



2017 ANNUAL REPORT

NATIONAL LIVESTOCK DEVELOPMENT BOARD





*IN ORDER TO POPULARIZE THE USE OF LIQUID MILK IN THE COUNTRY, THE
COUNTRY SHOULD BE SELF-SUFFICIENT IN MILK*



CONGRATULATORY MESSAGE

HON. MINISTER

IT is with great pleasure that I add a congratulatory message to the Annual Report of the National Livestock Development Board under the Ministry of Agriculture. As the Minister of Agriculture, I am proud to be a partner in transforming a long-lost state-owned enterprise into a for-profit entity.

Developing a loss-making institution to a profitable level is an extremely difficult task. It is not something that can be done in one moment, one decision, but the ultimate result of a long-term formal process. There may be unexpected experiences as well as misconduct as a result of the undue influence of various groups. We have been able to overcome all these obstacles and challenges and elevate this institution to the highest level. It is important to note that the Board of Directors and other staff have made significant contributions to the role of the National Livestock Development Board in making it a for-profit institution. Had it not been for their commitment, this institution would still be an unnecessary expense burden to the government as it is still a loss-making institution.

The National Livestock Development Board (NLDB) is expanding its role in a wide range of directions through new initiatives implemented through the “Policy for vistas of prosperity and splendor” Government Policy. It has been possible to increase milk production, especially by providing the necessary facilities to dairy farmers. His Excellency the President has instructed the relevant parties to take steps to eliminate this discrepancy in the amount of milk paid per liter in different provinces and to eliminate that discrepancy and give a fair price to all dairy farmers. Arrangements have been made to pay Rs. 100 per liter of milk, which is a great relief to the dairy farmers.

In order to popularize the use of liquid milk in the country, the country should be self-sufficient in milk. The present government is implementing all the necessary actions step by step. The farmer should be empowered through strategies such as providing the necessary infrastructure and new technology to the dairy farmers. It is my hope that the National Livestock Development Board will make progress year after year. As the Minister of Agriculture, I extend my heartfelt congratulations to all of you on this occasion.

MAHINDANANDA ALUTHGAMAGE

MINISTER OF AGRICULTURE





AT THIS JUNCTURE, I HOPE THAT THE NATIONAL LIVESTOCK DEVELOPMENT BOARD WILL BE ABLE TO CONTRIBUTE MORE ACTIVELY TO MY PASSIONATE TASK OF CREATING A "MILKY COUNTRY".



CONGRATULATORY MESSAGE

HON. STATE MINISTER

First of all, I would like to thank His Excellency the President for gazetting the National Livestock Development Board under our Ministry, an institution that can play a huge role in making Government Policy “vistas of prosperity and splendor” Country. The National Livestock Development Board (NLDB) was also overshadowed by the previous regime’s plans to privatize important government institutions in the country at a loss. Accordingly, the total loss of the National Livestock Development Board by the year 2019 is Rs. 369.7 million.

However, we would also like to thank the current Chairman, Prof. Manjula P. Magamage, who is making a huge sacrifice to lift the National Livestock Development Board out of this dark abyss, and the Board of Directors, led by the Vice Chairman. By August 2021, they were able to turn the board’s total profit to 169.2 million rupees.

We are also humbled to note that for the first time as a Ministry, we have been able to provide Rs. 250 million under the Treasury allocation through the state budget to initiate a grassroots conservation project which was a major shortcoming for the National Livestock Development Board. Under this, the Board is taking steps to develop grass on 500 acres of land in Polonnaruwa farm under irrigation water and rain water and to mechanically silage the grass. At the same time, the current governing body has been able to gradually reduce the number of farms on the board’s losses. That is, the number of farms that made losses in 2019 was 17 and by now that number has been reduced to 10. Concerned about new economic strategies, the current administration has also launched a project to grow potatoes on upcountry farms.

The Livestock Development Board, which is always committed to making national policy a reality, has also managed to produce about 2,700 metric tons of compost by October 2021. It is also noteworthy that the new governing body has been able to add five new outlets to the nation during the past two years. The National Livestock Development Board is already in the process of producing high quality milk cows to meet the milk demand of the country. We must appreciate the Board’s commitment to take a loss - making institution to a profitable level, to develop its farm and generate additional revenue streams. Under the infrastructure development, four new centralized sprinkler systems have been introduced to the Ridiyagama farm by 2020 and its grass cultivation capacity has been increased to 1080 acres.

The Board has also taken steps to set up grain storage facilities with special assistance from the World Bank as future investments. Therefore, facilities for storing grain of 500 metric tons each are being constructed at Ridiyagama, Weerawila, Oyamaduwa and Polonnaruwa farms. One of the benefits of this period is the utilization of every inch of underutilized land for more productive purposes.

At this juncture, I hope that the National Livestock Development Board will be able to contribute more actively to my passionate task of creating a “Milky Country”.

D.B.HERATH

STATE MINISTER

State Ministry of Livestock, Farm Promotion and Dairy and Egg Related Industries





*IN OUR CORPORATE PLAN, WE HAVE EMPHASIZED THE NEED TO ACCELERATE
DEVELOPMENT OF OUR CORE ACTIVITIES*



CHAIRMAN'S MESSAGE

IT gives me great pleasure to send a message to Annual Report of National Livestock Development Board for year 2017 as incumbent Chairman for years 2019 December- 2022 December. NLDB has made delayed submission of its annual financial report due to various reasons unknown to me, but once appointing me as chairman in December 2019, one of my key priorities was to complete delayed annual financial reports for years 2017 to 2019. It was not a easy task to operate public enterprises without having clear financial statistics. I am thankful for finance division for completing audited final accounts for 2017 and Deputy General Manager (Corporate Operation) for completing this annual report to be submitted to Sri Lanka Parliament subsequently in year 2022.

Despite poor financial performance of NLDB throughout 2015-2019, from the beginning of 2020 towards 2022, we have made tremendous progress by capitalizing this institution among the profit making public enterprises in Sri Lanka. According to unaudited accounts, it was worth to mention that NLDB had made 5.9 million and 182 million profit before tax in years 2020 and 2021 subsequently. In an organization where the monthly operational loss is amounting several millions rupees during the period of 2015-2019 due to poor cash flow when funds needed to be borrowed from the banks to meet the monthly wages, it was an urgent need of a realistic and practical approach to overcome this situation through short and long term plans.

Though our country's strength of economy is based on agriculture model together with "Vistas of Prosperity and splendid" vision of the 7th Executive President Hon Gotabaya Rajapaksha and the majority of the workforce is engaged in agriculture, the contribution of the agriculture and livestock sectors to the national economy is not encouraging until recent past. We prepared the Corporate Plan for 2021-2025 and we have taken directives from the Government Policy laid down in the "Saubagye Dekma" on livestock sector specially milk production, livestock breeding and plantation sector.

Even though Sri Lanka is blessed with all the natural resources required for the high standard dairy industry, we only produce 35% of our national milk requirements annually. Importation of powdered milk for annually cost Rupees 70 Billion. Policy instability in proper breeding and upgrading local animals towards the high producing dairy animals and low cost homemade nutritive feed are major issues that to be addressed to improve national milk production. hence NLDB has given top priority to improve genetic value of animals and address the animal nutrition scientifically. Recent increases in world food prices especially Wheat, Maize, Rice and Milk products, had impacted negatively on the developing countries. COVID-19 pandemic has changed world contemporary economic architecture where leaders has to assess the situation and introduce new modalities to recover ailing economies as results of COVID-19. As the NLDB recently initiated intensive feed conservations strategies including silage bail production, establishing new pivot irrigation, and public private partnership with strategic planning can be used to reap favorable benefits out of this situation to strengthen the livestock and plantation sector. What we need is to identify our own potentials, resources and to develop positive attitudes among us to work towards a national programme.

NLDB has diversified activities in its 12,000 hectares of land producing from quail eggs to solar power. In our Corporate Plan, we have emphasized the need to accelerate development of our core activities. We are planning to achieve national and international standards in livestock and agricultural sectors. I believe that, by achieving these standards, we can reach our higher production levels. I would like to thank the Ministers, Secretaries of the Ministries, the Deputy Chairman and the Board of Directors of NLDB, Team Members of the Annual Report Committee including the General Manager, DGM, AGMs, Senior Managers, all the Farm Managers and all others who contributed in this exercise in numerous ways.

Let's work together to make Sri Lanka self-sufficient in milk.

With best wishes,

Prof. MANJULA P.S. MAGAMAGE

CHAIRMAN





*"BEST THINGS FROM US" , NATIONAL LIVESTOCK DEVELOPMENT BOARD
HAS THE OPTIMUM ABILITY TO REACH TO THE CUSTOMERS*



DEPUTY CHAIRMAN'S MESSAGE

National Livestock Development Board is an institution which proves to improve the milk production of the country. It is a semi-government institute which practically involve with providing breeding materials, nutritious grass cuttings, animal husbandry knowledge to local farmers.

We have a defined process for distribution of day old broiler chicks and layer chicks amongst farmers. It will support the protein requirement of the country.

The Board has a large scale dairy producing farms situated in upcountry. Apart from milk production those farms are involved in vegetable cultivation and seed potato cultivation. With that project provide seed potatoes for farmers in that area and consumption potatoes. In addition to that finished products such as set yogurt, drinking yogurts, milk toffee, curd, goat milk, fresh milk popular amongst customers. There is a considerable demand for those products. There is an enormous demand for our quality fresh milk from tourist industry for foreign tourist visit Sri Lanka.

In addition to the nut production, farms are situated in Coconut Triangle produce Coconut Oil.

I believe as per the suggestion by the Board of Directors to build two close house will assist to escalate the broiler chicken meat production of the Board.

By considering the above facts it was recognized NLDB as a prominent institution which contribute to distribution of quality products within the country which bound by animal husbandry and agriculture. For the said methodical distribution, sales centres and sales outlet network shoulder the weightage in the Board. Under the theme of "Best things from us", National Livestock Development Board has the optimum ability to reach to the customers. Under the purview of the Honorable Chairman, we have so far gone for a successful journey. I wish to appreciate the Board of Directors for the guidance and assistance provided throughout this journey. Also officials of the line ministry assisted in this voyage. I firmly believe that the Board can move forward further in the future.

A.P SUMANASIRI
DEPUTY CHAIRMAN



DIRECTOR'S REPORT

In keeping with provisions under the State Agricultural Corporation Act No.11 of 1972, the Directors of National Livestock Development Board (NLDB) do acknowledge their responsibilities in relation to financial reporting of the NLDB.

The Financial Statements of NLDB for the year ended 31st December 2017 included in the report, have been prepared and presented in accordance with the Sri Lanka Financial Reporting Standards.

The Directors confirm that suitable accounting policies have been used and applied consistently, and that all applicable accounting standards have been followed in the preparation of the Financial Statements. All material deviations from these standards if any, have been disclosed and explained. The judgments and estimates made in the preparation of these Financial Statements are reasonable and prudent.

The Directors confirm their responsibility for ensuring that NLDB maintains accounting records, which are sufficient to prepare Financial Statements to disclose with reasonable accuracy, the financial position of the NLDB. They also confirm their responsibility towards ensuring that the Financial Statements presented in the Annual Report give a true and fair view(subject opinion) of the stat of affairs of the NLDB as at 31st December 2017.

The Directors confirm that the prevalent internal control systems instituted by management comprises internal audit, financial and other controls so designed that, there is reasonable assurance that all assets are safeguarded and transactions properly authorized and recorded, so that material misstatements and irregularities are either presented or detected within a reasonable period of time.

The Directors are of the view that the NLDB has adequate resources to continue its operations in the foreseeable future and have continued to use the going-concern basis in the preparation of these Financial Statements.

The Directors have provided the Auditor General, with every opportunity to carry out review and tests that they consider appropriate and necessary for the performance of their responsibilities.

The Directors confirm that to the best of their knowledge, all statutory dues, all contributions, and levies payable on behalf of and in respect of the employees of the NLDB were due and payable by the NLDB as at the Balance Sheet date have been paid or provided.

On behalf of the Board,

Prof. Manjula P.S. Magamage
Chairman/Director – National Livestock Development Board





INTRODUCTION AND HISTORY



The National Livestock Development Board was established in 1973 under the State Agricultural Corporation Act No. 11 of 1972. Its field operations commenced in 1974. The redefined functions of the Board in 1977 were aimed at arresting the diminishing trend in the national herd and to concentrate on an intensive upgrading program of cattle both for the milk & draft, and to salvage as many breedable female cattle as possible. The broader objective of the Board is to uplift the socio-economic standards of the rural farmers. The many activities constitute the supply of breeding stock, to maintain and develop the Board's coconut plantations, production of value added livestock and agricultural and the education and training of farmers in the systems of integrated crop and livestock management. To meet these commitments the farms of the Board was geared to serve the farmers in varying agro climatic regions while livestock breeding programs were also tailored to suit those climatic variations in different zones.

The lands vested in the government under the Land Reform Law were also handed over to the Board to establish farms for upgrading the indigenous herds to high producing dairy cattle. At present about 4,680.25 Ha. of coconut land in the coconut triangle have come under the scope of these activities. Upgrading of the cattle in the coconut triangle is carried out by cross breeding the local animals to Sahiwal and European Breeds. Further, during the year 1992 thirteen farms managed by the Department of Animal Production & Health (DAPH) were handed over to the Board. These farms were finance starved and were in a run-down condition. The Board had to invest a colossal amount of money to resurrect these farms and as a result Board also faced liquidity problems. To fulfill these financial commitments the Board had to borrow from banks. After the take-over of Department of Animal Production & Health farms the Board presently has a total of 12,527 Ha. of land.

The Board presently manages 30 Livestock farms and 02 training centers. Board owns the only large purebred herds of Livestock in the country that could be considered as a national treasure.



POLICY

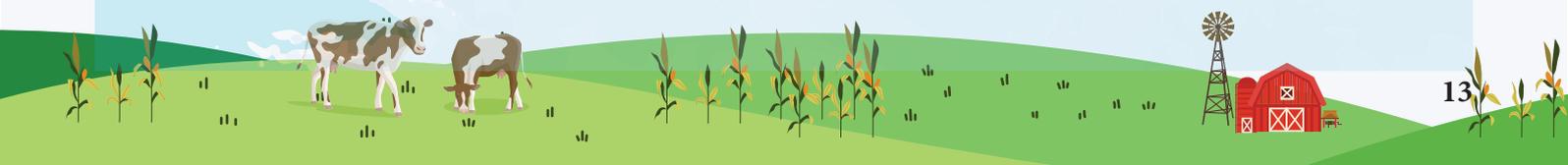
Increasing production and quality of livestock products to satisfy the local demand and to boost rural income with the objective of making our farmers capable to compete in local and international markets (Source: Public Investment Plan 2017-2020, Department of National Planning)

OUR VISION

To be the national producer of quality livestock and agricultural products for better living through Livestock.

OUR MISSION

NLDB is committed to foster the Livestock and dairy industry in the Island by developing quality breeding material, Livestock and agricultural products infusing new technology and innovations in due recognition of the national effort, making the country self-sufficient in Livestock and dairy products.



GOALS

OF THE NATIONAL LIVESTOCK DEVELOPMENT BOARD

01. To maintain optimum stocking rate with better livestock management practices using modern breeding technics and the latest know-how in livestock management technic to improve the quality of the herd.
02. To introduce new technology, expertise, capital with better management practices, to reduce cost and improve the productivity of farms managed by the Board while increasing the existing market share with better marketing strategies to increase the profitability.

OBJECTIVES

OF THE NATIONAL LIVESTOCK DEVELOPMENT BOARD

01. To increase the number of issuance of breeding materials to the local livestock farmers.
02. To increase the production of livestock and agricultural products.
03. To increase the sale of livestock, agriculture and processed products through the NLDB, franchise outlets and as well as supermarkets.

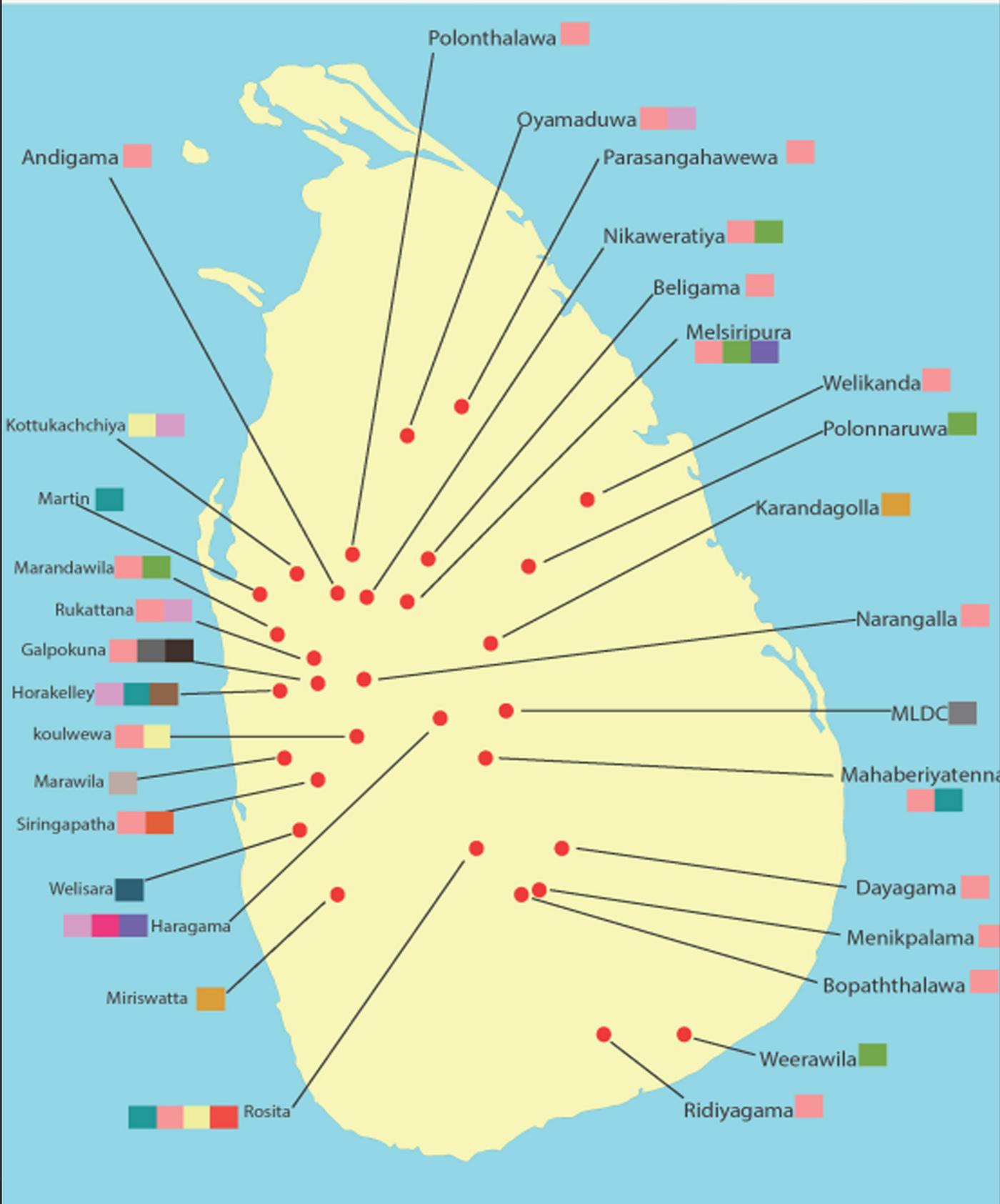
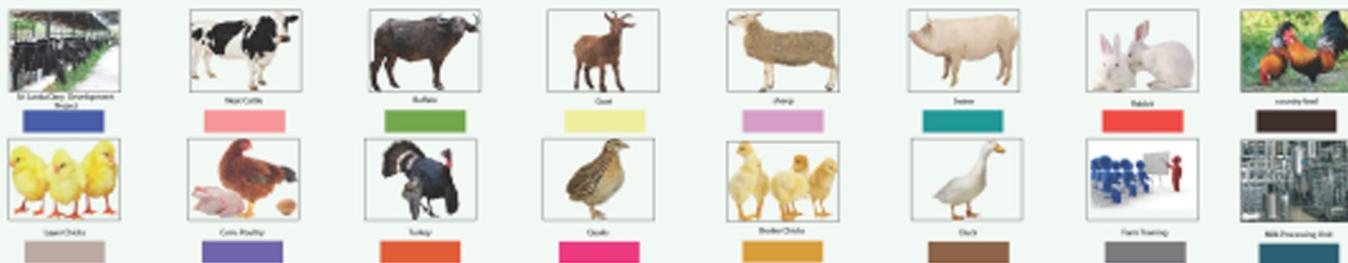
FARMS AND TRAINING CENTRES OWNED BY THE NATIONAL LIVESTOCK DEVELOPMENT BOARD

The National Livestock Development Board runs 30 farms and 02 training centres. Menikpalama, Bopaththalawa, Dayagama and Rosita farms operate in the up-country zone while Mahaberiyathenna, Karandagolla and Haragama are farms belonged to Mid-country zone. Furthermore, farms at Marandawila, Melsiripura, Beligama, Polonthalawa, Andigama, Galpokuna, Koulwewa, Narangalla, Horakelly, Martin, Rukaththana, Siringapatha, Marawila, Welisara and Miriswatta are located in the Coconut Triangle. In addition, 08 farms are in the Dry Zone. They are located at Polonnaruwa, Oyamad-
uwa, Parasangaswewa, Welikanda, Kottukachchiya, Weerawila, Ridiyagama and Nikaweratiya.

The Mid-country Livestock Development Centre and the Livestock Development Centre in the Cocount Triangle are the Training Centres operating at present owned by the National Livestock Development Board.



Distribution of Livestock Species and Related Projects in NLDB Farms





BRIEF PROFILE OF THE BOARD OF DIRECTORS



Prof. M.P.S.. MAGAMAGE

CHAIRMAN

Prof. Manjula P.S. Magamage was appointed as the Chairman of National Livestock Development Board in 20th. December 2019.

He received his Bachelor in Veterinary Medicine and Animal Science (BVSc) degree from Faculty of Veterinary Medicine and Animal Science, University of Peradeniya, Sri Lanka in 2000 and his Masters and PhD in Reproductive Physiology, Endocrinology, and Reproductive Biotechnology from the Department of Bioresource Production, Faculty of Graduate Studies, Kobe University, Japan in 2011. Following his doctoral studies followed by his post-doctoral training in Reproductive Physiology/Cell, Molecular Biology and Biotechnology at the University of Nebraska Lincoln, USA under the mentorship of Professor Andrea S Cupp in 2013-2014. Later he was awarded Indian Science Research Fellowship in 2016 from the Government of India where he was in National Institute of Animal Biotechnology at Hyderabad. Early 2017, the Government of Australia has awarded him the most prestigious Endeavour Fellowship and was at ANZAC Research Institute at Concord General Hospital, University of Sydney, Australia. He joined to the Department of Livestock Production, Faculty of Agricultural Sciences at Rahangala Campus in the year 2001 as Assistant Lecturer in Livestock Production after spent brief spell at Department of Clinical Studies, Faculty of Veterinary Medicine, University of Peradeniya in 2000 and subsequently promoted to the post of Lecturer (Probationary) in 2003 at Belihuloya Campus followed by his graduate studies in Japan from 2005-2011 until he back to Department of Livestock Production as Senior Lecturer in 2011.

Currently, he is teaching both undergraduate and graduate students of the faculties of Agricultural Sciences as well as Faculty of Graduate Studies. He was the founder coordinator for Faculty of Medicine, Sabaragamuwa University. He was promoted to Professor in the Department of Livestock Production with effect from December 2019. Apart from these interdepartmental commitments his teaching and research are widely perceived on human -animal interface studies. Major areas of the current teaching are comprised on Anatomy and Physiology of farm animals Animal Health & Hygiene, Reproductive Biology and Biotechnology and Biochemistry.

He has been also trained at Marine Biological Laboratory (MBL), Boston, USA for Advanced biochemistry, Reproductive Biotechnology and Molecular Biology under Frontiers in Reproduction Programme (FIR) in 2016 summer programme. Professor Magamage also holding the designation of FIR bee at MBL. MBL is the most famous and renowned research laboratory in the world that more than 60 Nobel laureates working under same roof since it's inception. He has published more than 35 papers in high impact indexed journals locally as well as internationally and over 100 abstract publications locally and internationally.

He was the Head, Department of Livestock Production, prior to be appointing him as 7th Dean of Faculty of Agricultural Sciences of the Sabaragamuwa University of Sri Lanka (2018/9-2021/9) and was instrumental to initiate and laying foundation stone for new Agriculture faculty complex which is under construction now. Professor Magamage also serving as University Grants Commission appointed member of the Board of Management of University of Colombo Institute for Agro-Technology and Rural Sciences (UCIARS) for the years 2021-2024. His services also rendered into several National committees such as National Animal Breeding Committee member in Department of Animal Production and Health and Animal Feed Advisory Committee of Sri Lanka under Ministry of Agriculture.



Mr.A.P. SUMANASIRI

DEPUTY CHAIRMAN

Mr. A.P.Sumanasiri was appointed as the Deputy Chairman of National Livestock Development Board from January 2020.

He received his Bachelor in Agriculture degree from Faculty of Agriculture, University of Ruhuna, Sri Lanka in 1994.

He is having experience in poultry farming management at Cystal Spring(pvt.) Ltd. For 2 years, dairy farming management at Ambewela farm, National Livestock Development Board for 4 years. Futher he is having experience in dairy farming management at Ambewela Livestock Company, potato cultivation management at Pattipola Livestock Company and maize cultivation management at Ambewela Products (Pvt) Ltd all together for 13 years. Apart of above he is having experience in Dairy Farming Management in New Zealand for 5 years and served as a consultant at Grand Hotel at Nuwara Eliya.



Mr. RAJ OBESEKARA

DIRECTOR

He was appointed to the Board of National Livestock Development Board with effect from January 2020.

He is a former Director of Hatton National Bank (pvt)Ltd., Deputy chairman of Sri Lanka Insurance Corporation, Director of Distilleries company of Sri Lanka PLC, Director of

Plantation PLC, Director of Balangoda Plantation PLC, Director of Lanka Milk Foods (CWE) PLC, Director Ambewella Livestock Co. Ltd. Director Ambewella Products (pvt) Ltd. Director of Pattipola Livestock Co.Ltd. Director of Lanka Dairies (Pvt) Ltd, Director of Danish Dairy Products Lanka Ltd., Director of Stassen Plantation Management Services (Pvt) Ltd, Chairman of Sri Lanka Bureau of Foreign Employment, Director of Sri Lanka Port Authority, Director of Lanka Hotels & Residencies (Pvt) Ltd.



Mr.H.A.R.K WEKRAMATHILAKA

DIRECTOR

He was appointed to the Board of National Livestock Development Board with effect from January 2020.

He is a former Director of Hatton National Bank (pvt)Ltd., Deputy chairman of Sri Lanka Insurance Corporation, Director of Distilleries company of Sri Lanka PLC, Director of

Plantation PLC, Director of Balangoda Plantation PLC, Director of Lanka Milk Foods (CWE) PLC, Director Ambewella Livestock Co. Ltd. Director Ambewella Products (pvt) Ltd. Director of Pattipola Livestock Co.Ltd. Director of Lanka Dairies (Pvt) Ltd, Director of Danish Dairy Products Lanka Ltd., Director of Stassen Plantation Management Services (Pvt) Ltd, Chairman of Sri Lanka Bureau of Foreign Employment, Director of Sri Lanka Port Authority, Director of Lanka Hotels & Residencies (Pvt) Ltd.





Mr. ASIRI M. IDDAMALGODA

DIRECTOR

Mr. Asiri M. Iddamalgoda was appointed to the Board of National Livestock Development Board with effective from January 2020. Presently, he is working as a Senior Vice President of DFCC Bank and Head of Retail Banking and SME. He held directorship at Ceylon Shipping Corporation for the period of year 2007- to 2014. He has a MBA from Jacksonville State University, Alabama, USA



Mr. B.A.P.K.K. GUNAWARDENA

DIRECTOR

Ms. Keerthi Gunawardena was appointed to the Board of National Livestock Development Board with effect from January 2020.

Presently, he is working as the Managing Director of Accmart Motors (Pvt) Ltd. and has over 30 years management experience in marketing, sales, logistic management, distribution and business management.

He has a Diploma in Marketing (SLIM) and he spent nearly 15 years of his career managing a business based in Japan.



Mrs. Y. P. SUMANAWATHI

TREASURY REPRESENTATIVE

Mrs. Y.P. Sumanawathi was appointed to the Board of National Livestock Development Board with effect from January 2020 and she is working as a treasury representative.



KEY MANAGEMENT PERSONNEL



MR. A.M.P.A ADHIKARI
GENERAL MANAGER



MR. M. D. KARUNATHILAKE
DEPUTY GENERAL MANAGER
(CORPORATE OPERATIONS)



MR. M. D. W DARMARATHNA
DEPUTY GENERAL MANAGER
(Livestock & Plantation Development)



Dr. K.G.J.S DISNAKA
ASSISANT GENERAL MANAGER
(VET)



MR. H.W.S. PREMARATHNA
ASSISANT GENERAL MANAGER
(REGIONAL)



MR. M.J WIJERATHNA
ASSISANT GENERAL MANAGER
(REGIONAL)



MR. R.W.M.K.D.N. AMARATHUNGA
ASSISANT GENERAL MANAGER
(REGIONAL)



MR. P.A.J.S. PATHIRANA
ASSISANT GENERAL MANAGER
(REGIONAL)



MR. N.G. NIMALASIRI
ACTG.ASSISANT GENERAL MANAGER
(RE GIONAL)





MRS. S.A.S. TEWARAPPERUMA
ASSISANT GENERAL MANAGER
(HR & ADMIN)



MR. T. VIDANAPATHIRANA
ACTG.ASSISANT GENERAL MANAGER
(REGIONAL - COVERING UP DUTIES)



M.R. RUWAN THILAKASIRI
MANAGER
(FINANCE)



MRS. H.P.S. GUNARATHNEMENIKE
MANAGER
(FM& PM)



MRS. N.W.A.N.U WEERASINGHE
ASSISTANT MANAGER
(FINANCE)



MRS. M.K.K. ROSHINI
AssistantManager
(M&E)



MR. S.D.M.N. PUSHPAKUMARA
ASSISANT MANAGER
(INTERNAL AUDIT)



MRS. N.J.S. KUMUDUNI
ASSISTANT MANAGER
(HR)



MRS. MRS. P.K.T.DE SILVA
ACTING ASSISTANT MANAGER
(FARM MANAGEMENT AND
PRODUCE MARKETING OFFICER)



MR. K.R.K. AMARASENA
ASSISTANT MANAGER
(FINANCE)







2017

Analysis of Financial and Operational Performance



Financial Performance

Item	2017 Rs. (m)	2016 Rs. (m)	Variation	Variable Percentage	Key factors
Total income	2,958	2,534	424	17%	Significant increase in the value of biological assets.
Sales cost	2,201	2,038	163	8%	Increased maintenance costs for cattle and buffalo projects.
Gross profit	757	497	260	52%	Decreased profitability of the dairy project.
Distribution costs	6	5	1	20%	Increase in broker fees paid on the increase of coconut income and Impact of the provision of doubtful loan
Administrative expenses	898	850	48	6%	Increase in employee salaries and other administrative expenses.
Financial cost	178	122	56	46%	Increase in bank loan interest and interest expense on the Weylad project.



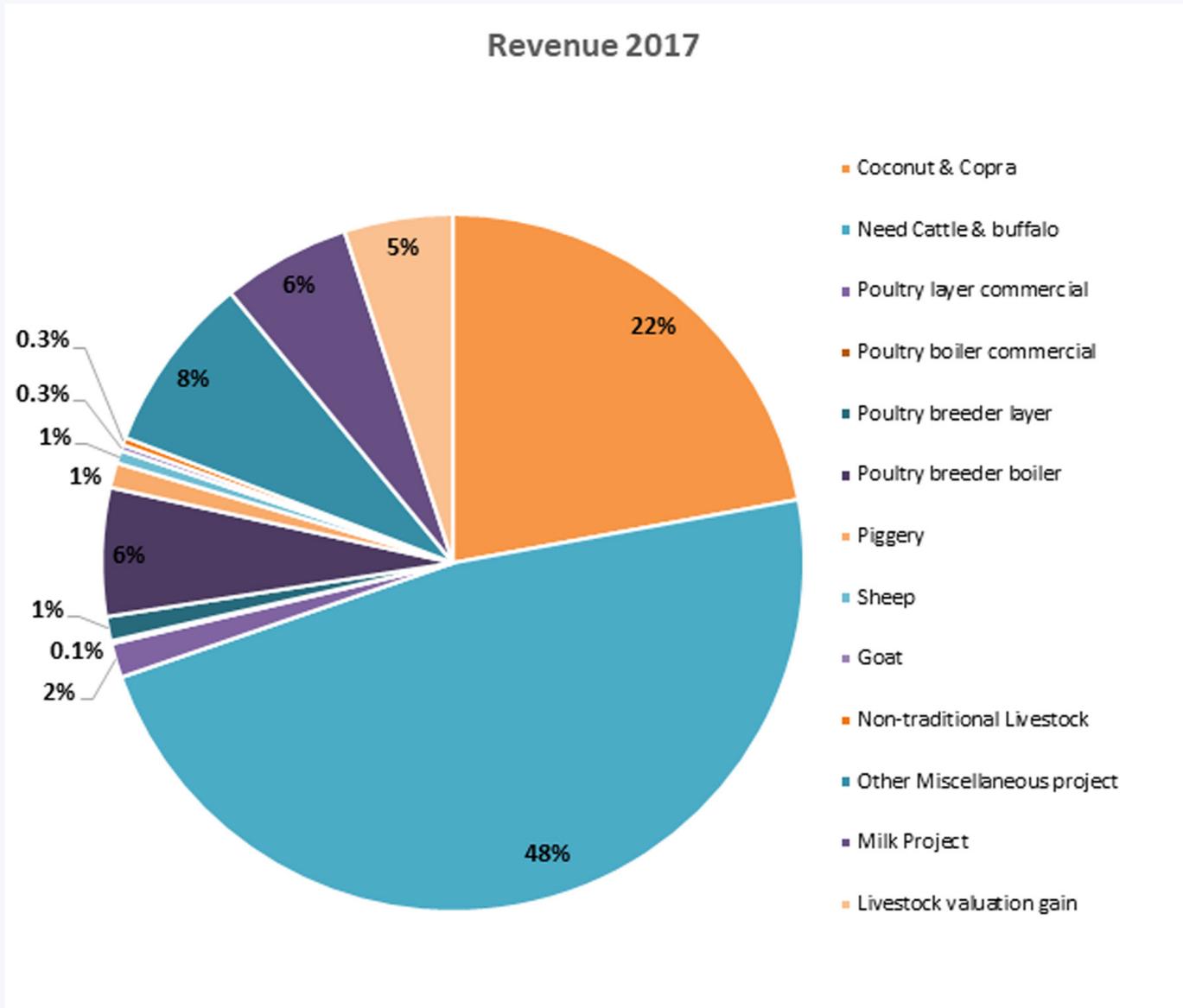
Revenue Composition

Item	2017	2017
	Rs. (m)	Percentage
Coconut and copra	706	22%
Cattle and buffalo	1,521	48%
Egg-laying commercial hens	51	2%
Commercial broiler chickens	4	0.1%
Breeding hens laying eggs	36	1%
Broiler poultry breeding	190	6%
Pig products	37	1%
Sheep products	19	0.6%
Goat products	9	0.3%
Non-traditional livestock	11	0.3%
Various other projects	263	8%
Dairy projects	189	6%
Livestock Valuation	160	5%
Sub Total	3,196	100%
(Less) - Inter-farm sale	238	
Total	2,958	

The main sources of income for the National Livestock Development Board are dairy products and coconut and allied products. 48% of the total revenue came from dairy products and 22% from coconut based products and 9% from poultry products.



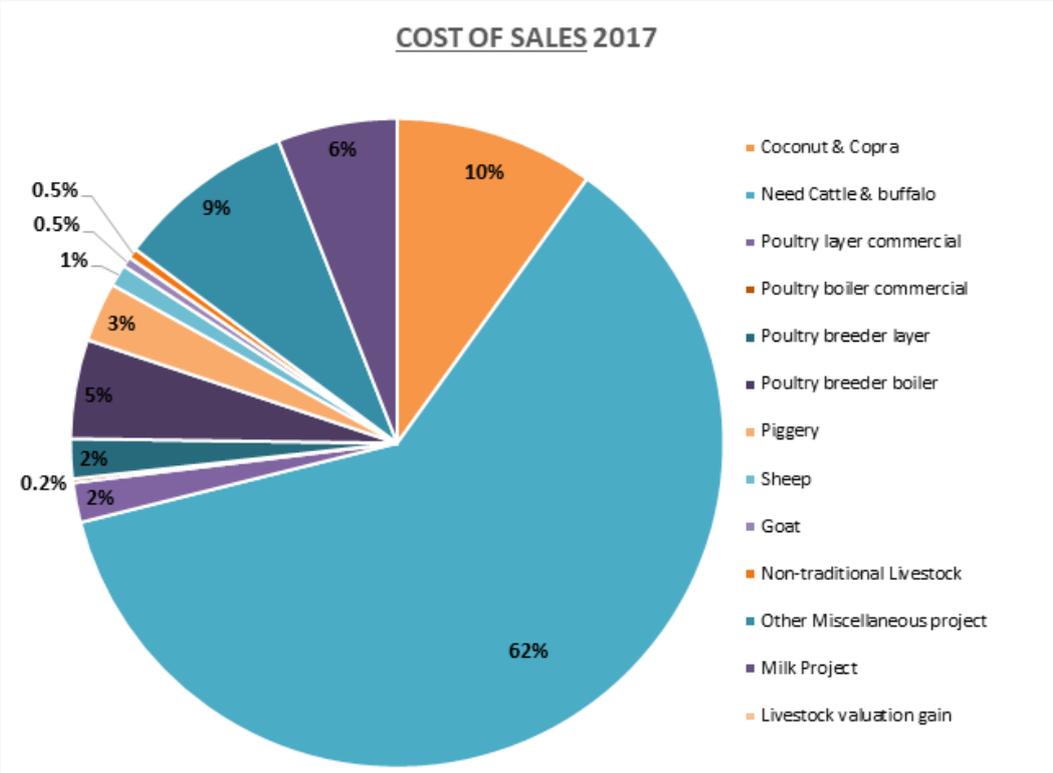
Total Income 2017



Sales Cost

Out of the total sales cost, it has to bear the highest sales cost for dairy products. The sales cost in 2017 was 2,220 million and in 2016 it was 2,038 million. Accordingly, it will increase the sales cost by Rs. 162 million. 60% of the total sales cost for the year 2017 is included in the Cattle and Buffalo Project

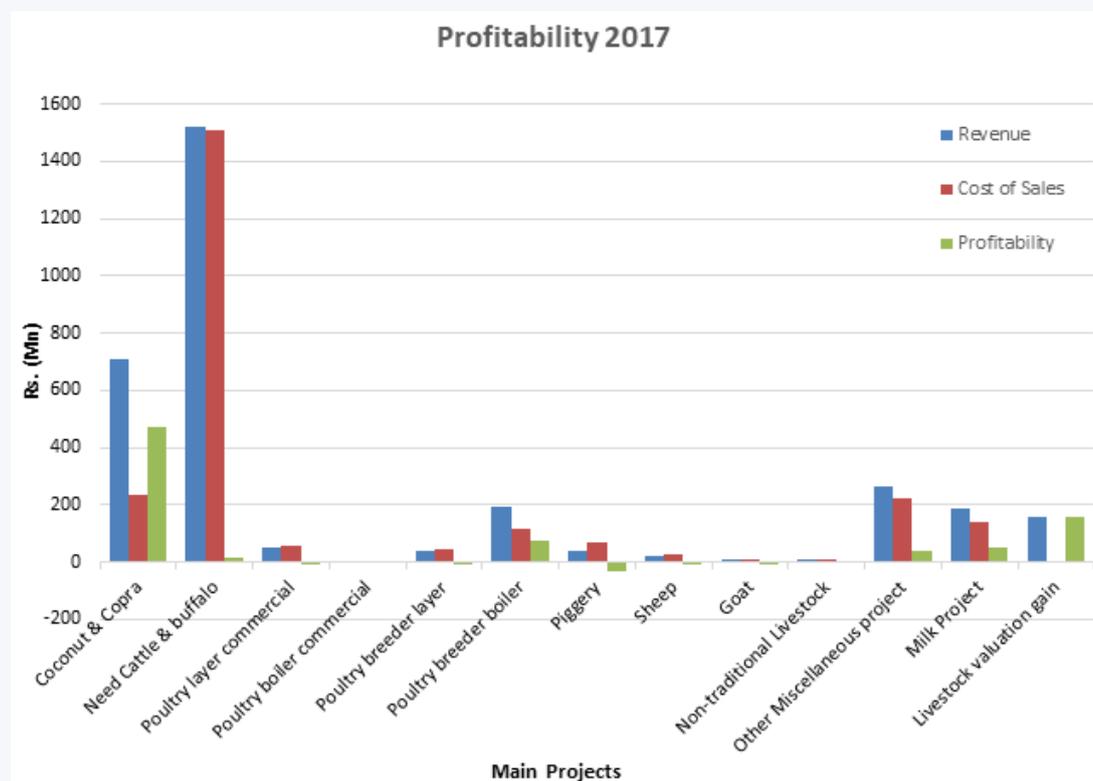
Item	2017 Rs. (m)	2017 Percentage
Coconut and copra	234	10%
Cattle and buffalo	1,507	62%
Egg-laying commercial hens	54	2%
Commercial broiler chickens	4	0.2%
Breeding hens laying eggs	45	2%
Broiler poultry breeding	113	5%
Pig products	70	3%
Sheep products	28	1.1%
Goat products	11	0.5%
Non-traditional livestock	11	0.5%
Various other projects	223	9%
Dairy projects	139	6%
Sub Total	2,439	100%
((Less) - Inter-farm sale	238	
Total	2,201	



Profitability

Item	2017 Rs (m)	2016 Rs. (m)	Variance
Coconut and copra	472	454	18
Cattle and buffalo	14	119	(105)
Egg-laying commercial hens	(3)	3	(6)
Commercial broiler chickens	-	(2)	2
Breeding hens laying eggs	(9)	16	(25)
Broiler poultry breeding	77	138	(61)
Pig products	(33)	2	(35)
Sheep products	(9)	(3)	(6)
Goat products	(2)	(3)	1
Non-traditional livestock	-	(1)	1
Various other projects	40	28	12
Dairy projects	50	53	(3)
Livestock Valuation	160	(307)	467
Total	757	497	260

Gross profit was Rs. 757 million in 2017 and Rs. 497 million in 2016 and the highest profit was generated from coconut based products.



National Livestock Development Board has made a profit and that profit is Rs. 361.4 million. Eighteen farms have suffered losses and its loss is Rs. 320.5 million. Accordingly, it has been able to record a profit of Rs. 40.9 million at the farm level. The financial performance contribution of the farms is as follows.

Profitable farms

No	Farm	2017
1	Ardigama	23,769,161.00
2	Beligama	31,329,839.00
3	Galpokuna	12,712,767.00
4	Horakele	85,876,424.00
5	Karadagolla	24,059,849.00
6	Kowelweva	23,343,226.00
7	Maradavila	64,754,504.00
8	Malasiripura	36,233,062.00
9	Miriswatta	21,465,780.00
10	Narangalla	7,693,164.00
11	polonthalawa	5,378,548.00
12	Rukkathana	8,852,008.00
13	Siringapatha	15,966,832.00
	Total	361,435,165.00

None-Profitable farms

No	Farm	2017
1	Bopatthalawa	(48,737,950.00)
2	Manikpalama	(132,106,326.00)
3	Dayagama	(31,145,129.00)
4	Haragama	(5,356,150.00)
5	Kottukachiya	(2,064,113.00)
6	M.L.D.C	(4,679,370.00)
7	Mahaberiyathana	(1,478,017.00)
8	Marawila	(16,752,094.00)
9	Marteen	(12,286,624.00)
10	Nikaweratiya	(11,636,625.00)
11	Oyamaduwa	(9,600,490.00)
12	Parasangahaweve	(899,333.00)
13	Polonnaruwa	(12,267,593.00)
14	rediyagama	(8,050,682.00)
15	Rosita	(12,982,466.00)
16	Weeravila	(5,401,583.00)
17	Walikanda	(3,990,781.00)
18	Walisara	(1,079,674.00)
	total	(320,515,002.00)

Coconut Triangle Associated Farms have made a profit from coconut based products and it has been able to run both one day old broiler breeding farms profitably. Dry zonal and dairy cattle farms and pigs project related farms also suffered losses in 2017.



Short-term financial stability

Item	2017	2016	Variance
	Rs (m)	Rs. (m)	
Total current assets	679	769	90
Total current liability	3,069	2,124	945
Net Working Capital	(2,390)	(1,355)	(1,035)
Current rate	0.22	0.36	(0.14)

The main reason for the unfavorable increase in the current rate is the continued increase in the amount of loan installments due for the Weylad project due to financial difficulties. According to a Cabinet decision in 2020, it will be improved the short-term financial stability in the coming years with the writing off of interest on the project and the conversion of loans into state investments.

Cash Flow

The cash flow generated through the operations during the 2016 was Rs. 213 million and the cash flow generated through the operations during the 2017 was Rs. 864 million. This is a growth of 305%.

The cash flow as capital expenditure in 2017 was Rs. 118 million and in 2016 it was Rs. 167 million.



AUDIT AND MANAGEMENT COMMITTEE REPORT

The Audit and Management Committee assists the Board of Directors for taking correct decisions for the development of the NLDB. Further, the Committee helps the Board in assessing the risk and management/administrative factors faced by the Board. Three (82nd to 84th) Audit committee meetings have been conducted during the year 2017. The committee has focused the findings and matters highlighted in the external, internal audit reports and investigation reports. During the year 2017, the committee has discussed and provided recommendations on the total debtor balance of the Board.

In the year 2020, new committee members were appointed to the Audit and Management Committee of NLDB. During the year 2020 and 2021, the committee had to be functional under the severe Covid pandemic conditions. However the committee has conducted the scheduled meetings in the above period in accordance with the "Good Governance Guidelines" and government circulars. Over the past two years, the Committee continued to focus on ensuring the implementation of internal and external audit reports reviews. Accordingly, the Committee has assisted the Board in rectifying financial and internal control deficiencies. Finally, the committee hopes to provide recommendations to the board to take decisions for sustainable development of the NLDB in the future.



Chairman of the Audit Committee
NATIONAL LIVESTOCK DEVELOPMENT BOARD.
SDM.NPK/27/01/2022

ON-GOING LIVESTOCK AND AGRICULTURAL PROJECTS CONDUCTED IN NLDB FARMS

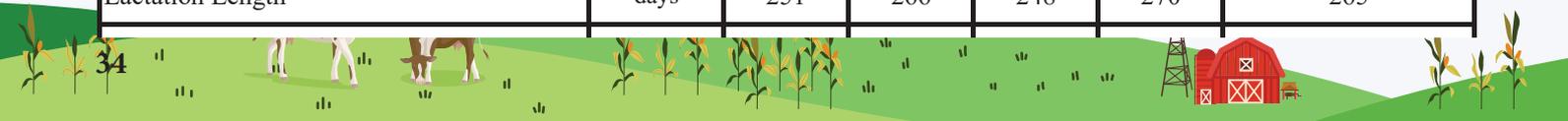
S/No.	Farm	Animal Species	Family
1.	Menikpalama	Cattle	Jersey Friesian Cross bred
2.	Dayagama	Cattle	Jersey
3.	Bopaththalawa	Cattle	Jersey Friesian Cross bred
4.	Rosita	Cattle	Friesian, Jersey, Jersey Friesian Cross bred
		Pigs	Durock, Large white, Land race
		Goats	Saanen
		Rabbit	Newzealand white, Califonia giant
5.	Maradawila	Cattle	Sahiwal Cross bred
		Buffalo	Murrah Cross bred
6.	Nikaweratiya	Cattle	Sahiwal
		Buffalo	Niliravi
7.	Andigama	Cattle	Sahiwal. Sawival Cross bred
8.	Galpokuna	Cattle	Sahiwal Cross bred, Jersey Friesian Cross bred
		Country Fowl	
9.	Koulwewa	Cattle	Sahiwal Cross bred
		Goats	Sanan
10.	Rukkattana	Cattle	Sahiwal Cross bred
		Sheeps	Jaffna local sheeps
11.	Narangalla	Cattle	Sahiwal Cross bred
12.	Mahaberiyatenna	Cattle	Jersey Friesian Cross bred
		Pigs	Durock, Large white, Land race
		Commercial layers	Shaver brown
13.	Polonnaruwa	Buffalo	Murrah
		Country Fowl	
14.	Siringapatha	Cattle	Sahiwal Cross breed
		Turkey	Nikalas
15.	Oyamaduwa	Cattle	Shahiwal Cross breed
		Sheeps	Cross breed
16.	Melsiripura	Cattle	Sahiwal Cross breed
		Buffalo	Murrah Cross breed
		Commercial layers	Shaver brown
		Commercial broiler	Cobb 500
17.	Beligama	Cattle	Jersey Sahiwal cross-breed
18.	Parasangaswewa	Cattle	Salvage animal
		Commercial layers	Shaver brown
19.	Polonthalawa	Cattle	Sahiwal Cross breed
20.	Haragama	Commercial layers	Shaver brown
		Quails	Japanese Quails
21.	Martin	Pigs	Durock, Large white, Land race

<i>S/No.</i>	<i>Farm</i>	<i>Animal Species</i>	<i>Family</i>	<i>Crop</i>
22.	<i>Kottukachchiya</i>	<i>Goats</i>	<i>Jamnapari, Sri lankan Boer Cross breed</i>	
		<i>Sheeps</i>	<i>Cross breed</i>	
23.	<i>Ridiyagama</i>	<i>Cattle</i>	<i>Jersey Friesian Cross breed</i>	<i>Coconut</i>
24.	<i>Weerawila</i>	<i>Buffaloo</i>	<i>Murrah Cross breed</i>	
25.	<i>Welikanda</i>	<i>Cattle</i>	<i>Kilari</i>	
26.	<i>Horakelly</i>	<i>Pigs</i>	<i>Durock, Large white, Land race</i>	<i>Coconut</i>
		<i>Sheeps</i>	<i>Cross breed</i>	
27.	<i>Welisara</i>	<i>Pigs</i>	<i>Durock, Large white, Land race Cross breed</i>	
28.	<i>Miriswatte</i>	<i>Broiler parent</i>	<i>Cobb 500</i>	<i>Coconut</i>
29.	<i>Marawila</i>	<i>Layer parent</i>	<i>Shever brown</i>	<i>Coconut</i>
30.	<i>Karandagolla</i>	<i>Broiler parent</i>	<i>Cobb 500</i>	



PAST PERFORMANCE OF LIVESTOCK & CROPS OF NLDB -YEAR 2013-2017

Activity	Norm	2013	2014	2015	2016	2017
Neat Cattle						
Total Herd	No.	7295	7309	10556	10597	10,683
Heifers over 2 years	No.	1070	831	942	1135	1,294
Heifers 0 – 2 years	No.	1910	1547	2856	2909	3,108
Number of bull calves < 1 year	No.	439	445	476	460	358
Total Births	No.	3410	3078	3894	4157	4,496
Total Issues for Breeding	No.	2721	2002	1837	1742	2,496
Total Culls	No.	738	337	179	370	544
Total No. of Cows	No.	3787	4196	5057	6064	5,731
Total No. of Milking Cows	No.	2124	2410	3154	3707	3,448
% Cows in Milk	%	59	57	57	52	52
Avg.Prod./ M. Cow/day	Ltrs.	11.2	11.4	11	12.2	12
Avg.Lactation Length	days	257	257	296	291	296
Milk Production	Ltrs (m).	8.6	10	10.2	17.2	14.4
Avg. Age at 1st Calving	Months	47	39	40	38	39
Avg. Calving Interval	Days	431	427	434	432	434
Buffalo						
Total Herd	No.	2080	2355	2408	2535	2,734
Heifers over 2 years	No.	468	482	622	413	689
Heifers 0 – 2 years	No.	464	516	638	764	616
Number of bull calves < 1 year	No.	190	253	250	179	154
Total Births	No.	601	743	821	773	637
Total Issues for Breeding	No.	285	301	438	318	437
Total Culls	No.	125	110	63	103	93
Total No. of Cows	No.	943	982	1109	1029	1,100
Total No. of Milking Cows	No.	432	492	475	399	357
% Cows in Milk	%	48	49	50	43	44
Avg.Prod./ M. Cow/day	Ltrs.	3.9	3.8	3.8	4.2	4.3
Lactation Length	days	251	266	248	270	265



Broiler Parent Stock						
Total Flock	No.	19,585	23,422	30,250	28516	31,118
Activity	Norm	2013	2014	2015	2016	2017
Importation/Purchase of Parent stock						
Males	No.	2,487	2,613	3,278	1,567	2,905
Females	No.	16,540	18,402	23,188	12,780	23,478
Total Egg Production	No. Mn	2.53	2.53	2.73	3.74	3.5
Total Hatchable Eggs	No. Mn	2.28	2.34	2.53	3.17	3.2
Hatchability %	%	74	80	85	76	77
Total Chick Production	No. Mn	1.69	1.8	1.96	2.44	2.47
Layer Parent Stock						
Total Flock	No.	6165	5627	5912	8607	7,850
Importation of Birds						
Males	No.	750	375	375	1039	623
Females	No.	6240	3120	3120	8593	4,874
Total Egg Production	No. Mn	0.82	1.28	0.99	1.33	1.8
Total Hatchable Eggs	No. Mn	0.66	0.92	0.74	1.07	1.3
Hatchability %	%	74	60	64	59	60
Total Pullet Chick Production	No. Mn	0.23	0.28	0.21	0.31	0.39
Commercial Broiler Production						
Total Flock	No.	0	0	10,399	11,193	0
Broiler Production	Birds	0	1812	15,412	46,494	4,338
Commercial Egg Production						
Total Flock	No.	6,109	5,096	6,443	9,279	10,803
Total No. of Hens	No.	6,065	5,012	3,900	7,686	8,241
Egg Production	No. Mn.	1.24	1.26	1.05	1.03	2.5
Quail Egg Production						
Total Flock	No.	165	124	1,084	1,270	2,097
Total No. of Hens	No.	165	124	1,009	1,141	1,208
Egg Production	No.	23,285	28,857	26,629	84,393	221,675
Country Fowl Egg Production						
Total Flock	No.	-	-	-	2,032	2,542
Total No. of Hens	No.	-	-	-	676	1,143
Egg Production	No.	-	-	-	106,339	257,742

Total Egg Production	No. Mn	0.82	1.28	0.99	1.33	1.8
Total Hatchable Eggs	No. Mn	0.66	0.92	0.74	1.07	1.3
Hatchability %	%	74	60	64	59	60
Total Pullet Chick Production	No. Mn	0.23	0.28	0.21	0.31	0.39
Commercial Broiler Production						
Total Flock	No.	0	0	10,399	11,193	0
Broiler Production	Birds	0	1812	15,412	46,494	4,338
Commercial Egg Production						
Total Flock	No.	6,109	5,096	6,443	9,279	10,803
Total No. of Hens	No.	6,065	5,012	3,900	7,686	8,241
Egg Production	No. Mn.	1.24	1.26	1.05	1.03	2.5
Quail Egg Production						
Total Flock	No.	165	124	1,084	1,270	2,097
Total No. of Hens	No.	165	124	1,009	1,141	1,208
Egg Production	No.	23,285	28,857	26,629	84,393	221,675
Country Fowl Egg Production						
Total Flock	No.	-	-	-	2,032	2,542
Total No. of Hens	No.	-	-	-	676	1,143
Egg Production	No.	-	-	-	106,339	257,742
Activity	Norm	2013	2014	2015	2016	2017
Turkey Egg Production						
Total Flock	No.	-	-	262	1,865	850
Total No. of Hens	No.	-	-	-	157	353
Egg Production	No.	-	-	-	14,259	52,305
Performance of Pigs (Breeding Stock)						
Total Herd	No.	764	727	1090	2015	1,549
Piglings Born	No.	2776	3075	3347	4805	2,313
Avg. Litter Size - On Sows	No.	9	8	9	8	8
Avg. Litter Size - On Gilts	No.	10	8	7	8	6
No. of Piglings Died	No.	245	170	184	268	203
Issues for Breeding	No.	3272	2870	3325	3663	2,235
Performance of Goats						
Total Herd	No.	776	762	794	842	919
No. of Kids Born	No.	408	401	309	363	403
Kidding Rate	No.	0.64	0.74	0.57	0.76	0.92
No. of Deaths (adults & kids)	No.	235	131	220	107	168
Issues for Breeding	No.	21	138	97	175	116
Goat Milk Production	Ltrs.	5617	7759	11045	9056	12,753
Performance of Sheep						
Total Herd	No.	4358	4890	4626	5571	6,712
No. of Kids Born	No.	1887	1827	1378	2168	2,355
Lambing Rate	No.	1.2	0.8	1.4	1.3	0.89
No. of Deaths (adults & kids)	No.	195	434	770	181	125
Issues for Breeding	No.	652	351	845	753	523



MAJOR DEVELOPMENT ACTIVITIES CARRIED OUT IN 2017

Establishment of a Milk Toffee Production Plant

A milk-toffee production plant has been established at Galpokuna farm with the objective of producing quality milk toffees to cater to the demand of consumers at a reasonable price. The investment of the project is Rs.4.4mn.



“Pibidemu Polonnaruwa” Project

Under District Development Project of the Rajarata Navodaya Programme “Pibidemu Polonnaruwa”, it was planned to construct small size 03 tanks with the objective of supplying water for the pasture cultivation and buffalo rearing project and during the period under review 02 tanks with the capacity of 50 acre and 25 acre were constructed.

In addition to above a sprinkler irrigation system has been established to irrigate pasture cultivation at Polonnaruwa farm for the total of Rs.11 mn.



Sprinkler irrigation system established at Polonnaruwa Farm for pasture cultivation



Water Tanks being constructed at the Polonnaruwa Farm

Construction of 03 new Pig sheds

Three (03) new pig sheds were constructed for pig breeding project implemented at Martin farm. The total investment of this project is Rs. 10.43 mn.



Construction of New Cattle Shed for European Type Heifers

Three new fully equipped cattle sheds were constructed at Ridiyagama, Narangalla and Mahaberiathenna farms in 2017 to enable to accomadate European type heifers born to imported cattle at Ridiyagama farm. The total investment of the project was Rs.23.63 mn.



New cattle shed at Narangalla/farm



Establishment of Meat Processing Unit in Martin Farm

Meat Processing Unit which is an essential requirement of the National Livestock Development Board was established at Martin Farm and installation of machinery for the same already completed. Through this Unit it is expected to issue pork and pork products to the local market as value added products with the objective of increasing profitability of the institution. The required fattening pigs for this purpose will be supplied from Martin and Horakele farms. The investment of the project amounted to Rs.5.2 mn.

In addition two more freezer rooms were constructed in Martin and Mahberiyatenna farms to store pork and chicken productions at a cost of Rs.4.4 mn.

Construction of Incubator Unit

Steps have been taken to establish 02 incubator units, one in Galpokuna farm and the other in Siringapatha farm to meet the high demand for Country Fowls and Turkeys in the local market. At the end of the period under review constructions and installation of machinery were completed. The investment amounted to Rs.1.5 mn.



ESTABLISHMENT OF ICE-CREAM AND MILK BASED FOOD PRODUCTION PLANT

Daily milk production of the institution has been increased upto 40,000 litres which are sold mainly in the form of fresh milk. The production cost of the imported animals being higher and decreasing the anticipated profit in the dairy projects. Therefore it was decided to introduce value added milk products to the local market. Accordingly quotations were called from contractors for the construction of ice-cream and other milk food production plant at Welisara farm and the contract has been awarded to the selected supplier for the total cost of Rs.26 mn.

DEVELOPMENT OF PASTURE

To meet the roughage feed requirement of dairy cows 925 acre of pasture and fodder had been cultivated by the end of the period under review against the target of 1,508 acres in 2017. The excess production will be preserved at the respective farms for silage and straw. The grass thus preserved will be utilized to feed animals during dry seasons.

Seeds purchased for pasture development were met through import and local purchasing, the details of which are as follows.

<i>Description</i>	<i>Purchased quantity (kg)</i>	<i>Cost (Rs. mn.)</i>
<i>Sorghum</i>	<i>5,880</i>	<i>10.0</i>
<i>Brakeria Dikambance</i>	<i>1,200</i>	
<i>Maize-Polonnaruwa, Ridiyagama</i>	<i>7,300</i>	
<i>Dehydrated Alfa Alfa/Straw</i>	<i>48,000</i>	<i>3.4</i>



EXHIBITIONS AT WHICH THE NLDB EXTENDED THE PARTICIPATION

<i>Exhibition</i>	<i>Venue</i>	<i>Period</i>
<i>Exhibition held in parallel to the 40th Anniversary of the open economy</i>	<i>National Youth Centre, Maharagama</i>	<i>27-30 August 2017</i>
<i>"Lanka Livestock 17" Exhibition</i>	<i>Sri Lanka Exhibitions & Conference Centre</i>	<i>20-22 July 2017</i>
<i>Exhibition held to mark the National Livestock Day</i>	<i>Plant Genetic Resources Centre, Gannoruwa</i>	<i>08 October 2017</i>
<i>"Agro Royal" Exhibition</i>	<i>Royal College, Colombo</i>	<i>15-16 June 2017</i>



NATIONAL LEVEL VICTORY FOR THE NATIONAL LIVESTOCK DEVELOPMENT BOARD

The National Livestock Development Board has been honored with the prestigious National Level Distinction and Award of Excellence securing the 03rd place in the State Sector Competition Series for evaluation of Industrialists under the “Entrepreneur Par Excellence 2017” Programmer conducted by the Ceylon National Chamber of Industries (CNCI) in year 2017.



Highlights on the occasion of receiving the awards from His Excellency the President



CORPORATE GOVERNANCE REPORT

National Livestock Development Board is operated under the Department of Public Enterprises of the General Treasury. The NLDB is being managed as a semi government organization which is the largest government organization involved in livestock production in the country. The recruitment and promotion of employees in the NLDB are carried out according to the scheme of recruitment approved by the Management Services Department. Currently the NLDB is coming under the purview of state Ministry of Livestock, farm promotion and Dairy and Egg Related Industries.

Board of Directors:

The NLDB is managed by a seven (07) Board of Directors consist with executive chairman and non-executive directors including with the treasury representative. Chairman of the Board is the Chief Accounting Officer (CAO) of the NLDB.

Key roles of Board of Directors:

- Participate actively at the board proceedings and take policy decisions
- Ensure adequate delegations of authority to the management specially in making the operational decision facilitating the effective implementation of strategic directives.
- Ensure that the entity is in position of a sound and reliable management information system which facilitate decision making and accountability.
- Ensure the integrity of the accounting and financial reporting systems, control systems such as risk management and operational control, and uphold compliance with the laws, regulations and relevant standards.
- Ensure that the key process and procedures including the operational, administrative, financial processors are properly documented and updated periodically.
- Ensure the appointment and the proper functioning of Board subcommittee including audit committee and any other relevant Board subcommittee.
- To conduct 12 Board meetings during a year on the basis of once a month.

General Management of NLDB

The NLDB manages 32 livestock /agricultural farms spread in the variance provinces in the country under the Managers, Assistant General Managers, and Deputy General Managers coming under the purview of the General Manager of NLDB.

Audit Committee

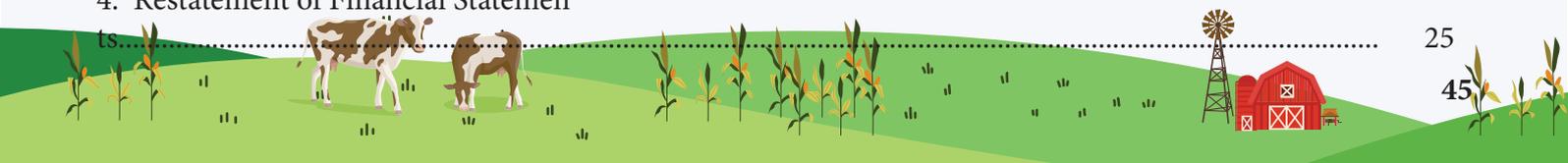
The audit committee of NLDB consists with 03 non-executive directors including treasury representative. The internal auditor of the state ministry and audit superintendent of the Auditor Generals Department are participated as observers. The internal auditor of NLDB convenes the AC meetings while the Board secretary maintains the minutes. The main role of audit committee is to support to the Board of Directors by submitting the opinions and the proposals for taking correct decisions on the issues of internal control system of NLDB.



CONSOLIDATED
FINANCIAL STATEMENTS FOR THE
YEAR ENDED
31st DECEMBER 2017



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NATIONAL LIVESTOCK DEVELOPMENT BOARD AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31 st December	Notes	Group		NLDB	
		2017 (Unaudited) Rs.	2016 (Restated) Rs.	2017 (Unaudited) Rs.	2016 (Restated) Rs.
Revenue	1	2,873,233,682	2,902,160,242	2,797,588,708	2,841,823,456
Change in Fair Value of Biological Assets	2	160,141,793	(306,842,364)	160,141,793	(306,842,364)
Total Revenue		3,033,375,475	2,595,317,878	2,957,730,501	2,534,981,092
Cost of Sales	3	(2,258,254,130)	(2,078,523,211)	(2,200,111,466)	(2,038,179,661)
Gross Profit		775,121,345	516,794,667	757,619,035	496,801,431
Other Income	4	50,681,871	54,069,301	44,233,831	49,329,658
Government Grants	5	-	24,729,601	-	24,729,601
Distribution Expenses	6.1	(6,790,596)	(5,223,729)	(6,412,826)	(4,981,161)
Administrative Expenses	6.2	(935,767,119)	(892,365,816)	(898,157,590)	(849,955,655)
Other Expenses	6.3	(11,721,077)	(6,898,522)	(11,721,077)	(6,898,522)
Profit/(Loss) from Operations		(128,475,576)	(308,894,498)	(114,438,627)	(290,974,648)
Finance Cost	7	(179,613,563)	(122,425,560)	(178,366,130)	(122,396,709)
Profit/(Loss) before Taxation		(308,089,139)	(431,320,058)	(292,804,757)	(413,371,357)
Tax Expense	8	(1,159,390)	(962,486)	(243,000)	(200,000)
Profit/(Loss) for the Year		(309,248,529)	(432,282,544)	(293,047,757)	(413,571,357)
Other Comprehensive Income/(Expense)					
Items that will not be reclassified to profit or loss:					
Remeasurement of Retirement Benefit Obligation		11,525,951	10,998,759	11,525,951	10,998,759
Deferred Tax on Remeasurement of Retirement Benefit Obligation		-	-	-	-
Other Comprehensive Income/(Expense) for the Year, Net of Tax		11,525,951	10,998,759	11,525,951	10,998,759
Total Comprehensive Income/(Expense) for the Year		(297,722,578)	(421,283,785)	(281,521,806)	(402,572,598)

The Note annexed form an internal part of these Financial statements.

Figures in brackets indicate deductions.



STATEMENT OF FINANCIAL POSITION

As at 31 st December	Notes	Group		NLDB	
		2017 (Unaudited) Rs.	2016 (Restated) Rs.	2017 (Unaudited) Rs.	2016 (Restated) Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	9	3,084,491,051	3,214,703,758	2,999,249,355	3,126,601,659
Work-In-Progress	9	46,151,677	24,150,397	46,151,677	24,150,397
Leasehold Property	10	6,540,400	6,628,784	-	-
Investments in Subsidiaries	12.1	-	-	149,123,327	149,123,327
Investments in Associates	12.2	600,000	-	600,000	-
Biological Assets - Plantations	11.1	803,185,390	735,498,425	801,363,098	734,086,827
Biological Assets - Livestock Capital	11.2	1,782,199,128	1,675,410,554	1,780,871,628	1,674,451,054
		<u>5,723,167,646</u>	<u>5,656,391,918</u>	<u>5,777,359,085</u>	<u>5,708,413,264</u>
Current Assets					
Inventories	13	244,425,253	311,480,005	232,911,741	302,365,928
Biological Assets - Livestock Trading	11.3	20,154,765	32,033,818	20,154,765	32,033,818
Trade and Other Receivables	14	250,387,644	197,005,608	248,243,306	194,730,534
Advances, Deposits and Prepayments	15	7,831,435	13,327,818	6,307,685	11,792,818
Other Current Assets	16	85,539,435	137,961,349	78,801,967	131,223,880
Short Term Investment	17	114,696,859	108,098,984	61,643,845	59,607,421
Cash and Cash Equivalents	18.1	31,923,930	37,912,107	31,085,508	37,157,906
		<u>754,959,321</u>	<u>837,819,689</u>	<u>679,148,817</u>	<u>768,912,305</u>
Total Assets		<u>6,478,126,967</u>	<u>6,494,211,607</u>	<u>6,456,507,902</u>	<u>6,477,325,569</u>
EQUITY AND LIABILITIES					
Equity					
Stated Capital		576,587,649	576,587,649	576,587,649	576,587,649
Retained Earnings		(517,868,726)	(220,146,148)	(639,435,001)	(357,913,195)
Capital Reserve		137,872,649	130,696,928	137,872,649	130,696,928
Revenue Reserve		44,529,422	44,529,422	44,529,422	44,529,422
Revaluation Reserve		110,731,360	110,731,360	110,731,360	110,731,360
Revolving Fund		37,500,000	37,500,000	37,500,000	37,500,000
		<u>389,352,354</u>	<u>679,899,211</u>	<u>267,786,079</u>	<u>542,132,164</u>
Non-controlling Interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>389,352,354</u>	<u>679,899,211</u>	<u>267,786,079</u>	<u>542,132,164</u>
Non - Current Liabilities					
Long Term Borrowings	19.1	2,873,609,258	3,538,324,720	2,854,219,896	3,538,324,720
Interest Free Loans		50,000,000	50,000,000	50,000,000	50,000,000
Retirement Benefit Liability	20	185,939,188	191,671,331	184,448,341	190,245,814
Deferred Revenue on Leased Assets	21	31,458,341	32,370,460	31,458,341	32,370,461
		<u>3,141,006,787</u>	<u>3,812,366,511</u>	<u>3,120,126,578</u>	<u>3,810,940,995</u>
Current Liabilities					
Trade and Other Payables	22	941,850,779	792,325,499	1,079,317,680	916,320,119
Income Tax Payable	23	1,994,440	1,584,878	-	-
Short Term Borrowings	19.2	57,868,479	816,280	57,868,479	816,280
Payable on Loans within 12 months	19.3	1,931,409,086	1,207,116,011	1,931,409,086	1,207,116,011
Bank Overdraft	18.2	14,645,042	103,217	-	-
		<u>2,947,767,826</u>	<u>2,001,945,885</u>	<u>3,068,595,245</u>	<u>2,124,252,410</u>
Total Equity and Liabilities		<u>6,478,126,967</u>	<u>6,494,211,607</u>	<u>6,456,507,902</u>	<u>6,477,325,569</u>

The notes annexed form an integral part of these financial statements.
Figures in brackets indicate deductions.

I hereby certify that the financial statements have been prepared in compliance with the requirements of the Finance Act No.38 of 1971
The Directors are responsible for the preparation and presentation of these Financial Statements.

.....
Manager-Finance

A.P. Subasinghe
Manager (Finance)
National Livestock Development Board
No. 40, Nawala Road, Narahenpita,
Colombo-05.

Signed for and on behalf of the Board by

.....
Chairman
National Livestock Development Board
Financial Statements 2017
Prof. Manjula PS Magamage
BVSc (Sri Lanka), MSc (Japan), PhD (Japan)
Chairman
National Livestock Development Board
No. 40, Nawala Road, Narahenpita,
Colombo 05.

A.P. Subasinghe
Agriculture (Non)
Deputy Chairman

National Livestock Development Board
No. 40, Nawala Road, Narahenpita,
Colombo-05.

48 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Attributable to Equity Holders of the Parent					Non Controlling Interest		Total
	Stated Capital Rs.	Retained Earnings Rs.	Capital Reserve Rs.	Revenue Reserve Rs.	Revaluation Reserve Rs.	Revolving Fund Rs.	Rs.	
=	576,587,649	201,137,637	130,696,928	44,529,422	110,731,360	37,500,000	-	1,101,182,996
=	-	(432,282,544)	-	-	-	-	-	(432,282,544)
=	-	10,998,759	-	-	-	-	-	10,998,759
=	-	-	-	-	-	-	-	-
=	576,587,649	(220,146,148)	130,696,928	44,529,422	110,731,360	37,500,000	-	679,899,211
=	576,587,649	(220,146,148)	130,696,928	44,529,422	110,731,360	37,500,000	-	679,899,211
=	576,587,649	(220,146,148)	130,696,928	44,529,422	110,731,360	37,500,000	-	679,899,211
=	-	(309,248,529)	-	-	-	-	-	(309,248,529)
=	-	11,525,951	-	-	-	-	-	11,525,951
=	-	-	7,175,721	-	-	-	-	7,175,721
=	-	-	-	-	-	-	-	-
=	576,587,649	(517,868,726)	137,872,649	44,529,422	110,731,360	37,500,000	-	389,357,354
=	576,587,649	(517,868,726)	137,872,649	44,529,422	110,731,360	37,500,000	-	389,357,354
=	576,587,649	(517,868,726)	137,872,649	44,529,422	110,731,360	37,500,000	-	389,357,354
=	576,587,649	44,659,403	130,696,928	44,529,422	110,731,360	37,500,000	944,704,762	1,101,182,996
=	-	(413,571,357)	-	-	-	-	(413,571,357)	(413,571,357)
=	-	10,998,759	-	-	-	-	10,998,759	10,998,759
=	-	-	-	-	-	-	-	-
=	576,587,649	(357,913,195)	130,696,928	44,529,422	110,731,360	37,500,000	542,132,164	1,101,182,996
=	576,587,649	(357,913,195)	130,696,928	44,529,422	110,731,360	37,500,000	542,132,164	1,101,182,996
=	-	(293,047,757)	-	-	-	-	(293,047,757)	(293,047,757)
=	-	11,525,951	-	-	-	-	11,525,951	11,525,951
=	-	-	7,175,721	-	-	-	7,175,721	7,175,721
=	-	-	-	-	-	-	-	-
=	576,587,649	(639,435,001)	137,872,649	44,529,422	110,731,360	37,500,000	267,786,079	1,101,182,996
=	576,587,649	(639,435,001)	137,872,649	44,529,422	110,731,360	37,500,000	267,786,079	1,101,182,996
=	576,587,649	(639,435,001)	137,872,649	44,529,422	110,731,360	37,500,000	267,786,079	1,101,182,996

Balance as at 31 December 2017 (Unaudited)

The Note annexed form an internal part of these Financial statements.

Figures in brackets indicate deductions.

NATIONAL LIVESTOCK DEVELOPMENT BOARD AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 st December	Group		NLDB	
	2017 (Unaudited) Rs.	2016 (Restated) Rs.	2017 (Unaudited) Rs.	2016 (Restated) Rs.
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	(308,089,139)	(431,320,058)	(292,804,757)	(413,371,357)
Adjustments for:				
Depreciation of property, plant and equipment	225,990,882	215,678,309	220,780,775	206,436,865
Amortization of Leasehold Property	88,384	88,384	-	-
(Appreciation)/Depreciation On Livestock	(160,141,793)	(135,664,227)	(160,141,793)	(135,664,227)
Disposal (Profit) / Loss on property, plant and equipment	135,323	(28,772)	135,323	(28,772)
Provision for gratuity	11,683,058	12,677,382	11,523,543	12,028,995
Deferred Lease Income	(912,122)	(912,121)	(912,122)	(912,121)
Interest Expense	179,574,014	122,425,560	178,326,581	122,396,709
Interest on Deposits	(6,168,672)	(4,569,284)	(6,168,672)	(4,569,284)
Provision for bad and doubtful debts	1,773,500	887,524	1,773,500	887,524
Expenditure for Plantation	11,584,366	9,188,306	11,584,366	9,188,306
Provision of bonus	-	9,182,539	-	9,182,539
Changes working Capital				
(Increase)/Decrease in Inventories	67,054,753	(103,962,618)	69,454,188	(99,293,554)
(Increase)/Decrease in Livestock Trading	11,879,053	24,873,027	11,879,053	24,873,027
(Increase)/Decrease in Trade and Other Receivables	(52,358,118)	(9,441,086)	(52,500,103)	(8,762,940)
(Increase)/Decrease in Advance, Deposit & Pre-Payment	923,682	(3,704,029)	5,485,133	(5,212,466)
(Increase)/Decrease in Other Current Assets	51,821,913	(57,509,904)	51,821,913	(57,509,904)
(Increase)/Decrease in Short Term Investment	(2,036,424)	(1,323,733)	(2,036,424)	(1,323,733)
Increase/(Decrease) in Trade & Other Payables	21,389,853	161,727,208	34,862,129	152,532,741
Increase/(Decrease) in Short term Borrowings	57,052,199	(40,818,259)	57,052,199	(40,818,259)
Increase/(Decrease) Payables on Loans within 12 months	724,293,074	443,057,842	724,293,074	443,057,842
Cash generated from operations	835,537,786	210,531,991	864,407,907	213,117,932
Tax Paid	(749,828)	(875,166)	(243,000)	(464,318)
Gratuity Paid	(27,767,519)	(22,623,427)	(27,673,334)	(22,451,157)
Interest Paid	(29,560,311)	(13,838,998)	(28,312,878)	(13,810,147)
Net cash flow from operating activities	777,460,129	173,194,400	808,178,696	176,392,310
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES				
Purchase of Non-Current assets	(120,113,194)	(174,347,654)	(117,763,488)	(166,608,172)
Proceeds from Sale of Property, Plant & Equipment	2,198,425	-	2,198,425	-
Investment in Plantation	(79,271,332)	(90,810,638)	(78,860,637)	(90,746,138)
Changes in Livestock Capital	53,353,221	443,881,760	53,721,221	444,841,260
Interest on FD	3,382,486	3,884,611	3,382,486	3,884,611
Capital Grant Received	7,175,721	-	7,175,721	-
Net cash flow from / (used in) investing activities	(133,274,669)	182,608,080	(130,146,269)	191,371,562
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES				
Bank Loan Obtained	19,389,362	-	-	-
Settlement of Loan and Lease	(684,104,824)	(351,136,624)	(684,104,824)	(351,136,624)
Net cash flow from / (used in) financing activities	(664,715,462)	(351,136,624)	(684,104,824)	(351,136,624)
Net Increase/(Decrease) In cash and cash equivalent	(20,530,002)	4,665,856	(6,072,398)	16,627,248
Cash And Cash Equivalents At The Beginning	37,808,890	33,143,033	37,157,906	20,530,657
Cash And Cash Equivalents At The End	17,278,887	37,808,890	31,085,508	37,157,906

The Note annexed form an internal part of these Consolidated Financial statements.



NATIONAL LIVESTOCK DEVELOPMENT BOARD AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 st December	Group		NLDB	
	2017	2016	2017	2016
	(Unaudited) Rs.	(Restated) Rs.	(Unaudited) Rs.	(Restated) Rs.
1 REVENUE				
Sales - Major Project	2,607,723,141	2,626,975,349	2,538,535,024	2,574,231,205
Sales - Miscellaneous Project				
-Milk Project	186,020,817	196,591,940	186,020,817	196,591,940
-Franchise	3,002,961	4,066,722	3,002,961	4,066,722
-Delite	-	1,086,555	-	1,086,555
-Sales Center	76,486,763	73,439,676	70,029,906	65,847,034
	2,873,233,682	2,902,160,242	2,797,588,708	2,841,823,456
2 FAIR VALUE OF BIOLOGICAL ASSETS				
Gains arising from changes in fair value less costs to sell of dairy livestock	160,141,793	(306,842,364)	160,141,793	(306,842,364)
	160,141,793	(306,842,364)	160,141,793	(306,842,364)
3 COST OF SALES				
Cost of Sales - Major Project	(2,054,226,034)	(1,871,814,166)	(2,000,512,005)	(1,831,470,616)
Cost of Sales - Miscellaneous Project				
-Milk Project	(136,436,919)	(145,019,597)	(136,436,919)	(145,019,597)
-Franchise	(2,265,489)	(3,019,078)	(2,265,489)	(3,019,078)
-Delite	-	(714,627)	-	(714,627)
-Sales Center	(65,325,688)	(57,955,743)	(60,897,053)	(57,955,743)
	(2,258,254,130)	(2,078,523,211)	(2,200,111,466)	(2,038,179,661)
4 OTHER INCOME				
Income on Investment Property	963,821	1,363,821	963,821	1,363,821
Interest on staff Loans	1,997,774	2,157,049	1,997,774	2,157,049
Interest on Deposits	11,270,121	8,758,762	6,168,672	4,569,284
Income on Mini Projects	8,964,861	10,439,721	8,964,861	10,439,721
Disposal Profit	1,128,418	-	-	-
Other Income	26,356,876	31,349,948	26,138,703	30,799,783
	50,681,871	54,069,301	44,233,831	49,329,658
5 GOVERNMENT GRANTS				
Swine Project	-	1,324,279	-	1,324,279
Mobile & National Food Programme	-	3,587,641	-	3,587,641
Ridiyagama Project	-	17,998,972	-	17,998,972
Bio Gas Unit	-	1,818,709	-	1,818,709
	-	24,729,601	-	24,729,601



NATIONAL LIVESTOCK DEVELOPMENT BOARD AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 st December	Group		NLDB	
	2017	2016	2017	2016
	(Unaudited) Rs.	(Restated) Rs.	(Unaudited) Rs.	(Restated) Rs.
6 OPERATING EXPENSES				
6.1 Distribution Expense				
Advertisement expense	(56,695)	-	-	-
Brokerage Expenses	(3,080,642)	(3,077,710)	(3,080,642)	(3,077,710)
Bad Debtors	(1,773,500)	(887,524)	(1,773,500)	(887,524)
Milk Project	(1,261,246)	(761,197)	(1,261,246)	(761,197)
Franchise Project	(18,816)	-	(18,816)	-
Sales Center	(278,622)	(254,730)	(278,622)	(254,730)
Other distribution expense	(321,075)	(242,568)	-	-
	(6,790,596)	(5,223,729)	(6,412,826)	(4,981,161)
6.2 Administration Expenses				
Administration & General of Farms	(740,222,958)	(686,489,582)	(702,613,429)	(644,079,421)
Head Office	(138,320,048)	(134,700,229)	(138,320,048)	(134,700,229)
Milk Project	(51,300,040)	(55,308,668)	(51,300,040)	(55,308,668)
Franchise Project	(626,896)	(1,038,241)	(626,896)	(1,038,241)
Sales Centers	(5,297,177)	(5,549,929)	(5,297,177)	(5,549,929)
Annual Bonus	-	(9,182,539)	-	(9,182,539)
Delite Project	-	(96,628)	-	(96,628)
	(935,767,119)	(892,365,816)	(898,157,590)	(849,955,655)
6.3 Other Expense				
Expenditure on Mini Projects of Farm	(4,024,158)	(3,431,755)	(4,024,158)	(3,431,755)
Other Expenses of farms	(7,696,919)	(3,466,767)	(7,696,919)	(3,466,767)
	(11,721,077)	(6,898,522)	(11,721,077)	(6,898,522)
7 FINANCE COST				
Interest on Overdraft	(301,520)	(645,870)	(149,759)	(645,870)
Leasing Interest	(4,188,148)	(4,040,649)	(4,188,148)	(4,040,649)
Interest on Bank Loans	(24,811,548)	(8,904,531)	(23,778,221)	(8,904,531)
Interest on Welard Loan	(128,135,435)	(86,755,464)	(128,135,435)	(86,755,464)
Interest on Gratuity	(21,878,269)	(21,831,098)	(21,878,269)	(21,831,098)
Finance Charges	(298,643)	(247,948)	(236,298)	(219,097)
	(179,613,563)	(122,425,560)	(178,366,130)	(122,396,709)
8 INCOME TAX				
The major components of tax expense:				
8.1 Current Income Tax	916,390	762,486		
Current Income Tax Charge				
8.2 Semi Luxury Tax				
Semi Luxury Tax Charge	243,000	200,000	243,000	200,000
8.3 Deferred Tax				
Deferred Taxation Charge/(Reversal)	-	-	-	-
	1,159,390	962,486	243,000	200,000
Tax Expense Reported in the Statement of Profit or Loss				



1. Corporate Information

1.1 Reporting Entity

The National Livestock Development Board (“NLDB”) was established in 1973 under the State Agricultural Corporation Act. No.11 of 1972 and field operations were commenced in 1974. NLDB comes under the purview of the State Ministry of Livestock, Farm Promotion and Dairy and Egg Related Industries. NLDB presently manages 30 livestock and crop intergraded farms with a training centre. The registered office of the Board is located at No.40, Nawala Road, Narahenpita, Colombo 5.

The Consolidated Financial Statements of the National Livestock Development Board as at and for the year ended 31st December 2017 comprise the financial information of NLDB and its subsidiary (together referred to as the “Group” and individually as “Group entities”).

1.2 Principal Activities and Nature of Operations

The principal activity of NLDB (parent) is the maintenance of Livestock Breeding Farms with a Livestock/Crop integrated farming system with the objective of contributing to the Livestock Development activities in the Country.

The principle activities of the Sri Lanka Poultry Development Company (Pvt) Ltd (subsidiary) are agriculture and livestock.

2. Basis of Preparation

2.1 Statement of Compliance

The Consolidated Financial Statements of the Group and Separate Financial Statements of NLDB, have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs), laid down by the Institute of Chartered Accountants of Sri Lanka (“CA Sri Lanka”).

These Financial Statements include the following components:

- Statement of Profit or Loss and Other Comprehensive Income providing information on the Financial Performance of NLDB and the Group for the year.
- Statement of Financial Position providing the information on the Financial Position of NLDB and the Group as at the year end.
- Statement of Changes in Equity depicting all changes in shareholders’ funds during the year, the Group and NLDB
- Statement of Cash Flows providing the information to the users, on the ability of NLDB and the Group to generate cash and cash equivalents and utilization of those cash flows.
- Notes to the Financial Statements comprising Accounting Policies and other explanatory information.

2.2 Approval of Financial Statements

The Consolidated Financial Statements of the NLDB for the year ended 31st December 2017 were approved and authorized for issue by the Board on 25th July 2020.



2.3 Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except where appropriate disclosures are made with regards to fair value under relevant notes.

No adjustments have been made for inflationary factors affecting the Financial Statements.

2.4 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). The Financial Statements are presented in Sri Lankan Rupees, which is the entities' functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.5 Use of Judgments and Estimations

In preparing these Consolidated and Separate Financial Statements, the management has made judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Going Concern

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements of the Group continue to be prepared on a going concern basis.

2.6 Current Versus Non-Current Classification

The Group presents assets and liabilities in the Statement of Financial Position based on Current / Non-Current classification. An asset is Current when it is expected to be realized or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading or expected to be realized within twelve months after the reporting period or is Cash or Cash Equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as Non- Current Assets.

A liability is Current when it is expected to be settled in the normal operating cycle and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. All other liabilities are classified as Non-Current Liabilities.



2.7 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Income Statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the Significant Accounting Policies of the Group.

3. Significant Accounting Policies

NLDB and the Group have consistently applied the following accounting policies to all periods presented in these Consolidated Financial Statements unless otherwise indicated.

3.1 Basis of Consolidation

3.1.1 Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non – controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

In the entity’s Financial Statements, investments in subsidiaries are carried at cost less impairment if any, in net recoverable value.

3.1.3 Non-Controlling Interests

Non-Controlling Interests (‘NCI’) are measured at their proportionate share of the acquiree’s identifiable net assets at the acquisition date. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.



3.1.4 Loss of Control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in the profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Subsequently, any retained interest is accounted for as an equity accounted investee or as an available for sale financial asset depending on the level of influence retained.

3.1.5 Associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating activities. Significant influence is presumed to exist when the Group holds between twenty and fifty percent of the voting power of another entity.

Associates are accounted for using the equity method (equity accounted investees) and are initially recognized at cost. The Group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment losses.

The Consolidated Financial Statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Acquisitions of additional stakes of equity accounted investees, until the control is established, are accounted as goodwill within the equity accounted investment if consideration paid is more than the net asset acquired or taken into to profit or loss as gain on bargain purchase if the net asset acquired is more than the consideration paid.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

3.1.6 Reporting Date

The parent and the subsidiary have the same financial year end which ends on 31st December other than the associate whose financial year ends on 31st March.

The difference among the reporting dates of the above companies and that of the parent does not exceed three months.

3.1.7 Transactions eliminated on Consolidation

Intra-group balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intra-group transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full.

3.2 Foreign Currency Transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.



3.3 Statement of Financial Position

3.3.1 Property, Plant and Equipment a. Recognition

Property, plant and equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period. Property, Plant and Equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Group and the cost of the asset can be reliably measured.

b. Measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. This also includes costs of dismantling and removing the items and restoring the site on which they are located. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property plant and equipment.

c. Subsequent Cost

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in the profit or loss.

d. De-recognition

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

e. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line method over their estimated useful lives, and is generally recognized in profit or loss. This most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. Leased assets are depreciated over the shorter of the lease term or the useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. The depreciate rates of the property, plant and equipment for current and comparative periods are as follows.

Class of Assets	Rate of depreciation
Building including poultry sheds	5%-10%
Plant and Machinery	10%-15%
Estate Equipment	5%
Tools and Equipment	20%-25%
Furniture, Fittings and Fixtures	10%
Office Equipment	10%-20%
Structures including livestock sheds	5%

Motor vehicles	10%-25%
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f. Restoration Costs

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

g. Capital Work-In-Progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery, awaiting capitalization.

Some of the freehold land's title changes are still in the process. Since these transactions are considered to be major investments this has been disclosed under Property Plant and Equipment. And 35 acres of the NLDB Siringapatha farm was handed over to MILCO on a Cabinet directive, but the value of the land or any financial benefits that would derive not been finalized. Therefore, no accounting entries have been recorded in the financial statements during the accounting period under review.

3.3.2 Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

The cost of inventories is based on the weighted average cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Due to a concern associated with the accounting software package, the inventory items under the milk project have discrepancies. With this regard, during the year 2017 an amount of Rs. 1,841,169.04 has been transferred to unreconciled stock account. As at 31st December 2017, the balance of unreconciled stock related to milk project is Rs. 21,329,925.86.

3.3.3 Biological Assets

Biological assets are measured at the end of the year at their fair values less costs to sell. Any resultant gain or loss arising on initial recognition and from changes in fair value less costs to sell is charged to the profit or loss for the period in which the gain or loss arises.

The Group's biological assets are stated at a valuation. This is based on a method and formula developed by the Group with the assistance of the expert in the field of biology which is expected to result in the near-market fair value for biological assets and the summary of the reconciliation statement of carrying amounts of dairy livestock is also given in Note 11.

a. Coconut Projects

The expenses incurred for new planting and under planting of the coconut projects were capitalized considering the time lag of seven years between the planting and commercial harvesting. The write off is carried out over 35 years after the commercial harvesting is commenced. As a policy decision NLDB continued to provide 3% deduction for spoilage of coconut from the closing stock which is reflected in the accounts.



b. Pasture Development

Pasture development expenses if capitalized considering the time lag of five months between the time of planting and harvesting is being amortized over period of four years.

c. Mature Plantations

Cost of establishing plantation and expenditure incurred up to the maturity stage being capitalized from the current financial period less cost of amortization for the period.

Measurement of Biological Assets

Group's biological assets are measured on the following criteria.

a. Animals other than poultry

Animals other than poultry is valued at a standard rate circulated by the Board based on the following factors.

1. Live weight
2. Lactation No.
3. Milk Production
4. Pregnancy
5. Genetic value

Sheep, Goats, Pigs and Rabbits are valued at standards rates based on the Live Weight, Genetic Value and Pregnancy. All culled animals are valued at standard rates based on weights. The cattle stock of SLPDC is valued at market price of live weight less an adjustment for dress weight.

b. Breeder and Commercial Layer Poultry

Breeder and commercial layer batches of NLDB which have commenced the laying are valued at cost incurred up to the laying point less cost of amortization for the period and the layer batches that are growing are valued at actual cost incurred up to date. SLPDC values the commercial layer at cost less depreciation. This cost includes initial cost of day of old birds, feed vaccines and the drug costs for the first six months (26 weeks).

c. Breeder eggs (Hatching eggs)

Breeder eggs are valued at cost using the following formula by NLDB.

The total cost divided by number of hatch able eggs produced during the year. This total cost includes the cost of feeds, direct wages and production overheads including depreciation charges.

d. Commercial Layer Eggs

Commercial layer eggs are valued at realized price.

e. Broiler and Layer Immature Stocks – Measured at cost

f. Broiler in Cold Room – Measured at realized price

g. Coconut and Agriculture products - Measured at realized price

h. Charcoal – At 50% of the realized price



i. Other Stock

All other stocks are valued at the lower cost or net realizable value whichever is less

As a Board policy decision, 10 % provision is made on the biological value of cattle, buffalo, goats, pigs and sheep annually.

3.3.4 Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized in profit or loss.

3.3.5 Financial Instruments

3.3.5.1 Non-derivative Financial Assets

The Group recognizes a financial asset in its Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. The Group initially recognizes loans and receivables and deposits issued on the date when they are originated.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over transferred asset.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The Group has the following non derivative financial assets: Loans and receivables and Held to Maturity investments

a. Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables, amounts due from related companies and cash and cash equivalents.

However, NLDB continues to record and present employee loans at contracted amounts, until a consensus is reached with all stakeholders of the public sector for accounting such items at fair value.



As NLDB's Policy, bad debt provisions are made as follows:

Over 05 years	100%
3-5 Years	50%
1-3 years	20%
During the Year	2%

b. Held-to-maturity Financial Assets

Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs if the transaction costs are significant. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Investments in fixed deposits have been classified under as held-to-maturity investments.

3.3.5.2 Impairment of Financial Assets

NLDB assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and if such impairment has occurred, that amount of impairment is calculated by taking the difference between the assets carrying amount and the present value off estimated future cash flows.

3.3.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows. Investments with short maturities, i.e. three months or less from the date of acquisition are also treated as cash equivalents.

3.3.7 Grants

3.3.7.1 Accounting for Grants

Grants that compensate the Group for expenses incurred are recognized as revenue in the statement of comprehensive income in the same period in which the expenses are recognized. Grants that compensate the Group for the cost of an asset are recognized in the statement of comprehensive income on a systematic basis over the useful life of the related assets.

3.3.8 Liabilities and Provisions

Liabilities classified as current liabilities in the statement of financial position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Although negotiations are underway by NLDB with the Treasury and the Ministry representatives to convert the WELLARD loan as an equity investment by the Treasury, until such time, the loan interest provision has been made in the NLDB books of accounts. Further, although this loan was obtained in USD currency by the Treasury from the foreign lending agency, we have not made any provision for currency fluctuation adjustment, which will result in a further financial liability.

NLDB is liable for Value Added Tax (VAT) and complied with the provision of VAT Act. VAT payable and or recoverable amounts are reflected in the statement of Financial Position



3.3.9 Employee Benefits

a. Provision for retiring gratuity

The Group has adopted the benefit plan as required under the Payment of Gratuity Act No.12 of 1983 for all eligible employees. The benefits plan is unfunded. Provision for gratuity is computed by the Group taking into account the guidance of Sri Lanka Accounting Standard LKAS 19 Employee Benefits.

Defined benefits plans estimate the amount of benefits that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Continuity	:	NLDB is a going concern
Rate of Interest	:	11.5% Rate of salary Increase
:	5.5% Retirement Age	:
Staff Turnover Ratio	:	1.0%
		55 years

The summary of the calculation of NLDB is given below:

Gratuity Calculation Summary - 31.12.2016

No	opening balance	Charge for the Year	Interest	Payments	Gain/loss	Closing Balance
1	22,685,800	1,298,935	2,608,867	(2,629,682)	(1,144,046)	22,819,874
2	16,128,535	1,023,575	1,854,781	(1,341,442)	(635,252)	17,030,197
3	16,507,931	998,886	1,898,412	(3,473,237)	(1,570,080)	14,361,912
4	19,061,650	1,241,821	2,192,090	(2,221,422)	(352,015)	19,922,124
5	13,020,570	802,128	1,497,365	(751,800)	(2,327,822)	12,240,441
6	12,703,917	814,018	460,950	(2,074,259)	(881,584)	12,023,041
7	15,636,985	908,915	1,798,253	(1,744,161)	(1,416,714)	15,183,276
8	18,996,955	1,198,557	2,184,650	(2,372,105)	(150,376)	19,857,681
9	19,534,107	1,302,234	2,246,422	(1,978,959)	(252,335)	20,851,469
10	11,959,511	987,809	1,375,344	(290,430)	(435,136)	13,597,098
11	23,599,677	1,452,117	2,713,963	(3,573,660)	(1,833,399)	22,358,698
	189,835,638	12,028,995	21,831,097	(22,451,157)	(10,998,759)	190,245,814

Gratuity Calculation Summary - 31.12.2017

No	opening balance	Charge for the Year	Interest	Payments	Gain/loss	Closing Balance
2	17,030,197	1,083,934	1,958,473	-1,592,288	-124,266	18,356,051
3	14,361,912	811,709	1,651,620	-1,502,793	-2,513,719	12,808,729
4	19,922,124	1,219,312	2,291,044	-3,545,735	130,361	20,017,106
5	12,240,443	594,199	1,407,651	-3,548,623	-2,097,384	8,596,286
6	12,023,041	803,584	1,382,650	-1,398,360	-1,483,128	11,327,787
7	15,183,276	832,884	1,746,077	-3,548,764	-664,739	13,548,734
8	19,857,682	1,121,916	2,283,633	-3,988,008	-1,681,245	17,593,978
9	20,851,469	1,194,648	2,397,919	-3,332,173	-689,324	20,422,539
10	13,597,098	1,049,803	1,563,666	-886,494	-1,687,821	13,636,253
11	22,358,698	1,393,600	2,571,250	-1,995,275	-2,164,830	22,163,443
12	190,245,814	11,523,543	21,878,269	-27,673,334	-11,525,951	184,448,341

National LiveStock Development Board

A defined contribution plan is a post – employment plan under which an entity pays a fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognized as an expense in the statement of comprehensive income as and when they are due.

c. Employees' Provident Fund

The Group entities and employees contribute 12% and 10% respectively on the basic salary and cost of living allowance of each employee to the Employee Provident Fund.

d. Employees' Trust Fund

The Group entities contributes 3% on the basic salary and cost of living allowance of each employee to the Employee's Trust Fund.

There is an arrears of approximately Rs. 80.2mn for EPF, ETF and ESPS liability, out of which Rs.12.70mn has been paid during the financial year of 2017.

3.3.10 Lease and Investment Properties

3.3.10.1 Leasehold Property

The cost of improvements to or on leasehold property is capitalized, disclosed as leasehold improvements, and depreciated over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter. NLDB has acquired movable assets on a financial lease from the Bank of Ceylon and all such movable assets are leased over a period of five years. NLDB has also leased out some of its immovable property to third parties on 30 and 99 years lease periods for the following;

1. Brandix Imitate Co Ltd. - (31 per. lease for 30 years)
2. Rajawella Land - (517 acr. lease for 99 years)

NLDB received in advance a lease rental for which land was given on a 99 year lease to the subsidiary company (SLPDC). This balance was shown under differed lease revenue and the outstanding amount was transferred to the investment of subsidiary account as this payment was taken into consideration when shares were valued.

3.3.10.2 Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property.

After the initial recognition, the Group measures all of their investment properties in accordance with the requirements of LKAS 16 on property, plant and equipment other than those that meet the criteria to be classified as held for sale.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from the use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement or disposal of an investment property are recognized in the income statement in the year of disposal.



3.3.11 Equity

NLDB has continued to build up the Capital Reserve and Revenue reserve mainly to strengthen its equity provision and to maintain a healthy ratio so that financial borrowings could be obtained from lending institutions.

3.4 Statement of Profit and Loss and Other Comprehensive Income

3.4.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and that it can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sale taxes.

The following specific criteria are used for the purpose of recognition of revenue.

3.4.1.1 Sale of Goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Revenue is recognized at the invoice value net of brokerage, sale expenses and other levies related to revenue.

Sale of Farm Products

Sales are recognized when the risks and rewards of ownership have been transferred to the buyer.

3.4.1.2 Dividend Income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

3.4.1.3 Rent Income

Rental Income is recognized in profit and loss as it accrues.

3.4.1.4 Interest Income

Interest income is recognized as it accrues in the profit or loss using the effective interest method.

3.4.2 Other Operating Income

Gains and losses on the disposal of property, plant and equipment are determined by comparing the net sales proceeds with the carrying amount. These are included in profit and loss.

3.4.3 Changes in the Fair Value of Biological Assets

The gain or loss arising from changes in fair value of biological assets is dealt in the Statement of Profit or Loss.



3.4.5 Borrowing Cost

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale is capitalized as part of that asset.

Borrowing costs that are not capitalized are recognized as expenses in the period which they are incurred and charged to the Statement of Profit or Loss.

The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with the in LKAS 23 – ‘Borrowing Costs’.

3.4.6 Finance Expense

Finance cost comprises interest expenses on borrowings and interest on overdraft.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

3.4.7 Income Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity, or in Other Comprehensive Income.

a. Current Tax Expense

Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No 10 of 2006 and amendments made thereto.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or subsequently enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

No provision for income tax has been provided during the financial year as the taxable income as per the tax computation is nil for NLDB.

ESC is set off against the mainstream income tax liability. As NLDB is not liable to any income tax liability, ESC has to be treated as revenue expenditure. ESC paid to the extent of Rs. 17,494,747 up to the year 2011 had been written as expense in the financial year 2015.

b. Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.



Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset only if certain criteria are met.

As at the balance sheet date there is no differed tax liability recognized. This is due to accumulated tax losses, NLDB does not recognize deferred tax assets.

3.5 Subsequent Events

All material post reporting events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

No circumstances have arisen since the reporting date which requires material adjustment or disclosure in the financial statements.

3.6 Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (Business Segment) or in providing products or services within a particular economic environment (Geographical Segment), which is subject to risks and rewards that are different from those of other segments.

NLDB Financial Statements are prepared with a decentralized accounting system where each farm is considered as an operating segment. As such each and every operating segment is taken into account when preparing the Statement of Profit and Loss and Other Comprehensive Income and Statement of Financial Position.

3.7 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged.

None of the Directors of NLDB had interests in contracts and or proposed contracts with the Board as at the reporting date.

The Chairman who is also the Chairman of the fully owned subsidiary company of NLDB and the Deputy Chairman are paid a monthly allowance as per the Treasury circular and no other payment is made to them in any of the related companies of NLDB.

The following members are paid board fees, audit and management fees together with a transport allowance for the days participated:

- 1) Mr. A. G. Nishantha
- 2) Mr. A. Punchihewa
- 3) Mr. Sumith Weerasuriya
- 4) Mr. K. K. Vanasje

3.8 Comparative Information

The Group's accounting policies have been consistently applied and are consistent with those of the previous year's figures and phrases which have been re-arranged wherever necessary to conform to the current presentation.



3.9 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the 'Indirect Method' of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard - LKAS 7 'Statement of Cash Flows.' Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Interest paid is classified as operating cash flow and interest received is classified as investing cash flow.

3.10 Exemption Applied

SLFRS 1 First Time Adoption of Sri Lanka Financial Reporting standards and statement of Recommended Practices allows for certain exemptions from the retrospective application of certain SLFRS.

3.10.14.1 NLDB has applied the following exemptions

Fair Value or Revaluation as Deemed Cost

As per the COPE directive, motor vehicles of NLDB have been revalued and the fair value is presented in accounts. The valuation was carried out by the government valuer who is considered to be a professional valuer.

Freehold property, plant, and equipment are carried in the statement of financial position prepared in accordance with the LKASs, using the cost model. NLDB has elected to use the fair value as deemed cost.

3.11 Capital Commitment and Contingent Liability

Contingent Liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Capital commitments and contingent liabilities of the Group are disclosed in the respective notes to the financial statements. Although court cases against NLDB have been filed due to various reasons, no provisions could be made or liabilities identified as the cases are still at the initial stage.

There are no material contingent liabilities as at the reporting date, which require adjustments to or disclosures in the Financial Statements.

The Attorney General who is appearing on behalf of the NLDB is of the opinion that the outcome of or the potential liability of any of the cases cannot be assessed at this stage. Therefore, no provision is required in the accounts.

However for two legal cases, NLDB was received judgments after the balance sheet date to pay Rs. 3.1mn to the other party.

4. Restatement of Financial Statements

Notes 4.1 and 4.2 shows the details of the adjustments made to arrive at the restated values as at 31.12.2015 and 31.12.2016 in the Statement of Financial position as at 31.12.2017.

Notes 4.3 and 4.4 show the details of adjustments made to arrive at the restated amounts as at 31.12.2015 and 31.12.2016 in the Statement of Profit and Loss and Other Comprehensive Income for the year ended 31.12.2017.



4.1 Restated values in Statement of Financial Position	As at 31.12.2015
Livestock Capital as per Audited Financial Statements	2,076,697,227
Livestock Valuation Adjustment	(154,511,506)
Livestock Capital Balance as per Financial Statement (Restated)	1,922,185,721
Property, Plant and Equipment as per Audited Financial Statements	3,102,557,187
Over Depreciation	20,005
Property, Plant and Equipment as per Financial Statements (Restated)	3,102,577,192
Trading, Other Receivables and Advances as per Audited Financial Statements	203,674,871
ESC write-off	(17,494,747)
Trading, Other Receivables and Advances as per Financial Statements (Restated)	185,906,124
Cash and Cash Equivalents as per Audited Financial Statements	20,530,577
Dayagama Expenditure Correction	80
Cash and Cash Equivalents as per Financial Statements (Restated)	20,530,657

4.2 Restated Values in Statement of Financial Position

	As at 31.12.2015
	Rs
Livestock Capital as per Audited Financial Statements	2,252,283,752
Livestock Valuation Adjustment 2015	(154,511,506)
Livestock Valuation Adjustment 2016	(423,320,709)
Livestock Valuation Classification error	(563)
Dayagama Expenditure Correction	80
Livestock Capital Balance as per Financial Statements (Restated)	1,674,451,054
Property, Plant and Equipment as per Audited Financial Statements	3,150,269,830
Over Depreciation 2015	20,005
Over Depreciation 2016	462,221
Property, Plant and Equipment as per Financial Statements (Restated)	3,150,752,056
Trading , Other Receivables and Advances as per Audited Financial Statements	212,699,281
ESC write-off	(17,494,747)
Semi Luxury Tax for the Year 2015	(274,000)
Semi Luxury Tax for the Year 2016	(200,000)
Trading , Other Receivables and Advances as per Financial Statements(Restated)	194,730,534

4.3 Restated Values in Statement of Profit and Loss and Other

Comprehensive income

Y/E 31.12.2015

Net Profit as per Audited Financial Statements	34,840,105
Livestock Valuation Adjustment	-154,511,506
Dayagama Expenditure Correction	80
Depreciation Over Provision	20,005
ESC write-off	-17,494,747
Luxury Tax for the Year	-274,000
Net Profit as per Financial Statements (Restated)	-137,420,063



4.3 Restated Values in Statement of Profit and Loss and Other**Comprehensive income****Y/E 31.12.2015**

Net Profit as per Audited Financial Statements	34,840,105
Livestock Valuation Adjustment	-154,511,506
Dayagama Expenditure Correction	80
Depreciation Over Provision	20,005
ESC write-off	-17,494,747
Luxury Tax for the Year	-274,000
Net Profit as per Financial Statements (Restated)	-137,420,063

5. New Standards Issued But Not Effective as at Reporting Date

A number of new standards and amendments to standards which have been issued but not yet effective as at the reporting date have not been applied in preparing these Financial Statements. Accordingly, the following Accounting Standards have not been applied in preparing these financial Statements and the Company plans to apply these standards on the respective effective dates.

SLFRS 9 – “Financial Instruments” – effective for annual periods beginning on or after 01st January 2018
SLFRS 9, issued in 2014 which replaces the existing guidance in LKAS 39 – “Financial Instruments: Recognition and Measurement” is effective for annual reporting periods beginning on or after 01 January 2018.

The final version of SLFRS 9 – Financial Instruments that replaces LKAS 39 – Financial Instruments: Recognition and Measurement and all previous version of SLFRS 9. SLFRS 9 brings together all three aspects of accounting for the financial instrument i.e. Classification and Measurement, Impairment and Hedge Accounting.

The Group and NLDB are in the process of identifying the impact of these standards on its Financial Statements. The impact of the implementation of the standard is not yet finalized.

SLFRS 15 - ‘Revenue from Contracts with Customers’ – effective for annual periods beginning on or after 01st January 2018.

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. Entities will apply a five-step model to determine when to recognize revenue and at what amount. The model specifies that revenue is recognized when or as an entity transfers control of goods and services to a customer at the amount to which the entity expects to be entitled.

SLFRS 15 replaces existing revenue recognition guidance, including LKAS 18 on ‘Revenue’ and LKAS 11 on ‘Construction Contracts’ and IFRIC 13 on “Customer Loyalty Programs”, IFRIC 15 “Agreements for the Construction of Real Estate”, IFRIC 18 on “Transfers of Assets from Customers” and SIC 31 “Revenue- Barter Transactions involving Advertising Services”

The Group and NLDB are in the process of identifying the impact of these standards on its Financial Statements. The impact of the implementation of the standard is not yet finalized.



SLFRS 16 - 'Leases' - effective for annual periods beginning on or after 01st January 2019.

SLFRS 16 eliminates the current dual accounting model for lessees which distinguishes between On-Balance sheet finance leases and Off-Balance Sheet operating leases. Instead there will be a single On-Balance Sheet accounting model that is similar to current finance lease accounting.

The Group and NLDB are in the process of identifying the impact of these standards on its Financial Statements. The impact of the implementation of the standard is not yet finalized.

Year Ended 31 st December	Group		NLDB	
	2017	2016	2017	2016
	(Unaudited) Rs.	(Restated) Rs.	(Unaudited) Rs.	(Restated) Rs.
1 REVENUE				
Sales - Major Project	2,607,723,141	2,626,975,349	2,538,535,024	2,574,231,205
Sales - Miscellaneous Project				
-Milk Project	186,020,817	196,591,940	186,020,817	196,591,940
-Franchise	3,002,961	4,066,722	3,002,961	4,066,722
-Delite	-	1,086,555	-	1,086,555
-Sales Center	76,486,763	73,439,676	70,029,906	65,847,034
	2,873,233,682	2,902,160,242	2,797,588,708	2,841,823,456
2 FAIR VALUE OF BIOLOGICAL ASSETS				
Gains arising from changes in fair value less costs to sell of dairy livestock	160,141,793	(306,842,364)	160,141,793	(306,842,364)
	160,141,793	(306,842,364)	160,141,793	(306,842,364)
3 COST OF SALES				
Cost of Sales - Major Project	(2,054,226,034)	(1,871,814,166)	(2,000,512,005)	(1,831,470,616)
Cost of Sales - Miscellaneous Project				
-Milk Project	(136,436,919)	(145,019,597)	(136,436,919)	(145,019,597)
-Franchise	(2,265,489)	(3,019,078)	(2,265,489)	(3,019,078)
-Delite	-	(714,627)	-	(714,627)
-Sales Center	(65,325,688)	(57,955,743)	(60,897,053)	(57,955,743)
	(2,258,254,130)	(2,078,523,211)	(2,200,111,466)	(2,038,179,661)
4 OTHER INCOME				
Income on Investment Property	963,821	1,363,821	963,821	1,363,821
Interest on staff Loans	1,997,774	2,157,049	1,997,774	2,157,049
Interest on Deposits	11,270,121	8,758,762	6,168,672	4,569,284
Income on Mini Projects	8,964,861	10,439,721	8,964,861	10,439,721
Disposal Profit	1,128,418	-	-	-
Other Income	26,356,876	31,349,948	26,138,703	30,799,783
	50,681,871	54,069,301	44,233,831	49,329,658
5 GOVERNMENT GRANTS				
Swine Project	-	1,324,279	-	1,324,279
Mobile & National Food Programme	-	3,587,641	-	3,587,641
Ridiyagama Project	-	17,998,972	-	17,998,972
Bio Gas Unit	-	1,818,709	-	1,818,709
	-	24,729,601	-	24,729,601



Year Ended 31 st December	Group		NLDB	
	2017	2016	2017	2016
	(Unaudited) Rs.	(Restated) Rs.	(Unaudited) Rs.	(Restated) Rs.
6 OPERATING EXPENSES				
6.1 Distribution Expense				
Advertisement expense	(56,695)	-	-	-
Brokerage Expenses	(3,080,642)	(3,077,710)	(3,080,642)	(3,077,710)
Bad Debtors	(1,773,500)	(887,524)	(1,773,500)	(887,524)
Milk Project	(1,261,246)	(761,197)	(1,261,246)	(761,197)
Franchise Project	(18,816)	-	(18,816)	-
Sales Center	(278,622)	(254,730)	(278,622)	(254,730)
Other distribution expense	(321,075)	(242,568)	-	-
	(6,790,596)	(5,223,729)	(6,412,826)	(4,981,161)
6.2 Administration Expenses				
Administration & General of Farms	(740,222,958)	(686,489,582)	(702,613,429)	(644,079,421)
Head Office	(138,320,048)	(134,700,229)	(138,320,048)	(134,700,229)
Milk Project	(51,300,040)	(55,308,668)	(51,300,040)	(55,308,668)
Franchise Project	(626,896)	(1,038,241)	(626,896)	(1,038,241)
Sales Centers	(5,297,177)	(5,549,929)	(5,297,177)	(5,549,929)
Annual Bonus	-	(9,182,539)	-	(9,182,539)
Delite Project	-	(96,628)	-	(96,628)
	(935,767,119)	(892,365,816)	(898,157,590)	(849,955,655)
6.3 Other Expense				
Expenditure on Mini Projects of Farm	(4,024,158)	(3,431,755)	(4,024,158)	(3,431,755)
Other Expenses of farms	(7,696,919)	(3,466,767)	(7,696,919)	(3,466,767)
	(11,721,077)	(6,898,522)	(11,721,077)	(6,898,522)
7 FINANCE COST				
Interest on Overdraft	(301,520)	(645,870)	(149,759)	(645,870)
Leasing Interest	(4,188,148)	(4,040,649)	(4,188,148)	(4,040,649)
Interest on Bank Loans	(24,811,548)	(8,904,531)	(23,778,221)	(8,904,531)
Interest on Welard Loan	(128,135,435)	(86,755,464)	(128,135,435)	(86,755,464)
Interest on Gratuity	(21,878,269)	(21,831,098)	(21,878,269)	(21,831,098)
Finance Charges	(298,643)	(247,948)	(236,298)	(219,097)
	(179,613,563)	(122,425,560)	(178,366,130)	(122,396,709)
8 INCOME TAX				
The major components of tax expense:				
8.1 Current Income Tax	916,390	762,486		
Current Income Tax Charge				
8.2 Semi Luxury Tax				
Semi Luxury Tax Charge	243,000	200,000	243,000	200,000
8.3 Deferred Tax				
Deferred Taxation Charge/(Reversal)	-	-	-	-
	1,159,390	962,486	243,000	200,000
Tax Expense Reported in the Statement of Profit or Loss				



9 PROPERTY, PLANT AND EQUIPMENT

9.1 PROPERTY, PLANT AND EQUIPMENT - Group (Unaudited)

	Freehold										Leasehold		Total	
	Land	Buildings	Plant & Machinery	Estate Equipment	Office Equipment	Other Equipment	Furniture & Fittings	Motor Vehicles	Motor Vehicles	Capital Work in Progress	Rs.	Rs.		Rs.
At Cost or Valuation														
Balance as at 01st January 2017	375,483,228	1,691,953,843	657,394,714	926,824,706	41,622,216	3,894,725	24,247,665	281,744,866	84,147,746	24,150,397	4,111,464,106			
Additions	-	73,626,327	13,951,003	5,658,158	1,058,344	69,875	527,446	3,220,760	-	22,001,280	120,113,193			
Disposals	-	(3,382,688)	(45,424)	(579,024)	-	-	(164)	(2,464,172)	-	-	(6,471,472)			
Balance as at 31 December 2017	375,483,228	1,762,197,482	671,300,293	931,903,840	42,680,560	3,964,600	24,774,947	282,501,454	84,147,746	46,151,677	4,225,105,827			
Accumulated Depreciation														
Balance as at 01st January 2017	-	(443,188,592)	(142,812,848)	(104,221,955)	(32,855,145)	(2,970,531)	(15,755,712)	(116,272,944)	(14,532,224)	-	(872,609,951)			
Depreciation	-	(78,268,452)	(61,742,711)	(45,103,469)	(2,898,781)	(212,239)	(1,895,979)	(27,559,977)	(8,309,275)	-	(225,990,883)			
Disposals	-	1,761,629	45,424	579,024	-	-	-	1,751,658	-	-	4,137,735			
Adjustments	-	-	-	-	-	-	-	(210,999)	210,999	-	-			
Balance as at 31 December 2017	-	(519,695,415)	(204,510,135)	(148,746,400)	(35,753,926)	(3,182,770)	(17,651,691)	(142,292,262)	(22,630,500)	-	(1,094,463,099)			
As at 01 January 2017	375,483,228	1,248,765,251	514,581,866	822,602,751	8,767,071	924,194	8,491,953	165,471,922	69,615,522	24,150,397	3,238,854,155			
As at 31 December 2017	375,483,228	1,242,502,067	466,790,158	783,157,440	6,926,634	781,830	7,123,256	140,209,192	61,517,246	46,151,677	3,130,642,728			

- During the year 2017, the Group acquired Property, Plant and Equipment to the aggregate value of Rs.98,111,914 (2016 - Rs.160,428,195/-).

PROPERTY, PLANT AND EQUIPMENT - NLDB (Unaudited)

	Freehold										Leasehold		Total	
	Land	Buildings	Plant & Machinery	Estate Equipment	Office Equipment	Furniture & Fittings	Structures	Motor Vehicles	Motor Vehicles	Capital Work in Progress	Rs.	Rs.		Rs.
At Cost or Valuation														
Balance as at 01st January 2017	338,483,228	246,935,358	628,980,281	926,824,706	36,781,629	17,703,893	1,378,713,559	260,711,476	84,147,746	24,150,397	3,943,432,273			
Additions	-	19,920,126	13,521,790	5,658,158	1,058,344	495,828	53,706,202	1,401,760	-	22,001,280	117,763,488			
Disposals	-	(3,242,241)	(45,424)	(579,024)	-	(164)	(140,447)	(1,214,172)	-	-	(5,221,472)			
Balance as at 31 December 2017	338,483,228	263,613,243	642,456,647	931,903,840	37,839,973	18,199,557	1,432,279,314	260,899,064	84,147,746	46,151,677	4,055,974,289			
Accumulated Depreciation														
Balance as at 01st January 2017	-	(95,977,365)	(117,673,881)	(104,221,955)	(28,271,470)	(9,676,077)	(324,550,495)	(97,776,750)	(14,532,224)	-	(792,680,217)			
Depreciation	-	(12,246,076)	(61,111,035)	(45,103,469)	(2,660,269)	(1,469,517)	(64,812,813)	(25,068,321)	(8,309,275)	-	(220,780,775)			
Disposals	-	1,621,182	45,424	579,024	-	-	140,447	501,658	-	-	2,887,735			
Adjustments	-	-	-	-	-	-	-	(210,999)	210,999	-	-			
Balance as at 31 December 2017	-	(106,602,259)	(178,739,492)	(148,746,400)	(30,931,739)	(11,145,594)	(389,222,861)	(122,554,412)	(22,630,500)	-	(1,010,573,257)			
As at 01 January 2017	338,483,228	150,957,993	511,306,400	822,602,751	8,510,159	8,027,816	1,054,163,064	162,934,726	69,615,522	24,150,397	3,150,752,056			
As at 31 December 2017	338,483,228	157,010,984	463,717,155	783,157,440	6,908,234	7,053,963	1,043,056,453	138,344,652	61,517,246	46,151,677	3,045,401,032			

- During the year 2017, the NLDB acquired Property, Plant and Equipment to the aggregate value of Rs.95,762,208 (2016 - Rs.154,969,665/-).

As at 31 st December	Group		NLDB	
	2017	2016	2017	2016
	(Unaudited) Rs.	(Restated) Rs.	(Unaudited) Rs.	(Restated) Rs.
10 LEASEHOLD PROPERTY				
Balance as at 1 st January	6,628,784	6,717,168	-	-
Amortization for the Year	(88,384)	(88,384)	-	-
Balance as at 31st December	6,540,400	6,628,784	-	-

The Sri Lanka Poultry Development Company (Private) Limited obtained the freehold right to a land situated in Bandirippuwa, Lunuwila for 99 years from National Livestock Development Board by the agreement dated 01st October 1982.

11 BIOLOGICAL ASSETS

11.1 Plantations

Group	Balance as at 01.01.2017	Expenditure incurred during the year	Amount Charged to PL	Balance as at 31.12.2017
Coconut under planting new planting	683,214,052	57,961,190	(4,276,185)	736,899,057
Pasture establishment expenditure	29,147,027	16,209,781	(7,286,757)	38,070,051
Cashew planting expenditure	1,356,806	-	(21,424)	1,335,382
Rubber planting expenditure	20,409,766	4,519,543	-	24,929,309
Other planting expenditure	1,370,774	580,817	-	1,951,591
	735,498,425	79,271,331	(11,584,366)	803,185,390

NLDB	Balance as at 01.01.2017	Expenditure incurred during the year	Amount Charged to PL	Balance as at 31.12.2017
Coconut under planting new planting	681,802,453	57,763,260	(4,276,185)	735,289,528
Pasture establishment expenditure	29,147,027	16,209,781	(7,286,757)	38,070,051
Cashew planting expenditure	1,356,807	-	(21,424)	1,335,383
Rubber planting expenditure	20,409,766	4,519,543	-	24,929,309
Other planting expenditure	1,370,774	368,053	-	1,738,827
	734,086,827	78,860,637	(11,584,366)	801,363,098

11.2 Livestock - Capital

-Cattle/Buffalo	450,499,806	363,646,982	450,499,806	363,646,982
-Goats	10,378,384	10,120,082	10,378,384	10,120,082
-Pigs	36,529,486	26,055,435	36,529,486	26,055,435
-Sheep	77,505,760	64,274,841	76,178,260	63,315,341
-Rabbits	320,050	271,013	320,050	271,013
-Ducks	-	35,700	-	35,700
-Layers	9,824,720	20,353,301	9,824,720	20,353,301
-Broiler	41,043,131	16,450,195	41,043,131	16,450,195
-Others	275,615	220,000	275,615	220,000
-Imported Cattle 25% & 10% Deduction	1,348,014,194 (192,192,018)	1,337,722,191 (163,739,186)	1,348,014,194 (192,192,018)	1,337,722,191 (163,739,186)
	1,782,199,128	1,675,410,554	1,780,871,628	1,674,451,054

11.3 Livestock - Trading

-Cattle/Buffalo	3,392,382	2,693,680	3,392,382	2,693,680
-Pigs	12,677,730	6,225,285	12,677,730	6,225,285
-Quills	1,076,223	574,971	1,076,223	574,971



12 INVESTMENTS IN SUBSIDIARY AND ASSOCIATE

		NLDB	
As at 31 st December		2017	2016
		(Unaudited)	(Restated)
		Rs.	Rs.
12.1 INVESTMENT IN SUBSIDIARIES	Shareholding %		
Sri Lanka Poultry Development Company (Pvt) Ltd	100%	149,123,327	149,123,327
		149,123,327	149,123,327

The Board has invested Rs. 15,995,170.61 in non - quoted investments in Sri Lanka Libya Agricultural & Livestock Development Co Ltd which was a 51% equity state. The equity stake 49% of Libyan Foreign Investments Company of Libya has been transferred to National Livestock Development Board (NLDB) on 07 May 2014 for a consideration of 140mn. Thereafter the NLDB's holding in the company is 100%. The name of the Company has also been changed as Sri Lanka Poultry Development Company with effect from 03 July 2014. This investment has been accounted for under the cost method of accounting.

		Group		NLDB	
As at 31 st December		2017	2016	2017	2016
		(Unaudited)	(Restated)	(Unaudited)	(Restated)
		Rs.	Rs.	Rs.	Rs.
12.2 INVESTMENT IN ASSOCIATES					
Mahaweli Livestock Enterprises Limited		600,000	-	600,000	-
		600,000	-	600,000	-

NLDB invested a sum of Rs. 600,000/- for 600,000 shares in Mahaweli Livestock Enterprises Limited on 12th August 2016 with the intention of acquiring equity shares in it. This investment falls between 20% - 50% (27% interest) and therefore treated as an investment in associate. However, the issue of share certificate took place only on the 22nd December 2017. Until then, this investment appeared as an advance payment for an investment under other receivables.

This investment is initially recorded at cost. As at 31st December 2017, the shares were held in the said associate company only for 10 days and the financial year end of it is 31st March every year. Therefore, this investment is treated under cost method of accounting as at 31st December 2017.

With regard to the number of shares issued by the associate company, there is a discrepancy between the numbers stated in its audited financial statements and the records maintained by the Company Secretary. However, in recording this investment, we have taken the number of shares as stated by the Company Secretary.

		Group		NLDB	
As at 31 st December		2017	2016	2017	2016
		(Unaudited)	(Restated)	(Unaudited)	(Restated)
		Rs.	Rs.	Rs.	Rs.
13 INVENTORIES					
Coconut Copra		91,363,035	168,125,794	91,363,035	168,125,794
Sundry Produce Stock		14,608,609	10,755,993	14,608,609	10,755,993
Grower Expenditure - Breeder		7,220,722	5,576,784	-	-
Grower Expenditure - Layer		2,285,685	1,010,005	-	-
Feed stock		1,337,990	1,237,641	-	-
Other General Stocks At Farms & Ho		127,609,212	124,773,788	126,940,097	123,484,141
		244,425,253	311,480,005	232,911,741	302,365,928
14 TRADE AND OTHER RECEIVABLES					
Trade & Other Debtors		220,828,116	185,004,640	220,678,272	184,854,796
Less: Provision For Bad & Doubtful Debtors		(49,318,143)	(47,544,642)	(49,318,143)	(47,544,642)
Staff Debtors		34,774,919	30,023,834	34,774,920	30,023,833
Economic Service Charges		28,094,736	15,905,835	28,094,736	15,905,835
Inland Revenue Dept.		2,655,338	1,708,078	2,655,338	1,708,078
VAT Receivable		13,352,678	11,907,863	11,358,183	9,782,634
		250,387,644	197,005,608	248,243,306	194,730,534



National LiveStock Development Board

15 ADVANCES,DEPOSITS & PREPAYMENTS

Refundable Deposit	900,000	900,000	-	-
Deposit	2,112,498	1,589,791	1,488,748	954,791
Pre-Payments	4,818,937	10,838,027	4,818,937	10,838,027
	7,831,435	13,327,818	6,307,685	11,792,818

16 OTHER CURRENT ASSETS

Receivables from SLPDC	2,044,818	2,044,818	2,044,818	2,044,818
Receivables from NLDB	5,071,910	5,071,910	-	-
Mahaweli Receivables	5,063,111	5,663,112	4,184,415	4,784,415
Other Receivable	73,359,596	125,181,509	72,572,734	124,394,647
	85,539,435	137,961,349	78,801,967	131,223,880

17 SHORT TERM INVESTMENT

Fixed Deposits at Peoples Bank	85,278,123	81,115,710	61,196,562	59,203,462
Fixed Deposits at Bank Of Ceylon	29,418,736	26,983,274	447,283	403,959
	114,696,859	108,098,984	61,643,845	59,607,421

18 CASH AND CASH EQUIVALENT

18.1 Favourable Balances

Bank Balances	24,573,079	32,432,328	23,848,841	32,078,116
Savings Account	9,399	293,421	6,397	6,397
Cash In Hand	6,508,325	5,171,854	6,397,143	5,058,889
Stamp In Hand	38,922	81,745	38,922	81,745
Cash-In-Transit	794,205	(67,241)	794,205	(67,241)
	31,923,930	37,912,107	31,085,508	37,157,906

18.2 Unfavourable Balances

Bank Overdraft	14,645,042	103,217	-	-
	14,645,042	103,217	-	-

As at 31 st December	Group		NLDB	
	2017	2016	2017	2016
	(Unaudited) Rs.	(Restated) Rs.	(Unaudited) Rs.	(Restated) Rs.
19 INTEREST BEARING LOANS & BORROWINGS				
19.1 Long Term Loans				
Farmers Trust Fund	79,212,700	84,012,700	79,212,700	84,012,700
Peoples bank	157,679,425	120,333,333	156,333,333	120,333,333
Bank of Ceylon	18,043,270	-	-	-
Dairy cattle loan -Phase 1	569,551,840	762,444,041	569,551,840	762,444,041
Dairy cattle loan - Phase 11	2,031,102,490	2,539,202,366	2,031,102,490	2,539,202,366
Leasing	18,019,533	32,332,280	18,019,533	32,332,280
	2,873,609,258	3,538,324,720	2,854,219,896	3,538,324,720
19.2 Short Term Borrowings				
People`s Bank	51,348,320	-	51,348,320	-
Farms Current Accounts	6,520,159	816,280	6,520,159	816,280
	57,868,479	816,280	57,868,479	816,280
19.3 Payables on Loans within next 12 months				
Dairy cattle loan -Phase 1	1,085,580,761	892,688,560	1,085,580,761	892,688,560
Dairy cattle loan - Phase 11	776,017,565	267,917,688	776,017,565	267,917,688
Peoples bank loan 100Mn	20,000,000	20,000,000	20,000,000	20,000,000
Peoples bank New loan 100Mn	20,000,000	-	20,000,000	-
Peoples bank loan 70Mn	14,000,000	14,000,000	14,000,000	14,000,000
Leasing payable	15,810,760	12,509,763	15,810,760	12,509,763
	1,931,409,086	1,207,116,011	1,931,409,086	1,207,116,011



20 RETIREMENT BENEFIT OBLIGATION

Balance as at 01 January	191,671,331	190,785,037	190,245,814	189,835,638
Provision during the year	11,683,058	12,677,382	11,523,543	12,028,995
Interest on Opening Balance	21,878,269	21,831,097	21,878,269	21,831,097
Actuarial (Gain) Loss	(11,525,951)	(10,998,759)	(11,525,951)	(10,998,759)
Less-Payments during the year	(27,767,519)	(22,623,427)	(27,673,334)	(22,451,157)
Balance as at 31 December	185,939,188	191,671,330	184,448,341	190,245,814

21 DEFERRED REVENUE ON LEASED ASSEET

Lease From Brandix Co.Ltd.	12,473,745	13,140,411	12,473,745	13,140,411
Lease From Rajawella Holding	18,984,596	19,230,050	18,984,596	19,230,050
	31,458,341	32,370,461	31,458,341	32,370,461

22 TRADE AND OTHER PAYABLES

Trade & Other Creditors	438,075,172	505,143,703	438,075,172	492,390,761
Staff Creditors	21,369,585	19,670,583	21,369,592	19,670,586
Accrued Charges	20,118,436	30,728,503	17,585,330	27,476,062
Provisions	414,954,719	199,258,563	414,954,719	199,258,563
Deposits	24,767,220	14,939,533	24,767,220	14,939,533
E.P.F Payable	7,842,825	7,813,267	7,842,825	7,813,267
E.T.F Payable	1,215,220	1,174,508	1,215,220	1,174,508
Vat Payable	8,873,510	8,241,323	8,873,510	8,241,323
Insurance Claim Payable	432,759	1,154,183	432,759	1,154,183
Payable to LFICO	4,201,333	4,201,333	4,201,333	4,201,333
Advance of SLPDC	-	-	140,000,000	140,000,000
	941,850,779	792,325,499	1,079,317,680	916,320,119

23 INCOME TAX RECEIVABLE / PAYABLE

Balance as at 01st January	1,584,878	1,233,241	-	-
Income Tax for the period	916,390	762,485	-	-
Payments made during the Year	-	-	-	-
Withholding Tax	(506,828)	(410,848)	-	-
Balance as at 31 December	1,994,440	1,584,878	-	-

NATIONAL LIVESTOCK DEVELOPMENT BOARD AND ITS SUBSIDIARY**DISCLOSURES OF INTERCOMPANY TRANSACTIONS**

No	Nature of Transaction	Name of the Entity	2017 Rs.	2016 Rs.	2015 Rs.	2014 Rs.
01	Investment in subsidiary	NLDB	149,123,327	149,123,327	149,123,327	149,123,327

The Board has invested Rs. 15,995,170.61 in non - quoted investments in Sri Lanka Libya Agricultural & Livestock Development Co Ltd which was a 51% equity state. The equity stake 49% of Libyan Foreign Investments Company of Libya has been transferred to National Livestock Development Board (NLDB) on 07 May 2014 for a consideration of Rs. 140Mn. Thereafter the NLDB's holding in the company is 100%. The name of the Company has also been changed as Sri Lanka Poultry Development Company with effect from 03 July 2014. This investment has been accounted for under the cost method of accounting.

02	Advance paid to NLDB	SLPDC	140,000,000	140,000,000	140,000,000	140,000,000
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This represent the advance paid to the NLDB. This money could be set off against future profits generated by SLPD. Subsequent adjustment will be made in the NLDB Books of accounts to set off the advance received, based on dividends

03 Receivable and Payable

Receivable from NLDB	SLPDC	5,071,910	5,071,910	5,071,910	-
Receivable from SLPDC	NLDB	2,044,818	2,044,818	2,044,818	2,044,818



NATIONAL LIVESTOCK DEVELOPMENT BOARD
Financial Statement for - 2008-2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 - Consol.
							Rs.	Rs.	Rs.	Rs.
Total Revenue	957,304,113	889,769,026	1,099,722,297	1,231,958,718	1,292,521,701	1,313,364,411	1,978,846,217	2,035,439,080	2,534,981,092	3,033,375,475
Cost of Sales	819,504,317	718,381,807	797,819,226	871,843,346	1,112,230,863	1,178,806,826	1,258,115,744	1,430,768,667	2,038,179,661	2,258,254,130
Other Income	26,112,641	19,562,865	19,625,364	29,968,042	24,613,907	85,033,393	48,386,112	37,635,778	49,329,658	50,681,871
Distribution Cost	(4,552,859)	(4,045,274)	(3,574,785)	(4,382,003)	(3,838,749)	(3,790,967)	2,745,716	(14,469,311)	(4,981,161)	(6,790,596)
Administrative Expenses	(114,588,230)	(114,209,277)	(107,912,043)	(121,766,384)	(152,758,024)	(195,210,505)	(683,452,715)	(698,980,426)	(849,955,655)	(935,767,119)
Other Expenses		(24,498,613)	(10,656,712)	(1,414,972)	(7,015,061)	(8,876,522)	(29,739,428)	(19,641,939)	(6,898,522)	(11,721,077)
Finance Cost	(38,292,839)	(37,772,053)	(28,695,065)	(14,017,242)	(29,478,232)	(37,909,314)	(56,168,331)	(89,151,155)	(122,396,709)	(179,613,563)
Profit Before Tax	20,020,563	24,561,426	178,945,158	250,195,158	29,421,086	2,096,835	60,505,358	(119,415,763)	(413,371,356)	(292,804,756)
Less - Tax Expenses			(2,481,711)	(1,506,504)	(3,126,841)		(247,386)	(18,024,305)	(200,000)	(1,159,390)
Net Profit For the Year	20,020,562	24,561,427	176,463,447	248,688,654	26,294,245	2,096,835	60,257,972	(137,420,063)	(413,571,356)	(309,248,529)
G.P.Ratio	14%	19%	27%	29%	14%	10%	36%	30%	20%	26%
Current Ratio	1.06	0.94	1.21	1.31	1.11	1.25	0.79	0.41	0.36	0.26
Debt to Equity Ratio	57%	55%	47%	40%	61%	68%	70%	85%	92%	94%
Return on Assets	4.86%	5.04%	16.01%	17.51%	2.71%	1.30%	3.21%	-0.59%	-4.51%	-1.98%





INDEPENDENT AUDITOR'S REPORT



The audit of financial statements of the National Livestock Development Board for the year ended 31 December 2017 comprising the statement of financial position as at 31 December 2017 and the comprehensive income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with section 13(1) of the Finance Act, No.38 of 1971 and Section 23 of the State Agricultural Corporations Act, No.11 of 1972. My comments and observation which I consider should be published with the Annual Report of the Board in terms of Section 14(2) (c) of the Finance Act appear in this report.

1.2 Management's Responsibility for Financial Statements

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

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An Audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub sections (3) and (4) of the section 13 of the Finance Act , No 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the Audit.

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

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the National Livestock Development Board as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.



2.2 Comments on Financial Statements

2.2.1 Non-compliance with Sri Lanka Accounting Standards

The following observations are made.

(a) Sri Lanka Accounting Standard 01

I. According to paragraph 38 of the standard, all current values in the financial statements are required to include corresponding previous year values, but the corresponding previous year values were not provided for property plant and equipment, and plantations that are part of the biological assets.

II. According to paragraph 104 of the standard, unable to disclose additional information on the nature of the expenditure, including depreciation, amortization expenditure and staff benefit expenditure under the expenditure of each project out of the total cost of sales of Rs.199,599,461 operating under the Board.

(b) Sri Lanka Accounting Standard 10

The Board had obtained a loan of US \$33,691,351 from Wellard Rural Export Pvt. Ltd. for the importation of dairy cattle in two phases. It was decided to capitalize Rs.6,175,407,893 and write off the entire loan interest by the cabinet paper No. 20/1600/323/010 and dated 10 September 2020. According to paragraph 21 of the standard, this was not disclosed in the financial statements.

(c) Sri Lanka Accounting Standard 12

According to the standard, the board had not identified and accounted for deferred tax assets or deferred tax liabilities.

(d) Sri Lanka Accounting Standard 16

I. Contrary to standard, Rs.256,655,083 included in the financial statements under property, plant and equipment for 10411.8 hectares of lands which is not under the control of the Board. These figures are from before 2004 and the relevant source documents were not submitted for audit to confirm the basis on which that value was taken into account. Also, buildings worth Rs.198,031,557 and constructions worth Rs.1,249,663,008 were carried out on the lands not taken over.

III. Although the useful life of the non-current assets which are being using should be reviewed annually and account as an estimate change in terms of paragraph 50 and 51 of the standard, 10428 items of fixed assets amounting to Rs.82,309,600 had been fully depreciated and had not been act upon the standard.

(e) Sri Lanka Accounting Standard 17

Even though the fair value on present value of the future cash flows should be shown in financial statements in the accounting of lessees in terms of paragraph 25 of the standard, action had not been taken accordingly.

(f) Sri Lanka Accounting Standard 24

Short-term employee benefits, post-employee benefits, other long-term benefits and terminal benefits to the entity's key management parties had not been disclosed in the financial statements in terms of paragraph 17 of the standard.



(g) Sri Lanka Accounting Standard 36

Impairment assessment should be done annually in terms of paragraph 09 of the standard and it had been included under the accounting policies of the Board. However, such assessment of impairment had not been made with respect to assets amounting to Rs.2,999,249,355 at the end of the year under review. 50604 of unusable items included in the report on board of survey and it was observed that this is an internal source of information that requires an impairment assessment in terms of paragraph 12 (e) of the standard.

(h) Sri Lanka Accounting Standard 37

A Decision had been given by the court to pay Rs.3.1 million to external parties for two cases filed against the Board after the reporting period. Although paragraph 14 of the Standard was required to make adjustments to the financial statements, the Board had not made adjustments to the financial statements and made disclosures under the note to the financial statements only.

(i) Sri Lanka Accounting Standard 39

According to paragraph 46 (b) of the standard, loans and receivables should be measured on the basis of amortization cost using effective interest and action had not been taken accordingly by the Board. Accordingly, it was observed that the value of the receivables was undervalued or overvalued.

(j) Sri Lanka Accounting Standard 40

Instead of taking into account the lands leased as an investment property in terms of paragraph 6 of the standard, the lease value of the lands leased to Brandix Intimate Pvt. Ltd. and Rajawela Holdings amounting to Rs.31.6 million and Rs.29.41 million for 208.015 hectares of lands had been accounted under property, plant and equipment.

(k) Sri Lanka Accounting Standard 41

I. In terms of paragraph 2 (b) of the standard, bearer biological assets amounting to Rs.761,554,220 which is out of the scope of this standard and it falls under Sri Lanka Accounting Standards 16. Although that amount should be presented under property, plant and equipment in the financial statements, Board had presented that amount as plantation of biological assets under non-current assets. Further, the values of the plants were not identified in the financial statements separately as mature and immature as per the standard.

II. Pepper cultivation had not been identified in the financial statements as the bearer biological assets.

(l) Sri Lanka Reporting Standard 13

The basis for the valuation of Rubber, Cashews and other cultivations amounted to Rs.24,929,309 , Rs.1,335,383 and Rs.1,738,827 respectively which are shown as the commercial cultivations under the biological assets of the financial statements of the Board, had not been disclosed in the statement of financial position in terms of paragraph 91 of the standard.



2.2.2 Accounting Deficiencies

The following observations are made.

- (a) Rs.4,335,602 of provision for doubtful debts for debtors between 3 to 5 years which was 50 percent of receivables amounting to Rs.8,671,204, had not been provided as per age analysis of debtors and schedule of provision for doubtful debts. Accordingly, Rs.53,653,745 to be provided as provision for doubtful debts but Board had been provided Rs.49,318,143 as provision for doubtful debts. Accordingly, provision for doubtful debts had been reduced by Rs.4,335,602.
- (b) The government grant received for the year under review amounting to Rs.7,175,721 had been presented under investing activities instead of presenting as government grant in the statement of financial position separately and under financial activities of the statement of cash flow.
- (c) Although the short-term investments amounting to Rs.4,934,769 should be included under cash and cash equivalents at the end of the year in the statement of cash flow, Board had recorded as reduction of short term investment under changes in working capital in operating activities.
- (d) Although the annual investment income due on lease assets of 1.2152 hectares of lands in Welisara farm was Rs.1,066,667, it had been recorded as Rs.666,667 under investment income in the financial statements and thereby investment income was undervalued by Rs.400,000.
- (e) The stock value of coconut and copra as at 31 December 2017 in Mahaberiyatenna and Marawila farms had been decreased by Rs.88,071 due to collection errors.
- (f) The increase in the value of biological assets in the financial statements of the Board during the year under review was Rs.160,141,793 and in the year 2016 it was Rs.306,842,364 which is a decrease of Rs.466,984,157 or 152 percent growth was observed. As a sample audit in this regard, considering the biological asset valuation reports of Ridiyagama Farm for the years 2016 and 2017, assuming that all the animals contribute to the milk production, average milk production per animal was 15 liters and Rs.1000 per liter and value of Rs.5,775,000 had been added for all animals in valuation. Pregnancy has been confirmed for only 305 animals and it is problematic to consider that each animal is given 15 liters of milk. It is observed that the average daily milk production of a native animal is about 5 liters and it is not realistic to take it as 15 liters in the calculation and to estimate those values without the recommendation of the Technical Evaluation Committee and to take the value of a liter of milk as Rs.1000. Accordingly, it was observed that the increase in the value of biological assets as stated in the financial statements is overestimated.

2.2.3 Lack of evidence for audit

Schedules and loan agreements had not been submitted for the interest of Farmers' Trust Fund of Rs.98,023,448.



2.2.4 Unexplained Differences

The following observations are made.

(a) The hectares of land in Mahaberiyaenna farm was recorded in different sizes as 94.8 hectares in the fixed asset register, 174.9 hectares in the register of lands and 206 hectares in the schedule.

(b) Details of 04 vehicles belonging to the Board had not been included in the fixed assets register.

(c) 53 vehicles belonging to the Board which assigned to farms was different from each other according to the schedule and the fixed asset register.

(d) Although the profit arise on valuation of biological assets of its fair value as at 31 December 2017 amounting to Rs.12,716,521, as per farm accounts it had been recorded as Rs.10,766,096 and thereby difference occurred amounting to Rs.1,950,425.

(e) Although Rs.53,721,222 was recorded as a change in biological assets under the investment activities of the cash flow statement, it was observed that this is not a cash inflow.

(f) According to the financial statements, the loan balance of the Wellard Project was Rs.4,462,252,656 as at 31 December 2017, but according to the Treasury Accounts, the balance on that day was Rs.4,473,894,392 thereby difference was Rs.11,641,736.

2.2.5 Accounts receivable and payable

The following observations are made.

(a) Out of the trade and other debtors balances, the debtors during the period of 1-5 years were Rs.58,982,113 and the debtors of Rs.36,744,288 were over 5 years. It was 17% of the total trade and other debtors and no proper action had been taken to recover that value.

(b) No action had been taken to recover the receivable of insurance compensation of Rs.19,253,926 until 15 October 2022 for dead cows during importation.

(c) The Mahaweli Livestock Company, which had been ordered to be taken over by the Livestock Board in the year 2015, has a total of Rs.8,243,900 receivable for more than 4 and 5 years had so far failed to be recovered.

(d) The Board had not taken an action to recover Rs.2,092,150 due from the Bank of Ceylon in Kantale from 2008, for the project of Kantale up to 15 October 2021.

(e) Loans granted to the staff of 6 farms before the year 2012 to recover within 5 years amounting to Rs.200,478 had not been recovered within the relevant 5 years.

(f) Out of debtor balance of Rs.19,435,956 due from coconut brokers at the end of the year under review, there were unrecognized debtor balance of Rs.673,957, loan amount of Rs.11,401,407 over 5 years and loan amount of Rs.4,103,560 between 3 to 5 years.

(g) In terms of section 24 of the coconut auction rules issued by the Coconut Development Authority, it was stated that a penalty of 20 percent per annum could be levied on coconuts that are not removed within 5 weeks subject to a maximum period of 14 days, but the Board had not taken action to recover the fines of Rs.3,749,341.

(h) The trade and other creditors balances were Rs.33,543,461 over 5 years which was 8 percent of the trade and other creditors.



(h) The trade and other creditors balances were Rs.33,543,461 over 5 years which was 8 percent of the trade and other creditors.

(i) The Sri Lanka Poultry Development Private Limited had made an advance of Rs.140,000,000 in year 2014 for the Board and until the end of the year under review, no work had been done or reimbursed.

(j) Action had not taken to recover the amounts of Rs.11,947,220 and Rs.2,093,175 for the two cases filled by Board against two parties and those parties were ordered to pay at the end of the year under review.

(k) Without taking any action to recover the balance of Rs.366,017 in the trade and other receivable debtor balances of head office, older than 5 years an amount was stated as a gratuity retained by the Land Reforms Commission.

(l) Action had not been taken to recover the debt balance over 3 years amounting to Rs.10,159,200 which was given by head Office, projects and Rosita farm to the relevant Ministry.

(k) Action had not been taken to recover Rs.562,750 from staff debtors over 5 years.

03. Financial Review

3.1 Financial results

According to the financial statements presented, the Group's financial result for the year under review had been a deficit of Rs.309,248,529 as compared with the corresponding deficit of Rs.432,282,544 for the preceding year thus indicating an improvement of Rs.123,034,015 in the financial results as compared with the preceding year. Even though operating income was declined by Rs.28,926,560 and cost of sales, administration expenses and finance expenses were increased by Rs.179,730,919, Rs.43,401,303 and Rs.57,188,003 respectively, the gain arising from increase of fair value of biological assets amounting to Rs.466,984,157 was the main reason for the above growth.

3.2.1 Analytical Financial Review

3.2.1 Important Accounting Ratios

Based on the information available, the following are some of the important accounting ratios of the Board for the year under review and for the previous year.

Ratio	2017	2016
Current Ratio	0.26	0.42
Quick Ratio	0.177	0.179
Gross Profit Ratio	26.98%	17.81%
Net Profit Ratio	11%	15%
Debtors Turnover Ratio	13.01	15.69
Fixed Assets Turnover Ratio	0.92	0.90
Gearing Ratio	8.07	5.61
Debtors Collection Period	28.36	23.27



4. Systems and controls

Systems and control deficiencies observed during the course of audit were brought to the notice of the Chairman of the Board from time to time. Special attention is needed in respect of the following areas of control.

Area of control -----	Observations
(a) Accounting	Certain Accounting Standards had not been followed in the preparation of farm accounts.
(b) Valuation of the biological assets of the farms.	Inaccurate criteria for valuation of animals.
(c) Valuation of assets	Failure to value fixed assets in accordance with Sri Lanka Accounting Standards.
(d) Recovery of Debt	Failure to take action to recover long term debt balances.

