

மான்தாடி சீல்ட் லிமிடெட்
மாந்தை சோல்ட் லிமிடெட்
MANTAI SALT LIMITED

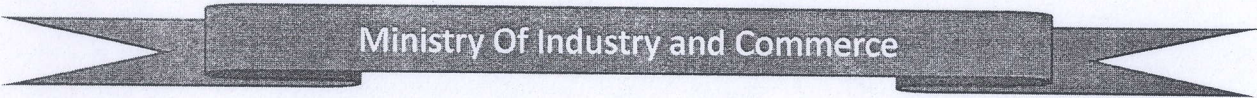
கர்தாநை ஸா லாகீசு கடுதுது அலாநாஸாஸ
கைத்தொழில் மற்றும் வணிக அமைச்சு
Ministry of Industry and Commerce

ரகஸடு அயந் ஸாலாகை
அரசுக்குச் சொந்தமான கம்பனி
Government Owned Company

லார்திக லார்தால ஸா லிஸூமி
ஆண்டறிககையும் கணக்குகளும்
ANNUAL REPORT & ACCOUNTS

2016.04.01 – 2017.03.31

MANTAI SALT LIMITED



Ministry Of Industry and Commerce

ANNUAL REPORT & ACCOUNTS

01-04-2016 to 31-03-2017

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1. CHAIRMAN'S REVIEW

I ,as the Chairman of Mantai Salt Ltd, I do here by express my review of the company Annual Accounts for the year 2016/2017.I have pleasure in welcoming you to the 2016/2017 Annual General Meeting of the Company and present to you the Annual Report & Accounts for the year ended 31st March 2017.

During the year of under review, Manthai Salt Ltd has achieved a turnover of Rs. 93,873,827 generating Rs. 38,385,184 profit before tax. Looking back on our performance from the beginning we can justifiable be proud of our achievements. Production and trading activity during the year showed a remarkable improvement of year 2016/2017 and company has maintain the payment of Rs. 4,869,106 as government taxes and calculated to remit Rs. 670,321.56 to the General Treasury as dividends.

I am pleased to report to the share holders that the company was able to play the roll as the facilitator to develop & sustain the viable salt industry in Sri Lanka. The results achieved during the year 2016/2017, the earnings per share was RS 111.72.

A total approved cadre for the year was 104. The existing cadre strength was 47 as at 31.03.2017. I am pleased to record that we continue to receive the fullest cooperation from all employees at all levels.

Mantai 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.

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

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

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 2016 to 31st March, 2017.

Though several Salterns in Northern province have assigned under Mantai Salt limited, in the current financial year it was able to operate Mannar Saltern and Elephant pass saltern only due to various reasons. The Elephantpass saltern administration again 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 could be able to Manufacture 6045MT of salt for the year 2016/2017 against the budgeted quantity of 5500 MT in Mannar Saltern and 3337MT 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 93.8 Million. Actual profit before taxation for this year Rs 38,385,184 as per accounts prepared.

We are very proud to say that our company not only providing service to the customers by selling the salt in reasonable price, but also have paid Rs. 4,869,106.00 as an Income tax to the government, further the reasonable dividend amount to Treasury also will be paid.

In this period the renovation of phase –I component of Elephantpass saltern almost completed by 95%. In the 2016 budget Elephantpass Saltern received Rs 80 million and that helped to renovate the phase-2 project site at Elephantpass saltern. The Board and Management has prepared strategic plan to run this Saltern effectively & efficiently to get maximum return. The production of this Saltern started in early 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 Sri Lanka 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 & Secretary 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) Mr.S.J. Mark (From 01-11-2016) Mr. P.A.S.A. Kumara (Director -Treasury) Mr.J. Marcellus Pieris Mr.M.M.M.Uwais Mr.S.Jayaratna Dr.S.Selvamahenthiran
Observer	Mrs.R.Jayasundara (Observer Ministry of Industry & Commerce) From 04-07-2016
Board Secretary	Corporate Affairs (Pvt) Ltd.
Auditor	Government Auditors National Audit office, 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 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.

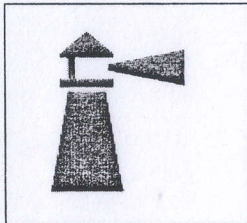
The Mantai Salt Ltd. not only functions as a natural resource utilization center also giving employment opportunities to the vulnerable people in the Mannar District. As at the date there are 47 permanent staff and 150 seasonal staff are employed by the institution.

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)

Vision Statement



In keeping with the nature of the business the company has the following 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”.

Mission Statement

The Mission of the company is as follows.

“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 province 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 from 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

Saltern	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Mannar	4527	4653	5220	3320	6045.00
E.Pass					1048.00
Total	4527	4653	5220	3320	7093.00

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	49.0
2015/2016	5063	62.3
2016/2017	3337	93.8

5 Existing key areas for development.

a) Mannar Saltern

- 1) The currently running crystal salt iodine mixing plant is 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 is in the process of mobilizing finance to construct 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-II renovation and rehabilitation work to start production in 700 acres.
2. 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 these 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 developed in saltern such as construction of field office, mechanical center and Pump house etc will be allocated and utilized to get maximum benifit. 9000 MT salt is expected to harvest in year 2017.
- 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.

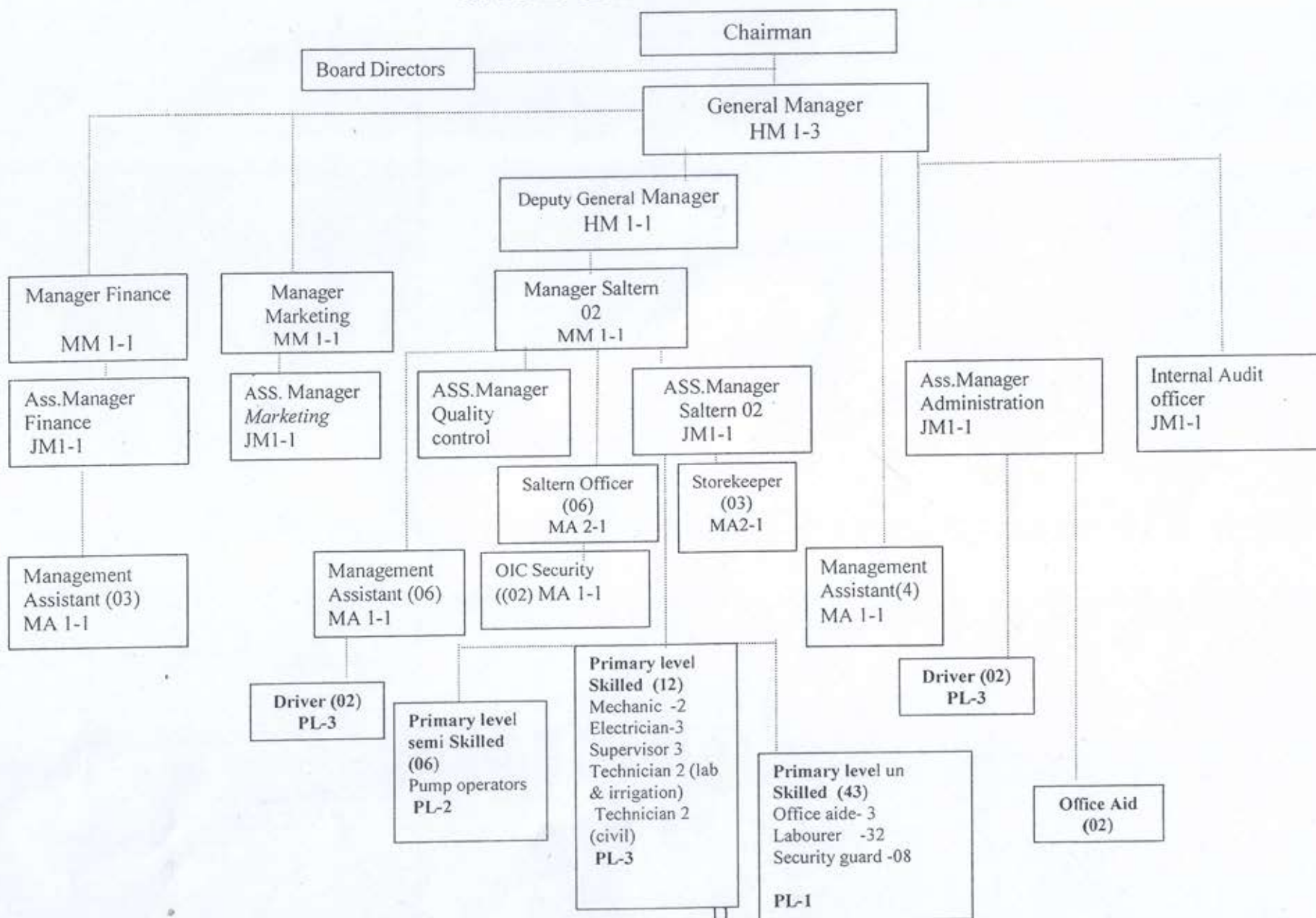
6. FINANCIAL HIGHLIGHTS

For the Year ended 31st March	unit	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013
Production	MT	7093	3320	5220	4653	4527
Sales	MT	3337	5063	5176	4498	3801
Revenue	Rs.	93,873,827	62,370,254	49,018,196	46,348,727	38,820,175
Gross Profit	Rs.	49,613,129	13,190,129	21,194,992	12,067,352	13,315,888
Net Profit	Rs.	33,516,078	275,429	4,457,567	7,372,990	499,230
Net Assets						
Total Non-Current Assets	Rs.	116,333,097	99,832,834	99,767,254	115,373,334	106,601,764
Total Current Assets	Rs.	48,219,902	35,129,574	23,177,470	22,840,106	27,616,701
Less-Non-Current Liabilities	Rs.	(9,440,173)	(9,072,218)	(8,251,015)	(5,298,833)	(3,189,514)
Less-Current Liabilities	Rs.	(12,105,527)	(16,398,968)	(5,216,777)	(1,605,556)	(7,092,891)
		143,007,300	109,491,222	109,476,932	131,309,051	123,936,060
Shareholder's Funds						
Issued Share Capital	Rs.	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Reserves	Rs.	113,007,300	79,491,222	79,476,932	101,309,051	93,936,060
		143,007,300	109,491,222	109,476,932	131,309,051	123,936,060
Revenue to Government						
Income Tax	Rs.	4,869,106	532,349	3,597,467	2,317,558	-
Earning per share	Rs.	111.72	1	14.86	24.58	1.66

7. DETAILS OF KEY STAFF OFFICERS

#	Name	Position
01	Mr. M.J.Thuwan Manzil	General Manager
02	R.V.Vinoharan	Manager Finance
03	Mr. S.Tokaly	Manager Mannar Saltern
04	Mr. A. Kisotharan	Manager Saltern -EP
05	Mr. M.F.Faizal	Assistant Manager- Saltern
06	Ms. R. Fathima Rasik	Assitant Manager Admin
07	Ms. Sunethra Jinadasa	Internal Audit Officer.

8. THE ORGANISATION STRUCTURE



9. Directors' 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 2017.

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 2017

	Rs.
Sale of salt	93,873,827
Total Turnover	93,873,827
Cost of sales	(44,260,698)
Gross Profit	49,613,129
Net Profit / (after tax) for the period	33,516,078
Earnings per share	111.72

Directors.

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

Mr. M.M. Ameen (Chairman)
Mr.S.J.Mark(Executive Director) (From 01-11-2016)
Mr. P.A.S.A. Kumara (Director -Treasury)
Mr.J. Marcellus Pieris
Mr.M.M.M.Uwais
Mr.S.Jayaratna
Dr.S.Selvamahenthiran

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

AUDITED ACCOUNTS 2016/2017



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தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

NNP/MN/A/CD/MSL/2016-2017

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

14 November 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 2017.

The audit of the financial statements of the Manthai Salt Limited ("the Company") for the year ended 31 March 2017 comprising the statements of financial position as at 31 March 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs) 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 amounts 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) A land not belonging to the Company had been valued and shown under the Chemmani Factory as Rs. 12,100,000 in the financial statements. Further, the Company had failed to provide any documentary evidence to prove the ownership of this land. In the meantime, this land had not been utilized for any purpose for last four years due to suspended the Salt production since the year 2012.
- (b) The expenditure amounting to Rs.5,798,042 incurred during the year under review to develop a Salt Field (Elephantpass Salter) had been recognized as a recurrent expenditure for the year under review instead of being capitalized. As a result, profit for the year under review and non-current assets as at 31 March 2017 had been understated by similar amount.
- (c) The Company had recognized its interest income on cash basis contrary to Section 2.36 of Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs). Therefore, the interest income for the year under review and interest receivables as at 31 March 2017 had been understated by Rs. 1,928,419.
- (d) Input Value Added Tax (VAT) amounting to Rs. 568,012 had been erroneously charged to Circuit Bungalow project account instead of being charged to VAT receivable account. As a result, the relevant project account had been overstated while understanding the VAT receivable account by similar amount.
- (e) Capital works executed by the Ministry of Industry and Commerce for the renovation of a Salt Field (Elephantpass Salter) amounting to Rs.51,242,812 had not brought to the financial statement of the year under review.

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 the Company as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs)

Report on Other and Regulatory Requirements

As required by Section 163 (2) of the Companies Act, No. 07 of 2007, I state the followings.

- a.) The basis of opinion and scope and limitations of the audit are as stated above.
- b.) In my opinion :
- Except for 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 examination, 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.



H. M. Gamini Wijesinghe
Auditor General



MANTAI SALT LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

MANTALSALT LIMITEDSTATEMENT OF COMPREHENSIVE INCOMEFOR THE YEAR ENDED 31ST MARCH

		<u>2017</u>	<u>2016</u>
	<u>Notes</u>	<u>Rs.</u>	<u>Rs.</u>
Revenue	(3)	93,873,827	62,370,254
Cost of Sales		<u>(44,260,698)</u>	<u>(49,180,125)</u>
Gross Profit		49,613,129	13,190,129
Other Operating Income	(4)	<u>9,998,461</u>	<u>7,279,268</u>
		59,611,589	20,469,397
Administrative Expenses		(14,554,846)	(14,113,380)
Sales & Distribution Expenses		<u>(847,517)</u>	<u>(518,904)</u>
Operating Profit		44,209,227	5,837,112
Saltern Rehabilitation Expenses	(4.1)	(5,798,042)	(5,000,000)
Finance Expenses	(5)	<u>(26,000)</u>	<u>(29,335)</u>
Profit before Tax	(6)	38,385,184	807,778
Income Tax	(7)	(4,869,106)	(532,349)
Profit for the year after Tax		<u><u>33,516,078</u></u>	<u><u>275,429</u></u>

MANTAI SALT LIMITEDSTATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH

		<u>2017</u>	<u>2016</u>
<u>ASSETS</u>	<u>Notes</u>	<u>Rs.</u>	<u>Rs.</u>
<u>Non-Current Assets</u>			
Property, Plant & Equipment	(8)	66,993,726	65,526,353
Financial Assets	(9)	49,339,372	34,306,481
		<u>116,333,097</u>	<u>99,832,834</u>
<u>Current Assets</u>			
Inventories	(10)	25,259,267	8,230,641
Trade & Other Receivables	(11)	2,953,479	6,064,721
Cash & Cash Equivalents	(12)	20,007,157	20,834,212
		<u>48,219,902</u>	<u>35,129,574</u>
Total Assets		<u>164,553,000</u>	<u>134,962,408</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)	98,507,300	64,991,222
Total Equity		<u>143,007,300</u>	<u>109,491,222</u>
<u>Non-Current Liabilities</u>			
Deferred Tax Liability	(15)	2,554,816	2,896,829
Retirement Benefit Obligations	(16)	6,885,357	6,175,389
		<u>9,440,173</u>	<u>9,072,218</u>
<u>Current Liabilities</u>			
Trade & Other Payables	(17)	6,737,388	13,771,637
Income Tax Payable	(18)	5,368,139	2,366,192
Dividend Payable 2014/2015			261,139
		<u>12,105,527</u>	<u>16,398,968</u>
Total Equity and Liabilities		<u>164,553,000</u>	<u>134,962,408</u>

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

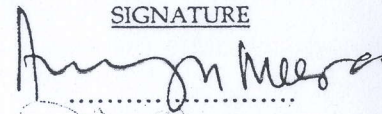
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27/12/2017

DATE

FINANCE MANAGER

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Signed for and on behalf of the Board by,

	<u>NAME</u>	<u>SIGNATURE</u>
DIRECTOR	1. M.M. Ameen	
DIRECTOR	2. P.A.S. Athula Kumar	
DATE OF APPROVAL BY THE BOARD	22/02/2018	

MANTAI SALT LIMITEDSTATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2017

	<u>Stated</u> <u>Capital</u>	<u>Revaluation</u> <u>Reserves</u>	<u>Revenue</u> <u>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>30,000,000</u>	<u>14,500,000</u>	<u>64,991,222</u>	<u>109,491,222</u>
Net Profit for the year	-	-	33,516,078	33,516,078
Balance as at 31st March 2017	<u>30,000,000</u>	<u>14,500,000</u>	<u>98,507,300</u>	<u>143,007,300</u>

STATEMENT OF CASH FLOWSFOR THE YEAR ENDED 31st MARCH,

	<u>2017</u> Rs.	<u>2016</u> Rs.
Cash Flow from Operating Activities		
Operating Profit / (Loss) before Tax	38,385,184	807,778
<u>Adjustments for</u>		
Depreciation	1,662,956	1,509,507
Gratuity Provision	877,528	962,347
Fixed Deposit Interest Income	(2,748,070)	(1,864,109)
	<u>(207,586)</u>	<u>607,745</u>
Operating Profit for the year before Changes in Working Capital	<u>38,177,598</u>	<u>1,415,523</u>
<u>Changes in Working Capital</u>		
(Increase)/Decrease in Inventories	(17,028,626)	9,751,329
(Increase)/Decrease in Trade & Other Receivables	3,111,242	(1,058,071)
Increase/(Decrease) in Trade & Other Payables	(7,034,249)	10,429,742
	<u>(20,951,633)</u>	<u>19,123,000</u>
Cash Generated from Operations	<u>17,225,965</u>	<u>20,538,523</u>
Dividend paid	(261,139)	-
Gratuity Paid	(167,560)	-
Income Tax/WHT Paid	(2,209,172)	(182,183)
	<u>(2,637,871)</u>	<u>(182,183)</u>
Net cash in flow from Operating Activities	<u>14,588,094</u>	<u>20,356,339</u>
<u>Cash flow from Investing Activities</u>		
Purchase of Property, Plant & Equipment	(3,130,329)	(848,090)
Saltern Rehabilitation Expenses	(5,798,042)	(5,000,000)
Investment Withdrawals	2,311,764	5,267,868
Investment in Fixed Deposits	(17,344,655)	(5,994,863)
Fixed Deposit Interest Income	2,748,070	1,864,109
Net cash out flow from Investing Activities	<u>(21,213,192)</u>	<u>(4,710,977)</u>
<u>Cash flow from Financing Activities</u>		
Government Grant received	5,798,042	5,000,000
Net cash in flow from Financing Activities	<u>5,798,042</u>	<u>5,000,000</u>
Net Increase in Cash & Cash equivalents during the year	<u>(827,056)</u>	<u>20,645,362</u>
Cash & Cash Equivalents at the beginning of the year	20,834,212	188,850
Cash & Cash Equivalents at the end of the year	<u>20,007,157</u>	<u>20,834,212</u>
<u>Analysis of Cash and Cash Equivalents at the end of the year</u>		
Cash at Bank	19,997,472	20,834,212
Cash In Hand	9,685	-
	<u>20,007,157</u>	<u>20,834,212</u>

MANTAI SALT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2017**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 561/3 Elvitigala Mawatha, Colombo 05 and the principal place of business is situated at Grand Bazaar, Mannar and Elephant pass.

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 62 (2016- 41).

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 the Sri Lanka Accounting Standard for Small and Medium-sized Entities issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No.7 of 2007.

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MANTAI SALT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2017

2.1.2 Basis of Preparation

These financial statements have been prepared in accordance with the Sri Lanka Accounting Standard for Small and Medium-sized Entities issued by the Institute of Chartered Accountants of Sri Lanka. These Financial Statements are presented in Sri Lankan Rupees (Rs.) and all financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee.

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.

2.1.3 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.

2.1.4 Use of Estimates and Judgments

The preparation of the Financial Statements in conformity with Sri Lanka Accounting Standard for Small and Medium-sized Entities issued by the Institute of Chartered Accountants of Sri Lanka 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.

2.1.5 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.

2.1.6 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, 2017

2.1.7 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, 2017

2.1.8 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, 2017

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.

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MANTAI SALT LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2017Depreciation

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 LeasesFinance 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.

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MANTAI SALT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2017

2.2.4 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 LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2017Available 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.

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MANTAI SALT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2017

2.2.5 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.

2.2.6 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.

2.2.6.1 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 Stranded for SME's. 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

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contribution to Employee Provident and Employee Trust Funds covering all employees are recognized as an expense in profit or loss as incurred.

The Company contributes 12% and 3% of gross emoluments of employees as Provident Fund and Trust Fund contribution respectively.

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MANTAI SALT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2017

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.

ANTALSALT LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2017

	<u>2017</u>	<u>2016</u>
	Rs.	Rs.
(3) <u>REVENUE</u>		
Sale of Salt	93,873,827	62,370,254
	<u>93,873,827</u>	<u>62,370,254</u>
(4) <u>OTHER INCOME</u>		
Government Grant (Note 4.1)	5,798,042	5,000,000
Factory Quarters Rent	196,146	129,226
Interest Income received in Special Advance	-	415
Interest on Staff Loans	83,902	121,539
Fixed Deposit Interest	2,748,070	1,864,109
Other Income	1,172,301	133,980
Boat Yard	-	30,000
	<u>9,998,461</u>	<u>7,279,268</u>
(4.1) <u>Saltern Rehabilitation Expenses / Government Grant</u>		
Grant of Rs. 5,798,042 (Rs. 5,000,000 in 2016) was received from the Government of Sri Lanka for the expenses incurred for rehabilitating Elephant pass saltern.		
(5) <u>FINANCE CHARGES</u>		
Bank Charges	26,000	29,335
	<u>26,000</u>	<u>29,335</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	985,450	960,750
Board Member's Fees	947,350	522,275
Depreciation & Amortization	1,662,956	1,666,271
Audit Fee	75,000	75,000
EPF & ETF Surcharge	-	2,613

ANTAI SALT LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2017

		<u>2017</u>	<u>2016</u>
		Rs.	Rs.
(7) <u>INCOME TAX SUMMARY</u>			
Income Tax Provision for the Year	(7.1)	5,127,194	673,493
Under Provision for 2015/2016		83,926	-
Deferred Tax Provision for the Year		(342,013)	(141,144)
		<u>4,869,106</u>	<u>532,349</u>
(7.1) Accounting Profit Before Tax		38,385,184	807,778
Income does not part from Trade or Business		(2,748,070)	(1,985,647)
Adjustments related to Disallowable Items		2,820,530	2,820,530
Adjustments related to Depreciation Allowances		(2,143,194)	(2,143,194)
Profit/(Loss) from Trade or Business		<u>36,314,450</u>	<u>(500,533)</u>
Statutory Income from Interest		2,748,070	1,985,647
Statutory Income		<u>39,062,520</u>	<u>1,485,114</u>
Tax on Income Taxable at Special Rate 36,760,786 (@12%)		4,357,734	-
Statutory Tax Rate 2,748,070 @ 28%		769,460	555,981
Deemed Dividend Tax		-	117,512
Provision for the year		<u>5,127,194</u>	<u>673,493</u>

ANTAI SALT LIMITEDNOTES TO THE FINANCIAL STATEMENTS
AS AT 31 ST MARCH 2017i) PROPERTY, PLANT & EQUIPMENT

Type of Asset	Cost as at 31.03.2016 Rs.	Additions Rs.	Disposals Rs.	Cost as at 31.03.2017 Rs.	Rate of Dep	Acc. Dep. As 31.03.2017 Rs.	Dep. For the year Rs.	Acc. Dep. On Disposals Rs.	Acc. Dep. As 31.03.2017 Rs.	W.D.V. as at 31.03.2017 Rs.	W.D.V. as at 31.03.2016 Rs.
<u>Head Office</u>											
Computer with Accessories	555,600	-		555,600	10%	322,977	57,099		380,076	175,524	232,623
Photocopier	220,000	90,950		310,950	10%	202,168	26,927		229,095	81,855	17,832
Fax Machine	85,650	-		85,650	10%	85,650	-		85,650	-	-
Cellular Phone	26,490	-		26,490	10%	15,593	2,649		18,242	8,248	10,897
Furniture	215,961	84,851		300,813	10%	210,959	13,487		224,446	76,367	5,003
Calculator	2,740	-		2,740	10%	2,552	188		2,740	-	188
Camera	26,100	-		26,100	10%	12,464	2,610		15,074	11,026	13,636
Printer Machine HP	36,000	-		36,000	10%	12,107	3,600		15,707	20,293	23,893
Name Board	35,400	-		35,400	10%	17,050	3,540		20,590	14,810	18,350
Office Equipment - Wall Clock	2,600	-		2,600	10%	2,600	-		2,600	-	-
Other Equipment - Fans	7,000	-		7,000	10%	6,300	700		7,000	-	700
Petty Cash Box	2,800	-		2,800	10%	957	280		1,237	1,563	1,843
Laptop	188,079	126,000		314,079	10%	27,567	31,408		58,975	255,104	160,512
Web Page Designing	23,500	-		23,500		2,350	2,350		4,700	18,800	21,150
Chairman Room Furniture's	98,839	-		98,839		9,884	9,884		19,768	79,071	88,955
Dialog Dongle	5,390	-		5,390		-	-		-	5,390	5,390
Iron Cupboard 2 No's	20,700	37,629		58,329		2,070	5,833		7,903	50,426	18,630

MANANTAL SALT LIMITED**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 ST MARCH 2017****8) PROPERTY, PLANT & EQUIPMENT (CONTD)**

Type of Asset	Cost as at 31.03.2016	Additions	Disposals	Cost as at 31.03.2017	Rate of Dep	Acc. Dep. As 31.03.2016	Dep. For the year	Acc. Dep. On Disposals	Acc. Dep. As 31.03.2017	W.D.V. as at 31.03.2017	W.D.V. as at 31.03.2016
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Mannar Factory										42,900,000	42,900,000
Factory Land	42,900,000	-	-	42,900,000	-	-	-	-	950,332	2,352,172	2,517,297
Factory Building	3,302,504	-	-	3,302,504	-	785,207	165,125	-	966,357	881,530	1,066,319
Machinery & Equipment	1,847,887	-	-	1,847,887	-	781,568	184,789	-	605,882	238,278	322,694
Buildings	844,160	-	-	844,160	-	521,466	84,416	-	56,594	215,058	242,223
Pump House Building	271,653	-	-	271,653	-	29,429	27,165	-	3,082	14,123	14,983
Drying Pad Building	17,205	-	-	17,205	-	2,222	860.00	-	-	-	-
Furniture & Fittings	236,921	-	-	236,921	-	236,921	0.00	-	236,921	-	-
Laboratory Equipment	1,013,780	-	-	1,013,780	-	361,046	101,378	-	462,424	551,356	652,734
Name Board	32,300	-	-	32,300	-	13,680	3,230	-	16,910	15,390	18,620
Electric Weighing Machine	124,437	59,199	-	183,636	-	124,437	623	-	125,060	58,576	-
Push Carts	88,380	-	-	88,380	-	88,380	-	-	88,380	-	-
Water Pump	603,124	-	-	603,124	-	603,124	-	-	603,124	-	-
Calculators (2)	4,900	-	-	4,900	-	3,460	490	-	3,950	950	1,440
Aluminium Folding Ladder	4,100	-	-	4,100	-	4,100	-	-	4,100	-	-
Crushing Machine	356,845	-	-	356,845	-	356,845	-	-	356,845	-	-
Refrigerator	33,500	-	-	33,500	-	33,500	-	-	33,500	-	-
Motor Bicycle	99,475	-	-	99,475	-	99,475	-	-	99,475	-	-
Motor Tricycle	207,992	-	-	207,992	-	207,992	-	-	207,992	-	-
Fan	34,025	-	-	34,025	-	16,607	3,403	-	20,010	14,015	17,418
Tractor	1,728,900	-	-	1,728,900	-	863,034	172,890	-	1,035,924	692,976	865,866
Computers	365,762	311,030	-	676,792	-	215,951	36,895	-	252,847	423,945	149,811
Tools	55,560	4,600	-	60,160	-	43,215	4,933	-	48,148	12,012	12,345
Sprayer	25,900	-	-	25,900	-	19,526	2,590	-	22,116	3,784	6,374
Laptop	131,000	-	-	131,000	-	13,100	13,100	-	26,200	104,800	117,900
Tractor Trailer	303,000	-	-	303,000	-	30,300	30,300	-	60,600	242,400	272,700
Tent for Salt Heap	22,000	-	-	22,000	-	2,200	2,200	-	4,400	17,600	19,800
Top Scale Balance	6,230	-	-	6,230	-	623	623	-	1,246	4,984	5,607
ADSL Router	3,190	-	-	3,190	-	319	319	-	638	2,552	2,871
Circuit Bungalow Const.-WIP	9,260	2,147,019	-	2,156,279	-	-	-	-	-	2,156,279	9,260

MANTAI SALT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
AS AT 31 ST MARCH 2017**(8) PROPERTY, PLANT & EQUIPMENT (COND...)**

<u>Type of Asset</u>	<u>Cost as at</u> <u>31.03.2016</u> Rs.	<u>Additions</u> Rs.	<u>Disposals</u> Rs.	<u>Cost as at</u> <u>31.03.2017</u> Rs.	<u>Rate of</u> <u>Dep</u>	<u>Acc. Dep. As</u> <u>31.03.2016</u> Rs.	<u>Dep. For</u> <u>the year</u> Rs.	<u>Acc. Dep. On</u> <u>Disposals</u> Rs.	<u>Acc. Dep. As</u> <u>31.03.2017</u> Rs.	<u>W.D.V. as at</u> <u>31.03.2017</u> Rs.	<u>W.D.V. as at</u> <u>31.03.2016</u> Rs.
Plate Compactor	135,000	-	-	135,000	10%	87,732	13,500		101,232	33,768	47,268.00
Water Tank	10,900	-	-	10,900	10%	7,373	1,090		8,463	2,437	3,527.00
Photocopier	167,000	-	-	167,000	10%	107,658	16,700		124,358	42,642	59,342.00
Water Filter	7,550	-	-	7,550	10%	4,501	755		5,256	2,294	3,049.00
Telephone	6,450	-	-	6,450	10%	3,561	326		3,887	2,563	2,888.84
Cycle	12,750	-	-	12,750	10%	7,828	1,275		9,103	3,647	4,922.00
Truck TATA	1,156,250	-	-	1,156,250	10%	720,043	115,625		835,668	320,582	436,207.00
Generator	100,929	-	-	100,929	10%	59,810	10,093		69,902	31,027	41,119.50
Welding Plant	56,900	-	-	56,900	10%	31,490	5,690		37,180	19,720	25,410.00
Fax Machine	40,500	-	-	40,500	10%	22,380	4,050		26,430	14,070	18,120.00
Water Proof Weighing Scale ,	91,673	-	-	91,673	10%	43,601	9,167		52,768	38,904	48,071.68
Subsumable Pump	1,210,110	-	-	1,210,110	10%	567,035	121,011		688,046	522,063	643,074.39
Sealer Machine 8"	3,200	-	-	3,200	10%	1,516	320		1,836	1,364	1,684.17
Weighbridge	1,995,773	-	-	1,995,773	10%	917,682	199,577		1,117,259	878,514	1,078,091.04
Pen Drive	2,000	-	-	2,000	10%	992	200		1,192	808	1,008.09
Bed	14,000	-	-	14,000	10%	6,720	1,400		8,120	5,880	7,280.00
Steel Cabinet 4 Drawers	27,028	-	-	27,028	10%	9,338	2,703		12,041	14,987	17,689.44
Lamp Charger	1,550	-	-	1,550	10%	713	155		868	682	837.00
Key Board	3,000	-	-	3,000	10%	1,347	300		1,647	1,353	1,653.00
Stitching Charge for tarpaulin	17,010	-	-	17,010	10%	7,554	3,901		11,455	5,555	9,455.80

INTAISALT LIMITEDNOTES TO THE FINANCIAL STATEMENTS
AT 31 ST MARCH 2017PROPERTY, PLANT & EQUIPMENT

Type of Asset	Cost as at 31.03.2016 Rs.	Additions Rs.	Disposals Rs.	Cost as at 31.03.2017 Rs.	Rate of Dep	Acc. Dep. As 31.03.2016 Rs.	Dep. For the year Rs.	Acc. Dep. On Disposals Rs.	Acc. Dep. As 31.03.2017 Rs.	W.D.V. as at 31.03.2017 Rs.	W.D.V. as at 31.03.2016 Rs.
<u>Chemmani Factory</u>				12,100,000		-	-	-	-	12,100,000	12,100,000.00
Land - (as per valuation report)	12,100,000	-	-	161,236	5%	88,680.20	8,062	-	96,742	64,494	72,555.80
Office Building	161,236	-	-	4,080	5%	2,244.00	204	-	2,448	1,632	1,836.00
Building - Temporary Shed	4,080	-	-	489,125	10%	312,888.00	48,913	-	361,801	127,325	176,237.00
Water Pump	489,125	-	-	37,500	10%	27,697.00	3,750	-	31,447	6,053	9,803.00
Water Tank - Cart	37,500	-	-	21,060	10%	18,179.00	2,106	-	20,285	775	2,881.00
Hero Push Bicycle	21,060	-	-	63,400	10%	63,400.00	-	-	63,400	-	-
Furniture	63,400	-	-	16,386	10%	16,386.00	-	-	16,386	-	-
Equipment	16,386	-	-	2,385	10%	2,385.00	-	-	2,385	-	-
Kitchen Utensils	2,385	-	-	1,200	10%	1,200.00	-	-	1,200	-	-
Calculator	1,200	-	-	9,880	10%	9,880.00	-	-	9,880	-	-
Name Board	9,880	-	-	3,700	10%	3,700.00	-	-	3,700	-	-
Hydro Meters	3,700	-	-	41,820	10%	41,820.00	-	-	41,820	-	-
Telephone Installations	41,820	-	-	19,500	10%	15,005.00	1,950	-	16,955	2,545	4,495.00
Spring Balance	19,500	-	-	8,500	10%	6,740.00	850	-	7,590	910	1,760.00
Tools -Sprayer	8,500	-	-	17,250	10%	11,909.00	1,725	-	13,634	3,616	5,341.00
Fax Machinery	17,250	-	-	4,620	10%	2,148.00	462	-	2,610	2,010	2,472.00
CDMA Phone	4,620	-	-	100,928	10%	49,717.20	10,093	-	59,810	41,118	51,210.80
Generator	100,928	-	-				-	-	-	-	-
<u>Elephant Pass</u>				300,000	10%		30,000	-	30,000	270,000	300,000.00
Solex Submersible Pumps	300,000	-	-	471,200	10%		47,120	-	47,120	424,080	471,200.00
Water Pumps-2 nos HP 7.5 2"	471,200	-	-	40,000	10%		4,000	-	4,000	36,000	40,000.00
Washrooms	40,000	-	-					-		143,050	
Furniture	-	143,050	-	143,050				-		126,000	
Lap top	-	126,000	-	126,000				-			
Total	75,200,179.45	3,130,328.74	-	78,330,508.19		9,673,826.79	1,662,955.79	-	11,336,782.58	66,993,725.61	65,526,352.66

MANTAI SALT LIMITEDNOTES TO THE FINANCIAL STATEMENTSAS AT 31 ST MARCH 201720172016

Rs.

Rs.

(9) FINANCIAL ASSESTSHeld to Maturity Financial Asset's

Fixed Deposit - BOC	73045101	7,501,348	6,968,275
Fixed Deposit - BOC	75176906	4,885,780	4,615,061
Fixed Deposit - BOC	77614755	5,317,743	5,000,000
Fixed Deposit - BOC	75527111	-	2,311,764
Fixed Deposit - BOC	76057453	4,816,530	4,411,383
Fixed Deposit - BOC	77012345	3,223,971	3,000,000
Fixed Deposit - BOC	77141898	4,297,000	4,000,000
Fixed Deposit - BOC	77141921	4,297,000	4,000,000
Fixed Deposit - BOC	79255829	15,000,000	-
		<u>49,339,372</u>	<u>34,306,481</u>

MANTAI SALT LIMITEDNOTES TO THE FINANCIAL STATEMENTS
AS AT 31 ST MARCH 2017

	<u>2017</u>	<u>2016</u>
	Rs.	Rs.
(10) <u>INVENTORIES</u>		
Finished Goods	21,284,258	6,378,500
Diesel & Kerosene Oil	95,072	68,606
Packing Material	289,295	152,047
Building Materials	1,848	4,964
Pump Spare Parts	2,414,263	1,109,964
Printing & Stationery	244,921	175,703
Tool Items	618,241	63,870
Other inventory items	167,072	166,979
Chemical Items	800	13,200
Machinery Spare Parts	143,496	96,807
	<u>25,259,267</u>	<u>8,230,641</u>
(11) <u>TRADE & OTHER RECEIVABLES</u>		
Trade Debtors	34,211	20,000
Treasury Fund (Elephant Pass Saltern Project)	21,735	2,531,448
<u>Deposits & Advances</u>		
Telephone deposit	-	32,838
Refundable Deposit - Water Connection	-	3,000
Rent Advance	-	50,000
Quarters Electricity	-	27,339
Quarters Water	-	9,345
<u>Staff debtors</u>		
Festival advances	640,875	627,250
Staff Loans	2,256,657	2,728,681
Prepayments	-	34,820
Special Staff Loans	-	-
	<u>2,953,479</u>	<u>6,064,721</u>

MANTAI SALT LIMITEDNOTES TO THE FINANCIAL STATEMENTS
AS AT 31 ST MARCH 2017

	<u>2017</u>	<u>2016</u>
	Rs.	Rs.
(12) <u>CASH & CASH EQUIVALENTS</u>		
<u>Cash at bank</u>		
Bank of Ceylon - Wellawatte Branch	5,575,167	20,596,222
- Mannar Branch	208,654	124,036
- Killinochi / Jaffna Branch	212,271	113,954
- Savings A/c	14,001,381	-
<u>Cash in Hand</u>		
Petty Cash - Head Office	9,685	-
	<u>20,007,157</u>	<u>20,834,212</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	64,991,222	64,976,932
<u>Add: Profit for the year</u>	33,516,078	275,429
<u>Less: Dividend Payable / Paid During the Year</u>	-	(261,139)
Balance as at 31st March	<u>98,507,300</u>	<u>64,991,222</u>
(15) <u>DEFERRED TAX LIABILITIES</u>		
Balance as at 01st April	2,896,829	3,037,973
<u>Add: Provision for the year</u>	(342,013)	(141,144)
Balance as at 31st March	<u>2,554,816</u>	<u>2,896,829</u>

MANTAI SALT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
AS AT 31 ST MARCH 2017

	<u>2017</u>	<u>2016</u>
	Rs.	Rs.
(16) <u>RETIREMENT BENEFIT OBLIGATIONS</u>		
Balance as at 01st April	6,175,389	5,213,042
Add: Provision for the year	877,528	962,347
	<u>7,052,917</u>	<u>6,175,389</u>
Less: Payments During the year	(167,560)	-
Balance as at 31st March	<u>6,885,357</u>	<u>6,175,389</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	185,665	7,800
Accrued Expenses	515,323	2,645,180
Salaries Payable	1,225,618	893,006
PAYE -(H/O & Mannar)	64,689	27,950
EPF Payable	541,606	610,212
ETF Payable	172,182	143,175
Audit Fee Payable	150,000	75,000
Union membership	-	14,500
Income Received in Advance	-	3,830,000
Bonus Provisions	1,786,355	2,070,000
Provision Company Registration	100,000	100,000
Provision of Compensation	-	1,545,125
Refundable Deposit for Cadjans	6,000	2,000
Value Added Tax (VAT)	1,681,084	1,538,553
Nation Building Tax (NBT)	282,753	269,135
Dividend Tax payable	26,114	-
	<u>6,737,388</u>	<u>13,771,637</u>

MANTAI SALT LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
AS AT 31 ST MARCH 2017

	<u>2017</u>	<u>2016</u>
	Rs.	Rs.
(18) <u>INCOME TAX</u>		
Balance as at 01st April	2,366,192	1,874,881
Add: Provision for the year	5,127,194	673,493
Under Provision for 2015/2016	83,926	-
Paid During the year	(1,958,807)	-
WHT Paid	(250,365)	(182,183)
Balance as at 31st March 2017	<u>5,368,139</u>	<u>2,366,192</u>

(19) **COMPENSATION FOR KEY MANAGEMENT PERSONNEL**

Directors' Emoluments	406,650	648,695
Other Benefits	-	-
	<u>406,650</u>	<u>648,695</u>

(20) **CAPITAL COMMITMENTS**

There have been no material Capital Commitments outstanding as at 31st March 2017.

(21) **CONTINGENT LIABILITIES**

There have been no material events occurred after the reporting period that would require adjustment to or disclosure in the Financial Statements.

(22) **EVENTS OCCURRING AFTER THE REPORTING PERIOD**

There have been no significant events occurring after the reporting period that would require adjustment to or disclosure in the Financial Statements.

MANTAI SALT LIMITED

DETAILED PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2017

	<u>Add.</u> <u>Notes</u>	<u>2017</u> Rs. Cts.	<u>2016</u> Rs. Cts.
Revenue	(A)	93,873,827.12	62,370,253.73
Cost of Sales	(B)	<u>(44,260,698.28)</u>	<u>(49,180,124.54)</u>
Gross Profit		49,613,128.84	13,190,129.19
Other Operating Income	(C)	<u>9,998,460.59</u> 59,611,589.43	<u>7,279,267.74</u> 20,469,396.93
Administrative Expenses	(D)	(14,554,846.20)	(14,113,380.14)
Sales & Distribution Expenses	(E)	<u>(847,516.70)</u>	<u>(518,904.45)</u>
Operating Profit		44,209,226.53	5,837,112.34
Rehabilitation expenses	(F)	(5,798,042.00)	(5,000,000.00)
Finance Expenses	(H)	(26,000.04)	(29,334.50)
Profit before Tax		<u>38,385,184.49</u>	<u>807,777.84</u>
Income Tax		(4,869,106.40)	(532,349.31)
Profit for the year after Tax		<u><u>33,516,078.09</u></u>	<u><u>275,428.53</u></u>

MANTAI SALT LIMITEDADDITIONAL NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017

		<u>2017</u>		<u>2016</u>	
		Rs.	Cts.	Rs.	Cts.
(A) <u>REVENUE</u>					
Sale of Salt - Mannar		108,378,186.45		70,502,727.00	
(-) VAT		(12,598,862.70)		(6,881,323.53)	
(-) Nation Building Tax		(1,905,496.63)		(1,251,149.74)	
		<u>93,873,827.12</u>		<u>62,370,253.73</u>	
 (B) <u>COST OF SALES</u>					
	<u>Sub Note</u>				
Direct Wages		11,559,417.25		1,322,605.80	
Production Overheads	1	7,485,411.42		4,014,669.64	
Factory Operating Cost	2	<u>40,121,627.55</u>		<u>34,270,875.66</u>	
Cost of Production		59,166,456.22		39,608,151.10	
Add - Opening Stock As at 01st April		6,378,499.56		15,950,473.00	
Less - Closing Stock As at 31st March		(21,284,257.50)		(6,378,499.56)	
Cost of Sales		<u>44,260,698.28</u>		<u>49,180,124.54</u>	
 <u>Sub Note 1</u>					
PRODUCTION OVERHEAD					
Fuel		1,797,713.00		1,162,510.24	
Machinery Upkeep		1,207,067.02		279,307.41	
Production Tools & equipment Maintenance		853,620.23		507,548.24	
Electricity		2,169,374.53		845,697.12	
Water		70,153.60		34,719.60	
Packing Materials		1,239,006.25		1,101,178.90	
Chemical Expenses		148,476.79		83,708.13	
		<u>7,485,411.42</u>		<u>4,014,669.64</u>	
 <u>Sub Note -2</u>					
FACTORY OPERATING COSTS					
Staff Salaries & Wages		28,162,640.71		24,672,925.93	
EPF		3,510,776.25		2,928,783.49	
ETF		847,864.51		722,173.60	
Bonus		600,000.00		2,980,118.79	
Staff Welfare		166,800.00		17,119.00	
Tea Allowance		503,270.00		331,629.00	
Telephone		121,214.60		43,728.65	
Printing & Stationery		129,370.23		267,201.65	

MANTAI SALT LIMITED

ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017

	<u>2017</u>		<u>2016</u>	
	Rs.	Cts.	Rs.	Cts.
Sub Note 2				
FACTORY OPERATING COSTS (COND....)				
Postage	13,865.00		13,435.00	
Travelling	243,653.84		76,870.00	
Over Time	378,757.56		114,141.10	
Office Maintenance	103,550.00		111,918.56	
Office Equipment Maintenance	60,425.00		-	
Insurance	96,169.31		20,079.19	
Building Maintenance	1,348,620.96		451,213.77	
Transport	250,650.00		60,800.00	
Vehicle Maintenance	403,584.20		77,683.30	
Depreciation of Property, Plant & Equipment	1,502,401.10		1,363,584.63	
Land Development Cost	-		10,845.00	
Newspapers & Periodicals	9,945.00		6,625.00	
Security Service	1,502,573.19		-	
Miscellaneous	165,496.09		-	
	<u>40,121,627.55</u>		<u>34,270,875.66</u>	

(C) OTHER INCOME

Government Grant	5,798,042.00	5,000,000.00
Factory Quarters Rent	196,146.29	129,225.79
Income Received In Special Advance	-	414.67
Interest on Staff Loans	83,901.73	121,538.57
Fixed Deposit Interest	2,746,535.72	1,864,108.71
Savings Interest	1,534.24	-
Other Income	1,172,300.61	133,980.00
Boat Yard Rent	-	30,000.00
	<u>9,998,460.59</u>	<u>7,279,267.74</u>

MANTAI SALT LIMITED**ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS**

	<u>2017</u>		<u>2016</u>	
	Rs.	Cts.	Rs.	Cts.
(D) <u>ADMINISTRATIVE EXPENSES</u>				
Chairman Allowances	985,450.00		960,750.00	
Working Director Allowance	406,650.00		648,695.00	
Board Member's Fees	947,350.00		522,274.91	
Board Meeting Expenses	102,944.00		27,909.00	
Fuel	680,561.01		255,830.00	
Chairman Accommodation	87,250.00		-	
Staff Salaries	4,876,560.05		4,033,480.24	
Casual Wages	-		218,500.00	
Company Registration Fees	12,415.00		84,500.00	
Registration fees	-		64,158.50	
Compensation	380,928.64		1,545,125.00	
Vehicle Maintenance	59,104.00		524,518.51	
Web Site Development	8,500.00		6,960.00	
Tea Expenses	119,490.00		118,669.20	
Over Time Payments	164,358.52		159,028.50	
EPF	584,305.97		547,352.64	
ETF	145,107.23		136,838.16	
Gratuity Provision	877,527.73		962,347.16	
Staff Welfare	2,269.00		3,557.50	
Rent	315,000.00		600,000.00	
Electricity	16,121.22		26,491.94	
Printing & Stationery	288,346.92		288,932.29	
Postage	14,130.00		9,290.00	
Travelling	369,578.75		209,867.06	
Office Equipment Upkeep	56,455.00		-	
Office Maintenance	378,354.65		159,152.01	
Audit Remuneration - External Audit Fee	22,820.00		147,752.10	
Newspapers & Periodicals	85,975.00		12,270.00	
Depreciation of Property, Plant & Equipment	160,555.00		145,920.84	
Vehicle Allowances	460,000.00		465,000.00	
Car Rental	1,118,950.00		-	
Telephone HO	382,125.11		324,595.93	
Secretarial Fee	-		93,285.00	
Internal Audit fees	173,753.40		28,820.00	
Accounting system Development	-		74,500.00	
Legal Fee	-		5,000.00	
Training Expenses	-		8,500.00	
AGM Fee	-		100,125.00	
Audit Management Fee	139,500.00		124,050.00	
Consultation Fee	33,000.00		136,632.20	
EPF & ETF Surcharge	-		2,613.45	
Inspection & Visiting Charges	14,410.00		57,945.00	
Staff Uniforms	-		272,143.00	
Donation	85,000.00		-	
	<u>14,554,846.20</u>		<u>14,113,380.14</u>	

MANTAI SALT LIMITED

ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017

	<u>2017</u>		<u>2016</u>	
	Rs.	Cts.	Rs.	Cts.
(E) <u>SELLING AND DISTRIBUTION EXPENSES</u>				
Business Promotion		67,334.00		20,000.00
Advertisements		780,182.70		498,904.45
		<u>847,516.70</u>		<u>518,904.45</u>
(F) <u>REHABILITATION EXPENSES</u>				
Elephant Pass Saltern		<u>5,798,042.00</u>		<u>5,000,000.00</u>
(H) <u>FINANCE EXPENSES</u>				
<u>Bank Charges</u>				
Head Office		10,250.04		15,084.50
Mannar		15,750.00		14,250.00
		<u>26,000.04</u>		<u>29,334.50</u>