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ஆண்டறிக்கை  
Annual Report

2013

#1  
Entertainer

English

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## Our Vision

The most creative media organisation in  
South East Asia

## Our Mission

Uplifting people's lives with news and  
programmes that inform, inspire, educate and  
entertain in keeping with Sri Lankan cultural  
values.

## Our Values

We are patriotic and independent  
We are honest and trustworthy  
We treat our audiences with due respect  
We respect all human beings  
We respect professionalism  
We believe in teamwork  
We embrace a variety of skills,  
talents and ideas

# Stories. Shared.

It is kind of daunting. We all are in this little space in the middle of your sitting room and there's a lot happening behind the scene... but as the show goes on, you will feel like some of these scenes have been written for you... you see yourself in them, not just a viewer, but a character...

You're a part of it,

you're living that experience – and it's really intense.

So much to watch and listen to



in such short time...day after day



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We are glad...  
that majority of audiences prefer ITN entertainment.  
That very endorsement has elevated and retained us at  
Number One Rank during the past four years...and that is priceless.

Be it locally or, for that matter globally, Sri Lankan's opt for ITN...  
for the simple reason that we broadcast meaningful content which brings not  
only entertainment, but real - life experiences they can relate to their own.  
With our high definition broadcast in the near future there are many more  
irresistible attractions in the pipeline which most certainly will enthrall our  
audiences.

The band wagon is rolling and we are far ahead of the pack...  
and we still lead with...

# Seamlessly integrated



entertainment...

*In this Annual Report, we present a true and accurate picture of the operations of Independent Television Network.*

*We, in the following pages present you a detailed explanation of our fundamental objectives and the circumstances under which we operate, whilst making optimum effort to create value and safeguard stakeholder interests. Moreover, we explain our good governance practices towards, employees, clients, and viewing public and their socio - ethnic centric sensitivities that we take great pains to preserve.*

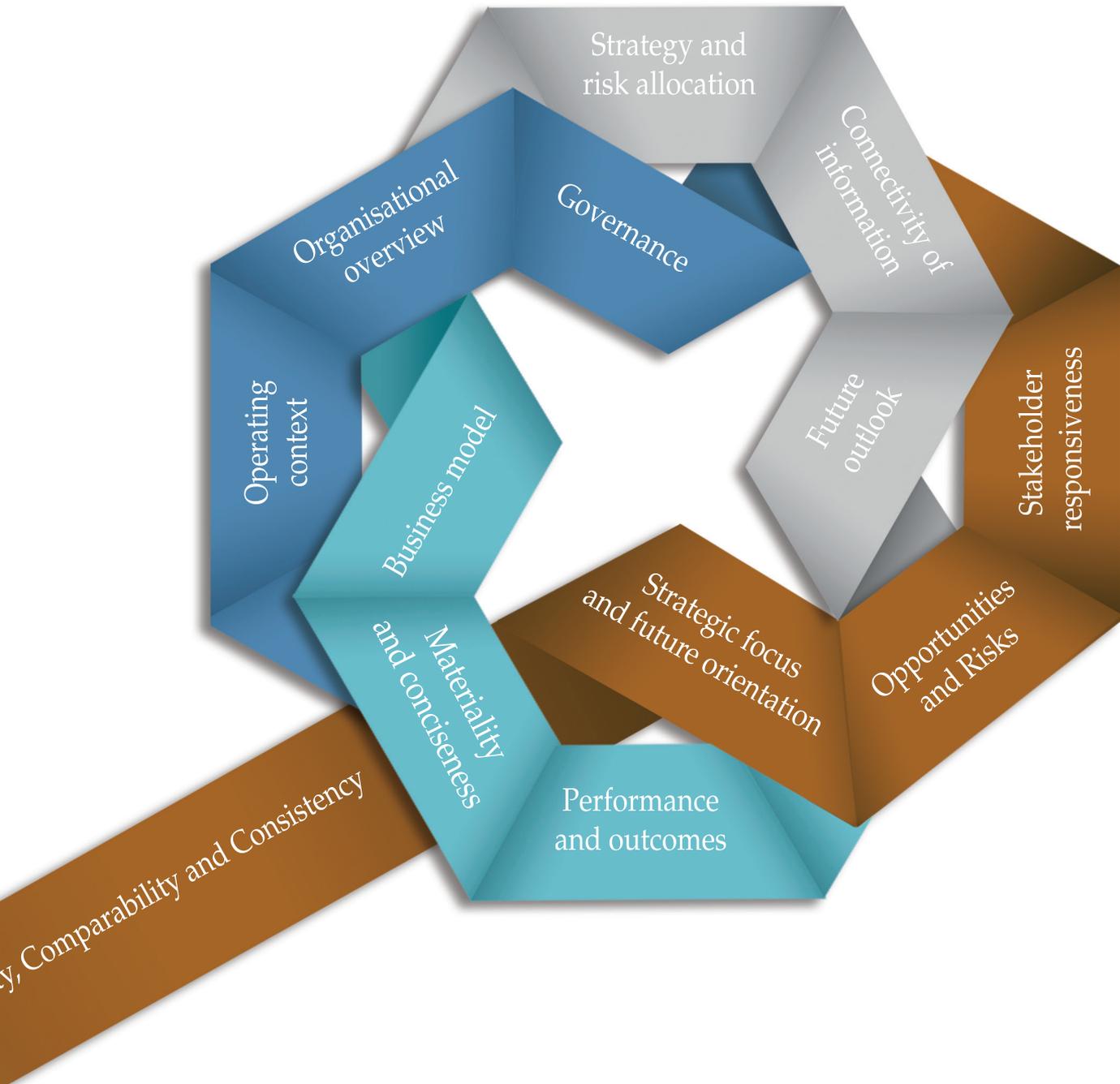
6

*In addition, we endeavour to indicate where the Company is heading, in what manner and how we intend to take advantage of the opportunities and avoid unnecessary risks along the way as guided in the business plan we have set out for the next five years. You also will find inputs we annex in to the exercise, be it creative or otherwise planning value addition over the short, medium, and long term objectives.*

*Although ITN is state owned, so to speak...it nonetheless is a business enterprise and commercial success is of paramount importance. However, we have clearly listed out the activities for which we have discharged our duties and obligations as a national organization sans financial considerations, when and where the nation or the country needed our support.*

Reliability

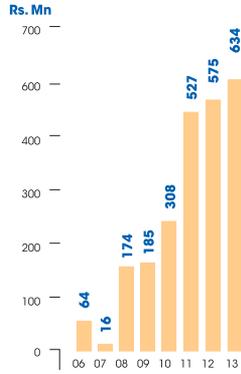
Uncompromisingly



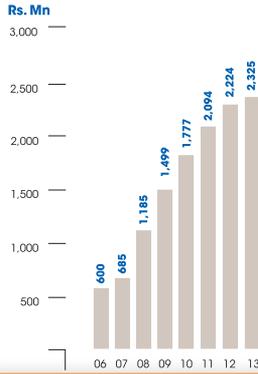
integrated visibility...

# Spotlight 2013

**Net Profit/ (Loss) after Taxation**

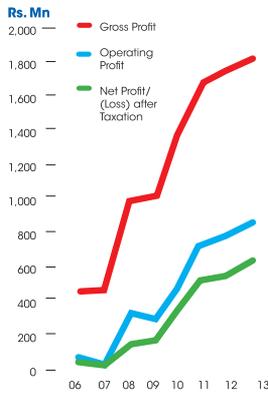


**Revenue Growth 2013**



## Revenue Growth

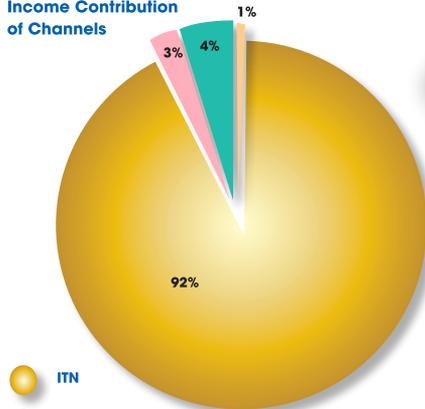
**Profit Analysis 2013**



## Profit Analysis

## Income Contribution of Channels

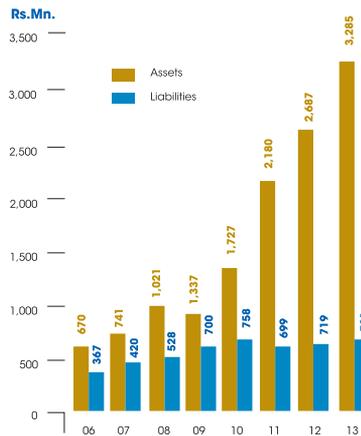
**Income Contribution of Channels**



- ITN
- Lakhanda Radio
- Vasantham TV
- Vasantham FM

## Assets & Equity

**Assets & Liabilities**





### **Financial Performance**

ITN reported its highest Net Revenue of Rs. 2,325 mn during 2013, a 4.5% growth compared to year 2012 by further establishing market leadership in a highly competitive environment. This growth is a result of an improvement in TV channel as well as Radio channel's Net Revenue. Further, there is a significant growth in Revenue of newly commenced channels, Vasantham TV and Vasantham Radio, whilst the growth of Lakhanda Radio diminished during the year.

### **Profitability**

The Company reported its highest net profit of Rs. 634 Million for year 2013, a 10.26% increase over the last year. Performance of ITN, Vasantham TV and Vasantham Radio have increased with the strategic changes made during the year. The Company increased its Earnings Per Share to Rs. 66.83 from Rs. 60.58 in year 2012.

### **Contribution to the Government**

The Company contributed to the government by paying Rs 219 million as income Tax in addition to the payment of Value added tax and Nations Building Tax of Rs. 353.10 million during the year. The Company declared and paid Rs 100 million from the profits of year 2012 as dividend to the treasury during the year.

### **Investment**

Investment on construction of Buildings and procurement of equipment for the Company was Rs. 280 mn during the year, including the cost of procurement and upgrading of existing equipment as well. New studio complex which is under construction with improved facilities together with enhanced transmission quality is expected to improve the competitiveness in the future.

### **Assets and Liabilities**

Total assets of the Company increased by 22 % compared to year 2012, and Capital Reserve increased to Rs. 2,458 mn due to increase in net profit of the year. Liquidity position of the Company also improved and Debt to Equity ratio also increased to 28:1.

## Corporate Information

### Name of Company

Independent Television Network Limited

### Legal Form

Commenced operations on 13<sup>th</sup> April 1979 as a private sector company. Vested in the government by Gazette Extraordinary No. 39/4 of 5<sup>th</sup> June 1979 under the Business Undertaking Acquisition Act No. 35 of 1971.

Declared a Government Owned Public Company on 27<sup>th</sup> April 1992 under the Act No. 23 of 1987 appointing general treasury as the only shareholder.

Registered as a company under the Companies Act No 07 of 2007 as a Limited Company.

Functions under the Ministry of Mass Media and Information of Government of Sri Lanka.

### Company Registration Number

PB 1070

### Type of Business

Operates two TV channels (ITN and Vasantham TV) and two radio channels (Lakhanda and Vasantham FM) serving Sinhala and Tamil speaking communities in Sri Lanka.

ITN has the strongest island wide transmission network in Sri Lanka.

### Head Office and Registered Office

Wickramasinghepura,  
Battaramulla,  
Sri Lanka.

Tel: +94 11 2774424, 2773289

Fax: +94 11 2774594

E-mail: chairman@itn.lk

itnadm@itn.lk

Web www.itn.lk

### Marketing Office

325, Baudhaloka Mawatha,  
Colombo 7.

Tel: +94 11 2699072, 2682304,  
2691868

Fax: +94 11 2688724

E-mail marketing@itn.lk

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### Board of Directors

**Mr. Rosmand Senaratne**  
Chairman / CEO

**Mr. P G Dassanayake**  
Director/Working Director

**Mr. Hassim Omar**  
Director

**Mr. Mapalagama Wimalaratne**  
Director

**Mr. J Devapiran**  
Director

**Ms. Malika S B Samaraweera**  
Director/Treasury Representative  
(Appointed w.e.f. 22nd Nov. 2013.)

**Ms. Malanie Gamage**  
Director/Treasury Representative  
Retired with effect from 02nd Nov. 2013

### Senior Management

**Mr. Rosmand Senaratne**  
Chairman / CEO

**Mr. P G Dassanayake**  
Director/Working Director

**Mr. Aruna Wijesinghe**  
General Manager

**Mr. Vipula Ratnasiri**  
Deputy General Manager  
(Programmes)

**Mr. Upali Ranjith**  
Deputy General Manager  
(Marketing)

**Mr. Asoka Karunanayake**  
Deputy General Manager  
(Lakhanda)

**Mr. M M Hassim**  
Deputy General Manager  
(Engineering)

**Ms. K T C Priyangani**  
Deputy General Manager  
(Finance)

**Ms. Sanjivani Epa**  
Deputy General Manager  
(Administration)

**Mr. Sudarman Radaliyagoda**  
Deputy General Manager  
(News & Current Affairs)

### Auditors

Amerasekera & Company  
- Chartered Accountants,  
Colombo

### Accounting Year

1<sup>st</sup> January to 31<sup>st</sup> December

### Company Secretary

Corporate Advisory Services  
(Pvt) Ltd, Colombo

### Bankers

Bank of Ceylon



2013

# Plaudits

National Business Excellence Awards  
National Chamber of Commerce of Sri Lanka  
Gold Award Winner of the Media Sector  
2007, 2008, 2009, 2010, 2011, 2012 and 2013

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49th Chartered Accountants Annual Report Awards 2013  
Institute of Chartered Accountants of Sri Lanka  
Gold Award for the State Corporations and Statutory Board Category

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SLIM NIELSEN Peoples Awards - 2013  
Peoples TV Channel of the Year  
Peoples Youth TV Channel of the Year  
Peoples Programme of the Year - Atapattama

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Sumathi Awards - 2013  
Most Acclaimed Channel  
Best News Reporting - 2nd Place  
Best Magazine Programme of the year - 'Wenasa'  
Best Announcer  
Best Audio Visual Song - 3rd place  
Merit Awards "Muthu Pihatu" Teledrama

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CNCI Achiever Awards  
Ceylon National Chamber of Industries  
CNCI Achiever of Industrial Excellence - Bronze Award  
(Service Sector, National Level - Extra Large Category)  
In 2010, 2011, 2012 and 2013  
Among the Top Ten  
(National Level - Extra Large Category) - 2013  
Prestigious Awards  
Winner of Achiever Award - 2013

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Best web .lk - Best Sri Lankan Website Awards  
Best Media Website - Gold Award  
Best Website Developer (Individual Category) Bronze Award

## Board of Directors

(As at 31st December 2013)

We encourage the entertainers to

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**Ms. Malika S B Samaraweera**  
Director/ Treasury Representative

**J Devapiran**  
Director

**Rosmand Senaratne**  
Chairman/ CEO

expand their creative horizons beyond known frontiers...



**P G Dassanayake**  
Director/ Working Director

**Hassim Omar**  
Director

**Mapalagama Wimalaratne**  
Director

Our business is entertainment, but our tasks are somewhat different. We formulate the policy on the quality of the entertainment and are accountable for the solvency of the Company. From Chairman to the security lad who close the gate at night; the bedrock commitment is well defined, though yet never so rigid to stifle constructive contribution from wherever, whenever or for that matter...whomever it comes.

# the next frontier

We are the pre - eminent Television Channel of Sri Lanka for the fifth consecutive year, and are very proud of that accomplishment. It is a position achieved with calculated vision, commitment and sacrifice. Our propensity to variety, diverse opinions and to cultural sensitivities, were intrinsic for that realisation.

If I may elaborate further, the indelible strength of our quality of programs, work ethics, strategic vision and sound public relations helped to broadcast content that the viewing public embraced with applause. It is somewhat easy to summarize what we did in a single sentence, but to paint that broad canvas took a mammoth effort and ingenuity of our team to concoct the 'right mix', which not only elated our audiences but also generated unprecedented revenue. That very strength propelled us to explore more variation and try new ideas from established professionals, and open a new window of opportunity to new entrants as well.

I feel proud and also humbled that my own background of over four decades, having walked 'through - the - mill' of distant wireless communication stood in my good stead to reach out and connect with professionals in their own lingo to motivate, coax and cajole them to bring out their best, which perhaps they never thought possessed. Moreover, my own beliefs, pragmatic discipline and value set I hold dear to my heart was the invisible bridge that trussed the two-way dialogue.

At ITN, *tête - à - tête* is always a two way street.

Besides that, the Performance Appraisal System we introduced in 2011 which value a person on his or her fortitude and contributions has become a greater stimulant than the flat ubiquitous bonus.

Ever since we became the Number One Channel of Sri Lanka, there was a caveat. The competition was always lying in wait, to challenge us, and we could not sit on our laurels and be content. Unless we take measures to defend the position and sustain momentum, these ratings and ranks will only be a sweet memory. We invariably will have to do still better and walk the extra mile. There are neither alternate routes, nor short cuts.

As a result, an elaborate plan was devised to straighten, smoothen, refine, and redefine all aspects of our operations: administration, fiscal policy, and public relations involving every permanent, contract, or temporary cadre to the exercise. I am over joyed to state that we are on the threshold of our long awaited 'Golden Age', as all these efforts will pinnacle towards end 2014.

Nevertheless, allow me to walk you through your Company's performance during 2013 and its value today.

Net Revenue of 2013 is over Rupees 2, 325 bn and the profit after Tax is Rupees 634 mn. We paid tax and dividend of Rupees 672 million, mainly with revenue generated from private sector. We lavishly supported all national, religious and cultural events and activities without discrimination and commercial gain, as it is our policy to determine update information and educate

all Sri Lankans in respect of national & economic Development. The country, as per "Mahinda Chinthanaya" is on the fast track in accelerated development work taking place in all corners of the island. We have played an important role in disseminating updated information and educating general public in respect of all development projects and services rendered by them, which when begin yielding desired economic results we too can be content for having shouldered the wheel of national prosperity.

We have extended remarkable contributions to establish national harmony by way of telecasting frequent current affairs programmes. We believe that there are not many organizations be it state owned or privately held who can boast this claim.

For our plans to succeed it is imperative to improve our technological assets; thus, work is almost complete with a five storey studio complex which incorporate large scale studio with state-of-the-art HDTV cameras, sophisticated studio lighting system and appropriate latest technology. Three main controls rooms, archive video library, a chain of *non-linear* post production studio facilities, fully - fledged auditorium for conducting seminars, workshops and training programmes are almost complete. The unique technical feature will be the total solution with latest audio, video file based technology which will enhance quality, productivity and efficiency of entire engineering division. Outside Broadcast (OB) facilities will be in place shortly with a new large OB vehicle installed with HD TV cameras and all related new audio, video equipment to facilitate sophisticated productions. Apart from using these facilities for ITN productions outsourcing of these facilities to external organizations will help to generate additional revenue.

Redeploying of service related personnel and assets have begun with the new dwellings coming into use and the Head Office 'Real estate' is allocated for maximum productivity and functionality.

New automation systems with improved performance replaced the ageing computers of Administration, Finance, Lakhanda and Credit Control divisions, and procurement of a Disaster Recovery solution for the radio automation system for Lakhanda is in progress.

Vasantham FM transmission was expanded by establishing a new transmission from Madulsima which now covers the entire Eastern region of the country and increased power from Yatiyantota transmitting station enhance the coverage to Colombo and its suburbs and also a part of the Central province and Hatton. Procurement of the equipment for the new studio and other TV post production facilities were set in motion, and some items are already in place.

Recognizing the trend changes and mood swings of Sri Lankans; our web section introduced Social Media in our own website. As television is no more a stand - alone experience, integration of all these sources and devices, complementing each other is important whilst none becomes dominant.

... of our journey



**Rosmand Senaraine**  
Chairman/ Chief Executive Officer

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### **...And Future Aspirations**

Another five storey office building with modern technical facilities with fibre optic connectivity to link all commercial operations between Marketing Office in Torrington Square and Head office in Wickramasinghepura, will establish enhanced services to our clients and sponsors. Marketing office will be face lifted to merge with a colonial façade and architectural grandeur of the surrounding ambience.

A welfare bungalow with all facilities for staff recreation will be constructed in Anuradhapura towards late 2014.

The digital transmission policy and format of Sri Lanka is yet to be finalized by the authorities concerned and when it is implemented Sri Lankan ITN viewers will experience an awesome 'real - life' imagery in their home televisions.

As you will realize that all of these will concentrate on a single aim by bringing the best of every related element together. There can be no doubt but, top quality entertainment with high value content. That is what a real trend-setter will do and must do. Moreover, we are doing precisely that and shall not look back.

***We are in the lead, and we shall lead...  
pioneering new trends.***

In conclusion, I would like to take a moment to thank my colleagues of the Board for their magnanimous support, Working Director, General Manager and the Senior Management team who always took the brunt of strategic planning and directing operations. In addition, of course, the entire ITN Team who measured up to the challenge with zest and flew ITN flag high and above all else... except national flag.

Albeit you may not meet us,



Sometimes,  
you may see or hear us on the tele ,  
or over the radio...  
or perhaps you may not.

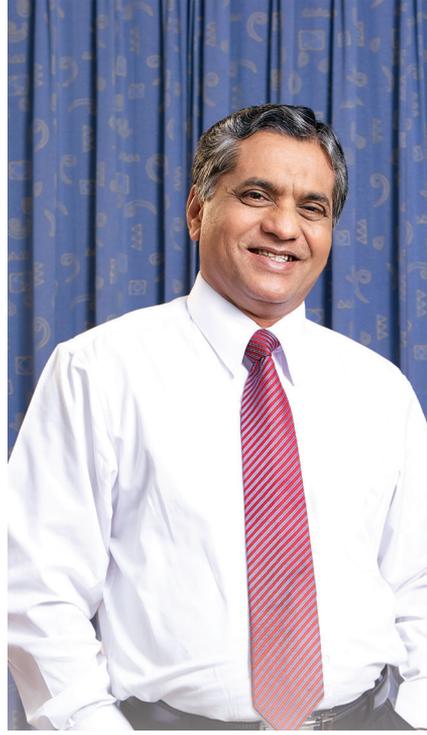
But, we are with you every minute...  
planning, strategising, coaching and  
encouraging the entertainment makers  
while vigilantly safeguarding the social  
sensitivities of our audiences.

Our job definition may not describe it  
but, all our efforts focus on one goal,

first class entertainment... for you.



we are with you every moment of the day



**Rosmand Senaratne**  
Chairman / CEO

**P G Dassanayake**  
Director/Working Director

**Aruna Wijesinghe**  
General Manager

**Upali Ranjith**  
DGM - Marketing

**Vipula Ratnasiri**  
DGM - Programming

**Asoka Karunanayake**  
DGM - Lakhanda

**Ms. Sanjivani Epa**  
DGM - Administration

**Ms. Chamila Priyangani**  
DGM - Finance

**Sudarman Radaliyagoda**  
DGM - News & Current Affairs

**M M Hassim**  
DGM - Engineering

It is with boundless pleasure that I place before you the complete performance report of ITN for the year 2013.

Our revenue increased to Rupees 2.325 bn and Profit after Tax to Rupees 634 mn. Collectively all revenue centres scored upward growth maintaining steady momentum and pattern. The vertically integrated performance criterion has proven that the system is sound and all hands have done their part to the utmost, and deserves well - earned praise from all quarters.

We, the entire organisation have done extremely well, and especially Vasantham TV and FM both have turned profits for the first time. Only Lakhanda recorded negative growth, which was mainly due to technical shortcoming and not programs or otherwise. As we all know, that we lost two very important and popular frequencies after re - allocation of

frequencies, and as a result, Lakhanda lost a very important segment of listeners during morning and evening 'Drive Time'.

Understandably, most of the owners of new Japanese vehicles did not opt to replace their original radios (*which do not have Lakhanda frequencies*) for obvious reasons. At present, we are improving Lakhanda transmission network to suit newly allocated frequencies, and when these facilities are in place Lakhanda too will start delivering positive results of which I have no doubt.

#### Sustenance...

HDTV (High - Definition Television) is the new worldwide norm for television broadcasting as it delivers five times the clarity of standard television. The rest of the world is shifting to new format and it is inevitable that all Sri Lankan channels too will have to follow suit. We are nearing completion of our HD complex with digital production rooms, talk show

*focusing on a*



**Aruna Wijesinghe**  
General Manager

# crystal clear image...

studio and musical stages, lighting grids, audio systems, library and recording studios, and catwalks. When Sri Lanka HD television transmission policy, come in to effect, we will be 'self-contained' with resources that is necessary for fully-fledged HD transmissions.

Nevertheless, this exercise is a costly affair and most of the benefits are heavily slanted in viewers' favour. They will experience an awesome difference and we will pull all stops to offer them just that. The other benefit is that production houses, be it dramas or commercials too will have to upgrade the quality of their content to capitalize on what we offer resulting, true-to-life imagery and crystal clear sound.

In addition, 'New Media' is also becoming popular but not in a scale as large as in the west or far-east, due mainly to the number of hand held devices in use and the cost of somewhat restrictive broadband facilities such as 4G or 'Wi-Fi Hot Spots' in Sri Lanka. Nevertheless, in time to come these will improve but I doubt if they will ever be able to challenge the good old household television. As a part of our strategic plan we have added many of our features such as teledramas, talk shows and news to our own award winning website, which could be viewed on any web oriented device, and the required software is available from [www.m.itn.lk](http://www.m.itn.lk).

## Progress of Divisions...

Engineering division is unremittingly busy with civil constructions and high-tech installations of HDTV prerequisites at the Head Office premises whilst managing and monitoring existing systems until we are ready for the transition to new format. In addition, they are also busy with transmission towers and relay stations island wide to bring them 'up-to-speed' when the big day arrives. They are also, in the process of siphoning the valuable old technology from which earmarked for phasing out. In addition, they are busy with plans to commence construction of a holiday bungalow in close proximity to Anuradhapura for the recreation of staff.

## Marketing.

Marketing division is still generating revenue from all channels relentlessly and their custom made offer packages have attracted the entire advertising sector. Their rapport with our stakeholders is very sound and part of the credit due for turning Vasantham TV and FM is rightfully theirs, and no doubt that they will strive to do same for Lakhandha soon. Their ingenuity in devising strategy and selling methods will continue far in to the future strengthening Company's financial muscle.

## Human Resource and Administration.

It is no secret that our prime strength is human capital. Any organization that knows the value of human resource can take steps to protect and nurture them and emerge successful.

However, at ITN this phenomenon is somewhat different.

We are not working with personnel who work on a 'prescription mode' and most of the creative staff needs a different type of manoeuvring to bring out the best in them. And also, we can

not afford individual play. All resources are persistently urged to perform cogently, which needs silky hands and firm control. Administration division has done an admirable job to create perfect synergy and the results amplify their contributions to the Company.

## Finance.

As usual, Finance division; the unsung heroes of the organization has done a stellar job without fanfare or limelight. Their vigilant management of funds in a world full of economic and financial land mines, and advising management of reliable counter measures has sustained the solvency of the Company. They deserve high praise for the 'job done well' in the back stage...silently, and I am delighted to place it on record.

## News and Current Affairs.

News division was emboldened with new equipment and they have pushed their productivity to the limit. Their inroads in to web streaming has kept ITN audiences worldwide in the know and they also have taken positive steps to create awareness of government's development drive up to date with the public.

## Support for social activities.

It is our committed policy to offer assistance to needy social activity, and last year too we offered free media exposure to a multitude of events that helped the nation directly. It is a perpetual exercise and we shall neither deter nor shirk away from that obligation and responsibility.

## Future... what is in store?

At present, be it content wise, rank or financially, we are in a commanding position. Nevertheless, what is most valuable is the trust we have earned from our stakeholders, which is priceless. That very vote of confidence gives us necessary force and energy to explore new ideas, try different contexts, and synergise diverse creative and technological forces to a single aim...utmost entertainment.

It is a fact that mother Lanka is blessed with multi-faceted talents, which are lying in wait to be discovered and unleashed. Among many of our responsibilities, this is yet another area that needs addressing soon. With the advent of High Definition broadcasting, the country indubitably will need a fresh harvest of artistry and I look forward with verve to see the day that modern engineering begin helping create art.

In epilogue, the entire ITN Team delivered their spellbinding wizardry, once again. I believe this only is the 'whip crackers'... and the 'Perahera' is yet to come.

I look forward eagerly, for the sheer joy of working with them and share their dreams with you.



Wheels within wheels...





The Engineering division of ITN is a cornerstone of the organization that provide infrastructure facilities to all divisions for greater efficiency and to reach our common goals, as identified in the Corporate Plan for 2009-13, which at the moment is in its final year. The state organizations are still in the process of finalizing the digital transmission format of Sri Lanka. ITN is getting ready to gel with new technologies, when formulated, as these objectives are intrinsic improvements identified for the next 5 year Corporate Plan.

**Year 2013...**

The civil construction work of the new five-storied HD Studio with a cat-walk and modern lighting grid is completed, at a cost of nearly Rs.153 mn. AC system costing approximately Rs. 28 mn and cable trunk work costing Rs. 8 mn is in progress together with the acoustic treatment for the auditorium, which cost approximately Rs. 49 mn. Internal partitioning work of this building is also in progress.



Vasantham FM transmission to Colombo and suburbs, Central province and Hatton was boosted from Yatiyantota transmitting station. Procurement of the equipment needed for the new studio and other TV post - production facilities costing Rs. 275 mn were initiated, and some items are already delivered. New efficient computers costing Rs. 3 mn approximately replaced ageing computer systems of Administration, Finance, Credit Control, and Lakhanda divisions. Procurement of a Disaster Recovery solution for the radio automation system at Lakhanda is in progress.

Recognizing the trend changes, mood swings and the viewing habits of Sri Lankan people, Internet and IP networks; ITN web section introduced Social Media to ITN's own Website for ITN programs and News etc. Spanning over a period of 7 years, access to Facebook, Twitter, LinkedIn, YouTube, and TV for mobile phones, were added gradually. Television is no longer is an isolated experience, but an integration of all these sources and devices, one complementing the other whilst none will dominate the attention of the viewers is important.



ITN has now come of age in the Social Media scenario winning the Best Website 2013 and the Best Web Developer award 2013 conducted by the Sri Lanka .lk Domain Registry. Carrying on this momentum, ITN will fortify the resources of the web section and make logging in to Social Media smoother in the near future.

**...and future attractions**

In 2014, a new building will be constructed, within ITN premises costing nearly Rs. 160 mn, providing office space for Program, Finance, and Supplies & Engineering Division. This building will also have a modern Food Center and Waiting Hall for the guests, clients, and visitors who patronise ITN almost daily for recordings or other business.

Space vacated by Finance, Supplies & Engineering divisions will be refurbished for Lakhanda Radio, Vasantham FM and the HR divisions, enabling the staff to execute their work efficiently.

A welfare bungalow is to be constructed in close proximity to the sacred city of Anuradhapura in late 2014 costing nearly Rs. 25 mn and concurrently the Marketing Building will be face lifted at a cost of approximately Rs. 40 mn, to merge with the architectural splendour of the surrounding buildings.

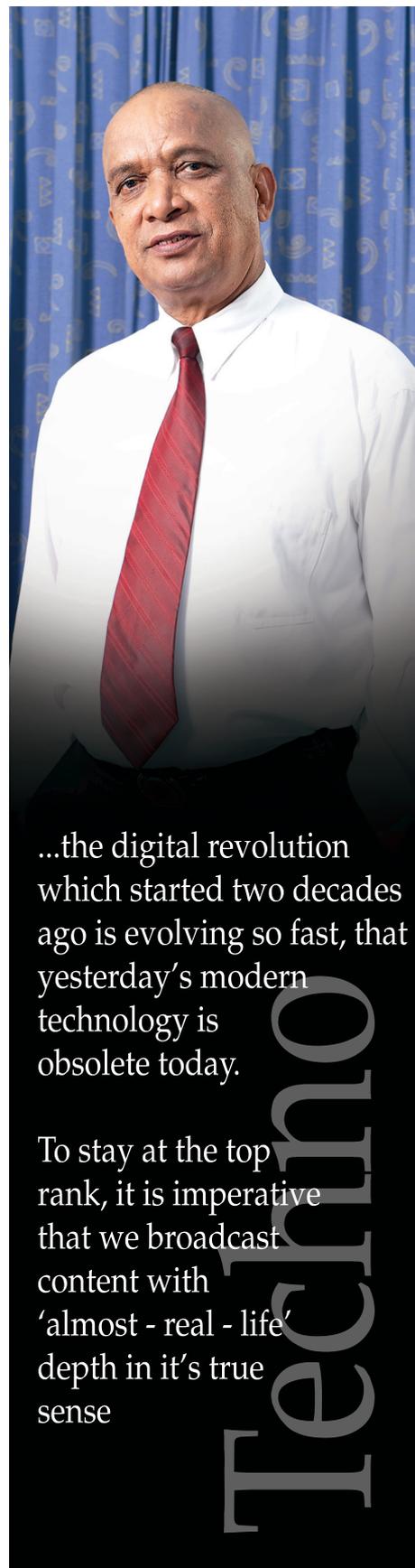
ITN creditably handled the new digitization criterion to conform to international TV post - production standards. Whilst, most of the analogue equipment at ITN were replaced with digital equipment, some analogue equipment is retained still, to cope with the archived video and material provided at times by external video production houses.



As the broadcast industry of Sri Lanka will undergo a sea change with the digitization of the transmission aspect of TV broadcasting in the near future, ITN will strengthen the program production section, providing engineering facilities that would enable high quality video productions, in order to enliven our viewership.

The transition of broadcast aspects to digital in the near future also entails that there would be a high demand for quality productions in High Definition format. Anticipating this scenario, ITN has already commenced upgrading the facilities at ITN to HDTV format, including a state-of-the-art HDTV Studio and OB facilities. Apart from using these facilities for ITN productions, outsourcing of these facilities to external media organizations will help recover some of the costs incurred.

Since ITN depends on its own funds to sustain its operations, the workforce at ITN will also undergo a change to meet the challenges mentioned above to function as a viable commercial entity. Therefore, a re-engineering process would take effect at the appropriate time, taking the skilled labour force in the market into consideration, particularly in the emerging professions of video and computer engineering. Thereby, skilled talent may be employed to specialized areas of the video post - production chain affording creativity in the future and this would create more job categories and opportunities at ITN.



...the digital revolution which started two decades ago is evolving so fast, that yesterday's modern technology is obsolete today.

To stay at the top rank, it is imperative that we broadcast content with 'almost - real - life' depth in it's true sense

Techno



...to move the revenue curve up... Marketing, along with programming and broadcasting must offer packages which will offer desired exposure for our stakeholders, while at the same time to be profitable for the Company..

Income

The income generated by Marketing Division during year 2013 amounts to Rs. 2,325 mn. Agency wise GroupM – Media was the highest contributor followed by Phoenix O & M (Pvt) Ltd. and Grant Advertising (Pvt) Ltd. This financial achievement recorded an increase of Rs. 101 mn compared to the previous year's income of Rs.2,224 mn, recording an increase of 4.5%.

The Unilever Sri Lanka Ltd. / Unilever Lipton Ceylon Ltd., was the highest contributing single client whilst Ceylon Biscuits Ltd, CBL International (Pvt) Ltd. and Hemas Manufacturing (Pvt) Ltd, following closely. Throughout the year 2013, the Market Share of ITN was the highest of all TV Channels in Sri Lanka, standing at 26.59%, and according to SRL, with a clear lead of 10% from the 2<sup>nd</sup> runner up at 16.04% .

#### Sponsorships

- \* Media Sponsorship for "Footwear and Leather Fair – 2013" organized by - Sri Lanka Export Development Board – February 2012.
- \* Media Sponsorship for Annual Sessions – 2013 and Trade Exhibition organised by – Sri Lanka Institute of Architects. – February 2013
- \* Media Sponsorship for Special Live Programmes on International 'Women's Day' - 08th March 2013.
- \* Entered into agreements with clients to implement sponsorships for live telecast of 'Soorya Mangallyaya ' (13th and 14th April, 2013) Sinhala and Hindu New Year celebrations at Kandy and Batticaloa.
- \* Sponsorship for "INCO 2013" Industrial Exhibition and Trade Fair - organized by The Institution of Incorporated Engineers, Sri Lanka - June 2013.
- \* Media sponsorship for "National Agriculture Week – 2013" organized by - Ministry of Agriculture – July 2013.
- \* Media sponsorship for "Auyrveda Expo-2013" organized by The National Chamber of Commerce of Sri Lanka - July 2013.
- \* Media sponsorship to telecast 'Esala Dalada Perahera' in Kandy - August 2013.
- \* Media sponsorship for "International IT conference" organized by the - Computer Society of Sri Lanka – August 2013.
- \* Media sponsorship for "Shilpa 2013" National Exhibition and Trade Fair - organized by the Ministry of Traditional Industries and Small Enterprises Development - August 2013.
- \* 'CNCI Achiever Awards 2013' organized by The Ceylon National Chamber of Industries - September 2013.
- \* Media sponsorship for "INFOTEL – 2013" ICT Exhibition organized by - Infotel Lanka Society Ltd. – October 2013.
- \* Media sponsorship for special live programmes to mark "World Children's Day" from Leisure world, Kaluaggala - October, 2013.
- \* Media sponsorship for 'Annual Report Awards 2013' - organized by the Institute of Chartered Accountants of Sri Lanka - December 2013.
- \* Media sponsorship for National Exhibition and Trade Fair - organized by The Department of Textile Industries Ltd - December, 2013.
- \* Media sponsorship for 'Mahabhimani – 2013' National Construction Week organized by Construction Association of Sri Lanka - December 2013.

#### Following strategies were implemented to achieve targets of the division. Publicity & Promotion

- \* Entered into contra agreements with newspaper organizations to communicate programme line ups to attract more urban viewership.
- \* Press conferences to obtain wider publicity.
- \* Erect Billboards displaying the strengths of ITN in Colombo and other selected towns.
- \* On line competitions during teledramas and offer gift items to winners.

### Use of Information Technology

- \* Information technology used for more productivity.
- \* Use of e-mail to dispatch proposals to Ad-Agencies and clients.
- \* Use of IT for transfer of telecast materials such as logos, branding etc.
- \* Promotions of ITN Web banner.

### Training

Training marketing staff on public relations, marketing communications, 5S system, inter divisional coordination aimed at increasing ratings.

### Market Research and Analysis

- \* Entered into agreements with SRL and LMRB, to obtain data in market research.

Based on market research data, following measures were taken to promote marketing.

- \* Launching of new teledramas and new time belts as special events with participation of agencies/clients/related artistes.
- \* Competitions were introduced into teledramas and action to award prizes to winners.

### Consultancy Services

Consultancy services were obtained from an expert Media Planner to analyse market behaviour, provide media reports, ITN performance, programme ratings and provide projections for future.

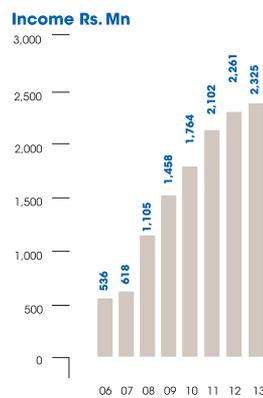
### Commercial Packages.

- \* Tailor made commercial packages were offered responding to special requirements of advertisers.
- \* Special packages were offered to suit special events and special seasons.
- \* Action was taken to grant special discounts for clients undertaking agreed financial commitments on yearly basis.
- \* Offering of value added packages/benefits to clients/agencies considering their requirements, product promotion and the events organised by them.

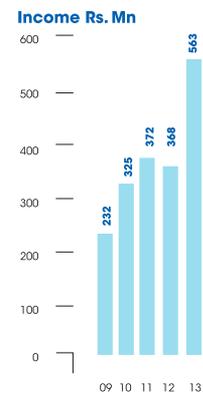
### Biz News

With the view to strengthen existing business relations Biz News coverages were provided free of charge to agencies/clients for their business events such as Seminars, Product Launches etc.

Market Concentration 2013

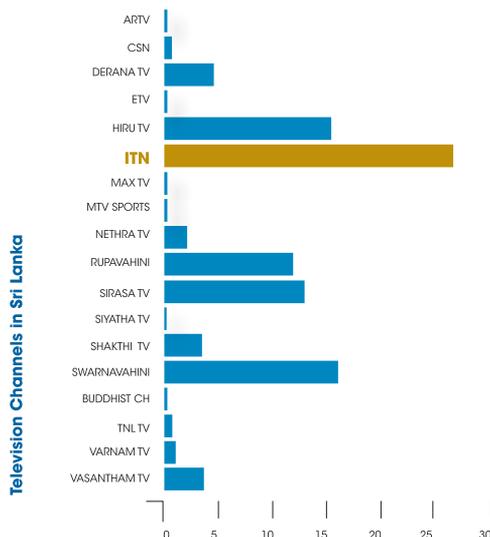


Customer Concentration 2013



(%) Share of Audience for TV 2013 Source: SLR COSNet

Target Group: General  
 Period: 01 Jan 2013 - 31st Dec. 2013  
 Time Duration: 06.00.00- 23.59.59



Spanning over three decades of service providing an enlightening entertainment of light soap, education and news to the nation, we, being the pioneer and still in the lead celebrated our 34<sup>th</sup> anniversary last year grandly.

According to LMRB and SRL research ITN is the Number One Channel in Sri Lanka and it is a fact that we truly are the best.

Air time during 2013.

Weekly	Monthly	Annually	
149	596	7,152	Hrs

Broadcasting commence from 4.30 am till midnight on weekdays and on Sundays from 5am till 12.30pm. LMRB and SRL confirm that our timely adjustment made to daytime programmes has won high viewer response.

**Soaring response to Prime time broadcasts...**

The daily prime time belt from 6.30pm to midnight still reigns supreme with admiring viewer response and LMRB and SRL vouch for this fact, unhesitatingly.

During this period viewers embraced our tele dramas unreservedly. The main reason for this was that we always were mindful for high value content, which has been the inherent characteristic of ITN, and the accolades we were bestowed with so far bears witness to that certitude. In addition it is heart warming to be identified as the most popular youth channel of 2013 by Slim Neilson Awards.

**Significant changes 2013...**

Several visible changes were made to our programme line up by introducing Sinhala dubbed foreign teledramas during 6pm to 7pm and 'Suriya Vimana' attracted viewers immensely. 'Atapattama' after twelve years, still grabs attention as the most popular variety entertainment. On Wednesdays, we refashioned the 10pm programme with 'Venasa' meaning (difference).

**New standard for reality programmes...**

The reality show started in 2013 'Supiri Hapana' has become the top of such shows and the reason for that was the fundamental ambition behind is to produce a 'Perfectly Balanced Future Citizen' to the nation. This structural change to common entertainment format succeeded in winning viewer approval.

As a part of our social responsibility endeavours, 'Hathveni Peya' at 7am daily and 'Athulanthaya' weekly has begun to yield desired results.

In order to cultivate and promote a value enriched society, patronization of many venerable prelates were sought on Poya days to engage in spiritual



discussions, whilst through 'Savanak Res' we visually transpose our viewers to many historically scared sites to experience the inner journey and partake in the spiritual preaching.

Doramandalawa is a multi topic discussion platform that holds top rank in such programmes.

'Suriya Mangallyaya' the Sinhala and Hindu New Year pageant was held grandly in Kandy and Battialoa and was acclaimed as the best cultural exchange pursuit and especially the introduction of Children's New Year festival is yet another first from ITN. This event was held on the banks of Vewuthawulla, Kurunegala in 2013.

International Women's Day was held at BMICH with heavy participation of womenfolk and 'International Children's Day' was commemorated at 'Leasure world, Kaluaggala to utter delight of little ones.

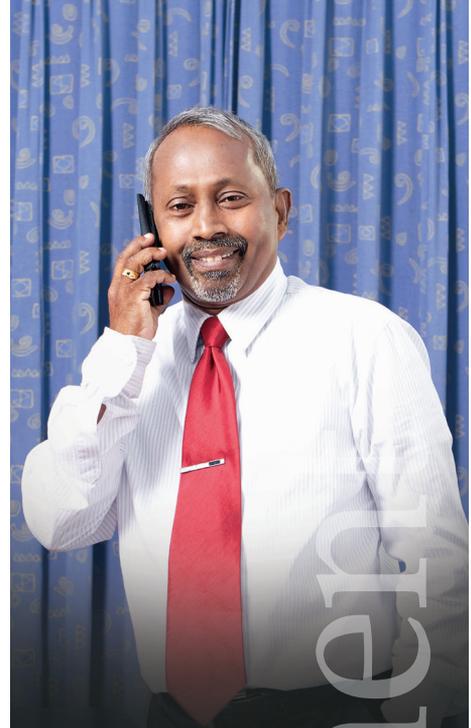
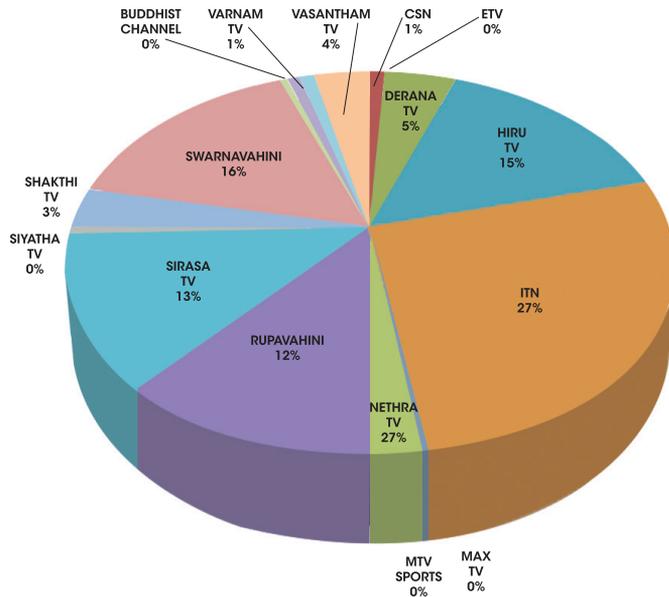
At 'Deyata Kirula' National Exhibition held in Ampara, ITN rendered tremendous contribution and the 'Musical Finalé' staged on media day captured wild response from the public. Parallel to these ITN organized educational discussions for the less privileged students of Eastern province with low benchmark.

'Thakshilawa'...the fount of knowledge, our hearty assistance programme for O/Level and A/Level students aired at 5am on week days has captured the attention among children as it is conducted by a band of preeminent scholars of the country. Also, the 'Nenesa' aimed to help grade 5 students continues to enrich their proficiency for the tasks ahead.

As the entire country is on the march for prosperity, ITN too shoulders a heavy responsibility to create better awareness amongst public, whilst remaining Number One in entertainment and safeguarding our value base.



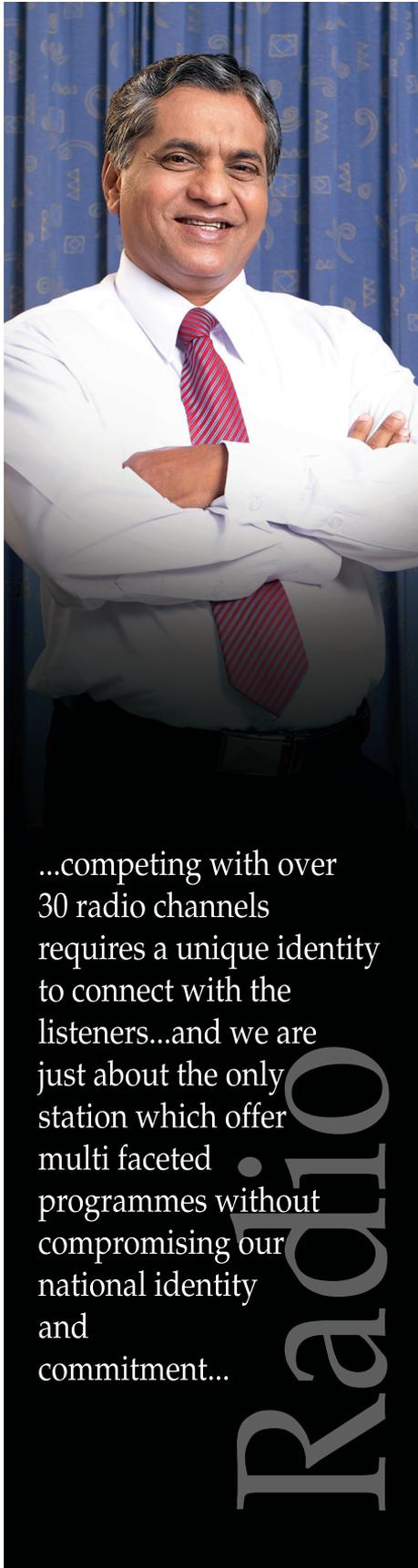
Comparison of TV Channel's Share percentage 2013 SLR



...programming is something more than lining up a few episodes together.

We constantly work with creative minds and hand pick programmes that have the potential to attract viewers cohesively and offer a rich mix of entertainment for diverse audiences...

Entertainment



...competing with over 30 radio channels requires a unique identity to connect with the listeners...and we are just about the only station which offer multi faceted programmes without compromising our national identity and commitment...



2013, indeed was a challenging year for Lakhanda. During the year listeners acquainted with FM 88.5, 87.9 and 97.6 had to switch over to FM 93.5 and 93.7. We are consolidating the reach with new FM Band. However, forfeiting our very popular 88.5 MHz frequency eroded our listenership which used Japanese radio sets in their vehicles.

Compounding to this drawback we had to struggle with several radio stations that offered cash prizes to win more listeners. Whilst facing stupendous obstacles and to be within strict nationalistic parameters, we had to evolve new ways and means to stay in the mainstream.

Religious programme 'Buddhabivandana' was continued with popular venerated priests, and 'Sitha Nivana Katha' sermons were aired daily from 9.30pm to 11.30pm. In addition, parallel to ITN's 'Savanak Res' Lakhanda started 'Shasanaloka' as a new approach to attract listeners, donating valuable religious literature to young monks who are yet to be ordained and the parents who bequeathed them to the order were honoured. Also, 'Buddha Rashmi' which is aired from an outside location was enriched with special Buddha worshipping and wishful poojas with participation of devotees in great numbers, as it was of particular interest to many a Buddhist.

Added to these efforts, annual live broadcasting from Gangarama Vesak Kalapaya, Sithul Pawva Poson Pinkama, Esala Dalada Perahara in Kandy and also the special Christmas service from Joseph Vas Cathedral, Vennappuwa attracted diverse religious faiths. Although these were part of our corporate social responsibility efforts, they also helped make the Channel popular. Taking it further we, together with a sponsor organized a competition to send an entire family to Dambadiva (India) on pilgrimage.

'Ira Sevaya' is a programme aimed to cultivate positive thinking, English proficiency and astrological awareness, whilst 'Helidarawwa' promotes nationalistic sentiments and value set to inculcate mutual trust between all ethnicity and discourage conflict.

To add more content value to light entertainment, 'Sahurda Horawa' and 'Lassana Davasak' was elevated to a higher plateau and the feedbacks were encouraging. We also paid close attention to reviews for 'Prasanga Vedikawa', a programme introduced by Lakhanda from 2pm to 4pm, to bring the live stage music to radio, and made several adjustments by adding an extra one hour for listener requests. As the radio drama 'Nala Matakaya' was aging we had to make several changes and thus a part of that time belt was converted to a new sports programme.

'Prema Thatakaya' stepped outside radio and made interaction with public, first in Colombo and then in Kandy to enliven the listeners and for those who still yearn for yesteryears music. 'Sanhinda' also was added to the weekend line up. 'Jothi Rathriya' still continues without compromise, as there is no visible decline to its appeal.



'Sampath Hamuwa' a humane undertaking to liaise with assistance to needy donated Solar Power system to 50 students who are located extremely rural and school books and educational apparatus for the students of Anapallama Junior High School.

During 2013, combining Lakhanda and Vasantham FM for which valuable ideas from Tamil politicians were sought and incorporated to strengthen the provincial news coverage. This move was very important to fulfill our corporate objectives to promote Government's philosophy.

Lakhanda News, a part of lakhanda.lk web site was promoted to a site of its own www.lakhandanews.lk, with a completely new façade and efficient browsing, which almost immediately scored high visitor hits. One significant achievement for Lakhanda news was the opportunity to cover the entire CHOGM 2013 conference live from every single location it took place, and we took steps to enrich the broadcast with many unknown details of its origins, member countries and their histories. Also bringing government's development endeavours to public notice is another aim of the news section whilst through 'Sodisi Meheyuma' bring people's problems and difficulties to the authorities.

To advance the efficacy of Lakhanda, an assistive IT system was added to existing software as a fallback option in case of a breakdown of the principal servers. A new liaison room was added with live broadcast facilities to assist disaster management. In addition Digital connections were added to Deniyaya and Nayabedda Tx stations, whilst Yatiyantota Tx station was broadened to facilitate Colombo, Central province and Hatton in the hill country.



**Vasantham TV is the No. 01 among all Tamil television channels operating in Sri Lanka.**

2013 was a remarkable year for Vasantham TV, as the channel widened its transmission through 'Madulsima Tower' and extended to the viewership of the Eastern province. The increase of the viewership has, made us the number one Tamil TV channel in all island ratings too. Moreover, we posted profit for the first time ever.

According to ratings and viewership, Vasantham TV won 09 of 15 awards allocated for Tamil programmes, as we telecast wide variety of program categories i.e:

- Super Hit Movies with Sinhala subtitles
- Weekend Children Movies with Tamil subtitles
- Medical Programmes
- Talk Shows
- Magazinal Programmes
- Request Shows
- Current Affairs
- Women's Programmes
- Entertainment

30

Vasantham TV together with Singapore Media Corp held a local talent search amongst local singers for the international platform 'Asian Super Star Challenge 2013', and the best of Sri Lanka were nominated for the competition held in Singapore.

Vasantham TV gives importance to religious events and their celebrations such as Hindu, Muslim and Christian, with events lined up on all their religious days. April New Year was celebrated at Kalawanchikudi, Batticaloa for two days with the large gatherings and games were played on that special day and lavish gifts were distributed amongst the winners.

Vasantham TV's 04<sup>th</sup> anniversary was held in Batticaloa on June 25<sup>th</sup>, with a medical camp and for the first time a mega musical pageant was held with high public participation at Batticaloa Sivananda College ground, with several Indian artists performing to the delight of the gathering.

Vasantham TV programme productions focused on local productions with the participation of the general public and their talents were showcased through our Channel.



Despite numerous obstacles, Vasantham FM continued its services to reach listeners through two radio frequencies and managed to expand its coverage to a wider area during 2013. According to LMRB statistics, we became the Number Three Tamil Radio channel in Sri Lanka, and for the first time ever posted profit to the overall ITN Balance Sheet.

Among many entertainment programmes, one significant achievement was that Vasantham FM news became very popular among Tamil listeners. Through news, we enlightened the public with balanced news coverage, Government's development drive, and a comprehensive information package on world affairs that attracted people of diverse age and opinions. The live coverage of CHOGM 2013 conference was a very popular event that earned us much credibility.

Another accomplishment was the live broadcasts of cultural and religious ceremonies released from locations where they were taking place, and during 2013, many events were aired from Colombo, Trincomalee, Kilinochchi, Kattankudi, and several up country locations. Recent upgrading of our technological assets contributed immensely for these projects and introduction of SMS capability also was a reason for the increased patronage.

We also held a mega musical pageant at Dharmapura sports ground in Kilinochchi and together with Vasantham TV held another musical show in Passara with the patronage of several popular Indian musical stars.

In addition we emboldened our website [www.vasanthamfm.lk](http://www.vasanthamfm.lk) to reach Sri Lankan Tamils living abroad.





...today, unless the news is 'real - time' ... it is old news.

Satellite communication and cyber streaming has thrown us challenges that demands us to be with information as and when, from wherever they happen... and we are keeping ourselves right on top of it

The News & Current Affairs Division is yet another facet of Independent Television Network which keep the nation cognizant with news from all over the world throughout the day in Sinhala, Tamil and English Languages. In addition to ITN, Vasantham TV and Prime TV newscasts, many current affairs programmes are also being produced and telecast by the Division.

As the daily main bulletin telecast at 7.00 pm is watched by the majority of viewers, ITN also succeeded in keeping the image built and the trust won alive, as a true leader in news.

Action was initiated to include TV stand ups whenever possible from outside locations to take the news telecasts to the people in a more effective manner. News features such as 'Kelibimen Sath Dinak,' and 'Lova Vata' are some of the programmes that are winning the hearts and minds of the people. The Control Room of the News Studio was refurbished and modernized to add more quality to our broadcasts.

A significant feature titled "Anduru Dinapotha" was incorporated into the News Bulletin, recalling the past incidents which took place of the respective day, during the dark era since the advent of terrorism in Sri Lanka till the end of the conflict. A notable victory is the mammoth response it generated from the viewers for this particular segment.

Making the ITN Provincial news network more efficient, it was further strengthened by covering the entire island. Accordingly, the news coverage further expanded and fresh rural news were accommodated in the main news telecast.

Action was initiated to recruit Provincial correspondents for Districts such as Kandy, Matale, Badulla, Gampaha, Puttalam, Moneragala, Matara and Galle and they made vital contributions for the news bulletins.

As a recognition of their services the remunerations made to regional correspondents were increased evaluating the contribution made by them on behalf of the News Division. Another notable achievement of the News Division was the increasing of payments accorded to artistes who made vital contributions for presentations made in respect of news and current affairs to strengthen the image of the institution.

In the reportage of international news updates, we appointed correspondents to provide news from their respective countries and during the year the endeavour became a success. Accordingly, the News Division managed to maintain links with ITN news correspondents from many countries, including Europe, to obtain news reports.

Advanced computers were used for 3D Animations to upgrade the contents of the news bulletins and a Unit to gather international news by recording foreign and sports news around the clock from many of the world's leading international media institutions, via satellite technology. This serves as an impetus to take to the people, the incidents that happen around the world in 'Real Time' and telecast with more detailed and quality visuals.

The acquisition of two cameras, which was a long felt need by the Division was another notable achievement. Facilities have been provided for ITN news viewers to return their feedback through the [www.itn.news.lk](http://www.itn.news.lk). This year too ITN news succeeded in securing the second place in news reportage at the Sumathi Tele Awards Festival.

In the year 2014, the Division strive to identify changes that should be effected and overcome shortcomings while enhancing facilities to telecast news.

Although the services discharged by the Division broadened during the past year, the fact that we maintained this service without increasing the 'head count', is an outstanding achievement to sustain the Company's bottom line.

The News & Current Affairs Division is pulsating to discharge its optimum service on behalf of Independent Television Network in the coming years whilst safeguarding the trust placed and affection displayed by the people as the leading Channel of the motherland; otherwise known as 'Television Mahagedara - the ancestral home of Sri Lanka television.'



*We shall never be content...*

*We have retained our coveted Number One rank for the fifth time without having any contender approaching it...let alone surpass. From any perspective, that is sustenance, and we have done it successively.*

*However, it begs the question, is it enough...or is it the only 'mantra' for success?*

*I do not believe so.*

*In an industry where individual preferences vary from one to another and repeatedly, the entire strategy and approach needs to be revitalized, as the sense of tastes evolve. For us there is no handbook that explains errors, or recommend alternatives and no recipe for perfect mix or indicators of public reaction.*

**34** *We have to look at a blank paper and read a great story, or listen to silence and hear the music that's never written, and make them 'real' through the lens of a camera.*

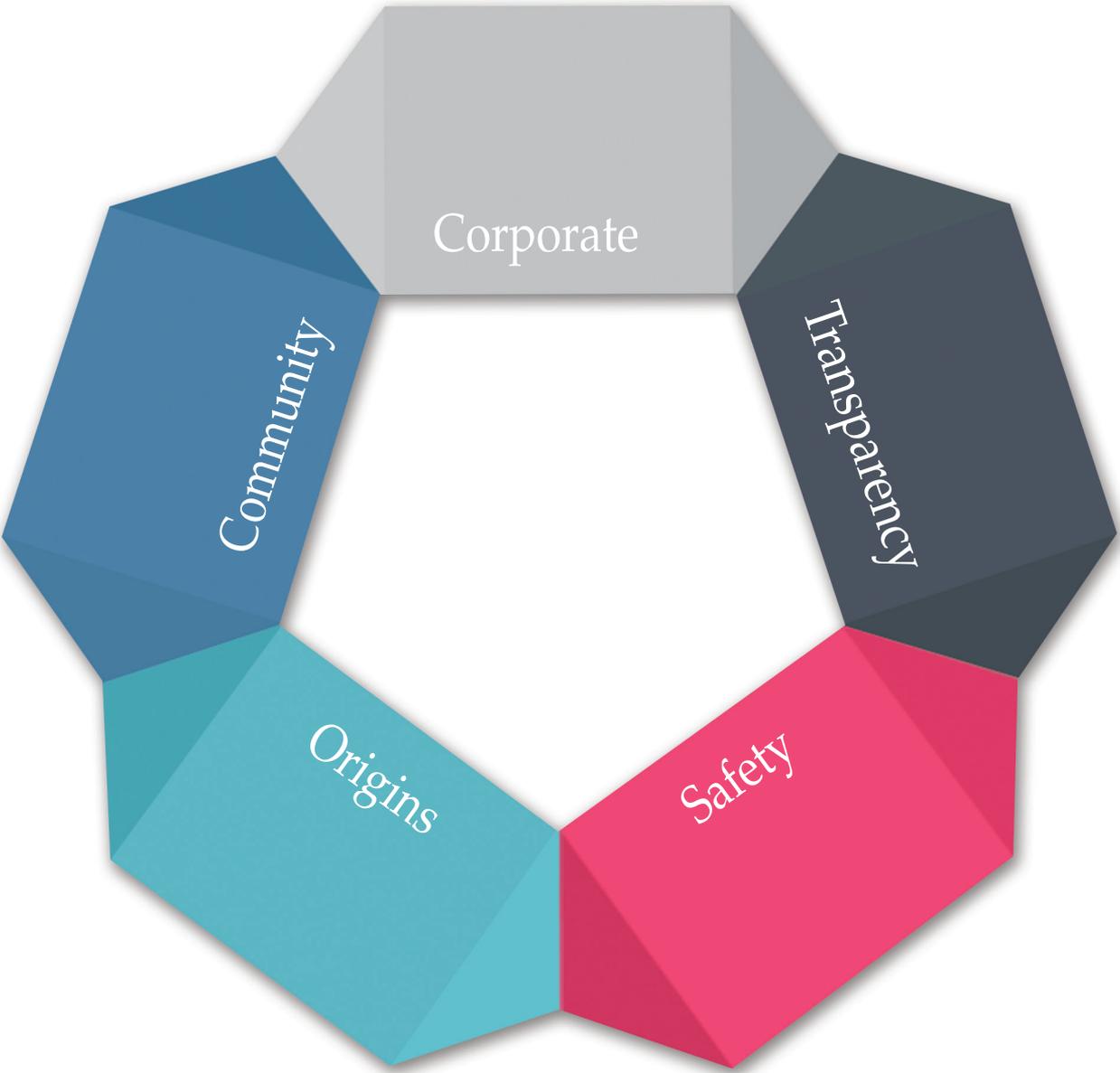
*That, I believe is the challenge and the entire ITN Team has addressed that with remarkable confidence and vigour. We together have offered content that the public appreciate, and have tweaked it when and where necessary without let or hindrance to the type of entertainment our viewership expect.*

*In order to sustain this trust we will have to harness every conceivable resource to keep moving forward.*

*Rosmand Senaratne*

*Chairman/ Chief Executive Officer.*

## **Sustenance...now and beyond**





...we have a bag full of the best TV and Radio talent and the finest of affiliated and support services from within and without... and we have synthesized them into a coherent creative force producing unparalleled entertainment on an inspired mind set...

Mobilising

We recognise that our responsibilities extend beyond financial results and related matters. Effective management of employee, customers, social and environmental concerns are important to our corporate reputation and profitability.

Our role is to ensure that appropriate policies and systems are in place to identify, monitor and manage the social, environmental, ethical and safety standards which are intrinsic to our operations. Each Division is responsible to uphold the broad policies that are laid in the corporate guidelines.

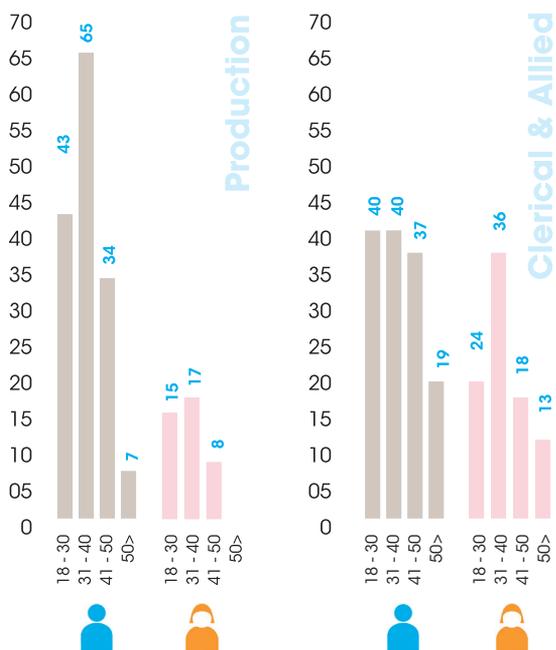
Age Analysis - Male/ Female



Training Area	No. of Training Programmes	No. of employees participated
<b>Local</b>		
Human Resource Development	03	11
Engineering	08	24
Television/ Radio Production	09	85
Finance	13	21
Marketing	01	02
Safety & Health	02	05
Journalism	01	01
General Management	16	102
IT	01	05
<b>Total</b>	<b>54</b>	<b>256</b>
<b>Foreign</b>		
Engineering	09	17
Television/Radio Production	02	03
Journalism	02	02
General Management	03	05
<b>Total</b>	<b>16</b>	<b>27</b>
<b>Grand Total</b>	<b>70</b>	<b>283</b>

With our strong balance sheet, our broad geographic spread and our reputation for high entertainment, we are confident that we can out - perform any contender.

But to do that, we as a team should be on the ... same page, chapter and verse.



### Appointments/ Recruitments during 2013.

#### Contract

Transport Officer	01
Manager (Administration)	01
Trainee Technical Officer	08
Security Co - ordinating Officer	01
Computer Graphics Animator	02
Trainee. Marketing Executive	06
Marketing Executive	02
Producer	01

#### Relief

Engineering Division	02
Programme Division	05
News Division	01
Marketing Division	01

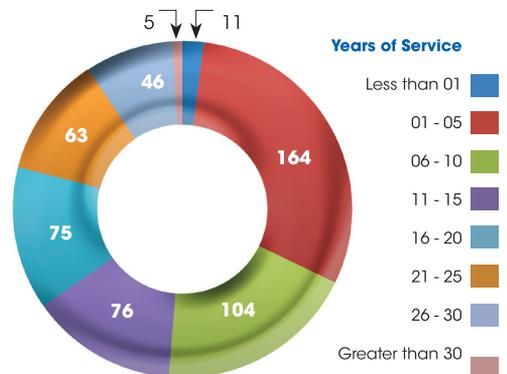
**Total 31**

Approved cadre	ITN	LH			Total
<b>POST</b>					
Managerial	119	26			145
Technical	190	22			212
TV/ Radio Production	251	49			300
Clerical & Allied	276	27			303
<b>TOTAL</b>	<b>836</b>	<b>124</b>			<b>960</b>

Existing Cadre Permanent / Contract	ITN	LH	VTV	VFM	
<b>POST</b>					
Managerial	46	18	1	1	
Executive	43	4	1		
Technical	130	15		1	
TV/ Radio Production	160	22	5	2	
Clerical & Allied	211	16			
<b>TOTAL</b>	<b>590</b>	<b>75</b>	<b>7</b>	<b>4</b>	<b>676</b>

Relief	ITN	LH			
<b>POST</b>					
Managerial					
Executive					
Technical					
TV/ Radio Production	23	3			
Clerical & Allied	16	1			
<b>TOTAL</b>	<b>39</b>	<b>4</b>			<b>43</b>

### Permanent Employee Service Analysis as at 31st Dec. 2013



Service Analysis	Permanent	Contract	Relief	
Less than 01	11	6	11	
01-05	164	120	32	
05-10	104	6		
10-15	76			
15-20	75			
20-25	63			
25-30	46			
Greater than 30	5			
<b>Total</b>	<b>544</b>	<b>132</b>	<b>43</b>	<b>719</b>



**Corporate Standards**

Shareholders appoint a professional Auditor of repute; for their independent opinion in accordance with the prevailing local and international reporting standards and norms. The Company provide true, accurate and factual financial information for their evaluation, whilst veracity of all statements conforms to the rules and regulations set out by the Accounting Standards of Sri Lanka.

**Benefits to employees and improvements to welfare activities**

- \* Payment of annual bonus of Rs. 7,500/= per employee.
- \* Payment of Rs. 57,500/= as performance incentive.
- \* Payment of Rs. 5,500/= as attendance incentive.
- \* Providing gift vouchers worth Rs. 6,000/= per permanent and contract employees and Rs. 4,000/= for relief panel for New Year 2014,
- \* Providing gift vouchers worth Rs. 5,000/= per permanent and contract employees and Rs. 3,000/= for relief panel for Sinhala/ Hindu New Year 2013.
- \* Providing a festival advance of Rs. 5,000/= and textile loan of Rs. 10,000/= (interest free basis) for Sinhala/ Hindu New Year 2013.
- \* Providing Personal Accident Insurance cover for all permanent, contract employees and relief panel.
- \* A total cost of Rs. 20 mn was borne by the Company to facilitate Medical Insurance cover worth Rs. 100,000/= for each permanent/ contract employees and their family members.
- \* Providing efficient office transportation for staff from Colombo Fort, Dehiweala, Piliyandala and Kaduwela.
- \* A transport allowance of Rs. 3,000/= was given to employees working on rosters.
- \* Providing distress loans commensurate with the present salary.
- \* Vehicle loans up to maximum of Rs. 1.2 mn for executive staff.
- \* Motor bicycle/ Three Wheeler loans to a maximum of Rs. 150,000/= for non - executive staff, .
- \* Under staff welfare scheme, hotel facilities are made available once a year for all staff and their family members to spend two days of holiday at a cost of Rs. 7.5 mn to the Company.
- \* Health Assessment checks were conducted for employees in association with Seva Vanitha Unit and Welfare Association.

**38 Customer communication**

It is a fact that majority of ITN’s revenue, is earned through Advertising Agencies. We have a very clear and trusted understanding with them and they in return place high expectations on our programs, broadcast quality and reach. It is a reciprocating process where the results are measured on mutual understanding and confidence placed.

Additionally, all our efforts are measured by statistical findings of two separate independent research organisations, who rank each and every time belt against other media stations giving us a clear popularity indication of our programs. This has been a sound yardstick for our stakeholders to place their advertisements, and for us when and where the improvements are necessary.

**Employee communication.**

In a media organization where creativity play a significant role, two - way dialogue is of paramount importance, and ITN is no exception for that criterion. There have been many instances that a program, unfolded from a seemingly insignificant seed - of - thought, from an unexpected source and became very successful. Moreover, the performance - based incentives offered annually induced much enthusiasm as the employees realized that the Company values their contributions.

**Employee health and safety.**

Our concern for health and safety of all employees is total. As a Company who engage personnel, especially production staffs who travel to distant places, thick forests or cross waterways and streams and climb treacherous mountains carrying heavy equipment are constantly prone to injury and if the unthinkable happen, the very production may be delayed indefinitely. Therefore, we have to be ready with urgent medical facilities and alternate technicians to carry forward without break. We invest heavily on their health benefits and conduct health and safety camps to educate them.



# Responsibility

## Family 'Get togethers', sports and recreation activities.

A family Get together was organised aiming to improve family relationships and employee social management, which was well received by the employees.

A cricket tournament and welfare trips were organised by Welfare Association to encourage employees to offset their work and personal living.

## Student support

ITN allocate one and a half hours every day from its daily transmission for educational programmes focusing Ordinary Level, Advanced Level and year five scholarship students conducted by a panel of qualified teachers.

## Seminars - creating awareness

Seminars for O/L Students, Health Camps, Eye Clinics and distribution of spectacles, workshops on self - employment were launched within Ampara District in February 2013 to coincide with 'Deyata Kirula' programme

## Aid/ Support for women and schools

Following projects were launched to coincide with the 'World Women's Day 2013

- Self Employment workshops for women,
- Eye Camp and distribution of eye lenses and eye wear,
- Donation of school equipment and uniforms to Mandadeniya School, Ratnapura,

## Promoting multi - cultural harmony

ITN gave tremendous encouragement by offering free publicity to numerous social service events and activities organised by schools and by places of religious worship. Further religious programmes broadcast on air by ITN and Lakhanda are expressively aimed at propagating; understanding, tolerance and co-existence among people of all ethnic and religious diversities.

## Building a righteous society

Programmes inculcating fundamental principals and beliefs of religions were continued as daily programmes while special monthly programmes such as "Buddha Rashmi" (Lakhanda) and "Savanak Res" (ITN) are aired on Poya Days. These programmes are intended to help building a righteous society.

## Humane contributions

Cost free advertising is available for patients in critical stages and in hospitals for their need of blood, kidney and other donations, invoking humane concepts of "Karuna" and "Dana".



## Sponsorships and donations

- \* Vasantham TV celebrated their 4th Anniversary, together with Lion's Club of 306B - 2 Victoria City conducting a health camp in Batticaloa, where over 3,500 were donated with eye glasses together with dental and complete physical examinations, and the remaining medicine was donated to Batticaloa Hospital.

ITN is committed to achieve high standards of good governance to protect shareholder value and the guidance from the Board of Directors has greatly helped formulate cohesive policy framework.

In addition to complying with the statutory requirements, effective governing systems and practices towards improving transparency, internal controls and ethics at work place Good Governance is a continuing exercise of the organization.

### Board of Directors

The core responsibility of the Directors is to act in the best interest of the organization and to create long - term value and return for share holders. The Board is also responsible for the overall performance of the organization, major investments, annual budgets, financial performance reviews, risk management and governance practices. The Board has established a number of sub-committees including the Audit and Management Committee and the Procurement Committee to ensure efficient discharge of its responsibilities and ensure transparency to provide independent oversight of management.

### In year 2013 the board comprised of following Directors.

Director	Position held	Period
40 Mr. Rosmand Senanratne	Chairman/CEO	31st May 2010 to date
Mr. Hassim Omar	Board Director	25th April 2005 to date
Mr. Mapalagama Wimalarathna	Board Director	04th January 2006 to date
Mr. J Devapiran	Board Director	15th October 2009 to date
Mr. P G Dassanayake	Board Director/Working Director	31st May 2010 to date
Ms. Malanie Gamage	Board Director/Treasury Representative	09th February 2011 to 02nd November 2013
Ms. Malika S B Samaraweera	Board Director/ Treasury Representative	22nd November 2013 to date

The board members are free to discuss and voice their concerns on proposals that are forwarded for Board's consideration and approval. Contributions of each Director are in many forms such as establishing strategic relationships to the organization and providing guidance to the management and exchanging of views.

Type of meetings	No of meetings held	Attendance
Board Meetings	Once a Month	100%
Audit and Management Committee	4 Meetings	100%
Procurement Committee	Once a Week	100%

The Management provides comprehensive managerial and operational report and financial statements to the Board on regular basis. The necessary information is submitted one week before the board meetings so that directors acquaint with the state of affairs prior to the meeting thus, ensuing discussions are more focused and decisive.

Financial performance of the organization is presented at Board meetings and the General Manager and Senior Managers if necessary are also present at the meeting to answer queries the Board may have.

The Company Secretary assists the Chairman with the preparation of meeting agenda and administers, attends and prepares minutes of the Board proceedings, ensuring good flow of information within the Board. The Secretary assists the Board on the compliance with the Articles of Association, laws and regulations.

The management of the organization is committed to assist the Board to implement and strengthen good corporate governance practices.

#### **Audit and Management Committee**

The Audit & Management Committee includes two non Executive Directors and Working Director. It is chaired by the Director representing the Treasury.

The Committee also comprises of a representative from the Ministry of Media Information, General Manager, Deputy General Managers : Finance, Administration and Marketing, Accountants of ITN / Lakhanda, and the Internal Auditor. The external auditors are in attendance to assist the Audit and Management Committee.

The Audit & Management Committee assists the Board to improve the prevailing systems to be transparent. It focuses on system of internal control financial reporting process and compliance with the laws and regulation and other best practices for corporate governance.

The committee gives guidelines to Internal Auditor as to the areas to be looked in to. Based on their reports the committee holds discussions with relevant managers to ascertain how best existing systems and procedures may be improved.

During the period under review the committee met on three occasions and reports on meetings were presented to the board.

#### **Internal Audit**

The Internal Audit functions of the institution, is being done by Internal Audit Section. Routine audit activity proceeds in accordance with the Annual Audit Programmes are approved by the Audit and Management Committee and the Board of Directors.

All audit matters arisen are directly reported to the Chairman for his information and decision.

The Internal Audits performed are aimed at assisting the board and management to discharge their corporate governance responsibilities as well as improving and promoting effective and efficient business process within the institution.

#### **Procurement Committee**

ITN is following Government Procurement Procedure developed by the National Procurement Agency for its procurement needs of goods, services and works. Thereby ITN has benefited best value for money through the competition and ensuring transparency and consistency in procurement process. Organizational Procurement Committee of ITN is authorized to handle the procurement up to Rs. 50 M and it falls into two categories.

Upper Procurement Committee is chaired by the Chairman of ITN. A member from the Director Board, General Manager, a representative from the Ministry of Mass Media and Information, Deputy General Manager (Administration), Deputy General Manager (Finance) and Deputy General Manager (Engineering) will be present for meetings. It handles major contracts of goods, services and work above the value of Rs. 200,000/-.

Lower Procurement Committee is chaired by the General Manager and handles minor procurements below the value of Rs. 200,000/-. Both upper and lower Procurement Committees meet weekly for procurement matters.

#### **The Company Secretary**

The Company Secretary plays a key role in ensuring that the board procedures are followed, all relevant information, details, documents are made available to the Directors for effective decision making at the meetings.



# Our Roots

1979	13 <sup>th</sup> April	ITN Commenced operations using a 1 KW transmitter on a 65 feet tall antenna mast in Mahalwarawa, Pannipitiya by a team of private entrepreneurs.
	5 <sup>th</sup> June	Vested in the government.
1982		Transmission facilities, Studios and Head Office shifted to Wickramasinghepura, Battaramulla. Commenced operations using U-matic / Low Band recording and later switched over to commonly used Betacam SP format
1990	1 <sup>st</sup> November.	Yatiantota Tx Station was officially launched.
1992	27 <sup>th</sup> April	Converted into a government owned public company under the Act No. 23 of 1987 and registered under the Companies Act No. 17 of 1982.
	23 <sup>rd</sup> November	Deniyaya Tx Station was officially launched.
1993	23 <sup>rd</sup> August	Nayabedda Tx Station was officially launched on
1997	1 <sup>st</sup> April	Lakhanda Radio was brought under the management of ITN.
1999	12 <sup>th</sup> April	Hunnasgiriya Tx Station was officially launched.
2000	4 <sup>th</sup> October	Karaghatenna Tx. Station was officially launched.
2001	7 <sup>th</sup> April	Lakhanda Studios and Head Office were shifted to ITN premises at Wickramasinghepura, Battaramulla.
2006	2 <sup>nd</sup> June	Sooriyakanda Tx. Station was officially launched.
2008	21 <sup>st</sup> April	Vasantham FM Radio channel was officially launched.
<b>2008</b>	<b>September</b>	<b>ITN became the No. 1 channel in Prime Time for the first time in its' history.</b>
<b>2009</b>		<b>ITN became the No. 1 channel in overall programmes.</b>
	25 <sup>th</sup> June	Vasantham TV channel was officially launched.
	12 <sup>th</sup> November	Prime TV channel was officially launched.
	12 <sup>th</sup> November	Prime Radio channel was officially launched.
2010	6 <sup>th</sup> June	Kokavil Multifunctional Transmitting Station was commissioned under the expansion project for Lakhanda, Vasantham TV and Vasantham FM.
2011	20 <sup>th</sup> January	Commenced construction of a large HDTV Studio and office complex.
	8 <sup>th</sup> September	A transmitter and an antenna was installed in Jaffna to broaden coverage of Vasantham FM.
	December	Introduced and implemented a Performance Appraisal System in recognition of the commitment of employees.
2012	03 <sup>rd</sup> September	Vasantham TV coverage was expanded to the East by installing a Transmitter in Madulsima.

# Our preamble to Integrated Reporting...

The 2013 Annual Report provides a holistic view of ITN's business model, how the Company is managed and also how it manages its operations. In this regard our main focus is to provide a complete analysis of our business to satisfy the information needs of the broad range of stakeholders that use the Annual Report. In order to ensure that we address all the material issues that matter to us, our shareholders and other stakeholders, we also report on matters such as:

- \* **Our most significant business risks, as identified through our integrated risk-management process.** and
- \* **Our business model;**

The information provided here thus aims to provide our stakeholders with a good understanding of the financial, social, environmental and economic impacts of the Company to enable them to evaluate the ability of ITN to create and sustain value for our stakeholders.

## Scope and boundaries of our Report

ITN is an organisation that provide entertainment and news, yet its principal product is 'Airtime' and selling of it brings in the revenue.

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However, selling airtime is a challenging task as all competitors too vie for a share of the limited time available each day. The hotly contested 'Prime Time' spans approximate three hours from 7pm to 10pm daily and is where ITN is the strongest. To add value to this segment of time ITN take great caution to identify, procure, assist productions of dramas and equip news gathering division and broadcast 'real - time'.

Currently ITN has four operating Channels, i.e. Lakhanda Radio, Vasantham TV and Vasantham FM. Prime TV is at present dormant due to unavailability of a frequency, and will be operational soon. These are operated and managed on a decentralised basis as independent entities with autonomous managements and operational staff.

## External Audit And Assurance

The consolidated annual financial statements were audited by the independent external auditors, M/s Amerasekera & Co, in accordance with Sri Lanka Auditing Standards. The Report of the external auditors in respect of the annual financial statements is included on page 54 of the Annual Report.

## Key objectives and principal integrated risks

### Managing with a view to maximising value creation and sustainable growth

We focus on the creation of shareholder value and sustainable growth by investing in programmes that can deliver superior earnings and dividend growth over the long term.

This objective is underpinned by ITN's investment philosophy and strategy and also its understanding of all risks and opportunities associated with the Company's operations portfolio.

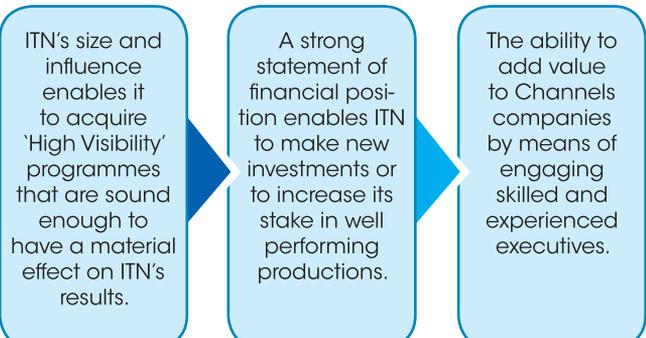
These risks and opportunities are continuously measured against the risk appetite and risk-bearing capacity determined by the Board.

### Doing business ethically

By considering the impact of the Company's strategy on its commercial sustainability, the indirect impacts on the society in which it operates, as well as the environment, results in being a responsible corporate citizen and investor;

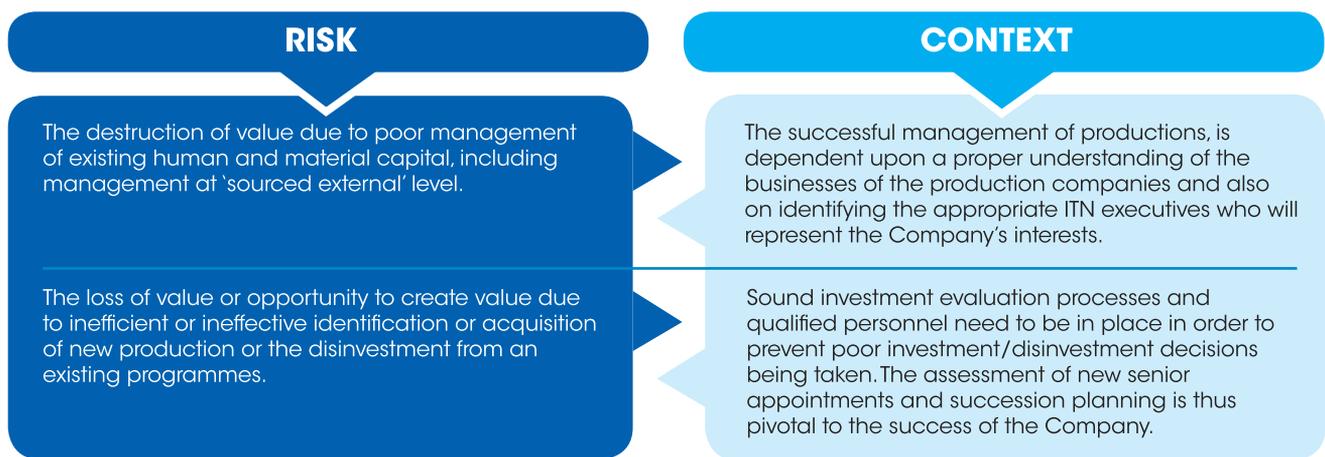
Leadership based on ethical foundations results in a culture of ethical and moral behaviour and compliance with laws, rules, codes and standards; and

Thereby positioning ourselves as an investment partner of choice.



**Principal Integrated Sustainability Drivers**  
**Principal Integrated Risks**

ITN's two principal risks are summarised below. A more comprehensive analysis of our risk management process is provided in the Risk Management Report.



**How the business is managed**

As indicated earlier, ITN has four currently operating channels, namely;

- Independent Television Network (ITN),**
- Lakhanda Radio,**
- Vasantham TV**
- and**
- Vasantham FM.**

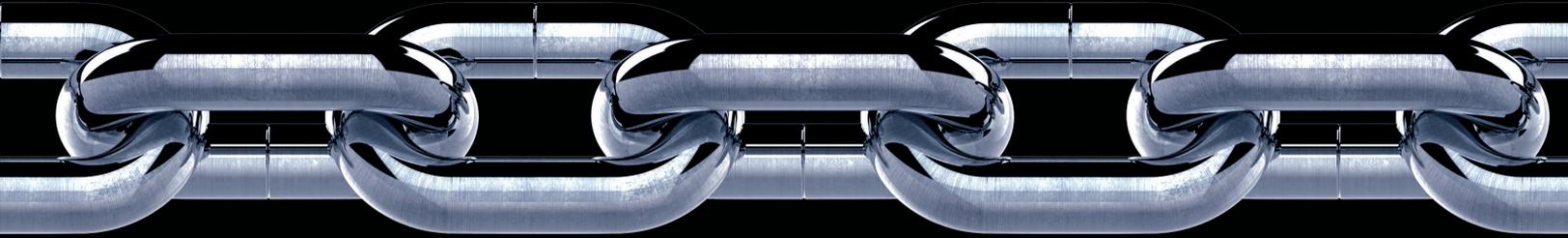
ITN, the main channel is now peaked as the Number One Channel in Sri Lanka and has retained this position consistently for the past five years. But as the market is now saturated and indicate slow growth due mainly to high cost of air time and client's financial constrains, it is important to inspire its small channels to grow. Due to prevailing harmonious environment in the country, the business backdrop has become conducive and vibrant especially for Tamil channels. Taking these factors in to consideration, Vasantham TV and Vasantham FM is encouraged to explore all avenues to gain market share by expanding coverage, offering quality programmes and competitive pricing for advertising. As a result, Vasantham TV and Vasantham FM posted profits for year 2013 and became Number One and Three respectively amongst Tamil media channels.

The ITN Board considers it in the best interest of all the parties concerned to respect the decentralised business model and the fact that these channels are conducted as separate entities. The support provided to the these channels can either be in the form of strategic, financial and/or managerial support.

These arrangements protect ITN's rights as stakeholder and minimise risk. In terms of these agreements ITN has sole decision-making involvement for a defined list of material matters of the businesses of these channels, such as the appointment/removal of management officials, business strategy, and large capital expenditure on programme productions, and equipment.

As the principal owner of the channels, ITN also exercises its rights to ensure as far as possible that; the entities concerned adhere to its requirements in respect of matters such as governance, internal controls, financial management, risk management, legal compliance, safety, health and environmental management, internal audit, ethics management, information management, stakeholder relationships and sustainability.

**Our Business Model**



### Statement of Principal Risks and Uncertainties.

Independent Television Network has an established process for the identification and management of risk across the divisional businesses working within the governance framework set out within the governance framework.

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As our productions are dictated principally by the public tastes, trends and ever evolving lifestyles, the Company should have the sixth sense to foretell the shifts that are in the offing and make necessary adjustments well in advance to sustain the continuity of business.

Ultimately, the management of risk the responsibility of the Board and the development and execution of a comprehensive and robust system of risk management has the highest priority at ITN.

The Board's role of risk management includes promoting a culture that emphasizes integrity at all levels of business operations, embedding risk management within the core process of the business, determining the principal risks and ensuring that these are communicated effectively across the business, thus setting the overall policies for risk management and control.

#### The process of risk management within the business involve:

- **Identification and assessment of individual risks**
- **Design of controls**
- **Forming a conclusion on the effectiveness of the control environment in place**

The major risks affecting the Company are identified by the senior management in association with the full Board of Directors, and the external Auditor; in a support role, may be consulted should it be necessary to ensure that risks are dealt with effectively and timely.

These risks are categorized by likely impact on the business and likely probability. Each risk once identified is allocated to responsible divisions to ensure the correct level of visibility and attention, and update sessions to review progress in dealing with issues at an operational level are conducted regularly throughout the year.

#### We identify three main risk areas:

**Strategic risk** – risks affecting the strategic aims of the business, or those issues that affect the strategic objectives faced by the Company.

**Financial risk** – issues that could affect the finances of the business both externally and from a perspective of internal controls in place.

**Operational risks** – matters arising out of the operational activities of the Company relating to areas such as procurement, product development and interaction with commercial partners.

#### Technological Risk and Management

##### Our concern

Media is a technology driven industry. The success of the organization depends on having access to and aligning with modern information technology for the business and accurate information generation through an efficient management information system.

##### Likely impact

Any disruption or failures to systems, infrastructure and applications may have a negative impact to the operations of the company, losing market opportunities and leading further to financial losses.

##### Our response

Budget allocations have been increased to get 'state - of - the - art' equipment and standby equipment. Regular maintenances are carried out whilst daily backups on fileservers are taken. Insurance cover is also taken to safeguard unforeseen losses.

we shall not be at ease unless, all links are evenly integrated...and stretched taut



#### **External Risks**

#### **Market Risk and Management**

##### **Our concern**

Today, ITN face stiff competition from the privately held TV and Radio channels. To address these market pressures it is essential to provide competitive products and services, irrespective of the fact that the private sector competitors have more flexibility in all aspects of operations.

##### **Likely impact**

The pressure from price competition will have a serious impact on business generation, loss on sustainable business growth and reduction in market share.

##### **Our response**

Capitalizing on current market circumstances and its forecasts, the Company adopted strategies to diversify our product offers and position in niche markets, to make the competition irrelevant. We also achieved greater geographical encroachment in transmission coverage by commissioning of more transmission stations.

#### **Product Risk Management**

##### **Our concern**

Our core business operations is sale of air time and we have to align ourselves with the new technological developments and other rules and regulations for the product to be marketable.

##### **Likely impact**

Change in the market preference.

##### **Our response**

We always keep a close watch on global developments in media; especially in adding value to entertainment, quality of productions and technological advancements to bring us 'up - to - speed' with the rest of the world and ahead of Sri Lankan competition.

We also watch the spectator mind set as they will switch from one type of entertainment to another for inexplicable reason. Therefore, we have to use a third eye and sixth sense to decide our programme parade. As a result we regularly keep evaluating the progress of popularity of our programmes and compare with other channels and make necessary adjustments strike a 'correct mix' of entertainment. Without a cohesive programme management we will face loss of revenue and our hard established popularity ranking.

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#### **Compliance with Laws and Regulations**

##### **Our concern**

As ITN is a state owned business enterprise bears heavy responsibility towards its stakeholders and in that context transparency and good governance is vital to the business sustenance.

##### **Likely impact**

Unless managed properly, there always is the vulnerability of exposure bear compensations, financial losses and litigations etc.

##### **Our response**

Management takes great care to conduct business from an accountability standpoint, thus discharge duties to maintain crystal clear picture conforming to all statutory regulations and requirements to impress the transparency of financial conduct, tender procedures and procurements.

#### **Financial Risk Management**

The Company's activities are exposed to a multitude of risks such as: Credit risk, Liquidity risk and Market risk (including Currency risk and Interest Rate risk). The Company's overall risk management risk program focuses to minimize potential adverse effects that may impact the Company's financial performance.

##### **Our concern**

Externally driven risk factors such as changes in the interest rates, fluctuations in the foreign exchange rates and limitations to access credit are difficult to control, risky and may cause financial losses to the organization.

cont'd...next page

### Likely impact

Impacts the interest earnings, costs, cash flow and profitability.

### Our response

The Company utilizes various financial instruments to manage the risks arising from operational activities. Investing interest rates are negotiated to the most feasible extent, in our favour.

Contracts are executed to minimize the potential of foreign exchange risk. The short term funds or cash is channelled for high yielding short term deposits. The Company closely monitor its net operating cash flow, maintain a level of cash and cash equivalent

### Credit Risk/ Counterparty Risk

Credit/ Counterparty risk is the risk that the other party to a financial transaction may cause a financial loss to the Company on a future date, by failing to honour its obligation.

Key areas where the Company is exposed to credit risk as a part of its operations:

- a) Amounts receivable on selling airtime for advertisements from clients – This form the core of the Company's business activity.
- b) Funds invested in short- term deposits.

### Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

### Exposure to Credit Risk

As at 31st December

	<b>2013</b>
	<b>Rs.</b>
Trade and Other Receivable	823,279,942
Staff loans and Advances	77,540,877
Deposit and Advances	39,581,320
Prepayment	3,199,305
Other Financial Asset (Investment in Short Term Deposit)	353,395,341
Cash and cash equivalents	1,014,277,069
	<b>2,311,273,854</b>

The maximum exposure to credit risk at the reporting date by type of counterparty was:

	<b>2013</b>
	<b>Rs.</b>
Advertisement Agencies and Clients	823,279,942
Employees	77,540,877
Institution and suppliers	42,780,625
State Owned Commercial/Savings Banks	1,367,672,410
	<b>2,311,273,854</b>

### Our approach to manage Credit Risk

Credit risk is exposing mainly from trade receivables. The Company addresses the level of credit risk by analysing the trade receivables portfolio regularly. The Clients are evaluated systematically before offering credit facility and maximum credit limit to a single client is decided by the management after analysing the transaction and company credit policy. These limits are subjected to annual or more frequent review. Investment in short term deposits are under credit risk and Company has placed those at the State owned banks in order to mitigate the credit risk.

The Company has loan receivable balance from the staff as financial assets. Staff loans are granted following loan giving procedure approved by the Board of Directors. Those staff loans are backed by collateral of personal and properties to manage credit risk.

### Liquidity Risk

Liquidity risk is funding risk that Company may encounter in meeting its obligations associate with financial liabilities.

The Company limits liquidity risk by perpetual reconciling of the cash flows from the assets and liabilities and maintaining any mismatches within prudential levels. Cash flow forecasting is performed by the Company and reviewed regularly to ensure the company's liquidity requirement. Such forecasting takes company's debt financing plans and other compliances in to consideration. Surplus cash held by the company over and above balance required for working capital management are transferred to the time deposits to earn interest income with appropriate maturities to meet the obligation.

The table below analyses the Company's financial liabilities and financial assets into relevant maturity groupings based on the remaining period of the balance sheet date to the contractual maturity date.

### Our approach to manage Liquidity Risk

The Company's approach to manage liquidity risk is to ensure, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's approach to manage liquidity risk is as follows:

- Weekly monitoring of the Company's Assets and liabilities in order to forecast cash flows for up to one year
- The Company maintains a manageable mismatch between its assets and liabilities.
- Surplus funds over working capital are transferred to time deposit with appropriate maturities.

### Market Risk

Market risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. The objective of marketing risk management is to manage and control market risk exposures within acceptable parameters, whilst epitomising on the return on risk. Market risk comprises two types of risks: currency and interest rate risk.

### Currency Risk

Currency risk, the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. As protection against exchange rate fluctuations, the Company backs its most of commitments in local currency. The Company has neither invested nor borrowed in foreign currencies. The Company does not use any derivative financial instruments to hedge the risk. The currency risk attached to financial instruments is minimal as it represents local currency.

### Exposure to Liquidity Risk

As at 31st December 2013

#### Contractual Undiscounted Cash Flows

	Carrying amount	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Financial Asset</b>						
Trade and other Receivable	823,279,942	823,279,942				
Staff loan and Advances	77,540,877	11,463,260	9,639,603	18,316,419	32,640,436	5,481,159
Deposit and Advances	39,581,320	39,581,320				
Prepayments	3,199,305	3,199,305				
Other Financial Assets	353,395,341		353,395,341			
Cash and Cash Equivalent	1,014,277,069	1,014,277,069				
	<b>2,311,273,854</b>	<b>1,891,800,896</b>	<b>363,034,944</b>	<b>18,316,419</b>	<b>32,640,436</b>	<b>5,481,159</b>
<b>Financial Liabilities</b>						
Client Advances	59,135,848	59,135,848				
Differed Income	38,917,505	38,917,505				
Other Payable	100,777,974	100,777,974				
Lease Obligation	1,656,366	1,656,366				
Statutory Payable	173,789,264	173,789,264				
Accrued Expense	233,521,953	233,521,953				
	<b>607,798,910</b>	<b>607,798,910</b>				

### Interest Rate Risk

Interest rate risk, is the risk to the Company's earnings and economic value of equity (EVE) arising from adverse movements in interest rates.

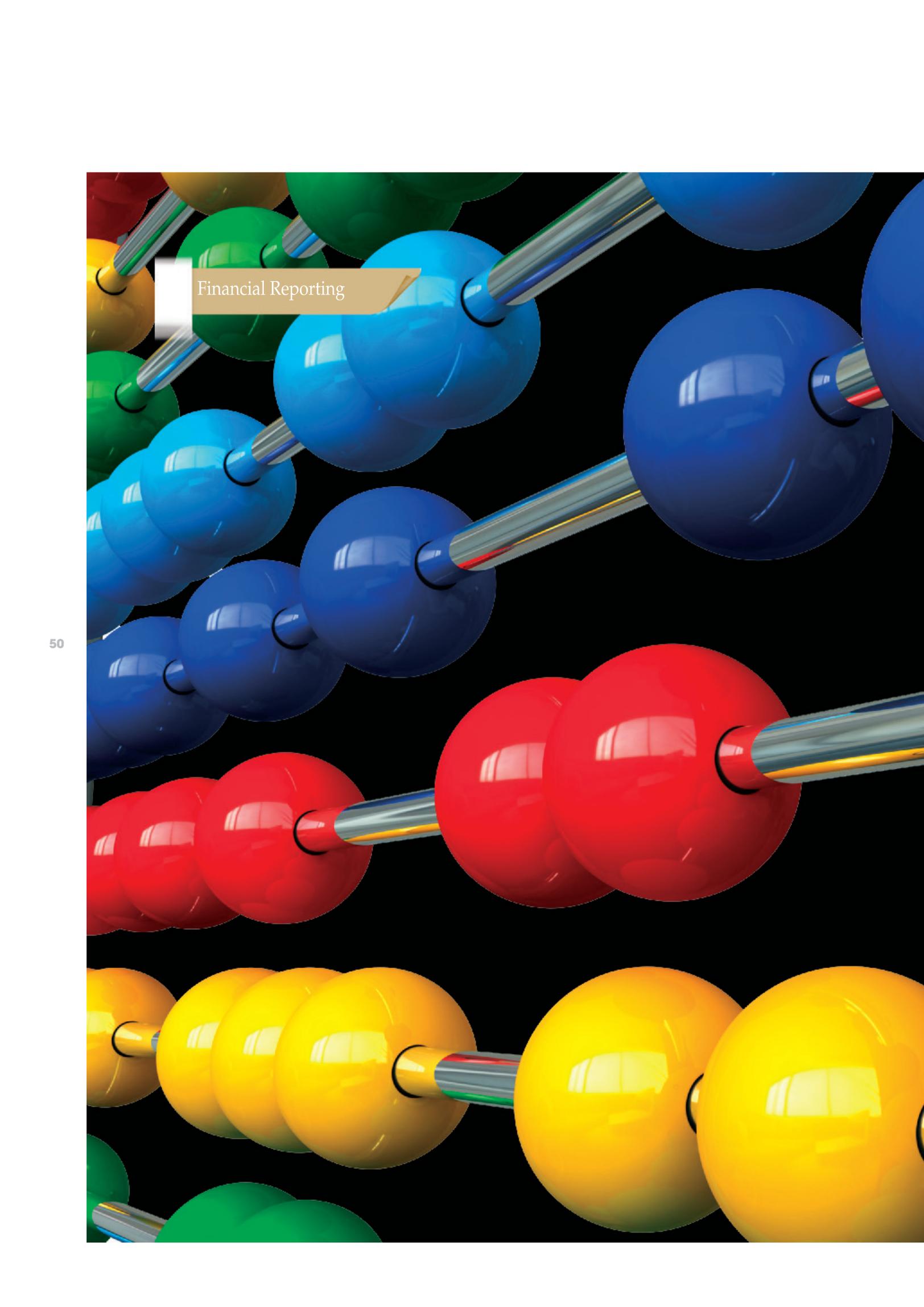
The Company's short - term investments are at fixed rates and mature within one year.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments were:

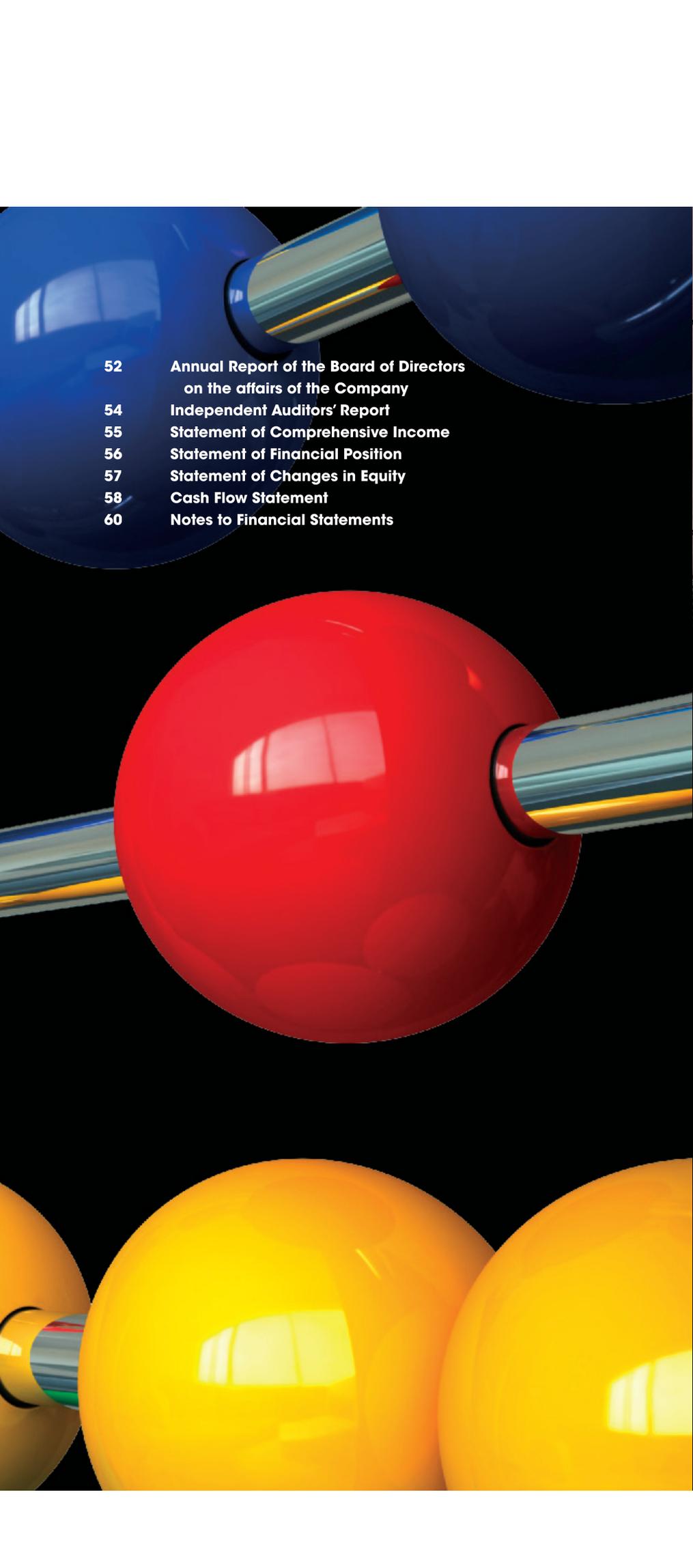
Exposure to Interest Rate Risk	
As at 31st December	<b>2013</b>
	<b>(Rs)</b>
Fixed rate instruments	
a). Financial assets	
<b>Fixed Deposits</b>	<b>1,229,158,671.00</b>

### Our approach to manage Market Risks

The Company manage market risks in accordance with its asset/ liability management framework. The Board of Directors make strategic level decisions on risk management policies Guidelines whilst finance division manage the assets/ liability portfolio as per Risk Management Policies and Guidelines.



Financial Reporting



52	Annual Report of the Board of Directors on the affairs of the Company
54	Independent Auditors' Report
55	Statement of Comprehensive Income
56	Statement of Financial Position
57	Statement of Changes in Equity
58	Cash Flow Statement
60	Notes to Financial Statements



...our fundamental task is to keep the Company soundly solvent, and in that endeavour the job is not only to collect income and disburse expenditure but, also to make investments in solid enterprises that will yield supplementary revenue to negate probable adverse effects off the economic and monetary shifts...

Monetary

# Annual Report of the Board of Directors on the affairs of the Company

The Board of Directors are please to present this corporate report together with the audited Financial Statements of Independent Television Network Ltd for the year ended 31st December 2013.

## **Principal Activities**

The principle activities of the organization during the year were to operate two TV channels and two Radio channels catering to Sinhala and Tamil speaking communities of Sri Lanka with the widest range of entertaining programmes of music, drama, movie etc. and educational programmes, news bulletins and current affairs.

There have been no significant changes in the nature of principal activities during the financial year under review.

## **Review of Business**

The review of the operation of the Company during the financial year and results of those operations and future developments are stated in the Chairman's Communiqué and on the reports given by each division. These reports form an integral part of the Annual Report of the Board of Directors on the affairs of the company.

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## **Future Developments**

Future prospects of the organization are covered in the Chairman's Communiqué and the reports given by each division.

## **Going Concern**

The Directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly the financial reports are prepared based on the Going Concern.

## **Revenue**

The revenue of the organization during the year was Rs. 2,325 million. An analysis of revenue is given in Note 06 to the financial statements.

## **Profit and Appropriation**

Net profit after taxation of the organization was Rs. 634 million and Rs. 125 million is proposed to be declared as dividends.

## **Share Capital**

The stated capital as at the end of the year was Rs. 95,000,000, consisting of 9,500,000 number of ordinary shares.

## **Employment**

The number of employees as at 31st December 2013 is given in page 37

## **Dividends**

Directors have recommended a first and final payment of Rs. 13.15 per ordinary share, which will amount to a payment of Rs.125 million. Total dividend payment as a percentage of Organization's own profit after tax for the year ended 31 December 2013 is 19.68%

## **Reserves**

The Reserves as at 31st December 2013 amounted to Rs. 2,458 million. The movements of the reserves during the year are shown in Statement of changes in Equity for the year 2013.

### **Property Plant & Equipment**

The total net capital expenditure on acquisition on property, plant and equipment and capitalization of work in progress cost of the organization during the year amounted to Rs. 280 million. The details of Property, plant and equipment are given in Note 14 to the financial statements.

### **Statutory payments**

The directors to the best of their knowledge and belief confirmed that all payments in respect of statutory liabilities to employees and the government have been made within the stipulated period during the period under review.

### **Corporate Donations**

The donations made by the company during the year are disclosed in Note No.10 of the financial statement.

### **Directorate**

The Board of Directors of ITN and the date of appointment with the changes in the directorate are given on page 40 of the Annual Report.

### **Director's share holdings**

The Directors hold no shares.

### **Corporate Governance**

The Board of Directors of the organization has accepted and acknowledged adaptation of good governance practices as an essential tool in today's corporate culture. The organization confirms compliance with corporate governance rules as at the date of the Annual Report 2013.

### **Share Holding**

The Treasury of the Government of Sri Lanka holds 100% shares.

### **Contingent Liabilities and Commitments**

There are no contingencies or commitments other than those disclosed in the Note 32 to the Financial Statements

### **Events after balance sheet date**

No circumstances have arisen and no material events have occurred during the period between the Balance Sheet date and Directors signing of accounts, which require disclosure or adjustment to the Financial Statements

### **Annual General Meeting**

The Annual General Meeting of Independent Television Network Ltd will be held on the day of 25th June 2014 at 2.30p.m.

### **Auditors**

The Accounts have been audited by Messrs. Amarasekara & Co. Chartered Accountants of Sri Lanka. As far as the Directors are aware, the auditors do not have any other relationship with the Company.

For and on behalf of the Board,

**INDEPENDENT TELEVISION NETWORK LTD**

**Rosmand Senarathne**

Chairman/CEO

# Independent Auditor's Report



No. 12 Rotunda Gardens,  
Colombo 3, Sri Lanka.

Tel: 2327595, 2445751, 2321758  
Fax: 2337385, 2437346  
E-mail: acom@slnet.lk (Audit Division)

No. 25 Rotunda Gardens,  
Colombo 3, Sri Lanka.

Tel: 2439937, 2437349  
Hunting Line: 2439938, 2439939  
Fax: 5355633  
E-mail: taxaco@slnet.lk (Tax Division)

## To The Members of Independent Television Network Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Independent Television Network Limited, which comprise the statement of financial position as at 31 December 2013 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on Pages 60 – 80.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

### Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 December 2013 and the financial statements give a true and fair view of the company's financial position as at 31 December 2013 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

These financial statements also comply with the requirements of Section 151 (2) of the Companies Act No. 07 of 2007.

A handwritten signature in black ink, appearing to be 'A. Amerasekera', written over a horizontal line.

**CHARTERED ACCOUNTANTS**  
COLOMBO,  
23 April 2014.

# Statement of Comprehensive Income

**For The Year Ended 31 December**  
Expressed in Sri Lankan Rupees  
Figures in parenthesis ( ) indicate deductions.

		<b>2013</b>	2012
	Note		
Revenue	6	<b>2,325,016,103</b>	2,224,355,929
Other Income	7	<b>72,117,497</b>	45,034,197
<b>Total Income</b>		<b>2,397,133,600</b>	<b>2,269,390,126</b>
Program Expenses	8	<b>(506,703,988)</b>	(455,876,320)
Marketing Expenses	9	<b>(136,469,959)</b>	(179,113,877)
Other Operating and Administrative Expenses	10	<b>(1,044,338,089)</b>	(927,903,681)
<b>Profit from Operation</b>		<b>709,621,565</b>	<b>706,496,248</b>
Net Finance Income	11	<b>137,403,135</b>	92,982,614
<b>Profit Before Taxation</b>		<b>847,024,700</b>	<b>799,478,862</b>
Income Tax Expenses	12	<b>(212,156,271)</b>	(223,967,974)
<b>Profit for the Year</b>		<b>634,868,429</b>	<b>575,510,888</b>
<b>Basic Earnings Per Share (Rs.)</b>	<b>13</b>	<b>66.83</b>	<b>60.58</b>
<b>Profit for the Year</b>		<b>634,868,429</b>	<b>575,510,888</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income for the Year</b>		<b>634,868,429</b>	<b>575,510,888</b>

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# Statement of Financial Position

**As at 31 December**  
Expressed in Sri Lankan Rupees  
Figures in parenthesis ( ) indicate deductions.

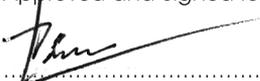
<b>ASSETS</b>	Note	<b>2013</b>	<b>2012</b>
<b>Non - Current Assets</b>			
Property, Plant and Equipment	14	<b>907,545,037</b>	741,458,180
Intangible Assets	15	<b>27,442,829</b>	23,649,171
Available-for-Sale (AFS) Financial Assets	16	<b>4,000</b>	4,000
Deferred Tax Assets	17	<b>19,143,567</b>	9,523,407
<b>Total Non - Current Assets</b>		<b>954,135,434</b>	<b>774,634,758</b>
<b>Current Assets</b>			
Inventories	18	<b>19,597,884</b>	20,387,272
Trade and Other Receivables	19	<b>823,279,942</b>	722,384,585
Staff Loans and Advances	20	<b>77,540,877</b>	67,677,149
Deposits and Advances	21	<b>39,581,320</b>	28,066,436
Prepayments		<b>3,199,305</b>	5,208,737
Other Financial Assets	22	<b>353,395,341</b>	600,844,480
Cash and Cash Equivalents	23	<b>1,014,277,069</b>	468,533,118
<b>Total Current Assets</b>		<b>2,330,871,738</b>	1,913,101,777
<b>Total Assets</b>		<b>3,285,007,172</b>	<b>2,687,736,535</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	24	<b>95,000,000</b>	95,000,000
Retained Earnings		<b>2,458,020,421</b>	1,873,151,993
<b>Total Equity</b>		<b>2,553,020,421</b>	<b>1,968,151,993</b>
<b>Non - Current Liabilities</b>			
Retirement Benefits Obligation	25	<b>67,784,647</b>	57,256,839
Government Grants	26	<b>56,403,194</b>	80,504,026
Lease Obligations - Settlements Fall Due More Than One Year	27	-	1,656,367
<b>Total Non - Current Liabilities</b>		<b>124,187,841</b>	<b>139,417,232</b>
<b>Current Liabilities</b>			
Client Advances		<b>59,135,848</b>	63,844,537
Deferred Income	28	<b>38,917,505</b>	38,001,894
Other Payables	29	<b>100,777,974</b>	76,528,413
Lease Obligations - Settlements Fall Due Within One Year	27	<b>1,656,366</b>	12,077,389
Statutory Payable	30	<b>173,789,264</b>	176,290,542
Provision and Accrued Expenses		<b>233,521,953</b>	213,424,535
<b>Total Current Liabilities</b>		<b>607,798,910</b>	<b>580,167,310</b>
<b>Total Equity and Liabilities</b>		<b>3,285,007,172</b>	<b>2,687,736,535</b>

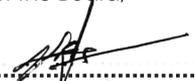
I certify that these Financial Statements of the Company comply with the requirements of the Companies Act No. 07 of 2007.

  
.....  
Finance Officer

The Board of Directors is Responsible for Preparation and Presentation of these Financial Statements.

Approved and Signed for and on behalf of the Board,

  
.....  
Director  
Date : 23 April 2014. Colombo,

  
.....  
Director



# Statement of Changes in Equity

**For The Year Ended 31 December**  
Expressed in Sri Lankan Rupees  
Figures in parenthesis ( ) indicate deductions.

## 2013

	<b>Stated Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
<b>Balance as at 01 January 2012</b>	<b>95,000,000</b>	<b>1,386,130,244</b>	<b>1,481,130,244</b>
Profit for the Year	-	575,510,888	575,510,888
Dividend Paid	-	(88,489,139)	(88,489,139)
<b>Balance as at 31 December 2012</b>	<b>95,000,000</b>	<b>1,873,151,993</b>	<b>1,968,151,993</b>
Profit for the Year	-	634,868,429	634,868,429
Dividend Paid	-	(50,000,000)	(50,000,000)
<b>Balance as at 31 December 2013</b>	<b>95,000,000</b>	<b>2,458,020,421</b>	<b>2,553,020,421</b>

# Cash Flow Statement

For The Year Ended 31 December  
Expressed in Sri Lankan Rupees  
Figures in parenthesis ( ) indicate deductions.

**2013**      **2012**

	2013	2012
<b>Cash Flows from Operating Activities</b>		
Profit Before Taxation	<b>847,024,700</b>	799,478,862
<b>Adjustments for:</b>		
Amortization of Intangible Assets	<b>88,976,342</b>	88,008,842
Profit on Sale of Property, Plant and Equipment	<b>(8,354,984)</b>	(3,133,991)
Amortization of Government Grants	<b>(24,100,832)</b>	(25,249,460)
Written Back of Un - Paid Balances	<b>(11,563,510)</b>	-
Bad Debts Written-off	<b>794,898</b>	3,935,403
Provision for Impairment of Trade Receivable	<b>(15,899,306)</b>	3,768,975
Gratuity Charge for the Year	<b>16,068,498</b>	18,960,791
Depreciation	<b>162,635,843</b>	116,657,344
Provision for Impairment of Slow Moving Inventories	-	1,448,909
Provision for Impairment of Staff Loans	<b>127,150</b>	305,656
Lease Interest	<b>828,022</b>	3,268,070
Interest Income	<b>(138,231,817)</b>	(96,333,086)
Interest Expenses	<b>660</b>	82,402
<b>Operating Profit Before Changes in Working Capital</b>	<b>918,305,664</b>	<b>911,198,718</b>
<b>Changes in Working Capital</b>		
Inventories	<b>789,388</b>	(4,714,241)
Trade and Other Receivables	<b>(85,790,950)</b>	22,160,388
Staff Loans and Advances	<b>(9,990,878)</b>	(6,144,968)
Deposits and Advances	<b>(11,514,885)</b>	(17,464,499)
Prepayments	<b>2,009,432</b>	750,971
Client Advances	<b>(4,708,688)</b>	(7,127,906)
Deferred Income	<b>915,611</b>	(10,838,943)
Other Payables	<b>35,813,071</b>	14,540,252
Statutory Payable	<b>(4,865,033)</b>	3,912,850
Provision and Accrued Expenses	<b>20,097,417</b>	5,335,971
<b>Cash Generated from Operations</b>	<b>861,060,149</b>	<b>911,608,594</b>
Gratuity Paid	<b>(5,540,690)</b>	(628,791)
Interest Paid	<b>(660)</b>	(82,402)
Taxes Paid	<b>(219,412,677)</b>	(193,735,423)
<b>Net Cash Flow from Operating Activities</b>	<b>636,106,123</b>	<b>717,161,978</b>
<b>Cash Flows from Investing Activities</b>		
Acquisition of Property, Plant and Equipment	<b>(280,719,551)</b>	(288,338,833)
Proceeds from Sale of Property, Plant and Equipment	<b>8,560,793</b>	4,712,010
Expenses Incurred on Capital Work-in-Progress	<b>(48,208,957)</b>	(34,411,046)
Acquisition of Intangible Assets	<b>(92,770,000)</b>	(88,915,000)
Net Investments in Other Financial Assets	<b>247,449,139</b>	(103,743,741)
Interest Received	<b>138,231,817</b>	96,333,086
<b>Net Cash used in Investing Activities</b>	<b>(27,456,759)</b>	<b>(414,363,525)</b>

**For The Year Ended 31 December**  
Expressed in Sri Lankan Rupees  
Figures in parenthesis ( ) indicate deductions.

**2013**      2012

<b>Cash Flows from Financing Activities</b>		
Dividends Paid	<b>(50,000,000)</b>	(88,489,139)
Lease Rentals Paid	<b>(12,905,412)</b>	(18,954,204)
Settlement of Bank Loan	-	(2,713,106)
<b>Net Cash used in Financing Activities</b>	<b>(62,905,412)</b>	<b>(110,156,449)</b>
<b>Net Changes in Cash and Cash Equivalents During the Year</b>	<b>545,743,952</b>	192,642,004
<b>Cash and Cash Equivalents at Beginning of the Year</b>	<b>468,533,118</b>	275,891,115
<b>Cash and Cash Equivalents at End of the Year</b>	<b>1,014,277,069</b>	<b>468,533,118</b>

# Notes to the Financial Statements

## CORPORATE INFORMATION

### 1.1 Reporting Entity

Independent Television Network Ltd is a Television and Radio Broadcasting organization which operates two Television channels and two Radio channels in Sri Lanka. Principal office of the company is at Wickramasinghepura, Battaramulla, Sri Lanka. It was incorporated on 27 April 1992 as a public limited company to take over the business carried on by the Government owned business undertaking of Independent Television Network Ltd, in terms of conversion of State Co operations and government Owned business undertaking in to public Companies Act No 23 of 1987. Accordingly ,the balances reflected in the accounts of the Government Owned Business Undertaking have been transferred to the company with the exception of an adjustment in respect of the share capital of Rs.95 million which has been issued to the Secretary to the Treasury resulting in Goodwill of Rs.33,861,107/-which has been fully amortized by the end of the year 2004.

### 1.2 Date of Authorization for Issue

The financial statements of the Independent Television Network Limited for the year ended 31 December 2013 were authorized for issue in accordance with resolution of the Board of Directors dated 23 April 2014.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

The financial statements of Independent Television Network Ltd have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs). The preparation of financial statements in conformity with Sri Lanka Accounting Standards (SLFRSs) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company accounting policies. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

The financial statements have been prepared on the historical cost basis and apply consistently with no adjustments been made for inflationary factors affecting the financial statements, except for that, the Defined benefits obligation is measured at its present value, based on the projected unit credit method using gratuity formula.

### 2.2 Changes in Accounting Policies

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

The presentation and classification of the financial statements of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current year.

### 2.3 Segment Reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components. All operating segments' operating results are reviewed regularly by the Board to make decisions about resources to be allocated to the segment and assess its performance. The operating segments are organized and managed separately according to different channels that company has. Detailed information on the results of each operating segment is provided in Note 34.

### 2.4 Going Concern

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

## 2.5 Events after the Reporting Period

All material events after the reporting date have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

## 2.6 Commitments

All material commitments at the reporting period end have been identified and disclosed in the notes to the financial statements.

## 2.7 Foreign currencies

### Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency.

### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

## 2.8 Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost including the cost of purchase with any incidental expenses incurred in bringing the assets to its working conditions, for its intend use. Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Expenditure incurred for the purpose of acquiring, extending or improving assets of permanent nature has been treated as capital expenditure. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Expenditure incurred on repairs or maintenance of property, plant and Equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognized as an expense when incurred.

### 2.8.1 Depreciation

Land is not depreciated. Provisions for depreciation for other assets are calculated by using a straight-line method to allocate their cost over their estimated useful lives, as follows:

Depreciation	Useful Years
Buildings	20 - 25
Plant and Machinery	04 - 15
Audio Frequency Equipment	04 - 08
Furniture and Fittings	08
Transmitter	08
Motor Vehicles	04 - 08
Library Books	04
Tools	04 - 02
Office Equipment	04-08

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and gain / (loss) is recognized in the statement of comprehensive income.

### 2.8.2 Capital Work-in-Progress

Capital work-in-progress represents the accumulated cost of materials and other costs directly related to the construction of an asset. Capital work-in-progress is transferred to the respective asset accounts at the time it is substantially completed and ready for its intended use.

### 2.8.3 Intangible Assets

#### Computer Software

Computer software are recognized as intangible assets if it is probable that future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets acquired are stated at cost less accumulated amortization and accumulated impairment losses. These costs are amortized over their estimated useful lives of 5 years.

#### b) Telecasting Rights

Licenses for telecasting rights are recognized as intangible assets if it is probable that future economic benefits arising from sale of services will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. These costs are amortized to the extent of related income recognized.

### 2.8.4 Impairment of Non - Financial Assets

At each end of reporting period, the company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company determines the cash-generating units (CGUs) and estimates the recoverable amount of the CGUs to which the asset belongs.

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

If the recoverable amount of an asset and CGUs is estimated to be less than its carrying amount, the carrying amount of the asset and CGUs is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income.

## 2.9 Financial Assets

### Classification

The company determines the classification of its financial assets at initial recognition and classifies its financial assets as follows:

Loans and receivables

Available-for-sale (AFS) Financial Assets

## **I. Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The company's loans and receivables comprise corporate loans, advances cash and cash equivalents in the end of reporting period.

### **Available-for-sale (AFS) Financial Assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Available for sale financial assets comprise of long term unquoted equity investments and Debt Securities.

## **Recognition and Initial Measurement**

Financial assets classified as loans and receivables are recognized on the date on which the company originates the transaction. Other financial assets are recognized on the trade-date on which the company becomes a party to the contractual provision of the financial instrument.

A financial asset is measured initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership of the financial assets.

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## **(c) Subsequent Measurement**

### **I. Loans and receivables**

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less provision for impairment.

### **II. Available for sale Financial Assets (AFS)**

Subsequent to initial recognition, available-for-sale financial assets are measured at fair values, less provision for impairment.

## **Impairment of financial assets**

### **Assets carried at amortized cost**

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For loans and receivables carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the financial assets is reduced and the amount of the loss is recognized in the statement of comprehensive income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the statement of comprehensive income. The corporate loans receivables are assessed individually for impairment.

### **Available-for-sale (AFS) Financial Assets**

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. For unquoted equity investments, a significant or prolonged decline in the value of the investments below its cost is also evidence that the assets are impaired. If any such evidence exists for the unquoted investments, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

## 2.10 Trade Receivables

Trade receivables are amounts due from customers for the services rendered in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at the transaction price (original invoice value) less provision for impairment as they are expected to be received within short term, such that the effect of discounting immaterial.

Provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and an increase in the number of delayed payments past the maximum credit period of three months are considered as indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of comprehensive income within distribution cost.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivable. Subsequent recoveries of amounts previously written-off are credited against distribution cost in the in the statement of comprehensive income.

Significant trade receivables are assessed individually for impairment and Non- significant trade receivables are assessed for impairment on collective basis.

The model and basis used to assess the trade receivables for impairment as follows:

Individual Evaluation Model: Following types of trade receivables are reviewed individually to measure the impairment loss.

Government Institution - 100% provision only if there is an objective evidence for impairment.

Commercial Clients – Significant Clients - 100% provision only if there is an objective evidence for impairment.

Collective Evaluation Model: Following types of trade receivables are reviewed collectively to measure the impairment loss.

Commercial Clients -Non-Significant Clients - Probability Model.

## 2.11 Inventories

Inventories are stated at cost. Cost is determined on a weighted average basis. Inventories comprise of spare parts, stationeries and fuel and lubricants. Inventories are for consumption not for re-sale.

## 2.12 Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

## 2.13 Share Capital

Share capital is paid out of consolidated fund and ordinary shares are classified as equity.

## 2.14 Financial Liabilities

The company classifies financial liabilities into other financial liabilities. The company's other financial liabilities include other payables, interest bearing loans and amounts due to related parties. The other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

## 2.15 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowing costs are recognized in comprehensive income statement in the period in which they are incurred.

## 2.16 Current and Deferred Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

### Current Taxation

Current tax liabilities arise to the company in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto. These liabilities are provided for in the Financial Statements applying the said provisions which the management believes reflect actual liability.

### Deferred income Tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred Tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against utilized. Deferred Tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realized or the liabilities settle, based on the tax rates and the tax laws that have been enacted or substantially enacted as at the reported date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

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## 2.17 Employee Benefits

### a) Defined Benefits Obligation

Employees of the company have entitlements under the post employment benefits plan which are defined contribution and defined benefit plans.

For defined benefit plans, the level of benefit provided is based on the length of service and earnings of the person entitled. The cost of defined benefit plans is determined using the projected unit credit method. The related liability recognized in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period. The discount rate applied in arriving at the present value of the benefit obligation represents the yield on long-term government bonds denominated in the currency in which the benefits will be paid.

Gains and losses arising from changes in the assumptions, current service cost and interest are recognized in the statement of comprehensive income in the period in which they arise.

### b) Defined Contribution Plans

All employees of the company are members of the Employees 'Provident Fund and Employees 'Trust Fund, to which their employer contributes 15% and 3% respectively of such employees' basic or consolidated wage or salary, cost of living and all other allowances.

## 2.18 Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grants relating to costs are recognized in the statement of comprehensive income when grants are received.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

### **2.19 Provisions**

Provisions for operational expenses are recognized when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the company and amounts can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

### **2.20 Contingent Liabilities and Contingent Assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the Financial Statements.

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A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company. The company does not recognize contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

### **2.21 Trade Payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at the original invoice amount as they are expected to be paid within a short period, such that the time value of money is not significant.

### **2.22 Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The company leases certain property, plant and equipment. Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

### **3 Comprehensive Income**

#### **3.1 Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services supplied, stated net of Value Added Taxes (VAT) and Nation Building Tax (NBT). The company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity.

The company applies the revenue recognition criteria set out below to each identifiable major types of services rendered.

##### **(a) Sale of Air time**

Revenue comprises the invoiced value of sale of air time net of Value Added Tax (VAT), Nations Building Tax (NBT). Revenue is recognized when the advertisement is telecasted.

##### **(b) Production Income**

Revenue comprises the invoiced value of sale of air time net of Value Added Tax (VAT), Nations Building Tax (NBT). Revenue is recognized when the production is telecasted.

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#### **3.2 Interest income**

Interest income is recognized using the effective interest method.

#### **3.3 Rental Income**

Rental income is recognized on an accrual basis over the term of rent periods.

#### **3.4 Net Gains and Losses on Disposals of Property, Plant & Equipment**

Net gains and losses on disposal of an item on property, plant & equipment are determined by comparing the net sales proceeds with the carrying amount of property, plant & equipment and are recognized in the statement of comprehensive income.

#### **3.5 Other Income**

All other incomes are recognized on accrual basis

#### **3.6 Operating Expenses**

Expenses are recognized in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running in the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit / (loss) for the year.

**4. Sri Lanka Accounting Standards (SLFRS/LKAS) issued but not yet effective**

Standards issued but not yet effective up to the date of issuance of the financial statements are listed below. The company intends to adopt those standards when they become effective.

- a. **SLFRS 9-Financial Instruments:** SLFRS 9 as issued reflects the replacement of LKAS 39 and applies to recognition, classification and measurement of financial assets and financial liabilities as defined in LKAS 39. The standard is effective for annual periods beginning on or after 1 January 2015.
- b. **SLFRS 12 Disclosure of Interests in Other Entities:** SLFRS 12 includes all of the disclosures that were previously in LKAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in LKAS 31 and LKAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates. This standard becomes effective for annual periods beginning on or after 1 January 2014.
- d. **SLFRS 13-Fair Value Measurement:** SLFRS 13 establishes guidance for all fair value measurements and disclosures. The company is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2014.

**5. Significant Accounting Estimates and judgments**

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

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The following are significant judgments in applying the accounting policies that have most significant effect on the financial statements.

**Recognition of Deferred Tax Assets**

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below:

**Useful life time of depreciable assets**

Management reviews its estimate of the useful life time of depreciable assets at each reporting date, based on the expected economic utility of the assets.

**Defined benefit plan**

The present value of the defined benefit plan obligations depends on a number of factors that are determined on projected unit credit method using a number of assumptions. The assumptions are used in determining the net cost and obligation for defined benefit plan including the discount rate disclosed in the note 25. Any changes in these assumptions will impact the carrying amount of defined benefits obligation.

**2013**      2012

<b>6</b>	<b>Revenue</b>		
	Sale of Air Time	<b>2,363,868,029</b>	2,261,359,159
	Production Charges	<b>8,539,283</b>	9,260,651
		<b>2,372,407,312</b>	<b>2,270,619,810</b>
	Nation Building Tax	<b>(47,391,209)</b>	(46,263,881)
		<b>2,325,016,103</b>	<b>2,224,355,929</b>
<b>7</b>	<b>Other Income</b>		
	Profit on Sale of Property, Plant and Equipment	<b>8,354,984</b>	3,133,991
	Registration of Suppliers	<b>149,756</b>	204,671
	Royalty / Copy Rights Charges	-	5,000
	Fines	<b>22,683</b>	67,824
	Sundry Income	<b>27,924,423</b>	16,297,573
	Charges on Returned Cheques	<b>1,310</b>	365
	Exchange Gain	-	75,313
	Amortization of Government Grants	<b>24,100,832</b>	25,249,460
	Written Back of Un - Paid Balances	<b>11,563,510</b>	-
		<b>72,117,497</b>	<b>45,034,197</b>
<b>8</b>	<b>Program Expenses</b>		
	Procurement of Program Materials - Foreign	<b>46,101,980</b>	24,950,521
	Procurement of Program Materials - Local	<b>200,902,592</b>	203,797,185
	Amortization of Telecasting Rights	<b>88,018,000</b>	87,050,500
	Other Production	<b>171,681,416</b>	140,078,114
		<b>506,703,988</b>	455,876,320
<b>9</b>	<b>Marketing Expenses</b>		
	Agency and Marketing Executive Commission	<b>138,250,847</b>	161,719,037
	Sales Commission	<b>3,662,202</b>	1,820,871
	License Fees for Microwave Link	<b>7,071,217</b>	4,557,222
	Market Research Expenses	<b>2,590,100</b>	3,312,369
	Bad Debts Written Off	<b>794,898</b>	3,935,403
	Impairment of Trade and Other Receivable / Reversal of Over Provision	<b>(15,899,306)</b>	3,768,975
		<b>136,469,959</b>	179,113,877
<b>10</b>	<b>Other Operating and Administrative Expenses</b>		
	Salaries and Allowances	<b>269,542,637</b>	255,752,520
	Employees' Provident Fund	<b>34,300,750</b>	32,404,458
	Employees' Trust Fund	<b>6,853,628</b>	6,575,574
	Overtime	<b>48,289,825</b>	42,980,760
	Incentives	<b>36,918,498</b>	27,417,045
	Performance Incentive	<b>33,800,706</b>	31,747,777
	Bonus	<b>17,000,054</b>	11,778,432
	Awards to Staff	<b>465,000</b>	235,000
	Staff Training	<b>1,095,052</b>	2,847,567
	Staff Welfare	<b>26,459,684</b>	19,602,023
	Uniforms to Staff	<b>265,739</b>	78,674

	<b>2013</b>	<b>2012</b>
Traveling and Subsistence	<b>32,837,388</b>	23,298,394
Gratuity Charge for the Year	<b>16,068,498</b>	18,960,791
Housing Loan Interest	<b>3,282,054</b>	2,929,317
Postage, Telephone and Telex	<b>15,090,912</b>	10,143,986
Electricity & Power	<b>96,797,894</b>	87,821,072
Entertainment	<b>680,581</b>	619,798
Fuel for Generators	<b>5,850,034</b>	4,261,725
Motor Vehicle Running	<b>51,575,141</b>	48,532,254
Repairs and Maintenance of Equipment	<b>38,069,856</b>	46,346,157
Repairs & Maintenance of Buildings	<b>22,975,006</b>	19,008,981
Repairs & Maintenance of Studio	<b>324,949</b>	538,913
Maintenance of Garden	<b>556,958</b>	2,122,210
Stationery, Minor Articles and Printed Forms	<b>8,528,415</b>	6,005,014
Advertising and Periodicals	<b>11,851,824</b>	20,379,924
Maintenance of Roads	<b>453,367</b>	343,750
Insurance	<b>26,253,593</b>	18,864,831
Rent, Rates and Taxes	<b>31,970,515</b>	21,861,744
Depreciation	<b>162,635,843</b>	116,657,342
Amortization of Intangible Assets	<b>958,342</b>	958,342
Security	<b>16,498,040</b>	17,021,944
Subscriptions to Foreign Organizations	<b>4,365,847</b>	5,463,675
Water Supply	<b>1,635,267</b>	1,505,703
Audit Fees	<b>345,714</b>	288,801
Legal Expenses	<b>2,167,887</b>	1,429,645
Expenses on Board Meetings	<b>874,867</b>	865,185
Ceremonial Expenses	<b>243,143</b>	413,223
Consultancy Fee	-	40,000
Professional Charges	<b>733,554</b>	770,074
Management Information System	<b>1,929,308</b>	2,178,272
Miscellaneous	<b>2,500</b>	101,232
Stamp Duty	<b>92,990</b>	85,770
Registration Fees	<b>943,699</b>	22,754
Web Hosting Services	<b>5,387,216</b>	5,866,045
Dialog TV Connection	<b>1,196,708</b>	1,011,776
Donations	<b>43,110</b>	50,000
Exchange Loss	-	320,014
Provision for Impairment of Slow Moving Inventories	-	1,448,909
Frequency Charges	<b>3,231,082</b>	5,339,528
Internet and Link Charges	<b>2,403,841</b>	2,074,111
Impairment of Staff Loans	<b>127,150</b>	305,656
Bank Charges	<b>363,421</b>	226,992
	<b>1,044,338,089</b>	927,903,681
<b>11 Net Finance Income</b>		
<b>Interest Income</b>		
Interest on Investments	<b>134,630,394</b>	93,206,474
Staff Loan Interest	<b>3,601,423</b>	3,126,611
	<b>138,231,817</b>	<b>96,333,086</b>

**2013**                      **2012**

<b>Interest Expenses</b>		
Interest on Overdraft	<b>660</b>	6,753
Lease Interest	<b>828,022</b>	3,268,070
Bank Loan Interest	-	75,649
	<b>(828,682)</b>	(3,350,472)
	<b>137,403,135</b>	92,982,614

<b>12 Income Tax Expenses</b>			
Provision for Current Tax	(Note 12.1)	<b>208,000,000</b>	205,000,000
Charge / (Reverse) of Deferred Tax Expenses	(Note 17)	<b>(9,620,161)</b>	14,807,757
Under Provision in Previous Year		<b>13,776,432</b>	4,160,217
		<b>212,156,271</b>	223,967,974

<b>12.1 Reconciliation Between Current Tax Provision and the Product of Accounting Profit.</b>			
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<b>Accounting Profit Before Tax</b>		<b>847,024,700</b>	799,478,862
Aggregated Expenses Disallowed for Tax		<b>294,577,487</b>	154,903,765
Aggregated Expenses Allowed for Tax		<b>(365,324,660)</b>	(198,073,730)
Aggregated Income from Other Sources		<b>(177,282,088)</b>	(123,054,826)
<b>Taxable Profit for the Year</b>		<b>598,995,439</b>	<b>633,254,071</b>
Other Income Liable for Tax		<b>143,674,962</b>	97,805,366
<b>Total Statutory Income / Assessable / Taxable Income</b>		<b>742,670,401</b>	<b>731,059,437</b>
Current Tax Charged at Statutory Tax Rate of 28% (2012 : 28%)		<b>207,947,712</b>	204,696,642

<b>Provision Recognized in the Comprehensive Income</b>		<b>208,000,000</b>	<b>205,000,000</b>
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<b>13 Basic Earnings Per Share (Rs.)</b>			
Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.			
<b>Amount used as the Numerator</b>			
Net Profit Attributable to Ordinary Shareholders (Rs.)		<b>634,868,429</b>	575,510,888
Number of Ordinary Shares used as the Denominator			
Weighted Average Number of Ordinary Shares in issue		<b>9,500,000</b>	9,500,000
Basic Earnings Per Share (Rs.)		<b>66.83</b>	60.58

14	Property, Plant and Equipment								Total
		Land	Buildings	Plant, Machinery and Equipment	Transmitters and Frequency Equipment	Motor Vehicles	Furniture and Fittings	Others	
	<b>Freehold</b>								
	<b>Cost</b>								
	<b>Balance as at 01 January 2012</b>	<b>6,082,446</b>	<b>136,571,899</b>	<b>597,449,605</b>	<b>399,876,900</b>	<b>82,188,981</b>	<b>179,941,089</b>	<b>34,406,624</b>	<b>1,436,517,545</b>
	Additions	-	3,397,033	214,788,748	22,207,841	28,057,143	12,253,341	7,634,726	288,338,833
	Transferred from Leasehold Assets	-	-	(15,241,490)	(58,576)	(19,470)	(2,352,989)	(184,963)	(17,857,488)
	Disposals	-	-	-	-	(1,914,075)	-	-	(1,914,075)
	<b>Balance as at 31 December 2012</b>	<b>6,082,446</b>	<b>139,968,932</b>	<b>796,996,863</b>	<b>422,026,165</b>	<b>108,312,579</b>	<b>189,841,441</b>	<b>41,856,387</b>	<b>1,705,084,815</b>
	Additions	-	2,694,458	194,701,719	9,807,800	56,822,144	5,637,149	11,056,280	280,719,551
	Transferred from Leasehold Assets	-	-	20,955,211	10,022,119	-	9,795,974	-	40,773,304
	Disposals	-	-	(1,991,695)	-	(10,339,740)	(1,637,460)	(37,270)	(14,006,165)
	<b>Balance as at 31 December 2013</b>	<b>6,082,446</b>	<b>142,663,391</b>	<b>1,010,662,098</b>	<b>441,856,085</b>	<b>154,794,983</b>	<b>203,637,105</b>	<b>52,875,398</b>	<b>2,012,571,505</b>
	<b>Depreciation</b>								
	<b>Balance as at 01 January 2012</b>		<b>48,540,145</b>	<b>459,164,100</b>	<b>288,648,957</b>	<b>49,355,864</b>	<b>85,714,021</b>	<b>16,042,643</b>	<b>947,465,731</b>
	Charge for the Year		6,112,602	37,713,810	28,086,501	12,949,854	19,315,749	3,766,702	107,945,218
	Transferred from Leasehold Assets		-	(15,230,017)	-	(19,470)	(891,260)	(138,722)	(16,279,469)
	Disposals		-	-	-	(1,914,075)	-	-	(1,914,075)
	<b>Balance as at 31 December 2012</b>		<b>54,652,747</b>	<b>481,647,893</b>	<b>316,735,458</b>	<b>60,372,174</b>	<b>104,138,510</b>	<b>19,670,623</b>	<b>1,037,217,405</b>
	Charge for the Year		6,279,521	70,853,162	28,203,602	25,363,900	20,238,465	5,110,066	156,048,716
	Transferred from Leasehold Assets		-	16,439,457	5,011,060	-	4,897,987	-	26,348,504
	Disposals		-	(1,991,695)	-	(10,339,740)	(1,450,146)	(18,775)	(13,800,357)
	<b>Balance as at 31 December 2013</b>		<b>60,932,268</b>	<b>566,948,817</b>	<b>349,950,120</b>	<b>75,396,334</b>	<b>127,824,816</b>	<b>24,761,914</b>	<b>1,205,814,268</b>
	<b>Net Carrying Values</b>							<b>2013</b>	<b>2012</b>
	Land							<b>6,082,446</b>	6,082,446
	Buildings							<b>81,731,123</b>	85,316,185
	Plant, Machinery and Equipment							<b>443,713,281</b>	315,348,969
	Transmitters and Frequency Equipment							<b>91,905,965</b>	105,290,707
	Motor Vehicles							<b>79,398,649</b>	47,940,406
	Furniture and Fittings							<b>75,812,289</b>	85,702,931
	Others							<b>28,113,484</b>	22,185,764
	<b>Total Freehold Assets</b>							<b>806,757,236</b>	<b>667,867,409</b>
	Leasehold Assets						(Note 14.1)	-	21,011,926
	Work-in-Progress						(Note 14.2)	<b>100,787,801</b>	52,578,844
								<b>907,545,037</b>	<b>741,458,180</b>

**Property, Plant & Equipment Cont'd...**

**14.1 Leasehold Assets**

**Plant, Machinery**

<b>Cost</b>	<b>Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
<b>Balance as at 01 January 2012</b>	<b>40,773,304</b>	<b>8,500,000</b>	<b>49,273,304</b>
Additions / (Disposals)	-	-	-
<b>Balance as at 31 December 2012</b>	<b>40,773,304</b>	<b>8,500,000</b>	<b>49,273,304</b>
Additions / (Disposals)	-	-	-
Transferred to Freehold Assets	(40,773,304)	-	-
<b>Balance as at 31 December 2013</b>	<b>-</b>	<b>8,500,000</b>	<b>49,273,304</b>

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<b>Property, Plant &amp; Equipment Cont'd...</b>			
<b>14.1 Leasehold Assets</b>	<b>Plant, Machinery</b>		
<b>Depreciation</b>	<b>Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
<b>Balance as at 01 January 2011</b>	<b>13,174,252</b>	<b>6,375,000</b>	<b>19,549,252</b>
Charge for the Year	6,587,126	2,125,000	8,712,126
<b>Balance as at 31 December 2011</b>	<b>19,761,378</b>	<b>8,500,000</b>	<b>28,261,378</b>
Charge for the Year	6,587,126	-	6,587,126
Transferred to Freehold Assets	(26,348,504)	-	-
<b>Balance as at 31 December 2012</b>	<b>-</b>	<b>8,500,000</b>	<b>34,848,504</b>

<b>Net Carrying Values</b>			
As at 01 January 2012	27,599,052	2,125,000	29,724,053
As at 01 December 2012	21,011,926	-	21,011,926
As at 31 December 2013	-	-	-

<b>14.2 Capital Work-in-Progress</b>	<b>As at 01 Jan. 2013</b>	<b>Incurred (Transferred)</b>	<b>As at 31 Dec. 2013</b>
Buildings	52,578,844	48,208,957	100,787,801
<b>Net Carrying Value</b>	<b>52,578,844</b>		<b>100,787,801</b>

The cost of fully depreciated assets included in the property, plant and equipment is Rs.637,089,962.69/- (2012 - 617,212,057/-).

<b>15 Intangible Assets</b>	<b>Computer Software</b>	<b>Telecasting Rights</b>	<b>Total</b>
<b>At Cost</b>			
<b>Balance as at 31 December 2011</b>	<b>4,791,708</b>	<b>215,450,000</b>	<b>220,241,708</b>
Additions / (Disposals)	-	88,915,000	88,915,000
<b>Balance as at 31 December 2012</b>	<b>4,791,708</b>	<b>304,365,000</b>	<b>309,156,708</b>
Additions / (Disposals)		92,770,000	92,770,000
<b>Balance as at 31 December 2013</b>	<b>4,791,708</b>	<b>397,135,000</b>	<b>401,926,708</b>
<b>Amortization</b>			
<b>Balance as at 31 December 2011</b>	<b>400,695</b>	<b>197,098,000</b>	<b>197,498,695</b>
Charge for the Year	958,342	87,050,500	88,008,842
<b>Balance as at 31 December 2012</b>	<b>1,359,037</b>	<b>284,148,500</b>	<b>285,507,537</b>
Charge for the Year	958,342	88,018,000	88,976,342
<b>Balance as at 31 December 2013</b>	<b>2,317,379</b>	<b>372,166,500</b>	<b>374,483,879</b>
<b>Net Carrying Values</b>		<b>2013</b>	<b>2012</b>
Computer Software		2,474,329	3,432,671
Telecasting Rights		24,968,500	20,216,500
		<b>27,442,829</b>	<b>23,649,171</b>

**2013**      **2012**

**CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Note

The fair values of the financial assets and liabilities, together with the carrying amounts reported in the statement of financial position are as follows,

**The Fair Values and The Carrying Values of Financial Assets And Liabilities.****FINANCIAL ASSETS**

Available for Sale (AFS) Financial Assets

Investment in Unquoted Share	(16)	<b>4,000</b>	4,000
------------------------------	------	--------------	-------

The Available for Sale (AFS) investment is stated at cost as its fair value cannot be reliably measured.

Loans And Receivables

Trade and Other Receivables	(19)	<b>823,279,942</b>	722,384,585
-----------------------------	------	--------------------	-------------

Staff Loans and Advances	(20)	<b>77,540,877</b>	67,677,149
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Deposits and Advances	(21)	<b>39,581,320</b>	28,066,436
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Other Financial Assets	(22)	<b>353,395,341</b>	600,844,480
------------------------	------	--------------------	-------------

Cash and Cash Equivalents	(23)	<b>1,014,277,069</b>	468,533,118
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<b>Total Financial Assets</b>		<b>2,308,074,549</b>	<b>1,887,505,768</b>
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The loans and receivables are stated at carrying values as their carrying value approximates the fair value.

**FINANCIAL LIABILITIES****Other Financial Liabilities**

Client Advances		<b>59,135,848</b>	63,844,537
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Other Payables	(29)	<b>100,777,974</b>	76,528,413
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<b>Total Financial Liabilities</b>		<b>159,913,823</b>	<b>140,372,950</b>
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**16 Available-for-Sale (AFS) Financial Assets**

Investment in Lanka Puwath Limited - (No of Shares -4)		<b>4,000</b>	4,000
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Investment in Lanka Puwath Ltd is measured at cost as its fair value cannot be reliably measured.

**17 Deferred Tax Assets**

<b>Balance as at 01 January</b>		<b>9,523,407</b>	<b>24,331,164</b>
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(Charge) / Reverse for the Year	(12)	<b>9,620,161</b>	(14,807,757)
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<b>Balance as at 31 December</b>	<b>(17.1)</b>	<b>19,143,567</b>	<b>9,523,407</b>
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**17.1 The Analysis of Deferred Tax Assets and Liabilities****Deferred Tax Assets**

From Retirement Benefits Obligation		<b>18,979,701</b>	16,031,915
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From Impairment Provisions - Trade Receivable		<b>31,813,718</b>	39,983,511
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From Impairment Provisions - Staff Loans		<b>403,929</b>	221,976
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From Impairment Provisions - Slow Moving Inventories		<b>1,085,993</b>	1,085,993
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		<b>52,283,341</b>	57,323,395
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**Deferred Tax Liability**

From Accelerating Depreciation		<b>(33,139,774)</b>	(47,799,989)
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		<b>19,143,567</b>	<b>9,523,407</b>
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**17 Deferred Tax Assets Cont'd...**

Deferred tax assets are recognized for provision for defined benefits obligation, impairment provision for trade and other receivables and provision for slow moving inventories to the extent that the realization of the related tax benefits through future taxable profits are probable and deferred tax liabilities are recognized for accelerating depreciation.

**2013**      **2012**

<b>18 Inventories</b>	Note		
Fuel		<b>1,955,390</b>	1,638,820
Spares and Others		<b>21,516,848</b>	22,622,386
Engine Oil		<b>4,194</b>	4,613
		<b>23,476,432</b>	24,265,820
Provision to write - down		<b>(3,878,547)</b>	(3,878,547)
		<b>19,597,884</b>	20,387,272

Provision to write - down has been made for slow moving inventories of electronic and spare parts.

<b>19 Trade and Other Receivables</b>			
Trade Receivables		<b>936,508,365</b>	863,588,152
Other Receivables	(19.2)	<b>1,605,119</b>	1,594,685
		<b>938,113,485</b>	865,182,837
Provision for Impairment	(19.1)	<b>(114,833,542)</b>	(142,798,253)
		<b>823,279,942</b>	722,384,585

Receivables from Related Parties	Trade Receivables	<b>94,530,372</b>	89,134,148
		<b>94,530,372</b>	<b>89,134,148</b>

The ageing of the trade receivables are as follows

Up to 3 Months	<b>648,875,532</b>	605,633,518
3 to 6 Months	<b>120,748,330</b>	66,568,970
6 to 12 Months	<b>50,144,992</b>	48,864,251
More than One Year	<b>116,739,511</b>	142,521,413
	<b>936,508,365</b>	863,588,152

Trade receivables have been reviewed for impairment. Certain trade receivables are found to be impaired and provision for impairment has been made on the basis as stated in Note 2.10.

#### **19.1 The Details of Provision for Impairment of the Trade Receivables**

Commercial Debtors	<b>85,804,936</b>	110,560,335
Contra deal Debtors	<b>20,419,927</b>	21,445,867
Sundry Debtors	-	831,131
Dishonoured Cheques	<b>7,395,559</b>	9,960,920
Other Receivable	<b>1,213,120</b>	-
	<b>114,833,542</b>	142,798,253

#### **19.2 Other Receivables**

Other	<b>391,999</b>	381,565
From Employees	<b>1,213,120</b>	1,213,120
	<b>1,605,119</b>	1,594,685

<b>20 Staff Loans and Advances</b>	<b>2013</b>	<b>2012</b>
Festival Advances	<b>556,500</b>	572,496
Distress Loans	<b>55,104,009</b>	49,782,305
Vehicle Loans	<b>21,058,351</b>	17,116,120
Textile Loan	<b>1,051,500</b>	999,000
	<b>77,770,360</b>	68,469,921
Provision for Impairment	<b>(229,483)</b>	(792,772)
	<b>77,540,877</b>	67,677,149

Staff loans are measured at fair value using the interest rate of 4.2% instructed by the Government circular under procurement guidelines para XXIV subsection 3.8. Since the company is covered under establishment code, the rate at which the loans have been granted is considered as the market interest rate for employees working at government organizations.

<b>21 Deposits and Advances</b>		
Local Advances	<b>373,710</b>	742,454
LC Deposits	<b>1,490,502</b>	8,857,946
Advance for Local Purchase	<b>34,154,695</b>	15,070,913
Others	<b>3,562,412</b>	3,395,123
	<b>39,581,320</b>	28,066,436

<b>22 Other Financial Assets</b>		
Fixed Deposits	<b>353,395,341</b>	600,844,480

Investments in fixed deposits are pledged against company's overdraft facilities to extent the face value of investments and are measured inclusive of interest receivable.

Details of the fixed deposits pledged and the overdraft facilities are as follows:

Financial Institution	Type of the Facility	Limit of the Facility	Face Value of the Fixed Deposits Pledged
Bank of Ceylon	Overdraft	5,900,000	7,015,638
Bank of Ceylon	Overdraft	11,900,000	19,283,685.16
Bank of Ceylon	Letter of Credit	85,000,000	121,716,495

<b>23 Cash and Cash Equivalents</b>		
Bank and Cash Balances	<b>138,513,739</b>	66,070,464
Short Term Fixed Deposits	<b>875,763,330</b>	402,462,654
	<b>1,014,277,069</b>	468,533,118

<b>24 Stated Capital</b>		
<b>Issued and fully paid</b>		
Number of Ordinary Shares	<b>9,500,000</b>	9,500,000
Value (Rs.)	<b>95,000,000</b>	95,000,000

**2013**      2012

<b>25 Retirement Benefits Obligation</b>		
<b>Balance as at 01 January</b>		<b>57,256,839      38,924,840</b>
Expenses Recognized in Comprehensive Income	(Note 25.1)	<b>16,068,498</b> 18,960,790
Payments Made During The Year		<b>(5,540,690)</b> (628,791)
<b>Balance as at 31 December</b>		<b>67,784,647      57,256,839</b>

<b>25.1 Expenses Recognized in Comprehensive Income</b>		
Current Service Cost		<b>3,744,109</b> 3,084,312
Interest Charge for the Year		<b>6,298,252</b> 3,697,860
(Gain) / Loss Arising From Changes in the Assumptions		<b>6,026,137</b> 12,178,618
		<b>16,068,498      18,960,790</b>

These assumptions are developed by the Company is based on the management's best estimates of variables used to measure the retirement benefits obligation. Discount rate is determined on the basis of market yield for five years Government Bond at end of the reporting period.

The principal assumptions used are as follows.

Discount Rate [%]	11	9.5
Future Salary Increases - Salary [%]	1 - 3.5	1 - 3.5
Staff Turnover Factor [%]	4	1
Retirement age [Yrs]	55	55

<b>26 Government Grants</b>		
<b>Balance as at 01 January</b>		<b>80,504,026      105,753,486</b>
Amortization for the Year		<b>(24,100,832)</b> (25,249,460)
<b>Balance as at 31 December</b>	(Note 26.1)	<b>56,403,194      80,504,026</b>

<b>26.1 Carrying Values of the Grants Received for:</b>		
Camera & Accessories for Sooriyakanda Station	<b>3,125,000</b>	10,562,500
Improvement of Main Control Room at Head Office	<b>3,375,000</b>	6,125,000
Transmission Equipment	<b>9,250,000</b>	13,875,000
Studio and Main Control Room at Head Office	<b>12,346,159</b>	15,610,547
Transmission Equipment & Antenna System for Kokavil Project	<b>15,807,035</b>	19,330,979
Antenna System for Kokavil Project	<b>12,500,000</b>	15,000,000
	<b>56,403,194</b>	<b>80,504,026</b>

The above grants received from the Government of Sri Lanka for the development of telecasting and transmission stations. The amounts spent have been capitalized under the relevant class of property, plant and equipment. The corresponding grant is being amortized over the useful life of the related assets.

<b>27 Lease Obligations</b>		
<b>Settlements Fall Due Within Two to Five Years / More Than Five Year</b>		
Lease Creditors	-	1,807,267
Interest in Suspense	-	(150,900)
	-	<b>1,656,367</b>
<b>Settlements Fall Due Within One Year</b>		
Lease Creditors	<b>1,807,267</b>	12,905,412
Interest in Suspense	<b>(150,901)</b>	(828,023)
	<b>1,656,366</b>	12,077,389
	<b>1,656,366</b>	<b>13,733,756</b>

**2013**      **2012**

<b>28 Deferred Income</b>		
<b>Balance as at 01 January</b>	<b>38,001,894</b>	<b>48,840,837</b>
Goods and Services Received	<b>7,191,498</b>	1,294,596
Recognized in the Comprehensive Income	<b>(6,275,887)</b>	(12,133,539)
<b>Balance as at 31 December</b>	<b>38,917,505</b>	<b>38,001,894</b>

Deferred income represents the net impact of a barter transaction where the company has utilized a higher value of the goods and services provided by the customers, compared to the value of services provided by the company. The deferred income is amortized as services utilized by the customers.

<b>29 Other Payables</b>		
Deposits	<b>753,574</b>	969,153
Sundry Creditors	<b>22,861,797</b>	12,096,423
L.C. Advance	<b>4,798,885</b>	3,222,131
Others	<b>20,814,663</b>	36,058,974
Unclaimed Payments	<b>1,572,735</b>	2,710,005
Payments to Artists	<b>3,778,171</b>	2,288,839
Retention	<b>5,188,334</b>	3,465,052
Doramandalawa Trust Fund	<b>262,732</b>	247,448
TV Loan Recoveries	<b>423,187</b>	423,187
Rent	<b>40,323,896</b>	15,047,200
	<b>100,777,974</b>	<b>76,528,413</b>

<b>30 Statutory Payable</b>		
Current Tax	(Note 30.1) <b>153,597,512</b>	151,233,757
Value Added Tax (VAT)	<b>16,125,853</b>	20,883,005
Nation Building Tax (NBT)	<b>4,021,676</b>	4,133,408
Stamp Duty	<b>44,222</b>	40,372
	<b>173,789,264</b>	<b>176,290,542</b>

<b>30.1 Current Tax</b>		
<b>Balance as at 01 January</b>	<b>151,233,757</b>	<b>135,808,963</b>
Provision for the Year	<b>208,000,000</b>	205,000,000
Adjustments on Under / (Over) Provision	<b>13,776,432</b>	(1,350,474)
Payments Made - Settlement of Liability	<b>(165,010,189)</b>	(134,458,489)
Payments Made - Self Assessment	<b>(45,000,000)</b>	(35,000,000)
Tax Credits	<b>(9,402,487)</b>	(18,766,244)
<b>Balance as at 31 December</b>	<b>153,597,512</b>	<b>151,233,757</b>

<b>31 Related Party Disclosures</b>		
The company's related parties includes Government of Sri Lanka, State-Owned Enterprises, Other Government Related Entities and Key Management Personnel.		
Transactions with Key Management Personnel (KMPs)		
According to the Sri Lanka Accounting Standards LKAS.24 "Related Party disclosures" KMPs are those having responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Accordingly, the Board of Directors have been classified as KMPs.		
Transactions with Key Management Personnel		
Remuneration and Other Short-Term Employee Benefits	2,606,700	2,472,091

### Related Party Transactions

#### Details of significant related party transactions that the company carries out are as follows:

Transactions with Government of Sri Lanka, State-Owned Enterprises and Other Government Related Entities  
The Government of Sri Lanka is only the capital holder of the company and thus has control over its operation. Accordingly the company has considered the Government of Sri Lanka and other entities which are controlled, jointly controlled or significantly influenced by the Government of Sri Lanka (Government related entities) as related parties.

Related Party	Nature of Transactions for the Reporting Period	Transaction Value	Balance Due from / (Due to)
Government of Sri Lanka	Dividend Paid	50,000,000	-
	Sale of Air Time	39,684,602	22,715,043
	Purchase of Goods and Services Obtained	107,860,109	7,832,491
Local Government Bodies	Rent and Rates Payments	1,890,397	-
State-Owned Enterprises	Sale of Air Time	282,430,312	68,566,790
	Purchase of Goods and Services Obtained	96,206,241	21,113,760
	Mobilization Advance for Construction	9,066,037	-
Other Government Related Entities	Sale of Air time	5,441,800	3,248,539.19

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### 32 Commitments and Contingencies

There were no material capital expenditure or other financial commitments approved by the Board of Directors as at 31 December 2013. The details of the pending litigations as at 31 December 2013 are given below.

Description of the Case	Matter	Position of the Case	Management Estimate
Ms. G.R. Chandrawathie Vs ITN Case No. 20825/05/M District Courts of Anuradhapura	Rs. 5,000,000/- as compensation for a news item telecasted.	Plaintiff's counsel has led evidence of plaintiff's witness and cross examination on behalf of ITN is done.	Management is having constant supervision for the cases to have judgment in favour of ITN & compensation value cannot be estimated in the ground of current position of the cases.
Mr. Gairika Perusinghe Vs ITN Case No. 51824/MR District Courts of Colombo	Rs. 50,000,000/- as compensation for a news item telecasted.	Trail to be commenced.	
ITN Vs The Think Tank (Pvt) Ltd, Publisher of Sri Lanka Mirror and Mr. Kelum Shrivantha, Chief Editor Sri Lanka Mirror.	Rs. 1000,000,000/- as compensation for a article published on the Sri Lanka Mirror Web Site.	Trail to be commenced.	
Case No. DMR/1650/13 (Filed by ITN) District Courts of Colombo	* The Company has contingent liabilities in respect of legal claims arising in the ordinary course of business. Unless recognised as a provision in the financial statements, management considers these claims to be unjustified and possibility of an outflow of resources for their settlement is remote. This evaluation is consistent with legal advices of the company's legal division. Accordingly, no provision has been made for such legal claims.		

### 33 Events Occurring After the Reporting Period

There were no events occurred, which required adjustments or disclosure in these financial statements between the reporting date and the date of authorization.

34 Operational Segment Information	2013		2012		2013		2012		2013		2012		2013		2012		2013		2012		
	ITN	VASANTHAM TV	LAKHANDA	VASANTHAM FM	TOTAL	ITN	VASANTHAM TV	LAKHANDA	VASANTHAM FM	TOTAL	ITN	VASANTHAM TV	LAKHANDA	VASANTHAM FM	TOTAL	ITN	VASANTHAM TV	LAKHANDA	VASANTHAM FM	TOTAL	
For the Year ended 31 December	<b>2013</b>																				
Revenue	2,043,353,161	85,821,204	66,620,669	101,427,258	2,297,222,292	2,043,353,161	84,119,739	101,427,258	12,954,841	2,224,355,929	2,043,353,161	85,821,204	66,620,669	101,427,258	2,224,355,929	2,043,353,161	84,119,739	101,427,258	12,954,841	2,224,355,929	
Cost of Sales	(386,188,163)	(52,740,564)	(44,713,313)	(18,997,815)	(607,640,855)	(386,188,163)	(14,459,031)	(18,997,815)	(5,977,030)	(432,799,129)	(386,188,163)	(52,740,564)	(44,713,313)	(18,997,815)	(432,799,129)	(386,188,163)	(14,459,031)	(18,997,815)	(5,977,030)	(432,799,129)	
<b>Gross Profit / (Loss)</b>	<b>1,657,164,998</b>	<b>33,080,640</b>	<b>21,907,357</b>	<b>82,429,443</b>	<b>1,694,862,004</b>	<b>1,657,164,998</b>	<b>69,660,708</b>	<b>82,429,443</b>	<b>6,977,811</b>	<b>1,768,985,215</b>	<b>1,657,164,998</b>	<b>33,080,640</b>	<b>21,907,357</b>	<b>82,429,443</b>	<b>1,768,985,215</b>	<b>1,657,164,998</b>	<b>69,660,708</b>	<b>82,429,443</b>	<b>6,977,811</b>	<b>1,768,985,215</b>	
Total Expenses Net of Other Income	(825,855,141)	(32,028,190)	(26,038,958)	(95,593,447)	(979,515,736)	(825,855,141)	(95,447,195)	(95,593,447)	(22,018,807)	(969,506,352)	(825,855,141)	(32,028,190)	(26,038,958)	(95,593,447)	(969,506,352)	(825,855,141)	(95,447,195)	(95,593,447)	(22,018,807)	(969,506,352)	
<b>Profit / (Loss) Before Taxation</b>	<b>831,309,857</b>	<b>1,052,450</b>	<b>(4,131,602)</b>	<b>(13,164,003)</b>	<b>871,303,628</b>	<b>831,309,857</b>	<b>(25,786,487)</b>	<b>(13,164,003)</b>	<b>(15,040,996)</b>	<b>799,478,863</b>	<b>831,309,857</b>	<b>1,052,450</b>	<b>(4,131,602)</b>	<b>(13,164,003)</b>	<b>799,478,863</b>	<b>831,309,857</b>	<b>(25,786,487)</b>	<b>(13,164,003)</b>	<b>(15,040,996)</b>	<b>799,478,863</b>	
Income Tax Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Profit / (Loss) for the Year</b>	<b>831,309,857</b>	<b>1,052,450</b>	<b>(4,131,602)</b>	<b>(13,164,003)</b>	<b>871,303,628</b>	<b>831,309,857</b>	<b>(25,786,487)</b>	<b>(13,164,003)</b>	<b>(15,040,996)</b>	<b>799,478,863</b>	<b>831,309,857</b>	<b>1,052,450</b>	<b>(4,131,602)</b>	<b>(13,164,003)</b>	<b>799,478,863</b>	<b>831,309,857</b>	<b>(25,786,487)</b>	<b>(13,164,003)</b>	<b>(15,040,996)</b>	<b>799,478,863</b>	

The following table presents the revenue, cost of sale, operational expenses and profit for the year ended 31 December 2013 and 31 December 2012.

Revenue **Rs. 2.3 bn**

Profit **Rs. 635 mn**

Assets **Rs. 3.3 bn**

a peek  
at  
**Growth**  
**2013**

# 2013 Highpoints

National Business Excellence Awards 2013  
**Gold Award**  
Media Sector

49th Chartered Accountants  
Annual Report Awards 2013  
**Gold Award**  
State Corporations and  
Statutory Board Category

Slim Nielson 2013  
**People's Television  
Channel of the Year**

Sumathi Tele Awards 2013  
**Most Accailmed  
Channel**

CNCL 2013  
**Achiever of  
Industrial Excellence**  
Bronze Award

Independent Television Network

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ஆண்டு-நிகழ்ச்சி  
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Independent Television Network

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