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இலங்கை திரிபோஷ கம்பனி

Ministry of Health

Sri Lanka Thriposha Ltd.



திரிபோஷ
THRIPOSHA
திரிபோஷ



வார்க்கை வார்கை

ஆண்டு நிக்ை

Annual Report

2017

Sri Lanka Thriposha Limited

Annual Report - 2017

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Our Vision

To make the Sri Lankan general community a prosperous, proud, healthy and nourished nation void of malnutrition.

Our Mission

To continuously supply and make available the hygeinically manufactured, packed and finished product of Thriposha supplementary wholesome meal with quality nutrients of high standard for the wellbeing and the nourishment of the needy beneficiary members of the community whilst empowering the indigenous farmer with fortified supplier forces in cohesion with the General Treasury propelled by the assistance and supervision of the Ministry of Health towards the future of our motherland of Sri Lanka, the nation of prosperity, solemnity and virtue that conquers the world of tomorrow with wonders of acclaim...

To be a great Thriposha family winning over the nation and universe in an enormous mission of activity with a committed effort of pride in service excellence and...

To be the first and the sole local Company for the cause of the sustenance of a healthy Sri Lankan nation that meets with the goals of the global health indices.

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 is an uppermost national task carried out by Sri Lanka Thriposha Ltd.

I was also afforded an opportunity to shoulder this national endeavor during the year 2015. The foremost goal envisaged by me at the time of the Hon. Minister of Health appointed me as the Chairman of Thriposha Ltd was the accomplishment of the target of 100% of the need of providing the Thriposha product free of charge. Installation of a new system of plants and machinery for that purpose was undertaken during the year 2016 and as a result of it, there was a surplus generation of production of Thriposha surpassing set target of 100%. The outcome of the continuous encouragement given by the Hon. Minister of Health, Nutrition and Indigenous Medicine, Dr. Rajitha Senaratne to put such surplus production into market for sale was that we were in a position to introduce Thriposha to the market with a new brand name called Suposha, product which was hitherto restricted only to a part of the community.

As the school children and working community in particular will be able to purchase this wholesome supplementary meal of high quality at a reasonable price, it will be an immense benefit to them.

As the initial step towards achieving our next target of breaking into the overseas market, except for local market, the project so envisaged was set in motion with four appointed distributing agents and it has by now seen its wide expansion across the island. We have a wide network constituting nearly 40 agents and the most outstanding achievement made by us in this regard was that we, after executing all these tasks, are capable of making Thiriposha fully available to the needy beneficiaries free of charge.

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 Thiriposha including the Board of Directors for motivating me to achieve these stringent targets in a very short period of time. I also thank our suppliers who provide us with raw materials in time for an uninterrupted production and all the others who assisted us in many ways.

M.D. Bandusena

Chairman

Sri Lanka Thiriposha Ltd.

Board of Directors

Sri Lanka Thripasha Limited - 2017

- Mr. M.D. Bandusena, Chairman
- Dr. J. M. W. Jayasundara Bandara, Director
Director General of Health Services
Ministry of Health, Nutrition and Indigenous Medicine
- Dr. (Mrs.) Shanthi Gunawardane, Director
Director, Nutrition Co-ordination Unit
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
Assistant Director
Department of National Budget – Ministry of Finance
- Mr. S.R. Rajapaksa, 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, Nutrition and Indigenous Medicine
- **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
* Lactating mothers
* Children with nutritional needs
* Certain patients
- **Total number of beneficiaries** - In excess of One Million
- **Banker** - Bank of Ceylon
- **Auditor** - Auditor General
Auditor General's Department
No. 306/72, Polduwa Road, Battaramulla.

Sri Lanka Thriposha Limited

Audit & Management Committee - 2017

- | | |
|---|---|
| <ul style="list-style-type: none"> • 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 • Mr. S.R. Rajapaksa
Observer - Audit Management Committee
Chief Accountant, Ministry of Health | <ul style="list-style-type: none"> • 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. 60 million)***

- Chairman
Sri Lanka Thriposha Limited
- Mr. Sachinda Cooray
Director (Finance - Supplies)
Ministry of Health, Nutrition and Indigenous Medicine
- Dr. (Mrs) R. Hettiarachchi
Director - Nutrition Coordinating Division
Ministry of Health, Nutrition and Indigenous Medicine

Small Procurement Committee ***(Up to Rs. 10 million)***

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

History and present progress of Sri Lanka Thriposha Limited

The activities involving the management of Sri Lanka Thriposha Limited were vested in the Ministry of Health in the year 1976. Tenders were invited for the tasks entailing management and the Lanka Tobacco Company was selected for the purpose. From then onwards, the matters concerning management of Thriposha was undertaken by the Lanka Tobacco Company up until the year 2010. Contribution of the Ministry of Health towards this project became a closer affair as the reimbursement process of the maintenance cost of the Thriposha Factory was taken care of by the Ministry itself from the year 1987 onwards. Furthermore, the land, machinery and equipment and other resources belonging to the Thriposha Factory too were in the possession of the Ministry of Health.

The Government focused its attention to have the Thriposha Company vested in the possession of the state in order to increase its production with the objective of giving more impetus empowering the National Programme for eradication of malnutrition from the country. The Thriposha Company was reconstituted in the name and style of “**Sri Lanka Thriposha Limited**” as a fully fledged government undertaking under the Ministry of Health with effect from 17.09.2010 following the granting of the approval of the Cabinet of Ministers to a Cabinet Memorandum submitted for the purpose by His Excellency the President, Maithripala Sirisena as the then Hon. Minister of Health. The new Company was registered in the Registrar of Companies as an affiliated institution of the Ministry of Health under Ref. No. **P. B. / 3873**. The business of Sri Lanka Thriposha Limited commenced thereafter under a new Board of Management constituting 07 members, as from 01.01.2011.

Progress in production

The total number of beneficiaries for a month having entitlement to receive the Thriposha packs in Sri Lanka was 928,000 at the time of the takeover of the Company by the Government in the year 2011. Composition of these beneficiaries is as follows;

- All pregnant mothers
- All lactating mothers (until the infant reaches the age of 06 months)
- Infants over 06 months and pre school children below 05 years of age with malnutrition
- The children below the 3rd century line in the Child Development Chart in terms of weight
- The hospitalized patients belonging to the above category.

In order to supply the total monthly requirement of Thriposha for the aforesaid beneficiaries a quantity of 1,392 metric tonnes needs to be produced per month. The monthly production prior to the takeover of the Thriposha Company was 731 metric tonnes up to the month of September 2010. With the takeover of the Company by the Government in September 2010 the production saw a rapid increase. This increase in production was owing to the factors such as commissioning of modern machinery and incentives offered to employees. Accordingly, it was possible to have the total production during the year 2017 increased up to 12,239 metric tonnes of Thriposha and the new product of Suposha which was introduced to the market saw production of 58 metric tonnes during the year 2017.

It has been reckoned that the number of beneficiaries per month in the year 2017 will be one million and the requirement in production per month for that purpose would be 1,500 metric tonnes. The target as at present is to accomplish these exigencies and to introduce the surplus production to the local market. This would be a very facile target given the programmes described below have already been put into operation.

Programmes launched to meet targets

- 01 It has already been commissioned a new Anderson Machine with double capacity compared to the Anderson Machine that was in operation after dismantalling the old Braider Mahine following the importation of it from the United State of America.
- 02 Renovation of the old building in tandem with the new system of machinery.
- 03 Installation of a new Transformer so as to enable the operation of the new system of machinery and setting up of a new building for its Panel System.
- 04 Purchase of two new Fork Lift Machines so as to make the unloading and loading of raw materials and finished goods and their conveyance to and fro convenient.
- 05 Purchase of two new Packing Machines so as to enable the packaging of the Thriposha production very efficiently and accurately with great ease.
- 06 Establishment of a new network of marketing agencies of Suposha covering 15 districts in the island as of now.

- 07 Purchase of a new lorry to facilitate and speed up the distribution of Thriposha and Suposha.
- 08 Opening of a new sales outlet to sell the surplus production of Suposha

The number of services, posts and the cadre approved by the Deapartment 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 Officers	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)		
	• Drivers	07	

• Electricians	04	11
Primary Services (Semi skilled)		
• Boiler Makers	03	
• Fitters	03	
• Lathemen	02	
• Machine Operator	28	
• Quality Controller	07	
• Fireman	01	
• Fork Lift Operators	02	46
Primary Services (Non skilled)		
• Gardeners	02	
• Labourers / Office Assistants	02	
• Ordinary Labourers	129	
• Overseer	01	134
Total		232

Service-wise composition of our Group

▪ Factory

(Group consists of 205 personnel)

<u>Posts</u>	<u>Number</u>
01. Senior Manager (Operations)	01
02. Manager (Engineering Services and Production)	01
03. Managers (Quality Assurance)	02
04. Warehouse Officer	01
05. Production Officers	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 Controllers	07
14. Machine Operators	28
15. Lathemen	02
16. Fitters	03
17. Boiler Makers	03
18. Ordinary Labourers	130
Total	205

▪ **Administration, Accounts and other sections**

(Group consists of 27 personnel)

<u>Posts</u>	<u>Number</u>
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

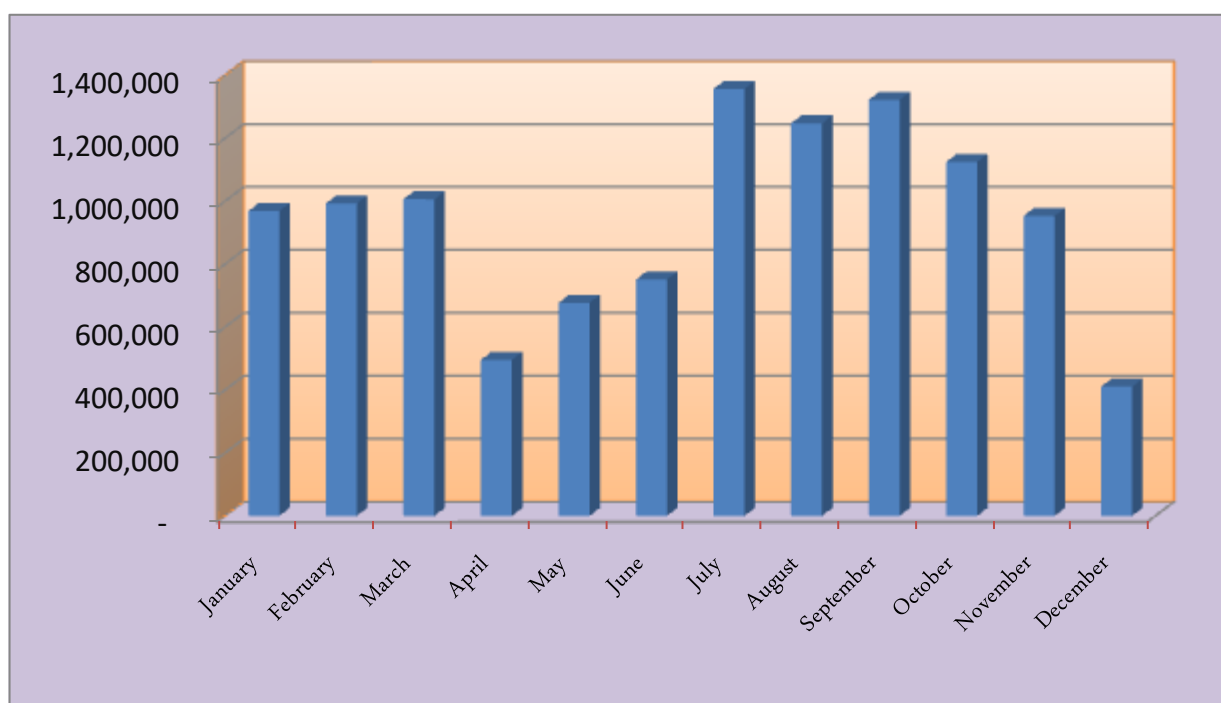
Details of Suppliers in 2017

<p>1. Milk Powder Milco (Pvt) Ltd. No. 45, Nawala Road, Narahenpita</p> <p>2. Vitamins & Minerals J. K. Tradelink (Pvt) Ltd. No. 44, Thalawathugoda Road, Pitakotte</p>	<p>3. Kraft Papers Abdullah Industries Packaging (Pvt) Ltd. No. 72, Maha Vidyala Mawatha, Colombo 13.</p> <p>4. Polythene New Jeewa Industry (Pvt) Ltd. Polwatta, Kundasale, Kandy.</p> <p>5. Selmo Pvt Ltd 59/1, Narambola Parala Moragalla Dekatana</p>
<p>Soya beans and maize</p> <p>1. Farmers Centre, Meegalewa No. 367, 03rd Floor, Dam Street, Colombo 12.</p> <p>2. S.D.K. United Agriventures (Pvt) Ltd. Pandulagama, Anuradhapura.</p> <p>3. Consolidated Farmer Organization, Ampara No. 169, Dutugemunu Mawatha, Peliyagoda.</p>	<p>4. National Food Promotion Board No. 583 St. Jude Mawatha Rilaulla Kandana</p> <p>5. S.B.M. Lanka Trading (Pvt) Ltd. No. 184/1, Dam Street, Colombo 12.</p>

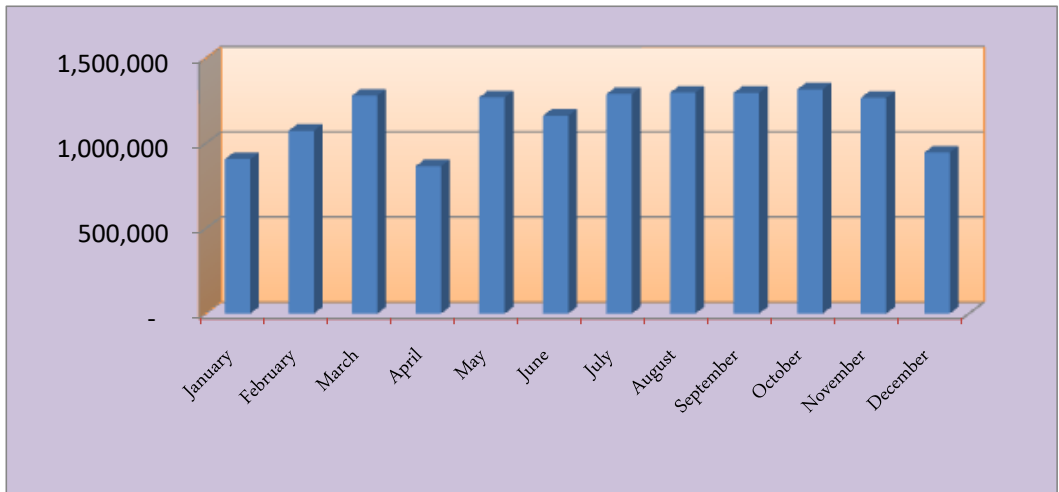
Production of Thripasha in Master Bags from 2013 to 2017 (Kilo Grams)

Month	2013	2014	2015	2016	2017
January	968,085	907,110	1,077,773	1,294,695	1,265,310
February	992,453	1,073,430	982,778	1,201,860	1,086,480
March	1,005,773	1,280,633	1,197,135	1,246,725	1,308,375
April	495,405	866,070	948,960	1,001,273	1,105,286
May	676,553	1,270,260	1,290,758	1,187,033	1,180,947
June	750,825	1,162,215	1,201,343	354,533	958,843
July	1,356,413	1,289,453	1,372,500	-	1,240,006
August	1,247,153	1,297,733	1,298,678	68,850	1,348,335
September	1,321,020	1,296,473	1,354,095	856,598	974,121
October	1,124,055	1,316,745	1,403,573	873,135	749,472
November	952,830	1,267,290	1,370,430	1,066,320	1,372,774
December	410,355	946,620	1,094,243	650,205	855,172
Total Kilo Grams	11,300,920	13,974,030	14,592,263	9,801,225	13,445,119
Total Metric tonnes	11,300	13,974	14,592	9,801	13,445

Production data 2013 in a chart (Kilo Grams)



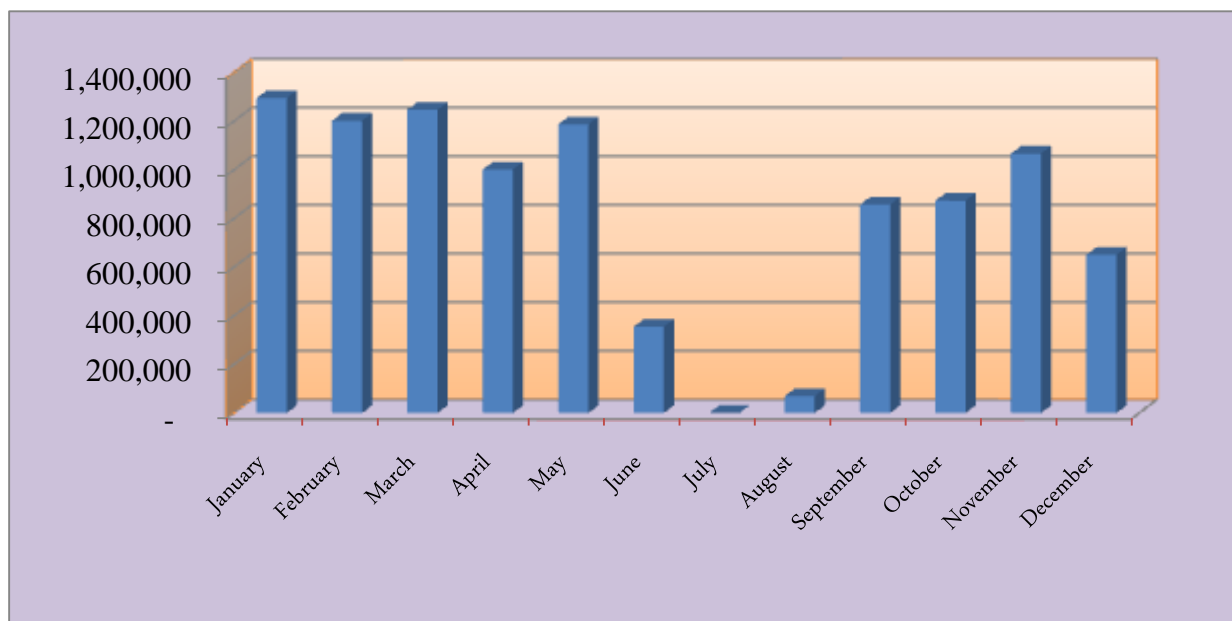
Production data 2014 in a chart (Kilo Grams)



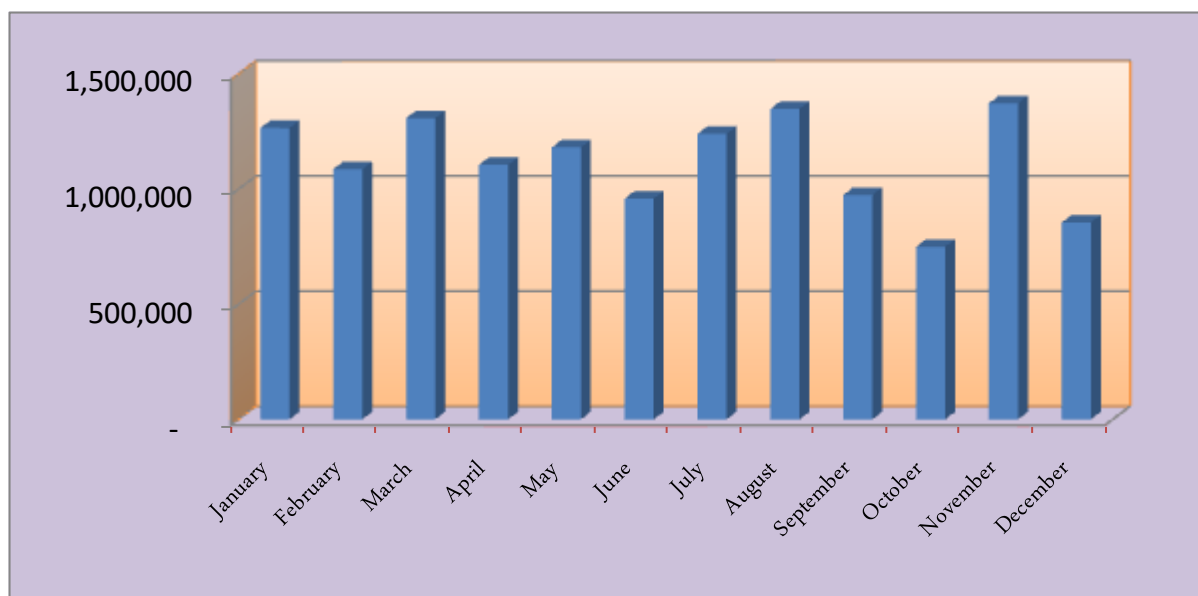
Production data 2015 in a chart (Kilo Grams)



Production data 2016 in a chart (Kilo Grams)



Production data 2017 in a chart (Kilo Grams)



Measures were taken to commence production of Suposha from the month of April 2017.

With the installation of the new Anderson machinery system from United State of America in place of the approximately 40 year old Braider Machine, it was able to increase the production of Thriposha alone up to the level of 12,239 metric tonnes.

Targets expected in 2018

- 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 network.
- Making the distribution network more efficient after purchasing a new lorry.

The sole expectation of the Company is to augment the growth of theThriposha production during the year 2018 in the following manner.

Month	2018	
	Master bags	Packets (750 g.)
January	62,196	1,865,880
February	67,596	2,027,880
March	70,476	2,114,280
April	62,196	1,865,880
May	73,356	2,200,680
June	73,356	2,200,680
July	76,236	2,287,080
August	74,796	2,243,880
September	75,876	2,276,280
October	75,876	2,276,280
November	72,996	2,189,880
December	61,836	1,855,080
Total	846,792	25,403,760

Distribution Process of Thriposha

Thriposha Factory (Ja Ela)



Distribution activities (by lorries and railway wagons)



Regional Directors of
Health Services

Estates

Children's Centres

M. O. H.

Health Centres
(Clinics)

Midwife



Thriposha
Beneficiaries

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

Thripasha Distribution Centres

<div>Areas of Authority of Provincial Director of Health Services</div> <div><div>1. Central Province</div><div>2. Eastern Province</div><div>3. North Central Province</div><div>4. North Western Province</div><div>5. Northern Province</div><div>6. Sabaragamuwa Province</div><div>7. Southern Province</div><div>8. Uva Province</div><div>9. Western Province</div></div>	<div>Estate Suprintendents</div> <div><div>1. Hatton</div><div>2. Matale</div><div>3. Kegalle</div><div>4. Kandy</div><div>5. Kalutara</div><div>6. Nuwara Eliya</div><div>7. Matara</div><div>8. Badulla</div><div>9. Galle</div><div>10. Ratnapura</div></div>	<div>Other</div> <div><div>1. Military Hospitals</div><div>2. Police Hospitals</div><div>3. Nurseries</div><div>4. Municipal Councils</div><div>- Negombo</div><div>- Colombo</div><div>- Matale</div><div>- Galle</div><div>- Kandy</div></div>
<div>Probation and Child Care Authority</div> <div><div>1. Anuradhapura</div><div>2. Battaramulla</div><div>3. Badulla</div><div>4. Galle</div><div>5. Jaffna</div><div>6. Trinncomalee</div><div>7. Kurunegala</div><div>8. Ratnapura</div><div>9. Kegalle</div><div>10. Kandy</div></div>	<div>Areas of Authority of Regional Director of Health Services</div> <div><div><div>1. Ampara</div><div>2. Anuradhapura</div><div>3. Badulla</div><div>4. Batticaloa</div><div>5. Colombo</div><div>6. Galle</div><div>7. Gampaha</div><div>8. Hambantota</div><div>9. Jaffna</div><div>10. Kalmune</div><div>11. Kalutara</div><div>12. Ratnapura</div><div>13. Trincomalee</div></div><div><div>15. Kandy</div><div>16. Kegalle</div><div>17. Kilinochchi</div><div>18. Kurunegala</div><div>19. Matale</div><div>20. Matara</div><div>21. Mannar</div><div>22. Monaragala</div><div>23. NuwaraEliya</div><div>24. Polonnaruwa</div><div>25. Puttalam</div><div>26. Vavuniya</div></div></div>	
<div>Number of M. O. H. Divisions</div> <div><div><div>1. Ampara07</div><div>2. Anuradhapura18</div><div>3. Badulla15</div><div>4. Batticaloa13</div><div>5. Colombo11</div><div>6. Galle19</div><div>7. Gampaha16</div><div>8. Hambantota12</div><div>9. Jaffna11</div></div><div><div>10. Kalmune13</div><div>11. Kalutara13</div><div>12. Ratnapura17</div><div>13. Trincomalee10</div><div>14. Kandy21</div><div>15. Kegalle11</div><div>16. Kilinochchi04</div><div>17. Kurunegala23</div><div>18. Matale12</div></div><div><div>19. Matara16</div><div>20. Mannar03</div><div>21. Monaragala11</div><div>22. Nuwara Eliya11</div><div>23. Polonnaruwa07</div><div>24. Puttalam11</div><div>25. Vavuniya04</div></div></div>		

Details of Distribution of Thripasha in 2017

Areas of Authority of Provincial Director of Health Services	Number of beneficiaries	Annual Allocation (Bags)		
		Mothers	Mothers	Mothers
Ampara	26,508	4,137	8,366	12,503
Anuradhapura	56,835	8,607	18,138	26,745
Badulla	39,904	5,460	13,544	19,004
Batticaloa	44,820	5,738	16,458	22,196
Colombo Hospital	4,373	527	2,884	3,411
Colombo Municipal Council	8,731	1,029	7,101	8,130
Colombo (South)	43,753	7,754	24,567	32,321
Galle	47,290	8,044	16,044	24,088
Gampaha	55,650	16,182	24,083	40,265
Hambantota	37,566	4,591	14,259	18,850
Jaffna	33,062	3,474	8,511	11,985
Kalmune	34,585	5,828	11,903	17,731
Kalutara	36,790	8,100	18,026	26,126
Kandy	61,473	9,346	18,377	27,723
Kegalle	29,681	4,655	12,099	16,754
Kilinochchi	7,987	1,472	2,940	4,412
Kurunegala	70,345	10,703	21,425	32,128
Mannar	10,224	1,518	4,428	5,946
Matale	32,314	3,749	12,409	16,158
Matara	56,509	7,210	16,608	23,818
Monaragala	28,509	3,647	9,460	13,107
NuwaraEliya	25,907	2,989	10,094	13,083
Polonnaruwa	33,500	3,849	10,919	14,768
Puttalam	27,857	4,803	15,044	19,847
Ratnapura	44,604	4,952	14,612	19,564
Trincomalee	28,266	4,252	7,800	12,052
Vavuniya	8,101	1,295	2,840	4,135
Mullaitivu	6,825	866	1,724	2,590
Total	941,969	144,777	344,663	489,440

Probation and Child Care Centers	Number of Beneficiaries	Annual Allocation (Bags)
09	23,396	6,240

Estate Areas	Number of Beneficiaries	Annual Allocation (Bags)		
		Mothers	Children	Total
Hatton	10,335	2,058	4,191	6,249
Matale	2,843	525	1,182	1,707
Kegalle	4,287	753	1,818	2,571
Kandy	5,324	993	2,202	3,195
Kalutara	2,469	474	1,008	1,482
NuwaraEliya	11,510	2,250	4,656	6,906
Matara	1,042	201	423	624
Badulla	10,685	2,121	4,290	6,411
Galle	1,070	198	441	639
Ratnapura	4,728	903	1,932	2,835
Total	54,293	10,476	22,143	32,619

Number of Thripasha Distribution Centres and Beneficiaries in 2017

	Number of Centres	Number of Beneficiaries
For the 26 divisions of Regional Director of Health Services	740	941,969
Estates	447	54,293
Homes for the Children of the Department of Probation and Child Care	09	23,396
Total	1,196	1,019,658

Marketing Division

1. 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.

2. 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.

3. Expansion of the Marketing Division

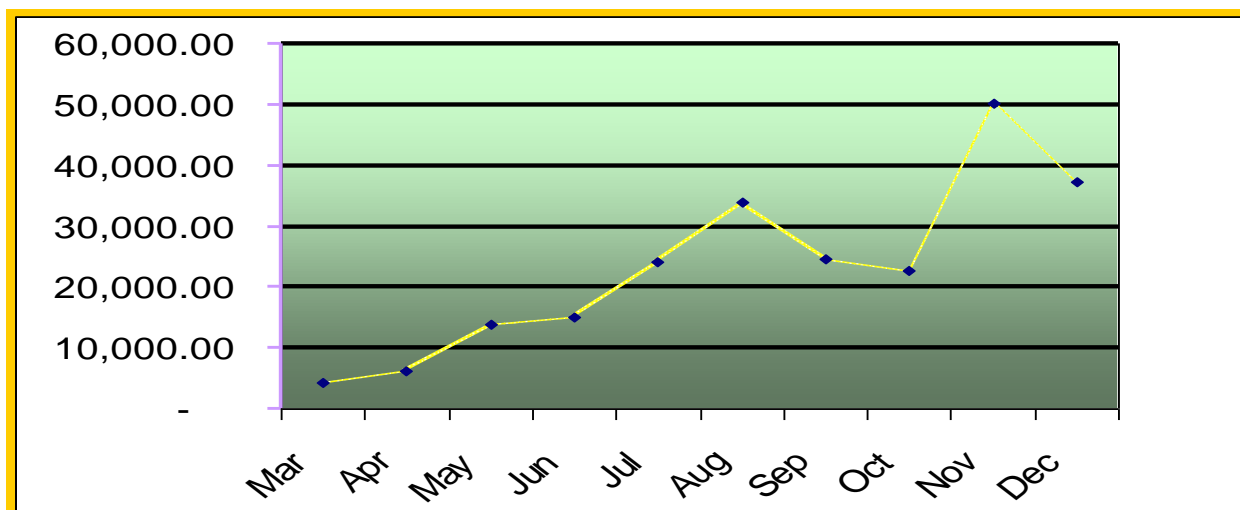
This Suposha product was initially introduced to the market under 04 categories of packs comprising 100 grammes, 250 grammes, 500 grammes and 750 grammes covering the districts of Kandy, Kaluthara and Galle through 06 sales agents.

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.

During the last three quarters of the year 2017 in which the production of Suposha was introduced to the market, it was possible to exceed the sales income over Rs. 255 million thus generating a profit of Rs. 80 million.

A new lorry was purchased for the purpose of transporting Thriposha and Suposha at a cost of Rs. 4,240,000/- out of the profit so earned.

Sales income of Suposha during the year 2017 (Rs. 000)



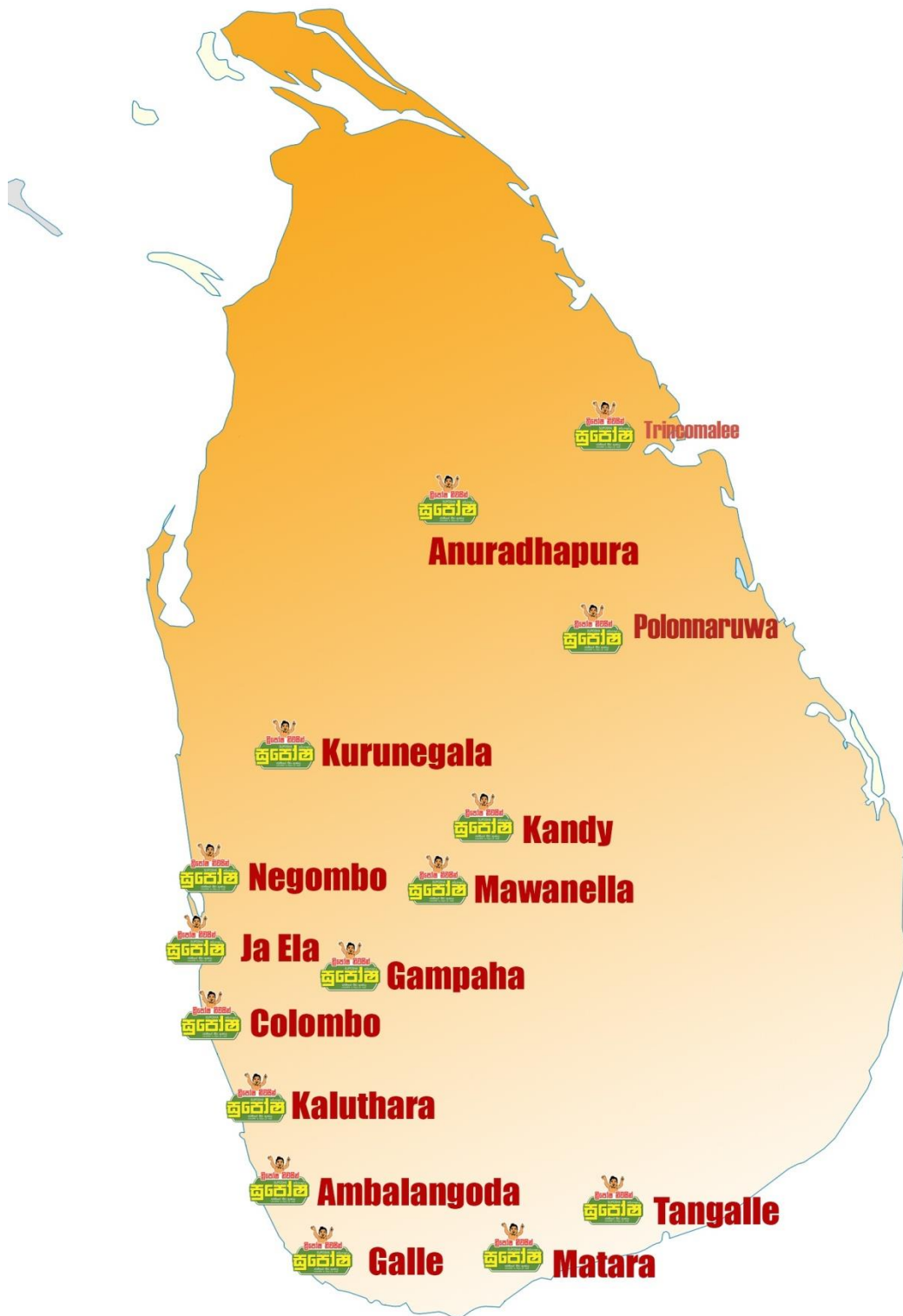
4. Challenges and Threats to be confronted

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 campaigns 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 line with the supply.

5. Expected goals of Marketing Division in 2018

01. Seeing to increase in the sales income in the region of Rs. 450 million and an increase of 20% thereof on annual basis. It was possible to go beyond the mark of Rs. 382 million in sales income by the month of September in the year 2018.
02. Increasing the network of sales agents up to 42 so as to cover the 24 districts of the island.

Areas of coverage across 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.

Achievements realized during the year 2017 and proposals for success in the year 2018

Achievements realized by us in 2017

01. Introduction of the Suposha brand which is the surplus product of Thriposha to the market by way of a network of sales agents during the year 2017.
02. Opening up of a sales outlet at the Thriposha company premises for the purpose of keeping Suposha and Highland products for sale.
03. During the last three quarters of 2017, an income of Rs. 232 million has been earned through the sales of Suposha thereby making available a sum amounting to Rs. 157 million to the government. The profit that could be earned through that exercise was Rs. 80 million.
04. Purchasing a new lorry for making the distribution of Thriposha and Suposha more efficient.

Proposals for success during the year 2018

1. Purchase of raw materials necessary for the production in order to meet 100% requirement of the consumer.
2. Improvement of storage facilities required by the new production. Constructions of a silo covering a large area of space.
3. Increasing the financial provision allocated through annual budget for Thriposha Ltd.
4. Introducing new products related to Thriposha to the market.
5. Enhanced propaganda work on the new product of Suposha among consumers through sales promotion programmes.
6. Extended coverage of the network of sales agents encompassing the entire island.
7. Purchase of a new lorry to streamline the distribution work in order to make it more efficient.

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 Finance and the Secretary to the Treasury for lending us a helping 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 services externally.

It is heart warming to witness a staff serving satisfactorily from top to bottom in the institutional hierarchy. The contribution 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 Thripasha Limited, who strives to achieve the set targets at all times.

SRI LANKA THRIPOSHA LTD
STATEMENT OF INCOME AND EXPENDITURE
For the year ended 31st December 2017

	Notes	31/12/2017 Rs. Cts.	31/12/2016 Rs.
<u>INCOME</u>			
Revenue	02	2,183,706,297.44	1,469,302,573
<u>Less</u> : Cost of Ready to used product	03	(1,904,609,041.44)	(1,399,905,319)
: Cost of Sales	04	(168,059,812.46)	-
		111,037,443.54	69,397,254
Other Income	05	28,982,330.70	19,710,673
<u>Less:Expenses</u>			
Sales and Distribution Expenses	06	21,413,624.52	7,046,314
Administration Expenses	07	54,560,274.05	35,352,121
Financial and other Expenses	08	195,624.13	225,860
		76,169,522.70	42,624,295
Income over expenditure for the year		63,850,251.54	46,483,631

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.

SRI LANKA THRIPOSHA LTD
STATEMENT OF FINANCIAL POSITION
As at 31st December 2017

	Notes	31/12/2017 Rs. Cts.	31/12/2016 Rs.
<u>ASSESTS</u>			
<u>Non Current Assets</u>			
Property, Plant & Equipment	11	669,513,545.57	667,194,699
Intangible Assets	12	330,593.79	495,891
		669,844,139.36	667,690,590
Investments	13	140,763,481.59	92,641,170
<u>Current Assets</u>			
Inventories	14	200,083,240.79	206,108,079
Trade & Other Receivables	15	149,350,592.89	75,520,501
Cash & Cash Equivalents	16	59,452,819.37	12,310,647
		408,886,653.05	293,939,227
Total Assets		1,219,494,274.00	1,054,270,986
<u>EQUITY AND LIABILITIES</u>			
<u>Capital and Reserves</u>			
Capital Reserves	18	395,491,067.00	380,421,185
Revaluation Reserves	19	306,378,657.65	307,170,028
Accumulated Income Over Expenditure		343,665,512.04	307,683,545
Total Equity		1,045,535,236.69	995,274,757
<u>Non Current Liabilities</u>			
Retirement Benefit Obligation	20	42,956,779.00	37,858,776
Medical Fund	21	176,422.35	238,679
		43,133,201.35	38,097,454
<u>Current Liabilities</u>			
Trade & Other Payables	22	130,825,835.96	20,898,774
Total Equity & Liabilities		1,219,494,274.00	1,054,270,986

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

.....
Director

Ja-Ela, Kapuwatta

Date: 02/04/2018

02

SRI LANKA THRIPOSHA LTD
STATEMENT OF CHANGES IN EQUITY
For the year ended 31st December 2017

	Capital Reserves		Revaluation Reserves		Accumulated Income Over Expenditure		Total
Notes	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs. Cts.
Balance as at 01/01/2016	307,575,083.53		307,170,027.56		261,223,489.10		875,968,600.19
Capital grant from Ministry of Health	102,406,369.70		-		-		102,406,369.70
Depreciation - Capital Assets Grant by Ministry of Health	(29,560,267.97)		-		-		(29,560,267.97)
Prior Adjustment	-		-		(23,575.77)		(23,575.77)
Income over expenditure - 2016	-		-		46,483,631.27		46,483,631.27
Balance as at 31/12/2016	380,421,185.26		307,170,027.56		307,683,544.60		995,274,757.42
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 Adjustment - 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

SRI LANKA THRIPOSHA LTD
CASH FLOW STATEMENTS
For the year ended 31st December 2017

	31/12/2017 Rs.	31/12/2016 Rs.
<u>Cash Flow from Operating Activities</u>		
Income over expenditure for the year	63,850,252	46,483,631
<u>Adjustments for</u>		
Depreciation	56,009,370	29,560,268
Gratuity Provision for the year	9,185,605	8,841,796
Provision Medical Contribution	98,600	193,600
Prior year adjustment	(27,868,284)	(23,576)
	37,425,291	38,572,088
Operating Profit Before Changes in Working Capital	101,275,542	85,055,719
<u>Changes in Working Capital</u>		
Increase / (Decrease) in Trade & Other Receivables	(73,830,092)	59,026,630
Increase / (Decrease) in Trade & Other Payables	109,927,062	(16,871,644)
Increase / (Decrease) in Inventories	6,024,838	22,165,039
	42,121,807	64,320,025
Net Cash Flow from Operating Activities Before Gratuity Payment	143,397,349	149,375,744
Less: Gratuity Paid	(4,087,601)	(576,705)
Medical Benefits Paid	(160,857)	(196,411)
Net Cash Flow from Operating Activities	139,148,892	148,602,628
<u>Cash Flow from Investing Activities</u>		
Acquisition of Property, Plant & Equipment	(60,150,025)	(260,671,636)
Acquisition of Fixed Deposit	(46,400,000)	-
Interest Income	(526,577)	(2,389,439)
Net Cash Flow from Investing Activities	(107,076,602)	(263,061,075)
<u>Cash Flow from Financing Activities</u>		
Capital Grant from Ministry of Health	15,069,882	72,846,102
Net Cash Flow from Financing Activities	15,069,882	72,846,102
Changes in Cash & Cash Equivalent	47,142,172	(41,612,345)
Cash & Cash Equivalent Brought Forward	12,310,647	53,922,992
Cash & Cash Equivalent Carried Forward	59,452,819	12,310,647
<u>Analysis of the Cash & Cash Equivalent shown in the statement of financial position</u>		
Bank Of Ceylon Ja-Ela 71324617	13,530,026	12,310,647
Bank of Ceylon - Ja Ela A/C No 80306903	45,902,793	-
Petty Cash	20,000	-
	59,452,819	12,310,647

SRI LANKA THRIPOSHA LTD			
MANUFACTURING ACCOUNT			
For the year ended 31 st December 2017			
	Notes	31/12/2017 Rs. Cts.	31/12/2016 Rs.
<u>COST OF MANUFACTURING</u>			
<u>Raw Materials & Packing Material</u>			
Balance as at 01/01/2017		151,509,362.88	169,087,068
Purchase		1,564,586,323.58	1,156,412,061
		1,716,095,686.46	1,325,499,129
Balance as at 31/12/2017	14	(146,784,459.46)	(151,509,363)
Cost of Raw Materials Consumed		1,569,244,940.13	1,173,989,766
Direct Labour Cost and Management Cost	09	178,601,881.46	135,324,941
Factory Overheads	10	141,801,206.17	85,827,670
Re-Processing Loss		(2,355.61)	(199,119)
Prime Cost		1,889,645,672.15	1,394,943,258
<u>Working Progress</u>			
Balance as at 01/01/2017		8,215,483.81	9,025,426
Balance as at 31/12/2017	14	(2,388,929.16)	(8,215,484)
		5,826,554.65	809,942
Total Production Cost		1,895,472,226.80	1,395,753,200

SRI LANKA THRIPOSHA LTD
"SUPOSHA"
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31ST DECEMBER 2017

	31/12/2017
	Rs. Cts
<u>Revenue</u>	
Income	255,227,931.86
Less : Cost of Sales	(168,059,812.46)
	87,168,119.40
Other Income	1,411,832.62
<u>Expenses</u>	
Sales and Distribution Cost	5,706,166.37
Administration Expenses	2,508,561.90
Financial and Other Expenses	274,328.30
	8,489,056.57
Income over expenditure for the Year 2017	80,090,895.45

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.J.M.W. Jayasundara Bandara
3. Dr.Shanthi Gunawardana
4. Mrs. H.M. Theja Herath
5. Mrs. Chamindika Herath
6. Dr.Damayanthi Hapugoda
7. Mrs.W.P. Sewwandi
8. Mr.S.R.Rajapaksha (Observer)

Board Secretary

Mrs.Thanuja Priyadharshani Alwis
Senior Manager (HR and Legal)
Sri Lanka Thriposha Ltd

1.1.4 Auditor

Auditor General’s Department
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 2017 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 income statement, statement of comprehensive income & expenditure, statement of financial position and statement of changes in equity together with the accounting policies 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.7 of 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.

All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand, unless stated otherwise.

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. 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
Intangible Assets	Over 4 Years

d. 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 De recognition of the assets is included in the statement of comprehensive income in the year the asset is derecognized.

1.2.2 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 5 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 and	- At the cost of direct materials, direct labor, Administration an appropriate proportion of fixed Production overheads based on normal operating capacity.
Goods in Transit	- At actual cost

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 through 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 Company has adopted the benefit plan as required under the Payment of Gratuity Act No. 12 of 1983 for all eligible employees. The benefit plan is not externally funded.

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.

Sri Lanka Thripasha Ltd
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2017

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 2017

	31/12/2017 Rs. Cts.	31/12/2016 Rs.
02. <u>INCOME</u>		
Revenue	1,894,082,547.67	1,469,302,573
Depreciation	55,316,859.32	-
Suposha Sales	232,322,965.45	-
Highland Product Sales	1,983,925.00	-
	<u>2,183,706,297.44</u>	<u>1,469,302,573</u>
03. <u>COST OF READY TO USED PRODUCT</u>		
Finish Product as at 01/01/2017	34,050,017.76	38,202,137
Total Production Cost	1,895,472,226.80	1,395,753,200
Finish Product as at 31/12/2017	(24,913,203.12)	(34,050,018)
	<u>1,904,609,041.44</u>	<u>1,399,905,319</u>
04. <u>Cost Of Sales</u>		
Balance as at 01/01/2017	-	-
Received - Suposha	157,741,777.01	-
Purchase - Highland Product	1,974,605.00	-
Purchase - Packing Material	21,993,437.81	-
	<u>181,709,819.82</u>	<u>-</u>
Balance as at 31/12/2017	(13,650,007.36)	-
	<u>168,059,812.46</u>	<u>-</u>
05. <u>OTHER INCOME</u>		
Sweeping Sales	17,681,220.75	11,831,513
Interest on Housing Loan	964,732.37	1,086,085
Interest on Trasury Bill	8,027,273.54	6,793,074
Interest on Fixed Deposit	1,375,209.62	-
Other	933,894.42	-
	<u>28,982,330.70</u>	<u>19,710,673</u>
06. <u>SALES AND DISTRIBUTION EXPENSES</u>		
Trasport Charges	10,696,894.95	6,929,064
"Suposha" Launch Expenses	6,148,461.40	-
Out Let Expenses	145,048.30	-
Printing & Advertising	4,423,219.87	117,250
	<u>21,413,624.52</u>	<u>7,046,314</u>

SRI LANKA THRIPOSHA LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2017

	31/12/2017	31/12/2016
	Rs. Cts.	Rs.
07. ADMINISTRATIVE EXPENSES		
Salaries	8,657,441.25	5,982,698
EPF	1,918,229.72	1,076,558
ETF	430,309.49	289,808
Overtime	1,854,988.84	708,400
Allowances	4,402,693.61	6,567,820
Casual Wages	189,533.32	-
EPF on Casual Wages	41,333.34	-
ETF on Casual Wages	6,800.00	-
Management Allowances	5,478,402.34	4,033,560
Staff Welfare	2,054,131.47	2,151,417
Rate & Taxes	320,502.97	445,036
Office Equipment Maintenance	1,456,957.60	729,128
Security Charges	6,955,721.65	7,034,083
Fuel - Vehicles	1,823,139.46	120,425
Repairs & Maintenance - Vehicles	1,748,065.20	2,154,768
Stationary	2,132,294.42	674,102
Postage Charges	271,405.00	239,625
Telephone Charges	605,073.20	584,151
Staff Training Charges	4,342,465.16	299,800
Legal and Professional Charges	587,475.00	565,819
Licence & Insurance Charges	1,034,620.46	1,152,696
Medical & Sanitary	469,715.84	200,256
Travelling Expenses	83,600.00	47,400
Donation	297,000.00	167,000
Sweepings Expenses	-	127,571
Depreciation	7,398,374.71	-
	54,560,274.05	35,352,121

08. FINANCE AND OTHER EXPENSES

Bank Charges	39,579.72	26,741
Donations	124,000.00	-
Disposal Loss	29,688.80	-
Re - Processing Loss	2,355.61	199,119
	195,624.13	225,860

SRI LANKA THRIPOSHA LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2017

	31/12/2017 Rs. Cts.	31/12/2016 Rs.
09. <u>DIRECT LABOUR AND MANAGEMENT COST</u>		
Salary	53,797,905.81	35,923,672
EPF	8,770,169.27	6,181,278
ETF	2,179,510.14	1,684,324
Overtime	45,254,998.24	19,830,216
Allowance	32,668,216.68	43,774,461
Gratuity	9,185,604.50	8,841,796
Terminal Payment	275,819.32	30,347
Uniforms & Laundry	3,008,960.30	3,797,130
Tea & Others	3,309,275.60	3,462,466
Shift & Meals Allowance	2,108,280.80	1,189,471
Medical & Sanitary	804,335.23	102,787
Casual & Contract Salary	5,303,975.53	2,226,559
EPF on Casual & Contract Salary	316,484.63	353,120
ETF on Casual & Contract Salary	115,534.79	88,280
Welfare Expenses	818,491.77	830,954
Incentive	10,684,318.85	7,008,079
	178,601,881.46	135,324,941
10. <u>FACTORY OVERHEAD COST</u>		
Fuel for Generator	29,923,937.04	24,779,636
Factory Maintenance Charges	64,081.43	2,001,872
Plant & Machinery Maintenance	20,897,237.88	17,772,374
Lab Expenses	1,962,475.22	1,396,720
Electricity	28,037,764.45	26,302,092
Building Repair & Maintenance	3,497,475.14	11,841,777
Other Services & Maintenance	8,505,275.76	1,662,565
Garden Maintenance	70,380.00	70,635
Impairment Loss	66,286.87	-
Depreciation	48,776,292.38	-
	141,801,206.17	85,827,670

SRI LANKA THRIPOSHA LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2017

11. PROPERTY, PLANT AND EQUIPMENT

<u>Cost/ Revaluation</u>	Balance as at 01/01/2017	Additions	Transfer	Balance as at 31/12/2017
Land	220,000,000.00	-	-	220,000,000.00
Building	110,186,925.86	24,537,530.40	-	134,724,456.26
Plant and Machinery	376,723,003.55	23,125,410.23	(2,771,089.01)	397,077,324.77
Motor Vehicles	22,208,750.00	4,240,000.00	(753,750.00)	25,695,000.00
Tools & Equipment	13,626,324.53	351,652.50	-	13,977,977.03
Laboratory Equipment	5,982,412.00	2,510,335.85	-	8,492,747.85
Agricultural Equipment	138,650.00	-	-	138,650.00
Electrical Works	6,159,034.76	-	-	6,159,034.76
Office Equipment	14,538,636.09	3,265,246.29	-	17,803,882.38
Furniture and Fittings	4,761,567.67	2,119,849.64	(136,400.00)	6,745,017.31
	774,325,304.46	60,150,024.91	(3,661,239.01)	830,814,090.36

<u>Accumulated Depreciation</u>	Balance as at 01/01/2017	Charge for the Year	Transfer	Balance as at 31/12/2017
Building	15,452,279.07	5,929,819.85	-	21,382,098.92
Plant and Machinery	60,155,035.87	39,162,542.76	(1,154,620.57)	98,162,958.06
Motor Vehicles	12,279,792.17	5,124,833.33	(628,125.50)	16,776,500.00
Tools & Equipment	9,475,430.08	1,923,357.91	-	11,398,787.99
Laboratory Equipment	2,209,713.20	720,579.40	-	2,930,292.60
Agricultural Equipment	57,770.83	13,865.00	-	71,635.83
Electrical Works	1,570,816.21	1,026,127.46	-	2,596,943.67
Office Equipment	4,312,820.88	1,580,614.31	-	5,893,435.19
Furniture and Fittings	1,616,946.93	527,630.18	(56,684.58)	2,087,892.53
	107,130,605.24	56,009,370.20	(1,839,430.65)	161,300,544.79

Written Down Value

	Balance as at 31/12/2017	Balance as at 31/12/2016
	Rs. Cts	Rs
Land	220,000,000.00	220,000,000
Building	113,342,357.34	94,734,647
Plant and Machinery	298,914,366.71	316,567,968
Motor Vehicles	8,918,500.00	9,928,958
Tools & Equipment	2,579,189.04	4,150,894
Laboratory Equipment	5,562,455.25	3,772,699
Agricultural Equipment	67,014.17	80,879
Electrical Works	3,562,091.09	4,588,219
Office Equipment	11,910,447.19	10,225,815
Furniture and Fittings	4,657,124.78	3,144,621
	669,513,545.57	667,194,699

SRI LANKA THRIPOSHA LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2017

12. INTANGIBLE ASSETS

	Balance as at 31/12/2017		Balance as at 31/12/2016
	Rs.	Cts	Rs
Cost		661,187.57	661,188
Accumulated Depreciation		(330,593.78)	(165,297)
Written Down Value		<u>330,593.79</u>	<u>495,891</u>

13. INVESTMENTS

Treasury Bills - Face Value	92,500,000.00	92,359,000
Treasury Bill Interest Income Receivable	488,271.97	282,170
Fixed Deposit - Renewal Value	46,400,000.00	-
Fixed Deposit - Interest Income	1,375,209.62	-
	<u>140,763,481.59</u>	<u>92,641,170</u>

SRI LANKA THRIPOSHA LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2017

14 INVENTORIES

	31/12/2017	31/12/2016
	Rs. Cts.	Rs.
<u>Raw Materials</u>		
Maize	23,778,877.50	18,732,378
Soya	61,829,570.00	93,212,873
Milk Powder	44,185,500.00	31,833,000
Mineral	6,175,200.00	114,540
Vitamins	895,878.75	2,549,809
	<u>136,865,026.25</u>	<u>146,442,600</u>
<u>Packing Materials</u>		
Polythene Bags	2,851,425.00	2,890,755
Polythene Reel	6,478,913.53	1,029,347
Kraft Paper Bags	442,318.75	934,950
Twine	146,775.93	211,711
	<u>9,919,433.21</u>	<u>5,066,763</u>
<u>Other</u>		
Diesel	2,490,425.00	2,248,175
Engineering Stores	9,856,216.69	10,085,039
	<u>12,346,641.69</u>	<u>12,333,214</u>
<u>Work In Progress</u>		
<u>Raw Materials</u>		
Maize	535,500.00	5,259,870
Soya	748,000.00	1,533,410
Milk Powder	263,250.00	627,750
Mineral	16,600.00	186,128
Vitamins	68,913.75	96,479
<u>Packing Materials</u>		
Polythene Bags	200,583.00	171,086
Polythene Reel	345,543.03	263,231
Kraft Paper Bags	201,905.50	72,303
Twine	8,633.88	5,227
	<u>2,388,929.16</u>	<u>8,215,484</u>
<u>Finished Goods</u>		
Children	17,521,889.20	22,113,360
Mother	7,391,313.92	11,936,658
	<u>24,913,203.12</u>	<u>34,050,018</u>
<u>Marketing Section</u>		
Suposha	8,333,723.73	-
Packing Material	5,140,009.38	-
Highland Product	176,274.25	-
	<u>13,650,007.36</u>	<u>-</u>
Total	<u>200,083,240.79</u>	<u>206,108,079</u>

SRI LANKA THRIPOSHA LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2017

	31/12/2017 Rs. Cts.	31/12/2016 Rs.
15 TRADE AND OTHER RECEIVABLES		
Debtors	59,264,120.75	50,945,138
Debtors - Marketing	45,902,856.75	-
Advance and Prepayments	19,213,183.16	3,087,658
Deposits	1,876,000.00	1,088,500
Housing Loan - Asset	13,707,572.62	10,848,130
Housing Loan - Distres	9,350,359.61	9,403,575
Festival Advance	25,000.00	-
Picnic Advance	11,500.00	147,500
	149,350,592.89	75,520,501
16 CASH AND CASH EQUIVALENTS		
Bank of Ceylon - Ja Ela A/C No 71324617	13,530,026.05	12,310,647
Bank of Ceylon - Ja Ela A/C No 80306903	45,902,793.32	-
Petty Cash	20,000.00	-
	59,452,819.37	12,310,647
17 STATED CAPITAL		
As a consequence of decision made by Cabinet of Ministers, Management of the Thripasha Program has been vested on fully own Government Limited Liability Company incorporated under the companies Act No.07 of 2007. Accordingly Sri Lanka Thripasha 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)		
18 CAPITAL RESERVES		
Balance as at beginning of the year	380,421,185.24	307,575,084
Capital grant from Ministry of Health	50,450,123.25	102,406,370
Capital Grant Advance from MOH	19,936,617.83	-
Less :- Depreciation charge for the year	(55,316,859.32)	(29,560,268)
Balance as at end of the year	395,491,067.00	380,421,185
19 REVALUATION RESERVES		
Balance as at beginning of the year	307,170,027.56	307,170,028
Revaluation Gain/Loss on Disposal Assets	(791,369.91)	-
Balance end of the year	306,378,657.65	307,170,028
20 RETIREMENT BENEFIT OBLIGATION		
Balance as at beginning of the year	37,858,775.50	29,593,685
Less: Payments during the year	(4,087,601.00)	(576,705)
Provision for the year - 2017	9,185,604.50	8,841,796
Balance as at end of the year	42,956,779.00	37,858,776
Discounted Rate	12%	12%
Future Salary Increment Rate	10%	10%
Staff Ture Over	2%	2%
Retirement Age	55 Year	55 Year

SRI LANKA THRIPOSHA LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2017

	31/12/2017 Rs. Cts.	31/12/2016 Rs.
21 MEDICAL FUND		
Balance as at beginning of the year	238,678.90	241,490
Contributions During the year	98,600.00	193,600
Payment During the year	(160,856.55)	(196,411)
Balance as at end of the year	<u>176,422.35</u>	<u>238,679</u>
22 TRADE AND OTHER PAYABLES		
Creditors	59,782,065.42	20,573,379
Accrued Expenses	506,732.10	109,808
Deposit Payable	48,503,237.50	179,338
Festival Advance	-	36,250
Ministry of Health	22,033,800.94	-
	<u>130,825,835.96</u>	<u>20,898,774</u>
23 PRIOR ADJUSTMENT		
Adjustments relating to the Receivable Accounts	27,633,145.35	-
Adjustments relating to the expenses accounts	235,138.75	23,576
	<u>27,868,284.10</u>	<u>23,576</u>
24 DEPRECIATION RELATED TO CAPITAL GRANTS		
Depreciation in respect of the fixed assets granted by the Ministry of Health have been charged to the relevant Capital Grant account while setting off same against the total depreciation charge for the year.		
25 COMMITMENT AND CONTINGENCIES		
There are no significant commitment or contingencies as at the reporting date.		
26 RELATED PARTED DISCLOSURES		
<u>Transaction with key management personnel</u>		
The key management personnel of the company are the members of its Board of Directors.		

AUDITOR GENERAL'S DEPARTMENT

My No. HSM/F/SLTC/06/17/07

Date: 06th of July 2018

To the Shareholders of Sri Lanka Thriposha Limited,

Auditor General's Report on the Financial Statements of Sri Lanka Thriposha Limited for the year ended 31 December 2017

The audit of financial statements of the Sri Lanka Thriposha Ltd. for the year ended 31 December 2017 comprising the statement of financial position as at 31 December 2017, manufacturing account, income and expenditure statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of the provisions in Article 154(1) of the Democratic Socialist Republic of Sri Lanka.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

- (a) The cost of production of Suposha and the cost of Thriposha finished stock in the year ended 31 December 2017 had been overstated and accounted for in the accounts by sums amounting to Rs. 9,434,309 and Rs. 858,924 respectively.
- (b) Interest income from treasury bills and fixed deposits had been understated and accounted for in the accounts by sums amounting to Rs. 891,919 and Rs. 1,333,444 respectively.
- (c) A sum amounting to Rs. 18,429,850 received direct to the bank from debtors during the year under review, recurrent expenditure of Rs. 113,671,287 to be reimbursed from the Ministry of Health, Nutrition and Indigenous Medicine and the capital expenditure of Rs. 4,777,448 had not been brought to accounts.
- (d) Even though, the revaluation reserves of Rs. 2,709,244 relating to 3 asset items which had been disposed of during the year under review should have been eliminated from the accounts, only a sum of Rs. 791,371 had been eliminated from the accounts instead. In addition, the loss from the disposal of assets amounting to Rs. 791,372 had been understated and accounted for in the accounts.
- (e) Expenditure of Rs. 386,015 paid for the ensuing year as expenses for the year and the capital expenditure of Rs. 1,355,169 as revenue expenditure had been brought to accounts.
- (f) Out of the advances of Rs.5,499,124 and Rs. 13,649,996 paid during the year in respect of the construction of buildings and the installation of 2 machines respectively, the cost of work completed during the year under review had not been identified and transferred to the account of the capital work in progress.
- (g) Without being recognised the nature of accounting errors, the years for which the rectification of errors are needed and the values in relation thereto, a sum amounting to Rs. 27,868,284 had been deducted from the income over accumulated expenses in the year under review as prior year adjustments.
- (h) Even though, the present value of retirement gratuity benefits should be computed by following forecasted unit credit method, the value of retirement gratuity benefit commitments as at 31 December 2017 had been computed and brought to accounts as Rs. 42,956,779 in terms of provisions in the Payment of Gratuities Act, No. 12 of 1983 instead.

- (i) Reasons for the difference of Rs. 7,776,374 between the balances confirmed by the creditors and the balances as per the creditors schedule had not been explained over to the audit.

Qualified Opinion

In my opinion, except for the effects of the matters described in the paragraph, Basis for Qualified Opinion of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Thripasha Ltd. as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on other legal and regulatory requirements

As required by Section 163 (2) of the Companies Act, No. 07 of 2007, I wish to state the following matters.

- (a) The basis of opinion and scope and limitations of the audit are as stated above.
- (b) I am of the opinion that I have obtained all the information and explanations that were required for audit and that as far as appears from my examination, proper accounting records have been kept by the Company, and that the financial statements of the Company comply with the requirements of Section 151 of the Companies Act, No. 07 of 2007.

Reporting to the Parliament

My report will be presented to be tabled in Parliament in due course in pursuance of the provisions in Article 154 (6) of the Democratic Socialist Republic of Sri Lanka.

H.M. Gamini Wijesinghe
Auditor General