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ர்றஹஜஜஹஉ மஇகரஷர்

,யதஷஇற ஜபஉபந்கஹஆ றகஷகடப

Ministry of Health

Sri Lanka Thriposha Ltd.

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THRIPOSHA
திரிபோஷ

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ஆண்ட றிக்கை

Annual Report

2018

Sri Lanka Thriposha Limited
Annual Report – 2018

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Our Vision

To make the Sri Lankan community

a healthy, prosperous and proud nation

void of malnutrition.

Our Mission

**Our objective is to contribute
towards the national mission
for bringing forth
a healthy community of people
by hygienically manufacturing the
Thriposha supplementary meal
with all quality nutrients
making it available
to the targeted beneficiaries
and to introduce items of
wholesome supplementary food
to the market
for fulfilling the nutritional need
of the entire Sri Lankan community
whilst empowering the indigenous farmer
who is the main raw material supplier
for all these products.**

Message of the Chairman
of Sri Lanka Thriposha Ltd.

The production and free of charge distribution of the Thriposha supplementary meal through the health clinics islandwide to all pregnant and lactating mothers and underweight infants below five years of age living in Sri Lanka towards the cause of the fulfilment of the national mission of bringing forth a healthy populace replete with nutrition was the uppermost purpose among the objectives set out in the Memorandum of Articles when Sri Lanka Thriposha Ltd. was incorporated in the year 2011 as a company fully owned by the government with affiliation to the Ministry of Health and it was possible to well reach out to that goal up to this year as from the date of my assumption of duties in the year 2015

Likewise, one of the other major objectives in the Articles of Association was to set up this entity as an institution that earns revenue to the government through the introduction of commercial products to the market not being dependent upon it. I am very pleased to state that I was in a position to achieve both of these difficult goals by earning profits to the government following the introduction of the product, ‘Suposha’ to the market within such a very short period of time as three years.

I owe a debt of gratitude to His Excellency the President, Maithripala Sirisena, Hon. Minister of Health, Nutrition and Indigenous Medicine, Dr. Rajitha Senaratne, whole of the staff at Thirposha including the Board of Directors as well as our suppliers who provide us with raw materials on time for an uninterrupted production and all the others who assisted us in many ways.

M.D. Bandusena

Chairman, **Sri Lanka Thriposha Ltd.**

Board of Directors
Sri Lanka Thriposha Limited - 2018

- Mr. M.D. Bandusena, Chairman

- Dr. Anil Jasinghe, Director
  Director General of Health Services
  Ministry of Health, Nutrition and Indigenous Medicine

- Dr. (Mrs.) Shanthi Gunawardane, Director
  Community Consultant Physician
  Ministry of Health, Nutrition and Indigenous Medicine

- Miss H. M. Chamindika Herath Attorney At Law, Director
  Legal Officer
  Ministry of Health, Nutrition and Indigenous Medicine

- Mrs. Theja Herath, Director
  Senior Research Officer
  Industrial Technology Institute

- Dr. (Mrs.) Damayanthi Hapugoda, Director
  Consultant Paediatrician
  General Hospital, Panadura

- Mr. Darshana Wijesiriwardhana, Director
  Senior Assistant Secretary
  Ministry of Finance and Mass Media

- Mrs. M. T. R. C. Chithralatha, Observer
  Chief Accountant
  Ministry of Health, Nutrition and Indigenous Medicine

- Mrs. Thanuja Priyadarshani Alwis
  Secretary to the Board of Directors

Let’s know of Sri Lanka Thriposha Ltd. in brief

• **Address**	-	Sri Lanka Thriposha Ltd., P.O. Box 17, Colombo Road, Kapuwatta, Ja Ela.
• **Telephone**	-	**0112 - 236588** **0112 - 237418** **0112 - 233451**
• **Fax Number**	-	**0112 - 237363**
• **E-mail address**	-	**thriposha@gmail.com**
• **Ministry**	-	Ministry of Health and Indigenous Medical Services
• **Nature of the Institution**	-	Fully government owned company under Ministry of Health
• **Company Registration No.**	-	PB /3873
• **Main Product**	-	Wholesome Thriposha supplementary meal replete with healthy nutrients free of charge and Suposha for sale
• **Distribution Centres**	-	* Medical Centres islandwide * Estates * Probation & Child Care Centres
• **Suposha Agencies**		
• **Mode of distribution**	-	By railway wagons and lorries
• **Beneficiaries**	-	* All pregnant and breast feeding mothers * Mothers * Children with nutritional needs * Certain type of patients
• **Total number of beneficiaries**	-	In excess of One Million
• **Banker**	-	Bank of Ceylon
• **Auditor**	-	Auditor General, National Audit Office No. 306/72, Polduwa Road, Battaramulla.

Sri Lanka Thriposha Limited
Audit and Management Committee - 2018

- **Mr. Darshana Wijesiriwardhana**
  Chairman - Audit Management Committee
  Director - Sri Lanka Thriposha Limited
- **Dr. (Mrs.) Shanthi Gunewardena**
  Member - Audit Management Committee
  Director - Sri Lanka Thriposha Limited
- **Miss. H.M. Chamindika Herath (Attorney at Law)**
  Member - Audit Management Committee
  Director - Sri Lanka Thriposha Limited
- **Mrs. N. N. K. Diwakara**
  Observer - Audit Management Committee
  Superintendent of Audit – National Audit Office
- **Mrs. N.L. Jayasinghe**
  Assistant Accountant
  Sri Lanka Thriposha Limited
- **Mr. L. J. S. Premachandra**
  Convener - Audit Management Committee
  Internal Auditor - Sri Lanka Thriposha Limited

Main Procurement Committee
(Up to Rs. 100 million)

- Chairman
  Sri Lanka Thriposha Limited
- Mrs. C. B. S. I. Perera
  Accountant (Finance – Expenditure - I)
  Ministry of Health, Nutrition and Indigenous Medicine
- Dr. (Mrs) Rasanjali Hettiarachchi
  Director - Nutrition Coordinating Division
  Ministry of Health, Nutrition and Indigenous Medicine
- Mr. A. L. Basnayake
  Director (Examinations)
  Ministry of Health, Nutrition and Indigenous Medicine
- Mrs. Damitha Rathnayake
  Director – Department of Treasury Operations

Small Procurement Committee
(Up to Rs. 10 million)

- Senior Manager (Operations)
  Sri Lanka Thriposha Limited
- Senior Manager (Human Resources and Legal)
  Sri Lanka Thriposha Limited
- Assistant Accountant
  Sri Lanka Thriposha Limited

History and present progress of Sri Lanka Thriposha Limited

History

The Thriposha Product was initially imported from the United States of America and thereafter packeted in Sri Lanka and distributed out to the hands of the beneficiaries concerned on an agreement entered into with the Ministry of Health and the CARE Organization during the year 1973.

The management of the Thriposha Programme was handed over to the Lanka Tobacco Company by calling for tenders in the year 1979 and the CARE Organization completely backed out from this Programme from the year 1987. The Lanka Tobacco Company under the direct supervision of the Ministry of Health undertook to run the management of the Thriposha Programme from the year 1987 up to17.09.2010.

The Thriposha Programme was incorporated by a Cabinet Decision as a fully government owned company under the Companies Act, No. 7 of 2007 to take effect from 17.09.2010 with the objective of giving more impetus empowering the national programme for the eradication of malnutrition from the country.

The Sri Lanka Thriposha Limited which was incorporated with the constitution of 07 members of the Board of Directors commenced its business with effect from 07.01.2011 following the complete taking over of its management.

Present Progress

The total number of beneficiaries having entitlement to receive the Thriposha meal in Sri Lanka was 928,000 at the time of the takeover of the Company by the government in the year 2011. In order to supply the total monthly requirement of Thriposha for these beneficiaries a quantity of 1,392 metric tonnes needed to be produced, nontheless, the production per month was 725 metric tonnes and it was only 52% of the total requirement.

The total number of beneficiaries during the year 2018 will be 1,071,946 and the monthly requirement of Thriposha for them will be a quantity of 1,607 metric tonnes. The production per month is 993 metric tonnes and it is only 62% of the total requirement.

The quantity of Suposha manufactured during this year is 2,607 metric tonnes. Its sales income amounts to Rs. 523 million and a sum amounting to Rs. 369 million out of this total has been paid out to the Ministry of Health as cost.

The number of services, posts and the cadre approved by the Department of Management Services of the Ministry of Finance

01	**Senior Managers**		
	• Senior Manager (Operations)	01	
	• Senior Manager (Human Resource and Legal)	01	**02**
02	**Middle Level Managers**		
	• Manager (Engineering and Prodcution Services)	01	
	• Managers (Quality Control)	02	
	• Manager (Finance)	01	
	• Manager (Trade Promotion)	01	**05**
03	**Junior Managers**		
	• Distribution Officer	01	
	• Internal Auditor	01	
	• Finance Officer	01	
	• Supplies Officer	01	
	• Stores Officer	01	
	• Warehouse Officer	01	
	• Production Officer	03	
	• Administrative Officer	01	
	• Accounts Officer	01	
	• Engineering Service Officer	01	**12**
04	**Management Assistant (Technical)**		**04**
05	**Management Assistant (Non Technical)**		**18**
06	**Primary Services**		
	Primary Services (Skilled)		
	• Driver	07	
	• Electrician	04	**11**
	Primary Services (Semi skilled)		
	• Boiler Makers	03	
	• Fitters	03	
	• Lathemen	02	
	• Machine Operator	28	
	• Quality Inspector	07	
	• Fireman	01	
	• Fork Lift Operators	02	**46**
	Primary Services (Non skilled)		
	• Gardeners	02	
	• Labourers / Office Assistants	02	
	• General Labourers	129	
	• Overseer	01	**134**
Total			**232**

Service-wise composition of our Group

- **Factory**
- (Group consists of 205 personnel)

	Posts	**Number**
01	Senior Manager (Operations)	01
02	Manager (Engineering Services and Production)	01
03	Manager (Quality Assurance)	02
04	Wearhouse Officer	01
05	Production Officer	03
06	Stores Officer	01
07	Distribution Officer	01
08	Engineering Service Officer	01
09	Management Assistants	14
10	Electricians	04
11	Fireman	01
12	Fork Lift Operators	02
13	Quality Inspectors	07
14	Machine Operators	28
15	Lathemen	02
16	Fitters	03
17	Boiler Makers	03
18	General Labourers	130
Total		**205**

- **Administration, Accounts and other sections**

(Group consists of 27 personnel)

	Posts	**Number**
01.	Senior Manager (Human Resources & Legal)	01
02.	Manager (Finance)	01
03.	Manager (Trade Promotion)	01
04.	Finance Officer	01
05.	Accounts Officer	01
06.	Internal Auditor	01
07.	Administrative Officer	01
08.	Supplies Officer	01
09.	Management Assistants	08
10.	Drivers	07
11.	Office Assistants	02
12.	Gardeners	02
Total		**27**

Details of suppliers in 2018

Soya beans and maize
S. D. K. United Agro Ventures (Pvt) Ltd.
Pandulagama,
Anuradhapura.

Milk Powder
Milco (Pvt) Ltd.
No. 45,
Nawala Road,
Narahenpita.

Vitamins
J. K. Tradelink (Pvt) Ltd.
No. 44,
Thalawathugoda Road,
Pitakotte.

Minerals
Wikramarathna (Pvt) Ltd.

Kraft Papers Bag
Abdullah Industries Packaging (Pvt) Ltd.
No. 72,
Maha Vidyala Mawatha,
Colombo 13.

Polythene
New Jeewa Industry (Pvt) Ltd.
Polwatta,
Kundasale,
Kandy.

Selmo Pvt Ltd
59/1, Narampola, Parala
Moragalla, Dekatana

Tuffline (Pvt) Ltd.

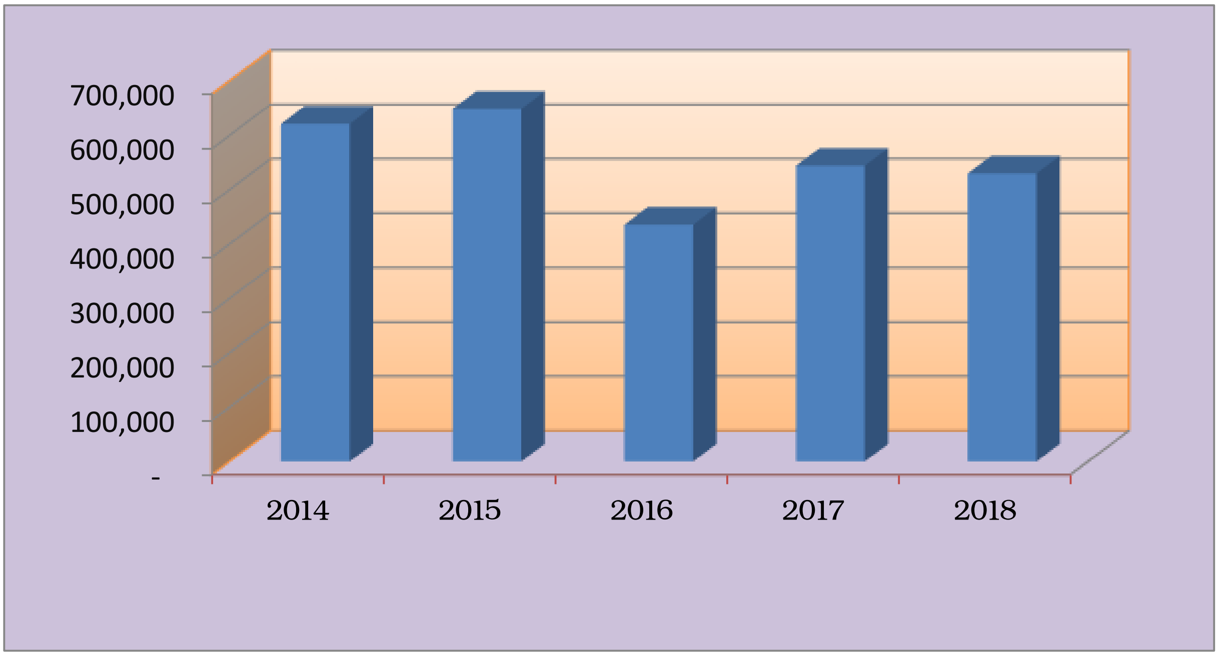
Corrugated boxes

Expack Corrugated Cartons (Pvt) Ltd.
Sharp Graphic House (Pvt) Ltd.

Production of Thriposha in Master Bags from 2014 to 2018

Month	2014	2015	2016	2017	2018
January	40,316	47,901	57,542	56,236	51,069
February	47,708	43,679	53,416	48,288	40,351
March	56,917	53,206	55,410	58,150	47,969
April	38,492	42,176	44,501	46,956	25,720
May	56,456	57,367	52,757	49,432	55,122
June	51,654	53,393	15,757	40,134	50,268
July	57,309	61,000	-	48,128	49,042
August	57,677	57,719	3,060	53,179	40,374
September	57,621	60,182	38,071	36,295	48,670
October	58,522	62,381	38,806	27,311	50,036
November	56,324	60,908	47,392	49,829	47,152
December	42,072	48,633	28,898	30,017	23,703
Total Master Bags	**621,068**	**648,545**	**435,610**	**543,955**	**529,476**
Total Metric tonnes	**13,974**	**14,592**	**9,801**	**12,239**	**11,913**

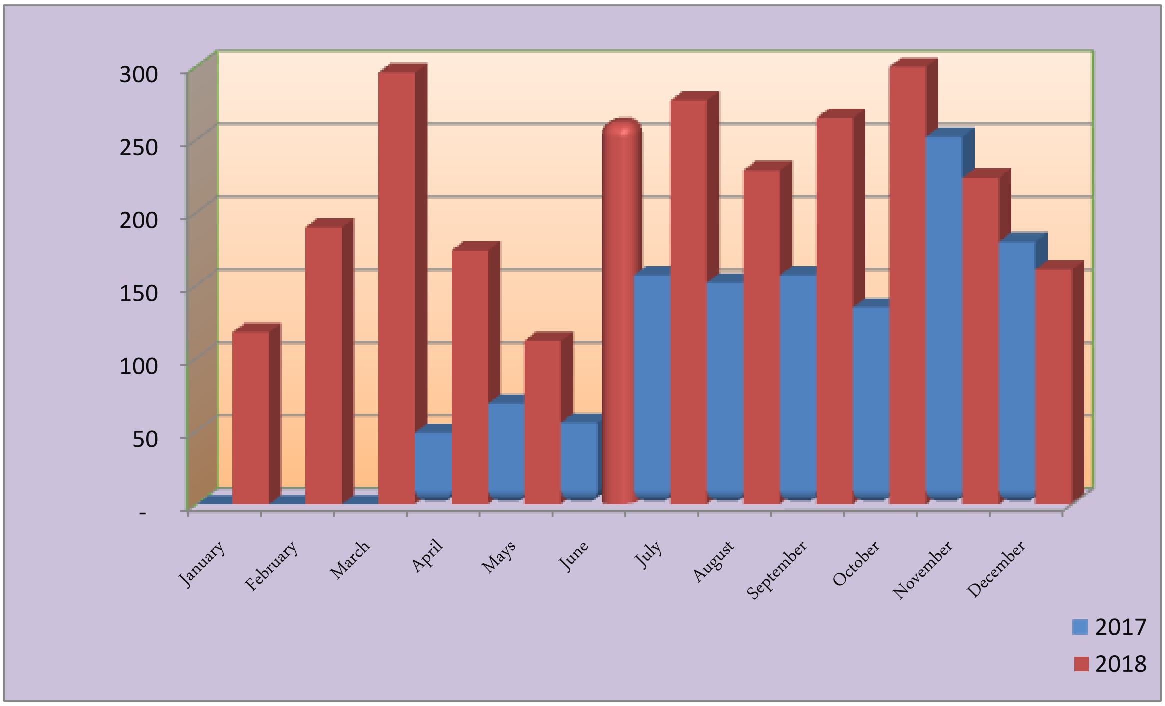
Production data from 2014 to 2018 in a chart (Master Bags)



Production of Suposha during 2017 to 2018 (Mega Tonnes)

Month/ Year	**2017**	**2018**
January	-	118
February	-	190
March	-	296
April	49	174
May	69	112
June	56	261
July	157	277
August	152	229
September	157	265
October	135	300
November	252	224
December	180	161
Total	**1,207**	**2,607**

Production of Suposha from April 2017 to 2018 in a chart (Mega Tonnes)



Targets expected in the year 2019

- ➢ Achieving the 100% target of providing the Thriposha product that is made available to all the beneficiaries free of charge.

- ➢ Seeing to have the production of the farmer organizations supplied into Thriposha Ltd with a view to safeguarding the local farmer in a more secure way.

- ➢ Expanding our Suposha network of sales representatives

- ➢ Finding solutions for the shortage of raw materisl by purchasing the main raw material required to continue in production by way of Cabinet Decisions.

- ➢ Making arrangements to purchase two new packing machines in parallel to the increase in production so as to gearing the Thriposha production in a very efficient and accurate manner and with consummate ease.

- ➢ Making arrangements to purchase following in order to handle the production more efficiently and in a level of high quality.

    - ✓ Initiating action necessary to establish an air conditioninig plant in the factory.

- ✓ Purchasing and the installation of a separator, generator, autoclave machine and a bucket elevator.
- ✓ Initiating the work for tiling the floor of the factory.
- ✓ Purchasing two new cabs.

The sole expectation of the Company is to augment the growth of theThriposha production during the year 2019 in the following manner.

Month	**2019**	
	Master bags	**Packets (750 g.)**
January	97,391	2,921,730
February	101,711	3,051,330
March	110,351	3,310,530
April	92,531	2,775,930
May	96,851	2,905,530
June	114,671	3,440,130
July	118,991	3,569,730
August	113,591	3,407,730
September	113,591	3,407,730
October	113,591	3,407,730
November	105,491	3,164,730
December	101,711	3,051,330
Total	**1,280,472**	**38,414,160**

The Distribution Process of Thriposha

Thriposha Factory (Ja Ela)

Distribution activities (by lorries and railway wagons)

Regional Directors of Health Services

M. O. H.

Health Centres (Clinics)

Midwife

Estates

Children's Centres

Thriposha Beneficiaries

Sri Lanka Thriposha Limited produces Thriposha and undertakes the distribution activities systematically through the Ministry of Health.

Thriposha Distribution Centres

Areas of Authority of Provincial Director of Health Services	Estate Suprintendents	Other
1. Central Province	1. Hatton	1. Military Hospitals
2. Eastern Province	2. Matale	2. Police Hospitals
3. North Central Province	3. Kegalle	3. Nurseries
4. North Western Province	4. Kandy	4. Municipal Councils
5. Northern Province	5. Kalutara	- Negombo
6. Sabaragamuwa Province	6. Nuwara Eliya	- Colombo
7. Southern Province	7. Matara	- Matale
8. Uva Province	8. Badulla	- Galle
9. Western Province	9. Galle	- Kandy
	10. Ratnapura	

Probation and Child Care Authority	Areas of Authority of Regional Director of Health Services	
1. Anuradhapura	1. Ampara	14. Kandy
2. Battaramulla	2. Anuradhapura	15. Kegalle
3. Badulla	3. Badulla	16. Kilinochchi
4. Galle	4. Batticaloa	17. Kurunegala
5. Jaffna	5. Colombo	18. Matale
6. Trinncomalee	6. Galle	19. Matara
7. Kurunegala	7. Gampaha	20. Mannar
8. Ratnapura	8. Hambantota	21. Monaragala
9. Kegalle	9. Jaffna	22. Nuwara Eliya
10. Kandy	10. Kalmune	23. Polonnaruwa
	11. Kalutara	24. Puttalam
	12. Ratnapura	25. Vavuniya
	13. Trincomalee	

Number of M. O. H. Divisions

1. Ampara	07	10. Kalmune	13	19. Matara	16
2. Anuradhapura	18	11. Kalutara	13	20. Mannar	03
3. Badulla	15	12. Ratnapura	17	21. Monaragala	11
4. Batticaloa	13	13. Trincomalee	10	22. Nuwara Eliya	11
5. Colombo	11	14. Kandy	21	23. Polonnaruwa	07
6. Galle	19	15. Kegalle	11	24. Puttalam	11
7. Gampaha	16	16. Kilinochchi	04	25. Vavuniya	04
8. Hambantota	12	17. Kurunegala	23		
9. Jaffna	11	18. Matale	12		

Details of Distribution of Thriposha in 2018

Areas of Authority of Provincial Director of Health Services	Number of beneficiaries	Thriposha bags distributed during the year 2018		
		Mothers	Children	Total
Ampara	29,955	3,133	10,033	13,166
Anuradhapura	60,607	6,874	12,270	19,144
Badulla	45,380	3,623	13,300	16,923
Batticaloa	53,175	3,638	16,729	20,367
Colombo Hospital	5,465	567	2,964	3,531
Colombo Municipal Council	12,114	1,760	7,265	9,025
Colombo (South)	50,305	9,725	24,528	34,253
Galle	49,140	6,502	12,767	19,269
Gampaha	59,426	18,277	26,958	45,235
Hambantota	39,953	5,295	16,755	22,050
Jaffna	22,577	2,128	7,091	9,219
Kalmune	49,613	3,831	14,712	18,543
Kalutara	36,784	8,469	16,215	24,684
Kandy	70,054	6,582	12,799	19,381
Kegalle	29,986	5,994	14,342	20,336
Kilinochchi	10,044	1,342	2,678	4,020
Kurunegala	74,841	7,679	17,108	24,787
Mannar	7,170	1,884	4,549	6,433
Matale	28,796	3,614	7,749	11,363
Matara	52,983	7,264	14,335	21,599
Monaragala	28,148	3,461	7,989	11,450
NuwaraEliya	32,155	5,320	15,532	20,852
Polonnaruwa	28,557	2,870	8,321	11,191
Puttalam	29,868	6,160	16,741	22,901
Ratnapura	46,510	7,022	18,192	25,214
Trincomalee	25,385	3,173	7,787	10,960
Vavuniya	10,228	1,222	2,509	3,731
Mullaitivu	5,038	672	1,344	2,016
Total	**994,257**	**138,368**	**336,383**	**474,751**

Probation and Child Care Centers	Number of Beneficiaries	Thriposha bags distributed during the year 2018
09	**23,396**	**18,684**

Estate Areas	Number of Beneficiaries	Thriposha bags distributed during the year 2018		
		Mothers	Children	Total
Hatton	10,335	1,487	5,480	6,967
Matale	2,843	412	1,866	2,278
Kegalle	4,287	995	2,464	3,459
Kandy	5,324	915	3,299	4,214
Kalutara	2,469	401	1,551	1,952
Nuwara Eliya	11,510	2,344	6,694	9,038
Matara	1,042	138	722	860
Badulla	10,685	2,020	5,720	7,740
Galle	1,070	164	677	841
Ratnapura	4,728	923	2,823	3,746
Total	**54,293**	**9,799**	**31,296**	**41,095**

Number of Thriposha Distribution Centres and Beneficiaries in 2018

	Number of Centres	Number of Beneficiaries
For the 26 divisions of Regional Director of Health Services	705	994,257
Estates	416	54,293
Homes for the Children of the Department of Probation and Child Care	10	23,396
Total	**1,131**	**1,071,946**

Marketing Division

01. Inaguration of the Marketing Division

One of the other objectives of the establishment of the Sri Lanka Thriposha Ltd was "Production and marketing of other approved nutritional substances in conformity to the policy of the Government". Making this objective a reality measures were initiated during the year 2017 to introduce the surplus production of Thriposha under a brand name of "Suposha" as a result of the increased output through the new machinery installed in the year 2016.

02. Purpose of inauguration of the Marketing Division

To become a state institution that generates profits relying on its independently earned income without being dependent upon the state by not being burden to the government challenging the false notion that the government institutions are supposed to be incurring losses.

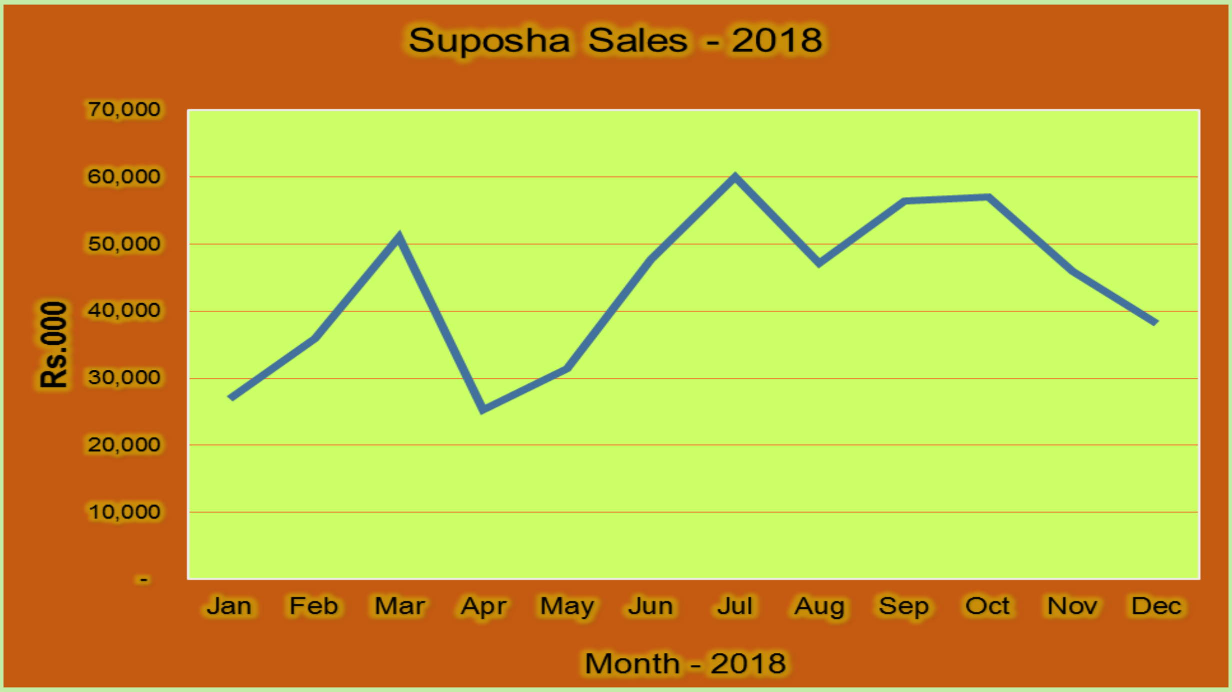
03. Expansion of the Marketing Division

This Suposha product was initially introduced to the market under 04 categories of packs comprising 100 grammes, 250 grammes, 500 grammes and 750 grammes covering the districts of Kandy, Kaluthara and Galle through 06 sales agents.

By the end of the year 2017, coverage of 11 districts in the island was possible through a network of sales agents comprising 25 persons. Apart from this, a sales outlet to sell Suposha and Highland products was also kept open in the premises of the company.

The income earned through the sales of other products including Suposha during the year 2018 was Rs. 574 million whilst the net profit was Rs. 120 million.

Sales income of Suposha during the year 2018 : Rs. 000



Achievements realized, action initiated and challenges faced during the year 2018

Achievements realized by us in the year 2018

01. Increasing the Suposha Dealer Network up to 42 and as a result, earning a profit of Rs. 120 million by boosting the sales income in the year 2018 up to Rs. 523 million.

02. Introduction of a new variety of cake with the use of Suposha powder.

Measures set in motion to achieve targets during the year 2018

01. Making arrangements to purchase main raw material required to continue in production by way of Cabinet Decisions.

02. Installation of a U Type Conveyor System for the 200 mega tonnes Silo and the installation of a Pipe Screw Type Conveyor System for it.

03. Installation of a High Efficiency Separator Filter

04. Installation of the Thermal Transfer Code for three of the machines in the Packing Division.

05. Installation of a tank made out of white iron to store Thriposha for the Packing Division.

06. Expansion of the Suposha Sales Outlet.

Challenges faced during the year 2018

01. Having to face up to the competition posed by the institutions that have set a firm footing in the market enjoying a monopoly with popular brand names having remained in the field over a long period of time. Nevertheless, the engagement in propaganda work of Suposha along with Thriposha brand name against high competition would result in retaining a sizable market share and a consumer base.

02. Increased advertising compaings by the institutions engaged in this industry in a grand scale for their products by multitude of modes.

03. Inability to meet the demand in tandem with the supply due to inhibitive factors.

Proposals for success during the year 2019 and the targets expected

Proposals for success during the year 2019

01. Purchase of raw materials necessary for the production in order to meet 100% requirement of the consumer.

02. Improvement of storage facilities required to store raw material necessary to continue in the production proceess even during the off seasons of raw material and the construction of a silo in the capacity of 4000 metric tonnes for this purpose.

03. Increasing the financial provision allocated through annual budget for Thriposha Ltd.

04. Giving increased publicity to the new product, Suposha among consumers and introducing it to the market through the sales promotion programmes.

05. Extended coverage of the network of sales agents encompassing the entire island.

06. Streamlining the distribution activities of the end product and making them more efficient so as to enable it to reach out to the right beneficiary.

Expected goals - 2019

01. Seeing to increase in the sales income in the region of Rs. 750 million and an increase of 20% thereof on annual basais. It was possible to go beyond the mark of Rs. 368 million in sales income by the month of July in the year 2019.

02. Increasing the network of sales agents so as to cover the 24 districts of the island.

Ultimate Goal

Our ultimate goal is to be a state venture dependent upon the independently generated income without relying on the government by not being a burden on the state.

Acknowledgement

We pay our gratitude to Hon. Dr. Rajitha Senaratne, Minister of Health for encouraging us with his continuous guidance, Hon. Faizal Cassim, Deputy Minister of Health for his continuous ready assistance, Mr. Janaka Sugathadasa, Secretary of Health for leading us in the right direction with necessary instructions and Mr. R.H.S. Samaratunga, Secretary of the Ministry of Finace and the Secretary to the Treasury for lending us a heping hand with requisite annual provisions.

Likewise, it indeed was a blessing to all of us the support and cooperation extended by all ladies and gentlemen of the Board of Directors. I also wish to thank our suppliers and those who render us sevices externally.

It is heart warming to witness a staff serving satisfactorily from top to bottom in the institutional hierarchy. The contributon they make towards the Company has to be appreciated. Finally, we do owe a debt of gratitude to the entire members of such a staff of Sri Lanka Thriposha Limited, who strive to achieve the set targets at all times.

SRI LANKA THRIPOSHA LTD
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
For the year ended 31st December 2018

	Notes	31/12/2018 Rs. Cts.	31/12/2017 Rs.
INCOME			
Revenue	02	2,806,718,129.68	2,183,706,297
Less : Cost of Ready to used product	03	(2,230,761,256.16)	(1,904,609,041)
: Cost of Sales	04	(424,567,749.72)	(168,059,812)
		151,389,123.80	**111,037,444**
Other Income	05	37,813,850.10	28,982,331
Less:Expenses			
Sales and Distribution Expenses	06	19,710,985.68	21,413,625
Administration Expenses	07	79,340,635.12	54,560,274
Financial and other Expenses	08	11,510,380.04	195,624
		110,562,000.84	**76,169,523**
Income over expenditure for the year		**78,640,973.06**	**63,850,252**

The above statement of comprehensive income is to be read in conjunction with the accounting policies and note to the financial statements appear on pages 07 to 23 which form an integral part of these financial statements.

01

SRI LANKA THRIPOSHA LTD
STATEMENT OF FINANCIAL POSITION
As at 31st December 2018

	Notes	31/12/2018 Rs. Cts.	31/12/2017 Rs.
ASSESTS			
Non Current Assets			
Property, Plant & Equipment	12	655,757,869.75	669,513,546
Intangible Assets	13	165,296.90	330,594
		655,923,166.65	**669,844,139**
Capital Working Progress	14	22,513,629.40	-
Current Assets			
Inventories	15	127,134,727.41	200,083,241
Trade & Other Receivables	16	212,780,368.24	149,350,593
Cash & Cash Equivalents	17	335,266,293.23	200,216,301
		675,181,388.88	**549,650,135**
Total Assets		**1,353,618,184.93**	**1,219,494,274**
EQUITY AND LIABILITIES			
Capital and Reserves			
Deferred Liability	19	390,085,607.56	395,491,067
Revaluation Reserves	20	306,378,657.65	306,378,658
Accumulated Income Over Expenditure		422,306,485.10	343,665,512
Total Equity		**1,118,770,750.31**	**1,045,535,237**
Non Current Liabilities			
Retirement Benefit Obligation	21	44,898,532.10	42,956,779
Medical Fund	22	209,446.78	176,422
		45,107,978.88	**43,133,201**
Current Liabilities			
Trade & Other Payables	23	189,739,455.74	130,825,836
Total Equity & Liabilities		**1,353,618,184.93**	**1,219,494,274**

The above statement of financial position is to be read in conjunction with the accounting policies and notes to the financial statements appear on pages 07 to 23 which form an integral part of these financial statements.

These financial statements have been prepared in compliance with the requirements of the Companies Act No 07 of 2007.

....
Head of Finance

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

Approved and signed for and on behalf of the Board

....
Chairman

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....
Director

Ja-Ela, Kapuwatta
Date: 14/03/2019

02

SRI LANKA THRIPOSHA LTD
STATEMENT OF CHANGES IN EQUITY
For the year ended 31st December 2018

	Notes	Capital Reserves	Revaluation Reserves	Accumulated Income Over Expenditure	Total
		Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
Balance as at 01/01/2017		380,421,185.26	307,170,027.56	307,683,544.60	995,274,757.42
Capital grant from Ministry of Health		70,386,741.08	-	-	70,386,741.08
Depreciation - Capital Assets Grant by Ministry of Health		(55,316,859.32)	-	-	(55,316,859.32)
Revaluation Gain/Loss on Disposal Assets			(791,369.91)	-	(791,369.91)
Prior Adjestment - 2017		-	-	(27,868,284.10)	(27,868,284.10)
Income over expenditure - 2017		-	-	63,850,251.54	63,850,251.54
Balance as at 31/12/2017		**395,491,067.02**	**306,378,657.65**	**343,665,512.04**	**1,045,535,236.71**
Balance as at 01/01/2018		395,491,067.02	306,378,657.65	343,665,512.04	1,045,535,236.71
Capital grant from Ministry of Health	19	50,974,042.59	-	-	50,974,042.59
Depreciation - Capital Assets Grant by Ministry of Health	19	(56,379,502.03)	-	-	(56,379,502.03)
Income over expenditure 2018		-	-	78,640,973.06	78,640,973.06
Balance as at 31/12/2018		**390,085,607.58**	**306,378,657.65**	**422,306,485.10**	**1,118,770,750.33**

SRI LANKA THRIPOSHA LTD
CASH FLOW STATEMENTS
For the year ended 31st December 2018

	31/12/2018 Rs.	31/12/2017 Rs.
Cash Flow from Operating Activities		
Income over expenditure for the year	**78,640,973**	**63,850,252**
Adjustments for		
Depreciation	57,664,125	56,009,370
Disposal Loss	10,639,533	-
Gratuity Provision for the year	5,663,671	9,185,605
Provision Medical Contribution	231,068	98,600
Prier year adjestment	-	(27,868,284)
	74,198,397	**37,425,291**
Operating Profit Before Changes in Working Capital	**152,839,370**	**101,275,542**
Changes in Working Capital		
Increase / (Decrease) in Trade & Other Receivables	(63,429,775)	(77,830,092)
Increase / (Decrease) in Trade & Other Payables	58,913,620	113,927,062
Increase / (Decrease) in Inventories	72,948,513	6,024,838
	68,432,358	**42,121,807**
Net Cash Flow from Operating Activities Before Gratuity Payment	221,271,728	143,397,349
Less: Gratuity Paid	(3,721,918)	(4,087,601)
Medical Benefits Paid	(198,044)	(160,857)
Net Cash Flow from Operating Activities	**217,351,767**	**139,148,892**
Cash Flow from Investing Activities		
Acquisition of Property, Plant & Equipment	(55,024,828)	(60,150,025)
Capital Working Progress	(22,513,629)	-
Interest Income	642,143	848,633
Net Cash Flow from Investing Activities	**(76,896,315)**	**(59,301,392)**
Cash Flow from Financing Activities		
Capital Grant from Ministry of Health	(5,405,459)	15,069,882
Changes in Cash & Cash Equivalent	135,049,992	94,917,382
Cash & Cash Equivalent Brought Forward	200,216,301	105,298,919
Cash & Cash Equivalent Carried Forward	**335,266,293**	**200,216,301**
Analysis of the Cash & Cash Equivalent shown in the statement of financial position		
Cash In Hand	20,000	20,000
Bank of Ceylon Ja-Ela Ac No 71324617	29,691,455	13,530,026
Bank of Ceylon Ja-Ela Ac No 80306903	153,631,019	45,902,793
Investment on Trasury Bill	92,580,625	92,988,272
Investment on Fixed Deposit	59,343,195	47,775,210
	335,266,293	**200,216,301**

SRI LANKA THRIPOSHA LTD

MANUFACTURING ACCOUNT

For the year ended 31st December 2018

	Notes	31/12/2018 Rs. Cts.	31/12/2017 Rs.
COST OF MANUFACTURING			
Raw Materials & Packing Material			
Balance as at 01/01/2018		146,784,459.46	151,509,363
Purchase	09	1,813,404,372.61	1,564,586,324
		1,960,188,832.07	1,716,095,686
Balance as at 31/12/2018	15	(88,411,099.24)	(146,784,459)
Cost of Raw Materials Consumed		**1,871,777,732.83**	**1,569,244,940**
Direct Labour and Management Cost	10	187,261,754.66	178,601,881
Factory Overheads	11	162,148,537.19	141,801,206
Re-Processing Loss		(112,656.25)	(2,356)
Prime Cost		**2,221,075,368.43**	**1,889,645,672**
Working Progress			
Balance as at 01/01/2018		2,388,929.16	8,215,484
Balance as at 31/12/2018	15	(12,605,572.55)	(2,388,929)
		(10,216,643.39)	**5,826,555**
Total Production Cost		**2,210,858,725.04**	**1,895,472,227**

SRI LANKA THRIPOSHA LTD
"SUPOSHA"
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31ST DECEMBER 2018

	Notes	31/12/2018 Rs. Cts	31/12/2017 Rs.
Revenue			
Income	02	574,093,313.58	255,227,932
Less : Cost of Sales	04	(424,567,749.72)	(168,059,812)
		149,525,563.86	**87,168,119**
Other Income	05	5,931,799.46	1,411,833
Expenses			
Sales and Distribution Cost	06	10,262,087.21	5,706,166
Administration Expenses	07	23,647,099.18	2,508,562
Financial and Other Expenses	08	1,004,580.00	274,328
		34,913,766.39	**8,489,057**
Income over Expenditure for Year 2018		**120,543,596.93**	**80,090,895**

1. Significant Accounting Policies

1.1.1 Reporting Entity

Sri Lanka Thriposha Ltd. is a limited liability company incorporated and domiciled in Sri Lanka as a fully Government owned company under the supervision of Ministry of Health. The registered office of the Company and the principal place of business is located at P O Box 17, Kapuwatta, Ja-Ela, Sri Lanka.

1.1.2 Principal Activities and Nature of Operations

The Company is the sole company for manufacturing "Thriposha"; for "Thriposha distribution program" of Ministry of Health.

The other principal activities of the company were:

- To facilitate to development, production and distribution of "Thriposha" – a Sri Lanka fortified supplementary food product in order to reduce maternal and child malnutrition in Sri Lanka.
- To encourage the income generation path for local farmers who supply the raw material for Thriposha Production as far as possible.
- To reduce and market any other form of fortified blended food items based on Government policy.
- To assess the annual requirement of Thriposha and take necessary action to supply.

1.1.3 Board of Directors

1. Mr.M.D. Bandusena (Chairman)
2. Dr.Anil Jayasinghe
3. Dr.Shanthi Gunawardana
4. Mrs. H.M. Theja Herath
5. Mrs. Chamindika Herath
6. Dr.Damayanthi Hapugoda
7. Mr. Darshana Wijesiriwardana
8. Mrs.T.R.C. Chithralatha (Observer)

Board Secretary

Mrs.Thanuja Priyadharshani Alwis

1.1.4 Auditor

National Audit Office
No.306/72, Polduwa Road,
Battaramulla

1.1.5 Bankers

Bank of Ceylon
Ja-Ela

1.1.6 Date of Authorization for Issue

The Financial Statements of Sri Lanka Thriposha Limited for the year ended 31st December 2018 was authorized for issue in accordance with the resolution of the Board of Directors.

1.1.7 Basis of Preparation

a. Statement of Compliance

The financial statements which comprise the statement of comprehensive income and expenditure, statement of financial position statement of changes in equity and cash flow statement together with the accounting policies, bases and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No.7of 2007.

b. 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.

c. Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements in order to enhance the understanding of the financial statements of the current period and to improve the inter-period comparability.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

When the presentation or classification of items in the financial statements have been amended, comparative amounts have also been reclassified to conform with the current year in order to provide a better presentation.

d. Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the functional and presentation currency of the Company.

e. Use of Key Estimates and Critical Judgments

The preparation and presentation of financial statements in conformity with SLFRSs and LKASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and judgments used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

f. Going Concern

The Board of Director has made an assessment of the company's ability to continue as going concern in the foreseeable future, and Board is satisfied that the company possess adequate resources to continue their operation into the foreseeable future and hence endorses the continues adoption of the assumption of going concern

1.2 Assets and the Bases of their Valuation

1.2.1 Property, Plant & Equipment

a. Recognition and Measurement

Items of property, plant & equipment are stated at cost or at fair value less accumulated depreciation and any impairment losses.

All items of property, plant & equipment are initially recorded at cost less accumulated depreciation and any impairment losses. Significant components of an asset are identified and depreciated separately. When significant parts of property, plant & equipment are required to be replaced at intervals, the entity derecognizes the replaced part and recognizes the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognized in the income statement as incurred.

b. Cost

The cost of property, plant & equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

Subsequent expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature in order to carry on or increase the earning capacity of the assets has been treated as capital expenditure.

Expenditure incurred to replace a component of an item of property, plant & equipment that is accounted for separately, including major inspection and overhaul expenditure is capitalized. Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

c. Revaluation

All Property, Plant & Equipment of Sri Lanka Thriposha Ltd are revalued on 2012 by valuation department

d. Depreciation

Depreciation is charged to the capital reserve on the straight-line basis at the following rates per annum in order to write-off the cost of such assets over their estimated useful lives.

Buildings	Over 20 Years
Plant and Machinery	Over 10 Years
Motor Vehicles	Over 05 Years
Equipment and Tools	Over 05 Years
Laboratory Equipment	Over 10 Years
Agricultural equipment	Over 10 Years

Electrical Works	Over 05 Years
Office Equipment	Over 10 Years
Furniture and Fittings	Over 10 Years
Computer Equipment	Over 4 Years
Intangible Assets	Over 4 Years

e. De recognition

An item of property, plant & equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss on derecognition of the assets is included in the statement of comprehensive income in the year the asset is derecognized.

1.2.2 Capital Work-in-Progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings awaiting capitalization. Capital work-in-progress would be transferred to the relevant asset category in property, plant & equipment when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by Company. Capital work-in-progress is stated at cost, including borrowing costs, less any accumulated impairment losses.

1.2.3 Intangible Assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard LKAS 38 - Intangible Assets. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortization and any accumulated impairment loss.

Computer software is amortized over a period of 4 years on the straight-line method.
Curriculum development cost is written-off on the straight-line method over a period of 4 years.

1.2.4 Inventories

Inventories are valued at first in first out (FIFO) method, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following formulae:-

Raw Materials	- At cost
Work –in- Progress	- At Cost
Finished Goods	- At the cost of direct materials, direct labor, Administration an appropriate proportion of fixed Production overheads based on normal operating capacity.

Net Realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make sale.

1.2.5 Impairment of Assets

The carrying amounts of the assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

1.2.6 Financial Assets

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.
All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable to transaction costs.

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset is transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

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.

The financial assets of the Company include cash and short-term investments and trade and other receivables.

a. Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance expense in the statement of comprehensive income.

The Company has not designated any financial asset upon initial recognition at fair value though profit or loss.

b. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance costs.

Loans and receivables comprise trade receivables, employee loans, deposits, advances, other receivables and cash and cash equivalents.

c. Held-to-Maturity Investments (HTM)

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest rate (EIR) method, less impairment. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in financial costs.
Investments in Government Securities and fixed deposits have been classified under HTM investments.

d. Available-for-Sale Financial Investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented in the fair value reserved in funds and reserves. Interest income on available-for-sale debt securities is calculated using the effective interest rate method (EIR) and is recognized in profit or loss. When an investment is derecognized, the gain or loss accumulated in funds and reserves reclassified to profit or loss.

The Company has not designated any financial asset upon initial recognition as available-for-sale investment.

1.2.7 Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and if such impairment has occurred, that amount of impairment is calculated by taking the difference between the assets carrying amount and the present value of estimated future cash flow.

1.2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, deposits at bank and repurchase agreements.

Bank overdraft is included as a component of cash and cash equivalents for the purpose of the statement of cash flows, which has been prepared using the 'indirect method'.

1.3 Liabilities and Provisions

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the Reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

1.3.1 Employee Benefits

a. Provision for Retiring Gratuity

The key assumptions used for calculating the provision include the following:

Discounted Rate	**12%**
Future Salary Increment Rate	**10%**
Staff Turn Over	**02%**
Retirement Age	**55 Years**

That the Company will continue as a going concern

b. Defined Contribution Plan

A defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plan are recognized as an expense in the statement of comprehensive income as and when they are due.

c. Employees' Provident Fund

The Company and employees, contribute 12% and 08% respectively, on the salary of each employee to the approved provident fund.

d. Employees' Trust Fund

The Sri Lanka Thriposha Ltd. contributes 3% on the salary of each employee to the Employees' Trust Fund.

1.3.2 Trade and Other Payables

Trade and other payables are stated at cost.

1.3.3 Taxation

The surplus and income of the Company other than the surplus and income from dividends or interest is exempt from income tax under Section 7 b(ixiv) of the Inland Revenue Act No. 10 of 2006.

1.3.4 Deferred Taxation

Provision has not been made for deferred tax, as surplus and income of the Company since exempt from income tax under Section 7 b (ixiv) of the Inland Revenue Act No. 10 of 2006.

1.3.5 Capital Commitments and Contingent Liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitments and contingent liabilities of the Company are disclosed in the respective notes to the financial statements.

1.4 Statement of Comprehensive Income

Capital Reserve – (Related to Capital Grants)

Funds spend on fixed assets since year 2011 provided by the Ministry of Health, CARE, and Ceylon Tabaco Ltd have been treated as capital grant and as such the depreciation in respect of these items has been charged to the relevant capital grant accounts while setting off same against the total depreciation charge for the year

1.4.1 Grant

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Grants that compensate the Company for expenses incurred are recognized as revenue in the statement of comprehensive income in the same period in which the expenses are recognized. Grants that compensate the Company for the cost of an asset are recognized in the statement of financial position.

1.4.2 Expenditure

a. Expenses are recognized in the statement of comprehensive income on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the Company and in maintaining the capital assets in a state of efficiency has been charged against revenue in arriving at the surplus for the year.

1.4.3 Finance Expense/Income

Finance income comprises interest received on accrual basis on funds invested.

1.5 Statement of Cash Flows

The Statement of Cash Flows has been prepared in accordance with LKAS 07

1.6 Events after the Reporting Period

There are no material events occurring after the reporting date which require adjustment to or disclosure in the financial statements.

1.7 Standards Issued but not yet Effective

Standards issued but not yet effective up to the date of issuance of the Company's annual financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

a. SLFRS 9 - Financial Instruments:

Classification and Measurement SLFRS 9 replaces LKAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in LKAS 39. The mandatory effective date of this Standard has been deferred. The adoption of the first phase of SLFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on classification and measurement of financial liabilities. The Company will quantify the effect in conjunction with other phases, when issued, to present a comprehensive picture.

1.8 Non-Current Assets Held For Sale

Non-current assets that are expected to be recovered primarily through a disposal rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, these assets are re-measured in accordance with the Company's accounting policies. Thereafter, the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in the profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

SRI LANKA THRIPOSHA LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2018

	31/12/2018 Rs. Cts.	31/12/2017 Rs.
02. INCOME		
Revenue	2,215,278,046.70	1,894,082,548
Depreciation	56,379,502.03	55,316,859
Suposha Sales	523,214,500.95	232,322,965
Highland Product Sales	10,773,160.00	1,983,925
NFPB Product Sales	672,070.00	-
SDK Product Sales	400,850.00	-
	2,806,718,129.68	**2,183,706,297**

	31/12/2018	31/12/2017
03. COST OF READY TO USED PRODUCT		
Finish Product as at 01/01/2018	24,913,203.12	34,050,018
Total Production Cost	2,210,858,725.04	1,895,472,227
Finish Product as at 31/12/2018	(5,010,672.00)	(24,913,203)
	2,230,761,256.16	**1,904,609,041**

	31/12/2018	31/12/2017
04. Cost of Sales		
Balance as at 01/01/2018	13,650,007.36	-
Received - Suposha	369,851,070.93	157,741,777
Purchase - Highland Product	9,146,060.75	1,974,605
Purchase - NFPB Product	539,112.50	-
Purchase - SDK Product	428,161.80	-
Purchase - Packing Material	38,000,336.23	21,993,438
	431,614,749.57	181,709,820
Balance as at 31/12/2018	(7,046,999.85)	(13,650,007)
	424,567,749.72	**168,059,812**

	31/12/2018	31/12/2017
05 OTHER INCOME		
Sweeping Sales	22,558,356.65	17,681,221
Interest on Housing Loan	1,294,268.63	964,732
Interest on Trasury Bill	7,012,927.20	8,027,274
Interest on Fixed Deposit	5,130,950.89	1,375,210
Other	1,817,346.73	933,894
	37,813,850.10	**28,982,331**

	31/12/2018	31/12/2017
06 SALES AND DISTRIBUTION EXPENSES		
Trasport Charges	14,107,435.66	10,696,895
"Suposha" Launch Expenses	-	6,148,461
Out Let Expenses	294,040.00	145,048
Printing & Advertising	4,005,373.07	4,423,220
Sales Commission & Other Expenses	56,136.95	-
Depreciation	1,248,000.00	-
	19,710,985.68	**21,413,625**

	31/12/2018	31/12/2017
	Rs. Cts.	Rs.

07. ADMINISTRATIVE EXPENSES

	31/12/2018 Rs. Cts.	31/12/2017 Rs.
Salaries	9,652,304.99	8,657,441
EPF	2,191,187.73	1,918,230
ETF	484,801.52	430,309
Overtime	2,356,408.34	1,854,989
Allowances	3,709,809.64	4,402,694
Casual Wages	1,032,524.97	189,533
EPF on Casual Wages	219,499.92	41,333
ETF on Casual Wages	32,924.92	6,800
Management Allowances	8,366,493.42	5,478,402
Staff Welfare	3,050,092.39	2,054,131
Rate & Taxes	518,941.29	320,503
Office Equipment Maintenance	900,647.37	1,456,958
Security Charges	7,375,733.75	6,955,722
Fuel - Vehicles	2,782,471.10	1,823,139
Repairs & Maintenance - Vehicles	2,155,378.08	1,748,065
Stationary	1,806,301.82	2,132,294
Postage Charges	355,000.00	271,405
Telephone Charges	550,012.67	605,073
Staff Training Charges	13,010,300.28	4,342,465
Legal and Professional Charges	882,495.00	587,475
Licence & Insurance Charges	1,043,117.36	1,034,620
Medical & Sanitary	532,507.95	469,716
Travelling Expenses	210,150.00	83,600
Donation	235,000.00	297,000
Uniforms - MKT	88,000.00	-
Incentive	9,723,096.67	-
Depreciation	6,075,433.94	7,398,375
	79,340,635.12	**54,560,274**

08 FINANCE AND OTHER EXPENSES

	31/12/2018 Rs. Cts.	31/12/2017 Rs.
Bank Charges	53,190.56	39,580
Donation	705,000.00	124,000
Disposal Loss	10,639,533.23	29,689
Re - Processing Loss	112,656.25	2,356
	11,510,380.04	**195,624**

09 PURCHASING

	31/12/2018 Rs. Cts.	31/12/2017 Rs.
Maize	714,643,327.58	646,307,108
Soya	512,146,729.05	383,301,820
Milk Powder	373,102,650.00	346,032,000
Mineral	43,207,050.00	62,490,493
Vitamins	80,172,853.75	35,352,754
Polythene Bags	7,001,766.00	21,139,875
Polythene Reel	50,890,355.29	49,234,014
Kraft Paper Bags	32,006,558.74	20,335,807
Twine	233,082.20	392,455
	1,813,404,372.61	**1,564,586,324**

	31/12/2018 Rs. Cts.	31/12/2017 Rs.
10 DIRECT LABOUR AND MANAGEMENT COST		
Salary	61,853,761.71	53,797,906
EPF	9,744,725.72	8,770,169
ETF	2,434,629.04	2,179,510
Overtime	48,162,231.35	45,254,998
Allowance	28,343,241.80	32,668,217
Gratuity	5,663,671.10	9,185,605
Terminal Payment	429,854.08	275,819
Uniforms & Laundry	4,185,068.82	3,008,960
Tea & Others	3,906,123.00	3,309,276
Shift & Meals Allowance	2,197,984.00	2,108,281
Medical & Sanitary	1,017,481.86	804,335
Casual & Contract Salary	5,576,686.50	5,303,976
EPF on Casual & Contract Salary	878,297.24	316,485
ETF on Casual & Contract Salary	204,391.37	115,535
Welfare Expenses	205,787.56	818,492
Incentive	12,457,819.51	10,684,319
	187,261,754.66	**178,601,881**

11 FACTORY OVERHEAD COST		
Fuel for Generater	41,398,428.38	29,923,937
Factory Maintenance Charges	66,045.95	64,081
Plant & Machinery Maintainance	22,777,450.58	20,897,238
Lab Expenses	3,678,310.95	1,962,475
Electricity	32,717,280.45	28,037,764
Building Repair & Maintenance	2,774,122.08	3,497,475
Other Services & Maintenance	8,250,042.70	8,505,276
Garden Maintainance	58,880.00	70,380
Impairment Loss	87,285.00	66,287
Depreciation	50,340,691.10	48,776,292
	162,148,537.19	**141,801,206**

SRI LANKA THRIPOSHA LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2018

12. PROPERTY, PLANT AND EQUIPMENT

Cost/ Revaluation	Balance as at 01/01/2018	Additions	Adjestment-2018	Disposal - 2018	Balance as at 31/12/2018
Land	220,000,000.00	-	-	-	220,000,000.00
Building	134,724,456.26	2,357,390.75	-	(10,094,074.95)	126,987,772.06
Plant and Machinery	397,077,324.77	44,607,195.80	6,516,736.20	(4,540,619.34)	443,660,637.43
Motor Vehicles	25,695,000.00	4,800,000.00	-	-	30,495,000.00
Tools & Equipment	13,977,977.03	750,812.51	(6,659,857.99)	(361,697.50)	7,707,234.05
Laboratory Equipment	8,492,747.85	1,092,549.02	24,000.00	(1,632,540.00)	7,976,756.87
Agricultural Equipment	138,650.00	-	(108,150.00)	(30,500.00)	-
Electrical Works	6,159,034.76	-	(116,300.00)	-	6,042,734.76
Office Equipment	17,803,882.38	613,229.99	(8,060,268.12)	(1,803,154.50)	8,553,689.75
Furniture and Fittings	6,745,017.31	65,850.01	867,001.01	(76,410.00)	7,601,458.33
Computer and Other Hardware	-	737,800.00	7,536,838.88	-	8,274,638.88
	830,814,090.36	**55,024,828.08**	**(0.02)**	**(18,538,996.29)**	**867,299,922.13**

Accumulated Depreciation	Balance as at 01/01/2018	Charge for the Year	Adjestment-2018	Disposal - 2018	Balance as at 31/12/2018
Building	21,382,098.92	6,274,510.43		(2,607,636.03)	25,048,973.32
Plant and Machinery	98,162,958.06	41,696,736.22	5,938,470.23	(2,439,807.66)	143,358,356.85
Motor Vehicles	16,776,500.00	3,642,000.00		-	20,418,500.00
Tools & Equipment	11,398,787.99	639,157.24	(6,069,394.67)	(361,550.82)	5,606,999.74
Laboratory Equipment	2,930,292.60	740,289.55	5,400.00	(843,479.00)	2,832,503.15
Agricultural Equipment	71,635.83	-	(55,877.50)	(15,758.33)	-
Electrical Works	2,596,943.67	989,997.66	(46,480.03)	-	3,540,461.30
Office Equipment	5,893,435.19	828,158.37	(2,411,043.97)	(948,436.92)	3,362,112.67
Furniture and Fittings	2,087,892.53	757,088.96	275,800.75	(40,837.08)	3,079,945.16
Computer and Other Hardware	-	1,930,889.72	2,363,310.47	-	4,294,200.19
	161,300,544.79	**57,498,828.15**	**185.28**	**(7,257,505.84)**	**211,542,052.38**

Written Down Value	Balance as at 31/12/2018 Rs. Cts	Balance as at 31/12/2017 Rs
Land	220,000,000.00	220,000,000
Building	101,938,798.74	113,342,357
Plant and Machinery	300,302,280.58	298,914,367
Motor Vehicles	10,076,500.00	8,918,500
Tools & Equipment	2,100,234.31	2,579,189
Laboratory Equipment	5,144,253.72	5,562,455
Agricultural Equipment	-	67,014
Electrical Works	2,502,273.46	3,562,091
Office Equipment	5,191,577.08	11,910,447
Furniture and Fittings	4,521,513.17	4,657,125
Computer and Other Hardware	3,980,438.69	-
	655,757,869.75	**669,513,546**

	Balance as at 31/12/2018 Rs. Cts	Balance as at 31/12/2017 Rs
13. INTANGIBLE ASSETS		
Cost	661,187.57	661,188
Accumulated Depreciation	(495,890.67)	(330,594)
Written Down Value	**165,296.90**	**330,594**
14.CAPITAL WORKING PROGRESS		
Construction of Wash Room	517,145.26	-
Construction of Garage and Rest Room	21,996,484.14	-
	22,513,629.40	-

15 INVENTORIES

	31/12/2018 Rs. Cts.	31/12/2017 Rs.
Raw Matarials		
Maize	16,845,955.21	23,778,878
Soya	39,872.25	61,829,570
Milk Powder	47,022,150.00	44,185,500
Mineral	4,074,650.00	6,175,200
Vitamins	11,471,825.00	895,879
	79,454,452.46	**136,865,026**
Packing Materials		
Polythene Bags	277,020.00	2,851,425
Polythene Reel	4,558,058.78	6,478,914
Kraft Paper Bags	4,121,568.00	442,319
Twine	-	146,776
	8,956,646.78	**9,919,433**
Other		
Diesel	3,138,130.00	2,490,425
Engineering Stores	10,922,253.77	9,856,217
	14,060,383.77	**12,346,642**
Work In Progress		
Raw Matarials		
Maize	10,858,790.67	535,500
Soya	-	748,000
Milk Powder	997,500.00	263,250
Mineral	72,518.00	16,600
Vitamins	115,041.40	68,914
Packing Materials		
Polythene Bags	164,255.76	200,583
Polythene Reel	155,064.40	345,543
Kraft Paper Bags	242,402.32	201,906
Twine	-	8,634
	12,605,572.55	**2,388,929**
Finished Goods		
Children	2,927,067.56	17,521,889
Mother	2,083,604.44	7,391,314
	5,010,672.00	**24,913,203**
Marketing Section		
Suposha	856,168.93	8,333,724
Packing Material	5,846,977.92	5,140,009
Highland Product	343,853.00	176,274
	7,046,999.85	**13,650,007**
Total	**127,134,727.41**	**200,083,241**

	31/12/2018 Rs. Cts.	31/12/2017 Rs.

16 TRADE AND OTHER RECEIVABLES

Debtors	146,994,281.36	59,264,121
Debtors - Marketing	29,753,237.30	45,902,857
Advance and Prepayments	180,999.69	19,213,183
Deposits	1,976,000.00	1,876,000
Housing Loan - Asset	24,798,513.71	13,707,573
Housing Loan - Distres	8,630,286.18	9,350,360
Festival Advance	221,250.00	25,000
Picnic Advance	225,800.00	11,500
	212,780,368.24	**149,350,593**

17 CASH AND CASH EQUIVALENTS

Cash In Hand	20,000.00	20,000
BOC-Ja Ela- AC No. 71324617	29,691,454.54	13,530,026
BOC-Ja Ela- AC No. 80306903	153,631,018.80	45,902,793
Investment on Trasury Bill	92,580,625.00	92,988,272
Investment on Fixed Deposit	59,343,194.89	47,775,210
	335,266,293.23	**200,216,301**

18 STATED CAPITAL

As a consequence of decision made by Cabinet of Ministers, Management of the Thriposha Program has been vested on fully own Government Limited Liability Company incorporated under the companies Act No.07 of 2007. Accordingly Sri Lanka Thriposha Limited was incorporated on 17th September 2010 with the Stated Capital of Rs.304,600,000/= (Three hundred four Million and six hundred thousand rupees)

19 DEFERRED LIABILITY

Balance as at beginning of the year	375,554,449.17	380,421,185
Capital grant from Ministry of Health	47,609,531.03	50,450,123
Capital Grant Advance from MOH	23,301,129.39	19,936,618
Less :- Depreciation charge for the year	(56,379,502.03)	(55,316,859)
Balance as at end of the year	**390,085,607.56**	**395,491,067**

20 REVALUVATION RESERVES

Balance as at beginning of the year	306,378,657.65	307,170,028
Revaluation Gain/Loss on Disposal Assets	-	(791,370)
Balance end of the year	**306,378,657.65**	**306,378,658**

21 RETIREMENT BENEFIT OBLIGATION

Balance as at beginning of the year	42,956,779.00	37,858,776
Less: Payments during the year	(3,721,918.00)	(4,087,601)
Provision for the year - 2018	5,663,671.10	9,185,605
Balance as at end of the year	**44,898,532.10**	**42,956,779**

Discounted Rate	12%	12%
Future Salary Increment Rate	10%	10%
Staff Ture Over	2%	2%
Retirement Age	55 Year	55 Year

	31/12/2018 Rs. Cts.	31/12/2017 Rs.
22 MEDICAL FUND		
Balance as at beginning of the year	176,422.35	238,679
Contributions During the year	231,068.00	98,600
Payment During the year	(198,043.57)	(160,857)
Balance as at end of the year	**209,446.78**	**176,422**
23 TRADE AND OTHER PAYABLES		
Creditors	133,075,718.12	59,782,065
Accrued Expenses	52,133.30	506,732
Ministry of Health - Cash Imprest	9,775.92	-
Deposit Payable	54,243,237.50	48,503,238
Ministry of Health	2,358,590.90	22,033,801
	189,739,455.74	**130,825,836**
24 PRIOR ADJESTMENT		
Adjestments relating to the Receivable Accounts	-	27,633,145
Adjestments relating to the expenses accounts	-	235,139
	-	**27,868,284**

25 DEPRECIATION RELATED TO CAPITAL GRANTS

Depreciation in respect of the fixed assets granted by the Ministry of Health have been charged to the relevent Capital Grant account while setting off same against the total depreciation charge for the year.

26 COMMITMENT AND CONTINGENCIES

There are no significant commitment or contingencies as at the reporting date.

27 RELATED PARTED DISCLOSURES

Transaction with key management personnel

The key management personnel of the company are the members of its Board of Directors. Sitting allowances and Transport allowances are paid respectively Rs. 525,000 and Rs.138,000 for the Board of Directors and members of Audit and management committee during the year - 2018

NATIONAL AUDIT OFFICE

My No. : HSM/F/SLTC/06/2018/08 **Date :** 09th of July 2019

Chairman,

Sri Lanka Thriposha Limited.

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lanka Thriposha Limited for the year ended 31 December 2018 in terms of Section 12 of the National Audit Act, No. 19 0f 2018

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Thriposha Ltd. for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018, comprehensive income and expenditure statement, statement of changes in equity and cash flow statement together with notes to the financial statements for the year then ended and a summary of significant accounting policies, was carried out under my direction in pursuance of the provisions in the National Audit Act, No. 19 of 2018, read in conjunction with the Article 154 (1) of the Democratic Socialist Republic of Sri Lanka. My report will be presented to be tabled in Parliament in due course in terms of Article 154 (6) of the Constitution.

I am of the opinion that, except for the effects of the matters described in the part, Basis for the Qualified Opinion of my report, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2018 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for the Qualified Opinion

(a) According to the paragraph 20 of the Sri Lanka Accounting Standard No. 7, the cash flow generated from the operating activities had been calculated without adjusting the loss of impairment of assets amounting to Rs. 87,285, amortization of Government Grants amounting to Rs. 56,379,502 and income of interest on investment amounting to Rs. 5,183,872 which should be adjusted to the profit when preparing the statement of cash flow using indirect method. Furthermore, according to the paragraph 21 of the said Standard, the cash flow generated from the investment activities had been calculated omitting investment made in fixed deposit amounting to Rs. 9,400,000, withdrawals of fixed deposits amounting to Rs. 1,500,000 and interest income received in cash amounting to Rs. 4,885,125, even though they should be included in the cash flow. Moreover, the cash flow generated from the financial activities had been calculated without adjusting the Government Grants of Rs. 70,910,660 which had been received in cash. And also, the officers concerned failed to vouch for the accuracy of interest income on the investment amounting to Rs. 642,143 which had been included in the cash flow.

(b) The interest income on fixed deposits relating to the year under review amounting to Rs. 1,540,426 had not been taken into accounts whilst the interest income on fixed deposits relating to the previous year amounting to Rs. 1,286,504 had been taken into accounts considering it as the income for the year under review.

(c) Accrued expenditure as at 31 December 2018 amounting to Rs. 1,597,121 had not been taken into accounts and a sum of Rs. 91,425 paid in the year 2019 as expenses relating to the said year had been debited to the accrued expenditure account as at 31 December 2018.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility, under such 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 Responsibilities of the Management and those charged with the governance for the Financial Statements

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

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

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

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

1.4 Auditor's Responsibility for the Audit of 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 the users made 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 sceptism 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 or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

I kept those charged with the governance informed of the significant audit findings, major internal control deficiencies and other related matters identified by me during the course of my audit.

2. Report on other legal and regulatory requirements

Special provisions with regard to requirements stated below are incorporated in the National Audit Act, No. 19 of 2018 and the Companies Act, No. 07 of 2007.

- I have, in accordance with the requirements specified in Section 163 (1) (d) of the Companies Act, No. 07 of 2007 and Section 12 (a) of the National Audit Act, No. 19 of 2018, obtained all the information and explanations that were required for the audit, except for the effects of the matters described in the part, Basis for the Qualified Opinion of my report, and the Company, as it is apparent from my examination, has kept proper accounting records.

- The financial statements of the Company comply with the requirements of Section 151 of the Companies Act, No. 07 of 2007.

- The financial statements presented by the Company as per the requirement specified in Section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018 are consistent with the preceding year.

- The recommendations made by me during the previous year as per the requirement specified in Section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018 have been embodied in the financial statements presented.

Based on the procedures adhered to and evidence obtained and in the context of being limited to matters that are material, nothing has met with my attention as to make following statements.

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

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

Reference to Laws, Rules and Regulations	Description
(a) Para 3 (a) of the Inland Revenue Act, No. 10 of 2006.	Action had not been taken to calculate, take into accounts and to pay tax in connection with the tax liability on the net profit of Rs. 120,543,597 which had been earned by introducing a new product namely, "Suposha" since March 2017 and the interest income of Rs. 12,143,878 gained in respect of fixed deposits and treasury bills.
(b) Financial Regulations 756 and 757 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.	Although a Board of Survey should be carried out in respect of every year, the Board of Survey had not been carried out in relation to the year under review.

(c) Public Enterprises Circular No. PED /12 dated 02 June 2003	
(i) Para 7.2	An operating manual had not been prepared so as to covering the major elements of the control environment of the Company.
(ii) Para 8.2.2	Even though the concurrence of the Minister of Finance and Mass Media should be obtained for investing surplus funds, such concurrence had not been obtained in respect of investments amounting to Rs. 59,343,195 made by the Company.
(iii) Para 9.12	A medical fund had been established and implemented without the approval of the Department of Public Enterprises and the balance of the said fund as at 31 December 2018 was Rs. 209,447.
(d) Para 4.2.1 of the Government Procurement Guidelines and para 4.2.1 of the Procurement Manual.	The procurement plan and the procurement timetable for the year under review had not been prepared properly.

- that the Company has performed inconsistently as per its powers, functions and duties, except for the following observations, in terms of the requirement of Section 12 (g) of the National Audit Act, No. 19 of 2018;

- Even though the requirement of 750-gram packets of Thriposha which was issued free of charge to pregnant and breast-feeding mothers and children for the year under review was 17,445,180, only 16,071,900 packets had been supplied. Deviating from the main objectives, 1,373,280 packets of 750 grams of Thriposha had been undersupplied whilst packets of Suposha gram 100, gram 250, gram 500 and gram 750 which had been introduced to the market in commercial purpose had been issued in 269,400 packets, 3,666,874 packets, 201,336 packets and 2,087,460 packets respectively.

- that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the prescribed timeframes and in compliance with the applicable laws, except for the following observations, in terms of the requirement of Section 12 (h) of the National Audit Act, No. 19 of 2018;

(a) An employee rest room and a boiler room had been constructed in the years 2017 and 2018 at a cost of Rs. 1,790,732 and Rs. 3,650,000 respectively. In the procurements of the said two constructions, bid bonds had not been obtained in accordance with the Guideline 5.3.11 of the Government Procurement Guidelines. For the construction of the employee's rest room, 50 per cent advance had been issued without obtaining an advance bond in contravention of the Guideline 5.4.4 of the Government Procurement Guidelines. According to the Guideline 5.4.6 of the Government procurement Guideline, A retainer had not been kept so as to cover the period of guarantee in accordance with the Guideline 5.4.6 of the Government Procurement Guidelines.

(b) The Cabinet Appointed Procurement Committee appointed during the year 2017 had not completed the procurement process in connection with the supply of 6,000 metric tons of soya beans, which was the requirement of the year under review, even up to 08 February 2019. As such, the requirement of soya beans for the year under review had to be purchased on limited and competitive bidding invitations. Even though soya beans had been purchased at Rs. 110 per kilogram during the period from October 2016 to February 2018, after the month of February 2018, soya beans had to be purchased in a price range of Rs. 128.60 to Rs. 137.60 in 10 instances on the limited and competitive bidding process.

(c) The purchase orders for 10,000,000 polythene bags which were necessary for packing Thriposha had been issued on 29 June 2016 and the supply should have been completed by 31 December 2017. However, the said orders had not been completed even up to the date of audit on 07 February 2019 and action had not been taken to get the period of validity of the performance bond extended where it stood expired as from 30 April 2018. Demurrage charges could not be recovered due to non-inclusion of a condition in the agreement for the purpose of recovering demurrage charges.

(d) The purchase order for 300,000 Kraft bags had been issued to the second lowest bidder for Rs. 33.30 per bag under the condition of supplying the first stock of bags within 05 days and the entire stock within 3 months. However, the order had been supplied as lots after 20 days and only 146,700 bags had been supplied within 3 months from the date on which the order was placed. However, any condition relating to demurrage charges had not been included in the agreement and as a result, the demurrage charges involved could not be recovered.

Even though the purchase order for supplying the rest of the Kraft Bags Nos. 600,000 could have been awarded to the lowest bidder whose submission was to supply the respective stock after a period of 3 months according to his quoted price of Rs. 28.32 per bag as the average monthly bag requirement was in the range from Nos. 31,000 to 60,000, bids had been recalled instead, and as such, the bags had to be purchased at an overrate of Rs. 45.25 each from the very same supplier who had supplied 300,000 bags. As a result of such a move, the additional cost incurred thereon was Rs. 10,158,000.

03. Other Audit Observations

(a) The lowest bid of Rs. 810 per one kilogram of milk powder for the supply of 600 metric tons of milk powder which is the requirement for the year 2018 had been submitted by the Milco Company. As the bid involved was of a very high rate in excess of the market price, the Cabinet of Ministers had decided to have the price reduced following negotiations with them on the matter concerned. Although the normal price of a kilogram of milk powder in the wholesale market was around Rs. 690, the Milco Company had agreed to have a kilogram of milk powder supplied at Rs. 798.

The dispatch of the purchase order to the Milco Company with the decision of reducing the price by Rs. 12 per kilogram had been delayed until 18 April 2018, and as a result thereof, the advantage of reducing the price amounting to Rs. 1,055,100 that should have been saved from the month of February 2018 had been lost to the Company.

(b) Incentives amounting to Rs. 66,772,000 had been paid during the period from the year 2012 to the year 2018 without evaluating the performance of the employees. Action had not been taken to devise a proper method for calculating incentives and to obtain the approval for it from the General Treasury.

(c) With the purchase of a new grinding machine having increased capacity, the old machine that can be put to further use costing Rs. 3,866,667 had been removed from its use. No action has even been taken to dispose of it either.

(d) The maximum and minimum levels and the levels of stock reordering relating to management of raw material stocks had not been estimated, and as such, the purchasing, storing and issuing of the stocks of raw material had not been properly dealt with.

(e) Even though a memorandum of understanding should have been entered into with the debtors, inclusive of the conditions that they should make a cash deposit prior to sales on credit, one of the debtors had been afforded the sales on credit worth Rs. 10,329,790 without entering into such an agreement and with no cash deposit made during the year under review.

(f) Expenditure relating to all raw materials for the production process is borne by the Ministry of Health, Nutrition and Indigenous Medicine, and hence, the income generated from the sales of wastage should be credited to the Consolidated Fund of the Government. However, the income from the sales of wastage amounting to Rs. 22,558,357 during the year under review had not been credited to the Consolidated Fund of the Government.

(g) All statutory institutions should function in accordance with the 2030 “Agenda” for Sustainable Development adopted by the United Nations and the Company was not aware as to how it should continue to be operative in regard to duties under the purview of their scope for the year under review. Due to the Company’s unawareness on the Agenda 2030, action had not been taken to identify the sustainable development goals and the targets associated with the tasks thereof under their purview and the landmarks to be reached out regarding such targets in addition to the related indicators for them to be able to have a measure of achieving such targets.

Sgd. / **W.P.C. Wickramaratna**

Auditor General