

The background of the slide is a close-up, slightly blurred image of many yellow lentils, creating a textured, warm-toned pattern. The text is overlaid on this background.

Our vision

**To create a non-
malnourished,
prosperous, proud and
healthy nation out of Sri
Lankan general public.**

Our Mission

To empower the supplier forces that strengthen the local farmer with the concurrence of the General Treasury and with the assistance and supervision of the Ministry of Health for the future of a prosperous, grand and quality Sri Lankan nation in our motherland, to produce the Thriposha supplementary food rich with high, proper and standard nutrients and pack and finish and to continuously supply and provide and grant it for the wellbeing of the beneficiaries seeking good health and to be a grand family of Thriposha achieving victories in the nation and in the world through its massive operation, dedicated with the nobility in the pride of service and to be the first and only local company with an excellent dedication for maintenance of a healthy nation of Sri Lanka which meets the universal health index targets.

Annual Report – 2011

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Assisting us.....



Hon. Maithripala Sirisena
The Minister of Health who encourages and
guides us



**Hon. Lalith Dissanayake, Attorney-
At-Law, the Deputy Minister of Health who
often gives us the necessary assistance**



**Dr. P.B. Jayasundera, the Secretary to the
Ministry of Finance and the General Treasury
who assists us by providing the required annual
allocations**



**Dr. Ravindra Rueberu, who gives us
instructions by leading us along the correct path**

Sri Lankd Thriposha Ltd. Board of Directors – 2011

- **Mr. Sarath Chandrasiri Vithana**
Chairman
Additional Secretary – Ministry of Health
- **Dr. Upul Ajith Mendis**
Director
Director General of Health Services
- **Dr. (Mrs.) Shanthi Gunawardena**
Director
Director – Nutrition Coordination Branch
- **Mrs. A.R.Ahamed**
Director
Legal Officer – Ministry of Health
- **Dr. (Mrs.) Janaki Gunaratne**
Director
Head, Institute of Industrial Technology
- **Prof. (Mrs.) Deepthi Samarage**
Director
Specialist Paediatrician
- **Mrs. Geetha Wimalaweera**
Director
Director – Department of National Budget
- **Mr. M.H.B. Karunaratne**
Observer – Chief Accountant
Ministry of Health



Message of the Chairman of Sri Lanka Thriposha Ltd.

The national mission of generating a healthy labour force required for the purpose of building a proud and developed land and building up the fantastic tomorrow comes in the scope of the subject of Health. The strong foundation of a healthy future generation is to hand down a nutritious generation of children to the nation. It is a matter of pride that we are the government company entrusted with this responsibility as well as the government institution subscribing to such a responsible deed. Progressing with this vision, with the

forward vision of Mahinda Chintanaya of building up a healthy nation full of nutrition, the Sri Lanka Thriposha Ltd. is engaged in a national mission of priority by producing and distributing the Thriposha additional food. Our institution is immensely a part of the mission of creating a future of a fully developed state in the form of providing the Thriposha additional food with the standard, quality and with a high value to the beneficiaries for the purpose of promoting their nutrition. The Programme of Production of Thriposha, while fulfilling the nutrition requirements in the country, also plays a significant role in promoting the Agricultural Economy in Sri Lanka. Our institution contributes, in particular, to encourage the local farmer and strengthen country's economy by purchasing the basic inputs of Maize and Soya for production of Thriposha from farmers in the Districts of Anuradhapura, Polonnaruwa, Moneragala, Badulla, Ampara etc. at a certified price.

Contribution of the Ministry of Health was given for the Thriposha Programme initiated in 1973. It was controlled under the Management of a Private Company until it was taken over by the Ministry. On reception of the approval of the Cabinet of Ministers to the Cabinet Paper forwarded by the Hon. Maithripala Sirisena, the entity was established under the Companies Act no. 07 of 2007 as a fully government owned company by the name of Sri Lanka Thriposha Ltd. with effect from 17-09-2010, and then the Company, being brought under a new Management, exhibited a remarkable progress with a new awakening to a changed outlook of a state institution. The Thriposha Company was highly developed under the new Management. I am very humbly glad and proud to state that our staff exerted themselves to bring the production rates to an optimum level propelled by the new enthusiasm.

Promotion of self esteem among workers, encouragement of unity, efficiency, dedication and optimum growth of these qualities directly underlay the rapid increase of capacity of production. It was a record victory that the highest level of production of the 30 year history of the Thriposha Company could be achieved in the year 2011 being able to increase the output in 125%. 2011 being the year of the highest rate of production in the history, marked a quantity of production of 56,913 master bags of Thriposha in the month of October in that year. Bonus was paid to the workers by then while recording a low production and a low number of working days. On the contrary, the bonus for the year 2011 was paid by presenting a higher amount of production having worked for the highest number of days in history.

A host of machinery was newly purchased to the factory for continuous maintenance of this optimum efficiency. This period also marked realisation of performing a number of tasks for the workers by standard arrangement of the office and factory premises. It is our responsibility to be dedicated towards the national mission expected out of our institution for making a nutritious and healthy nation out of our future generation. It is expected to take a number of steps in future to achieve this end. Finally, I would like to pay my respects to the Board of Directors who contribute and will contribute in future to enable sound running of the functions of Sri Lanka Thriposha Ltd. and its entire staff.

Sarath Chandrasiri Vithana
Chairman
Sri Lanka Thriposha Ltd

Members of Audit and Management Committee of Sri Lanka Thriposha Ltd.

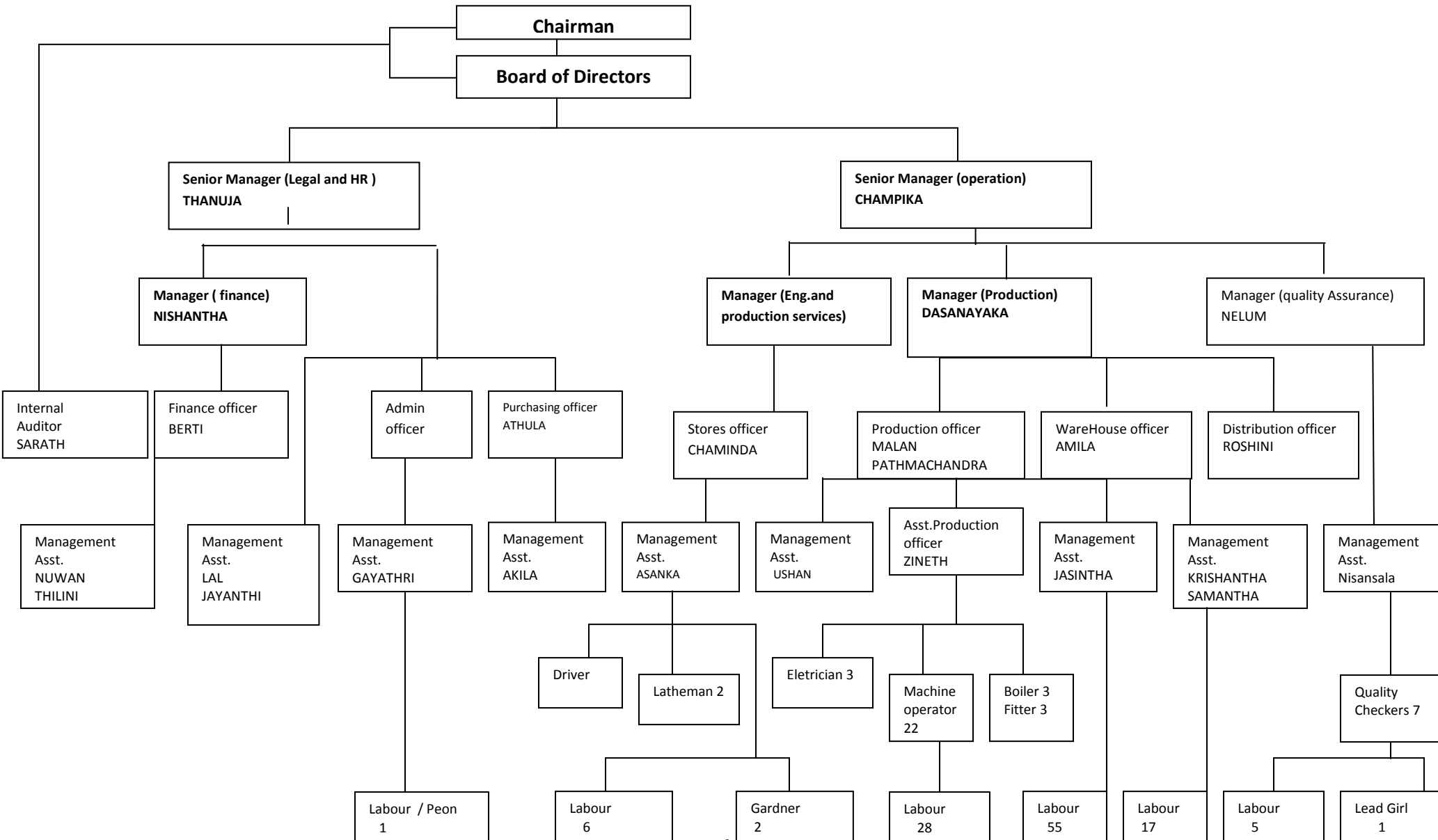
- **Mrs. K.G.Wimalaweera**
Chairperson - Audit and Management Committee
Chairperson - Sri Lanka Thriposha Ltd.
- **Prof. (Mrs.)Deepthi Kumuduni Samarage**
Member - Audit and Management Committee
Director - Sri Lanka Thriposha Ltd.
- **Mr. M.H.B.Karunaratne**
Observer - Chief Accountant
Ministry of Health
- **Mrs. Rani Fernando**
Observer - Internal Auditor
Ministry of Health
- **Mrs. Thanuja P. Alwis**
Secretary of the Board of Directors
Sri Lanka Thriposha Ltd.
- **Mr. Nishantha Hewagama**
Financial Manager
Sri Lanka Thriposha Ltd.
- **Kapila Ratnasihgne & Company**
External Auditor
Sri Lanka Thriposha Ltd.
- **Mr. L.J.S.Premachandra**
Convenor – Internal Auditor
Sri Lanka Thriposha Ltd.

Approved Cadre of the Institution

01 Senior Managers		
• Senior Manager (Operations)	01	
• Senior Manager (Human Resources and Legal)	<u>01</u>	02
02 Mid level Managers		
• Manager (Engineering and Production Services)	01	
• Manager (Quality Control)	01	
• Manager (Finance))	<u>01</u>	03
03 Junior Managers		
• Distribution Officer	01	
• Internal Auditor	01	
• Finance Officer	01	
• Supplies Officer	01	
• Warehouse Officer	01	
• Production Officer	01	
• Administrative Officer	01	
• Stores Officer	<u>01</u>	08
04 Management Assistant (Technical)	03	
05 Management Assistant (Non-Technical)	13	
06 Primary Services		
<u>Primary Services (Skilled)</u>		
• Driver	05	
• Electric Technician	<u>03</u>	08
<u>Primary Services (Semi-Skilled)</u>		
• Boiler Operator	03	
• Fitter	03	
• Lathe Machine Operator	02	
• Machine Operator	22	
• Quality Inspector	07	
• Extinguishing Attendant	<u>01</u>	38
<u>Primary Services (Non-Skilled)</u>		
• Gardener	02	
• Labourer/Office Assistant	01	
• General Labourer	111	
• Labourer Warden	<u>01</u>	115
Total		<u>190</u>

Sri Lanka Thripasha Ltd.

Organisational Chart



Selection of Targeted Beneficiaries

Identification of targeted beneficiaries is done on recommendations of the Ministry of Health. There are 26 Divisional Directors of Health Service under the Ministry of Health and there are over three hundred Medical Officers of Health working under them. Information required for identification of the beneficiaries is received through the Health staff distributed as Regional Level Public Health Inspectors and Family Health Service Officers. There, nutrition level and weight of pregnant mothers, breast feeding mothers, infants and children are recorded and all such data are referred to the Divisional Director of Health Service. The required number of beneficiaries is decided utilizing such data by the Nutrition Coordination Unit of the Ministry of Health. These figures are calculated by evaluation of the questionnaire called annually from the Health Centers.

Targeted Beneficiaries



above said groups



Thriplosa is distributed for the following groups of people.

- All pregnant mothers
- All breast feeding mothers (up to 06 months in age for the infant)
- Infants over 06 months in age and pre-school children under 05 years in age suffering from malnutrition
 - Children at -2D line on weight in the Child Card.
 - Children exhibiting a rapid drop of weight during a period of 03 months according to the Child Growth Chart (Thriplosa feeding may be terminated once the child regains normal weight.)
- Hospitalized patients and patients in wards belonging to the



Let's Identify Thriposha

Thriposha is so close to the people that the term is known to everybody. It is popular through a number of years as a superb additional food fulfilling the nutrition requirement of the Sri Lankans. The story behind the backcloth of the packet of Thriposha the common man entitled for it receives from the Midwives is only the last episode of a line of complicated and responsible events.

The Main Objectives anticipated to be met through the Project of Thriposha Production and Distribution are

- minimizing/prevention of maternal and child malnutrition and,
- encouraging the local farmer by buying his products.

The Ministry of Health spends annually a sum of around Rs. 1500 million for Thriposha Production.

Raw material used for production of Thriposha

- Maize
- Soya
- Full cream milk powder
- Vitamin
- Minerals

are the raw material used for production of Thriposha.

These raw materials are used for production in the following proportions

• Maize	-	66%
• Soya beans	-	30%
• Full cream milk powder -	3%	
• Vitamin	-	.9%
• Minerals	-	.1%



Vitamin



milk powder



maize



soya beans

Constituents of Thriposha

The additional food Thriposha is full of the highest nutritious quality. Nutritious constitution of 100g of Thriposha is as follows.

- | | |
|---|---------------------|
| • Carbohydrate | 61.9g |
| • Protein | 20.0g |
| • Fat | 7.8g |
| • Vitamins (International Standard) | 1700.0 |
| • Iron | 18.0mg |
| • Almost all micro nutrients including Iodine | 44.0 microgram |
| • Energy | 401.8 Kilo Kalories |

Main nutritious constituents

- | | |
|----------------|--------|
| • Carbohydrate | 61.9 g |
| • Protein | 20.0 g |
| • Fat | 7.8 g |
- In addition, it also contains Minerals, Vitamins and fibre etc.
 - Thriposha is essential to fulfill the nutrition requirements that could not be met through the main diet.
 - 02 units each of 750g packets will be provided to a pregnant mother or a breast feeding mother or a child with nutrition deficiencies.
 - Feeding an amount of 50g per day of Thriposha will be appropriate only for the child suffering from nutrition deficiencies.
 - It is appropriate for a pregnant mother to have 03 table spoonfuls of Thriposha in addition to her 03 main diets.

Our Role

It is the responsibility of Sri Lanka Thripasha Ltd. to perform the grand task of production and distribution of the Thripasha additional food containing the required nutrients in keeping with the Mahinda Chintanaya forward vision of making a healthy generation full of nutrition.

Thripasha movement which existed as a special project under the Ministry of Health was established as a government owned company in the name of Sri Lanka Thripasha Ltd. Thereafter, its administration was launched under a new management as of 01-01-2011.

This additional food of Thripasha containing Carbohydrate, Protein, Fat and other nutrients is distributed free of charge for the beneficiaries for the purpose of making a generation free of malnutrition.

Production requirements

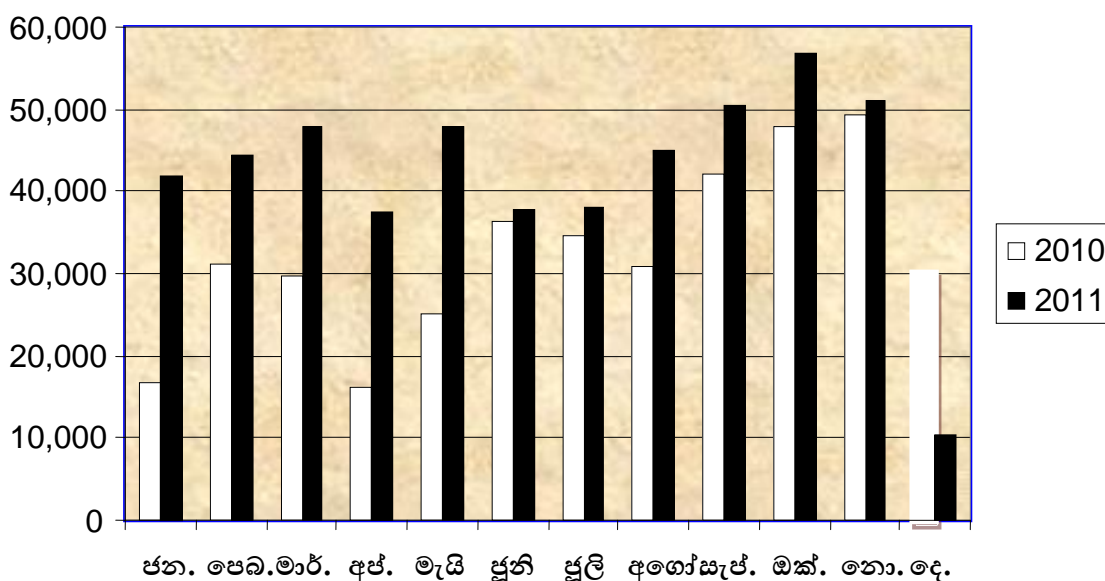
The number of monthly Thripasha beneficiaries as at present is 928,000. The related monthly requirement of Thripasha is 1392 metric tons. However, the production capacity of the Thripasha Company, when it was taken over by the government was only 1000 metric tons per month which amounted only to 71% of the total requirement. 56,913 Master Bags, which was the highest number of production per month, was recorded in the month of October, 2011. By November, 2011, the monthly production has risen up to 1300 metric tons and it is 94% of the total requirement. Keeping with this development, it is calculated that the monthly number of Thripasha beneficiaries will be a million by the year 2012 which would demand a monthly production of 1500 metric tons.

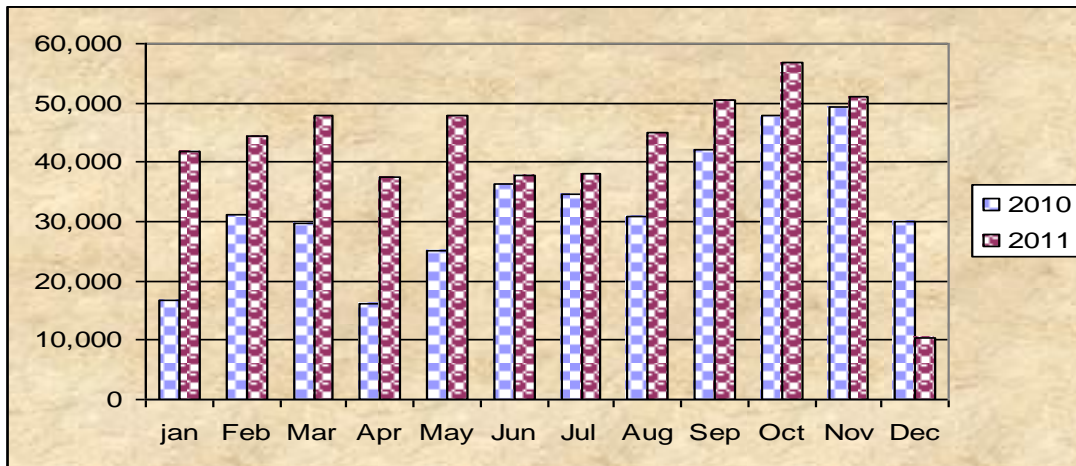
Rising up strongly as a state institution

After establishment of the Thripasha Ltd. as a fully government owned company on 17-09-2010, it gained a very rapid progress in production activities. After its taking over by the government, it showed a progress in production and all other fields.

Thripasha Production in years 2010 and 2011 - in master bags

(there are 30 Thripasha packets in a Master bag)





Our precious asset

There is a host of physical assets in the company and yet the human resource is the asset that emerges over all of them. The precious qualities of unity, dedication, determination and the interest in achieving the targets have become key factors in the fast progress of the company. Therefore, full trust may be reposed in the human resource for performing the role entrusted in us.

Process and Centers of Thriplosa Distribution

The process of Thriplosa distribution runs through Offices of the Medical Officer of Health situated in each Division under 26 Divisional Directors of Health Service functioning under the Ministry of Health. Thriplosa is so distributed among the beneficiaries in Divisions of Medical Officer of Health, Estates, Probation and Child Care Centers etc. belonging to the Areas of Divisional Directors of Health Service and under their supervision.

The products are transported from the Thriplosa manufactory at Kapuwatta, Ja-ela by the train waggons and Lorries to the relevant Divisional Centers.



By train waggons



by lorries

Number of Thriposha Distribution centers and number of beneficiaries (year 2011)

	centers	beneficiaries
For the 26 areas of Divisional Director of Health	732	848,808
estates	443	55,381
Children's homes of the Department of Probation and Child Care	10	24,139
total	1,185	928,328

Areas of Divisional Director of Health and other Thriposha Distribution segments.

Central Province

- Kandy
- Matale
- Nuwaraeliya

Northern Province

- Jaffna
- Kilinochchi
- Mannar
- Vavuniya
- Mullaitivu

North Central Province

- Anuradhapura
- Polonnaruwa

Uva Province

- Moneragala
- Badulla

Eastern Province

- Ampara
- Batticaloa
- Kalmunai
- Trincomalee

North Western Province

- Puttalam
- Kurunegala

Estate areas

- Nuwaraeliya
- Matara
 - Hatton
 - Matale
 - Ratnapura
 - Galle
- Badulla
 - Kegalle
 - Kandy
 - Kalutara

Children's Homes belonging to the Department of Probation and Child Care

- Anuradhapura
- Battaramulla
- Badulla
- Galle
- Jaffna
- Kurunegala
- Ratnapura
- Kegalle
- Trincomalee

Southern Province

- Galle
- Matara
- Hambantota

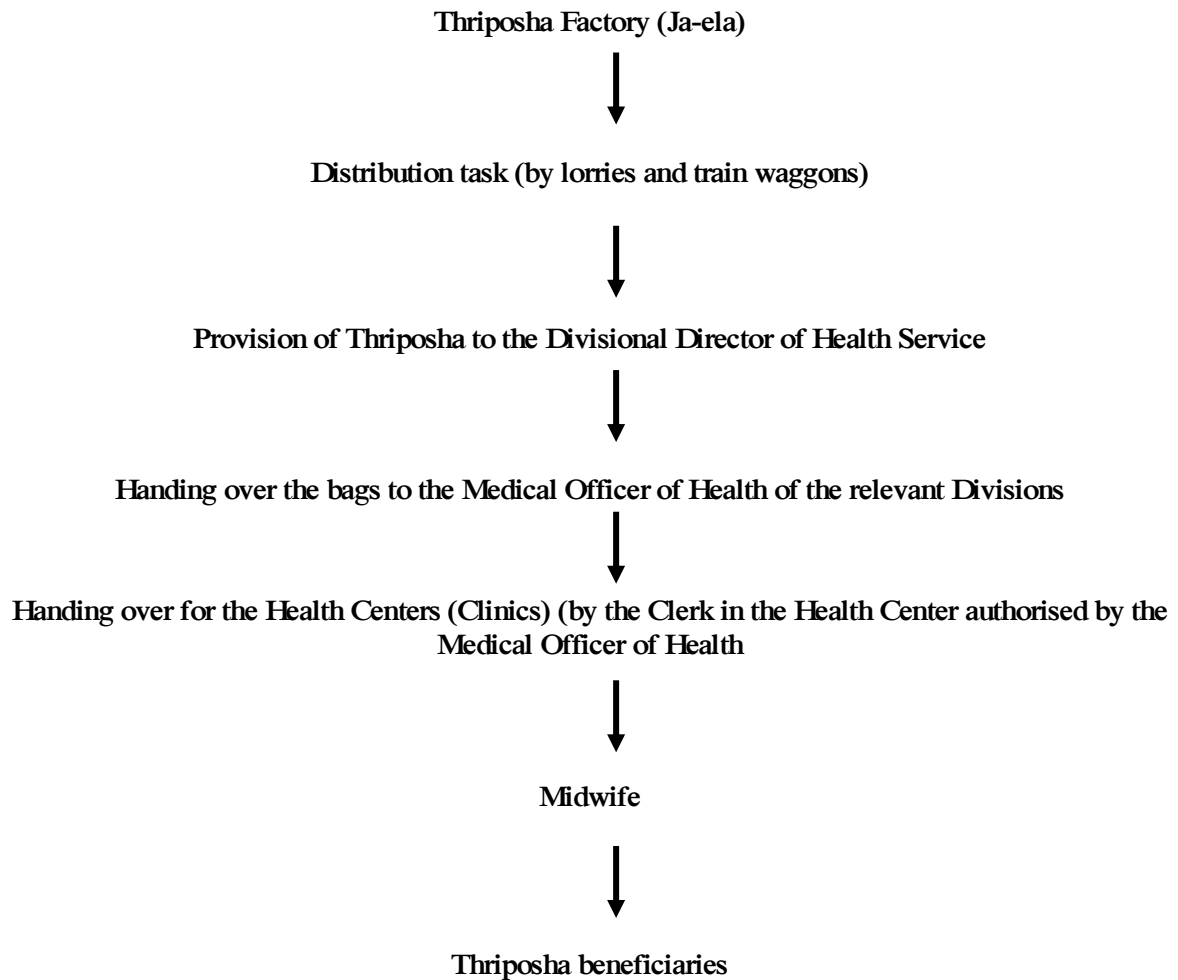
Sabaragamuwa Province

- Ratnapura
- Kegalle

Western Province

- Colombo
- Gampaha
- Kalutara

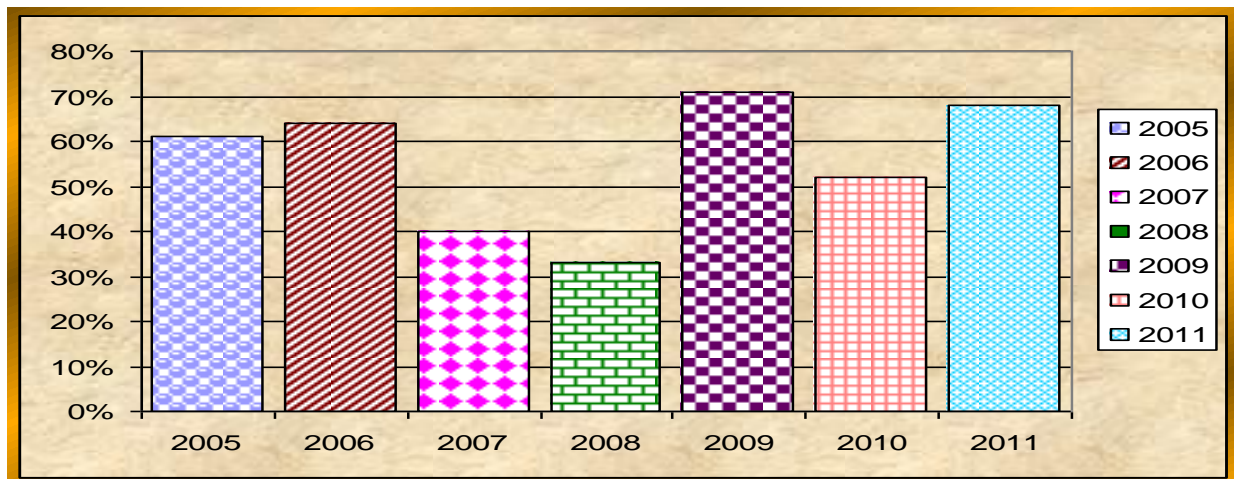
**Process of Distribution of Thriposha runs as follows.
(Distribution under Medical Officer of Health)**



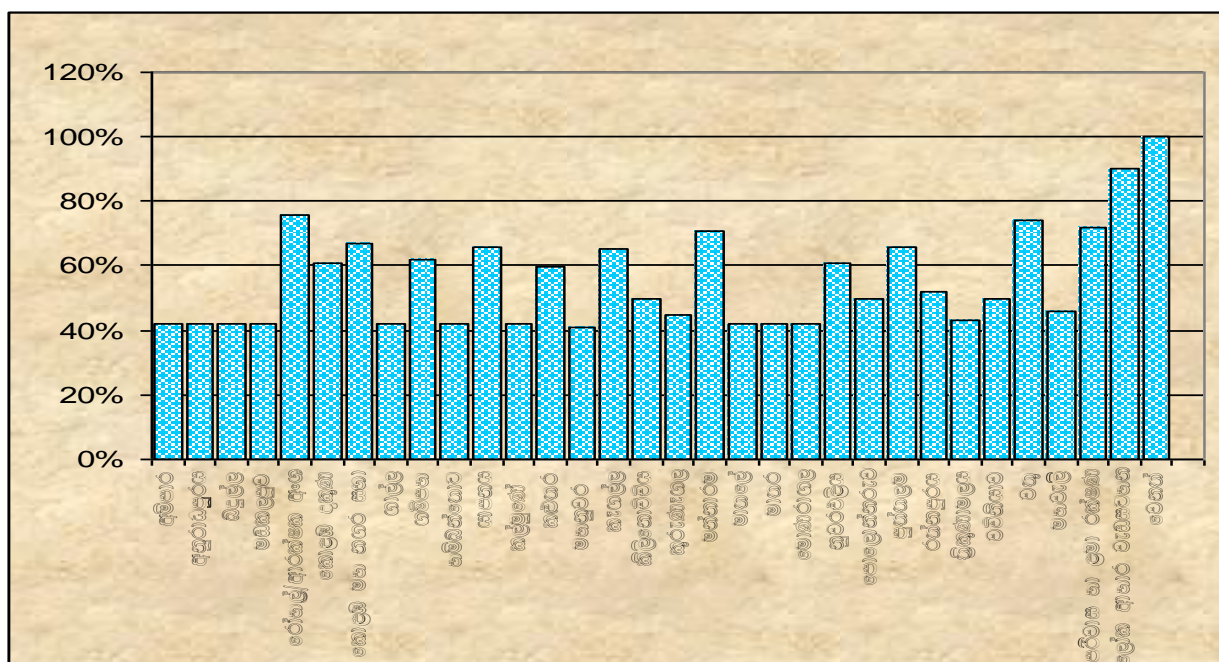
The amount of Thriposha required for estates, Centers of Probation and Child Care etc., is issued from the Thriposha Factory, Ja-ela to the relevant District Medical Officers



Summary of Thripasha Distribution in each year from 2005 to 2011



Distribution of Thripasha - Divisionally



Introduction and Process of Production

Introduction

The Thriposha manufactory in Kapuwatta, Ja-ela is engaged in Thriposha production under 03 day-night shifts. Depending on the nature of Thriposha beneficiaries (such as pregnant mothers, breast feeding mothers, infants, patients etc.,) it should be of very high standard and very healthy. As such, Thriposha is produced often under quality control inspections. The number of monthly beneficiaries amounts to over 9 lakhs for which around 1400 metric tons of Thriposha should be produced. The amount produced in 2010 was 1000 metric tons and it was insufficient to fulfill the full requirement. However, the present work force was able to increase the level of production upto 94% of the total requirement by the end of year 2011. In this manner the Sri Lanka Thriposha Ltd., is in the process of performing its role of reaching the target of building a land full of nutrition by providing the Thriposha additional food with highest level of nutritious value for beneficiaries.

Purchasing raw material required for Thriposha Production

While the required additional nutrition is offered to the beneficiaries through Thriposha product, the company is engaged in a precious mission also for development of Agricultural Economy. Maize and soya beans are the main raw materials required for manufacturing Thriposha. Contributing to promote the economic standards of local farmers by expanding cultivation of Maize and Soya beans produced in large amounts by the farmers in the Districts of Anuradhapura, Ampara, Polonnaruwa, Badulla, Moneragala etc., by purchasing them at a certified price is yet another significant service rendered by our Company. The use of the harvest of these farmers adds them a respect. Quality tests to assure whether the Maize and Soya so purchased from the farmers are up to the expected standard are made prior to purchasing them.



Soya



Maize



Quality test



Getting raw material



inspection

Thriposha Company constantly tries to keep its products in a quality, healthy, standard condition. Humidity and quality of maize brought in bags is checked by taking samples from each of such bags. As such, the best quality raw materials are used for Thriposha production. That is how the primary stage of the Thriposha products full of quality is started. In the process of production, first the maize seeds and soya seeds are ground and at the same time milk powder is mixed and then minerals and vitamins are added. At all such stages of production performed in machines, qualitative and quantitative standard checks are carried out once every hour. Also the sanitation of the employees engaged in the process is constantly checked.



Production process of Thriposha runs very methodically under several stages



Primary stage

At this stage maize and soya seeds without borers, empty seeds and chaff are husked. A machine called Dehulling is utilized for this purpose. The specialty at this stage is the use of Soya refuse removed for production of animal food.

By that process, the Company also generates another source of income.

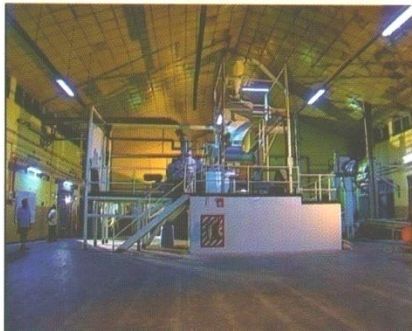
Second stage

Maize and Soya seeds so husked are then mixed at 66%-30% rate (for this task, the machine called Proposanall Mill is used).



03rd Stage

Soya seeds and Maize seeds are ground into pieces (the machine called Hammer Mill is used for this purpose).



04th Stage

Maize and Soya so powdered is then pumped into a tank placed above with the help of wind pipes and then it is prepared as a paste by the use of required amounts of water.



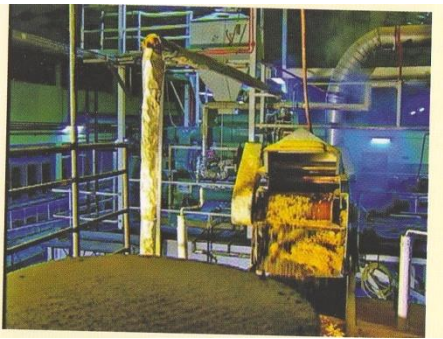
05th Stage

The paste so prepared is then moved forward through a pipeline which, then, is subjected to the process of boiling with steam.

At this stage the mixture gets Jellyish look.

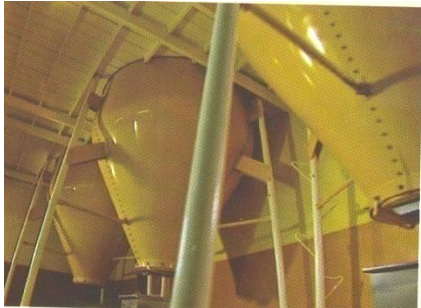


The boiler in the manufactory is helpful in boiling and re drying the Maize and Soya mixture.



06th Stage

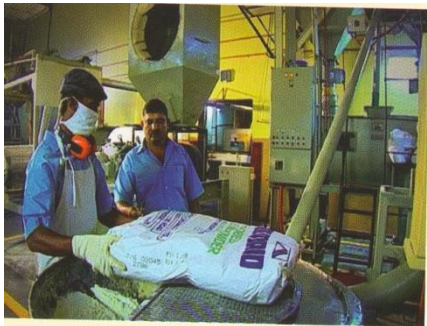
The Thriposha raw material mixture subjected to a cog wheel like machinery process is then chopped into small macaroni like pieces. Then they are subjected to the drying process.



07th Stage

The maize - soya mixture carrying a multi sized macaroni pieces in gold color is subjected to a drying process by the drying machine for a period of 12 minutes under the temperature of 76 degrees of Celsius.

(Steam coming out the boiler is also used to heat this drying machine as well)



08th Stage

Dried Thriposha raw material is identified by the name of CSB. (Maize, Soya Biscuits) then these CSB parts are powdered. This task is done by the use of Mega Mill 18 Grinding Machine.



09th Stage

Milk powder (Milko) is mixed at the rate of 03% with chopped CSB pieces.



10th Stage

After mixing minerals and Vitamins with Thriposha powder gathered through tubes into massive Mixing Machines (Bleater), they are routed to the packing unit.



11th Stage

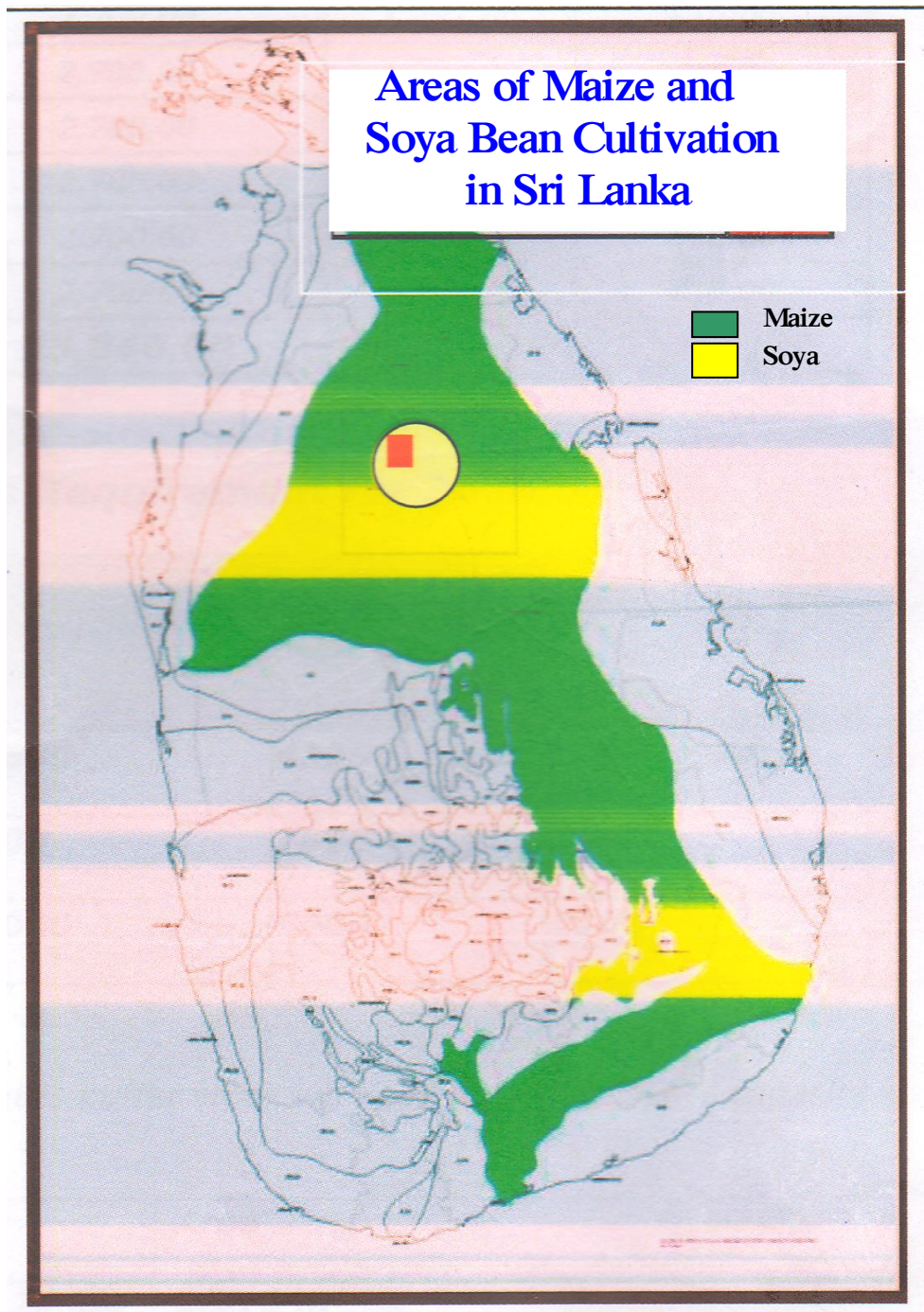
Thriposha packets are packed in 750g units by the female workers in the Thriposha Company and they are issued in master bags each containing 30 such Thriposha packets.

12th Stage

Arrangements are then made to distribute the Thriposha master bags prepared to be suitable for transportation throughout the island by train wagons and Lorries etc.



These Thriposha products are useful for the precious deed of strengthening health of local mothers and children.

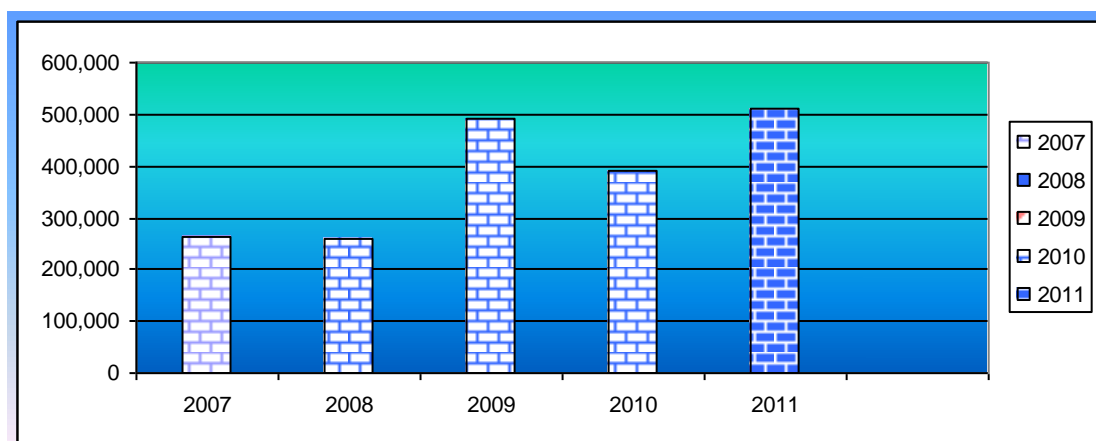


- Anuradhapura District
- Polonnaruwa District
- Ampara District
- Badulla District
- Moneragala District

Thriposha Production from 2007 to 2011

year	2007	2008	2009	2010	2011
January	9,402	32,832	53,913	16,697	41,752
February	10,675	22,597	51,826	31,038	45,161
March	38,040	23,256	50,942	29,693	48,028
April	18,796	23,191	12,013	16,291	37,573
May	17,879	26,092	44,200	25,167	48,002
June	22,695	0	51,232	36,216	37,860
July	24,722	5,459	47,687	34,759	38,090
August	24,530	19,872	48,273	30,890	47,810
September	42,955	11,355	50,696	42,190	50,428
October	29,397	10,194	32,252	47,765	56,913
November	15,388	41,949	33,840	49,361	51,026
December	4,890	41,586	11,530	29,929	10,304
Master bags	261,376	260,391	490,413	389,996	512,947
Metric tons	5,881	5,859	11,034	8,820	11,497

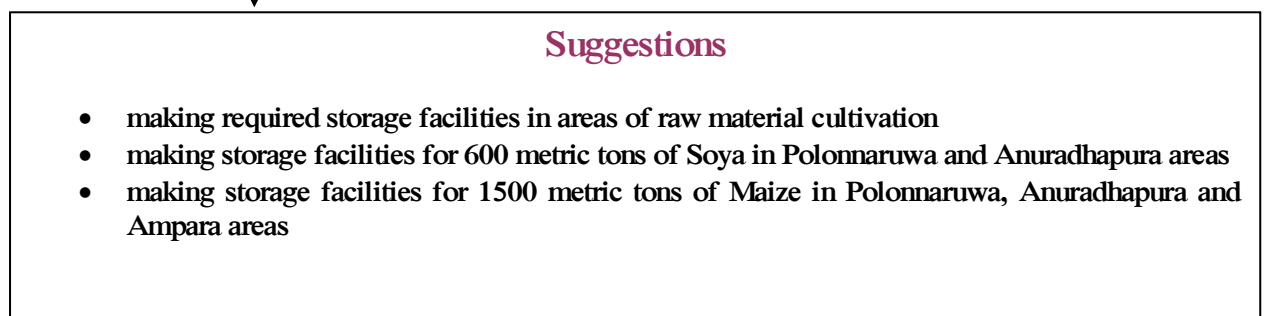
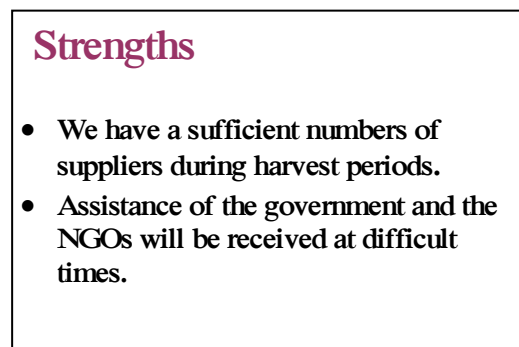
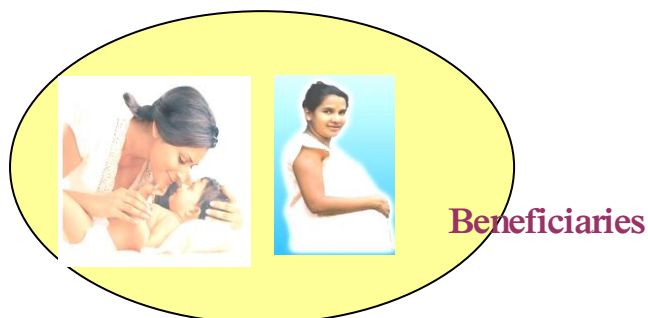
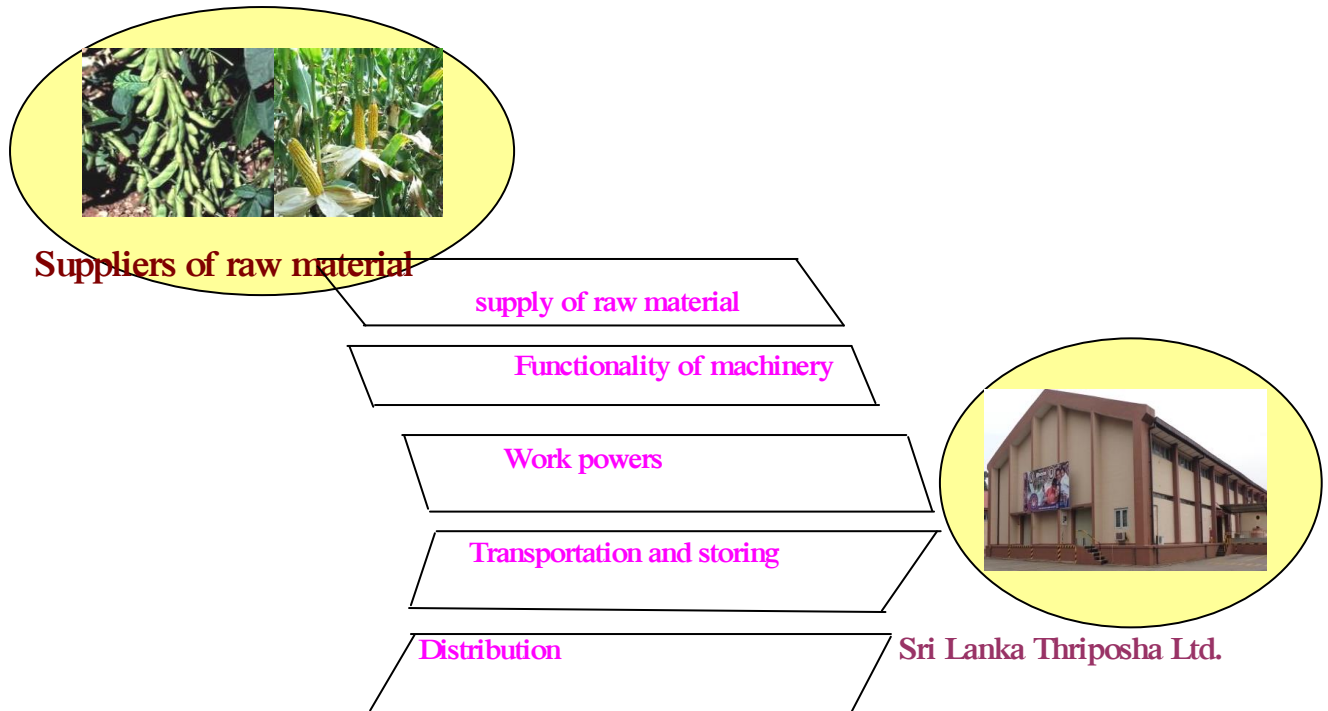
Production data (in master bags)



The highest production in history was recorded in 2011.

According to the above records, the highest production in the 30 year history of production, i.e. 56,913 master bags (1,707,390 Thriposha Packets), was recorded in October, 2011.

Process of Thriposha Supply



Sections of the Company and the Role Assigned to such Sections

Administration Section

Administration Section operates under the Senior Manager (Human Resources and Legal). The approved total cadre for different fields in the institution consists of 190 personnel. There are two Senior Managers, 08 Junior Managers, 13 persons in the Management Assistant (Non-Technical) cadre, 08 Skilled Services under the Primary Service Segment, an Assistant Production Manager under the Management Assistant (Technical) Service, 38 Semi-Skilled personnel and 115 Unskilled personnel. Administration Section conducts the tasks such as administrative work, disciplinary matters, worker development as well as training and appointments, confirmations in service, promotions and retirements etc., are made by the Administration Section.

Operational Section

Operational Section handles the functions such as operation of all functions relating to production in the Sri Lanka Thriposha Ltd., under its targeted anticipations and due standards and operation, management and supervision etc., of all related functions. This Section operates under the Senior Manager Operations and there are mid level Managers such as the Manager (Engineering and Production Services), Manager (Quality Control), Manager (Production) and another set of sufficient number of cadre to assist him.

The Operations Section assures that the raw material required for production are purchased, stored in time, the production process is run smoothly, products are distributed, quality inspected and sanitation checked etc. This, in particular, includes ensuring an efficient service through its staff and proper allocation of service shifts for a continuous production process. Equally, the Operational Section conducts a host of activities such as supply of water, electricity, and fuel etc, required for operation of machinery.

Engineering Section



Engineering Section performs the mechanical tasks relating to proper maintenance of the work process of the manufactory. The Engineering Section of the entity operates under the Manager (Engineering and Production Services) and there is a considerable staff to assist him.

This includes a number of functions such as maintenance work, repairs, installation of new machinery etc., required for proper functioning of the machinery in the manufactory.

If there are defects in the nature of stopping, slowing down, or other issues relating to the operation of machines, quick remedial action is taken for such defects. Supervision of the functions such as electric work, lathe work, fitter work, welding work etc., of the Work Shop of the Engineering Section and maintenance of functions in the Engineering Store belong to this Section. Civil work also belongs to the Engineering Section and it also contains construction work, repairs and maintenance as well.

Accounts Section

Accounts Section operates under the Manager (Finance). This Section consists of the Finance Officer and two Management Assistants. This Section performs all financial functions including all payments and collections of money in the institution. Accordingly, payment of salaries, Overtime and other allowances, payment of loans including Housing Loans, Distress Loans etc., granted by the institution to its staff was made. Activities of collecting income as well as payments related to procurement matters and other purchases and approved expenses etc. are done by this Section. Proper maintenance of financial control in the institution by following instructions in Financial Regulations and other Circulars were done by this Section and also Annual Budget Estimates were prepared and expenses were made under such Estimates. Also keeping cash books, ledgers and other documents relating to receipts and payments and preparation of reports to be submitted from time to time and making annual stores surveys were performed. All these activities were performed with coordination and under the instructions of entities such as the Board of Directors, the Ministry of Health and the General Treasury.

Quality Control Section



The Quality Control section functions under the Manager (Quality Control). The quality inspection is done in three ways as physical, chemical and microbe test in order to issue Thripasha issued for pregnant mothers and infants with a standard level of quality control.

The stages of humidity, density and cooking are covered under the physical test and the chemical test includes removing insects and other harmful substances and checking whether Thripasha contains the proper constituents while the microbe test includes testing the Bacteria and fungus etc.



The quality control runs throughout the entire process from the stage of undertaking raw materials required for production of Thripasha up to the stage of issuing Thripasha packets to the beneficiaries. These testing are done under thorough supervision at various stages of Thripasha production in the factory and where the raw materials required for Thripasha production do not meet the proper standards, they are rejected.

Further, where the produced Thriposha packets do not meet the proper standard, they are not issued to the beneficiaries.

Production section



Production Section claims a major role in the production of Thriposha. This is administered under the Manager (Productions). The entire process of Thriposha production runs utilizing the machinery and the whole process up to its end is operated under several stages keeping to proper quality control standards and under constant supervision. Firstly, maize and soya, the required raw material for production of Thriposha, are stored at the rate of 66% and 30% respectively and then the unnecessary material such as pebbles, sands, gravel and other disposable items are removed.



Initially, the soya and maize ground into pieces are boiled by the Anderson Machine and then, desiccated and finally ground to the required level. Then, the Vitamins, Minerals, milk powder etc., required for Thriposha are added into this mixture by machines and sent into the stores tank in the Packing Section. Thereafter, it is sent to Packing Section and is packed in 750g packets in that Section.

Packing Section



The role of packing the products in the Thriposha Manufactory is assigned to this Section. The high hygienic standard on the part of the workers is a must at this stage. For this purpose the Medical Section constantly checks their health. They are employed in the section under strong nutrition practices with the covers such as gloves, head covers, shoes, mouth covers and body covers etc.



Thriposha produced in the Production Section is sent by machines to the Packing Section to be packed. At the Packing Section, Thriposha is packed into 750g packets. Then, master bags containing 30 Thriposha Packets each are prepared. There are about 50 employees working in this Section.

Distribution Section



Distribution of
the Thriposha



Packets packed in master bags to Regional Health Service Offices as directed by the Ministry of Health is done by the Distribution Section. Distribution of Thriposha is made throughout all nine provinces in the island including North and the East, and accordingly, Thriposha was distributed through 1178 Distribution Centers including Health Centers, Hospitals, Probation and Child Care Centers and estates. All transportations were done by railway waggons and lorries. It is a victory on our part that the amount of 383,524 Thriposha products distributed in 2010 before the take over by the new management, was increased upto 524,694 in the year 2011.

Purchasing Section

This functions under the supervision of the Manager (Finance). The section has a Purchasing Officer and 03 other Officers. This Section purchases the items such as goods, equipment, machines and spare parts required for the Manufactory, stationery, office equipment etc., intimated to be required to each section in the Thriposha company.

This Section also manages local and overseas purchasing activities and purchasing of spare parts required for the machinery is made overseas while other goods and equipment are purchased locally. Tenders are called after ordering and purchasing is done under procurement limits.

Accordingly, petty purchases are made on the limit of rupees hundred thousand and the purchases exceeding that amount is made under approved limits through Procurement Committees etc.

Internal Audit Section

It is a basic task assigned to Internal Audit Section to conduct surveys and independent evaluations required for exposing errors and mistakes of the internal system of administration relating to financial matters of the company by taking part in it. This also submits recommendations and proposals on the measures to be taken to prevent such mistakes and errors. Internal Audit Section conducts queries on the lapse of work, uncovering unnecessary expenses as well as inquiring into the internal administrative measures to be taken to prevent them, while also assuring that Accounting Procedure in the institution is properly pursued and that the accounts and other reports are accurately maintained. Checking the procedure required for protection of assets in the institution, and ensuring that the functions are carried out according to relevant circulars, procedure and other regulations are other work carried out by the Internal Audit Section. Activities of the Internal Audit Section are conducted independently by the Internal Audit Officer. He is directly responsible to the Chairman and the Board of Directors.

Warehouse Section



The Warehouse Section comes under the Manager (Engineering and Production). There is a Warehouse Officer in service to assist him. The tasks assigned to this Section are storing the raw material required for production in the proper way, coordination of distribution of final readymade products, proper positioning of lorries wagons etc., required for distribution and assisting distribution work, helping to store, administer and sell other substances (sweeping etc.) which are not used for distribution, making arrangements required to issue items in the order of their

production date so that the older stocks would not remain un issued and constant maintenance of the required levels of stock etc.

Medical Section

Since this additional food provided for the segments such as pregnant mothers, infants and patients should essentially be produced in a highly healthful condition, it is of utmost importance to keep the workers in the Thriposha Company in a highly hygienic standard.



For this purpose a Medical Section has been established in the Company consisting of a Physician, Nurse and another helper.

This Section often checks the health of the workers in every Section in the entity, namely the Production Section, Packing Section, and Distribution Section. In particular, the checking of hygiene of the workers in the Packing Section is significant. Provision of first aid and

treatments for the workers in the Company and, where necessary, hospitalizing them is practiced here. This Section also provides the services such as checking blood pressure, giving required injections etc.

Security Section



Security Section is assigned with the duties of protection of all property situated in the premises of the Thriposha Company including the Thriposha Manufactory. In addition, the Security Section is also entrusted with the tasks of checking raw material and other items brought into the Company from outside,

ensuring their measurements, proper checking out of the items sent for distribution from the Manufactory etc. This also includes the activities such as ensuring the availability of the proper measurements and amounts of fuel etc. sent into the Company and checking the identity of the guest coming into the Company. The Security Section consists of the Chief Security Officer, a Junior Security Officer and a Woman Officer.

Landscaping

Ensuring the hygiene in every aspect of the Thriplosa additional food produced under the proper standard is very important. In addition to the cleanliness expected to be maintained inside the Manufactory, it is an essential factor in producing a nutritious additional food like Thriplosa that also the outer environment of the Manufactory should remain in a clean and attractive manner. Therefore, the Management makes a particular effort to maintain the outer environment of the Manufactory with an eye-catching landscaping and horticulture. 02 Gardeners have been employed for this purpose and it is the task assigned to them to keep a constant maintenance of the surrounding environment cleanly and attractively.



Fire Section

Fire Section is a very important part of a factory of this nature. There are Fire Attendants in service for this purpose and they have been properly trained. There are Fire Extinguishers installed in relevant locations and the staff is kept enlightened of the action to be taken in an emergency. Further, there are fire preparatory training exercises held from time to time.

History of the Thriposha Company and Approach to Year 2011

The Thriposha Programme which initiated in year 1973 under the assistance of CARE institution in the U.S.A. was then identified as the Center for Manufacturing Thriposha and, being imported from the U.S.A. as a finished food and named as Thriposha, this additional food was packed and distributed in our country. This food which came to be as a mixture of Soya seeds, Maize and non-fat dried milk powder imported from the U.S.A. was so distributed for Sri Lankans.

Ministry of Health started its contribution to this Program in 1976 and it also received the financial assistance of the CARE institution. Parallely, the Care institution assigned its management to the Ministry of Health. Then, tenders were called for management of the institution and, as a result, the Ceylon Tobacco Company was selected for its management. The Thriposha Program was initiated with a small number of workers. Its head posts of the General Manager, Operation Manager and Accountant were filled by Ceylon Tobacco Company. The activities such as supervision of the Thriposha Program, inspection of quality of the products and allocation of Thriposha for beneficiaries etc., were done by the Ministry of Health.



Thriposha Company then

Maintenance expenses of the Thriposha Company were borne by the Ceylon Tobacco Company and, as per the Agreement signed with the Ministry of Health in 1987, the said expense was reimbursed by the Ministry of Health. The land on which the Thriposha Company is situated, its machinery and other property came to the trust of the Ministry of Health. The attempt of the Ministry of Health to transfer the Management of the Thriposha Company to the State Pharmaceuticals Corporation by a change of Administration failed. Also on behavioral factors and service issues, a request was made in 2009 by the Ceylon Tobacco Company from the Ministry of Health to undertake the Management of the Thriposha Company. Accordingly, on the basis of the decision arrived at the discussion held between the Secretary to the Ministry of Health and the Director General of the Department of State Enterprises of the General Treasury, steps were taken to incorporate the Thriposha Company as a fully government owned company under the Companies Act no. 07 of 2007.

Accordingly, it was registered under the name of "Sri Lanka Thriposha Ltd." on 17-09-2010 under the registration number PB - 3873 as a fully government owned company affiliated to the Ministry of Health and thereafter it ran a period of interim administration with effect from 17-09-2010 to 31-12-2010. Then, the event of initiation of the new Management of the Thriposha Ltd. under a fully new Board of Management marked a historical turning point in this entity where it approached a new path.

The Board of Directors consisted of 07 persons as per the Company Statute and it consists of the Director General of Health Services, Nutrition Coordinating Director, a specialist Paediatricist, a Management professional and a representative of the Ministry of Finance as ex-officio members. Accordingly, Mr. Sarath Chandrasiri Vithana (Chairman), Dr. Upul Ajith Mendis, Prof. Deepthi Samarage, Dr. Janaki Gunaratne, Specialist Physician Mrs. Shanthi Gunawardena, Mr. A.R.D. Ahamed, Attorney - At- Law, and Ms. Niluka Kumarasinghe as the representative of the Ministry of Finance, took appointments as Directors to the Board of Directors. These personnel took the start becoming its pioneers of the new phase of the Company also with the contribution of Ms. Thanuja Priyadarshani Alwis, Attorney-At-Law as its Secretary. Mrs. Geetha Wimalaweera Mendis as the representative of the General Treasury, and Mr. H.M.B.Karunaratne, the Chief Accountant of the Ministry of Health, as the Observer joined the Company with effect from 07-01-2011.

After this shift into a new administration, the employees with their employments established for a period of 30 years under the administration of the Ceylon Tobacco Company, were threatened and became anxious on the security of their jobs. However, within a very short period after the Company came under the new administration, these employees were further hopeful of their future due to the unprecedented feeling of their job security and the lean towards new welfare trends and the trust on the administration.

Prior to this new trend, the employees had lodged a complaint under I.R. 20/02/2010 at the Labor Commissioner and also had kept themselves out of service as a union activity by also wearing black belts and making protests.

As a result of discussions, dialogues and compromises, the General Free Trade Zone Employees' Union, Ceylon Tobacco Company, the Thriposha Company and the Labor Commissioner jointly came to an Agreement on 10-12-2010. In addition, it is also a noteworthy point in the history of Thriposha administration that an agreement was arrived at among the Ministry of Health, Ceylon Tobacco Company and the Thriposha Company on the resignation of the Ceylon Tobacco Company from its Management.

A function was organized under the chairmanship of the Minister of Health on 07-01-2011. It marked the resignation of the Ceylon Tobacco Company from the management of the Thriposha Company and its

take over by the new Management. The words the Minister of Health expressed addressing the gathering of that function have left indelible marks in the hearts of the employees in the Company.

"Every entity the government took over collapses. The Thriposha Company maintained a percentage of 64% under the Ceylon Tobacco Corporation. We should appreciate it. I would like to request you all to at least maintain the Company at that position. "

The Sri Lanka Thriposha Ltd. which was started as a Program under the assistance of the U.S.A. in 1973, was joined, in 1976, by the Ministry of Health and then, in 1987, came under the management of the Sri Lanka Tobacco Company before being re created as a fully government owned company under the Ministry of Health in 2010 and this is to state that this Company has started its new phase with enthusiasm in 2011 under the full management of a new Board of Directors....

The benefits we accrued in 2011

- We identified our strength and skill
- We improved our capacity for working together as a team
- We improved our attitude towards work.

results



We achieved,

- The highest annual production
- The highest monthly production
- The highest daily production



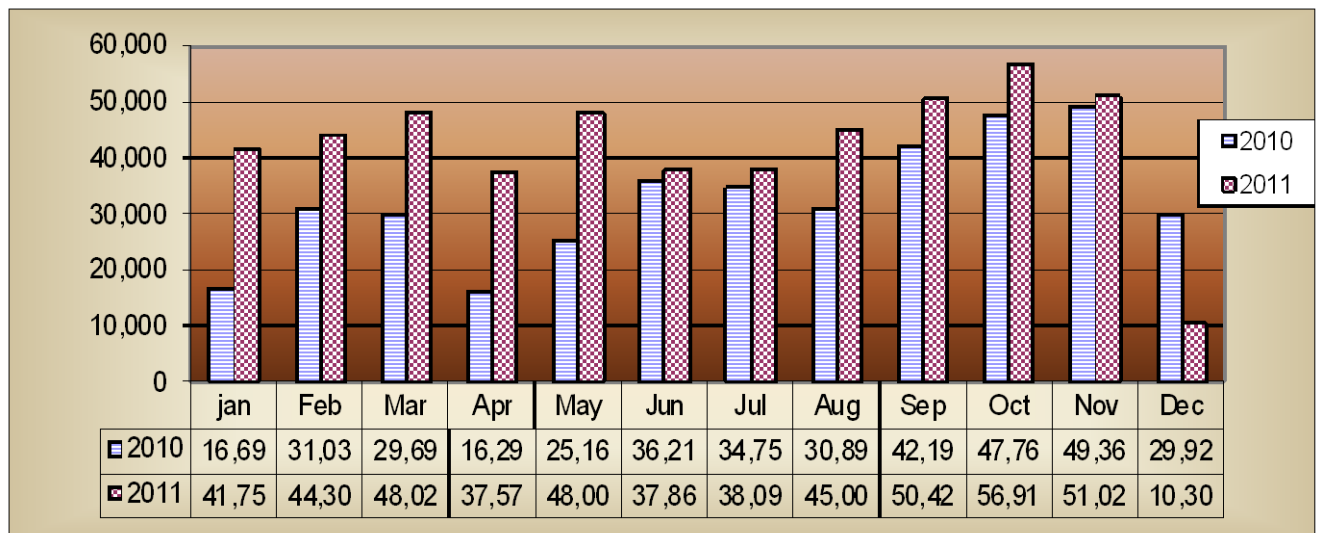
Reaching the targets

The Sri Lanka Thripasha Ltd which started its course at the latter part of 2010 being established as a fully government owned company, utilized the required techniques and management tools to reach the anticipated targets of production. The new management was able to make the employees a party of the progress of the company by promotion of self-esteem and motivation in them and by building up unity, promoting fresh feelings of activity and by making a change in attitudes.

For the reason of maintenance of employee welfare at a very high level and ensuring job security and the trustworthiness of the new Management, the production was able to be raised up to 94% during a very short period as a year without any change of the number of employees or the machinery utilized so far. It is a matter of pleasure that the establishment of the Thripasha Company as a government owned company has succeeded in giving exemplary signs of progress.

The company was able to reach a new record growth of production by surpassing the rates of production maintained for the period of 30 years passed as a result of all these qualitative developments. Although only a rate of 71% of the total requirement in the country could be produced in 2010, by the end of 2011, it was able to be brought up to a rate of 94%. The reasons mentioned above brought about this positive change.

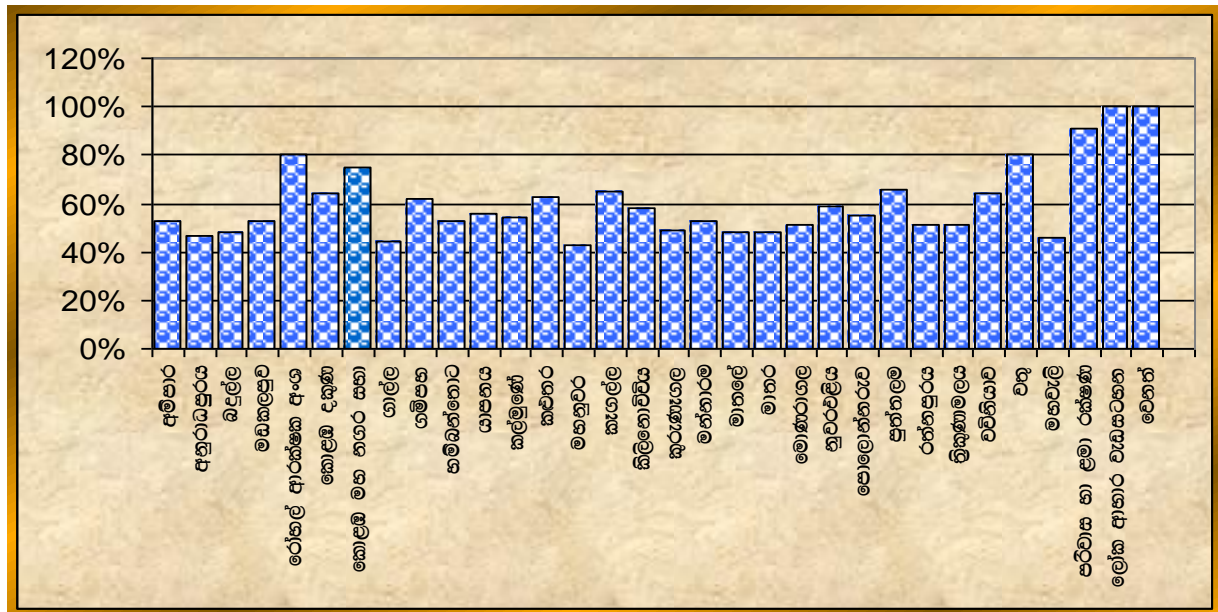
Comparison of Production Data 2010/2011



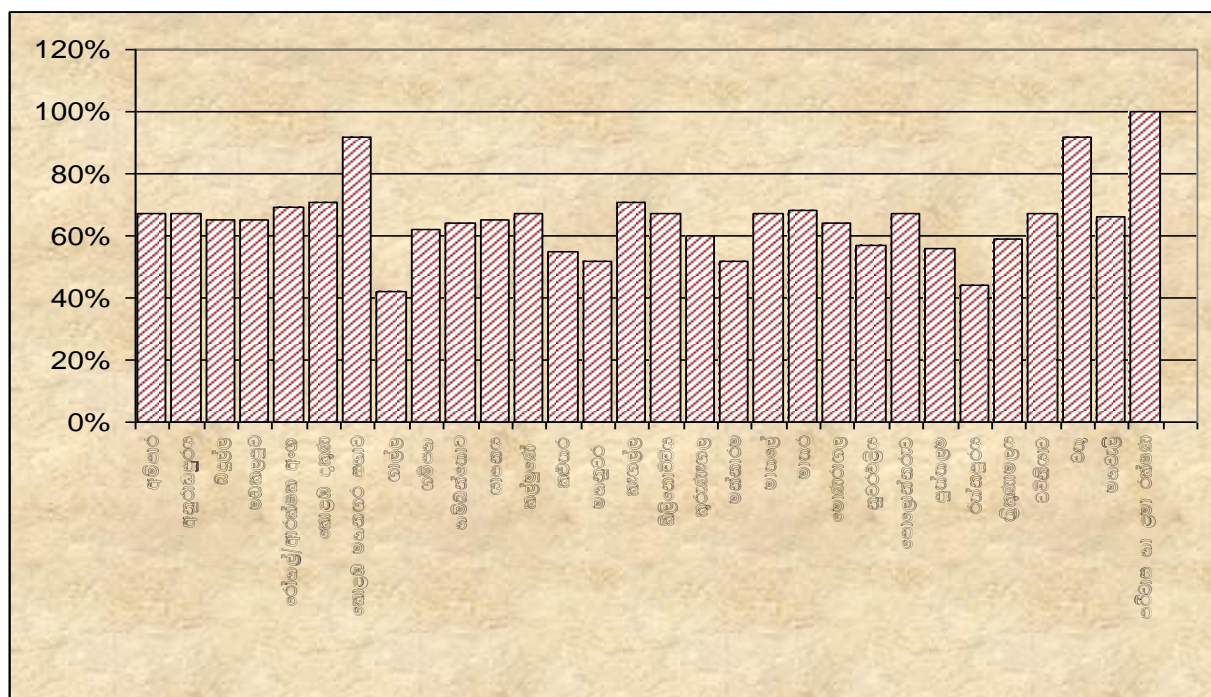
Due to the time
taken to install the
new machine

Particulars of Distribution of Thripasha on Production from 2005

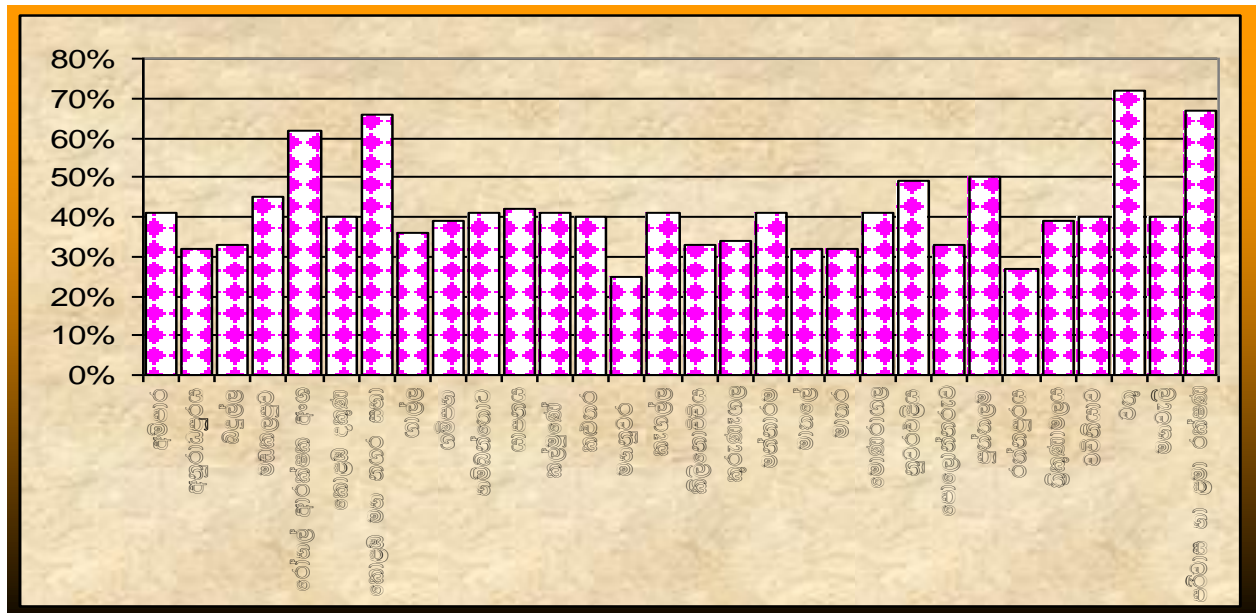
Distribution of Thripasha - Divisionally 2005



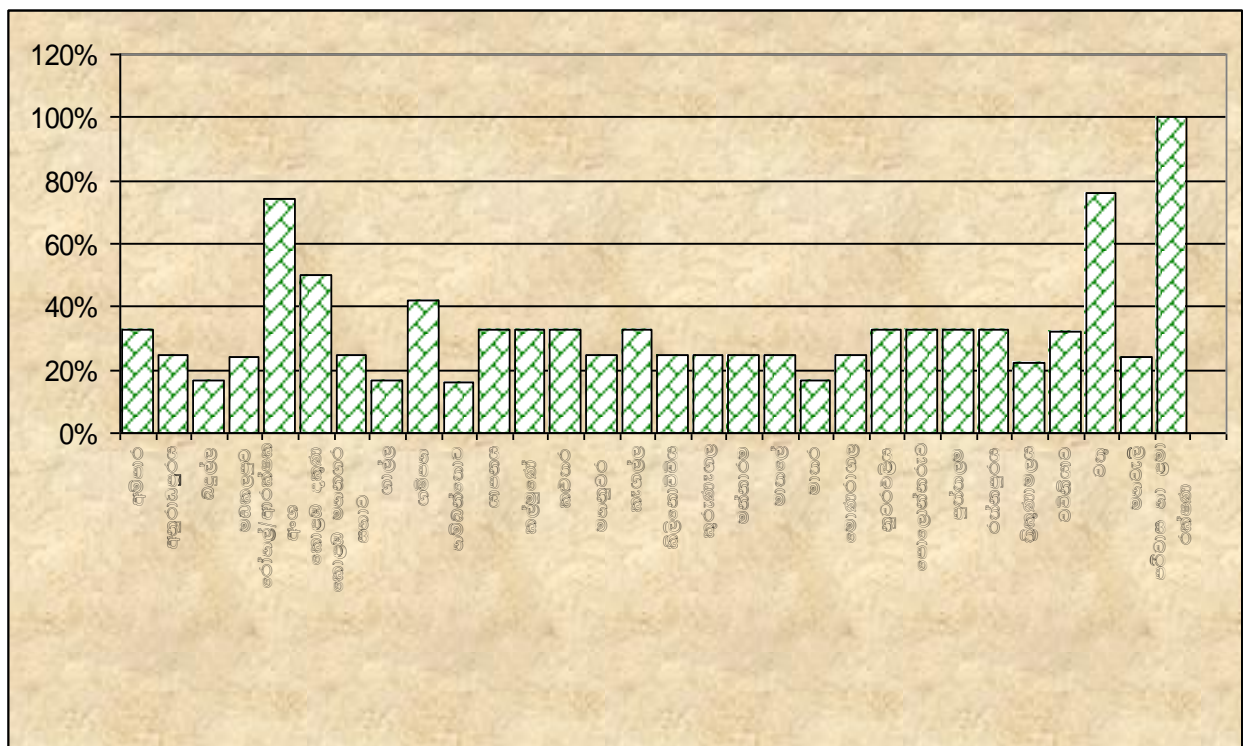
Distribution of Thripasha - Divisionally 2006



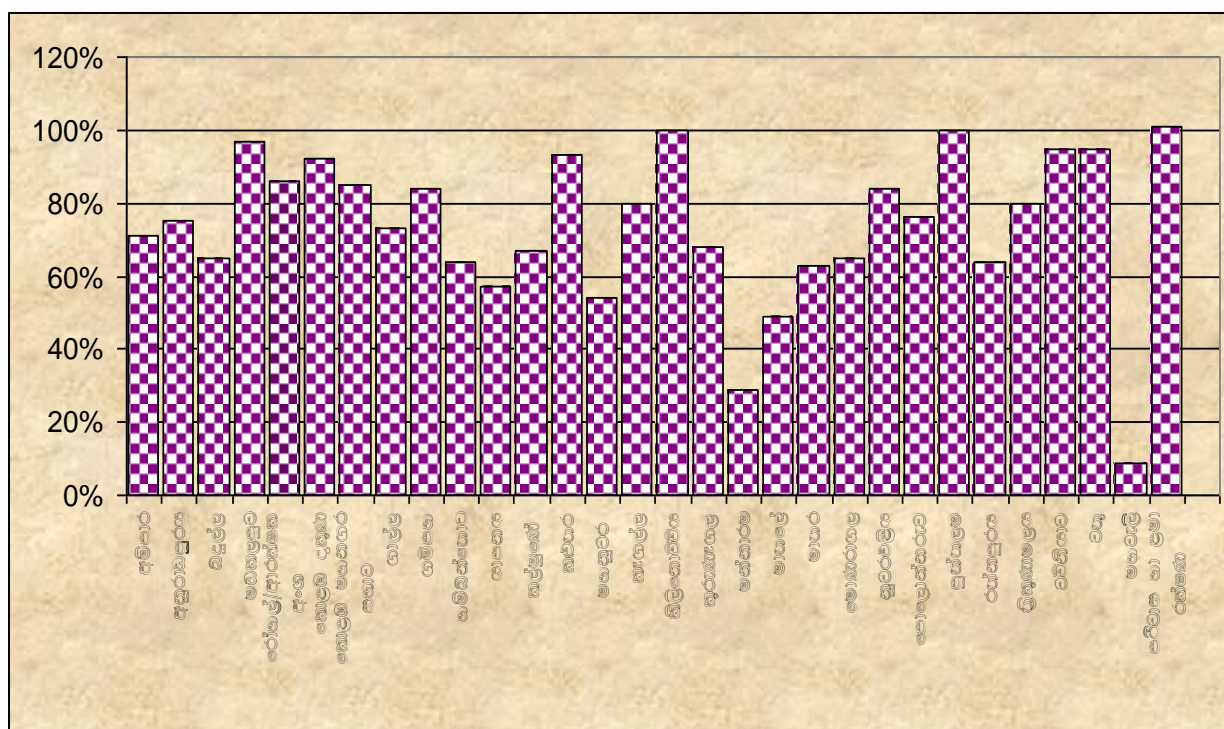
Distribution of Thripasha - Divisionally 2007



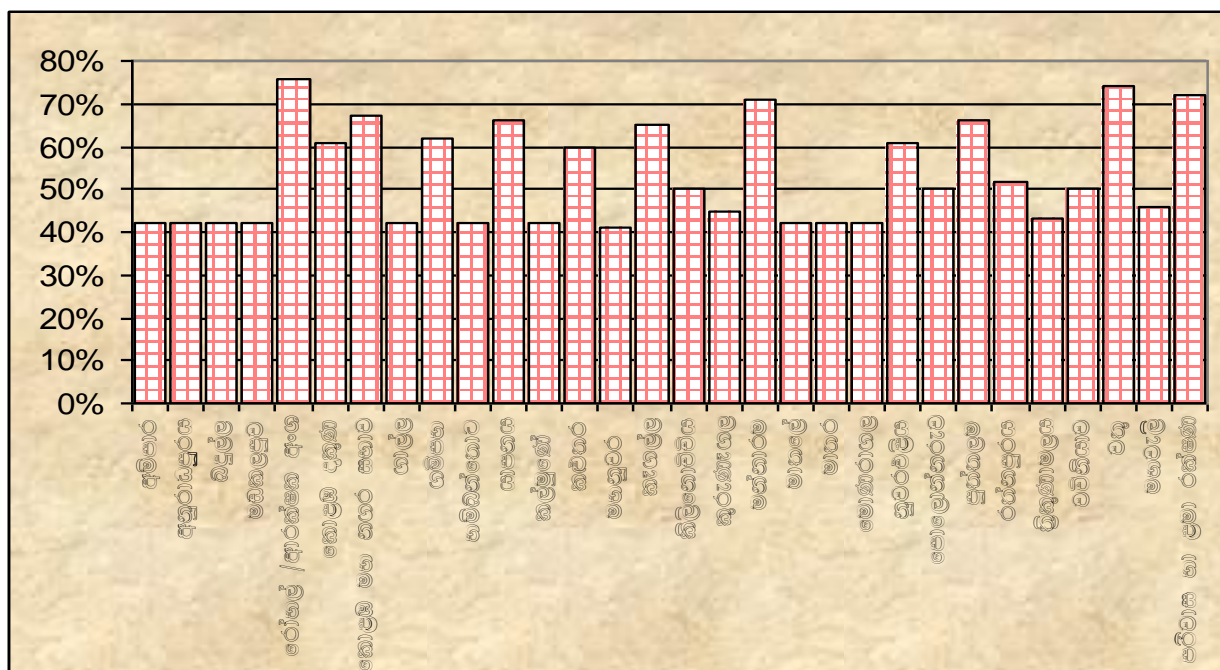
Distribution of Thripasha - Divisionally 2008



Distribution of Thripsha - Divisionally 2009



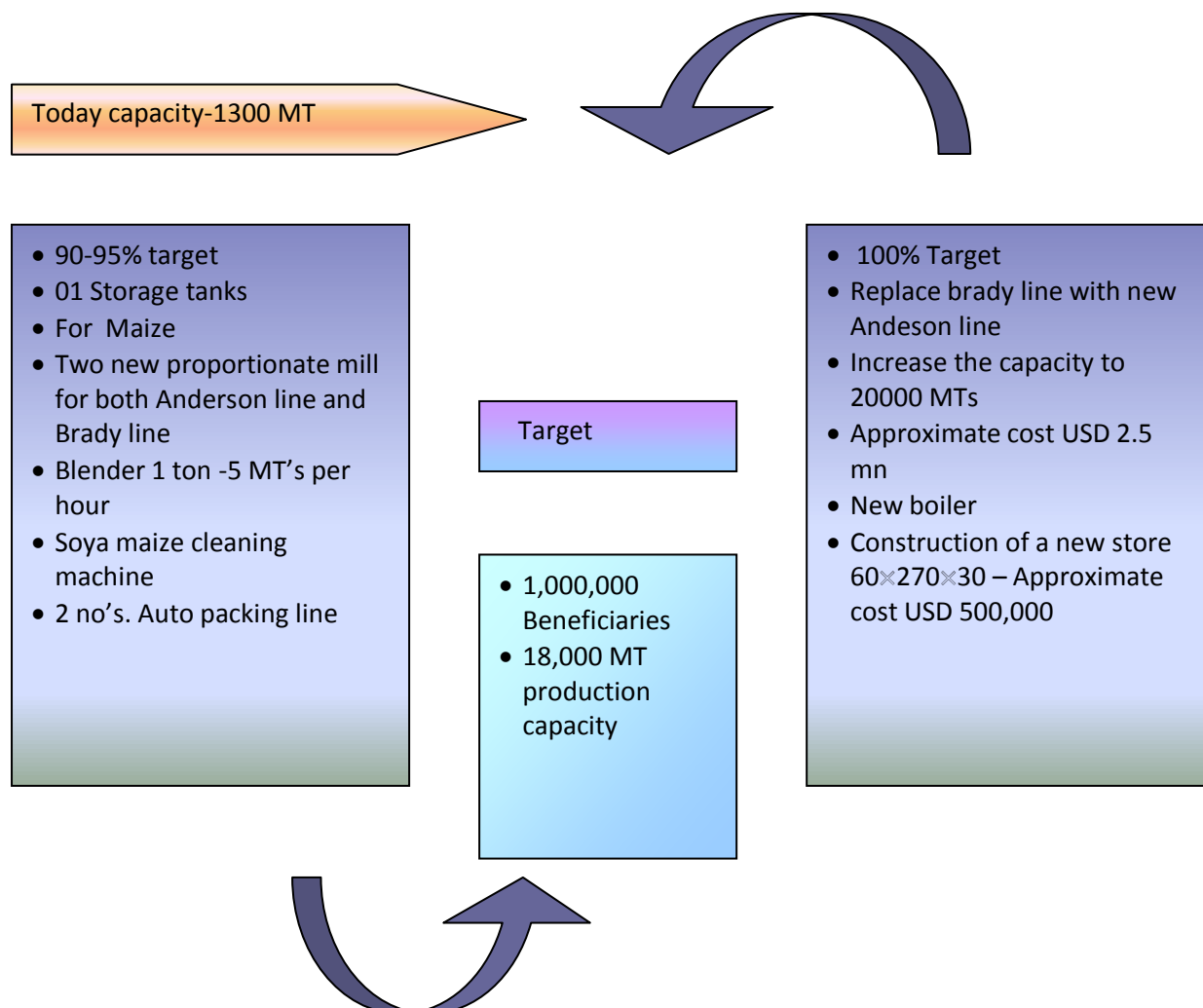
Distribution of Thripsha - Divisionally 2010



Future Goals

The number of Thriposha beneficiaries in the year 2011 was 920,000 and it was targeted to raise productions during the year 2011. It is a special triumph on our part to be able to achieve up to 94% of such targets as anticipated. The production capacity which remained 42% in the year 2010 was able to be increased up to 64% towards the mid years in 2011 and it may be considered that our success in reaching a record level of production by the end of 2011 is one of the highest victories the institution achieved so far. The number of beneficiaries by the year 2012 has been estimated as 1,000,000 (one million) and it is targeted to fulfill 100% the requirement of Thriposha during the initial three months.

Capacity Improvement Project



Storing facilities

Lack of sufficient storing facilities is one of the main problems existing in distribution of Thriposha at present. After raising the production capacity by utilizing new machinery etc., the required facilities for storing them appropriately must be available. The space of our store at present is 7180 Square feet and only 17,325 Thriposha Master bags can be stored in it. Over 3500 master bags per day have been scheduled to be produced in future under the speeding up of production and accordingly, storing facilities will be required for around 3500 master bags. Equally, storing facilities should also be increased in about 16,000 square feet. It is essential to make a proper arrangement in future to construct stores required for this purpose. Additionally, since various types of difficulties have to be encountered due to lack of outstation storing facilities for distribution purposes, an expeditious course of action should be taken to build small scale stores centered on Health Medical Centers. Requirement also has arisen on building stores at regional level for the purpose of purchasing raw material. Required action is scheduled to be taken in future for this purpose.

Data and information

Since it is important to install software to facilitate quick and easy reception of data on production and distribution etc., of Thriposha, it will be realized in future.

Use of new machinery and increasing the capacity of the Manufactory

Machinery worthy of 72 million has been provided by the World Food Organization for Thriposha production and these machines will be used in year 2012 to continue production without interruption. The World Food Organization has also made financial provisions available for a packing machine worthy of Rs. 05 million which will be used from January, 2012.

Present machine capacity	
Anderson machine	50,000 (Master bags)
Braddy Machine	20,000 (Master bags)
Total	70,000 (Master bags)

<p>Expected production capacity after installation of new machines (end of 2012)</p>

Capacity of Thriposha manufacturing machine master bags per month	120,000
In 750g. Packets (per month)	3,600,000
Number of beneficiaries able to be offered 02 750g. Packets per month.	1,800,000

A fork lift machine has been ordered for the purpose of easing off the activities and raising efficiency and it will also be used. The CTC also has agreed to grant yet another fork lift machine in very near future. This will further ease off the work. The Ministry of Health will take action to grant two Lorries for the purpose of distribution of Thriposha. Distribution process is expected to be so strengthened.

Further purchasing of raw material for production

With the objective of further and further protecting the indigenous farmer at the forefront, action will be continued to receive their products to Thriposha Company through Farmer Associations. For this objective soya beans and maize products were received through farmer associations in Meegalewa, Anuradhapura, Ampara and Huruluwewa resulting in the ways opened for some 8000 Mahaweli and traditional farmer families affiliated to the above said farmer associations to deal directly with the Company. Financial facilities required for this purpose will be provided to the relevant farmer associations by commercial banks led by Regional Development Banks.

The production plan and raw material requirements for the future programs aimed at promoting production are as follows.

Production Plan and raw material requirements

2012	Thriposha Production (M.T.)	Raw material requirements	
		Maize (M.T.)	Soya (M.T.)
January	1,000.00	660.00	300.00
February	1,200.00	792.00	360.00
March	1,340.00	884.00	402.00
April	1,350.00	891.00	405.00
May	1,450.00	957.00	435.00
June	1,300.00	858.00	390.00
July	2,700.00	1,782.00	810.00
August	2,700.00	1,782.00	810.00
September	2,700.00	1,782.00	810.00
October	2,700.00	1,782.00	810.00
November	2,700.00	1,782.00	810.00
December	2,700.00	1,782.00	810.00
	23,840.00	15,734.00	7,152.00

Raw material requirements - for 24,000 metric tons

Raw material requirements	storing capacity
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	Requirements 2012	For 03 months	Present storing capacity (for 03 months)	Newly required storing capacity (for 03 months)
Maize (M.T.)	16,500	4,125	1,457	2,668
Soya(M.T)	7,500	1,875	744	1,131
Total	24,000	6,000	2,201	3,799

Final target

Improvements to be made by fulfilling these requirements will be completed shortly and the final target will be to reach the target of producing 1500 M.T. of Thripasha per month in order to provide Thripasha to the total number of a million beneficiaries. Therefore, it is the objective of Si Lanka Thripasha Ltd., to maintain a sound condition of service by thus improving the production level catering to the requirements of beneficiaries of the country

Conclusion

The Thripasha Program which is one of the programs conducted by the Ministry of Health to promote nutrition contributes to a wider and more responsible national nutrition process by gathering momentum as a state company. We are proud of our success in the mission of free distribution of the Thripasha additional food for a period as long as thirty years. This company which came under the purview of the Ministry of Health on 17-09-2010 as a fully government owned company, is now more dedicated to render a more dignified service for the people by understanding their requirements.

The failure hitherto prevailed in producing the amount of Thripasha required for the beneficiaries with nutrition requirements amounting to nearly a million. The present administration, being established as a government company, was anxious to reach the targets of fulfilling these needs. The production capacity of 45% by the time the company was brought under the new administration in September 2010 was able to be raised up to 64% in a short period and up to 94% by the end of 2011. It is expected to surpass this 100% production target in the year 2012 and produce the total requirement of the country and spend the excess for another productive purpose. Gathering a success in its growth of production, Sri Lanka Thripasha Ltd remains among the successful state institutions by now. No financial evaluation can be made to our products since they are distributed totally free of charge. However, if its production value was to be counted, it would indicate laudable figures in the segments of its turnover and net profit.

Our thanks

It is a great pleasure to see a staff in our institution working with satisfaction within its hierarchy running from top to bottom and other way round. Their contribution towards progress of the Company is appreciable. We offer the thanks of us all to Hon. Maithripala Sirisena, the Minister of Health, who made arrangements to establish this institution as a state Company coming under the purview of the Ministry of Health and encouraged everybody and provided required instructions and assistance etc.

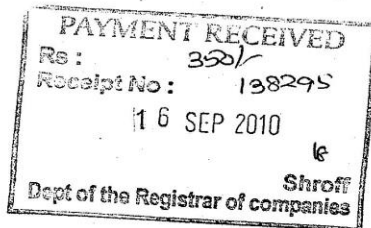
Equally, the assistance constantly rendered by the Deputy Minister of Health Hon. Lalith Dissanayake, Attorney - at - Law should also be appreciated here. We thank Dr. Ravindra Ruberu, the Health Secretary who led us through the correct path and expeditiously provided us with required instructions and approvals. Mr. M.H.B. Karunaratne, the Chief Accountant of the Ministry of Health who provides financial facilities and required recommendations and approvals in financial matters is also remembered with gratitude.

The assistance extended by Dr. P.B.Jayasundera, the Secretary to the Ministry of Finance and the General Treasury who very well understood the requirements of Sri Lanka Thriposha Ltd with a prior understanding of its functions is also appreciated.

Equally, the assistance received from all members of the Board of Directors who handled the management in the institution was really a blessing. We further remember with gratitude also our suppliers and all external service providers.

Finally, we pay our curtsy also to the entire staff of the Sri Lanka Thriposha Ltd., who constantly endeavor to keep the good repute built on the institution.

**ARTICLES OF ASSOCIATION
OF
SRILANKA THRIPOSHA LTD**



**ARTICLES OF ASSOCIATION
OF
SRI LANKA THRIPOSHA LTD**

PB 3823

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INTERPRETATION

1. In these presents if not inconsistent with the subject or context, the words standing in the first column shall bear the meaning set opposite to them respectively in the second column.

WORDS

MEANING

The Company

Sri Lanka Thriposha Ltd

The Act

The Companies Act No. 7 of 2007

These Presents

The Articles of Association of the company for the time being in force.

Special & Extraordinary Resolutions

The meaning given in the ACT

The Board

The directors of the company for the time being including (whether the context so admits or requires) Alternative directors

Year

Calendar Year

Seal

The common seal of the company

In Writing

Written or words reproduced in a visible form of communication.

2. The regulation contained in the model articles of First Schedule to the Companies Act No. 7 of 2007 shall apply to the company and be deemed to be incorporated herewith except so far as they are herein expressly or by implication modified or excluded.
3. The company is a Public Company and prohibits the company from offering the shares or other securities issued by the company to the public.
4. The number of share holders need to be limited to one.

OBJECTIVES

5. The company for the time being shall in particular engage in and undertake:
 - i. To facilitate to development, production and distribution of Thripsha - a Sri Lanka fortified supplementary food product in order to reduce the maternal and child malnutrition of Sri Lanka.
 - ii To encourage the income generation path for the local farmers who supplies the raw material for Thripsha Production as far as possible.
 - iii To produce and market any other form of fortified blended food items based in government policy.
 - iv. To assess the annual requirement of Thripsha and take necessary actions to supply.

ISSUE OF SHARES AND STATED CAPITAL

6. The issued capital of the company shall at all the times held by Secretary to the Treasury on behalf of the Government of Sri Lanka.
7. The Stated capital of the company shall be Rs. 304.6 Million
8. Section 49 (2)(b), 2(c) and (3) of the Act shall not apply to the company.

MEETINGS OF SHAREHOLDERS

9. Meetings
 - (i) The Board or the Chairman may convene an extra ordinary general meeting of the company at any time for any special reason in the same manner as a general meeting is convened.

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- (ii) The board shall call an annual general meeting in each calendar year not later than six months after the balance sheet date of the company, except in the year of incorporation. The first annual general meeting may be held within 18 months after incorporation. The period between two annual general meetings shall not be more than 15 months.

NOTICE OF THE MEETING

10. Written notice of not less than fifteen working days shall be given of every annual general meeting or a meeting convened for passing of a special resolution and ten working days notice in the case of any other general meeting. Notice shall be given to every share holder entitled to receive notice and every director of the company and in the case of an annual general meeting to the auditor as well.
11. Notice need not to be given for any adjournment for less than thirty days provided the date, time and place are announced at the meeting that is being adjourned.
12. The notice must set out the date, time and place of meeting, the general nature of the business to be transacted and the text of any resolution to be submitted.

PROXY

13. The notice must also state that the shareholder is entitled to appoint another person (Whether a shareholder or not) as his proxy and to vote instead of him. Notice of the appointment of a proxy must be received by the company not later than twenty four hours before the time of the meeting.

DIRECTORS

14. Appointment

- i. The number of directors of the company shall be seven (07) and shall comprise as follows.
 - (a) Representative from Ministry of Finance & Planning
 - (b) Representative from Ministry of Health - Director General of Health Services (Ex officio)
 - (c) Director, Nutrition Coordination Division of Ministry of Health
 - (d) A Medical Consultant – Pediatrician / Consultant Community Physicians
 - (e) A Food Technologist – Industrial Technology Institute

(f) Legal Specialist

(g) Management Specialist.

- ii. The Secretary to the Treasury shall nominate the representative from the Ministry of Finance & the Secretary Ministry of Health shall make the appointment.
- iii. Secretary Ministry of Health shall make the appointment of the other six members of the Board with the concurrence of Minister in charge of Ministry of Health.
- iv. The appointing authorities shall revoke the appointments made by them by way of written notice to the chairman and directors with a copy to the Secretary of the company.
- v. Chairman shall nominate by the Minister in charge of Health amongst the directors appointed by the Secretary Ministry of Health for such period as he may consider necessary.
- vi. The chairman shall preside at all meetings of the Board and in his absence the directors shall elect a member from among those present to preside at that meeting.

15. Remuneration

The remuneration of the Directors shall be paid in accordance with the currently effective rules & regulations of the government.

DISQUALIFICATION OF DIRECTORS

16. The office of the director shall be vacated in any of the following events namely:

- (a) If he becomes bankrupt or insolvent: or
- (b) If he prohibits from being a director by reason of an order made under section 213 or section 214 of this Act: or
- (c) If he becomes unsound mind or mentally deficient: or
- (d) If he resigns his office in writing to the company: or
- (e) If he removes from office under Article 14 (iv) of the Articles of Association.

POWERS & DUTIES OF DIRECTORS

17. The Board of Directors is vested with all powers of managing the business, activities and affairs of the company subject to the section 185 of the Act and may entrust or delegate their power except matters described in the sixth schedule to the Companies Act No. 07 of 2007. However the Board of Directors shall bound by the Government rules & regulations.
18. The board may subject to the provisions of the 6th schedule to the Act, delegate any of their powers to committees consisting of such member or members of their body as they think suitable. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on them by the Board in good faith with the company.
19. The board may time to time raise, borrow or secure the payment of any sum or sums of money and obtain, other accommodation for the purposes of the company and may give security for the same by mortgage or pledge or issue of bonds, debenture or debenture stocks of the company or other in such other manner and upon such terms and conditions in all respect as obtained with a prior written approval of the minister of the subject of Health with consent of Minister of Finance.

PROCEEDINGS OF DIRECTORS

20. The Board of Directors shall meet at least once in every month. The directors may meet, adjourn and otherwise regular their meetings as they think fit for the smooth operations of the company.
21. The chairman may convene a board meeting at any time on the request of a director and the secretary shall summon a meeting of the directors by notice in writing given to each director.
22. Notice of the meeting and board papers together with the agenda of the board meeting should reach all board members of the board by registered post or by hand within a reasonable period of time.
23. Minutes shall be kept in books provided for the purpose of all proceedings of board, committees and general meetings, resolution passed and orders made at such meetings and any minute signed by the chairman of such meetings or by the chairman of the next following meeting of the board committee or company

as the case may be shall be evidence without further proof of the facts therein recorded.

QUORUM FOR DIRECTORS MEETING

24. The quorum for the meetings of the Board of Directors shall be Five (05).

25. No business shall be transacted at a meeting of directors if a quorum is not present.

SEAL

26. The Board of Directors shall provide for the safe custody of the seal which shall only be used with the authority of the said board. Every instrument to which the seal shall be affixed and shall be signed by a Chairman of the said board and counter signed by another Director or by some other person duly authorized by the Board of Directors.

SECRETARY

27. The Board of Directors shall appoint some individual, firm or company qualified in terms of such regulations as may be prescribed for the time being under the provisions of section 222 of the Act, as secretary, on such remuneration and upon such terms and conditions as the said board thinks fit. A secretary appointed under this article may be removed by the Board of Directors.

ACCOUNTS, ANNUAL REPORT AND AUDIT

28. The board shall ensure that:-

- (a) Proper accounting records are kept in compliance with the Section 148 of the Act.
- (b) Financial Statements which comply with section 151 of the Act are completed, duly audited and signed within six months of the balance sheet date and a copy delivered to the Registrar General of Companies for registration together with the auditor's report thereon within 20 working days of such signing.
- (c) An annual report that complies with section 168 of the Act is prepared and a copy (including the audited financial statements) is sent to every

shareholder not less than fifteen working days before the date fixed for the Annual General Meeting.

APPOINTMENT OF AUDITORS

29. An auditor or auditors shall be appointed and his fees, powers and duties regulated in accordance with sections 154 to 165 of the Act with the consent of Auditor General.

NOTICES

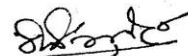
30. Written notices may be sent to a shareholder to his registered address in Sri Lanka by hand delivery or by ordinary post and a notice sent by post shall be deemed to be received within three working days of posting if properly addressed, stamped and the documents enclosed.

DISCLOSURE OF INTEREST

31. A director who interested in a transaction to which the company is a party must forthwith disclose that interest in accordance with Section 192 of the Act.

Names, Address and descriptions of
Subscribers

Signature



P B JAYASUNDERA
Secretary
Ministry of Finance and Planning
Colombo 1

Secretary to the Treasury
General Treasury
Colombo 01.

Dated the 14 day of 09 2010.

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SRILANKA THRIPOSHA LTD
MANAGEMENT LETTER
FOR THE YEAR ENDED 31ST DECEMBER 2011

#9



Kapila Rathnasinghe & Co.
(Chartered Accountants)

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Maharagama, Sri Lanka.
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Fax : +94 11 2624 544
Mobile : +94 71 6840 945
E-mail : krc@krathnasinghe.com
Web : www.krathnasinghe.com

21st December 2012

The Board of Directors,
Sri Lanka Thriposha Ltd
P O Box 17, Kapuwatta,
Ja-Ela.

Dear Sir

Sri Lanka Thriposha Ltd (PB 3873)
Audit for the year ended 31st December 2011

As the Auditors of Sri Lanka Thriposha Ltd (the Company) for the year ended 31st December 2011, our primary responsibility was to express an opinion on your financial statements for the said period. However, in keeping with the tradition of our firm in providing maximum value to our clients, we strive to provide you a service, which we extend beyond our statutory duty, by providing with you value-added ideas, information and solutions to your accounting problems. The purpose of this document is to set out the key points arising from our Audit of the financial statements for the year ended 31st December 2011.

01. Comments on Financial Statements

1.1 Verification of Property, Plant & Equipments.

Maintenance of a detailed Fixed Assets Register with all the relevant information assists management to manage fixed assets effectively and efficiently. Such a record would also facilitate the easy reference of the physical assets.

However, we observed that the Company does not maintain proper Fixed Asset Register. At a minimum a Fixed Assets Register should record the following;

- ▶ Asset number/reference
- ▶ Description
- ▶ Year of purchase,
- ▶ Vendor/supplier
- ▶ Cost,
- ▶ Useful life, residual value,
- ▶ Depreciation charge,
- ▶ Accumulated depreciation,
- ▶ Location
- ▶ Disposal details (i.e. date of disposal/ sale proceeds/ profit/loss on disposal),

A Fixed Assets Register allows a company to keep track of details of each fixed asset, ensuring control and minimizing misappropriation of assets. It also keeps track of the correct value of assets, which allows for computation of depreciation and for tax allowances, asset maintenance, and responsibility in case of misappropriation and for insurance purposes. The Fixed Assets Register generates an accurate, complete, and customized report that suits the needs of Management.

Additionally, we recommend that Management carries out a physical verification of assets and takes the necessary steps to maintain a detailed record of the assets of the Company.

Management Comments

A detail fixed assets register is maintained without supplier's names of the some assets. We have started fixed assets verification on 27/10/2012 and after that fixed assets register will be update properly including required information.

1.2 Advances and prepayments – More than three months

We observed that following advances paid for various procurement activities of the Company for year 2010 and 2011 are still lying in the advance account due to the absence of the supporting documents to charge the relevant expense account. Details are as follows;

No	Date of payment	Description of Advance	Amount Rs.	No of dates in the advance account
1	28/09/2010	Import Advances	609,140/-	458 Days
2	28/09/2010	Import Advances	749,677/-	458 Days

Management Comments

As the decision of Audit and Management committee meeting held on 12.12.2012 we shall sort out this matter immediately.

1.3 Lack of Documentary Evidence

Following assets and liabilities could not be satisfactorily verified due to lack of documentary evidence.

No	Description of Account	Type of evidence required	Amount Rs.
01	Electricity Deposit – Colombo	Confirmations	200,000/-
02	Land	Deed	192,500,000/-

Management Comments

We required in writing confirmation for the above deposit from Ceylon Electricity Board at Colombo on 24/10/2012. But unable to take confirmation without new account number. We shall take an action to find the new account number.

We shall take action to submit the deed after discussing with management of the Ministry of Health.

1.4 Revaluation of Property, Plant and Equipment's

According to the valuation carried out by the District Value on 12th June 2010 five (05) classes of assets had been re-valued but Company had accounted only three classes of assets out of five classes namely Land, Building and Motor Vehicles; Tools and Equipment and Machinery valuation has not incorporated in to the accounts by the Company due to lack of backups for the re-valued items, Valuation amounting to Rs.20, 236,000 and Rs. 20,430,000 respectively.

Management Comments

Valuation amount of tools and equipment and machinery were not taken for the 2011 final account, since backups is not in the valuation report.

New valuation report had been taken on 08/11/2012 from valuation department at Gampaha. 2012 final accounts will be prepared base on this new valuation amount.

1.5 Bank Accounts not belong to Company (3rd Party)

We observed that in the financial statements there are two bank accounts in the name of CTC Services Ltd. Details are as follows.

#	Name of the Accounts	Amount (Rs.)
1	Bank of Ceylon Ja Ela – 404762	5,285,316/- Overdraft
2	Commercial Bank – Kandana	581,897/- Favorable

Management Comments

Under the board approval these bank balances will be charged to the income statement in 2012, since those bank accounts are not relevant to the Sri Lanka Thripasha Ltd.

1.6 Contingent Fund/ Petty cash.

The Company currently maintains petty cash floats amounting to Rs. 75,000/- in order to meet day to day petty cash requirements of the five different functional areas of the Company namely, Administration Section, Factory, Laboratory, Vehicle Maintenance, and other Incidental Expenses. We observed that in each division petty cash books are not maintained in order to check the running balance of the cash balance and to facilitate any third party ascertaining the balance available in hand to cross check with the physical balance.

Management Comments

Petty cash books are maintained for each functional area separately in the system and petty cash reimbursement forms are maintained by each division separately.

1.7 Long Outstanding balances – (Debtors and Creditors)

We observed that long outstanding debtors and creditors as follows without any change over three years.

#	Description of account	Amount Rs.	Status as at 31/12/2012
1	Payable to CTC	37,076,784 (Cr)	More than 03 years
2	Receivable from Ministry of Health	37,203,441 (Dr)	More than 03 years

Management Comments

Under the board approval these balances will be charged to the income statement in 2012

1.8 Other Income – Sweeping Sales

During the year under the review company has earned Rs 7,191,633 from sales of product waste (Sweeping) and Rs. 1,370,929 from gunnies sales, but we observed that quotation committee approval has not available in order to select most appropriate buyer with regard to sweeping sales and most of the sales were made to only one customer namely P.Erandi Perera

Management Comments

We are unable to find the quotation committee approval. We shall take necessary action to submit committee approval.

4. Financial and Performance Review

4.1 Financial Review

4.1.1 Analysis for Variation in Financial Result

The operation of the company during the year under review had resulted a net profit of Rs.8, 412,214/- as compared with the net loss of Rs. 2,551,382/- for the preceding year thus showing an increase and improvement of Rs.10,963,596/-in the financial result. The main reasons for this increase were the increased of other income by Rs. 18,122,292.

4.1.2 Major Variations against the Budget

Major variations between the items in the accounts for the current period with those of the budget have been noted below.

<u>Item</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Result</u>
Production (Master Bags)	598,397	512,947	85,440	Adverse
Production Cost (Rs)	1,801,479,000	1,368,423,400	192,031,600	Favorable
Cost per master bag	3010.56	2,667.67	342.89	Favorable

Further we observed that company has not used the budget as effective control mechanism and realistic budgetary control has not implement by the company in order to meet the annual projected production and controlling of cost.

Reasons for Variations by Management **Production**

Main reason for this difference is over estimate of the budget and other reasons are,

01. Thripasha powder storage problems
02. Machinery breakdown
03. Man power problems
04. Electricity power failure
05. Finish goods storage capacity problems
- 06 Year end company special function

Production Cost

Main reason for this production cost difference is over estimate of the budget

Cost per Master Bag

Main reasons are variance of the production (Master bags) difference and production cost difference.

4.2 Statistics on Company Performance - Compared with 2010

<u>Item</u>	<u>2010</u>	<u>2011</u>	<u>Variance</u>	<u>Result</u>
Production (Master Bags)	395,559	512,947	117,388	Improved
Production Cost (Rs)	889,890,482	1,323,997,467	434,106,985	Cost Increased
Cost per master bag (Rs)	2,249.70	2,581.16	331.45	Cost Increased
Overtime (Rs)	7,754,277	12,585,952	4,831,675	Cost Increased by 62%
Cost of Living Allowance (Rs)	2,350,729	12,574,406	10,223,677	Cost Increased by 434%

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Reasons for Variations by Management

Production

Thriposha requirement is increased by 29.68% in the 2011. Therefore production also is increased like that.

Production Cost

Raw material cost, direct labor cost and Factory overhead cost are increased in the 2011 since productions are increased.

Cost per Master Bag

Cost per master bag is increased since production costs are increased than production.

Overtime

Saturday and Sunday working days for the year 2010 and 2011 are 43 days & 56 days respectively in the factory. Productions are increased by 117,388 (Master bags) in 2011, since production have been done 13 days from Saturday and Sunday in 2011 over than 2010. Overt time is paid double and one and half respectively in Saturday and Sunday. Therefore overtime is increased by 62.31% in the 2011

Cost of Living Allowance

Cost of living allowance had been paid according to the CTC regulation for the year 2010. But it was paid under the government regulation for the year 2011. It is not logical therefore compared 2011 with 2010.

4.2.4 Identified Losses – Reprocessing loss

We observed that, during the year under review the Company has re- processed 121 no's of packets and incurred a loss of Rs. 100,554.31

Management Comments

This is a normal production loss. Reprocessing loss is Rs.794,30.02 for the year 2010

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4.2.5 Quantity difference of utilization of Kraft Bags

We observed that considerable deference in the quantity of the Kraft Master Bags issued to the packing department and the produced master bags for the year 2011.

No. of Kraft Bags issued to the production (Qty)	Produced Master Bags (Qty)	Difference (Qty)
513,752	512,947	805

Management Comments

This difference is normal damage of the Kraft paper bags

4.2.3 Non Compliance with Laws, Rules, Regulations

1. Payment of Gratuity Act No 12 of 1983

According to the Gratuity Act, full amount payable as gratuity to the retired employees should be paid without deducting any outstanding loans, advances or damages on termination of employment. Separate arrangement should be made to recover such amounts.

E P F No	Name	Gratuity Payable	Deductions	Net Gratuity Paid	Remarks
CS 358	C M M N Silva	246,037.50	7,262.50	238,774.90	Loan/ Festival Advances
CS 52	M D F Irangani	297,480.00	12,079.00	285,400.83	Loan/ Festival Advances
CS441	K G Mahesh	296,790.00	14,565.00	282,226.21	Loan/ Festival Advances

Management Comments

We agree with your comment. If employee agrees to keep gratuity fund as a guaranty, management accepted this type of case as always trying to provide a good services to employee without red tapes.

7. Systems and Controls

7.1 Lack of Strong Internal Audit Function and Reporting

Even though the Company is carrying out an internal audit function it is only limited to financial accounting aspects of the company. Consequentially, there is a lack of an independent reporting framework on the Company's internal control environment.

Business complexities along with growth envisaged in the ensuing years makes it a necessity for Management to take the necessary steps to ensure the implementation of an effective internal audit function.

Accordingly, a forward plan should be established and approved by the Management. In terms of its contents, the plan should address the objectives, resources, scope, risk assessment, strategy, and timing of reviews, establish protocols for communication of work performed and findings, deliverables, satisfaction surveys etc

The effective internal control function should cover following areas of the Company.

- Payments / Expenses
- Procurements Process of raw materials / consumables and other related services
- Payroll including HR function
- Fixed Assets.
- Production Process
- Stores related function.
- Product Distribution.
- Information Systems

Following benefits can be enjoyed by the Company through effective internal audit function.

- Safeguard the assets of the Company.
- Can assure compliance with the laws and regulation
- Minimizing Risk

7.2 Lack of Procedures manual

Currently, the Company does not have Procedures Manual. As the Company expects to expand its operations in the coming years, a Procedures Manual will be a critical necessity to ensure accurate and consistent accounting treatment for complex and recurring transactions.

We suggest that an appropriate manual be developed to deal with the more important financial and accounting aspects of the day-to-day operations of the Company. This manual does not need be unduly complex nor does it need to be time consuming in preparation. This manual can serve as a useful reference for all employees. It will provide a guide to establish uniformity and consistency throughout the organization and aid in evaluating present procedures, formulating new ones and should prove helpful in training new Personnel.

To be most effective, we believe the manual should include in the minimum the following elements:

- Statement of responsibility and chart of the accounting function
- Description of positions, duties, and responsibilities
- Description of methods, procedures, and controls to be followed, including explanations and illustrations of principal transactions such as standard and recurring journal entries

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- Chart of accounts
- Description of any other standard documents or forms that should be used in the processing and rapid keying of data.

3.3 Insurance cover over cash in transit

We noted that there was no insurance cover in relation to cash in transit, where the Company is still pays its salary by encashing from bank. In the event of theft or loss of such cash the Company would suffer huge loss in the absence of adequate insurance cover over the cash in transit.

It is recommended to obtain adequate insurance cover to minimize any losses of cash in transit.

3.4 Segregation of duties in the Accounting Department.

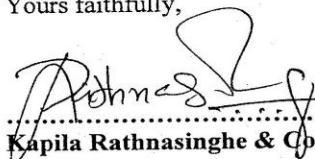
We observed that in the accounting department duties have not been segregated properly. Following are observed.

- Depositing function and cashier function are performing by same person.
- Person who entering the financial data in to the system have alteration power of such entries without any higher authority in the accounting system.

3.5. Government Circulars

We observed that circulars issued by Treasury, Ministry of Health were not maintained by the Company by using Circular Register. As a consequence we are unable to comment on compliances.

Yours faithfully,


 Kapila Rathnasinghe & Co.



SRILANKA THRIPOSHA LTD
AUDITOR'S REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2011

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SRI LANKA THRIPOSHA LTD

FINANCIAL STATEMENTS & AUDITOR'S REPORT FOR THE YEAR ENDED 31ST DECEMBER 2011

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Kapila Rathnasinghe & Co.
(Chartered Accountants)

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SRI LANKA THRIPOSHA LTD

1. Report on the Financial Statements

We have audited the accompanying financial statements of **Sri Lanka Thriposha Ltd**, which comprise the balance sheet as at 31st December 2011, and the income and expenditure account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements of the Company as of 31st December 2010 were audited by Auditor General of Sri Lanka whose report dated 30th September 2011.

2. Management's Responsibility for the Financial Statements

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

3. Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed in the paragraph 04 below, we conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

Except as discussed in paragraph 4 below, we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our qualified opinion.

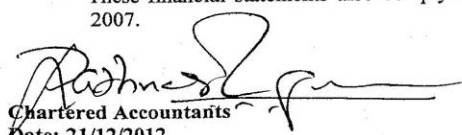
4. We could not satisfactorily verify the ownership of the land reflected in the financial statements and after revaluation in 2011, amounting to Rs.192,500,000/-.

5. Opinion

In our opinion, so far as appears from our examination, except for the effect of such adjustments if any, as might have been determined to be necessary and had we been able to satisfy ourselves as to the matter referred in the paragraph 4 above, the Company maintained proper accounting records for the year ended 31st December 2011 and the financial statements give a true and fair view of the company's state of affairs as at 31st December 2011 and its income over expenditure and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards.

6. Report on Other Legal and Regulatory Requirements

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


Chartered Accountants
Date: 21/12/2012



Kapila Rathnasinghe (ACA.MAAT)

Sri Lanka Thriposha Ltd

STATEMENT OF INCOME AND EXPENDITURE

For the year ended 31st December 2011

	Notes	2011 Rs. Cts.	2010 Rs.
Income	3	<u>1,392,555,580.23</u> 1,392,555,580.23	<u>870,742,669</u> 870,742,669
Less: Cost of Production	4	<u>(1,368,423,400.58)</u> 24,132,179.65	<u>(848,210,497)</u> 22,532,172
Add: Other Income	5	<u>18,122,991.55</u> 42,255,171.20	<u>224,214</u> 22,756,386
Less: Expenses			
Administration Expenses		(24,920,108.70)	(19,241,316)
Distribution Cost		(9,697,526.91)	(5,094,519)
Financial and other expenses		(171,756.83)	(971,933)
Income over expenditure for the year	6	<u>7,465,778.76</u>	<u>(2,551,382)</u>

The above statement of income and expenditure is to be read in conjunction with the accounting policies and notes to the financial statements appear on pages 6 to 20 which form an integral part of these financial statements.



Sri Lanka Thripasha Ltd

BALANCE SHEET

As at 31st December 2011

AS at 31st December 2011

		2011	2010	
		Rs.	Cts.	Rs.
<u>ASSETS</u>				
<u>Non Current Assets</u>				
Property, Plant & Equipment	7	376,104,520.61		129,640,368
		<u>376,104,520.61</u>		<u>129,640,368</u>
<u>Current Assets</u>				
Inventories	8	185,918,189.39		190,472,225
Trade & Other Receivables	9	49,934,992.26		44,227,089
Cash & Cash Equivalents	10	38,358,530.02		617,897
		<u>274,211,711.67</u>		<u>235,317,211</u>
Total Assets		<u>650,316,232.28</u>		<u>364,957,578</u>
<u>EQUITY AND LIABILITIES</u>				
<u>Capital and Reserves</u>				
Capital Reserves	11	127,132,391.91		124,910,905
Revaluation Reserves	12	246,452,131.00		-
Container Fund	13	4,296,065.15		4,296,065
Grant from CARE	14	22,636,578.17		22,636,578
Accumulated Income Over Expenditure		162,563,824.19		(36,672,971)
Total Equity		<u>563,080,990.42</u>		<u>115,170,577</u>
<u>Non Current Liabilities</u>				
Retirement Benefit Obligation	15	23,480,225.87		24,735,716
<u>Current Liabilities</u>				
Trade & Other Payables	16	58,466,723.37		219,765,969
Bank Overdraft	17	5,288,292.62		5,285,316
		<u>63,755,015.99</u>		<u>225,051,285</u>
Total Equity & Liabilities		<u>650,316,232.28</u>		<u>364,957,578</u>

The above Balance Sheet is to be read in conjunction with the accounting policies and notes to the financial statements appear on pages 6 to 20 which form an integral part of these financial statements.

I certify that the Financial Statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.

[Signature]
Head of Finance

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

[Signature]
Chairman

[Signature]
Director

21st December 2012
Kapuwatta
Ja-Ela



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Sri Lanka Thripasha Ltd

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2011

	Notes	Capital Reserves related to capital Assets		Grant from CARE		Container Fund		Revaluation Reserves		Accumulated Income Over Expenditure		Total	
		Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Balance as at 01/01/2010		132,759,908.64		22,636,578.17		4,296,065.15		-		(34,120,039.12)		125,572,512.84	
Capital Grant from Ministry of Health		1,217,355.17		-		-		-		-		1,217,355.17	
Depreciation related to Capital Grants		(9,066,358.67)		-		-		-		-		(9,066,358.67)	
Income Over Expenditure 2010		-		-		-		-		(2,551,382.17)		(2,551,382.17)	
Prior year adjustment		-		-		-		-		(1,550.04)		(1,550.04)	
		124,910,905.14		22,636,578.17		4,296,065.15		-		(36,672,971.33)		115,170,577.13	
Balance as at 01/01/2011		124,910,905.14		22,636,578.17		4,296,065.15		-		(36,672,971.33)		115,170,577.13	
Revaluation Reserves		-		-		-		246,452,131.00		-		246,452,131.00	
Capital Grant from Ministry of Health		11,516,946.49		-		-		-		-		11,516,946.49	
Prior year adjustment	18	-		-		-		-		182,475,557.04		182,475,557.04	
Income Over Expenditure 2011		-		-		-		-		7,465,778.76		7,465,778.76	
Depreciation related to Capital Grants	19	(9,295,459.72)		-		-		-		9,295,459.72		-	
		127,132,391.91		22,636,578.17		4,296,065.15		246,452,131.00		162,563,824.19		563,080,990.42	



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Sri Lanka Thriposha Ltd
STATEMENT OF CASH FLOW
For the year ended 31st December 2011

	2011 Rs.
<u>Cash Flow from Operating Activities</u>	
Income over expenditure for the year	7,465,779
<u>Adjustment for</u>	
Depreciation	11,504,924
Gratuity Provision for the year	852,144
	<u>12,357,068</u>
Operating Cash Flow Before Changes in Working Capital	19,822,847
<u>Changes in working capital</u>	
Increase / (Decrease) in Trade & Other Receivables	(5,707,904)
Increase / (Decrease) in Trade & Other Payables	21,176,312
Increase / (Decrease) in Inventories	4,554,036
Cash Generated from Operating Activities	<u>20,022,444</u>
Net Cash Flow from Operating Activities Before Taxation	39,845,291
<u>Less : Gratuity Paid</u>	<u>(2,107,634)</u>
Net Cash Flow from Operating Activities After Taxation	37,737,657
<u>Cash Flow from Investing Activities</u>	
Acquisition of Property, Plant and Equipment	(11,516,946)
Net Cash Flow from Investing Activities	<u>(11,516,946)</u>
<u>Cash Flow from Financial Activities</u>	
Capital Grant from Ministry of Health	11,516,946
	<u>11,516,946</u>
Changes in Cash & Cash Equivalent	37,737,657
Cash & Cash Equivalent Brought Forward	(4,667,419)
Cash & Cash Equivalent Carried Forward	<u>33,070,237</u>
<u>The Analysis of Cash & Cash Equivalent Shown in the Balance Sheet</u>	
Bank of Ceylon Ja Ela 72059803	37,149,116
Commercial Bank Kandana 1311447301	581,897
Cash In Transit	551,517
Cash Imprest	1,000
Contingency Fund	75,000
Bank of Ceylon Ja Ela 71324617	(2,976)
Bank of Ceylon Ja Ela 404762	(5,285,316)
	<u>33,070,237</u>



Sri Lanka Thriposha Ltd
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2011

1. CORPORATE INFORMATION

1.1 Reporting Entity

Sri Lanka Thriposha Ltd is a limited liability company incorporated and domiciled in Sri Lanka as a fully Government owned company under the supervision of Ministry of Health. The registered office of the Company and the principal place of business is located at P O Box 17, Kapuwatta, Ja Ela, Sri Lanka. The Financial Statements of Sri Lanka Thriposha Limited for the year ended 31st December 2011 were authorized for issue in accordance with a resolution of the Board of Directors on 21st December 2012.

1.2 Principal Activities and Nature of Operations

During the period, the principal activities of the Company were:-

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

1.3 Board of Directors

Mr. A. N. R. Amarathunga (Chairman)
Mrs. Geetha Wimalaweera
Dr. Upul Ajith Mendis
Dr. Shanthi Renuka Hemamali Pathirage Gunawardana
Dr. Deepthi Kumudini Samarage
Mrs. Ahamed Riyza Ahamed
Dr. Janaki Goonaratne

Board Secretary

Mrs. Thanuja Pridharshani Alwis

1.4 Auditors

Kapila Rathnasinghe & Co,
(Chartered Accountants)
7/3A, Sri Devananda Road, Nawinna, Maharagama.

1.5 Bankers

Bank of Ceylon



Sri Lanka Thriposha Ltd
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2011

2. BASIS OF PREPARATION

The Financial Statements have been prepared on a historical cost basis. The Financial Statements are presented in Sri Lankan Rupees. The preparation and presentation of these Financial Statements is in compliance with the Companies Act, No. 07 of 2007.

2.1 Statement of Compliance

The Financial Statements of Sri Lanka Thriposha Limited has been prepared in accordance with the Sri Lanka Accounting Standards (SLAS) laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL) and complies with the requirements of the Companies' Act, No 07 of 2007.

2.1.1 Comparative Information

The accounting policies have been consistently applied by the Company.

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year.

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the Financial Statements.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the balance sheet date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The respective carrying amounts of assets and liabilities are given in related notes to the Financial Statements

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.4.1 Property, Plant and Equipment

2.4.1.1 Basis of Recognition

Property, plant and Equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Company and cost of the assets can be measured reliably.

2.4.1.2 Measurement

Property, Plant and Equipment are stated at cost, excluding the cost of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.



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Sri Lanka Thriposha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2011

2.4.1.3 Depreciation

The Company provides depreciation from the date the assets are available for use up to the date of disposal, at the following rates on straight line basis over the periods appropriate to the estimated useful lives of the different type of assets.

The estimated useful lives for the current and comparative years are as follows.

<u>Principal Type of Assets</u>	<u>Year</u>
Buildings	Over 20 Years
Plant and Machinery	Over 20 Years
Motor Vehicles	Over 05 Years
Equipment and Tools	Over 05 Years
Laboratory Equipment	Over 05 Years
Agricultural equipments	Over 14 Years
Electrical Works	Over 05 Years
Office Equipment	Over 10 Years
Furniture and Fittings	Over 10 Years

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

2.4.1.4 De- Recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is de-recognized.

2.4.2 Inventories

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

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

Raw Materials	- At cost
Finished Goods and Work -in- Progress	- At the cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity.
Goods in Transit	- At actual cost

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



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Sri Lanka Thripasha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2011

2.4.3 Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realize net of allowances for bad and doubtful receivables.

Other receivables and dues from Related Parties are recognized at cost less allowances for bad and doubtful receivables.

2.4.4 Cash and Cash Equivalents

Cash and cash equivalents are 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 and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.4.5 Capital Reserve – (Related to Capital Grants)

Funds spend on fixed assets since year 2000 provided by the Ministry of Health, CARE, and Ceylon Tobacco Ltd have been treated as capital grant and as such the depreciation in respect of these items has been charged to the relevant capital grant accounts while setting off same against the total depreciation charge for the year.

2.4.6 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

2.4.7 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

Gratuity is a Defined Benefit Plan. The Company is liable to pay gratuity in terms of the relevant statute. In order to meet this liability, a provision is carried forward in the balance sheet, equivalent to an amount calculated based on a half month's salary of the last month of the financial year of all employees for each completed year of service, commencing from the first year of service.

The Company annually measures the present value of retirement benefits for gratuity, which is a defined benefit plan using the Gratuity Formula in Appendix E of Sri Lanka Accounting Standard No 16, Employee Benefits (revised 2006). The formula is based on the Projected Unit Credit Method.

The gratuity liability is not funded externally nor actuarially valued.



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Sri Lanka Thriposha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2011

b) Defined Contribution Plans – Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12 % and 3 % of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.4.8 Trade and other Payables

Trade and other payables including related party payables are stated at their cost.

2.4.9 Income Statement

Re Imbursement from Ministry of Health (MOH)

Operational expenses reimbursed by the Ministry of Health during the year have been recognized as income for the year.

Grant

Grant related to revenue recognized as income on which the grant received in money or in kind or goods.

Others

Other income is recognized on an accrual basis.

2.4.10 Expenditure Recognition

Revenue Expenditure

All expenditure incurred in running of the business and in maintaining the property, plant & Equipment in the state of efficiency has been charged to income in arriving at the profit for the year.

Capital Expenditure

Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature has been treated as capital expenditure.



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Sri Lanka Thriposha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2011

	2011 Rs. Cts.	2010 Rs.
3. <u>INCOME</u>		
Reimbursement of Expnses from Minstry of Health	1,346,127,611.27	870,742,669
Income from Supply of Thriposha to World Food Program	46,427,968.96	-
	<u>1,392,555,580.23</u>	<u>870,742,669</u>
4. <u>COST OF MANUFACTURING</u>		
Material Cost	1,181,801,446.19	772,678,036
Direct Labour	88,678,808.08	71,039,719
Factory Overheads	54,733,353.69	46,172,727
Prime Cost	<u>1,325,213,607.96</u>	<u>889,890,483</u>
Add: Finished Product as at Begining of the year	43,318,149.36	2,432,294
Less: Finished Product as at End of the year	(7,802.43)	(43,318,149)
Re-processing Loss	(100,554.31)	(794,130)
	<u>1,368,423,400.58</u>	<u>848,210,497</u>
5. <u>OTHER INCOME</u>		
Maize Donation for Production	7,430,547.12	-
Sweepings Sales	6,963,429.44	5,474,868
Gunnies Sales	1,370,929.25	-
Donation from Ceylon Tobacco Ltd	2,150,000.00	-
Others	208,085.74	(5,250,616)
	<u>18,122,991.55</u>	<u>224,253</u>
6. <u>INCOME OVER EXPENDITURE FOR THE YEAR</u>		
The following items have been charged in arriving at Income Over Expenditure for the Year		
	2011 Rs.	2010 Rs.
Wages, salaries and bonus	4,389,090.47	4,172,207
Depreciation on property, plant and equipment	5,496,363.60	733,336
Repairs and Maintenance - Buildings	2,220,472.50	1,809,338
Administration Expenses	1,104,310.00	1,188,000
Management Expenses	1,167,524.11	2,250,600
Distribution Cost	9,697,526.91	5,094,519
Finance and Other Expenses	171,756.83	971,933
Auditors' remuneration	75,000.00	-
	<u>24,247,044.42</u>	<u>16,219,934</u>



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Sri Lanka Thripsha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2011

7. PROPERTY, PLANT AND EQUIPMENT

	Balance As at 01/01/2011		Transfer For Revaluation		Revaluation		Addition		Balance As at 31/12/2011	
7.1 Gross Carrying Amounts At Cost / Valuation	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Land	2,221,273.00		(2,221,273.00)		192,500,000.00		-		192,500,000.00	
Buildings	46,889,993.33		(46,889,993.33)		70,000,000.00		4,590,651.00		74,590,651.00	
Plant and Machinery	151,994,496.24		-		-		3,850,093.04		155,844,589.28	
Motor Vehicles	1,761,727.50		(1,761,727.50)		1,500,000.00		-		1,500,000.00	
Equipment and Tools	3,499,825.70		-		-		188,080.00		3,687,905.70	
Laboratory Equipment	7,036,115.46		-		-		-		7,036,115.46	
Agricultural Equipment	177,461.55		-		-		-		177,461.55	
Electrical Works	20,806.25		-		-		1,007,591.20		1,028,397.45	
Office Equipment	8,048,017.67		-		-		1,701,045.00		9,749,062.67	
Furniture and fittings	5,726,583.70		-		-		179,486.25		5,906,069.95	
	227,376,300.40		(50,872,993.83)		264,000,000.00		11,516,946.49		452,020,253.06	

	Balance As at 01/01/2011		Transfer for Revaluation		Related to revalued assets		Charge for the year		Balance As at 31/12/2011	
7.2 Depreciation At Cost/Valuation	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Land	-		-		-		-		-	
Buildings	31,567,897.33		(31,567,897.33)		3,500,000.00		5,280.80		3,505,280.80	
Plant and Machinery	45,724,486.51		-		-		6,008,560.83		51,733,047.34	
Motor Vehicles	1,757,227.50		(1,757,227.50)		300,000.00		0.50		300,000.50	
Equipment and Tools	2,601,604.30		-		-		419,864.92		3,021,469.22	
Laboratory Equipment	6,085,539.40		-		-		485,481.97		6,571,021.37	
Agricultural Equipment	153,906.54		-		-		7,372.85		161,279.39	
Electrical Works	20,806.25		-		-		92,534.12		113,340.37	
Office Equipment	4,588,926.77		-		-		602,063.33		5,190,990.10	
Furniture and fittings	5,235,538.25		-		-		83,765.11		5,319,303.36	
	97,735,932.85		(33,325,124.83)		3,800,000.00		7,704,924.43		75,915,732.45	

7.3 Net Book Value

	2011		2010
At Cost/ Valuation	Rs.	Cts.	Rs.
Land	192,500,000.00		2,221,273
Buildings	71,085,370.20		15,322,096
Plant and Machinery	104,111,541.94		106,270,010
Motor Vehicles	1,199,999.50		4,500
Equipment and Tools	666,436.48		898,221
Laboratory Equipment	465,094.09		950,576
Agricultural Equipment	16,182.16		23,555
Electrical Works	915,057.08		-
Office Equipment	4,558,072.57		3,459,091
Furniture and fittings	586,766.59		491,045
	376,104,520.61		129,640,368



Sri Lanka Thriposha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2011

	2011	2010
	Rs. Cts.	Rs.
8. INVENTORIES		
Maize	61,870,733.58	35,350,537
Soya	76,344,709.80	70,277,991
Milk Powder	23,487,366.22	11,067,441
Mineral	1,446,781.15	3,533,953
Vitamin	9,957,033.31	10,142,113
Kraft Paper Bags	720,287.60	3,460,492
Poly Bags- Red	1,947,971.13	1,242,282
Poly Bags- Yellow	270,275.93	-
Twine	90,309.76	12,059
Diesel	1,563,148.71	603,951
Engineering Stores Stock	6,735,116.16	7,243,000
Goods in Transits	-	900
Work in progress	1,370,880.93	4,070,539
Finished Goods	7,802.43	43,318,149
Gummed Tape	3,359.98	3,360
Empty Gunny Bags	102,056.70	135,441
Empty Kraft Papers Bags	-	7,608
Empty Containers	356.00	2,409
	185,918,189.39	190,472,225
9. TRADE AND OTHER RECIVABLES		
Receivable from Ministry of Health	37,203,441.43	37,203,441
Debtors	4,396,594.99	-
Sundry Deposits & Prepayments	3,497,904.38	1,855,566
Housing Loan 5%	2,150,000.00	-
Refundable Deposit Ceylon Electricity Board Kiribathgoda	787,500.00	787,500
Housing Loan Old	679,861.09	2,936,309
Un Expired Expenses	353,900.67	704,476
Picnic Advance	298,000.00	-
Refundable Deposit Ceylon Electricity Board Colombo	200,000.00	200,000
Festival Advance	148,200.00	239,200
Deposits	119,792.00	103,090
Micromax Loan	83,213.87	-
Special Loan Distrees	11,250.00	57,250
Vehicle Loan	5,333.33	15,028
With Holding Tax	0.50	-
Bad Debtors	-	125,228
	49,934,992.26	44,227,089
10. CASH AND CASH EQUIVALENTS		
Bank of Ceylon Ja Ela 72059803	37,149,116.11	-
Commercial Bank Kandana 1311447301	581,896.75	581,897
Cash In Transit	551,517.16	-
Cash Imprest	1,000.00	1,000
Contingency Fund	75,000.00	35,000
	38,358,530.02	617,897



Sri Lanka Thripasha Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2011

	2011	2010
	Rs. Cts.	Rs.
11. CAPITAL RESERVES		
Balance as at beginning of the year	124,910,905.14	132,759,909
Capital Grant from Ministry of Health	11,516,946.49	1,217,355
Less: Depreciation charge for the year	(9,295,459.72)	(9,066,359)
Balance as at end of the year	127,132,391.91	124,910,905
This amount represent the Fixed Assets provided (granted) by the Ministry of Health from the year 2000 and depreciation related to this capital assets have been debited to this account while setting off the same against the total depreciation charge for the year.		
12. REVALUATION RESERVES		
Balance as at beginning of the year	-	-
Revaluation during the year	246,452,131.00	-
Balance as at end of the year	246,452,131.00	-
13. CONTAINER FUND		
Container fund	4,296,065.15	4,296,065
	4,296,065.15	4,296,065
14. GRANT FROM CARE		
Balance as at beginning of the year	22,636,578.17	22,636,578
Grant during the year	-	-
Balance as at end of the year	22,636,578.17	22,636,578
15. RETIREMENT BENEFIT OBLIGATION		
Balance as at beginning of the year	24,735,716.00	19,856,648
Less: Payments During the year	(2,107,634.00)	(574,871)
Provision for the year	852,143.87	5,453,939
	23,480,225.87	24,735,716
	2011	2010
Discounted Rate	12%	-
Future Salary Increment Rate	10%	-
Staff Turnover Rate	2%	-
Retirement Age	55 years	-
16. TRADE AND OTHER PAYABLES		
Accounts Payable to Ceylon Tobacco Ltd	37,076,783.98	37,077,684
Creditors	20,548,648.31	122,690
Provision for Expenses	571,953.58	-
Deposits Payables (Youth Security Services)	153,237.50	-
Auditors Remuneration Payable	75,000.00	-
Unclaimed Wages	21,700.00	21,700
Tender Deposit	19,400.00	34,400
With Holding Tax	-	26,188
Deferred Income	-	182,475,557
Accruals - (Soild Tech Engineers)	-	7,750
	58,466,723.37	219,765,969



Sri Lanka Thriposha Ltd
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2011

	2011	2010
	Rs. Cts.	Rs.
17. <u>BANK OVERDRAFT</u>		
Bank of Ceylon Ja Ela 71324617	2,976.42	-
Bank of Ceylon Ja Ela 404762	5,285,316.20	5,285,316
	<u>5,288,292.62</u>	<u>5,285,316</u>

18. PRIOR YEAR ADJUSTMENT

In the financial statement there was a balance amounting to Rs. 182,475,557.04 under the classification of deferred income which consisted of Raw Material and Packing Material grant received for Thriposha Program before 2009. In current year financial statements, this has been transferred to the revenue reserve account as prior year adjustment.

19. DEPRECIATION RELATED TO CAPITAL GRANTS

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

20. COMMITMENTS AND CONTINGENCIES

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

21. RELATED PARTED DISCLOSURES

21 Transactions with key management personnel

The key Management personnel of the Company are the members of its Board of Directors.

22. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the balance sheet date which require adjustment to or disclosure in the financial statements.



Sri Lanka Thriposha Ltd
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 2011

23. BLEND COMPOSITION

The blend composition used during the year is as follows as recommended by the Ministry of Health

	Recommended	Actual	Variation
Maize	66.00%	67.23%	1.23%
Soya	30.00%	29.16%	-0.84%
Milk	3.00%	2.72%	-0.28%
Vitamin	0.10%	0.80%	0.70%
Mineral	0.90%	0.09%	-0.81%

24. STANDARD WASTAGE

	Moisture	Process	Total
Maize	8.00%	6.50%	14.50%
Soya	7.00%	9.50%	16.50%

25. RAW MATERIAL CONSUMPTION (IN VALUE)

	Quantity	Value	Average Per kg Value (Actual)	Per kg Value (Budgeted)	Variance against budget
		Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
Maize (Kg)	8,587,808	491,447,642.63	57.23	51.52	5.71
Soya (Kg)	3,725,395	391,822,352.15	105.18	137.76	(32.58)
Milk (Kg)	347,200	177,385,750.02	510.90	509.00	1.90
Mineral (Pkt)	102,425	32,714,571.68	319.40	327.00	(7.60)
Vitamin (Pkt)	11,748	39,865,080.00	3393.35	3,600.00	(206.65)
Kraft Paper (Bags)	513,752	13,037,617.07	25.38	35.85	(10.47)
Polythene (Bag)	15,321,000	32,606,006.89	2.13	1.79	0.34
Twine	1,409	225,820.12	160.27	228.00	(67.73)

26. PRODUCTION

	Budgeted	Actual	Variation
Produced Master Bags in Qty	598,387	512,947	(85,440)
Production Cost (Rs)	1,801,479,000	1,368,423,401	433,055,599
Cost Per Master Bag (Rs)	3010.56	2667.77	343



Sri Lanka Thriposha Ltd

DETAILED NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2011

		2011		2010
		Rs.	Cts.	Rs.
1. INCOME				
Reimbursement of Expnses from Minstry of Health		1,346,127,611.27		870,742,669
Income from Supply of Thriposha to World Food Program		46,427,968.96		-
		<u>1,392,555,580.23</u>		<u>870,742,669</u>
2. COST OF MANUFACTURING				
Material Cost	2.1	1,181,801,446.19		772,678,036
Direct Labour	2.2	88,678,808.08		71,039,719
Factory Overheads	2.3	54,733,353.69		46,172,727
Prime Cost		<u>1,325,213,607.96</u>		<u>889,890,483</u>
Add: Finished Product as at Begining of the year		43,318,149.36		2,432,294
Less: Finished Product as at End of the year		(7,802.43)		(43,318,149)
Re-Processing Loss		<u>(100,554.31)</u>		<u>(794,130)</u>
		<u>1,368,423,400.58</u>		<u>848,210,497</u>
2.1 MATERIAL COST				
Opening Stock		135,086,868.19		111,183,459
Add: Purchases				
Maize		517,967,838.97		316,807,206
Soya		397,889,071.20		255,635,264
Milk Powder		189,805,675.00		128,299,475
Minerals		30,627,400.00		27,156,625
Vitamins		39,680,000.00		36,138,005
Kraft Paper Bags		10,297,412.50		10,293,311
Polythene Bags		33,581,972.32		24,729,418
Twine		301,017.93		91,579
		<u>1,355,237,256.11</u>		<u>910,334,342</u>
Less: Closing Stock		(176,135,468.48)		(135,086,868)
		<u>1,179,101,787.63</u>		<u>775,247,473</u>
Add: Work in Progress Begining of the year		4,070,539.49		1,501,103
Less: Work in Progress End of the year		<u>(1,370,880.93)</u>		<u>(4,070,539)</u>
		<u>1,181,801,446.19</u>		<u>772,678,036</u>



Sri Lanka Thripsha Ltd

DETAILED NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2011

2.2 DIRECT LABOUR COST

Salaries & Wages Factory

	2011 Rs. Cts.	2010 Rs.
Basic Salary	34,409,811.78	31,178,289
EPF	3,931,582.12	3,741,395
ETF	982,895.52	935,349
Overtime	12,585,951.88	7,754,277
Leave Pay	1,571,010.63	894,599
Meal Allowance	618,966.00	411,070
Shift Allowance	103,774.00	100,730
Special Allowance	547,190.00	21,163
Interim Allowance	668,483.39	1,958,480
Casual Wages	121,918.19	-
Gratuity	429,959.37	4,641,983
Target	2,377,314.29	1,199,314
Medical Retainer	144,000.00	132,000
Management Fee	25,647.00	508,200
Cost of Living	12,574,406.29	2,350,729
Incentive	6,886,977.28	5,405,863
Contractual Wages	3,400,065.57	3,626,625
Factory Stores Out Pool	407,890.46	429,287
EPF	101,972.58	149,607
ETF	154,140.00	404,040
Interim Allowance	1,595,257.36	1,274,327
Contract Labour Target		
Welfare & Medical	147,707.09	178,940
Medical/Other Consultation	-	38,485
Medical Reimbursement	1,720,621.50	1,514,310
Tea Expenses	30,790.00	27,716
Papers & Periodicals	453,295.20	255,914
Gas & Other Canteen Expenditure	2,687,180.58	1,907,027
Uniforms, Head Gear & Laundry	88,678,808.08	71,039,719

2.3 DIRECT OVERHEADS

Electricity, Boiler & Generator Fuel	39,757,786.83	30,598,538
Other factory Overheads	332,135.33	611,422
Plant and Machinery Maintenance	6,002,889.87	8,684,801
Plant and Machinery Depreciations	6,008,560.83	77,589
Insurance	1,183,589.75	1,548,825
Indirect Production Materials	326,938.43	8,800
Management Fee	-	3,164,073
Fuel - Motor vehicles	325,076.14	375,000
Repairs 50-5992	175,871.52	94,595
Repairs 54-6430	102,023.20	109,591
Licence and Insurance	50,704.26	37,679
Factory Stores	78,800.00	473,136
Chemicals Fogging	202,415.00	181,850
Pest Control	4,450.00	4,450
Telephone	182,112.53	202,378
	54,733,353.69	46,172,727

3. OTHER INCOME

Maize Donation for Production	7,430,547.12	-
Bid Document Charges	7,000.00	-
Packing Charges	10,110.00	-
Sweepings Sales	6,963,429.44	5,474,868
Gunnies Sale	1,370,929.25	-
Sundry Income Miscellaneous	42,700.20	177,910
Housing Loan Interest	147,836.54	267,543
Vehicle Loan Interest	439.00	-
Donation from Ceylon Tobacco Ltd	2,150,000.00	-
Disposal	-	(39)
Less - Remittance to Consolidated fund	-	(5,696,068)
	18,122,991.55	224,214



Sri Lanka Thripasha Ltd

DETAILED NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2011

4. ADMINISTRATION EXPENSES

Depreciation
Salaries and Wages
Security Services
Building Maintenance & Repairs
Administration Expenses
Management Fees
Picnic Expenses
Cost of Living
Overtime
EPF
Gratuity
Telephone - Admin
Stationery
Office Equipment Maintenance
Fuel - Motor Vehicles
Allowances
Postage
Leave pay
Contingencies
Tea Expenses
Repairs- Motor Vehicles
ETF
Sanitary
Office Equipment Maintenance
Advertising
Drivers Subsistence
Training
Staff Welfare
Audit Fees
Interim Allowance
Garden Maintenance
Insurance (CIT, Fire, Building)
Books & periodicals
General Expenses
Licence and Insurance
Printing
Import Expenses-Spares
Stationery Factory
Office Stationery
Printing Materials
Rentals
Legal
Uniform Allowances
Medical Reimbursement
Bonus
Sanitary Chemiclas

2011	2010
Rs. Cts.	Rs.
5,496,363.60	733,336
4,389,090.47	4,172,207
3,568,276.79	3,392,832
2,220,472.50	1,809,338
1,104,310.00	1,188,000
1,167,524.11	2,250,600
1,000,000.00	-
814,275.00	180,766
554,526.46	471,057
531,158.73	512,098
422,184.50	811,956
306,416.48	284,816
306,590.16	129,922
300,469.36	192,307
267,379.40	73,342
360,000.00	12,477
228,798.00	221,824
228,366.95	180,580
214,011.78	42,700
154,219.00	127,965
133,781.10	23,820
129,926.83	125,166
114,545.13	110,075
114,713.46	163,846
113,792.00	-
108,826.00	64,483
91,812.80	59,034
79,034.10	-
75,000.00	-
64,800.00	183,600
59,299.00	39,499
50,341.03	54,685
44,391.25	14,660
39,427.16	-
18,108.37	12,028
22,529.88	76,155
8,535.10	339,714
5,563.00	110,065
3,015.00	26,285
6,375.00	27,405
-	9,380
1,859.20	52
-	195,000
-	43,945
-	740,019
-	34,277
<u>24,920,108.70</u>	<u>19,241,316</u>

5. DISTRIBUTION COST

Sticker
Transport Expenses

390,500.00	-
9,307,026.91	5,094,519
<u>9,697,526.91</u>	<u>5,094,519</u>

6. FINANCIAL AND OTHER EXPENSES

Re-Processing Loss
Stamp Duty
Bank Charges



100,554.31	794,130
25,500.00	-
45,702.52	177,803
<u>171,756.83</u>	<u>971,933</u>

7. DEBTORS

Ministry of Health
Mr. Rahuman

4,271,366.99	-
125,228.00	128,228
<u>4,396,594.99</u>	<u>128,228</u>

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Sri Lanka Thripsha Ltd

DETAILED NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2011

	2011 Rs. Cts.	2010 Rs.
8. CREDITORS		
D P O Lanka Specialities	9,825,200.00	-
CIC Seeds (PVT) Ltd	5,163,371.54	-
Ceylon Paper Sacks Limited	2,539,603.20	-
MSH Packing Industries Ltd	562,500.00	-
Ceylon Weighing Machines Ltd	376,712.00	-
Karuanrathne Enterprises	254,584.62	-
Lanco Rubber Industries	218,500.00	-
Dilshan Trading Company	145,208.00	-
Sinha Engineering (Pvt) Ltd	137,100.00	-
Technokaru Pvt Ltd	136,800.00	-
Cristal Engineering Works	135,675.00	-
CV Iron Works	114,000.00	-
Vino Enterprises	109,429.60	-
CTC Services Ltd	95,865.00	95,865
Associated Motorways PLC	94,271.52	-
Ambro Electricals	76,979.41	-
Electro - Serve (Pvt) Ltd	76,731.20	-
Gesco Steel	76,102.00	-
St. Francis Xavious Hardware	52,689.03	-
Metropolitan Air Condition & R	52,515.68	-
Shift & Meal Allowance.	40,743.41	-
Victories	31,830.00	-
Bearings & Spares Pvt Ltd	29,577.12	-
Analytical Instrument (Pvt) Ltd	24,500.00	-
Sunthri Marine Service	23,400.00	-
Rex Iron Works	21,000.00	10,000
S.R.B Enterprises	18,393.00	-
Sri Lanka Transport board	17,910.00	-
Goodwills Trading & Co	14,985.60	-
Auga Enterprises	14,860.00	-
Staff/Non Staff-Coin Adjustment	10,127.60	10,128
Athula Rajapakse - Advance Settlement	10,000.00	-
GP Janakantha	8,500.00	-
Hara Traders	6,400.00	-
Liberty Motor Stored (Pvt) Ltd	5,822.00	-
Alpha Scientific & Laboratory Supplies	5,750.00	5,750
Perera Engineering Works - Retention	5,500.00	5,500
Boonuium & Associates Limited	5,499.50	-
Gove Madyasthanaya Meegalewa	5,198.59	-
S.R Kumara	4,800.00	4,800
Merchant Bank of SL	3,500.00	-
Sonalee Motors & Tinker Works	3,200.00	-
FTZ & General Services Employee Union	2,300.00	2,300
Chatham Trader	1,850.00	-
A.G.N.K Enterprises	1,661.00	(350)
Production	1,414.00	-
WSS Auto Fuels (Pvt) Ltd	1,370.00	-
SARC EMI (Pvt) Ltd	750.00	750
Incentive 2011	516.59	-
RADD Peter CS 232	346.00	346
Kadnd Nanayakkara	250.00	250
Deeath Society	80.00	80
Others	22.85	-
Salaries Control Account	(17.39)	-
M.D.A Appuhamy	(4,300.00)	-
Supreme Human Resources (Pvt) Ltd	(12,729.36)	(12,729)
	20,548,648.31	122,690



SRI LANKA THRIPOSHA LTD		
AUDIT FOR THE YEAR ENDED 31 ST DECEMBER 2011		
WORK DONE		
AREA	NATURE OF CHECK	EXTENT
1. <u>ASSETS</u>		100%
1.1 <u>PROPERTY, PLANT AND EQUIPMENT</u>	<ul style="list-style-type: none"> - Carry out analytical procedure such as comparison of the current figures with those of prior periods - Examine any journal entries / other adjustment made adding or removing assets - carry out physical inspection of assets including both current year additions and assets purchased in previous years. - Inspect insurance policies and assets adequacy of coverage - Inspect the motor vehicle registration documents for motor vehicles owned by the company - Ensure the entity has accounted for its PPE adopting the cost/ valuation model - Vouch additions to supporting documentation, Endure that <ul style="list-style-type: none"> (a) The cost is correctly recorded (b) They have been properly authorized (c) They have been correctly classified (d) They have supported with adequate supporting document. - Where there is a policy of revaluation for a class of assets is that policy applied consistently to all assets by that class - For assets revalued during the year, inspect professional valuever report. - Compare bases and rates of depreciation with the accounting policy. - Checked the accuracy of the calculation. - Ensure that no assets have been depreciated by more than cost. 	



SRI LANKA THRIPOSHA LTD AUDIT FOR THE YEAR ENDED 31ST DECEMBER 2011 WORK DONE		
AREA	NATURE OF CHECK	EXTENT
1.2 <u>INVENTORIES</u>	<ul style="list-style-type: none"> - Review the planned extent of reliance on internal controls in this area and consider whether this remain appropriate. - Ensure that all stock count sheet are available - Carry out physical verification on 15/10/2012 and cross check with the bincards / stock book to see whether quantities are agreeing. - Ascertain the method used for valuing inventories and consider whether, <ul style="list-style-type: none"> (a) It has been correctly applied (b) It is an acceptable basis of valuation for Raw Materials, Work in Progress and Finished Goods. (c) It is consistent with previous years with the company's accounting policy. - Obtained confirmation from the management - Checked whether are there any possibility of fraud, misappropriation or misstatement indicated by; <ul style="list-style-type: none"> * overstocking * overvaluation * stock loss through theft 	100%
1.3 <u>TRADE AND OTHER RECEIVABLES</u>	<ul style="list-style-type: none"> - Carry out analytical procedure such as comparison of the current figures with those of prior periods. - Reviewed the planned extent of the reliance on internal controls in this area and consider whether this remain appropriate. - Examined any material journal entries/ other adjustments (which large and unusual) made during the course of preparing the financial statements. - Obtained and aged list of balances and agreed with the controls accounts, Obtained explanation for all material variation - Inquired and get the evidence from management regarding the long outstanding debts. - Requested confirmation for the refundable deposits with third parties 	100%



SRI LANKA THRIPOSHA LTD
AUDIT FOR THE YEAR ENDED 31ST DECEMBER 2011
WORK DONE

AREA	NATURE OF CHECK	EXTENT
	<p><u>TRADE AND OTHER RECEIVABLES (Cont...)</u></p> <ul style="list-style-type: none"> - Checked the subsequent settlement. - Examined the debt written off during the year and ensure that they were authorized and the write off was valued. - Obtained a list of pre payments and compare the list in detail to last year's and inquire into any major differences. - Ensure that the nature of the deposits and ensure that the documents (invoices/ Correspondence) were; <ul style="list-style-type: none"> * in the name of the company * in the correct amount * originals * relevant to the current period - Obtained and prepared a list of other receivables and vouch material items to supporting documentation. - Ensure that no loans have been made to directors unless within the provision of applicable legislation. - Obtained list of staff loans and advances and obtained confirmations of loans. - Verify the existence of the loans whether the company has kept the adequate security. - Check the loan granted during the year are properly authorized - Checked the loan repayments are received on the due dates and correctly reported. - Checked the interest on loans receivables is correctly recorded and received / deducted on due dates. 	



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SRI LANKA THRIPOSHA LTD AUDIT FOR THE YEAR ENDED 31ST DECEMBER 2011 WORK DONE		
AREA	NATURE OF CHECK	EXTENT
1.4 CASH & SHORT TERM FUNDS	<ul style="list-style-type: none"> - Reviewed of appropriateness and consistency of accounting policies used by the entity in relation to cash. - Obtained direct bank confirmation for all bank accounts. - Obtained bank reconciliations for all accounts and checked the accuracy of the bank reconciliation and checked the casting of the reconciliation. - Check the subsequent bank statements for realization of unrealized deposits and un presented cheques shown in the reconciliation. - Find out the reason for deposits realized after more than 03 days, the reason for delay. - Find out the reason for cheques issued but not presented. - Test checked the banking of one week's collection to ensure that there are no delays in banking - Ensure all cheques issued prior to year end is accounted in the current period. - Counted all cash balances, record detailed check with the cash book balance as at the date of verification. - Obtained certificate for cash balances from the person responsible for hold cash. - Checked whether cash in hand has been insured for loss. 	100%



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SRI LANKA THRIPOSHA LTD
AUDIT FOR THE YEAR ENDED 31ST DECEMBER 2011
WORK DONE

AREA	NATURE OF CHECK	EXTENT
2. EQUITY AND LIABILITIES		
2.1 CAPITAL RESERVES	<ul style="list-style-type: none"> - Reviewed of appropriateness and consistency of accounting policies used by the entity in relation to capital reserves. - Checked whether the during the year capital grant from MOH with the cash book and all are properly authorized - Checked the accounting of capital grant and check the supporting documents with regard to assets purchased during the years.. 	100%
2.2 RETIREMENT BENEFIT OBLIGATION	<ul style="list-style-type: none"> - Reviewed of appropriateness and consistency of accounting policies used by the entity in relation to retirement benefit obligations (Gratuity). - Obtained list of the employee wise gratuity provision as at the year end and check whether the employees mention in the schedule are actually worked in the company. - Checked whether the basic salary mention in the schedule agree with the basic salary of the last month of the year. - Test checked the appointment date of the employees with the employee's personnel files. - Check the years of work completed of each employees are numerically correct. - Check the appropriateness of the assumption made with regard calculation of the gratuity provision in line with the SLAS 16. - Checked during the year payments of gratuity are paid in line with the relevant legislation and circulars. 	100%



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SRI LANKA THRIPOSHA LTD AUDIT FOR THE YEAR ENDED 31ST DECEMBER 2011 WORK DONE		
AREA	NATURE OF CHECK	EXTENT
2.3 <u>TRADE AND OTHER PAYABLES</u>	<ul style="list-style-type: none"> - Examine any material journal entries or other adjustments affecting the creditors. - Review of appropriateness and consistency of accounting policies used by the entity - Obtained list of payables and agreed with the control account if applicable, obtain explanations when there are material variances. - Select a sample of creditors and checked whether goods and services have been received from creditors. - Selected a sample of creditors accounts for verification and call for confirmation from a complete list of balances (include nil and debit balances where applicable) and check with the documents supporting the outstanding balance of the creditors. - Check whether the payment to creditors are supported by the valued receipt from the creditors. - Check the subsequent settlement - Vouched all material accruals with supporting documents. - reviewed accruals for completeness. 	100%
3. <u>STATEMENT OF INCOME</u>		
3.1 <u>INCOME</u>		
3.1.1 <u>RE IMBURSEMENT FROM MOH</u>	<ul style="list-style-type: none"> - Identify all material sources of income and specify how each source has been audited. - Documented the income accounting process. - Ensure entries have been posted to cash book and income ledger. - Checked the expenses reimbursement sheets sent to the MOH for reimbursement and correctness and authority of such claims. - Checked the compliance with circular, regulation and accounting standard 	100%



SRI LANKA THRIPOSHA LTD
AUDIT FOR THE YEAR ENDED 31ST DECEMBER 2011
WORK DONE

AREA	NATURE OF CHECK	EXTENT
3.1.2 OTHER INCOME	<ul style="list-style-type: none"> - Inquiry from management about the sources of other income. - Checked whether the sweeping sales and gunnies sale are in line with tender procedure approved by the Board of Directors. - Checked donations in kind of goods are valued at the fair value and accounted properly. - Checked whether company has issued receipts and collected cash. - Cross checked whether all cash receipts are posted in the cash book. - Checked whether the calculation and accounting of staff loan interest income is accurate. 	100%
3.1.3 PURCHASES	<ul style="list-style-type: none"> - Reviewed the purchasing process and documented it. - Selected a sample of purchases from the purchases day book and reviewed the supplier invoices and supporting data for evidence of approval, suppliers' name, clerical accuracy, quantities and prices in relation to the Purchase Orders and supporting documentation. - Checked whether purchased quantity have been entered into the stock records. - Checked numerical sequences of GRN and investigate missing items. - Selected a sample of goods received notes (GRN) and purchased orders for the goods/ services received. - Checked GRN,s with purchases orders and ensure whether quantities received are in agreement with the quantities orders. - Checked whether the suppliers prices are in accordance with the cabined approval. - Test cut -off purchases as follows; <ul style="list-style-type: none"> * All goods delivered prior to the year end are included in inventories and purchases. * All goods delivered after the year end are excluded from inventories, purchases and trade payables. 	75%



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SRI LANKA THRIPOSHA LTD
AUDIT FOR THE YEAR ENDED 31ST DECEMBER 2011
WORK DONE

AREA	NATURE OF CHECK	EXTENT
3.1.4 SALARIES AND WAGES	<ul style="list-style-type: none"> - Reconcile a list of employees and their gross pay to the staff cost charge in the accounts, explain and verify any material differences. - Compare that the net salary as per payroll with the cash book payments. - Ensure that the payroll is authorized by a responsible officer. - Checked name of employees with attendances records. - Select a sample of employees personal files and checked to payroll details. - Check from acknowledgments receipts whether EPF and ETF has been paid on due dates. - Check whether unclaimed salaries were banked after reasonable period. - Checked whether there is possibility of bogus names being included in the salary sheets. 	75%
3.1.5 OVERHEAD EXPENSES	<ul style="list-style-type: none"> - Study the system of making payments and identified any weakness in the system. - Reviewed the Board Minutes and record the details pertaining to authority limits - For each payment, Checked the followings <ul style="list-style-type: none"> * Whether the outflow are within the financial period. * Whether the vouchers are recorded in serial orders. * Is the payment is relevant to the company. * Whether the company has received the value for money . * Whether the outflows have been properly authorized. * Whether the all payments are duly recorded in the ledger and check the posting accordingly. - Checked that for every payments a receipts has been obtained from the payee, Payee's Name, Designation, Identity card Number should be available. 	50%



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SRI LANKA THRIPOSHA LTD		
AUDIT FOR THE YEAR ENDED 31 ST DECEMBER 2011		
WORK DONE		
AREA	NATURE OF CHECK	EXTENT
4. <u>SYSTEM OF CONTROL</u>	<ul style="list-style-type: none"> - Dual control and joint custody - Compliance with the board decision and relevant circulars - Checked the allocation of duties - Checked the variance with budget 	Test Checked
5. <u>COMPUTER PACKAGE</u>	<ul style="list-style-type: none"> - Checked password controls - Checked access rules - Checked security violation - Checked the development and maintenance - Checked the modification for existing system 	Test Checked

