

Financial Calendar

Financial Year End - 31st March 2002

Announcement of Results

First Quarter - 13th August 2001

Second Quarter - 6th November 2001

Third Quarter - 13th February 2002

Fourth Quarter - 10th May 2002

Dividend Declaration

* First and Final - 10th June 2002

56th Annual General Meeting - 10th June 2002

* Subject to approval by Shareholders

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Enclosed Form of Proxy



Corporate Information

NAME OF COMPANY

The Ceylon Investment Company Ltd.
(A Carson Cumberbatch Company)

DOMICILE AND LEGAL FORM

The Ceylon Investment Company Ltd. is a Quoted Public Company with limited liability domiciled in Sri Lanka. The Company was incorporated in Sri Lanka in 1919.

PRINCIPAL ACTIVITY AND NATURE OF OPERATIONS

During the year, the principal activity of the Company was holding and managing of an investment portfolio.

PARENT ENTERPRISE AND ULTIMATE PARENT ENTERPRISE

The Company's parent enterprise is The Ceylon Guardian Investment Trust Limited. The Company's ultimate holding company and controlling entity is Carson Cumberbatch & Company Limited, which is incorporated in Sri Lanka.

DIRECTORS

I. Paulraj (*Chairman*)
D.C.R. Gunawardena
P.C.P. Tissera

NUMBER OF EMPLOYEES

The Company did not have any employees of its own at the end of the year.

BANKERS

Standard Chartered Grindlays Bank
HSBC

AUDITORS

Messrs. KPMG Ford, Rhodes, Thornton & Company
Chartered Accountants
32A, Sir Mohamed Macan Markar Mawatha,
Colombo 3.

MANAGERS & SECRETARIES

Carsons Management Services (Pvt) Ltd.
61, Janadhipathi Mawatha,
Colombo 1.

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

61, Janadhipathi Mawatha,
Colombo 1.

CORPORATE WEBSITE

www.carsoncumberbatch.com

Chairman's Statement



I am pleased to welcome members to the Fifty Sixth Annual General Meeting of the Company and present on behalf of the Board of Directors, the Annual Report and Audited Financial Statements for the year ended 31st March 2002. A detailed account of the Company's business activities during the financial year is given in the Review of Operations. I shall therefore, restrict my comments to a few issues of significance.

The performance of Sri Lanka's economy in 2001 was much below expectations. GDP growth at the end of the year was a negative 1.3% due to cumulative effects of a recession experienced globally and adverse economic conditions in the domestic front.

Share market activity, which declined in 2000, continued to be depressed until October 2001, reflecting the impact of the slowdown in the economy and weak foreign investor demand. However, a reversal in share market activity was observed in the last quarter, with renewed market expectations as a result of the electoral process and decreased returns on fixed income securities following the downward trend in interest rates.

Lack of investor confidence was quite evident during a greater part of the year, depriving opportunities to investors such as the Guardian Group in which your Company is a member, to pursue a long term focussed investment strategy. The momentum of the bull-run in the fourth quarter of the year, however, was not sustained adequately thereafter.

The majority of blue chip stocks at the Colombo Stock Exchange were very attractive to investors as such stocks were undervalued. Your Company taking advantage of this situation strengthened the portfolio with further addition of shares in National Development Bank and Ceylon Cold Stores to its portfolio while trading its stake in John Keells

Holdings during the year under review. The Company continued to engage in selective trading to exploit opportunities to enhance the value of the portfolio, employing prudent investment strategies.

Taking into account the expected revival in the economy and the possibility of capitalising on new investment opportunities arising thereby, your Company embarked on a strategy of enhancing its liquidity position, by undertaking a rights issue, followed by a bonus allotment during the year under review. The rights issue infused funds of Rs. 31.04 mn thus positioning your Company to reap the benefits from a potential market revival in the months to come. I, on behalf of the Board of Directors, thank the shareholders for their interest in the rights issue and the confidence placed in the management, which was amply demonstrated by the response to the issue. A final dividend of 10% is proposed which will further enhance the return to the shareholders as at 31st March 2002.

During the year under review, the Company generated a turnover of Rs. 26.62 mn, an increase of 27% as against Rs. 21.00 mn in the previous year. Benefiting from the share of Associate Company's profit, the Company recorded a post tax profit of Rs. 93.37 mn, a significant increase of 340% from the previous year's post tax profits of Rs. 21.24 mn. The Company had a portfolio costing Rs. 421.75 mn, which carried a market value of Rs. 766.42 mn as at the Balance Sheet date.

The recent relaxation of regulations on Foreign Direct Investments, where foreign holding up to 100% in sectors such as banking & finance, insurance and infrastructure are allowed together with the tax incentives proposed in the budget for the year 2002, are likely to lead to heightened stock market activity. The expectations of a well managed economy, prospects of peace, the business friendly budget and a global economic recovery will all enhance investor confidence. In addition, it is



anticipated that the accelerated privatisation programmes under the new Government's initiatives will bring in greater diversity to stock market activities. With more emphasis being placed on infrastructure projects, new listings of companies on the CSE could also be expected during the year. With such expectations, the Company intends infusing more funds in the near future.

We also welcome the steps taken by the Insurance Corporation Ltd. in allocating Rs. 200 million of their funds to each of three selected private sector fund managers, which indicates the policy stance direction of the Government in encouraging investment activities. This could be a possible opening to allocate further funds such as EPF & ETF, to private sector fund managers, bringing in new opportunities for institutional investors and greater market activity. As a further step in this regard, we feel that the Government should consider allowing a part of the funds of investment companies and fund managers, to be invested in overseas stock markets, which may initially be restricted to regional stock markets.

I would like to take this opportunity to thank my colleagues on the Board for their invaluable contributions, and place on record, the Board's appreciation of the co-operation of the financial community and trust and confidence placed in the Company by the shareholders.

Israel Paulraj
Chairman

Colombo,
10th May 2002

Review of Operations



INVESTMENT CLIMATE

The cumulative effects of subdued economic conditions in the past years resulted in a negative economic growth of 1.3% in 2001. Economic performance decelerated during the first half of the year largely due to the prolonged drought, and weak export demand resulting from the slowdown of economic activity in industrial countries. The situation deteriorated further during the second half due to the adverse impacts of the local and global terrorist attacks. The economic slowdown was widespread with all major sectors of the economy recording negative growth rates.

Low foreign currency reserves and a high degree of speculation forced the floatation of the Sri Lankan Rupee in 2001 with the Rupee depreciating against the US \$ by over 11.5%. However, by the end of the year the Central Bank was successful in bringing down the entire exchange rate structure to stable levels.

Year 2001 was a relatively stable year with regard to the interest rate environment, when compared with the previous year. Although interest rates escalated during the first two months of 2001, the rates declined steadily in the months that followed. The Central Bank was instrumental in gradually reducing interest rates, with cuts in lending and borrowing rates on Treasury instruments from time to time. The reduction in Central Bank rates moderated the money market rates.

Increased investor interest during the latter part of the year had a positive effect on the Colombo Stock Market, which recorded a seven-year high growth for 2001. The ASPI gained 46% and the Milanka Price Index (MPI) gained 56% during the year under review. During the first three quarters of 2001, the ASPI reported a negative growth while the MPI moved down significantly. Of particular

importance in this regard was the lack of investor confidence, lack of new listings and low levels of foreign investor participation. The fourth quarter of the year, however, witnessed a significant increase in market activities with the onset of the electoral process and the anticipated entry of a new Government. The momentum, however, was not sustained adequately thereafter.

Market activities were driven mainly by local investors accounting for 81% of the total turnover during the year 2001. Overall, apart from the brief bull-run during the end of 2001, the stock market did not offer many opportunities for regular activity or the pursuit of a long term focussed investment strategy by companies such as yours.

CORPORATE PERFORMANCE AND RETURNS TO SHAREHOLDERS

During the year under review, the Company generated a turnover of Rs. 26.62 mn, an increase of 27% as against Rs. 21.00 mn the previous year. The revenue comprised dividend income and interest income for the year amounting to Rs. 18.02 mn and Rs. 4.16 mn respectively, compared to Rs. 20.74 mn and Rs 6.46 mn in the previous year. The Company recorded a post tax profit of Rs. 93.37 mn, including the share of associate company profits, an increase of 340% from the previous year's post tax profits of Rs. 21.24 mn.

Earnings Per Share and Share Price

The earnings per share of your Company after the recent rights issue and bonus issue was Rs. 37.60. The market value of your Company's ordinary share on 31st March 2002 was Rs. 55/- This translates to a Price Earnings Ratio (PER) of 1.47 compared with the overall market PER of 9.50.



Dividends

The Directors propose a first and final dividend of 10% to the shareholders for the year, on the enhanced share capital after both the rights and announced bonus issues. This amounts to a distribution of approximately 9% of your Company's distributable post tax earnings. This year's dividend on the enhanced capital after rights and bonus issues, strengthens our record of having had consistent dividend declarations in the years past, in spite of fairly adverse operating conditions.

Your Company, since its change of management has maintained a consistent level of returns to shareholders despite bleak stock market performance at times. Over the past five years, your Company's dividend yield has grown significantly highlighting the superior returns given to its shareholders.

Bonus issues and dividends as highlighted in the following table, reflect the value addition to shareholders, thus making this Company one of the most attractive investments in the market.

Rights Issues and Proposed Bonus Issue

Given the positive outlook for a revival in the economy and the possible return of peace, the activities at the CSE are poised to increase. Taking in to account these expectations and the possibility of capitalising on new investment opportunities arising thereby, your Company embarked on a strategy of enhancing its liquidity position, by undertaking a rights issue of 1 share for every 4 shares held, at Rs. 50/- per share, while your parent Company - The Ceylon Guardian Investment Trust Ltd. also made a rights issue of 1 share for every 7 shares held. The total value of the shares issued by your Company under the rights issue was Rs. 31.04 mn, thus positioning it to reap the benefits from a potential market revival in the months to come. These rights issues will be followed by a bonus issue by both these companies of 1 share for every 4 shares held in the enhanced share capital after the rights issue.

A favourable response to the rights issues was observed, with the Guardian issue being oversubscribed by 284,269 shares, thus reflecting

Value of distributions to shareholders during the last 5 years

	Total	2002	2001	2000	1999	1998
Value of the Bonus issue						
at CSE price - Rs.	91,960,340	42,686,325*	-	21,358,702	27,915,313	-
Dividend for the year - Rs.	59,673,525	3,693,882	16,143,199	15,000,756	12,914,558	11,921,130

* Before any dilution as a result of the declaration of a bonus issue.



the confidence placed by shareholders in their investment. Oversubscribed shares were allotted on the basis of 100% allocation for the first 1,000 shares applied with the balance being prorated. Furthermore, the rights issue has improved the liquidity of a Company's share, thus resulting in greater tradability and a higher value being attached to it. The anticipated investments utilizing the proceeds of the rights issue will give shareholders an opportunity to enhance the quality of their earnings further.

Realignment of Carsons Group Holdings

Your Company was also involved in a realignment exercise of the investment portfolios held by a number of companies within the Carsons Group. The objective of the exercise was to eliminate cross-holdings thus enabling each company within the Carsons Group to concentrate on its core activities. This realignment exercise was made use of by the Guardian Group, in which your Company is a member to enhance its holding in the oil palm sector, increasing its shareholding to over 20% in four oil palm plantation companies listed in the CSE. With the increased stakes in 2 companies, 4 of the Oil Palm plantation sector companies are now treated as associate companies of the Guardian Group.

INTERNAL STRATEGIES AND OPERATIONS

Investment Strategy

Our investment strategy continuously focussed on increasing the exposure to blue chip companies as these shares are traded at attractive PER's based on strong fundamentals. These shares, which enjoy high liquidity, are also likely to be the first to record rapid capital gains once the process of market recovery commences. In anticipation of a further market upturn, which is likely to be sustained over

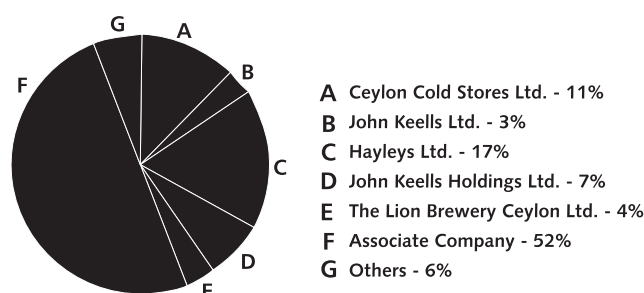
the long term, we expect these stocks to generate above average returns to our shareholders. Moreover, we continued to engage in selective trading in the short term to exploit favourable market fluctuations.

Whilst our strategy of enhancing the portfolio's earning potential and the quality of its holdings continues, the disposal of non-performing stocks too persisted.

Portfolio Composition

TOP SIX STRATEGIC HOLDINGS

(Based on % held in total market value of portfolio)



In keeping with our core business of investment holding, more than 99% of our shares are invested in equities. The Company continued its focus on the Diversified sector and the Banks, Finance & Insurance sector in view of their steady growth supported by strong fundamentals and earnings potential in the long term. The Company also continued to hold its investments in the soft alcohol sector and through its associate in oil palm plantation sector due to strategic reasons.



Company's key strategic holdings are given below:

Name of Company	% Stake in the Company	Market Value of Holding as at 31st March 2002 Rs.
Ceylon Cold Stores Ltd.	7.06%	86,219,000
John Keells Ltd.	6.00%	26,031,900
Hayleys Ltd.	2.72%	131,486,586
The Lion Brewery Ceylon Ltd.	1.14%	29,458,000
John Keells Holdings Ltd.	0.52%	56,306,400

Major Transactions

In the period under review, the Company's portfolio was enhanced by adding shares at a cost of Rs. 50.60 mn. Shares with a cost of Rs. 9.14 mn were disposed during the period under review, by the Company. The rationale behind these disposals was the ability to secure gains, which enhanced the value to the shareholder, given the favourable market fluctuations witnessed in the latter part of 2001. The market conditions under which these sales were made gave the best opportunity to your Company to encash these stocks in the short term. Consequently, this enabled the Company to acquire other high performing liquid stocks at attractive prices. Such noteworthy additions during the year under review were 360,000 shares of Ceylon Cold Stores Ltd., 161,600 shares of John Keells Holdings Ltd. and 221,700 shares of National Development Bank.

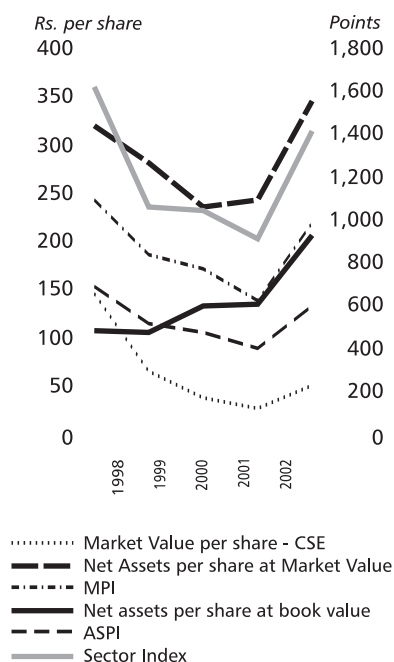
FINANCIAL STATUS OF THE COMPANY

Portfolio Cost vs Market Value

The cost of the Company's investment portfolio as at 31st March, 2002 was Rs. 421.75 mn as against Rs. 216.73 mn in the previous comparative period. Despite the downturn experienced in the stock market during the first half of the year, the market value of your Company's investment portfolio appreciated to Rs. 766.42 mn as at end 31st March 2002, as against Rs. 482.57 mn at the close of the previous year. These represent significant

improvements of 94.44% and 58.82% respectively. The increases in market value compared very favourably against the increases in the ASPI of 46% and the MPI of 56% during the year. Total debentures and money market deposits of the Group, amounted to Rs. 9.39 mn as at 31st March 2002.

SHARE VALUATION AND STOCK MARKET PERFORMANCE





Returns on Surplus Funds

The Company's total net surplus in liquid funds as at 31st March 2002 was Rs. 7.49 mn. During the year, surplus funds were invested in short positions in call deposits and overnight repurchase agreements with the intention of maintaining adequate funds in hand to exploit attractive market opportunities. This generated an interest income of Rs. 4.16 mn.

KEY SECTORAL EXPOSURES

Banks, Finance & Insurance

Company's Exposure (Market Value) - 3.36%

This sector was one of the main sectors that felt a significant impact from the changing global and local operating conditions. On one hand the recessionary conditions within the world's leading economies affected the country's export sector and in turn the banks revenue sources and called for significant loan loss provisioning. Secondly, high interest rates resulting from widening fiscal deficit resulted in a poor demand for loans. The turnaround in economic performance and the diversification strategies adopted by some of the companies within this sector will clearly contribute towards improved performance in the future. On the contrary, the increasing risks resulting from the above have helped the insurance sector and leasing companies to record good performance. We have placed our confidence on the potential and capacity of this sector under improved economic conditions; therefore the Group will continue to seek opportunities to enhance their stakes in this sector. During the year the Company disposed its holding in HNB and enhanced its portfolio by adding 221,700 shares of NDB.

Beverage, Food & Tobacco

Company's Exposure (Market Value) 16.97%

Despite inflationary conditions, this sector continued to show attractive growth which was supported by the dry weather conditions that prevailed in the country. Two of the most potential contenders in the sector - Lion Brewery of Ceylon Ltd. and Ceylon Cold Stores both carry over 50% market share in their respective segments, reported reasonable growth showing their resilience to adverse operating conditions. The part waiver of excise duty by the new budget and a relaxation on the restrictive regulations governing the industry, will certainly bring in high value addition to the Company's holding in the two breweries in the sector, which are also held for strategic reasons. The innovative advertising, expansion of distribution channels along with the favourable weather conditions brings in a very promising future for Ceylon Cold Stores. Continuing our confidence in this segment the Company added shares valued at over Rs. 15 million in Ceylon Cold Stores to its portfolio. But with the introduction of excise duty on soft drinks by the recent budget, the Company's investment in Ceylon Cold Stores will have to be reassessed or will be retained as a very long term investment.

Diversified

Company's Exposure (Market Value) - 24.50%

The highly diverse industries in which this sector is involved and the adverse economic conditions within the country and in global economies, dampened the expected performance of this sector. The sound fundamentals and diversity of operations helped the sector to somewhat contain the adverse impact on performance. With the new administration's emphasis on improving the country's infrastructure as a priority, this sector is bound to benefit and record a better performance in the long term as the companies within the sector



are strong contenders for undertaking some of the upcoming infrastructure projects. The easing of conditions in the global economy, supported by the dominant positions enjoyed by some companies in their respective industries, will bring in added strength to sectoral performance. During the year, the Company continued to trade its stake in John Keells Holdings while its holding in Hayleys was enhanced with 115,666 shares received under the rights issue. This sector is expected to give more opportunities for investment in long term.

FUTURE PROSPECTS

The recent relaxation of regulations on Foreign Direct Investments, where foreign holding up to 100% in sectors such as banking & finance, insurance and infrastructure are allowed, together with the tax incentives proposed in the Budget for the year 2002, are likely to encourage stock market activity. As a result of the representations made by the fund management industry on the removal of the 15% withholding tax, some relief in this respect has been granted in the latest budget. Withholding tax on dividends has been reduced from 15% to 10%. Despite the elimination of ACT, the proposal to treat dividend income as an exempt income for individuals will lure individual investors into the market, thus boosting market activity. The withholding tax imposed on interest income of time deposits may encourage investors to divest funds to an active stock market, thus increasing their returns on investment and tax savings. The debit tax introduced in the latest budget will have an adverse effect on all transactions carried out through banks. This will affect your Company's strategy of maximising returns on short term surplus funds by regular investment in bank deposits.

We continue to lobby to allow foreign investors to deploy their investment funds freely, in order to attract more funds into the local market. The expectations of a well managed economy, prospects of peace, the business friendly budget

and a global economic recovery will all enhance investor confidence. In addition, the privatisation programmes, which are in the pipeline under the new Government's accelerated development programmes, will bring in greater variety to boost stock market activities. With more weightage being placed on infrastructure projects, new listings of companies on the CSE could be expected within this sector. As a further step in this regard, we feel that the Government should consider allowing a part of the funds of investment companies and fund managers, to be invested in overseas stock markets, which may initially be restricted to regional stock markets.

We also welcome the steps taken by the Insurance Corporation Ltd. in allocating Rs. 200 mn of their funds to each of three selected private sector fund managers, which indicates the policy stance of the Government in encouraging investment activities. This could be a possible opening to allocate further funds such as EPF & ETF, to private sector fund managers, bringing in new opportunities for institutional investors and greater market activity.

Following the fresh infusion of funds through the rights issues, the Company intends to focus on diversifying its investment portfolio into selective infrastructure projects and value added agri-based industries. These investments will help to balance the risk exposures of the portfolio, whilst ensuring relatively stable returns on the new funds, thus enhancing shareholder value in the medium to long term. In anticipation of such lucrative opportunities, the Company is likely to consider infusing more funds into the business in order that investors may benefit early from the opportunities which arise as a result of economic growth.

Carsons Management Services (Pvt) Ltd.
Managers

Colombo, 10th May 2002

Report of the Directors



The Directors are pleased to submit their Report for the year ended 31st March, 2002, together with the audited financial statements of The Ceylon Investment Company Ltd.

REVIEW FOR THE YEAR

The Review of Operations describes in detail the performance during the year, with comments on the financial results and future developments of the Company.

THE PRINCIPAL ACTIVITY OF THE COMPANY

The core business of the Company remains in holding and managing of an investment portfolio.

FINANCIAL RESULTS

For the year ended 31st March

	2002	2001
	Rs.	Rs.
Profit available for appropriation		
- Company	41,285,966	41,743,338
- Associate	157,974,597	80,810,947
	199,260,563	122,554,285
From which the following appropriations have been made:		
Capital reserves	10,000,000	-
	189,260,563	122,554,285
Your Directors now recommend:		
The payment of a first and final dividend of 10% (2000/2001 - 65%)	3,880,576	16,143,199
Leaving a balance to be carried forward by		
- Company	27,405,390	25,600,139
- Associate	157,974,597	80,810,947
	185,379,987	106,411,086

SHAREHOLDERS' FUNDS

After the above mentioned appropriations, total shareholders' funds stand at Rs.526.45 mn (31st March, 2001 - Rs. 347.37 mn) comprising, share capital of Rs.24.84 mn, capital reserves of Rs. 295.34 mn and revenue reserve of Rs. 206.27 mn. The movements are shown in Statement of Changes in Equity.

INVESTMENTS

Total expenditure on investments during the year amounted to Rs. 50.57 mn. (2000/2001 - Rs. 8.28 mn).

The total investment portfolio of the Company had a market value of Rs. 766.42 mn as at 31st March, 2002 compared with the book value of Rs. 422.05 mn.

The movements in the investment portfolio during the year are set out in Notes 6 and 7 to the financial statements.



DIVIDEND

Your Directors recommend a first and final dividend of 10% on the enhanced share capital after the Rights and Bonus issues as explained below under "SHARE CAPITAL". The total outflow on dividends amounts to Rs. 3.88 mn (2000/2001 - Rs. 16.14 mn).

STATUTORY PAYMENTS

The Board of Directors, to the best of their knowledge and belief are satisfied that all statutory payments due up to the Balance Sheet date have been paid on due dates or have been adequately provided for.

SHARE CAPITAL

During the year the authorized share capital of the Company was increased to Rs. 150 mn. A rights issue of 1 share for every 4 shares held was approved by the shareholders during the year, while a bonus issue of 1 share for every 4 shares held was also announced after the Balance Sheet date. The issued and paid up share capital will increase to Rs.38,805,760/- after these share issues.

DIRECTORATE

The names of the Directors who served during the year are shown on page 1.

In terms of Articles 89 and 90 of the Articles of Association of the Company, Mr. P.C.P. Tissera retires by rotation from the Board, and being eligible offers himself for re-election.

DIRECTORS' INTERESTS IN CONTRACTS

Directors' interests in contracts of the Company are disclosed in Note 16 to the financial statements and have been declared at a Meeting of the Directors.

The Directors have no direct or indirect interests in any other contracts or proposed contracts in relation to the business of the Company while they had the following interests in the shares of the Company.

<i>As at 31st March</i>	No. of Shares 2002	No. of Shares 2001
I. Paulraj (Chairman)	50	50
D. C. R. Gunawardena	50	50
P. C. P. Tissera	50	50

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Subsequent to the date of the Balance Sheet, no circumstances have arisen, which would require adjustments to or disclosure in the financial statements other than as disclosed in Note 13 to the financial statements.



SUBSTANTIAL SHAREHOLDINGS

The substantial holdings in the issued share capital of the Company have been disclosed in Note 4 of the Information to Shareholders and Investors. As at 31st March, 2002, the Company had 382 shareholders (31st March, 2001 - 349), whose distribution of holdings is indicated in Note 3 of the Information to Shareholders and Investors.

SHARE INFORMATION

Information relating to earnings, dividends, net assets and market price per share are given on page 33 of the Annual Report. Information on share trading is given on page 35 of the Annual Report.

AUDIT AND COMPLIANCE COMMITTEE

An Audit and Compliance Committee comprising of following members was appointed with effect from 1st April, 2002:

Tilak de Zoysa (**Chairman**) (Non-Executive Chairman-Carson Cumberbatch & Co. Ltd.)

Tennyson Rodrigo (Non-Executive Director-The Good Hope Co. Ltd.)

D.C.R. Gunawardena

AUDITORS

Messrs. KPMG Ford, Rhodes, Thornton & Co., are eligible for re-appointment.

By Order of the Board,

Carsons Management Services (Pvt) Ltd.

Managers & Secretaries

Colombo, 10th May, 2002



Statement of Directors' Responsibilities

The responsibilities of the Directors, in relation to the financial statements, are detailed in the following paragraphs while the responsibilities of the Auditors are set out in the Report of the Auditors.

According to the Companies Act, No. 17 of 1982, and the Sri Lanka Accounting & Auditing Standards Act, No. 15 of 1995, Directors are required to prepare financial statements for each financial year, giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the said period.

In preparing these financial statements the Directors are required to ensure that:

- appropriate accounting policies have been selected and applied consistently, while material departures if any are adequately disclosed.
- all applicable Accounting Standards have been complied with and,
- reasonable and prudent judgements and estimates have been made.

The Directors are responsible for ensuring that the Company maintains sufficient accounting records to disclose with reasonable accuracy, the financial

position of the Company, and for ensuring that the financial statements have been prepared and presented in accordance with the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995 and provide the information required by the Companies Act, No. 17 of 1982. They are also responsible for taking reasonable measures to safeguard the assets of the Company and in this regard to give proper consideration to the establishment and effective operation of appropriate systems of internal control with a view to prevent, detect and rectify fraud and other irregularities.

These financial statements have been prepared on a going concern basis, since the Directors are of the view that the Company has adequate resources to continue in operation, at least for a period of twelve months from the date of signing these financial statements.

The Directors are also of the view that they have discharged their responsibilities as set out in this statement.

By Order of the Board,
Carsons Management Services (Pvt) Ltd.
Secretaries

Colombo, 10th May, 2002

Financial Reports

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Report of the Auditors



TO THE MEMBERS OF THE CEYLON INVESTMENT COMPANY LTD.

We have audited the Balance Sheet of The Ceylon Investment Company Ltd., as at 31st March, 2002 and the related Statements of Income, Changes in Equity and Cash Flow for the year then ended, together with the Accounting Policies and Notes as set out on pages 17 to 32 of the Annual Report.

Respective Responsibilities of Directors and Auditors

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

Basis of Opinion

We conducted our audit in accordance with the Sri Lanka Auditing Standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the said financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the said financial statements, assessing the accounting principles used and significant estimates made by the Directors, evaluating the overall presentation of the financial statements, and determining whether the said financial statements are prepared and presented in accordance with the Sri Lanka Accounting Standards. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper books of account for the year ended 31st March, 2002 and to the best of our information and according to the explanations given to us, the said Balance Sheet and related Statements of Income, Changes in Equity and Cash Flow and the Accounting Policies and Notes thereto which are in agreement with the said books and have been prepared and presented in accordance with the Sri Lanka Accounting Standards, provide the information required by the Companies Act No. 17 of 1982 and give a true and fair view of the Company's state of affairs as at 31st March, 2002 and its profit and cash flows for the year then ended.

Directors' Interests in Contracts with the Company

According to the information made available to us, the Directors of the Company were not directly or indirectly interested in contracts with the Company during the year ended 31st March, 2002 except as stated in Note 16 to these financial statements.

(Sgd.)

KPMG Ford, Rhodes, Thornton & Co.
Chartered Accountants

Colombo, 10th May, 2002



Income Statement

For the year ended 31st March

	Note	2002 Rs.	2001 Rs.
Revenue	1	26,616,695	21,000,202
Cost of investments disposed		(8,378,950)	(81,002)
		18,237,745	20,919,200
Administrative expenses		(2,070,943)	(2,037,469)
Reversal for appreciation/(provision for diminution) in carrying value of investments		302,150	(92,817)
Profit from operations	2	16,468,952	18,788,914
Amortisation of surplus on acquisition	10.1	22,527,271	-
Share of Associate Company's profit before taxation		55,367,862	3,809,887
Profit before taxation		94,364,085	22,598,801
Taxation	3	(989,191)	(1,359,542)
Profit for the year after taxation		93,374,894	21,239,259
Retained profit brought forward - Company		25,600,139	24,480,514
- Associate		80,810,947	76,834,512
		106,411,086	101,315,026
Profit available for appropriation - Company		41,285,966	41,743,338
- Associate		157,974,597	80,810,947
		199,260,563	122,554,285
Appropriations:			
Capital reserves		10,000,000	-
Dividend	4	3,880,576	16,143,199
Retained profit carried forward - Company		27,405,390	25,600,139
- Associate		157,974,597	80,810,947
		185,379,987	106,411,086
		199,260,563	122,554,285
Earnings per share	5	37.60	8.55
Dividend per share		1.00	6.50

The Accounting Policies and Notes on pages 21 to 32 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Balance Sheet



<i>As at 31st March</i>	Note	2002 Rs.	2001 Rs.
ASSETS			
Non-Current Assets			
Investment in Associate	6	246,952,756	83,695,609
Other investments	7	174,799,530	133,029,689
		421,752,286	216,725,298
Current Assets			
Trade and other receivables		25,312	233,111
Income tax recoverable		17,691	-
Amounts due from Associate Company		104,435,808	114,335,808
Short-term deposits	8	1,468,493	33,025,290
Cash at bank		6,024,614	2,784,287
		111,971,918	150,378,496
Total assets		533,724,204	367,103,794
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital	9	24,835,690	24,835,690
Capital reserves	10	295,341,930	195,232,848
Revenue reserves	11	206,272,199	127,303,298
Shareholders' funds		526,449,819	347,371,836
Current Liabilities			
Tax payable		-	165,039
Creditors and accruals		398,206	307,667
Dividend payable	12	6,876,179	19,259,252
		7,274,385	19,731,958
Total equity and liabilities		533,724,204	367,103,794
Net assets per share		211.97	139.87

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

The Accounting Policies and Notes on pages 21 to 32 form an integral part of these financial statements.

Approved and signed on behalf of the Managers, Approved and signed on behalf of the Board,

(Sgd.)
D.C.R. Gunawardena
Director

(Sgd.)
I. Paulraj
Chairman

(Sgd.)
P.C.P. Tissera
Director

Carsons Management Services (Pvt) Ltd.

Colombo, 10th May, 2002



Statement of Changes in Equity

	Note	Share Capital Rs.	Investment Reserve Rs.	Share Premium Rs.	Other Capital Reserves Rs.	Associate Company's Capital Reserves Rs.	Capital Reserve on Consolidation Rs.	General Reserve Rs.	Retained Profits Rs.	Total Equity Rs.
Balance as at										
1st April, 2000		24,835,690	8,401,206	483,852	171,501,559	14,846,231	-	20,892,212	101,315,026	342,275,776
Net profit for the year		-	-	-	-	-	-	-	17,262,824	17,262,824
Share of Associate										
Company's profits		-	-	-	-	-	-	-	3,976,435	3,976,435
Dividend proposed - 10%		-	-	-	-	-	-	-	(16,143,199)	(16,143,199)
Balance as at										
31st March, 2001		24,835,690	8,401,206	483,852	171,501,559	14,846,231	-	20,892,212	106,411,086	347,371,836
Balance as at										
1st April, 2001		24,835,690	8,401,206	483,852	171,501,559	14,846,231	-	20,892,212	106,411,086	347,371,836
Changes in equity										
		24,835,690	8,401,206	483,852	171,501,559	14,846,231	-	20,892,212	105,885,669	346,846,419
Net profit for the year		-	-	-	-	-	-	-	15,685,827	15,685,827
Share of Associate										
Company's profits		-	-	-	-	-	-	-	55,161,796	55,161,796
Surplus on consolidation	10.1	-	-	-	-	-	112,636,353	-	-	112,636,353
Amortisation of surplus										
on acquisition	10.1	-	-	-	-	-	(22,527,271)	-	22,527,271	-
Appropriations to/(from)		-	-	-	10,000,000	-	-	-	(10,000,000)	-
Dividend proposed - 10%		-	-	-	-	-	-	-	(3,880,576)	(3,880,576)
Balance as at										
31st March, 2002		24,835,690	8,401,206	483,852	181,501,559	14,846,231	90,109,082	20,892,212	185,379,987	526,449,819

The Accounting Policies and Notes on pages 21 to 32 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Cash Flow Statement



For the year ended 31st March

	Note	2002 Rs.	2001 Rs.
Cash Flows from Operating Activities			
Profit before taxation		94,364,085	22,598,801
Adjustments for:			
Amortisation of surplus on acquisition	10.1	(22,527,271)	-
Loss/(profit) on disposal of investments		8,538	(62,370)
Reversal for appreciation/(provision for diminution) in carrying value of investments		(302,150)	92,817
Dividend re-investment	7	(27,929)	(19,144)
Share of associate company's profit before taxation		(55,367,862)	(3,809,887)
Dividend received from associate company		4,015,585	6,344,210
Operating profit before working capital changes		20,162,996	25,144,427
Decrease/(Increase) in receivables		10,107,799	(27,832,980)
Increase/(Decrease) in payables		90,539	(311,705)
Cash generated from/(used in) operations		30,361,334	(3,000,258)
Income tax paid		(965,855)	(2,741,051)
Net cash generated from/(used in) operating activities		29,395,479	(5,741,309)
Cash Flows from Investing Activities			
Purchase of investments	7	(50,575,782)	(8,281,836)
Proceeds from disposal of investments		8,370,412	143,373
Proceeds from redemption of debentures		757,070	7,070
Net cash used in investing activities		(41,448,300)	(8,131,393)
Cash Flows from Financing Activities			
Dividend paid		(16,263,649)	(13,605,446)
Net cash used in financing activities		(16,263,649)	(13,605,446)
Net decrease in cash and cash equivalents		(28,316,470)	(27,478,148)
Cash and cash equivalents at the beginning of the year		35,809,577	63,287,725
Cash and cash equivalents at the end of the year (Note A)		7,493,107	35,809,577
(Note A)			
Cash and cash equivalents			
Short-term deposits	8	1,468,493	33,025,290
Cash at bank		6,024,614	2,784,287
		7,493,107	35,809,577

The Accounting Policies and Notes from pages 21 to 32 form an integral part of these financial statements.

Figures in brackets indicate deductions.



Significant Accounting Policies

1. GENERAL

1.1 Basis of Preparation

The financial statements of The Ceylon Investment Company Ltd. comprise the Balance Sheet, the related Statements of Income, Changes in Equity, Cash Flow Statement, Accounting Policies and Notes to the financial statements. These statements are prepared on historical cost basis, in accordance with the Accounting Standards laid down by The Institute of Chartered Accountants of Sri Lanka.

The accounting policies are applied by the Company, consistent with those used in the previous year. The previous year's figures and phrases are re-arranged wherever necessary to conform to the current year's presentation.

All values presented in these financial statements are in Sri Lankan Rupees (Rs.) unless otherwise indicated.

1.2 Investments in Associates

1.2.1 Investments in companies where the Investor's share of the holding is more than 20% and where the Investor has significant influence but no control, over the financial and operating decisions/policies, are treated as Associate Companies. The results of the Associate Companies are accounted for on the equity method of accounting, where the Investor's share of profits or losses are incorporated into the Company's Income Statement, and the related investment is presented in the Balance Sheet at values adjusted to reflect the Investor's share of retained assets. The carrying amount of the Company's investment is reduced to the extent of the dividends received from these Associate Companies.

1.2.2 Investments in companies where the Investor's holding is less than 20% and where the investor does not exercise significant influence and/or control over the financial and operating decisions/policies, are accounted for on the basis stated in 2.1 below. The income from these investments is recognised only to the extent of dividends received.

1.3 Taxation

(a) Current Tax

The liability to taxation is computed in accordance with the provisions of the Inland Revenue Act, No. 38 of 2000 as amended and the Surcharge on Income Tax Act, No. 6 of 2001, taking into consideration the maximum relief available.

(b) Deferred Tax

Deferred tax is not provided since the Company does not hold any Property, Plant & Equipment.

The relevant details are disclosed in respective Notes to the financial statements.

1.4 Events occurring after the Balance Sheet date

The materiality of the events occurring after the Balance Sheet date is considered and appropriate adjustments to or disclosure are made in the financial statements where necessary.

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 Balance Sheet date, whichever is shorter. Assets other than current assets are those which the Company intends to hold beyond a period of one year from the Balance Sheet date.

Provision is made for any permanent diminution in value.

2.1 Investments

2.1.1 Classification

All investments are held for yield or/and capital appreciation and are classified as long-term investments.

2.1.2 Valuation

Quoted Investments

All quoted investments are carried in the Balance Sheet at the lower of cost and market value on an aggregate portfolio basis.

Unquoted Investments

All unquoted investments are carried at lower of cost and Directors' valuation, if any. Provision is made for any permanent diminution in value.

2.1.3 Cost

Cost of investments is the cost of acquisition including brokerage, commission and other fees.

2.1.4 Diminution in Value

Diminution in value of investments are deemed to be permanent where the investee company:

- has ceased operations in major business lines, and/or
- auditors have qualified their opinion on the going concern status and /or

- operations have resulted in net losses and losses are expected to continue and/or
- core business has become non-viable due to environmental concerns and/or
- operates in an industry/sector which has an uncertain outlook due to environmental concerns.

2.1.5 Market Value of Investment Portfolio

The Market value of the investment portfolio are based on the following:

- Marketable equity securities are stated at the values published in the official valuation list of the Colombo Stock Exchange as at the Balance Sheet date. Where the official valuation is not available, the market value is stated at the last transacted price.
- Units purchased from Unit Trusts are valued at the manager's buying price as at the Balance Sheet date.

2.2 Trade and other Receivables

Trade and other receivables are stated at the amounts they are estimated to realise. Where necessary, provisions are made for bad and doubtful debts.

2.3 Cash and cash equivalents

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



For the purpose of Cash Flow Statement, cash and cash equivalents consist of cash at bank, investments in money market instruments and deposits held in banks.

Interest and dividend received are classified as operating cash flows while dividend paid are classified as financing cash flows for the purpose of presentation of Cash Flow Statement, reported based on the indirect method.

3. LIABILITIES AND PROVISIONS

Liabilities classified as current liabilities in the Balance Sheet are those obligations payable on demand or within one year from the Balance Sheet date. Items classified as long-term liabilities are those obligations, which extend beyond a period of one year from the Balance Sheet date.

All known liabilities have been accounted for in preparing the financial statements. Provisions and liabilities 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 obligation.

3.1 Capital Commitments and Contingencies

Capital commitments which exist at the Balance Sheet date and contingencies, are disclosed in the respective Notes to the financial statements.

4. INCOME STATEMENT

4.1 Revenue

The revenue mainly represent dividend income, interest income and proceeds from disposal of investments net of income received from Associate.

4.2 Revenue Recognition

Revenue is accrued and matched with the related expenditure and is recognised in accordance with the Sri Lanka Accounting Standard No. 29 in the following manner:

- Dividend income - when the shareholder's right to receive dividend is established.
- Interest income - accrued on a time proportion basis.
- Proceeds from sale of shares - accrual basis.

4.3 Expenditure Recognition

All expenditure including the following incurred in operating the business are charged against revenue in arriving at the profit or loss for the year.

4.3.1 Provisions for bad and doubtful debts and all known liabilities.

4.3.2 All expenses incurred in the day-to-day operations of the business.

4.3.3 All expenses incurred in respect of business development.

4.4 For the purpose of presentation of the Income Statement, the Directors are of the view that Function of Expenses Method fairly presents the elements of the Company's performance. Hence such a presentation method is adopted.

5. RELATED PARTY TRANSACTIONS

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating decisions/policies of the other, irrespective of whether a price is being charged.

Notes to the Financial Statements



	31st March 2002 Rs.	31st March 2001 Rs.
1. REVENUE		
Dividend income	18,016,373	20,739,443
Interest income	4,158,425	6,461,596
Proceeds from disposal of investments	8,370,412	143,373
Sundry Income	87,070	-
	30,632,280	27,344,412
Less: Dividend received from Associate Company	(4,015,585)	(6,344,210)
	26,616,695	21,000,202
2. PROFIT FROM OPERATIONS		
Profit from operations is stated after charging all expenses which include the following, among other expenses:		
Directors' fees	-	10,000
Directors' emoluments	-	-
Audit fees	48,000	33,000
Accounting fees	1,452,959	1,441,945
3. TAXATION		
(a) Taxation on current year profits		
Company - on ordinary activities for the year	783,125	1,527,039
- over provision for previous year	-	(949)
Associate Company	206,066	(166,548)
	989,191	1,359,542
(b) Reconciliation of accounting profit to tax expense		
Profit from operations	38,996,223	18,788,914
Amortisation of surplus of acquisition	(22,527,271)	-
	16,468,952	18,788,914
Revenue not liable to taxation:		
Dividend income (Net of Associate Company dividend)	(14,000,788)	(14,395,233)
Exempt capital (gains)/loss on sale of shares of Quoted Public Companies	8,538	(62,372)
Profit liable to taxation	2,476,702	4,331,309
Write back of provision	(302,150)	-
Disallowable expenses	794	31,660
Taxable profit	2,175,346	4,362,969
Tax liability for current year - 35%	761,371	1,527,039
Sec. 42 (i) Tax Credit (d)	(108,767)	-
Income tax payable	652,604	1,527,039
Surcharge payable - 20% (e)	130,521	-
Total tax charge for the year	783,125	1,527,039



- (c) In accordance with provisions of the Inland Revenue Act, No. 38 of 2000, as amended the Company is liable to income tax at 35%.

In terms of Section 40 of the Inland Revenue Act, No. 38 of 2000, profits from plantation activities of Rubber Investment Trust Limited's Associate Malaysian companies enjoy a concessionary rate of tax of 15% in Sri Lanka. These profits are however, subject to income tax in Malaysia calculated at a rate of 28%. Where necessary tax liability has been stated in the financial statements to reflect tax incurred in Malaysia.

- (d) The Company has claimed the 5% tax credit afforded under Section 42 (i) of the Inland Revenue Act, No. 38 of 2000.
- (e) The Company was subject to a 20% surcharge on corporate income tax during the year 2001/02. By the budget for the year 2002 approved by the Parliament, this surcharge was removed with effect from year 2002/03.

	31st March 2002 Rs.	31st March 2001 Rs.
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4. DIVIDEND

First & Final - 10% (2001 - 65%)	3,880,576	16,143,199
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- (a) Proposed dividend of 10% is based on the enhanced share capital after considering the Rights and Bonus Issues. (See Note 13)
- (b) Of the above dividend 93.80% (2000/2001 - 17.95%), is not taxable in the hands of the shareholder as it is proposed out of tax exempt profit.
- (c) The Company being a Quoted Public Company, is liable to deduct income tax at 15% on taxable dividend distributed to non-resident shareholders.
- (d) As per 2002 Budget proposals, dividend distributions made out of taxable profits after 1st April 2002, will be subject to a 10% withholding tax at source. Further such distributions will not be subject to Advance Company Tax (ACT).

5. EARNINGS PER SHARE

Earnings per Share of Rs. 37.60 (31.3.2001 - Rs. 8.55) is calculated on the profit after taxation over the number of ordinary shares in issue and ranking for dividend as at the Balance Sheet date. The following reflects the income and share data used for the computation of Earnings per Share:

	31st March 2002	31st March 2001
Amount used as the Numerator		
Profit for the year after taxation - Rs.	93,374,894	21,239,259
Amount used as the Denominator		
Number of Ordinary Shares in issue applicable to Earnings per Share	2,483,569	2,483,569



SUMMARY OF INVESTMENT PORTFOLIO SHOWN IN NOTES 6 AND 7

	Note	Cost as at 31st March 2002 Rs.	Market Value/ Directors' Valuation as at 31st March 2002 Rs.	Cost as at 31st March 2001 Rs.	Market Value/ Directors' Valuation as at 31st March 2001 Rs.
Investment in Associate	6	246,952,756	389,349,400	83,695,609	284,291,945
Investments in Equity Securities	7.1	171,447,590	374,111,843	129,250,758	195,060,586
Investments in Debentures	7.2	2,293,620	1,899,870	3,050,690	2,525,690
Investments in Unit Trusts	7.3	1,058,317	1,058,317	728,238	688,237
Investments in Preference Shares	7.4	3	3	3	3
		421,752,286	766,419,433	216,725,298	482,566,461

6. INVESTMENT IN ASSOCIATE

	% Holding	Cost as at 31st March 2002 Rs.	Directors' Valuation as at 31st March 2002 Rs.	% Holding	Cost as at 31st March 2001 Rs.	Directors' Valuation as at 31st March 2001 Rs.
<i>Rubber Investment Trust Ltd.</i>						
Cost of investment	49.89	348,659	389,349,400*	49.89	348,659	284,291,945*
Investor's share of retained assets						
At the beginning of the year		83,346,950	-		85,714,725	-
Capital reserve on consolidation		112,636,353	-		-	-
Changes in Equity		(525,417)	-		-	-
Share of profit/(loss) for the year		51,146,211	-		(2,367,775)	-
At the end of the year		246,604,097	-		83,346,950	-
Total investment in associate on equity basis		246,952,756	389,349,400		83,695,609	284,291,945

Note: * The Directors' Valuation of Rubber Investment Trust Ltd. (RITL) is based on the net asset value of the RITL which is arrived at based on the market value of the investment portfolio of RITL.



7. OTHER INVESTMENTS

	As at 31st March 2001	Additions during the year	Disposals during the year	Reversal for Appreciation in Carrying Value of Investments	As at 31st March 2002
	Rs.	Rs.	Rs.	Rs.	Rs.
Summary					
Investments in Equity Securities (Note 7.1)	129,250,758	50,575,782	8,378,950	-	171,447,590
Investments in Debentures (Note 7.2)	3,050,690	-	757,070	-	2,293,620
Investments in Unit Trusts (Note 7.3)	728,238	27,929	-	302,150	1,058,317
Investments in Preference Shares (Note 7.4)	3	-	-	-	3
	133,029,689	50,603,711	9,136,020	302,150	174,799,530

7.1 Investments in Equity Securities

	No. of Shares	Cost as at 31st March 2002 Rs.	Market Value as at 31st March 2002 Rs.	No. of Shares	Cost as at 31st March 2001 Rs.	Market Value as at 31st March 2001 Rs.
(a) Quoted						
Banks, Finance & Insurance						
Commercial Bank of Ceylon Ltd. (Non-Voting)	9,600	165,218	892,800	8,000	165,218	568,000
Commercial Bank of Ceylon Ltd. (Voting)	66,000	4,532,361	9,768,000	55,000	4,532,361	5,005,000
Hatton National Bank Ltd.	-	-	-	162,000	6,191,990	6,480,000
* Mercantile Credit Ltd.	22,545	1	-	22,545	1	-
National Development Bank of Sri Lanka	221,700	16,818,716	15,075,600	-	-	-
		21,516,296	25,736,400		10,889,570	12,053,000

* These have now been delisted.



7. OTHER INVESTMENTS (Contd.)

7.1 Investments in Equity Securities (Contd.)

(a) Quoted (Contd.)

	No. of Shares	Cost as at 31st March 2002 Rs.	Market Value as at 31st March 2002 Rs.	No. of Shares	Cost as at 31st March 2001 Rs.	Market Value as at 31st March 2001 Rs.
Beverage, Food & Tobacco						
Ceylon Cold Stores Ltd.	1,526,000	54,338,549	86,219,000	1,166,000	38,680,527	47,806,000
Ceylon Tea Services Ltd.	571	61,095	46,822	571	61,095	42,825
Ceylon Tobacco Company Ltd.	154,000	122,485	4,774,000	154,000	122,485	4,081,000
The Ceylon Brewery Ltd.	203,000	1,121,770	9,541,000	203,000	1,121,770	3,958,500
The Lion Brewery Ceylon Ltd.	572,000	20,861,411	29,458,000	422,000	14,286,638	4,220,000
Nestle Lanka Ltd.	1,000	62,463	51,000	1,000	62,465	67,500
		76,567,773	130,089,822		54,334,980	60,175,825
Construction & Engineering						
Colombo Dockyard Ltd.	-	-	-	49,000	894,048	514,500
Diversified						
Hayleys Ltd.	1,086,666	24,139,935	131,486,586	971,000	22,404,945	75,980,750
John Keells Holdings Ltd.	970,800	37,897,906	56,306,400	827,000	34,547,223	27,704,500
		62,037,841	187,792,986		56,952,168	103,685,250
Hotels & Travels						
Sigiriya Village Hotels Ltd.	6,666	259,705	219,978	6,666	259,705	298,304
Land & Property						
Huejay International Investment Ltd.	78,000	1,470,308	1,716,000	78,000	1,470,308	1,950,000
Manufacturing						
* Compak Morison (Lanka) Ltd.	2,000	1	-	2,000	1	-
Metal Recyclers Ltd.	11,500	484,200	115,000	11,500	484,200	115,000
* Mikechris Industries Ltd.	800	8,248	-	800	8,248	-
		492,449	115,000		492,449	115,000

* These have now been delisted.



7. OTHER INVESTMENTS (Contd.)

7.1 Investments in Equity Securities (Contd.)

	No. of Shares	Cost as at 31st March 2002 Rs.	Market Value as at 31st March 2002 Rs.	No. of Shares	Cost as at 31st March 2001 Rs.	Market Value as at 31st March 2001 Rs.
Services						
John Keells Ltd.	456,700	7,797,261	26,031,900	358,000	2,053,573	13,246,000
		7,797,261	26,031,900		2,053,573	13,246,000
Trading						
Eastern Merchants Ltd.	24,000	1,642,400	2,400,000	24,000	1,642,400	2,400,000
Haytech Marketing Ltd.	-	-	-	59,800	1,418,063	612,950
		1,642,400	2,400,000		3,060,463	3,012,950
(b) Unquoted						
Kandy Private Hospitals Ltd.	600	9,750	9,750	600	9,750	9,750
Janashakthi Life Insurance Co. Ltd.	25,000	1	1	25,000	1	1
National Enterprise Bank Ltd.	50,000	1	1	50,000	1	1
Equity Investments Lanka Ltd.	11,250	1	1	11,250	1	1
Unquoted - Dormant Companies						
Lady Havelock Gardens Co. Ltd.	3,000	1	1	3,000	1	1
Mahaweli Construction Consortium Ltd.	500	1	1	500	1	1
Rowlands Ltd.	22,594	1	1	22,594	1	1
Rubberite Ltd.	5,000	1	1	5,000	1	1
		9,757	9,757		9,757	9,757
Total gross carrying value of equity investments		171,793,790	374,111,843		130,417,021	195,060,586
Provision for diminution in carrying value of equity investments		(346,200)	-		(1,166,263)	-
Total net carrying value of equity investments		171,447,590	374,111,843		129,250,758	195,060,586



7. OTHER INVESTMENTS (Contd.)

7.2 Investments in Debentures

	No. of Debentures/ Units/Shares	Cost as at 31st March 2002 Rs.	Market Value as at 31st March 2002 Rs.	No. of Debentures/ Units/Shares	Cost as at 31st March 2001 Rs.	Market Value as at 31st March 2001 Rs.
(a) Quoted						
Sri Lanka Telecom Ltd. - 14.5 %	2,250	2,250,000	1,856,250	3,000	3,000,000	2,475,000
(b) Unquoted						
Redeemable Unsecured Debentures						
Tangerine Beach Hotels Ltd.	426	42,420	42,420	496	49,490	49,490
Ocean View Ltd. - 6%	120	1,200	1,200	120	1,200	1,200
		43,620	43,620		50,690	50,690
Total net carrying value of investments in debentures						
		2,293,620	1,899,870		3,050,690	2,525,690

7.3 Investments in Unit Trusts

Ceybank Unit Trust	25,000	250,000	167,000	25,000	250,000	112,500
Comtrust Equity Fund	38,079	348,972	202,199	38,079	348,972	143,558
National Equity Fund	55,465	529,041	437,618	50,779	501,112	258,579
Century Growth Fund	10,000	100,000	98,500	10,000	100,000	65,600
Pyramid Unit Trust	25,000	250,000	153,000	25,000	250,000	108,000
		1,478,013	1,058,317		1,450,084	688,237
Provision for diminution in carrying value of investments in unit trusts		(419,696)	-		(721,846)	-
Total net carrying value of investments in Unit Trusts						
		1,058,317	1,058,317		728,238	688,237

7.4 Investments in Preference Shares

Ceylon Cold Stores Ltd. - 7% Cumulative	1,362	1	1	1,362	1	1
Richard Pieris & Co. Ltd. - 8% Cumulative	1,375	1	1	1,375	1	1
Rowlands Ltd. - 8% Cumulative	1,125	1	1	1,125	1	1
Total net carrying value of investments in preference shares						
		3	3		3	3

Note: The market value of the investment portfolio classified as "other investments" in the Balance Sheet and held at 6th May 2002 amounted to Rs. 376.77 mn.

	As at 31st March 2002 Rs.	As at 31st March 2001 Rs.
8. SHORT-TERM DEPOSITS		
Call deposits	1,468,493	33,025,290



	As at 31st March 2002 Rs.	As at 31st March 2001 Rs.
9. SHARE CAPITAL		
Authorised		
15,000,000 Ordinary Shares of Rs.10/- each (31.03.01 - 5,000,000 Ordinary Shares of Rs. 10/- each)	150,000,000	50,000,000
Issued and Fully Paid		
At the beginning and at the end of year - 2,483,569 Ordinary Shares of Rs. 10/- each	24,835,690	24,835,690
At an Extraordinary General Meeting (EGM) held on 13th March 2002 the shareholders approved the increase of Authorised Share Capital to Rs. 150 mn from Rs. 50mn. At this same EGM, shareholders also approved a rights issue of 4 ordinary shares for every ordinary share held in the issued share capital of the Company as at 26th February 2002.		
10. CAPITAL RESERVE		
Balance at the beginning of the year	195,232,848	195,232,848
Capital reserve on consolidation (Note 10.1)	90,109,082	-
Appropriations	10,000,000	-
Balance at the end of the year	295,341,930	195,232,848
Represented by:		
Share of Associate Company's capital reserve	14,846,231	14,846,231
Investment reserve	8,401,206	8,401,206
Share premium	483,852	483,852
Capital reserve on consolidation (Note 10.1)	90,109,082	-
Other capital reserves	181,501,559	171,501,559
	295,341,930	195,232,848
10.1 Capital Reserve on Consolidation		
Gross value	112,636,353	-
Amortisation		
As at 1st April	-	-
Amortised during the year	22,527,271	-
As at 31st March	22,527,271	-
Balance Surplus on acquisition as at 31st March	90,109,082	-
11. REVENUE RESERVE		
General reserve		
Balance at the beginning of the year	20,892,212	20,892,212
Retained profit - Company	27,405,390	25,600,139
- Associate	157,974,597	80,810,947
	185,379,987	106,411,086
	206,272,199	127,303,298

The movement in above reserves are set out in the Statement of Changes in Equity.



	As at 31st March 2002 Rs.	As at 31st March 2001 Rs.
12. DIVIDEND PAYABLE		
Dividend proposed	3,880,576	16,143,199
Unclaimed dividends	2,995,603	3,116,053
	6,876,179	19,259,252

13. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

- (a) At an Extraordinary General Meeting held on 7th May 2002 the shareholders have approved a scrip issue of one(1) ordinary share for every four (4) ordinary shares held in the Company's issued and fully paid share capital as at 22nd April 2002. Accordingly a total of 776,115 ordinary shares will be issued increasing the issued and fully paid share capital to Rs. 38.81 mn.
- (b) As detailed in Note 9, the Company also announced a rights issue during the year which will be completed after the Balance Sheet date.

14. CONTINGENT LIABILITIES

There were no material contingent liabilities as at the Balance Sheet date.

15. RESTATEMENT OF COMPARATIVE FIGURES

The comparative figures drawn from the previous year's financial statements have been reclassified/ restated to conform with the current year's presentation.

16. DIRECTORS' INTERESTS IN CONTRACTS

Messrs I. Paulraj, D.C.R. Gunawardena and P.C.P. Tissera, who are Directors of the Company, have direct or indirect interest in all or some of the transactions referred to in Note 17 to the Financial Statements. They either individually or indirectly have share ownership in companies forming part of the Carsons Group and/or, hold Directorates in such related companies.

17. RELATED PARTY TRANSACTIONS

Name of Company	Names of Directors	Nature of Transaction
17.1 Carsons Management Services (Pvt) Ltd.	I. Paulraj D.C.R. Gunawardena P.C.P. Tissera	The Company paid a sum of Rs. 1,452,959/- to Carsons Management Services (Pvt) Ltd. being Accounting fees.
17.2 Rubber Investment Trust Ltd.	I. Paulraj D.C.R. Gunawardena P.C.P. Tissera	During the year, Rubber Investment Trust Ltd. (RITL), an Associate company settled Rs. 9,900,000/- out of the monies advanced free of Interest by the Company. The total due to the Company from RITL net of this settlement was Rs. 104,435,808/- as at the Balance Sheet date.
17.3 Carson Cumberbatch & Company Ltd. (CC&CL)	I. Paulraj D.C.R. Gunawardena P.C.P. Tissera (appointed w.e.f. 1st April 2002)	The rights issue of the Company referred to in Note 9 above was underwritten by CC&CL for which Rs. 155,223 is payable.

There were no material related party transactions other than those disclosed above.



Five Year Summary

FINANCIAL HIGHLIGHTS

Year ended 31st March	2002 Rs.	2001 Rs.	2000 Rs.	1999 Rs.	1998 Rs.
OPERATING RESULTS					
Revenue	26,616,695	21,000,202	164,141,176	138,686,711	85,548,931
Profit before taxation	94,364,085	22,598,801	84,574,152	97,585,957	58,572,015
Taxation	(989,191)	(1,359,542)	(2,549,697)	(3,274,149)	(2,355,001)
Profit after taxation	93,374,894	21,239,259	82,024,455	94,311,808	56,217,014
Dividend	3,880,576	16,143,199	15,000,756	12,914,558	11,921,130

BALANCE SHEET

Share capital	24,835,690	24,835,690	24,835,690	19,868,550	15,894,840
Reserves	501,614,129	322,536,146	317,440,086	255,383,527	205,206,668
Shareholders' funds	526,449,819	347,371,836	342,275,776	275,252,077	221,101,508

ASSETS EMPLOYED

Current assets	111,971,918	150,378,496	150,023,663	61,459,137	2,908,934
Current liabilities	7,274,385	19,731,958	18,720,869	15,538,816	13,906,725
Net current assets/(liabilities)	104,697,533	130,646,538	131,302,794	45,920,321	(10,997,791)
Investments	421,752,286	216,725,298	210,972,982	229,331,756	232,099,299
Net assets	526,449,819	347,371,836	342,275,776	275,252,077	221,101,508

RATIOS AND STATISTICS

Return on shareholders' funds (%)	17.70	6.11	23.96	34.26	25.43
Current ratio (times)	15.39	7.62	8.01	3.96	0.21
Earnings per share (Rs.)	37.60	8.55	33.03	37.97	28.29
Earnings growth (%)	338.95	-	-	34.21	148.59
Dividend per share (Rs.)	1.00 *	6.50	6.04	5.20	7.50
Dividend cover (times)	24.02	1.32	5.47	7.30	4.71
Dividend growth (%)	-	7.62	16.15	-	25.00
Net assets per share (Rs.)	211.97	139.87	137.82	110.83	111.28
Market value per share (Rs.)	55.00	31.25	43.00	70.25	150.00
Price earnings ratio (times)	1.47	3.65	1.30	1.85	5.30
Industry price earnings ratio (times)	9.50	1.40	3.70	8.00	12.00
Market capitalisation (Rs.)	136,596,295	77,611,531	106,793,467	174,470,722	238,422,600
Market value of investments (Rs.)	766,419,433**	482,566,461	467,689,912	665,109,945	818,986,539

** Market value of Rubber Investment Trust Ltd. (RITL) is computed based on its net assets per share. Net assets per share is derived based on the market value of the investments of RITL.

* Based on enhanced share capital after Rights and Bonus Issues.

Information to Shareholders and Investors



1. STOCK EXCHANGE LISTING

The Ceylon Investment Company Ltd., is a Public Quoted Company, the issued ordinary shares of which are listed with the Colombo Stock Exchange of Sri Lanka.

2. SHARE VALUATION

The market price of the Company's shares as at 27th March, 2002 was Rs. 55.00 per share (31st March, 2001 - Rs. 31.25) whilst the market price of the Company's shares as at 8th May 2002 was also Rs. 55.00 per share.

3. ORDINARY SHAREHOLDERS

<i>As at 31st March</i>	2002	2001
Number of Shareholders	382	349

The number of shares held by non-residents as at 31st March, 2002 was 152,668 which amounts to 6.15% of the issued share capital.

Distribution of Shares	Residents			Non-Residents			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	236	60,470	2.43	23	9,526	0.38	259	69,996	2.82
1,001 - 5,000	65	169,799	6.84	18	37,684	1.52	83	207,483	8.35
5,001 - 10,000	10	74,863	3.01	1	7,618	0.31	11	82,481	3.32
10,001 - 50,000	23	570,235	22.96	2	41,833	1.68	25	612,068	24.64
50,001 - 100,000	2	145,634	5.86	1	56,007	2.26	3	201,641	8.12
100,001 - 500,000	-	-	-	-	-	-	-	-	-
500,001 - 1,000,000	-	-	-	-	-	-	-	-	-
> 1,000,000	1	1,309,900	52.75	-	-	-	1	1,309,900	52.75
Total	337	2,330,901	93.85	45	152,668	6.15	382	2,483,569	100.00

Categories of Shareholders	No. of Shareholders	No. of Shares	%
Individuals	316	772,728	31.11
Institutions	66	1,710,841	68.89
Total	382	2,483,569	100.00



4. SUBSTANTIAL SHAREHOLDINGS

<i>As at 31st March</i>	2002		2001	
Name of Shareholder	No. of Shares	% Holding	No. of Shares	% Holding
Carson Group Shareholders				
The Ceylon Guardian Investment Trust Ltd.	1,309,900	52.74	1,309,900	52.74
Carson Cumberbatch & Co. Ltd.	82,398	3.32	13,848	0.56
Other Shareholders				
Mr. D.F.G. Dalpethado	63,236	2.55	43	–
Thurston Investment Ltd.	56,007	2.26	56,007	2.25
Mr. G.C.W. de Silva	43,538	1.75	41,038	1.65
Ms. G.N.A. de Silva	42,437	1.71	42,437	1.71
Mr. G.J.W. de Silva	42,281	1.70	42,281	1.70
Ms. G.I.A. de Silva	42,093	1.69	42,093	1.69
Ms. G.A.C. de Silva	41,250	1.66	41,250	1.66
Mr. H.A. Van Starrex	37,148	1.50	45,255	1.82
WML/Mr. H.M.S. Abdulhussein	34,158	1.38	20,302	0.83
Mr. K.C. Vignarajah	28,368	1.14	12,140	0.49
Aitken Spence & Company Ltd.	26,781	1.08	26,781	1.08
Ms. W.J.W. Jayasuriya	22,715	0.91	22,715	0.91
Ms. R.E.W. Jayasuriya	22,715	0.91	22,715	0.91
Ms. J.B. Aymer	22,687	0.91	22,687	0.91
Sri Lanka Insurance Corporation Ltd.	21,875	0.88	21,845	0.88
Mercantile Bank Agency (Pvt) Ltd.	20,625	0.83	20,625	0.83
Mr. H.M. Abdulhussein	20,000	0.81	156	0.01
Mr. G.N. Russel	19,146	0.77	19,146	0.77
	1,999,358		1,776,775	

Note: Consequent to the rights issue, percentage holding in the issued share capital of the Company by The Ceylon Guardian Investment Trust Ltd. and Carson Cumberbatch & Co. Ltd. will enhance to 55.41% and 4.32% respectively.

5. MARKET PERFORMANCE - ORDINARY SHARES

<i>For the year</i>	2001/2002	2000/2001
Highest (Rs.)	80	47
Lowest (Rs.)	31.75	31
Value of shares traded (Rs.)	21,168,225	1,318,550
No. of shares traded	427,700	31,800
Volume of transactions (Nos.)	283	68



6. MARKET CAPITALISATION

Market capitalisation of the Company which is the number of ordinary shares in issue multiplied by the market value of an ordinary share was Rs. 136,596,295/- as at 31st March, 2002 (As at 31st March, 2001 - Rs. 77,611,531/-). Market Capitalisation as at 8th May 2002 was Rs. 136,596,295/-.

7. RECORD OF RIGHTS & BONUS ISSUES

The undermentioned rights & bonus issues have been made by the Company:

Year ended 31st March	Issue	Basis	No. of Shares	Cumulative Share Capital Rs.
1919	Initial Capital	-	547,343	5,473,430
1954	Bonus	1:10	54,734	6,020,770
1956	Bonus	1:10	60,208	6,622,850
1988	Bonus	1:1	662,285	13,245,700
1991	Bonus	1:5	264,914	15,894,840
1999	Bonus	1:4	397,371	19,868,550
2000	Bonus	1:4	496,714	24,835,690
2002 - April	Rights	1:4	620,892	31,044,610
- May	Bonus	1:4	776,115	38,805,760
			<u>3,880,576</u>	

8. DIVIDEND

A first and final dividend of 10% amounting to Rs. 3,880,576/- is proposed (2000/2001 - 65%), on the enhanced share capital after both rights and bonus issues as shown in Note 7 above.

9. NUMBER OF EMPLOYEES

The number of employees at the end of the year was Nil (31st March, 2001 - Nil).

10. PUBLIC HOLDING

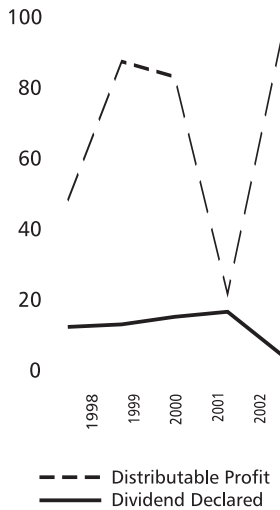
The percentage of issued share capital of the Company held by public as at 31st March, 2002 was 43.88%.



Graphical Review

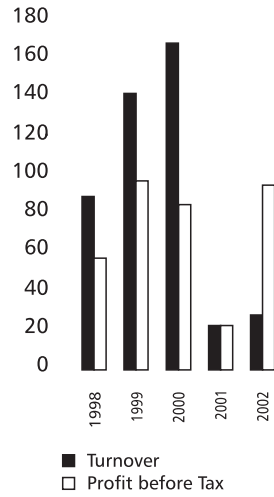
DIVIDEND DECLARED VS DISTRIBUTABLE PROFITS

Rs. mn



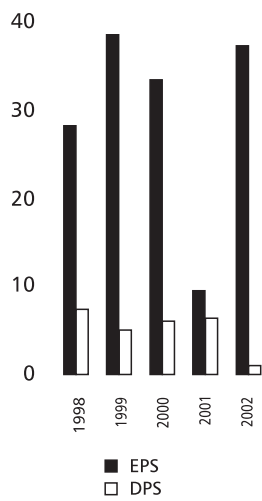
TURNOVER AND PROFITABILITY

Rs. mn



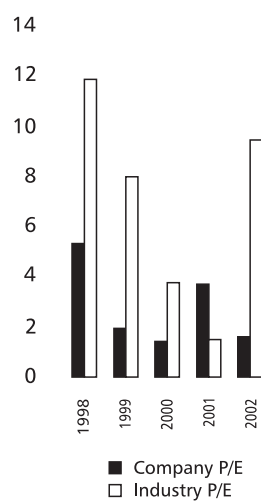
EARNINGS AND DIVIDEND PER SHARE

Rs.



PRICE EARNINGS RATIOS

Times



Notice of Meeting



NOTICE IS HEREBY GIVEN that the FIFTY-SIXTH ANNUAL GENERAL MEETING of the Company will be held on Monday, the 10th day of June, 2002, at 10.30 a.m. at the Eighth Floor, No. 65C, Dharmapala Mawatha, Colombo 7, for the following purposes:

- To receive and adopt the Report of the Directors and the Financial Statements for the year ended 31st March, 2002 together with the Report of the Auditors thereon.
- To declare a dividend as recommended by the Directors.
- To re-elect Mr. P.C.P. Tissera who retires in terms of the Articles of Association of the Company.
- To appoint Auditors and to authorise the Directors to determine their remuneration.

By Order of the Board,
Carsons Management Services (Pvt) Ltd.
Secretaries

Colombo, 10th May 2002.

Notes:

1. A member is entitled to appoint a proxy to attend and vote instead of him/herself. A proxy need not be a member of the Company. A form of proxy is enclosed herewith.
2. The completed form of proxy must be deposited at the Registered Office, 61, Janadhipathi Mawatha, Colombo 1, not less than forty-eight hours before the time fixed for the meeting.
3. The transfer books of the Company will be kept open.

Security Check

We shall be obliged if the shareholders/proxies attending the Annual General Meeting, produce their National Identity Card to the security personnel stationed at the entrance lobby.



Glossary of Financial Terms

APPROPRIATIONS

Apportioning of earnings to capital reserves, revenue reserves or as dividends.

BOOK VALUE

Total assets less liabilities divided by the number of ordinary shares in issue.

CAPITAL RESERVES

Reserves identified for specific purposes and considered not available for distribution.

CASH EQUIVALENTS

Liquid investments with original maturities of six months or less.

CONTINGENCIES

Conditions or situations at the Balance Sheet date, the financial effects of which are to be determined by future events which may or may not occur.

CURRENT RATIO

Current assets divided by current liabilities.

DIVIDEND COVER

Post tax profit divided by gross dividend. Measures the number of times dividend is covered by distributable profits.

DIVIDEND PER SHARE

Dividend paid and proposed, divided by the number of ordinary shares in issue which ranked for those dividends.

DIVIDEND YIELD

Dividend per share as a percentage of market price per share.

EARNINGS PER SHARE

Profits attributable to ordinary shareholders after preference dividend divided by the number of ordinary shares in issue and ranking for dividend.

EQUITY

Shareholders' funds (share capital + reserves)

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Significant events that occur between the Balance Sheet date and the date on which the financial statements are authorised for issue, which would require adjustments to or disclosure in the financial statements.

MARKET CAPITALISATION

The market value of a company at a given date obtained by multiplying the share price by the number of shares in issue.

NET ASSETS PER SHARE

Total assets less liabilities divided by the number of ordinary shares in issue.

NET ASSETS PER SHARE AT MARKET VALUE

Total assets based on the market value of the investment portfolio less liabilities divided by the number of ordinary shares in issue.

NET CURRENT ASSETS

Capital required to finance the day-to-day operations (current assets less current liabilities).

PRICE EARNING RATIO - (P/E)

Market price of a share divided by earnings per share.

RELATED PARTIES

Parties who could control or significantly influence the financial and operating decisions/policies of the business.

RETURN ON SHAREHOLDERS' FUNDS

Profit attributable to shareholders divided by shareholders' funds (total of share capital and reserves).

REVENUE RESERVES

Reserves considered as being available for distribution and other appropriations.



Form of Proxy

*I/We

of

being * a Member/Members of The Ceylon Investment Company Limited, hereby appoint:

Israel Paulraj	of Colombo or failing him,
Don Chandima Rajakaruna Gunawardena	of Colombo or failing him,
Palehenalage Chandana Priyankara Tissera	of Colombo or failing him,

.....

of

as *my/our proxy *to speak and/to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held on Monday the 10th day of June 2002, at 10.30 a.m. at the Eighth Floor, No. 65C, Dharmapala Mawatha, Colombo 7 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	For	Against
(i) To adopt the Report of the Directors and the Financial Statements for the year ended 31st March, 2002 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
(ii) To declare a first and final dividend of 10% for the financial year ended 31st March, 2002 as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
(iii) To re-elect Mr. P.C.P Tissera who retires in terms of Articles 89 and 90 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(iv) To re-appoint as Auditors Messrs. KPMG Ford, Rhodes, Thornton & Co. and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

In witness *my/our hands this day of

..... Two Thousand and Two.

.....
Signature of Shareholder/s

- Notes:
- (i) *Please delete the inappropriate words.
 - (ii) Instructions are noted on the reverse hereof.



INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy, after filling in legibly your full name and address, by signing in the space provided. Please fill in the date of signature.
2. A proxy need not be a member of the Company.
3. If the form of proxy is signed by an Attorney, the relative Power of Attorney should also accompany the completed form of proxy, if it has not already been registered with the Company.
4. If the shareholder is a Company or a Body Corporate, the form of proxy should be executed under its common seal in accordance with its Articles of Association or Constitution.
5. The completed form of proxy should be deposited at the Registered Office of the Company situated at 61, Janadhipathi Mawatha, Colombo 1, not less than forty eight hours before the time fixed for the meeting.