

**BOI**  
SRI LANKA

**වර්ෂික වාර්තාව  
වருடාந்த அறிக்கை  
2015**

**ශ්‍රී ලංකා ආයෝජන මණ්ඩලය  
இலங்கை முதலீட்டுச் சபை**



**BOI**  

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**SRI LANKA**  

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**ANNUAL REPORT**  
**2015**

**Board of Investment of Sri Lanka**



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## Message from the Chairman

2015 was a tough 12 months marked by continued economic and market challenges created by new development targets. With the change of regime on 8th January 2015 several obstacles that were faced by the investors had to be eliminated. Investor expectations were high hoping for better investment climate and incentives to be brought in. Against such a challenging backdrop, BOI had to continue with its investment attraction in a competitive market especially with the Inland Revenue regime that expired on the 31st of March. In this back drop BOI was left without a tax incentive regime in place. The board of directors then decided to adopt the archaic 2006 gazette regulation that was found to be in force. The situation was salvaged to continue with similar tax incentives in comparison with the IR regime that ended on the 31st of March.

The board of directors took a positive path and sought to change attitudes of the senior staff and that of the line agencies that were creating road blocks for the investment climate. Although 2015 was a testing and challenging period, with the improved stability in the country together with the economic reforms, judicial reforms, transparency, Independence of Judiciary and Rule of Law being re-established and implemented had led the country with better hope and a conducive climate for investment. The Board is confident that prospects of the BOI and its ability to seize growth opportunities, irrespective of the challenges that lie ahead.

Promulgation of the new Ministry of “Development Strategies and International Trade” (MODSIT), as the Ministry dedicated for promoting, attracting and retaining much needed foreign direct investment was a significant step to identify and rectify the lacunae of the investment policy that was expected to be reinvented. The bottle necks that retarded investment flow were to be eliminated.

I take this opportunity to acknowledge the continued confidence and encouragement of our investors; and the commitment and professionalism of our management staff. The Board would urge all line agencies to understand the importance of the consistent policies and practical, positive and sensible approach to be adopted to facilitate the investment climate which is pivotal to the FDI inflow as an imperative hallmark for the future growth of our country.

Upul Jayasuriya  
Chairman  
Board of Investment of Sri Lanka

## **BOI Profile**

The Board of Investment of Sri Lanka (BOI) was incorporated as a statutory body in 1978 named Greater Colombo Economic Commission (GCEC), to function as the government's principal agency for promotion, coordination and facilitation of industrial development in designated areas of Sri Lanka. The initial model of development was to demarcate specific areas as Export Promotion Zones for which concessions and other facilities were provided. These Zones were initially established in Katunayake and Biyagama. Later more Zones were added progressively, now resulting in a total of 12 Zones.

The GCEC was changed to BOI in 1992 by an act passed in Parliament expanding its scope to cover the entirety of the country. Prior to that, its authority was confined to the specific areas demarcated in Export Processing Zones hitherto established in Katunayake, Biyagama and Koggala.

BOI has since evolved from an agency primarily responsible for the promotion, coordination and facilitation of foreign and local investment in the area of industrial exports, to its present role which includes the promotion, coordination and facilitation of investments into the services and infrastructure sectors as well.

## **Objectives & Role**

### ***Objectives***

The key objectives of the BOI focuses on fostering and generating economic development, widening and strengthening the base of the economy, encouraging and promoting local investments and Foreign Direct Investments, diversifying the sources of foreign exchange earnings and increasing export earnings, promoting innovation and adoption of new technologies and the generation of new employment opportunities and establishing Investment Promotion Zones (IPZs) throughout the country especially through public private partnerships.

### ***Role***

To target and attract investments to thrust sectors supporting implementation of the government's investment policy and to progressively increase the level of FDI thereby contributing towards achieving national growth targets.

The BOI acts as the first point of contact for investors who intend to set up projects in manufacturing, infrastructure, tourism, agriculture, IT related services or other chosen sector in Sri Lanka. Information and guidance is provided prior to submission of the project application and when required approvals from other Agencies are coordinated by the BOI.

Investment applications in respective sectors are evaluated by the BOI for approving and granting concessions on incentives, duty exemptions on raw materials and components and making recommendations to Immigration authorities for issuing visas for expatriate posts.

The BOI provides assistance to investors throughout the project cycle from the start-up to implementation and successful operation by facilitating and attending to import/export clearance, custom clearance for import of capital goods and raw material and the export of final products.

The BOI invests in the development of Investor Promotion Zones with all infrastructure facilities to provide investors with suitable sites for the implementation of projects towards a quicker enhancement of overall investments and/or export earnings.

## **VISION**

*“To make Sri Lanka the most preferred destination for Sustainable investment in Asia”*

## **MISSION**

*“Attract and secure sustainable investments for optimum utilization of resources and talents, through vigorous promotion and excellent investor facilitation whilst preserving harmony with the natural environment as a significant contributor in the development of the national economy”.*





## Board of Directors – 2015

<b>Mr. Upul Jayasuriya</b>	- Chairman
<b>Mr. Lalantha Abeygunawardena</b>	- Member
<b>Mr. Manoj Cooray</b>	- Member
<b>Mr. Neeth Udesha</b>	- Member

## Senior Officers of the BOI - 2015

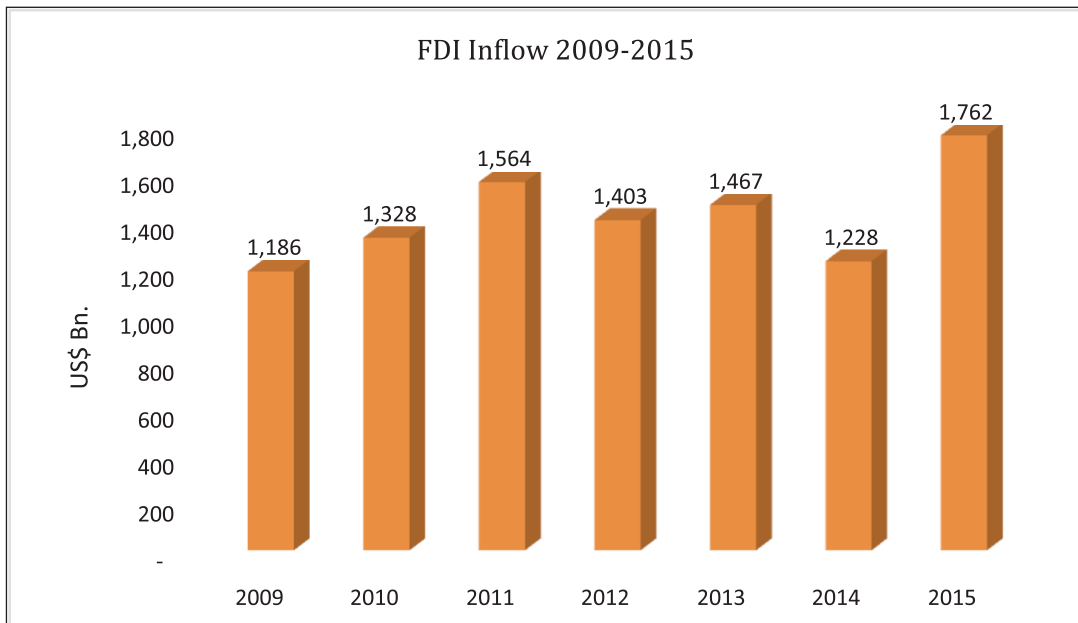
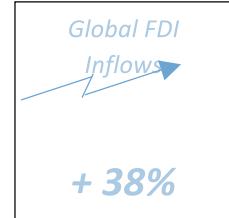
Name	Designation	Location
Mr. Upul Jayasuriya	Chairman	WTC
Mr. D P Ariyasinghe	Director General	WTC
Mr. R S Fernando	Board Secretary	WTC
Mr. D T W Thalgodapitiya	Consultant	WTC
Ms. M S R Peiris	Consultant	WTC
<b><i>Executive Directors</i></b>		
Name	Designation	Location
Mr. U Sirigampola	ED (Zones)'s Office	WTC
Mr. S B F De Silva	Technical Services	WTC
Mr. P J Panapitiya	Engineering Approvals & Special Projects	WTC
Ms. R M Weerakone	Investment Promotion	WTC
Ms. C P Malalgoda	Research & Policy Advocacy	WTC
<b><i>Actg. Executive Directors</i></b>		
Ms. M A S Perera	Environment	WTC
Ms. S P De S Mutucumarana	Finance	WTC
Mr. A R Karunaratne	Human Resource Management	WTC
Mr. M Ramanayake	Investor Services	WTC
Ms. M S C Samarakoon	Project Monitoring	WTC
Mr. K P V D Fernando	Investment Promotion	WTC
<b><i>Directors</i></b>		
Mr. U J Weerasinghe	Zone Management	KIP
Mr. W A F Jayasiri	Industrial Relations	WTC
Mr. A K Jayasinghe	Zone Management	BEPZ
Ms. N De Silva	Investment Promotion	WTC
Mr. R M U Senerath	Technical Services	WTC
Mr. N N Kumaratunga	Investment Appraisal	WTC
Mr. J Gunasekera	Zone Management	MEPP
Mr. W U K M A Wijayakulathilaka	Investment Appraisal	WTC
Ms. H S Urugodawatte	Industrial Relations	KEPZ
Mr. A K A Mahinda	Technical Services	WTC
Mr. H M Jayasundara	Zone Management	NWRO
Mr. M K D Lawrance	Zone Management	KEPZ
Mr. J P C Jayalath	Information Technology	WTC
Mr. D S Samarasinghe	Media & Publicity	WTC
Brig. D A Amunugama	Security	KEPZ
<b><i>Actg. Directors</i></b>		
Mr. P L J A Perera	Engineering Approvals & Special Projects	WTC
Mr. G R Abeyratne	Zone Management	KgEPZ
Mr. K M J B Recogama	Zone Management	SEPZ
Mr. W W M P A Bandara	Investor Services	WTC
Mr. T M D Thilakaratna	Administration	WTC
Ms. J A A M Jayakody	Research & Policy Advocacy	WTC

## Overview

### World Investment Scenario – 2015

#### Global FDI Inflows

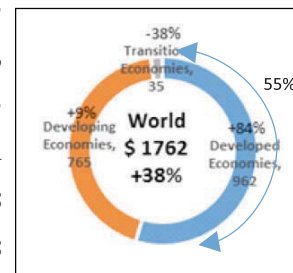
Global Foreign Direct Investment (FDI) inflows increased by 38 percent in 2015 to US\$ 1,762 compared to US\$ 1,228 in 2014. This is the highest ever recorded level after the global financial and economic crises of 2008-2009. The major reason for this rebound is the escalation in cross – border mergers and acquisition (M & A) in 2015.



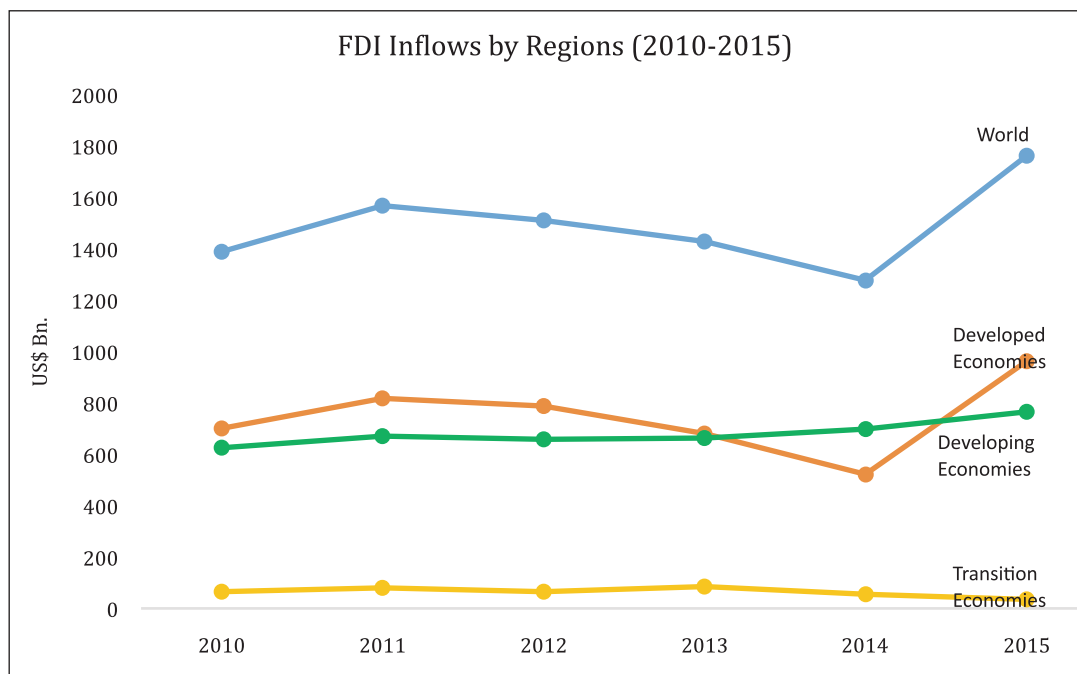
Source: UNCTAD, World Investment Report 2016

#### FDI Inflows by Regions

FDI inflows into the Developed economies was almost doubled in 2015 compared to the 2014. Due to the surge of FDI inflows to the Europe, developed countries could receive 55 percent of global FDI in 2015 compared to the 41 percent in 2014. The increasing rate was 84% in 2015 compared to 2014. Inward FDI into the Developing economies has increased by 9 percent in 2015 due to the developing Asia remained as the largest FDI recipient region in the world.



FDI inflows into transition economies decreased by almost 38 percent in 2015 and it was mainly due to the lower commodity price, flagging domestic markets and the restrictive measures.



Source: UNCTAD, World Investment Report 2016

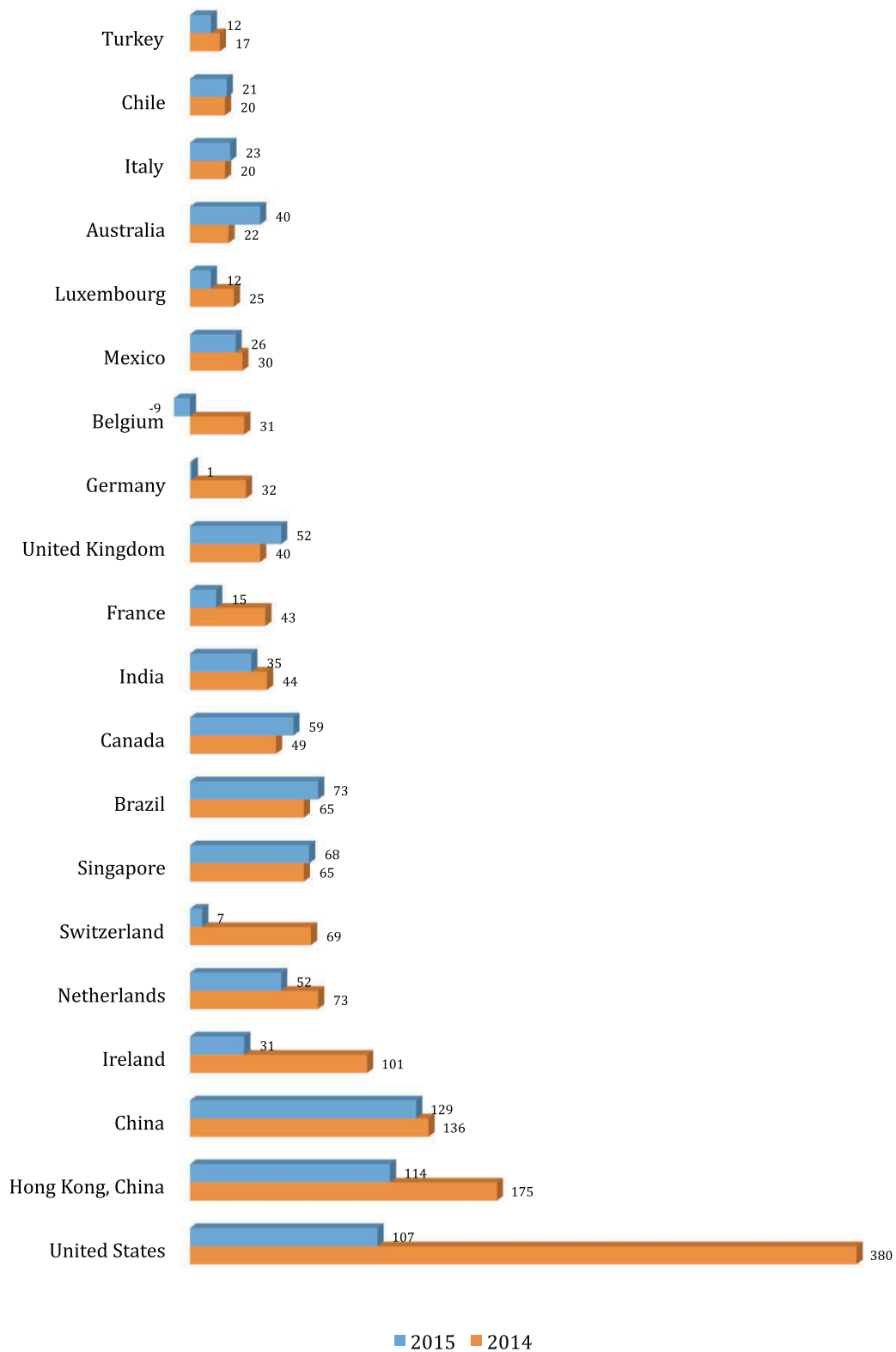
FDI inflows into the developing Asia has increased by 16 percent in 2015 and the best practices of East and South Asian economies was mainly caused for that recorded level.

However, FDI inflows into Africa and Latin America declined by 7 percent and 2.4 percent respectively in 2015 compared to the previous year.

### FDI Inflows by Country

United States was the largest FDI recipient country in 2015. Even though, United States dropped to third place in 2014 from the largest recipient in 2013 it has rebound its place in 2015 due to the FDI inflows into the United States was almost quadrupled in 2015.

Global FDI Inflows, Top 20 Economies 2014 & 2015 (US\$ Bn.)

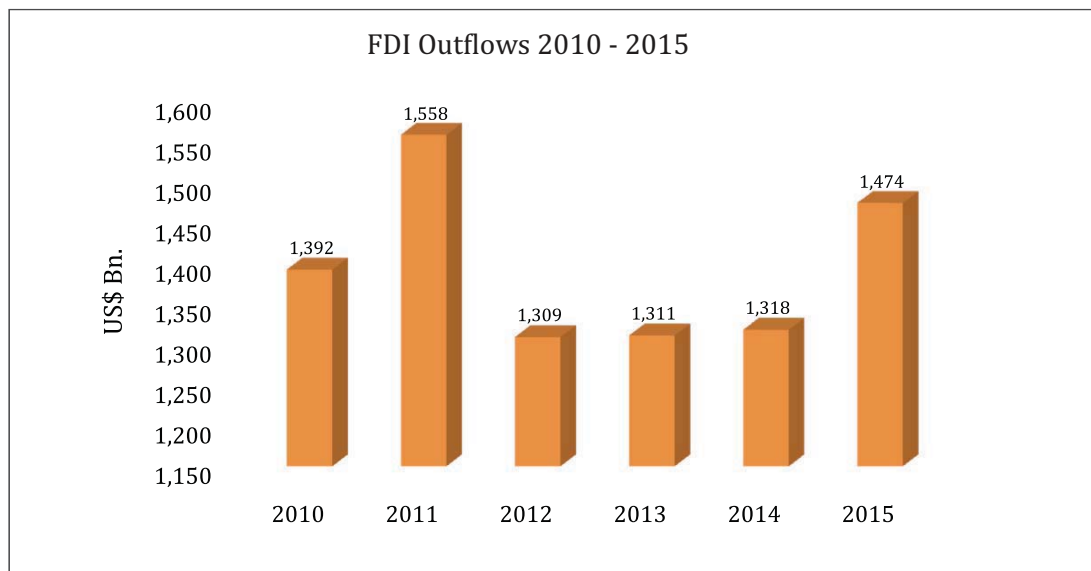


Source: UNCTAD, World Investment Report 2016

## FDI Outflows

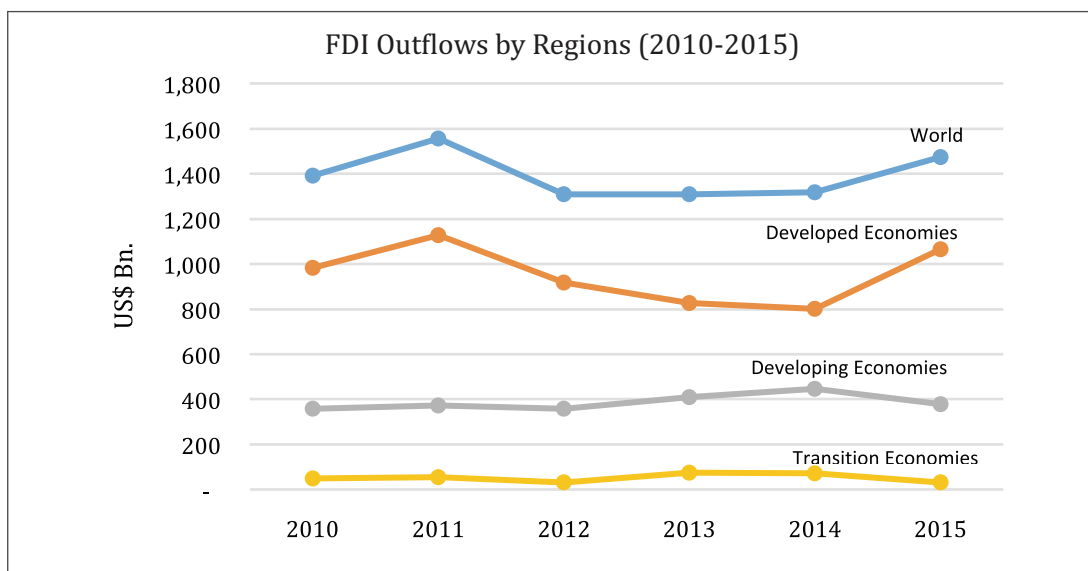
### Global FDI Outflows

Global FDI outflows increased by 11.8% to US\$ 1,474Bn. in 2015.



Source: UNCTAD, World Investment Report 2016

### FDI Outflows by Regions

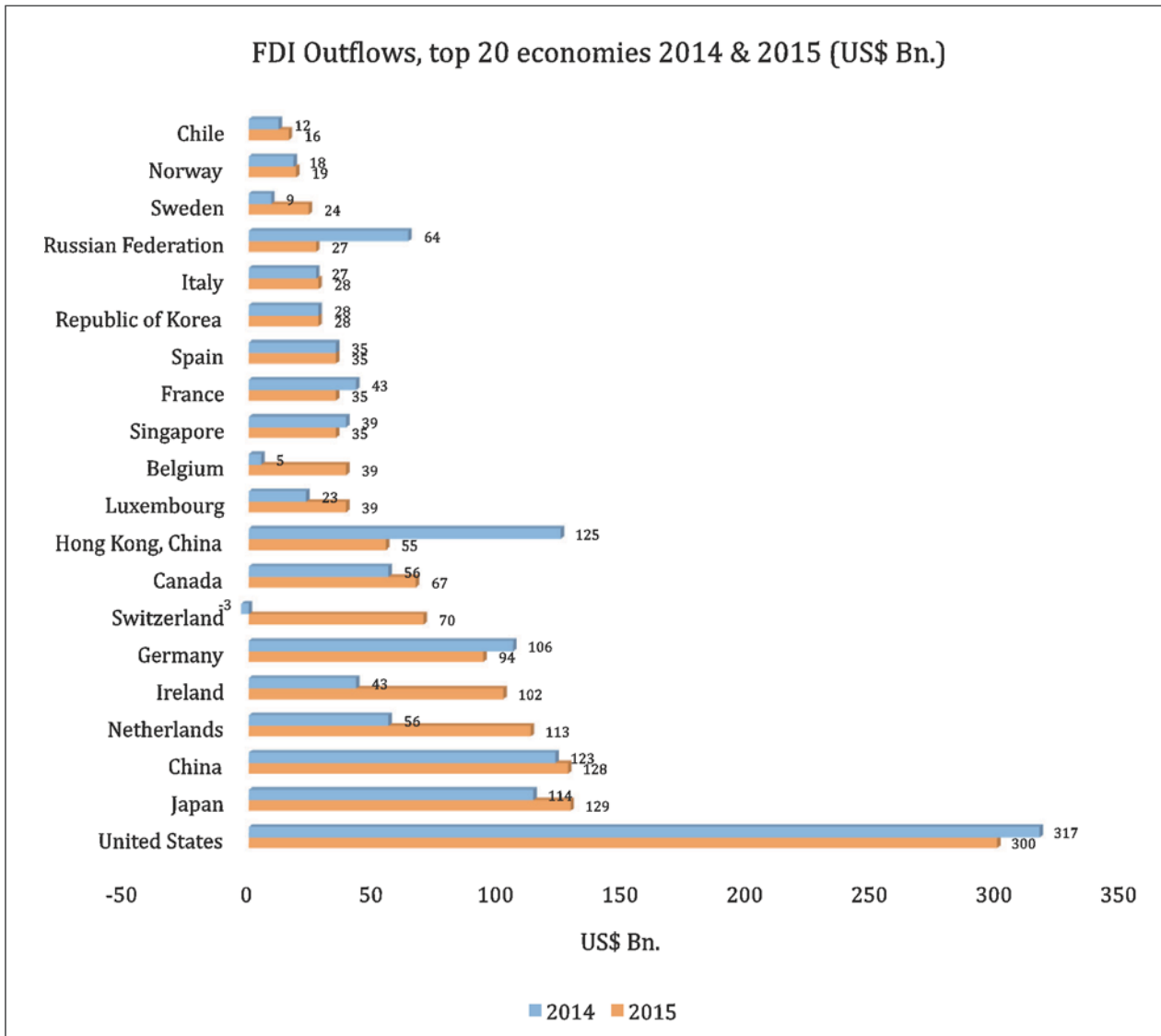


Source: UNCTAD, World Investment Report 2016

World FDI outflows raised in 2015 mainly due to the increase of investments by MNEs in developed economies. It was 33 percent improvement compared to 2014. Outward investments of both developing economies and transition economies dropped in 2015 compared to previous year.

### FDI Outflows by Country

The largest investor was United States in 2015 and there was almost 6 improvement Countries of FDI outflows. Japan became the second highest investor by increasing 13 percent of outward FDI compared to previous year.

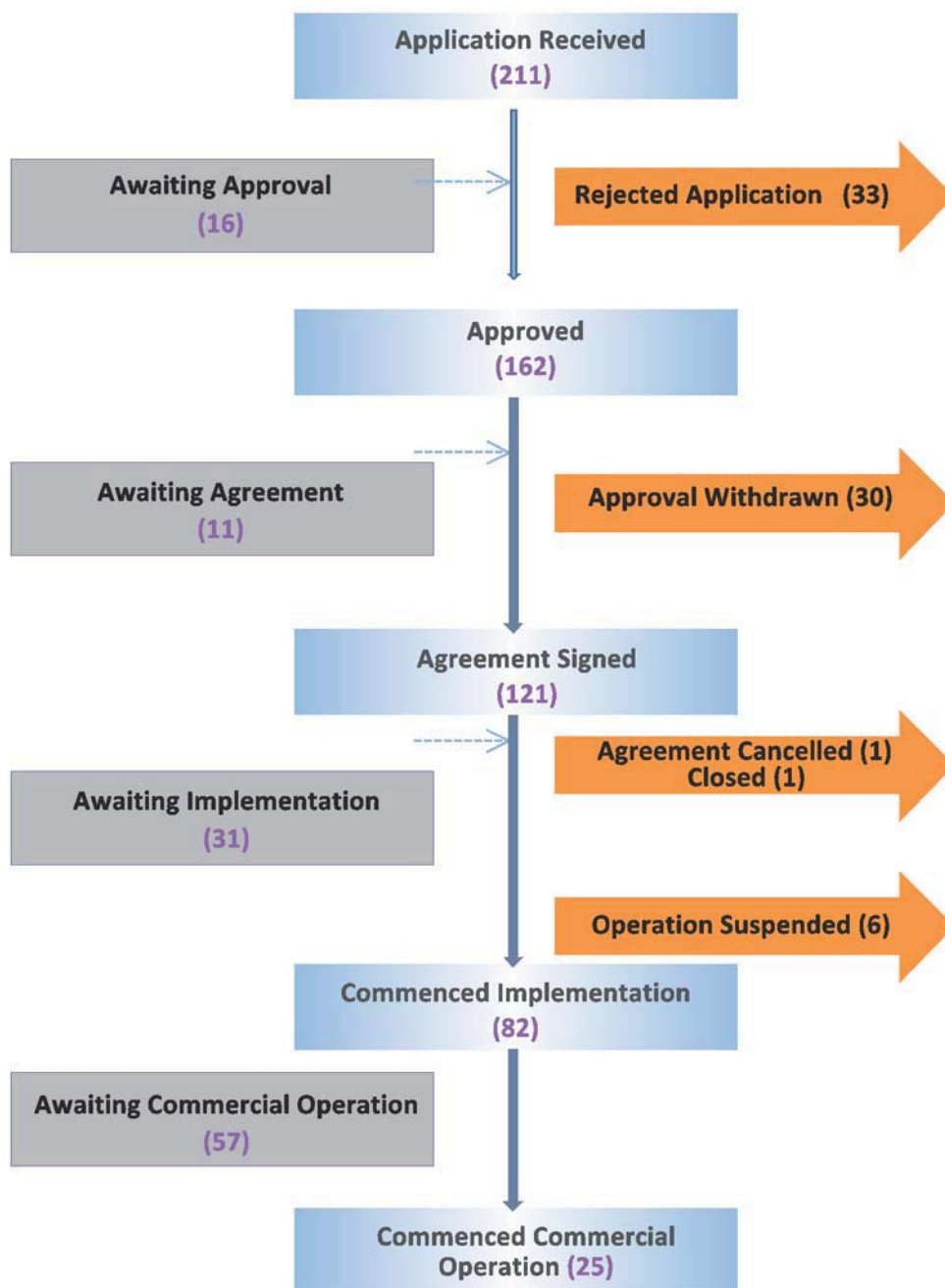


Source: UNCTAD, World Investment Report 2016

## Sri Lanka Investment Outlook – 2015

### Investment Performance – 2015

#### 1. Progress Made on Applications Received in 2015



In the year 2015, 211 applications for new projects were submitted to the Board. Out of those 211 applications, 162 applications were approved of which 25 projects have commenced commercial operation and 57 projects are under implementation.

In addition, 83 applications for project expansions of existing projects have been received during year 2015



## 2. Status-wise Project Details

### ▪ Project Approved & Agreement Signed in 2015

The total numbers of project approvals granted in 2015 was 227 out of which 153 approvals were for new project proposals and 74 approvals were for expansions of existing projects. The total estimated investment of approvals were US\$ 4,365 Mn. (Rs. 593,433Mn) and the estimated total number of employment opportunities of approved projects in the year 2015 is over 3,700.

#### *Investment & Employment share of Approved projects in 2015 – by sector*

Sector	No. of Projects	% Share of Investment	% share of Employment
<b>Services/Infrastructure</b>	<b>112</b>	<b>72%</b>	<b>34%</b>
Shopping & Office Complex	16	42%	6%
Housing & Property Development	23	9%	10%
Hotels Restaurant Services & Entertainment Complexes	24	8%	10%
Power Generation	18	5%	2%
Other	31	8%	6%
<b>Manufacturing (New Projects)</b>	<b>41</b>	<b>12%</b>	<b>29%</b>
<b>Agriculture (New Projects)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPANSIONS OF THE EXISTING PROJECTS</b>	<b>74</b>	<b>16%</b>	<b>37%</b>
<b>Total</b>	<b>227</b>	<b>100%</b>	<b>100</b>

Out of the total approved investment in the year 2015, the Services/Infrastructure sector accounts for the highest contribution (72%) followed by the Manufacturing sector (12%). The balance 16% of the total approved investment is for the expansions of existing projects. Services/Infrastructure sector includes 16 Shopping & Office Complexes projects which accounts for 42% of the total approved estimated investment, 23 housing & property development projects with 9% of total investment, 24 Hotels, Restaurant Services & Entertainment Complexes with 8% of total investment and 18 Power generation projects with 5% of total investment etc.

Out of the total estimated employment of the approved projects in 2015, 34% is expected to create in the Services/Infrastructure sector while 29% in the Manufacturing sector. Expansions of existing projects are expected to create 37% of the total estimated employment of approved projects.

The total number of projects signed agreements with BOI in 2015 accounted for 157 of which 94 were new project proposals and 63 were proposals for expansions of existing projects. The total estimated investment of these 157 projects were US\$ 2,134 Mn (Rs. 289,991.58Mn). These projects are expected to generate over 23,000 employment opportunities.

## ▪ Projects Commenced Construction/Implementation in 2015

In the year 2015, a total of 82 new projects and 10 expansion projects commenced implementation/construction. The total estimated investment of projects that commenced implementation was US\$ 763 Mn. (Rs. 103,749.48 Mn.). The expected employment generation was over 13,000 nos.

**Table 2: Top 10 projects (based on Est. Investment) commenced construction/implementation in 2015**

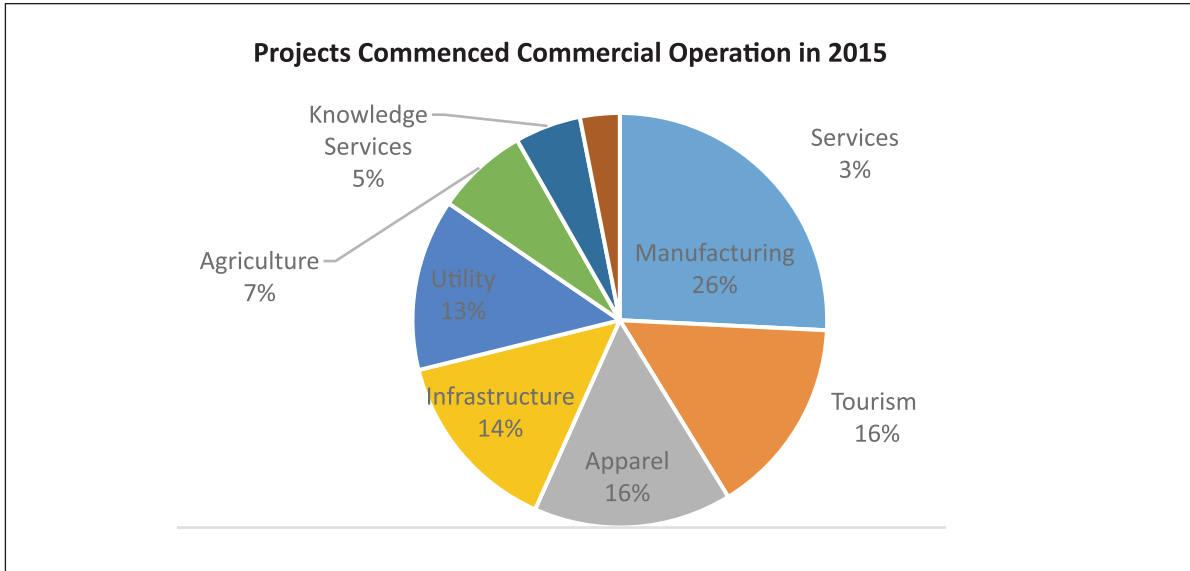
Project Name	Business Activity		Estimated Investment (Rs. Mn.)	Estimated Employment (Nos.)	Location
1. COLOMBO CITY CENTRE PARTNERS (PVT) LTD.	MIXED DEVELOPMENT PROJECT	Awaiting Commercial Operation	9,147	29	Colombo
2. AVIC INTERNATIONAL HOTELS LANKA LTD.	MIXED DEVELOPMENT	Awaiting Commercial Operation	8,723	48	Colombo
3. TOKYO EASTERN CEMENT COMPANY LTD	CEMENT GRINDING PLANT	Awaiting Commercial Operation	6,525	77	Trincomalee
4. ONE - COLOMBO PROJECT (PVT) LTD.	RE-DEVELOPMENT & MIXED DEVELOPMENT PROJECT	Awaiting Commercial Operation	6,291	931	Colombo
5. EL - TORO ROOFING PRODUCTS LTD.	ROOFING PRODUCTS FOR THE LOCAL MARKET	Awaiting Commercial Operation	3,698	147	Puttalam
6. SINO LANKA HOTELS GALLE (PVT) LTD.	140 ROOMED HOTEL	Awaiting Commercial Operation	3,248	108	Galle
7. LANKA DAIMARU (PVT) LTD.	PROCESS & EXPORT LOCALLY PURCHASED FISH & TO ENGAGE IN DEEP	Awaiting Commercial Operation	2,794	78	Trincomalee
8. JIE ZHONG JIE LANKA DEV.CON.AND ENG.(P)JL	176 ROOMED HOEL AT PANADURA	In Commercial Operation	2,600	328	Kalutara
9. FAIRWAY GALLE (PVT) LTD.	APARTMENT COMPLEX	Awaiting Commercial Operation	2,414	60	Galle
10. LEE HEDGES INVESTMENTS LTD.	MIXED DEVELOPMENT	Awaiting Commercial Operation	2010	-	Kurunegala

## ▪ Projects Commenced Commercial Operation in 2015

During the year 2015, a total of 97 projects (86 new projects and 11 expansion projects) have commenced commercial operation. The Total estimated investment of these projects accounts for US\$ 463 Mn (Rs. 62,969 Mn), and over 23,000 employment opportunities are expected to be created by these projects.

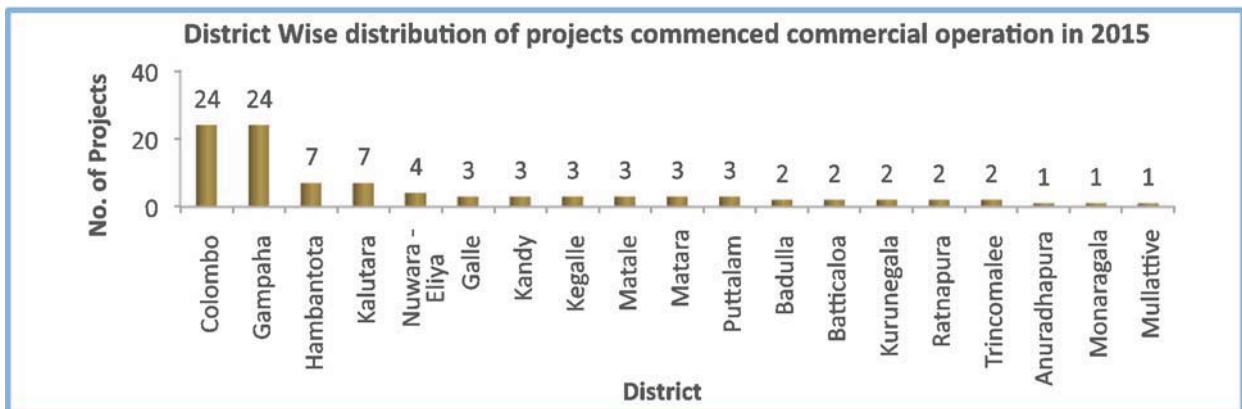
**Sector wise Distribution of projects commenced Commercial Operation in 2015**

Out of 97 projects that commenced commercial operation in 2015, 25 projects were in the Manufacturing sector followed by tourism & apparel sectors with 15 projects in each sector, 14 projects in infrastructure sector, 13 projects in utility sector, 7 projects in Agriculture sector, 5 projects in Knowledge services sector and 3 projects in Services sector.

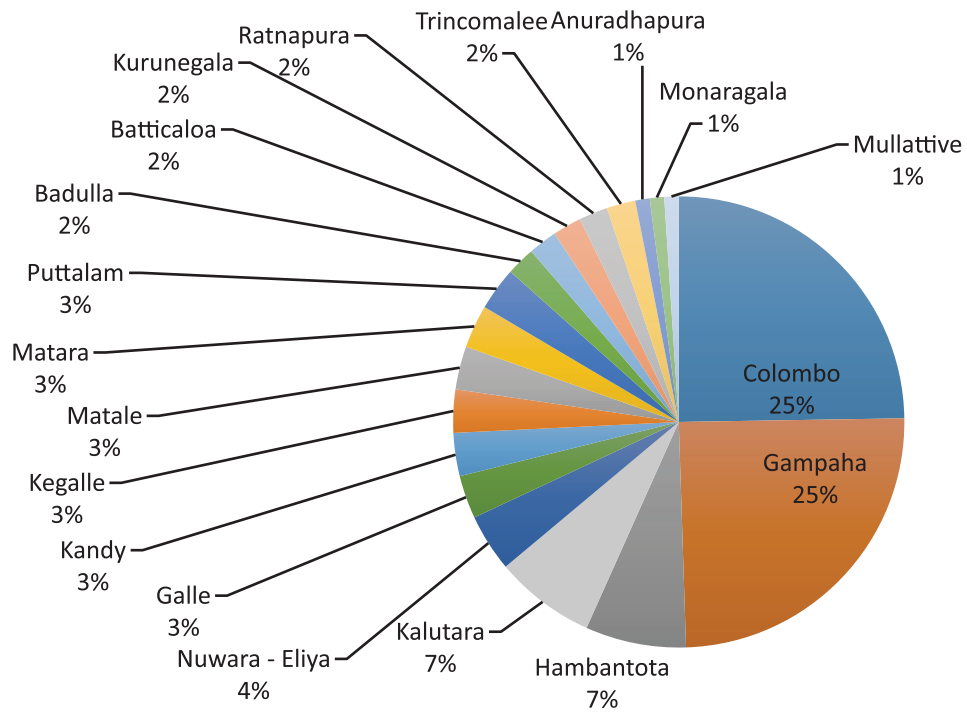


**District wise Distribution of projects commenced Commercial Operation in 2015**

According to the figure, almost 50% of the projects that commenced commercial operation were located within the Colombo and Gampaha districts. The balance 50% were geographically distributed over the other 17 districts i.e in Hambantota (7%), Kalutara (7%), Nuwara-Eliya (4%), Galle (3%), Kandy(3%), Kegalle (3%), Matale (3%), Matara(3%), Puttalm (3%), Badulla(2%), Batticaloa(2%), Kurunegala(2%), Ratnapura(2%), Trincomalee(2%), Anuradhapura (1%), Monaragala (1%), Mullative (1%).



**District Wise distribution of projects commenced commercial operation in 2015**

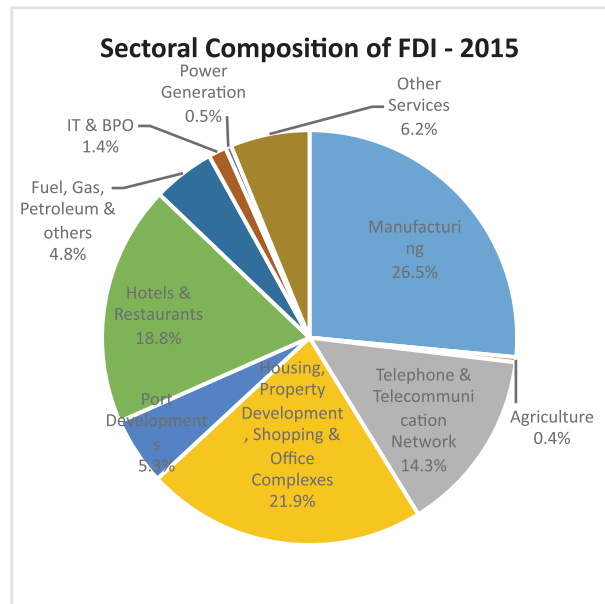


### 3. Foreign Direct Investment Attracted in 2015

The total FDI received in 2015 was amounted to US\$ 969.659 Mn. Out of this total FDI, Manufacturing sector has received the highest FDI amounted to US\$ 256.989 Mn (27%) followed by Housing, property Development, Shopping & Office complexes Sector with US\$ 212.105 Mn (22%). The FDI received for Hotels sector amounted to US\$ 181.901 Mn (19%).

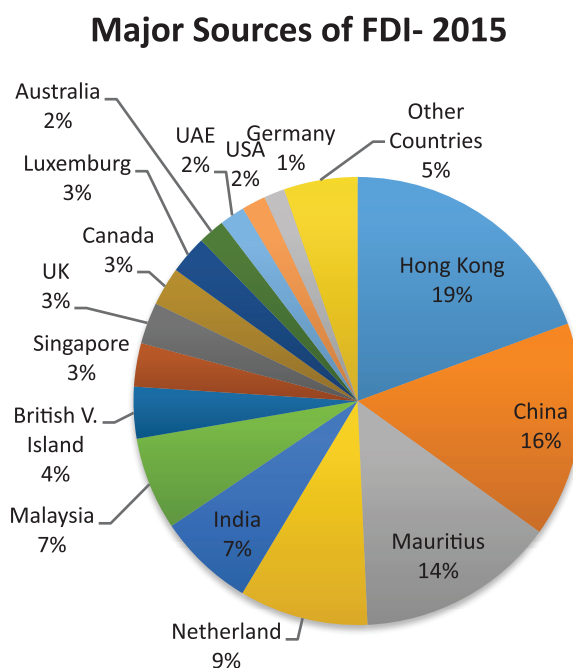
■ **Sectorial Composition of FDI- 2015**

Sector	FDI (US\$ Mn.)
Manufacturing	256.99
Agriculture	3.86
<b>Services &amp; Infrastructure</b>	
Telephone & Telecommunication Network	138.84
Housing, Property Development , Shopping & Office Complexes	212.11
Port Developments	51.22
Hotels & Restaurants	181.90
Fuel, Gas, Petroleum & others	46.84
IT & BPO	13.57
Power Generation	4.42
Other Services	59.91
<b>Total</b>	<b>969.66</b>



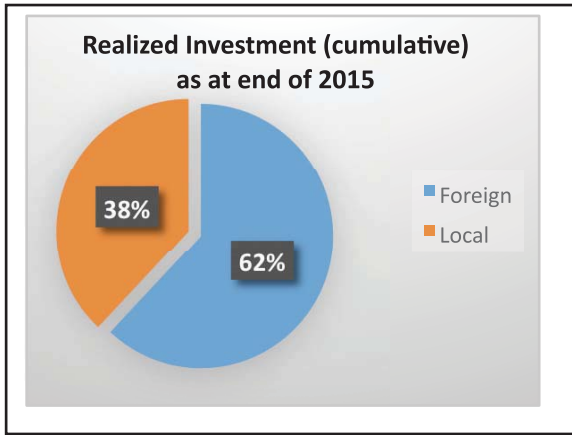
## Major Sources of Foreign Direct Investment - 2015

COUNTRY	FDI (US\$ Mn.)
<b>Hong Kong</b>	188.01
<b>China</b>	150.78
<b>Mauritius</b>	139.21
<b>Netherland</b>	90.16
<b>India</b>	67.84
<b>Malaysia</b>	65.08
<b>British V. Island</b>	36.09
<b>Singapore</b>	30.46
<b>UK</b>	29.04
<b>Canada</b>	26.99
<b>Luxemburg</b>	26.91
<b>Australia</b>	18.60
<b>UAE</b>	17.64
<b>USA</b>	16.76
<b>Germany</b>	14.50
<b>Other Countries</b>	51.59
<b>Total</b>	<b>969.66</b>



Hong Kong was the largest source of FDI in 2015 with US\$ 188 Mn. This was followed by China (US\$ 151 Mn.), Mauritius (US\$ 139 Mn.), Netherlands (US\$ 90 Mn.), India (US\$ 68 Mn.), Malaysia (US\$ 65 Mn.), British V. Island (US\$ 36 Mn.), Singapore (US\$ 30 Mn.), UK (US\$ 29 Mn.), Canada (US\$ 27 Mn.), Luxemburg (US\$ 27 Mn.), Australia (US\$ 18.6 Mn.), UAE (US\$ 17.6 Mn.), USA (US\$ 16.8 Mn.), Germany (US\$ 14.5 Mn.) etc. These fifteen countries together accounted for 95% of the total FDI received in the year 2015.

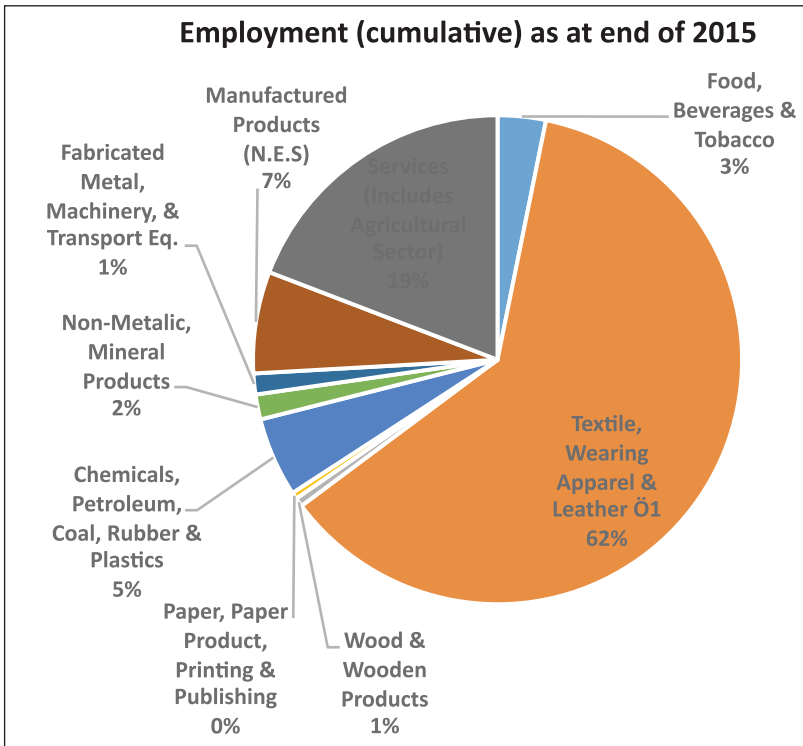
## 4. Realized Investment (Cumulative)



The realized cumulative total investment as at end of the year 2015 was Rs. 1,992 Bn., which showed a 13% increase compared to the previous year. Out of Rs. 1,992 Bn. total realized investment, 62% (Rs. 1,236 Bn.) represented the foreign component and the balance 38% (Rs. 756 Bn.) represented the domestic private investments.

The Infrastructure & Services sector accounted for 76% of the total realized cumulative investment and the balance 24 % was from the Manufacturing sector including Apparel.

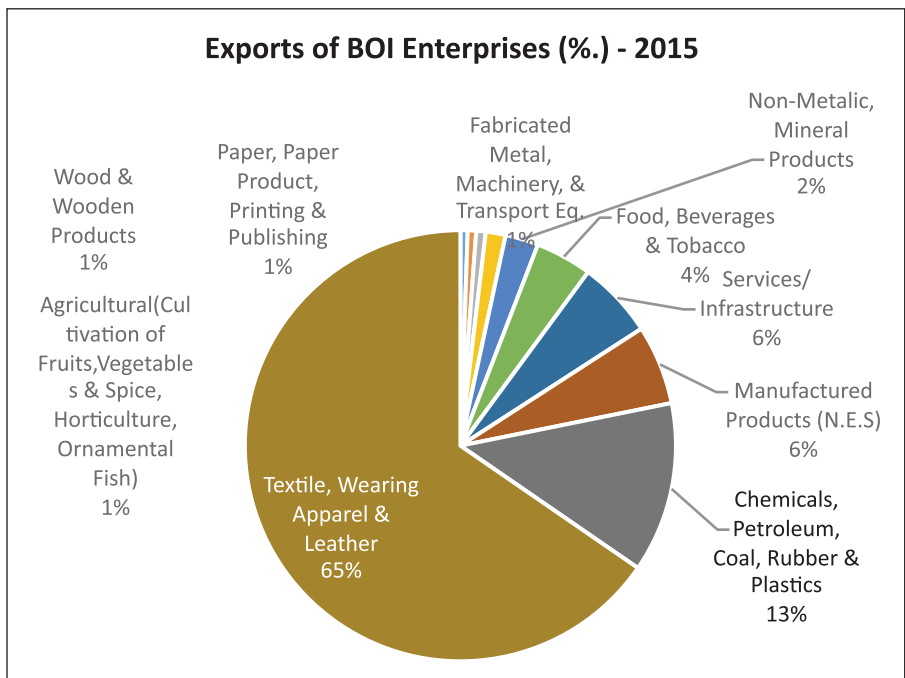
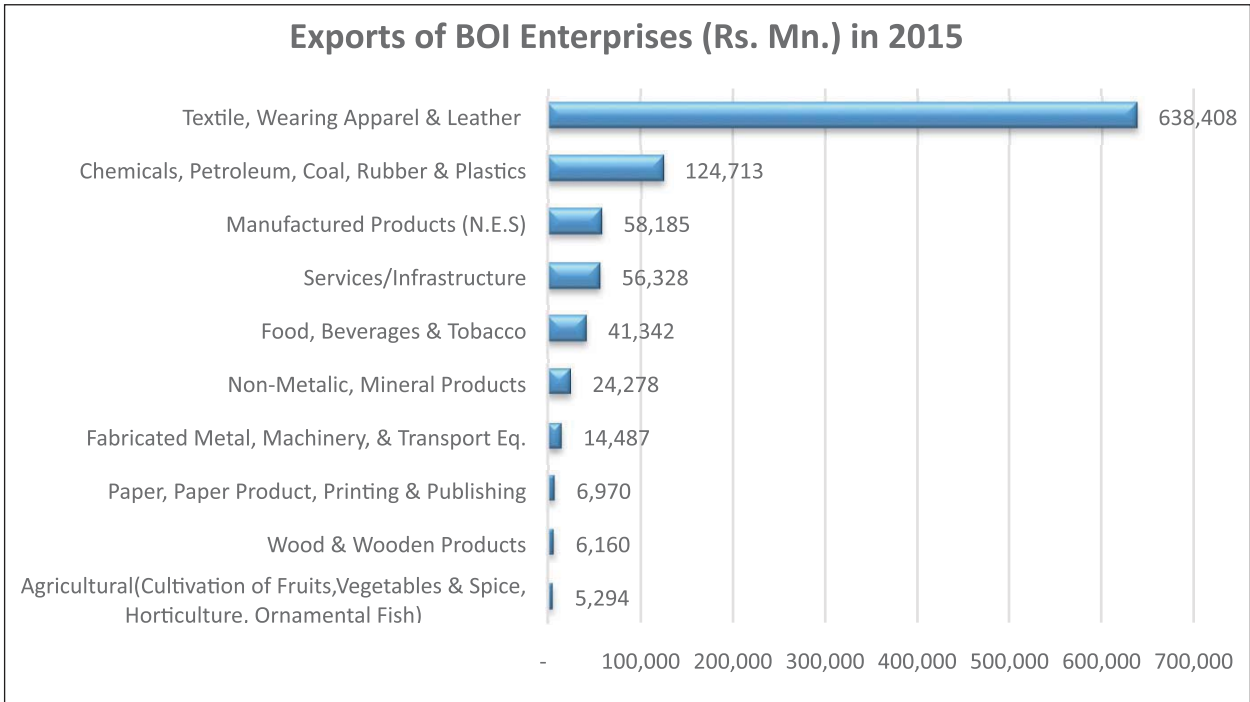
## 5. Employment (Cumulative)



The cumulative employment of BOI projects as at December 2015 was recorded as 490,675

62% of the total cumulative employment of BOI projects was from the Textile, Apparel & Leather sector and 19% was from other Manufacturing sectors. Services & Infrastructure sector including Agriculture represents 19% of the total cumulative employment in 2015.

## 6. Export Performance



During the year of 2015, Apparel sector represented the highest percentage of exports (65%) followed by the manufacturing sector (excluding apparel) amounted to 29%. Services sector represented 6% of the total BOI exports while Agriculture sector represented the lowest export performance compared to the other sectors





## **BOI ACTIVITIES DEPARTMENT WISE**

# 1. INVESTMENT PROMOTION DEPARTMENT

## Functions of the Department

The main function of the Investment Promotion Department is to promote Sri Lanka as an investment destination and attract Foreign Direct Investment (FDI) from the respective target countries into desired sectors. The Investment Promotion Department also encourages existing investors/companies to make additional investments and expand their existing projects.

- Organizing Investment Promotion Missions Overseas to Target Markets:  
Coordinating one to one meetings with potential investors, Arranging Road Shows with potential investors / companies, Sector specific discussions with respective groups, Meeting with existing companies / investors to update on business and investment climate in the country and meeting with Chambers of Commerce and Counter Part Organizations to create more awareness on investment opportunities in the country.
- Participating at Events Focusing on identified thrust sectors:  
Representing BOI at International Forums, Conferences and Exhibitions for networking and dissemination of information on investment opportunities in Sri Lanka.
- Inviting Inward Delegations to Sri Lanka, to give potential investors an insight on the investment climate in the country and facilitate their visits to the country.
- Organizing inward business delegations to visit Sri Lanka, in order to study the existing business, investment climate and arranging programmes including presentations, meetings with the Government, Private sector and site visits.
- General Promotion Activities :  
Creating more awareness on investment opportunities in Sri Lanka in the respective countries, identification of target sectors to attract FDI from the respective markets, identification of target companies in the respective countries, building up relationships and networking with respective Chambers of Commerce and industry associations, Business Councils, Banks and other relevant organizations for investment promotion, co-ordination with foreign missions in Sri Lanka, Sri Lanka missions abroad and line agencies & authorities (SLTDA, EDB, Gems & Jewellery Authority, Airport & Aviation).
- Investment Forums / Seminars and Exhibitions in Sri Lanka:  
Organizing investment forums in Sri Lanka for foreign/local participants in collaboration with the chambers and counterparts and participation in trade exhibitions to disseminate information on investment opportunities.
- Local Conferences:  
Presentations at local conferences and actively participating and networking with foreign participants, to create awareness on the investment climate.

## **Key Outcomes**

### **Outward Investment Promotion Missions - 2015**

#### **Singapore - 11<sup>th</sup> to 14<sup>th</sup> February**

Delegation was led by Hon. Eran Wickramaratne, Deputy Minister of Highways and Investment Promotion and BOI was represented by: Ms. Renuka Weerakone, Executive Director (Investment & Promotion) Mr. Mahinda Ramanayake, Director (Investor Services) Mr. Manilal Ranasinghe, Deputy Director (Investment Promotion)

#### **Outcome:**

BOI was successful in keeping the attention of the investors towards the hub related business and explained the audience about the prevailing investor friendly business environment, benefits offered to investors, especially the access to Indian and Pakistan market with zero duty under FTAs with support of skilled, talented human resource of Sri Lanka. Further, explained how investors can utilize Sri Lanka as a gateway to Africa, Middle East and South Asian Countries.

#### **Singapore - 20<sup>th</sup> to 25<sup>th</sup> April**

Asia Pacific Yachting Conference, Asia Boating Forum & ICOMIA “Asian Dialogue” & visiting Singapore Yacht Show BOI was represented by Mr. U. Wijekulathilake, Director (Investment).

#### **Outcome:**

An investor forum is planned to be held by the EDB with participation of the BOI along with the Technical Advisory meeting at the Boat Show in November 2016.

#### **Israel - 26<sup>th</sup> April to 1<sup>st</sup> of May**

The BOI represented by Mr. Sudath Jayasekara, Asst. Director (Investment Promotion) two investors have joined with a Sri Lankan business partner of Malwatte Valley Plantation LLC, for technology transfer in Dairy Farm Development and Avacado plantation. They have already started nursery for Avocado Plantation and initially they are planning to cultivate 50 Acres Avocado plantation.

#### **Mumbai - 24<sup>th</sup> - 27<sup>th</sup> May**

The delegation was led Hon. Eran Wickraamaratne, Hon. Deputy Minister of Highways and Investment Promotion, Ms. Nilupul De Silva, Director (Investment Promotion) & Mr. Manilal Ranasinghe, Deputy Director (Investment Promotion).

The objective of the mission was to target German investors and addressed members of the Indo – German Chamber of Commerce, the single largest Chamber of Commerce from Europe based in India.

Leading German companies have indicated interest in investing in Sri Lanka and an inward delegation from the Indo – German Chamber of Commerce will visit Sri Lanka in 2016, as well as explore possibilities of establishing branch in Sri Lanka.

### **China - 10<sup>th</sup> to 18<sup>th</sup> June**

At the China –South Asia exposition held in Kunming, the BOI was represented by Mr. P. Karunathilake, Deputy Director (Investment Promotion) and Mr. D. Wettasinghe, Asst. Director (Investment Promotion)

China-South Asia forum enabled us to provide relevant investment information to over 1,000 companies, individuals & other interested parties.

This resulted in following important inquiries:

- Yunnan logistics industry group - Real Estate Development & Tourism and Leisure.
- Yunnan Greentech Co. Ltd. - Manufacturing & trading high-end Fertilizer.
- World Capital Real Estate group - Property Development
- Southlink Travels Ltd - Value added Tea.

### **Singapore - 29<sup>th</sup> July to 1<sup>st</sup> August**

The Board of Investment of Sri Lanka was invited by Sri Lanka - Singapore Business Council of the Ceylon Chamber of Commerce (SLSBC) to attend the Trade and Investment Promotion programme in Singapore, which had been organized by SLSBC with the collaboration of the Singapore Business Federation, International Enterprise (IE) - Singapore and Sri Lanka High Commission in Singapore. A seminar on Investment opportunities in Sri Lanka and networking sessions with other business chambers in Singapore were included in the programme.

To coincide with this event, the BOI had also organized specific meetings with leading Japanese companies located in Singapore to create awareness on investment opportunities in Sri Lanka and attract more FDI from Japanese Companies.

The visit comprised of the following:

- a) Sri Lanka Seminar organized by Singapore Business Federation, IE- Singapore and Sri Lanka High Commission in Singapore
- b) Sri Lanka Seminar organized by Japan Chamber of Commerce & Industries
- c) Round Table Discussion with the members of Chinese Chamber Commerce of Industries
- d) One to One meetings with potential investors
- e) Interview with the Bloomberg Asia

BOI was represented by Mr. Upul Jayasuriya, Chairman, Mr. Dilip S Samarasinghe, Director (Media) Mr. Keizo Tsuchiya, JICA Advisor for Investment Promotion and Mr. B. Dhammike, Assistant Director/Desk officer for Japan.

### **Japan - 5<sup>th</sup> to 10<sup>th</sup> October**

As a result of the MOUs signed by the BOI with Japanese two leading banks, Mizuho Bank and Bank of Tokyo Mitsubishi UFJ Ltd. (BTMU) in 2014, with a view to promote Japanese Investments into Sri Lanka, the BOI organized an Investment promotion programme in Japan in collaboration with the above two banks, Japan External Trade Organization (JETRO), Japan International Cooperation Agency (JICA) and United Nations Industrial Development Organization (UNIDO).

Main events were Investment Forum, Round Table Discussions, and One-to-One meetings.

The BOI was represented by Mr. Upul Jaysuriya, Chairman of BOI, Mrs. Renuka Weerakone, Executive Director (Investment Appraisal and Promotion) Mr. Dhammike Basnayake, Assistant Director.

- Investment Forum was organized by JETRO, JICA, Bank of Tokyo Mitsubishi UFJ Ltd and Mizuho Bank. About 150 participants from the sectors of Logistics, Manufacturing of Light engineering products, packaging, trading, infrastructure, IT, insurance services, consultancy etc., attended at the forum.
- Hon. Ravi Karunanayake, Minister of Finance and Mr. Upul Jayasuriya, Chairman of the BOI addressed the gathering.
- Delegation met Suzuki (Automobile manufacturer), ITHOCHU Corporation (Interest: Agriculture, Industrial Park, Cold room facility), Sojitzu Corporation ( interest – power sector and oil refinery), Mitsui Sugar Co. Ltd (interest- plant for Sugar refinery), Hitachi (Manufacturer of Electrical products/machinery/logistics), DENSO TECHNO Co., LTD (Developer of software for automobiles), Belluna Co. Ltd (Interest – mixed development).
- The delegation visited BTMU, Mizuho Banks, UNIDO, Trade Policy Bureau, Ministry of Economy, Trade and Industry, International Affairs Division, Chubu Economic Federation, Nagoya.
- Round table discussion has been organized by Mr. Masso Yamada, Director General of Nagoya Research Institute of WA - Links for Future Development. 15 members from 10 deferent companies participated at the discussion. Most of them were interested in engaging projects related to water service/water treatment. Aichi Tokei Denki Co. Ltd., is interested in manufacturing of water meters and distribute to different markets. Representatives of Sojitz and the president of ITHOCHU visited Sri Lanka for further study.

### **Italy - 20<sup>th</sup> to 24<sup>th</sup> October**

Investment Promotion Mission to Milan was coincide with Sri Lanka's participation at EXPO Milan 2015 and BOI was represented by Ms. Nilupul De Silva, Director (Investment Promotion).

BOI presentation at the Business Forum followed by One - to - One meetings and a factory visit. Several Italian companies have indicated interest in investing in Sri Lanka. The company included CITA Spa (Apparel), Brianza Energy for manufacture of street lamps and Storage SAM (LP Gas) distributing of LP Gas. Delegation from Italy- Sri Lanka Business Council scheduled to visit Sri Lanka in October 2016 during the World Economic Development Forum (WEDF).

### **Thailand - 26<sup>th</sup> October to 6<sup>th</sup> November**

Investment Promotion Mission to Thailand was taken place in parallel to H.E. the President's visit to Commemorate 60<sup>th</sup> Anniversary of the Diplomatic Relationship between two countries and to strengthen the economic and diplomatic ties between Sri Lanka and Thailand. BOI delegation comprised the Mr. Upul Jayasuriya, Chairman of the BOI and Mr. Manilal Ranasinghe, Deputy Director (Investment Promotion).

Business forum was attended by 300 participants. One - to - One meeting held with the following companies:

- Dusit Thani Public Co. Ltd., Mitr Phol Sugar Corp., Ltd. and Pacific Fish Processing Co., Ltd. (PFP)
- SCG Trading Co., Ltd, MITRON C.E. Co., Ltd, Siam Commercial Bank, Bangkok Bank
- Srithai Auto Seats Industry Co., Ltd.

### **China - 26<sup>th</sup> October to 2<sup>nd</sup> November**

21<sup>st</sup> Century Maritime Silk Road, BOI represented by Mr. Vidharshan Fernando, Actg. Executive Director (Special Projects) and Ms. Olu Zheng, Special Project Coordinator for Chinese Investments.

### **South Korea - 2<sup>nd</sup> to 7<sup>th</sup> November**

Investment Promotion Mission to Seoul, the delegation led by Hon. State Minister of International Trade and Mr. Duminda Airyasinghe, Executive Director (Project Implementation).

### **Malta - 24<sup>th</sup> to 27<sup>th</sup> November**

Commonwealth Business Forum (CBF) was held in parallel to CHOGM in Malta.

BOI represented by Ms. Renuka Weerakone, Executive Director (Investment & Promotion)

## INWARD MISSIONS / LOCAL EVENTS - 2015

	<b>Missions /Events</b>	<b>Activities</b>	<b>Duration</b>	<b>Venue</b>	<b>Organizers</b>
1	Seminar for Federation of Indian Chamber of Commerce & Industry (FICCI)	Presentation on Investment Opportunities in Sri Lanka	13 <sup>th</sup> March	Head Office BOI	BOI
2	Regional Awareness Programme on Investment Opportunities	Creating awareness of the services provided by the BOI and its activities	30 <sup>th</sup> March	Hotel East Lagoon, Batticaloa	BOI
3	Regional Awareness Programme on Investment Opportunities	Creating awareness of the services provided by the BOI and its activities	31 <sup>st</sup> March	Trinco Blue Hotel, Uppaveli, Trincomalee	BOI
4	Seminar for China International Contractors Association (CHINCA)	Presentation on Investment Opportunities in Sri Lanka	13 <sup>th</sup> March	Head Office BOI	Chinese Embassy
5	Regional Awareness Programme on Investment Opportunities	Export Procedures & Marketing Opportunities and Investment opportunities available for Regional Based SMEs	18 <sup>th</sup> March	Auditorium of District Secretarial, Jaffna	BOI
6	Regional Awareness Programme on Investment Opportunities	Export Procedures & Marketing Opportunities and Investment opportunities available for Regional Based SMEs	19 <sup>th</sup> March	Ahash Hotel Mannar	BOI
7	Seminar for the Study Group of Nepal Investment Board	Presentation on Investment Opportunities in Sri Lanka	7 <sup>th</sup> April	Head Office BOI	BOI
8	Seminar for the Chinese Business Enterprises Association	Presentation on Investment Opportunities in Sri Lanka	9 <sup>th</sup> April	Head Office BOI	Overseas Chinese Association
9	Seminar for the Shenyang Municipal Bureau of Foreign Trade & Economic Cooperation	Presentation on Investment Opportunities in Sri Lanka	23 <sup>rd</sup> April	Ceylon Chamber of Commerce	Shenyang People's Congress
10	Regional Awareness Programme on Investment Opportunities	Creating awareness of the services provided by the BOI and its activities	24 <sup>th</sup> April	Silver Ray, Ratnapura	BOI



	<b>Missions /Events</b>	<b>Activities</b>	<b>Duration</b>	<b>Venue</b>	<b>Organizers</b>
11	Seminar for the Qingdao City	Presentation on Investment Opportunities in Sri Lanka	15 <sup>th</sup> May	Hotel Taj Samudra	Ceylon Chamber of Commerce
12	Seminar Fujian, Liaoning, Zhejiang, Hunan, Jianxi Province	Presentation on Investment Opportunities in Sri Lanka	7 <sup>th</sup> June	Head Office BOI	Ceylon Chamber of Commerce
13	Regional Awareness Programme on Investment Opportunities	Creating awareness of the services provided by the BOI and its activities	12 <sup>th</sup> June	Koggala Export Processing Zone	BOI
14	Seminar for the Qingdao Committee of Guangdong	Presentation on Investment Opportunities in Sri Lanka	3 <sup>rd</sup> July	National Chamber of Commerce	National Chamber of Commerce
15	Seminar for the Branding Association Malaysia	Presentation on Investment Opportunities in Sri Lanka	21 <sup>st</sup> September	Head Office BOI	Malaysian High Commission
16	Workshop for the Embassy of Belgium in India	Presentation on Investment Opportunities in Sri Lanka	23 <sup>rd</sup> September	Head Office BOI	Belgium Consulate in Colombo, European Chamber of Commerce in Colombo
17	Conference with the Delegation from Poland	Presentation on Investment Opportunities in Sri Lanka	6 <sup>th</sup> October	Cinnamon Grand Hotel	Sri Lanka - Poland Business Council
18	Seminar for the Young Entrepreneur School (YES) Dindigul Chaper Tamil Nadu	Presentation on Investment Opportunities in Sri Lanka	6 <sup>th</sup> October	Head Office BOI	BOI
19	Business Forum for New Zealand Trade & Enterprise	Presentation on Investment Opportunities in Sri Lanka	4 <sup>th</sup> - 5 <sup>th</sup> November	Hotel Taj Samudra	Ceylon Chamber of Commerce, Sri Lanka - Australia, New Zealand Business Council
20	Conference with Delegation from Pakistan	Presentation on Investment Opportunities in Sri Lanka	10 <sup>th</sup> November	Head Office BOI	BOI

## **2. RESEARCH & POLICY ADVOCACY DEPARTMENT**

### **Functions of the Department**

The Research and Policy Advocacy Department proposes and advocates improvements in relevant FDI policies and become a key catalysis in investment related policy reform process. In this context, the R & PA of BOI is responsible for undertaking policy research and suggesting enhancements of various policies, laws and procedures in order to assist the government in improving the business environment of Sri Lanka, thereby attracting the much needed foreign and domestic investments.

The Research & Policy Advocacy Department of the BOI is entrusted with the tasks of conducting research on investment related issues and policy advocacy to improve the business environment by analyzing various policies, laws & procedures, also bringing new policy proposals to promote foreign & local investment and to improve the investment facilitation services of the BOI.

The duties of the department include, conducting business research for development of investment opportunity profiles; conducting country specific and sector specific research required for identification of priority sectors for investment; preparation of informative brochures; formulation of investment promotion strategies based on competitive and comparative advantage; compilation, analysis & dissemination of investment related data; identification of issues inhibiting investment & suggestion of remedial measures.

Research program of the department in the year 2015 was highly focused on developing an appropriate incentive scheme to encourage much needed FDI. Benchmarking studies were carried out to design a suitable incentive scheme to make Sri Lanka as an attractive destination among regional competitors. A comprehensive analysis was conducted to identify the resource availability of the country by districts and by provincial level, with a view to identify investment potential throughout the country. Identifying investment opportunities in different sectors for export promotion as well as import replacement was another focused area.

The Department also involved in drafting/negotiating and carrying out research studies related to International Investment Agreements which includes; Bilateral Investment Treaties (BITs) for the promotion and protection of foreign investment, Free Trade Agreements (FTAs) and Comprehensive Economic Partnership Agreements containing investment provisions such as India-Lanka Economic and Technology Corporation Agreement (ETCA) and liaise closely with international organizations such as UNCTAD and WTO.

The department also undertakes information dissemination function for both internal and external stakeholders by formulating BOI publications and providing investment related data from the Management Information System (MIS).

The library of the Board of Investment of Sri Lanka operates under the supervision of the Research & Policy Advocacy department consists of books and other publications in an array of disciplines related to the area of investment which is available for all BOI employees.

## Key Outcomes

The special assignments entrusted to the Department by the Board of Management, the Ministry and the Prime Minister's office were under taken which could be summarized as;

- Cabinet Sub Committee on Resolving Policy and Technical Issues Related to the functions of the Board of Investment of Sri Lanka
- The study group set up by the Prime Minister's Office in June 2015 to report on "Incentives, Investments, Levies and Taxes". The group meetings were chaired by the Senior Advisor to the Hon. Prime Minister Mr. Paskaralingam. The BOI participated in the study group and the final report of the group including 10 recommendations was submitted to the Chairman of the committee on 4th December 2015.
- Review of the CHEC Port City Development Project Proposal

Further, in the year 2015, the department has catered nearly 1,000 requests for data out of which the BOI has an obligatory commitment to provide specific investment related information to about 10 agencies.

Research Reports and Publications of R & PA Department are as follows.

- **Sectorial Studies**
  - Pharmaceutical Industry
  - Sugar Industry
  - Cement Industry
- **Benchmarking Studies**
  - Key Drivers of FDI - India
  - Key Drivers of FDI - China
  - Updated Bangladesh, Indonesia, Malaysia, Myanmar, South Korea, Thailand and Vietnam reports
- **Country Briefing Notes**
  - Sri Lanka - Pakistan
  - Sri Lanka - India
  - Sri Lanka - China
  - Sri Lanka - Japan
- **Sri Lanka District Analyses**
  - Highlights of Provinces of Sri Lanka
  - District wise Statistical Data of Sri Lanka

- **Annual Reports and Corporate Plan**
  - BOI Annual Report 2014
  - BOI Corporate Plan 2014 – 2016 (Revised in June 2015)
  - Action Plan 2015-2016
- **Special Reports**
  - BOI progress report submitted to the Ministry of Development Strategies & International Trade and the Chairman BOI, including statistical summary
  - BOI Investment Guide
  - Analysis of Budget proposals 2016 which has direct impact on BOI Projects
- **Statistical Reports for External Agencies**
  - Monthly bulletins to the Central Bank of Sri Lanka
  - Country Statistics - on 53 countries as requested by Ministry of Foreign Affairs
  - FDI Statistics
- **International Agreements**
  - Drafting the Framework Agreement of ETCA
- **Policy**
  - Draft proposal on “New Incentive Regime to Attract FDI” submitted to the Senior Advisor to the Prime Minister

### 3. INVESTOR SERVICES DEPARTMENT

#### Functions of the Department

##### Import & Export Handling

The investor Services Department facilitates after care services mainly on import & exports, to investors registered under section 17 of the BOI law. To provide the above services, this department has 05 Investor Services Centers located at WTC-Colombo, Katunayake, Biyagama, Koggala Export Processing Zones and Kandy Industrial Park in addition to 09 Cargo verification centers.

##### *Services provided by the Investor Services Department*

- ❖ Processing Import / Export Documents
- ❖ Verification of Cargo Imported & Exported
- ❖ Issue of Certificate of Origin for textile & apparel products exported to EU countries
- ❖ Approval for clearance of goods from bonded warehouses
- ❖ Approval for sub contracts, transfers and local sale
- ❖ Re-import & Re-export of items
- ❖ Liaising with government organizations in respect of issues faced by BOI enterprises

##### *Automation of import & export operations*

A high priority was given for automation of import, export & other related activities of BOI projects in order to minimize human intervention, reduce documents and time taken for cargo clearance.

One of the main functions of Investor Services Department is to process import export customs Declarations (CUSDECS) in order to permit import & export of projects under section 17 of the BOI law.

#### Key Outcomes

##### Import Export performance of the BOI Enterprises

Item	Value
Total Import (TEUs)	83,198
Total Export (TEUs)	96,956
Import Value (Rs .Mn.)	722,894.98
Export value (Rs .Mn.)	928,320.72

## 4. INVESTMENT APPRAISAL DEPARTMENT

### Functions of the Department

The role of the investment department is a continuous process from the accepting application until the existence of the projects in Sri Lanka by various facilitating aspects.

The Department directly under the supervision and leadership of the Director General. Investment Appraisal Department is structured based on the identified eight (08) sub sectors as follows. There are two directors and four Senior Deputy Directors are responsible for eight (8) sectors to facilitate the investors.

Knowledge Services	-	IT, BPO, KPO, Higher Education, Vocational Training, R & D
Services	-	Commercial Hub Operations, Export of Services and Trading Houses (Other than Apparel), Logistics & Warehousing, Regional Operating Headquarters
Apparel	-	Apparel & Textile including apparel related Trading Houses
Manufacturing	-	All other manufacturing projects
Infrastructure	-	Apartments, Housing & Town Ship Developments, Mixed Developments (Hotel + Service Apartment +Other activities), Shopping Complexes, Hospitals, Road Development, Airports, Ports and Industrial Zones
Tourism & Leisure	-	Hotels, Villas, Water Parks, Theme Parks, Adventure Tourism, Air Line Service and Mixed Developments (Hotel+ Service Apartments)
Utilities	-	Telecommunication, Power & Energy, Waste Management, Mass Communication and Water Management
Agriculture	-	Agro Processing, Dairy, Cultivation, Livestock, Inland Fishing, Deep Sea Fishing and Fish Processing

- Evaluating investment proposals in line with the policies of the government and the BOI and granting approval for the projects
- Implement investment proposals on specific sector, industry and project activity based on above policies.
- Coordinating with line ministries and agencies to get the approvals for concurrence based on the national policies for the projects prior to grant approval.
- Granting approval for expansions in terms of location, production, activity etc.
- Preparation of FDI forecast
- Recommendation for VISA requirements

- Participating for investor forum to address the investment related issues
- Participating for policy level committees with the Ministry of Finance, other line agencies and Cabinet Sub Committees
- Attending and responding to the inquiries made by various State Agencies including Law Enforcing Authority, Sri Lanka Customs and other Line Agencies.

### **Key Outcomes**

- Out of 133 project application received, 120 projects were approved and 112 projects have been implemented with forecasted Foreign Direct Investment of US\$ 664Mn and out of total forecasted investment of US\$ 1800Mn.

## **5. PROJECT MONITORING DEPARTMENT**

### **Functions of the Department**

The Project Monitoring Department of BOI engages in examining the performance of projects that have commenced commercial operations in terms of adherence to criteria stipulated in the BOI Agreement. This remains a regular and constant activity of the Department spanning over the lifetime of BOI approved projects in commercial operation.

The examining process of projects is conducted by checking on compliance of the terms and conditions of the BOI Agreements. Accordingly, performance analysis of projects are carried out further to the collection of periodical information such as Audited Financial Statements, Bi-Annual Performance Statements, employment statistics in respect of projects both under Section 16 and Section 17 of the BOI Law.

Issuing certificates to companies on eligible tax holiday period is another key area handled by the department.

Inspection of projects both under Section 16 and Section 17 of the BOI law is also carried out to provide reports for decision making by relevant departments of BOI.

Furthermore, the formal termination of agreements of projects that have reached the end of their life cycle as well as those that have been non-compliance with BOI conditions are coordinated and processed by the department.

### **Key Outcomes**

134 Annual Tax Certificates were issued to the BOI registered companies during the year 2015.

In 2015, the department has collected 1,563 of Financial Statements from the companies and Number of inspections carried out during the year were 149. Total employment of BOI companies were found to be 490,675, which shows an increase by 6000, compared to 2014.

During the period under review 106 agreements were terminated due to factors such as non-compliance of the conditions of the agreement, financial crisis and marketing & labour problems faced by the companies. Terminations also occurred as a result of asset take over by prospective investors and amalgamation or merger of companies.



## **6. PROJECT IMPLEMENTATION DEPARTMENT**

Project Implementation (PI) Department of Board of Investment of Sri Lanka (BOI) was re-established on 04<sup>th</sup> August 2014 to cater better facilitation in implementing projects which entered in to agreements with the BOI.

The main objective of the department is “To ensure successful facilitation of the projects, consistent with the implementation programme stipulated in the agreement with the BOI.”

### **Functions of the Department**

- ❖ To identify issues/ bottlenecks for delays in implementation of the projects and facilitate/ guide the investors to overcome such issues efficiently.
- ❖ Organizing high level meetings to resolve policy issues of the investors with the coordination of respective line agencies
- ❖ Ascertain the actual status of the project by inquiry, inspection, information or confirmation and engage in inspections.
- ❖ Issuance of basic guidelines to the investors to set up and operate the projects in terms of agreements.
- ❖ Updating changes of status of the project (commencement of project implementation & commercial operations) in the Management Information System (MIS), of BOI.
- ❖ Identification of the projects which have been abandoned or failed to complete implementation and recommend to the Monitoring Department for termination of such agreements.
- ❖ Organize Termination Committee Meetings in collaboration with the Monitoring Department once a month chaired by the Director General of the BOI.
- ❖ Granting approvals to extend Project Implementation (PI) period of the projects which fail to complete the implementation as scheduled in the Principal Agreement.

### **Current Affairs of the Department**

In general, issues are identified under three categories such as policy issues, operational issues and other issues. The department is empowered with significant mechanism to resolve or to mitigate such issues in an efficient manner, depending on the type of the issue.

Project Implementation Department organizes meetings with Line Agencies, Investors, Inter Departments and resolve issues in departmental level.

By solving issues of Projects using this mechanism which were hindered by various obstacles, the PI Department has achieved a great success.

Official Committee Economic Management (OCEM) and the Cabinet Committee on Economic Management (CCEM) are also efficient mechanisms for resolving issues of the investors by PI Department.

## **7. LEGAL DEPARTMENT**

### **Functions of the Department**

The Legal department of the Board of Investment of Sri Lanka is responsible for providing professional services to the Board as well as investors. The main role of the Legal Department is preparation and execution of Investment Agreements for new projects under section 17 of the BOI Law and Supplementary Agreement of existing projects. The Legal Department also provides advisory services to investors on the Legal Regime applicable for investors. The department also handles the execution of leases, transfers of lands in and outside Export Processing Zones and Industrial Parks to investors. The Legal Department also attends to the duties in respect of its role in corporate legal affairs in the organizational litigation against BOI and initiate legal action such as attending courts/ tribunals and filing acts of appointments on behalf of the BOI, liaising with counsels of Attorney General's Department or private counsels in making litigation in order to protect its legal interest.

The investor facilitation legal services are of advisory nature which include perusal and approval of memoranda, articles of association of companies and mortgage bonds, perusal of joint venture agreements under section 16. Additionally, the Legal Department prepares Tripartite Agreements in terms of BOI Agreement for projects located in Export Processing Zones and Industrial Parks.

The Legal department drafts regulations under the BOI law and attend matters on BOI legislation in co-ordination with Legal Draftsman's Department and the Attorney General's department.

Furthermore, the Legal Department prepares letters of termination of agreements of BOI projects whenever required and attend the follow up activities.

### **Key Outcomes**

During the period under review the BOI has contracted 92 Principal Agreements under section 17 of the BOI Law for the establishment of new business venture in Sri Lanka.

In addition, 247 Supplementary Agreements were concluded with existing BOI projects in relation to further investments, expansion of existing business and relocate of projects.

Finally, 06 judgments were given in the year 2015 and all were in favour of the BOI.

## **8. TECHNICAL SERVICES DEPARTMENT**

### **Functions of the Department**

Technical Services Department is mainly responsible for;

- Overall control of Action Plans for infrastructure development.
- Identification of sites for new investment zones/projects.
- Planning and development of new investment zones.
- Undertaking initial development work of new investment zones, establishment of zone units for initial work and gradual handing over of functions to relevant Zone Directors for management and operation of zones.
- Providing assistance and technical inputs for special investment projects with regard to land matters and provision of infrastructure.
- Preparation of proposals, identification of sites, obtaining necessary approvals for the establishment of an integrated solid waste management project/industrial park and recycle of water in Zones.
- Providing technical support for infrastructure development work carried out by the existing Export Processing Zones (EPZs)/Industrial Parks (IPs) as and when requested.
- Providing technical support for operation and maintenance of water supply, sewerage and solid waste management schemes of existing EPZs/IPs.
- Inspection & making recommendations on technical aspects for the industrial plants which have encountered environmental issues and conflicts in respect of public concerns.
- Transfer of assets divested to the state under the Act no. 43 of 2011, back to the BOI.

### **Key Outcomes**

- In year 2015, a sum of Rs. 263 Mn. was incurred by the BOI mainly in respect of improvement and upgrading of existing infrastructure in the EPZs/IPs and BOI office at Sir Baron Jayatillake Mawatha, etc.
- Major scale augmentations/improvements were in progress during the year under review, for the common wastewater treatment plants at Katunayake, Biyagama and Koggala EPZs and etc.
- A sum of Rs. 47 Mn. was incurred for the new zone development. Infrastructure development in the Mirijjawila EPZ, Wagawatta IP and Sooriyawewa Industrial Zone continued by expanding the internal road network, power supply, fencing etc.

- For continuation of construction work of Wastewater Treatment Plants at Katunayake Biyagama, Koggala, Wathupitiwela and Seethawaka EPZ, utilization amount was Rs. 185.38 Mn.
- For Augmentation of power supply to Horana EPZ, Wagawatta IP, Henegama IP, Rs. 48.41 Mn. has been utilized under the Action Plan 2015.
- A sum of Rs. 310 Mn. has been utilized under the Action Plan 2015 and overall progress of 93% has been achieved.

## 9. ZONE MANAGEMENT

### Functions of the Department

2015 was another successful year for zone management functions of BOI with an enhanced service to 267 enterprises operating in 12 export processing zones that providing a total number of 132,300 employment opportunities.

Development of infrastructure facilities with augmentation of waste water treatment plants and the increased capacity of waste water treatment plants, as well as new activities to facilitate investors were carried out from the capital budget allocated in each zone. Amongst them many projects were completed to address environment related shortcomings and to upgrade the existing major infrastructure facilities to serve enterprises.

### Key Outcomes

It was possible to complete almost all the projects which are being operated in zones linked into the system in line with the ASYCUDA World package of Sri Lanka Customs. As a result, number of hard copies which were submitted at the time of passing CUSDECs were reduced from 7 to 3, and the lead time of document clearance has been reduced significantly. Document passing time was extended up to 20.00 hrs and round the clock verification as well as urgent documents processing were facilitated. An assessed management system was lined up with the implementation of new External Resource Planning (ERP) system for the convenience of the zone management.

As all the other zones except Mirigama are reaching maturity and the land assets has become a scare resource. Therefore, land development activities of 16 acres land area of the Phase IV at KEPZ was completed in 2015 and few new projects were approved for industries such as logistical operation, pharmaceutical, textile (dying and printing) and the e-waste recycling etc. The largest hub operation project commenced their commercial operation in a part of this land.

At the beginning of 2015 there were 14 closed down enterprises in 12 zones and at the end of 2015 one was disposed and others were advertised continuously to select prospective investors.

In addition to the major infrastructure development activities, it was also concentrated on social infrastructure to increase worker retention, as most of the employees who have been trained were trying to quit from their enterprise after they get children. In this regard, a day care centre was established at KEPZ, so that factory employees could keep their children during the day time. It has also being planned to start day care centre operations as well as other social welfare facilities to all zones to attract employees. Worker shortage of enterprises for blue collar jobs has become a serious issue and there were recorded vacancies available in all zones at the range of 6,400 at the beginning of the year. However, it was possible to reduce the vacancies available in zones in a considerable manner at the end of the year by conducting various employee promotion campaigns in collaboration with HR managers of the zonal enterprises.

The year recorded less fire incidents in each zone as fire prevention programmes were extensively introduced.

## 10. ENVIRONMENT MANAGEMENT DEPARTMENT

### Functions of the Department

- Grants environmental clearances to projects that operate under Section 17 of the BOI law, with the concurrence of the Central Environmental Authority (CEA).

With respect to projects requiring Environmental Impact Assessment process (EIA) in terms of the National Environmental (Procedure for approval of projects) Regulations, participated in the scoping sessions held in that regard and thereby facilitated the approval procedure.

Also functions as the Project Approving Agency (PAA) as well, in the event the CEA appoints the BOI so.

- Issues Environmental Protection Licenses (EPLL) with the concurrence of the CEA.
- Issues Environmental Recommendations (ERR) to the Telecommunication Regulatory Commission (TRC) in respect of sites proposed for erection of telecommunication towers.
- Investigates into complaints concerning environment pollution pertaining to BOI projects and resolve them by ensuring required pollution control measures are in place.
- Monitors the industrial effluent discharged in the Export Processing Zones.

### Key Outcomes

A summary of the above functions is given below.

Function	No.
1.(a) No. of environmental clearances granted for Projects.	108
(b) No. of environmental clearances granted for Expansions /relocations.	51
2. No. of EPLL issued/renewed.	*950
3. No. of ERR issued in respect of sites proposed for erection of telecommunication towers.	**77
4. No. of complaints attended concerning environmental issues and resolved	10
5.Environmental Monitoring	
(a) No. of effluent samples collected from industries.	} 1238
(b) No. of effluent samples collected from common sewage treatment plant.	
(c) No. of water samples	

\* Income from EPL processing - Rs. 8.22 Mn.

** Income from ER fee	- Rs. 1.62 Mn.
Total earnings	- Rs. 9.84 Mn.

- In addition to above, served in the National Committees formed on the following International Conventions related to environment/chemicals for which Sri Lanka is signatory.
  1. National Coordination Committee on Basel, Rotterdam, Stockholm and Minamata Conventions.
  2. Montreal Protocol on substances that deplete the Ozone layer.
  3. United Nations Framework Convention on Climate Change (UNFCCC).

The above three Committees are chaired by the Ministry of Mahaweli Development and Environment.

  4. Convention against illicit traffic in narcotic drugs and psychotropic substances.

This is chaired by the Precursor Control Authority.

It was ensured that all BOI projects operate in compliance with these International Conventions.

- Earned Rs.9.8 Mn. by issuing of Environmental Protection Licenses (EPLL) and issuing of Environmental Recommendations (ERR) to telecommunication towers.
- Achieved the target set for year 2015 under the ISO 9001:2008 standard based quality management system. Under this, the set target was to ensure that 98% of the BOI projects are in possession of the Environmental Protection License (EPL). This target was achieved.
- Evaluated the Environmental Impact Assessment Report (EIAR) prepared on the proposed Export Processing Zone (EPZ) – II Perth Estate, Horana by the Industrial Technology Institute (ITI). Corrections/improvements required in this report were identified and informed the ITI to upgrade this report accordingly. Subsequently, approval for this EIAR was obtained from the CEA.
- Represented the following Technical Committees and actively contributed in its decision making processes.
  - a) Committee for deciding siting of high & medium polluting industries outside Export Processing Zones and Industrial Parks.
  - b) Basel Technical Evaluation Committee.
  - c) Technical Advisory Committee for Management of Industrial Chemicals (TACMIC).

All these three technical Committees are chaired by the CEA.

## **11. ENGINEERING APPROVALS & SPECIAL PROJECTS DEPARTMENT**

### **Functions of the Department**

Engineering Approvals & Special Projects Dept. consists of two units namely;

1. Engineering Approvals Section
2. Lands and Facilitation Section

#### **A. Engineering Approvals Section**

Engineering Approvals section functions as the regulatory arm of the BOI for sites, and provides four key services namely; Location approval, building plan approval, quantity certification and Certificate of Conformity, to Section 17 projects.

- **Location Approvals**

Location approval is a pre-requisite for the investor to sign the agreement with BOI for the project. In this process, site is visited by this Department jointly with the Environmental Mgt. Dept. Further, thereafter, the other relevant outside agencies are consulted and a brief Environmental Impact Assessment is carried out. At the end, when it is found that the site is suitable for locating the project, the letter of site approval is issued.

- **Building Plan Approvals**

Building plan approval is issued when the plans of the proposed buildings meet all the standards required by relevant regulations. Investors are supposed to commence construction works only after the building plan approval is obtained.

- **Quantity Certificates for Importing Construction Items**

Section 17 projects can import certain construction items and materials on duty free basis. It is the role of the Engineering Approvals Dept. to certify the relevant quantities of the particular items/materials for the project, whenever they are imported. Certificates are issued after checking the quantity of the current consignment with the previous imports and the total requirement, once it is found that the current quantity is less than the balance requirement.

- **Certificate of Conformity**

Engineering Approvals Dept. inspects the site once construction is completed to ensure whether it has been completed in accordance with the approved plans. In addition at this inspection the items/materials imported under duty free facility are physically verified, in order to establish their proper usage.



## B. Lands & Facilitation Section

Land and facilitation section is responsible for providing of the following services to the investors.

- Assisting investors to obtain state lands for their BOI projects
- Acquire state lands/private lands when necessary for the construction of BOI zones
- Maintaining a Land Bank of state and private lands for the use of new investors
- Assisting the Legal Dept. and other Departments of BOI in the matters pertaining to land matters

## Key Outcomes

### A. Engineering Approvals Section

▪ Site Approvals	-	145
▪ Building Plan Approvals	-	202
▪ Duty Free Clearances	-	2,579
▪ Certificate of Conformity	-	60

### B. Lands & Facilitation Section

- Action was initiated to acquire the land at Kuliypitiya for setting up of a vehicle assembling project.
- Action was initiated to vest the land at Rideegama to BOI, enabling BOI to allocate the land to Emjay International (Pvt) Ltd on long term lease.
- Action was taken to divest the land at Polonnaruwa which was vested in BOI, back to state, in order to allocate the land to a new investor.
- Conducted several meetings with Sri Lanka State Plantations Corporation and Executive Director (TS)/BOI in order to determine the method of paying compensation to the paddy lands at Perth Estate, Horana.
- Maintaining and updating of Land Bank of State lands and private lands for the use of investors.
- Dealing with Land Commissioner General and Divisional Secretary/Ingiriya with regard to the land identified for the proposed water intake for Horana Export Processing Zone in order to get the land to BOI as a free grant. Draft Cabinet Memorandum was submitted to Technical Services Department of BOI.
- Coordinated with Legal Dept. of BOI in relation to the matters pertaining to arbitration between BOI and the Housing & Construction Lanka (Pvt) Ltd.
- Matters in relation to releasing of balance land from the land allocated to Crown City Developers (Pvt) Ltd located at Kadolkelewatta, Seeduwa was finalized and company agreed to release 1 ½ Acre land to BOI.

## 12. INDUSTRIAL RELATIONS DEPARTMENT

### Functions of the Department

The Industrial Relations Department of the BOI plays a vital role in maintaining a sound industrial relations climate conducive for higher efficiency and productivity within the BOI Enterprises. In order to achieve the said goal, the Industrial Relations Department handles the following functions:

- Promote and facilitate to maintain labour management co-operation, industrial peace & harmony and higher productivity in the enterprises coming under the purview of the BOI.
- Provide advisory services and guidance on Labour Laws / regulations and IR practices to managements and employees of BOI Enterprises where necessary.
- Assist investors to meet their manpower requirement through the BOI Employment Service Units functioning in EPZs, Job Bank Website and organizing recruitment assistance programmes.

### Key Outcomes

The Industrial Relations Department achieved the following progress during the year 2015.

- **Maintaining Labour Standards**

Periodical Labour Audits are being carried out in BOI Enterprises by the Industrial Relations Officers attached to Zones and the Head Office of the BOI with a view to monitor the compliance of labour standards stipulated in the Labour Laws / Regulations and BOI Labour Standards & Employment Relations Manual.

In the year 2015, Labour Audits have been carried out in 1,171 BOI Enterprises in Zones and outside Zones as well and remedial actions have been taken to rectify the shortcomings / lapses found at the above audits.

- **Promotion of Labour Management Co-operation**

Employees' Councils are the main tool utilized in promoting labour management co-operation in BOI Enterprises. Whilst encouraging and coordinating with Trade Unions, Employees' Councils are guided with a view to promote wider participation of Employees in BOI Enterprises in labour management co-operation.

During the year 2015, Industrial Relations Department facilitated in formation and operation of 109 Employees' Councils.

- **Establishment of Worker Facilitation Centres**

There are five (05) Facilitation Centres in operation at Katunayake, Biyagama, Koggala, Wathupitiwala Export Processing Zones and Kandy Industrial Park during the year 2015 for the use of Trade Union Officials to meet their members working in the respective zone enterprises freely and privately as and when necessary.

- **Organizing Awareness Programme**

69 Awareness Programmes have been conducted during the year 2015 for Employees and Management Officials of the BOI Enterprises on various subjects such as Social Dialogue, General Awareness, Workplace Co-operation, Decent Work Practices and Health & Safety, etc. in collaboration with relevant government agencies.

- **Mediation / Conciliation for Settlement of Industrial Disputes**

In maintaining industrial peace & harmony in the BOI enterprises, IR Officers mediate in settling any industrial dispute occurred in BOI Enterprises. 15 industrial disputes / strikes occurred in BOI enterprises during the year 2015 were resolved with the support of Labour Dept. officials where necessary.

- **Recruitment Assistance Scheme**

During the year 2015, numbering 50,433 job seekers were registered with the Employment Services Units at EPZs out of which 49,817 have been referred to the enterprises for placement interviews.

In addition, IR Department facilitates in organizing Job Fairs / Career guidance programmes in collaboration with other relevant agencies in order to attract more job seekers to the employment opportunities existing in BOI Enterprises. During the period under review 06 such job fairs / career guidance programmes have been conducted island wide.

- **Establishment of a Day Care Centre (Crèche)**

Labour turnover is a crucial issue for most of the zonal enterprises. Therefore, IR Department as well as manufactures of EPZs have taken several initiatives to address this issue. The establishment of first day care centre and pre-school at KEPZ in the year 2015, provides a tangible solution of employees who are willing to continue their jobs while keeping their kids in a secured place within the zone. This also eventually provides a solution to reduce high labour turnover and create attractive impression of the zone for new recruits.

## **13. INFORMATION TECHNOLOGY DEPARTMENT**

### **Functions of the Department**

- Provide advice and technical support to identify, evaluate & implement IT solutions for BOI.
- Planning, Recommending, Coordinating the procurement, commissioning and maintenance of ICT resource of BOI.
- Enhance and manage the corporate networks and data communication facilities.
- Design, develop, implement and maintain software application systems required by BOI.
- Provide user-support in solving the problems relating to hardware, software, communication, network, e-mail and virus problems.
- Support other departments in the use of information technology in business re-engineering efforts.
- Develop and maintain corporate data dictionary, database and related system documentation.

### **Key Outcomes**

#### **Enhancement of IT resources and infrastructure**

- Enhanced BOI LAN/WAN network by providing new 59 network extensions in Head Office, Zones and Regional offices of BOI.
- Installed a new fiber network for Wathupitiwa EPZ for the purpose of extending the facility for issuance of day permits and fiber termination enhancement at KEPZ & BEPZ.
- Procured and installed 76 numbers of personnel computers and 71 numbers of printers for BOI offices including zones.
- Procured and installed 151 numbers UPSs, 18 numbers of switches and network devices (NIC, media converters etc.)
- Provided 100 numbers of new email accounts and 17 numbers of Internet connections for BOI officers.

#### **Developments and implementations of Software Applications**

##### **New Projects**

- BOI Intranet: Developed and implemented an intranet for BOI. This is a web enabled solution which provides facility to HR department to upload their circulars and other important documents. The system facilitates to search BOI officers contact information too.

- Fleet Management System: Developed a web enabled system to manage transport activities through an automated web application. The system mainly operated within the Administration transport division while all officers in other departments could submit transport requests via the system.
- BOC Internet Banking integration with Prepaid Account System: The developments to facilitate online prepaid account updating via BOC internet banking facility was started. This facility will enable 24 hours online banking facility to BOI enterprises and declarants to top up their prepaid accounts.

**Improvements of the existing system**

- Visa Recommendation System: Provided the online facility to view status of the visa applications for investors.
- Improvements have been done for MIS, Entry permit, etc. to cater the change requirements of user departments.

## **14. MEDIA & PUBLICITY DEPARTMENT**

### **Functions of the Department**

The Media Department of the BOI is responsible for external communications to create awareness about investment opportunities in Sri Lanka, the country's business climate and the organization's successes through a variety of media addressed to different types of audiences.

### **Key Outcomes**

In 2015 the BOI engaged in publicity campaigns using different types of media. Furthermore printed promotional materials were developed; advertisements were placed in publications, to convey its message to a wide audience.

### **Special Events**

The following events were organized, coordinated and participated by the Media Department:

- Publication of the new newsletter "The Investor" started.
- Co-ordinated "Invest in the East" Media Conference.
- Co-ordinated the event of opening of Bank of Tokyo Mitsubishi Branch Office.
- Media coverage of India Business Exhibition.
- Sri Lanka – New Zealand Business Forum.
- Co-ordination of Expo Milan related meeting.
- Participation of Tourism Leader's Summit.
- Interview of Continex company CEO.
- Development of new Website features.

## **15. ADMINISTRATION DEPARTMENT**

### **Functions of the Department**

The Administration Department is a key Department of the Organization structure of the BOI and it provides various kind of logistical support for all Departments in the BOI for smooth functioning. The functions of following sub units come under the purview of the Administration Department.

Stores & Supplies Unit

Transport Unit

Maintenance Unit

Mail Unit

General Administration

The Major functions of the Administration Department could be categorized as follows:

- Handling of the internal and external mail which is computerized thereby assisting in reaching the necessary agencies on time which will expedite the connectivity within and outside the BOI.
- Maintaining of un-interrupted process for providing drinking water, tea, janitorial services, telephone and air-conditioning for the head office and Zones when required.
- Attending to the all repairs and maintenance of BOI owned building & equipment.
- Obtaining insurance coverage for BOI fixed assets and carry out risk assessment surveys time to time.
- Providing transport facilities for head office and Zones by managing a healthy fleet of vehicles.
- Procurement of all kind of goods and services to the entire organization through Stores & Supplies Unit.

### **Key Outcomes**

- Procurement of four (04) Nos. of Brand new Double Cabs to the vehicle fleet.
- Re-location of the Documentation and Verification Unit of the BOI at Air Cargo Village, Katunayake. This Unit was established in a new building with more facilities to provide round the clock service to the enterprises.
- Establishment of two (02) Circuit Bungalows in Nuwara – Eliya and Anuradhapura for the welfare of BOI employees and member of their families.

## **16. HUMAN RESOURCES MANAGEMENT DEPARTMENT**

### **Functions of the Department**

Human Resources department is the key department which has the responsibility to manage the total human resources of the Board. Its main functions are;

- Human Resource Planning
  - Assessment of present and future human resource requirements.
  - Implementation of recruitment and selection processes to satisfy the above requirements.
- Performance Assessment
  - Performance of employees are reviewed and assessed annually.
  - Granting annual salary increments on the performance of the employees.
  - Promoting employees to higher grades based on their performance, qualifications & experience.
- Human Resource Development
  - Integrated use of training & career development efforts to improve individual and organizational effectiveness. It develops the key competencies that enable the individuals to perform the current job and prepare for future job advancements through well planned learning activities.
- Maintenance of Discipline
  - Taking necessary measures to maintain and improve the discipline of the employees.
  - Attending to the labour issues at the external institutions such as Labour Tribunals, Labour Department, Human Right Commission (HRC) & Courts.
- Maintenance of attendance and leave of the BOI employees.
- Employee Welfare Services;
  - Implementation of various types of loan schemes, comprehensive life and disability insurance, medical facilities, funeral assistance schemes, official transport services, transport subsidy schemes, etc.

### **Key Outcomes**

- Computerization of employees' Monthly Performance Evaluation process was initiated through the Human Capital Management (HCM) System.
- Computerization of employees' Personal Files through the Human Capital Management (HCM) System was initiated.



- Eleven (11) Executives, Six (06) Management Assistant category employees and Twenty One (21) Primary Level employees were newly recruited to the Board's service.
- Seventy Nine (79) Executives, Five (05) Management Assistant category employees and Six (06) Primary Level employees were promoted to higher grades.
- Staff Trainings

Type of Training	Number of participants			
	Executives	Management Assistants	Primary Level Employees	Total
Foreign Trainings	42	-	-	42
Master Degree Programmes	15	-	-	15
Local Training (Soft Skills)	190	46	01	237
In-House Training Programmes	349	81	431	861
<b>Total</b>	<b>596</b>	<b>127</b>	<b>432</b>	<b>1,155</b>

- Fifty Four (50) Trainees from recognized Universities & Vocational Training Institutes were provided On the Job Training in various fields as a Corporate Social Responsibility (CSR) measure of the BOI.

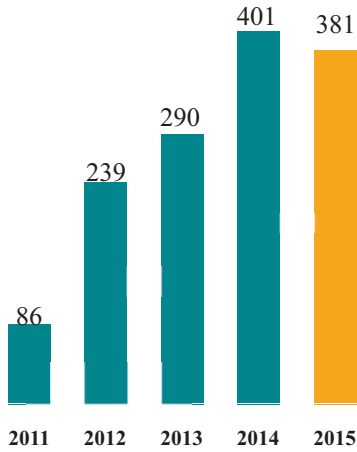
## Financial Review 2015

### FINANCIAL HIGHLIGHTS

Year Ended 31 December	2015	2014	Change
	Rs.'000	Rs.'000	%
<b>Operating Results</b>			
Revenue	3,214	3,100	4
Operating Expenses	2,913	2,788	-4
Finance Income	118	135	-12
Finance Expense	-12	-15	20
Surplus Before Taxation	407	432	-6
Tax Expenses	-26	-31	15
Surplus After Taxation	381	401	-5
Other Comprehensive Income	29	-28	205
Total Comprehensive Income	410	373	10
<b>Financial Position</b>			
Total Assets	40,662	40,336	1
Total Equity	39,533	39,193	1

## Profitability

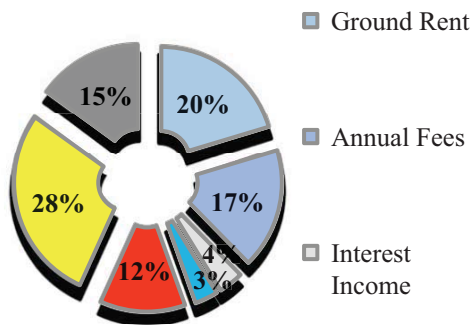
**Net Surplus  
(Rs.Mn)**



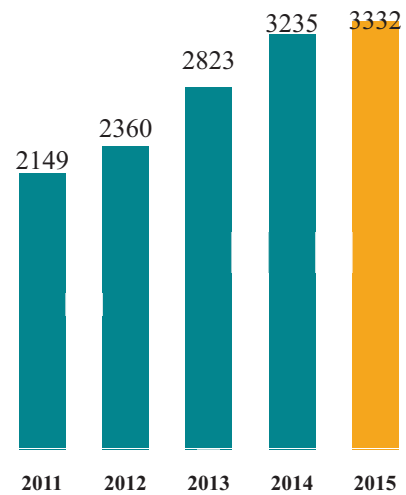
The Net Surplus after taxation for the year 2015 is Rs. 381 M which is a 5% decrease from 2014.

## Revenue

**Revenue Composition**



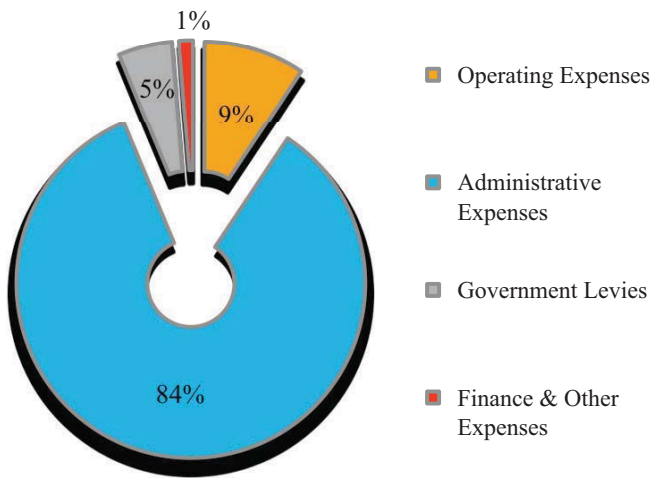
**Total Revenue Growth  
(Rs.Mn)**



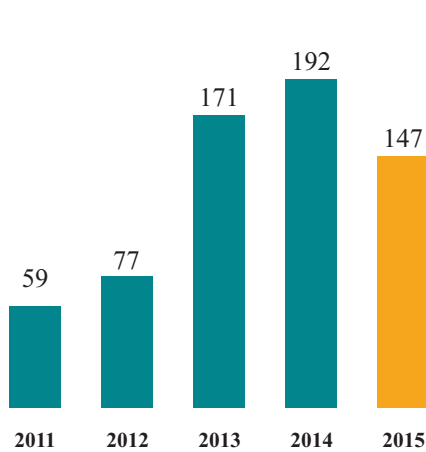
Total Revenue of 2015 increased to Rs. 3,332 M from Rs. 3,235 M recorded in the previous year. This is a growth of Rs. 97 M or 3% over the previous year. Revenue from Import/Export Service Charges increased by Rs. 49 M (6%) from 2014 to 2015 and accounts for 29% of the total revenue.

## Expenditure

### Composition of Expenditure



Total Operating Expenses has increased by 4% to Rs. 2,913M from 2014 to 2015. Expenses incurred for investment promotion and maintenance of the zones have been classified under Operating Expenses. Administrative Expenses have increased by 8% over 2014. This is mainly due to increase in personnel cost.

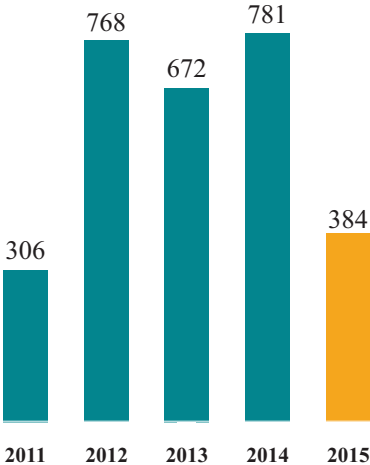


### Government Levies & Taxes (Rs.Mn)

Capital Expenditure in year 2015 was Rs. 384 M against Budgeted Capital Expenditure of 1,030.4 M. BOI meets all its Capital Expenditure from internally generated funds

### Capital Expenditure

Capital Expenditure  
(Rs.Mn)



Government Levies has decreased by 25% compared to last year, due to decrease in disallowed VAT input. BOI has paid Rs. 26 M as income tax on interest income for the year.

**BOARD OF INVESTMENT OF SRI LANKA  
INCOME STATEMENT**

**FOR THE YEAR ENDED 31ST DECEMBER**

	Note	2015 Rs.	2014 Rs.
Revenue	4	3,213,557,727	3,100,162,918
<b>Less ; Expenses</b>			
Operating Expenses	6	276,739,350	299,383,652
Administrative Expenses	7	2,488,716,775	2,301,683,057
Government Levies	8	121,148,196	161,676,718
Other Expenses	9	26,390,038	25,419,143
<b>Results from Operating Activities</b>		<b>300,563,368</b>	<b>312,000,348</b>
Finance Income		118,628,542	135,105,411
Finance Expenses		12,025,173	14,534,281
<b>Net Finance Income</b>	10	<b>106,603,370</b>	<b>120,571,130</b>
<b>Surplus Before Taxation</b>		<b>407,166,738</b>	<b>432,571,478</b>
Tax Expenses		26,031,646	30,786,759
<b>Surplus for the Year</b>		<b>381,135,092</b>	<b>401,784,719</b>

## BOARD OF INVESTMENT OF SRI LANKA

## COMPREHENSIVE INCOME STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2015 Rs.	2014 Rs.
Surplus for the Year		381,135,092	401,784,719
<b>Other Comprehensive Income</b>			
IFRS Adjustments staff loan interest		10,850,234	9,166,765
Less : Defined benefit plan Acturial Loss	21.1	(29,335,586)	28,339,987
Staff Cost on Staff Loan		(10,850,234)	(9,166,765)
<b>Other Comprehensive Income</b>		<b>(29,335,586)</b>	<b>28,339,987</b>
<b>Total Comprehensive Income for the period</b>		<b>410,470,678</b>	<b>373,444,732</b>

**BOARD OF INVESTMENT OF SRI LANKA  
STATEMENT OF FINANCIAL POSITION**

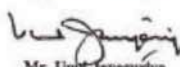
AS AT 31ST DECEMBER

	Note	2015 Rs.	2014 Rs.
<b>ASSETS</b>			
<b>Non- Current Assets</b>			
Property Plant and Equipment	11	5,504,164,038	5,730,557,776
Investment Property	12	31,261,319,122	31,276,563,244
Capital Work-in-Progress	13	1,260,742,293	1,205,896,487
Financial Assets	14	505,785,687	417,361,476
<b>Total Non- Current Assets</b>		<b>38,532,011,140</b>	<b>38,630,378,984</b>
<b>Current Assets</b>			
Inventories		14,216,784	15,300,663
Houses For Disposal		2,551,000	2,551,000
Financial Assets	15	163,251,638	149,020,518
Receivables from Enterprises	16	183,343,885	200,513,779
Payments in Advance and Other Receivables	17	224,192,028	80,971,152
Cash and Cash Equivalents	18	1,542,114,359	1,257,382,982
<b>Total Current Assets</b>		<b>2,129,669,693</b>	<b>1,705,740,094</b>
<b>Total Assets</b>		<b>40,661,680,833</b>	<b>40,336,119,078</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Accumulated Fund		9,619,169,977	9,342,625,520
Reserves		15,340,693,234	15,340,693,234
		<b>24,959,863,211</b>	<b>24,683,318,754</b>
Deferred Revenue	20	15,010,908,735	14,924,696,136
Deferred Expenditure	19	(437,454,012)	(415,062,611)
		<b>14,573,454,723</b>	<b>14,509,633,525</b>
<b>Total Equity</b>		<b>39,533,317,935</b>	<b>39,192,952,280</b>
<b>Non Current Liabilities</b>			
Retirement Benefit Obligations	21	249,038,271	263,532,140
Long Term Borrowings falling after one year	22	37,125,931	47,146,064
<b>Total Non Current Liabilities</b>		<b>286,164,202</b>	<b>310,678,204</b>
<b>Current Liabilities</b>			
Long Term Borrowings falling within one year	22	6,725,220	14,123,579
Accrued Expenses and Other Payables	23	812,588,719	807,844,191
Tax Payable		22,884,757	10,520,825
<b>Total Current Liabilities</b>		<b>842,198,696</b>	<b>832,488,594</b>
<b>Total Equity and Liabilities</b>		<b>40,661,680,833</b>	<b>40,336,119,078</b>

"Notes to the Financial Statements" set out on pages 8 to 25 form an integral part of the Financial Statements.

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

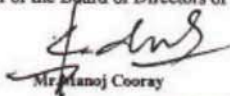
Approved and signed for and on behalf of the Board of Directors of Board of Investment of Sri Lanka.



Mr. Upul Jayasuriya

CHAIRMAN

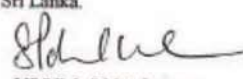
BOARD OF INVESTMENT OF SRI LANKA



Mr. Manoj Cooray

MEMBER BOARD OF DIRECTORS

BOARD OF INVESTMENT OF SRI LANKA



M.S.S.P.de.S.Mutakumrana

EXECUTIVE DIRECTOR - FINANCE

BOARD OF INVESTMENT OF SRI LANKA



## BOARD OF INVESTMENT OF SRI LANKA

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST DECEMBER 2015

	Accumulated Fund Rs.	Revaluation Reserves Rs.	Total Equity Rs.
<b>Balance as at 1<sup>st</sup> January 2014</b>	<b>6,687,975,770</b>	<b>15,340,693,234</b>	<b>22,028,669,005</b>
Surplus for the year	373,444,732	-	373,444,732
Previous year adjustment	163,839,727	-	163,839,727
Fund transfers to treasury	(12,907,450,000)		(12,907,450,000)
Land Premium income on terminated agreements	217,956,163		217,956,163
Write back of puttalam land	11,270,121		11,270,121
Cancellation of Benevolent fund	13,444,429		13,444,429
Lands transferred from BOI	(607,000)	-	(607,000)
Valuation of unaccounted Fixed Assets	907,415	-	907,415
Land Granted to BOI	14,782,600,000		14,782,600,000
Facilitation of Infrastructure for Mega Projects	(755,837)	-	(755,837)
<b>Balance as at 31st December 2014</b>	<b>9,342,625,520</b>	<b>15,340,693,234</b>	<b>24,683,318,754</b>
Surplus for the year	410,470,678		410,470,678
Previous year adjustment	19,322,742		19,322,742
Re-Stated Land Premium	(1,330,856)		(1,330,856)
Fund transfers to treasury	(150,000,000)		(150,000,000)
Facilitation of Infrastructure for Mega Projects	(1,918,106)		(1,918,106)
<b>Balance as at 31<sup>st</sup> December 2015</b>	<b>9,619,169,977</b>	<b>15,340,693,234</b>	<b>24,959,863,211</b>

"Notes to the Financial Statements" set out on pages 8 to 25 form an integral part of the Financial Statements.

**BOARD OF INVESTMENT OF SRI LANKA****CASH FLOW STATEMENT**

<b>FOR THE PERIOD ENDED 31ST DECEMBER</b>	<b>2015</b>	<b>2014</b>
	<b>Rs ( Mn.)</b>	<b>Rs ( Mn.)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	476.28	708.65
Income Tax Paid	(13.67)	(25.20)
Payment of Retirement Benefit Obligations	(20.95)	(13.58)
Deferred Revenue Received	300.96	569.64
Previous Year Adjustment	19.32	-
Land Premium on Granted Lands	-	12,807.45
<b>Net cash inflows/(out flows) from operating activities</b>	<b>761.94</b>	<b>14,036.43</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	110.20	134.30
Staff Loan & Fin. Assistance	(83.51)	9.56
Purchase of fixed assets	(204.80)	(70.79)
Proceeds from sale of Fixed Assets	2.60	10.00
Capital work in progress	(54.85)	(735.67)
Deferred Expenditure	(66.06)	(1.88)
Facilitation of Infrastructure Mega Projects	(1.92)	-
<b>Net cash inflows/(outflows) from investing activities</b>	<b>(298.33)</b>	<b>(654.61)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease Installments Paid	(28.88)	(28.47)
Funds Transfer to Treasury	(150.00)	(12,907.45)
<b>Net cash flows/(outflows) from financing activities</b>	<b>(178.88)</b>	<b>(12,935.92)</b>
Net Increase/ (Decrease) in cash & cash equivalents	284.73	445.91
Cash & cash equivalents at beginning of the year	1,257.38	811.48
Cash & cash equivalents at end of the year	<b>1,542.11</b>	<b>1,257.38</b>

## Notes to the Financial Statements

### 1. Reporting Entity

Board of Investment of Sri Lanka is established under Board of Investment of Sri Lanka Law, No 4 of 1978. The registered office and the principal place of organization is located at West Tower, WTC, Echelon Square, Colombo 01.

### 2. Basis of Preparation

#### 2.1 Statement of Compliance

The statement of Financial Position, Comprehensive income, Changes in Equity, Cash Flow and notes together with summary of significant accounting policies of the Board have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS) issued by The Institute of Chartered Accountants of Sri Lanka which represent International Financial Reporting Standards issued by the International Accounting Standard Board.

#### 2.2 Use of Estimates, Judgements and Assumptions

The preparation of the Boards' financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. The estimates and underlying assumption are reviewed on an ongoing basis. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### 2.3 Going Concern

When preparing the financial statements the Management has assessed the ability of the Board to continue as a going concern. The Management has a reasonable expectation that the Board has adequate resources to continue in operational existence for the foreseeable future. The Board does not foresee a need for liquidation or cessation of operations, taking into account all available information about the future. Accordingly, the Board continues to adopt the going concern basis in preparing the financial statements.

#### 2.4 Functional and Presentation Currency

The functional currency of the Board is determined to be Sri Lankan Rupees and the Financial Statements are also presented in Sri Lankan Rupees.

**Notes to the Financial Statements (contd.)**

**3 Significant Accounting Policies**

**3.1 Financial Assets**

The Board classifies its financial assets in to loans and receivables and held to maturity investments. The classification is determined by management at initial recognition and depends on the purpose for which the investments were done and acquired.

**(a) Classification**

**(i) Loans and Receivables**

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables arising from ordinary transactions are also classified in this category and are reviewed for impairment.

**(ii) Held-to-Maturity Financial Assets**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Board's Management has the positive intention and ability to hold to maturity.

**(b) Impairment**

Financial 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 amount is estimated.

An impairment loss is recognized whenever the carrying amount of an assets or it's cash generating units exceed its recoverable amount. Impairment losses are recognized in the income statement.

**(c) De-recognition**

Impairment losses recognized in prior period are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is de-recognized if there has been a change in the estimates used to determine the recoverable amount.

**3.2 Property, Plant and Equipment**

**(a) Cost**

Value of property plant and equipment carried at valuation less accumulated depreciation as at 1<sup>st</sup> January 2011 have been considered being the deemed cost as at 1<sup>st</sup> January 2011 as per SLFRS 1.

**Notes to the Financial Statements (contd.)****(b) Depreciation**

The provision for depreciation is calculated on the straight-line basis on the cost/valuation of the Property, Plant and Equipment. All Property, Plant and Equipment other than land have been depreciated annually over the useful life.

	2015	2014
Buildings & Structures	20 years	20 years
Plant and Machinery	10 years	10 years
Fixtures & Fittings	10 years	10 years
Office Furniture & Equipment	10 years	10 years
Computers	3 years	3 years
Motor Vehicles	5 years	5 years

Depreciation is not charged on fixed assets in the year of purchase, while charging in full in the year of disposal.

**(c) De-recognition**

Items of property and equipment are de-recognised upon disposal or when no future economic benefits are expected from its use. Gain or loss arising on de-recognition of an item of property, plant and equipment is determined as the difference between the sales proceed and the carrying amount of the asset and is recognized in the income statement.

**(d) Capital Work in Progress**

Capital expenses incurred during the year which are not completed as at the Balance sheet date are shown as Capital Work in Progress, whilst the capital assets which have been completed during the year and available to use have been transferred to Property, Plant and Equipment.

**(e) Leasehold Assets**

Assets acquired under finance leases are capitalized & included under the category of leasehold motor vehicles with recognition of a corresponding financial liability. Assets held under finance leases are depreciated over their period of use.

**3.3 Investment Properties**

Investment properties are stated at cost prevailed as of the date of classifying the said assets under investment properties.

**3.4 Inventories**

All inventories have been valued at lower of Cost or Net Realizable Value. Cost is determined based on First in First out basis. (FIFO)

**Notes to the Financial Statements (contd.)**

**3.5 Other Assets**

Other assets include Other Debtors, Receivables, Advances, Deposits and Prepayments.

*(a) Advances, Deposits, Prepaid Expenditure*

Expenditure which is deemed to have a benefit or relationship to more than one financial year is classified as advances, deposits and prepaid expenditure. Such expenditure is written off over the period, to which it relates, on a time proportion basis.

*(b) Other Debtors*

Other debtors are recognized at cost less impairment loss.

**3.6 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These are held for the purpose of meeting short-term cash commitments.

**Cash Flow Statement**

The cash flow statement has been prepared by using indirect method in accordance with the Sri Lanka Accounting Standard No. 7 (LKAS) on cash flow statements.

**3.7 Employee Benefits**

*(a) Defined Contribution Plans*

Employees are eligible for Employees' Provident Fund (EPF) Contributions and Employees' Trust Fund (ETF) Contributions in line with the respective statutes and regulations. The Board pays fixed contributions of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund and will have no legal or constructive obligation to pay further amounts.

*(b) Defined benefit plans*

Defined benefit plans are post-employment plans other than defined contribution plans. Board is liable to pay gratuity in terms of the Payment of Gratuity Act No. 12 of 1983. A provision for the obligations under the Act is determined based on an actuarial valuation.

**3.8 Liabilities & Provision**

Liabilities & Provisions are recognized in the balance sheet when there is a present legal /constructive obligation as a result of the past events the settlement & which is expected to result in an outflow of resources embodying economic benefits.

**Notes to the Financial Statements (contd.)**

Obligations payable at the demand of the creditor or within one year of balance sheet date are treated as current liabilities in the balance sheet. Liabilities payable after one year from the balance sheet are treated as non current liabilities in the Statement of Financial Position.

**Other Liabilities**

Other liabilities include other creditors including Accrued Expenditure. These are stated at their historical value which is deemed to be their fair value.

**3.9 Income Recognition***(a) Revenue*

Revenue from services/fees is measured at fair value of the consideration received or receivable. License Fee and Agreement processing Fees are recognized on cash basis.

*(b) Interest Income*

Interest income for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognized within 'Finance income' in the income statement.

*(c) Other Income*

Other income is recognised on an accrual basis.

**3.10 Expenses****Expenses Recognition***(a) Revenue Expenditure*

All expenses are measured at fair value of the consideration given and recognized in the period to which those expenses relate. The surplus earned by the Board as shown in the income statement is after providing for all known liabilities and for depreciation of Property, Plant and Equipment.

*(b) Capital Expenditure*

Expenditure incurred for the purpose of extending or improving assets of a permanent nature by means to carry on the organization or for the purpose of increasing the service/product capacity of the organization has been treated as Capital Expenditure.

**3.11 Taxation**

Income tax is based on the elements of interest income as reported in the financial statement and is computed in accordance with provisions of the Inland Revenue Act No. 10 of 2006. The Board is exempt from Income Tax on profits and income, other than profits and income from interest.

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST DECEMBER

	2015 Rs.	2014 Rs.
<b>4 Revenue</b>		
Ground Rent	678,123,208	657,671,171
Annual Fees	576,352,452	553,143,361
Import/Export Service Charges	937,721,331	888,755,523
Net Income from Supply of Water (Note 4.1)	409,082,696	400,144,483
Land Premium	209,990,260	199,372,412
Rent Income	109,896,161	101,553,029
License Fee Sec.-16 Enterprises	21,752,458	25,969,310
Sale of Entry Permits	129,019,786	114,696,177
Agreement/Processing Fees	42,880,421	45,280,725
Income from Housing & Other Projects	14,825,974	19,864,433
Miscellaneous Income	83,912,981	93,712,294
	<u>3,213,557,727</u>	<u>3,100,162,918</u>
<b>4.1 Net Income from Supply of Water for Enterprises</b>		
Income from Water Supply	1,194,189,116	1,138,986,922
Related Cost on Water Supply	(785,106,420)	(738,842,438)
<b>Net Income from Supply of Water</b>	<u>409,082,696</u>	<u>400,144,483</u>
<b>5 Surplus from Operations</b>		
Surplus from Operations is stated after charging/(crediting ) all expenses including the followings.		
Operating Expenses (Note 6)	276,739,350	299,383,652
Administrative Expenses (Note 7)	2,488,716,775	2,301,683,057
Government Levies (Note 8)	121,148,196	161,676,718
Other Expenses (Note 9)	26,390,038	25,419,143
<b>6 Operating Expenses</b>		
Investment Promotion Expenses	34,599,084	67,470,738
Maintenance of Zones	124,586,169	115,339,883
Light & Power	54,838,198	55,766,589
Security Services	59,532,391	57,496,320
Welfare Expenses to Zone Employees	3,183,508	3,310,123
	<u>276,739,350</u>	<u>299,383,652</u>



## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST DECEMBER

	2015 Rs.	2014 Rs.
<b>7 Administrative Expenses</b>		
Personnel Cost (Note 7.1)	1,467,957,595	1,202,671,696
Staff Welfare Expenses	205,875,843	187,561,838
Printing & Stationery	23,236,468	24,879,375
Maintenance of P/M Computer & Offi.Equip.	38,571,845	36,383,952
Building Maintenance	70,296,069	70,503,103
Transport Related Expenses	74,961,934	100,218,988
Office Rent & Verification Unit Rent	46,613,165	42,174,550
Press Notifications	2,028,016	2,447,869
Water Consumption	5,633,151	6,429,267
Communication Expenses	34,441,506	35,661,678
Municipality Rates	7,554,800	7,545,200
Staff Training	10,169,421	14,503,999
Legal & Professional Charges	20,484,797	8,813,665
Compensation for Legal obligations	1,910,225	102,138,350
Travelling & Subsistence	5,492,489	5,106,655
Audit Fees	1,200,000	1,200,000
Impairment on Debtors	30,691,125	24,400,841
Depreciation	441,598,325	429,042,030
	<b>2,488,716,775</b>	<b>2,301,683,057</b>
<b>7.1 Personnel Cost</b>		
Board Members Fee	370,750	315,000
Chairman / Director General / ADG Salary	4,415,561	14,830,000
Salaries & Wages - Executive Staff	413,895,546	341,156,799
Salaries & Wages - Clerical & Allied Staff	100,407,680	71,692,729
Salaries & Wages - Security Staff	45,691,910	35,839,724
Salaries & Wages - Minor Staff	125,329,004	84,183,379
Overtime	114,658,593	120,656,644
Leave Encashment	57,700,465	55,687,626
Bonus	40,378,481	37,963,429
Provision for Retirement Benefit Obligation	35,790,817	35,237,997
Contribution to Employee's Provident Fund	85,945,428	81,699,003
Contribution to Employee's Trust Fund	17,225,264	16,377,900
Other Staff Cost	426,148,096	307,031,465
	<b>1,467,957,595</b>	<b>1,202,671,696</b>

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST DECEMBER

	2015 Rs.	2014 Rs.
<b>8 Government Levies</b>		
Stamp Duty	330,065	377,240
Nation Building Tax	37,562,332	36,119,784
Economic Service Charges	-	9,885,968
Value Added Tax - Disallowed VAT Input	83,255,799	115,293,727
	<u>121,148,196</u>	<u>161,676,718</u>
<b>9 Other Expenses</b>		
Expenses on Issuing Identity Cards	2,645,197	2,581,353
Sundry Expenses	15,579,814	16,213,541
Container Key Locks	1,054,508	875,436
Insurance	4,028,150	3,025,460
Corporate Social Responsibility Expenses	1,350,000	1,603,527
Environment Control Expenses	314,847	136,170
Entertainment	1,417,521	983,656
	<u>26,390,038</u>	<u>25,419,143</u>
<b>10 Net Finance Income</b>		
<b>Finance Income</b>		
Interest Income on Call Deposits/Others	95,035,666	113,613,178
Interest Income on Staff Loans	23,592,877	21,492,232
Total Finance Income	<u>118,628,542</u>	<u>135,105,411</u>
<b>Finance Expenses</b>		
Interest on Lease	11,458,256	13,931,370
Bank Charges	566,916	602,911
Total Finance Expenses	<u>12,025,173</u>	<u>14,534,281</u>
<b>Net Finance Income</b>	<u>106,603,370</u>	<u>120,571,130</u>

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31st DECEMBER 2015

11 Property, Plant and Equipment

	Land		Buildings		Structures		Plant & Machinery		Fixtures & Fittings		Furniture, & Office Equipment		Computers		Motor Vehicles		Total			
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
<b>Freehold Assets at Cost</b>																				
Balance as at 01 <sup>st</sup> January	572,391,000	1,771,152,713	5,159,377,184	49,732,157	611,831	121,039,141	146,982,824	196,346,101	8,017,632,951	7,207,822,466										
Additions during the Year	-	-	904,047	1,479,797	91,090	15,146,938	15,947,357	21,560,050	55,129,279	516,494,039										
Transferred from Capital Work in Progress	10,543,551	1,330,759	137,793,161	-	-	-	-	-	-	149,667,471										
Disposal During the Year	-	5,940,000	-	7,500	-	2,337,592	6,399,150	2,000,000	16,684,242	18,958,034										
<b>Balance as at 31st December</b>	<b>582,934,551</b>	<b>1,766,543,472</b>	<b>5,298,074,392</b>	<b>51,204,454</b>	<b>702,921</b>	<b>133,848,487</b>	<b>156,531,031</b>	<b>215,906,151</b>	<b>8,205,745,459</b>	<b>8,017,632,951</b>										
<b>Depreciation</b>																				
Balance as at 01 <sup>st</sup> January	-	524,774,042	1,514,700,969	24,246,576	116,849	45,863,916	102,970,455	134,591,368	2,347,264,175	1,965,347,809										
Charge for the year	-	88,624,174	264,774,986	4,973,216	61,184	12,103,915	24,207,626	12,995,108	407,740,208	409,528,553										
On Disposals	-	2,079,000	-	5,249	-	1,376,758	6,386,953	2,000,000	11,847,960	15,408,329										
<b>Balance as at 31st December</b>	<b>-</b>	<b>611,319,216</b>	<b>1,779,475,955</b>	<b>29,214,543</b>	<b>178,033</b>	<b>56,591,073</b>	<b>120,791,128</b>	<b>145,586,476</b>	<b>2,743,156,422</b>	<b>2,359,468,033</b>										
<b>Written Down Value of Freehold Assets</b>																				
As at 31st December	582,934,551	1,155,224,255	3,518,598,437	21,989,912	524,888	77,257,413	35,739,903	70,319,674	5,462,589,037	5,658,164,918										
<b>Leasehold Assets</b>																				
Balance as at 01 <sup>st</sup> January	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions during the Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal During the Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Leasehold Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation</b>																				
Balance as at 01 <sup>st</sup> January	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
On Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31st December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Written Down Value of Leasehold Assets</b>																				
As at 31st December	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Written Down Value of Assets</b>																				
As at 31st December	582,934,551	1,155,224,255	3,518,598,437	21,989,912	524,888	77,257,413	35,739,903	111,894,675	5,504,164,038	5,730,557,716										

As at 31 December 2015, Motor Vehicles acquired under Finance Leases amounted to Rs. 88,866,071.45 They are mainly related to Property used in administrations. The liability relating to these assets are shown under in Note 22 " Finance Lease "

## NOTES TO THE FINANCIAL STATEMENTS

## AS AT 31ST DECEMBER

	2015 Rs.	2014 Rs.
<b>12 Investment Property</b>		
Balance as at 1 <sup>st</sup> January	31,356,094,597	16,951,301,806
Additions during the year	-	14,405,399,791
Disposals during the year	-	607,000
Less -Accumulated Amortization as at 31st December	94,775,475	79,531,353
Balance as at 31 <sup>st</sup> December	<u>31,261,319,122</u>	<u>31,276,563,244</u>
<b>13 Capital Work-in-Progress</b>		
<b>General Projects</b>		
Balance as at 1 <sup>st</sup> January	973,268,115	631,716,386
Additions the during the year	274,648,745	709,242,322
Capitalized during the year	(213,478,700)	(367,690,592)
Balance as at 31 <sup>st</sup> December	<u>1,034,438,160</u>	<u>973,268,115</u>
<b>Special Projects</b>		
Balance as at 1st January	232,628,372	207,143,652
Capitalized - Land & Building	-	(12,200,000)
Refunds	(10,803,077)	-
Puttalam Land-As per B/P No 311/09	-	11,270,121
Additions during the year	4,478,838	26,414,600
	<u>226,304,133</u>	<u>232,628,372</u>
<b>Total Capital Work-in-Progress</b>	<u>1,260,742,293</u>	<u>1,205,896,487</u>

Advance payments on preliminary and development expenses on Special Projects which can not be estimated and classified initially or as at Balance Sheet date have been shown under Capital work in progress until those projects are completed.

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST DECEMBER**

	<u>2015</u> Rs.	<u>2014</u> Rs.
<b>14 Non Current Financial Assets</b>		
Staff Loans (Note 14.1)	494,671,688	403,161,301
Financial Assistance Programme (Note 14.2)	11,113,999	14,200,175
<b>Financial Assets</b>	<u><u>505,785,687</u></u>	<u><u>417,361,476</u></u>

The part less than one year of other non current financial assets is included under other current financial assets for Rs.151,642,480.00

	<u>2015</u> Rs.	<u>2014</u> Rs.
<b>14.1 Staff Loan Measured at Effective Interest Rate</b>		
Staff Loans - Maturity part more than one year (Note 14.1)	494,671,688	403,161,301
Staff Loans - Maturity part less than one year (Note 15)	151,642,480	134,080,350
Prepaid Staff Expenses for Staff loan	32,987,995	25,519,331
Less : IFRS Adjustments -Staff Loan	(32,987,995)	(25,519,331)
<b>Total Financial Assets</b>	<u><u>646,314,168</u></u>	<u><u>537,241,652</u></u>

**14.2 Financial Assistance Programme**

Balance as at 1 <sup>st</sup> January	54,744,935	64,310,750
Repaid during the year	(8,003,602)	(9,565,815)
Balance as at 31 <sup>st</sup> December before Provision of Impairment	46,741,333	54,744,935
Less - Provision for Impairment	(29,880,013)	(31,552,875)
Balance as at 31 <sup>st</sup> December after Provision for Impairment	16,861,319	23,192,059
Measured at amortized cost by maturity part less than one year	5,747,321	8,991,884
Measured at amortized cost by maturity part more than one year	11,113,999	14,200,175
<b>Total of Financial Assistance Programme</b>	<u><u>16,861,319</u></u>	<u><u>23,192,059</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST DECEMBER 2015**

**14.1 Financial Assistance Programme (Contd.)**

Loans and receivables measured at amortized cost break down by maturity date as follows.

	31.12.2015 Rs.	Maturity	
		Between 1 and 05 years	After 05 years
Staff Loans	494,671,688	333,830,825	160,840,863
Financial Assistance Programme	11,113,999	11,113,999	-
<b>Total Non Current Financial Assets</b>	<b>505,785,687</b>	<b>344,944,824</b>	<b>160,840,863</b>

	31.12.2014 Rs.	Maturity	
		Between 1 and 05 years	After 05 years
Staff Loans	403,161,301	281,471,923	121,689,378
Financial Assistance Programme	14,200,175	11,778,792	2,421,383
<b>Total Non Current Financial Assets</b>	<b>417,361,476</b>	<b>293,250,715</b>	<b>124,110,761</b>

	2015 Rs.	2014 Rs.
<b>15 Current Financial Assets</b>		
Measured at amortized cost by maturity part less than one year		
Staff Loans	143,668,443	128,527,839
Staff Advance	7,974,038	5,552,511
Financial Assistance Programme (Note 14.1)	5,747,321	8,991,884
Investment Held for Maturity		
Fixed Deposit - State Mortgage & Investment Bank	5,841,837	5,928,284
Fixed Deposit	20,000	20,000
<b>Financial Assets</b>	<b>163,251,638</b>	<b>149,020,518</b>

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST DECEMBER 2015**

	<b>2015</b>	<b>2014</b>
	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>
<b>16 Receivables from Enterprises</b>		
Receivables from Enterprises	473,824,469 ✓	719,431,529
Less-Provision for Impairment on Debtors - (Note 16.1)	<u>(290,480,584)</u>	<u>(518,917,751)</u>
	<b><u>183,343,885</u></b>	<b><u>200,513,779</u></b>
<b>16.1 Provision for Impairment on Debtors</b>		
Balance as at 1 <sup>st</sup> January	518,917,751	493,484,649
Written off during the year	267,016,239	1,055,613
Provision made during the year	<u>38,579,073</u>	<u>26,488,715</u>
Balance as at 31 <sup>st</sup> December	<b><u>290,480,584</u></b>	<b><u>518,917,751</u></b>
<b>17 Payments in Advance and Other Receivables</b>		
Advance Payments	942,306	602,406
Advance Payments Foreign Travel	569,999	569,999
Sri Lanka Mission Abroad	1,008,974	1,075,853
Mobilization Advances	58,606,213	29,958,353
Prepaid Expenses	3,945,092	74,093
Interest Income - Receivables	16,131,207 ✓	7,699,838
Deposit Receivables	9,048,854 ✓	7,197,689
Other Receivables	166,989,315 ✓	145,502,248
Less-Provision for Impairment on Debtors - (Note 17.1)	<u>(33,049,931)</u>	<u>(111,709,320)</u>
	<b><u>224,192,028</u></b>	<b><u>80,971,152</u></b>
<b>17.1 Provision for Impairment on Debtors - Other Receivables</b>		
Balance as at 1 <sup>st</sup> January	111,709,320	120,257,755
Written off during the year	72,444,304	-
Provision made during the year	<u>(6,215,085)</u>	<u>(8,548,434)</u>
Balance as at 31 <sup>st</sup> December	<b><u>33,049,931</u></b>	<b><u>111,709,320</u></b>

## AS AT 31ST DECEMBER

	2015 Rs.	2014 Rs.
<b>18 Favourable Cash &amp; Cash Equivalents</b>		
Bank of Ceylon - Personal Branch	66,547,044	238,078,501
Bank of Ceylon - Personal Branch	2,203,505	2,203,505
Bank of Ceylon -Katunayake	(8,109,340)	13,029,434
Bank of Ceylon -Biyagama	89,446,913	36,274,435
Bank of Ceylon - Koggala	2,060,958	1,791,003
Bank of Ceylon - Digana	3,406,500	6,790,134
Bank of Ceylon -Avissawella	18,104,541	10,109,215
Bank of Ceylon -Ingiriya	5,995,607	10,933,381
Bank of Ceylon - Mirigama	5,334,190	992,279
Bank of Ceylon - Nittambuwa	6,837,626	944,179
Bank of Ceylon - Kurunagala	7,088,943	2,199,359
Gold Sovereign	44,800	44,800
Balance in Franking Machine	303,548	238,397
Temporary Surplus Fund - Bank of Ceylon	2,645,703	83,556,547
National Savings Bank - Staff Security Deposits	203,836	184,155
Repos	950,000,000	849,999,777
Call Deposit/Other Deposits	389,999,983	-
Cash in Hand	-	13,882
<b>Total Cash and Cash Equivalents</b>	<b>1,542,114,359</b>	<b>1,257,382,982</b>

**19 Deferred Expenditure**

BOI has acquired nine (9) floors of World Trade Center in 2008, the cost of interior decorations: carpeting and partitions are recognized in the income statement on a straight line basis over the estimated useful lives of 10 years. Amortization of Cost of zone development is recognized over the 20 years.

	2015 Rs.	2014 Rs.
Balance as at 1 <sup>st</sup> January	415,062,611	427,235,029
Expenditure Deferred during the year	66,060,902	28,367,305
Less - Current year expenditure	(43,669,501)	(40,539,723)
Balance as at 31 <sup>st</sup> December	<b>437,454,012</b>	<b>415,062,611</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER**

	2015 Rs.	2014 Rs.
<b>20 Deferred Revenue</b>		
<b>20.1 Deferred Revenue - Land Premium</b>		
Balance as at 1 <sup>st</sup> January	14,890,673,535	2,094,695,897
Received during the year	300,957,535	13,384,426,852
Re-payment during the year	-	(7,333,333)
Recognized income through Income Statements	(209,271,272)	(199,319,990)
Previous year adjustment	(1,330,856)	(381,795,890)
Balance as at 31 <sup>st</sup> December (Note 20.1.1)	<u>14,983,690,654</u>	<u>14,890,673,535</u>

20.1.1 Deferred Revenue	31.12.2015 Rs.	Maturity		
		Within 01 year	Between 1 and 05 years	After 5 years
Land Premium	14,983,690,654	209,271,272	1,046,356,358	13,728,063,025
	<u>14,983,690,654</u>	<u>209,271,272</u>	<u>1,046,356,358</u>	<u>13,728,063,025</u>

Land Premium	31.12.2014 Rs.	Maturity		
		Within 01 year	Between 1 and 05 years	After 5 years
	14,890,673,535	199,319,990	996,599,952	13,694,753,593
	<u>14,890,673,535</u>	<u>199,319,990</u>	<u>996,599,952</u>	<u>13,694,753,593</u>

- 20.2 Deferred Revenue - Grant**  
Grant from the Japanese government is recognized as Non Current Assets at their fair value.  
Grant is recognized as income over the period to match with the depreciation expenses on those assets are recognized.

	2015 Rs.	2014 Rs.
Balance as at 1 <sup>st</sup> January	34,022,601	-
Received during the year	-	34,022,601
Recognized income through Income Statements	6,804,520	-
Balance as at 31 <sup>st</sup> December	<u>27,218,081</u>	<u>34,022,601</u>

	2015 Rs.	2014 Rs.
<b>21 Retirement Benefit Obligations</b>		
Total present value of obligations as at 1 <sup>st</sup> January	263,532,140	224,062,179
Interest Cost	23,717,893	22,406,218
Current Service Cost	12,072,924	12,831,779
Actuarial (Gain)/Loss on obligations	(29,335,586)	28,339,987
Less - Payments made/payable during the year	(20,949,100)	(24,108,023)
Total present value of defined benefits obligations	<u>249,038,271</u>	<u>263,532,140</u>
<b>21.1 Expenses Recognized in the Income Statement.</b>		
Interest Cost	23,717,893	22,406,218
Current Service Cost	12,072,924	12,831,779
Actuarial (Gain)/Loss	(29,335,586)	28,339,987
Total Expenses Retirement Benefit Obligations	<u>6,455,231</u>	<u>63,577,984</u>

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST DECEMBER**

**21.1 Retirement Benefit Obligations (Contd.)**

An independent actuarial valuation of the retirement benefit obligation was carried out as at 31<sup>st</sup> December 2015 by professional actuary M/S M. Poopalanathan. The valuation method used by the Actuaries to value the Retirement Benefit Obligation is "Projected Unit Credit Method".

The Key Assumptions used by Actuary including the following.

AS AT 31ST DECEMBER	2015	2014
(i) Discount Rate	10%	9%
(ii) Salary Increment Rate	Fixed	Fixed
(iii) Assumption regarding Future Mortality	A1967/70	A1967/70
(iv) Retirement Age	60 Years	60 Years

AS AT 31ST DECEMBER	2015 Rs.	2014 Rs.
<b>22 Finance Lease</b>		
Balance as at 1 <sup>st</sup> January	86,979,838	105,400,650
Finance Lease obtained during the year	-	10,046,400
Installments paid during the year	(29,653,214)	(28,467,212)
Balance as at 31 <sup>st</sup> December	57,326,624	86,979,838
Less - Interest in suspense	(13,475,473)	(25,710,195)
Capital Payable	<u>43,851,152</u>	<u>61,269,642</u>
Long - Term Borrowings falling within one year	6,725,220	14,123,579
Long Term Borrowings falling after one year	37,125,931	47,146,064
Total Payable Finance Lease	<u>43,851,151</u>	<u>61,269,642</u>
<b>23 Accrued Expenses and Other Payables</b>		
Sundry Creditors	42,339,900	152,496,162
Accrued Expenses	183,576,851	194,739,704
Receipts in Advance	140,164,052	157,115,953
Refundable Deposits	110,427,128	104,327,709
Land Reservation Fees	13,427,085	12,291,716
Deposit Payable	317,893,506	182,112,751
Central Environmental Authority	4,760,197	4,760,197
Total Operating and Other Payables	<u>812,588,719</u>	<u>807,844,191</u>

**NOTES TO THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> DECEMBER 2015**

**24 Related Party Disclosures**

- 24.1 Mr. V U P de Silva Jayasuriya - Chairman of Board of Investment of Sri Lanka has indicated that he has no related party transactions with BOI enterprises.
- 24.2 Mr. M Cooray – Member of Board of Directors of Board of Investment of Sri Lanka has indicated that he has no related party transactions with BOI enterprises.
- 24.3 Mr. M A N Udesha – Member of Board of Directors of Board of Investment of Sri Lanka has indicated that he has no related party transactions with BOI enterprises.
- 24.4 Mr. R Pandithage – Member of Board of Directors of Board of Investment of Sri Lanka is a director of the following BOI enterprise or entered in-to an agreement with the BOI.
- (a) Dial Textiles Ind. (Pvt) Ltd

**25 Contingent Liabilities**

- 25.1 BOI has signed an agreement with Asia Pacific Golf Course Limited on 21.06.2001 to set up project for the business to construct and operate international standard golf course, driving range, club houses, ports and leisure related activities and apartment blocks.

In pursuant of Supreme Court decision of October 2008, Acquitas Law LLP – a Law Firm in Singapore acting on behalf of said firm has made a claim from BOI for Rs. 19,191,381,000.00 Arbitration proceedings has commenced in Singapore regarding above.

- 25.2 The list of pending litigations is attached and actual liability of such litigations cannot be ascertained accurately. (Annex i)

- 25.3 A total of Rs. 507,650.00 is reflected under the other receivables as cash shortage at Biyagama Export Processing Zone. The Court case is still pending.

- 25.4 Provision for a sum of Rs. 102,138,350.00 which has been seized by Court in relation to case filed by Million Garments (Pvt) Ltd., against the BOI on 01.01.2015.



# **Audit Report**

**Report of the Auditor General on the Financial Statements of the Board of Investment of Sri Lanka (BOI) for the Year ended 31 December 2015 in terms of Section 14(2) (c) of the Finance Act, No. 38 of 1971.**



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்  
**AUDITOR GENERAL'S DEPARTMENT**



මගේ අංකය } TIP/B/BOI/1/15/60  
எனது இல. }  
My No. }

ඔබේ අංකය }  
உமது இல. }  
Your No. }

දිනය } 16 November 2016  
திகதி }  
Date }

The Chairman  
Board of Investment of Sri Lanka

**Report of the Auditor General on the Financial Statements of the Board of Investment of Sri Lanka (BOI) for the year ended 31 December 2015 in terms of Section 14(2) (c) of the Finance Act, No. 38 of 1971.**

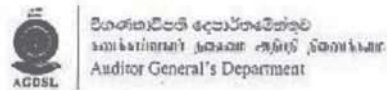
The audit of financial statements of the Board of Investment of Sri Lanka comprising the statement of financial position as at 31 December 2015 and the statement of income, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 31 of the Greater Colombo Economic Commission Law, No.4 of 1978, as amended by Act, No. 49 of 1992. My comments and observations which I consider should be published with the Annual Report of the Board in terms of Section 14(2) (c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7) (a) of the Finance Act was issued to the chairman of the Board on 26 August 2016.

**1.2 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 and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to frauds or errors.

**1.3 Auditors' Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institution (ISSAI 1000-1810). Those Standards



require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgments, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub - sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary power to the Auditor General to determine the scope and the extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**1.4 Basis for Qualified Opinion**

My Opinion is qualified based on the matters described in paragraph 2.2 of this report.

**2. Financial Statements**

**2.1. Qualified Opinion**

In my opinion except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of financial position of the Board of Investment of Sri Lanka (BOI) as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.





**2.2. Comments on Financial Statements**

**2.2.1 Compliance with Sri Lanka Accounting Standards (LKAS)**

The following observations are made.

- (a) **LKAS 07 - Cash Flow Statement:** - The cash flow statement had not been prepared in the format prescribed in the Standard.
  
- (b) **LKAS 16 – Property Plant and Equipment:-**
  - (i) Three thousand one hundred and sixty one (3,161) fully depreciated asset items costing Rs. 231,076,039 and with a carrying value of Rs.23 are being used by the Board without reviewing the useful life of them and accounted the changes in terms of Section 51 of the Standard.
  
  - (ii) The Board had categorized plant and machinery, internal roads, walk ways, jeep tracks, culverts, boundary walls, fences, gates, entrance buildings, storm water drains, supply lines, pipe lines, manholes, and irrigation canals etc. aggregating Rs. 5,298,074,392 as structures under Property Plant and Equipment and all the assets are being depreciating at a rate of 5 per cent per annum even though the nature, residual value and life time of the above fixed assets and the expected pattern of consumption and the future economic benefits embodied in the assets are different.
  
- (c) **LKAS 19- Employee Benefit:** - The Board had not established a separate plan asset to settle the future retirement benefit obligations and the investments in treasury bills and repurchase agreements (REPOs) which come under current assets are used to settle the retirement benefit obligations.

**2.2.2 Accounting Deficiencies**

The following observations are made.

- (a) A deposit of Rs. 17,500,000 spent for acquisition of a land had been erroneously shown under other debtors. Further, an amount of Rs.1,144,860 had been provided thereon as impairment, thus the provision for impairment had been overstated by similar amount.
- (b) A balance of Rs.15,142,236 had been included under the advances for preliminary expenditure on projects as at 31 December 2015 instead of being shown the actual receivable balance of Rs. 363,320.
- (c) The Board had received the BOI website maintenance services from a private company until the end of the year under review and the payments of Rs. 2,548,470 were made up to the month of September 2015. However the payable amount of Rs. 849,490 for the month of October to December 2015 had not been accounted for.
- (d) Interest income on treasury bills amounting to Rs. 3,829,237 had not been recognized as income for the year under review.
- (e) Land premium receivable from a private company at the execution of the agreement amounting to Rs.3,771,572 had not been accounted for.
- (f) A cash shortage of Rs. 507,650 shown under other receivables had been disclosed as a contingent liability in the Notes to the Financial Statements.

**2.2.4 Un-reconciled Differences**

The following observations are made.

- (a) According to the schedule presented for audit, the balance in the accumulated depreciation of building as at 01 January 2015 was Rs. 524,774,042. However, it was shown in the audited financial statements of the previous year as Rs.523,933,258. Hence, a deference of Rs.840,784 was observed.



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- b) A deference of Rs.840,783 was observed between the depreciation on building shown in the Notes No. 11 and 12 to the financial statements and the income statement for year under review.
- (c) The following differences were observed between the amount shown in the financial statements and the relevant schedules submitted to audit for the year ended 31 December 2015.

Description	Amount as per	Amount as per	Difference
	Financial Statements	the Schedules	
	Rs.	Rs.	Rs.
Ground Rent	678,123,208	677,151,203	972,005
Disallowed Input Value Added Tax	83,255,799	83,386,146	(130,347)
Nation Building Tax	37,562,332	37,875,667	(313,335)

### 2.3 Accounts Receivable and Payable

The following observations are made.

#### (a) Dues from Enterprises

- (i) According to the age analysis presented for audit, the dues from BOI approved enterprises as at 31 December 2015 amounted to Rs. 473,824,469 and out of this an amount of 240,421,739 had remained outstanding for more than two years.
- (ii) The office rent receivable as at 31 December 2015 was amounted to Rs.29,294,592 and out of this an amount of Rs. 19,908,958 or 68 per cent had remained for more than five years.
- (iii) It was observed that the entire land premium amounting to Rs.12,955,757 had remained outstanding for more than two years.
- (iv) Out of total provision for impairment of Rs.290,480,584, a sum of Rs.246,272,344 or 88 per cent had represented dues from cancelled, closed down and operation suspended projects as at 31 December 2015. Further,

this provision had rapidly increased during last six years from 39 per cent to 61 per cent.

- (vi) A provision for impairment of Rs.181,711,695 had been made during the year under review for annual fees, which was 87 per cent of total annual fees receivable amounting to Rs.207, 626,104 as at 31 December 2015.

In view of the above observations it was revealed that the recovery actions of the Board on the outstanding balances were at a very weak level.

(b) Other Debtors

- (i) A sum of Rs.1,604,200 receivable from a private company which was the auctioneer of Wathupitiwala Housing Units had remained unrecovered for over six years and no any evidence was made available to prove the existence of an agreement between the company and the Board and no action had been taken to recover this outstanding amount.
- (ii) A cash and stock shortage of Rs. 509,740 shown under other debtors remained unchanged for over twelve years.
- (iii) Out of total other debtors as at 31 December 2015 amounting to Rs.166,989,315 an amount of Rs. 55,180,104 or 33 per cent represented dues from Government Institutions and Statutory Boards and instead of recovering these outstanding balances of Rs. 37,380,104 remained in the accounts for more than two year, a 100 per cent provision for bad and doubtful debts had been provided in the financial statements for the year under review.

(c) Irrecoverable Staff Loans

Out of total irrecoverable staff loan balance of Rs.4,295,126 as at 31 December 2015, a sum of Rs.606,316 had been remained as irrecoverable for over four years indicating poor level of follow up actions on recovery of outstanding balances.



(d) Payables

- (i) According to the age analysis of the sundry creditors, sums aggregating Rs.3,425,877 had not been settled for over 3 years.
- (ii) Out of retention money totalling Rs.20,728,678, a sum of Rs.9,043,394 or 44 per cent related to 37 contracts had remained unsettled for more than three years.

**2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions**

The instances of non-compliance observed in audit are given below.

<u>Reference to Laws, Rules and Regulations etc.</u>	<u>Non - Compliances</u>
(a) Section 10 (5) of the Finance Act, No. 38 of 1971	Net surplus of the year under review after the appropriations had not been remitted to the Consolidated Fund.
(b) Public Finance Circular. No. 02/2016 of 12 February 2016	The Board of Directors had decided to waive off the dues from BOI Enterprises amounting to Rs.215,956,513 without approval of the General Treasury.
(c) Public Administration Circular No. 02/99 dated 26 February 1999	Amount spent by the officers for purchase of their mobile phones amounting to Rs.206,891 had been reimbursed to six officers and one consultant of the Board without approval of the Director General of Establishments.

**2.5 Unauthorized Transactions**

The following observations are made.

- (a) According to the Public Enterprises Circular No. 95 of 14 June 1994, Corporations and Statutory Boards can only make payments to its employees those benefits specially approved by the Cabinet, Public Administration or General Treasury with the approval of their governing bodies. However, the Board had paid a sum of



- Rs.3,509,042 as professional allowances for the year under review by obtaining an approval from than Ministry of Policy Planning and Administration in the year 1991.
- (b) The Board at the Board meeting No. 331 held on 24 November 2015 had approved the proposal for increasing the professional allowance for qualified staff from Rs.2,500 to Rs.7,500 and Rs.1,250 to Rs.3,750 with effect from 01 December 2015. The approval of the Department of Management Services and recommendation of the Salaries and Cadre Commission had not been obtained in this connection as requested by Management Services Circular No. 39 of 26 May 2009.
  - (c) The employees of the Board had enjoyed both attendance incentive and encashment of unutilized medical leave in contrary to the Public Enterprises Circular No 95 of 14 June 1994. The attendance incentive scheme was replaced by Key Performance Payment (KPP) Scheme with effect from 01 November 2013 as per the directives of Committee on Public Enterprises held on 14 November 2012 to prepare a proper incentive scheme instead of present incentive scheme based on the attendance of employees. The Board had paid a sum of Rs. 351,414,308 as KPP allowance for the year 2015 without obtaining the approval as per the Public Enterprises Circular No. 95 of 14 June 1994.
  - (d) An amount of Rs.380,000 had been paid to an officer as a special allowance at a rate Rs.10,000 per month for the period from 01 June 2012 to 30 June 2015 for the additional works as the head of the department in addition to the duties in the current position without obtaining approval as per the Public Enterprises Circular No. 95 of 14 June 1994.
  - (e) A sum of Rs.472,123 had been paid as an additional incentive among 17 employees including the Chairman in March 2015 based on the approval of the Chairman and out of that a sum of Rs.55,544 had been refunded by the Chairman and one officer. However, the balance of Rs.416,579 had remained as un refunded until 30 April 2016.
  - (f) The loan scheme is included in the Human Resource Policy Manual of the Board is being implemented since the year 2007 with the approval of the Board of Directors. Even though the approval of the General Treasury had been sought by the Board for the Human Resource Policy Manual in the year 2014, such approval had not been



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received yet. The staff loan balances of the Board as at 31 December 2015 and relevant interest rates thereon are as follows.

Loan Category	Balance as at 31 December 2015	Interest Rate
-----	-----	-----
	Rs.	%
Medical Loan	77,051	} Nil
Gift Vouchers	75,312	
Festival Advance	2,730,500	
Special Advance	5,168,225	} 4.2
Five Month Loan	83,192,690	
Additional Five Month Loan	62,198,527	
One Month Loan	3,060,780	
Bicycle Loan	553,382	
Motor Vehicle Loan	<u>489,257,702</u>	
<b>Total</b>	<b><u>646,314,169</u></b>	

### 3. Financial Review

#### 3.1 Financial Results

According to the financial statements presented, the operation of the Board for the year ended 31 December 2015 had resulted in a pre- tax net surplus of Rs.407,166,738 as compared with the pre- tax net surplus of Rs.432,571,478 for the preceding year, thus showing a deterioration of Rs.25,404,740 in the financial result for the year under review. Increase of total expenses by Rs.124,831,789 and decrease of finance income by 16,476,869 as against the increase of revenue by Rs. 113,394,809 with compared to the previous year were the main reasons attributed for this deterioration in the financial result.

**3.2 Analytical Financial Review**

Legal and professional charges for the year under review had increased by 132 per cent as compared with the previous year due significant increase in court cases and international arbitrations during the year under review.

**4. Operating Review**

**4.1 Performance**

The following observations are made.

- (a) The Board had not prepared a performance report in line with the Action Plan. Therefore, the Action Plan could not made use of as an effective instrument of evaluating the performance of the Board.
- (b) Progress of achieving the main objectives of the Board for the year under review is as follows.

Investment Promotion

The following observations are made in this connection.

- (i) The budgetary allocation for investment promotion expenses for the year under review was Rs.50,000,000. However, the Board had spent only a sum of Rs.34,599,084 or 69 per cent in the year under review and it was Rs.67,470,738 in the previous year.
- (ii) According to the Action Plan for the year 2015, the Board had planned to conduct twenty five foreign visits with the investment target of US\$ 2085 - US\$ 2785 million within the year 2015. Out of that only nine foreign visits had been organized and the Board was unable to organize remaining sixteen visits of the year 2015, thus investment target of US\$ 1095 – US\$ 1490 million or 53-54 per cent had not been achieved. It was further observed that this had badly affected to the drop of total attracted foreign direct investments by 40 per cent as compared with the previous year.

Accordingly it was observed that the Board had unable to achieve its main objectives of investment promotion and attracting foreign direct investments during the year under review in efficiently and effectively.





### Progress of the BOI Projects

The progress of Projects under Section 17 of the BOI Law for the year under review and five preceding years are given below.

Year	Number of Projects Approved √*	Number of Agreements signed √*	Number of Projects commenced operations during the year √*	Number of Projects Cancelled √**	Number of Projects Closed down √**	Number of Projects Suspended √**
2015	220	152	82	20	78	13
2014	187	153	92	54	67	4
2013	176	145	93	120	38	7
2012	238	163	98	79	26	9
2011	160	165	99	47	7	4
2010	364	270	144	124	28	10
<b>Total</b>	<b>1345</b>	<b>1048</b>	<b>608</b>	<b>444</b>	<b>244</b>	<b>47</b>

√\* Including expansions of existing Projects.

√\*\* As per the current status of the Projects. (excluding expansion)

The following observations are made in this connection.

- Targets for these projects had not been set out in the Action Plan.
- Number of closed down projects had been gradually increased by 200 per cent during the period from 2012 to 2015 due to the actions taken by the Board to close down the projects which were not implemented and held up for a long period of time without realization of investments.
- Number of suspended projects in the year under review had been increased by 225 per cent as compared with the previous year as a result of non-compliance of Projects to the BOI requirements to conduct as a BOI enterprise.

**Attracted Foreign Direct Investments**

Attracted foreign direct investments during the period from 2010 to 2015 are given below.

Sector	2015	2014	2013	2012	2011	2010
	US\$ Mn	US\$ Mn	US\$ Mn	US\$ Mn	US\$ Mn	US\$ Mn
Manufacturing	256.99	333.90	359.76	307.65	322.42	159.65
Agriculture	3.87	5.72	8.47	7.17	17.97	6.45
Services	255.38	506.34	236.34	426.74	269.14	29.48
Infrastructure	453.45	682.45	786.83	596.60	456.53	320.72
Non BOI Projects	-	87.85	-	-	-	-
	969.66	1616.26	1,391.40	1,338.16	1,066.06	516.30

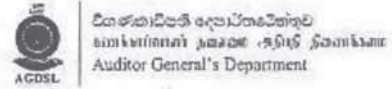
The following observations are made in this connection.

- According to the Corporate Plan of the Board, the targeted Foreign Direct Investment for the year 2015 was US\$ 3,500 million. However, the Board had able to achieve only US\$ 970 million or 28 per cent of the target.
- Total attracted foreign direct investments in the year under review had decreased by 40 per cent as compared with the previous year due to insufficiency of the investment promotion program conducted by the Board and reduction of tax concessions given to the investors by the government.

**4.2 Management Weaknesses**

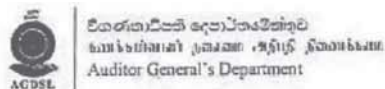
The following observations are made.

- (a) The Board had awarded a contract of maintaining the website of the Board to a private company and the contract was expired on 30 September 2015. However, the company had



continued to work with the Board up to 31 March of the year 2016, without extending the service agreement.

- (b) Board had incurred foreign travel expenses of Rs. 612,326 for the Deputy Minister of Investment Promotion for the year under review. Nevertheless, the Board had failed to reimburse this expenditure from the Ministry even up to the end of March 2016.
- (c) The Board had granted the permission to investing companies to mortgage its leasehold rights and interests on the demised premises and the buildings thereon and all plant, machinery and fixtures permanently fastened to the demised premises in any Bank and / or Credit Institution by way of signing tripartite agreements. The following observations are made in this connection.
- (i) Legal Department of the Board had not maintained a proper register for mortgage land and buildings including the following information.
    - Date of mortgage
    - Agreement number
    - Name of the bank and/or credit institution
    - Period of mortgage
  - (ii) No restrictions or limits included in the principal agreement or tripartite agreement regarding the value that can be obtained by mortgaging leasehold rights over the property. Hence, most of the companies ended up with liquidation by defaulting loans obtained from financial institutions.
  - (iii) The Board had to bear the loss of depriving the land value, opportunity cost of idling land and dues to be receivable to the Board due to unsettled issues relating to mortgaged properties.
- (d) The Board had entered in to an agreement with a Rubber manufacturing company at Horana Export Processing Zone, to reimburse the electricity tariff if the rates prevailed on 29 December 2000 will be increased in future over 6.9 per cent per annum. Accordingly, the company had claimed a sum of Rs. 1,266,213,466 for increased electricity tariffs, interest on delay in the payment of indemnity and the



arbitration cost incurred by the company in terms of the final decision given by the International Court of Arbitration of the International Chamber of Commerce (ICC). The Board had made an appeal against the award given by the ICC at the Commercial High Court and an award given in favor of the Board. The company had made an appeal against the award given in favor of the Board.

However, on 28 July 2015 both parties came into a settlement agreement in order to resolve the following matters.

- (i) The company had agreed to not claim in indemnity of electricity as at 31 July 2014 amounting to Rs. 1,266,213,466.
- (ii) The Board had agreed to write off the water bills and annual ground rentals amounting to 213,319,273 for the leased land in the financial statements of 2015.
- (iii) The company had agreed to accept reduced extent of land offered by the Board containing in extent of 357 acres 2 rude and 30.64 perches.
- (iv) The company shall pay the actual cost of water treatment and distribution over a period of ten years with effect from the date of this agreement, which cost of water, is currently at Rs.75/m<sup>3</sup>.

According to the Consultant (Legal) of the Board, all the legal cases related to this matter were withdrawn by both parties on 28 March 2016.

- (e) The Perth Estate was purchased by the Board and a part of the estate had been handed over to a Sri Lanka State Plantation Corporation (SLSPC) for the management of five years period. The following observations are made in this connection.
  - (i) The Board had not received the related financial statements since 2006 from Sri Lanka State Plantation Corporation (SLSPC).
  - (ii) The SLSPC had not regularly remitted the profit to Board as agreed except a sum of Rs. 10 million remittances made during the year 2005. As per the financial statements submitted for the year 2006, the dues from the SLSPC pertaining to the Perth Estate



was Rs. 16.47 million. However, the Board had not clearly identified and recorded the correct amount receivable from the SLSPC even up to 31 December 2015.

- (iii) The matters pertaining to the Perth Estate contravening the conditions of the agreement, such as increasing the management fees by 15 per cent, unilateral utilization of revenue by the Perth Estate, investment of revenue amounting to Rs. 20 million generated from the Perth Estate in the name of the contractor, unauthorized transfer of motor vehicles and bungalow rental amounting to Rs. 12.42 million through the current account to the contractor etc. are yet to be resolved.

#### 4.3 Operating Inefficiencies

##### 4.3.1 Operation of Export processing Zones (EPZ), Industrial Parks (IP) and Regional Offices

The following observations are made.

- (i) Two EPZs, an IP, a Regional Office and the Head Office had been running at a loss and the losses sustained during the year under review and in the previous 03 years are shown below.

Zone	Losses for the year			
	2015	2014	2013	2012
	Rs.000	Rs.000	Rs.000	Rs.000
Wathupitiwala EPZ	(3,323)	777	(2,969)	(7,767)
Koggala EPZ	(47,108)	(40,781)	(14,050)	(11,775)
Malwatta IP	(1,914)	(4,376)	(2,748)	(5,531)
Head Office	(237,584)	(502,134)	(401,606)	(187,083)
North Western Regional Office	(30,307)	(28,010)	(9,147)	(21,639)

- (ii) Even though the under mentioned Export Processing Zones excluding Wathupitiwala Export Processing Zone and one Industrial Park had been running at profit, the pre-tax surplus of them had been declined as compared with the previous year. Details are shown below.



Name of EPZ	Surplus for the year		Percentage of decline
	2015	2014	
	Rs. 000	RS.000	
Katunayake Export Processing Zone	238,914	259,088	8
Biyagama Export Processing Zone	127,787	159,421	20
Seethawaka Export Processing Zone	163,866	217,000	24
Meerigama Export Processing Zone	29,259	39,290	26
Wathupitiwala Export Processing Zone	(3,323)	777	528
Horana Export Processing Zone	66,894	77,773	14
Mawathagama Export Processing Zone	4,583	14,867	69
Polgahawela Export Processing Zone	19,879	38,534	48
Kandy Industrial Park	54,025	56,545	4

#### 4.4 Transactions of Contentious Nature

Expenses of Rs. 2,865,000 incurred in the year under review under investment promotion category had not been related to the purpose of investment promotion.

#### 4.5 Idle and Underutilized Assets

The following observations are made.

- (a) A land Named Maliduwakanda Estate with an extent of 122 acre 01 rout 27.4 perches, purchased by the Board on 23 January 2004 at cost of Rs. 97,937,000 had not been utilized for any purposes up to the end of April 2016. According to the fixed asset register, the book value of this land as at 31 December 2015 was Rs.100,800,000.
- (b) The balance of Tsunami Relief Fund amounting to 2,203,505 remained unchanged even up to the end of the year under review without being utilized for intendant purposes.



#### 4.6 Identified Losses

The following observations are made.

- (i) A private company was entered into an agreement with the Board on 14 August 1992 under section 17 of the BOI Law to set up and operate a business of manufacture and export of apparel and other textiles. On 05 November 1992 the Board had terminated the agreement and requested investing company to transfer all buildings and machineries thereon to the Board with the agreed compensation. Since the Board had failed to pay compensation as agreed, the matter was referred to the Sri Lanka National Arbitration Centre and the award was made on 07 August 2000 to pay a sum of Rs. 23,835,535 as full and final settlement. Upon payment of the said sum, the enterprise filed an application in High Court of Colombo bearing HC/ARB/1254/02 under Section 31 of the Arbitration Act to enforce an arbitral award seeking a further payment of Rs. 37,200,000 from the Board. As per the judgment delivered by the High Court on 14 May 2012, the Board was liable to pay Rs.102,138,350. On 22 December 2014 the Registrar of the Commercial High Court has given an order to seize BOC account bearing number 1431688 for the amount of Rs.102,138,350 since the Board failed to comply with the High Court decision. However, on 01 January 2015 an amount of Rs.102,138,350 had been deposited by the Board in a bank account of the High Court. Further, the Board had written off this amount during the year under review even though the case is pending.
- (ii) The Chairman of the State Plantations Corporation had interdicted five employees of the Perth Estate which is belonging to the Board. The interdicted employees filed a legal case in the Labour Tribunal claiming compensation. According to the judgment delivered by the Labour Tribunal, a sum of Rs. 3,820,450 had to be paid to the employees as compensation and it should be divided among BOI and SLSPC jointly and severally. Therefore, the Board had to pay a sum of Rs. 1,910,225 as compensation to the employees.

**4.7 Resources Released / Given to Other Institutions**

The following observations are made.

(a) Released of Employees to the Line Ministry

In contrary to Sections 8.3.9 and 9.4 of the Public Enterprises Circular No. PED 12 of 02 June 2003 on Public Enterprises Guidelines for Good Governance, four Employees of the Board had been attached to the Ministry of Development Strategies and International Trade and incurred a sum of Rs. 761,711 as salaries and overtimes for the year 2015.

(b) Motor Vehicle Parking Passes

Twelve vehicle parking passes at the World Trade Center had been provided to the Ministry of Development Strategies and International Trade and a sum of Rs.625,000 had been spent thereof in the year 2015. However, the Board had failed to reimburse this expenditure from the Ministry even up to the end of April 2016.

**4.8 Human Resources Management**

The following observations are made.

(a) Hundred and fourteen (114) vacancies in different categories of the staff, including ninety eight (98) senior level staff and junior level staff had not been filled even by 31 December 2015.

(b) Even though there were hundred and sixty (160) employees are in excess to the approved cadre including seventy six (76) middle level staff. the Board had not taken actions to the retrench or redeploy the excess staff in consultation with the Department of Public Enterprises.

(c) Nine (9) Management Assistants (Non-Technical) and seventy two (72) Primary Level- Unskilled employees are in excess to the approved cadre as the Board had recruited number of employees on contract and casual basis without considering the actual human resources requirements of the Board.





- (d) Thirty three officers had been recruited on contract basis without obtaining proper approval from Department of Management Services in terms of Management Service Department Circular No. 28 & 28 (I) of 10 April 2006 and May 2006 and had incurred a sum of Rs. 9,560,108 as salaries and overtime payments for the year 2015.
- (e) Succession Plan for the future human resources requirements had not been prepared by the Board.

**4.9 Legal Cases Commenced by and Against the Board**

According to the information made available at the Legal Department of the Board, it was observed that there were 43 unsettled Court cases at the end of the year under review and out of that 38 cases were filed by the outsiders against the Board claiming compensation of Rs.11,198,251,793 and the Board had filed five legal cases against the outsiders claiming compensation of Rs.4,503,475.

**5 Accountability and Good Governance**

**5.1 Corporate Plan**

According to the Corporate Plan for the period of 2014 to 2016 no specific targets have been set out with specific time frame.

**5.2 Action Plan**

Although an Action Plan had been prepared for the year under review, it had not in line with the Corporate Plan of the Board.

**5.3 Internal Audit**

The following observations are made.

- (a) The Board had not settled its minimum internal audit program by agreement with the Auditor General, in terms of Section 13 (5) (d) of the Finance Act, No. 38 of 1971.
- (b) The internal audit had not given a sufficient concentration on financial audit during the year under review.



**5.4 Procurement Plan**

A Master Procurement Plan and a Procurement Time Table for the year under review had not been prepared by the Board according to the Guideline 4.2.1 and 4.2.2 of the Government Procurement Guidelines - 2006.

**5.5 Budgetary Controls**

Significant variations were observed between the budgeted and the actual figures, thus the budget had not been made use of as an effective instrument of management control.

**6. Systems and Controls**

Weaknesses in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Board from time to time. Special attention is needed in respect of the following areas of control.

(a) Control over Personnel Emoluments

The BOI had not taken proper approvals for staff allowances such as professional allowances, monthly transport allowances and Key Performance Payments etc.

(b) Collection of Dues from Enterprises

No proper and effective procedure had been followed by the Board to recover the outstanding balances from BOI approved enterprises.

(c) Accounting

Though the delegation of authority had been established by the Board for journal entries, it was observed that in some instances the limits of authority had been exceeded and journal entries had not been approved.

H.M. Gamini Wijesinghe  
Auditor General



**The Reply of the Report of the Auditor General on the  
Financial Statements of the Board of Investment of  
Sri Lanka (BOI) for the Year ended 31 December 2015  
in terms of Section 14(2) (c) of the Finance Act,  
No. 38 of 1971.**

**Report of the Auditor General on the Financial Statements of the Board of Investment (BOI) of Sri Lanka for the year ended 31 December 2015 in terms of Section 14(2)(c) of the Finance Act No. 38 of 1971**

**2.2 Comments on Financial Statements**

**2.2.1 Compliance with Sri Lanka Accounting Standards (LKAS)**

**(a) LKAS 07 – Cash Flow Statement**

The cash flow statements have been prepared in accordance with the LKAS 07. Details of the cash generated from operations were submitted to the government audit.

**(b) LKAS 16 – Property Plant and Equipment**

(i) Information with regard to the observation LKAS 16 is not sufficient to clarify.

(ii) Based on the opinion of the management and SJMS Associates, new policy was decided to define the structures as mentioned in the Report on Verification and Valuation of Fixed Assets (Structures – SJMS Associates).

Depreciation for the structure has been calculated based on the defined policy.

**(c) LKAS 19 – Employee Benefit**

Noted.

**2.2.2 Accounting Deficiencies**

(a) The amount of Rs. 17.5 Mn deposited with the Divisional Secretary, Kuliyaipitiya for acquisition of a land was shown under other debtors since the said deposit has to be recovered from the investor when the land is leased for the project.

(b) Although it is mentioned in the letter dated 14.09.2011 of Survey Department that a sum of Rs. 1,006,492/57 is to be returned from the Survey Department to BOI, in a subsequent letter received from Survey Department on 25.08.2014 it has been indicated that the amount due to BOI as Rs. 1,065,458/92.

The amount of Rs. 1,065,458/92 has been determined by adjusting the calculation in their letter dated 14.09.2011 after taking into account the following;

- Refund of a sum of Rs. 1,573,250/- on account of allocation made for Ampara District

- Deduction of other expenses incurred for BOI assignments

A sum of Rs. 702,139/30 out of Rs. 1,065,458/92 has been refunded by Survey Department on 06.05.2015 to BOI.

Therefore, the actual receivable balance should be indicated as Rs. 363,319/62 and the Finance Department has to be informed to amend records accordingly.

Also, a reminder dated 06.06.2016 was sent to the Survey Department requesting to settle the balance amount of Rs. 363,319/62 to BOI.

- (c) A Board Paper was submitted on 08.04.2016 to cover the outstanding payments to be made to the private company (the total outstanding amount is Rs. 1.5Mn).
- (d) Agree that there is a calculation error.
- (e) Invoice for balance of Land Premium payable by a private company has been issued in 2016. Now this is corrected.
- (f) Noted; this will be corrected.

#### 2.2.4 Un-reconciled Differences

- (a) Categorization error in depreciation for the year 2014 was identified between accumulated depreciation in investment property and building. This classification mistake was rectified and there was no financial impact to the Financial Statements.

	<b>Investment Property (Bldg)</b>	<b>Buildings</b>	<b>Net Effect</b>
Accumulated Depn. as at 31.12.2014 as per Financial Statements 2014	79,531,352.00	523,933,258.00	
Correct Accumulated Depn. that should have been as at 31.12.2014	78,690,568.00	524,774,042.00	
<b>Difference</b>	<b>840,784.00</b>	<b>(840,784.00)</b>	<b>-</b>

- (b) Categorization error in depreciation for the year 2014 was identified between accumulated depreciation in investment property and building. This classification mistake was rectified and no financial impact to the Financial Statements.

**Reconciliation of Accumulated Depreciation on Building & Investment Property**

	<b>Rs.</b>
Depreciation on Building – 2015 (as per note no.11)	88,624,174.00
Depreciation on Investment Property – 2015 (as per note no.12)	16,084,905.49 (Note 1)
<b>Total Depreciation on Building</b>	<b>104,709,079.49</b>
<u>Note 1</u>	
	<b>Rs.</b>
Accumulated Depreciation on Investment Property as at 01.01.2015	79,531,535.00
Categorization Error – 2014	(840,785.15)
Current Year Depreciation on Investment Property – 2015	16,084,905.49
<b>Accumulated Depreciation on Investment Property as at 31.12.2015</b>	<b>94,775,655.34</b>

(c) Noted.

**2.3 Accounts Receivable & Payable**

(a) Dues from Enterprises

(i) It is pertinent to note that average recovery rate of BOI is around 97%. Details are as follows;

	<b>Rs. Mn</b>
Total revenue of the BOI – 2015	4,408
Due less than one year	195
Average recovery percentage of 2015	96%
Total revenue of the BOI – 2014	4,239
Dues less than one year	62
Average recovery percentage of 2014	98%
<b>Average recovery percentage from total revenue</b>	<b>97%</b>

(ii) Legal action has been taken to recover the balance dues on office rent.

(iii) Land Premium - Rs. 11,027,869.58

Agreement in connection with above company relating to above mentioned land premium was terminated and cancelled. This amount is due on delayed payment of land premium and 100% impaired.

Land Premium - Rs. 1,927,888.20

100% impaired on the above delayed payment of land premium and actions have been taken to recover the dues.

(iv) Accounting Policy adopted by BOI for provision for impairment is to provide 100% for dues of cancelled, closed and suspended projects.

(v) Out of the total provision for impairment made in respect of annual fee, Rs. 178,779,359/- is provided in respect of annual fee due from cancelled, closed and suspended projects and Rs. 2,932,336/- is in respect of annual fee due for over two years.

(b) Other Debtors

(i) BOI had awarded the contract of auctioning houses at Wathupitiwala Export Processing Zone to an auctioneer. Selection of the auctioneer was made through the paper advertisement and subsequent decision of the Procurement Committee. The auction was completed successfully and the bidders who obtained houses had paid their advance money to the auctioneer. However, the auctioneer had failed to deposit that amount to the BOI.

The BOI had made efforts to get this amount of Rs. 1,604,200/- to the BOI and the Legal Department of the BOI had sent Letters of Demand to the auctioneer which were returned back as the business was closed and the owner had left the country.

On instructions of the Audit Committee, the officers of the BOI met the Director of the Fraud Investigation Bureau to check the possibility of filing a case against the auctioneer and it was observed that legal actions should be taken only on a solid legal background.

In the context of above, Audit Committee at its meeting held on 11.04.2016 instructed the Legal Department of BOI to obtain the opinion of the Attorney General.

(ii) Cash Shortage - Misappropriation of cash at Baron Jayathilake Mawatha Office of BOI had happened on 06.02.1995. The personnel who had involved in the misappropriation was dismissed on 04.05.1995. CID is handling this case at High Court under HC/12146/06. As per the information, the respondent is not appearing the court.

Stock Shortage - This will be adjusted from 2016 final accounts.

(iii) In compliance with SLFRS, 100% provision has been made for likely bad debts more than 2 years, as all efforts to recover these dues have failed. Further, provision for impairment as at the reporting date has reduced to 20% from 77% compared to the last year.



	2015	2014	2013	2012	2011
	Rs.	Rs.	Rs.	Rs.	Rs.
Other Debtors	166,989,315	145,502,248	131,274,290	66,891,763	61,204,152
Impairments	(33,049,931)	(111,709,320)	(120,257,749)	(61,204,152)	(7,688,630)
Percentage	20%	77%	91.6%	91.5%	12%

## (c) Irrecoverable Staff Loans

Action has been taken to recover several loan balances from the sureties concerned. Most of the loan balances are due to the interdiction of employees without pay and their disciplinary cases are still in progress. Based on the disciplinary orders whether they are reinstated or terminated, loan balances will be recovered from their salaries or their sureties in due course.

Vehicle loan balance of Rs. 255,000/- over 04 years being recovered from sureties.

Other loan balances amounting to Rs. 323,000/- over 04 years are due from one employee who is under interdiction.

Action will be taken to get Board approval in due course for writing-off the balance long outstanding loans of terminated employees where there are no ways for the recovery.

## (d) Payables

(i) Noted.

(ii) Retention money/refundable deposits pertaining to contracts which are recommended to be taken as income in the BOI accounts is given in **Annexure I**.

Retention money pertaining contracts which are in progress are given in **Annexure II**.

Retention money which have already been settled are given in **Annexure III**.

**2.4 Non-Compliance with Laws, Rules, Regulations & Management Decisions**

(a) Rs.150 Mn had been transferred to the treasury during the financial year.

(b) As per the settlement agreement which was signed between BOI and an enterprise, dues has been waived off.

(c) Senior Officers of the BOI are provided official mobile phones under the approved financial limits according to the positions they held. The Officers who are entitled for a mobile phone was pre-determined by the Board of Directors in the year 2003.

The Board of Directors was aware of the Public Administration Circular No. 02/99, where the Board decision was taken in the year 2003.

The Administration Department maintains a separate Register to record

information with regard to the mobile phones given to the officers of BOI. Date of Purchase, Name of the Officer, Type of the Phone, IMEI Number and the Price are recorded in this Register.

There were many Circulars issued by the Department of Public Enterprise for providing communication facilities to the officers of State Owned Enterprises. The restrictions imposed in the 02/99 Public Administration Circular was changed in the latter Circulars issued by the Department of Public Enterprises.

The BOI officers are provided mobile phones within the price limits approved by the Chairman and the price limits were decided by analyzing the communication needs of the BOI officers.

## 2.5 Unauthorized Transactions

- (a) Approval of the Board of Directors has been granted at its 217<sup>th</sup> meeting held on 13.09.1991 subject to the approval of Ministry of Policy Planning & Implementation.

Approval was granted by Mr. R Paskaralingam, Secretary, Ministry of Policy Planning & Implementation by letter No. E/5/GCEC/Misc dated 01<sup>st</sup> November 1991.

Mr. R. Paskaralingam was the Secretary to the Treasury (Ministry of Finance) too during the period 1989 to 1993.

- (b) Considering the attractive professional allowance schemes introduced by other several statutory organizations (e.g. Ceylon Electricity Board, Airport & Aviation Services), Board of Directors of the BOI at its 331<sup>st</sup> meeting held on 24.11.2015 has granted approval to increase the payment of professional allowance of the BOI.

- (c) Former Attendance Incentive Scheme which was approved by the Board of Directors on 06.11.1990 and by Her Excellency the President on 08.11.1996, has been replaced by the Key Performance Payment (KPP) Scheme which evaluates employee's punctuality, accomplishments and personal traits as per the COPE directives. Said KPP Scheme has been approved by the Board of Directors on 29.10.2013.

Approval for the Key Performance Scheme was requested from the Department of Public Enterprises by letter no. EC/12/EST/192 dated 03.06.2014.

- (d) Executive Director, who performed the duties as Head of Department had retired from the service on 01.06.2012 under the VRS. Therefore, the Director had to perform duties as the Head of Department during the period from 01.06.2012 to 30.06.2015 in addition to the duties in the substantive post. Accordingly, the particular officer had been shouldering various additional duties & responsibilities as the Head of Department without receiving any additional

payment. Therefore, Chairman has approved an allowance of Rs. 10,000/- per month for the additional duties & responsibilities during the period from 01.06.2012 to 30.06.2015.

- (e) The Chairman has given approval to pay a monthly allowance for the Lawyers in the BOI on the request made by the Executive Director (Legal) and Acting Director (Legal) based on the provisions of Intermeddlers with Suitors Ordinance No. 35 of 1917. However, this payment has been effected only in April 2015 and suspended on the instructions of the Chairman.
- (f) All loan schemes of the BOI were implemented from the inception with the approval of the Board of Directors and the said benefits are enjoyed by the employees to date.

Subsequently, the said loan schemes were included in the HR Policy Manual which was approved by the Board of Directors in year 2007.

HR Policy Manual of the BOI has been submitted for the approval of the Department of Public Enterprises.

### **3. Financial Review**

#### **3.1 Financial Results**

Noted.

#### **3.2 Analytical Financial Review**

Expenditure for legal & professional charges has been increased significantly compared to the preceding year as number of Court Cases and International Arbitrations have increased during the period.

### **4. Operating Review**

#### **4.1 Performance**

(a) & (b)(i, ii)

The proposed investment plan for the year 2015 was not completed due to the following reasons.

- Transition in the investment policy and the details of the concession and incentives to be offered to prospective investors were not clear and not confirmed (**Annexure IV**).
- Although the basic ground work was carried out for the suggested missions, the Promotion Department of BOI did not go ahead with certain programmes due to the above and the fact that we did not receive sufficient leads to organize effective investment promotion missions where the results can be justified and guaranteed.

BOI submitted overall BOI performances as per the action plan to achieve annual targets of Corporate Plan. With the changes of the government several structural charges were initiated and investment promotion activities such as outward missions were kept on hold as per the instruction of the Ministry in charge. This resulted in the reduction of the investment promotion expenses.

Further, there had been several interruptions to the incentive regime during the year 2015 as well, which had a serious impact on promoting and attracting investments. Regarding the progress of the BOI projects the performance report has already been submitted.

#### **4.2 Management Weaknesses**

- (a) A private company continues to work with the BOI to develop the new online systems, while at the same time maintaining the BOI website until the selection process for a website management company is finalized. This process has already been started and BOI has advertised to select a company to maintain and upgrade the website and four (04) parties have tendered for this contract. The selection process is underway.
- (b) Deputy Minister of Investment Promotion represented the BOI at the investment promotion programmes in Singapore (11<sup>th</sup> – 14<sup>th</sup> February 2015) and Mumbai, India (24<sup>th</sup> – 27<sup>th</sup> May 2015). Hence, the BOI met with the expenses of the Deputy Minister's visit as those were directly connected with the BOI investment promotion activities.
- (c)
  - (i) Every Tripartite Agreement entered into among the Investor Company, Bank and the BOI is being registered in the Seal Register and details of same are being listed and computerized. In addition the Legal Department maintains a Register.
  - (ii) There is no Board Decision taken on the ceiling/limitation on the value of mortgage facility despite several proposals. However, the maximum limit on land value/building value is specified by the Board/Chairman at his discretion at the time of granting approval to the investor company to obtain loan facility and accordingly incorporated in the Tripartite Agreement.
  - (iii) In terms of the Board Decision taken on 10<sup>th</sup> May 2006, the Board has decided to consider the right to mortgage leasehold rights in the BOI lands in Zones/Parks subject to the BOI's right to dispose of factory building/s to a prospective investor on a value determined by the Government Valuer. In the event, the bank could not dispose of the building/s within 06 months of termination of Agreement and BOI to dispose of movable property by public auction in order to obtain vacant possession of the factory building. Every Tripartite Agreement signed among the parties has a clause to give effect to the same.

The recovery process will have to be as per the terms and conditions stipulated in the Agreement. However, as the legal process is time consuming, Legal Department of BOI has taken all steps to act swiftly.

(d) Rubber Manufacturing Company in HEPZ

(i),(ii), (iii), & (iv)

As per the records available in the Legal Branch the Original Agreement bearing No. 798 dated 29<sup>th</sup> December, 2000 has been signed between the BOI and Merbok MDF Lanka (Pvt) Ltd.

In February 2005 Merbok has commenced ICC **International Court of Arbitration case No: 13705/ MS/JB/JEM** for the adjudication of dispute which arose under Clause 20 of the aforesaid Agreement re. Electricity Indemnification. The Arbitral Tribunal by majority decision held that the BOI was liable to pay the cost of electricity. Thereafter the BOI filed **High Court Case No: HC/ARB/1397/2007** to set aside the said Partial Award and the said order was set aside by the High Court of Colombo. Further the Merbok filed **HC/ARB/1585/2008** to enforce the said Partial Arbitral Award which was dismissed by the High Court. Thereafter Merbok filed two Special Leave to Appeal applications in 2012, bearing Nos. **SC. (HC) LA 55/2012 and SC. (HC) LA 56/2012** in the Supreme Court against the said High Court decisions.

Thereafter, on **28<sup>th</sup> July, 2015** a Settlement Agreement was signed between the parties with regard to 3 disputes and it was agreed not to further pursue any claims under the 1<sup>st</sup> dispute and waive its claims under the 2<sup>nd</sup> and 3<sup>rd</sup> disputes against the BOI and to conclude all pending litigation between the parties. Accordingly the Merbok MDF Lanka (Pvt) Ltd withdrew the appeals filed by them in the Supreme Court bearing Nos. 55/2012 and 56/2012, in respect of the Electricity Indemnification Clause.

The extent of land leased to the Merbok under the said Original Agreement was 537 acres. In terms of the said settlement Agreement Merbok agreed to accept a reduced extent of land offered by the BOI, containing in extent 357 Acres 2 Roods and 30.64 Perches and to carry out the Golf Course Project on that premises through a new Company. To give effect to the same an Agreement was executed with Merbok Resources Lanka (Pvt) Ltd on **28/07/2015**.

In respect of the aforesaid circumstances, in view of the advice given by the Attorney General's Department, all cases bearing Nos: **HC/ARB/1514/2008** filed by the BOI to set aside the Final Arbitral Award dated 25<sup>th</sup> April 2008 and **HC/ARB/1622/2008** filed by Merbok to enforce the said Award and **HC/ARB/2102A/2010** filed by BOI to set aside the Arbitral Award dated 16<sup>th</sup> December 2009 made in **ICC Case No. 14521/JB/JEM/MLK** (Consolidation of **ICC Case No. 14521/JB/JEM** filed by Merbok against BOI for suspension of BOI services and **ICC Case No. 15078/JEM** filed by Merbok for not releasing an extent

of 457 A out of 537 A of land by BOI from Perth Estate) and **HC/ARB/2414/2010** filed by Merbok to enforce the said Award were withdrawn by both parties on 28<sup>th</sup> March 2016.

(e) Perth Estate handed over to SLSPC for management

(i) Sri Lanka State Plantations Corporation has not submitted the audited financial statements of the Perth Estate for the period from January to August 2007 yet, although several requests were made by the BOI.

(ii) The correct amount receivable from SLSPC could be identified only on receipt of audited financial statements of the Perth Estate for the period from January to August 2007.

(iii) BOI takes all efforts to resolve this matter.

### 4.3 Operating Inefficiencies

#### 4.3.1 Operation of Export Processing Zones (EPZ), Industrial Parks (IP) and Regional Offices

(i) Following key factors directly contributed to incurring a continuous deficit at head office since year 2012;

- Part of annual fees income of head office was transferred to the zones / regional office under the decentralization programme in 2012 which directly affected the surplus of the head office.

Balance annual fee amounts remaining for head office after transferring to zones/regional offices in each year are as follows;

<b>Year</b>	<b>Amount (Rs.)</b>
2011	276,403,774/-
2012	153,704,143/-
2013	174,912,951/-
2014	184,821,046/-
2015	196,504,378/-

- Personal cost has increased by 50% compared to year 2011.
- Disallowed value added tax has been charged to the head office income statements from 2012 due to change of Value Added Tax Law. Thereby a 100% increase in disallowed value added tax from 2011 is recorded as given below;

<b>Year</b>	<b>Amount (Rs.)</b>
2011	-
2012	18,023,192/-
2013	103,545,120/-
2014	115,293,727/-
2015	83,255,799/-

Compared to other zones, Malwatte is a small industrial park operating with 06 industries located over 32 acres of industrial land. Therefore, the revenue generated from these 06 industries are not sufficient to meet the breakeven point due to low scale of operation. Expenditure analysis reveals that merely 50% of total operational cost is to meet the high operational cost which mainly includes high administration cost involving staff salaries and welfare expenses.

Further the commencement of the operation of the waste water treatment plant in the zone in year 2014 also incurred additional maintenance and operation costs which also contributed to the increased deficit.

Two reasons were identified for escalation of the deficit in Koggala Export Processing Zone (KgEPZ)

- Over the years up to 2015 the industrial lands in KgEPZ were heavily underutilized. Since the zone has been declared as one of the two zones to promote pharmaceutical and rubber industries in year 2015, almost all the remaining lands have been allocated to new industries, except the remaining marshy land extent of 09 acres. Therefore, the business volume that would be generated from the operation of these industries in future will generate additional revenue for the zone to reduce the losses.
- It is noted that over the years heavy recruitment of staff in the KgEPZ as well as several staff transfers to KgEPZ from other zones has severely burdens the financial position of the zone due to increase of personnel cost which is considered to be one of the main reasons to continue escalation of the deficit.

As explained, in the coming years hopefully the losses would be reduced.

From the year 2012 onwards, the total annual fee income of North Western Regional Office (NWRO) has been distributed within other zones (viz. Mawathagama EPZ and Polgahawela EPZ) as per a decision taken by the organization which is the main reason behind the excessive losses incurred in year 2014 and 2015.

- (ii) In the 08 zones the decreased surplus in the year 2015 compared to 2014 is due to combination of facts as given below.
- Salary increase of BOI staff (applicable to all zones)
  - Due to new capital development works (KEPZ / BEPZ)

It is noted that there is a general trend in 2015 in all nine (09) operating zones to reduce margin mainly due to staff salary increase during the year 2015. This has been the main factor for the reduction of surplus, where revenue has not been increased to set off the salary increase.

However it is pertinent to note that most of the Export Processing Zones (EPZs) have been created in less developed areas of the country particularly to enhance employment generation and regional growth, but not with the objective of purely to operate those as profit centers.

Accordingly, the Export Processing Zones (EPZZ), Industrial Parks (IPP) and Export Processing Parks (EPPP) have been established with the main objective of contributing to the economic development of the country. Depending on the locations of the zones, utilization of land, nature of infrastructure facilities provided and the depreciation vary. It is to be noted that all the zones are being managed by a team of officers who are responsible for the implementation of best practices, minimize losses and ensure a quality service to the investors and their employees. Although the surpluses before taxation have decreased in certain zones, zonal staff who carry out duties under the supervision of the Board, perform to their best possible levels minimizing losses.

#### **4.4 Transactions of Contentious Nature**

Those sponsorships were approved mainly by the Chairman and Board of Directors of BOI and were made to enhance the image of the BOI as the investment promotion agency in Sri Lanka.

#### **4.5 Idle and Underutilized Assets**

- (a) Maliduwakanda Estate at Keragala is being identified by the BOI to set up an Investment Zone. Different options such as Export Processing Zone, IT Park, Knowledge City or a combination of above are being explored.
- (b) Noted. Action has been initiated to utilize these funds.



#### 4.6 Identified Losses

- (i) ▪ A private company instituted Arbitration proceedings against BOI in November, 1998 claiming damages for the alleged termination of Agreement and alleged unlawful takeover of the factory premises.
- In August 2000, a settlement had been entered into between the private company and the BOI whereby BOI was to make a payment of Rs.23,855,535 as full and final settlement, which had been made by the BOI on an agreed instalment plan.
  - hereafter the private company had filed a case in the Commercial High Court to enforce a forged Arbitration award wherein the BOI was to make payment of Rs. 37,200,000 in addition to the Rs. 23,855,535 already paid by BOI.
  - Simultaneous to the pendency of Case No. HC/ARB/1254/2002 consequent to the complaint made by BOI to the CID, the Managing Director of the company was indicted in the High Court of Colombo for alleged commission of offences under Section 400, 454, and 459 of the Penal Code.
  - The order in the Case bearing No. HC/ARB/1254/2002 was pronounced in the Commercial High Court on 14<sup>th</sup> May 2012 in favour of the private company and ordering the BOI to make the payment stipulated in the forged Arbitral award together with legal interest accrued.
  - The BOI appealed the said Decision of the Commercial High Court to the Supreme Court re Appeal No. SC(HC)LA/58/2012.
  - However, on 24<sup>th</sup> October 2014, the Supreme Court dismissed the Appeal No. SC(HC)LA/58/2012 on the basis that the appeal was filed out of time by the BOI.
  - The judgment was pronounced in the Commercial High Court on 18<sup>th</sup> December, 2014 and on the same day the private company filed Writ Papers and execution of Writ was granted by the Commercial High Court and consequently, Rs.102,138,350 was seized from the BOI account at Bank of Ceylon (BOC).
- (ii) The absolute ownership and title of Perth Estate property situated in Kalutara has been sold, conveyed, and transferred to the Board of Investment on 09<sup>th</sup> December, 1999. The Perth Estate had been continued to manage and operate by Sri Lanka State Plantation Corporation under the Agreement No. 118 entered into on 04<sup>th</sup> May, 2000 between the BOI and Sri Lanka State Plantations Corporation. By letter dated 29<sup>th</sup> November, 2007, the Chairman of State Plantations Corporation had informed to interdict five Staff workers. Interdicted workers filed five cases bearing Nos. 18/K.T/124/08, 125/08, 126/08,127/08, 128/08 in Kalutara Labor Tribunal. The total amount of Rs.3,820,450/- had to be paid to the

workers and it should be divided among BOI and SLSPC jointly and severally as per the order delivered by Labour Tribunal. Therefore the Board has deposited a sum of Rs. 1,910,225/- as a security deposit in the account of Kalutara LT No. 18 bearing No. 100120804096 at the National Savings Bank.

#### **4.7 Resources Released / Given to Other Institutions**

##### **(a) Released of Employees to the Line Ministry**

Four employees were released to the line Ministry temporarily on the requests of the Secretary / Additional Secretary.

However, the management assistant has been recalled to the service in the Board on 08.02.2016.

##### **(b) Motor Vehicle Parking Passes**

The Ministry of Development Strategies & International Trade previously known as the Ministry of Investment Promotion assists the BOI to develop policies and its administrative functions. Therefore, the Ministry has established its offices in three (03) floors (levels 06, 25 & 27) owned by the BOI on a lease agreement.

Twelve (12) numbers of vehicle parking passes were given to the line Ministry on the request of the Secretary of the Ministry since it is the tenant of BOI and is entitled to get parking facilities for their vehicles, whereas the parking charge is covered by the lease rental.

#### **4.8 Human Resources Management**

##### **(a), (b) & (c)**

Vacancies in the approved cadre are filled on priority basis considering the importance of duties & responsibilities of the vacant positions following the proper recruitment procedures as per the Scheme of Recruitment.

Accordingly, twenty six (26) vacancies in the executive category and eight (08) vacancies in the Management Assistant (Technological) category have been filled up to June 2016. Filling of several other vacancies in executive category is in progress.

One Hundred & fifteen (115) employees in Junior Manager Category were promoted to Assistant Director Category as personal to them basis in April 2012, January 2014 & September 2015 under a special promotion scheme approved by the Board of Directors. Excess of Middle Level Managers created due to the above reason & on their exit, no Assistant Director posts will be filled other than their previous posts in Junior Manager Category.

Excess employees in the Management Assistant Category & Primary Level Category are mainly Casual employees who were recruited on short term

basis to be attended to essential day to day operations mainly in Export Processing Zones & Industrial Parks.

- (d) Several recruitments were made on contract basis for short period of time on the exigency of service with the approval of the Board of Directors/ Chairman/ Director General. Thirty three (33) contract employees were in the service as at 31.12.2015.
- (e) Succession planning is a process of identifying and developing potential internal employees to fill key positions on the exit of incumbent officers. Accordingly, every opportunity is granted for the career development of employees of the Board on an equal manner to strengthen them for the above purpose. When a vacancy is created, it is openly advertised making equal opportunity to compete the candidates enabling the management to select the best person for the vacant position.

#### **4.9 Legal Cases Commenced by and against the Board**

**Pl. Refer Annexure V.**

### **5. Accountability & Good Governance**

#### **5.1 Corporate Plan**

BOI Corporate Plan 2014 – 2016 contains specific targets with time frame (section 1.7 of the Corporate Plan).

#### **5.2 Action Plan**

Action has been formulated after benchmarking strategies and action plans of several global best performing Investment Promotion Agencies and considering the targets BOI has set forth. Being a service oriented organization, BOI is not in a position to quantify the outcome receive from each and every action stated in the action plan, but in totality BOI has set the targets and action plan to realize those targets.

#### **5.3 Internal Audit**

- (a) The internal audit programme of the following year is tabled at the last Audit Committee Meeting of each year for approval. Superintendent of the Government Audit, as the representative of the Auditor General participates in Audit Committee Meetings as an observer and receives a copy of the audit programme. Internal Audit Department of BOI always considers the comments/recommendations which are made at the Audit Committee Meetings and do the necessary amendments based on such comments to the annual audit programme if required.

During the past years, the Superintendent of the Government Audit has not made any comments and BOI has considered it as concurrence of the Government Audit to the internal audit programme. Accordingly, Internal Audit Department has adopted the programme which has been approved by the Audit Committee in the presence of the Superintendent of the Government Audit.

- (b) Main focus of the Internal Audit was on ensuring value addition of the BOI functions and improvement of its operations to accomplish the organizational objectives by evaluating the adequacy and effectiveness of internal controls and corporate governance.

For this purpose, the Internal Audit conducted periodic audits covering the entire organization to provide reasonable assurance of proper implementation of internal controls, adherence to policies, procedures and regulatory requirements with a view of minimizing the risk exposure of the organizational activities.

As per the Institute of Internal Auditors too the internal auditing is defined as *“an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes”*.

Accordingly, the internal audit focused more on the integrity of overall systems and controls of the organization which ultimately have financial implications if not functioned properly.

In contrary, according to the CIMA’s Management Accounting Official Terminology, the ‘external audit’ is defined as *‘a periodic examination of the books of account and records of an entity carried out by an independent third party (the auditor), to ensure that they have been properly maintained, are accurate and comply with established concepts, principles, accounting standards, legal requirements and give a true and fair view of the financial state of the entity’*.

Further, it is pertinent to note that the external auditor should have the major focus on financial audit as they have the responsibility to express an opinion on the financial statements as stipulated in section 13 (3) of the Finance Act No. 38 of 1971.

However, Internal Audit will take necessary action to increase the focus on financial audits in future as suggested by the Auditor General.

#### 5.4 Procurement Plan

Since a Forensic Audit was commenced in early 2015, granting approval for the Action Plan 2015 was delayed. Action Plan for capital budget 2015 was granted approval on 24.11.2015 and 22.12.2015. Since there was only two months left in the year 2015, no Procurement Plan was prepared for 2015 due to unavailability of adequate time.

The procurement activities related to purchase of minor capital items (IT related & office equipment and furniture items) required by the zones and other departments located at head-office are handled by the stores & supplies unit of Administration Department of the BOI.

The requests for purchase of above items are received time to time throughout the year from the Heads of respective departments. These requests are bundled together and procurements are done quarterly and BOI adopts the government procurement process for the same.

Since the requests for the items to be procured are received in the same year, it is not practical to prepare a forecast for the next year.

#### 5.5 Budgetary Controls

BOI has used Budgetary Control System as an effective management tool to achieve the annual budget.

### 6. Systems and Controls

#### (a) Control over Personnel Emoluments

Although it was stated that BOI had not taken proper approvals for staff allowances such as Professional, Monthly Transport, Key Performance Payment etc., approvals were obtained for the above allowances as follows;

- Professional Allowance  
Approval of the Board of Directors has been granted to the Professional Allowance Scheme at its 217<sup>th</sup> meeting held on 13.09.1991 subject to the approval of Ministry of Policy Planning & Implementation. Accordingly, Mr. R Paskaralingam, Secretary, Ministry of Policy Planning & Implementation has granted approval for the same by letter No. E/5/GCEC/Misc dated 01<sup>st</sup> November 1991. Mr. R Paskaralingam was the Secretary to the Treasury (Ministry of Finance) too during the period 1989 to 1993.
- Monthly Transport/ Attendance Incentive/ Key Performance Payment  
Monthly Transport Payment and Attendance Incentive Scheme were approved by the Board of Directors on 06.11.1990 and then by the Her Excellency the President on 08.11.1996. Former Attendance Incentive Scheme has been replaced by the Key Performance Payment (KPP) Scheme

as per the COPE directives. Said KPP Scheme has been approved by the Board of Directors on 29.10.2013 and approval for the same was requested from the Department of Public Enterprises by letter no. EC/12/EST/192 dated 03.06.2014.

(b) Collection of Dues from Enterprises

The Board invoices all enterprises by the 1<sup>st</sup> January each year for Ground Rent and Annual Fees. According to the agreements, the Annual Fees and Ground Rent are payable before 10<sup>th</sup> of January each year.

Every effort is made to collect dues from enterprises by dispatching reminders at regular intervals as follows;

- 1<sup>st</sup> Reminder is sent during the 1<sup>st</sup> week of February notifying suspension of services from 28<sup>th</sup> February if not settled by 28<sup>th</sup> February.
- Zone Officers are also informed giving the deadline for payment of Ground Rent and Annual Fees, as at 28<sup>th</sup> February.
- By 2<sup>nd</sup> March, Finance Department of the BOI informs the relevant departments to suspend all services given to enterprises which have defaulted payment.
- Dues outstanding as at end of every day is indicated in the MIS system enable Directors/Accountants/Managers at Zone/Regional Offices to follow on dues.
- 2<sup>nd</sup> Reminder is sent by 30<sup>th</sup> May.
- Commencing 2011, 3<sup>rd</sup> Reminder is sent by 1<sup>st</sup> week of September.
- Commencing 1<sup>st</sup> October 2007, interest is charged on delayed settlement of dues. Accordingly, interest is charged after 10<sup>th</sup> January of the year.
- A list of enterprises who have defaulted Annual Fee/Ground Rent in the preceding year is submitted to the Monitoring Department of the BOI for termination of Agreement.
- A statement of non-compliance/cancellation is sent by Monitoring Department before cancelling projects requesting for payment of dues.
- Legal Department is informed to take legal action to recover dues from cancelled projects.
- Commencing from 2012, Legal Department is informed to take legal action in respect of all defaulters irrespective of the status of enterprise. Before 2012, Letters of Demand were sent to the cancelled enterprises only.
- Commencing 2012, the Directors of Zone have been delegated authority to monitor the operations of the enterprises under their purview and take necessary action to improve debt recovery.

There is a procedure adopted by the Monitoring Department of BOI for collection of outstanding dues payable for the period prior to 2014 as follows;

- Enterprises are informed to settle outstanding BOI dues when sending following letters
  - Letters/reminders to enterprises requesting periodical information statements/audited financial statements etc.
  - Letters of “non-compliances” considering non-payment of BOI dues as a non-compliance of the conditions in the agreement.
- Action is taken to collect dues from enterprises prior to considering their requests for following
  - Requests for annual tax holiday certificates
  - Requests for termination of BOI agreements
  - Requests for disposal of machineries etc.

In case if the enterprises default, BOI does not accommodate such requests.

- Also, enterprises are insisted to settle BOI dues at the time of carrying out inspections to such companies.
- Legal Department is informed to take legal action in the event the enterprises do not settle dues.

Accordingly, Monitoring Department of BOI has collected due amounting Rs. 14,244,934/02 during the year 2015.

(c) Accounting

Delegation Authority has been established by Board for Journal Entries and it is being practiced.

## Annexure I

Location	Description	Contractor	Retention Money (Rs.)	Reason to Consider as an Income
Head Office	Installation of 4 nos. X ray Units	Segar Technologies	21,831.45	Not received a request to release retention money
BEPZ	a) Improvements to the Dump Yard	Shan Enterprises	15,300.00	Not received a request to release retention money
	b) Repairs to Gutters of Admin Building	Denon Engineers	42,142.50	-DO-
	c) Repairs to chain link fence	S D G Contractors	19,970.00	-DO-
	d) Supply & installation of a generator	Soar Technology	51,291.86	-DO-
	e) Construction of a stage & platform of Auditorium	Leema Enterprises	36,000.00	-DO-
	f) Painting of Canteen	W K A C Enterprises	5,180.00	-DO-
	g) Office partitioning of Medical Centre	S & C Aluminium Fab.	5,296.90	-DO-
	h) Office partitioning of Medical Centre	S & C Aluminium Fab.	3,282.50	-DO-
	i) Partitioning of Staff Lunch room	S & C Aluminium Fab.	3,885.00	-DO-
	j) Construction of a Chain link Fence	S D G Contractors	64,281.14	-DO-
	k) Construction of Internal Roads			-DO-



Location	Description	Contractor	Retention Money (Rs.)	Reason to Consider as an Income
	l) Sand Sealing – Block “B” m) Partitioning of Finance Division n) Patching up pot holes o) Sand sealing p) Supply & fixing of a roof gutter q) Fixing of new Board partition r) Painting of security Check point	Algama Enterprises Gihan Constructions Aluminium Fabrications Akurugoda GSB Algama Enterprises Biyagama East S Committee Aluminium Fabrications Biyagama West Gramiya Samurdhi Balakaya	10,950.00 67,822.00 4,517.97 19,273.40 292.33 1,900.00 4,881.97 3,900.00	-DO- -DO- -DO- -DO- -DO- -DO- -DO- -DO-
KGEPZ	Maganeguma RCCCC (BOI/SR/TS/KgEPZ/2013-09)	Maganeguma RCCCC	1,996,646.00	Not received a request to release retention money
MJEPZ	BOI/SR/TS/MIP/2011/04	Green Engineers	62,700.00	Not received a request to release retention money
KIP	a) Waste water disposal system b) Construction of perimeter fence to dump yard	National Water Supply & Drainage Board A M R Builders	90,000.00 5,976.00	Not received a request to release retention money -DO-

Location	Description	Contractor	Retention Money (Rs.)	Reason to Consider as an Income
	l) Sand Sealing – Block “B” m) Partitioning of Finance Division n) Patching up pot holes o) Sand sealing p) Supply & fixing of a roof gutter q) Fixing of new Board partition r) Painting of security Check point	Algama Enterprises Gihan Constructions Aluminium Fabrications Akurugoda GSB Algama Enterprises Biyagama East S Committee Aluminium Fabrications Biyagama West Gramiya Samurdhi Balakaya	10,950.00 67,822.00 4,517.97 19,273.40 292.33 1,900.00 4,881.97 3,900.00	-DO- -DO- -DO- -DO- -DO- -DO- -DO- -DO-
KGEPZ	Maganeguma RCCCC (BOI/SR/TS/KgEPZ/2013-09)	Maganeguma RCCCC	1,996,646.00	Not received a request to release retention money
MJEPZ	BOI/SR/TS/MIP/2011/04	Green Engineers	62,700.00	Not received a request to release retention money
KIP	a) Waste water disposal system b) Construction of perimeter fence to dump yard	National Water Supply & Drainage Board A M R Builders	90,000.00 5,976.00	Not received a request to release retention money -DO-

Location	Description	Contractor	Retention Money (Rs.)	Reason to Consider as an Income
MEPZ	a) Construction of 05 nos shoe drains on jeep track (BOI/TS/MEPZ/2004/28) b) Modification of entrance building to Block "A" (BOI/TS/MEPZ/2004/28)	Delwala South Gramiya Samurdhi Balakaya  Henegama Gramiya Samurdhi Balakaya	4,392.13  15,602.63	Not received a request to release retention money  -DO-
HEPZ	a) Construction of Intake Well & Sludge Drying Beds (BOI/TS/2003/52) b) Supply & installation of package waste water treatment plant (BOI/TS/HEPZ/2000/01)  c) Construction of security observation point (BOI/TS/HEPZ/2006/18)  d) Laying of pipe line at PS point, installation of pumps for connecting dug wells to the WSS at HEPZ (BOI/TS/HEPZ/2006/15)  e) Supply, installation and commissioning of a bore hole pump for well no. BH 10 & supply of bore hole pump	Navoda Engineering (Pvt) Ltd Ecologic Systems (Pvt) Ltd  Weerakkody Industries  Ingiriya Uthura Samurdhi Balakaya  Dimo (Pvt) Ltd  Gamini Construction	237,949.85 831,127.43  15,675.00  27,137.00  33,755.00  480,848.00	Not received a request to release retention money Not received a request to release retention money  -DO-  -DO-  -DO-  -DO-

Location	Description	Contractor	Retention Money (Rs.)	Reason to Consider as an Income
	f) Construction of storm water drain along RHS of p4-p4a road (BOI/TS/HEPZ/2011/13/01.017)			
WEPZ	Supply & Installation of a Treatment Plant (BOI/TS/HEPZ/2000/01)	Ecologic Systems (Pvt) Ltd	1,802,153.21	Since there is no communication from the contractor regarding payments, it will be recommended to absorb in to BOI accounts.

## Annexure II

Location	Description	Contractor	Retention Money (Rs.)	Remarks
Head Office	a) Supply of Medical equipment	Analytical Instruments PLC	19,841.58	Awaiting recommendations from Health Authorities to release the retention money
	b) Kandy City Center	Property Investment Finance	1,649,551.97	Arrangements are being made to release the retention money
	c) Construction of a Building at Hiriyala	National Research & Development Centre (NERD) Engineering	1,332,882.00	Awaiting the decision of Audit Committee of NERD centre regarding balance amount to be released

## Annexure III

Location	Description	Contractor	Retention Money (Rs.)	Remarks
KGEPZ	Rectification Work of Pavilion (BOI/TS/KGEPZ/2009/07)		22,589.31	As per the accounts maintained at the zone, the retention money has already been settled
MWEPZ	Supply, Delivery and installation of Electrical Submersible pump set (BOI/NWRO/MWEPZ/2010/RB/01)	Mech Pumps (Pvt) Ltd	29,241.40	As per the accounts maintained at the zone, the retention money has already been settled

Annexure IV (29)



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 அமைச்சர் உதவியுடன் உலகளாவிய வர்த்தக அமைச்சர்  
 MINISTER OF DEVELOPMENT STRATEGIES & INTERNATIONAL TRADE

05 OCT 2015  
 මහලක්ෂ්‍ය මධ්‍යම කුරුම, ලෝක වෙළඳ මධ්‍යස්ථානය, මහලක්ෂ්‍ය 01, ශ්‍රී ලංකාව  
 of සේ. කොට්ඨාස, මහලක්ෂ්‍ය කොට්ඨාස, මහලක්ෂ්‍ය 01, ශ්‍රී ලංකාව  
 Level 6, West Tower, World Trade Centre, Colombo-01, Sri Lanka

MOB: 011/237629  
 O.I.S.L.  
 MOB: 011/237629  
 Your No.

Date  
 01.10.2015

CHAIRMAN'S OFFICE  
 05 OCT 2015  
 BOARD OF INVESTMENT OF SRI LANKA

/Chairman  
 Board of Investment Sri Lanka  
 Chairman  
 Export Development Board

Organizing Investor Forums/Trade Fairs

The government is in the process of formulation of investment and international trade strategy and a plan. BOI and EDB being the main corporate bodies under this ministry mandated with investment promotion and international trade need to fully align their tasks with the overall government strategy.

Therefore, I kindly request you not to initiate any new investment forums or trade fairs until the overall strategy /plan is finalized to ensure that government's objectives in this regard are strategically met.

Further to this, I would like to annex the Cabinet decision on "Minimizing Waste in the use of Public Funds" dated 16.09.2015

Your cooperation in this regard is highly appreciated.

*Chandanie Wijayawardhana*  
 Chandanie Wijayawardhana  
 Secretary

Secretary 011-237629

Fax 011-237617

E-mail info@modat.gov.lk



ජනාධිපති කාර්යාලය  
சனாதிபதி அலுவலகம்  
PRESIDENTIAL SECRETARIAT



මගේ අංකය : පීඑස්ඒ/9/1/3(෦)

2015 ඔක්තෝබර් මස 01 වන දින

සියලුම හරු ආණ්ඩුකාරවරුන්,  
සියලුම අමාත්‍යාංශ ලේකම්වරුන් වෙත,

රජයේ අරමුදල් භාවිතයේදී සිදුවන නාස්තිය අවම කිරීම

රජයේ අරමුදල් වැයකිරීමේදී අරක්කුකරණයක් සිදුවන බවට සැකයක් ඇතිව සිටින සියලුම රජයේ වැයකරුවන් පුද්ගලිකව සාකච්ඡා කිරීමට හරු අමාත්‍යාංශවල විසින් කරන ලද සෙවණවල පිළිබඳව සාකච්ඡා කිරීමෙන් පසුව, 2015 ජූනි 16 දින පැවැත්වූ මහජන මණ්ඩලය රැස්වීමේදී පවතින සඳහන් තීරණ ගෙන ඇත.

(අ) හරු අමාත්‍යවරුන්, පළාත් අමාත්‍යවරුන්, රාජ්‍ය අමාත්‍යවරුන්, නියෝජ්‍ය අමාත්‍යවරුන්, සාර්වමත්තු ජනාධිපතිවරුන්, සෞඛ්‍ය සියලුම මහජන නියෝජිතයින්, රාජ්‍ය නිලධාරීන්, පළාත් රාජ්‍ය නිලධාරීන්, ආරක්ෂක හමුදාවන්, රාජ්‍ය සේවා/ ව්‍යවස්ථාපිත මණ්ඩල/අධිකාරි-භාරජයට අයත් සමාගම් ආදියේ නිලධාරීන් විසින් කරනු ලබන විදේශ-සංචාර භාණ්ඩාගාර දුරට සීමා කළ යුතුය.

(ආ) ඉහත සඳහන් කැණුම්කරු විසින් අනවසරයෙන් සිදුකරනු ලබන විදේශ සංචාරවල නියැලීමේදී අදාළ නිලධාරීන් සඳහා අවශ්‍යයෙන්ම සහකාරී විධායක කැණුම්කරු පමණක් නියෝජිත කණ්ඩායමට ඇතුළත් කර ගත යුතුය.

(ඇ) පරිවාර වහන සහ ආරක්ෂකයන්ගේ සේවය ලබාදී ඇති පුද්ගලව සහ ඉහත (අ) හි සඳහන් කැණුම්කරු/නිලධාරීන්ට වර්තමානයේ පැවැතිදු ලබන ආරක්ෂාව පිළිබඳව කරනු ලබන දැනුම්දීමක් අනුව, කමන්ඩ් සලසා දී ඇති ආරක්ෂක නිලධාරීන් සහ රාජ්‍ය සංවිධාන භාණ්ඩාගාර දුරට අඩුකිරීමට ඔවුන් විසින් උත්සාහ ගත යුතුය.

මෙම මාර්ගෝපදේශ 19 වන ආණ්ඩුක්‍රම ව්‍යවස්ථාවෙන් සංශෝධිත ශ්‍රී ලංකා ප්‍රජාතන්ත්‍රවාදී සමාජවාදී ජනරජයේ ආණ්ඩුක්‍රම ව්‍යවස්ථාවේ 170 වන ව්‍යවස්ථාවේ සඳහන් සියලුම නිලධාරීන් විසින්ද රජයේ අනුමත කරන ලද සහ සාධනීය ලෙසින් දැන්වීම්.

*[Signature]*  
සී.පී. අනේකන්ත  
ජනාධිපති ලේකම්

පිටපත් :

1. අමාත්‍යාංශ ලේකම්
2. අමාත්‍ය මණ්ඩල ලේකම්
3. විගණකාධිපති

මහල, මිලිනාරා, පහරගම 01 කොළඹ 01 Galle Face - Colombo 01	දුරකථන සංචාරක Telephones	++ 94 (0) 11 2254418 ++ 94 (0) 11 2473873	ෆැක්ස් Fax	++ 94 11 2476257	e-mail pressec@presidentoffice.lk
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*Cabinet Meeting held on 2015-09-16*

**Other Business:**

**Minimizing Waste in the use of Public Funds** - Hon. Prime Minister proposed that the Government should demonstrate its commitment for frugality in spending public funds. After discussion, it was decided -

- (a) that, foreign travel to be undertaken by Cabinet Ministers, State Ministers, Deputy Ministers, all other elected Representatives and Public Officers should be restricted as much as possible;
- (b) that, when undertaking foreign travel of essential nature by those referred to above, it is absolutely necessary to restrict the members of the delegation, only to those whose participation is essential at such events;
- (c) that, after an assessment is made of the present day needs, the dignitaries and others referred to at (a) above, who have been provided with security escort, should endeavour to reduce the use of the security staff and vehicles to a bare minimum;
- (d) that, Provincial Authorities should be requested to comply with all the above guidelines which should also be made applicable to the Security Forces, State Owned Enterprises, Statutory Boards and Government Owned Companies as well; and
- (e) to inform the Secretary to the President to communicate the above guidelines to Hon. Governors of Provinces and to issue Circular Instructions to all concerned, relating to the matters referred to at (a), (b), (c) and (d) above.

Contd. 2

## Annexure V

**PENDING LITIGATIONS AS AT 31.12.2015**

SR/ NO	CASE NO.	PARTIES	COMPENSATION AMOUNT (RS.)
1	S.C. (F/R) 289/2014	Tokyo Super Cement Company Lanka (Pvt) Ltd -vs- Sri Lanka Ports Authority & Holicim (Lanka) Ltd, BOI & 56 Others	No Compensation.
2	S.C. (F/R) 102/2011	C.G.V Antony & Sons (Pvt) Ltd -vs- BOI & 04 Others	No Compensation.
3	S.C. Appeal 53/2012	Joint Liquidators of Bonaventure Textiles (Lanka) Ltd -vs- BOI	Rs. 36,385,186.20 and any other costs granted by Court.
4	S.C. Appeal 54/2012	Joint Liquidators of Bonaventure Apparels Lanka (Pvt) Ltd -vs- BOI	Rs.46, 790,396.67 and any other costs granted by Court.
5	S.C. (SPL) LA 177/14	Vignan Educational Foundation (Pvt) Ltd & 01 Other -vs- BOI & 01 Other	Costs as may be determined by the Court.
6	S.C. (F/R) 151/2015	Ceylon Fisher-Folk Trade Union & 01 Other -vs- B O I & 09 Others	No Compensation.
7	S.C. (F/R) 265-274 & 346-348/11 (13 Cases)	H.M.M. Sampath Kumara & 12 Others -vs- OIC, Police Station, Katunayake & 07 Others	No Compensation.
8	C.A. (Writ) 366/2010	South West Apparel (Pvt) Ltd -vs- Director (I/R) - BOI & 600 Others	No Compensation.
9	C.A. (Writ) 307/2008	MTV Channel (Pvt) Ltd -vs- Director General of Customs & 03 Others	No Compensation.
10	C.A. (Writ) 385/2013	Centre for Environmental Justice (Guarantee) Ltd & 01 Other -vs- Central Environmental Authority & 02 Others	No Compensation.
11	H.C. 3505/06	Case filed by Criminal Investigation Department against Ranjith Amarasinghe. [Chairman/Managing Director, M/s Million Garments (Pvt) Ltd]	No Compensation.
12	H.C. 3127/06	Case filed by Criminal Investigation Department against Ranjith Amarasinghe. [Chairman/Managing Director, M/s Million Garments (Pvt) Ltd]	No Compensation.
13	H.C. (ARB) 1254/2002	Million Garments (Pvt) Ltd -vs- B O I	Rs.102 Mn. and any other costs granted by Court.

SR/ NO	CASE NO.	PARTIES	COMPENSATION AMOUNT (RS.)
14	H.C. (Civil) 36/2012/CO	Mac Supply Chain Solutions (Pvt) Ltd (Petitioner) <u>and now</u> Lincon Chandrasoma Piyasena (Re-Liquidator of Capital Consolidated Lanka (Pvt) Ltd.) -vs- Star Clothing International (Pvt) Ltd & 2 Others	No Compensation.
15	H.C. (Civil) 49/2011/CO	Propack Shreiner (Pvt) Ltd -vs- Haikawa Industries (Pvt) Ltd	Rs. 9,071,282.83 to BOI.
16	H.C. ALT 40/2014	L.H.W Kumara & K.A.A Hemapala -vs- BOI	Compensation as may be granted by the Court.
17	D.C. Colombo 00065/2015 DSP	Crown City Developers (Pvt) Ltd -vs- B O I	No Compensation.
18	D.C. Gampaha 2165/L	M.M.M. Smyle -vs- BOI	Ownership of the Land.
19	L.T. Colombo 13/52/2013	R.A Dharmadasa -vs- BOI	For compensation in sum equivalent to 14 years salary and perks in lieu of reinstatement; for reasonable compensation for the loss of career development and promotions and the attendant salary increase and other benefits.
20	Arbitration	Vehicles Lanka (Pvt) Ltd -vs- BOI	No Compensation.
21	Arbitration	Lanka Orix Information Technology Services Ltd. -VS- BOI	There is no Claim for damages. To grant a that the Claimant is entitled to tax relief; Costs as may be determined by the Arbitrator.
22	Arbitration	Crown City Developers (Pvt) Ltd -vs- B O I	No Compensation.
23	ICC Arbitration 18656/CYK	Sevanagala Sugar Industries Ltd -vs- BOI	Initial Claim was Rs. 14,000,000,000/- reduced to 4,000,000,000/-.
24	ICC Arbitration 20856/CYK	Avocadia Ceylon (Pvt) Ltd -vs- B O I	Total Investment of US \$ 184,410/- and other charges includes the payments made by the Claimant to BOI; Costs for constructions and improvements made to the land, costs for Arbitration and Air Fare.
25	LCIA Arbitration No. 163250	Housing & Construction Lanka (Pvt) Ltd -Vs- B O I	Rs. 6,949,153,023/-
26	HRC 818/14 I-23	Detailed report requested by Human Rights Commission of Sri Lanka on 28/11/2014 regarding Article published in "RAVAYA" on 23/11/2014	No Compensation.

SR/ NO	CASE NO.	PARTIES	COMPENSATION AMOUNT (RS.)
27	HRC 1903/15	Sri Lanka Gateway Industries (Pvt) Ltd -vs- B O I	No Compensation.
28	HRC 1875/15	K.R.P GRERO -VS- CHAIRMAN (BOI) & DIRECTOR "HR" (BOI)	No Compensation.
29	HRC 2328/15	N..K.D Priyantha -VS- BOI	No Compensation.
30	HRC 3188/15	A.S Subasinghe -VS- Chairman (BOI) & Director "HR" (BOI)	No Compensation.
31	D.C. Colombo DMR 02244/2015	Stirling Group Lanka (Pvt) Ltd	Rs. 18,285,800.00 and any other costs granted by Court.
32	C.A (Writ) 420/2015	Shane Dullewe -VS- B O I & 02 Others	No Compensation.
33	C.A (Writ) 444/2015	U.T.M.T Resort (Pvt) Ltd -VS- B O I	No Compensation.
34	C.A (Writ) 465/2015	Edna Cocoa Products (Pvt) Ltd -VS- B O I & 02 Others	No Compensation.
35	S.C (F/R) 455/2015	S.Y. Nawaratne -VS- B O I & 09 Others	Rs. 10,000,000/- as damages/compensation or any other sum as Court may determine just and reasonable.
36	C.A (Writ) 455/2015	Upali Ananda Gunasinghe -VS- B O I & 06 Others	No Compensation.
37	C.A (Writ) 487/2015	T.R. Ratnasiri -VS- B O I & 08 Others	No Compensation.
38	C.A (Writ) 469/2015	H.V.A. Farms (Pvt) Ltd -VS- B O I & 08 Others	No Compensation.
39	S.C. Appeal 31/09 & 35-78/09 (45 Cases)	BOI -vs- Chandana Karunathilake & 44 Others	_____
40	D.C. Colombo DMR 01255/13	BOI -vs- Global Hua Khiew Developments (Pvt) Ltd	Rs. 1,966,500.00 to BOI.
41	D.C. Colombo DMR 01262/13	BOI -vs- Upasena Property Development (Pvt) Ltd	Rs. 626,750.20 to BOI.
42	C.A (Writ) 488/2015	B O I -VS- Conservator of Forests & 25 Others	No Compensation.
43	High Court Kalutara Case Nos. l'ú'i' wNs 39 & 40/16	B O I & Sri Lanka State Plantations Corporation -VS- M. Anura & 04 Others	Rs. 1,910,225.00

## Directory of BOI Offices

### Head Office (WTC Office)

Level 05, 08, 09, 19, 24, 25 & 26  
West Tower, WTC  
Echelon Square, Colombo 01.  
Tel : 011-2434403-5, 2435027, 2447531  
2385972-6, 2346131-3  
Fax : 011-2447995, 2329795, 2430512, 2422407  
E-mail : infoboi@boi.lk

### Katunayake Export Processing Zone

Katunayake, Sri Lanka  
Tel : (+9411) 2252364-5, 2252140, 2252038,  
4833737, 4833741, 4833774, 4833779,  
4833817, 4833819  
Fax : (+9411) 2253207  
E-mail : kepz@boi.lk

### Biyagama Export Processing Zone

Walgama, Malwana, Sri Lanka  
Tel : (+9411) 2465206 – 09  
Fax : (+9411) 2465227  
E-mail : bpz@boi.lk

### Horana Export Processing Zone

Boralugoda, Poruwadanda, Sri Lanka  
Tel : (+9434) 2269296, 2269752, 2258077  
Fax : (+9434) 2255687, 2258029  
E-mail : hepz@boi.lk

### Mirigama Export Processing Zone

Mahayayawaththa, Loluwagoda, Mirigama,  
Sri Lanka  
Tel : (+9433) 2274657, 2276626, 2276393  
Fax : (+9433) 2274657, 2276393  
E-mail : mepz@boi.lk

### Wathupitiwala Export Processing Zone

Wathupitiwala, Sri Lanka  
Tel : 033-2281604, 033-2281381  
Fax : 033-2282364  
E-mail : wepz@boi.lk

### Malwatta Export Processing Park

Thihariya, Nittambuwa, Sri Lanka  
Tel : (+9433) 2288826, 2296166, 2296620  
Fax : (+9433) 2288826  
E-mail : mepp@boi.lk

### Seethawaka Export Processing Zone

Awissawella, Sri Lanka  
Tel : (+9436) 2231082  
Fax : (+9436) 2231083  
E-mail : sip@boi.lk

### Southern Regional Office

Koggala Export Processing Zone,  
Koggala, Habaraduwa  
Tel : 091-2283425  
Fax : 091-2283370  
E-mail :

### Central Regional Office

Kandy Industrial park, Kengalle, Sri Lanka  
Tel : (+9481) 2420019, 2420025, 2423992, 2423994  
Fax : (+9481) 2420091, 2423995  
E-mail : kip@boi.lk

### North Western Regional Office

Mas Fabric Park, Kurunegala Road, Thulhiriya.  
Tel : 037-2277037 , 037-2277038  
Fax : 037-2277036  
E-mail : nwro@boi.lk

### Polgahawela Export Processing Zone

Kegalle Road, Polgahawela, Sri Lanka  
Tel : (+9437) 2244657 / 41526  
Fax : (+9437) 2244657  
E-mail : pwepz@boi.lk

### Mawathagama Export Processing Zone

Dynevora Estate, Kandy Road, Mawathagama, Sri Lanka.  
Tel : (+9437) 2298147  
Fax : (+9437) 2296041  
E-mail : mwepz@boi.lk

### Central Verification Terminal

Ceylon Shipping Lines Yard  
No 70, Avissawella Road, Orugodawatte  
Tel : 011-2547485, 4411591, 4978969  
Fax : 011-2547485, 4411592 026-2233002

### Air Cargo Verification Unit

Bandaranayake International Airport  
Katunayake  
Tel : 011-2252155, 4833834, 2265183  
Fax : 011-2252155

### BOI Special Economic Zone

Prima Factory Road, China Bay, Trincomalee  
Tel : 026-2233003  
Fax : 026-2233002

### BOI Mirijjawila Industrial Park

Mirijjawila, Hambantota  
Tel : 047-2221596

### Hambanthota Regional Office

Room No. 302, Administrative Complex,  
Ruhunu-Magampura, Siribopura,  
Hambanthota, Sri Lanka.  
Tel : (+9447) 2256800  
Fax : (+9447) 2256800

### Jaffna Regional Office

NHDA Building, Chundukuli, Jaffna  
Tel : 021-2221336, 021-2222130  
Fax : 021-2221336



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