



Mission Statement

To provide a diversified range of financial products and services focusing on capital markets and the property sector, in an efficient, professional and ethical manner thereby creating wealth in society and entrepreneurship.

Our Values

- Be ethical and professional
- Accountability
- Excellent customer services
- Be innovative
- Social responsibility

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CHAIRMAN'S REVIEW



It gives me great pleasure to present to you our valued shareholders, the Annual Report and Audited Accounts of Nation Lanka Finance PLC for the year ended 31st March 2009.

Group Performance

The Nation Lanka Finance PLC Group has performed moderately overall, considering the turbulent period it had to withstand, especially in the last quarter under review. Notwithstanding this it was able to maintain a reasonable asset base while managing to reduce its liabilities.

An increase in Hire Purchase and Loans portfolios over the previous year is a result of hands on management methods adapted by the Board, ably supported by a team of loyal, skilled professionals, through whose continued efforts and input Nation Lanka Finance PLC Group could position itself for greater success in the future.

The high cost of capital and the general lacklustre business climate that prevailed, coupled with low activity in the property market, which is one of our core businesses, created a significant impact on our bottom line.

Future outlook

Nation Lanka Finance PLC Group will continue towards consolidating its position in the Finance and Real Estate sectors, divesting some of its non and under performing subsidiaries and will focus on building and strengthening its brand image subsequent to the name change.

In the ensuing year our focus will be on improving governance, operational efficiency and profitability. Plans are also underway for venturing out into the North and East of the country, which areas show great potential for development. These initiatives we believe will enable us to become a financially sound and trusted entity.

Acknowledgements

My sincere gratitude goes out to all who have continued to place their trust in Nation Lanka Finance PLC Group – our Management Team for their dynamism and commitment, our staff for their dedication and hard work, our business partners, suppliers and clients for their ever willing co-operation, members of the Board for their invaluable guidance, support and advice and especially our many shareholders for their faith and confidence in the Group. Finally, I also wish to place on record my appreciation of the support and guidance of our regulators, the Central Bank of Sri Lanka.

A handwritten signature in black ink, appearing to read 'NBSB Balalle', written over a faint, light-colored oval background.

N B S B Balalle
Chairman

10th October 2009

ACTING MANAGING DIRECTOR/CEO'S REVIEW



Nation Lanka Finance PLC Group's performance was somewhat subdued, even more so in the last quarter of the financial year under review.

There were many contributory factors for the subdued performance, most of which were external and beyond our control; principal amongst them was the global financial fallout, resulting in restricted money circulation in the domestic market. An upward movement in the cost of capital in turn caused a declined demand for credit and real estate products, which are core activities of the Group. Further, the loss of goodwill of our previous brand name too had its repercussions on our bottom line.

Notwithstanding the above mentioned negativities, the Board of Directors ably supported by its professional management team was quick to react and took certain prudent decisions in order to sustain Nation Lanka Finance PLC Group and its shareholders, during the crisis period.

As a priority it was decided to further strengthen the Board, towards this end an invitation was extended to Mr N B S B Balalle a professional Banker, to the post of Chairman, which post he accepted subsequent to his carrying out his own due diligence.

Under the guidance of Mr. Balalle guiding and steering the Group through this period was considered to be of paramount importance, mindful of protecting our shareholders from undue risks. A process of regaining customer confidence through enhanced customer interaction and better service quality, were the strategies introduced.

Nation Lanka Finance PLC is working on obtaining Finance Company license; hence, it kept its focus on Brand image building.

Financial Review

The Group recorded a loss of Rs. 788.4 million during the year under review (2008/09), as against a profit of Rs. 15.49 Million reflected in the previous year (2007/08). The Group's total assets have declined by 17 % from the previous Rs 10.4 B to Rs. 8.6 B; however, liabilities too have decreased from the previous years Rs. 9.2 B to the current Rs. 8.1 B.

The contributory factors for the decline in the Group's performance were many, principal amongst these have been the rise in cost

of capital, with interest rates continuing to escalate and also a lackluster Real Estate and Property market.

Real Estate and Property Development

The real estate and property development business continued to be amongst the worst affected industries that were most significantly affected by the global economic melt down. Even in these circumstances; the Real Estate division of Nation Lanka Finance PLC achieved a gross profit of Rs. 49.5 Million for the period under review and became the second main contributor towards the Company's progress.

Being one of the main contributors towards the Company's bottom line over a period of time and also with the dawning of peace in the country which could create higher demand, greater attention will be paid to its activities in the future too.

Branch Network

The Group opted for a cautious approach towards its branch network expansion and did not rush into and take undue risks at a time when there was restricted activity and volatility in the market.

However, with the climate being more settled and conducive now, expansion options have been looked into and we will be pursuing in this direction in the near future.

Credit Operations

There was growth in lending activities, which was gained mainly by increases observed in the Group's hire purchase and loan portfolios over the previous year, from Rs. 3.2 B (2007/08) to Rs. 4 B (2008/09)

As one of the core activities of the Nation Lanka Finance PLC Group, expansion of this business with a wider range of products and services to suit a growing individual and corporate clientele is envisaged in the Group's future expansion program

Investments and Treasury activities

The key indicators in the money market such as Treasury Bills and REPO rates remained at high levels and therefore the Group had to offer higher rates to its investors, resulting in higher cost of funds.

ACTING MANAGING DIRECTOR/CEO'S REVIEW

The division will continue its good client retention practices placing special emphasis on customer service and marketing, especially in view of the fact that new products and services would be introduced after the finance company license has been obtained.

Other services and back office

The service providing divisions of the Company which encompass the legal, Secretarial, Internal Audit, Recoveries, Human Resources and IT continued to provide valuable inputs, facilitating the Group to maintain its standing in the industry. Further strengthening and streamlining of these important divisions is envisaged for the future

Dividend Policy

The Board does not recommend a dividend payment to the shareholders. This is a prudent policy adapted by the Board considering the low market activities and uncertain economic conditions. This is being carried out in the best interest of the Company.

Future Outlook

Nation Lanka Finance PLC is upbeat about the future of the group considering the fact that there is a general improvement in respect of the money market and low interest rates.

With our strengths lying in a number of fundamentally strong sectors of the economy covering financial services, real estate and property development all of which are intertwined with the national economy at large, we are poised for a turnaround.

The Group will be paying much attention to consolidating its position; placing emphasis on corporate image building, bringing down operational cost and further improve transparency.

Acknowledgements

I take this opportunity to thank our Chairman for his support and guidance, the board of directors for their wisdom and unstinted cooperation, my management team for their dynamism and dedication; our loyal staff for their hard work and tolerance; our customers for their continued confidence and you our loyal shareholders, whose faith is a fundamental asset to the organization.



W B C J Fernando

Acting Managing Director/CEO
10th Oct 2009

BOARD OF DIRECTORS

N B S B Balalle **Chairman**

Appointed as Chairman on 24th April 2009. He is a Graduate of the University of Ceylon, Peradeniya. Fellow of the Chartered Institute of Bankers, London and Honorary Fellow of the Institute of Bankers, Sri Lanka.

He has over 35 years of experience in Banking and held the position of Assistant General Manager in Bank of Ceylon, Sampath Bank and Commercial Bank. He was appointed General Manager / CEO of National Savings Bank in 1996 and in 2001 was appointed as Managing Director / CEO of Union Bank. Subsequently he held the position of Acting Chairman / Executive Director of National Savings Bank.

W G B M Ranaweera **Managing Director / Chief Executive Director**

A Fellow Member of the Institute of Chartered Accountants of Sri Lanka and holds a Hons. Degree in Commerce from the University of Sri Lanka, Peradeniya Campus.

Appointed to the Board of Directors of the Company in year 1992. Subsequently he became the Chief Executive Director. In year 2009 he was appointed as the Managing Director of the Company.

He has extensive experience in International Trade and Fund Management activities and specialized skills in Corporate Treasury Management and Corporate Finance.

W B B C J Fernando **Acting Managing Director / Chief Executive Officer**

Holds a Bachelor of Science (Hon's) Degree from the University of Colombo and is an Associate of the Institute of Bankers. Counts 26 years in Commercial Banking, Development Banking and financial services including stock broking and primary dealership. Prior to joining the Company in 1991 he served Bank of Ceylon as well as at the DFCC.

V J Alahendra **Director – Credit & Branches**

Appointed to the Board of Directors on 1st April 2005. Joined the Company in September 1993 and presently heads the Credit & Leasing Division of the Company.

C K Gamage **Director Finance**

Joined the Company in May 1996 and appointed to the Board of Directors in January 2001. He is a Fellow of the Institute of

Chartered Accountants of Sri Lanka, the Institutes of Certified Management Accountants of Australia and Sri Lanka.

W K Galagoda **Director**

Appointed to the Board of Directors of Nation Lanka Finance PLC in January 2009.

He holds an Honours Degree in Bachelor of Arts (Major in Accounting) from the University of Colombo and Master of Business Administration from University of Wales (UK). He is also a Fellow of the Institute of Chartered Accountants of Sri Lanka and a Fellow of the Society of Certified Management Accountants of Sri Lanka.

He has over 25 years of post qualifying experience in the fields of Accounting, Administration, International Trade, Manufacturing, Finance and Insurance.

S N Jayasinghe **Director – Treasury & Investments**

Appointed to the Board as Director – Investments & Treasury on 20th December 2001. Joined the Company in May 1997 and presently heads the Investments & Treasury Division of the Company. Holds a Bachelors Degree in Economics (First Class) from USA and a Masters Degree in Business Administration from the Postgraduate Institute of Management (PIM), University of Sri Jayawardenepura. He is the Executive Director of Ceylinco Stock Brokers (Pvt) Ltd.

Prior to joining Nation Lanka Finance PLC, he headed a research division of a Stock Brokering Firm.

D H N Piyadigama **Director**

Appointed to the Board on 15th August 2009. He has obtained a Bachelor of Arts (Hons) Degree from University of Ceylon Peradeniya in 1963. He joined the Sri Lanka Administrative Service in 1965 and has held several Senior Positions in the Public Service. He was the Secretary of the Ministry of Labour and Vocational Training and Ministry of Fisheries & Aquatic Resources Development. After his retirement from the Public service in 1999 he was appointed as Ambassador of Sri Lanka to Japan and later as High Commissioner to Bangladesh. He also held the Post of Chairman National Police Commission from 2006 to April 2009.

BOARD OF DIRECTORS

H D de Z Sahabandu

Director

Appointed to the Board on 19th May 2009. He graduated from the University of Ceylon Peradeniya in 1966. He joined Bank of Ceylon as Staff Assistant in 1968 and joined Peoples Bank in 1973 as Branch Manager. He was appointed as the General Manager / CEO in 1998 and retired from the Peoples Bank in the year 2000. He has gained experience in all aspects of Banking.

He was a Member of the University of Peradeniya council from 1997 up to 2006.

Dr T Senthilverl

Director

Joined the Board on 1st June 2000. He also serves on the Board of CT Land Development Ltd, Lanka Ceramics PLC, Blue Diamonds Jewellery Worldwide PLC, MBSL Savings Bank Ltd, Seylan Merchant Leasing Ltd. and Ceylinco Development Bank Ltd. He is also engaged in projection, construction and management of irrigation tanks, land development industrial turnkey projects, air & sea cargo, logistics and trading

W T Weerasooriya

Director- Real Estate

Joined the Company in 1998 and appointed to the Board on 16th July 2007. Presently heads the Real Estate Division. Holds a Bachelor of Science Degree from the University of Colombo and possesses wide experience in Finance, Property Development and Real Estate.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors of Nation Lanka Finance PLC present their report together with the Audited Consolidated Financial Statements of the Group for the year ended 31st March 2009.

PRINCIPAL ACTIVITIES

The principal business activities of the Group are Lending including Financial Leases, Hire Purchase, Loans, Financial Services, Trading in Real Estate and Property Development, Share Broking and Money Broking.

GROUP TURNOVER

The gross income of the Group after deducting Turnover Tax and Defense levy was Rs 3,182 Million

RESULTS AND APPROPRIATIONS

	31.03.09 Group Rs.	31.03.08 Group Rs.
Profit before Taxation	(782,523,439)	36,060,139
Provision for Taxation	(5,536,542)	(20,567,836)
Profit after Taxation	(788,400,720)	15,492,303
Minority Interest	(56,990,190)	(3,182,084)
Profit attributable to Shareholders	(731,410,530)	12,310,219
Retained Profit B/F Consolidation	504,788,091	469,727,380
Adjustments	61,170,990	1,844,930
Other Adjustments	38,757,291	-
Profit available for Appropriation	(126,694,158)	483,882,529

APPROPRIATION

Transfers to Reserves	-	22,450,917
Preference Dividend	-	(1,545,355)

Retained Profit C/F	(126,694,158)	504,788,091
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DIVIDENDS

The Board of Directors do not recommend a payment of a dividend for the Ordinary Shareholders and Preference Shareholders for the financial year under review.

REVIEW OF OPERATIONS & PERFORMANCE

The Chairman's and the Acting Managing Director's / Chief Executive Officer's review describes in detail the Company's operations and performance during the financial year under review on Pages 3 - 5

MISSION STATEMENT & CORPORATE GOALS

The Mission Statement and the Corporate Goals are set out on Page 1

BRANCH NETWORK

The Company has established a Branch network consisting of 12 Branches in different parts of the Island and the details of the Branches are set out under "Corporate Information" on Page 54 Arrangements are being made to expand the Branch network to North & East.

SUBSIDIARIES

The Principal activities of the subsidiaries are set out in page 11 The Company currently has 07 direct subsidiaries diversified into different lines of business activity.

The Board of Directors has taken a decision to divest the shareholding in one of the Subsidiaries, namely Ceylinco Stock Brokers (Pvt) Ltd and accordingly the disclosure was made to the Colombo Stock Exchange.

PROPERTY, PLANT AND EQUIPMENT

Group expenditure on the acquisition and disposal of Fixed Assets during the year amounted to Rs 79.4 Mn and Rs. 207.8 Mn respectively. Information relating to movement in Fixed Assets is given in Note 17 to the Accounts.

INVESTMENTS

The Company has invested Rs. 169.2 Mn in Subsidiaries. Investment in Shares in addition to the above, amount to Rs241.2 Mn Details of Investments held by the Company are described in Note 14 and 15

ISSUE OF DEBENTURES

An Unquoted, Unsecured, Subordinated, Redeemable Debenture Issue was launched on 1st October 2004 for a tenure of 3 years and a sum of Rs.124,230,000/- was raised. As per the terms of the issue the debentures were redeemed to those Debenture holders who surrendered the Debenture Certificates back to the Company except for Rs.570,000/- which remains outstanding.

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2009 was Rs. 340,317,560/- (made up of Rs.278,503,360/- representing of 19,986,050/- Ordinary Shares and Rs. 61,814,200 representing of 6,181,420 Non Cumulative, Non Participating Redeemable Preference Shares.) The structure of the Stated Capital is given in Note 24 to the Accounts. The Public holding is 60%.

MAJOR SHAREHOLDINGS

The 20 major Shareholders of the Company as at 31st March 2008 and 2009 are listed on Page 52 in the Investor and Shareholder Information

SHAREHOLDING

As at 31/03/2009 there were 11,960 Registered Shareholders. The distribution, categories and location of Shareholders are indicated on Page 52 under Shareholders and Investors information.

STOCK MARKET INFORMATION

Information relating to earnings, dividends, net assets per share and share trading is given on Page 53.

INTERNAL CONTROL SYSTEMS

The Board has overall responsibility for the Company's Systems of internal control. The Company's internal control and check systems have been designed to provide the Directors with reasonable assurance that the assets are protected, safe guarded and transactions are authorized thereby ensuring that errors and irregularities are either prevented or detected within a timely period, whilst ensuring that Corporate Governance is properly practiced and adhered to.

DIRECTORATE

The Board consists of 11 members as at the date of this Report of whom 06 are Executive Directors and 05 are Non Executive Directors. Out of the 05 Non Executive Directors 03 are Independent Directors.

Mr N B S B Balalle	- Non Executive / Independent
Mr W G B M Ranaweera	- Executive
Mr W B B C J Fernando	- Executive
Mr V J Alahendra	- Executive
Mr C K Gamage	- Executive
Mr W K Galagoda	- Non Executive
Mr S N Jayasinghe	- Executive
Mr D H N Piyadigama	- Non Executive / Independent
Mr H C de Z Sahabandu	- Non Executive / Independent
Dr T Senthilverl	- Non Executive
Mr W T Weerasooriya	- Executive

EXECUTIVE APPOINTMENTS

The Board of Directors appointed the Deputy Chairman / Chief Executive Director, Mr W G B M Ranaweera, as the Managing Director / Chief Executive Director w.e.f 20-04-2009, the Executive Director Mr W B B C J Fernando, as the Acting Managing Director / Chief Executive Officer w.e.f. 20-08-2009 and the Director Credit Mr V J Alahendra, as Director Credit & Branches w.e.f. 23-07-2009.

NEW APPOINTMENTS

The following new members were appointed to the Board on the dates set out against the respective names.

Mr W K Galagoda	- 01-01-2009
Mr N B S B Balalle	- 24-04-2009
Mr H C De Z Sahabandu	- 19-05-2009
Mr D H N Piyadigama	- 15-08-2009

RESIGNATIONS

The following members of the Board who held office during the financial year under review resigned on the dates set out against the respective names. The Board of Directors wish to

place on record their appreciation of the contributions made by them during their tenure of office.

Mr S K M Perera	- 18-12-2008
Mr W H M N Bandara	- 15-01-2009
Mr S R Wijesinghe	- 16-01-2009
Mr L Gunaratne	- 11-02-2009
Mr P N Dias	- 17-03-2009 (Appointed on 01-01-09)
Mr U A A Weerasooriya	- 30-09-2009 (Appointed on 01-01-09)

RETIREMENT

Dr J L B Kotelawala retired from the position of the Chairman / Managing Director of the Company with effect from 06th February 2009. The Board of Directors wish to place on record their appreciation of the valuable guidance and contribution made by him during his tenure of office.

RETIREMENT OF DIRECTORS AND THEIR RE – ELECTION

In accordance with Article 89 of the Articles of Association of the Company, Mr S N Jayasinghe, retired by rotation and is eligible for re-election.

In accordance with Article 95 of the Articles of Association of the Company, Mr W K Galagoda, Mr V J Alahendra, Mr H C de Z Sahabandu and Mr D H N Piyadigama, retire and are eligible for re-election.

The Company has received a Special Notice under Section 211 of the Companies Act No.07 of 2007 from a Shareholder, that the age limit stipulated in Section 210 shall not apply to Mr D H N Piyadigama, a Director of the Company and accordingly a Resolution will be passed to appoint Mr Piyadigama to the Board.

DIRECTORS SHAREHOLDING

	08/09	07/08
N B S B Balalle	-	-
WGBM Ranaweera	1,750,000	1,750,000
W B B C J Fernando	80,000	76,500
V J Alahendra	1,000	1,000
C K Gamage	10,100	10,100
W K Galagoda	600	600
S N Jayasinghe	5,000	5,000
D H N Piyadigama	-	-
H C de Z Sahabandu	-	-
Dr T Senthilverl	1,620,300	1,007,900
W T Weerasooriya	500	500

DIRECTOR'S REMUNERATION

The remuneration paid to the Executive and Non Executive Directors during the financial year under review is given in Note 5 to the financial statements.

INTERESTS REGISTER

In compliance with the Companies Act No.07 of 2007, an "Interests Register" is maintained at the Registered Office of the Company.

The particulars of the entries made in connection with the general disclosure in terms of Section 192(2) of the Companies Act No.07 of 2007 are given in Note 31 under Related Party transactions.

AUDIT COMMITTEE

The Audit Committee comprises both Non Executive & Independent Directors namely Mr H C de Z Sahabandu, Mr W K Galagoda and Dr Senthiverl of whom Mr H C de Z Sahabandu is the Chairman of the Committee.

The report of the Audit Committee is given on Page 12

REMUNERATION COMMITTEE

Mr N B S B Balalle and Mr H C de Z Sahabandu who are Non Executive, Independent Directors are the members of the Remuneration Committee and Mr N B S B Balalle functions as the Chairman of the Committee.

GOING CONCERN

The Board of Directors of the Company are satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Therefore the Company continues to adopt a going concern concept in preparing the accounts of the Company.

ACCOUNTING POLICIES

There has been no change in the Accounting Policies adopted by the Company in preparation of Financial Statements during the Financial Year under review except for the Gratuity Provision adjusted to comply with the Sri Lanka Accounting Standards.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments have been made up to date or provided for same.

ENVIRONMENTAL PROTECTION

The Board of Directors have taken adequate precautions when diversifying the business activities to ensure that the Company does not engage in any activity which could be detrimental to the environment.

CORPORATE GOVERNANCE

The compliance of Corporate Governance by the Company is set out on Page 11.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors' responsibilities in compliance with the requirements in preparation of financial statements are set out in Page 12.

NAME CHANGE OF THE COMPANY

At an Extraordinary General Meeting held on 2nd September 2009 the Company name was changed from "Ceylinco Finance PLC" to "Nation Lanka Finance PLC".

AMALGAMATION OF THE COMPANY WITH ITS SUBSIDIARY NAMED ASIAN FINANCE LIMITED

The sanction of the Shareholders were obtained at an Extraordinary General Meeting held on 30th December 2008 to Amalgamate the Company with its Subsidiary Asian Finance Ltd. However this matter was deferred pending approval from the relevant regulating authorities.

CONTRIBUTIONS TO CHARITIES

The Company has not contributed to charities during the financial year under review.

POST – BALANCE SHEET EVENTS

Subsequent to the date of the Balance Sheet no circumstance has arisen which require adjustments to the accounts.

RISK MANAGEMENT

The Board of Directors have structured proper systems and controls to identify probable risk. These systems are periodically evaluated and reviewed by the Management Committee to ensure smooth functioning. Remedial measures also have been implemented to mitigate risk.

AUDITORS

The accounts for the year have been audited by M/s KPMG Ford, Rhodes, Thornton & Company, Chartered Accountants, who retire and are eligible for re-appointment. The Directors recommend their re-appointment.

The Auditors were paid a sum of Rs. 1,707,331 as Audit Fees and Rs. 371,181 as non Audit Fees by the Company for the financial year under review. As far as the Board is aware the Auditors do not have any relationship with the Company other than carrying out the External Audit and.

BY ORDER OF THE BOARD



W B C J Fernando
Acting Managing Director /
Chief Executive Officer



C K Gamage
Finance Director



Fazana Shareef
Company Secretary

10th October 2009

CORPORATE GOVERNANCE

Nation Lanka Finance PLC which is committed to uphold and adhere to corporate good governance, strives to always adapt required high level compliance methods, in keeping with section 6 of the Colombo Stock Exchange's listing rules.

Composition of the Board

The Board presently consists of 11 members of which 06 are Executive Directors and 05 Non Executive 03 of whom are Independent Directors. This composition meets the requirements (which is one third of the total number) as laid down in Colombo Stock Exchange listing rules. In terms of section 7.10.3 of the listing rules of the Colombo Stock Exchange Independent Directors have filed their declarations. The remuneration of the Directors is decided on the guide lines laid down in the Directors Remuneration Policy.

Chairman's Role

The Chairman who is an Independent Non Executive conducts Board Meetings; he encourages contributions and participation from all Executive and Non Executive Directors. The Chairman maintains a dialogue with the Non Executive Directors when deemed necessary.

Committees

In terms of Colombo Stock Exchange requirements the following committees have been appointed (1) Audit Committee which has been restructured, is now headed by Mr. H C De Z Sahabandu and comprises Mr. W K Galagoda and Dr. T Senthilvel (2) Remuneration Committee comprises Mr. N B S B Balalle and H C De Z Sahabandu of which Mr. Balalle is Chairman.

Compliance with Mandatory Accounting Procedures

Being a significant element of good Corporate Governance, much emphasis is placed on preparation of financial statements in accordance with Sri Lanka Accounting standards and compliance with all regulatory bodies, by which we endeavour to conform to the Companies act 7 of 2007.

Shareholder relations

Aware of the fact that The Board represents the Company's shareholders and are accountable to them, the Board values their importance and always looks forward to their participation, towards this end they are encouraged to attend Annual General Meetings, at which forum they have opportunities to make clarifications.

Future Outlook

Good Governance will continue to be a bed rock on which Nation Lanka Finance PLC will continue its forward march, steadfast in its resolve that this will be an area that compromises will not be made.

Notwithstanding the fact that the Board is satisfied with the present level of compliance and transparency with governance requirements it bears in mind that there could be still room for improvement, for which purpose wider attention will be focused, with more frequent reviews of its own standards.

SUBSIDIARIES AND PRINCIPAL ACTIVITIES

NAME

Asian Finance Limited
Ceylinco Stock Brokers (Pvt) Ltd
CSF Money Broking Company Limited
Ceylinco Treasuries Limited

Ceylinco Developers Limited
Ceylinco Villa Housing Development Limited
Ceylinco Housing Limited
Ceylinco Housing Corporation Limited
Ceylinco Investment Corporation Limited
Ceylinco Construction Company Limited
Ceylinco Towers Limited

PRINCIPAL ACTIVITIES

Finance Company
Stock Broking
Money Broking
Dealing in Government Securites in Secondary Market,
Lending & Investment Activities

Development of Mega Township/Construction of Houses
Development of Mega Township
Development of Mega Township
Development of Mega Township
Real Estate Development
Construction of Houses

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Directors are responsible, under the Sections 150 (1), 151 (1), 152 (1) & 153 (1) of the Companies Act No. 7 of 2007, to ensure compliance with the requirements set out therein 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 the end of the financial year and of the Profit and Loss of the Company and the Group for the financial year. The Directors are also responsible, under section 148 for ensuring that proper accounting records are kept to disclose, with reasonable accuracy, the financial position and to enable the preparation of Financial Statements.

The Board accepts responsibility for the integrity and objectivity of the financial statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been made so that the form and substance of transactions are properly reflected. However the directors present the Group financial statements for the year 2008/09 based on the audited financial statements of the company and its subsidiaries other than Asian Finance Ltd. The unaudited financial statements provided by the present Asian Finance Ltd management has been used to prepare the Group financial statements.

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards. The financial Statements provide the information required by the Companies Act and listing rules of the Colombo Stock Exchange.

The external Auditors, Messrs KPMG Ford, Rhodes, Thornton & Co. reappointed in accordance with a resolution passed at the last Annual General Meeting, were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinions on the Financial Statements. The Report of the Auditors shown on page 13 sets out their responsibilities in relation to the Financial Statements.

Compliance Report

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company and its Subsidiaries as at the Balance Sheet date have been paid or provided for, in arriving at the financial results for the year under review.

By order of the Board



Mrs Fazana Shareef
Company Secretary

10th October, 2009

AUDIT COMMITTEE REPORT

Composition of the Audit Committee

Audit Committee comprises of following Independent Non Executive Directors.

- Mr. S.K.M Perera (Chairman)
- Mr. L. Gunaratne
- Dr. T. Senthilvel

Out of the above three members, Mr L.Gunaratna is a Fellow of the Institute of Chartered Accountants of Sri Lanka.

AGM System Review & Internal Audit functioned as the secretary to the Audit Committee.

Mr. S.K.M Perera vacated his position as a Director with effect from 31st December 2008 and in consequence he ceased to be the Chairman of the Audit Committee.

Terms of Reference

The Audit Committee sets out the specific terms of reference governing the Audit Committee ensuring highest compliance with the Corporate Governance Rules applicable to listed companies as specified in rule no 6.6(b) of Colombo Stock Exchange.

Audit committee assists the board in fulfilling the compliance requirements to the rules & regulations laid down by the regulatory bodies. Accordingly, the Committee reviews the reports forwarded by the Internal Auditors, and provides recommendations and review corrective actions taken by the Management to overcome the deficiencies. Recommendations were given to the Board from time to time, in order to minimize the shortcomings identified & to strengthen the Internal Controls.

Meetings

The committee held two meetings during the financial year ended 31st March 2009. Director Finance of the Ceylinco Foliage Exports (Pvt) Ltd. attended one Audit Committee meeting by invitation. CEO or Director Finance has not participated for the above two meetings as determined by the Audit Committee.

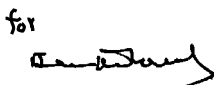
After the vacation of the Chairman of the Audit Committee, meetings were postponed until the appointment of a new Audit Committee.

External Audit

The Audit Committee has evaluated External Auditors regarding the independence & objectivity and recommended to the Board of Directors that M/S KPMG Ford, Rhodes, Thornton & Company be reappointed as Auditors for the Financial Year 2009/10, subject to the approval of share holders at the AGM.

Conclusion

The Audit Committee is of the view that the Operational Controls & Risk Management processes adopted by the company are in accordance with the laid down policies and procedures and is of the opinion that the assets of the company are properly accounted for & adequately safeguarded.

for


Chairman – Audit Committee
10th October 2009



KPMG Ford, Rhodes, Thornton & Co.
(Chartered Accountants)
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NATION LANKA FINANCE PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Nation Lanka Finance PLC, the consolidated financial statements of the Company and its subsidiaries as at March 31, 2009 which comprise the balance sheet as at March 31, 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 15 to 50.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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 except that the consolidated Financial Statements of the Group is based on unaudited Financial Statements of Asian Finance Limited for the year ended 31 March 2009, and subsidiaries which were disposed during the year namely Ceylinco Foliage Limited, Tropical Foliage Limited and Ceylinco Bio Tech Limited for the six months period ended 30 September 2008 as noted in the consolidation opinion paragraph. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion-Company

1. We refer to the Note No.12.3 to the financial statements where the Company has considered the forced sale value of

collaterals received by way of secondary mortgage bonds on Land & Buildings from certain related parties for purpose of provisioning for doubtful related party loans which is not in compliance with the Finance Leasing Act No. 56 of 2000. Had the company not considered the secondary mortgage the provision for doubtful debts would have increased by Rs. 63,000,000/- for the year.

In our opinion, except for the effects on the Financial Statements of the matters referred to in preceeding paragraph, the financial statements give a true and fair view of the Company's state of affairs as at March 31, 2009 and its loss and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Without further qualifying our opinion we draw attention to Note 32.a. to the financial statements with regard to the reference made on Company's ability to continue as going concern.

Opinion-Group

1. We refer to the Note No.12.3 to the financial statements where the Company has considered the forced sale value of collaterals received by way of secondary mortgage bonds on Land & Buildings from certain related parties for purpose of provisioning for doubtful related party loans which is not in compliance with the Finance Leasing Act No. 56 of 2000. Had the company not considered the secondary mortgage the provision for doubtful debts would have increased by Rs. 63,000,000/- for the year.

2. The Group has recognized a loss on disposal of a subsidiary, Ceylinco Foliage Exports (Pvt) Limited amounting to Rs.31,637,648. We have not received the audited financial statement of Ceylinco Foliage Exports (Pvt) Limited as at 30 September 2008 and therefore unable to satisfy ourselves as to the accuracy of the loss on disposal of the subsidiary.

3. No provision has been made by Ceylinco Developers Limited, a subsidiary of Nation Lanka Finance PLC with regard to dues from Ceylinco Land Exchange Limited amounting to Rs.16,900,000/- on account of doubtfulness on recoverability of the said amount.

4. No provision has been made by Ceylinco Treasuries Limited, a subsidiary of Nation Lanka Finance PLC for the amounts due from Ceylinco Selna Limited, Ceylinco Land Exchange Limited and Ceylinco Asset Management Limited amounting to Rs.2,586,104/-, Rs.5,167,080/- and Rs. 12,788,630/- respectively, being the net exposure on amounts due from these Companies, in view of the negative net asset position of the respective Companies as at 31 March 2009 there is uncertainty involved in the recoverability of the above balances,



the amount of provision required and the resulted adjustments required to interest receivable on loans, loans and advances, net profit for the year and retained earnings have not been determined.

5. The consolidated financial statements have been prepared based on audited financial statements other than Asian Finance Limited for the year ended 31 March 2009 and for subsidiaries which were disposed during the year namely Ceylinco Foliage Limited, Tropical Foliage Limited and Ceylinco Bio Tech Limited for the six month period ended 30 September 2008, as audited Financial Statements were not available. We are unable to assess the extent of the impact of the unresolved issues in the subsidiaries and these may result in significant adjustments to these unaudited financial statements which cannot be quantified as at the date of this report.

In our opinion,

- except for the effect on the Financial Statements of the matters referred in the preceeding paragraph 1, 3 & 4,
- except for the effect of such adjustment, if any, as might have been determined to be necessary had audited Financial Statements of Asian Finance Limited for the year ended 31 March 2009, and for the subsidiaries namely Ceylinco Foliage Limited, Tropical Foliage Limited and Ceylinco Bio Tech Limited for the six month period ended 30 September 2008 been made available,

consolidated financial statements give a true and fair view of the state of affairs as at March 31, 2009 and the loss and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its

subsidiaries dealt with thereby, so far as concerns the members of the Company.

Without further qualifying our opinion we draw attention to Note 32 to the financial statements with regard to the reference made on the Company's and its subsidiary companies ability to continue as going concern.

Report on Other Legal and Regulatory Requirements

As per the return filed by the Company with the Central Bank of Sri Lanka as at 31 March 2009, the Company had exceeded the single borrower limit for the Group subsidiaries by Rs. 94,202,000 which resulted in violation of the relevant direction issued by the Central Bank of Sri Lanka.

Except as mentioned above;

- The company's financial statements also comply with the requirements of Sections 151(2) to 153(7) of the Companies Act No. 07 of 2007.
- These Financial Statements present the information required by the Finance Leasing Act No 56 of 2000.

(Sgd)

KPMG Ford, Rhodes, Thornton & Co.
Chartered Accountants

10 October 2009
Colombo.

INCOME STATEMENT

FOR THE YEAR ENDED 31ST MARCH	Note	Company		Group	
		2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
TURNOVER	1	1,295,752,317	1,258,130,083	3,181,930,277	3,837,256,369
Interest Income	2	610,367,838	537,807,415	1,253,974,466	1,011,153,183
Direct Interest Cost	3	(548,964,742)	(413,518,362)	(1,050,816,880)	(724,332,572)
Net Interest Income		61,403,096	124,289,053	203,157,586	286,820,611
Service Fees		21,794,851	24,740,180	51,537,413	50,356,026
Gross Profit on Foliage Sales		-	-	19,517,710	62,031,029
Profit on Land & Property Development		49,471,739	88,387,610	299,510,260	649,338,948
Dividend Income		12,278,989	14,978,013	12,587,334	15,190,140
Gain/(Loss) on Sale of Investment Securities		125,380,267	88,598,590	34,836,347	87,529,651
		<u>270,328,942</u>	<u>340,993,446</u>	<u>621,146,650</u>	<u>1,151,266,405</u>
Other Operating Income	4	43,427,467	21,502,308	188,643,388	194,441,453
		<u>313,756,409</u>	<u>362,495,754</u>	<u>809,790,038</u>	<u>1,345,707,858</u>
OPERATING EXPENSES	5				
Personnel Cost		(126,051,961)	(126,280,419)	(272,296,066)	(324,480,102)
Provision for Staff Retirement Benefit Obligation	22.5	(1,355,829)	(12,219,663)	(12,344,529)	(24,280,180)
Premises Equipment & Establishment Expenses		(45,298,884)	(41,168,750)	(132,501,143)	(282,845,419)
Other Overhead Expenses		(108,653,942)	(80,432,477)	(446,269,761)	(192,223,788)
Other Finance Cost		(189,661,980)	(115,680,138)	(517,490,213)	(477,358,976)
Total Operating Expenses		<u>(471,022,596)</u>	<u>(375,781,447)</u>	<u>(1,380,901,712)</u>	<u>(1,301,188,465)</u>
Profit/(Loss) Before Provision & Taxation		<u>(157,266,187)</u>	<u>(13,285,693)</u>	<u>(571,111,674)</u>	<u>44,519,393</u>
Provision For Diminution In Value of Shares		(30,180,825)	50,738,414	(37,083,559)	52,478,541
(Provision)/Reversal for Bad & Doubtful Debts		(78,022,877)	1,034,126	(174,328,206)	(29,311,078)
Profit/(Loss) on Disposal of Subsidiaries		-	-	-	(4,696,536)
Profit/(Loss) Before VAT & Income Tax Expenses		<u>(265,469,889)</u>	<u>38,486,847</u>	<u>(782,523,439)</u>	<u>62,990,320</u>
VAT on Financial Services		(340,739)	(8,640,149)	(340,739)	(26,930,181)
Profit/(Loss) Before Income Tax Expense		<u>(265,810,628)</u>	<u>29,846,698</u>	<u>(782,864,178)</u>	<u>36,060,139</u>
Income Tax Expense	6	-	(400,460)	(5,536,542)	(20,567,836)
Profit/(Loss) for the period		<u>(265,810,628)</u>	<u>29,446,238</u>	<u>(788,400,720)</u>	<u>15,492,303</u>
Attributable to					
Equity Holders of the parent				(731,410,530)	12,310,219
Minority Interest				(56,990,190)	3,182,084
Profit/(Loss) for the period				<u>(788,400,720)</u>	<u>15,492,303</u>
Earnings Per Share (In Rs)	7	(13.30)	1.40	(36.60)	0.54

The Accounting Policies and Notes form an integral part of these Financial Statements.
Figures In Brackets Indicate Deductions

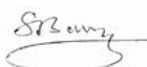
BALANCE SHEET

AS AT 31ST MARCH	Notes	Company		Group	
		2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
ASSETS					
Cash In Hand & At Bank		15,013,266	33,339,284	58,382,326	328,588,428
Short Term Investments		348,075	428,661	27,376,986	186,065,748
Investment In Government Securities		-	-	9,065,717	175,254,351
Bills Discounted		1,844,407	2,390,025	1,844,407	2,390,025
Trade & Other Receivables	8	178,273,195	170,572,556	785,564,372	1,501,527,837
Inventories	9	66,572,107	62,193,617	727,014,638	1,519,305,394
Amounts Due From Subsidiaries	10	197,787,914	389,226,007	-	-
Deposits, Advances and Prepayments		43,182,137	32,711,156	138,332,023	220,341,701
Finance Leases	11	323,988,669	469,186,062	499,451,654	672,032,136
Loans	12	967,605,351	997,022,535	2,158,557,806	1,661,972,900
Hire Purchase	13	746,735,346	440,877,726	1,815,024,834	1,525,330,266
Investment In Real Estate		442,544,350	452,629,422	1,304,917,615	1,182,071,499
Investment In Securities	14	241,193,169	359,959,666	334,298,912	467,606,086
Investment In Subsidiaries	15	169,233,538	230,045,041	-	-
Investment Property	16	476,826,314	403,398,730	473,155,397	343,038,015
Property, Plant & Equipment	17	213,443,459	216,725,634	306,561,170	569,904,607
TOTAL ASSETS		4,084,591,297	4,260,706,122	8,639,547,857	10,355,428,993
LIABILITIES					
Debentures	18	-	19,740,000	136,200,000	249,550,000
Borrowings - Medium & Long Term	19	167,850,054	671,000,067	331,583,182	1,131,785,686
Deferred Tax Liabilities	20	-	-	1,083,357	1,599,539
Amounts Due To Subsidiaries	21	16,642,918	208,659,672	-	-
Public Deposits		-	-	2,693,877,140	2,426,143,499
Retirement Benefit Obligations	22	(19,925,268)	19,258,844	40,230,262	81,917,093
Borrowing Against Government Securities		-	42,648,313	48,122,411	95,608,841
Trade & Other Payables		107,470,145	114,382,894	548,848,355	1,275,945,096
Short Term Borrowings	23	3,368,090,816	2,469,208,505	4,046,771,494	3,611,971,604
Dividend Payable		4,913,857	6,466,357	5,906,035	11,247,785
Bank Overdraft		47,787,325	90,526,683	219,302,020	269,181,098
TOTAL LIABILITIES		3,692,829,847	3,641,891,335	8,071,924,256	9,154,950,241
CAPITAL AND RESERVES					
Stated Capital					
- Ordinary Shares	24	278,503,360	278,503,360	278,503,360	278,503,360
- Preference Shares	24	61,814,200	61,814,200	61,814,200	61,814,200
Reserves		51,443,890	278,497,227	76,911,469	708,393,718
SHARE HOLDERS' FUNDS		391,761,450	618,814,787	417,229,029	1,048,711,278
Minority Interest		-	-	150,394,572	151,767,474
TOTAL LIABILITIES & SHAREHOLDERS' FUNDS		4,084,591,297	4,260,706,122	8,639,547,857	10,355,428,993
Net Assets Per Share (In Rs)		16.51	27.87	17.78	49.38

The Accounting Policies and Notes form an integral part of these Financial Statements. It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007


C K Gamage
 Finance Director

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


N B S B Balalle
 Chairman
 10th of October 2009
 Colombo


W B C J Fernando
 Acting Managing Director /CEO

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH	Company		Group	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Cash Flow from Operating Activities				
Profit Before Income Tax Expense	(265,810,628)	29,846,698	(782,864,178)	36,060,139
Adjustments for				
(Gain)/Loss on Sale of Investment Securities	(125,380,267)	(88,598,590)	(73,165,547)	(87,529,651)
Dividend Income	(12,278,989)	(14,978,013)	(12,587,334)	(15,190,140)
Depreciation	36,949,927	28,974,209	83,189,633	97,824,001
Provision/(Reversal) For Bad & Doubtful Debts	78,022,877	(1,034,126)	174,328,206	29,311,078
Bad Debts Written off	3,512,555	8,395,183	4,617,374	8,444,807
Investments Written off	4,811,686	-	4,811,686	-
Lease Interest	5,077,036	2,509,303	21,718,011	52,243,429
Provision for Retiring Benefits	1,355,829	12,219,663	12,344,529	24,280,180
Profit on Sale of Property, Plant & Equipment	(13,319,578)	(1,625,301)	(60,147,171)	(64,169,392)
Provision for Diminution in Value of Shares	30,180,825	(50,738,414)	37,083,559	(52,478,541)
Profit/(Loss) on Disposal of Subsidiary (Note B)	-	-	31,637,648	11,107,489
Operating Profit Before Working Capital Changes	(256,878,727)	(75,029,388)	(559,033,584)	39,903,399
Working Capital Changes				
(Increase)/Decrease in Trade & Other Receivables	(18,171,620)	33,868,424	737,637,888	(249,508,275)
(Increase)/Decrease in Inventories	(4,378,490)	130,674,429	792,290,756	440,175,984
(Increase)/Decrease in Government Securities	(42,648,313)	50,612,301	118,702,204	633,473
(Increase)/Decrease in Lease, Loans & Hire Purchase Receivables	(212,232,857)	(94,315,343)	(731,763,699)	(350,028,149)
(Increase)/Decrease in Investment in Real Estate	10,085,072	(195,285,582)	(59,847,114)	(359,686,805)
(Increase)/Decrease in Related Party Receivables	191,438,093	225,234,894	-	-
Increase/(Decrease) in Related Party Payables	(192,016,754)	27,759,275	-	-
Increase/(Decrease) in Trade & Other Payables	(6,912,749)	9,062,116	(728,095,276)	(129,447,841)
Cash from/(used) in Operations	(531,716,345)	112,581,126	(430,108,825)	(607,958,214)
Income Tax Paid	-	(398,057)	(4,486,635)	(20,916,812)
Gratuity Paid	(1,782,650)	(3,243,500)	(8,938,634)	(6,587,181)
Net Cash from/(used) in Operating Activities	(533,498,995)	108,939,569	(443,534,094)	(635,462,207)
Cash Flow from Investing Activities				
Proceeds from the Sale of Property, Plant & Equipment	26,085,695	2,416,031	174,962,595	377,523,103
Purchase of Property, Plant & Equipment	(28,521,369)	(26,532,769)	(52,010,800)	(82,786,088)
Purchase of Investment Property	(73,427,584)	(403,398,730)	(73,427,584)	(343,038,015)
Dividend Income	12,278,989	14,978,013	12,587,334	15,190,140
Purchase of Investment Securities	(106,295,388)	(2,165,743)	(160,399,251)	(30,109,741)
Investment In Preference Shares	(15,325,000)	(6,000,000)	-	-
Proceed From the Sale of Investment in Subsidiary	112,000,000	15,750,000	141,651,624	17,150,700
Proceed From the Sale of Investment Securities	279,586,144	145,357,420	286,647,527	153,703,289
Net Cash from/(used in) Investing Activities	206,381,487	(259,595,778)	330,011,445	107,633,388
Cash Flow from Financing Activities				
Dividends Paid	(1,552,500)	1,856,460	(5,341,750)	(3,994,660)
Proceeds from Short, Medium & Long Term Borrowings	392,132,172	260,940,020	(69,231,888)	1,012,923,181
Lease Rentals Paid	(19,389,410)	(9,963,927)	(77,569,499)	(61,306,221)
Proceeds from Debenture Issue	-	-	-	50,000,000
Redemption of Debentures	(19,740,000)	(90,750,000)	(113,350,000)	(140,729,000)
Net Cash from/(used in) Financing Activities	351,450,262	162,082,553	(265,493,137)	856,893,300
Increase/(Decrease) in Cash & Cash Equivalents	24,332,754	11,426,344	(379,015,786)	329,064,481
Cash & Cash Equivalents at the Beginning of the Year	(56,758,738)	(68,185,082)	245,473,078	(83,591,403)
Cash & Cash Equivalents at the End of the year (Note A)	(32,425,984)	(56,758,738)	(133,542,708)	245,473,078

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH	Company		Group	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
NOTE A				
Reconciliation of Cash & Cash Equivalents				
Cash in Hand & at Bank	15,013,266	33,339,284	58,382,326	328,588,428
Bank Overdraft	(47,787,325)	(90,526,683)	(219,302,020)	(269,181,098)
Short Term Investments	348,075	428,661	27,376,986	186,065,748
	(32,425,984)	(56,758,738)	(133,542,708)	245,473,078

NOTE B

Disposal of Subsidiary

Property Plant & Equipment		143,543,601	18,495,293
Investment		52,010,000	25,999,322
Inventories		2,164,776	99,804,690
Trade & Other Receivables		105,994,149	132,889,326
Amounts Due from Related Companies		51,464,320	146,273,957
Cash & Bank Balances		2,265,433	15,585,644
Trade & Other Payables		(55,345,207)	(174,557,333)
Borrowings		(14,531,098)	(190,848,602)
Amounts Due to Related Companies		(101,379,229)	(44,867,274)
Bank Overdraft		(31,917,057)	(6,040,309)
Net Assets		<u>154,269,688</u>	<u>22,734,714</u>
Sales Proceeds from Disposals of Subsidiaries		112,000,000	(17,150,700)

NOTE C

The controlling interest of Ceylinco Foliage Export (Pvt) Ltd which was a subsidiary company of Nation Lanka Finance PLC was disposed during the year for Rs. 112,000,000/-

The Accounting Policies and Notes form an integral part of these Financial Statements.

Figures In Brackets Indicate Deductions

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH		Ordinary Shares	Share Premium	Stated Capital	Capital Redemption Reserve Fund	Capital Reserve	Revaluation Reserve	Reserve Fund	General Reserve	Retained Profit	Total	Minority Interest	Total Equity
		Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
COMPANY													
	Balance as at 01.04.2007	199,860,500	78,642,860	-	30,000,000	-	41,826,269	6,000,000	9,000,000	155,049,887	520,379,516	-	520,379,516
	Profit Attributable to Shareholders	-	-	-	-	-	-	-	-	29,446,238	29,446,238	-	29,446,238
	Transfer to Revaluation Reserve	-	-	-	-	-	8,720,188	-	-	-	8,720,188	-	8,720,188
	Transfer to/(from) Reserve	(199,860,500)	(78,642,860)	278,503,360	-	-	-	1,550,000	-	(1,550,000)	-	-	-
	Preference Dividends - 2.5%	-	-	-	-	-	-	-	-	(1,545,355)	(1,545,355)	-	(1,545,355)
	Balance as at 31.03.2008	-	-	278,503,360	30,000,000	-	50,546,457	7,550,000	9,000,000	181,400,770	557,000,587	-	557,000,587
	Effect of change in Accounting Policy due to adoption of SLAS 16 (Revised 2006) Note 22.6	-	-	-	-	-	-	-	-	38,757,291	38,757,291	-	38,757,291
	Balance as at 31.03.2008 (Restated)	-	-	278,503,360	30,000,000	-	50,546,457	7,550,000	9,000,000	220,158,061	595,757,878	-	595,757,878
	Profit Attributable to Shareholders	-	-	-	-	-	-	-	-	(265,810,628)	(265,810,628)	-	(265,810,628)
	Balance as at 31.03.2009	-	-	278,503,360	30,000,000	-	50,546,457	7,550,000	9,000,000	(45,652,567)	329,947,250	-	329,947,250
GROUP													
	Balance as at 01.04.2007	199,860,500	78,642,860	-	43,347,671	84,312,464	72,002,698	6,000,000	11,673,523	469,727,380	965,567,096	195,089,604	1,160,656,700
	Profit Attributable to Shareholders	-	-	-	-	-	-	-	-	12,310,219	12,310,219	3,182,084	15,492,303
	Transfer to Revaluation Reserve	-	-	-	-	-	8,720,188	-	-	-	8,720,188	-	8,720,188
	Effects due to reduction/(increase) in holding	-	-	-	-	-	-	-	-	2,420,230	2,420,230	(37,867,994)	(35,447,764)
	Transfer to/(from) Reserve	(199,860,500)	(78,642,860)	278,503,360	-	6,175,512	(30,176,429)	1,550,000	-	22,450,917	-	(732,220)	(732,220)
	Loss on Disposal of Subsidiary	-	-	-	-	-	-	-	-	(575,300)	(575,300)	-	(575,300)
	Preference Dividends	-	-	-	-	-	-	-	-	(1,545,355)	(1,545,355)	(7,904,000)	(9,449,355)
	Balance as at 31.03.2008	-	-	278,503,360	43,347,671	90,487,976	50,546,457	7,550,000	11,673,523	504,788,091	986,897,078	151,767,474	1,138,664,552
	Effect of change in Accounting Policy due to adoption of SLAS 16 (Revised 2006) Note 22.6	-	-	-	-	-	-	-	-	38,757,291	38,757,291	-	38,757,291
	Balance as at 31.03.2008 (Restated)	-	-	278,503,360	43,347,671	90,487,976	50,546,457	7,550,000	11,673,523	543,545,382	1,025,654,369	151,767,474	1,177,421,843
	Profit/(Loss) Attributable to Shareholders	-	-	-	-	-	-	-	-	(731,410,530)	(731,410,530)	(56,990,190)	(788,400,720)
	Effects due change in holding & Profit on Disposal of Subsidiaries	-	-	-	-	-	-	-	-	61,170,990	61,170,990	55,617,288	116,788,278
	Balance as at 31.03.2009	-	-	278,503,360	43,347,671	90,487,976	50,546,457	7,550,000	11,673,523	(126,694,158)	355,414,829	150,394,572	505,809,401

STATEMENT OF CHANGES IN EQUITY

Note A

The Preference Share Capital of Rs 61,814,200/- has been excluded from the Statement of Changes in Equity

Stated Capital

In accordance with section 58 of the Companies Act No. 7 of 2007 share capital & share premium have been reclassified as stated capital

Capital Redemption Reserve Fund

A statutory capital reserve built up which is equal to the nominal value of the preference shares already redeemed by the company and its subsidiaries.

Revaluation Reserve

Consists of net surplus resulting from the revaluation of Property, Plant & Equipment.

Reserve Fund

As per the Finance Leasing (Reserve Fund) Direction No. 5 of 2006 Issued by the Central Bank of Sri Lanka the Company shall maintain a Reserve Fund and shall, out of the net profit after the payment of tax of each year, before any dividend is declared, transfer to the reserve Fund:-

i a sum equivalent to not less than 5% of such profits until the amount of the Reserve Fund is equal to 50 percent of the issued and paid-up ordinary share capital of the relevant establishment; and

ii a. further sum equivalent to not less than 2% of such profits until the amount of the Reserve Fund is equal to the issued and paid-up ordinary share capital of the relevant establishment.

The Accounting Policies and Notes form an integral part of these Financial Statements.

Figures In Brackets Indicate Deductions

SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL

The consolidated Financial Statements of Nation Lanka Finance PLC for the year ended 31st March 2009 comprise the Company and its subsidiaries (together referred to as the "Group"). The Financial Statements were authorised for issue by the Directors on 10th of October 2009.

1.1 Statement of Compliance

The Balance Sheet and the related Statements of Income, Changes in Equity, Cash Flow, Accounting Policies and Notes to the Accounts of Nation Lanka Finance PLC and its subsidiaries have been prepared in conformity with the Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka & in compliance with requirements of the Companies Act No.07 of 2007

1.2 Basis of Preparation

These Financial Statements are prepared on a historical cost basis, with no adjustments being made for inflationary factors affecting the financial statements, except for the valuation of land & building. The said financial statements have been prepared in Sri Lankan Rupees (Rs.).

1.3 Use of Estimates & Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

1.4 Comparative Information

The Company has consistently applied the accounting policies with those used in the previous year. Previous year's figures and phrases have been re-arranged wherever necessary to conform to the current year's presentation.

1.5 Basis of Consolidation

The consolidated financial statements comprise of the financial statements of the Company and its subsidiaries namely Asian Finance Ltd., CSF Money Broking Co. Ltd., Ceylinco Stock Brokers (Pvt) Ltd., Ceylinco Developers Ltd., Ceylinco Housing Ltd., Ceylinco Housing Corporation Ltd., Ceylinco Villa Housing Development Ltd., Ceylinco Construction Company Ltd., Ceylinco Investment Corporation Ltd., Ceylinco Treasuries Ltd., and Ceylinco Towers Ltd. in accordance with section 152 of the Companies Act No. 7 of 2007 and Sri Lanka Accounting Standard No: 26 - "Consolidated Financial Statements and Accounting for Investments in Subsidiaries". All companies in the group have a common financial year which ends on 31st March. The Profit or Loss of the Company and its subsidiary companies are included in the consolidated Income Statement and the proportion of the profit or loss after taxation applicable to outside shareholders is shown under the heading "Minority Interest".

All assets and liabilities of the Company and its subsidiaries are included in the consolidated Balance Sheet. The interest of the outside shareholders in the net assets of the group is stated separately in the consolidated Balance Sheet under the heading "Minority Interest".

Intra-group balances, transactions and any unrealised gains arising from intra group transactions are eliminated in preparing the consolidated Financial Statements. Unrealised losses resulting from intra-group transactions are eliminated if the cost cannot be recovered.

1.5.1 Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

1.6 Goodwill on Consolidation

Goodwill represents the excess of the cost of an acquisition of a subsidiary or an associate over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is initially recognised at cost.

In accordance with the revised Sri Lanka accounting standard 25 - business combinations (revised 2004), the Company will no longer amortise the goodwill, but test the goodwill for impairment annually and assess for any indication of impairment to ensure that its carrying amounts do not exceed the recoverable amount. If an impairment loss is identified, it is recognised immediately to the income statement.

Goodwill on acquisition of a subsidiary is presented as an intangible asset and the goodwill on an acquisition of an equity accounted investment is included in the carrying value of the investment.

If the Group interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceed the cost of the acquisition of the entity, the Group will reassess the measurement of the acquiree's identifiable assets and liabilities and the measurement of the cost and recognise the difference immediately to the consolidated income statement.

1.7 Borrowing Cost

Borrowing costs are recognised as an expense in the period in which they are incurred except to the extent where borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale is capitalised as part of that asset. The amount of borrowing cost eligible for capitalisation is determined in accordance with SLAS 20 - "Borrowing Costs" - Allowed Alternative Treatment.

The capitalisation method used to determine the amount of borrowing cost to be capitalised is as follows:

- a) Projects that are funded through specific borrowings
- Cost of borrowings
- b) Projects that are funded through general funds
- Weighted average cost of general borrowings

1.8 Foreign Currency Transactions

All foreign exchange transactions are converted at the rates of exchange prevailing at the time the transactions were effected. All monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date while non monetary items are reported at the rates prevailing at the time the transactions are effected. The resulting gains and losses are accounted for in the Income Statement.

1.9 Taxation

The Group's liability to taxation has been computed in accordance with the Inland Revenue Act No.10 of 2006 and amendments thereto.

1.10 Deferred Taxation

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the

SIGNIFICANT ACCOUNTING POLICIES

following temporary differences; the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits, and differences relating to investment in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

1.11 Events Occurring after the Balance Sheet Date

All material events occurring after the Balance Sheet date have been considered and where appropriate adjustments to or disclosure have been made in the financial statements.

2. ASSETS AND BASES OF THEIR VALUATION

Assets classified as current assets in the Balance Sheet are cash and those which are expected to be realised in cash during the normal operating cycle of the Company's business or within one year from the Balance Sheet date. Assets other than current assets are those which the Company intends to hold beyond a period of one year from the Balance Sheet date.

2.1 Inventories

Inventories are valued at lower of cost and estimated net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the normal course of business after allowing for cost of realisation and/or cost of conversion from their existing state to saleable condition.

The cost of each category of inventory is determined on the following basis:

Plant Stocks	- Cost of purchase and appropriate proportion of direct overheads.
Raw materials	- At actual cost on first-in-first-out basis.
Finished Goods & Work-in-progress	- At the cost of direct materials, direct labour and appropriate proportion of production overheads based on normal operating capacity.

2.2 Property, Plant & Equipment

2.2.1 Cost

The Property, Plant & Equipment are stated at cost less accumulated depreciation which is provided on the bases specified below.

The cost of the asset is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its working condition for its intended use. Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business has been treated as capital expenditure.

Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued at fair value. The group has adopted a policy of revaluing assets every 5 years,

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation reserve, except to the extent that it reverses a revaluation decrease

of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement, any revaluation deficit offset a previous surplus in the same asset is directly offset against the surplus in the revaluation reserve and any excess recognized as an expense. Upon disposal, any revaluation reserve relating to the asset sold is transferred to retained earnings.

2.2.2 Depreciation

Provision for depreciation is calculated on the cost of Property, Plant & Equipment in order to write-off such amounts over the estimated useful lives of such assets. The rate of depreciation used on a straight line method are as follows,

	Rate per annum %
Furniture & Fittings	15
Motor Vehicles	25
Office Equipment	15 - 33.33
Computer Equipment & Software	15 - 33.33
Buildings	5
Plant & Machinery	10
Net Houses & Other Structures	10

The Company provides depreciation from the date the assets are available for use whereas depreciation of assets ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised

2.2.3 Leased Assets

Assets funded through finance leases are capitalised and the resulting lease obligations are included in creditors' net of finance charges. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the Income Statement.

Assets held under finance leases are depreciated over the shorter of lease term or the useful lives of equivalent owned assets.

2.3 Investments

2.3.1 Long Term Investments in Securities

These are acquired and held for yield or capital growth in the medium/long term. Such securities are recorded at cost. Changes in market values of these securities are not taken into account unless, those are considered to be of a permanent nature. Income from these investments are recognised only to the extent of dividends declared.

2.3.2 Trading Securities

These are marketable securities acquired and held with the intention of re-sale over a short period of time. Such securities are valued at the lower of cost and market value determined on an aggregate portfolio basis and the difference in cost and market value has been adjusted in the Income Statement.

Cost of investment is the cost of acquisition inclusive of Brokerage and Stamp duty.

2.3.3 Investments In Subsidiaries

Investment in Subsidiaries are stated at cost in the Company's Financial Statements in accordance with the Sri Lanka Accounting Standard No.26 – Consolidated Financial Statements and Accounting for Investment in Subsidiaries.

2.4 Loans , Advances & Hire Purchase

Loans, Advances & Hire Purchase are stated at their amounts estimated to realise, after providing for doubtful debts.

2.5 Trade Debtors and Other Receivables

Trade debtors and other receivables are stated at their amounts estimated to realise, after deducting provision for bad and doubtful debts.

SIGNIFICANT ACCOUNTING POLICIES

2.6 Finance Leases

2.6.1 Lease Rentals Receivable

Assets leased to customers under agreements which transfer substantially all the risks and rewards associated with ownership other than legal title, are classified as finance leases. Lease rentals receivable in the balance sheet represent total minimum lease payment due net of unearned income and provision for doubtful debts.

2.6.2 Provisions for Doubtful Debts - Leases, Loans & Hire Purchase

Specific provision has been made in relation to identified bad and doubtful losses based on a continuous review of the Lease, Loan & Hire Purchase portfolio.

Specific provision has been made on the following basis

Period Outstanding	Provision made net of realisable value of the earnings
6 - 12 month	20%
12 - 18 months	50%
18 months and above	100%

2.7 Investment in Real Estate

Land purchase cost, development cost & borrowing cost incurred during the development period of the real estate projects have been capitalised as investment in real estate.

2.8 Investment Properties

Properties held to earn a rental income, and properties held for capital appreciation have been classified as investment property.

Investment Properties are initially recognised at cost. Subsequent to initial recognition the Investment Properties are stated at fair values, which reflect market conditions at the balance sheet date.

Gains or losses arising from changes in fair value are included in the income statement in the year in which they arise.

2.9 Impairment

The carrying amounts of the Group's non financial assets, other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amounts are estimated.

For goodwill, recoverable amount is estimated at each balance sheet date, or as and when an indication of impairment is identified.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceed its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and Groups. Impairment is recognised in the income statement.

Impairment losses recognised in respect of subsidiaries acquired are allocated first to reduce the carrying amount of any goodwill allocated to the entity and then to reduce the carrying amount of the other assets in the entity on a pro rata basis.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset or cash generating unit.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each balance sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amounts does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversal of impairment losses are recognised in the income statement.

3. CASH & CASH EQUIVALENTS

Cash and Cash Equivalents are defined as cash in hand 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 equivalent consists of cash in hand and deposits in banks net of outstanding bank overdrafts, investment in gold coins and call deposits.

The Cash Flow Statement is reported based on the indirect method.

4. LIABILITIES AND PROVISIONS

4.1 Liabilities

Liabilities classified as current liabilities in the balance sheet are those which fall due for payment on demand or within one year from the balance sheet date.

Non current liabilities are those balances that fall due for payment after one year from the Balance Sheet date.

All known liabilities have been accounted for in preparing these financial statements.

4.2 Borrowings

Borrowings include refinance borrowings, call money borrowings, promissory note borrowings and borrowings from financial institutions They are brought to accounts at the gross value of the outstanding balances.

4.3 Retiring Benefits

4.3.1 Defined Benefit Plan - Gatuity

Adoption of SLAS 16 (Revised)

Sri Lanka Accounting Standard 16 (Revised 2006) Employee Benefits, applies to Financial Statements covering annual periods beginning on or after 1st July 2007 was adopted by the company with effect from 1st April 2008.

The company measures the present value of the defined benefit obligation every year using projected unit credit method defined by the Actuary.

The following assumption and data were used in evaluating the defined benefit obligation by the Actuarial Valuer:

1. Interest rate	12%
2. Rate of increase in salary	10%
3. Retirement age	55yrs

Recognition of unrecognised Actuarial Gains and Losses.

Actuarial gains and losses, shall be recognised immediately.

Transitional Provision

On first adoption of the standard the company has determined its transitional liability for defined benefit obligation which is less than the liability recognised by the company, under previous accounting policy and the difference was adjusted in the opening balance of the retained earnings.(refer note 22.6)

SIGNIFICANT ACCOUNTING POLICIES

Defined benefit obligations are fully funded by the company to a separate Gratuity Trust fund, which is an approved investment for tax purposes. The company makes annual contributions to the fund not exceeding a total sum equivalent to the half a month salary of each and every employee as depicted in the last month of the accounting year together with an additional 25% of the total thereof.

The actuarial valuation was conducted by Mr. Piyal S Goonetilleke and Associates for Nation Lanka Finance PLC on 7th of September 2009 for the actuarial liability as at 31st March 2009. The actuary Mr. Piyal S Goonetilleke is a Fellow of the Society of Actuaries (USA) and a member of the American Academy of Actuaries.

4.3.2 Defined Contribution Plan - EPF and ETF

All employees who are eligible for defined provident fund contributions and employee trust fund contributions are covered by relevant contributory funds in line with the respective statutes.

4.4 Capital Commitment & Contingent Liabilities

All material Capital commitments and contingent liabilities of the Group are disclosed in the respective notes to the accounts.

4.5 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligations.

5. INCOME STATEMENT

5.1 Revenue

Revenue represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities net of trade discounts and turnover related taxes.

5.2 Revenue Recognition

5.2.1 Lease Income

The accounting for lease income is done on the basis of the financing method. The excess of aggregate contract receivable over the cost of the leased assets constitutes the total unearned income at the commencement of the contract.

The unearned income is taken into account over the period of lease commencing from the month in which the lease is executed in proportion to the declining receivable balance.

However, no interest income is recognised when the customer is in arrears for more than six months. In such cases interest income is accounted for on cash basis.

5.2.2 Hire purchase Income

Income arising from the residual interest in hire purchase agreements is credited to the income statement as it accrues in proportion to the declining receivable balance of the agreement.

However no interest income is recognised when the customer is in arrears for more than six months. In such cases Interest income is accounted for on a cash basis.

5.2.3 Interest Income

Interest income from loans and advances is recognised on an accrual basis. However, no accrued interest income is recognised when the customer is in arrears for more than six months. In such cases interest income is accounted for on a cash basis.

5.2.4 Interest on Bills

Interest income from bills is recognised proportionately over the period of the bill discounted commencing from the date of discounting.

5.2.5 Income from Fee Based Activities

Commission from underwriting, management of funds and all other commissions and fees are recognised in the

period in which such transactions were effected based on the conditions stipulated in the respective agreements and contracts.

5.2.6 Overdue Charges

Overdue charges of leasing, hire purchase, loans and advances have been accounted for on a cash received basis.

5.2.7 Profit on Sale of Shares

Profit earned on the sale of shares have been accounted for in the Income Statement on the basis of realised net profit.

5.2.8 Dividend Income

The dividend income is recognised when the Company's right to receive payment is established.

5.2.9 Real Estate Income

Income is recognised when the property is sold and the risks and rewards of the property is passed to the buyer. For this purpose the property is deemed to be sold once 30% of the outright sales price has been received.

However, when there is insufficient assurance as to the receipt of the total consideration, income is accounted on a cash received basis.

5.2.10 Export Income

Foliage sales to foreign markets is recognised upon the issue of invoice to customers.

5.2.11 Profit on Sale of Property, Plant & Equipment

Profits or losses of a revenue nature on the disposal of Property, Plant & Equipment have been accounted for in the Income Statement.

5.2.12 Income on Sale of Houses

The income from sale of houses is recognised when the significant risks and rewards incidental to ownership are transferred to the buyer. It is deemed to have been transferred when 85% or more of the construction work is completed and the sales agreement is signed between the buyer and the Company.

5.2.13 Other Income

All other Income is recognised on an accrual basis.

5.3 Expenditure Recognition

All the expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to the income statement.

6. SEGMENTAL REPORTING

Business segmentation has been determined based on the nature of the services provided by the Group after considering the risks and rewards of each type of product or service. Inter segment transfers are based on fair market prices. Segmental information is provided for the different business segments of the Group which are lending, property development, services, exports and other businesses. Since the individual segments are located close to each other and operating in the same industry environment, the need for geographical segmentation does not arise.

The activities of the segments are described in Note 33 to the Financial Statements. Revenue and expenses directly attributable to each segment are allocated to the respective segments. Revenue and expenses not directly attributable to a segment are allocated on the basis of their resource utilisation wherever possible.

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis wherever possible.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH	Notes	Company			Group	
		2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.	
1. TURNOVER						
Fund Based Activities		1,261,678,477	1,218,411,889	3,042,572,847	3,589,205,672	
Fee Based Activities		21,794,851	24,740,181	73,467,247	49,209,414	
Foliage Sales		-	-	53,302,849	183,651,143	
Dividends		12,278,989	14,978,013	12,587,334	15,190,140	
		1,295,752,317	1,258,130,083	3,181,930,277	3,837,256,369	
2. INTEREST INCOME						
Finance Leases		126,866,301	135,322,405	170,705,579	189,437,649	
Term Loans		273,757,046	345,026,358	511,669,773	430,116,905	
Hire Purchase		209,377,372	51,737,230	533,484,259	356,876,403	
Short Term Lending		367,119	5,721,422	38,114,855	34,722,226	
		610,367,838	537,807,415	1,253,974,466	1,011,153,183	
3. DIRECT INTEREST COST						
Interest on Borrowings		548,674,426	403,456,217	1,031,871,167	687,843,820	
Debenture Interest		290,316	10,062,145	18,945,713	36,488,752	
		548,964,742	413,518,362	1,050,816,880	724,332,572	
4. OTHER OPERATING INCOME						
Profit on Sale of Property, Plant & Equipment		13,319,578	1,625,301	60,147,171	64,169,392	
Vehicle Hiring Income		393,453	119,823	334,139	119,823	
Rent Income		11,203,153	9,577,651	11,203,153	9,577,651	
Debenture Interest Income		471,507	2,251,369	2,367,068	4,148,763	
Sundry Income		601,766	1,543,844	97,153,847	110,041,504	
Change in fair value of Investment Property		17,438,010	6,384,320	17,438,010	6,384,320	
		43,427,467	21,502,308	188,643,388	194,441,453	
5. OPERATING EXPENSES INCLUDE THE FOLLOWING						
Directors' Emoluments - Short Term Employment Benefit		21,496,668	22,650,055	52,073,096	42,976,701	
Auditors Remuneration - Audit		1,707,331	850,000	4,159,485	4,946,057	
- Non Audit		371,181	539,324	474,881	779,241	
Depreciation		36,949,927	28,974,209	83,189,633	97,824,001	
Defined Contribution Plans - EPF		12,172,200	10,555,727	27,257,120	27,838,876	
- ETF		3,043,050	2,638,932	6,814,280	6,959,719	
Donations		-	3,428,520	-	4,087,617	
Bad Debts Provision/(Reversal)		78,022,877	(1,034,126)	174,328,206	29,311,078	
Bad Debts Written off		3,512,555	145,556,890	4,617,374	160,932,267	
Inventories Charged to Profit & Loss		1,480,500	-	6,475,867	-	
Investment Written off		4,811,686	-	4,811,686	-	
6. INCOME TAX EXPENSE						
6.1 Current Income Tax Expense	6.2	-	242,653	4,260,827	10,955,794	
Economic Service Charge written off		-	-	1,224,343	10,023,877	
Under Provision in respect of previous years		-	157,807	-	(62,859)	
Deferred Tax Liabilities	20	-	-	51,372	(348,976)	
		-	400,460	5,536,542	20,567,836	
6.2 Reconciliation of Accounting Profit with Taxable Profit						
Profit before Income Tax Expense		(265,810,628)	29,846,698	(782,864,178)	36,060,139	
Profit not liable for Taxation		11,839,756	-	100,394,216	(16,699,387)	
Aggregate Disallowed Items		77,555,756	310,919,450	133,464,768	584,812,228	
Allowable Expenses		(236,121,424)	(380,626,717)	(246,818,857)	(661,387,371)	
Statutory Income from Business		(412,536,540)	(39,860,569)	(795,824,051)	(57,214,391)	
Other Statutory Income		-	1,056,044	4,959,594	2,961,124	
Tax Loss utilised during the year		-	(369,615)	(847,908)	(10,728,570)	
Taxable Profit		(412,536,540)	(39,174,140)	(791,712,365)	(64,981,837)	
Current Income Tax Expense		-	242,653	4,260,827	10,955,794	

FOR THE YEAR ENDED 31ST MARCH	Company		Group	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Reconciliation of Tax Loss				
Tax Loss Brought Forward	(452,042,567)	(412,551,613)	(667,666,374)	(630,523,207)
Tax Loss for the Period	(412,536,540)	(39,860,569)	(714,235,471)	(47,871,737)
Tax Loss utilised during the year	-	369,615	847,908	10,728,570
Tax Loss Carried Forward	(864,579,107)	(452,042,567)	(1,381,053,937)	(667,666,374)

6.3 Company

(a) In terms of the Inland Revenue Act No. 10 of 2006 and subsequent amendments thereto, the Company is liable for income tax at 35% on its taxable income.

6.4 Subsidiaries

(a) In accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and subsequent amendments thereto the subsidiary Companies of the Company are liable for income tax as follows;

	Tax Rate	2009 Rs	2008 Rs
Asian Finance Ltd.	35.0%	-	6,366,478
Ceylinco Construction Company Ltd.	15% & 35%	79,968	766,824
Ceylinco Developers Ltd.	35.0%	806,551	769,985
Ceylinco Housing Ltd.	35.0%	179,298	383,197
Ceylinco Villa Housing Development Ltd.	35.0%	14,532	25,214
Ceylinco Housing Corporation Ltd.	15.0%	-	32,069
Tropical Foliage Ltd	15.0%	-	1,256
CSF Money Broking Co. Ltd.	35.0%	2,223,879	410,658
Ceylinco Investment Corporation Ltd.	35.0%	-	565,625
Ceylinco Stock Brokers (Pvt) Ltd.	35.0%	377,420	434,176
Ceylinco Treasuries Ltd.	35.0%	579,179	957,659
		4,260,827	10,713,141

(b) In terms of section 46 of the Inland Revenue Act No. 10 of 2006 and amendments thereto profits attributable to construction activities are liable for income tax at the rate of 15%. The other income of the company is liable for income tax at the rate of 35%.

(c) In terms of the agreement entered into with the Board of Investment of Sri Lanka (BOI),

(i) The profits of Ceylinco Developers Ltd will be exempted from income tax for a period of 12 years reckoned from the year of assessment 1999/2000.

(ii) The profits of Ceylinco Housing Ltd, Ceylinco Housing Corporation Ltd & Ceylinco Villa Housing Development Ltd will be exempted from income tax for a period of 3 years from the year of assessment the companies commence to make profits or any year of assessment not later than 2 years reckoned from the date of commencement of commercial operations, which ever is earlier. The exemption granted by the board of Investment of Sri Lanka to Ceylinco Housing Corporation Ltd was withdrawn during the year ended 31st March 2008 whilst the exemption of business profits of Ceylinco Housing Ltd has expired during the year of assessment 2008/09.

(iii) The profits of Ceylinco Real Estate Developers Ltd will be exempted from income tax for a period of 5 years from the year of assessment the company commences to make profits or any year of assessment not later than 2 years reckoned from the date of commencement of commercial operations, which ever is earlier.

After expiration of the above period tax will be charged at the rate of 10% for a further period of two years. And there after at the rate of 20%. However, the other income of the above companies are liable for income tax at the rate of 35%.

(d) According to the provisions of section 16 of the Inland Revenue Act No.10 of 2006 Tropical Foliage Ltd & Ceylinco Foliage Exports (Pvt) Ltd would be exempted from Income tax for a period of 5 years commencing from 1st April 2006. These subsidiaries were disposed during the year.

(e) No provision has been made for income tax in Ceylinco Bio Tech Ltd due to tax losses available for carry forward as at 31st March 2008. This subsidiary was disposed during the year.

FOR THE YEAR ENDED 31ST MARCH	Company				Group			
	Temporary Difference Rs.	Tax Effects Rs.	Temporary Difference Rs.	Tax Effects Rs.	Temporary Difference Rs.	Tax Effects Rs.	Temporary Difference Rs.	Tax Effects Rs.
6.5 DEFERRED TAX ASSET								
Taxable temporary differences	76,770,402	26,869,641	88,742,930	31,060,026	93,780,766	32,823,268	106,326,904	37,214,417
Deductable temporary differences	(19,925,267)	(6,973,843)	(19,258,845)	(6,740,596)	36,148,287	12,651,900	(390,114,464)	(136,540,062)
Tax Losses	(864,579,107)	(302,602,687)	(452,042,567)	(158,214,898)	(1,381,053,937)	(483,368,878)	(667,666,374)	(228,503,358)
	(807,733,972)	(282,706,890)	(382,558,482)	(133,895,468)	(1,251,124,884)	(437,893,710)	(951,453,934)	(327,829,003)

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the company/group can utilise the benefits therefrom.

7. EARNINGS PER SHARE

Earnings per ordinary share has been calculated based on the profit attributable to the ordinary shareholders divided by the weighted average number of ordinary shares outstanding during the year.

	Company		Group	
	2009	2008	2009	2008
Profit after Taxation and Minority Interest (Rs)	(265,810,628)	29,446,238	(731,410,530)	12,310,219
Dividends on Cumulative Redeemable Preference Shares (Rs)	-	(1,545,355)	-	(1,545,355)
Profit attributable to Ordinary Shareholders (Rs)	(265,810,628)	27,900,883	(731,410,530)	10,764,864
Ordinary Shares used as Denominator	19,986,050	19,986,050	19,986,050	19,986,050
Earnings Per Share (Rs.)	(13.30)	1.40	(36.60)	0.54

8. TRADE & OTHER RECEIVABLES

	Notes	Rs.	Rs.	Rs.	Rs.
Real Estate & Property Development Receivables		40,736,516	53,621,226	486,459,540	1,055,462,178
Foliage Exports Receivables		-	-	-	72,114,737
Service Fee Receivables		24,836,223	20,564,723	93,346,603	169,200,160
Tax Receivables		1,835,053	16,139,827	1,835,053	23,248,385
Other Receivables from Leasing & Credit Activities		28,042,254	21,285,423	28,042,254	21,285,423
Other Receivables		114,323,149	58,961,357	250,724,240	179,865,367
		209,773,195	170,572,556	860,407,690	1,521,176,250
Provision For Bad & Doubtful Debts	8.1	(31,500,000)	-	(74,843,318)	(19,648,413)
		178,273,195	170,572,556	785,564,372	1,501,527,837

8.1 PROVISION FOR BAD & DOUBTFUL DEBTS

Balance at the beginning of the year	-	-	19,648,413	17,474,480
Disposal of Subsidiary	-	-	(4,486,792)	-
Provision made during the year	31,500,000	-	59,681,697	2,173,933
Balance at the end of the year	31,500,000	-	74,843,318	19,648,413

9. INVENTORIES

Raw Materials & Stocks	1,683,431	-	58,013,961	78,146,229
Plant Stocks	-	-	-	66,437,876
Work - In - Progress - Horticulture Projects	-	-	-	95,132,834
Work - In - Progress - Property Development	64,888,676	62,193,617	640,824,818	1,222,974,341
Finished Goods - Houses	-	-	28,175,859	56,614,114
	66,572,107	62,193,617	727,014,638	1,519,305,394

AS AT 31ST MARCH	Company		Group	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.

10. AMOUNTS DUE FROM SUBSIDIARIES

Asian Finance Ltd.	4,031,724	5,216,149	-	-
Ceylinco Stock Brokers (Pvt) Ltd.	2,227,705	1,444,769	-	-
Ceylinco Foliage Exports (Pvt) Ltd.	-	64,930,232	-	-
Tropical Foliage Ltd.	-	36,542,231	-	-
Ceylinco Bio-Tech Ltd.	-	35,251,618	-	-
Ceylinco Developers Ltd.	85,231,867	160,615,133	-	-
Ceylinco Housing Ltd.	231,810	613,797	-	-
Ceylinco Housing Corporation Ltd.	96,728	9,407,091	-	-
Ceylinco Villa Housing Development Ltd.	402,574	231,710	-	-
Ceylinco Construction Company Ltd.	825,187	798,895	-	-
Ceylinco Real Estate Developers Ltd.	-	22,817,044	-	-
Ceylinco Investment Corporation Ltd.	104,740,319	51,357,338	-	-
	197,787,914	389,226,007	-	-

AS AT 31ST MARCH		2009		2008		Total
Note	Current	1 - 5 years	5 < years	Current	1 - 5 years	Receivables
	Receivables	Receivables	Receivables	Receivables	Receivables	Rs.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
11. FINANCE LEASES - COMPANY						
Gross Investment	274,557,163	188,342,990	1,727,869	349,889,818	296,169,144	647,870,747
Rental Received In Advance	(5,249,636)	(15,814,055)	-	(12,261,847)	(7,985,136)	(20,246,983)
	<u>269,307,527</u>	<u>172,528,935</u>	<u>1,727,869</u>	<u>337,627,971</u>	<u>288,184,008</u>	<u>627,623,764</u>
Un- Earned Income	(62,639,921)	(30,478,249)	(440,828)	(90,491,470)	(50,982,752)	(142,240,208)
	<u>206,667,606</u>	<u>142,050,686</u>	<u>1,287,041</u>	<u>247,136,501</u>	<u>237,201,256</u>	<u>485,383,556</u>
Provision For Bad & Doubtful Debts	(26,016,664)	-	-	(16,197,494)	-	(16,197,494)
	<u>180,650,942</u>	<u>142,050,686</u>	<u>1,287,041</u>	<u>230,939,007</u>	<u>237,201,256</u>	<u>469,186,062</u>
FINANCE LEASES - GROUP						
Gross Investment	401,144,997	332,771,059	1,727,869	504,755,007	481,847,972	988,414,764
Rental Received In Advance	(5,683,681)	(15,814,055)	-	(12,363,639)	(7,985,136)	(20,348,775)
	<u>395,461,316</u>	<u>316,957,004</u>	<u>1,727,869</u>	<u>492,391,368</u>	<u>473,862,836</u>	<u>968,065,989</u>
Un - Earned Income	(96,150,376)	(63,032,919)	(440,828)	(106,475,102)	(119,248,780)	(226,489,868)
Inter Company Leases	<u>299,310,940</u>	<u>253,924,085</u>	<u>1,287,041</u>	<u>385,916,266</u>	<u>354,614,056</u>	<u>741,576,121</u>
	<u>(180,358)</u>	-	-	<u>(19,281,211)</u>	<u>(17,495,656)</u>	<u>(36,776,867)</u>
	<u>299,130,582</u>	<u>253,924,085</u>	<u>1,287,041</u>	<u>366,635,055</u>	<u>337,118,400</u>	<u>704,799,254</u>
Provision For Bad & Doubtful Debts	(54,890,054)	-	-	(32,767,118)	-	(32,767,118)
	<u>244,240,528</u>	<u>253,924,085</u>	<u>1,287,041</u>	<u>333,867,937</u>	<u>337,118,400</u>	<u>672,032,136</u>

NOTES TO THE ACCOUNTS

AS AT 31ST MARCH	Notes	Company		Group	
		2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
11.1 PROVISION FOR BAD & DOUBTFUL DEBTS					
Balance at the beginning of the year		16,197,494	142,927,285	32,767,118	155,951,834
Written off during the year		-	(127,274,831)	-	(138,308,693)
Provision/(Reversal) made during the year		9,819,170	545,040	22,122,936	15,123,977
Balance at the end of the year		26,016,664	16,197,494	54,890,054	32,767,118

12. LOANS					
Term Loans		841,772,259	825,282,231	1,198,328,894	1,055,209,784
Easy Payment Loans		159,095,042	167,775,649	1,014,443,503	600,083,534
Margin Trading Loans		2,775,558	5,147,944	2,775,558	5,147,944
Staff Loans	12.1	5,934,308	7,838,094	10,553,391	14,151,900
		1,009,577,167	1,006,043,918	2,226,101,346	1,674,593,162
Provision for Bad & Doubtful Debts	12.2	(41,971,816)	(9,021,383)	(67,543,540)	(12,620,262)
		967,605,351	997,022,535	2,158,557,806	1,661,972,900

12.1 STAFF LOANS					
Balance at the beginning of the year		7,838,094	8,699,125	14,151,900	14,595,185
Disbursement made during the year		7,813,929	10,874,833	11,810,479	15,198,853
		15,652,023	19,573,958	25,962,379	29,794,038
Recoveries made during the year		(9,740,798)	(11,735,864)	(14,875,336)	(15,196,275)
Staff Transfers		23,083	-	-	-
Written off during the year		-	-	(143,550)	-
Disposal of Subsidiary		-	-	(390,102)	(445,863)
Balance at the end of the year		5,934,308	7,838,094	10,553,391	14,151,900

12.2 PROVISION FOR BAD & DOUBTFUL DEBTS					
Balance at the beginning of the year		9,021,383	20,487,425	12,620,262	21,314,780
Written off during the year		-	(9,886,876)	(116,400)	(10,492,328)
Provision made during the year		32,950,433	(1,579,166)	55,039,678	1,797,810
Balance at the end of the year		41,971,816	9,021,383	67,543,540	12,620,262

12.3 LOANS GRANTED AGAINST SECONDARY PROPERTY MORTGAGES

Borrower	Loan Balance 31.03.2009 Rs.	Bad debt Provision made for 2008/2009 Rs.	Mortgage Property Valuation 31.03.2009 Rs.	Primary Mortgage O/S Balance 31.03.2009 Rs.	Amount secured by Secondary Mortgages Rs.
Ceylinco Bio Tech Ltd	33,847,872	3,847,469	36,250,000	5,629,335	30,000,000
Ceylinco Land Exchange Ltd	5,456,165	-	47,390,000	13,500,000	5,456,165
Ceylinco Selna Ltd	32,847,468	5,303,637	-	-	27,543,835
	72,151,505	9,151,106	83,640,000	19,129,335	63,000,000

The company is of the opinion that in the event of a default the company is in a position to take legal action and recover the dues while giving preference to the Primary Mortgage, since the value of the mortgaged properties are sufficient to cover the net outstanding amounts due from the above related party companies. Further, the company makes the appropriate provisions periodically taking into consideration the valuation of a professional valuer and the outstanding of prime mortgages.

AS AT 31ST MARCH	Notes	Company		Group	
		2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
13. HIRE PURCHASE					
Hire Purchase Stock		1,101,112,760	684,519,756	2,580,277,365	2,235,073,247
Deferred Interest		(383,268,537)	(253,171,686)	(802,388,340)	(748,391,314)
Hire Purchase Debtors		37,207,221	9,529,656	112,900,636	61,038,924
Interest in Suspense	13.1	(4,562,824)	-	(27,006,394)	(10,462,495)
Provision for Bad & Doubtfull Debts	13.2	(3,753,274)	-	(48,758,433)	(11,928,096)
		746,735,346	440,877,726	1,815,024,834	1,525,330,266

13.1 INTEREST IN SUSPENSE					
Balance at the beginning of the year		-	-	10,462,495	3,764,877
Transferred/(Reversed) during the year		4,562,824	-	16,543,899	6,697,618
Balance at the end of the year		4,562,824	-	27,006,394	10,462,495

NOTES TO THE ACCOUNTS

13.2 PROVISION FOR BAD & DOUBTFUL DEBTS

Balance at the beginning of the year	-	-	11,928,096	5,399,177
Written off during the year	-	-	-	(3,686,439)
Provision/(Reversal) made during the year	3,753,274	-	36,830,337	10,215,358
Balance at the end of the year	3,753,274	-	48,758,433	11,928,096

14. INVESTMENT IN SECURITIES

Long Term Investments	14.1	241,189,820	358,542,134	332,792,952	455,676,570
Trading Securities	14.2	3,349	1,417,532	1,505,960	11,929,516
		241,193,169	359,959,666	334,298,912	467,606,086

14.1 LONG TERM INVESTMENTS

Un - Quoted Investments	14.1.1	125,528,520	108,681,039	154,085,711	137,345,714
Quoted Investments	14.1.2	179,646,130	281,845,925	254,547,736	360,839,993
		305,174,650	390,526,964	408,633,447	498,185,707
Provision for Diminution in Value of Shares		(63,984,830)	(31,984,830)	(75,840,495)	(42,509,137)
		241,189,820	358,542,134	332,792,952	455,676,570

AS AT 31ST MARCH	Company			Group		
	No of Shares	Cost Rs.	2008 Cost Rs.	No of Shares	2009 Cost Rs.	2008 Cost Rs.

14.1.1 UNQUOTED INVESTMENTS

IN ORDINARY SHARES

Related Companies

Cey Homes Credit & Investments Ltd.	100,000	1,000,000	1,000,000	100,000	1,000,000	1,000,000
Ceycom Global Communication Ltd.	50,000	250,000	250,000	50,000	250,000	250,000
Ceylinco Agro (Pvt) Ltd.	-	-	-	-	-	1,000,000
Ceylinco Capital Ltd.	25,000	250,000	250,000	50,000	750,000	750,000
Ceylinco Cellular Company (Pvt) Ltd.	20,000	200,000	200,000	40,000	400,000	600,000
Ceylinco CISCO Security Corporation (Pvt) Ltd.	-	-	101,000	-	-	101,000
Ceylinco CISCO Ranaviru Services (Pvt) Ltd.	12,500	125,000	125,000	50,000	625,000	375,000
Ceylinco CISCO Cash Management & Transit Co. Ltd.	12,500	125,000	125,000	12,500	125,000	250,000
Ceylinco Coloured Stones (Pvt) Ltd.	-	-	2,150,000	140,000	1,400,000	6,350,000
Ceylinco Development Bank Ltd.	230,833	958,330	958,330	636,583	5,044,405	5,044,405
Ceylinco Design & Project Management Co.(Pvt) Ltd.	37,500	375,000	125,000	37,500	375,000	250,000
Ceylinco Diamond Trading Co (Pvt). Ltd.	616,037	7,186,830	7,186,830	631,037	8,686,830	8,686,830
Ceylinco Fashion Trends Co. Ltd.	30,000	300,000	300,000	48,500	485,000	485,000
Ceylinco Foliage Export (Pvt) Ltd.	1,784,534	17,919,235	-	1,834,534	18,419,235	-
Ceylinco Freight International (Pvt) Ltd.	10,200	102,000	102,000	10,200	102,000	204,000
Ceylinco Grameen Credit Co. Ltd.	15,000	150,000	150,000	25,000	250,000	250,000
Ceylinco Holding (Pvt) Ltd.	1,000	10,000	10,000	1,000	10,000	10,000
Ceylinco Homes International Ltd.	500,000	5,000,000	5,000,000	500,000	5,000,000	5,000,000
Ceylinco Hotels Ltd.	47,000	470,000	470,000	47,000	470,000	940,000
Ceylinco Investment Ltd.	-	-	-	12,500	125,000	125,000
Ceylinco Investment & Realty Ltd.	25,000	250,000	250,000	25,000	250,000	750,000
Ceylinco Land Exchange Ltd.	246	2,460	2,460	156,246	631,976	602,460
Ceylinco Management & Accountancy Services Ltd.	100,000	1,000,000	1,000,000	100,000	1,000,000	1,000,000
Ceylinco Net Assist (Pvt) Ltd.	12,500	125,000	125,000	37,500	375,000	375,000
Ceylinco Niranjana Invention (Pvt) Ltd.	9,875	61,250	61,250	17,375	136,250	136,250
Ceylinco Packaging Co. Ltd.	50,000	500,000	500,000	50,000	500,000	500,000
Ceylinco Pharmaceuticals Ltd.	25,000	250,000	250,000	50,000	500,000	750,000
Ceylinco Profit Sharing Investment Corporation Ltd.	12,500	125,000	125,000	37,500	375,000	375,000
MBSL Savings Bank Ltd.	10,833	108,330	108,330	10,833	108,330	108,330
Ceylinco Seylan Housing & Commercial Properties Ltd.	40,540	405,400	405,400	40,540	405,400	405,400
Ceylinco Shriram Capital Management Services Co.(Pvt) Ltd.	2,500	25,000	25,000	2,500	25,000	25,000
Ceylinco Sports Complex Ltd.	-	-	-	50,000	505,000	505,000
Ceylinco Tax & Financial Consultants (Pvt) Ltd.	23,000	230,000	230,000	23,000	230,000	230,000
Ceylinco Tourist Hotels Ltd.	18,550	2,295,000	2,295,000	24,150	2,990,000	2,990,000
Ceylinco Travels & Tours Ltd.	20,000	200,000	200,000	80,000	800,000	800,000
Ceylinco Universal Ltd.	5,000	50,000	50,000	10,000	100,000	100,000
Ceylinco Venture Capital Co. Ltd.	145,000	1,450,000	1,450,000	195,000	1,955,000	1,955,000
Ceylinco Worldwide Trading (Pvt) Ltd.	150	7,572	7,572	150	7,572	7,572
Ceynergy Electronic Co.(Pvt) Ltd.	30,000	300,000	300,000	30,000	300,000	300,000
CTV Creations (Pvt) Ltd.	-	-	-	4,000	40,000	40,000
eceylinco.com (Pvt) Ltd.	10,000	100,000	100,000	20,000	200,000	200,000
Economic Resurgence Association (Pvt) Ltd	200,000	1,000,000	1,000,000	400,000	3,000,000	3,000,000
IC & CS Software Solution Co. (Pvt) Ltd	10,000	100,000	100,000	20,000	200,000	200,000
Independent Financial News & Views (Pvt) Ltd	14,290	142,900	142,900	14,290	142,900	142,900
International College of Business Technology Ltd.	40,000	400,000	400,000	40,000	400,000	400,000
International Consultancy & Corporate Services (Pvt) Ltd.	20,000	200,000	200,000	20,000	200,000	200,000
Knoelt (Pvt) Ltd.	3,000	312,500	312,500	3,000	312,500	312,500
Middleway Ltd.	416	5,437	5,437	4,416	165,437	165,437
Middleway Printing (Pvt) Ltd.	20,000	200,000	-	20,000	200,000	-
San Michele Ltd.	1,750	175,000	175,000	2,750	275,000	275,000
Seraka Investments Ltd.	410,000	4,100,000	4,100,000	535,000	5,350,000	5,350,000
Sila International (Pvt) Ltd	-	-	2,596,686	-	-	2,596,686
South Asian Travels Ltd	25,000	250,000	250,000	25,000	250,000	500,000
The Sitar (Pvt) Ltd	-	-	65,000	6,500	65,000	195,000
The Finance & Guarantee Company Ltd	2,500	250,000	250,000	7,500	750,000	750,000
The Golden Key Credit Card Co. Ltd.	55,030	669,804	669,804	281,030	4,093,904	4,093,904
Tropical Foliage Ltd	100,000	890,932	-	100,000	890,932	-

Other Companies

Credit Information Bureau of Sri Lanka	100	23,300	23,300	200	25,800	25,800
Equity Investment Lanka Ltd.	50,000	600,000	600,000	50,000	600,000	600,000
Lanka Tractors Ltd.	36,000	518,040	518,040	36,000	518,040	518,040
		51,744,320	37,396,839		72,391,511	63,151,514

NOTES TO THE ACCOUNTS

IN PREFERENCE SHARES

Ceylinco Hotels Ltd. - 10%	820,000	8,200,000	8,200,000	820,000	8,200,000	8,200,000
Tropical Foliage Ltd	250,000	2,500,000	-	750,000	7,500,000	-
		<u>10,700,000</u>	8,200,000		<u>15,700,000</u>	8,200,000

IN DEBENTURES

AFL Development Ltd - (2.5% - 2012)	6,181,420	61,814,200	61,814,200	6,181,420	61,814,200	61,814,200
Blue Diamonds Jewellery Worldwide Ltd. (2% - 2008)	1,250	1,250,000	1,250,000	3,750	3,750,000	3,750,000
Ceylinco Grameen Credit Company Ltd. - (1.5% - 2007)	-	-	-	2,000	200,000	200,000
		<u>63,064,200</u>	63,064,200		<u>65,764,200</u>	65,764,200

IN OTHERS

Ceylinco Building Society Ltd.	40	20,000	20,000	1,040	30,000	30,000
Finance House Consortium	-	-	-	20,000	200,000	200,000
		<u>20,000</u>	20,000		<u>230,000</u>	230,000

TOTAL		125,528,520	108,681,039		154,085,711	137,345,714
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AS AT 31ST MARCH	No. Of Shares	2009		No. Of Shares	2008	
		Cost	Market Value		Cost	Market Value
		Rs.	Rs.		Rs.	Rs.

14.1.2. QUOTED INVESTMENTS

COMPANY

In Shares

Blue Diamonds Jewellery Worldwide PLC	3,565,109	39,998,542	5,347,664	3,565,109	39,998,542	9,625,794
Ceylinco Housing & Real Estate PLC.	82,030	502,410	656,240	544,430	3,334,473	17,013,438
Ceylinco Insurance PLC	-	-	-	778,658	18,489,747	167,216,805
Ceylinco Seylan Developments PLC	750,068	8,485,088	4,687,925	1,105,068	12,501,000	9,945,612
DFCC Bank PLC	4,711	1,225,798	320,348	10,011	2,604,852	1,261,386
Lanka Ceramic PLC	47,600	4,973,643	1,416,100	48,600	5,078,132	2,721,600
Lanka Walltile PLC	-	-	-	56,375	4,359,463	3,946,250
Merchant Bank of Sri Lanka PLC	-	-	-	10,466	762,230	172,689
Seylan Bank PLC	2,140,226	102,778,749	77,048,136	2,140,226	102,778,749	64,206,780
Seylan Bank PLC - Non Voting	-	-	-	3,994,910	49,936,375	36,952,918
Seylan Merchant Bank PLC	128,433	1,398,706	359,612	323,433	3,522,364	2,183,173
The Finance Company PLC	810,141	20,283,194	17,823,102	1,337,241	33,479,998	84,246,183

		179,646,130	107,659,127		276,845,925	399,492,628
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Investment In Debentures

Seylan Merchant Leasing PLC (12.5% - 2009)	-	-	-	50,000	5,000,000	5,000,000
	-	-	-		<u>5,000,000</u>	<u>5,000,000</u>

COMPANY TOTAL		179,646,130	107,659,127		281,845,925	404,492,628
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BY SUBSIDIARY COMPANY

In Shares

Blue Diamonds Jewellery Worldwide PLC.	24,930	434,369	37,395	24,930	434,369	68,611
Ceylinco Housing & Real Estate PLC	2,500	28,066	20,000	2,500	28,066	73,750
Ceylinco Insurance PLC	700	38,763	98,000	700	38,763	140,175
DFCC Bank PLC	-	-	-	1,386	597,111	173,250
Merchant Bank of Sri Lanka PLC	1,616	108,746	14,544	3,000	202,858	51,000
NDB Bank PLC	-	-	-	1,500	344,265	245,250
People's Merchant Bank PLC	-	-	-	300	9,091	17,100
Seylan Bank PLC	1,452,432	73,908,276	52,287,552	1,502,932	76,756,509	45,223,625
Seylan Merchant Bank PLC	1,000	20,657	2,800	1,000	20,657	7,000
The Finance Company PLC	3,680	218,162	80,960	3,680	218,162	230,920
Vanik Incorporation PLC	75	4,567	600	3,375	204,217	5,738

		<u>74,761,606</u>	<u>52,541,851</u>		<u>78,854,068</u>	<u>46,236,419</u>
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Investment In Debentures

Vanik Incorporation Limited	1,400	140,000	-	1,400	140,000	-
		<u>140,000</u>	-		<u>140,000</u>	-

GROUP TOTAL		254,547,736	160,200,978		360,839,993	450,729,047
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NOTES TO THE ACCOUNTS

AS AT 31ST MARCH	No Of Shares	2009	Market Value Rs.	No Of Shares	2008	Market Value Rs.
		Cost Rs.			Cost Rs.	
INVESTMENT IN SHARES BY SUBSIDIARIES						
BANKS, FINANCE & INSURANCE						
Asia Capital PLC	9,600	244,800	55,200	12,100	308,550	124,025
Ceylinco Insurance PLC	5	297	700	5	297	1,074
Commercial Bank of Ceylon PLC	-	-	-	90	2,113	12,600
DFCC Bank PLC	-	-	-	85	-	10,710
L B Finance PLC	-	-	-	100	2,000	2,250
Merchant Bank of Sri Lanka PLC	-	-	-	3,092	107,426	51,018
NDB Bank PLC	-	-	-	37	134	6,142
Nations Trust Bank PLC	-	-	-	400	8,872	11,900
Pan Asia Banking Corporation PLC	-	-	-	350,000	6,295,791	3,937,500
People's Merchant Bank PLC	-	-	-	100	1,040	5,650
Seylan Merchant Bank PLC	33	480	92	131,333	1,910,032	886,498
Seylan Bank PLC - Non Voting	32	400	176	32	400	296
The Finance Company PLC	44	2,472	968	404	32,472	25,452
Vanik Incorporation Ltd.	-	-	-	1,793	17,441	3,048
		<u>248,449</u>	<u>57,136</u>		<u>8,686,568</u>	<u>5,078,163</u>
BEVERAGE, FOOD AND TOBACCO						
Bairaha Farms Ltd.	-	-	-	500	12,767	8,500
Lanka Milk Foods (CWE) Ltd.	-	-	-	2,000	57,724	94,500
Three Acre Farms Ltd.	-	-	-	2,000	90,000	21,000
W.M.Mendis & Co.Ltd.	1,000	15,000	-	1,000	15,000	-
		<u>15,000</u>	<u>-</u>		<u>175,491</u>	<u>124,000</u>
CHEMICALS & PHARMACEUTICAL						
Chemical Industries (Colombo) Ltd.	-	-	-	1,700	126,835	57,375
		<u>-</u>	<u>-</u>		<u>126,835</u>	<u>57,375</u>
DIVERSIFIED HOLDINGS						
John Keells Holdings PLC	-	-	-	187	12,087	22,346
Richard Pieris PLC	4,000	171,919	100,000	528	51,005	20,592
Colombo Fort Land & Building Co. Ltd.	-	-	-	500	15,307	11,500
		<u>171,919</u>	<u>100,000</u>		<u>78,399</u>	<u>54,438</u>
FOOTWEAR & TEXTILES						
Veyangoda Textile Mills Ltd.	8,100	150,714	-	8,100	150,714	-
		<u>150,714</u>	<u>-</u>		<u>150,714</u>	<u>-</u>
HEALTH CARE						
Nawaloka Hospitals PLC	33	139	56	1,503,733	7,512,772	4,060,079
		<u>139</u>	<u>56</u>		<u>7,512,772</u>	<u>4,060,079</u>
HOTELS AND TRAVELS						
Hunnas Falls Hotels PLC	97	1,291	3,274	97	1,291	2,668
Mahaweli Reach Hotels Ltd.	-	-	-	500	15,815	7,500
		<u>1,291</u>	<u>3,274</u>		<u>17,106</u>	<u>10,168</u>

NOTES TO THE ACCOUNTS

AS AT 31ST MARCH	2009			2008		
	No Of Shares	Cost Rs.	Market Value Rs.	No Of Shares	Cost Rs.	Market Value Rs.
LAND & PROPERTY						
CT Land Development PLC	-	-	-	750	6,893	13,500
					<u>6,893</u>	<u>13,500</u>
MANUFACTURING						
ACL Cables PLC	-	-	-	172	-	7,912
Blue Diamonds Jewellery Worldwide PLC	190,000	1,549,267	285,000	190,000	1,549,267	513,000
Ceylon Grain Elevators Ltd.	-	-	-	400	27,753	4,700
Dankotuwa Porcelain Ltd.	-	-	-	1,500	90,000	25,500
Kelani Tyres Ltd.	-	-	-	2,640	115,471	63,360
Magpek Exports Ltd.	2,500	100,000	-	2,500	100,000	-
Pelwatte Sugar Industries Ltd.	-	-	-	1,300	26,641	29,250
Royal Ceramics Lanka PLC	450	832	12,381	500	924	21,250
		<u>1,650,099</u>	<u>297,381</u>		<u>1,910,056</u>	<u>664,972</u>
MOTORS						
United Motors Lanka PLC	-	-	-	500	16,025	26,875
					<u>16,025</u>	<u>26,875</u>
PLANTATIONS						
Udupussellawa Plantations PLC	-	-	-	700	43,319	28,350
Malwatte Plantation PLC	50,500	2,271,652	1,035,250	-	-	-
		<u>2,271,652</u>	<u>1,035,250</u>		<u>43,319</u>	<u>28,350</u>
TRADING						
Singer (Sri Lanka) PLC	295	157	9,514	595	9,610	34,064
Richard Pieris Exports PLC	-	-	-	30,000	1,123,471	360,000
		<u>157</u>	<u>9,514</u>		<u>1,133,081</u>	<u>394,064</u>
GROUP TOTAL		5,323,670	1,505,960		23,904,867	11,929,516

15. INVESTMENT IN SUBSIDIARIES

	2009			2008		
	No of shares	Holding %	Cost Rs	No of shares	Holding %	Cost Rs
Ordinary Shares						
Asian Finance Ltd.	2,636,402	89.40	26,239,020	2,636,402	89.40	26,239,020
Ceylinco Developers Ltd.	6,540,000	66.13	65,400,000	6,540,000	66.13	65,400,000
Ceylinco Foliage Exports (Pvt) Ltd.	-	-	-	7,284,535	67.91	73,636,503
Ceylinco Stock Brokers (Pvt) Ltd.	1,887,862	73.65	38,269,518	1,887,862	73.65	38,269,518
Ceylinco Treasuries Ltd.	100,000	100.00	1,000,000	100,000	100.00	1,000,000
CSF Money Broking Co Ltd.	1,200,000	85.71	12,000,000	1,200,000	85.71	12,000,000
Ceylinco Towers Ltd	500,000	100.00	5,000,000	500,000	100.00	5,000,000
Ceylinco Investment Corporation Ltd	600,000	100.00	6,000,000	600,000	100.00	6,000,000
			<u>153,908,538</u>			<u>227,545,041</u>
Preference Shares						
Ceylinco Stock Brokers (Pvt) Ltd.	1,532,500	-	15,325,000	-	-	-
Tropical Foliage Ltd	-	-	-	250,000	-	2,500,000
			<u>15,325,000</u>			<u>2,500,000</u>
			169,233,538			230,045,041

16. INVESTMENT PROPERTY

	Company		Group	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Balance at the beginning of the year	403,398,730	-	343,038,015	-
Unrealised Profit recognised	-	-	56,689,798	-
Purchased / Transferred during the year	73,427,584	403,398,730	73,427,584	343,038,015
Balance at the end of the year	476,826,314	403,398,730	473,155,397	343,038,015

AS AT 31ST MARCH										
17. PROPERTY, PLANT & EQUIPMENT										
COMPANY	Land & Buildings	Office Equipments	Furniture & Fittings	Motor Vehicles	Computer Equipments & Software	Leased Motor Vehicles	2009 Total	2008 Total		
DESCRIPTION	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
COST										
Balance at the beginning	175,940,000	22,408,390	15,601,796	12,913,179	45,213,401	31,785,760	303,862,526	276,613,795		
Additions during the year	-	3,135,092	977,043	3,054,322	21,354,912	17,912,500	46,433,869	28,809,436		
Revaluation	-	-	-	-	-	-	-	8,720,188		
Revaluation Adjustment	-	-	-	-	-	-	-	(4,735,270)		
Disposals during the year	-	(195,897)	(112,300)	(4,786,347)	(99,300)	(29,720,110)	(34,913,954)	(5,545,623)		
Balance at the end	<u>175,940,000</u>	<u>25,347,585</u>	<u>16,466,539</u>	<u>11,181,154</u>	<u>66,469,013</u>	<u>19,978,150</u>	<u>315,382,441</u>	<u>303,862,526</u>		
DEPRECIATION										
Balance at the beginning	1,037,901	17,824,980	12,218,851	5,036,502	34,650,810	16,367,848	87,136,892	67,652,846		
Depreciation for the year	6,227,410	2,499,029	995,171	3,364,398	14,313,241	9,550,678	36,949,927	28,974,209		
Revaluation Adjustment	-	-	-	-	-	-	-	(4,735,270)		
Depreciation on disposal	-	(184,467)	(112,300)	(2,012,871)	(99,300)	(19,738,899)	(22,147,837)	(4,754,893)		
Balance at the end	<u>7,265,311</u>	<u>20,139,542</u>	<u>13,101,722</u>	<u>6,388,029</u>	<u>48,864,751</u>	<u>6,179,627</u>	<u>101,938,982</u>	<u>87,136,892</u>		
W.D.V as at 31.03.2009	168,674,689	5,208,043	3,364,817	4,793,125	17,604,262	13,798,523	213,443,459			
W.D.V as at 31.03.2008	174,902,099	4,583,410	3,382,945	7,876,677	10,562,591	15,417,912		216,725,634		

AS AT 31ST MARCH		Net Houses & other Structures		Office Equipment		Furniture & Fittings		Motor Vehicles		Computer Equipments & Software		Leased Assets		2009 Total		2008 Total	
GROUP DESCRIPTION	Land & Buildings Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Motor Vehicles	Construction Machinery	Rs	Rs	Rs	Rs
COST																	
Balance at the beginning	303,748,591	71,522,847	93,002,164	62,334,880	46,861,533	104,785,266	166,340,464	4,010,000						852,605,745	1,096,866,491		
Additions during the year	17,623,849	-	3,829,097	1,408,528	3,054,322	26,095,004	27,414,403	-	-	-	-	-	-	79,425,203	124,604,482		
Transferred to Real Estate Stocks	(62,999,002)	-	-	-	-	-	-	-	-	-	-	-	-	(62,999,002)	-		
Unrealised Profit Recognised	43,298,044	-	-	-	-	-	-	-	-	-	-	-	-	43,298,044	-		
Written off During the year	-	-	(6,828,710)	(798,793)	(213,500)	(295,125)	(2,350,000)	-	-	-	-	-	-	(10,486,128)	-		
Transfers to/(from)	-	-	-	-	1,683,037	-	(1,683,037)	-	-	-	-	-	-	-	-		
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,720,188		
Revaluation Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,735,270)		
Disposal During the year	(52,748,709)	-	(834,742)	(317,725)	(19,283,597)	(342,796)	(133,155,311)	(1,152,500)	-	-	-	-	-	(207,835,380)	(349,224,304)		
Disposal of Subsidiary	(50,235,572)	(71,522,847)	(16,739,452)	(1,835,765)	(746,398)	(185,120)	(18,489,547)	-	-	-	-	-	-	(159,754,701)	(23,625,842)		
Balance at the end	198,687,201	-	72,428,357	60,791,125	31,355,397	130,057,229	38,076,972	2,857,500						534,253,781	852,605,745		
DEPRECIATION																	
Balance at the beginning	9,442,058	15,843,002	60,545,604	33,034,640	28,806,412	62,481,546	68,537,876	4,010,000						282,701,138	230,613,549		
Depreciation for the year	8,152,074	-	8,679,076	6,586,185	8,743,678	21,302,038	29,726,582	-	-	-	-	-	-	83,189,633	97,824,001		
Written off During the year	-	-	(6,765,029)	(764,063)	(213,500)	(295,125)	(2,350,000)	-	-	-	-	-	-	(10,387,717)	-		
Transfers to/(from)	-	-	-	-	1,683,037	-	(1,683,037)	-	-	-	-	-	-	-	-		
Revaluation Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,735,270)		
Depreciation on Disposal	(4,060,139)	-	(677,613)	(317,725)	(14,224,733)	(295,515)	(72,390,142)	(1,152,500)	-	-	-	-	-	(93,118,367)	(35,870,593)		
Disposal of Subsidiary	(2,751,282)	(15,843,002)	(8,592,538)	(1,141,471)	(2,107,659)	(101,606)	(4,154,518)	-	-	-	-	-	-	(34,692,076)	(5,130,549)		
Balance at the end	10,782,711	-	53,189,500	37,397,566	22,687,235	83,091,338	17,686,761	2,857,500						227,692,611	282,701,138		
W.D.V AS AT 31.03.2009	187,904,490	-	19,238,857	23,393,559	8,668,162	46,965,891	20,390,211	-	-	-	-	-	-	306,561,170	-	-	-
W.D.V AS AT 31.03.2008	294,306,533	55,679,845	32,456,560	29,300,240	18,055,121	42,303,720	97,802,588	-	-	-	-	-	-	-	569,904,607	-	-

NOTES TO THE ACCOUNTS

Note

17.1 The Land and Building owned by the Company situated at 169 & 169 1/1 Colombo Road Negambo was revalued by Mr. G.A.Gunawardene F.I.V, D.I.V. an Independent professional valuer on 31st January 2008 amounting to Rs. 175,000,000/- based on Investment & Contractor's basis and the resultant surplus of Rs. 50,546,457/- thereon has been transferred to the revaluation reserve.

17.2 The Land owned by the Company situated at ward No.5 Keselwatte Panadura was revalued by Mr. G.A.Gunawardene F.I.V, D.I.V. an Independent professional valuer on 5th January 2008 amounting to Rs. 940,000/- based on Comparison basis.

17.3 Land & Building

	31.03.2009			
	Net Book value		Market value	
	Company Rs.	Group Rs.	Company Rs.	Group Rs.
At Cost	-	19,229,801	-	19,229,801
At Valuation	168,674,689	168,674,689	168,674,689	168,674,689
	168,674,689	187,904,490	168,674,689	187,904,490

AS AT 31ST MARCH	Notes	Company		Group	
		2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.

18. DEBENTURES

Balance at the beginning of the year	19,740,000	110,490,000	249,550,000	340,279,000
Issued and allotted during the year	-	-	-	50,000,000
Redeemed during the year	(19,740,000)	(90,750,000)	(113,350,000)	(140,729,000)
Balance at the end of the year	-	19,740,000	136,200,000	249,550,000

Issued Unquoted, Unsecured, Subordinated, Redeemable Debentures of Rs. 100/- each which is redeemable before 07/04/2008 and Interest is payable as follows

Company	Alloted During 2005 Rs
Type 1 : 13% p.a. Payable Annually	87,160,000
Type 2 : 12% p.a. Payable Annually with a put option after 2 years	24,310,000
Type 3 : 11% p.a. Payable Monthly	12,760,000
	124,230,000

19. BORROWINGS - MEDIUM & LONG TERM

Long Term Loans	19.1	156,485,332	662,944,315	319,280,298	1,098,225,889
Lease Creditors	19.2	11,364,722	8,055,752	12,302,884	33,559,797
		167,850,054	671,000,067	331,583,182	1,131,785,686

19.1 LONG TERM LOANS

Balance at the beginning of the year	1,036,386,602	1,284,547,454	1,791,057,416	2,109,647,001
Loans obtained during the year	32,115,371	244,844,353	46,721,425	851,496,425
Loans repaid during the year	(842,337,943)	(493,005,205)	(1,216,498,249)	(1,108,243,689)
	226,164,030	1,036,386,602	621,280,592	1,852,899,737
Disposal of Subsidiary	-	-	(40,947,871)	(61,842,321)
Loans Payable within 1 year	(69,678,698)	(373,442,287)	(261,052,423)	(692,831,527)
Balance at the end of the year	156,485,332	662,944,315	319,280,298	1,098,225,889

NOTES TO THE ACCOUNTS

The following Bank Borrowings are included under Long Term Borrowings

AS AT 31ST MARCH		Company		Group		Security
		2009	2008	2009	2008	
Company Name	Lending Institution	Rs	Rs	Rs	Rs	
Nation Lanka Finance PLC	Central Bank	4,943,630	7,409,230	4,943,630	7,409,230	Unsecured
Asian Finance Ltd	DFCC Bank PLC	-	-	32,500,000	112,500,000	Mortgage over Land & Building
Asian Finance Ltd	Peoples Bank	-	-	133,426,014	192,270,000	Easy Payment & Land stock
Ceylinco Housing Ltd	DFCC Bank PLC	-	-	5,841,287	16,907,392	Mortgage over the lease hold rights of the properties owned by BOI.
Ceylinco Developers Ltd	Peoples Bank	-	-	8,333,334	23,333,334	Mortgage over the lease hold rights of the properties owned by BOI.
Ceylinco Villa Housing Development Ltd	Peoples Bank	-	-	1,706,965	25,333,333	Mortgage over the lease hold rights of the properties owned by BOI.
Ceylinco Investment Corporation Ltd	Seylan Bank PLC	-	-	68,489,386	89,360,000	Mortgage over Land
Ceylinco Foliage Exports (Pvt) Ltd	Commercial Bank PLC	-	-	-	1,840,000	Mortgage over Land
Ceylinco Bio Tec Ltd	DFCC Bank PLC	-	-	-	9,799,988	Mortgage over Land & Building
Tropical Foliage Ltd	DFCC Bank PLC	-	-	-	24,094,184	Mortgage over Land
		4,943,630	7,409,230	255,240,616	502,847,461	

AS AT 31ST MARCH		Company			Group		
		Total As At 2009	Current Payable	1-5 Years Payable	Total As At 2009	Current Payable	1-5 Years Payable
Notes	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	

19.2 LEASE CREDITORS

Gross Liability	20,787,523	7,218,804	13,568,719	25,432,424	10,567,495	14,864,929
Rental Paid in Advance	-	-	-	(129,304)	-	(129,304)
	20,787,523	7,218,804	13,568,719	25,303,120	10,567,495	14,735,625
Finance Charges Allocated to Future Periods	(5,017,327)	(2,813,330)	(2,203,997)	(5,709,168)	(3,276,427)	(2,432,741)
Net Liability	15,770,196	4,405,474	11,364,722	19,593,952	7,291,068	12,302,884
Inter Company Leases	-	-	-	(180,358)	(180,358)	-
	15,770,196	4,405,474	11,364,722	19,413,594	7,110,710	12,302,884

AS AT 31ST MARCH		Company		Group	
		2009	2008	2009	2008
		Rs.	Rs.	Rs.	Rs.

20. DEFERRED TAX LIABILITIES

Balance at the beginning of the year		-	-	1,599,539	2,310,061
Disposal of Subsidiary		-	-	(567,554)	(361,546)
Provision/(Reversal) made during the year	6.1	-	-	51,372	(348,976)
Balance at the end of the year		-	-	1,083,357	1,599,539

21. AMOUNTS DUE TO SUBSIDIARIES

CSF Money Broking Company Ltd.	8,470,427	6,731,015	-	-
Ceylinco Treasuries Ltd	6,859,390	200,427,242	-	-
Ceylinco Towers Ltd	1,313,101	1,501,415	-	-
	16,642,918	208,659,672	-	-

AS AT 31ST MARCH	Company		Group	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
22. RETIREMENT BENEFIT OBLIGATIONS - GRATUITY				
22.1 Provision For Defined Benefit Obligations (Net)				
Present Value of Defined benefit Obligations	18,277,882	48,697,148	78,433,412	111,355,397
Plan Assets	(38,203,150)	(29,438,304)	(38,203,150)	(29,438,304)
Provision for Defined Benefit Obligations	(19,925,268)	19,258,844	40,230,262	81,917,093
22.2 Movement in the Present Value of Defined Benefit Obligations				
Balance as at 1st April	48,697,148	39,720,985	111,355,397	94,563,660
Effect of change in accounting policy due to the adoption of SLAS 16	(34,267,691)	-	(34,267,691)	-
Revised balance as at 1st April	14,429,457	39,720,985	77,087,706	94,563,660
Staff transfers	-	-	-	302,788
Current Service Cost	1,658,037	-	1,658,037	-
Interest Cost	1,930,499	-	1,930,499	-
Provision made during the year*	-	12,219,663	10,988,700	24,280,180
Transferred from gratuity Trust Fund	1,782,650	-	1,782,650	-
Unrecognized Actuarial (Gain)/ Loss	2,042,539	-	2,042,539	-
Transferred to Gratuity Trust Fund	(1,782,650)	-	(1,782,650)	-
Payment made (including benefits paid by the plan) in 2008/09	(1,782,650)	(3,243,500)	(8,938,634)	(6,587,181)
Disposal of Subsidiary	-	-	(6,335,435)	(1,204,050)
Balance as at 31st March	18,277,882	48,697,148	78,433,412	111,355,397
22.3 Movement In Plan Assets				
Balance as at 1st April	29,438,304	29,438,304	29,438,304	29,438,304
Effect of change in accounting policy due to adoption of SLAS 16	4,489,600	-	4,489,600	-
Revised balance as at 1st April	33,927,904	29,438,304	33,927,904	29,438,304
Expected return on Plan Assets	3,964,389	-	3,964,389	-
Contribution paid into plan	1,782,650	-	1,782,650	-
Benefits paid by the Plan	(1,782,650)	-	(1,782,650)	-
Unrecognized Actuarial Gain/ (Loss) on Plan Assets	310,857	-	310,857	-
Balance as at 31st March	38,203,150	29,438,304	38,203,150	29,438,304
22.4 Unrecognized Actuarial (Gain) or Loss				
Balance as at 1st April	-	-	-	-
Actuarial (Gain)/ Loss for year- Obligation	2,042,539	-	2,042,539	-
Actuarial (Gain)/ Loss for year- Plan Assets	(310,857)	-	(310,857)	-
Recognized in the income statement	(1,731,682)	-	(1,731,682)	-
Balance as at 31st March	-	-	-	-
22.5 Amount Recognized in the Income Statement				
Current Service Cost	1,658,037	-	1,658,037	-
Interest Cost	1,930,499	-	1,930,499	-
Expected Return on Plan Assets	(3,964,389)	-	(3,964,389)	-
Actuarial (Gain)/ Losses Recognized in the income statement	1,731,682	-	1,731,682	-
Provision made During the year as per previous policy	-	12,219,663	10,988,700	24,280,180
	1,355,829	12,219,663	12,344,529	24,280,180
	Company Effect on Retained Earnings 01.04.2008		Group Effect on Retained Earnings 01.04.2008	
22.6 First time adoption of SLAS 16(Revised)- Defined Benefit Obligation				
Decrease in defined benefit obligation	34,267,691		34,267,691	
Increase in fair value of plan assets	4,489,600		4,489,600	
	38,757,291		38,757,291	

*The Company could not carry out an actuarial valuation of retirement benefit obligations for periods prior to 31st March 2008. Therefore, the Company was unable to apply the change in accounting policy retrospectively for the earliest period presented which is 1st April 2008. Due to the limitation of the retrospective application, the Company determined the cumulative effect of change in accounting policy and accordingly applied the change to carrying of the assets & liabilities as at the beginning of the current period and made the corresponding adjustment to the opening balance of the retained earnings.

The transitional liabilities as at 1st April 2008 is less than that would have been recognized as at 1st April 2008 under the Company's previous accounting policy and the value of the plan asset is more than that would have been recognized as at 1st April 2008 under the previous accounting policy and therefor the Company recognized the net decrease of defined benefit obligation amounting to Rs.34.27 Mn. and plan assets amounting to Rs.4.49 Mn.

NOTES TO THE ACCOUNTS

AS AT 31ST MARCH	Company		Group	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.

23. Short term borrowings - Bank loans

The following Bank Borrowings are included under Short Term Borrowings

Company	Lending Institution	Security	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Nation Lanka Finance PLC	Wayamba Co-operative Rural Bank Union Ltd	Mortgage over Land	100,000,000	-	100,000,000	-
Nation Lanka Finance PLC	Matara District Co-operative Rural Bank Union Ltd	Mortgage over Land	50,000,000	-	50,000,000	-
			150,000,000	-	150,000,000	-

24. STATED CAPITAL

ISSUED & FULLY PAID	2009 Rs.	2008 Rs.
19,986,050 A Class Ordinary Shares	278,503,360	278,503,360
6,181,420 2.5% Non Cumulative Non Participating Redeemable Preference Shares	61,814,200	61,814,200

In accordance with section 58 of the Companies Act No. 7 of 2007 share capital & share premium have been reclassified as stated capital.

AS AT 31ST MARCH					
	Upto 3 months Rs	3 to 12 months Rs	1 to 3 years Rs	More than 3 years Rs	2009 Total Rs
25. MATURITY ANALYSIS OF THE ASSETS &					
LIABILITIES OF THE GROUP					
ASSETS					
Interest Earning Assets					
Short Term Investments	27,376,986	-	-	-	27,376,986
Investment in Government Securities	-	9,065,717	-	-	9,065,717
Loans & Bills Discounted	449,170,516	498,064,830	659,590,424	553,576,443	2,160,402,213
Finance Leases	95,583,578	130,876,930	204,849,563	68,141,583	499,451,654
Hire Purchase	164,642,652	396,840,054	986,562,338	266,979,790	1,815,024,834
Non Interest Earning Assets					
Cash & Bank Balances	58,382,326	-	-	-	58,382,326
Debtors Receivable, Advances & Prepayments	480,132,541	363,435,083	46,991,297	33,337,474	923,896,395
Investment in Securities	23,753,224	-	8,200,000	302,345,688	334,298,912
Investment in Real Estate & Housing	529,594,098	1,323,294,476	607,199,076	45,000,000	2,505,087,650
Property, Plant & Equipment	14,080,002	1,248,758	59,568,074	231,664,336	306,561,170
Total	1,842,715,923	2,722,825,848	2,572,960,772	1,501,045,314	8,639,547,857
LIABILITIES & SHAREHOLDERS FUNDS					
Interest Bearing Liabilities					
Bank Overdraft	219,302,020	-	-	-	219,302,020
Public Deposits	1,641,123,339	801,984,511	163,853,785	86,915,505	2,693,877,140
Borrowings	2,439,826,196	1,636,879,306	426,649,259	59,322,326	4,562,677,087
Non Interest Bearing Liabilities					
Provision for Retirement Gratuity	-	-	-	40,230,262	40,230,262
Creditors & Payables	277,204,969	262,908,119	3,084,472	6,734,152	549,931,712
Dividends Payable	5,906,035	-	-	-	5,906,035
Shareholders' Funds	-	-	-	417,229,029	417,229,029
Minority Interest	-	-	-	150,394,572	150,394,572
Total	4,583,362,559	2,701,771,936	593,587,516	760,825,846	8,639,547,857

26. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

(a) The Board of Directors have decided to divest the investment in Ceylinco Stock Brokers (Pvt) Ltd to B.P. De Silva Holdings Ltd.

(b) The following Directors were appointed to the board subsequent to the balance sheet date.

Mr. N B S B Balalle (w.e.f. 23rd April 2009), Mr. H D de Z Sahabandu (w.e.f. 19th May 2009), Mr. D H N Piyadigama (w.e.f. 15th August 2009)

Except for the above mentioned facts No circumstances have arisen since the balance sheet date which would require adjustment to or disclosure in the Financial Statements.

27. CAPITAL COMMITMENTS & CONTINGENT LIABILITIES

There were no material capital commitments as at the balance sheet date that require adjustment to or disclosure in the Financial Statements.

Letters of Guarantee given by the group as at the balance sheet date amounted to Rs. 20 Million.

M/s Gold Lada Ltd and Mr D.R. Senanayake have filed the following three cases against several companies including Nation Lanka Finance PLC. The Lawyers are of the opinion that the outcome of or the possible liability of any of these cases cannot be assessed at this stage.

(a) DC Colombo Case No. 5577/SPL

(b) DC Colombo Case No. 5598/SPL

(c) DC Colombo Case No. 5635/SPL

28. COMPARATIVE INFORMATION

Comparative figures and phrases have been re-arranged wherever necessary to conform to the current year's presentation.

29. ASSETS PLEDGED BY THE GROUP

The following assets have been pledged as security as at 31st March 2009 for liabilities such as Term Loans and Bank Overdraft facilities.

Nature of Asset	Cost Rs.
Shares (Market Value as at 31.03.2009 Rs. 81,781,304/-)	73,509,420
Land & Buildings	931,366,751
Easy Payment Stock	53,437,955
Lease & Hire Purchase Stock	163,534,224
	1,221,848,350

Other than the above the group has obtained loans amounting to Rs. 15,881,586/- by providing mortgages over the lease hold rights of the properties owned by BOI.

30. COMPENSATION OF KEY MANAGEMENT PERSONEL

Compensation paid to key management personnel (Board of Directors) of the Company/Group is disclosed under Note No. 5.

31. RELATED PARTY TRANSACTIONS

The company carries out transactions with related Companies as defined in the Sri Lanka Accounting Standard 30 Related Party Disclosures (revised 2005) within the ordinary course of business. The details of which are disclosed below.

Messers Deshamanya Dr. J L B Kotelawala (Retired w.e.f. 06th February 2009), Mr.W G B M Ranaweera, Lady Dr. S P C Kotelawala (Resigned w.e.f 31st October 2008), Mr.W B B C J Fernando, Mr C K Gamage, Mr. S N Jayasinghe, Mr. V J Alahendra, Mr.W.H M N Bandara (Resigned w.e.f 15th January 2009), Mr S R Wijesinghe (Resigned w.e.f. 16th January 2009), Mr.S K M Perera (Resigned w.e.f. 18th December 2008), Mr.L.Guneratne (Resigned w.e.f 11th February 2009), Mr.W.T. Weerasooriya, Dr.T Senthilverl, Mr. W.K. Galagoda (Appointed w.e.f. 1st January 2009) & Mr. U.A.A Weerasooriya (Appointed w.e.f. 1st January 2009) who are Directors of the company as at 31st March 2009 have an interest in all or some of the transactions referred to in Note 31A to these Financial Statements. They either directly or Indirectly have share ownership in companies forming part of the Ceylinco Group and or hold directorates in such related companies.

The name of the company, the Directors and their relationship, the nature of transactions and the balance outstanding as at 31st March 2009 are as follows.

TRANSACTIONS WITH/BETWEEN SUBSIDIARIES

Name of the Related Party	Director	Relationship	Nature of Transaction	Value Rs. 000'	Net Outstanding as at 31. 03. 2009 Rs. 000'
31 A. TRANSACTIONS WITH / BETWEEN SUBSIDIARIES					
Asian Finance Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	6,874	
	Mr.W G B M Ranaweera	Deputy Chairman	Expenses reimbursements	9,666	
	Dr(Mrs) S P C Kotelawala **	Director	Receipts on receivables	(18,380)	
	Mr.W B B C J Fernando	Director	Loan interest	831	
	Mr C K Gamage	Finance Director	Bad debt provision made	(780)	4,032
	Mr.W K Galagoda #	Director			
	Mr.U A A Weerasooriya ##	Director			
CSF Money Broking Co. Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	225	
	Mr.W G B M Ranaweera	Deputy Chairman	Expense reimbursements	8,742	
	Dr(Mrs) S P C Kotelawala **	Director	Management fees	235	
	Mr.W B B C J Fernando	Executive Director	Lease interest	825	
			Receipts on receivables	(9,776)	
			Short term borrowing	(2,103)	
			Short term borrowing interest	(983)	
			Services obtained	(1,209)	
			Payments made on payables	2,999	
			Vehicle sale proceeds	(7,880)	(8,470)
Ceylinco Stock Brokers (Pvt) Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	420	
	Mr.W G B M Ranaweera	Deputy Chairman	Loan interest	738	
	Dr(Mrs) S P C Kotelawala **	Director	Lease interest	1,079	
	Mr.W B B C J Fernando	Director	Expense reimbursements	3,657	
	Mr. S N Jayasinghe	Executive Director	Receivable on share trading	2,173	
			Receipts on receivables	(9,111)	
		Preference shares	15,325	2,228	
Ceylinco Developers Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	1,818	
	Mr.W G B M Ranaweera	Deputy Chairman	Loan interest	8,393	
	Dr(Mrs) S P C Kotelawala **	Director	Rent	1,208	
	Mr.W B B C J Fernando	Director	Expense reimbursements	8,488	
	Mr S R Wijesinghe ****	Director	Lease interest	76	
			Receipts on receivables	(96,170)	
			Bad debt provision made	(439)	85,232
Ceylinco Treasuries Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	437	
	Mr.W G B M Ranaweera	Deputy Chairman	Loan interest	25	
	Dr(Mrs) S P C Kotelawala **	Director	Expense reimbursements	2,294	
	Mr.W B B C J Fernando	Executive Director	Lease interest	732	
			Receipts on receivables	(4,394)	
			Short Term borrowings	(254,796)	
			Interest on borrowings	(39,522)	
		Payments on payables	488,128	(6,859)	
Ceylinco Towers Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	5	
	Mr.W G B M Ranaweera	Deputy Chairman	Expense reimbursements	73	
	Dr(Mrs) S P C Kotelawala **	Director	Fixed asset purchased	88	
	Mr.W B B C J Fernando	Director	AC opening expenses paid	25	
	Mr C K Gamage	Director	Receipts on Receivables	(3)	(1,313)
	Mr. S N Jayasinghe	Director			
	Mr. V J Alahendra	Director			
Ceylinco Villa Housing Development Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	173	
	Mr.W G B M Ranaweera	Deputy Chairman	Receipts on receivables	(3)	403
	Dr(Mrs) S P C Kotelawala **	Director			
	Mr.W B B C J Fernando	Director			
Ceylinco Housing Corporation Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	28	
	Mr.W G B M Ranaweera	Deputy Chairman	Receipts on Receivables	(9,338)	97
	Dr(Mrs) S P C Kotelawala **	Director			
	Mr.W B B C J Fernando	Director			
Ceylinco Housing Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	160	
	Mr.W G B M Ranaweera	Deputy Chairman	Receipts on receivables	(542)	232
	Dr(Mrs) S P C Kotelawala **	Director			
	Mr.W B B C J Fernando	Director			

TRANSACTIONS WITH/BETWEEN SUBSIDIARIES

Name of the Related Party	Director	Relationship	Nature of Transaction	Value Rs. 000'	Net Outstanding as at 31. 03. 2009 Rs. 000'	
Ceylinco Investment Corporation Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	6,718		
	Mr.W G B M Ranaweera	Deputy Chairman	Profit share on land stocks	3,002		
	Dr(Mrs) S P C Kotelawala **	Director	Loan Interest	14,047		
	Mr. S N Jayasinghe	Director	Rent	1,028		
	Mr H M N Bandara ***	Director	Expense reimbursements	12,133		
			Receipts on receivables	(27,092)	84,011	
Ceylinco Construction Co. Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	277		
	Mr.W G B M Ranaweera	Deputy Chairman	Expenses reimbursed	105		
	Dr(Mrs) S P C Kotelawala **	Director	Lease interest income	67		
	Mr.W B B C J Fernando	Director	Receipts on receivables	(3,632)		
	Mr C K Gamage	Director			825	
31 B. TRANSACTIONS WITH OTHER RELATED PARTIES						
Ceylinco Foliage Export (Pvt) Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	311		
	Mr.W G B M Ranaweera	Deputy Chairman	Rent	3,036		
	Dr(Mrs) S P C Kotelawala **	Director	Loan Interest	1,020		
	Mr.W B B C J Fernando	Executive Director	Expense reimbursements	3,987		
	Mr H M N Bandara ***	Director	Receipts on receivables	(3)		
			Bad debt provision made	(19,604)	73,281	
Tropical Foliage Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	719		
	Mr.W G B M Ranaweera	Deputy Chairman	Loan Interest	8,413		
	Dr(Mrs) S P C Kotelawala **	Director	Expense reimbursements	28		
	Mr.W B B C J Fernando	Executive Director	Loan	5,000		
	Mr C K Gamage	Director	Receipts on receivables	(3,063)		
	Mr H M N Bandara ***	Director			43,721	
Ceylinco BioTech Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	323		
	Mr.W G B M Ranaweera	Deputy Chairman	Loan Interest	7,747		
	Dr(Mrs) S P C Kotelawala **	Director	Lease interest income	10		
	Mr.W B B C J Fernando	Executive Director	Receipts on receivables	(3,404)		
	Mr H M N Bandara ***	Director	Bad debt provision made	(3,847)		
					39,930	
Ceylinco Selna Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	1,697		
	Mr.W G B M Ranaweera	Deputy Chairman	Vehicle hiring charges	415		
	Dr(Mrs) S P C Kotelawala **	Director	Loan Interest	13,186		
	Mr.W B B C J Fernando	Director	Loan	32,847		
	Mr C K Gamage	Finance Director	Expense reimbursements	9,004		
				Joint Venture Profit share	1,388	
				Receipts on Receivables	(31,883)	
			Bad debt provision made	(1,539)	103,754	
Selna Residencies Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	101		
	Mr.W G B M Ranaweera	Deputy Chairman	Receipts on receivables	(42)		
	Dr(Mrs) S P C Kotelawala **	Director			77	
	Mr.W B B C J Fernando	Director				
	Mr C K Gamage	Finance Director				
Ceylinco Asset management Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	119		
	Mr.W G B M Ranaweera	Deputy Chairman	Expenses reimbursed	2,009		
	Dr(Mrs) S P C Kotelawala **	Director	Loan	99,461		
	Mr.W B B C J Fernando	Director	Share trading	10,257		
	Mr. S N Jayasinghe	Director	Receipts on receivables	(26,201)		
					71,579	
Ceylinco Land Exchange Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	60,081		
	Mr.W G B M Ranaweera	Deputy Chairman	Loan Interest	10,785		
	Dr(Mrs) S P C Kotelawala **	Director	Joint venture Investments	31,732		
	Mr.W B B C J Fernando	Director	Profit share on Joint Ventures	7,463		
	Mr C K Gamage	Finance Director	Lease interest income	300		
				Receipts on receivables	(52,247)	
			Bad debt provision made	(6,664)	90,907	
Asian Leasing Corporation Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	5		
	Mr.W G B M Ranaweera	Deputy Chairman	Loan	22,837		
	Dr(Mrs) S P C Kotelawala **	Director	Loan Interest	3,621		
				Receipts on receivables	(1,291)	
				Bad debt provision made	(21,489)	39,486

TRANSACTIONS WITH/BETWEEN SUBSIDIARIES

Name of the Related Party	Director	Relationship	Nature of Transaction	Value Rs. 000'	Net Outstanding as at 31. 03. 2009 Rs. 000'
AFL Development Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	25	4,652
	Mr.W G B M Ranaweera	Deputy Chairman	Expense reimbursements	52	
	Dr(Mrs) S P C Kotelawala **	Director	Receipts on receivables	(23,692)	
	Mr.W B B C J Fernando	Director			
	Mr C K Gamage	Director			
Blue Diamond Jewellery Worldwide PLC	Dr J L B Kotelawala *	Chairman	Services rendered	868	2,247
	Mr.W G B M Ranaweera	Deputy Chairman	Receipts on Receivables	(708)	
	Dr (Mrs) S P C Kotelawala **	Director	Bad debt provision made	(1,279)	
Blue Diamonds Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	59	200
	Mr.W G B M Ranaweera	Deputy Chairman	Bad debt provision made	(64)	
	Dr (Mrs) S P C Kotelawala **	Director			
Ceylinco Securities Shareownership Trust (pvt) Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	36	28
	Mr.W G B M Ranaweera	Deputy Chairman	Receipts on receivables	(6,558)	
	Dr (Mrs) S P C Kotelawala **	Director			
	Mr.W B B C J Fernando	Director			
	Mr S R Wijesinghe ****	Director			
	Mr S K M Perera *****	Director			
Ceylinco Diamond Trading Company Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	171	45
	Mr.W G B M Ranaweera	Deputy Chairman	Receipts on receivables	(126)	
	Dr (Mrs) S P C Kotelawala **	Director	Bad debt provision made	(8,257)	
Ceylinco Insurance PLC	Dr J L B Kotelawala *	Chairman	Insurance	4,710	-
	Dr(Mrs) S P C Kotelawala **	Director	Dividends	(779)	
Seylan Bank PLC	Dr J L B Kotelawala *	Chairman	OD Interest	432	-
	Dr(Mrs) S P C Kotelawala **	Jt.Dputy Chairperson	Dividends	(8,340)	
Ceylinco Cisco Security Corporation (Pvt) Ltd	Dr J L B Kotelawala *	Chairman	Services rendered	3,286	-
	Dr(Mrs) S P C Kotelawala **	Director			
	Mr S R Wijesinghe ****	Director			
Seylan Merchant Bank PLC	Dr J L B Kotelawala *	Chairman	Lease rental paid	1,589	(1,552)
	Dr(Mrs) S P C Kotelawala **	Director	Short term borrowings	(11,782)	
			Interst on short term borrowings	(579)	
			Payments on payables	15,966	
Seylan Merchant Leasing Ltd	Dr J L B Kotelawala *	Chairman	Debenture Interest	469	-
	Dr(Mrs) S P C Kotelawala **	Director	Payments on payables	5,750	
Ceylinco Express (Pvt) Ltd	Dr J L B Kotelawala *	Chairman	Services obtained	585	-
	Dr(Mrs) S P C Kotelawala **	Director			
Ceylinco Seylan Developments PLC	Dr J L B Kotelawala *	Chairman	Dividends received	(497)	-
	Dr(Mrs) S P C Kotelawala **	Director			
The Finance Company PLC	Dr J L B Kotelawala *	Chairman	Dividends received	(2,224)	-
	Dr(Mrs) S P C Kotelawala **	Director			
Ceylinco Printing & Stationary (Pvt) Ltd	Dr J L B Kotelawala *	Chairman	Services obtained	216	-
	Dr(Mrs) S P C Kotelawala **	Director			

31 C. SUBSIDIARY TRANSACTIONS WITH/BETWEEN OTHER RELATED PARTIES

Asian Finance Ltd with

Ceylinco Insurance Company PLC	Dr J L B Kotelawala *	Chairman	Insurance premium	(7,281)	-
	Dr(Mrs) S P C Kotelawala **	Director	Insurance commission received	2,570	
Seylan Bank PLC	Dr J L B Kotelawala *	Chairman	Overdraft Interest	(1,274)	-
	Dr(Mrs) S P C Kotelawala **	Director	Bank Charges	(200)	
	Ms. M. Sabaratnam	Director			
Ceylinco Stock Brokers (Pvt) Ltd	Dr J L B Kotelawala *	Chairman	Commission for shares sold	(64)	-
	Dr(Mrs) S P C Kotelawala **	Director	Commission for shares purchased		
	Mr. W.G.B.M. Ranaweera	Deputy Chairman			
	Mr. W.B.B.C.J. Fernando	Director			
Golden Key Software Solution Ltd	Dr J L B Kotelawala *	Chairman	Application software cost	338	-
	Dr(Mrs) S P C Kotelawala **	Director			

TRANSACTIONS WITH/BETWEEN SUBSIDIARIES

Name of the Related Party	Director	Relationship	Nature of Transaction	Net Outstanding	
				Value Rs. 000'	as at 31. 03. 2009 Rs. 000'
Ceylinco-CISCO Security Corporation (Pvt) Ltd	Dr J L B Kotelawala * Dr (Mrs) S P C Kotelawala **	Chairman Director	Security service charge	(1,240)	-
Ceylinco Developers Limited	Dr J L B Kotelawala * Dr (Mrs) S P C Kotelawala ** Mr. W.G.B.M. Ranaweera Mr.W K Galagoda #	Chairman Director Deputy Chairman Director	Lease interest received	460	-
Ceylinco Printing & Stationery Co. Ltd	Dr J L B Kotelawala * Dr(Mrs) S P C Kotelawala **	Chairman Director	Printing & stationery Advance against Supplies - Bal.	(584) (270)	-
Seylan Bank Assets Management Ltd	Dr J L B Kotelawala * Dr(Mrs) S P C Kotelawala **	Chairman Director	REPO interest received	34	-
Ceylinco Treasuries Limited	Dr J L B Kotelawala * Dr(Mrs) S P C Kotelawala ** Mr. W.G.B.M. Ranaweera	Chairman Director Deputy Chairman	Loan interest paid	(3,929)	-
Ceylinco Shriram Asset Management Limited	Dr J L B Kotelawala * Dr(Mrs) S P C Kotelawala **	Chairman Director	Loan interest paid	(1,807)	-
Ceylinco Land Exchange Ltd	Dr J L B Kotelawala * Dr(Mrs) S P C Kotelawala **	Chairman Director	Loan interest received	242	-
Blue Diamond Jewellery Worldwide Ltd	Dr J L B Kotelawala * Dr(Mrs) S P C Kotelawala **	Chairman Director	Loan interest received	324	-
Ceylinco World Wide Trading (Pvt) Ltd	Dr J L B Kotelawala * Dr(Mrs) S P C Kotelawala **	Chairman Director	Loan interest received	88	-
CSF Money Broking Co Ltd with					
Ceylinco Ltd	Dr J L B Kotelawala * Dr(Mrs) S P C Kotelawala **	Chairman Director	Rent charge Payment made during the year	(839) 133	-
Ceylinco Insurance Life	Dr J L B Kotelawala * Dr(Mrs) S P C Kotelawala **	Chairman Director	Brokerage fees Payment received during the year	293 (278)	-
Ceylinco Investcorp Pvt Ltd	Dr J L B Kotelawala * Dr(Mrs) S P C Kotelawala **	Chairman Director	Brokerage fees Payment received during the year	169 (63)	-
Entrust Ltd	Dr J L B Kotelawala * Dr(Mrs) S P C Kotelawala **	Chairman Director	Brokerage fees Payment received during the year	436 (9)	-
Ceylinco Treasuries Ltd	Dr J L B Kotelawala * Mr.W G B M Ranaweera Dr(Mrs) S P C Kotelawala ** Mr. W.B.B.C.J.Fernando	Chairman Deputy Chairman Director	Brokerage fees Reimbuermnt expenses Payment received during the year	2,735 (216) (2,796)	-
Ceylinco Insurance PLC	Dr J L B Kotelawala * Dr(Mrs) S P C Kotelawala **	Chairman Director	Insurance paid	(277)	-
Ceylinco Treasuries Ltd	Dr J L B Kotelawala * Mr.W G B M Ranaweera Dr(Mrs) S P C Kotelawala ** Mr. W.B.B.C.J. Fernando Mr. S. Gurusinghe Mrs. D.M. Fernando	Chairman Deputy Chairman Director Director Director Director	Short term loan Short term loan Loan interest Trading - sale of shares	49,000 (104,700) (12,579) (32)	-
Ceylinco Developers with					
Ceylinco Housing Corporation Ltd.	Dr J L B Kotelawala * Mr.W G B M Ranaweera Dr(Mrs) S P C Kotelawala ** Mr. W.B.B.C.J. Fernando Mr.A.R. Gunawardana Mr.W K Galagoda #	Chairman Deputy Chairman Director Director Director	Payments made to suppliers and others Transfer of CCCL net balances	9,584 15,408	-

TRANSACTIONS WITH/BETWEEN SUBSIDIARIES

Name of the Related Party	Director	Relationship	Nature of Transaction	Value Rs. 000'	Net Outstanding as at 31. 03. 2009 Rs. 000'
Ceylinco Housing Ltd.	Dr J L B Kotelawala *	Chairman	Payments made to suppliers and others	(11,148)	
	Mr.W G B M Ranaweera	Deputy Chairman	Fund transferred	(143,950)	
	Dr(Mrs) S P C Kotelawala **	Director	Material transfers	21,927	
	Mr. W.B.B.C.J. Fernando	Director	Apportionment of expenses	47,082	-
	Mr.A.R. Gunawardana	Director			
	Mr.W K Galagoda #	Director			
Asian Finance Limited	Dr J L B Kotelawala *	Chairman	Loan obtained	(14,000)	
	Mr.W G B M Ranaweera	Deputy Chairman	Loan repayment	10,000	
	Dr(Mrs) S P C Kotelawala **	Director	Debit note received	(652)	
	Mr. W.B.B.C.J. Fernando	Director	Debit note sent	824	
	Mr.W K Galagoda #	Director	Cancellation of payments	(5)	-
Ceylinco Real Estate. Developers Ltd	Dr J L B Kotelawala *	Chairman	Settlement of debit note	500	-
	Mr.W G B M Ranaweera	Deputy Chairman			
	Dr(Mrs) S P C Kotelawala **	Director			
	Mr. W.B.B.C.J. Fernando	Director			
Ceylinco Selna Limited	Dr J L B Kotelawala *	Chairman	Head office rent payable	(15,000)	
			Office Equipment cleaning charges payable	(27)	
			Electricity charges receivable	14	-
Ceylinco Investment Corporation Limited	Dr J L B Kotelawala *	Chairman	Investment transfer	(6,000)	-
Ceylinco Land Exchange Limited	Dr J L B Kotelawala *	Chairman	Advertisement charges receivable	22	-
Ceylinco Villa Housing Development Ltd.	Dr J L B Kotelawala *	Chairman	Payment made by CDL on behalf of CVHDL suppliers & Others	38,808	
	Mr.W G B M Ranaweera	Deputy Chairman	Fund transfers by CDL to CVHDL	(5,848)	
	Dr(Mrs) S P C Kotelawala **	Director	Material transfers	10,316	
	Mr. W.B.B.C.J. Fernando	Director	Transfer of net balances	(10,601)	
	Mr.A.R. Gunawardana	Director	Apportionment of expenses	65,954	-
	Mr.W K Galagoda #	Director			
Ceylinco Villa Housing Development Ltd. With					
Ceylinco Housing Limited (CHL)	Dr J L B Kotelawala *	Chairman	Payment made by CHL on behalf of CVHDL suppliers & others	13,529	
	Mr.W G B M Ranaweera	Deputy Chairman	Material Transferred by CHL to CVHDL	(541)	
	Dr(Mrs) S P C Kotelawala **	Director	CVHDL peoples loan repayment by CHL	2,000	
	Mr. W.B.B.C.J. Fernando	Director	Loan repayment CHL DFCC by villa	(1,841)	-
	Mr.W K Galagoda #	Director			
Ceylinco Housing Corporation Ltd	Dr J L B Kotelawala *	Chairman	Transfer	12,200	-
	Mr.W G B M Ranaweera	Deputy Chairman			
	Dr(Mrs) S P C Kotelawala **	Director			
	Mr. W.B.B.C.J. Fernando	Director			
	Mr.W K Galagoda #	Director			
Ceylinco Housing Corporation Ltd with					
Ceylinco Housing Limited (CHL)	Dr J L B Kotelawala *	Chairman	Payment made for CHL suppliers & others	(81)	
	Mr.W G B M Ranaweera	Deputy Chairman	Transfer Inter company net balances	(1,387)	-
	Dr(Mrs) S P C Kotelawala **	Director			
	Mr. W.B.B.C.J. Fernando	Director			
	Mr.W K Galagoda #	Director			
Ceylinco Construction Company Limited (CCCL)	Dr J L B Kotelawala *	Chairman	Transfer CCCL net balance to CDL	(1,821)	-
	Mr.W G B M Ranaweera	Deputy Chairman			
	Dr(Mrs) S P C Kotelawala **	Director			
	Mr. W.B.B.C.J. Fernando	Director			
	Mr.W K Galagoda #	Director			
	Mr. C. K. Gamage	Director			

TRANSACTIONS WITH/BETWEEN SUBSIDIARIES

Name of the Related Party	Director	Relationship	Nature of Transaction	Value Rs. 000'	Net Outstanding as at 31. 03. 2009 Rs. 000'
Ceylinco Housing Ltd with					
Ceylinco Villa Housing Development Ltd.	Dr J L B Kotelawala *	Chairman	Payment made on behalf of suppliers & others	(13,529)	
	Mr.W G B M Ranaweera	Deputy Chairman	Material transferred	541	
	Dr(Mrs) S P C Kotelawala **	Director	Loan repayment by CVHDL	3,841	-
	Mr. W.B.B.C.J. Fernando	Director			
	Mr.W K Galagoda #	Director			
Ceylinco Construction Company Limited (CCCL)	Dr J L B Kotelawala *	Chairman	Invoices for construction	(11,035)	
	Mr.W G B M Ranaweera	Deputy Chairman	Payments made during the year	33,335	
	Dr(Mrs) S P C Kotelawala **	Director	Current account balance setoff	(97)	-
	Mr. W.B.B.C.J. Fernando	Director			
	Mr.W K Galagoda #	Director			
Ceylinco Investment Corporation Ltd with					
Seylan Bank PLC	Dr J L B Kotelawala *	Chairman	Loan settlement during the year	27,608	
	Dr(Mrs) S P C Kotelawala **	Director	Loan interest expense	15,410	
			Finance lease settlement	143	
			Finance lease interest expenses	2,033	
			Over draft interest expense	3,202	-
Ceylinco Developers Limited	Dr J L B Kotelawala *	Chairman	Administrative expenses	500	-
	Mr.W G B M Ranaweera	Deputy Chairman			
	Dr(Mrs) S P C Kotelawala **	Director			
Asian Finance Limited	Dr J L B Kotelawala *	Chairman	Loan obtain during the year	5,000	-
	Mr.W G B M Ranaweera	Deputy Chairman			
	Dr(Mrs) S P C Kotelawala **	Director			
Seylan Merchant Bank Limited	Dr J L B Kotelawala *	Chairman	Finance lease settlement	1,374	
	Dr (Mrs) S P C Kotelawala **	Director	Finance lease interest expenses	352	-
Ceylinco Treasuries limited	Dr J L B Kotelawala *	Chairman	Current Account balance (eceived)	6,000	-
	Dr(Mrs) S P C Kotelawala **	Director			
Ceylinco Residencies and Investment Limited	Dr J L B Kotelawala *	Chairman	Settlement of current balance	70,051	-
	Dr(Mrs) S P C Kotelawala **	Director			
Ceylinco Construction Company Ltd with					
Ceylinco Developers Limited.	Dr J L B Kotelawala *	Chairman	Invoice for construction	(893)	
	Mr.W G B M Ranaweera	Deputy Chairman	Payment received during the year	(4,436)	
	Dr(Mrs) S P C Kotelawala **	Director	Creditor balance transferred to current account	11,241	
	Mr. W.B.B.C.J. Fernando	Director	Material and labour advances recovered	19,671	-
	Mr.W K Galagoda #	Director			
Ceylinco Land Exchange Limited	Dr J L B Kotelawala *	Chairman	Invoice for construction	2,136	
	Mr.W G B M Ranaweera	Deputy Chairman	Payments received during the year	(1,559)	-
	Dr(Mrs) S P C Kotelawala **	Director			
	Mr. W.B.B.C.J. Fernando	Director			
	Mr. C.K.Gamage	Director			
Mr.W K Galagoda #	Director				
Ceylinco Selna Limited	Dr J L B Kotelawala *	Chairman	Retention reversed	(400)	-
	Mr.W G B M Ranaweera	Deputy Chairman			
	Dr(Mrs) S P C Kotelawala **	Director			
	Mr. W.B.B.C.J. Fernando	Director			
	Mr.W K Galagoda #	Director			
Ceylinco Villa Housing Development Ltd.	Dr J L B Kotelawala *	Chairman	Invoices for construction	2,492	
	Mr.W G B M Ranaweera	Deputy Chairman	Payment received during the year	(5,307)	
	Dr(Mrs) S P C Kotelawala **	Director	Material advance set off against Creditor and retention	1,641	-
	Mr. W.B.B.C.J. Fernando	Director			
	Mr.W K Galagoda #	Director			

TRANSACTIONS WITH/BETWEEN SUBSIDIARIES

Name of the Related Party	Director	Relationship	Nature of Transaction	Value Rs. 000'	Net Outstanding as at 31. 03. 2009 Rs. 000'
Asian Finance Limited	Dr J L B Kotelawala *	Chairman	Invoice for Construction	5,500	
	Mr.W G B M Ranaweera	Deputy Chairman	Payment received during the year	(5,338)	-
	Dr(Mrs) S P C Kotelawala **	Director			
	Mr. W.B.B.C.J. Fernando	Director			
	Mr.W K Galagoda #	Director			
NOTE	Directors' retirement, resignations & appointments				
	Dr J L B Kotelawala *	Chairman	(Retired w e f 06th February 2009)		
	Dr(Mrs) S P C Kotelawala **	Director	(Resigned w e f 31st October 2008)		
	Mr W H M N Bandara ***	Director	(Resigned w e f 15th January 2009)		
	Mr S R Wijesinghe ****	Director	(Resigned w e f 16th January 2009)		
	Mr S K M Perera *****	Director	(Resigned w e f 18th December 2008)		
	Mr.W K Galagoda #	Director	(Appointed w e f 01st January 2009)		
	Mr.U A A Weerasooriya ##	Director	(Appointed w e f 01st January 2009)		

32 GOING CONCERN

a) Company's total deposit withdrawals exceeds its total deposit inflow by Rs. 312,817,850/- as at the balance sheet date. Subsequent to the balance sheet date the total deposit withdrawals exceeds its total deposit inflows by Rs. 554,657,861 upto 31 August 2009. Further as at the balance sheet date the company had liabilities amounting to Rs 3,490 Mn maturing within one year and only has assets amounting to Rs. 1,747 Mn maturing with in one year to meet those liabilities. The Board of Director have taken the following measures to ensure that the company is able to continue as a going concern.

1. Reconstitution of the board of directors including appointment of independent directors
2. Name of the company has been changed to Nation Lanka Finance PLC
3. New Logo has been unveiled with the rebranding of the organization
4. The company is proposing a rights issue to raise capital.

b) Subsidiary – Ceylinco Housing Corporation Limited (CHCL)

Ceylinco Housing Corporation Limited (CHCL), a subsidiary of the company, has not carried out its business operations for the last three years in veiw of the Government acquisition of the main project site in Piliyandala. Further the company's total liabilities exceeded it's total assets by Rs. 1,161,594/- (31 March 2008 - Rs.846,215/-) and the current liabilities exceeds its current assets by Rs. 1,278,040/- (31 March 2008 - 1,131,146/-) as at the balance sheet date. These factors raise substantial doubt that the company will be able to continue as a going concern. However, no adjustments have been made to the recorded asset amounts and classification of liabilities in the Financial Statements.

c) Subsidiary – Ceylinco Investment Corporation Ltd. (CICL)

Ceylinco Investment Corporation Ltd. (CICL), a subsidiary company, incurred a net loss of Rs. 98,953,729/- (2007/2008 - Rs. 42,493,157) during the year ended 31 March 2009, and as of that date CICL's total liabilities exceeded its total assets by Rs. 126,121,148/- (2007/2008 - Rs. 27,167,419/-). These factors raise substantial doubt as to the ability of CICL to continue on going concern basis.

d) Subsidiary – Ceylinco Towers Ltd. (CTWL)

The principle activities of the Company are to construct building & towers. During last year the Company has purchased the Land at No.07, Havelock Road, Colombo 05, for the construction of Ceylinco Finance PLC Head Office Building. However, subsequently this land was repossessed by the Ceylinco Finance PLC. Further this is the only project carried out by the Company and it does not have any other construction project as at the balance sheet date.

The Directors have made an assesment of the company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading. However the company does not have any construction project as at the balance sheet date. Therefore the coampany's ability to continue as a going concern is doubtfull due to the factors disclosed above.

The company has incurred a loss of Rs. 83,341/- (2007/08 - Rs. 1,785,820/-) for the year ended 31st March 2009 and the accumulative loss as at the balance sheet date amounted to Rs 1,919,161/-. However, no adjustments have been made to the recorded asset amounts and classification of liabilities in the Financial Statements.

SEGMENT INFORMATION

AS AT 31ST MARCH	Lending		Property Development		Services		Exports		Others		Group Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
33. SEGMENT INFORMATION												
Total Revenue	1,367,752,572	1,351,241,028	1,684,103,141	2,051,056,588	89,476,271	78,811,206	53,302,849	210,865,383	60,439,836	260,990,873	3,255,074,669	3,952,965,078
Inter Segment	(56,910,368)	(98,469,767)	-	(16,497,942)	(16,009,024)	(16,497,942)	-	-	(225,000)	(741,000)	(73,144,392)	(115,708,709)
Segment Revenue (Net)	1,310,842,204	1,252,771,261	1,684,103,141	2,051,056,588	73,467,247	62,313,264	53,302,849	210,865,383	60,214,836	260,249,873	3,181,930,277	3,837,256,369
Segment Income	1,253,974,466	1,011,153,183	299,510,260	649,338,948	51,537,413	50,356,026	19,517,710	62,031,029	236,067,069	297,161,244	1,860,606,918	2,070,040,430
Segment Expenses												
Depreciation	(6,354,976)	(15,513,691)	(29,390,225)	(26,734,003)	(8,962,556)	(18,042,490)	-	(4,934,544)	(38,481,876)	(32,599,273)	(83,189,633)	(97,824,001)
Other Operating Expenses	(1,171,302,437)	(941,324,580)	(775,751,047)	(443,700,523)	(72,044,535)	(49,282,623)	(21,643,511)	(96,338,196)	(307,787,428)	(397,051,114)	(2,348,528,959)	(1,927,697,036)
Operating Profit	76,317,052	54,314,912	(505,631,012)	178,904,422	(29,469,678)	(16,969,087)	(2,125,801)	(39,241,711)	(110,202,235)	(132,489,143)	(571,111,673)	44,519,393
Provision For Diminution In Value of Shares	-	-	-	-	-	-	-	-	(37,083,558)	52,478,541	(37,083,558)	52,478,541
(Provision)/Reversal for Bad & Doubtful Debts	(145,492,951)	(27,515,895)	-	-	(1,731,348)	1,483,065	-	(3,653,268)	(27,103,907)	375,020	(174,328,206)	(29,311,078)
Amortization/Writeoff of Goodwill	(69,175,898)	26,799,017	(505,631,012)	178,904,422	(31,201,026)	(15,486,022)	(2,125,801)	(42,894,979)	(174,389,700)	(79,635,582)	(782,523,438)	67,686,856
Loss on Disposal of Subsidiary	-	-	-	-	-	-	-	-	-	(4,696,536)	-	(4,696,536)
Amortization of Surplus on Acquisition	-	-	-	-	-	-	-	-	-	-	-	-
VAT on Financial Services & Income Tax	-	-	-	-	-	-	-	-	(5,877,282)	(47,498,017)	(5,877,282)	(47,498,017)
Minority Interest	-	-	-	-	-	-	-	-	56,990,190	(3,182,084)	56,990,190	(3,182,084)
Segment Result After Tax	(69,175,898)	26,799,017	(505,631,012)	178,904,422	(31,201,026)	(15,486,022)	(2,125,801)	(42,894,979)	(123,276,792)	(135,012,219)	(731,410,530)	12,310,219
Segment Assets	4,589,525,372	4,523,157,704	2,540,179,223	4,026,164,167	121,194,308	668,062,066	-	313,043,264	1,388,648,954	854,440,096	8,639,547,857	10,384,867,297
Segment Liabilities	1,224,916,227	2,845,460,935	1,115,692,706	2,125,045,195	146,081,739	300,617,134	-	224,078,044	5,585,233,583	3,689,187,237	8,071,924,256	9,184,388,545

GROUP FINANCIAL HIGHLIGHTS

For the Year	2009 Rs. (000')	2008 Rs. (000')	Change %
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Key Performance Indicators

Return On Equity(%)	(188.96)	1.47	(12,954)
Return on Total Assets (%)	(9.13)	0.15	(6,187)
Net Assets per Share(Rs.)	17.78	49.38	(64)
Earnings per Share (Rs.)	(36.60)	0.54	(6,878)
Divident per Share(Rs.)	-	-	-
Market value of a share (Rs.)	8.75	17.25	(49.3)
Price Earnings (Times)	(0.24)	31.94	(100.75)

VALUE ADDED STATEMENT

FOR THE YEAR ENDED 31ST MARCH	Company		Group	
	2009 Rs. '000	2008 Rs. '000	2009 Rs. '000	2008 Rs. '000
Value Added				
Value Added Income earned by Key Business Activities	681,634	650,935	1,624,540	1,772,879
Cost of Services bought from outside	(855,629) (173,995)	(621,825) 29,110	(2,063,888) (439,348)	(1,578,937) 193,942
Other Income	181,087	125,079	236,068	297,161
(Provision)/Reversel for Leases, Loans & Advances	(78,023)	1,034	(174,328)	(29,311)
Provision for fall in value of Investments	(30,181)	50,738	(37,084)	52,479
	(101,112)	205,961	(414,692)	514,271

	Company				Group			
	2009 Rs. '000	%	2008 Rs. '000	%	2009 Rs. '000	%	2008 Rs. '000	%
Distribution of Value Added								
To Employees	127,408	(126.01)	138,500	67.25	284,641	(68.64)	348,760	67.82
To Providers of Capital								
Preference Shareholders as Dividends	-	-	1,545	0.75	-	-	1,545	0.30
Ordinary Shareholders as Dividends	-	-	-	-	-	-	-	-
Minority Interest	-	-	-	-	(56,990)	13.74	3,182	0.62
To Government revenue								
Income Tax & Financial VAT	341	(0.34)	9,041	4.39	5,877	(1.42)	47,498	9.24
To Expansion & Growth								
Retained Income	(265,811)	262.89	27,901	13.55	(731,410)	176.37	15,462	3.01
Depreciation	36,950	(36.54)	28,974	14.07	83,190	(20.06)	97,824	19.02
	(101,112)	100	205,961	100.00	(414,692)	100	514,271	100.00

TEN YEAR SUMMARY - GROUP

INCOME STATEMENT										
For the Year ended 31st March	2009 (Rs.000)	2008 (Rs.000)	2007 (Rs.000)	2006 (Rs.000)	2005 (Rs.000)	2004 (Rs.000)	2003 (Rs.000)	2002 (Rs.000)	2001 (Rs.000)	2000 (Rs.000)
REVENUE	3,181,930	3,837,256	4,064,492	3,664,970	3,501,609	2,961,335	2,197,333	2,248,805	1,700,859	1,168,061
Profit before provision & taxation & share of associate co.Profit/(loss)	(571,452)	17,589	178,178	258,848	183,645	193,399	139,017	63,895	62,275	73,049
Provision for Diminution in value of share	(37,084)	52,479	(13,673)	(22,029)	(9,684)	(23,188)	(14,674)	6,825	(3,946)	(1,566)
Extraordinary items/(Provisions)	(174,328)	(34,008)	24,886	(15,136)	(41,041)	(62,922)	(47,455)	(28,173)	(23,670)	(37,531)
Profit before taxation & Associated Profit/(Loss)	(782,864)	36,060	189,391	221,683	132,920	107,289	76,888	42,547	34,659	33,952
Share of Associate co.Profit/(loss)	-	-	-	-	-	-	-	30	(316)	-
Profit before taxation	(782,864)	36,060	189,391	221,683	132,920	107,289	76,888	42,577	34,343	33,952
Income Tax Expenses	(5,537)	(20,568)	(32,979)	(30,844)	(16,181)	(2,581)	(381)	(208)	-	-
Profit after Taxation	(788,401)	15,492	156,412	190,839	116,739	104,708	76,507	42,369	34,343	33,952
Minority Interest	(56,990)	(3,182)	344	(26,750)	(23,128)	(30,782)	(26,083)	(17,661)	(11,231)	(7,900)
Profit Attributable to Share Holders	(731,410)	12,310	156,756	164,089	93,611	73,926	50,424	24,708	23,112	26,052
Retained Profit Brought Forward	504,788	469,727	352,455	192,778	130,526	85,390	45,335	24,443	47,058	27,461
Effects due to Changes in Accounting Policy	38,757	-	-	-	-	-	-	-	-	-
Profit Available for Appropriation	(187,865)	482,037	509,211	356,867	224,137	159,316	95,759	49,151	70,170	53,513
Appropriations										
Transfer to Reserves/Adjustments	61,171	24,295	(9,309)	24,260	(2,101)	(13,942)	(8,824)	(2,271)	(34,189)	(4,937)
Preference Dividends	-	(1,545)	(2,494)	(9,154)	(7,763)	(2,856)	(1,545)	(1,545)	(1,545)	(1,545)
Ordinary Dividends	-	-	(27,681)	(19,518)	(21,495)	(11,992)	-	-	(9,993)	-
Retained Profit Carried Forward	(126,694)	504,788	469,727	352,455	192,778	130,526	85,390	45,335	24,443	47,031
Earning per Share	(36.60)	0.54	7.72	7.75	4.29	3.56	2.45	1.16	1.08	1.23
Dividends per Share	-	-	1.00	0.85	0.75	0.60	-	-	0.50	-
BALANCE SHEET										
As at 31st March,	2009 (Rs.000)	2008 (Rs.000)	2007 (Rs.000)	2006 (Rs.000)	2005 (Rs.000)	2004 (Rs.000)	2003 (Rs.000)	2002 (Rs.000)	2001 (Rs.000)	2000 (Rs.000)
Assets										
Goodwill on Consolidation	-	-	-	277	4,438	8,292	12,453	14,603	18,268	21,881
Property, Plant & Equipments	306,561	569,905	866,253	576,282	347,651	222,545	163,172	116,165	105,445	92,008
Long Term Investments	332,793	455,676	480,800	439,071	441,988	447,405	401,272	340,817	381,359	379,297
Non Current Assets	1,514,423	3,052,661	3,084,165	2,238,912	2,520,662	2,011,856	1,850,917	1,555,033	1,201,352	1,105,834
Net Current Assets/(Liabilities)	(1,077,058)	(1,383,467)	(1,468,906)	31,922	(1,166,705)	138,025	(147,886)	(78,855)	46,781	157,129
Total Asset less Current Liabilities	1,076,720	2,694,775	2,962,312	3,286,464	2,148,034	2,828,123	2,279,928	1,947,763	1,753,205	1,756,149
Non Current Liabilities	(509,097)	(1,494,297)	(1,739,841)	(2,176,414)	(1,294,156)	(2,094,693)	(1,639,990)	(1,366,834)	(1,222,863)	(1,271,273)
	567,623	1,200,479	1,222,471	1,110,050	853,878	733,430	639,938	580,929	530,342	484,876
Financed by										
Stated Capital/Ordinary shares	278,503	278,503	199,861	199,861	199,861	199,861	199,861	199,861	199,861	199,861
preference shares	61,814	61,814	61,814	61,814	61,814	61,814	61,814	61,814	61,814	61,814
share Premium	-	-	78,643	79,162	87,538	86,957	86,957	86,585	86,585	86,568
Reserves	76,911	708,394	687,064	530,041	324,437	248,512	189,194	139,346	104,355	66,599
Minority Interest	150,395	151,767	195,089	239,172	180,228	136,286	102,112	93,323	77,727	70,034
	567,623	1,200,479	1,222,471	1,110,050	853,878	733,430	639,938	580,929	530,342	484,876
Net Assets per Share	17.78	49.38	48.31	40.48	30.61	26.79	23.82	21.30	20.15	19.56

SHAREHOLDERS & INVESTOR INFORMATION

1. TWENTY LARGEST SHAREHOLDERS

NAME	NO OF SHARES AS AT 31/3/09		%	NO OF SHARES AS AT 31/3/08		%
AFL Development Ltd	3,468,300		17.35	3,468,300		17.35
Ceylinco Insurance PLC	2,711,247		13.57	2,711,247		13.57
Ceylinco Securities Share Ownership Trust (Pvt) Ltd	2,475,600		12.39	2,475,600		12.39
Mr W G B M Ranaweera	1,750,000		08.76	1,750,000		08.78
Dr T Senthilvel	1,620,300		04.66	1,007,900		08.10
Mr A J Alexander	540,900		01.98	622,900		02.70
The Finance Company PLC	516,000		02.63	516,000		02.58
S & L Investments (Pvt) Ltd	500,000		02.50	500,000		02.50
Dr C A Twerenbold	325,000		01.56	325,000		01.63
Bank of Ceylon A/C Ceybank Century Growth Fund	223,000		01.00	220,700		01.11
Employees' Trust Fund Board	206,500		01.03	206,500		01.03
Mr H A Pieris	185,000		0.77	185,000		0.92
Pershing LLC S/A Averbach Grauson & Company	172,800		0.86	172,800		0.86
Waldock Mackenzie Ltd / Mr L P Hapang	165,500		0.83	165,500		0.83
Ceylinco Ltd	121,670		0.61	121,670		0.61
Waldock Mackenzie Ltd / Ceylinco Shriram Capital Magt	104,600		0.83	104,600		0.52
Marton Finance	100,000		0.50	100,000		0.50
Ceylinco Seylan Developments Ltd	100,000		0.50	100,000		0.50
DPMC Financial Services (Pvt) Ltd Account No.01	94,500		0.17	34,400		0.47
Mr W B C J Fernando	80,000		0.38	76,500		0.40
TOTAL	15,460,917		77.37	14,464,617		73.77

2. STOCK EXCHANGE LISTING

Nation Lanka Finance PLC is a Public Quoted Company. Its issued ordinary shares were listed with the Colombo Stock Exchange on 13th June 1994.

3. DISTRIBUTION OF SHAREHOLDINGS - 31st March 2009

	Resident			Non-Resident			Total		
	No of Share Holders	No of Shares	%	No of Share Holders	No of Shares	%	No of Share Holders	No of Shares	%
1 - 1,000	11315	1,430,774	7.15	22	11,900	0.06	11337	1,442,674	7.21
1,001 - 5,000	462	811,067	4.07	6	21,000	0.12	468	832,067	4.19
5,001 - 10,000	73	460,899	2.3	-	-	-	73	460,899	2.3
10,001 - 50,000	54	724,526	3.62	3	92,500	0.46	57	817,026	4.08
50,001 - 100,000	6	308,267	1.54	-	-	-	6	308,267	1.54
100,001 - 500,000	9	2,004,070	10.02	2	497,800	2.49	11	2,501,870	12.51
500,001 - 1,000,000	2	1,056,900	5.3	1	540,900	2.71	3	1,597,800	8.01
Over 1,000,001	5	12,025,447	60.13	-	-	-	5	12,025,447	60.13
TOTAL	11,926	18,821,950	94.13	34	1,164,100	5.84	11,960	19,986,050	100

4. CATEGORIES OF SHAREHOLDERS

CATEGORIES OF SHAREHOLDERS	2008 / 09			2007 / 08		
	NO OF SHARES	NO OF SHARE HOLDERS	%	NO OF SHARES	NO OF SHARE HOLDERS	%
Individuals	6,880,264	11,811	98.75	6,766,564	12,041	98.63
Institutions	13,105,786	149	1.25	13,219,486	167	1.37
Total	19,986,050	11,960	100.00	19,996,050	12,208	100.00

5. LOCATION OF SHAREHOLDERS

Location of Shareholders	No. of Shares Held	Percentage of	No. of Shareholders	Percentage of Shareholders
Colombo	15,463,476	77.37	3,282	27.44
Outstation	4,517,374	22.60	8,670	72.50
Overseas	5,200	0.02	08	0.06
Total	19,986,050	100.00	11,960	100.00

6. SHARE INFORMATION	08 / 09	07 / 08
SHARE INFORMATION		
BOOK VALUE (Group) Net Assets per share Rs.	17.78	49.38
SHARE PRICE		
Highest Rs.	18.75	21.75
Lowest Rs.	06.50	12.00
Value as at last trading date (31st March) Rs.	08.75	17.25
EARNINGS (Group)		
Earnings per share Rs.	(36.60)	0.54
Price Earnings Ratio (times)	(0.24)	31.94
DIVIDEND		
Dividend per share Rs.	-	-
Dividend Rate (%)	-	-
FREQUENCY OF SHARES TRADED		
Number of Shares Traded Rs.(Mn)	1.5	3.8
Number of Transaction	1,773	3,560
VALUE OF SHARES TRADED		
Value of NLFPLC Shares Traded Rs.(Mn)	21.8	67.4
Value of Trading (total market) Rs.(Bn).	106.9	86.7
DAYS TRADED		
Number of Days Traded	212	239
Total Number of Market Days	212	239
MARKET CAPITALISATION – 31st March		
NLFPLC value Rs.(Mn)	174.8	344.75
Total Market value Rs.(Bn).	533	827.7
PUBLIC HOLDING		
The Percentage of Public Holding	60%	40%

FINANCIAL CALENDAR
FINANCIAL STATEMENT FOR 2008/2009

INTERIM REPORTS

1st Quarter 30-06-2008	- 30 -09-2008 (Published)
2nd Quarter 30-09 2008	- 04-12-2008 (Published)
3rd Quarter 31-12- 2008	- 09-03--2009 (Circulated)
4th Quarter 31-03-2009	- 04-06- 2009 (Circulated)

Annual Reports for the year ended 31st March 2009	- 09th November 2009 (Circulated)
21st Annual General Meeting	- 30/12/2008
22nd Annual General Meeting	- 03/12/2009

DIVIDENDS

FOR THE Y/E 31ST MARCH 2009
Ordinary Shareholders - Nil
Preference Shareholders - Nil

INVESTOR RELATIONS OFFICE

This office will be pleased to answer questions from investors and supply copies of quarterly results and Annual Reports, or furnish other more general information about the group and also about the administration of shareholdings. Inquiries should be addressed to the Head Office to the attention of the Company Secretary, Secretaries & Registrars Division or contact on 4710908 or E-Mail to sec.reg.@nlfplc.lk

CORPORATE INFORMATION

NAME OF THE COMPANY

Nation Lanka Finance PLC

LEGAL STATUS

A Public Quoted Company with Limited Liability incorporated in Sri Lanka on 15th July 1987. Approved Credit Agency under the Mortgage Act No.6 of 1949 and Inland Trust Receipts Act No.14 of 1990. Registered as a Finance Leasing Establishment w.e.f. 01/08/2002 under the Finance Leasing Act No.56 of 2000.

REGISTRATION NUMBER

PQ 33

ACCOUNTING YEAR END

31st March

TAX PAYER IDENTIFICATION NUMBER (TIN)

134001518

REGISTERED OFFICE

No.55 1/1, Iceland Building,
Galle Road, Colombo 03.

BUSINESS ADDRESS

No.55 1/1, Iceland Building, Galle Road,
Colombo 03.

Tel: 4760800

Fax: (941) 2332548

E-Mail: info@nlfplc.com

Web: www.nlfplc.com

COMPANY SECRETARY

Mrs Fazana Shareef
Chartered Secretary (FCIS/UK)
No.55 1/1, Iceland Building,
Galle Road, Colombo 03.

AUDITORS

M/s KPMG Ford, Rhodes, Thornton & Company
Chartered Accountants
P.O.Box 186, Colombo.

LAWYERS

Ms P Katulanda
Attorney-at-Law
No.55 1/1, Iceland Building,
Galle Road, Colombo 03.

SUBSIDIARIES

Asian Finance Ltd
CSF Money Broking Company Ltd
Ceylinco Stock Brokers (Pvt) Ltd
Ceylinco Developers Ltd
Ceylinco Towers Ltd
Ceylinco Treasuries Ltd
Ceylinco Investments Corporation Ltd

BANKERS

Bank of Ceylon
Commercial Bank
People's Bank
Seylan Bank PLC
Sampath Bank PLC

BRANCHES

Kurunegala

No.95, Colombo Road, Kurunegala.
Tel: 037-2231303, 037-2224473, 037-4927001

Kandy

No.127A/2/1
CDC Shopping Complex, D S Senanayake Veediya, Kandy
Tel: 08-12236102, 08-14928200

Matara

No.2A, C A Ariyathilake Mw., Matara.
Tel: 041-2227781, 041-49220800

Ratnapura

No.30, Bandaranayake Mw., Ratnapura.
Tel: 045-2230805, 045-4922555, 045-4922500

Negombo

No.169, Colombo Road, Negombo.
Tel: 031-4874600 - 2

Dambulla

No.700A, Anuradhapura Road, Dambulla.
Tel: 066-4923777, 066-4926490

Panadura

No.358, Galle Road, Panadura.
Tel: 038-4922328 - 9

Trincomalee

No.264 1/1, Central Road, Trincomalee.
Tel: 026-2227712

Anuradhapura

1st Floor, 488/5E, Maithripala
Senanayake Mawatha, Anuradhapura
Tel: 025-4923777, 025-4923800

Galle

41A 1/1, Sri Devamiththa Mawatha, Galle
Tel: 0914-385242, 0914-380110

Kegalle

2nd Floor, 306, Main Street, Kegalle
Tel: 035-4924897 - 8

Thambuttegama

No 35, Rajanganaya Junction, Thambuttegama
Tel: 025-4926505

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY SECOND ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF NATION LANKA FINANCE PLC WILL BE HELD ON THURSDAY THE 3RD DAY OF DECEMBER 2009, AT 10.00 A.M, AT "MAHAWELI CENTRE", NO.96, ANANDA COOMARASWAMY MAWATHA, COLOMBO 07, FOR THE FOLLOWING PURPOSES:

1. To receive and consider the Report of the Board of Directors and the Audited Financial Statements for the year ended 31st March 2009 together with the Report of the Auditors thereon.
2. To re-elect Mr S N Jayasinghe, who retires by rotation in terms of Article 89 of the Articles of Association of the Company.
3. To elect Mr W K Galagoda, who retires in terms of Article 95 of the Articles of Association of the Company.
4. To elect V J Alahendra, who retires in terms of Article 95 of the Articles of Association of the Company.
5. To elect Mr H C de Z Sahabandu, who retires in terms of Article 95 of the Articles of Association of the Company.
6. To elect Mr D H N Piyadigama, who retires in terms of Article 95 of the Articles of Association of the Company and in terms of Section 211 of the Companies Act No.07 of 2007.
7. To re-appoint M/s KPMG Ford, Rhodes, Thornton & Company, Chartered Accountants Auditors of the Company, for the ensuing financial year 2009/2010 and to authorise the Board of Directors to determine their remuneration.
8. To authorise the Board of Directors to determine contributions to charities and other donations for the Financial year 2009/2010.
9. To transact any other business of which due notice has been given.

The Company has received Special Notice under Section 211 of the Companies Act No.07 of 2007 from a Shareholder, of his intention to move the following Ordinary Resolution at the forth coming Annual General Meeting.

"That the age limit stipulated in Section 210 shall not apply to Mr D H N Piyadigama, a Director, who attained the age of 70 years on 29th June 2009 and that he be elected as a Director of the Company.

BY ORDER OF THE BOARD



(Mrs) FAZANA SHAREEF
COMPANY SECRETARY

4th November 2009

Note :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him / her. A proxy need not be a member of the Company. The form of proxy is enclosed for this purpose.
2. To be valid, the instrument appointing a proxy should be deposited with the Company Secretary at No.55 - 1/1, "Iceland Building", Galle Road, Colombo 3, not less than 48 hours before the time fixed for the Annual General Meeting.
3. Shareholders appointing proxies (other than Directors of the Company) to attend the Meeting are requested to indicate the number of the National Identity Card of the Proxy holder on the form of proxy. Only registered Proxy holders will be permitted to attend the Annual General Meeting.
4. Shareholders / Proxy holders are requested when attending the Annual General Meeting to bring with them the National Identity Card or any other form of valid identification.

FORM OF PROXY

I / We
of
being a member / members of NATION LANKA FINANCE PLC hereby appoint :-

- | | |
|--|--------------|
| NAYAKA BANDARALAGE SENAVIRAT BANDARA BALALLE of Maharagama | whom failing |
| WIDANA GAMACHCHIGE BANDULA MANTHINATHA RANAWEERA of Colombo 05 | whom failing |
| WEERAWARNAKURUKULASURIYA BOOSABADUGE BEDE CHRYSANTHUS | |
| JOSEPH FERNANDO of Mount Lavinia | whom failing |
| VEDISA JAYASANKHA ALAHENDRA of Kandy | whom failing |
| CHANDRASIRI KODAGODA GAMAGE of Kotte | whom failing |
| WASANTHA KUMARA GALAGODA of Boralesgamuwa | whom failing |
| SAJEEVAN NILANTHA JAYASINGHE of Colombo 07 | whom failing |
| DON HERBERT NEVILLE PIYADIGAMA of Colombo 05 | whom failing |
| HAJOTHY CHANDRA DE ZOYSA SAHABANDU of Kandy | whom failing |
| DR THIRUGNANASAMBANDAR SENTHILVERL of Colombo 04 | whom failing |
| WEERASOORIYAGE THUSHARA WEERASOORIYA of Yakkala | whom failing |

.....(NIC.....)

of
as my / * our proxy to represent me / * us on my / * our behalf as indicated below at the Twenty Second Annual General Meeting of the Company to be held on the Thursday the 3rd day of December 2009 and at any adjournment thereof.

Please indicate your preference by placing a against the Resolution No.

	For	Against
1) To receive and consider the Report of the Board of Directors and the Audited Financial Statements for the Year ended 31st March 2009 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2) To re-elect Mr S N Jayasinghe, who retires by rotation in terms of Article 89 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3) To elect Mr W K Galagoda, who retires in terms of Article 95 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4) To elect Mr V J Alahendra, who retires in terms of Article 95 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5) To elect Mr H C de Z Sahabandu, who retires in terms of Article 95 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6) To elect Mr D H N Piyadigama, who retires in terms of Article 95 of the Articles of Association of the Company and in terms of Section 210 of the Companies Act No.07 of 2007	<input type="checkbox"/>	<input type="checkbox"/>
7) To re-appoint M/s KPMG Ford Rhodes Thornton & Company, Chartered Accountants, Auditors of the Company for the ensuing Financial year 2009/2010 and to authorize the Board of Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
8) To authorise the Directors to determine contributions to charities and other donations for the year 2009/2010.	<input type="checkbox"/>	<input type="checkbox"/>

As witness my/ our hand/s this day of 2009

.....
NIC / REG. NO

.....
SIGNATURE

INSTRUCTIONS FOR THE COMPLETION OF PROXY

- 1) Please perfect the form of proxy overleaf, by signing in the space provided and filling in the date of signature, after filling in legibly your full name and address.
- 2) Please return the completed Form of Proxy after deleting one or other of the alternative words indicated by asterisks in the body of the form
- 3) To be valid, completed form of Proxy should be deposited with the Company Secretary at 55 1/1, Iceland Building, Galle Road, Colombo 3, not less than 48 hours before the time appointed for the holding of the meeting.
- 4) If the form of Proxy has been signed by an attorney, the relative Power of Attorney should also accompany the completed form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
- 5) If the shareholder is a Company or a Corporate body, the Proxy should be executed under its Common Seal in accordance with its Articles of Association or Constitution.
- 6) If there is any doubt as to how the vote is to be exercised by reason of the manner in which the Form of Proxy has been completed, no vote will be recorded.