ANNUAL REPORT

2020

SRI LANKA EXPORT DEVELOPMENT BOARD

14.07.2020

Hon. Bandula Gunawardena
Ministry of Trade,
No. 492, L.H.Piyasena Building,
R.A. De Mel Road,
Colombo 3.

Hon. Sir

<u>Annual Report and Statement of Accounts – 2020</u>

I am pleased to present on behalf of the Board of Directors, the Annual Report of the SLEDB together with the following documents for 2020 in term of section 13 (2) of the Finance Act No.38 of 1971.

- Chairman's Statement
- Statement of Accounts
- Auditor General's Report

Yours faithfully,

Suresh de Mel
Chairman & Chief Executive
SRI LANKA EXPORT DEVELOPMENT BOARD

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INTRODUCTION

The mandate of the Sri Lanka Export Development Board (EDB) is to develop and promote exports from Sri Lanka with the objective of increasing export earnings and contributing towards the economic growth of the country.

The Sri Lanka Export Development Board is the country's apex Trade Promotion Organization (TPO) – as mandated by legislation. It plays a role of an umbrella organization for any matter related to the international trade.

The EDB was established in 1979 under the Sri Lanka Export Development Act No. 40. The EDB plays its role as a Policy Advisor, Monitor, Promoter, Facilitator and Knowledge Provider in carrying out its responsibilities on implementing new strategies to achieve the National Export Targets. Accordingly, EDB adopt and implement following five Strategic Pillars These are cut across various areas of the EDB, ranging from exporters development and export promotion, information and communication technology, human capital development and processes improvements.

Vision

"Position Sri Lanka as a Prominent Export Hub for Innovative Products & Services"

Mission

"Enable export competitiveness through Innovation Entrepreneurship & Global Integration."

Strategic Objectives

1. **Support Existing Exporters to Bolster their Exports** – To create a business enabling environment for exporters to be competitive in the international trade.
2. **Promote New Exports from Sri Lanka to Transform the Current Sri Lanka Export Basket** - To diversify current export basket by introducing value addition, innovation and invention.
3. **Diversify into new Markets supports** - To diversify current export markets by reducing over dependency on few export markets few sourcing destinations.
4. **Enhance Capacity Building** - To enhance exporter capacities in developing their industries.

5. **Generate Export-led Foreign Investment into the country** - To increase production, productivity and adopt advanced technology.

Functions of the EDB

- Assisting in the improvement of the macro/ micro economic environment.
- Formulating and implementing the National Export Development Plan, Sectoral Plans etc.
- Integrated supply/ technical/ quality/ packaging/ design development programmes.
- Market research/ surveys to identify market opportunities
- Market development and promotion to expand existing markets and to enter new/ emerging markets.
- Regional and SME development progorammes.
- Providing market information and e-Commerce services.
- Resolving problems/ constraints faced by exporters to achieve trade efficiency.
- Improving quality of export support services
- Working with international/ local trade support services.
- Implementing skills/ entrepreneurship/ training development programmes.
- Implementing National Organic regulation as stated in Act No.1870/71 - Friday, July 11, 2014

CHAIRMAN'S STATEMENT

The COVID-19 pandemic resulted in an unprecedented disruption to the global economy and World trade, prompting the Government to take several measures to mitigate its adverse effects.

As the organization mandated to develop and promote Sri Lanka's exports of products & services, the continuous efforts and cooperation between EDB, government agencies and the private sector during this period enabled the country to record an encouraging export performance.

Merchandise exports declined sharply in the months in which the spread of the virus and the resultant containment measures were more intense, but reached close to the pre-pandemic levels sooner than expected. Lockdowns and other public health restrictions enforced in Sri Lanka to combat the spread of COVID-19 negatively affected the production of exportable goods in 2020. Meanwhile, subdued external demand, disruptions to shipping and supply chains, issues in importing necessary inputs due to lockdown measures in foreign countries and adverse price movements also affected the overall export performance during the year 2020.

The Export Development Board (EDB) continued the implementation of the National Export Strategy (NES) 2018-2022, while paying special attention to revive export sectors impacted by COVID-19. Meanwhile, the EDB continued market development programmes through online methods during the pandemic period.

The focus of the Government is also to make Sri Lanka a prosperous nation by expanding the export economy via increasing valued-added industries.

As the Chairman of EDB, I am committed to bring positive changes in the future. I would like to thank the entire export community for serving the national economic needs at our most vulnerable time, and we at the EDB stand ready to serve our export community. It is hoped that exporters take on a positive stance in engaging the challenges of the future.

The export sector has now become the most important sector of the economy of Sri Lanka and we will continue to deliver results and look forward to another year of achieving new heights in the International Trade arena.

In conclusion, I would also like to express my highest gratitude to the Board Members who have provided invaluable support. Appreciation also goes to the EDB's management and staff for their efforts and dedication throughout the year to achieve the goal of the organization. It is hoped that this co-orporation and excellence in service will continue.

With that, I thank you.

Suresh D de Mel

Chairman & Chief Executive

Sri Lanka Export Development Board

CORPORATE INFORMATION

BOARD OF DIRECTORS – 2020

			From	To
1.	**Mr. Prabash Subasinghe**	Chairman	18-12-2019	02-12-2020
2.	**Mr. Suresh de Mel**	Chairman & Chief Executive	11-12-2020	Present
3.	**Dr. Janaka Wickremasinghe**	Member	16-12-2019	Present
4.	**Mr. Chatura V. Cabraal**	Member	16-12-2019	Present
5.	**Mr. Kaushala Yahampath**	Member	16-12-2019	Present
6.	**Mr. Lalantha Watudura**	Member	16-12-2019	Present
7.	**Mr. Ranjith Priyantha Weerasinghe**	Member	31-12-2019	Present
8.	**Dr. K. Lakshman Jayaratne**	Member	31-12-2019	Present
9.	**Mr. P. Mohideen Amza** Addl. Secretary Foreign Ministry	Member	30-12-2019	Present
10.	**Mr. W.A.D.S. Gunasinghe** Addl Secretary Ministry of Industrial Export & Investment Promotion	Member	29-12-2019	01-09-2020
11.	**Mr. D. Jeevanadan** Addl. Secretary (Development) Ministry of Trade	Member	02-09-2020	04-09-2020
12.	**Mrs. Kanthi Gunawardana** Addl. Secretary (Development) Ministry of Trade	Member	05-09-2020	Present
13.	Mr. M.M.P.K. Mayadunna Secretary Ministry of Ports and Shipping	Member	26-12-2019	06-09-2020
14.	**Mr. U.D.C. Jayalal** Secretary Ministry of Ports and Shipping	Member	07-09-2020	Present

			From	To
15.	**Ms. A.H.S. Fareeda** Director General Ministry of Fisheries and Aquatic Resources	Member	09-01-2020	Present
16.	**Mr. J.R. Jayatilake –** Director/ Department of Trade and Investment Policy of the Ministry of Finance – Economic and Policy Department	Member	18-01-2020	23-07-2020
17.	**Ms. Ayanthi Deepika De Silva** Director General - Department of Project Management and Monitoring. Ministry of Finance, Economy and Policy Development	Member	24-07-2020	Present
18.	**Mrs. Nilakshi Gunasekera** Addl. Secretary (Monitoring and Evaluation) Ministry of Agriculture	Member	Feb - 2020	Present
19.	**Mrs. W.M.T.D. Wickramasinghe** Addl. Secretary (Development) Ministry of Plantation Industries and Export Agriculture	Member	05-02-2020	Present
20.	**Mr. N.G. Panditharatne** Addl. Secretary (Administration) Ministry of Industries and Supply Chain Management	Member	20-05-2020	Present
21.	**Mr. Sanjaya Mohottala** Chairman Board of Investment of Sri Lanka	Member	07-08-2020	Present

SENIOR MANAGEMENT STAFF 2020

1	Chairman Chairman and Chief Executive	Mr. Prabash Subasinghe [Up to 02.12.2020] Mr. Suresh De Mel [From 11.12.2020]
2	Director General	Ms. Jeevani Siriwardena [Up to 03.08.2020] Ms. Chitranjali Dissanayake [From 04.08.2020]
3	Acting Addl. Director General – Development	Ms. Chitranjali Dissanayake [Up to 03.08.2020]
4	Acting Addl. Director General- Finance & Administration	Mr. M.K.S.K. Maldeni [Up to 30.06.2020]
5	Director – Industrial Products	Ms. Chitranjali Dissanayake [Up to 03.08.2020]
	Acting - Director – Industrial Products	Mr. H.D. Pathberiya [10.08.2020 – 11.09.2020]
6	Director – Export Services	Mr. M.K.S.K. Maldeni [Up to 30.06.2020] Ms. Manoja Dissanayake
	Acting - Director – Export Services	[From 15.07.2020]
7	Director – Market Developments	Ms. Anoma Premathilaka
8	Director – Regional Development	Ms. Sepalika Jayawardena [From 25.06.2020]
	Acting – Directors - Regional Development	Mr. S.R.P. Indrakeerthi [Up to 31.01.2020] Mr. D.M.P. Dissanayake [01.02.2020 – 24.06.2020]
9	Director – Export Agriculture	Ms. Malani Baddegamage
10	Director – Finance	Ms. G. M. Herath
11	Director – Human Resources Management	Mr. K.K. Ruwan Kannangara
12	Director - Policy and Strategic Planning	Ms. O.M.C. Kumudinie [From 25.06.2020]
	Acting - Director - Policy and Strategic Planning	Ms. Achini Weerawardhane [Up to 24.06.2020]
13	Acting - Director - Information Technology	Mr. D.K.D.S. Sisil [From 20.03.2020]
14	Director - Trade Facilitation & Trade Information	Mr. S.R.P. Indrakeerthi
15	Internal Auditor	Ms. Nilmini Ranasinghe
16	Legal Officer	Ms. D. T. Wijeratne
17	Auditors	Auditor General
18	Bankers	Bank of Ceylon, Sampath Bank National Development Bank
19	Registered Office	No. 42, Nawam Mawatha, Colombo 02

EXPORT PERFORMANCE 2020

1. SRI LANKA'S EXPORT PERFORMANCE 2020

Earnings from Sri Lanka's Merchandise Exports decreased by 15.6% y-o-y in 2020 to US$ 10,077 Mn.

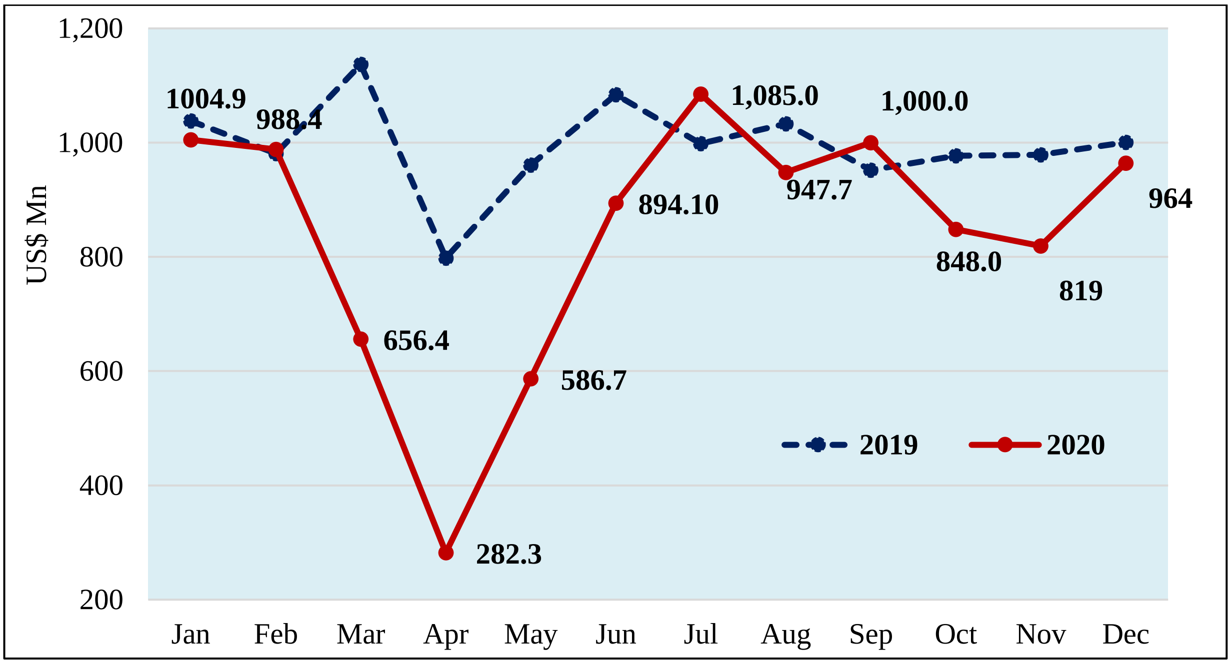
Earnings from major exports decreased,

- **Apparel & Textiles (21.01%)**
- **Tea (7.83%)**
- **Rubber & Rubber based products (9.66%)**
- **Electrical & Electronic Components (13.87%)**

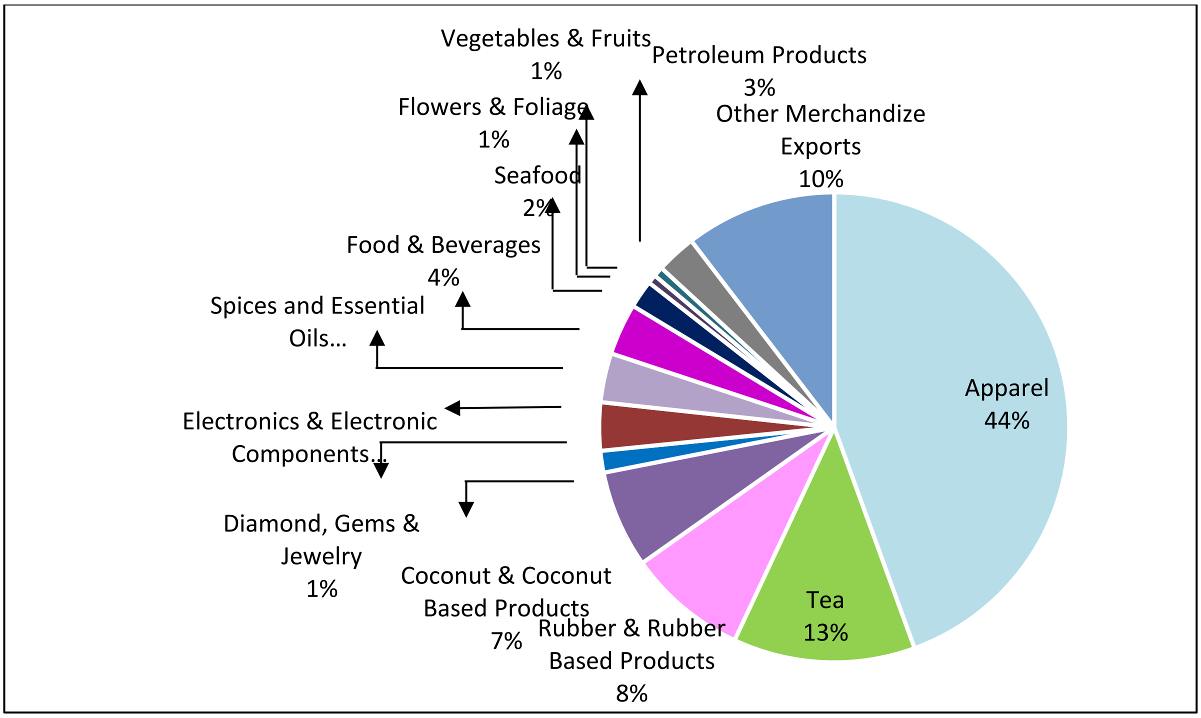
Increases were recorded in,

- **Coconut & Coconut Based Products (8.27%)**
- **Spices and Concentrates (7.12%)**
- **Other Export crops (49.27%)**

1.1. Sri Lanka's Monthly Merchandise Export Performance



1.2. Composition of Merchandise Exports 2020



The following table shows the comparison of exports in 2019 & 2020. Almost 63.36% of Sri Lanka's merchandise exports were concentrated in the top 10 export destinations. The USA accounted for 25.3% of total exports as a single destination.

1.3. Sri Lanka's Top 10 Export Destinations

	Country	Jan. - Dec. 2019 (US$ Mn)	Jan. - Dec. 2020 (US$ Mn)	% Growth	% Share to exports 2020
1	United States	3139.49	2,507.20	-20.14	24.88
2	United Kingdom	997.90	910.47	-8.76	9.04
3	India	758.97	604.50	-20.35	6.00
4	Germany	645.74	570.39	-11.67	5.66
5	Italy	531.06	457.32	-13.89	4.54
6	Belgium	352.14	295.48	-16.09	2.93
7	Netherlands	300.89	290.17	-3.56	2.88
8	China	229.06	223.00	-2.65	2.21
9	Canada	240.49	213.05	-11.41	2.11
10	Turkey	209.58	208.38	-0.57	2.07
	Other Markets	4534.68	3,797.04	-16.27	37.68
	Total	**11,940.00**	**10,077**	**-15.60**	**100.00**

Sources: Sri Lanka Customs / Sri Lanka Export Development Board

Following table shows the comparison of exports in 2019 and 2020. The EU accounted for 32.1% of total Sri Lanka's merchandise exports while the USA accounted for 25.3 % of the total exports.

1.4. Sri Lanka's Export Regions

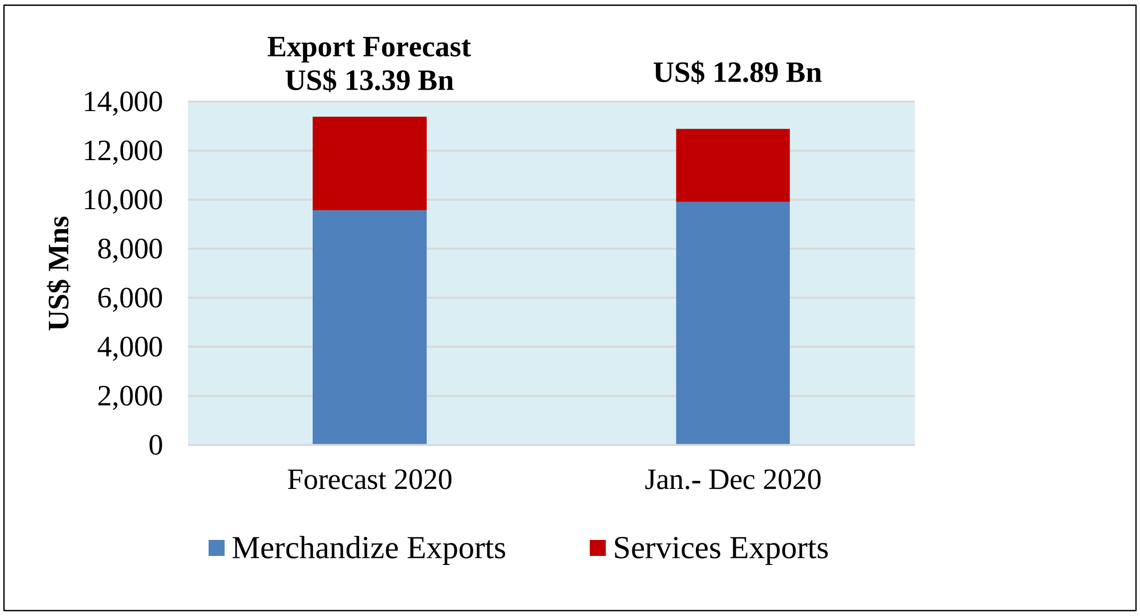
Region	Jan. - Dec. 2019 (US$ Mn)	Jan. - Dec. 2020 (US$ Mn)	% Growth	% Share to exports 2020
European Union	3,548.87	3,182.06	-10.34	31.58
United States	3,139.49	2,507.20	-20.14	24.88
South Asia	1,123.83	916.17	-18.48	9.09
Asean Countries	407.10	283.44	-30.38	2.81
CIS Countries	275.27	269.66	-2.04	2.68
African Countries	258.04	245.83	-4.73	2.44
Middle East (Excl. Cyprus & Egypt)	904.82	708.59	-21.69	7.03
Others	2282.58	1964.05	-13.95	19.49
Total	**11,940.00**	**10,077**	**-15.60**	**100.00**

Sources: Sri Lanka Customs / Sri Lanka Export Development Board

1.5. Export of Services

The services exports estimated by EDB which includes ICT/BPM, Construction, Financial services and Transport & Logistics reached exports of US $ 2,976 Mn for the period of January to December 2020 compared to US$ 3,888 Mn recorded in the corresponding period of the previous year. Estimated service exports declined by 23.46 % during the period of January to December 2020 compared with the corresponding period of previous year.

1.6. Revised Export Forecast & Achievement



The revised export forecast of the Export Development Board for 2020 is US$ 13.39 billion and of that we expected US$ 9.57 billion from merchandise exports and US$ 3.82 billion from services exports. During the period January to December 2020, earnings from exports recorded US$ 12.89 billion including the estimated service exports for October to December. It was a 96.27 % achievement from the revised export forecast.

Further, earnings from Merchandise exports and services exports achieved 103.56% and 77.99% respectively during the period of January to December 2020.

1.7. Export Forecast and Achievement 2020

Product	Export Forecast (US $ Mn)	Exports 2020 US$ Mn	% Achievement
Apparel	4,109 *	4,405.84	107.22
Tea	996	1,240.94	124.59
Rubber & Rubber Based Products	686	816.17	118.98
Coconut & Coconut Based Products	538 *	664.54	123.52
Diamond, Gems & Jewellery	233	148.23	63.62
Electronics & Electronic Components	322	328.28	101.95
Spices and Essential Oils	300 *	335.47	111.82
Food & Beverages	325	351.36	108.11
Seafood	188	189.80	100.96
Ornamental Fish	11	13.03	118.45
Vegetables & Fruits	52	61.34	117.96
Other Export Crops	69	67.59	97.96
Flowers & Foliage	13	12.61	97.00
Boat Building	53	2.39	4.51
Petroleum Products	376	271.80	72.29
Other Merchandize Exports	1,300	1,002.61	77.12
Total Merchandize Exports	**9,571**	**9,912**	**103.56**
ICT/ BPM	1,600 *	1,275	79.69
Construction	74 *	35	47.30
Financial Services	292	252	86.30
Transport & Logistics	1,850	1,414	76.43
Total Services Exports	**3,816**	**2,976**	**77.99**
Total Goods & Services Exports	**13,387**	**12,888**	**96.27**

Sources: Sri Lanka Customs / Sri Lanka Export Development Board

*Industry feedback

2. PROGRESS OF DEVELOPMENT PROGRAMMES CARRIED OUT DURING THE PERIOD OF JAN-DEC 2020.

2.1. Market Development

2.1.1. Sri Lanka Participation at International Trade Fairs

Organized Sri Lanka Pavilions at:

- GULFOOD 2020 exhibition in Dubai held from 16th - 20th February 2020 with the participation of 27 companies, US$ 4.5 Mn worth of orders were executed.
- BIOFACH 2020 in Nuremberg, Germany held from 16th to 20th February 2020, with the participation of 14 companies to prom/ote Sri Lankan organic agriculture products to EU market. US$ 16 Mn worth of orders were executed.
- DUSSELDORF BOAT SHOW 2020 held from 18th - 26th January 2020 in Germany with the participation of 03 companies. One company was able to connect with a Dutch manufacturing partner who has shown interest to start production in Sri Lanka as a collaboration.

- Enterprise Business Platforms of 3rd China International Import Exposition (CIIE) 2020
  - Organized Sri Lanka Enterprises Pavilion through the agents of 6 companies in Food and Agriculture Section and 01 company in Consumer Goods Section.
  - Sri Lanka Embassy Pavilion was also organized under Food and Agriculture Section in an area of 18 sq.m to promote other potential products to China such as Coconut, spices, herbal, confectionary and biscuits.
  - USD 5,000 approx. on the spot sales.
  - Three strategic cooperation

agreements signed between 3 Sri Lankan companies and the JD.com worth of RMB 5.5 Mn.

- Online matchmaking event organized with the Bank of China parallel to the 3rd CIIE-2020 (Total participating customers -20, Total number of B2B meetings -39 & Total number of contracts Signed with the buyers-10)

2.1.2. Outward/ Inward Trade Delegations

B2Bs were organized as follows;

Coconut & Coconut-Based Products

- **Japan- Coco peat and Charcoal** – 04 Sri Lankan companies were introduced to a buyer in Japan. Two companies have sent samples and one company has received order worth at USD 3880.00.
- **UK- coconut milk and vanilla** - 05 Sri Lankan companies were introduced to a buyer in UK. samples sent and awaiting response from buyer
- **Turkey - DC, Coco peat, Activated Carbon and VCO** – 33 Sri Lankan companies were introduced to 13 Turkish buyers. Negotiations are ongoing. Many buyers are of the view that SL prices are too high. Few Sri Lankan Companies introduced through the B2Bs are negotiating with a Turkish partner to provide value added Coco peat products to Turkish government project.

Spices & Concentrates

- Conducted B2B meetings with USA buyers and 12 export companies. Samples sent and negotiations are ongoing.
- Conducted 3 webinars to Japan, UK and South Africa.
- Facilitated B2B meeting with 12 exporters and 7 Poland buyers.
- Introduced 3 exporters for B2B meeting with Jordan.
- GI for Ceylon Cinnamon.
  - Establish traceability and internal control mechanism for Ceylon Cinnamon
  - Monitor the action of GI association and implementation of internal control mechanism
  - Implementation of external control mechanism in liaise with DEA
  - Published the **'Ceylon Cinnamon'** GI application in the EU journal in June, 2020 for public comments.

Apparel Sector

- Conducted a B2B meeting with Lacoste- France for 9 Sri Lankan apparel companies in collaboration with Sri Lanka Embassy in France. Individual companies are communicating with Lacoste for processing orders.
- B2B meeting was organized with 3 Poland buyers for 6 Sri Lankan Apparel Companies.

Boat Building

- 2 Webinars on Boat Building sector was organized in July for the representatives of the SL Missions in Middle East and African Region.
- Webinar with Sweden buyer and representatives of the Boat Building industry was held and discussions are going on with one boat building company on possible collaborations.
- B2B meeting with Oman Buyer, Al Firuz Group was held for 03 Boat building companies.
- B2B meeting with Al Hilal Group of companies, Oman was held for 04 Boat building companies. Proposals received from the individual companies for the possible collaborations with the Oman buyer was forwarded to the SL Embassy in Oman. Follow up with the buyers is being done.
- B2B meeting with Turkey buyer and Sri Lanka Ship Building company was held in coordination with Sri Lanka Embassy in Turkey. Proposal on possible collaborations was forwarded to the buyer and follow up with the buyer is being done by the company.

Ceramics & Mineral based Products

- One virtual meeting was held with the company representatives and the officials of the USA missions.
- Virtual meeting with Officials from Missions in UK, France and Sweden was held in July. 5 Sri Lankan companies participated for the meeting. Follow up communications are being done with 3 companies.
- A virtual meeting was held with Representatives from TOYOTA and Panasonic based in Thailand, Officials from Sri Lanka Mission in Thailand, representatives from SLINTEC, Ceylon Graphene Technologies and EDB in order to promote graphene-based Lead Acid Battery and Lithium-ion Battery developed in Sri Lanka. Individual

companies are communicating with Sri Lanka Missions and buyers in respective countries.

Electrical & Electronics Components

- An informative webinar with 8 Foreign Missions - Chennai, India, Mumbai, New Delhi, Malaysia, Singapore, Thailand, and Viet Nam. Contracts already obtained - US$ 1.6mn (from 2016-2018). Under negotiations- US$ 4mn
- Singapore embassy has arranged to publish 15 Sri Lankan company profiles in their web portal for digital promotion and also a web banner. Expect to generate business links of USD 0.8 Mn by 2021.
- A Virtual B2B session with Indian Electrical & Electronics Manufacturers' Association (IEEMA) From Oct 05th to 9th 2020.
- Webinar on Market Opportunities in Germany and Europe for Electronic Exporters - Contracts already obtained - US$ 2.7 Mn (from 2019). Under negotiations- US$ 12mn.

Multi Products

- Organized an outward delegation in collaboration with the Embassies of Sri Lanka in Egypt and Jordan in month of February 2020. 9 Sri Lankan companies participated in the programme. One company already supplied to a one new buyer in Jordan and currently working on exporting organic teas to Jordan. Other companies are under negotiations with the buyers.
- e- Trade week in Poland - 19 Sri Lankan companies were participated. 24 meetings were held with 10 buyers from Poland for Spices, coconut kernel products and Apparel sectors. 2 companies sent their trial orders. Other companies are under negotiations with the buyers.
- Total of 26 B2B meetings were organized for Apparel, Beer, spices and tea sectors in Brazil and Chile.
- One Company received confirmed business order for coir fiber from Chile.
- B2B Programme with Singapore held on 25.09.2020.- 10 Sri Lankan companies participated. - 6 buyers from Singapore. Online platform. -3 SL companies had successful discussions on the spot.
- B2B meetings for Nepal - Dankotuwa Porcelain and Noritake Lanka Porcelain Pvt. Ltd. with Nimbus Holdings Nepal was organized

- B2B Meetings in Islamabad, Pakistan. Sent company profiles and brochures of 35 companies from Porcelain, Gem & Jewellery, Processed Food, Spices and Herbal Cosmetics sectors.
- Online China South Asia Expo, Kunming, China. 52 companies representing Gem & Jewellery, Handicrafts, Processed food from 12th to 18th December 2020 in this virtual Expo in Kunming China.
- Organized the Webinar on "Interconnected Business series between Turkey and Sri Lanka" in collaboration with Foreign Economic Relations Board (DEIK) of Turkey which was followed by the sectoral interactive sessions between the private sector of 2 countries. 88 Sri Lankan companies participated from Food & Beverages, Rubber Products, Yarn, Activated Carbon, Ayurveda Products & Coco-peat and Construction sectors.

2.1.3. Feasibility Studies/ Market Intelligence

- 59 Market reports were completed and published in the EDB web with the support of Sri Lankan Missions abroad to create awareness on COVID 19 effects and opportunities in the markets
- Completed a market report to Europe for Fisheries Sector.
- Markets reports were developed in collaboration with Department of Commerce and Ministry of Foreign Relations and circulated among industry stakeholders and published in the EDB website (Russia, Canada & UAE) for Spices & Concentrates.
- Completed Romania and Slovakia Desk market studies and published in the EDB web site.
- Study done through statistical analysis to identify suitable products to expand US GSP+ coverage.
- Statistical reports prepared using this tool are been shared with relevant stakeholders including Sri Lanka missions overseas, exporters etc.
- An in-depth study and a report on "Import substitution framework for domestic industry development". Sent to the President Secretariat.

2.1.4. Exposure Programmes

- IPD Workshop - Exposure programme in collaboration with Import Promotion Desk (IPD) Germany 2020.

- Two-day workshop conducted for 15 EDB officials to develop a Specific Road map for Pre-Fair workshop focus on SIAL-2020.
- 5 virtual meetings conducted by IPD expert for EDB group to follow up activities and developed a presentation.
- Pre-Fair workshop is re-scheduled to 2021 trade fairs due to the cancelation of participation at SIAL-2020
- Two online seminars conducted by IPD consultant to EDB officials regarding 'How to prepare and conduct Virtual B2B meeting' and How to prepare exporters for virtual B2B programme.
- Conducted a workshop on "Organization of Trade Fairs" for 40 EDB officers.
- One workshop was held on 14th January 2020 with the participation of 33 selected floriculture growers and the export company to demonstrate the procedure.

2.1.5. Other Market Development Programmes

- EDB has signed a MOU with the COFCO Womai Investment Pvt Ltd of China to promote Sri Lanka and private sector companies in the www.womai.com which is a B2C and B2B e-commerce platform in China
- Set of e-promotional materials were developed and shared with the SL Embassies to promote coconut and coconut-based products
- EDB in association with Sri Lanka Wellness Tourism Association were organized three series of Webinars to promote the SL wellness tourism services internationally on 03rd, 07th and 10th July 2020. 4 no of national and international wellness related experts were invited as the resource persons and nearly 700 participants national/international were participated at these three webinars. Also, these three series were published through the digital media and approx. 50,000 wellness seekers have followed the sessions via internet.
- Two webinars were conducted connecting SL Missions in Far East Asia, European South Africa for logistics sector. India and South African missions showed interest to create business linkages in their markets.
- 2 Webinars completed for logistics Sector. Hub operators were given the opportunity to showcase their capabilities at the two webinars conducted for Far East Asia, Europe and South Africa. As a result of this, a B2B meetings arranged with Federation of Indian Exporters Organization (FIEO) in India on 16th December. As a follow up to the

webinar, FIEO agreed to publish a small write up about the Logistic industry in Sri Lanka.

- Working on developing Sri Lankan standard for herbal cosmetic products and implement clinical trials.
- Working on developing Standards for Sri Lanka Ayurveda Products.
- Conducted 3 webinars to Japan, UK and South Africa for Ayurveda and Herbal Cosmetic sector.
- Contacted buyer in Japan and UK; Holland & Barrant for Herbal Cosmetic products and samples sent from companies
- Product and market development programme for ready-to-eat frozen products.
- 17 market alerts were published.
- Conducted Informative webinar with 5 Foreign Missions to raise the awareness of officers in each mission on Printing Industry of Sri Lanka. As a result of the activity, Conducted B2B meetings with 2 buyers from India with the support of Sri Lanka High Commission in New Delhi. Assisted 16 SL companies to participate virtually at the PrintPack+Sign 2020 (28th to 30th October 2020) with the support of Sri Lankan Mission in Singapore.
- Finalized Entrepot Trade Procedure has been submitted to DG-SL Customs for their observations.
- Worked with SL Embassy in Oman and the SPAR Super Market chain to promote Sri Lankan Food products in Oman market. 15 Sri Lankan companies were introduced
- Worked with SL Embassy in Belgium to promote export of **Organic/ Fairtrade** products. Samples of 08 companies were forwarded to the Embassy. One meeting conducted with food importer namely “Three by One” with 04 Sri Lankan companies.
- Organized B2B with one USA buyer and 07 Sri Lankan food products export companies.
- Introduced a UK buyer to a superfood (jackfruit) exporting company.
- Working on Identify and develop proposals to invite investors in collaboration with BOI under EDB-BOI Joint Task Force committee in following sectors through the Grow Pot Strategy and Foreign Investor Out Reach Strategy.
  - ✓ Rubber Sector (Tyres (Solid & Pneumatic), Auto parts)
  - ✓ Smart Apparel & PPE
  - ✓ Electrical & Electronics
  - ✓ ICT

- ✓ Mineral Based products (Graphene & Related products)
- ✓ Food Processing
- ✓ Pharmaceutical Sector

3. SUPPLY & PRODUCT DEVELOPMENT

- The 12th Edition of the Footwear & Leather Fair was held from 07th to 09th February 2020 at BMICH. Around 25,000 people visited the fair. 101 local exhibitors and 27 foreign exhibitors displayed their products in 225 stalls. 10 SME's displayed their products at the EDB pavilion organized for the SMEs.
- Organized Conference on Grow Boating as a lifestyle on 04th March 2020 at BMICH with the participation of 150 industry stakeholders.

- Audio visual developed for the western medical sector was forwarded through the MoFA to SL Mission in Myanmar to promote in their social media channels and websites.
- 'Ceylon Spices' Brand Promotion - New Licenses were issued to five companies for 8 products to use the Pure Ceylon Cinnamon (PCC) logo. Two companies are in the process of obtaining license. Prepared GAP stranded for Ceylon Cinnamon in collaboration with DEA & SLSI
- In the process of making amendments to Sri Lanka Organic regulations.
- Organized a webinar in collaboration with Sri Lanka Embassy in Tokyo, Japan on "POST COVID ECONOMIC RECOVERY: CHALLENGES AND OPPORTUNITIES - TIPS FOR SRI LANKA - EXPERTS VIEWS FROM JAPAN" on 30 June 2020.
- Formulated a working committee for Pharmaceutical Sector. 4 committee meetings were held and developed the Working Plan. 04 activities have been included to EDB Action Plan 2021.

- Facilitate Exporters to link with local banana variety suppliers and banana clusters of Agriculture Sector Modernization Project.
- Development of ‘National Export Strategy of Sri Lanka for Floriculture Sector’ 2021-2024.

4. CAPACITY BUILDING PROGRAMMES

- Conducted Digital IT Week targeting undergraduates /entrepreneurs across the island from 25th - 29th May.
- Workshop on Requirements, International Standards and New Technology Improvements of Auto Mobile Components Manufacturing Sector was held on 28th January 2020 with 40 participants from the Automobile Industry.
- Organize a seminar on Export Opportunities in USA.
- Validating arrangements are being undertaken for the draft Entrepot trade procedure.
- Working with MOFR, BOI, NPC to solve the following issues related to the Electronics Sector.
- A virtual 02 day workshop on Advanced Technology – Smart Manufacturing for Rubber Products Industry has been successfully completed on 18th and 19th December 2020 with the participation of more than 70 technical personnel from leading rubber companies in Sri Lanka.

- Webinar was jointly organized by the EDB and the High Commission of Pakistan for promoting Trade and Investment opportunities of both countries on 18th of September with the 82 participants.
- Organized a webinar on" Potential Export opportunities in Oceania Region” in collaboration with Sri Lanka Consulate General in Sydney, Australia on 7/10/2020 with the participation of 100+ participants.
- Organized webinar on US GSP facility with the support of USTR for the EDB and DOC officers.
- Webinars on “FDA regulations on PPE and Food and Beverages”. 55 participants for PPE and 85 participants for food and beverages were participated.

- Resolved 05 issues related to E& E Sector. (Tariff issue, Import restriction issue, curfew pass issue, logistics issue, market linkage issue)
- Issues related to Printing Sector were solved through the Budget - Reduce/ remove duty free for imports for printing Raw Materials, Non availability of export rebate/ rupee incentive for exporters
- Organized virtual training programme on organic certification procedure and content of SLS standard for selected beneficiaries of organic certification programme.
- Selected 10 farmer groups to be assisted for Organic certification.

5. EXPORTER FACILITATION

- Established a HELP DESK for Customers. The Exporters, Entrepreneurs and public are being assisted through the Help Desk on support services and necessary guidance on other related Institutions.
  - ✓ Work with Sri Lanka Missions abroad for linking Sri Lankan exporting companies to grab the Export opportunities available in international market in the light of the COVID 19 pandemic situation

  - ✓ Facilitate exporters to get back to business including facilitate them to address issues confronted.

- Market Alerts
  - ✓ Published and updated 59 market alerts through EDB web site in collaboration with Sri Lanka Missions overseas and circulated among exporters, relevant chambers etc.
- Courses conducted
  - ✓ Conducted 01 Course on Operational Aspects of International Trade to educate exporters and potential exporters on International trade for 41 participants.
  - ✓ Conducted 02 Certificate Courses on Import Export Procedure for 88 participants.

- Dissemination of Export Related Information

- ✓ Published two volumes of Business Lanka Magazine and 1250 copies of the magazine were distributed to 125 countries. This was distributed among the Ministers and Members of Parliament of Sri Lanka, Universities and other institutions.
- ✓ The monthly editions of Expo News from January to December 2020 were published in the EDB website and also circulated among the list of subscribers (2,000+) via Email.
- ✓ An information stall was organized at the Footwear and Leather Fair Exhibition held on 7th to 9th Feb 2020. Trade information related to the export procedure, quality certificate, exportable products and export market were made available to participants.

- Facilitate exporters to get back to business including facilitate them to address issues confronted.
- Facilitate exporters to recommence production and access to working capital loans at 4% without collateral.
- Two market reports for the processed food sector on below subjects were completed and circulated to the exporters
  - a) COVID impact for F & B exporters to German market
  - b) Market Opportunities created in Japan Market

5.1. Webinars.

Organized following webinars

- ✓ "USA standards applicable for PPE product" -24th June 2020 by SL Embassy in USA " FDA regulations on PPE"
- ✓ Challenges for Sri Lanka's Exports with BREXIT - 16 July 2020 by SL Mission in the UK
- ✓ Opportunities and Challenges for Sri Lanka under UK General Tariff
- ✓ Post Covid Economic Recovery – Expert Views – by SL Mission in Japan – 30th June 2020
- ✓ * Online awareness programme on regulatory requirements for Ayurveda products in the UK market, in collaboration with Sri Lanka High Commission UK. A

resource person was identified by the High commission and 14 Sri Lankan companies participated.

- ✓ Conducted 30 webinars for the benefit of exporters and export potential enterprises to make them awareness of international trade, export procedures etc. and around 60,000 participants took part at these webinar sessions
- ✓ One short training program was conducted for 40 students of University of Wayamba
- ✓ Webinar series on " SL Wellness Week" with targets different stakeholders national / international in the wellness sector. Understanding the “Regulations on Temporary Suspension of Importations” – 19th June 2020
- ✓ Matchmaking and Market Entry opportunities with Sri Lankan electronics & electrical sector – 15th July 2020
- ✓ Market opportunities & strategies for successful market entry in brazil – 15th September 2020
- ✓ Sri Lanka – Pakistan trade & investment opportunities - 18th September 2020
- ✓ Promotion of Sri Lankan Coconut & Coconut based products in Poland, Russia and Turkey - 15th September 2020
- ✓ Two Webinars for the Boat building sector for African region and Turkey - 6th & 7th July 2020
- ✓ Weekly Awareness Webinar Series for exporters/potential exporters – 18 webinars were held.
- ✓ Conducted a webinar by the industry to make foreign missions aware on the opportunities of the Logistics sector
- ✓ A webinar by the industry to make them aware on the opportunities of the Marine engineering sector
- ✓ Work with Sri Lanka Missions abroad for linking Sri Lankan exporting companies to grab the Export opportunities available in international market in the light of the COVID 19 pandemic situation.

6. SME DEVELOPMENT

6.1. New Exporters Development Programme - Identification of Potential entrepreneurs to be developed as new exporters

- A workshop was held on 14th January 2020 with the participation of selected floriculture growers and the export company to demonstrate the cultivation procedure. 33 growers participated in Kegalle district.
- Facilitated 06 farmer clusters to obtain organic certification.
- Facilitated 06 companies to display their products on online platform of Apparel Sourcing Paris 2021.
- The 12th Edition of the Footwear & Leather Fair was held from 07th to 09th February 2020 at BMICH. Around 25,000 people visited the fair. 101 local exhibitors and 27 foreign exhibitors displayed their products in 225 stalls. 10 SME's displayed their products at the EDB pavilion organized for the SMEs.
- Organized a workshop with EFFEXPO Consultants to make aware the export market opportunities for SMEs in July at the 5th Floor Conference room of EDB.
- Organized 4-day webinar on Sri Lanka Go Digital - Extensive workshop on accelerating sales with Facebook on 20th, 21st, 27th & 28th August 2020 in consultation with ICTA.
- Awareness workshop on "Gem & Jewellery product development for export market" on 18th February 2020 at EDB Southern Provincial Office. 16 SMEs and 04 Development Officers participated.
- Awareness programme on Workshop on export opportunities, market trends and export procedure for entrepreneurs under national programme to develop new exporters on 17th September 2020 for 24 participant participants at EDB Southern Provincial Office.
- Conducted meeting on Export development for coffee under the micro export crop in Nuwaraeliya district with members of 18 coffee associations on 13-12-2020.
- Conducted work shop on Good Agriculture practices /Global GAP on 13th March 2020 in Kandy, 07 officers & 23 entrepreneurs participated.
- Organized M/s. Aroma Natural Rubber Pvt Ltd to a buyer seller meeting in Cairo, Egypt from 23rd -25th February -2020.

- Northern Province based 8 farmers were facilitated to obtain the assistance for growers/processors organic Certificate as per SLS 1324-2018.
- Organized a B2B Meeting for processed foods, spices & concentrates producers on 15.07.2020 with 20 participants from Northern Province and the link export company is Miracle Tree (Pvt) Ltd of Jaffna.
- Organized a B2B Meeting for Jaffna product producers of foods, spices concentrate and handicraft producers on 08.09.2020 with 26 participants and the link export company is Iron Bird International Pvt Ltd.
- Full day ‘knowledge sharing Webinar was conducted on 27th November 2020 on Market Understanding, Product Development and promotion of Sri Lankan Gift and Handicrafts to Japan for selected 72 entrepreneurs with assistance of the Embassy of Sri Lanka in Tokyo and the Sri Lanka Business Council in Japan (SLBCJ).
- Implement of an assistance scheme to obtain organic certificate as per SLS 1324:2018 to 25 farmers/ Processors.

6.2. Awareness programmes

- Import export procedure, Export opportunities on 9th January 2020 in Gampaha district.
- Export procedure and potential Export markets for 30 participants on 28th January 2020 in Nuwaraeliya.
- Tech enabled Entrepreneurship’ for Non-Tech SMEs on 11th February 2020 in Matara.
- EDB Activities on 13th February 2020 in Panvila DS Division
- Briefing meetings on CISMEF virtual exhibition on 8th & 9th July 2020
- Financial facilities available for Export ready SMEs on 28th August 2020 in Colombo.
- Market arrangements for the black gram farmers on 10th September 2020 in the Vavunia Town DS Division.
- Hon. Ministers Meeting with Entrepreneurs on10th September 2020 in Nuwara Eliya.
- Conducted a programme on Export procedure and potential Export markets for potential entrepreneurs organized by the District Secretariat Nuwaraeliya on 28-01-2020.No of participants 30.

- Conducted programme on current export procedure of Sri Lanka for 56 potential entrepreneurs identified by the Export Development Officer in Badulla on 28th August 2020.
- Organized the Organic International Standard Certification Awareness Program with the help of Control Union Inspection Pvt Ltd. in Jaffna on 08th July 2020 with 37 participation.
- Meeting with German Chamber of Industries and Commerce for Jaffna Commodities Export Markets for 34 participants on 28th July 2020.

6.3. Workshops

- "Gem & Jewellery product development for export market" on 18th February 2020 at the EDB Southern Provincial Office for 16 participants.
- Business streamlining for exports, basic export procedure and Packaging & labeling for potential food exporters on 30th January 2020 in Kalutara district.
- Workshop on HACCP /ISO 22000 for 11 companies on 23rd & 24th of January 2020 in Central Province.
- Technology for Business workshop for Northern Based SMEs in Jaffna, 45 participants on 13th March 2020.
- ToT program for the Export Development Officers (EDO) on Export opportunities in international markets and other related soft skills was conducted on 29th September 2020 for 48 EDOs.

6.4. Women Development Programme

- One day knowledge sharing workshop on product pitching for 20-woman entrepreneurs on 6th March 2020 and developing marketing plan on 10th March 2020 at EDB.
- Export marketplace programme (Product Pitching) for 10 women entrepreneurs on 10th March 2020 at EDB and granted Rs. 200,000/- for each entrepreneur totaling Rs. 600,000 for the 3 winners selected by the Panel of Judges.
- Palmyra based novel processed food products (Palmyra flour-based biscuits, nut bar and Palmyra cake) development program on 11th June 2020 for 12 women participants.

- Palmyra based novel processed food products (Palm posha, Palmyra soup mix and palm cookies) development program on 13^{th} August 2020 for 11 women participants.
- Organized 4-day virtual workshop on accelerating sales with digital marketing for 75 women entrepreneurs with ICTA on 1^{st}, 3^{rd}, 8^{th} and 10^{th} December 2020.
- Mullai Women Society (Mulliativu), Sustaining Hands Pvt Ltd (Jaffna), & Kanistia Palmyra Products (Mullitivu) of 03 women-based SMEs were facilitated to participate the Jaffna International Trade Fair of year 2020.
- Supply Development Programme for 24 women engaged in handicrafts industry in Central Province and conducted by SAP Kultura company aiming to buy the production on 15-08 2021.
- Digital booth camp conducted by Commonwealth Secretariat, UK for 25 women entrepreneurs from 11^{th} – 13^{th} March 2020 at Galadari Hotel.
- Design/Product Development programme for value added Handloom products in Yatinuwara DS Division -28^{th} & 29^{th} February 2020. No. of participants 30.

6.5. One Village One Product (OVOP)

- EDB has established 48 OVOPs island-wide and 4,559 regional based farmers/ manufacturers have benefited by the project.
- Workshop on Market linkup & Supply base development of Aloe Vera for the Export Market under OVOP on 03^{rd} January 2020 in Dambadeniya EPV in Narammala DS Division
- Workshop on Market linkup for 30 fruits growers in Pannala DS Division on 18^{th} February 2020.
- Supply base development (Lemon Grass, Ginger & Gherkins) Programme on 24^{th} February 2020 for 26 participants.
- Supply development & buyer linked up for Lemon grass growers was held on 26^{th} February 2020 in Kandy district.
- 02 Buyer linkup with Natural Vanilla (pvt) Ltd on 18^{th} June 2020 and 24^{th} June 2020 in Nuwaraeliya district for 148 growers.
- Design/ Product Development programme for value added Handloom products in collaboration with NDC on 28^{th} & 29^{th} February 2020.

- Supply development & buyer linked up on Organic Gotukola Conducted with the representatives of M/s HDDES Group on Organic Gotukola on 6th June 2020 at the Millaniya DS Division, Kaluthara district. 10 participants were benefited.
- Supply development & buyer linked up on Jack Fruits Conducted with the representatives of M/s Woga Natural (Pvt) Ltd on Jack fruits on 6th June 2020 at the Millaniya DS Division, Kaluthara district. 40 participants were benefited.
- Initial Supply development & buyer linked up on Maniok Conducted with the representatives of M/s Consolidated Business Systems Ltd on Manioc on the month of July 2020 at the Millaniya DS Division, Kaluthara district. 2 participants were benefited.
- Initial Supply development & buyer linked up on Organic Katurumurunga Conducted with the representatives of M/s HDDES Group Ltd on M/s HDDES Group on the month of July 2020 at the Panadura DS Division, Kaluthara district. 7 participants were benefited.
- Conducted Supply development & buyer linked up for the Aloevera in Thellipalai DS Division of Jaffna District for 51 participants on 11th February 2020.
- Supply development & buyer linked up for the black gram farmers on 10th September 2020 in Vavuniya Town DS Division.
- Conducted Supply development and Buyer linked up on Cardamom under the spice sector in Bandarawela DS Division, Badulla district on 29th January 2020. No. of participant- 50.
- Supply development & buyer linked up on Sisal with M/s Kanthala (pvt) Ltd in Hanguranketha Divisional Secretariat on 24th February 2020.
- Facilitated to conduct training on cut flowers & foliage cultivation technology for growers at the Department of Royal Botanical Gardens, Peradeniya on 10th February 2020 in Dambulla. No. of participants 20.
- Conducted supply development & buyer linked up on coffee project in collaboration with M/S Kiyota Coffee Company on 24th July 2020 in Kothmale DS Division, Nuwaraeliya district. Exporting company distributed 3000 planting materials among the growers free of charge.
- Conducted the buyer seller meeting for Handicraft /Giftware & life style products on 22nd June 2020. No. of participant - 11 SMEs.

- Conducted supply development & buyer linked up on Passion Fruit on 25th July 2020 in Dambulla DS Division. M/s Ran Crip Marketing (Pvt) Ltd distributed 2000 plants among the growers free of charge. No. of growers 11.
- Conducted 03 days training on coconut shell handicraft in collaboration with Coconut Development Authority on 20th, 21st and 22nd of August 2020.
- Conducted supply development & buyer linked up on Roses for export market at the Yatiyanthota DS Division on 27th of August 2020 with M/s Sri Lanka Natural Spices & Herbal product (Pvt) Ltd. No. of participant – 56.
- Conducted the supply development & buyer linked up on Roses for export market at the Doluwa DS Division in Kandy district on 22nd September 2020. No. of participants -132.
- Conducted the supply development & buyer linked up on Roses for export market in Matale district with M/s Sri Lanka Natural Spices (Pvt) Ltd on 25th September 2020.No of participants – 90.
- Conducted 2 Product/ Design Development Programmes for coconut shell handicrafts at Panvila DS Office with collaboration of NDC on 25th & 26th June 2020. No. of participants 35.

6.6. Local Trade Fairs

- Organized EDB-SME Pavilion with a EDB information stall at 11th Jaffna International Trade Fair (JITF) held in Jaffna from 24th to 26th January 2020. No. of SME companies are 08.

7. IMPLEMENTATION OF NATIONAL BUDGET PROPOSALS

7.1. Market Access Support Programme 2018-2021

- A total of 309 applications have been received to date from category I and category II.
- 118 applications from both categories were approved by the respective Evaluation Committees for provision of grants amounting to Rs. 336.52 Mn.

<table>
<tr><th rowspan="2">Description</th><th colspan="2">Approved Projects</th><th colspan="2">Funds Disbursed</th><th rowspan="2">Projects Suspended/ Withdrawn</th><th colspan="2">Funds to be Disbursed</th></tr>
<tr><th>Nos.</th><th>Amount (Rs.Mn.)</th><th>Nos.</th><th>Amount (Rs.Mn.)</th><th>Nos.</th><th>Amount (Rs.Mn.)</th></tr>
<tr><td>CAT I</td><td>42</td><td>23.078</td><td>40</td><td>22.940</td><td>01</td><td>1</td><td>0.138</td></tr>
<tr><td>CAT II - 40%</td><td rowspan="3">76</td><td rowspan="3">313.443</td><td>54</td><td>90.650</td><td rowspan="3">03</td><td>19</td><td>34.728</td></tr>
<tr><td>CAT II - 50%</td><td>11</td><td>21.076</td><td>62</td><td>129.933</td></tr>
<tr><td>CAT II - 10%</td><td>0</td><td>-</td><td>73</td><td>30.202</td></tr>
<tr><td>Total</td><td>118</td><td>336.51</td><td></td><td>134.666</td><td></td><td></td><td>195.001</td></tr>
</table>

7.2. Establishment of the "IT Initiative"

- 14 Champion companies assisted with 100% grant amount after completion.
- Digital marketing campaign in Singapore, 6 leads generated.
- 28 online advertisements published in 5 Social media Channels, 4 case studies published in IOI web site and content update.
- 2 regional IT week programmes (Matara -2018 /Badulla - 2019) and one digital IT Week in May 2020
- One skill day event in 2018
- AI roundtable discussion
- Three University courses
- 4 marketing materials (AVs) for IOI brand
- Two outbound missions (ME and Australia)

7.3. Facilitate establishment of a research facility for tyre testing and development by the private sector

In order to facilitate establishment of a research facility for tire testing and development, 02 High end Machineries installed at Rubber Research Institute. A stakeholder meeting was held to discuss on the implantation of the 02nd phase of the project.

7.4. Development of Infrastructure facilities and a regulatory framework for the Boat building

- **<u>Development of a Regulatory framework</u>**

Completed the development of Regulatory Framework (Excluding Fishing Boats) by obtaining the service of M/s Lloyd's Register Asia, following the procurement guidelines for the boat building industry. EDB has already forwarded the Regulatory Framework to the recommended implementing Agencies, i.e. Merchant Shipping Secretariat, Ministry of Ports & Shipping and Ministry of Industries through the Secretary, Ministry of Trade, requesting them to make necessary arrangements to implement the regulatory framework.

- **<u>Development of infrastructure facilities – Establishment of a breakwater at Kapparathota</u>**

The service provider, M/s Lanka Hydraulic Institute Ltd (LHI) has submitted the Feasibility report including Pre-Feasibility, Inception, Mid-term, Final Feasibility, Detailed Design, Detailed design drawings, specification, and Engineering Estimate and bidding documents except the Environmental Report to the EDB.
The Environmental Impact Assessment (EIA) has to be carried out on the terms of Reference (TOR) issued by the Coast Conservation and Coastal Resource Management Department (CCD). The CCD issued the TOR with a condition that the EIA should not be carried out by the Agency who undertake the Detailed Design of the project.

A new Consultancy Procurement Committee (CPCD) was appointed and finalized the documents related to the Request for proposals from individual consultancy companies to carry out the EIA. Advertisement was published in the newspapers on 22nd January 2021 and 13 proposals received. Arrangements are being made to evaluate the proposals and appoint a suitable consultancy company to carry out the EIA by the CPCD following procurement guidelines.

8. FUTURE PLANS OF EDB FOR 2021

Export Development Board (EDB) initiatives mainly align to three key policies of the National Policy Framework of the Government – friendly and non-aligned foreign policy; technology-based society and people centric economic development". In addition, the EDB focus on SME development and value addition as well. The EDB carry out a number of aligned activities in this direction.

The target set for 2021 is $ 14.7 billion for both merchandise and services export sectors and of that we expect US$ 10.15 billion from merchandise exports and US$ 4.58 billion from services exports.

Further, Action plan 2021 is aligned with the new Revised Strategic Plan formulated by the EDB considering the current global situation.

The main strategic objectives of the plan are;

- Support Existing Exporters to Bolster their Exports
- Promote New Exports from Sri Lanka to Transform the Current Sri Lanka Export Basket
- Diversify into new Markets
- Enhance Capacity Building
- Generate Export-led Foreign Investment into the country

In consultation with the EDB Advisory Committees and sector Associations, Action Plan is developed with a focus to sustain the exports during 2021 while protecting the existing industries and exploring new export avenues created due to the pandemic.

Exporter Facilitation - Increase Market Access Globally for Sri Lankan Products & Services

- Organize Sri Lanka's participation at International Trade Fairs/ events in selected priority and emerging markets.
- Organize Inward and Outward Trade Missions in selected markets
- Market Intelligence
- Implementation & Monitoring of National Export Strategy
- Export Supply base Development
- New Exporter Development
- Women Entrepreneurs Development
- One Village - One Product Programme (OVOP)
- Branding Sri Lanka and Positioning Sri Lankan products globally
- Ceylon Cinnamon" Brand development & promotion programme
- Geographical Indication (GI) for Ceylon Cinnamon

- Protect the credibility & Safeguard the image of Organic Agriculture value chain in Sri Lanka.
- Continuation of the “Export Market Access Support” programme
- Market Promotion Assistance Scheme
- Establishment of new Advisory Committees
- Addressing Industry specific issues
- Resolving problems faced by exporters [Exporters’ Forum]
- Recognizing exporters through awarding Presidential Export Awards
- Provide Trade Statistics & Buyers information
- Publications - Business Lanka Magazine, SL Directory of Exporters 2020
- Provision of trade information, market intelligence, e-commerce services and export related publications
- Promotional Brochures
- Certificate Courses on import/export procedures, Operational Aspects of International Trade and export packaging
- E-Library
- EDB Corporate Video 2020
- Online trade platform – Web site
- Online Promotion of Sri Lankan Products & Services through EDB web site
- Conduct awareness on export related subjects, skill development and entrepreneurship development programmes
- Preparation of Documentary Video on Organic Agriculture Sector
- Export Oriented supply chain development through organic certification as per SLS 1324:2018

FINANCIAL STATEMENTS 2020

SRI LANKA EXPORT DEVELOPMENT BOARD
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2020

	Note	SLFRS 31.12.2020 Rs. Cts.	SLFRS 31.12.2019 Rs. Cts.
ASSETS			
Non-Current Assets			
Property, Plant & Equipment (net)	(8)	29,801,280.34	34,490,100.29
Investments in Associates – Unquoted	(9)	1,123,606,578.07	1,052,821,878.95
		1,153,407,858.41	1,087,311,979.24
Other non-current financial assets	(10)	52,865,105.90	54,800,083.23
Total Non-Current Assets		1,206,272,964.31	1,142,112,062.47
Current Assets			
Inventories	(11)	2,857,902.89	2,797,044.96
Trade and Other Receivables	(12)	145,013,406.23	145,200,571.08
Advance and Prepayments	(13)	7,154,463.50	30,726,129.67
Cash and Cash Equivalents	(14)	27,734,024.24	13,010,416.74
		182,759,796.86	191,734,162.45
Total Assets		**1,389,032,761.17**	**1,333,846,224.92**
EQUITY AND LIABILITIES			
Capital and Reserves			
Grants Received - Equity Contribution	(15)	10,014,284.00	10,014,284.00
Accumulated Income over Expenditure		1,138,693,881.32	1,064,982,748.96
Total Equity		1,148,708,165.32	1,074,997,032.96
Grants			
Grants Received – Other	(16)	23,923,319.01	26,585,000.86
		23,923,319.01	26,585,000.86
Non-Current Liabilities			
Provisions and Other Liabilities	(17)	22,700,376.89	57,374,396.89
Retirement Benefits Obligation	(18)	77,267,377.50	75,445,155.25
		99,967,754.39	132,819,552.14
Current Liabilities			
Other Payables	(19)	116,433,522.45	99,444,638.96
		116,433,522.45	99,444,638.96
Total Equity and Liabilities		**1,389,032,761.17**	**1,333,846,224.92**

The Accounting policies on pages 163 to 178 and notes on pages 179 to 189 form an integral part of these Financial statements prepared in accordance with Sri Lanka Accounting Standards. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Financial Statements were approved by the board of directors and signed on their behalf by,

Suresh de Mel	Kaushala Yahampath	P M Amza	G M Herath
CHAIRMAN & CE	**BOARD MEMBER**	**BOARD MEMBER**	**DIRECTOR FINANCE**

SRI LANKA EXPORT DEVELOPMENT BOARD
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31ST DECEMBER 2020

	Note	SLFRS 31.12.2020 Rs. Cts.	SLFRS 31.12.2019 Rs. Cts.
Income			
Income	(3)	392,934,007.11	563,709,310.35
Other Income	(4)	47,466,565.05	49,853,997.09
Total Income		440,400,572.16	613,563,307.44
Expenditure			
Export Development Expenses	(5)	(66,719,745.17)	(199,812,426.67)
Administration Expenses	(6)	(370,180,134.61)	(400,254,354.14)
Income Over Expenditure from Operating Activities		3,500,692.38	13,496,526.63
Finance Cost	(7)	(273,492.26)	(2,084,743.82)
Excess of Income Over Expenditure from Ordinary Activities		3,227,200.12	11,411,782.81
Share of profit/(loss) of associate company		70,784,699.12	55,333,427.19
Excess of Income Over Expenditure		**74,011,899.24**	**66,745,210.00**
Other Comprehensive Income			
- Gain on Revaluation of Property, Plant and Equipment		-	-
Other Comprehensive Income for the year		-	-
Total Comprehensive Income for the year		**74,011,899.24**	**66,745,210.00**

SRI LANKA EXPORT DEVELOPMENT BOARD
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31ST DECEMBER 2020

		Equity Contribution	Accumulated Profit	Total
Balance as at 31st December 2018		10,014,284.00	1,010,789,603.57	1,020,803,887.57
Excess of Income Over Expenditure		-	66,745,210.00	66,745,210.00
Prior Year Adjustments		-	(12,552,064.61)	(12,552,064.61)
Balance as at 31st December 2019		**10,014,284.00**	**1,064,982,748.96**	**1,074,997,032.96**
Excess of Income Over Expenditure		-	74,011,899.24	74,011,899.24
Prior Year Adjustments	**(22)**	-	(300,766.88)	(300,766.88)
Balance as at 31st December 2020		**10,014,284.00**	**1,138,693,881.32**	**1,148,708,165.32**

SRI LANKA EXPORT DEVELOPMENT BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2020

	Notes	2020 Rs.	2019 Rs.
Cash Flows from Operating Activities			
Surplus for the year before taxation		74,011,899	66,745,210
Adjustments for			
Depreciation		9,047,698	11,534,578
Income from Investments		(110,711,344)	(91,734,054)
Prior Year Adjustment		1,678,117	(4,541,281)
Finance Costs		-	181,306
Profit on sale of fixed assets		-	(6,143,679)
Amortization Of Government Grants		(7,066,516)	(6,629,622)
Provision for Gratuity		14,074,547	10,928,620
Provision for Impairment in Value		-	(51,269)
Operating Profit/(Loss) before Working Capital Changes		**(18,965,599)**	**(19,710,191)**
(Increase)/Decrease in Inventories		(60,858)	83,601
(Increase)/Decrease in Trade and Other Receivables		142,012	(1,995,434)
(Increase)/Decrease in Advances and Prepayments		23,571,666	3,087,408
Increase/(Decrease) in Provision and Other Liabilities		(34,674,020)	4,986,526
Increase/(Decrease) in Other Payable		16,988,883	(28,905,353)
Cash generated from operations		**(12,997,915)**	**(42,453,442)**
Finance Costs Paid		-	(181,306)
Defined Benefit Plan Costs Paid		(12,252,325)	(14,481,700)
Net cash from Operating Activities		**(25,250,240)**	**(57,116,448)**
Cash Flows from Investing Activities			
Acquisition of Property, Plant & Equipment	8	(4,357,633)	(1,649,991)
Cash received from sale of fixed assets		-	6,163,679
Dividend Received	4	38,580,758	34,827,622
Interest Received	4	1,345,887	1,573,005
Net cash used in Investing Activities		**35,569,013**	**40,914,314**
Net Cash Flows from/(Used in) Financing Activities			
Government Grant Received		4,404,835	1,649,991
Net cash used in Financing Activities		**4,404,835**	**1,649,991**
Net Increase/(Decrease) in Cash and Cash		**14,723,607**	**(14,552,143)**
Cash and Cash Equivalents at the beginning of the year		**13,010,417**	**27,562,559**
Cash and Cash Equivalents at the end of the year		**27,734,024**	**13,010,417**
Analysis of Cash & Cash Equivalents			
Cash in hand	14	26,764	26,671
Cash at Bank – Favorable	14	27,707,261	12,983,746
		27,734,024	**13,010,417**

SRI LANKA EXPORT DEVELOPMENT BOARD
GENERAL INFORMATION AND ACCOUNTING POLICIES
YEAR ENDED 31ST DECEMBER 2020

STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT OF THE AUTHORITY TO FINANCIAL REPORTING

In terms of Section 16 (Application of the provisions of the public corporations (financial control) Act) of Export Development Board of Sri Lanka Act No 40 of 1979, the Management of the Board is responsible for,

i. Keeping proper books of accounts of the income and expenditure, assets and liabilities and all other financial transactions of the Authority.

ii. Preparing accounts in accordance with the Sri Lanka Accounting Standards adopted by the Institute of Chartered Accountants of Sri Lanka under the Sri Lanka Accounting Standards Act No.15 of 1995 for the purpose of presenting a true and fair view of the financial performance and the financial condition of the Board.

iii. Taking appropriate steps to safeguard the assets of the Board and to establish appropriate internal controls to prevent and detect frauds and other irregularities.

SRI LANKA EXPORT DEVELOPMENT BOARD
GENERAL INFORMATION AND ACCOUNTING POLICIES
YEAR ENDED 31ST DECEMBER 2020

1. GENERAL INFORMATION

1.1 Domicile & Legal Form

Sri Lanka Export Development Board is incorporated and domiciled in Sri Lanka under the Act No 40 of 1979. The registered office of the Board is at No. 42, Nawam Mawatha, Colombo 02.

1.2 Principal Activities and Nature of Operations

Export Development Board is primarily engaged to development of Sri Lanka exports; and to provide for matters connected therewith or incidental thereto.

1.3 Date of Authorization for Issue

The Financial Statements of the Board for the year ended 31st December 2020 have been approved by the Board of Directors at its meeting held on 23rd February 2021.

1.4 Statement of Compliance

The Statement of Financial Position, Comprehensive Income, Changes in Equity, Cash Flow and notes together with Summary of Significant Accounting Policies and notes (Financial Statements") of the Board as at 31st December 2020 has been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka (CA),which represent International Financial Reporting Standards (IFRS) as issued by the Sri Lanka Accounting Standards Board.

1.5 Responsibility for Financial Statements

The Management of Export Development Board of Sri Lanka is responsible for the preparation and presentation of the financial statements.

1.6 Basis of Measurement

The financial statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes. Assets and liabilities are grouped by nature and in an order that reflect their relative liquidity.

1.7 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 future. Accordingly, the Board continues to adopt the going concern basis in preparing the financial statements.

1.8 New Accounting Standards issued but not yet effective as at balance sheet date

The following new standards, amendments and interpretations to existing standards have been published by the Institute of Chartered Accountants of Sri Lanka, but are not yet effective up to the date of authorization of these financial statements. Possible impact on the financial statements of the application of the above new standards have not yet been assessed, and the authority intends to adopt these standards, interpretations and amendments to existing standards that are expected to be relevant to the board's financial statements when they become effective.

SLFRS 17	Insurance Contracts

1.9 Functional and Presentation Currency

The financial statements of the Board are presented in Sri Lankan Rupees, which is the Board's functional currency.

1.10 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the board's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. 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. These factors could include judgment, estimate and assumptions.

1.11 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) ***Fair value of financial instruments***

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flows model and/or mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(b) ***Valuation of defined benefit obligation***

The cost of defined benefit pension plans is determined based on the actual payment due to the employees. The carrying value at the balance sheet date of defined benefit obligation is Rs. 77,267,377.50 (2019 - Rs. 75,445,155.25)

(c) ***Fair Value***

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. When a financial instrument is initially recognized, its fair value is generally the value of the consideration paid or received. Subsequent to initial recognition, the fair value of a financial asset quoted in an active market is generally the bid price and, for a financial liability quoted in an active market, the fair value is generally the ask price. For financial instruments such as cash equivalents and short-term investments that have a short duration, the carrying value of these instruments approximates fair value.

2. SPECIFIC ACCOUNTING POLICIES

2.1 Assets and bases of their valuation

Assets classified as current assets on the Balance Sheet are cash and bank balances and those which are expected to be realized in cash during the normal operating cycle or within one year from the Balance Sheet date, whichever is shorter.

2.2 Financial Instruments

2.2.1 Financial Assets (Non-derivative)

The Financial Assets classifies into the following categories: **at fair value through profit or loss, loans and receivables, held to maturity and available for sale**. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

2.2.2 Classification, Recognition and Measurement

The board classifies its financial assets into the following categories

- Loans and receivables.
- Available for Sale.

Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

2.2.3 Determination of fair value

The fair values of loans and advances as well as liabilities are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

2.2.4 Reclassification

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the board may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the board has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

2.2.5 Impairment

(a) Financial assets carried at amortized cost

The Board assesses at each end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated. Objective evidence that a financial asset or Group of assets is impaired includes observable data that comes to the attention of the Board about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It is probable that the issuer or debtor will enter bankruptcy or other financial Re-organization;
- The disappearance of an active market for that financial asset because of financial difficulties; or

- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a Group of financial assets since the initial recognition of those assets,

The Board first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Board determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as improved credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement.

(b) *Impairment of other non-financial assets*

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.2.6 De-recognition

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Board has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) The Board has transferred substantially all the risks and rewards of the asset, or

(b) The Board has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Board has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the Board's continuing involvement in it. In that case, the Board also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Board has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Board could be required to repay.

2.2.7 Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.3 Property, Plant and Equipment

2.3.1 Recognition & measurement

Items of property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed asset includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use expenditure on repairs or maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets has been recognized as an expense when incurred.

2.3.2 Subsequent costs

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized and written off during the lease period. Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied within the part will flow to the board and its cost can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in the income statement as an expense as incurred.

2.3.3 Depreciation

The provision for depreciation is calculated on the straight line method on the Cost/ valuation of the Property, Plant and Equipment. All Property, Plant and Equipment other than land have been depreciated annually on the following percentages in order to write off such amounts over the useful lives.

Motor Vehicles Less than 10 years old	10%	Motor Vehicles Over 10 years old	20%
Computers	20%	Computer Software	25%
Computer Equipment	25%	TV Equipment	10%
Telephone Installation	20%	Furniture and fittings	10%
Residential Telephone	10%	Office Equipment	10%
PABX System	10%	KIOSK System	20%
Other Equipment	33 1/3%		

Depreciation has been charged commencing the date of purchase using straight line method. During the year under review economic life time of the property, plant and equipment were reassessed as required by the LKAS 16 based on the best of the information available. As a result, depreciation rates were changed for some property, plant and equipment. The resulting impact of change in economic life time of the assets is adjusted in the financial statements commencing from the 2012 onwards.

2.3.4 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 losses arising on de-recognition of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

2.3.5 Impairment of Tangible Assets

At the end of each reporting period, the Board reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the income statement, unless the relevant asset is carried at a revalue amount, in which case the impairment loss is treated as a revaluation decrease.

2.4 Investments in Associates- Development Holdings (Pvt) Ltd

Investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the board's share of the profit or loss of the investee after the acquisition date (Equity Method). Adjustments to the carrying amount

(Changes arising from the revaluation of Property, plant and equipment or foreign exchange translation differences) is recognized in the board's proportionate interest from year 2013 onwards in the investee arising from changes in the investee's other comprehensive income.

2.5 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)

2.6 Other Assets

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

(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.

(c) VAT Receivable

Taxation receivable is recognized at cost.

2.7 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 purposeofmeeting short-term cash commitments.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.8 Financial Liabilities

2.8.1 Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss or loans and borrowings as appropriate. The Board determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.
The Board's financial liabilities include trade and other payables.

2.8.2 Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

2.8.3 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognized in the income statement. The Board has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

2.8.4 Other Financial Liabilities

Loans and borrowings are carried at amortized cost after initial recognition.

2.9 Other Liabilities

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

2.10 Government Grants

Grants are recognized in the financial statements at their fair value. When the grant relates to an expense it is recognized as an income over the period necessary to match it with the costs, which it is intended to compensate for on a systematic basis.

Grants related to assets are generally deferred in the statement of financial position and credited to the statement of comprehensive income over the useful life of the asset.

As per the LKAS 20 - Accounting for Government Grants and Disclosure of Government Assistance, from the year 2016, cost of the fixed assets purchase under the development budget of the Board by using the government fund are transferred to the Government Grant Account and will be amortized over their useful lifetime (equal to the depreciation rate).The value of the Government Grant reflects, assets transferred from following organization at the time of formation of the Board and the assets purchased subsequently to the Board.

Government Contribution	-	Rs.	7,904,002.00
UNDP Contribution	-	Rs.	2,110,282.00
Government Grant Motor Vehicles	-	Rs.	13,071,435.22
Government Grant – Other	-	Rs.	9,912,883.79
Total	-	Rs.	32,998,603.01

2.11 Employee Benefits

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 Authority 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.

Defined benefit plans

Defined benefit plans are post-employment plans other than defined contribution plans. Authority 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 the half month salary multiplied by number of years in service.

2.12 Income Tax

According to the Sri Lanka Export Development Act No .40 of 1979 Section 18,

(a) The profits and income of the Board; and
(b) Any sum paid by the Board to any person as a subsidy or grants out of the Fund are exempted from income tax.

2.13 Income Recognition

a. Government Grant

This represents funds received from the government treasury. Based on forecasted cash flow requirements, the treasury provides the required funds to the board. Therefore, this represents expenditure related grant received by the board which is recognized at fair value.

b. Other Income

Income received from providing services and information is measured at the fair value of the consideration received or receivable as per the Invoices raised in the period in which the related services are performed.

c. Interest Income

Interest income for all interest-bearing financial instruments (from exporter's loans) is recognized in the income statement at the time of repayment of the installment using the effective interest rate method.

d. Dividend Income

Dividend income is recognized when the Board's right to receive the payment is established.

2.14 Expenses Recognition

All expenses are measured at fair value of the consideration given and recognize in the period to which those expenses related. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the depreciation period and are treated as a change in an accounting estimate.

2.15 Borrowing Costs

Borrowing costs are interest & other costs incurred by the Board in connection with the borrowing of funds. Borrowing costs are recognized as an expense in the period in which they are incurred.

2.16 Foreign Currency Translation/Transactions

All transactions in currencies other than the functional currency are recorded in Sri Lankan Rupees, using the exchange rates prevailing at the time the transactions were effected. At each Statement of Financial position date, monetary assets and liabilities denominated in foreign currencies are retranslated to Sri Lankan Rupee equivalents at the exchange rate prevailing on the Balance Sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated to Sri Lankan Rupees using the exchange rate prevailing at the date of transaction. Exchange differences arising on settlement of monetary items and re-translation of monetary items, are recognized in the income statement in the year in which they arise.

2.17 Related Party Transactions

The Board has related party relationship with its Associate company i.e. Development Holdings (Pvt) Ltd. The Board has paid monthly Rental for the space occupied and also the auditorium hire charges as per the valuation of the Government Valuer to the Associate Company. Ms. G. M. Herath - Director Finance, Mrs. D. T. Wijayaratne - Legal Officer and Mr. K. K. R. Kannangara– Director HR of the Board are functioning as EDB nominee directors of the Board of Directors of Development Holdings (Pvt) Ltd. Three Board meetings were held during the year 2020 and a sitting allowance of Rs. 10,000 was paid per sitting. Ms. C. Dissanayake – Director General was appointed to the board of Development Holdings (Pvt) Ltd on 17.08.2020.

As per an approved government budget proposal in 2013, EDB has paid Rs. 26.37 Mn to construct the Cinnamon training Academy in Kosgoda, Balapitiya. Mrs. P.V.A.M. Baddegamage has been appointed as a nominee from EDB to serve in the CTA board to facilitate monitoring of the project.

Transactions with Key Managerial Personnel

According to the Sri Lanka Accounting Standard 24 - Related Party Disclosure, Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the Board.

2.18 Events after Balance Sheet Date

The directors monitor events closely and where necessary adjustments or disclosures are made in the current Financial Statements in respect of material post balance sheet events as appropriate.

2.19 Contingent Liabilities

a) Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

b) The Board has initiated legal actions against 18 parties in- order to recover dues to the Board in-connection with different transactions carried out with the Board. Details of those transactions are mentioned in the **Note No.24** to the Notes to the Financial Statements.

2.20 Cash Flow Statement

The cash flow statement has been prepared by using Indirect Method in accordance with the Sri Lanka Accounting Standard No. 7 on Statement of Cash Flows.

The Indirect Method discloses the profit or loss adjusted by the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

SRI LANKA EXPORT DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2020

		Note	SLFRS 31.12.2020 Rs. Cts.	SLFRS 31.12.2019 Rs. Cts.
(3)	**Income**			
	Treasury funds received		343,909,165.40	466,850,008.33
	Exporters' contribution on development activities		45,404,888.00	89,261,538.65
	e-Services Income		302,080.58	328,426.75
	EDB e-Market Place		692,957.76	226,569.02
	Seminars and Course Fee		2,167,346.75	5,799,461.99
	Sales of Books		151,905.35	312,160.00
	Miscellaneous Income	**(3.1)**	305,663.27	931,145.61
			392,934,007.11	**563,709,310.35**
(3.1)	**Miscellaneous Income**			
	Market Development Assistant Scheme		50,000.00	-
	Registration of Pure Ceylon Cinnamon Logo		199,500.00	160,500.00
	Non Refundable Deposits		12,000.00	77,000.00
	Sundry income from branches		24,763.27	18,145.61
	Legal Fees on staff loans		19,400.00	25,500.00
	Bulletin Boards-9th Floor		-	650,000.00
			305,663.27	**931,145.61**
(4)	**Other Income**			
	Interest Income - Staff loans		4,465,289.28	5,225,047.68
	Less: Staff Cost - (IFRS Adjustments)		(3,119,402.11)	(3,652,043.14)
	Net interest income on staff loans		1,345,887.17	1,573,004.54
	Dividend Income		38,580,758.02	34,827,622.33
	Other Sundry Income	**(4.1)**	473,403.41	6,823,748.10
	Amortization Of Government Grants		7,066,516.45	6,629,622.12
			47,466,565.05	**49,853,997.09**

SRI LANKA EXPORT DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED 31ST DECEMBER 2020

		Note	SLFRS 31.12.2020 Rs. Cts.	SLFRS 31.12.2019 Rs. Cts.
(4.1)	**Other Sundry Income**			
	Miscellaneous Receipts		206,903.41	363,889.73
	Profit on Sale Of Fixed Assets		-	6,143,678.90
	Income-Registration/Services		266,500.00	298,500.00
	Difference in Exchange		-	17,679.47
			473,403.41	**6,823,748.10**
(5)	**Export Development Expenses**			
	Product/Market Development Programs		5,816,231.53	54,497,911.72
	Export Marketing Promotion – Overseas		51,007,980.07	123,967,834.11
	Participating for Trade delegations		-	459,283.22
	Export Market Promotion- Local		846,104.26	707,129.68
	WEDF		-	755,100.00
	Expo 2020 Dubai		65,917.90	3,464,941.09
	Local Trade Fairs		1,697,592.50	580,590.00
	Policy and Planning Expenses		617,301.79	2,581,663.25
	Regional Development Expenses		143,129.00	2,431,190.11
	Trade Information and Services Expenses		6,519,463.12	10,366,783.49
	Ceylon Cinnamon Logo		6,025.00	-
			66,719,745.17	**199,812,426.67**
(6)	**Administration Expenses**			
	Salaries and Wages		150,903,026.40	146,294,818.00
	Over Time and Holiday Pay		7,643,369.89	13,961,198.97
	Bonus		2,886,750.00	2,592,000.00
	EPF		21,266,345.57	20,157,414.00
	ETF		4,255,934.75	4,031,638.56
	Gratuity		14,074,497.00	10,928,619.75
	Staff Welfare		8,563,862.11	13,288,873.63
	Encashment of Medical &Vacational Leave		12,963,501.07	10,433,627.65
	Recruitment Charges		462,752.00	663,272.19
	Electricity		16,756,661.88	22,763,533.10
	Water		559,835.55	886,939.89
	Legal and Other Professional Fee		299,001.60	354,246.00
	Advertising		476,262.99	680,046.77

SRI LANKA EXPORT DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED 31ST DECEMBER 2020

	Note	SLFRS 31.12.2020 Rs. Cts.	SLFRS 31.12.2019 Rs. Cts.
Security		2,267,589.47	4,002,006.63
Audit Fee		900,000.00	1,000,000.00
Printing Charges		429,315.00	497,157.50
Transport & Travelling Charges		12,910,151.23	18,091,841.34
Entertainment		54,984.00	202,389.34
Other General Expenses		259,962.13	870,714.89
Board Member Fees & expenses		507,439.00	890,782.00
Maintenance of Office Equipment		1,133,001.99	1,988,231.25
Rent		79,204,085.00	76,637,031.59
Fuel and Lubricants		1,878,229.85	3,697,279.59
Repairs and Maintenance of Vehicles		2,961,443.20	5,066,679.77
Private Hiring Charges		6,430,521.00	7,437,997.11
Communication and Subscriptions		7,133,901.47	8,838,965.46
ISO Implementation Expenses		165,473.50	62,818.38
Depreciation		9,092,933.64	11,534,578.04
Local Training		644,134.87	1,977,714.38
Supplies Requisites		2,950,813.14	4,946,428.55
Insurance & Renewal of License		193,355.31	124,275.70
Overseas Training		-	5,826,342.81
Provisions for Impairment and bad debts		(49,000.00)	(475,108.70)
		370,180,134.61	**400,254,354.14**

(7) Finance Cost

Interest Expenses	-	181,306.13
Difference in Exchange	6,325.58	
Stamp Fees	65,197.76	1,416,869.76
Financial Charges	201,968.92	486,567.93
	273,492.26	**2,084,743.82**

SRI LANKA EXPORT DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED 31ST DECEMBER 2020

(8) Property, Plant and Equipment

(8.1) Cost

Balance as at 01/01/2019	Assets	Balance as at 01/01/2020	Additions	Revaluation	Disposals	Balance as at 31/12/2020
75,376,450.00	Motor Vehicle	71,726,450.00	-	-	-	71,726,450.00
41,839,508.52	Computers	41,965,388.52	4,002,359.60	-	-	45,967,748.12
5,734,481.00	Computer Software	5,734,481.00	-	-	-	5,734,481.00
1,760,910.57	Computer Equipment	1,962,456.07	64,550.00	-	-	2,027,006.07
735,930.00	Kiosk System	735,930.00	-	-	-	735,930.00
4,816,845.01	TV Equipment	4,816,845.01	-	-	-	4,816,845.01
65,549.00	PABX Equipment	143,174.00	-	-	-	143,174.00
1,720,102.14	Telephone Installation	1,769,554.64	29,500.00	-	-	1,799,054.64
16,326,607.07	Furniture and Fittings	16,378,158.95	232,300.00	-	-	16,610,458.95
17,498,514.09	Office Equipment	18,622,950.59	76,125.00	-	-	18,699,075.59
15,240.00	Other Equipment	34,740.00	-	-	-	34,740.00
116,442.00	Residential Telephone	116,442.00	-	-	47,202.00	69,240.00
166,006,579.40		**164,006,570.78**	**4,404,834.60**	**-**	**47,202.00**	**168,364,203.38**

(8.2) Depreciation

Balance as at 01/01/2019	Depreciation	Balance as at 01/01/2020	Adjustments for prior periods	Charge for the year	Depreciation for Disposals	Balance as at 31/12/2020
43,800,998.32	Motor Vehicle	53,513,643.32	-	3,822,645.00	-	58,336,288.32
34,716,682.27	Computer	37,019,223.97	-	2,165,834.47	-	39,185,058.44
4,684,870.99	Computer Software	5,082,170.99	-	397,300.00	-	5,479,470.99
1,114,873.81	Computer Equipment	1,364,376.95	9,822.15	238,103.44	-	1,612,302.54
306,637.50	Kiosk System	453,823.50	-	147,186.00	-	601,009.50
4,215,231.00	TV Equipment	4,445,942.11	-	230,711.11	-	4,676,653.22
53,861.81	PABX Equipment	65,591.71	-	14,317.40	-	79,909.11
1,580,332.41	Telephone Installation	1,636,132.56	(30,765.72)	52,350.38	-	1,657,717.22
8,875,044.79	Furniture and Fittings	9,724,600.38	-	856,607.75	-	10,581,208.13
14,040,340.77	Office Equipment	15,112,334.13	-	1,150,184.41	-	16,262,518.54
5,384.49	Other Equipment	15,880.11	-	11,275.36	-	27,155.47
75,878.79	Residential Telephone	82,750.76	19,697.63	6,418.32	45,235.15	63,631.56
113,470,136.95		**129,516,470.49**	**(1,245.94)**	**9,092,933.64**	**45,235.15**	**138,562,923.04**

	Written Down Value	2020	2019
166,006,579.40	Cost	168,364,203.38	164,006,570.78
(113,470,136.95)	Accu: Depreciation	(138,562,923.04)	(129,516,470.49)
52,536,442.45	Written down value	**29,801,280.34**	**34,490,100.29**

SRI LANKA EXPORT DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED 31ST DECEMBER 2020

			SLFRS 31.12.2020 Rs. Cts.	SLFRS 31.12.2019 Rs. Cts.
(9)	**Investments in Associates - Unquoted**			
	Investments in Associates Company - DHPL		1,123,606,578.07	1,052,821,878.95
			1,123,606,578.07	**1,052,821,878.95**
(10)	**Other non-current financial assets**			
	Investment in shares	**(10.1)**	23,104,288.82	25,084,418.82
	Staff loans - Non current	**(12.1)**	29,760,817.08	29,715,664.41
			52,865,105.90	**54,800,083.23**
(10.1)	**Investment in shares**			
	Redeemable Preference Shares		105,117,477.60	105,117,477.60
	Ordinary Shares		56,332,353.61	58,312,483.61
	(-) Provision for impairment in Value		(138,345,542.39)	(138,345,542.39)
			23,104,288.82	**25,084,418.82**
(12)	**Inventories**			
	Stationery		2,857,902.89	2,797,044.96
			2,857,902.89	**2,797,044.96**
(12)	**Trade and Other Receivables**			
	Exporters Loan		40,213,508.60	40,262,508.60
	(-) Provision for Impairment in debts		(40,213,508.60)	(40,262,508.60)
	Staff loans – Current	**(12.1)**	14,331,999.72	14,531,774.33
	VAT Receivable		104,676,878.80	104,676,878.80
	UPEPV - Control Account		10,403,683.00	10,403,683.00
	Other Debtors		15,600,844.71	15,588,234.95
			145,013,406.23	**145,200,571.08**

SRI LANKA EXPORT DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED 31ST DECEMBER 2020

		SLFRS 31.12.2020 Rs. Cts.	SLFRS 31.12.2019 Rs. Cts.
(12.1)	**Staff loans**		
	Non-Current		
	Staff loans	31,199,903.85	33,127,689.50
	Less : Deferred Staff Cost	(19,048,923.60)	(19,543,308.02)
	Prepaid Staff benefits	17,609,836.83	16,131,282.93
		29,760,817.08	**29,715,664.41**
	Current		
	Staff loans	10,037,905.54	9,610,628.80
	Staff loan interest at market rate	4,465,289.08	5,225,047.88
	Less : Provision for unpaid staff loans	(63,884.30)	(63,884.30)
	Less : Deferred Staff Cost	(1,420,450.46)	(1,374,769.13)
	Prepaid Staff benefits	1,313,139.85	1,134,751.08
		14,331,999.72	**14,531,774.33**
(13)	**Advance and Prepayments**		
	Prepayments	2,261,989.52	26,128,827.21
	Advances	2,896,918.98	2,975,042.46
	Bank Guarantee- Toyota Lanka	300,000.00	300,000.00
	Deposits for Services	1,695,555.00	1,322,260.00
		7,154,463.50	**30,726,129.67**
(14)	**Cash and Cash Equivalents**		
	Bank Of Ceylon – Cashier Deposit	2,500.00	2,500.00
	Bank Of Ceylon - Lake View Branch	25,230,747.79	9,451,814.14
	National Development Bank	313,562.18	2,626,497.33
	Bank Of Ceylon - Corporate Branch	1,943,606.60	685,763.48
	DFCC - Corporate Branch	148,890.00	148,890.00
	Bank of Ceylon - Call Deposit	10,000.00	10,000.00
	Sampath Bank - Kandy	5,560.66	5,759.10
	Sampath Bank – Galle	7,371.02	7,747.94
	Bank Of Ceylon - Mannar	27,595.82	27,195.30
	Sampath Bank - Kurunegala	17,426.58	17,578.47
	Cash in Hand	26,763.59	26,670.98
		27,734,024.24	**13,010,416.74**

SRI LANKA EXPORT DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED 31ST DECEMBER 2020

		SLFRS 31.12.2020 Rs. Cts.	SLFRS 31.12.2019 Rs. Cts.
(15)	**Grants Received - Equity Contribution**		
	Capital Contributed by the Treasury	7,904,002.00	7,904,002.00
	UNDP Contribution	2,110,282.00	2,110,282.00
		10,014,284.00	**10,014,284.00**
(16)	**Grants Received**		
	Government Contribution - Motor Vehicle	38,826,450.00	38,826,450.00
	Government Contribution - Other	20,491,468.90	16,086,634.30
	ITC Contribution	12,716.35	12,716.35
	Export Promotion Secretariat	202,677.32	202,677.32
	Grants - Market Access program	939,000.00	939,000.00
	(-) Amortization of Government Grants	(36,548,993.56)	(29,482,477.11)
		23,923,319.01	**26,585,000.86**
(17)	**Provisions and Other Liabilities**		
	UPEPV	2,108,251.77	2,108,251.77
	Exporter contribution	11,829,741.00	46,033,761.00
	Refundable Deposits	8,762,384.12	9,232,384.12
		22,700,376.89	**57,374,396.89**
(18)	**Retirement Benefits Obligation**		
	Balance as at 01.01.2020	75,445,155.25	78,998,235.75
	Provision during the year	14,074,547.00	10,928,619.75
	Paid during the year	(12,252,324.75)	(14,481,700.25)
	Balance as at 31.12.2020	**77,267,377.50**	**75,445,155.25**

SRI LANKA EXPORT DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED 31ST DECEMBER 2020

	SLFRS 31.12.2020 Rs. Cts.	SLFRS 31.12.2019 Rs. Cts.
(19) Trade Payables		
Stamp Fees Payables	27,675.00	31,075.00
PAYE Payable	-	42,461.00
Unclaimed Sundry Payments	26,080.15	46,059.72
EPF Payable	2,890,905.51	2,805,494.66
ETF Payable	346,908.66	336,659.34
Employees Final Payments	43,997.13	47,781.13
WHT Payable	-	4,053,473.14
Salaries Payable	160,672.30	166,536.31
Audit Fees Payables	1,890,000.00	3,680,200.00
Repayable Security Deposit- Cashier	2,500.00	2,500.00
Refundable Deposit for Tenders	261,000.00	287,000.00
Un-presented cheque-creditors	140,476.36	119,036.74
Other Accrued Expenses	102,740,134.14	78,877,848.66
Control A/C - National Export Strategy	5,816,722.59	996,081.85
Control A/C - Market Access Program	73,533.88	3,981,199.66
Control A/C - BSU -IT Initiative	1,881,382.13	3,597,926.21
Control A/C - Infras. Develop Boat Building	131,534.60	373,305.54
	116,433,522.45	**99,444,638.96**

(20) Investments in equity shares were tested for impairment as required by LKAS 39. Accordingly reversal of impairment provision amounting to Rs. 31,698,150 was done as at 1st January 2011.

(21) **(21.1)** **Staff Loan**

As per SLFRS 9, Staff loans are recognized at fair value by discounting future cash flows at the effective rate of interest of the current year. Loan balances were shown in the balance sheet after adjusting the deferred staff cost and prepaid staff benefit.

The respective balances are shown in the financial statements as follows.

Staff Loans	Rs.	41,173,925.09
Less: Deferred staff cost	Rs.	(20,469,374.06)
Add: Prepaid staff benefit	Rs.	18,922,976.68
Add: Interest at EIR -2020	Rs.	4,465,289.08
	Rs.	44,092,816.80

(21.2) Prepaid Staff benefit arisen for the newly granted loans adjusted to the asset in the balance sheet. It will be recognized as an expense over the loan period. Amount relevant to 2020 has been charged to income statement as follows.

Prepaid Staff benefit 2019	Rs.	17,266,034.01
Add: Prepaid staff benefit for new loans	Rs.	4,776,344.79
Less: Charged to income statement in 2020	Rs.	(3,119,402.11)
Year-end balance	Rs.	18,922,976.68

SRI LANKA EXPORT DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED 31ST DECEMBER 2020

(22) Prior Year Adjustments

Errors that have been made in respect to the recognition and measurement of elements of the financial statements have been corrected for the year 2020. Since it is impracticable to restate the financial statements for the periods in which the errors have been occurred, adjustments are reflected in the current year financial statements. This is in accordance with the section 50 of the LKAS 8 for impracticability of retrospective application and retrospective restatement.

Nature of the Prior period error	FSs' line item affected	Amount (Rs)
Write-off asset balances	Retained Earnings	(2,045,383.84)
Expenses recorded in 2020 which are related to previous years	Relevant expenditure accounts	(510,650.87)
Recording Over/ Under Provisions made	Relevant expenditure accounts	402,962.11
Correction of Depreciation and ledger positing in previous years	Relevant expenditure accounts	65,800.58
Reversal of expenses related to previous years	Relevant expenditure accounts	971,505.14
Cancellation of Cheques due to expiry of the cheque date	Relevant ledger accounts	815,000.00
		(300,766.88)

(23) Related Party Transactions

Payments are made in the ordinary course of business to its Associate Company i.e. Development Holdings (Pvt) Ltd. for certain specified activities are considered as related party transactions. During the reporting period, the following transactions which includes outstanding balances and commitments have been done with such related party by the EDB. Following details are presented according to the LKAS 24 disclosure requirements (Paragraph 18).

Name	Transactions	2020 Amount (Rs)	2019 Amount (Rs)
Development Holdings (Pvt) Ltd.	Rental	74,460,000.00	73,010,000.00
	Parking Fees	714,000.00	796,785.74
	Electricity	15,784,670.41	18,713,737.90
	Water	210,435.63	337,401.34
	Air condition charges	49,496.20	121,239.92

Janitorial Expenses	288,351.21	182,181.07

SRI LANKA EXPORT DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED 31ST DECEMBER 2020

Auditorium hire charges	588,073.91	1,308,082.72
Dividend Received	38,580,758.02	34,634,083.40

(24) Contingent Assets and Liabilities

There are no any other contingent assets or liabilities as at the balance sheet date except the details mentioned below.

	Nature of Contingent Asset as at 31.12.2020	Name of the Party from whom the Contingent Asset arose	Probable/ Estimated cash inflow in future Rs. Cts.	If unable to measure the cash inflow
i.	Case filed to recover outstanding rent, electricity and janitorial charges - Chennai Trade Centre	PIMA Holding (Pvt) Ltd	359,151.00	-
		Gem Nation (Pvt) Ltd	2,226,546.78	-
		Unique Multi Artist	194,142.50	Legal Fees to AG's Department
		Sara Oos Leather (Pvt) Ltd	1,131,017.00	-
ii.	Loan Defaulter	Works of Arts	29,000.00	-
		Rajas Jewelry	90,418.00	-
		Ceylon Ornamental Ceramics	289,720.00	-
		Coconut Husk Chips	26,809.46	-
		Saman Gems & Jewelers	252,912.02	-
		Unicycle Marketing	278,455.58	-
		World Fashion	30,000.00	-
		Unique Multi Artists	187,006.54	-
iii.	Repayment of Bond	Siri kumara	104,725.45	-
iv.	Case filed to recover outstanding advance payment paid by the EDB	Solar Green Plantations (Pvt) Ltd	1,505,932.00	-
v.	Recovery of salary - vacation of post mediation board	Gihan Chathuranga	562,856.75	-
		W.H.C.W. Fernando	46,783.93	-
		N.V.D. Sihinuwan	50,677.50	-

AUDITOR GENERAL'S REPORT

TCM2/F/EDB/1/20/08 19th May 2021

Chairman
Sri Lanka Export Development Board

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lanka Export Development Board for the year ended 31 December 2020 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

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1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Export Development Board for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2020 and the statement of comprehensive income , statement of changes in equity and cash flow statement for the year then 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 and Finance Act No. 38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Board as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

1.2.1 Sri Lanka Accounting Standards 19

a) According to the Sri Lanka accounting standard 19, the present value of the defined benefit obligation should be shown in the calculation of the gratuity provisions payable while Board should consider all actuarial gain and losses in comprehensive income statement. But Board had not calculated gratuity provision according to the Sri Lanka accounting standard 19 in the year reviewed.

b) According to Sri Lanka Accounting Standards 19, differences of actuarial gain and losses of comprehensive income which should be considered as part of other comprehensive income in the occurred period but the Board had not considered it accordingly.

1.2.2 Accounting deficiencies

a) The amount of Rs 2,482,492 which is more than 5 years debtor balances included in the other debtor balances of Rs 6,167,225 as at 31 December 2020 and unable to identify the date when the loan was given for the debtor balance of Rs 2,719,738. Although the recovery is uncertain, the impairment had not been made.

b) Under the Uva Paranagama Export Production Village, the debtor balance of Rs 10,403,683 was outstanding from 2009. Although it remains 10 years, the recovery is uncertain and the impairment had not been made.

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 qualified opinion.

1.3 Other information included in the Board's 2020 Annual Report.

The other information comprises the information included in the Board's 2020 Annual Report but does not include the financial statements and my auditor's report thereon, which I have obtained prior to 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 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.

If based on the work I have performed on the other information that I have obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Board 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 Board.

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 Board '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 Board'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 Board 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 includes 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 Board as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) 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 Board has any direct or indirect interest in any contract entered into by the Board 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 Board has not complied with any applicable written law, general and special directions issued by the governing body of the Board as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018.

2.2.3 To state that the Board 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 Board 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.

3. Other Audit Observations

(a) Accounts Receivable and payable

The debt balance of exporters outstanding from 2009 was Rs. 40,213,508 as at 31 December 2020. While the impairment had been made for the full amount, Only Rs 49,000 had been recovered for the reviewed year.

(b) Management and Operational Inefficiencies

i. The amount of Rs 105,111,477 and Rs 58,312,483 were invested in preference shares of 29 companies and the ordinary shares of 33 companies respectively which were inactive status and also closed by the board as at 31 December 2020. These are the companies whose names have been removed from the Register of Companies under Section 487 (3) of the Companies Act. Although the property of such companies can be confiscated under Section 487 (5), the Attorney General had informed that the Companies Act should be amended as there is no specific method of acquisition to take over the property of such companies. However, legal action had not been made because of the inability to find these companies and the impairment was done by the board.

ii. The approved cadre of the board was 258 as at 31 December 2020, but the actual cadre was 211. Therefore, there were 47 vacancies which consists of 06 Senior level post, 16 Junior level posts and 25 low level posts. Among these vacancies Additional Director General (Development), Director (Production), Director (Export Services) are the posts which were directly relevant to achieve the main objectives and but no action had been taken to fill those vacancies.

(c) Uneconomical Expenses

In the DHPL building, the board has 41 percent of capital ownership, has 5 floors on the 5th, 6th, 7th, 8th and 9th floors of the building, maintain their head office in the area of 44,990 square feet and the rent was Rs 1655 for a square feet so the total rent for the year under review was Rs 74,460,000. The rent agreement is renewed for every two years, where the annual rent was increased is Rs. 6,960,000 in 2019/2020 higher than 2018 and Rs. 8,214,000 amount had been increased in 2021/2022 higher than 2020. Due to not having adequate provisions to pay this amount of rent by the Board annually, it was being mentioned continuously in the financial statements as the rent to be paid and the accrued rent for the year under review was Rs.74, 459,700. Furthermore, other entities operating in the building had purchased the floors at a favourable price, but the Board had not directed to such a favourable alternative method. Although the amount of Rs.109, 365,467 profit share for the investment by the associate company, 64 percent of the profit had been paid as a rent to this company.

W.P.C. Wickramaratne
Auditor General