ශ්‍රී ලංකා ඉන්ස්ටිටියුට් ඔෆ් බයෝ ටෙක්නොලොජී
Sri Lanka Institute of Biotechnology
ஸ்ரீ லங்கா இன்ஸ்டிடியுட் ஒப் பயோடெக்னொலஜி

2021

වාර්ෂික වාර්තාව

Annual Report

ஆண்டு அறிக்கக

Sri Lanka Institute of Biotechnology Pvt Ltd (SLIBTEC)
Phase I Building
Mahenwatte, Thalagala Road, Pitipana
Homagama
10206
Sri Lanka
https://slibtec.gov.lk/
info@slibtec.gov.lk/slibtec@gmail.com
+94 11 343 1844

CONTENTS

Our growing performance in the biotech landscape

13.2 Ac
Park

48,865 sqft
Research

Environmental Clearance

Establishing laboratories for R&I, services and contract research

PREAMBLE

New biotechnological capabilities have the potential to bring sweeping changes to economies and societies. The effects will be felt across value chains, from how R&I is conducted to the physical inputs in manufacturing to the way medicines and consumer products are delivered and consumed.

Human health is one of the most important domains where biotechnology advances are being applied. Biotechnology is already helping save lives through innovative treatments tailored to our genomes and microbiomes. In the future, it is estimated that almost half of the global disease burden could be addressed through biotechnological applications that are scientifically conceivable today.

A confluence of advances in biotechnology—decades in the making—with the accelerating development of computing, automation, and artificial intelligence (AI), is fueling a new wave of innovation that could have significant impact on economies and societies, from health and agriculture to consumer goods and energy. These new capabilities and applications are already improving our response to global challenges from climate change to pandemics; the most recent example being the introduction of repertoire of biotech-based products in response to COVID-19 pandemic.

In this context, Sri Lanka is a relatively unexplored territory with a rich biodiversity and a proficient human resource pool. With this high potential and scope for commercial applications, the establishment of biotechnology industries need more state patronage to make it sustainable. The private sector in Sri Lanka is yet to play an important role in contributing to the economic development through biotechnology innovations. Thus, adopting policies that promote investments in biotechnology industries (ease of establishment regulations, tax concessions for biotech industries etc.) and along with changing the current regulatory landscape to facilitate a fast-track approval process for biopharmaceuticals and diagnostics will certainly be an imperative for Sri Lanka.

With the aim of stepping in to the global market, that would bring revenue to Sri Lanka along with opportunities to harness the maximum from our highly skilled pool of human resources graduated from state and

private universities and most importantly to establish a research and development landscape that could lead to breakthrough discoveries and innovations, Sri Lanka Institute of Biotechnology (SLIBTEC) was established as a fully government owned multidisciplinary research and development entity, incorporated under the Ministry of Technology. With the prime objective of establishing a high-end biotech product development ecosystem together with increased exports, SLIBTEC is focusing to invest on diverse areas in order to provide biotech related solutions to contemporary and future nationally and globally important aspects.

SLIBTEC comprises of two components, SLIBTEC Research, a state-of-the-art multidisciplinary research facility; and SLIBTEC Park, to facilitate the manufacture of high-end biotech products within a one-stop-shop for regulatory support. SLIBTEC will also expand its capacity as a Regional Research Centre for the International Centre for Genetic Engineering and Biotechnology (ICGEB) having unique facilities within the institute. Combining innovation, development, and production ends together and continued adoption of cutting-edge technologies will enable SLIBTEC to build a novel innovative eco-system in Sri Lanka while uplifting all the relevant sectors with essential facilities for biotech-based manufacturing and start-up operations.

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the first Annual Report and Audited Financial Statements of the Sri Lanka Institute of Biotechnology Pvt Ltd, documenting in detail the performance of the company for the financial year ending 31st December 2021.

At the outset, let me express what I believe are some sentiments widely held by many in our society that year 2021 was another year of extraordinary global turbulence, with recovery from COVID-19 a mixed picture across the globe. Many of our colleagues on the board and staff members were adversely impacted in their personal or work lives. Throughout this period, our SLIBTEC team– led by our Chief Operating Officer Amali Ranasinghe and her team – have continued to focus on developing SLIBTEC as an institution. The spirit SLIBTEC team have shown throughout, despite the often-difficult circumstances, has been exemplary and I am extremely proud of.

Biotechnology is recognized as one of the most economically viable and technically feasible technology that can be used for industrial, agricultural and industrial needs. SLIBTEC aims to promote research and innovation in biotechnology sector with the intention of transforming research outputs into products and services relating to medicine, industry, agriculture and environment and support a start-up culture to facilitate incubation.

I take pleasure in being part of SLIBTEC Pvt Ltd and placing Sri Lanka on the world map, witnessing its growth into a leading biotechnology research and innovation enterprise, accelerating the commercialization of new technologies, nurturing and maintaining emerging ventures and assisting new enterprises to forge appropriate linkages with other biotechnology stakeholders such as academia both local and international.

Our team consisting of highly specialized professionals and other experts take personal pride in every achievement resulting in innovation and providing value with a capacity of handling several biotechnology projects simultaneously.

We stand committed and focused in achieving our objectives.

Anuradha Kumarasiri
Chairman

CHIEF OPERATING OFFICER'S REVIEW

Unlike most industrial sectors, at this extraordinary challenging time of COVID-19 pandemic, the biotech sector has managed to secure and strengthen the investor confidence, owing to the countless potential and contributions made by the biotech industry for the well-being of mankind. This reinforced the already widespread perception that there is a revolutionary wave in biotech related sciences, and the possibilities opening up as a result, for new therapies. Private investments and innovations make a major contribution to productivity improvements, inclusive and sustainable economic growth and employment creation at Sri Lanka Institute of Biotechnology (SLIBTEC) to foster innovation and enable Sri Lanka to deliver sustainable economic growth.

The primary purpose of SLIBTEC is to provide external stakeholders to establish their facilities for biotech research, innovation and manufacturing while internally supporting on an enhanced regulatory climate which will be industry friendly. While ensuring the importance of technology on healthcare, food and agriculture, environment and industry, it has also paved the way towards expanding research capabilities and technology innovation at national and global atmosphere.

The financing environment for biotechnology has remained strong during the past 2-3 years globally. The sector enjoyed a sentiment boost as many companies in the biopharmaceutical industry began devoting significant resources on developing therapeutics and vaccines for the corona virus. Some of the important areas of emerging biotech in the medical filed include developing antibody drug conjugates, biotherapeutics for treatment of inflammatory diseases, CRISPR based therapeutics of gene editing technology and developing novel treatment for autoimmune diseases and cancer.

Further, rapid embrace of agribiotech applications is employed in gene editing, molecular level breeding for fast crop improvement, addressing enhance nutritional crops and in adoption of tools to advance precision agriculture.

The potential of industrial biotechnology is immense and some to be highlighted as enzymes used in the industrial and scientific arena, food preservation by plant based antimicrobial candidates to naturally preserve food and animal feed, precision fermentation for alternative proteins, green mining to replace chemical extractions through microorganisms, bioactive ingredients for cosmetics and bioactive natural products.

We are in the process of building a biotechnology innovation ecosystem in Pitipana, Homagama. We continue to participate in the rise of biotechnology innovation in Sri Lanka while attracting investors to SLIBTEC Park. Innovation remains strong across the biotechnology sector and will continue to be the ultimate driver for sector performance. We continue to believe we have a competitive advantage insourcing attractive investments in the region given strength of our research team at SLIBTEC. As the biotechnology investments have expanded universally, SLIBTEC continues to hire subject specialists while believing that scientific expertise is critical for investing successfully in the biotechnology sector during a volatile market environment. We continue to believe that the rapid convergence of biotechnology provides significant opportunity for SLIBTEC.

Operating responsibly is a core factor to SLIBTEC. I strongly believe SLIBTEC should be a company where people can thrive. Creating the right culture to do this and to deliver our first product and performance aspiration is a priority for my team and I. We are focused on being a place where ambition for new products and accountability for impact are righteously being continued.

SLIBTEC team is the reason behind the success of SLIBTEC and will be successful in years to come. I want to thank them for all they have achieved in 2021 and the momentum they are delivering. I am excited as 2022 would be a landmark year for SLIBTEC as most of our success is uncounted in time to come.

Amali Ranasinghe
Chief Operating Officer

OUR STRATEGY

Vision

Be the driving force for an innovation led bio-economy in Sri Lanka while being an internationally preferred destination for biotechnology

Mission

Create a state-of-the-art biotech innovation ecosystem in one physical location while working synergistically with other hi-tech sectors towards increasing novel biotechnology products and services that would significantly enhance Sri Lanka's economy, whilst enhancing and retaining a skilled human resource pool to position Sri Lanka as a global

Business Model

Key Partners
- Ministry of Finance
- Ministry of Technology
- BOI
- NMRA
- Sri Lanka Customs
- DAPH
- USAID

Key Activities
- Park development
- Organizing research groups
- Purchase equipment

Key Resources
- HR
- Infrastructure
- Land

Value Propositions
- Quality Services
- Lab facilities
- SLIBTEC Park
- Incubator
- Warehouse facilities
- Office spaces

Customer Relationship
- Incentives
- Promotional offers
- Services

Channels
- EOI
- Information events
- Proposals

Customer Segments
- Investors
- Researchers
- International collaborators
- Venture capitalists
- Funding agencies
- Universities
- Companies
- Start-ups

Cost Structure
- Rent
- Overhead expenses
- Maintenance

Revenue Streams
- Investments
- Grants
- Contract services

SWOT Analysis

S — Strengths

- Government support
- Promise for quality and trust
- Unique positioning at Pitipana, Homagama having access to SLINTEC
- 13.2 Acres land for potential investors for biotechnology-based manufacturing
- Strong ties with national universities and other government research institutions
- Network of international organizations; Funding agencies & research collaborators
- Pool of internationally/nationally acclaimed high-caliber research scientists
- Availability of scientific data analysis platforms

W — Weaknesses

- Complexity in stakeholder relationships
- Challenging regulatory environment
- Limitations in space for wider manufacturing base
- Restrictions in offering attractive incentives for prospective tenants
- Difficulty in attracting top talent due to remuneration restrictions
- Uncertainty of market prices for equipment, consumables, and services
- Restricted procurement guidelines

O — Opportunities

- Complementing with Arubokka, Oyamaduwa and Millewa Pharma Parks
- Regional hub for cutting-edge biotech research with International Centre for Generic Engineering and Biotechnology (ICGEB) partnership
- Providing shared spaces for collaborative product development
- Breeding ground for aspiring biotech researchers
- Wider networking with global biotech parks
- Developing a vibrant start-up ecosystem for innovation
- Access to data sharing from regional research centers having clinical/other databases and biorepositories
- Increasing biotech exports

T — Threats

- Securing ownership of Park land
- Import restriction due to economic crisis
- Undoing challenges due to priority changes at policy level
- "Brain-drain" due to better perks overseas
- Change of technologies demanding continuous investment on equipment
- Low investor attractiveness due to limitations in economies of scale
- Neighbouring community resistances on pollution and garbage disposal issues/restrictions
- Challenges encountered due to COVID-19 pandemic
- Emerging regional market

We aim to use our resources in a sustainable way, to achieve our objectives strategically.

Human Resources

SLIBTEC believes that employees are the most important asset in the business. Therefore, we have ensured them a working environment that enables them to focus on policies and procedures of the entity to achieve maximum productivity. SLIBETC has a work force of 13 employees which include 4 Female employees and 9 Male employees as at 31 December 2021. We hope to increase the count to 35 by the end of year 2022, where most of the new recruits will be research scientists and professors, focusing mainly on research and innovation.

SLIBTEC pays great deal of attention to benefits and welfare for its employees as these adjustments make considerable effects on employee's work life and family life that will be reflected positively in the community and social net-works. As the first step in this welfare process, we hope to introduce an insurance policy which covers SLIBTEC employees and their families.

Finance

Finance is at the heart of every step we take along the SLIBTEC journey. Driven by an internal control system built to support and drive the SLIBTEC purpose, the finance department acts as in stewardship while maintaining high level of integrity. Automation and continuous improvement are the key focus points within Finance.

Establishment of the e-signature platform, online meeting platform and moving into online banking platform are the first steps taken while setting-up of an online payment gateway and implementation of an ERP system are in the pipeline.

While managing cashflows, forecasting and budgeting, publishing financial and management reporting, driving and managing audits and accounting for transactions, the Finance guides and supports its SLIBTEC peers to ensure that due diligence and care is observed while acting in the best interest of SLIBTEC.

Procurement

Procurement involves every activity connected with obtaining goods and services for the company to support its daily operations, including sourcing, negotiating terms, purchasing items, receiving and inspecting goods and services as necessary and keeping records of all the steps in the process.

Procurement plays a vital role in the organization to improve the profitability. As a government owned company, SLIBTEC follows the Sri Lanka government procurement procedure align with procurement Guidelines 2006 for Goods & Works published by National Procurement Agency.

However, as a limited liability company, SLIBTEC also looking towards developing their own procurement policy and procedures aligning with national procurement guidelines to improve the internal process efficiency.

Infrastructure & Facilities

Facility Management practices are important to ensure quality work space practices with health and safety of the laboratory premises and the research labs are being maintained with Good Laboratory Practices. Basic objective of Facility Management practices at SLIBTEC premises is to provide standard working environment to core and non-core employees.

Further, it also focuses on, providing safe and secure facilities that promote accessibility, streamlining lab operations through efficient space utilization, and ensuring better transparency when it comes to company operations and activities.

WHO WE ARE?

Based on a policy decision by the Government of Sri Lanka, the Sri Lanka Institute of Biotechnology (SLIBTEC) Private Limited was incorporated on 12 October 2020 as a government-owned company, with the Secretary to the Treasury being the sole shareholder. SLIBTEC Pvt. Ltd. was gazette under the Ministry of Technology on 11 December 2020. Develop strategic partnerships with the universities, public research institutes, private sector and the global biotech centers of excellence. Support the drive for Sri Lankan hi-tech biotech products to increase export market by 1% as in 2025.

Objectives

1. Create an ecosystem conducive for high-end biotech innovation around a national centralized biotech innovation facility in Homagama, Pitipana by providing utilities, logistics and all supportive systems to enable research and innovation, pilot plants and up scaling for hi-tech manufacturing to happen in one physical location adhering to global best practices and enriching sustainability in all sphere of activity
2. Establish, facilitate and support a conducive, state of the art ecosystem adopting best practices for cutting edge biotechnology innovations
3. Develop an innovation culture to accelerate development of high-end biotech industry
4. Develop novel biotechnology industry to cater to the global market needs in niche area
5. Develop a vibrant high-end biotech startup and SME culture in the country
6. Foster the economic development of the country through enhancing capacity building, quality education, research and outreach activities using biotechnological tools

Responsibilities and Role of the Organization

SLIBTEC is an ecosystem conducive for high-end biotech innovation created by continued adoption of cutting-edge technologies in dedicated facilities with support systems, enabling a vibrant research, development and innovation culture. Further, by including customized biotechnology incubation and manufacturing in one physical location, whilst adhering to global best practices including sustainability concepts in all spheres of activities, SLIBTEC provides a linear research and development manufacturing platform for the biotechnology business.

SLIBTEC Board is collectively responsible for our long-term success. The Board sets our strategic direction, approves our strategy and takes appropriate action to ensure that we have the resources we need to achieve our strategic objectives.

Board of Directors

Sajith Attygalle
Chairman
(2020 - 2021)

Mr Sajith Attygalle, Chairman board of Directors' is the Secretary to the Treasury, Ministry of Finance and has served as the Deputy Governor of the Central Bank of Sri Lanka prior to this appointment. He had also served as the Chairman of the National Savings Bank and represented the Treasury on the Boards of several key State-Owned Enterprises and Statutory Boards including the Bank of Ceylon, Sri Lanka Ports Authority and the Airport and Aviation Services (Sri Lanka) Limited, Securities and Exchange Commission of Sri Lanka and the Insurance Board of Sri Lanka. Mr. Attygalle holds a Master of Science Degree in Quantitative Development Economics from the Warwick University, UK and a Bachelor of Science Degree in Physical Science from the University of Colombo.

Anuradha Kumarasiri
Chairman
(Current)

Currently holds the position as Director General, Department of National Planning, The Treasury, Ministry of Finance who is a senior grade officer in the Sri Lanka Planning Service. Presently serving as an Additional Secretary to the Ministry of Finance. Serves as a Director of the Sri Lanka Tourism Promotions Bureau, the officio member of the Board of Governors at the Institute of Policy Studies of Sri Lanka and a commission member at the University Grants Commission of Sri Lanka.

Prof. Kapila Perera
Director

Currently serves as the Secretary to the Ministry of Education since August 2020. Had served as the Dean of the Engineering Faculty and as the Director – Planning of the University of Moratuwa and as the Vice Chancellor of the University of Moratuwa until August 2020. He had also worked as a lecturer on various subjects including Energy Technology and Environment, Fundamentals of Thermodynamics, Energy Sources and Technology and Heat Transfer Applications in Buildings for undergraduate courses and post graduate courses.

Visakha Amarasekara
Director

Presently attached to the Department of External Resources of the General Treasury as a Director and has over 15 years of experience at the Treasury. Holds a Bachelor of Science (Hons.) degree in Economics and Management from the University of London, UK, and Master of Arts degree in Development Economics from the Vanderbilt University, USA. She is a Member of the Chartered Institute of Management Accountants UK and is also a Chartered Public Finance Accountant. Represented the Treasury on the Boards of state-owned enterprises including the CEB, CPC and People's Bank.

Prof. Sirimali Fernando
Director

Professor and Chair of Microbiology at the Faculty of Medical Sciences of the University of Sri Jayewardenepura. Has served as the Chairperson of the NSF-Sri Lanka for more than 12 years. Served as the Science Advisor to the Minister of Science and Technology, Sri Lanka from 2006-2015, and developed the first National Science Technology and Innovation Strategy for Sri Lanka in 2010. A member of the International Science Council (ISC) Governing Board and Vice-Chair of the Committee for Finance and Fund raising. Has played a key role in the National Nanotechnology Initiative that established the Sri Lanka Institute of Nanotechnology (SLINTEC) in 2008. A founder member of the STI Advisory Board to the Executive Secretary of the UN Economic and Social Commission for Asia and the Pacific (UN-ESCAP).

Prof. Ajantha Dharmasiri
Director

Is the immediate past Director and Chairman of the Board of Management of the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura. Has a rare combination of being a Chartered Manager, Chartered HR Professional and a Chartered Electrical Engineer. Past President of the Chartered Institute of Personnel Management (CIPM), Sri Lanka, and was a Vice President of the Asia Pacific Federation of Human Resource Management (APFHRM). An Adjunct Professor at Price College of Business, University of Oklahoma. Was the editor of the pioneering Sri Lankan Journal of Management (SLJM). An independent director of several boards and serves in several governing councils.

Eng. Ranil Vitarana
Director

Graduated from Bachelor of Engineering in 1993 from Imperial College, UK, he is the Chief Innovation Officer at MAS, which is a lingerie Manufacturing company with an estimated 95 K employees and founded in 1987. He is also a Director of Sri Lanka Institute of Nanotechnology (SLINTEC).

Dr Sankalpa Gamwarige
Director

Innovative Digital Transformation Specialist with more than 20 years industry experience, serving as the Engineering Leader for more than 250 top-notch engineering talent pools of Zone24x7 since 2012. Has contributed for many US Patents filed and owned by Zone24x7. Has made significant ontributions to many national initiatives and forums including SLASSCOM, TRACE, NSF, EDB and Ceylon Chamber of Commerce, serving in various capacities. In addition, he has served/serves as a member of the Board of Studies in the Faculty of Graduate Studies and Academic Committee of BIT external degree program of the Faculty of IT, University of Moratuwa. Currently, he is the Senior Leader at Nagarro.

Amali Ranasinghe
Director

The Chief Operating Officer of SLIBTEC. Holds a Master of Science Degree in Biotechnology from the University of Peradeniya. Counts more than 16 years of experience in the S&T sector while serving at the National Science Foundation and represented national committees for policy development. She was invited to join the Coordinating Secretariate for Science, Technology and Innovation (COSTI) to sphere head the hi-tech initiative and coordinated the establishment of SLIBTEC as the prime responsibility.

We operate in a wide scientific landscape from plants and microbes to molecular pathogenesis and vaccine development and in the process of developing research infrastructure for cutting-edge life sciences. Our researchers have been very successful in obtaining several research grants. The SLIBTEC Research platform will fuel world class research and innovation through provision of cutting-edge resources including: state of the art laboratories equipped with the most current instrumentation for biotechnology research; along with top notch resource pools covering a range of biotechnology sectors for strategic development, towards achieving the next break through. SLIBTEC research is modeled on a multidisciplinary, collegiate approach to pursue scientific excellence towards propelling innovation, whilst safeguarding intellectual property. Outcome-oriented innovative research is designed with business leaders at hand, in a widely engaged research and development ecosystem including international collaborators.

International Centre for Genetic Engineering and Biotechnology (ICGEB) has been a pioneer in assisting technology transfers of biotherapeutic products to its member countries, providing training, materials and facilitating quality assurance. Sri Lanka is one of its member countries and to fully utilize their technology transfer facility to establish multiple biopharmaceutical manufacturing plants, Sri Lankan government has taken a policy decision that SLIBTEC Research be the Regional Research Centre of the International Centre for Genetic Engineering and Biotechnology (ICGEB), for South Asia.

WHAT WE DO?

To tap into vast potential in biotechnology and to promote Sri Lankan biotechnology industries, SLIBTEC comprises of two components;

1. SLIBTEC Research - State-of-the-art end to end biotechnology solution for emerging global demands
2. SLIBTEC Park - One stop shop for high-end biotechnology innovation and manufacturing

SLIBTEC Research

Sri Lanka already has the required human resources to carry out biotechnology-based research and development processes. Both public and private sector universities in the nation are offering life science degrees especially targeting molecular biology and biotechnology. However, the lack of any advancement in the biotechnology research, innovations and industries in Sri Lanka has forced this highly skilled workforce to leave the country as they are preferentially recruited by global pharma and biotech companies. In this context, SLIBTEC Research is focusing on development of cutting-edge infrastructure facilities in order to develop research and innovation ecosystem which will be beneficial not only to biotechnology sector in Sri Lanka, but also in the South Asian region and globally. The SLIBTEC Research will follow the triple helix model, with academia, industry and government, to develop the innovation ecosystem to foster economic and social development through biotechnology research and development interventions. Initially, SLIBTEC Research is investing on agribiotechnology, bio devices, bioinformatics, regenerative therapeutics, biopharma, biofuel and biorefinery, molecular diagnostics and vaccine development sectors as one of the major research arms.

Agribiotechnology

Agribiotechnology is biotechnology applied to agricultural processes. An example would be the selection and domestication of plants via micropropagation. One hope is that agribiotechnology might produce more environmental friendly solutions than traditional industrial agriculture such as engineering of a plant to express a pesticidal effects, thereby eliminating the need of external application.

It is commonly considered as the next phase of green revolution, which can be seen as a platform to eradicate world hunger via production of more fertile and resistant, towards biotic and abiotic stress, plants and ensures application of environmentally friendly fertilizers, etc.

Molecular Diagnosis and Vaccine Development

With COVID-19, significance of vaccine developments strategies and importance of molecular diagnostics came into light and widely discussed in Sri Lanka. However, most of important studies on immunity development and viral stringencies had to put on hold due to lack of state-of-the-art facilities with required instrumentations.

Not only studies on COVID-19, but also many other infectious and pathogenic diseases experienced setbacks because of the same reasons.

Therefore, the molecular diagnostics and vaccine development is one of the major research areas at SLIBTEC research and the laboratory will be a landmark in South Asian region.

Biopharma

SLIBTEC Research is also focusing on novel therapeutic designing and developments together with identification of biotechnological approaches of Sri Lankan traditional medicines.

Sri Lanka has a great history of traditional medicines. Further, being a biological hotspot, Sri Lanka consists of many medicinally important herbs where most of them are not characterized properly.

Therefore, Biopharma Laboratory at SLIBTEC Research is focusing on development of novel pharmaceuticals as well as nutraceuticals which are beneficial to human beings.

Bioinformatics

Many studies on genetics and genomic could not gain momentum in Sri Lanka due to lack of DNA sequencing platforms and facilities for date analysis. Further, novel approaches of genetic studies, such as epigenetics, functional genomics, molecular recognition, drug discovery, etc. were limited due to lack of required computational facilities.

Therefore, the Bioinformatics Laboratory at the SLIBTEC Research is gearing to provide viable solutions to advance research and innovations to next level.

The services from the laboratory not only be limited to fellow scientist at SLIBTEC Research, but also to other public and private institutions as well as industrial sector.

Biofuels and Biorefinery

There is a high demand for hydrocarbon biofuels, including green gasoline, green diesel, green jet fuel, globally as the prediction of run out of the fossil fuels in this century.

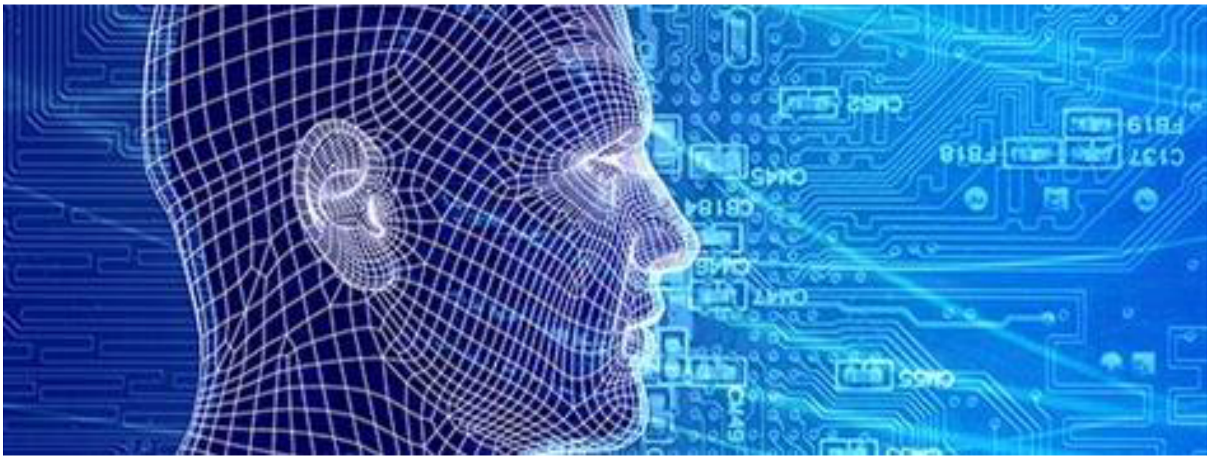
Further, fermentation and refinery facilities will be required to mass-scale vaccine and other enzyme development research studies.

Therefore, the Biofuels and Biorefinery Laboratory at SLIBTEC Research is working on development for viable solutions for fossil fuels and other researches for successful commercial product developments.

Regenerative Therapeutics

Extending its arms, SLIBTEC Research is also planning to develop new treatments to heal tissues and organs, restore their functional loss due to damage or defects, etc. via novel approaches such as cellular, immunomodulation or tissue engineering therapies. The Regenerative Therapeutics Laboratory at SLIBTEC Research will be working extensively in these areas in order to develop novel treatments, understanding of mechanisms and pathways with the vision to develop approaches for personalized medicines and cancer treatments.

Biodevices



Accurate and highly precision devices become efficient in contemporary routine medical testing. Presently, robust, inexpensive and non-invasive as possible devices that are operated by personnel with minimum training have been developed. Hence, development of fit-for-purpose biosensors in collaboration with end users is at the heart of the emerging responsible research and innovation model. Therefore, the Biodevices Laboratory at SLIBTEC Research is focusing on development of cost-effective and precision biosensors and biodevices with higher accuracy for different disciplines addressing both specific problems and global challenges.

In order to create a conducive environment for promotion of research and innovation activities in the SLIBTEC, a Research Committee has been appointed. The committee comprises with leading experts in biotechnology to advise and encourage SLIBTEC researchers to achieve the goals successfully. The members of the Research Committee are;

Prof. Sirimali Fernando
Professor of Microbiology
University of Sri Jayewardenepura

Eng. Ranil Vitharana
Chief Innovation Officer
MAS Holdings

The current Post-doctoral Scientists at the SLIBTEC Research are,

Asanga Kottahachchige
PhD (Molecular Microbiology)

Gayan Withanage
PhD (Molecular Epidemiology)

Chalitha Somarathne
PhD (Molecular Biology)

Peshala Gunasekara
PhD (Immunology)

SLIBTEC Park

Biotechnology parks offer facilities to scientists and enterprises for biotechnology-based product development and to conduct pilot studies to accelerate their commercialization. Further, these biotechnology parks provide seed funding, space and facilities and function as incubators for biotechnology start-ups, facilitating innovation among entrepreneurs. This is a must-do for Sri Lanka, as equipment and instruments required for biotechnology product development are extremely costly and often biotechnology start-ups cannot shoulder these expenses.

It would be well worth having laboratory spaces equipped with the necessary instruments into which start-ups can pay for their usage. This will boost research, development, and innovation in Sri Lanka in the field of biotechnology and long term would have a tremendous positive impact on the country's economy.

The Sri Lanka Institute of Biotechnology (SLIBTEC) has collaborated with the U. S. Government's development arm, the U. S. Agency for International Development (USAID), to promote innovation in the biotechnology sector by establishing Sri Lanka's first Biotechnology Innovation Park. SLIBTEC will establish hi-tech biotech industries to produce globally competitive products and services for local and global markets. Land at Pitipana, Homagama in 13.2 acers has been allocated with essential facilities for biotechnology manufacturing and start-up operations adhering to green concepts. Basic requirements such as infra-roads, water, electricity, communication, and environmental approvals are included in the innovation park facility package. Office and lab space for start-up operations and warehouse facility will be leased on long-term to private biotech entities.

SLIBTEC Park is envisaged to be a global hotspot for the biotechnology business, by helping companies to anticipate and seize new opportunities. A unique and comprehensive set of assets will be entrenched in world-class facilities and made available for entrepreneurs on a use and pay basis. The ready-to-use land with all core facilities; the centralized multidisciplinary research, the incubator, and warehouse, and pilot plant facilities required for quality manufacturing, will facilitate the engagement of technology frontrunners and venture capital that will create a hypercompetitive yet collaborative culture for sustainable business.

The incubator facility is designed to accelerate the growth of biotechnology entrepreneurs, from idea to commercialization, creating novel biotechnology industries. The Park supports established companies and start-ups with a unique comprehensive balance of technology support, R&I capabilities, and government regulatory needs through a one-stop-shop via accelerated services. The proposed incubator "Rivolta" at SLIBTEC Park will address these limitations as the facility will create a positive context not only by providing space for start-ups but also by facilitating and providing management, regulatory, and consulting services with relevant institutions. Moreover, the Rivolta is located close to independently functioning state-of-the-art research and development core facilities. Further, the proposed "Rivolta" consists of three floors including office spaces for regulatory services, venture capitalists, and other related services, dry and wet laboratories with fermentation piloting trial facility, training laboratory.

The SLIBTEC Park benefits from being located in an environment with other high-end technologies, including a cutting-edge research and development, and independently functioning core facility that will synergize the innovation ecosystem for high-end developments.

ENVIRONMENTAL SUSTAINABILITY

Compliance with national legislation on Environmental Management

In Sri Lanka, the National Environmental Act No. 47 of 1980 (NEA) as amended in 1988, 2000 and 2022 enforced by the Central Environmental Authority (CEA) under the Ministry of Environment regulates all activities that affect the environment. The CEA is the main government body responsible for environmental management and is empowered to deal with pollution-based criminal offences.

As per PART IV C, Approval of Projects of the National Environmental (Amendment) Act, No. 56 of 1988, the prescribed projects that should follow Environmental Impact Assessment (EIA) procedure are listed in the order under Section 23 Y, published as per Gazette No. 772/22 dated 24.06.1993, amended by Gazette No. 1104/22 of 05th November 1999 under the NEA. Accordingly, “Development of all Industrial Estates and Parks exceeding an area of 10 hectares” are under the list of prescribed projects. Since the land extent of the proposed SLIBTEC Park project site is only 13.2 Ac (less than 10 hectares), SLIBTEC conducted an Initial Environmental Examination (IEE) study through Institute of Technology (ITI) under the directions of the CEA and an Environmental Clearance has been granted by the CEA.

GLOBAL TOUCH

SLIBTEC will take its lead in collaborating with the most influential scientific organizations in the world to help usher in bio innovation. Together, we cultivate the next generation of scientific leaders and expand the frontiers of knowledge to drive biotech innovation that improve lives around.

SLIBTEC has applied for following grants in the year 2021.

1. **US Agency for International Development (USAID)**

The Sri Lanka Institute of Biotechnology (SLIBTEC) will collaborate with the US Agency for International Development (USAID), to boost innovation in the biotechnology sector by establishing first Biotechnology Innovation Park in Sri Lanka. With the intervention, SLIBTEC expects to increase Sri Lanka's hi-tech exports by at least 1%. The proposal submitted to USAID in 08 April, 2021 and Partnership for Accelerating Results in Trade, National Expenditure and Revenue (PARTNER) Activity has signed a Letter of Cooperation to support Technical Assistance and Capacity Building Program to execute SLIBTECs mandate, including its organizational development and the implementation of an Innovation Park.

2. **Asian Development Bank (ADB)**

Biotechnology has given us a new tool to improve food security and reduce poverty. During the last decade, one of the principal challenges facing Asia is management of the biotechnology research and development. Asian Development Bank (ADB) provide funds to its developing member countries to use biotechnology safely and effectively. With the COVID-19 pandemic, importance of well-equipped virology laboratory was a prime requirement in Sri Lanka. Therefore, SLIBTEC submitted a proposal requesting funding assistance to setup virology laboratory to fulfill the immediate need of the country in Virology research and developments in 10 May, 2021

3. **European Union (EU)**

Even though Sri Lanka has been an agricultural country since time immemorial, the agribiotechnology sector in country is still in nascent stage. Even though many countries have invested on development of more efficient plant varieties based on biotechnological approaches, scientific community in the country is struggling to overcome barriers due to lack of well-developed facilities. In the context, SLIBTEC is investing on plant biotechnology sector as one of the major research arms and in order to develop support facilities, SLIBTEC submitted a project proposal to European Union in 16 June, 2021.

4. **Japan International Cooperation Agency (JICA)**

Being a biodiversity hotspot, Sri Lanka is rich with many endemic medicinal and economically valuable plant and animal species. The country has a great history of traditional medicines and therapeutics which were inherited over generations Even though most of these important varieties are not studied or characterized. Therefore, SLIBTEC is investing on biopharma and plant biotechnology sectors. In order to develop support facilities, SLIBTEC submitted two project proposals to Japan International Cooperation Agency (JICA) in 18 June.

5. **Korea International Cooperation Agency (KOICA)**

Since 1991, Korea International Cooperation Agency (KOICA) has been continuously extending grant aid programs for developing countries. Being a low-income country, limited hi-tech resources are available for start-ups and early-stage companies in Sri Lanka. From conceptualization to commercialization of the end-products, many obstacles need to be addressed by the start-up ventures in the country due to lack of incubator facilities with global standards. Considering the requirements, SLIBTEC proposed an incubator facility "Rivolta" as one of the key components of the SLIBTEC Park. Further, The Sri Lankan research and innovations (R&I) biotech companies are hindered due to lack of sequencing facilities with cost-effective methodologies within the country as material transfer is also a difficult process as per the regulations. Therefore, SLIBTEC submitted a project proposal to Korea International Cooperation Agency (KOICA) in 21 October 2021.

Grant Highlights - 2021

Grant Scheme	Project Tittle	PI	SLIBTEC Team	Time Frame	Submission Date	Status
USAID	Strategic development for disruptive innovation	Amali Ranasinghe	Dr Gayan Withanage	24 months from the inception	08.04.2021	**LOC signed**
ADB	Equipment support for Virology Laboratory	Amali Ranasinghe	Dr Gayan Withanage Dr Asanga Kottahachchige	2 years	10.05.2021	**Request for bidding**
EU Grant	Technical assistance to facilitate the setting-up of the agro-biotech Laboratory at SLIBTEC to fulfil a much-needed requirement in the country	Amali Ranasinghe	Dr Gayan Withanage Dr Asanga Kottahachchige Dr Chalitha Somarathne	3 years	16.06.2021	**Postponed to next session**
JICA	Technical assistance to facilitate the setting-up of the agro-biotech laboratory at SLIBTEC to fulfil a much-needed requirement in the country	Amali Ranasinghe	Dr Gayan Withanage Dr Asanga Kottahachchige	3 years	18.08.2021	**Postponed to next session**

KOICA	Incubator facility, “Rivolta" of SLIBTEC Park to facilitate a vibrant start-up culture to enhance a hi-tech biotech innovation ecosystem in Pitipana, Homagama.	Amali Ranasinghe	Dr Gayan Withanage Dr Asanga Kottahachchige Gayan Peiris	2 years	21.10.2021	Application submitted

FINANCIAL HIGHLIGHTS

Independent Auditors Report

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය / எனது இல. / My No. } IMT/D/SLIBTEC/6/21/60 ඔබේ අංකය / உமது இல. / Your No. } දිනය / திகதி / Date } 30 June 2022

Chairman
Sri Lanka Institute of Biotechnology

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lanka Institute of Biotechnology for the 14 months ended 31 December 2021 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Sri Lanka Institute of Biotechnology ("Company") for the 14 Months ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the 14 Months ended, and notes to the financial statements, including a summary of significant accounting policies, 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 provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the 14 Months then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Other information included in the Company's 2021 Annual Report.

The other information comprises the information included in the Company's 2021 Annual Report but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Company's 2021 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My

conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 and Companies Act, No. 7 of 2007 include specific provisions for following requirements.

2.1.1 I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as|per the requirement of section 163 (2) of the Companies Act, No. 7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

2.2.1 to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018.

2.2.3 to state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018

2.2.4 to state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.

2.5 Other Matters

(a) The Company had paid a sum of Rs. 12,600,000 to the National Water Supply and Drainage Board in order to lay internal water pipes within Sri Lanka Bio Technology Park. However, internal water pipes laying works had not been performed even at the audited date of May 2022, since the Urban Development Authority had not transferred the ownership of the land to the SLIBTEC.

(b) The Company had paid a sum of Rs. 37,171,800 to the Sri Lanka Institute of Nanotechnology for the building leased from them to maintain a laboratory for the period from September 2021 to August 2022. However, the establishment of the laboratory had not been completed even as at the audited date of May 2022.

" Paid only 35,519,200.00 for 6 month when the V/N 128 "

W.P.C. Wickramaratne
Auditor General

Audit Observations and Implementation

		Implementation
1.4 Financial Statements	1.4.1 Non-compliance with Sri Lanka Accounting Standards	Arrangements are being made to calculate the assets related to 2022 and at the same time the fixed assets register will be updated and the depreciation calculation has been corrected in accordance with the standard.
3 Review of operations	3.1 Management inefficiencies	(a) Related goods have been documented and an inventory register (Soft) is being maintained. The recruitment procedure has been properly prepared and duly approved. (b) The recruitment procedure has been properly prepared and duly approved.
	3.2 Operational inefficiencies	(a) Instructions are given to comply with the recommendations. (b) In the midst of the COVID epidemic, the necessary plans for all the laboratories have been prepared and the necessary financial allocations have been requested for the same. Moreover, in the period of struggle and due to the lack of fuel, despite the fact that the institution was transferred to 8

		the first project from March 2021 (For biorepository) - 80*C Freezer was provided and maintained in a Covid repository. HSEP project has done all the work to get the equipment for the institute

	3.3 HR management	(a) All further recruitments are directed to be made as per the approved recruitment procedure on the basis of performance. Sciences have presented 10 research projects to bring foreign exchange to Sri Lanka and we have conducted laboratory work in another laboratory. (b). Funds have been allocated for the land in the approved interim budget and plans are being made for further development after its release. All preliminary plans for this have been finalized and all preliminary works for electricity, water and roads have been completed.
		©. It is planned to start operations in 2022 with the receipt of laboratory equipment in 2022.

		(d). There are 3 representatives of the Board of Directors representing the Treasury and the corrected Board approval is attached herewith
4. Accountability and Good Governance	4.1 Annual Action Plan	(a). Steps have been taken to prepare the 2023 Action Plan as per recommendations.
		(b). Action Plan 2023 has been directed to prepare as per the budget estimate.
		©. Instructions are given to prepare plans in accordance with the recommendations.

Statement of Comprehensive Income

For the fourteen-month period ended 31st December, 2021

	Notes	Rs. Cts.
Revenue	(3)	-
Direct Cost		(23,002,061.84)
Other Operating Income	(4)	240,000.00
Administration Expenses		(27,455,239.51)
Operating Profit / (Loss)	(5)	(50,217,301.36)
Finance Costs	(6)	(5,469.99)
Net Profit / (Loss) Before Taxation		(50,222,771.35)
Taxation	(7)	-
Net Profit /(Loss) After Taxation		**(50,222,771.35)**
Other Comprehensive Income		
Items of Other Comprehensive income		-
Total Comprehensive Income net from Tax		**(50,222,771.35)**

Statement of financial position

As at 31st December, 2021

ASSETS	Notes	Rs. Cts.
Non-Current Assets		
Property, Plant & Equipment	(8)	5,542,541.09
Capital Work-In-Progress	(9)	44,500.00
		5,587,041.09
Current Assets	(10)	
Receivables & Advances Paid	(11)	54,019,353.51
Cash and Cash Equivalents		4,686,755.49
		58,706,109.00
Total Assets		**64,293,150.10**
EQUITY & LIABILITIES		
Equity		
Stated Capital	(13)	10.00
Funds waiting for allotment of shares		113,499,990.00
Retained Earnings		(50,222,771.35)
		63,277,228.65
Current Liabilities		
Trade & Other Payables	(13)	1,015,921.45
Total Equity & Liabilities		**64,293,150.10**

The Financial Statements are in compliance with the requirement of the Companies Act No 07 of 2007.

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

Statement of changes in equity

For the fourteen-month period ended 31st December, 2021

	STATED CAPITAL	FUNDS AWAITING FOR ALLOTMENT OF SHARES	RETAINED EARNINGS	TOTAL
	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
Issue of Shares	10.00	-	-	10.00
Funds Received	-	113,499,990.00	-	113,499,990.00
Loss for the Period	-	-	(50,222,771.35)	(50,222,771.35)
Other Comprehensive Income	-	-	-	-
Balance as at 31st March, 2020	**10.00**	**113,499,990.00**	**(50,222,771.35)**	**63,277,228.65**

Statement of cash flows

For the fourteen-month period ended 31st December, 2021

	Rs.
Cash Flow from/ (Used in) Operating Activities	
Operating Loss before Income Taxation	(50,222,771)
Adjustments	
Depreciation	313,826
Working Capital Changes	
(Increase)/Decrease in Receivables & Advances Paid	(54,019,354)
Increase/(Decrease) in Trade and Other Payables	1,015,921
Operating Profit/(Loss) before Working Capital Changes	(102,912,377)
Net Cash Flow from/ (Used in) Operating Activities	(102,912,377)
Cash Flows from / (used in) Investment Activities	
Land Development Cost	(44,500)
Acquisition of Fixed Assets	(5,856,367)
Net Cash Flow from/ (Used in) Investment Activities	(5,900,867)
Cash Flows from / (used in) Finance Activities	
Proceeds received for shares	113,500,000
Net cash flow from/ (used in) Finance Activities	113,500,000
Net Increase/(Decrease) in Cash & Cash Equivalents	4,686,755
Cash & Cash Equivalents at the beginning of the year	-
Cash & Cash Equivalents at the end of the year	**4,686,755**
Analysis of Cash & Cash Equivalents	
Bank Account-People's Bank	4,650,140
Cash In Hand	36,616
	4,686,755

Notes to the financial statements

For the fourteen-month period ended 31st December, 2021

1. Corporate Information

1.1 Reporting entity

Sri Lanka Institute of Biotechnology (Private) Limited ("Company") is a limited liability Company incorporated and domiciled in Sri Lanka, incorporated on 12th October 2020 as a government-owned company, with the Secretary to the Treasury being the sole shareholder. The Company was Gazette under the Ministry of Technology on 11th December 2020 and thereby State Ministry of Digital Technology and Enterprise Development. The registered office of the Company is located at Ministry of Finance, The Secretariat, Colombo 01.

1.2 Principal activities and nature of operations

The principal activity of the Company is to facilitate, support and sustain a sought-after biotech innovation and production eco-system for value creation, for the nation with local roots and global reach.

1.3 Approval of financial statements

The Financial Statements of Sri Lanka Institute of Biotechnology (Pvt) Ltd for the fourteen-month period ended 31st December 2021 were authorized for issue in accordance with the board meeting on 24 February 2022.

1.4 Statement of compliance

The Financial Statements of the Company, presented in Sri Lankan Rupees, have been prepared in accordance with Sri Lanka Accounting Standards which comprise of SLFRSs and LKASs' as issued by the Institute of Chartered Accountants of Sri Lanka. The preparation and presentation of these financial statements are in compliance with the Companies Act No. 7 of 2007.

2. Basis of Preparation & Summary of Significant Accounting Policies

2.1 Basis of Preparation

The financial statements have been prepared on an accrual basis and under the historical cost convention.

2.1.1 Going Concern

The Directors have made an assessment on the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

2.1.2 Comparative Information

The comparative figures have not been presented in these financial statements as this is the first period of operation of the company.

2.2 Summary of Significant Accounting Policies

2.2.1 Revenue Recognition

Under SLFRS 15, revenue is recognized upon satisfaction of performance obligation. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Interest

Interest income is recognized using the Effective Interest Rate (EIR) method.

(b) Gains and losses

Net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment and other non-current assets including investments are accounted for in the Statement of Comprehensive Income, after deducting from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

(c) Others
Other Income is recognized on an accrual basis.

2.2.2 Expenditure Recognition

(a) Expenses are recognized in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to the Statement of Comprehensive Income.

(b) For the purpose of presentation of the Statement of Comprehensive Income, the Directors are of the opinion that the "function of expenses" method, presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

(c) Borrowing costs
Borrowing Costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are recognized as an expense in the period in which they are incurred.

2.2.3 Foreign Currency Conversion
All foreign exchange transactions are converted in to Sri Lanka Rupees, which is the reporting currency at the rates of exchange prevailing at the time the transactions were affected.

Monetary assets and liabilities denominated in foreign currencies are converted in to Sri Lanka Rupee equivalents using year end spot Foreign Exchange Rates.

Non-monetary assets and liabilities are converted using exchange rates that existed when the values were determined. The resulting gains and losses are accounted for in the profit & loss.

2.2.4 Taxation

(a) Current Taxes
The provision for income tax is based on the elements of income and expenditure as eported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act.

(b) Deferred Taxation
Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.2.5 Property, Plant & Equipment

(a) Cost
Property, Plant & Equipment are stated at cost less accumulated depreciation and accumulated impairment in value.

(b) Impairment of Property, Plant & Equipment
The carrying values of Property, Plant & Equipment are reviewed for impairment annually or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amounts. Impairment losses are recognized in the Statement of Income unless it reverses a previous revaluation surplus for the same asset.

(c) Subsequent Costs

The cost of replacing a component of an item of Property, Plant & Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

The costs of the day-to-day servicing of Property, Plant & Equipment are recognized in profit and loss as incurred.

(d) Depreciation

The provision for depreciation is calculated by using a straight-line basis on the cost of all Property, Plant & Equipment. In order to write-off such amounts over the estimated useful life, the principle annual periods used are,

Computers and related equipment over 03 years

Depreciation is provided in the Financial Statements from the date the assets are available for use and up to the date of disposal.

(e) Capital Work-in-Progress

Capital work in progress is stated at cost. These are expenses of a capital nature directly attributable to the construction of the building. Expenses that are in the capital nature are accounted for as capital work in progress during the period of construction.

2.2.6 Financial instruments

Financial Assets

Recognition & initial measurement

The company classifies financial assets at initial recognition as investment designated at FVOCI (Fair Value through Other Comprehensive Income) and amortized cost based on the purpose, characteristics and Management's intention in acquiring them. At the end of each reporting period all classifications are re-evaluated to the extent that such classification is required and permitted. Receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition.

Classification and measurement

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because it reflects the way the business is managed and information is provided to management. The information considered includes:

- How the performance of the portfolio is evaluated and reported to the Company's management;
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Equity Securities measured at FVOCI
Company’s investment in equity securities is classified as fair value through other comprehensive income (FVOCI). On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in Other Comprehensive Income. This election is made on an investment-by-investment basis.

Financial asset amortized cost
A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: ´

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Company’s financial assets classified and measured at amortized cost are limited to its trade and other receivables, deposits, amounts due from related parties, and cash & cash equivalents.

Subsequent measurement of financial assets

Subsequent measurement of Company’s financial assets are as follows;

Financial assets at amortized cost
These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de recognition is recognized in profit or loss.

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

De recognition of financial assets
The company derecognizes a financial asset (or where applicable a part of thereof) when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the company is recognized as a separate asset or liability. On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in Other Comprehensive Income is recognized in Profit or Loss.

Impairment of financial assets

Company makes impairment for financial assets based on the simplified approach to provide for Expected Credit Losses (ECLs) as per SLFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

Measurement of Expected Credit Losses

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. It has not resulted in a material change in loss allowance compared with previous policy. The allowance is provided by considering evidence of impairment for receivables at both an individual asset and at a collective level. All individually significant receivables are individually assessed for impairment by considering objective evidence i.e., experiencing a significant financial difficulty or default in payments by a customer. All individually insignificant debtors and based on management judgment, similar risk characteristic debtors that are not specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified by grouping them together based on similar risk characteristics.

Financial Liabilities

Initial recognition & Measurement

Financial liabilities are classified as measured at amortized cost or Fair Value Through Profit & Loss (FVTPL). A financial liability is classified as FVTPL if it is classified as held - for - trading at the initial recognition. Financial liabilities at FVTPL are measured at fair value and any resulting gains and losses, including any interest expense, are recognized in profit or loss. The Company classifies financial liabilities at initial recognition as other financial liabilities. At the end of each reporting period all classifications are re-evaluated to the extent that such classification is permitted and required. All the financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Other financial liabilities mainly consist of trade and other payables and bank borrowings.

Subsequent measurement

Other financial liabilities are subsequently measured at amortized cost. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on recognition is also recognized in profit or loss. The amortized cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method minus any reduction for impairment.

De-recognition

The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Fair value of assets and liabilities

The company measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement.

Level 1: Inputs that are quoted market prices (unadjusted) in an active market for identical instruments;

Level 2: Inputs other than quoted prices included within level that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3: Valuation techniques that use inputs that have a significant effect on the recorded fair values that are not based on observable market data.

2.2.7 Cash and Cash Equivalents

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

For the purpose of the Cash Flow Statement, Cash and Cash Equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

2.2.8 Provisions and Contingent Liabilities

Provisions are recognized when the Company has a present obligation (Legal or Constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

All contingent liabilities are being disclosed as a note to the financial statements unless the outflow of resources is remote.

2.3 Financial risk Management objectives & Policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company has other receivables, and cash and short-term deposits that arise directly from its operations. Accordingly, the Company has exposure to namely Credit Risk and Liquidity Risk from its use of financial instruments:

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

2.3.1 Credit risk

Credit Risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Company's receivable from customers.

2.3.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Notes to the financial statements
For the fourteen-month period ended 31st December, 2021

		Rs. Cts.
(3)	**<u>REVENUE</u>**	
	Revenue from Research	-
		-
(4)	**<u>OTHER OPERATING INCOME</u>**	
	Application Fee	240,000.00
		240,000.00
(5)	**<u>OPERATING PROFIT</u>**	
	<u>Operating Profit/ (Loss) is stated after charging all expenses including the following</u>	
	Salaries and Wages	17,624,586.52
	Contribution to Employees' Provident Fund	2,098,348.03
	Contribution to Employees' Truest Fund	524,587.01
	Building Rent	23,676,200.00
	Depreciation	313,825.95
	Other Operating Expenses	6,219,753.85
		50,457,301.36
(6)	**<u>FINANCE COSTS</u>**	
	Bank Charges	5,469.99
		5,469.99
(7)	**<u>TAXATION</u>**	
	<u>Income Tax Expense</u>	
	Profit/(Loss) Before Tax	(50,222,771.35)
Less	Amounts considered as Investment Income	-
Add	Disallowable Expenses	144,612.00
Less	Capital Allowances	(1,171,273.00)
	Investment Income	-
	Taxable Income	(51,249,432.35)
	Applying Income Tax rate 14 %	-

Notes to the financial position
As at 31st December, 2021

		Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
(8)	**PROPERTY, PLANT & EQUIPMENT**				
(8.1)	**Gross Carrying Amount**				
	At Cost	*Opening Balance*	*Additions*	*Disposals*	*Balance as at 31.12.2021*
	Computers and Related Equipment	-	5,856,367.04	-	5,856,367.04
		-	5,856,367.04	-	5,856,367.04
(8.2)	**Depreciation**				
	At Cost	*Opening Balance*	*Charge for The year*	*Disposals/ Transfers*	*Balance as at 31.12.2021*
	Computers and Related Equipment	-	313,825.95	-	313,825.95
		-	313,825.95	-	313,825.95
(8.3)	**Net Book Value**				
	At Cost				
	Total Carrying Amount of Property, Plant & Equipment				
		-			**5,542,541.09**
(9)	**CAPITAL WORK-IN-PROGRESS**				
	At Cost	*Opening Balance*	*Additions*	*Transfers*	*Balance as at 31.12.2021*
	Land Development Costs	-	44,500.00	-	44,500.00
		-	44,500.00	-	**44,500.00**

Notes to the financial statements
For the fourteen-month period ended 31st December, 2021

		Rs. Cts.
(10)	**RECEIVABLES & ADVANCES PAID**	
	Advance for Water Supply	24,035,653.52
	Advance for Power Supply (Electricity)	17,975,600.00
	Building Rent Pre-Paid	11,838,100.00
	Advance for Signage	165,000.00
	Other Advances	5,000.00
		54,019,353.52
(11)	**CASH & CASH EQUIVALENTS**	
	Bank Account-People's Bank	4,650,139.84
	Cash In Hand	36,615.65
		4,686,755.49
(12)	**STATED CAPITAL**	
	01 No. Share	10.00
		10.00
(13)	**TRADE & OTHER PAYABLES**	
	Payable to JKOA	546,000.00
	Accounting & Tax services	60,000.00
	Secretarial Fees Payable	195,000.00
	Utility Expenses payable to SLINTEC	184,401.00
	Stamp Duty Payable	2,825.00
	Other Payables	27,695.45
		1,015,921.45

(14) RELATED PARTY TRANSACTIONS

(a) Transactions with Key Management Personnel of the Company

Key management personnel comprise the Directors of the Company and details of transactions held with them are as follows.

(i) Loans to Key Management Personnel

No Loans have been given to the Directors of the Company.

(ii) Loans Received from Key Management Personnel

No Loans have been received from the Directors of the Company

(15) COMMITMENTS

(i) Capital Commitments

There were no capital expenditure commitments as at 31st December, 2021 that require adjustments to or disclosure in the Financial Statements

(ii) Financial Commitments.

There were no financial commitments as at 31st December, 2021 that require adjustments to or disclosure in the Financial Statements

(16) CONTINGENCIES

There were no contingent liabilities as at 31st December, 2021 that require adjustments to or disclosure in the Financial Statements

(17) EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the Reporting Date that require adjustment to or disclosure in the Financial Statements.

Detailed income statement

For the fourteen-month period ended 31st December, 2021

	Add Notes	Rs. Cts.
Revenue		-
Direct Cost	**(A)**	(23,002,061.84)
Gross Profit		(23,002,061.84)
Other Operating Income		240,000.00
Administration Expenses	**(B)**	(27,455,239.51)
Loss from Operating Activities		(50,217,301.36)
Finance Cost	**(C)**	(5,469.99)
Net Loss before Taxation		**(50,222,771.35)**
Taxation		-
Loss for the Period		**(50,222,771.35)**

Notes to the financial statements

For the fourteen-month period ended 31st December, 2021

		Rs. Cts.
(A)	**Direct expenses**	
	Research Staff Salaries	8,525,690.47
	EPF Expenses - Research Staff	1,023,082.86
	ETF Expenses - Research Staff	255,770.71
	Honorary Payments	650,000.00
	Building Rent - Direct	12,311,624.00
	Depreciation - Computers and related Equipment (Research)	144,612.00
	Purchase of Research Consumables	84,005.80
	Application Processing Fees - 2.99%	7,276.00
		23,002,061.84
(B)	**Administration expenses**	
	Administration Staff Salaries	9,098,896.05
	EPF Expenses - Administration Staff	1,075,265.17
	ETF Expenses - Administration Staff	268,816.30
	IEE Report Expenses	2,610,780.00
	Accounting & Tax services	60,000.00
	Secretary fee	197,203.20
	Advertising Expenses	461,055.00
	Other Operational Expenses	453,459.23
	Printing & Stationary	537,863.70
	Vehicle Insurance & Registration	95,062.30
	Communication Charges	127,108.02
	Vehicle Repair and Maintenance	481,989.41
	Legal Fees	34,592.00
	Utility Expenses	184,401.00
	Fuel & Traveling Expenses	234,958.19
	Depreciation - Computers and related Equipment (Admin)	169,213.95
	Building Rent - Admin	11,364,576.00
		27,455,239.51
(C)	**Finance costs**	
	Bank Charges	5,469.99
		5,469.99