolving HRM agenda was consequent

Human Resources Review

to the Company's second Employee Opinion Survey. The survey, totally impartial, was Company-wide. The 'level of satisfaction' measured by the TRI*M Index was encouragingly higher at 76 when paralleled against the level of 45 in 2002. The proportion of employees actively involved in motivating their colleagues and bettering environments rose sharply to 67% as opposed to a mere 12% in 2002.

The survey which elicited the participation of 56% of the staff as against the 41% during the previous survey covered 13 areas of the Company's objectives including: Leadership qualities of the senior management team, performance of departmental managers and immediate supervisors, employee workload, internal communications, inter-departmental relationships, appraisal processes, training and development and the image of the Airline.

The results which have been under close scrutiny and the resultant plans are geared to address both concerns and suggestions to improve the satisfaction levels further.

AWARDS AND RECOGNITION

For the first time, 'Sankalpa Quarterly Awards' were presented, acknowledging those who made exceptional contributions towards increasing all-round efficiency while reducing costs. The "Prasansa Awards Scheme" to honour those who went above and beyond the call of duty also continues, while some of the departmental awards included presentations to 'Best Inflight Duty Free Salesperson' and 'Best Telephone Salesperson'.

Those who exceeded expectations in their capacities in frontline areas such Airport Service Delivery, Cargo and Airport Services Support were, as a reward, seconded to Dubai on the SriLankan – Emirates Staff Exchange Programme.

Equally encouraging, five of Singapore Station staffers won Gold EXSA Awards, a national award in Singapore for service excellence.

Human Resources Review

TRAINING AND DEVELOPMENT

Training in the broader view is development – an on-going multi-faceted activity to bring one, many or an organization to another threshold of performance and ready them to perform better for the future.



Training session in progress at the Human Resources Development Centre

The year under review saw Human Resources Development Centre (HRDC) begin strategic programmes in several areas to spearhead plans to increase the Company's competitiveness. Leadership skills, particularly those of Management teams were given a fillip through programmes in Frontline Management Training, Management Development, Service Excellence, People Leading and

360-degree Evaluation and Strategic People Management. Other members of the staff in key positions were put through their paces in the Outward Bound Training Programme.

Upgrading SriLankan service excellence remains a focal point and emphasis was augmented by Workshops on Business & Social Etiquette for all frontline staff supported by training in Courtesy and Frontline Skills for the Airline Interior Servicing staff.

People Management Training was given to 275 undergraduates of the University of Colombo and yet another batch from the Ruhunu University went through a six-month 'on-the-job' training to make them more employable.

Human Resources Review

EMPLOYEE RELATIONS

The Airline's Silver Jubilee celebrations took place at the Sirimavo Bandaranaike International Convention Centre with more than 4,000 members of the staff and their families participating in the revelry of the biggest celebration in the Company's history.



Staff at the silver jubilee celebration

The management's policy of maintaining and promoting a culture of 'openness' continues and this includes the publication of the Company's news-letter 'Monara' in both Sinhala and English with supplements on special occasions and quarterly updates on the Company's financial performance. Quarterly updates from the CEO reach the staff via their desktops and cross-sections of the staff of all departments meet with the CEO regularly.

STAFF WELFARE ACTIVITIES

The Staff Welfare Society of SriLankan Airlines, which has completed a decade of service, continues to expand its many activities. These include scholarships in computer studies and English to children of members of the staff who excel at the Grade 5 and O-level examinations.

Many department-level activities: annual dinners and lunches, talent contests, karaoke competitions, Sinhala New

Year celebrations and Christmas festivities, raised camaraderie and fellowship to new levels.



Winners of the Avurudu Kumari contest at the Bak Maha Ulela

Human Resources Review

The Annual Christmas on Wings concert raised funds to aid the Moratuwa Home for Elders and St. John's Home for Children, while the Airline's Bakthi Gee Choir, which comprises choristers of all religions, toured a number of Sri Lankan cities.

SPORTS



Inter-departmental beach rugby tournament

Sport is regarded by the Company as essential to maintain physical fitness and raise morale – which leads to enhanced productivity. Sports activities at SriLankan continues to encourage participation in as many as 24 sports: from archery to rugby, swimming, karate, cricket, table tennis,

badminton, squash, hockey, athletics, soccer, bowling, basketball, rifle shooting, pool, net ball, volleyball and more. Many sportspersons from SriLankan have emerged champions in a variety of tournaments, not only inter-departmental and interline, but also at national level – apart from victorious participation in mercantile, travel trade and interline tournaments.

Peter Hill	-	Chief Executive Officer
Senaka Chandrasekera	-	Chief Financial Officer
Dick Hutton	-	Chief Technical Officer
Chandana De Silva	-	Head of Corporate Communication
Nigel O' Shea	-	Head of Service Delivery
Sunil Dissanayake	-	Head of Human Resources
Barry Brown	-	Head of Commercial
Nalin Rodrigo	-	Head of Cargo
Vipula Gunatilleka	-	Head of Financial Management
H L Rihyke	-	Head of Procurement & Logistics
Kamal Nanayakkara	-	Head of Information Technology
Mildred Peries	-	Company Secretary

Management Team

Priyani Abeyasekera	-	Senior Manager Legal Affairs
Major Nihal Perera	-	Senior Manager Security & Investigation
Manique Gunasekera	-	Senior Manager Commercial (Planning)
Senaka Fernando	-	Senior Manager Revenue Optimization
DAG Jayasuriya	-	Senior Manager Aircraft Engineering
Ian Dunning	-	Senior Manager Aircraft Maintenance
Milinda Ratnayake	-	Senior Manager Flight Operations
Yasantha Dissanayake	-	Group Treasurer
M Fazeel	-	Regional Manager /Asia Pacific
Manoj De Vaas Gunawardena	-	Regional Manager /UK, Europe & Americas
Kuveni Wijeratne	-	Senior Manager Financial Services
N Prabakaran	-	Senior Manager Commercial (Operations)
Jayathri Samarakone	-	Senior Manager Revenue

This statement of corporate governance describes the measures taken by the Company to comply with the best practices of corporate governance principles and provisions recommended by The Institute of Chartered Accountants of Sri Lanka.

Organisation Structure

Board of Directors

The Board of Directors of SriLankan Airlines is responsible for the formulation of the overall business direction and strategy of the Company. The Board of Directors of SriLankan Airlines meets regularly to decide on corporate strategy, policies, priorities and setting standards for the management. In line with this policy, the Board has set up and adopted a set of corporate guidelines for the Company. The Board is ultimately responsible and accountable for the Company's activities, strategy and financial performance.

The Board, during the financial year ended 31st March 2005 consisted of the Chairman, Managing Director and 5 other Directors.

The Board is responsible to the shareholders of the Company comprising of the Government of Sri Lanka, Emirates and the shareholder employees of the Company in terms of the corporate strategy for the efficient management of the assets of the Company, to maximise profitability and cash flow.

Corporate Governance

The functions of the Board include the adoption of annual consolidated Financial Statements of the Company before they are published, review of the business risks and any areas that affect the profitability and cash flow of the Company, approval of the recurrent and capital expenditure budgets and monitoring progress against the budgets, review of the monthly management accounts and route results to monitor the overall performance of the Company and its subsidiary.

Members of the Board are provided with appropriate documentation in advance of Board meetings and the minutes of the fortnightly meetings of the Management Committee are also circulated to the members of the Board.

The Board has full and timely access to information, enabling them to discharge their duties effectively. The Chief Executive Officer and the Company Secretary are responsible for ensuring that all Directors are properly briefed on matters discussed at Board meetings.

Management Committee

While the Chief Executive Officer is responsible for the Company's overall performance, the Heads of Divisions are responsible for the operations of respective Divisions of the Company.

The Management Committee has been set up to facilitate the two-tier governance structure. The Management Committee exercises its authority within the policy and ethical framework established by the Board and the business practices inherent to the Company, which demand the best practices in

dealing with customers, employees, suppliers and the community at large. The Management Committee is headed by the Chief Executive Officer and meets fortnightly to discuss the various operational/day to day business issues of the Company as well as to execute directives/policies issued by the Board.

Internal Controls

The Board and the management are responsible for the Company's systems of internal control and reviewing their effectiveness. The systems in place are designed to safeguard the assets of the Company against unauthorised use or disposal, to ensure that proper records are maintained and reliable financial information is generated. It includes all controls such as financial, operational, compliance and risk management. However, any system can ensure only reasonable and not absolute assurance that errors and irregularities are prevented or detected within a reasonable time frame.

The Board and the management also take into account the significant social, environmental and ethical aspects that relate to the Company's business and work practices.

The Internal Audit Department of the Company carries out an independent review of the operations of the Company including the review of the adequacy and effectiveness of the systems of internal control. The Manager, Internal Audit has direct access to the Chief Executive Officer and the reports of the audit findings are sent to the Chief Executive Officer and the respective Heads of the Divisions. Heads of the Divisions are responsible for taking corrective action on audit findings and reporting to the Chief Executive Officer.

Corporate Governance

Going Concern

The going concern basis has been adopted in the preparation of the Company's Financial Statements. The Directors confirm that they are satisfied that the Company has sufficient resources to continue its operations in the foreseeable future.

Transparency

The Board places great emphasis on complete disclosure of both financial and non-financial information within the bounds of commercial reality and on the early adoption of sound reporting practices. The Chairman's, Managing Director's and Chief Executive Officer's review present a balanced assessment of the Company's performance and its future strategic direction.

External Auditors

The External Auditors are primarily responsible for auditing the Financial Statements of the Company for the financial year ended 31st March 2005. The total remuneration paid to the External Auditors amounted to Rs. 4.53 million for audit, tax advisory and other services.

Risk Management

The management of SriLankan Airlines has implemented the following measures to manage the business, operational and financial risks that the Company may be exposed to. The prime objective of such risk management strategy is to ensure that the Company is geared to manage and minimize the adverse financial and business impacts arising from various risks that the company is exposed to. These risk management strategies of the Company are reviewed at regular intervals by the management to ensure that the risk management policies, procedures and controls in place are adhered by all employees of the company.

Country and Industry Risks

The Airline industry is one of the most sensitive industries to the changes in socio-political, technological and economic environments. The Airline industry is also the first to get affected due to the uncertainty in, Political, Social, Economical environments. The Company manages these risks by staying in focus on its key strengths and increasing the flexibility of its operations by trying to be prudent. The Company re-looked at its entire commercial

Risk Management

operations and re-organised it after the effects of the post Tsunami to stay focused. Various cost cutting initiatives and capital expenditure controls have been in place to stay lean and to be flexible.

The Company has also been focusing on reducing the degree of dependence of the leisure traffic to Sri Lanka due to political risks of the country by adopting a strategy to focus Sri Lanka as a feeder hub to various West Asian and Indian destinations. These strategies helped the Company to bounce back to profitability after the attack on the Colombo Airport in 2001.

Operational Risks

Operational risks arise as a result of the non-compliance of systems of internal controls, fraud and errors, break down in internal processes, natural disasters or non compliance of safety practices.

Risks arising of fraud or errors, break down in internal controls are prevented through the internal audit, standardization and adaptation of best practices and documentation of systems and processes. Further, the Company ensures that all the management positions are filled with suitably qualified and trained personnel.

Continuous efforts are being made by the Human Resources Development Division to improve both technical and leadership skills of staff at all levels.

Effects of the natural or any other disaster is being handled by a Disaster Recovery Committee, which looks into all aspects of disasters and contingency plans are in place to minimize the effects of such disasters.

The Company has also in place an IT disaster Recovery Plan to handle the effects of either natural or other disasters in the area of Information Technology.

Financial Risks

Fuel price volatility, interest rate risks, exchange rate and credit risks are the main financial risks that affect the Company. The Company has adopted a fuel risk management strategy to minimize the effect of fuel price escalations.

Risk Management

Interest rate risks arising from the volatility in interest rates are mitigated by stringent negotiation of facilities with the banks and financial institutions, matching the inflows with the outflows and consolidating facilities through the central treasury management function.

Exchange rate risks arising from the fluctuations in the relative rates of exchange are mitigated by identifying the various time frames of receivables and payables in foreign currencies as well as in Rupees and the Company attempts to match the various outflows with inflows thereby creating a natural hedge. The net exposure between the components of the unmatched items are closely monitored by the central treasury and timely action is initiated to minimize risk.

Credit risks arising through defaults by the customers are mitigated through a stringent credit control system which includes, credit worthiness checks, bank guarantees and regular review of customer credit status.

The Directors of SriLankan Airlines Ltd., take pleasure in presenting the Directors Report and Consolidated Financial Statements for the year ended 31st March 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal business activities of the Company is the operation of international scheduled/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, sale of duty-free goods on-board and operation of an Air Taxi service within Sri Lanka to carry passengers constitute other main activities of the Company.

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

A review of the Group's progress and performance during the year, with comments on the financial results and prospects, is contained in the Chief Executive's Review.

GROUP TURNOVER

The turnover of the Group amounted to Rs.54,720.54 million (2003/04: Rs.46,191.34 million). A detailed analysis of Group Turnover is given in Note 3 to the Financial Statements.

Transactions between the Company and its fully owned subsidiary, SriLankan Catering (Private) Limited is conducted at fair market prices.

RESULTS

Group profit before taxation amounted to Rs.1,413.97 million (2003/04: Rs.5,480.18 million). After deducting Rs.37.90 million (2003/04: write back Rs.155.33 million) for taxation, Group profit for the year was Rs.1,376.07 million (2003/04: Rs.5,635.51 million).

The consolidated income statement for the year is given on page 46.

GROUP INVESTMENT

Group capital expenditure during the year on property, plant and equipment amounted to Rs.3,377.06 million (2003/04: Rs.806.60 million).

VALUE OF PROPERTY PLANT AND EQUIPMENT

The Group net book value of the property, plant and equipment amounted to Rs.11,879.34 million (2003/04: Rs.10,525.77 million).

SHARE CAPITAL

The issued and paid up share capital of the Company is Rs.5,146.35 million (2003/04: Rs 5,146.35 million).

RESERVES

Total Group Reserves as at 31st March 2005 amounts to Rs.6,418.74 million (2003/04: Rs.6,329.26 million), which includes Rs.6,259.47 million (2003/04: Rs.6,169.99 million) accumulated profits. Movements in reserves are shown in the Statement of Changes in Equity in the Financial Statements.

CORPORATE DONATIONS

The Company has not made any cash donations during the year. No donations were made for political purposes.

The Company carried a total of 1,123 tons of cargo free of charge/on a rebated basis as its contribution to the post Tsunami relief effort. Further the Company provided airport handling services free of charge to 213 flights that arrived bringing relief goods. The estimated value of these relief efforts by the Company is Rs.148.71 million (USD 1.47 million).

TAXATION

The Company enjoys a tax holiday up to 31st March 2013 in terms of its agreement with the Board of Investment of Sri Lanka.

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

SHARE INFORMATION

The authorised share capital of the Company is 150,000,000 Ordinary Shares of Rs.100/- each. The nominal value of the authorised share capital of the Company is Rs.15,000 million (2003/04: Rs.15,000 million).

Share Ownership		No of Shares	
Government of Sri Lanka	-	26,275,436	(51.05%)
Emirates	-	22,451,516	(43.63%)
Employees	-	2,736,511	(5.32%)

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the Balance Sheet date that would require adjustment, other than those disclosed in Note 20 to the Financial Statements.

EMPLOYMENT POLICIES

Employment policies of the Group respect the individual and offer equal career opportunities regardless of sex, race or religion. Occupational health and safety standards receive substantial attention. The number of persons employed by the Company and its subsidiary at the year end was 5,739 (2003/04: 5,264).

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to employees and the government have been made up to date.

ENVIRONMENTAL PROTECTION

The Group's business activities can have direct and indirect effects on the environment. It is the Group's policy to keep adverse effects on the environment to a minimum and to promote co-operation and compliance with the relevant authorities and regulations.

CORPORATE GOVERNANCE/INTERNAL CONTROL

Adoption of good governance practices has become an essential requirement in today's corporate world. The practices followed by the Group are explained in the Corporate Governance Statement on pages 37 to 38.

The Directors acknowledge their responsibility for the Group's system of internal control. The system is designed to provide assurance, inter alia, on the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can ensure only reasonable, and not absolute assurance that errors and irregularities are prevented or detected within a reasonable time.

The Board is satisfied with the effectiveness of the system of internal control for the period up to the date of signing of the Financial Statements.

GOING CONCERN

As noted in the Statement of Directors' Responsibilities, the Directors have adopted the going concern basis in preparing these Financial Statements.

DIRECTORS IN OFFICE

The names of the present Directors of the Company are listed below:-

Mr. J M S Brito	-	Chairman
Mr. A Hewage		
Mr. S Ukwatte		
Mr. R A Chandiram		
Mr. T C Clark	-	Managing Director
Mr. G W Chapman		
Mr. D E Mannion		

Mr. P M Hill - Alternate Director to T C Clark
Mr. M Flanagan - Alternate Director to G W Chapman
Mr. Ghaith Al Ghaith - Alternate Director to D E Mannion

Mr. K Balapatabendi PC, who held the position of Chairman since 21st May 2004 tendered his resignation from this position effective 3rd May 2005 and Mr. J M S Brito/Director was appointed as Chairman effective 11th May 2005.

Messrs. A Hewage, J M S Brito and S Ukwatte were appointed as Directors effective 21st May 2004 following the resignations of Messrs. R C De Silva, M P Haradasa and A L Gooneratne, as Directors, effective 6th April 2004.

Mr. R A Chandiram was appointed as Director with effect from 13th May 2005 to fill in the vacancy created in the Government of Sri Lanka (GOSL) nominee directorate by the appointment of Mr. J M S Brito as Chairman of the Board.

Mr. D E Mannion/Director who was on the Board of the Company since March 1998 tendered his resignation effective 31st May 2005 and Mr. N J Hopkins was appointed a Director to fill in the vacancy created by this resignation.

SriLankan Catering (Private) Ltd is the wholly owned subsidiary of SriLankan Airlines and the current directorate is as follows:-

Mr. J M S Brito - Chairman
Mr. D E Mannion - Director
Mr. A Hewage - Director
Mr. S Ukwatte - Director
Mr. D Nijhawan - Alternate Director to D E Mannion

Mr. J M S Brito who held the position of Director since 24th June 2004 was appointed Chairman with effect from 30th May 2005 to fill the vacancy created by the resignation of Mr. K Balapatabendi PC, effective 3rd May 2005.

Mr. A Hewage has been a Director of SriLankan Catering since June 2004.

Mr. D E Mannion resigned from the directorate effective 31st May 2005 and Mr. G Chapman was appointed in his place.

Mr. S Ukwatte was also appointed a Director effective 30th May 2005 to fill in the vacancy created by Mr. J M S Brito, who was appointed Chairman.

The Directors were not in receipt of any emoluments and/or any other payment that constitute a payment for participation/attendance at Board Meetings during the period ended 1st April 2004 to 31st March 2005.

DIRECTORS' SHAREHOLDINGS

By virtue of office three of the Government of Sri Lanka (GOSL) nominee Directors including the Chairman hold 01 Ordinary Share each in the Company.

DIRECTORS' INTERESTS

Directors' interests in contracts of the Company are disclosed in Note 21 to the Financial Statements, and have been declared at meetings of the Directors. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 19th September 2005.

AUDITORS

In accordance with the Companies Act No. 17 of 1982, a resolution proposing the re-appointment of Messrs. Ernst & Young, Chartered Accountants, as Auditors to the Company will be submitted at the Annual General Meeting.

By Order of the Board

Mildred Peries
Company Secretary

30th May 2005

Statement of Directors' Responsibilities

The responsibilities of the Directors in relation to the Financial Statements of the Company and the Group differ from the responsibilities of the Auditors which are set out in their report appearing on page 45.

The Companies Act No.17 of 1982 requires the Directors to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group as at end of the financial year and of the Profit or Loss for the financial year. In preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgements and estimates have been made and applicable accounting standards have been followed.

The Directors are responsible for ensuring that the Company and its subsidiary keep sufficient accounting records to disclose with reasonable accuracy the financial position of the Company and the Group and for ensuring that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards and provide the information required by the Companies Act No.17 of 1982. They are also responsible for taking reasonable measures to safeguard the assets of the Group and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to the prevention and detection of fraud and other irregularities.

The Directors continue to adopt the going concern basis in preparing the Financial Statements. The Directors, after making enquiries and following a review of the Group's budget for the financial year ending 31st March 2006 including cash flows and borrowing facilities, consider that the Group has adequate resources to continue in operation.

By Order of the Board

Mildred Peries
Company Secretary

30th May 2005

To The Members of SriLankan Airlines Limited

We have audited the balance sheet of SriLankan Airlines Limited as at 31st March 2005, the consolidated balance sheet of the Company and of its Subsidiary (Group) as at that date and the related statements of income, cash flows and changes in equity for the year then ended, together with the accounting policies and notes as set out on pages 46 to 71 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 the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion- Company

In our opinion, so far as appears from our examination, the Company maintained proper books of account for the year ended 31st March 2005 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 income, cash flows and changes in equity and the 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 2005, and its profit and cash flows for the year then ended.

Opinion- Group

In our opinion, the consolidated balance sheet and statements of income, cash flows and changes in equity 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 2005, and the 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 2005, except as stated in Note 21 to these financial statements.



Ernst & Young
Chartered Accountants
Colombo

30th May 2005

Income Statement

Year Ended 31 March 2005

	Note	Group 2005 Rs. M	Group 2004 Rs. M	Company 2005 Rs. M	Company 2004 Rs. M
Revenue	3	54,720.54	46,191.34	53,808.85	45,397.54
Cost of Sales		<u>(44,660.24)</u>	<u>(35,163.82)</u>	<u>(45,714.62)</u>	<u>(35,952.15)</u>
Gross Profit		10,060.30	11,027.52	8,094.23	9,445.39
Other Operating Income	4	1,223.48	1,705.00	1,132.76	1,693.54
Distribution and Marketing Costs		<u>(6,878.21)</u>	<u>(4,875.13)</u>	<u>(6,854.79)</u>	<u>(4,856.95)</u>
Administrative Expenses		<u>(2,663.49)</u>	<u>(1,957.98)</u>	<u>(2,048.00)</u>	<u>(1,502.06)</u>
Profit from Operating Activities	5	1,742.08	5,899.41	324.20	4,779.92
Finance Cost	6	<u>(328.11)</u>	<u>(419.23)</u>	<u>(328.11)</u>	<u>(419.23)</u>
Profit/(Loss) from Ordinary Activities Before Tax		1,413.97	5,480.18	(3.91)	4,360.69
Income Tax Expense	7	<u>(37.90)</u>	<u>155.33</u>	<u>11.57</u>	<u>194.45</u>
Net Profit for the Year		<u>1,376.07</u>	<u>5,635.51</u>	<u>7.66</u>	<u>4,555.14</u>
Basic Earnings Per Share (Rs.)	8	26.74	109.51	0.15	88.51
Dividend Per Share (Rs.)		-	25.00	-	25.00

The accounting policies and notes on pages 50 through 71 form an integral part of the financial statements.

30th May 2005

	Note	Group 2005 Rs. M	Group 2004 Rs. M	Company 2005 Rs. M	Company 2004 Rs. M
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	9	11,879.34	10,525.77	10,436.58	10,203.34
Investments	10.1	25.49	25.49	95.89	95.89
		<u>11,904.83</u>	<u>10,551.26</u>	<u>10,532.47</u>	<u>10,299.23</u>
Current Assets					
Inventories	11	2,828.32	2,303.69	2,748.56	2,234.96
Trade and Other Receivables	12	10,122.37	9,411.39	9,792.28	9,180.90
Investments	10.2	-	153.62	-	153.62
Cash and Bank Balances	13.1	8,877.66	13,552.70	8,748.72	13,384.96
		<u>21,828.35</u>	<u>25,421.40</u>	<u>21,289.56</u>	<u>24,954.44</u>
Total Assets		<u>33,733.18</u>	<u>35,972.66</u>	<u>31,822.03</u>	<u>35,253.67</u>
EQUITY AND LIABILITIES					
Capital and Reserves					
Issued Capital	14	5,146.35	5,146.35	5,146.35	5,146.35
Reserves	15	159.27	159.27	129.04	129.04
Accumulated Profits/(Losses)		6,259.47	6,169.99	1,007.21	2,286.14
Total Equity		<u>11,565.09</u>	<u>11,475.61</u>	<u>6,282.60</u>	<u>7,561.53</u>
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	16	2,954.16	6,118.42	2,954.16	6,118.42
Other Deferred Liabilities	17	1,327.76	1,037.68	1,217.30	960.88
		<u>4,281.92</u>	<u>7,156.10</u>	<u>4,171.46</u>	<u>7,079.30</u>
Current Liabilities					
Trade and Other Payables	18	14,034.60	13,910.99	17,532.95	17,184.67
Income Tax Payable		197.80	194.63	181.25	192.84
Interest Bearing Loans and Borrowings	16	3,653.77	3,235.33	3,653.77	3,235.33
		<u>17,886.17</u>	<u>17,340.95</u>	<u>21,367.97</u>	<u>20,612.84</u>
Total Equity and Liabilities		<u>33,733.18</u>	<u>35,972.66</u>	<u>31,822.03</u>	<u>35,253.67</u>

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Signed for and on behalf of the Board by:

JMS Brito

Director

Timothy Chel

Director

The accounting policies and notes on pages 50 through 71 form an integral part of the financial statements.

30th May 2005

Statement of Changes in Equity

Year Ended 31 March 2005

GROUP	Share Capital Rs. M	Capital Reserve Rs. M	Revenue Reserve Rs. M	General Reserve Rs. M	Accumulated Profits/(Losses) Rs. M	Total Rs. M
Balance as at 31 March 2003	5,146.35	105.20	0.63	53.44	1,049.11	6,354.73
Dividend	-	-	-	-	(514.63)	(514.63)
Net Profit for the year	-	-	-	-	5,635.51	5,635.51
Balance as at 31 March 2004	5,146.35	105.20	0.63	53.44	6,169.99	11,475.61
Dividend	-	-	-	-	(1,286.59)	(1,286.59)
Net Profit for the year	-	-	-	-	1,376.07	1,376.07
Balance as at 31 March 2005	<u>5,146.35</u>	<u>105.20</u>	<u>0.63</u>	<u>53.44</u>	<u>6,259.47</u>	<u>11,565.09</u>

COMPANY	Share Capital Rs. M	Capital Reserve Rs. M	General Reserve Rs. M	Accumulated Profits/(Losses) Rs. M	Total Rs. M
Balance as at 31 March 2003	5,146.35	75.60	53.44	(1,754.37)	3,521.02
Dividend	-	-	-	(514.63)	(514.63)
Net Profit for the year	-	-	-	4,555.14	4,555.14
Balance as at 31 March 2004	5,146.35	75.60	53.44	2,286.14	7,561.53
Dividend	-	-	-	(1,286.59)	(1,286.59)
Net Profit for the year	-	-	-	7.66	7.66
Balance as at 31 March 2005	<u>5,146.35</u>	<u>75.60</u>	<u>53.44</u>	<u>1,007.21</u>	<u>6,282.60</u>

The accounting policies and notes on pages 50 through 71 form an integral part of the financial statements.

30th May 2005

Cash Flow Statement

Year Ended 31 March 2005

	Note	Group 2005 Rs. M	Group 2004 Rs. M	Company 2005 Rs. M	Company 2004 Rs. M
Cash Flows From / (Used in) Operating Activities					
Net Profit before Income Tax Expense		1,413.97	5,480.18	(3.91)	4,360.69
Adjustments for					
Depreciation		1,789.10	1,655.79	1,754.20	1,622.64
Adjustments for Property, Plant and Equipment		84.90	115.75	84.90	115.75
Amortisation of Pre-delivery Payments		112.13	112.13	112.13	112.13
(Profit)/Loss on Disposal of Property, Plant and Equipment		95.74	3.00	105.06	3.01
Finance Costs		328.11	419.23	328.11	419.23
Provision for Impairment of Property, Plant and Equipment		29.83	-	-	-
Provision for Bad and Doubtful Debts		298.10	-	298.10	-
Provision for Slow Moving Inventory		39.42	(5.01)	39.42	(5.01)
Provision for Unsettled Advances		-	13.64	-	13.64
Provision for Gratuity		345.65	192.36	310.26	182.46
Income from Sale and Revaluation of shares		(49.48)	(31.83)	(49.48)	(31.83)
Operating Profit before Working Capital Changes		4,487.47	7,955.24	2,978.79	6,792.71
(Increase)/Decrease in Inventories		(564.05)	(103.71)	(553.02)	(92.97)
(Increase)/Decrease in Trade and Other Receivables		(1,126.62)	(1,564.50)	(1,021.62)	(1,511.96)
Increase/(Decrease) in Trade and Other Payables		170.61	3,019.84	395.23	4,002.74
Cash Generated from Operations		2,967.41	9,306.87	1,799.38	9,190.52
Finance Costs Paid		(313.96)	(321.54)	(313.96)	(321.54)
Gratuity Paid		(55.57)	(36.56)	(53.84)	(32.68)
Income Tax Paid		(29.35)	-	-	-
Net Cash Flows from/(used in) Operating Activities		2,568.53	8,948.77	1,431.58	8,836.30
Cash Flows From / (Used in) Investing Activities					
Acquisition of Property, Plant and Equipment		(3,187.06)	(806.60)	(2,001.99)	(740.73)
Proceeds from Disposal of Property, Plant and Equipment		23.92	14.59	14.60	14.58
Proceeds from Disposal of Investments		205.56	-	205.56	-
Net Cash Flows from/(used in) Investing Activities		(2,957.58)	(792.01)	(1,781.83)	(726.15)
Cash Flows From / (Used in) Financing Activities					
Repayment of Interest Bearing Liabilities		(136.61)	(131.87)	(136.61)	(131.87)
Principal Payments under Finance Lease Liabilities		(2,946.35)	(2,594.89)	(2,946.35)	(2,594.89)
Dividend Paid		(1,280.56)	(530.47)	(1,280.56)	(514.30)
Net Cash Flows from/(used in) Financing Activities		(4,363.52)	(3,257.23)	(4,363.52)	(3,241.06)
Net Increase/(Decrease) in Cash and Cash Equivalents		(4,752.57)	4,899.53	(4,713.77)	4,869.09
Cash and Cash Equivalents at the beginning of the year	13	13,279.20	8,379.67	13,111.46	8,242.37
Cash and Cash Equivalents at the end of the year	13	8,526.63	13,279.20	8,397.69	13,111.46

The accounting policies and notes on pages 50 through 71 form an integral part of the financial statements.

1.0 CORPORATE INFORMATION

1.1 GENERAL

SriLankan Airlines Limited is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at # 22-01, East Tower, World Trade Centre, Echelon Square, Colombo 1, Sri Lanka; and the principal place of business is situated at Bandaranayake International Airport, Katunayake, Sri Lanka.

1.2 PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

The principal activities of the Company is the operation of international scheduled, 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 Bandaranayake International Airport and the sale of duty free goods on-board, constitute other main activities of the Company.

1.3 DATE OF AUTHORISATION FOR ISSUE

The financial statements of SriLankan Airlines Ltd., for the year ended 31st March 2005, were authorised for issue, in accordance with the resolution of the Board of Directors on 30th May 2005.

1.4 NUMBER OF EMPLOYEES

The number of employees in service as at 31st March 2005 in the Company was 5,163 (31st March 2004 – 4,714).

2.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 GENERAL POLICIES

2.1.1 Basis of Preparation

The balance sheet, statements of income, changes in equity and cash flows, together with accounting policies and notes ("Financial Statements") of the Company and of the Group as at 31st March 2005, and for the year then ended, comply with the Sri Lanka Accounting Standards.

These financial statements presented in Sri Lanka Rupees have been prepared on a historical cost basis, except for certain property, plant and equipment which are stated at revalued amounts and current investments which are stated at market values.

2.1.2 Comparative Information

The accounting policies have been consistently applied by the Company, are consistent with those used in the previous year.

Certain comparative amounts have been re-classified to conform to current year's presentation.

2.1.3 Consolidation

The consolidated financial statements include the results, assets and liabilities of SriLankan Airlines Ltd., and its wholly owned Subsidiary – SriLankan Catering (Private) Ltd.

The total profits and losses of the Company and its Subsidiary are shown in the consolidated financial statements.

All assets and liabilities of the Company and its Subsidiary are shown in the consolidated balance sheet.

Intra group balances and transactions and any unrealised gains arising from intra group transactions are eliminated in preparing the consolidation.

The Company and its Subsidiary have a common financial year, which ends on 31st March.

2.1.4 Foreign Currency Translation

- (i) All foreign currency transactions are converted into Sri Lanka Rupees, which is the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- (ii) All monetary assets and liabilities denominated in foreign currencies as at balance sheet date are translated to Sri Lanka Rupee equivalents at the exchange rates ruling as at 31st March 2005.
- (iii) Gains and losses arising on translation are dealt with through the income statement as exchange differences.

2.1.5 Taxation

- (a) Local Taxation

The Company

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 dividend 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 - SriLankan Catering (Private) Ltd.

Income from the Flight Kitchen and the Transit Restaurant operated by the Subsidiary was exempted from income tax for a period of 15 years upto 19th August 1995, in terms of agreements entered to under Section 17 of the Greater Colombo Economic Commission Law No. 4 of 1978. At the expiry of this period of exemption and until 31st March 2006, the Subsidiary is liable for income tax at a concessionary rate of 2% of the turnover of the Flight Kitchen and the Transit Restaurant. The income from the Public Restaurant is liable at the normal corporate tax rate of 32.5%. No provision is made for income tax on the income from Public Restaurant due to carried forward tax losses of Rs. 76.45 million as at 31st March 2005.

(b) 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.

(c) Deferred Taxation

No deferred taxation has been provided for in these financial statements, since majority of the assets will be fully depreciated before the expiry of the tax holiday period.

2.1.6 Borrowing Costs

Borrowing costs amounting to Rs. 554.28 million incurred on long-term loans obtained to meet pre-delivery payments in respect of new aircraft have been capitalised during financial years 1992/93 to 1994/95 as part of the cost of such aircraft.

Exchange losses on long-term loans obtained to meet pre-delivery payments in respect of new aircraft are regarded as an adjustment to borrowing costs. Such exchange losses amounting to Rs. 242.15 million have been capitalised during the financial years 1992/93 to 1994/95 as part of the cost of aircraft, as permitted by Sri Lanka Accounting Standard No. 20 – Borrowing Costs.

2.1.7 Events Occuring after the Balance Sheet Date

All material events occurring after the balance sheet date are considered and where necessary adjustments made in these financial statements.

2.2 VALUATION OF ASSETS AND THEIR MEASUREMENT BASES

2.2.1 Inventories

The Company - SriLankan Airlines Ltd

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

All inventories are valued on the basis of weighted average cost.

The Subsidiary - SriLankan Catering (Private) Ltd

Inventories held at the Restaurants are valued on the basis of first in first out. All other inventories are valued on the basis of weighted average cost.

2.2.2 Trade and Other Receivables

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

2.2.3 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities (i.e. three months or less from the date of acquisition) are also treated as cash equivalents.

2.2.4 Property, Plant and Equipment

(a) Cost

Property, plant and equipment are stated at cost of acquisition or construction except for certain properties, which are included at valuation.

Expenditure on major modifications and improvements, which result in an increase in the earning capacity or the useful life of the assets are capitalised. Expenditure on repairs and maintenance are charged to the income statement.

1. Fleet

Additions to the fleet are reflected at cost. The Company receives credits from manufacturers in connection with the acquisition of certain aircraft and engines. These credits are recorded as a reduction of the cost of the related aircraft and engines except where the aircraft is held under an operating lease, in which case the credits are deferred and reduced from the operating lease rentals on a straight-line basis over the period of the related lease as deferred credits.

2. Aircraft Rotable Spares

Aircraft rotatable spares, which are treated as tangible fixed assets, are recorded in the balance sheet at cost. This item is grouped under "Aircraft Related Equipment".

3. Capital Projects

Capital projects are stated at cost together with financing costs incurred from the date of commencement of the project to the date on which it is commissioned. When commissioned, capital projects are transferred to the appropriate category under property, plant and equipment and depreciated in accordance with Company policies.

(b) Depreciation

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

New aircraft and spare engines	-	over 16 years after making a 10 percent allowance for residual value.
Used aircraft and spare engines	-	over the estimated remaining useful life, which is currently estimated to be 8 years.
Buildings	-	over the expected useful life subject to a maximum of 20 years.
Equipment	-	over periods ranging from 1 to 10 years according to the type of equipment.
Aircraft rotatable spares	-	over 8 years.

2.2.5 Leases

Finance Leases

Property, plant and equipment on finance leases, which effectively transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are capitalised at their cash price and depreciated over the period the Company is expected to benefit from the use of the leased assets. The corresponding principal amount payable to the lessor is shown as a liability. The interest element of the rental obligations pertaining to each financial year is charged to the income statement over the period of lease.

Costs of major modifications and re-configuration of aircraft are capitalised as part of aircraft cost and depreciated over the remaining term of the lease or the estimated useful life of the modifications/re-configuration, whichever is the shorter.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Rentals paid under operating leases are recognised in the income statement in the year they become payable.

Costs of major modifications and re-configuration of aircraft are capitalised as part of aircraft cost and depreciated over the remaining term of the lease.

Sale and Lease back

Profits and losses which arise from sale and lease back transactions, which result in operating leases are recognised in the income statement immediately.

2.2.6 Investments

Current investments

Current investments are stated at market value.

Unrealised gains and losses on current investments carried at market value are taken to the income statement.

Long-term investments

Long-term Investments are stated at cost. The cost of investments is the cost of acquisition. The carrying amount of long-term investments is reduced to recognise a decline, other than temporary, in the value of investments determined on an individual investment basis.

2.3 LIABILITIES AND PROVISIONS

2.3.1 Provisions

(a) General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic

benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

(b) Aircraft Maintenance and Overhaul costs

All costs in relation to maintenance and overhaul of aircraft and engines including costs associated with heavy maintenance checks are charged to the income statement as they are incurred.

2.3.2 Retirement Benefit Obligations

(a) Defined Benefit Plan-Gratuity

The Company

All employees based in Sri Lanka with 5 or more year's service with the Company are entitled to the payment of gratuity under the Payment of Gratuity Act No. 12 of 1983. An actuarial valuation of the gratuity liability of the Company as at 31st January 2005 was undertaken in February 2005 by Actuarial & Management Consultants (Pvt) Limited, a firm of professional actuaries. The method used by the actuaries to value the gratuity liability is the "Projected Unit Credit Method".

The key assumptions used by the actuary include the following:

- | | | | |
|------|---|--------|----------|
| i) | Rate of Interest | | 10% |
| ii) | Rate of Salary Increase | - LKR | 13% |
| | | - USD | 2% |
| | Special Premium | - LKR | 13% |
| iii) | Retirement Age | - Male | 55 years |
| | | Female | 55 years |
| iv) | The Company will continue as a going concern. | | |

The amount recognised as an expense for the current year in terms of the actuarial valuation is Rs. 299.01 million.

Based on these assumptions, the actuarial present value of the accrued benefits as at 31st March 2005 is Rs.1,129.04 million. The gratuity liability is not externally funded. This item is grouped under "Other Deferred Liabilities" in the Balance Sheet.

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

The Subsidiary - SriLankan Catering (Private) Ltd.

Provision for gratuity has been made in accordance with the payment of Gratuity Act No. 12 of 1983 and has been made for employees who have completed more than 1 year of service, in accordance with Sri Lanka Accounting Standard No. 16, Retirement Benefit Costs. This fund is not externally funded. The basis is as follows;

Years of Service	No. of months salary for each completed year
1 to 10 years	1/2
Over 10 years	1

(b) Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

Employees based in Sri Lanka are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 15% and 3% of gross emoluments to Employees' Provident Fund and Employees' Trust Fund respectively.

2.3.3 Frequent Flyer Programme

The Company is a co-sponsor of the 'Skywards' frequent flyer programme established by Emirates.

The obligation to provide travel rewards to members of the frequent flyer programme is accrued by Emirates based on the incremental direct cost of ultimately providing the travel rewards. The corresponding cost is included in a cost and revenue pool.

Pooled costs and revenue are shared among co-sponsoring airlines, in proportion to the Skywards frequent flyer miles issued to members on the flights operated by the Company and Emirates.

2.4 INCOME STATEMENT

2.4.1 Revenue Recognition

(a) 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.

Passenger tickets that remain unutilised are credited to the income statement after a predetermined period.

Actual revenue adjustments are dealt within the income statement.

(b) Income from Air terminal, Catering and Other Services

Income from Air terminal, Catering and Other Services are recognised when the services are rendered.

(c) Dividend and Interest

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

(d) Rental Income

Rental income is recognised on an accrual basis.

(e) Royalties

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

(f) Others

Other income is recognised on a cash basis.

2.4.2 Expenditure Recognition

Expenses are recognised in the income statement on the basis of a direct association between the costs incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the purpose of presentation of the income statement, the Directors are of the opinion that function of expenses method presents fairly the elements of the Company's performance, and hence such a presentation method is adopted.

2.4.3 Fuel Risk Management

The Company uses commodity futures and options to manage its exposure to fluctuations in the price of jet fuel.

Future purchase commitments under the fuel risk management programme for the period April 2005 to December 2005 amounts to USD 30.24 million (Rs. 3,005.86 million).

The market value of hedging contract in place as at 31st March 2005 amounts to USD 5.61 million (Rs. 557.63 million).

2.5 Segment Reporting

A segment is a distinguishable component of the Group that is engaged in providing services within a particular economic environment which is subject to risks and rewards that are different from those of other segments.

Primary reporting is based on the geographical spread of operations as the Group's risks and rates of return are predominantly affected by the fact that it operates in different countries.

The analysis of turnover by origin of sale is derived by allocating revenue to the area in which the sale was made.

Expenses that cannot be directly identified to a particular segment are not segregated and disclosed.

The major revenue earning asset of the Company is the aircraft fleet which is employed across its worldwide route network. Management considers that there is no suitable basis for allocating such assets and related liabilities to geographical segments. Accordingly, segment assets, segment liabilities and other segment information by geographical segment is not disclosed.

The Secondary reporting by business segment is based on the Group's internal structure.

The Group is engaged in three main business segments-Air Transportation, Air Terminal Services and Inflight Catering Services through the subsidiary.

2.6 Cash Flow

The cash flow of the Company and the group has been presented using the indirect method in accordance with the Sri Lanka Accounting Standard No.9- Cash Flow Statements.

Notes to the Financial Statements

Year Ended 31 March 2005

3 REVENUE

	Group 2005 Rs. M	Group 2004 Rs. M	Company 2005 Rs. M	Company 2004 Rs. M
Total Revenue	<u>54,720.54</u>	<u>46,191.34</u>	<u>53,808.85</u>	<u>45,397.54</u>
3.1 Analysis of Turnover - Goods and Services Analysis				
	Group 2005 Rs. M	Group 2004 Rs. M	Company 2005 Rs. M	Company 2004 Rs. M
Scheduled Services - Passenger	41,951.44	36,455.04	41,951.44	36,455.04
- Excess baggage	499.21	486.36	499.21	486.36
- Cargo	7,331.90	5,334.04	7,353.80	5,354.14
- Mail	103.27	77.45	103.27	77.45
	<u>49,885.82</u>	<u>42,352.89</u>	<u>49,907.72</u>	<u>42,372.99</u>
Non-Scheduled Services	52.14	60.07	52.14	60.07
Duty Free	338.33	305.09	338.33	305.09
Air Terminal & Other Services	3,498.61	2,655.13	3,510.66	2,659.39
Flight Catering	945.64	818.16	-	-
Total	<u>54,720.54</u>	<u>46,191.34</u>	<u>53,808.85</u>	<u>45,397.54</u>

3.2 In terms of the Value Added Tax (VAT) Act No. 14 of 2002 as such at present:

- Company activities directly connected with international transportation of passengers and cargo, and the provision of air terminal services are zero rated.
- All other income derived in Sri Lanka is liable at the standard rate of 15%.

3.3 Primary Reporting by Geographical Segment - Analysis of Turnover by Origin of Sale

	Asia Rs. M	Europe & Africa Rs. M	Middle East Rs. M	North & South America Rs. M	South West Pacific Rs. M	Total Rs. M
Scheduled Services - Passenger	16,844.57	15,942.94	6,809.27	1,776.66	578.00	41,951.44
- Excess baggage	257.00	31.11	180.26	30.34	0.50	499.21
- Cargo	5,792.55	1,165.95	292.82	49.99	30.59	7,331.90
- Mail	94.94	7.55	0.40	0.33	0.05	103.27
	<u>22,989.06</u>	<u>17,147.55</u>	<u>7,282.75</u>	<u>1,857.32</u>	<u>609.14</u>	<u>49,885.82</u>
Non-Scheduled Services	52.14	-	-	-	-	52.14
Duty Free	80.05	147.38	71.11	-	39.79	338.33
Air Terminal & Other Services	3,498.61	-	-	-	-	3,498.61
Flight Catering	945.64	-	-	-	-	945.64
Total	<u>27,565.50</u>	<u>17,294.93</u>	<u>7,353.86</u>	<u>1,857.32</u>	<u>648.93</u>	<u>54,720.54</u>

3.4 Secondary Reporting by Business Segment

Group

	Business Segment		Group	Business Segment		Group
	Air Line	Flight Catering		Air Line	Flight Catering	
	2005 Rs. M	2005 Rs. M		2004 Rs. M	2004 Rs. M	
Revenue	53,808.85	2,491.51	54,720.54	45,397.54	1,972.39	46,191.34
Net Profit/(Loss) After Tax	7.66	1,368.41	1,376.07	4,555.14	1,080.37	5,635.51
Assets	31,822.03	5,819.84	33,733.18	35,253.67	4,277.93	35,972.66
Liabilities	25,539.43	491.91	22,168.09	27,692.14	288.02	24,497.05
Operating Expenses	52,751.08	1,129.43	54,201.94	40,576.39	831.22	41,996.93
Depreciation and Amortisation	1,866.33	34.90	1,901.23	1,734.77	33.15	1,767.92
Acquisition of Property, Plant and Equipment	2,192.00	1,185.06	3,377.06	740.73	65.87	806.60

Values reported under "Group" exclude inter-group balances.

4 OTHER OPERATING INCOME

	Group 2005 Rs. M	Group 2004 Rs. M	Company 2005 Rs. M	Company 2004 Rs. M
Interest Income	313.01	220.52	312.69	219.64
Rental Income	0.24	0.45	0.24	0.45
Miscellaneous Revenue	59.47	75.17	58.34	74.08
Income from Disposal of Investment	49.48	-	49.48	-
Gain on Exchange	801.28	1,408.86	712.01	1,399.37
	<u>1,223.48</u>	<u>1,705.00</u>	<u>1,132.76</u>	<u>1,693.54</u>

5 PROFIT/(LOSS) FROM OPERATING ACTIVITIES INCLUDES THE FOLLOWING:

	Group 2005 Rs. M	Group 2004 Rs. M	Company 2005 Rs. M	Company 2004 Rs. M
Staff Costs	6,961.62	5,632.48	6,721.56	5,448.50
Defined Benefit Plan Costs - Gratuity	345.65	192.36	310.26	182.46
Defined Contribution Plan Costs - EPF & ETF	516.99	441.39	496.63	425.01
Bad Debts	298.10	-	298.10	-
Advertising and Marketing Costs	6,580.11	4,875.13	6,556.69	4,856.95
Auditors' Remuneration				
- Audit	4.31	3.26	3.87	2.86
- Non Audit	1.06	0.74	0.66	0.38
Depreciation	1,789.10	1,655.79	1,754.20	1,622.64
Loss on Disposal of Property, Plant and Equipment	95.74	3.00	105.06	3.01
Operating Lease Rentals	6,957.93	5,464.36	6,957.93	5,464.36
Amortisation of A330 Pre-delivery Payments	112.13	112.13	112.13	112.13
Provision for Slow Moving Inventory	39.42	(5.01)	39.42	(5.01)
Gain on Fuel Risk Management Programme	54.30	117.51	54.30	117.51
Provision for Impairment of Property, Plant and Equipment	29.83	-	-	-

6 FINANCE COST

	Group 2005 Rs. M	Group 2004 Rs. M	Company 2005 Rs. M	Company 2004 Rs. M
Interest Expense on Loans, Borrowings & Bank Overdraft	21.99	47.27	21.99	47.27
Finance Charges on Lease Liabilities	306.12	371.96	306.12	371.96
	<u>328.11</u>	<u>419.23</u>	<u>328.11</u>	<u>419.23</u>

Notes to the Financial Statements

Year Ended 31 March 2005

7 INCOME TAX EXPENSE	Group 2005 Rs. M	Group 2004 Rs. M	Company 2005 Rs. M	Company 2004 Rs. M
Current Tax Expense for the Year	37.90	(155.33)	(11.57)	(194.45)
	<u>37.90</u>	<u>(155.33)</u>	<u>(11.57)</u>	<u>(194.45)</u>

Income tax expense for the year includes a reversal of an over provision of Rs. 13.06 million in respect of prior years.

8 EARNINGS PER SHARE

8.1 Basic Earnings Per Share is calculated by dividing the Net Profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

8.2 The following reflects the income and share data used in the Basic Earnings Per Share computation.

	Group 2005	Group 2004	Company 2005	Company 2004
Net Profit attributable to Ordinary Shareholders Rs. M	1,376.07	5,635.51	7.66	4,555.14
Weighted average number of Ordinary Shares in issue	51,463,463	51,463,463	51,463,463	51,463,463
Earning Per Share (Rs.)	<u>26.74</u>	<u>109.51</u>	<u>0.15</u>	<u>88.51</u>

9 PROPERTY, PLANT AND EQUIPMENT

9(a) GROUP

9(a).1 Gross Carrying Amounts	Balance as at 01.04.2004 Rs. M	Acquisitions and Modifications Rs. M	Adjustments and Transfers Rs. M	Provision for Impairment Rs. M	Disposals during the Year Rs. M	Balance as at 31.03.2005 Rs. M
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At Cost/Cost Incurred since Last Revaluation

Land and Buildings	764.97	134.06	283.61	(4.29)	(0.10)	1,178.25
Equipment	3,702.00	562.49	(282.58)	(25.54)	(258.85)	3,697.52
Aircraft Reconfiguration Cost	73.10	566.90	-	-	-	640.00
Aircraft Related Equipment	3,914.94	580.03	(85.93)	-	-	4,409.04
	<u>8,455.01</u>	<u>1,843.48</u>	<u>(84.90)</u>	<u>(29.83)</u>	<u>(258.95)</u>	<u>9,924.81</u>

Assets on Finance Leases

Aircraft and Related Equipment	16,556.49	344.56	-	-	(258.73)	16,642.32
	<u>16,556.49</u>	<u>344.56</u>	<u>-</u>	<u>-</u>	<u>(258.73)</u>	<u>16,642.32</u>

At Valuation

Land and Buildings	107.77	-	-	-	-	107.77
	<u>107.77</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107.77</u>
Total Value of Depreciable Assets	<u>25,119.27</u>	<u>2,188.04</u>	<u>(84.90)</u>	<u>(29.83)</u>	<u>(517.68)</u>	<u>26,674.90</u>

9(a).2 In the Course of Construction	Balance as at 01.04.2004 Rs. M	Incurred During the Year Rs. M	Adjustments and Transfers Rs. M	Provision for Impairment Rs. M	Disposals during the Year Rs. M	Balance as at 31.03.2005 Rs. M
Building Work-in-Progress	238.24	1,189.02	-	-	-	1,427.26
Total Gross Carrying Amount	<u>25,357.51</u>	<u>3,377.06</u>	<u>(84.90)</u>	<u>(29.83)</u>	<u>(517.68)</u>	<u>28,102.16</u>

9 PROPERTY, PLANT AND EQUIPMENT - GROUP (Contd.)

9(a).3 Depreciation

	Balance as at 01.04.2004 Rs. M	Charge for the Year/ Transfers Rs. M	Adjustments and Transfers Rs. M	Disposals Rs. M	Balance as at 31.03.2005 Rs. M
At Cost/Cost Incurred since Last Revaluation					
Land and Buildings	648.72	78.46	187.09	(0.10)	914.17
Equipment	3,049.16	336.60	(187.09)	(249.96)	2,948.71
Aircraft Reconfiguration Cost	19.17	77.15	-	-	96.32
Aircraft Related Equipment	2,700.18	272.13	-	-	2,972.31
	<u>6,417.23</u>	<u>764.34</u>	<u>-</u>	<u>(250.06)</u>	<u>6,931.51</u>
Assets on Finance Leases					
Aircraft and Related Equipment	8,316.23	1,022.67	-	(147.96)	9,190.94
	<u>8,316.23</u>	<u>1,022.67</u>	<u>-</u>	<u>(147.96)</u>	<u>9,190.94</u>
At Valuation					
Land and Buildings	98.28	2.09	-	-	100.37
	<u>98.28</u>	<u>2.09</u>	<u>-</u>	<u>-</u>	<u>100.37</u>
Total Depreciation	<u>14,831.74</u>	<u>1,789.10</u>	<u>-</u>	<u>(398.02)</u>	<u>16,222.82</u>

9(a).4 Net Book Values

	Group 2005 Rs. M	Group 2004 Rs. M
At Cost/Cost Incurred since Last Revaluation	2,993.30	2,037.78
On Finance Leases	7,451.38	8,240.26
At Valuation	7.40	9.49
In the Course of Construction	1,427.26	238.24
Total Carrying Amount of Property, Plant and Equipment	<u>11,879.34</u>	<u>10,525.77</u>

9(a).5 Building work-in progress represents an amount of Rs.1,391.85 million paid to project consultants for preparing the designs and progress payments for a new flight kitchen currently under construction for the Subsidiary - Sri Lankan Catering (Private) Ltd.

Notes to the Financial Statements

Year Ended 31 March 2005

9 PROPERTY, PLANT AND EQUIPMENT - (Contd.)

9 (b). COMPANY

9 (b).1 Gross Carrying Amounts

	Balance as at 01.04.2004 Rs. M	Acquisitions and Modifications Rs. M	Adjustments and Transfers Rs. M	Provision for Impairment Rs. M	Disposals during the Year Rs. M	Balance as at 31.03.2005 Rs. M
At Cost/Cost Incurred Since Last Revaluation						
Land and Buildings	661.41	134.06	283.61	-	(0.10)	1,078.98
Equipment	3,255.82	531.03	(282.58)	-	(246.36)	3,257.91
Aircraft Reconfiguration Cost	73.10	566.90	-	-	-	640.00
Aircraft Related Equipment	3,914.94	580.03	(85.93)	-	-	4,409.04
	<u>7,905.27</u>	<u>1,812.02</u>	<u>(84.90)</u>	<u>-</u>	<u>(246.46)</u>	<u>9,385.93</u>

Assets on Finance Leases

Aircraft and Related Equipment	16,556.49	344.56	-	-	(258.73)	16,642.32
	<u>16,556.49</u>	<u>344.56</u>	<u>-</u>	<u>-</u>	<u>(258.73)</u>	<u>16,642.32</u>

At Valuation

Land and Buildings	107.77	-	-	-	-	107.77
	<u>107.77</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107.77</u>

Total Value of Depreciable Assets	<u>24,569.53</u>	<u>2,156.58</u>	<u>(84.90)</u>	<u>-</u>	<u>(505.19)</u>	<u>26,136.02</u>
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9 (b).2 In the Course of Construction

	Balance as at 01.04.2004 Rs. M	Incurred During the Year Rs. M	Adjustments and Transfers Rs. M	Provision for Impairment Rs. M	Disposals During the Year Rs. M	Balance as at 31.03.2005 Rs. M
Building Work-in-Progress	-	35.42	-	-	-	35.42
Total Gross Carrying Amount	<u>24,569.53</u>	<u>2,192.00</u>	<u>(84.90)</u>	<u>-</u>	<u>(505.19)</u>	<u>26,171.44</u>

9 (b).3 Depreciation

	Balance as at 01.04.2004 Rs. M	Charge for the Year/ Transfers Rs. M	Adjustments and Transfers Rs. M	Disposals Rs. M	Balance as at 31.03.2005 Rs. M	
At Cost/Cost Incurred since last Revaluation						
Land and Buildings		553.89	75.96	187.08	(0.10)	816.83
Equipment		2,678.44	304.20	(187.08)	(237.47)	2,558.09
Aircraft Reconfiguration Cost		19.17	77.15	-	-	96.32
Aircraft Related Equipment		2,700.18	272.13	-	-	2,972.31
		<u>5,951.68</u>	<u>729.44</u>	<u>-</u>	<u>(237.57)</u>	<u>6,443.55</u>

Assets on Finance Leases

Aircraft and Related Equipment	8,316.23	1,022.67	-	(147.96)	9,190.94
	<u>8,316.23</u>	<u>1,022.67</u>	<u>-</u>	<u>(147.96)</u>	<u>9,190.94</u>

At Valuation

Land and Buildings	98.28	2.09	-	-	100.37
	<u>98.28</u>	<u>2.09</u>	<u>-</u>	<u>-</u>	<u>100.37</u>

Total Depreciation	<u>14,366.19</u>	<u>1,754.20</u>	<u>-</u>	<u>(385.53)</u>	<u>15,734.86</u>
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9 PROPERTY, PLANT AND EQUIPMENT - COMPANY (Contd.)

9 (b).4 Net Book Values

	Company 2005 Rs. M	Company 2004 Rs. M
At Cost/Cost Incurred Since Last Revaluation		
On Finance Leases	2,942.38	1,953.59
At Valuation	7,451.38	8,240.26
In the Course of Construction	7.40	9.49
	35.42	-
Total Carrying Amount of Property, Plant and Equipment	10,436.58	10,203.34

9 (b).5 The following Land and Buildings have been revalued during the financial year 1988/89.

Property owned by the Company and situated at
No. 12, Sir Baron Jayatileka Mawatha, Colombo 1.

Valuer and the Date of Valuation
Mr. D S A Senaratne, Independent Chartered
Valuer, on 25th December 1988.

The SriLankan Administration and
Training Building situated at Katunayake.

Mr. S Fernando, Independent Chartered
Valuer, on 20th January 1989.

The results of such revaluation have been incorporated in these financial statements from its effective date which is 1988/89. The surplus arising from the revaluation has been transferred to a revaluation reserve.

9 (b).6 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 2,192 million (2004 - Rs. 740.73 million). Cash payments amounting to Rs. 2,001.99 million (2004 - Rs. 740.73 million) were made during the year to acquire Property, Plant and Equipment.

9 (b).7 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 5,849.15 million (2004 - Rs. 4,526.53 million).

10 INVESTMENTS

10.1 Non-Current - Unquoted

Name of Company	Country of Incorporation	Holding %	Cost	Directors'	Cost	Directors'
			2005	Valuation	2004	Valuation
			Rs. M	Rs. M	Rs. M	Rs. M
SriLankan Catering (Private) Ltd.	Sri Lanka	100%	70.40	70.40	70.40	70.40
SITA INC. Foundation	Netherlands	0.8%	25.49	25.49	25.49	25.49
			<u>95.89</u>	<u>95.89</u>	<u>95.89</u>	<u>95.89</u>

The investment in SITA INC., represents unquoted depository certificates without fixed maturity. This investment is measured at cost.

10.2 Current-Quoted

	Market Value 2005 Rs. M	Carrying Value 2005 Rs. M	Market Value 2004 Rs. M	Carrying Value 2004 Rs. M
Investment in France Telecom Shares	-	-	153.62	153.62
	<u>-</u>	<u>-</u>	<u>153.62</u>	<u>153.62</u>

The investment in France Telecom Shares were disposed during the year.

The net gain on disposal is recognised under other operating income.

Notes to the Financial Statements

Year Ended 31 March 2005

11 INVENTORIES	Group 2005 Rs. M	Group 2004 Rs. M	Company 2005 Rs. M	Company 2004 Rs. M
Consumable Stocks	2,828.32	2,303.69	2,748.56	2,234.96
Total Inventories at lower of cost and net realisable value	<u>2,828.32</u>	<u>2,303.69</u>	<u>2,748.56</u>	<u>2,234.96</u>

12 TRADE AND OTHER RECEIVABLES	Group 2005 Rs. M	Group 2004 Rs. M	Company 2005 Rs. M	Company 2004 Rs. M
12.1 Summary				
Trade Debtors - Related Parties (12.2)	121.68	89.21	54.44	96.86
- Others	3,155.05	3,636.33	3,109.20	3,489.99
Less: Provision for Doubtful Debts	(460.90)	(190.03)	(460.90)	(190.03)
	<u>2,815.83</u>	<u>3,535.51</u>	<u>2,702.74</u>	<u>3,396.82</u>
Other Debtors	4,482.60	3,459.84	4,482.60	3,459.84
Advances and Prepayments	2,799.98	2,392.39	2,585.91	2,304.04
	<u>10,098.41</u>	<u>9,387.74</u>	<u>9,771.25</u>	<u>9,160.70</u>
Loans and Advances to Company Officers (12.3)	23.96	23.65	21.03	20.20
	<u>10,122.37</u>	<u>9,411.39</u>	<u>9,792.28</u>	<u>9,180.90</u>

12.2 Trade Dues Receivable from Related Parties:

SriLankan Catering (Private) Ltd.	-	-	1.28	7.65
Emirates	121.68	89.21	53.16	89.21
	<u>121.68</u>	<u>89.21</u>	<u>54.44</u>	<u>96.86</u>

12.3 Loans to Company Officers:

Given below are particulars of loans granted to Company officers in excess of Rs. 20,000 only;

	Group 2005 Rs. M	Group 2004 Rs. M	Company 2005 Rs. M	Company 2004 Rs. M
Balance as at the beginning of the year	4.02	2.79	1.69	2.70
Loans granted during the year	2.69	3.92	-	-
Repayments	(4.50)	(2.69)	(1.51)	(1.01)
Balance as at the end of the year	<u>2.21</u>	<u>4.02</u>	<u>0.18</u>	<u>1.69</u>

Notes to the Financial Statements
Year Ended 31 March 2005

13 CASH AND CASH EQUIVALENTS		Group 2005 Rs. M	Group 2004 Rs. M	Company 2005 Rs. M	Company 2004 Rs. M
13.1 Favourable Cash and Cash Equivalents Balance					
Cash and Bank Balances		904.77	761.53	775.83	593.73
Fixed and Interest Bearing Deposits		<u>7,972.89</u>	<u>12,791.17</u>	<u>7,972.89</u>	<u>12,791.23</u>
		<u>8,877.66</u>	<u>13,552.70</u>	<u>8,748.72</u>	<u>13,384.96</u>
13.2 Unfavourable Cash and Cash Equivalents Balance					
Bank Overdrafts		<u>(351.03)</u>	<u>(273.50)</u>	<u>(351.03)</u>	<u>(273.50)</u>
Total Cash and Cash Equivalents for the purpose of Cash Flow Statement		<u>8,526.63</u>	<u>13,279.20</u>	<u>8,397.69</u>	<u>13,111.46</u>
14 SHARE CAPITAL					
		Par Value Rs.		Company 2005 Number	Company 2004 Number
14.1 Authorised					
Number of Shares	Ordinary Shares	100/-		<u>150,000,000</u>	<u>150,000,000</u>
				<u>150,000,000</u>	<u>150,000,000</u>
				Rs. M	Rs. M
Nominal Value	Ordinary Shares	100/-		<u>15,000.00</u>	<u>15,000.00</u>
				<u>15,000.00</u>	<u>15,000.00</u>
14.2 Issued and Fully Paid					
Number of Shares	Ordinary Shares	100/-		<u>51,463,463</u>	<u>51,463,463</u>
				<u>51,463,463</u>	<u>51,463,463</u>
				Rs. M	Rs. M
Nominal Value	Ordinary Shares	100/-		<u>5,146.35</u>	<u>5,146.35</u>
				<u>5,146.35</u>	<u>5,146.35</u>

Notes to the Financial Statements

Year Ended 31 March 2005

15 RESERVES

	Group 2005 Rs. M	Group 2004 Rs. M	Company 2005 Rs. M	Company 2004 Rs. M
Capital Reserves (15.1)	105.20	105.20	75.60	75.60
Revenue Reserves (15.2)	0.63	0.63	-	-
General Reserves (15.3)	53.44	53.44	53.44	53.44
	<u>159.27</u>	<u>159.27</u>	<u>129.04</u>	<u>129.04</u>

15.1 Capital Reserves

	Group 2005 Rs. M	Group 2004 Rs. M	Company 2005 Rs. M	Company 2004 Rs. M
At 1 st April	105.20	105.20	75.60	75.60
At 31 st March	<u>105.20</u>	<u>105.20</u>	<u>75.60</u>	<u>75.60</u>

Capital Reserves represents;

The Group/Company:

a) The difference between book value and the restated value of property - Rs. 75.60 million. (See Note 9 (b).5 - Company).

15.2 Revenue Reserves

	Group 2005 Rs. M	Group 2004 Rs. M	Company 2005 Rs. M	Company 2004 Rs. M
At 1 st April	0.63	0.63	-	-
At 31 st March	<u>0.63</u>	<u>0.63</u>	<u>-</u>	<u>-</u>

15.3 General Reserves

	Group 2005 Rs. M	Group 2004 Rs. M	Company 2005 Rs. M	Company 2004 Rs. M
At 1 st April	53.44	53.44	53.44	53.44
At 31 st March	<u>53.44</u>	<u>53.44</u>	<u>53.44</u>	<u>53.44</u>

16 INTEREST BEARING LOANS AND BORROWINGS - GROUP/COMPANY

	Amount Repayable Within 1 Year Rs. M	2005 Amount Repayable After 1 Year Rs. M	Total Rs. M	Amount Repayable Within 1 Year Rs. M	2004 Amount Repayable After 1 Year Rs. M	Total Rs. M
Finance Leases (16.1)	3,168.65	2,843.64	6,012.29	2,830.71	5,879.23	8,709.94
Long-Term Loans (16.3)	134.09	110.52	244.61	131.12	239.19	370.31
Bank Overdrafts	351.03	-	351.03	273.50	-	273.50
	<u>3,653.77</u>	<u>2,954.16</u>	<u>6,607.93</u>	<u>3,235.33</u>	<u>6,118.42</u>	<u>9,353.75</u>

16 INTEREST BEARING LOANS AND BORROWINGS - GROUP/COMPANY (Contd.)

16.1 Finance Lease Liabilities

	Balance as at 01.04.2004 Rs. M	Additions during the year Rs. M	Payments during the year Rs. M	Restatments Rs. M	Balance as at 31.03.2005 Rs. M	Classified in the Balance Sheet as	
						Current 31.03.2005 Rs. M	Non-Current 31.03.2005 Rs. M
Finance Leases (16.2)	8,709.94	-	(2,946.35)	248.70	6,012.29	3,168.65	2,843.64
	<u>8,709.94</u>	<u>-</u>	<u>(2,946.35)</u>	<u>248.70</u>	<u>6,012.29</u>	<u>3,168.65</u>	<u>2,843.64</u>

16.2

	2005 USD M	2005 Rs. M	2004 USD M	2004 Rs. M
Finance Lease Liabilities				
Within one year	31.88	3,168.65	29.12	2,830.71
Between :				
- One and two years	28.61	2,843.64	31.88	3,098.52
- Two and three years	-	-	28.61	2,780.71
	<u>60.49</u>	<u>6,012.29</u>	<u>89.61</u>	<u>8,709.94</u>
Amount due within one year included under current liabilities	<u>(31.88)</u>	<u>(3,168.65)</u>	<u>(29.12)</u>	<u>(2,830.71)</u>
	<u>28.61</u>	<u>2,843.64</u>	<u>60.49</u>	<u>5,879.23</u>

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

	USD M	Rs. M
Within one year	2.93	291.09
Between :		
- One and two years	1.05	104.51
	<u>3.98</u>	<u>395.60</u>

Interest rates applicable to the finance leases ranged from 2.0981% to 9.1141% per annum. The Government of Sri Lanka has guaranteed the obligations of the Company under the finance lease agreements up to a limit of US Dollars 60.49 million (Rs. 6,012.71 million).

Conversion rate - 1 US Dollar = Rs. 99.4 (Rs. 97.20 in 2004).

16.3 Long-Term Loans

	Balance as at 01.04.2004 Rs. M	Additions during the year Rs. M	Payments during the year Rs. M	Restatments Rs. M	Balance as at 31.03.2005 Rs. M	Classified in the Balance Sheet as	
						Current 31.03.2005 Rs. M	Non-Current 31.03.2005 Rs. M
Bank Loans (16.4)	370.31	-	(136.61)	10.91	244.61	134.09	110.52
	<u>370.31</u>	<u>-</u>	<u>(136.61)</u>	<u>10.91</u>	<u>244.61</u>	<u>134.09</u>	<u>110.52</u>

Notes to the Financial Statements

Year Ended 31 March 2005

16 INTEREST BEARING LOANS AND BORROWINGS - GROUP/COMPANY (Contd.)

16.4 Bank Loans

	2005 USD M	2005 Rs. M	2004 USD M	2004 Rs. M
Within one year	1.35	134.09	1.35	131.12
Between :				
- One and two years	0.73	72.96	1.35	131.12
- Two and three years	0.12	11.86	0.73	71.36
- Three and four years	0.12	11.86	0.12	11.59
- Four and five years	0.12	11.86	0.12	11.59
- After five years	0.02	1.98	0.14	13.53
	<u>2.46</u>	<u>244.61</u>	<u>3.81</u>	<u>370.31</u>
Amount due within one year included under current liabilities	<u>(1.35)</u>	<u>(134.09)</u>	<u>(1.35)</u>	<u>(131.12)</u>
	<u>1.11</u>	<u>110.52</u>	<u>2.46</u>	<u>239.19</u>

Loans are repayable on various dates upto the year 2007 at varying interest rates which ranged from 2.0981% to 9.1141% per annum during the year. The outstanding aircraft spares loan amounting to US Dollars 1.84 million (Rs.182.90 million) is guaranteed by the Government of Sri Lanka.

Conversion rate - 1 US Dollar = Rs. 99.4 (Rs. 97.20 in 2004).

17 OTHER DEFERRED LIABILITIES

17.1 Retirement Benefit Obligations

Group

	Balance as at 01.04.2004 Rs. M	Charge for the year Rs. M	Payments during the year Rs. M	Balance as at 31.03.2005 Rs. M
Provision for Gratuity	1,037.68	345.65	(55.57)	1,327.76
	<u>1,037.68</u>	<u>345.65</u>	<u>(55.57)</u>	<u>1,327.76</u>

Company

	Balance as at 01.04.2004 Rs. M	Charge for the year Rs. M	Payments during the year Rs. M	Balance as at 31.03.2005 Rs. M
Provision for Gratuity	960.88	310.26	(53.84)	1,217.30
	<u>960.88</u>	<u>310.26</u>	<u>(53.84)</u>	<u>1,217.30</u>

Notes to the Financial Statements
Year Ended 31 March 2005

18 TRADE AND OTHER PAYABLES

	Group 2005 Rs. M	Group 2004 Rs. M	Company 2005 Rs. M	Company 2004 Rs. M
Trade Payables - Related Parties (18.1)	21.64	24.98	3,862.50	3,515.48
- Others	6,554.97	7,611.71	6,518.50	7,581.30
Dividend Payable	2.55	0.72	2.55	0.72
Sundry Creditors including Accrued Expenses	481.31	355.00	175.27	168.59
Sales in Advance of Carriage	6,974.13	5,918.58	6,974.13	5,918.58
	<u>14,034.60</u>	<u>13,910.99</u>	<u>17,532.95</u>	<u>17,184.67</u>

18.1 Trade Dues Payable to Related Parties

SriLankan Catering (Private) Ltd.	-	-	3,840.86	3,490.50
Emirates	21.64	24.98	21.64	24.98
	<u>21.64</u>	<u>24.98</u>	<u>3,862.50</u>	<u>3,515.48</u>

19 COMMITMENTS AND CONTINGENCIES

19.1 Capital Expenditure Commitments

The Company had purchase commitments for acquisition of property, plant and equipment incidental to the ordinary course of business as at 31st March, as follows:

	Group		Company	
	2005 Rs. M	2004 Rs. M	2005 Rs. M	2004 Rs. M
Contracted but not provided for	405.15	583.79	405.15	583.79
Authorised by the Board, but not contracted for	1,028.32	2,099.10	133.72	101.75
	<u>1,433.47</u>	<u>2,682.89</u>	<u>538.87</u>	<u>685.54</u>

19.2 Operating Lease Commitments

Commitments for minimum lease payments under non-cancellable operating leases as at 31st March were as follows:

	Non-Cancellable Operating Leases	
	2005 Rs. M	2004 Rs. M
Not later than 1 year	6,335.69	5,950.23
Later than one year and not later than 5 years	30,971.68	22,458.56
Later than 5 years	237.26	13,685.06
	<u>37,544.63</u>	<u>42,093.85</u>

Under the terms of the lease agreements, no contingent rentals are payable.

22 RELATED PARTY DISCLOSURES

- 22.1** SriLankan Catering (Private) Ltd. provides flight catering services to the Company, and the Company provides passenger and freight services to the subsidiary in the normal course of business.

During the year ended 31st March 2005, the value of flight catering services provided to the Company amounted to Rs. 1,545.87 million, while freight and air tickets provided by the Company to SriLankan Catering (Private) Ltd., amounted to Rs. 33.93 million.

- 22.2** Emirates holds 43.63% of the issued Share Capital of the Company. The Company has entered into a number of specific related party agreements in the normal course of business to obtain goods and services from Emirates on commercial terms. The Company has also entered into an exclusive marketing and sales agreement with Emirates, trading as Galileo Emirates, for the purpose of distributing Galileo CRS for use in Sri Lanka.

Transactions between the Group and Emirates are summarised as follows:

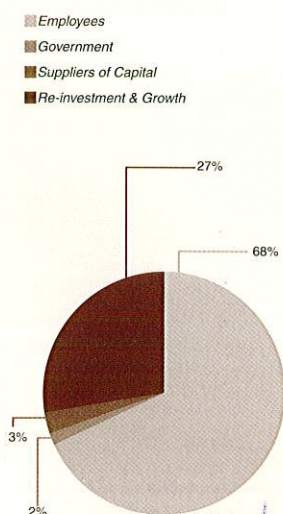
	2005 USD Receipts/ (Payments)	2005 Rs. Receipts/ (Payments)	2004 USD Receipts/ (Payments)	2004 Rs. Receipts/ (Payments)
(a) Purchase of computer systems and services	(8,539,444)	(870,347,810)	(5,740,334)	(557,960,448)
(b) Purchase of other goods and services	(674,536)	(68,356,944)	(3,866,346)	(375,808,804)
(c) Net receipt on transactions relating to international air transport, settled through the IATA Clearing House	4,819,579	487,540,418	5,008,301	486,806,857
(d) Amortisation of profit on termination of fuel risk management programme	521,337	54,301,760	1,214,250	117,513,493
(e) Galileo segment commission	209,318	21,174,265	429,149	41,713,299
(f) Inflight catering	4,576,639	462,964,981	3,717,711	361,361,544
(g) Frequent flyer programme	(579,050)	(58,977,970)	(846,834)	(82,688,928)
Total	<u>333,843</u>	<u>28,298,700</u>	<u>(84,103)</u>	<u>(9,062,987)</u>

Statement of Value Added

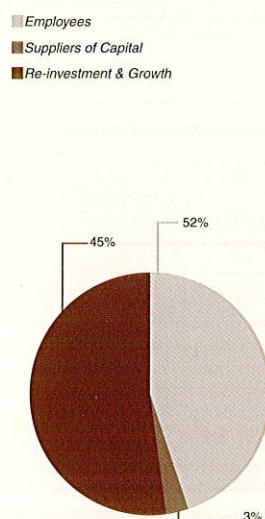
Value Added	Group		Company	
	2005 Rs. M	2004 Rs. M	2005 Rs. M	2004 Rs. M
Total revenue	54,720.54	46,191.34	53,808.85	45,397.54
Less: Purchases of goods and services	43,545.07	32,548.45	44,394.62	33,133.74
Value added by the Company	11,175.47	13,642.89	9,414.23	12,263.80
Add: Deficit on disposal of PPE	(95.74)	(3.00)	(105.06)	(3.01)
Investment income	313.01	220.52	312.69	219.64
Non operating revenue	109.19	75.62	108.06	74.53
Total value added	11,501.93	13,936.03	9,729.92	12,554.96
Distribution of Value Added :				
To employees- Remuneration	7,824.26	6,266.23	7,528.45	6,055.97
To government- Corporation and other taxes	37.90	(155.33)	(11.57)	(194.45)
Franchise fees to Airport & Aviation	146.49	114.60	123.07	96.43
To suppliers of capital- Interest	328.11	419.23	328.11	419.23
Retained for re-investment and future growth				
Depreciation	1,789.10	1,655.79	1,754.20	1,622.64
Retained profits	1,376.07	5,635.51	7.66	4,555.14
Total value added	11,501.93	13,936.03	9,729.92	12,554.96
Value Added/Employee Remuneration Cost/Employee	2.00 1.36	2.65 1.19	1.88 1.46	2.66 1.28

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

Distribution of Value Added
Group 2005



Distribution of Value Added
Group 2004



		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
INCOME STATEMENT											
Operating revenue	Rs. Mn	14,807.92	15,619.30	17,592.00	19,171.43	24,354.32	30,437.09	29,352.91	36,235.04	45,397.54	53,808.85
Operating expenditure	Rs. Mn	13,260.15	14,121.08	14,657.41	16,139.49	23,423.18	31,817.28	31,307.87	34,451.68	42,311.16	54,617.41
Net profit/(loss)	Rs. Mn	29.58	(1,329.21)	1,641.59	1,272.93	3,661.34	(4,734.89)	(2,048.95)	2,336.38	4,555.14	7.66
BALANCE SHEET											
Share capital	Rs. Mn	5,146.35	5,146.35	5,146.35	5,146.35	5,146.35	5,146.35	5,146.35	5,146.35	5,146.35	5,146.35
Non Current assets	Rs. Mn	20,836.32	19,217.72	17,882.38	16,359.69	17,525.99	14,952.28	12,826.78	11,218.59	10,203.34	10,436.58
Current assets	Rs. Mn	8,154.25	8,769.55	11,196.80	16,090.86	14,930.23	14,247.30	12,061.52	18,713.33	24,954.44	21,289.56
Total assets	Rs. Mn	29,020.97	28,017.67	29,109.58	32,520.95	32,526.62	29,269.98	24,958.70	30,027.81	35,253.67	31,822.03
Current liabilities	Rs. Mn	8,740.41	8,856.67	9,224.37	11,477.25	13,528.69	16,886.18	11,578.40	16,641.12	20,612.84	21,367.97
YIELD/UNIT COST											
Overall yield	Rs. tkm	26.5	27.4	29.3	31.3	31.8	30.2	38.6	43.0	47.3	48.1
Unit cost	Rs. tkm	18.8	20.4	20.8	20.4	22.9	24.5	27.5	30.6	32.5	36.0
Breakeven load factor	%	71.0	74.6	70.9	65.3	72.0	81.1	71.3	71.3	68.7	74.9
Revenue per RPK	Rs./RPK	2.9	3.0	3.2	3.3	3.4	3.1	3.8	4.3	4.9	5.1
PRODUCTION											
Passenger capacity	ASK Mn	5,602.21	5,525.10	5,672.66	6,209.80	8,038.31	10,891.61	8,556.92	8,422.77	9,692.08	11,326.54
Overall capacity	ATK Mn	772.27	746.78	757.42	832.69	1,088.38	1,454.78	1,148.73	1,121.89	1,289.94	1,484.02
TRAFFIC											
Passengers carried	Nos. Thousands	1,149	1,196	1,201	1,260	1,475	1,891	1,615	1,806	2,065	2,423
Passengers carried	RPK Mn	3,931.26	4,003.19	4,154.46	4,417.55	5,459.65	7,447.87	5,862.09	6,408.38	7,276.35	8,142.54
Passenger load factor	%	70.17	72.45	73.24	71.14	67.92	68.38	68.51	76.08	75.08	71.89
Cargo carried	Tonnes	35,409	35,039	36,478	35,566	41,670	58,618	46,067	47,650	54,943	66,977
Cargo load carried	RTK Mn	166.23	164.43	173.62	156.61	195.67	266.75	186.47	200.45	240.90	296.68
Overall load carried	RTK Mn	514.81	522.09	547.14	554.90	703.28	932.72	711.72	785.11	896.59	1,039.34
Cargo load factor	%	61.56	61.94	65.40	57.50	57.53	54.77	44.19	46.22	52.08	56.95
Overall load factor	%	66.66	69.91	72.24	66.64	64.62	64.11	61.96	69.98	69.51	70.04
STAFF											
Average strength	Nos.	4,880	4,965	4,823	4,832	5,070	5,196	4,049	4,182	4,714	5,163
Revenue per employee	Rs.	3,034,410	3,145,881	3,647,522	3,967,597	4,803,614	5,857,792	7,249,422	8,664,524	9,630,365	10,422,012
Capacity per employee	Tonne-km	158,252	150,409	157,043	172,329	214,670	279,981	283,706	268,266	273,640	287,433
Load carried per employee	Tonne-km	105,494	105,153	113,444	114,838	138,713	179,507	175,777	187,735	190,197	201,305
FLEET											
L1011-500	Nos.	2	2	2	2	-	-	-	-	-	-
L1011-100	Nos.	1	1	1	1	-	-	-	-	-	-
L1011-50	Nos.	1	1	1	1	-	-	-	-	-	-
A320-200	Nos.	2	2	2	2	2	2	1	2	3	5
A330-200	Nos.	-	-	-	-	4	6	4	4	4	4
A340-300	Nos.	3	3	3	3	4	4	3	3	5	5
Turbo Otter	Nos.	-	-	-	-	-	-	-	-	-	2
Aircraft in service at year end	Nos.	9	9	9	9	10	12	8	9	12	16

Available Seat Kilometres (ASK)

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

Available Tonne Kilometres (ATK)

This is the measure of transport production.

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

Revenue Passenger Kilometres (RPK)

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

Revenue Tonne Kilometres (RTK)

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

Load Factor

The percentage relationship of revenue load to capacity provided.

The passenger load factor relates RPK to ASK while the overall load factor relates RTK to ATK.

Revenue per RPK

The revenue per RPK relates the passenger revenue to RPK.

Unit Cost

The unit cost relates the total operating cost to ATK.

Overall Yield

Overall Yield relates the net traffic revenue to RTK.

The net traffic revenue being the sum of the passenger, excess baggage, cargo and mail revenue.

Break-even Load Factor

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

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8. BULGARIA

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9. CAMBODIA

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Cargo:

Tel: ++33 (0) 1 4862 5390
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13. GERMANY

FRANKFURT:

SriLankan Airlines,
Lurgialle 6-8, 60439 Frankfurt am Main,
Frankfurt
Tel: 69 90 439010
Fax: 69 90 439019
Email: fra.reservations@srilankan.de

14. GREECE

ATHENS:

SriLankan Airlines,
c/o Intermodal Air SA, 25 Filellinon St,
10557 Athens
Tel: 323 9000/4 9797/4 9098
Fax: 324 9152
Email: srilankan@tag.gr

15. HUNGARY & ROMANIA

BUDAPEST:

Sri Lankan Travel
Mester u. 40-44, 1095 Budapest,
Hungary
Tel: ++ 36-1-219 0851
Fax: ++ 36-1-219 0852
Email: info@srilankan.hu
Website: www.srilankan.hu

16. HONG KONG

SriLankan Airlines, Rm 2703, 27/F,
Tower 1, Lippo Centre, 89 Queensway
Tel: (852) 2521 0708
Fax: (852) 2801 5600
Email: res_hkg@srilankan.aero

17. INDIA

AHMEDABAD:

Stic Travels,
Karishma Complex, Stadium Circle,
Naurangpura, Ahmedabad-380 009
Tel: 642 3518/7638, 656 3856
Fax: 642 6153.
Email: sticamd@icenet.net

BANGALORE:

SriLankan Airlines,
201A and 205A, Cear's Plaza,
136, Residency Rd, Bangalore 560 025
Tel: Res:ktg: 51125204/5/6

Cargo:

Tel: 25220967,
Fax: 25222732
Email: bllrgsa@srilankan.aero

BODH GAYA:

SriLankan Airlines,
c/o Stic Travels, Hotel Tushita, Opp Thai
Temple, Main Road, Bodh Gaya 824 231
Tel: (631) 220 1166,
Fax: (631) 220 1963

CALICUT:

SriLankan Airlines Ltd.,
1st Floor, Sajana Building,
Mavoor Rd, Calicut 673 004
Tel: 0495 2721180,
Email: tlccj@sify.com

CHANDIGARH:

Stic Travels,
Sc 40-41, Sector 17-A, Chandigarh
Tel: 70 6562/7/72 1828,
Fax: 70 2770
Email: stictlvc@glide.net.in

CHENNAI (MADRAS):

Translanka Air Travels,
Nagabramha Towers, 76 Cathedral Rd,
Chennai 600086
Tel: 2811 1152/54/47/5348,
Res: 2811 1535/6/7

Cargo:

Tel: 2811 1258, Accounts 2811 1261
Fax: 2811 1157
Email: maatowmofc@srilankan.lk
or: maaszul@eth.net

COCHIN:

SriLankan Airlines Ltd.,
Palal Towers, Ground Floor, 39/4570
Ravipuram, MG Road, Cochin 682 015
Tel: 0484 2361666

COIMBATORE:

Translanka Air Travels P Ltd
No. 22, R. V. Centre (Ground Floor)
A. T. T. Colony, Coimbatore, 641018
Tel: 539239/40
Fax: 5392941
Email: tl_cjb@sofhome.net

HYDERABAD:

Nagarjuna Travels & Hotels,
8A Amrutha Ville, Rajbahavan Rd,
Somajiguda, Hyderabad 500082
Tel: (2) 337 2429/30
Fax: (2) 337 2427
Email: hyd5zul@sify.com
srilankanhyd@srilankan.aero

JALANDHAR:

Stic Travels, 2nd Floor,
Alfa Estate GT Rd - Opp. General
Bus Stand, Jalandhar 144001
Tel: (081) 23 2056/320/59
Fax: 23 0961
Email: qjestic@vsnl.net

MUMBAI (BOMBAY):

SriLankan Airlines,
c/o Jetair, 12 Vaswani Mansions
(2nd Floor), Dinshaw Vachha Road,
Churchgate, Mumbai 400 020
Tel: 2282 3288/90
Fax: 2283 3864
Email: bomsales@srilankan.aero

- NEW DELHI:**
SriLankan Airlines Ltd
Room no 312, Third Floor,
World Trade Centre,
Barakhamba Avenue, New Delhi-110001,
Tel: +91 11 51528630-40
Fax: +91 11 51528642
Email: delcounter@srilankan.aero
- TIRUCHIRAPALLI:**
SriLankan Airlines,
Hotel Femina Complex, 14C William Rd,
Tiruchirapalli 620 0021, Tamil Nadu
Tel: 2460844/2381
Fax: 2414856
Gen: 2467953/7957
Email: trzreservations@tranlanka.net
- TRIVANDRUM:**
SriLankan Airlines,
Spencer Bldg, Palayam, MG Rd,
Trivandrum 695001, Kerala, South India
Tel: +91 471 2471815/2471838/2476341
Gen: +91 471 2475037,
Sales: +91 471 2460639
Fax: +91 471 2460224,
Email: trvszul@eth.net
- 18. INDONESIA**
JAKARTA:
SriLankan Airlines,
16th Floor Mayapada Tower,
Suite 16-05 JL Jend Sudirman Kav 28,
Jakarta 12910.
Tel: (021) 521 2009
Fax: (021) 521 2006.
Email: dbe@cbn.net.id
- 19. IRELAND**
BELFAST:
SriLankan Airlines,
c/o Aer Lingus, 46-48 Castle St, Belfast,
Northern Ireland.
Tel: (94) 42 2725.
- 20. JAPAN**
OSAKA:
SriLankan Airlines,
c/o Air Sytem Inc, Fubah Hommachi Bldg,
4F, 3-2-6 Hommachi, Chuo-ku,
Osaka 541 0053.
Tel: (06) 6251 3480
Fax: (06) 6251 8981.
- TOKYO:**
SriLankan Airlines,
Toranomon Dai 2 Waiko Bldg 8F, 5-2-6,
Toranomon, Minato-ku, Tokyo 105-0001.
Tel: Sales (03) 3431 6611
Res (03) 3431 6600
Fax: (03) 5425 2588.
Email: srilankan-tyo@srilankan.aero
Airport Office, Narita International Airport
Passenger Terminal 2, M5048 Narita,
Japan 282 0004
- 21. JORDAN**
AMMAN:
Arab American International Express,
PO Box 3371, Um Oihaina, Amman 11181
Tel: 962 6551.
- 22. KUWAIT**
KUWAIT:
SriLankan Airlines,
c/o Al Madina Travels,
PO Box 20053, Safat 13061
Tel: Direct 242 5239,
Gen 242 4443/4
Fax: (965) 242 9151.
Email: bgico@ncc.moc.kw
- 23. LEBANON**
BEIRUT:
Aramex SARL International,
Sin-EI-Fil Beirut, PO Box 55606, Beirut.
Tel: (01) 51 1563/48 9186/5076
Fax: (01) 48 4310.
- 24. MALAYSIA**
KUALA LUMPUR:
SriLankan Airlines,
3/F Mui Plaza, Jalan P Ramlee 50250,
Kuala Lumpur.
Tel: Gen/Res (603) 2072 3633/
5805/ 5814/6022
Fax: (603) 2078 8233.
Email: kul_sales@srilankan.aero
- 25. MALDIVES**
MALE:
SriLankan Airlines,
c/o Galaxy Enterprises Maldives Pvt Ltd,
H Madhoo, Boduthakurufaanu,
Magu, Male
Tel: 32 0002
Fax: 31 7254.
Email: galaxy@dhivnet.net.mv
- SriLankan Airlines, Res/tktg,**
Air Maldives, Gadhamoo Bldg,
Male
Tel: 32 8456
Fax: 31 4812.
- 26. MALTA**
VALETTA:
World Aviation Systems,
20/2 Republic St, Valetta, Malta.
Tel: 23 8744, 24 2234
Fax: 22 3887.
Email: info@worldaviation.com.mt
- 27. NEPAL**
KATHMANDU:
M/s Zenith Travels,
Durbar Marg, PO Box 4163, Kathmandu
Tel: (977 1) 22 3162/502
Fax: (977 1) 22 7132
Email: zenith@mail.com.np
- 28. NETHERLANDS**
AMSTERDAM:
SriLankan Airlines,
c/o Kales Airline Services BV,
Havenmeesterweg 313,
1118CE Schipol Airport, Amsterdam
Tel: (31 20) 406 9600
Fax: (31 20) 406 9601
Email: info@srilankan.nl
- 29. NEW ZEALAND**
AUCKLAND:
World Aviation Systems, Level12A,
Sofrana House, 396 Queen St,
Auckland
Tel: Res (649) 308 3353,
Fax: (649) 308 3388
Email: reservations@worldaviation.co.nz
- 30. PAKISTAN**
ISLAMABAD:
SriLankan Airlines,
1D, Rehmat Plaza, Blue Area 1,
Jinnah Ave, Islamabad
Tel: Gen 227 9794
Res 227 9795,
Fax: 282 4413
Email: srilankan-isl@cyber.net.pk
- KARACHI:**
SriLankan Airlines,
c/o Crown Travels, 1st Floor,
Services Club Extension Bldg,
Mereweather Rd, Karachi 75520
Tel: Gen 521 4421/521 4428/566 2679
Res 567 6480,
Fax: 565 3544
Email: srilankan-khi@cyber.net.pk
- LAHORE:**
SriLankan Airlines,
Ali Complex, 23 Empress Road, Lahore
Tel: (042) 630 3265, 631 3718
Fax: (042) 630 8352
Email: srilankan-lhe@cyber.net.pk
- 31. POLAND**
WARSAW:
Air System, Room 301,
34, Krzywickiego Street, 02-078, Warsaw
Tel - 00 48226251427
Fax - 00 48226251386
email - biuro@airsystem.com.pl
- 32. PHILIPPINES**
MAKATI CITY:
SriLankan Airlines,
c/o Trans Pacific Air Service Corp,
Ground Floor, SGV 1 Bldg,
6760 Ayala Ave, Makati City
Tel: 867 4371
Fax: 817 6902
Email: trnpahdq@citadel.com.ph
- 33. QATAR**
DOHA:
SriLankan Airlines,
c/o Ali Bin Ali Travel Bureau, Al Saad St,
PO Box 2197, Doha
Tel: Gen (974) 4441161 (8 lines)
Res: (974) 436 0286/444 1217
Fax: 444 1160
- Cargo:**
Tel: 462 1571 Fax: (974) 444 1241
Email: doh.admin@srilankan.aero
- 34. SAUDI ARABIA**
DAMMAM:
SriLankan Airlines,
c/o. Y.B.A. Kanoo
P.O. Box 1878, Al Khobar 31952
Tel: 00966 3 882 2675 /
882 2789 / 882 2792
Fax: 00966 3 882 2136
Email: dmmsales@srilankan.aero
- JEDDAH:**
SriLankan Airlines,
c/o YBA Kanoo, Kanoo Centre, Kilo 7,
Medina Rd, PO Box 812,
Jeddah 21421
Tel: 00966 2 263 2917 / 263 2959
Fax: 00966 2 263 2948
Email: eddah_ul@srilankan.com.sa
- RIYADH:**
SriLankan Airlines, c/o Kanoo Travel,
Kanoo Tower, PO Box 753,
King Abdul Aziz St, Riyadh 11421
Tel: 478 8935, 477 2228
- Airport office**
220 3810,
Fax: 478 6869
Email: ruhsales@srilankan.aero
- 35. SINGAPORE**
SINGAPORE:
SriLankan Airlines,
133 Cecil St, 13-02/02A
Keck Seng Tower, Singapore 069535
Tel: 6223 6026/7,
Fax: 6221 9425
Email: sin_offers@srilankan.aero
- 36. SOLOMON ISLANDS**
GUADALCANAL:
SriLankan Airlines,
c/o Solomon Island Airlines, Solar House,
PO Box 23, Honiara, Guadalcanal.
Tel: 6772 0031/0512,
Fax: 6772 3992
- 37. SOUTH AFRICA**
JOHANNESBURG:
SriLankan Airlines,
c/o Travel Directions, Holiday House,
158-160 Hendrick Verwoerd Drive,
PO Box 4942, Randburg 2125
Tel: (011) 289 8114,
Fax: (011) 787 1526
Email: corporate@holidayholdings.co.za
- DURBAN:**
SriLankan Airlines,
Travel Directions, Suite 810
Musgrave Centre, Berea, PO Box 51182,
Musgrave Rd Durban 4062
Tel: (031) 201 6061, Fax: (031) 201 7809
Email: dur@holidayholdings.co.za
- CAPE TOWN:**
SriLankan Airlines,
c/o Travel Directions, 3rd Floor,
Sanclare Bldg, Dreyer St, Claremont,
Cape Town 7708
Tel: (021) 683 2221, Fax: (021) 683 3359
Email: cpt@holidayholdings.co.za
- 38. SOUTH KOREA**
SEOUL:
SriLankan Airlines,
c/o Pacific Air Agency, 12th Floor,
Donghwa Bldg, 58-7 Seoso-Mun-Dong,
Choong-Ku 100 814
Tel: (82 2) 318 3721/2/3/4/5
Fax: (82 2) 755 9758
Email: selpaa@unitel.co.kr
- 39. SPAIN**
BARCELONA:
SriLankan Airlines,
c/o Global Aviation Services SL,
Planta 4 OFIC 1, 08029 Barcelona
Tel: (34 93) 218 8822
Fax: (34 93) 218 1262

MADRID:

SriLankan Airlines,
c/o Global Aviation Systems, Gran Via 86,
Edificio Espana, Grupo 5 - Planta 21,
28013 Madrid
Tel: (34 91) 542 7132,
Fax: (34 91) 542 7331
Email: global.a@teleline.es

40. SRI LANKA

COLOMBO:

SriLankan Airlines,
22-01 East Tower, World Trade Center,
Echelon Square, Colombo 1
Tel: Gen 019733 5555
Fax: 019733 5122
Res: 242 1161
Reconfirmation: 019733 5500
Flight information: 019733 1377/2377
Customer affairs: 019733 1413
Fax: 019733 5145
Email: customer@srilankan.aero

SKYWARDS:

Level 3, East Tower, World Trade Centre,
Colombo 1,
Tel: 019733 3333
Fax: 019733 5333
Email: skywards.cmb@srilankan.aero

TICKETING:

Level 3, World Trade Center, Colombo 1
Tel: General Enquiries 019733 3723
Business Class: 019733 3729
Business Class
Fax: 019733 5312
Government travel: 019733 3833
Skywards/Bus Class: 019733 3842
Skywards/Bus Class Fax: 019733 5367

ALSO TICKETING:

SriLankan Airlines,
Bandaranaike Int' Airport
Tel: 019733 2424 (24 hours)

SRILANKAN CARGO

660 Galle Rd, Colombo 3
Tel: 019733 3278/79/88

BADULLA:

SriLankan Airlines,
18/A Lower King's St, Badulla
Tel: 055 3 2015,
Fax: 055 3 2016

BATTICALOA:

SriLankan Airlines Ltd,
c/o Travel World (Pvt) Ltd,
28 Central Road, Batticaloa
Tel: 065 24304

DAMBULLA:

SriLankan Airlines,
754 Anuradhapura Rd, Gimanhala
Tel: 066 8 5286
Fax: 066 8 5283

GALLE:

SriLankan Airlines,
16, Gamini Mawatha Galle
Tel: Res 094 6943
Fax: 094 6944

JAFFNA:

SriLankan Airlines,
c/o Ceylinco Travels & Tours,
1T Stanley Road, Jaffna
Tel: (021) 222 5063/6035

KANDY:

SriLankan Airlines,
opp The Queens Hotel, 19 Temple St,
Kandy
Tel: (08) 23 2494/5

KURUNEGALA:

SriLankan Airlines,
c/o World Air Travels, 56 Colombo Rd,
Kurunegala.
Tel: (074) 69 2518/9
Fax: (074) 69 2520

RATNAPURA:

SriLankan Airlines,
Ramzi Gems Bldg,
1/1 Senanayake Rd, Ratnapura
Tel: 045 2 4813
Fax: 045 2 4814

TRINCOMALEE:

SriLankan Airlines
c/o St Lourdes Travels,
250 Dockyard Road,
Trincomalee
Tel: (026) 222 1111
Fax: (026) 222 1101

41. SULTANATE OF OMAN

ALFAHAL:

SriLankan Airlines,
c/o Meزون Travels LLC, Mina, Alfahal
Tel: 56 8220/1, 67 7997,
Fax 56 2679
Email: mzt@omzest.com

MUSCAT:

SriLankan Airlines,
PO Box 629, Muscat PC 113
Tel: Res/tktg: 78 4545,
Pax/Cargo Sales 78 5871,
Fax: 78 5872
Email: ulmct@omantel.net.om

SALALAH:

SriLankan Airlines,
Meزون Travels, PO Box 1076,
Salalah-PC211
Tel: 29 7846,
Fax: 29 7847
Email: mzt@omzest.com

42. SWEDEN

STOCKHOLM:

SriLankan Airlines,
c/o Kales Airlines Services, Room D111,
Kungsgaten 48, SE - 111 35 Stockholm.
Tel: 46 (0) 8 44 22 44 2
Fax: 46 (0) 8 22 55 88
Email: info@srilankan.se

43. SWITZERLAND

ZURICH:

SriLankan Airlines, Bernina City,
Berninastrasse 43, 8057 Zurich
Tel: +41 44 315 58 48
Fax: +41 44 315 58 38
Email: info@srilankan.ch
www.srilankan.ch

44. TAIWAN

TAIPEI:

Ms Overseas Travel Services,
2/F, No 129 Chang-Chun Rd, Taipei
Tel: (886 2) 2511 6188
Fax: (886 2) 2523 0626
Email: otsgsa@ms21.hinet.net

45. THAILAND

BANGKOK:

SriLankan Airlines,
G/FL, 942/33-35 Charn Issara Tower I,
Rama IV Rd, Suriyawong Bangkok 10500
Tel: Sales, 02 236 8451
Res, 02 236 8450
Fax: Sales & Res, 02 236 8456
Email: Sales, bkksales@srilankan.aero
Res, bkktkt-rsvn@srilankan.aero

46. UNITED ARAB EMIRATES

ABU DHABI:

SriLankan Airlines,
Zayed the Second St, PO Box 2086,
Abu Dhabi
Tel: (02) 621 2057 (2 lines),
Fax: 634 0391
Email: slankaad@emirates.net.ae

AJMAN:

Ajman National Travel Agency,
PO Box 641, Ajman
Tel: (06) 742 2300,
Fax: (06) 742 7537.
Email: anta@emirates.net.ae

AL AIN:

Atlas Travels, Al Ain St,
Al Dhaheri Bldg, PO Box 17670, Al Ain
Tel: (03) 764 3344,
Fax (03) 764 3362

DUBAI:

SriLankan Airlines,
Emirates Group Building,
Entrance C, 3rd Floor, P.O.Box 12889,
Dubai
Tel: Res (04) 2033666,
Sales (04) 2940094
Fax: (04) 2955245
Email: slankadb@emirates.net.ae

DNATA - EMIRATES GROUP BUILDING

P.O.Box 1515, Dubai
Tel: Res (04) 2033666,
Tktg (04) 2033890/1, Fax (04) 2955245

DNATA - AIRLINE CENTRE,

Sheikh Zayed Road, P.O.Box 1515, Dubai
Tel: Res/Tktg (04) 3166792,
Fax (04) 3211064

FUJAIH:

Fujairah National Air Travel Agency,
PO Box 96, Fujairah
Tel: (09) 222 2316,
Fax: (09) 222 2555
Email: fnatafjr@emirates.net.ae

RA'S AL-KHAIMAH:

Ras Al Khaimah National Travel Agency,
PO Box 5214, Ras Al Khaimah
Tel: (07) 228 1536,
Fax: (07) 228 1255
Email: rantarak@emirates.net.ae

SHARJAH:

Sharjah National Travel Agency, Sharjah
Tower, PO Box 17, Sharjah
Tel: (06) 568 4411,
Fax: (06) 568 3535
Email: snnta@emirates.net.ae

UMM AL-QAIWAIN:

Umm al-Qaiwain National Travel Agency,
PO Box 601,
King Faizal St, Umm Al Quwain
Tel: (06) 765 6615 (5 lines),
Fax: (06) 765 5549
Email: untaair@emirates.net.ae

47. UNITED KINGDOM

LONDON:

SriLankan City Office
SriLankan Airlines, Central House, 3
Lampton Road, Hounslow,
Middlesex TW3 1HY.
Tel: General +44 (020) 8538 2000
Reservations +44 (020) 8538 2001
Fax: +44 (020) 8572 0808

SRILANKAN AIRPORT OFFICE

Terminal 4, London Heathrow Airport,
Hounslow, Middlesex, UK
Tel: +44 (020) 8759 4048
Fax: +44 (020) 8745 6649

SRILANKAN CARGO

Building 560, Shoreham Road West,
London Heathrow Airport, Hounslow,
Middlesex TW6 3RA
Tel: +44 (020) 8897 7877
Fax: +44 (020) 8897 7875,

SITA:

LHRSFUL
Email: steves@srilankan.aero

48. UNITED STATES OF AMERICA

NEW YORK:

SriLankan Airlines,
c/o Sri Lankan Travel, Metro Top Plaza,
111 Wood Ave South, Iselin,
New Jersey, NJ 08830
Tel: (732) 205 0017,
Fax: (732) 205 0299.
Email: rohan@srilankanusa.com
sales@srilankanusa.com

LOS ANGELES:

SriLankan Airlines,
Sri Lankan Travel, No 1936 Wilshire Blvd,
Los Angeles, CA 90057
Tel: (213) 483 8808,
Fax: (213) 483 8600
Email: sales@slusa.com

Notice of Meeting

Notice is hereby given that the Twenty Seventh Annual General Meeting of the Shareholders of SriLankan Airlines Limited will be held at the 'Cat'seye Ballroom' of the Ceylon Continental Hotel, No.48 Janadhipathi Mawatha, Colombo 1, on **19 September 2005**, at **3.30 p.m** for the following purposes.

Agenda

1. To receive and adopt the Directors' Report, Audited Accounts for the year ended 31st March 2005 and the Report of the Auditors.
2. To re-appoint Auditors and authorise the Directors to fix their remuneration.

By Order of the Board
SriLankan Airlines Limited

Mildred Peries
Company Secretary

15th August 2005
Colombo

Note:

1. Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him.
2. A Proxy need not be a member of the Company
3. A form of Proxy accompanies this notice
4. Shareholders/Proxies attending the meeting are requested to bring this Notice and their National Identity Cards.

SRILANKAN AIRLINES LIMITED

I,
..... of.....
.....

being a member of the abovenamed Company hereby appoint

- | | |
|------------------|---------------------------|
| Mr J M S Brito | of Colombo or failing him |
| Mr A Hewage | of Colombo or failing him |
| Mr S Ukwatta | of Colombo or failing him |
| Mr R A Chandiram | of Colombo or failing him |
| Mr T C Clark | of Dubai or failing him |
| Mr G Chapman | of Dubai or failing him |
| Mr N J Hopkins | of Dubai or failing him |

.....
.....

as my/our proxy to represent me/us and on my/our behalf at the Twenty Seventh Annual General Meeting of the Shareholders of SriLankan Airlines Limited to be held on **19 September 2005, at 3.30 p.m** and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

Signed this day of..... Two Thousand and Five.

.....
Signature

NOTE:

If no words are deleted or there is in the view of the proxy holder doubt (by reason of the way in which the instructions contained in the proxy have been completed) as to the way in which the proxy holder should vote, the proxy holder will vote as he thinks fit.

Instructions for Completion

1. Perfect the Form of Proxy after filling in legibly your full name and address, by signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at the Registered Office of the Company at the under noted address not less than 48 hours before the time appointed for the holding of the meeting.

By Order of the Board

Mildred Peries

Company Secretary
SriLankan Airlines Limited
#22-01, East Tower
World Trade Centre
Colombo 1

15th August 2005

