

MANTHAI SALT LIMITED

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MINISTRY OF INDUSTRY AND COMMERCE

ANNUAL REPORT & ACCOUNTS

2015.04.01 – 2016.03.31

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1. CHAIRMAN'S REVIEW

It's a privilege in welcoming you to the 2015/2016 Annual General Meeting of the Company and present to you the Annual Report & Accounts for the year ended 31st March 2016.

During the year of under review, Manthai Salt Ltd has achieved a turnover of Rs.62,370,254 generating Rs. 807,778 profit before tax. Looking back on our performance from the beginning we can justifiably be proud of our achievements in increasing our sales revenue. Our company has maintained the payment of Rs. 532,349 to the government as taxes.

I am pleased to report to the share holders that the company was able to play the role as the facilitator to develop & sustain the viable salt industry in Sri Lanka. As per the results achieved during the year 2015/2016, the earnings per share was Rs 1.

A total approved cadre for the year was 104. The existing cadre strength was 46 as at 31.03.2016. I am pleased to record that we continue to receive the fullest cooperation from all employees at all levels.

Manthai Salt Ltd needs to strengthen its current capital base through infusion of new equity capital in order to fulfill the desired objectives successfully.

We are also gratified by the continuous encouragement & support given to us by Ministry of Industry & commerce, Department of Public Enterprise, Ministry of Finance, State Authorities as well as the customers.

Manthai Salt Ltd is thus geared to meeting all challenges and responds quickly and effectively to the needs of our customers and thus ensure its continued success.

We have prepared an action plan to continuously keep up the growth of the company.

I dedicate my sincere thanks to my colleagues in the board and the management & staff for the support extended to me in this financial year.

M.M.Ameen
Chairman

2. MESSAGE FROM THE GENERAL MANAGER

It is a great opportunity to express my message in the occasion of Annual General Meeting that Mantai Salt Ltd. carried out its activities, functions progressively and made profit in the period from 1st April 2015 to 31st March, 2016.

Though several Salterns in North have assigned under Mantai Salt limited, in the current financial year it was able to operate only Mannar Saltern. Meanwhile the Elephantpass saltern administration has come under Mantai Salt Limited from February 2015 as per the Extra Gazette notification No. 1897/15 of 15th January 2015. The renovation works are ongoing with the financial assistance of Treasury.

In this financial year, our team was able to produce 3320 MT of salt against the budgeted quantity of 5500MT, The reduction in the production was caused by the unfavourable weather conditions. 5063 MT of salt was sold in the form of Common salt, iodized salt 1 Kg packets, industrial salt & crushed salt and the total net turnover for the year is Rs 62.3Million. Profit before taxation for this year is Rs 807,778.

We are very proud to say that our company not only providing service to the customers by selling the salt at reasonable price, but also have paid Rs. 532,349 as Income tax to the Government.

In this period the renovation of phase –I component of Elephantpass saltern was 95% completed. In the 2015 budget Elephantpass Saltern received Rs 5 million and that helped to complete pending renovation. The Board and Management has prepared strategic plan to run this Saltern effectively & efficiently to get maximum return. The production of this Saltern will be started in mid of 2016 and proposed to harvest 6000MT in first year.

The Management has set the goal to make Mantai Salt Limited to be one of the key salt producer in SriLanka with 20% of market share in 2020.

In this financial year the existing staff have been empowered through different kind of activities such as training for set target, appreciations, made provisions for basic facilities, bonus facilities and etc.

In conclusion I personally thank the Hon. Minister & the Secretary of Ministry of Industry and Commerce, the Chairman, Board of Directors and my staff for their heartiest contribution to the success of this company.

M.J.Thuwan Manzil
General Manager.

3. CORPORATE INFORMATION

Name of the Company	Mantai Salt Limited (Government Own Company)
Line Ministry	Ministry of Industry & commerce
Head Office	561/3, Elvitigala Mawatha, Colombo 05.
Mannar Saltern	Grand Bazaar, Mannar.
Elephantpass Saltern	A9 road , Elephantpass Kilinochchi.
Company Registration No.	[N(PBS)942] New No. PB1078
Tax Payer Identification No. (TIN No.)	134009420
Shares Holders	General Treasury
Board of Directors	Mr. M.M. Ameen (Chairman) (From 02.04..2015) Mr.A.K.M.Shihabdeen(Working Director)(02.04.2015- 30.5.2016) Mr.B.N.U.P.Wijayarathna (Executive Director) (01.06.2015-15.10.2015) Mr.K.Viginthan (Executive Director) (01.12.2015-31.03.2016) Mr. P.A.S.A. Kumara -Director Treasury(From13.03.2015) Mr.J. Marcellus Pieris (From02.04..2015) Mr.M.M.M.Uwais (From02.04..2015) Mr.S.Jayaratna(From19.06.2015) Dr.S.Selvamahenthiran(From 27.04..2015)
Observers	Mrs.W.A,P.Wellappuli((Ministry Of Industry&Commerce)(29.12.2015-30.1.2016)
	Mr.R.S.K.Doolwalage((Ministry Of Industry&Commerce)(10.03.2015-28.12.2015
Advisor	Mr.Roy Jayasingha(Ministry Of Industry&Commerce) (From 09.02..2016)
Board Secretary	Corporate Affairs (Pvt) Ltd
Auditors	Auditor General Department, SriLanka
Bankers	Bank of Ceylon

4. INTRODUCTION

4.1 Company Profile

Mantai Salt Ltd. has long history in salt production in Sri Lanka. It manufactures common salt, iodine mixed salt, crush salt and industrial salt. The major production area is located in Mannar and its administrative office located in Colombo. The Elephant Pass Saltern has again assigned to the administration of the company and the production process will be started from mid 2016 onward.

The Salt Corporation was started in 1938 and went through different administrative control and finally it was named as Mantai Salt Ltd from 2001 and now functioning under the purview of Ministry of Industry and Commerce. The salt is being recognized as best in quality (97. % is NaCl) in compare to the harvested salt in other part of the country.

The Mantai Salt not only functions as a natural resource utilization center also giving employment opportunities to the vulnerable people in the Mannar District. As at today there are 42 permanent staff and 90 seasonal staff are employed by the institution. Five staff hired in contract basis to manage Elephantpass saltern project.

Mantai Salt Ltd is governing by the board which comprised by the members represent from Treasury and other Government & Private sector representatives and it comes under the purview of Ministry of Industry and Commerce. The Restructuring Division of the Ministry is monitoring and facilitating the legal and accountable matters of the company. As it is a government enterprise it is registered under the company Act. No. 7 of 2007 as a Limited Company to abide for the company rules. Meanwhile the institution is certified by the Sri Lanka Standard Institution to ensure the quality of the value added product. And also the company is being audited by Government auditors from 2015 onward.

History profile

Year		Name of Institute
From	To	
1938	1965	Salt Department
1966	1990	Sri Lanka National Salt Corporation
1991	1996	Lanka Salt Limited.
1997	2001/Sept.	Mannar Saltern under G.A. Mannar
2001/Oct.	Up to date	Mantai Salt Limited. (Salterns in Norther Province)

Our Vision



“Development of salt - based enterprises in the Northern province by exploration of natural resources connected with chemical and other processes and thereby upgrades the living of the people”.

Our Mission

“Operation of Salterns, manufacture, value addition and marketing of salt and by-products.

4.2 Details about Production site

a) Mannar Saltern

Total production area of Mannar Saltern is 163 acres. Annual salt production is 5500 MT approximately, which is 3.5% of total salt production in Sri Lanka. This market share of 3% will be increased to 4% after further development of Mannar Saltern in near future.

As it is being a profit making organization it manages to do some development and maintenance activities along with staff salaries and welfare through the profit. Meanwhile the organization is depending on government and other donors to do major development & investment activities.

b) Elephant Pass Saltern

In 2001 Elephant Pass administration came under Mantai Salt Limited by the Cabinet decision. Anyhow Mantai Salt could not operate Elephant Pass Saltern due to the conflict situation (it was under LTTE Control Area). After liberated the Northern area in 2009 the

Saltern taken over by the Ministry of Traditional Industry & Small Enterprise Development and they did renovation activities for a worth of 100 Mn on area of 350 acres. Meanwhile Cabinet approved Rs.125Mn for Phase-2 activity in 2016. The Saltern now again transferred to Mantai Salt Limited administration by the latest Gazette Notification of 21st Sept. 2015. Mantai Salt Ltd now almost to completed Phase-1 project and continuing Phase-2 project in 2016. Elephant Pass is a giant Saltern in Northern Province. It is expected to produce around 20,000 MT per annum in near future in extended total production area up to 700 acres.

c) Chemmani Saltern

The total extent of Chemmani Saltern is 200 acres of which 80 acres were used for salt manufacture. The production activities were carried out with using the available resources. The production staff of Chemmani Saltern used their maximum efforts on salt production for last several years, but expected quantity of salt could not be produced due to poor soil condition and lack of obtaining sufficient quality sea brine and also fresh water seepage from adjoining land.

Since Saltern have been running at a lost for several years due to low productivity, salt production from this area has been suspended from the year 2012. Now the Ministry has proposed to go for a Public and Private Partnership (PPP) under restructuring process to do aquaculture project.

4.3 Production details

Year	Production (MT)		
	Mannar	Chemmani	Total
2011/2012	4147.	135	4282
2012/2013	4527.	-	4527
2013/2014	4653.	-	4653
2013/2014	6099.6	-	6099.6
2014/2015	5219.8		5219.8
2015/2016	3320	-	3320

4.4 Sales

Year	Sales (MT)	Revenue (MN) Rs.
2011/2012	4016	43.5
2012/2013	3801	38.9
2013/2014	4498	46.3
2014/2015	5176.1	49.0
2015/2016	5063	62.3



5 EXISTING KEY AREAS FOR DEVELOPMENT

a) Mannar Saltern

- 1) The crystal salt iodine mixing plant which is currently in use was donated by UNDP in 2004 and it is subject to replace with the new machine to maintain Sri Lanka Standard Institute's requirement. The Organization has planned to purchase a new set of plant with the drier and centrifuge with the capacity to produce 2 M.Ton /hour.
- 2) Though the company managed to develop its production site it is struggling to develop the infrastructure for its administrative complex. The head office still located in the rented building, The Mannar office building constructed in 1950 and it is subject to demolish. So there is an instant need for the office building in Mannar. MSL has put a proposal to the Ministry of Finance to provide allocation for 12 million to complete Stage-1 of administration block.
- 3) After the development of the crystal salt plant and with the projected target from 5500 MT to 6000 MT the marketing activities should be improved. The Board of Mantai Salt now in the process of appointing a Marketing Officer that will give an emergent need for the vehicle to use for marketing and administrative purpose in Mannar.

b) Elephant Pass Saltern

1. Complete the Phase-I renovation and rehabilitation work to start production in 350 acres.
2. Renovate and rehabilitate the phase-II project to start production in another 350 acres.
3. Develop infrastructure facilities to accommodate & facilitate office staff and labours

c) Chemmani Saltern

Action will be taken along with Ministry to go for possible private partnership for aquaculture project.

5.1 Considerable out-put of the development Activities.

- The production and sales of the crystalized salt will help to penetrate and expand the market area and it will ensure the viability in market to the company.
- The storing or stock holding period will be reduced by the increased and faster sales.
- The existing staff's employment will be confirmed by the organization's sustainability and further employment opportunity will be created based on the expansion needs.
- The increasing profit will lead to give more welfare facilities and benefits to the employees.
- The requirement of the Sri Lanka Standard Institute will be fulfilled and the quality is maintained.
- The production and retail sales will contribute to eradicate Iodine deficiency problem by making product available in the rural market for reasonable price.
- Balance 350 acres in Elephant Pass Saltern will be renovated and other infrastructure facilities will be developed such as construction of field office, mechanical center and Pump house etc. 6000 MT salt is expected to harvest in 1st year of Maha season.
- Chemmani Saltern will be reactivated through Public Private Partnership of aquaculture project.
- Considerable dividend will be paid to the Treasury and also the Government will receive taxes such as VAT and NBT for nation development which will lead ultimate benefit for public.

6. FINANCIAL HIGHLIGHTS

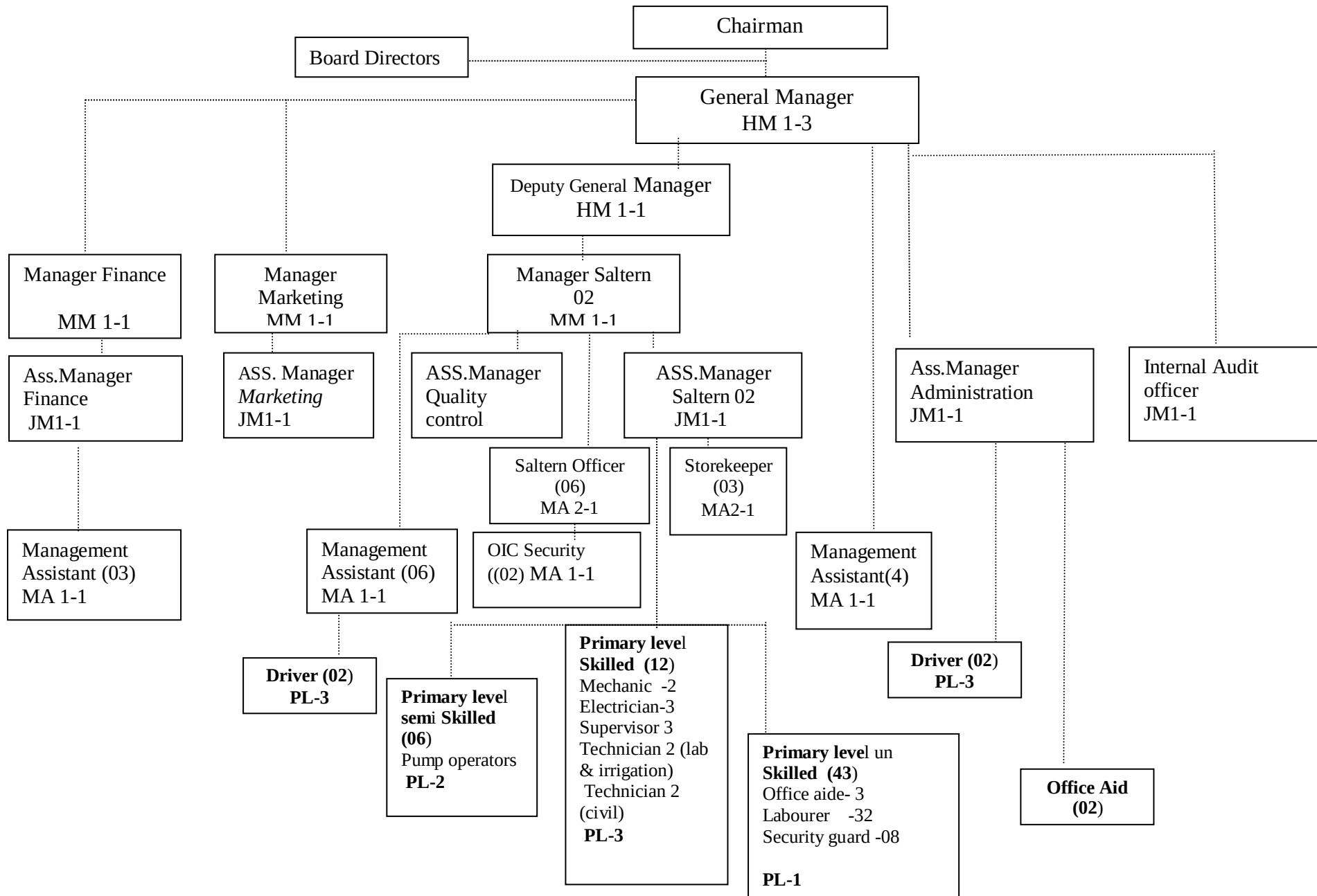
For the Year ended 31st March	unit	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
Production	MT	3320	5220	4653	4527	4282
Sales	MT	5063	5176	4498	3801	4016
Revenue	Rs.	62,370,254	49,018,196	46,348,727	38,820,175	43,586,657
Gross Profit	Rs.	13,190,129	21,194,992	12,067,352	13,315,888	14,276,589
Net Profit	Rs.	275,429	4,457,567	7,372,990	499,230	3,876,691
Net Assets						
Total Non-Current Assets	Rs.	99,832,834	99,767,254	115,373,334	106,601,764	105,859,472
Total Current Assets	Rs.	35,129,574	23,177,470	22,840,106	27,616,701	25,621,000
Less-Non-Current Liabilities	Rs.	(9,072,218)	(8,251,015)	(5,298,833)	(3,189,514)	(3,352,662)
Less-Current Liabilities	Rs.	(16,398,968)	(5,216,777)	(1,605,556)	(7,092,891)	(8,820,338)
		109,491,222	109,476,932	131,309,051	123,936,060	119,307,472
Shareholder's Funds						
Issued Share Capital	Rs.	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Reserves	Rs.	79,491,222	79,476,932	101,309,051	93,936,060	89,307,472
		109,491,222	109,476,932	131,309,051	123,936,060	119,307,472
Revenue to Government						
Income Tax	Rs.	532,349	3,597,467	2,317,558	-	-
Earning per share	Rs.	1	14.86	24.58	1.66	12.92

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7. DETAILS OF KEY MANAGEMENT STAFF

#	Name	Position
01	Mr. M.J.Thuwan Manzil	General Manager
02	Mr. Kithsiri Somaratne	Manager Finance
03	Mr. S.Tokaly	Manager Mannar Saltern
04	Mr. A. Kisotharan	Assistant Production Manager
05	Mr. M.F.Faizal	Assistant Production Manager
06	Mr. K.M. Siyam	Manager E/P Saltern (Contract)

8. THE ORGANISATION STRUCTURE



8.1 EXISTING FILLED CADRE IN MANTAI SALT LIMITED.

Staff Position	Head Office	Mannar	E.Pass
General Manager	01	-	01
Manager Finance	01	-	
Manager Saltern	-	01	
Internal Audit Officer	01	-	
Assistant Manager Saltern	-	02	
Saltern Officer		01	
Storekeeper		01	
Management Assistant	03	06	
Supervisor		01	
Driver	01	01	
Peon	02	02	02
Electrician		01	
Pump operator		03	
Mechanic		01	
Civil Technician		01	
Labour		07	
Security Guard		04	
Total Staffs	09	32	05

9. **DIRECTOR'S REPORT**

The Directors of the company present herewith their report together with the audited Balance Sheet and Statements of Income for the year ended 31st March 2016.

Principal Activities

The principal activities of the Company during the year under review were the manufacture and sale of salt.

Financial Highlights

Financial year ended 31st March 2016

	Rs.
<u>Sale of salt</u>	
Mannar Saltern	62,370,254
Total Turnover	62,370,254
Cost of sales	(49,180,125)
Gross Profit	13,190,129
Net Profit / (after tax) for the period	275,429
Earnings per share	1

Directors.

The following were the Directors of the company during the year.

Mr. M.M. Ameen (Chairman) (From 02.04..2015)
Mr.A.K.M.Shihabdeen(Working Director)(02.04.2015- 30.5.2016)
Mr.B.N.U.P.Wijayarathna (Executive Director) (01.06.2015-15.10.2015)
Mr.K. Viginthan (Executive Director) (01.12.2015-31.03.2016)
Mr. P.A.S.A. Kumara -Director Treasury(From13.03.2015)
Mr.J. Marcellus Pieris (From02.04..2015)
Mr.M.M.M.Uwais (From02.04..2015)
Mr.S.Jayaratna(From19.06.2015)
Dr.S.Selvamahenthiran(From 27.04..2015)

Directors' Shareholding

The Directors do not hold any shares of the Company.

Directors' Interest in contracts

The Directors had no direct or indirect interest in any contract with the Company.

Auditors

The present auditor of the company is Auditor General Department, SriLanka.

By order of the Board

Company Secretary

AUDITOR GENERAL'S
REPORT TO THE SHARE
HOLDERS OF
MANTAI SALT LIMITED



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்

AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No.

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

12 January 2018

To the shareholders of the
Manthai Salt Limited.

Report of the Auditor General on the Financial Statements of the Manthai Salt Limited for the year ended 31 March 2016.

The audit of the financial statements of the Manthai Salt Limited ("the Company") for the year ended 31 March 2016 comprising the statements of financial position as at 31 March 2016 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of Democratic Socialist Republic of Sri Lanka.

Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

- (a) The closing stock as at 31 March 2016 had been included 30 metric tons of salt costing Rs.358,007 which sold but not dispatched to the customer within the accounting period. Hence, the stock as at 31 March 2016 and the profit for the year under review had been overstated by similar amount.
- (b) Interest income on fixed deposit for the year under review had been understated by Rs.131,735 due to incorrect computation. As a result, the profit for the year under review had been also understated by similar amount.
- (c) Preliminary expenditure incurred in order to establish a new factory (Salt Field) at Elephantpass amounting to Rs. 2,693,074 had been charged to the income of the year under review instead of being recognized as an asset. As a result, profit of the year under review has been understated by that amount.

Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of Manthai Salt Limited as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

- (a) The basis of opinion and scope and limitations of the audit are as stated above.
- (b) In my opinion :
 - Except for the possible effects of the matters described in Basis for Qualified Opinion paragraph, I have obtained all the information and explanations that were required for the audit and as far as appears from my examinations, proper accounting records have been kept by the Company.
 - The financial statements of the Company, comply with the requirements of Section 151 of the Companies Act, No. 07 of 2007.

Report to Parliament

My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.



W.P.C. Wickramaratne

Additional Auditor General
for Auditor General

AUDITED ACCOUNTS

2015/2016

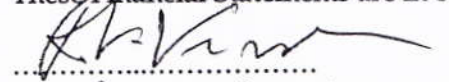
MANTAL SALT LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31ST MARCH**

		<u>2016</u>	<u>2015</u>
	<u>Notes</u>	Rs.	Rs.
Revenue	(3)	62,370,254	49,018,196
Cost of Sales		<u>(49,180,125)</u>	<u>(27,823,204)</u>
Gross Profit		13,190,129	21,194,992
Other Operating Income	(4)	<u>7,279,268</u>	<u>2,623,394</u>
		20,469,397	23,818,386
Administrative Expenses		(14,113,380)	(15,618,272)
Sales & Distribution Expenses		<u>(518,904)</u>	<u>(122,000)</u>
Operating Profit		5,837,112	8,078,114
Saltern Rehabilitation Expenses		(5,000,000)	-
Finance Expenses	(5)	<u>(29,335)</u>	<u>(23,080)</u>
Profit before Tax	(6)	807,778	8,055,034
Income Tax	(7)	(532,349)	(3,597,467)
Profit for the year after Tax		<u><u>275,429</u></u>	<u><u>4,457,567</u></u>

MANTAI SALT LIMITED**STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH**

		<u>2016</u>	<u>2015</u>
<u>ASSETS</u>	<u>Notes</u>	<u>Rs.</u>	<u>Rs.</u>
<u>Non-Current Assets</u>			
Property, Plant & Equipment	(8)	65,526,353	66,187,768
Financial Assets	(9)	34,306,481	33,579,486
		<u>99,832,834</u>	<u>99,767,254</u>
<u>Current Assets</u>			
Inventories	(10)	8,230,641	17,981,970
Trade & Other Receivables	(11)	6,064,721	5,006,650
Cash & Cash Equivalents	(12)	20,834,212	188,850
		<u>35,129,574</u>	<u>23,177,470</u>
Total Assets		<u>134,962,408</u>	<u>122,944,724</u>
<u>EQUITY & LIABILITIES</u>			
<u>Capital and Reserves</u>			
Stated Capital	(13)	30,000,000	30,000,000
Revaluation Reserve		14,500,000	14,500,000
Revenue Reserve	(14)	64,991,222	64,976,932
Total Equity		<u>109,491,222</u>	<u>109,476,932</u>
<u>Non-Current Liabilities</u>			
Deferred Tax Liability	(15)	2,896,829	3,037,973
Retirement Benefit Obligations	(16)	6,175,389	5,213,042
		<u>9,072,218</u>	<u>8,251,015</u>
<u>Current Liabilities</u>			
Trade & Other Payables	(17)	13,771,637	3,341,895
Income Tax Payable	(18)	2,366,192	1,874,882
Dividend Payable 2014/2015		261,139	-
		<u>16,398,968</u>	<u>5,216,777</u>
Total Equity and Liabilities		<u>134,962,408</u>	<u>122,944,724</u>

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

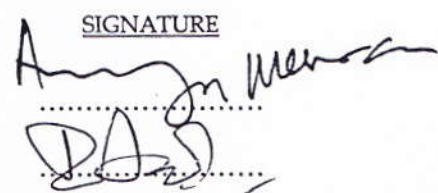

 R. V. VINOHARAN
 FINANCE MANAGER

20/09/2017
 DATE

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

Signed for and on behalf of the Board by,

DIRECTOR 1. M. M. AMGEN.
 DIRECTOR 2. P. A. S. A. KUMARA
 DATE OF APPROVAL BY THE BOARD 17/11/2016

SIGNATURE


MANTAI SALT LIMITED**STATEMENT OF CHANGES IN EQUITY**
FOR THE YEAR ENDED 31ST MARCH 2016

	<u>Stated Capital</u>	<u>Revaluation Reserves</u>	<u>Revenue Reserves</u>	<u>Total</u>
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2014	30,000,000	14,500,000	61,358,623	105,858,623
Net Profit for the year	-	-	4,457,567	4,457,567
	-	-		
Dividend 2013/ 2014	-	-	(839,258)	4,129,359
Balance as at 31st March 2015	<u>30,000,000</u>	<u>14,500,000</u>	<u>64,976,932</u>	<u>109,476,932</u>
Net Profit for the year	-	-	275,429	275,429
	-	-		
Dividend 2014/ 2015	-	-	(261,138)	(261,138)
Balance as at 31st March 2016	<u><u>30,000,000</u></u>	<u><u>14,500,000</u></u>	<u><u>64,991,222</u></u>	<u><u>109,491,222</u></u>

STATEMENT OF CASH FLOWSFOR THE YEAR ENDED 31st MARCH,

	<u>2016</u>	<u>2015</u>
	<u>Rs.</u>	<u>Rs.</u>
Cash Flow from Operating Activities		
Operating Profit / (Loss) before Tax	807,778	5,206,287
<u>Adjustments for</u>		
Depreciation	1,509,506	1,485,640
Amortization	-	3,376,540
Gratuity Provision	962,347	1,403,138
Write-off of Income Tax Receivable	-	1,185,234
Write-off of Income VAT Receivable	-	3,348,681
Fixed Deposit Interest Income	(1,864,109)	(1,598,825)
	<u>607,745</u>	<u>9,200,409</u>
Operating Profit for the year before Changes in Working Capital	<u>1,415,523</u>	<u>14,406,695</u>
<u>Changes in Working Capital</u>		
(Increase)/Decrease in Inventories	9,751,328	(4,196,960)
(Increase)/Decrease in Trade & Other Receivables	(1,058,071)	(1,281,593)
Increase/(Decrease) in Trade & Other Payables	10,429,742	551,105
	<u>19,123,000</u>	<u>(4,927,448)</u>
Cash Generated from Operations	<u>20,538,521</u>	<u>9,479,247</u>
Dividend paid	-	(839,258)
Bonus Paid	-	(879,687)
WHT Paid	(182,183)	(173,542)
	<u>(182,183)</u>	<u>(1,892,487)</u>
Net cash in flow from Operating Activities	<u>20,356,339</u>	<u>7,586,760</u>
<u>Cash flow from Investing Activities</u>		
Purchase of Property, Plant & Equipment	(848,090)	807,618
Saltern Rehabilitation Expenses	(5,000,000)	
Investment Withdrawals	-	9,316,701
Investment in Fixed Deposits	(726,995)	(21,360,114)
Fixed Deposit Interest Income	1,864,109	1,598,825
Land Development Cost	-	(527,792)
Net cash out flow from Investing Activities	<u>(4,710,977)</u>	<u>(10,164,762)</u>
<u>Cash flow from Financing Activities</u>		
Government Grant received	5,000,000	-
Net cash in flow from Financing Activities	<u>5,000,000</u>	<u>-</u>
Net Increase in Cash & Cash equivalents during the year	<u>20,645,362</u>	<u>(2,578,003)</u>
Cash & Cash Equivalents at the beginning of the year	188,850	2,766,853
Cash & Cash Equivalents at the end of the year	<u>20,834,212</u>	<u>188,850</u>
<u>Analysis of Cash and Cash Equivalents at the end of the year</u>		
Cash at Bank	20,834,212	186,850
Cash In Hand		2,000
	<u>20,834,212</u>	<u>188,850</u>

MANTAI SALT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2016**1. Corporate Information****1.1 Reporting Entity**

Mantai Salt Limited is a limited liability company incorporated and domiciled in Sri Lanka and public enterprise under the Ministry of Industry and Commerce (Fully owned by the Government) in Sri Lanka. The registered office of the Company is located at 21, 2/1 E.S. Fernando Mawatha, Colombo 06 and the principal place of business is situated at Grand Bazaar, Mannar.

1.2 Principal Activities and Nature of Operations

During the year, the principal activity of the Company was to carry on the long history of salt production in Sri Lanka. It manufactures common salt and distributes in the form of Located Salt, Crush salt and Industrial Salt in Sri Lanka.

1.3 The notes to the Financial Statements on pages (05) to (25), form an integral part of the Financial Statements.

1.4 The number of employees at the end of the year was 41 (2016).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 General Policies****2.1.1 Statement of Compliance**

The Financial Statements have been prepared on cost basis in accordance with Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants and the requirements of the Companies Act No.7 of 2007.

Contd....

MANTAI SALT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2016**2.1.2 Basis of Preparation**

The Financial Statements of the Company have been prepared on a historical cost convention.

The Accounting Policies applied by the Company are, unless otherwise stated, consistent with those used in the previous year unless otherwise stated. Comparative information has, where necessary, been re-classified to conform with the current year presentation.

These Financial Statements are presented in Sri Lankan Rupees (Rs), which is the Company's presentation currency.

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

2.1.3 Use of Estimates and Judgments

The preparation of the Financial Statements in conformity with Sri Lanka Accounting Standard requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, Income and Expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are based on historical experience and other various factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods which are affected.

2.1.4 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

2.1.5 Events Occurring after the Reporting Period

The materiality of the events occurring after the Reporting Date has been considered and appropriate adjustments or disclosures have been made in the Financial Statements where necessary.

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MANTAI SALT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2016**2.1.6 Taxation****a) Current Taxes**

The charge for taxation is based on the income for the year adjusted for disallowable items in accordance with the provisions of the Inland Revenue Act No. 10 of 2006.

b) Deferred Taxation

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related benefit will be realised.

Deferred tax assets and liabilities are 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 substantially enacted by the reporting date.

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MANTAI SALT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2016**2.1.7 Borrowing Costs**

Borrowing Costs are recognized as an expense in the period in which they are incurred.

2.2 Valuation of Assets and their Measurement Bases

Assets classified as current assets in the Statement of Financial Position are cash and those which are expected to be realized in cash during the normal operating cycle of the Company's business or within one year from the Reporting Date.

Non - current assets are those which the Company intends to hold beyond a period of one year from the Reporting Date.

2.2.1 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of cash flow statement, cash & cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts that are repayable on demand.

Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "indirect method." Interest paid, interest received and dividend received is classified as operating cash flows, while dividends paid are classified as financing cash flows for the purpose of presenting the Statement of Cash Flows.

2.2.2 Property, Plant & Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets include the following:

Contd....

MANTAI SALT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2016**Property, Plant & Equipment (Contd..)**

- The cost of materials and direct labour;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- When the company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located;

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When part of an item of property, plant and equipment has different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in other operating income in the Statement of Income. When revalued assets are sold, any related amount included in the revaluation surplus reserves are transferred to retained earnings.

Subsequent costs

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day-to-day servicing of property and equipment are recognised in the statement of income as incurred.

Repairs and Maintenance

Repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred. The cost of major renovations are included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the Company and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

Contd....

MANTAI SALT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2016**Depreciation**

Depreciation is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied with the asset. Land is not depreciated. The estimated useful lives of the current and comparative periods are as follows:

<u>Asset Class</u>	<u>Basis</u>
All Building	Over 20 years @ 5%
All Plant & Machinery	Over 10 years @ 10
All Equipment	Over 10 Years @ 10%
All Furniture	Over 10 years @ 10%

Depreciation method, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

Capital work-in-progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in property, plant and equipment as well as system development, awaiting capitalization.

2.2.3 Amortization

Land Development cost is amortized over 10 years @ 10%

2.2.4 Leases**Finance Leases**

Property, Plant and Equipment on finance leases, which effectively transfers to the Company substantially the entire risk and benefits incidental to ownership of the leased item are capitalised at their cash price and disclosed as Property, Plant & Equipment and depreciated over the period the Company is expected to benefit from the use of the leased assets.

The corresponding principal amount payable to the lessor is shown as a liability, lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. The interest payable over the period of the lease is transferred to an interest in suspense account. The interest element of the rental obligations applicable to each financial year is charged to the Income Statements over the period of the lease.

Contd....

MANTAI SALT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2016**2.2.5 Financial Instruments – Initial Recognition and Subsequent Measurements****a) Financial Assets****Initial Recognition and Measurements**

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a period established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the assets.

The company's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

a) Available for sale Financial Assets

At each Reporting Date, an assessment is made of whether there is any objective evidence of impairment in the value of a financial asset. Impairment losses are recognized if, and only if, there is objective evidence of impairment as a result of one or more event that occurred after the initial recognition of financial assets (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial assets that can be reliably estimated.

If Available for Sale Financial Assets is impaired, the difference between the financial asset's acquisition cost (net of any principal repayments and amortization) and the current fair value, less any previous impairment loss recognized in the Income Statement, is removed from Other Comprehensive Income and recognized in the Income Statement.

Contd....

MANTAI SALT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2016Available for sale Financial Assets (Contd..)

Investments in unquoted shares are measured at cost less impairment since their fair value cannot be measured reliably. If there is an indication of possible impairment, the carrying amount is reduced to management's best estimate of the amount that the Company would receive for the asset if it were to be sold at the Reporting Date.

b) Financial Assets Held to Maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Company positively intends and is able, to hold to maturity. Held to maturity investments are initially recorded at fair value plus any directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest rate method, less any impaired losses.

A sale or reclassification or a more than significant amount of Held to maturity investment would result in the reclassification of all investment securities as available for sale for current and the subsequent two financial years.

c) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such Financial Assets are subsequently measured at transition cost less provision for impairment. Sales are made on normal credit terms and the receivables do not bear an interest. Where credit is extended beyond normal credit terms, receivables are measured at amortized cost.

At the end of each reporting period, the carrying amounts of Trade and Other Receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so impairment loss is recognized immediately in profit or loss.

Contd....

MANTAI SALT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2016**2.2.6 Inventories**

Inventories are valued at lower of cost and net realizable value. Cost is determined on first in first out basis and includes all expenditure incurred in acquiring the inventories and bringing them to their present condition and location. Cost includes all direct expenditure and production overheads. Work in progress is to be valued at cost.

2.2.7 Liabilities and Provisions

Liabilities classified as current liabilities in the Statement of Financial Position are those obligations payable on demand or within one year from the Reporting Date. Items classified as non – current liabilities are those obligations which expire beyond a period of one year from the Reporting Date.

All known liabilities have been accounted for in preparing the financial statements. Provisions and liabilities are recognized when Company has a legal or constructive obligation as a result of past events and it is probable that an out flow of economic benefits will require settling the obligation.

2.2.7.1 Retirement Obligation Benefits**a) Retirement Obligation Benefit - Gratuity**

Gratuity is a Defined Benefit Plan. In order to meet this liability, a provision is carried forward in the Statement of Financial Position, based on formula method as stated in Sri Lanka Accounting Standard LKAS 19. However under the payment of Gratuity Act No.12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

b) Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in accordance with the respective Statutes and Regulations.

Contd....

MANTAI SALT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2016**2.3 Statement of Comprehensive Income****2.3.1 Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

(a) Revenue is principally recognized on an accrual basis when the ownership and risk has passed or the services are provided to the customers.

(b) Other Income

Other income is recognized on an accrual basis. Interest income is recognized on cash basis.

(c) Government Grant

Government grant is recognized as income as per section 24.4 of SLFRS for SME.

2.3.2 Expenditure Recognition

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 of the business and in maintaining the Property, Plant & Equipment in a state of efficiency, has been charged to income in arriving at the profit for the year.

Expenditures incurred on saltern rehabilitation for which Government Grant received is shown under expenses.

MANTAI SALT LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2016

	2016 Rs.	2015 Rs.
(3) <u>REVENUE</u>		
Sale of Salt - Mannar	62,370,254	49,018,196
	<u>62,370,254</u>	<u>49,018,196</u>
(4) <u>OTHER INCOME</u>		
Government Grant	5,000,000	-
Factory Quarters Rent	129,226	134,756
Interest Income received in Special Advance	415	123,727
Interest on Staff Loans	121,539	2,016
Fixed Deposit Interest	1,864,109	1,598,825
Other Income	133,980	643,969
Fishing Lease	-	35,100
Boat Yard	30,000	85,000
	<u>7,279,268</u>	<u>2,623,394</u>
(5) <u>FINANCE CHARGES</u>		
Bank Charges	29,335	23,080
	<u>29,335</u>	<u>23,080</u>
(6) <u>PROFIT BEFORE TAX</u>		
<u>Net Profit before tax is stated after charging all expenses including the following:</u>		
		-
Chairperson's Emoluments	960,750	787,151
Board Member's Fees	522,275	324,300
Depreciation & Amortization	1,666,271	4,984,872
Audit Fee	75,000	75,000
EPF & ETF Surcharge	2,613	8,661

MANTAI SALT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST MARCH, 2016**

	2016 Rs.	2015 Rs.
(7) <u>INCOME TAX SUMMARY</u>		
Income Tax Provision for the Year	673,493	2,048,423
Deferred Tax Provision for the Year	(141,144)	1,549,044
	<u>532,349</u>	<u>3,597,467</u>
 (7.1) Accounting Profit Before Tax	 807,778	 8,055,034
Income does not part from Trade or Business	(1,985,647)	(1,724,568)
Adjustments related to Disallowable Items	2,601,579	10,061,088
Adjustments related to Depreciation Allowance	(2,079,805)	(2,170,571)
Profit/(Loss) from Trade or Business	(656,096)	14,220,983
Statutory Income from Interest	1,985,647	2,098,134
Brought forward Loss Claimable		-
Statutory Income	<u>1,329,551</u>	<u>16,319,117</u>
Statutory Tax Rate 1,985,647 @ 28%	555,981	
Deemed Dividend Tax	117,512	
Provision for the year	<u>673,493.00</u>	<u>2,048,423</u>

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 ST MARCH 2016

(8) PROPERTY, PLANT & EQUIPMENT

Type of Asset	Cost as at 01.04.2015	Additions	Disposals	Cost as at 31.03.2016	Rate of Dep	Acc. Dep. As 01.04.2015	Dep. For the year	Acc. Dep. O Disposals	Acc. Dep. As 31.03.2016	W.D.V. as at 31.03.2016	W.D.V. as at 31.03.2015
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<u>Head Office</u>											
Computer with Accessories	555,600	-		555,600	10%	267,417	55,560		322,977	232,623	288,183
Photocopier	220,000	-		220,000	10%	180,168	22,000		202,168	17,832	39,832
Fax Machine	85,650	-		85,650	10%	85,650	0		85,650	-	0.43
Cellular Phone	26,490	-		26,490	10%	12,943	2,651		15,593	10,897	13,547
Furniture	215,961	-		215,961	10%	189,363	21,596		210,959	5,003	26,599
Calculator	2,740	-		2,740	10%	2,278	274		2,552	188	462
Camera	26,100	-		26,100	10%	9,854	2,610		12,464	13,636	16,246
Printer Machine HP	36,000	-		36,000	10%	8,507	3,600		12,107	23,893	27,493
Name Board	35,400	-		35,400	10%	13,510	3,540		17,050	18,350	21,890
Office Equipment - Wall Clock	2,600	-		2,600	10%	2,600	-		2,600	-	-
Other Equipment - Fans	7,000	-		7,000	10%	5,600	700		6,300	700	1,400
Motor Cycle	0	-			10%	-	-			-	-
Petty Cash Box	2,800	-		2,800	10%	677	280		957	1,843	2,123
Laptop	188,079	-		188,079	10%	8,759	18,808		27,567	160,512	179,319
Web Page Desiging	23,500	-		23,500		-	2,350		2,350	21,150	23,500
Chairman Room Furniture's	98,839	-		98,839		-	9,884		9,884	88,955	98,839
Dialog Dongle		5,390		5,390		-	-			5,390	
Iron Cubboard 2 No's	20,700	-		20,700		-	2,070		2,070	18,630	20,700

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 ST MARCH 2016

(8) PROPERTY, PLANT & EQUIPMENT (CONTD)

Type of Asset	Cost as at 01.04.2015	Additions	Disposals	Cost as at 31.03.2016	Rate of Dep	Acc. Dep. As 01.04.2015	Dep. For the year	Acc. Dep. O Disposals	Acc. Dep. As 31.03.2016	W.D.V. as at 31.03.2016	W.D.V. as at 31.03.2015
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<u>Mannar Factory</u>											
Factory Land	42,900,000	-		42,900,000	-	0	0			42,900,000	42,900,000
Factory Building	3,302,504	-		3,302,504	-	620,081	165,125		785,207	2,517,297	2,682,423
Machinery & Equipment	1,816,387	31,500		1,847,887	-	599,929	181,639		781,568	1,066,319	1,216,458
Buildings	844,160	-		844,160	-	479,258	42,208		521,466	322,694	364,902
Pump House Building	271,653	-		271,653	-	15,846	13,583		29,429	242,223	255,806
Drying Pad Building	17,205	-		17,205	-	1,362	860		2,222	14,983	15,843
Furniture & Fittings	236,921	-		236,921	-	236,921	0		236,921	0	
Laboratory Equipment	1,013,780	-		1,013,780	-	259,668	101,378		361,046	652,734	754,112
Name Board	32,300	-		32,300	-	13,680	0		13,680	18,620	18,620
Electric Weighing Machine	124,437	-		124,437	-	124,437	0		124,437	0	0
Push Carts	88,380	-		88,380	-	85,745	2,635		88,380	0	2,635
Water Pump	603,124	-		603,124	-	603,124	0		603,124	0	0
Calculators (2)	4,900	-		4,900	-	2,970	490		3,460	1,440	1,930
Aluminium Folding Ladder	4,100	-		4,100	-	4,100	0		4,100	0	0
Crushing Machine	356,845	-		356,845	-	356,845	0		356,845	0	0
Refrigerator	33,500	-		33,500	-	33,500	0		33,500	0	0
Motor Bicycle	99,475	-		99,475	-	99,475	0		99,475	0	0
Motor Tricycle	207,992	-		207,992	-	207,992	0		207,992	0	0
Fan	34,025	-		34,025	-	13,205	3,402		16,607	17,418	20,820
Tractor	1,728,900	-		1,728,900	-	690,144	172,890		863,034	865,866	1,038,756
Computers	365,762	-		365,762	-	179,375	36,576		215,951	149,811	186,387
Tools	55,560	-		55,560	-	37,659	5,556		43,215	12,345	17,901
Sprayer	25,900	-		25,900	-	16,936	2,590		19,526	6,374	8,964
Laptop	131,000	-		131,000	-	0	13,100		13,100	117,900	131,000
Tractor Trailer	303,000	-		303,000	-	0	30,300		30,300	272,700	303,000
Tent for Salt Heap	22,000	-		22,000	-	0	2,200		2,200	19,800	22,000
Top Scale Balance	6,230	-		6,230	-	0	623		623	5,607	6,230
ADSL Router	3,190	-		3,190	-	0	319		319	2,871	3,190
Plan of Circuit Bungalow Construct	9,260	-		9,260	-	0	0			9,260	9,260

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 ST MARCH 2016

(8) PROPERTY, PLANT & EQUIPMENT (COND...)

Type of Asset	Cost as at 01.04.2015 Rs.	Additions Rs.	Disposals Rs.	Cost as at 31.03.2016 Rs.	Rate of Dep	Acc. Dep. As 01.04.2015 Rs.	Dep. For the year Rs.	Acc. Dep. O Disposals Rs.	Acc. Dep. As 31.03.2016 Rs.	W.D.V. as at 31.03.2016 Rs.	W.D.V. as at 31.03.2015 Rs.
Plate Compactor	135,000	-	-	135,000	10%	74,232	13,500		87,732	47,268	60,768
Water Tank	10,900	-	-	10,900	10%	6,283	1,090		7,373	3,527	4,617
Photocopier	167,000	-	-	167,000	10%	90,958	16,700		107,658	59,342	76,042
Water Filter	7,550	-	-	7,550	10%	3,746	755		4,501	3,049	3,804
Telephone	6,450	-	-	6,450	10%	2,916	645		3,561	2,889	3,534
Cycle	12,750	-	-	12,750	10%	6,553	1,275		7,828	4,922	6,197
Truck TATA	1,156,250	-	-	1,156,250	10%	604,418	115,625		720,043	436,207	551,832
Generator	100,929	-	-	100,929	10%	49,717	10,093		59,810	41,120	51,212
Welding Plant	56,900	-	-	56,900	10%	25,800	5,690		31,490	25,410	31,100
Fax Machine	40,500	-	-	40,500	10%	18,330	4,050		22,380	18,120	22,170
Water Proof Weighing Scale ,	91,673	-	-	91,673	10%	34,434	9,167		43,601	48,072	57,239
Subsumable Pump	1,210,110	-	-	1,210,110	10%	446,024	121,011		567,035	643,074	764,085
Sealer Machine 8"	3,200	-	-	3,200	10%	1,196	320		1,516	1,684	2,004
Weighbridge	1,995,773	-	-	1,995,773	10%	718,104	199,577		917,682	1,078,091	1,277,668
Pen Drive	2,000	-	-	2,000	10%	792	200		992	1,008	1,208
Bed	14,000	-	-	14,000	10%	5,320	1,400		6,720	7,280	8,680
Steel Cabinet 4 Drawers	27,028	-	-	27,028	10%	6,635	2,703		9,338	17,689	20,392
Lamp Charger	1,550	-	-	1,550	10%	558	155		713	837	992
Key Board	3,000	-	-	3,000	10%	1,047	300		1,347	1,653	1,953
Stitching Charge for tarpaulin	17,010	-	-	17,010	10%	5,853	1,701		7,554	9,456	11,157

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 ST MARCH 2016

(8) PROPERTY, PLANT & EQUIPMENT

Type of Asset	Cost as at 01.04.2015	Additions	Disposals	Cost as at 31.03.2016	Rate of Dep	Acc. Dep. As 01.04.2015	Dep. For the year	Acc. Dep. Or Disposals	Acc. Dep. As 31.03.2016	W.D.V. as at 31.03.2016	W.D.V. as at 31.03.2015
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Chemmani Factory											
Land - (as per valuation report)	12,100,000	-	-	12,100,000		-	0			12,100,000	12,100,000
Office Building	161,236	-	-	161,236	5%	80,618.40	8,062		88,680	72,556	80,618
Building - Temporary Shed	4,080	-	-	4,080	5%	2,040.00	204		2,244	1,836	2,040
Water Pump	489,125	-	-	489,125	10%	263,975.50	48,913		312,888	176,237	225,150
Water Tank - Cart	37,500	-	-	37,500	10%	23,947.00	3,750		27,697	9,803	13,553
Hero Push Bicycle	21,060	-	-	21,060	10%	16,073.00	2,106		18,179	2,881	4,987
Furniture	63,400	-	-	63,400	10%	63,400.00	0		63,400	0	-
Equipment	16,386	-	-	16,386	10%	16,386.00	0		16,386	0	-
Kitchen Utensils	2,385	-	-	2,385	10%	2,385.00	0		2,385	0	-
Calculator	1,200	-	-	1,200	10%	1,200.00	0		1,200	0	-
Name Board	9,880	-	-	9,880	10%	5,841.00	4,039		9,880	0	4,039
Hydro Meters	3,700	-	-	3,700	10%	3,700.00	0		3,700	0	-
Telephone Installations	41,820	-	-	41,820	10%	41,820.00	0		41,820	0	-
Spring Balance	19,500	-	-	19,500	10%	13,055.00	1,950		15,005	4,495	6,445
Tools -Sprayer	8,500	-	-	8,500	10%	5,890.00	850		6,740	1,760	2,610
Fax Machinery	17,250	-	-	17,250	10%	10,184.00	1,725		11,909	5,341	7,066
CDMA Phone	4,620	-	-	4,620	10%	1,686.00	462		2,148	2,472	2,934
Generator	100,928	-	-	100,928	10%	39,624.40	10,093		49,717	51,211	61,304
Elephant Pass		-	-				0			0	
Solex Submersible Pumps		300,000		300,000			0			300,000	
Water Pumps-2 nos HP 7.5 2"		471,200		471,200			0			471,200	
Washrooms		40,000		40,000			0			40,000	
							-				
Total	74,352,089.45	848,090.00	-	75,200,179.45		8,164,319.53	1,509,507.26	-	9,673,826.79	65,526,352.66	66,187,770.27

MANTAI SALT LIMITEDNOTES TO THE FINANCIAL STATEMENTSAS AT 31 ST MARCH 2016

		<u>31.03.2016</u>	<u>31.03.2015</u>
		Rs.	Rs.
(9) <u>FINANCIAL ASSESTS</u>			
<u>Held to Maturity Financial Asset's</u>			
Fixed Deposit - BOC	7284904		5,267,868
Fixed Deposit - BOC	73045101	6,968,275	6,580,171
Fixed Deposit - BOC	75176906	4,615,061	4,360,000
Fixed Deposit - BOC	77614755	5,000,000	-
Fixed Deposit - BOC	75527111	2,311,764	2,184,000
Fixed Deposit - BOC	76057453	4,411,383	4,187,447
Fixed Deposit - BOC	77012345	3,000,000	3,000,000
Fixed Deposit - BOC	77141898	4,000,000	4,000,000
Fixed Deposit - BOC	77141921	4,000,000	4,000,000
		<u>34,306,481</u>	<u>33,579,485</u>

MANTAI SALT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****AS AT 31 ST MARCH 2016**

	<u>31.03.2016</u>	<u>31.03.2015</u>
	Rs.	Rs.
(10) <u>INVENTORIES</u>		
Finished Goods	6,378,500	15,950,473
Diesel & Kerosene Oil	68,606	77,182
Packing Material	152,047	154,810
Building Materials	4,964	148,469
Pump Spare Parts	1,109,964	1,181,198
Printing & Stationery	175,703	291,636
Tool Items	63,870	105,725
Other inventory items	166,979	
Chemical Items	13,200	55,800
Machinery Spare Parts	96,807	16,676
	<u>8,230,641</u>	<u>17,981,970</u>
(11) <u>TRADE & OTHER RECEIVABLES</u>		
Trade Debtors	20,000	100,000
Treasury Fund (Elephant Pass Project)	2,531,448	1,991,923
<u>Deposits & Advances</u>		
Telephone deposit	32,838	32,838
Fuel Deposit	0	-
Refundable Deposit - Water Connection	3,000	3,000
Rent Advance	50,000	50,000
Quarters Electricity	27,339	25,027
Quarters Water	9,345	27,704
<u>Staff debtors</u>		
Festival advances	627,250	345,500
Staff Loans	2,728,681	2,317,439
Prepayments	34,820	34,820
Special Staff Loans	0	78,400
	<u>6,064,721</u>	<u>5,006,650</u>

MANTAI SALT LIMITED**NOTES TO THE FINANCIAL STATEMENTS****AS AT 31 ST MARCH 2016**

	<u>31.03.2016</u>	<u>31.03.2015</u>
	Rs.	Rs.
(12) <u>CASH & CASH EQUIVALENTS</u>		
<u>Cash at bank</u>		
Bank of Ceylon - Metropolitan Branch	20,596,222	17,464
- Mannar Branch	124,036	55,432
- Jaffna Branch	113,954	113,954
<u>Cash in Hand</u>		
Petty Cash - Head Office	-	2,000
	<u>20,834,212</u>	<u>188,850</u>
(13) <u>STATED CAPITAL</u>		
Stated Capital -300,000 Ordinary Shares	<u>30,000,000</u>	<u>30,000,000</u>
(Issued and Fully paid)		
(14) <u>REVENUE RESERVE</u>		
Balance as at 01st April	64,976,933	61,358,623
<u>Add: Profit for the year</u>	275,429	4,457,567
<u>Less: Dividend Payable /Paid During the Year</u>	(261,139)	(839,258)
Balance as at 31st March	<u>64,991,222</u>	<u>64,976,932</u>
(15) <u>DEFERRED TAX LIABILITIES</u>		
Balance as at 01st April	3,037,973	1,488,929
<u>Add: Provision for the year</u>	(141,144)	1,549,044
Balance as at 31st March	<u>2,896,829</u>	<u>3,037,973</u>

MANTAI SALT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
AS AT 31 ST MARCH 2016

	<u>31.03.2016</u>	<u>31.03.2015</u>
	Rs.	Rs.
(16) <u>RETIREMENT BENEFIT OBLIGATIONS</u>		
Balance as at 01st April	5,213,042	3,809,904
Add: Provision for the year	962,347	1,403,138
	<u>6,175,389</u>	<u>5,213,042</u>
Less: Payments During the year	-	-
Balance as at 31st March	<u><u>6,175,389</u></u>	<u><u>5,213,042</u></u>
Normal Retirement Age (Years)	60	60
Expected Rate of Future Salary Increments	5%	5%
Discount Rate (d)	10%	10%
Staff Turnover Factor	10%	10%
(17) <u>TRADE & OTHER PAYABLES</u>		
Refundable Deposits -Mannar	7,800	7,800
Accrued Expenses	2,645,180	429,601
Salaries Payable	893,006	608,685
PAYE -(H/O & Mannar)	27,950	20,865
EPF Payable	610,212	423,915
ETF Payable	143,175	63,587
Audit Fee Payable	75,000	75,000
Union membership	14,500	14,500
Income Received in Advance	3,830,000	698,752
Bonus Provisions	2,070,000	-
Provision Company Registration	100,000	-
Provision of Compensation	1,545,125	-
Refundable Deposit for Cadjans	2,000	-
Value Added Tax (VAT)	1,538,553	840,060
Nation Building Tax (NBT)	269,135	159,129
	<u><u>13,771,637</u></u>	<u><u>3,341,895</u></u>

MANTAI SALT LIMITEDNOTES TO THE FINANCIAL STATEMENTSAS AT 31 ST MARCH 2016

	<u>31.03.2016</u>	<u>31.03.2015</u>
	Rs.	Rs.
(18) <u>INCOME TAX</u>		
Balance as at 01st April	1,874,881	(1,185,234)
Add: Provision for the year	673,493	2,048,423
ESC Written-off	-	1,185,234
WHT Paid	(182,183)	(173,542)
Balance as at 31st March 2015	<u>2,366,192</u>	<u>1,874,881</u>
(19) <u>COMPENSATION FOR KEY MANAGEMENT PERSONNEL</u>		
Directors' Emoluments	648,695	1,717,151
Other Benefits	-	-
	<u>648,695</u>	<u>1,717,151</u>
(20) <u>CAPITAL COMMITMENTS</u>		
There have been no material Capital Commitments outstanding as at 31st March 2015.		
(21) <u>CONTINGENT LIABILITIES</u>		
There have been no material events occurred after the reporting period that would require adjustment to or disclosure in the Financial Statements.		
(22) <u>EVENTS OCCURRING AFTER THE REPORTING PERIOD</u>		
There have been no significant events occurring after the reporting period that would require adjustment to or disclosure in the Financial Statements.		

MANTAI SALT LTD**DETAILED PROFIT & LOSS ACCOUNT**
FOR THE YEAR ENDED 31ST MARCH 2016

	<u>Add.</u>	<u>2015/2016</u>		<u>2014/2015</u>
	<u>Notes</u>	<u>Rs.</u>	<u>Cts.</u>	<u>Rs.</u>
Revenue	(A)	62,370,253.73		49,018,196
Cost of Sales	(B)	(49,180,124.54)		(27,823,204)
Gross Profit		13,190,129.19		21,194,992
Other Operating Income	(C)	7,279,267.74		2,623,394
		20,469,396.93		23,818,386
Administrative Expenses	(D)	(14,113,380.14)		(15,618,272)
Sales & Distribution Expenses	(E)	(518,904.45)		(122,000)
Operating Profit		5,837,112.34		8,078,114
Finance Expenses	(F)	(29,334.50)		(23,080)
Rehabilitation expenses	(H)	(5,000,000.00)		
Profit before Tax		807,777.84		8,055,034
Income Tax		(532,349.31)		(3,597,467)
Profit for the year after Tax		275,428.53		4,457,567

	<u>2015/2016</u>	<u>2014/2015</u>
	Rs. Cts.	Rs.
(A) REVENUE		
Sale of Salt - Mannar	70,502,727.00	49,018,196
(-) VAT	(6,881,323.53)	
(-) Nation Building Tax	(1,251,149.74)	
	<u>62,370,253.73</u>	<u>49,018,196</u>

(B) COST OF SALES	<u>Sub Note</u>		
Direct Wages		1,322,605.80	10,250,392
Production Overheads	1	4,014,669.64	4,837,706
Factory Operating Cost	2	34,270,875.66	17,308,213
Cost of Production		<u>39,608,151.10</u>	<u>32,396,311</u>
Add - Opening Stock As at 01st April		15,950,473.00	11,377,366
Less - Closing Stock As at 31st March		(6,378,499.56)	(15,950,473)
Cost of Sales		<u>49,180,124.54</u>	<u>27,823,204</u>

Sub Note 1**PRODUCTION OVERHEAD**

Fuel	1,162,510.24	659,254
Machinery Upkeep	279,307.41	1,627,679
Production Tools & equipment Maintenance	507,548.24	202,558
Electricity	845,697.12	944,780
Water	34,719.60	53,508
Packing Materials	1,101,178.90	1,316,228
Chemical Expenses	83,708.13	33,700
	<u>4,014,669.64</u>	<u>4,837,706</u>

Sub Note -2**FACTORY OPERATING COSTS**

Staff Salaries & Wages	24,672,925.93	11,029,055
EPF	2,928,783.49	1,261,728
ETF	722,173.60	315,433
Bonus	2,980,118.79	161,168
Staff Welfare	17,119.00	200,455
Tea Allowance	331,629.00	306,970
Telephone	43,728.65	265,700
Printing & Stationery	267,201.65	94,565

ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2016

	<u>2015/2016</u>		<u>2014/2015</u>
	Rs.	Cts.	Rs.
<u>Sub Note 2</u>			
PRODUCTION OVERHEAD (COND....)			
Postage	13,435.00		16,830
Travelling	76,870.00		103,464
Over Time	114,141.10		263,176
Office Maintenance	111,918.56		130,640
Office Equipment Maintenance			42,500
Insurance	20,079.19		
Building Maintenance	451,213.77		302,880
Transport	60,800.00		60,714
Vehicle Maintenance	77,683.30		766,922
Depreciation of Property, Plant & Equipment	1,363,584.63		1,362,948
Land Development Cost	10,845.00		527,793
Newspapers & Periodicals	6,625.00		21,710
Safety Items			25,000
Miscellaneous		-	48,563
	<u>34,270,875.66</u>		<u>17,308,213</u>

(C) OTHER INCOME

Government Grant	5,000,000.00		
Factory Quarters Rent	129,225.79		134,756
Income Received In Special Advance	414.67		123,727
Interest on Staff Loans	121,538.57		2,016
Fixed Deposit Interest	1,864,108.71		1,598,825
Other Income	133,980.00		643,969
Fishing Lease			35,100
Boat Yard Rent	30,000.00		85,000
	<u>7,279,267.74</u>		<u>2,623,394</u>

MANTAI SALT LIMITED**ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH 2016

	<u>2015/2016</u>		<u>2014/2015</u>
	Rs.	Cts.	Rs.
(D) <u>ADMINISTRATIVE EXPENSES</u>			
Chairman Allowances	960,750.00		787,151
Working Director Allowance	648,695.00		
Board Member's Fees	522,274.91		324,300
Board Meeting Expenses	27,909.00		
Fuel	255,830.00		488,013
Staff Salaries	4,033,480.24		3,141,709
Casual Wages	218,500.00		
Company Registration Fees	84,500.00		
Registration fees	64,158.50		
Compensation	1,545,125.00		
Vehicle Maintenance	524,518.51		
Web Site Development	6,960.00		
Tea Expenses	118,669.20		143,218
Over Time Payments	159,028.50		-
Bonus			69,072
EPF	547,352.64		440,524
ETF	136,838.16		110,131
Gratuity Provision	962,347.16		1,403,138
Staff Welfare	3,557.50		250,035
Rent	600,000.00		500,000
Electricity	26,491.94		28,004
Printing & Stationery	288,932.29		436,674
Postage	9,290.00		12,565
Travelling	209,867.06		236,322
Office Equipment Upkeep			156,465
Office Maintenance	159,152.01		79,100
Audit Remuneration - External Audit Fee	147,752.10		75,000
Other			91,770
Newspapers & Periodicals	12,270.00		14,850
Depreciation of Property, Plant & Equipment	145,920.84		125,073
Table Salt Plant Expenses			486,490
Vehicle Allowances	465,000.00		930,000
Telephone HO	324,595.93		9,315
Secretarial Fee	93,285.00		55,370
Internal Audit fees	28,820.00		-
Accounting system Development	74,500.00		-
Legal Fee	5,000.00		25,000
Training Expenses	8,500.00		23,100
AGM Fee	100,125.00		32,870
Audit Management Fee	124,050.00		46,830
Consultation Fee	136,632.20		110,940
Professional Charges/ Assessment			122,503
EPF & ETF Surcharge	2,613.45		8,661
Inspection & Visiting Charges	57,945.00		81,448
Staff Uniforms	272,143.00		238,716
Written Off VAT			3,348,681
Written Off Overpaid Income Tax			1,185,234
	<u>14,113,380.14</u>		<u>15,618,271.74</u>

MANTAI SALT LIMITED

ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2016

	<u>2015/2016</u>		<u>2014/2015</u>
	Rs.	Cts.	Rs.
(E) <u>SELLING AND DISTRIBUTION EXPENSES</u>			
Business Promotion		20,000.00	-
Advertisements		498,904.45	122,000
		<u>518,904.45</u>	<u>122,000</u>
(F) <u>Rehabilitation Expenses</u>			
Elephant Pass Saltern		<u>5,000,000.00</u>	
(H) <u>FINANCE EXPENSES</u>			
<u>Bank Charges</u>			
Head Office		15,084.50	9,380
Mannar		14,250.00	13,700
		<u>29,334.50</u>	<u>23,080</u>