

Ceybank Unit Trust Fund

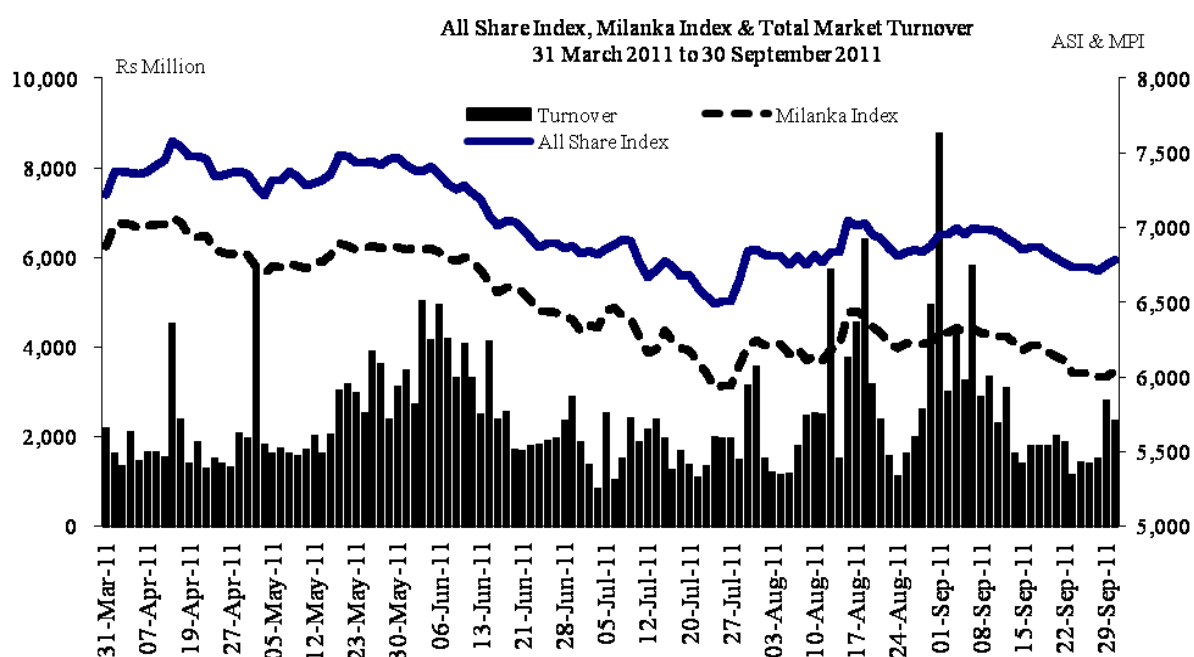
Manager's half yearly report for the period ended 30th September 2011

We have great pleasure in presenting the half yearly report of Ceybank Unit Trust Fund for the 6 months ended 30th September 2011.

The continuous fall in the stock market resulted in the Net Asset Value per unit of your Fund depreciating by 13.29% during the period under review. The ASI and MPI depreciated 6.12% and 12.07% respectively during the same period. The net asset value per unit amounted to Rs 34.28 as at 30th September 2011. Your Fund distributed a dividend of Rs 2.00 per unit to the unit holder as of 31st March 2011.

Capital Market Performance

The Colombo Bourse recorded a continuous drop during the period under review.



The Stock Market continued its downward movement which began in March, initially triggered by forced selling by Stockbrokers, who were intent on settling their credit based transactions ahead of the deadline of 31st March set by the Securities & Exchange commission of Sri Lanka (SEC). The reduced foreign interest due to the ongoing recessionary situation in the western world, resulting in a drop in foreign inflows too has had an impact on the market.

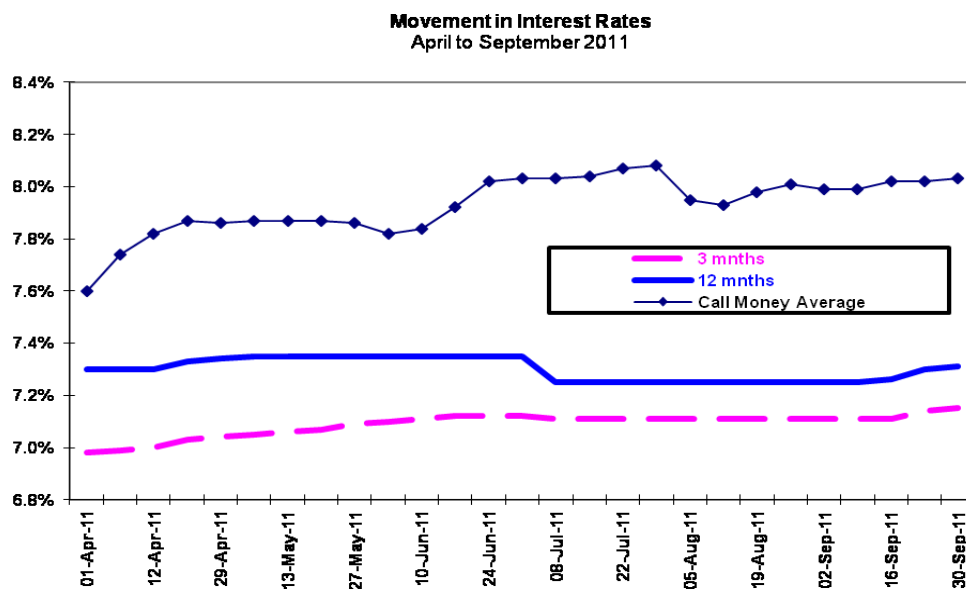
The Initial Public offers (IPOs), which were expected to add momentum to the market, performed below expectations as some Initial offerings began trading at substantial discounts to the IPO price further dampening investor sentiment.

The ASI closed at 6,783.55 and MPI at 6,045.11 down by 442 and 829 points respectively for the six month period ended 30th September 2011.

The Country's foreign reserve position remained stable. Gross official reserves stood at US\$ 8,051 million as at end August 2011. During the period under review, the Government issued US\$ 1.0 billion 10 year sovereign bond which was subscribed mainly by foreign investors. The Government also received US\$ 218 mln from the IMF, being the seventh tranche of the IMF Stand By Agreement available for Sri Lanka. The country has so far received US \$ 1,700 mln of US \$ 2,600 mln approved by the IMF.

The Exchange rate (Rs/US\$) which was at Rs. 110.46 on 31st March 2011 appreciated further until July 2011, touching highs of 109.50 before reversing direction. The Rupee was quoted at Rs 110.23 as at 30th September 2011.

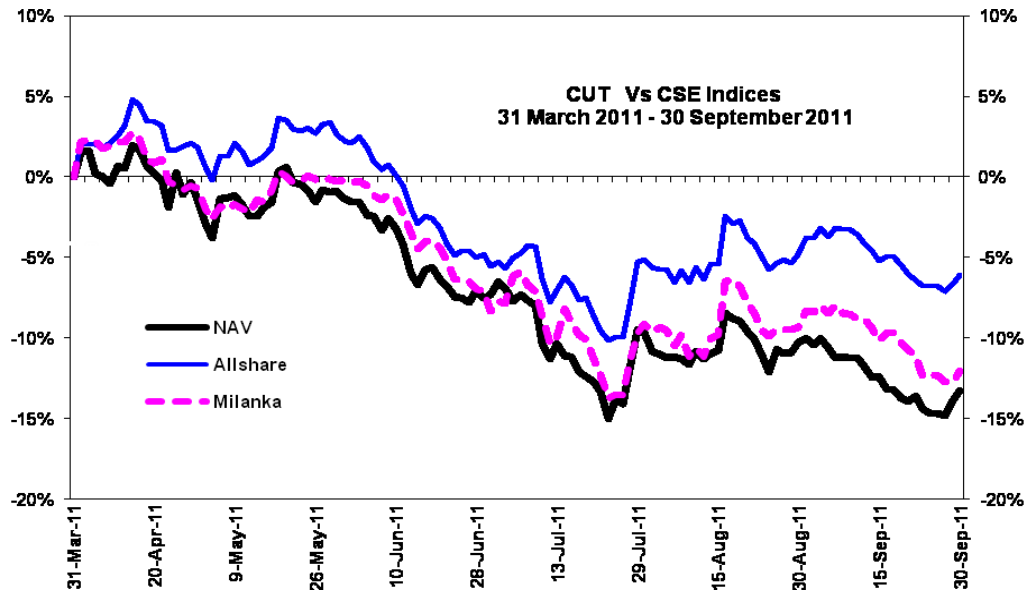
The Sri Lankan economy recorded a GDP growth of 8.2% (YOY) for the second quarter of 2011. Although the Agriculture sector lagged at (1.9%) strong performances by the Industry sector (9.4%) and Services (8.8%) compensated to drive growth.



Average Annual Inflation measured by the CCPI moved up from 6.2% in March 2011 to 7.2% in September 2011. Market Interest rates remained mostly unchanged during the period as market liquidity decreased. The 12 month Treasury bill yields dropped marginally from 7.33% in March to 7.31% as at end September 2011. Overnight call money remained within a thin band of 7.75% and 8.25% p.a.. Central Bank Repo and Reverse repo rates were unchanged during the period under review. The current repo rate is at 7.00% and the Reverse repo rate at 8.50%.

Fund Performance

The net asset value per unit of your Fund reduced by 13.29% during the half year period under review. The total net assets stood at Rs. 5,923.62 million as at 30th September 2011.

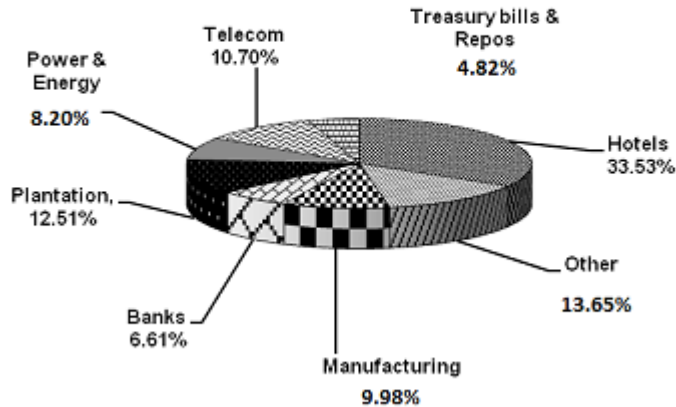


The Gross income of the Fund increased by 35% to Rs 79.06 million from Rs 58.54 million in the previous year due to an increase in dividend income. Net Income after taxation increased by 6% to Rs 15.37 million from Rs.14.44 million.

Despite the continuous decline in the market, the Fund realized Rs 379.89 million as capital gains from sale of equity during the period, on the back of Rs 526.23 million capital gains recorded in the previous period. The market value of the portfolio was Rs 5,923.62 million as at 30th September 2011 down from Rs 6,571 million in March 2011.

The Fund is fully invested as at 30th September 2011, maintaining a relatively high level of equity exposure in line with the growth objective of the Fund and market expectations. We will continue to make changes in the Asset allocation and take capital gains at the appropriate time and realign the portfolio in a manner that is compatible with our view and market expectations.

Asset Allocation



Your Fund investments are diversified across fundamentally strong companies with a medium to long term outlook, in Hotel, Manufacturing, Plantations, and Telecommunication sectors as depicted in the chart. These stocks are expected to perform well in the medium term adding further value to your units.

Future Outlook

The outlook for the Sri Lankan economy is expected to be positive, with growth expected from development of infrastructure and from the tourism sector. We expect the economy to grow by around 7.5% for 2011.

The continued challenge would be to attract new foreign investments, which has been below expectations. The widening trade gap is also a matter of concern. Western markets that absorb our exports face recessions and the government policy of defending the Rupee has reduced the competitiveness of our exports.

Inflation while moving up during the period remains relatively low. Interest rates however have been under pressure with the market rates edging up slowly.

We expect the stock market to grow at a sustainable level with some companies performing at levels above the country's growth forecast. We intend positioning your Fund which is invested in the market to take advantage of this growth, adding value to your investment.

K L Hewage
Chairman

30th September 2011

CEYBANK UNIT TRUST
MANAGER'S HALF-YEARLY REPORT

STATEMENT OF TOTAL RETURN

[All amounts in Sri Lanka Rupees Millions]

	Six months ended 30th Sept	
	2011	2010
	Rs	Rs
Gross income	79.06	58.54
Expenses	(62.65)	(44.10)
Net income before taxation	16.41	14.44
Taxation	(1.04)	-
Net income after taxation	15.37	14.44
Net realised gains on sale of investments	379.89	526.23
Net unrealised appreciation /(depreciation) - on valuation of investments at market value	(1,364.80)	2,314.59
Net gains on investments	(984.91)	2,840.82
Total earnings	(969.54)	2,855.26
Equalisation		
Received on units created	291.98	125.30
Deducted on units redeemed	(27.34)	(40.96)
	264.64	84.35
Total return	(704.90)	2,939.60
Distributions		
Dividends Paid	-	-
Net increase in unitholders' funds	(704.90)	2,939.60

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

	Six months ended 30th Sept	
	2011	2010
	Rs	Rs
Net assets at the beginning of the period	6,571.22	3,765.48
Movement due to sale and repurchase of units		

Received on creation of units	64.12	45.84
Paid on cancellation of units	(6.82)	(12.72)
	57.30	33.12
Net increase in unitholders' funds	(704.90)	2,939.60
Net assets at the end of the period.	5,923.62	6,738.20

**CEYBANK UNIT TRUST
MANAGER'S HALF-YEARLY REPORT**

BALANCE SHEET

[All amounts in Sri Lanka Rupees Millions]

	As at 30th September	
	2011	2010
	Rs	Rs
Investments		
Equity investments	5,637.32	6,480.94
Fixed income investments	114.95	23.00
	5,752.27	6,503.94
Debtors		
Sales awaiting settlements	-	4.49
Accrued income	7.65	0.97
Other receivables	9.67	13.15
Repurchase agreements	188.46	243.88
Cash and bank balances	1.73	3.09
	207.51	265.58
Creditors: amounts falling due within one year		
Amount payable on redemption	(0.84)	(1.94)
Purchases awaiting settlement	(4.58)	(3.28)
Accrued expenses	(30.74)	(26.10)
	(36.16)	(31.32)
Net current assets	171.35	234.26
Net assets	5,923.62	6,738.20
Capital account		
Unit capital	2,127.19	1,769.93
Net realised Gains/(losses)	1,943.29	1,185.59
Net unrealised(depreciation)/appreciation	1,759.03	3,709.12
	5,829.51	6,664.64
Income account	94.11	73.56
	5,923.62	6,738.20

**CEYBANK UNIT TRUST
MANAGER'S HALF-YEARLY
REPORT**

PORTFOLIO STATEMENT

[All amounts in Sri Lanka Rupees Millions]

EQUITY INVESTMENT	No. of Shares	Market value Rs. Mns	% of Assets 2011	% of Assets 2010
Banks , Finance and Insurance				
Commercial Bank of Ceylon PLC	444,272	50.51	0.86	
Hatton National Bank PLC	39,200	7.76	0.13	
Merchant Bank of Sri Lanka PLC	5,526,210	222.15	3.80	
Sampath Bank Ltd	77,240	16.85	0.29	
The Finanace Co. Ltd	2,229,000	94.06	1.61	
	8,315,922	391.33	6.70	3.10
Beverage , Food and Tobacco				
Raigam Wayamba Salterns PLC	-	-	-	
	0.00	0.00	0.00	0.01
Construction and Engineering				
Colombo Dockyard PLC	-	-	-	
	0.00	0.00	0.00	0.01
Diversified Holdings				
Finlays Colombo PLC	397,800	126.94	2.17	
John Keells Holdings PLC	226,061	46.55	0.80	
Softlogic Holdings PLC	324,700	7.18	0.12	
Vallibel One Ltd	3,486,400	94.83	1.62	
	4,434,961	275.50	4.71	1.20

Hotels and Travels

Aitken Spence Hotel Holdings PLC	2,865,917	205.20	3.51	
Asian Hotels & Properties PLC	9,611,800	860.26	14.72	
Amaya Leisure PLC	4,164,227	436.83	7.47	
Hotel Developers (Lanka) Ltd	568,100	80.95	1.38	
Hotel Services (Ceylon) Ltd	217,000	4.82	0.08	
Trans Asia Hotels PLC	4,712,900	398.24	6.81	
	22,139,944	1,986.31	33.98	40.05

Information Technology

PC House PLC	182,700	3.09	0.05	
	182,700	3.09	0.05	0.03

Land and Property

C T Land Development PLC	4,757,500	144.15	2.47	
Equity Two PLC	1,475,100	43.07	0.74	
	6,232,600	187.22	3.20	2.47

Manufacturing

Kelani Tyres	1,444,700	64.29	1.10	
Lanka Floortiles PLC	1,263,137	126.82	2.17	
Lanka Walltile PLC	771,454	81.85	1.40	
Royal Ceramics Lanka PLC	2,401,352	318.18	5.44	
	5,880,643	591.14	10.11	14.35

Plantations

Kahawatte Plantation PLC	6,344,566	205.56	3.52	
Kelani Valley Plantations PLC	1,915,000	214.48	3.67	
Watawala Plantations PLC	17,847,800	321.26	5.50	
	26,107,366	741.30	12.68	18.18

Power and Energy

Lanka IOC PLC	18,533,000	339.15	5.80	
Laughs Gas Ltd	2,413,300	98.22	1.68	
Laughs Gas (Non Voting)	1,782,100	47.76	0.82	
	22,728,400	485.13	8.30	5.07

Telecommunications

Dialog Axiata PLC	1,125,200	9.45	0.16	
Sri Lanka Telecom PLC	12,927,700	624.41	10.68	
	14,052,900	633.86	10.84	8.59

Trading

Singer Sri Lanka PLC	2,551,766	342.45	5.86	
	2,551,766	342.45	5.86	2.92

Total Equity Investments

[Cost of Equity - Rs.3, 850.10 Million]

	112,627,202	5,637.32	96.45	95.99
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	At Cost Rs .Million	Mkt Value Rs. Million	% of Assets 2011	% of Assets 2010
Fixed Income Investment				
Bank Deposits	100.00	101.40	1.73	
Commercial Papers	14.95	15.03	0.26	
	14.95	15.03	0.26	0.35

CASH AND CASH EQUIVALENTS

Repurchase Agreements	188.46	190.90	3.27	
Balances at Bank	1.73	1.73	0.03	
	190.19	192.63	3.30	3.66
	1,799.34	5,844.98	100.00	100.00