

# Board of Investment of Sri Lanka

# ANNUAL REPORT

# 2019







# **ANNUAL REPORT 2019**

**Board of Investment of Sri Lanka**



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## Message from the Director General



The Board of Investment of Sri Lanka continues to be the apex body to attract FDI aligning with development goals set out along with the government's economic strategies. Being the central facilitator, BOI offers an excellent service with easy access and convenience for the Investors to operate smoothly.

At a time when Sri Lanka is thriving as an open economy, BOI works with all positive leadership, policies and peace, along with the help of developed infrastructure to face the challenges of attracting high performing industries. In order to enhance the effects of positive signals on the country's growth, BOI has taken necessary steps to increase domestic value added production to make Sri Lanka an active partner in the Global value chain. Achievements obtained by BOI in past few years were further strengthened by the performance of 2019. I am well contented to be a part of this affluent journey of BOI in serving the country with all its good efforts.

Investment plays a major role in the development paradigm of Sri Lanka and has made a colossal contribution to the economic development of the country throughout past few decades. Today, our aim is to ensure that FDI continues to contribute to the development of the country, in all three aspects; economic growth, social equity and environmental protection.

BOI has made strides in creating investor-friendly conditions by implementing many policy reforms that would encourage investments. Further, after 18 years, BOI added a new Export Processing Zone in Bingiriya focusing on regional development of the country. Through these efforts, BOI will definitely become a world-class investment promotion agency. I strongly believe that these changes we advocate today are capable of changing the lives of millions for the better.

In 2019, BOI Sri Lanka was recognized by UNCTAD for its excellence in promoting sustainable investment in special economic zones and was awarded "United Nations Investment Promotion Awards 2019".

BOI will re-emerge as an agency with strong competitive edge by effectively managing staff members based on competence and performance as well as enhancing their expertise in respective areas.

In conclusion, I would like to thank the Chairman and the Board of Directors for their exceptional contribution towards the performance of the year 2019 and appreciate the hard work and dedication of the qualified BOI staff for being the excellent team they are.





## Board of Directors 2019



Eng. Mangala P. B. Yapa  
Chairman



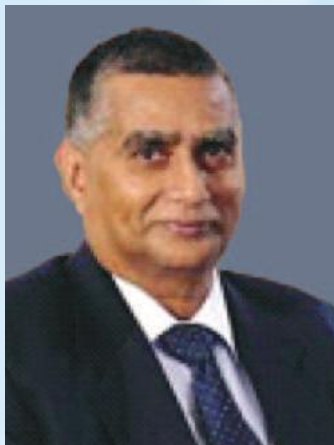
Dr. Nihal Samarappuli  
Board Member



Dr. Harsha Subasinghe  
Board Member



Mr. Duminda Hulangamuwa  
Board Member



Mr. Anil S. Amarasuriya  
Board Member

# ***Vision***

***“To make Sri Lanka the most preferred  
destination for sustainable investment in  
Asia”***



## ***Mission***

***“BOI will work in a positive and speedy manner to fulfill Sri Lanka’s potential to attract and retain quality investment that leads to an enhanced export base, and brings more and better jobs, enhanced knowledge and skills through new technologies and innovations.”***

# BOI Profile

The Board of Investment of Sri Lanka (BOI) was incorporated as a constitutional body in 1978 named as the Greater Colombo Economic Commission (GCEC); with the directive to generate economic development in specifically demarcated areas. Later in 1992, the GCEC was reconstituted as the BOI with a mandate encompassing the entire country, to function as a central facilitation point for investors, offering convenience, easy access and information.

At present, the BOI manages 14 Export Processing Zones with the newly established Bingiriya EPZ in March 2019 and is proud to have assisted over 1,700 enterprises which have contributed to Sri Lanka's economic development and growth. Today, the BOI is committed towards the continuous improvement of country's investment climate.

## Objectives

The key objectives of the BOI focus on; foster and generate economic development, widen and strengthen the base of the economy, encourage and promote Foreign Direct Investments, diversify the sources of foreign exchange earnings and increase export earnings, encourage and foster the establishment and development of industrial and enterprises within the Republic.

## Role

- To target and attract investments to priority sectors supporting implementation of the Government's investment policy and progressively increase the level of FDI, contributing towards achieving national growth targets.
  - The BOI acts as the first point of contact for investors who intend to set up projects in high value added/ high-tech manufacturing, high value added apparel, IT enabled services, tourism, food processing, logistics, education and large scale infrastructure or other chosen sectors in Sri Lanka. Information and guidance are provided and approvals required from other Line Agencies are coordinated by the BOI to facilitate the investors.
  - Investment applications in respective sectors are evaluated by the BOI to approve project proposals, grant concessions and facilitate visa issuance for expatriates.
  - The BOI provides assistance to investors throughout the project cycle from start-up to implementation and successful operation of the project, by facilitating and attending to import/export clearance for import of capital goods and raw materials and export of final products.
  - The BOI develops Export Processing Zones with readily available infrastructure facilities to provide investors with suitable sites for the implementation of projects within a minimum period of time.
-



# Milestones

- 1978 —> Greater Colombo Economic Commission (GCEC) was established under the Parliament Act No. 04 of 1978.
- 1979 —> Establishment of the Katunayake Export Processing Zone in 1979, which is the first and largest zone to be maintained.
- 1986 —> A Job Bank was set up by the GCEC to assist Zone Enterprises. Establishment of Biyagama Export Processing Zone in 1986 as the second zone of the BOI.
- 1990 —> Foreign Investment Advisory Committee & the GCEC were merged together and GCEC became the sole authority to approve foreign investment in Sri Lanka.
- 1991 —> Establishment of Koggala Export Processing Zone for the development of Southern Province.
- 1992 —> The Board of Investment of Sri Lanka (BOI) was incorporated as a statutory body under the Act No: 49 of 1992 and BOI is the successor to Greater Colombo Economic Commission (GCEC).
- > “200 Garment Factory Program” was introduced to minimize the unemployment under the Government Regional Development Programme.
- 1995 —> Establishment of the Kandy Industrial Park.
- 1998 —> Amalgamated the Board of Investment with Bureau of Infrastructure Investment (BII).
- > Establishment of the Meerigama EPZ and the Malwatta EPP.
- 1999 —> Establishment of the Horana EPZ and the Wathupitiwala EPZ.
- 2000 —> Establishment of the Polgahawela EPZ, the Mawathagama EPZ and the Mirijjawila EPZ.
- 2001 —> Acquired the Seethawaka Industrial Park to the Board of Investment of Sri Lanka as the Seethawaka EPZ.
- 2006 —> “300 Enterprises Program” was launched with the objective of taking industry to the rural sector.
- 2008 —> BOI Head Office was permanently established in the World Trade Centre by purchasing nine floors of the WTC.
- 2009 —> BOI became the first Government Institution to receive ISO 9001 : 2000 Certificate.
- > The BOI Jaffna Office was established.
- 2011 —> Achieved USD 1 Bn. FDI target.
- 2013 —> BOI is the main organizer for the “Commonwealth Business Forum” which was held in parallel with the “Commonwealth Heads of Government Meeting (CHOGM) 2013”.
- 2014 —> BOI sponsored the “Asia Pacific Business Forum 2014”.
- 2017 —> The 40<sup>th</sup> anniversary celebration of BOI.
- 2018 —> Achieved USD 2.37 Bn. worth of FDI
- 2019 —> Bingiriya EPZ : The new addition to BOI Export Processing Zones.





## Highlights 2019

Over 2,150 companies in Commercial operation under BOI.  
548 (Section 16) - 1,642 (Section 17).



Over USD 18.5Bn. cumulative FDI Contribution to economic development.

USD 1.19 Bn. FDI recorded in 2019.



Contribute to 68% of national exports and 86% of industrial exports.

Over 521,000 (Numbers) cumulative direct employment.



Administer 14 Export Processing Zones/Industrial Parks.  
Planning for three proposed New Zones.

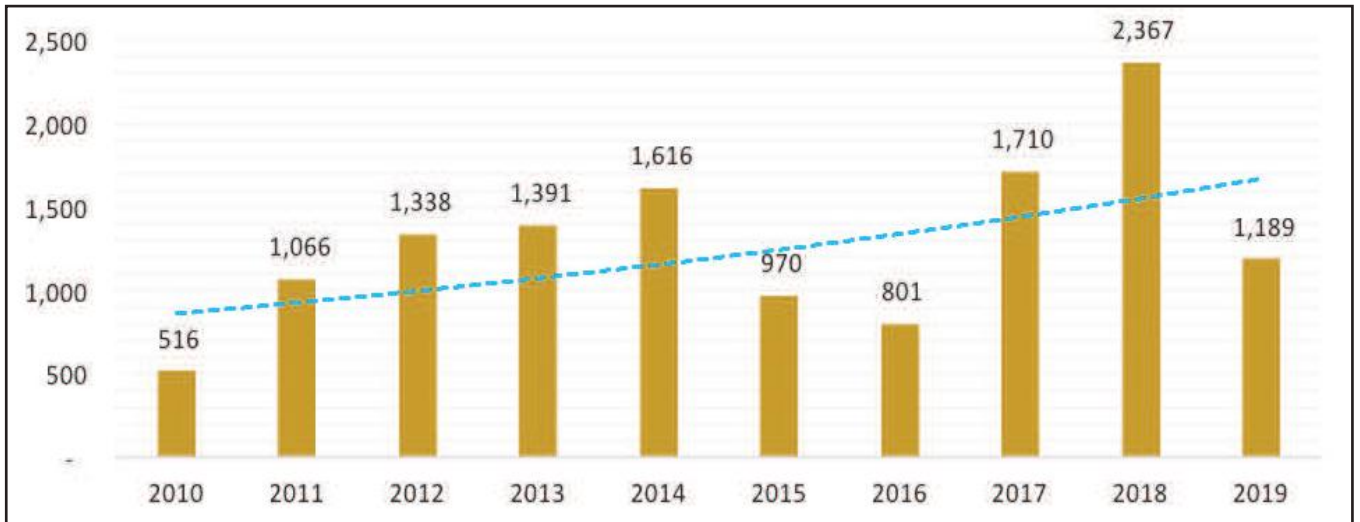


***BOI Sri Lanka: The Winner of United Nations Investment Promotion Awards 2019 for “Excellence in promoting sustainable investment in special economic zones”.***



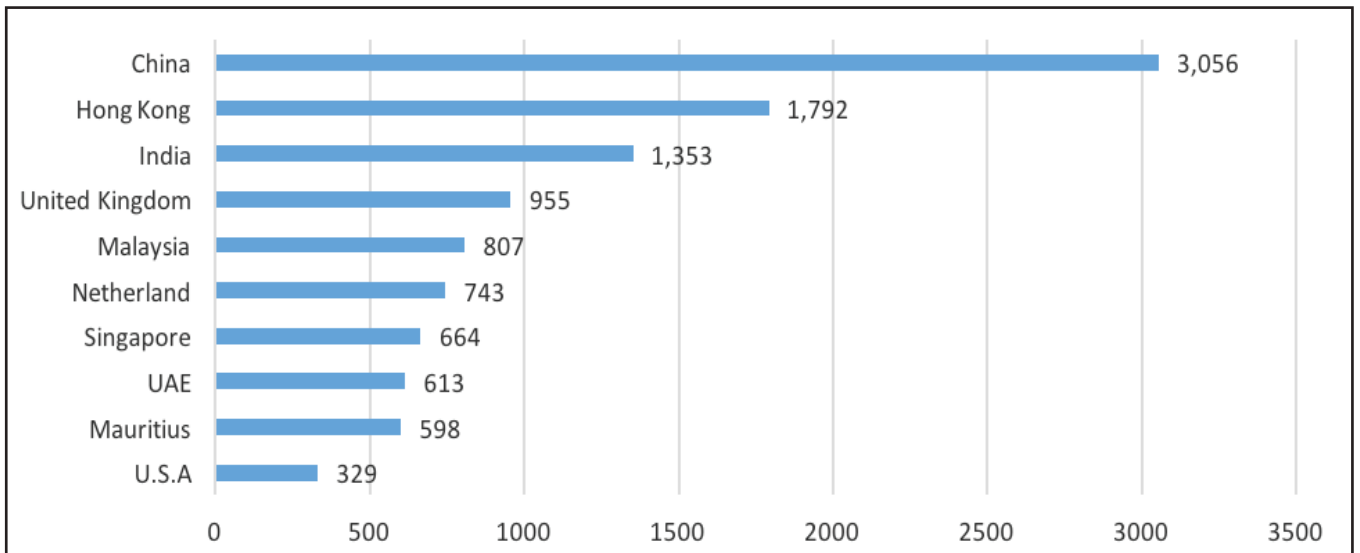
# BOI at a Glance

## Foreign Direct Investment (2010 - 2019) - USD Mn.



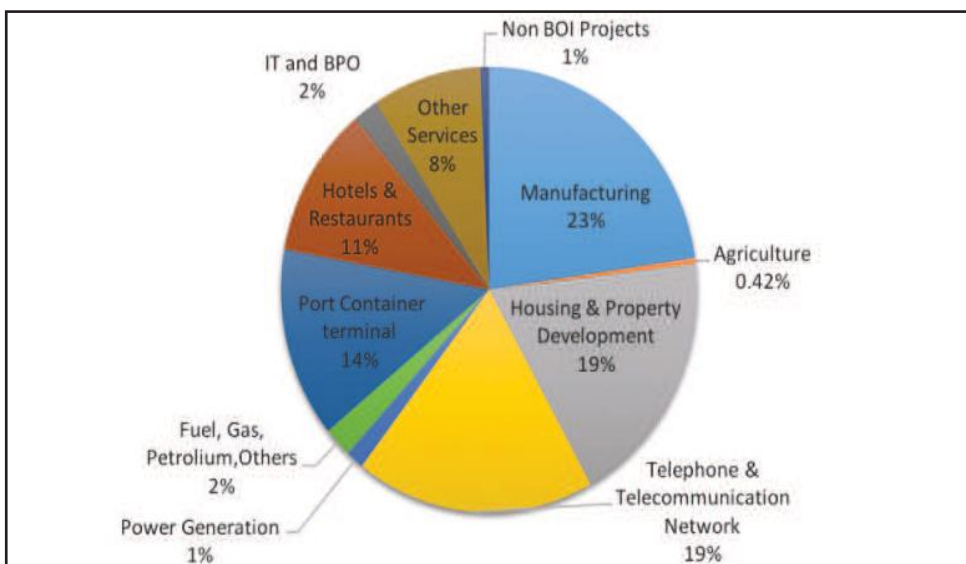
Source: BOI

## Top 10 Investing Countries in Sri Lanka (2010 - 2019) - USD Mn.



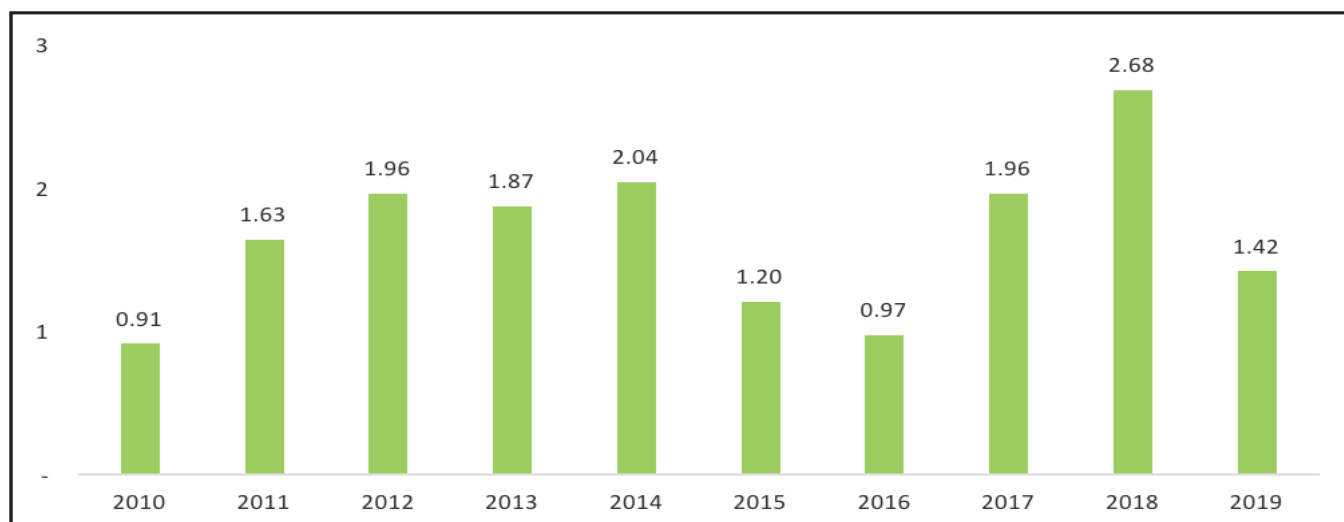
Source: BOI

## Foreign Direct Investment by Sector (2010 - 2019)



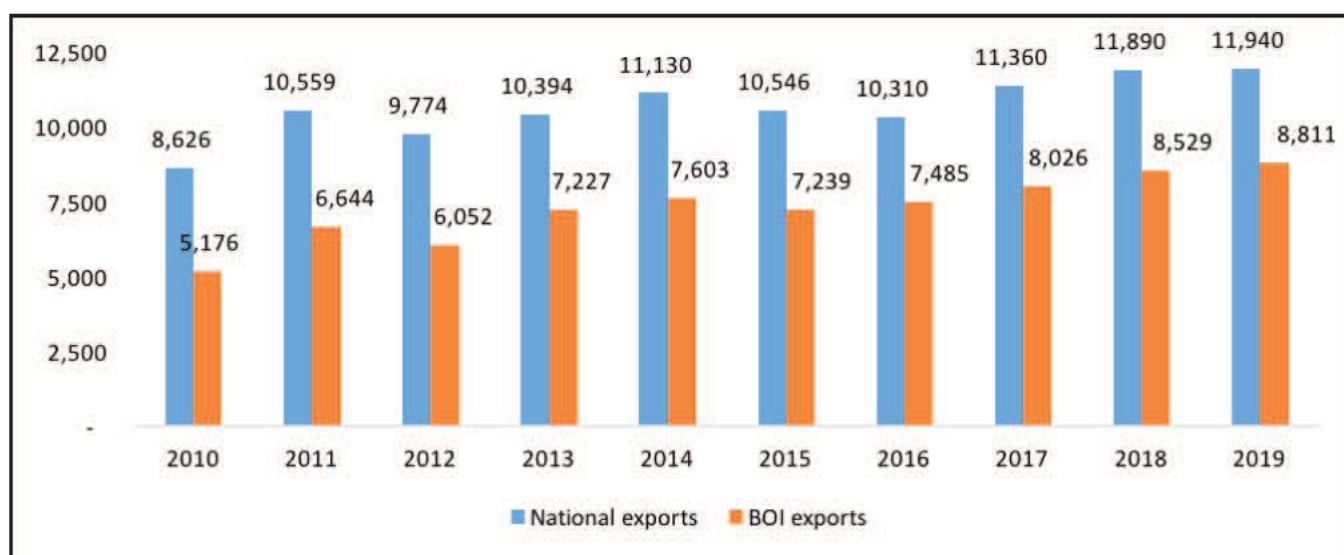
Source: BOI

## Foreign Direct Investment as a Percentage of GDP (2010 - 2019) - (%)



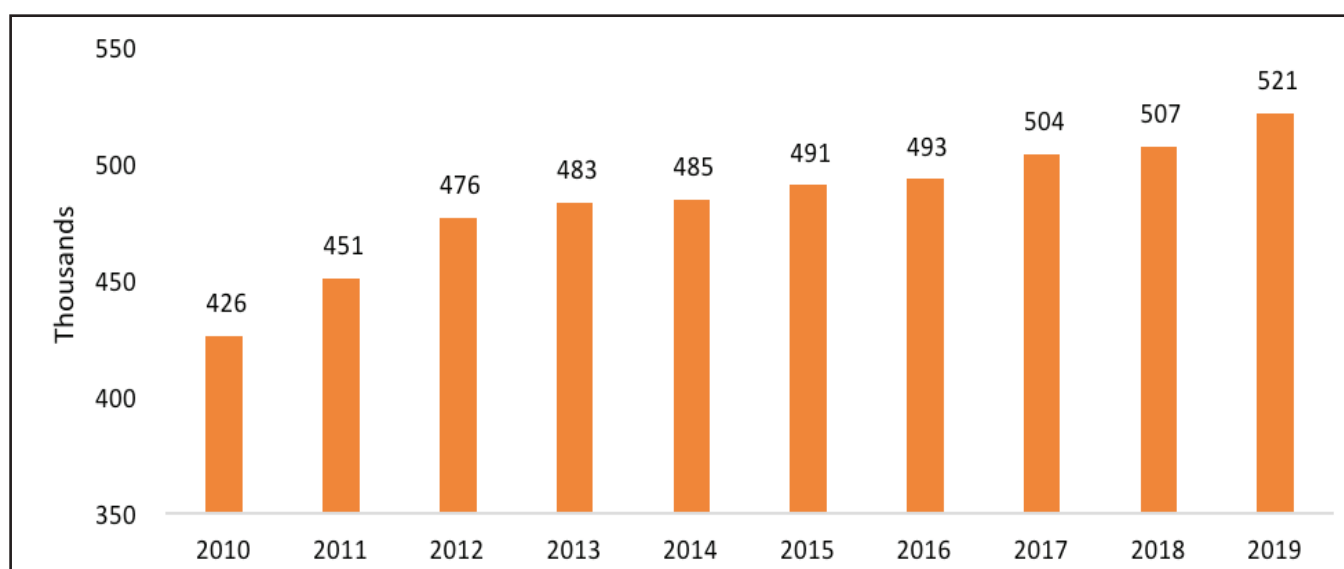
Source: BOI & Central Bank

## Contribution to National Exports (2010 - 2019) - USD Mn.



Source: BOI & Central Bank

## Contribution to the National Employment (2010 - 2019) (000's) BOI Enterprises: 6% to the Total Labour Force



Source: BOI & Central Bank

# Progress of Recent Initiatives

## Progress of Policy Initiatives

### **Submission of proposals to the Ministry of Finance on necessary policy changes to the existing incentive regime to attract investments**

To regularize investment incentives for large-scale companies proposed by budget proposals 2019, BOI has submitted proposals to budget proposal 2019, on introduction of exemptions granted on NBT, PAL and CESS for project related items for the investments over USD 50 Mn.

Subsequently, NBT was abolished and exemptions from CESS and PAL for project related items have been granted for projects with investments over USD 50 Mn. with effect from 03.10.2019 and 06.12.2019 respectively.

### **Submission of BOI comments on the Draft Hub Regulation No. 01 of 2019**

Several necessary amendments to the Commercial Hub Regulation were submitted to the Ministry of Finance in order to facilitate both exiting hub companies and potential investors.

The new regulation, Commercial Hub Regulation of Sri Lanka No.1 of 2019 was been published on 05.12.2019 by incorporating comments submitted by BOI.

### **Improving investment infrastructure augmentation of major infrastructure in the existing Export Processing Zones of the BOI**

With the passage of time and the increase of activities within the Export Processing Zones over the years, it has become necessary that common infrastructure of the Export Processing Zones should essentially be augmented and wherever necessary, be rehabilitated to meet the present day demands.

Services Department has already augmented the sewerage schemes of Katunayake and Biyagama Export Processing Zones.

Simultaneously there are improvements being undertaken for rehabilitation of water distribution network and sewer collection network at the Katunayake Export Processing Zone.

## Development of New Zones

Out of the lands identified as suitable for developing investment zones, the development activities with three sites namely Bingiriya, Milleniya, & Wagawatta have already begun and they are in different stages of development process in collaboration with other Line Agencies.

Currently there are 12 EPZ/IPs operating under BOI, last of which was developed in the year 2002. Therefore, the zones developed under this initiative will be new additions after 18 years.

The construction work of the Bingiriya Export Processing Zone (EPZ), commenced on 4 March 2019, with a land extent of 164 acres earmarked to be developed under the first phase of the project, which would facilitate 25 enterprises by opening up 10,000 direct employment opportunities.

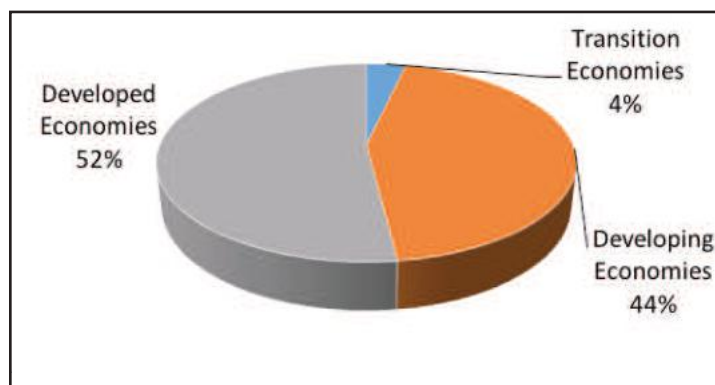
BOI pays special attention on environmental aspects when identifying lands and developing new zones to accommodate investment projects especially with waste management requirements and ensure that all project activities within zones are to be facilitated in accordance with the National Environmental Regulations.

# World Investment Scenario 2019

## FDI Inflows

Global FDI flows rose modestly in 2019, following the sizable decline registered in 2018. At USD 1.54 trillion, inflows were 3% up. They remained below the average of the last 10 years and some 25 % off the peak value of 2015. Considering the Global FDI inflows in 2019, 52% was received by Developed Economies followed by Developing Economies (44.5%) and Transitional Economies (3.6 %).

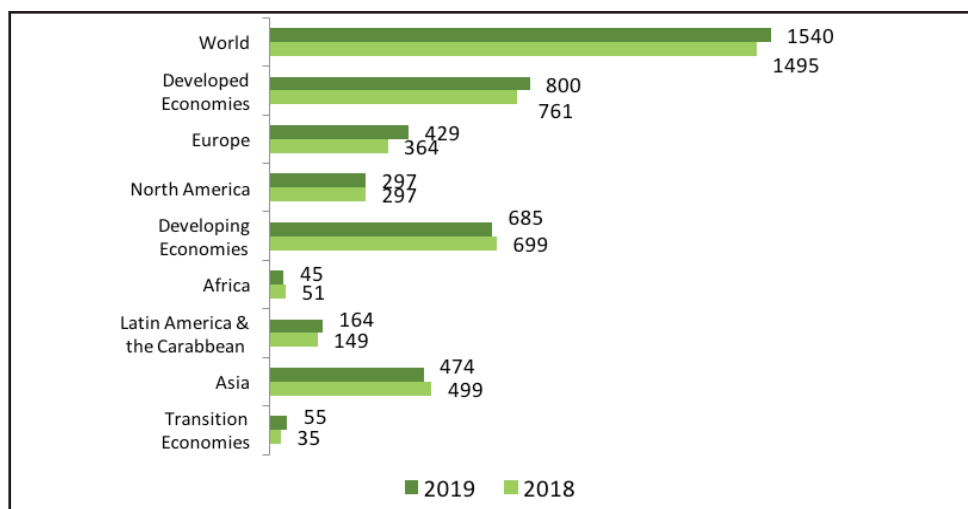
## FDI Inflows by Group of Economies 2019



(Source : World Investment Report, 2020)

The rise in FDI was mainly the result of higher flows to Developed Economies, and to Transition Economies. FDI flows to Developing Economies declined marginally, by 2 %, to USD 685 Bn. In 2019, FDI inflows into Asia declined by 5 %, to USD 474 Bn. though the region remained an important FDI destination, hosting more than 30% of global FDI flows. In 2019, South Asia amounted to 3.7% of Global FDI Inflow with FDI Inflows amounting to USD 57 Bn. and this has shown a 9.96% increase compared to 2018 values.

## FDI Inflows by Region (2018 vs 2019)

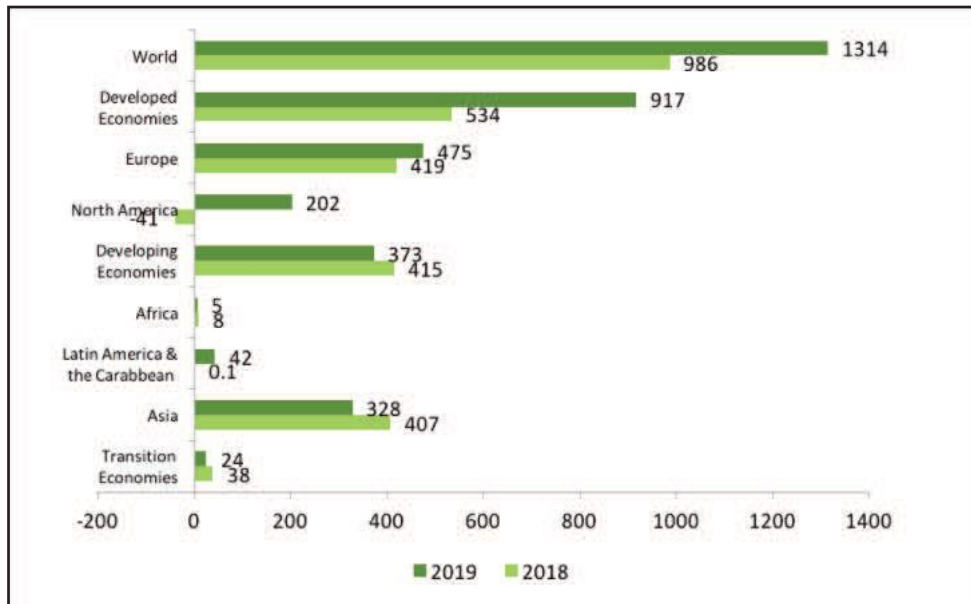


(Source : World Investment Report, 2020)

## FDI Outflows

In 2019, MNEs from Developed Economies invested USD 917 Bn. abroad which was a 72 % increase from the previous year. Outflows from Developing and Transition Economies declined. These trends resulted in a significant shift in the overall share of Developed Economies in world FDI outflows, from 54 % in 2018 to 70 % in 2019. Outflows from developing Asia fell by 19% as outflows from China declined for the third consecutive year. Outflows from South Asia grew 6%, driven by investment from India. Yet they remained small, representing only 1 % of global outflows.

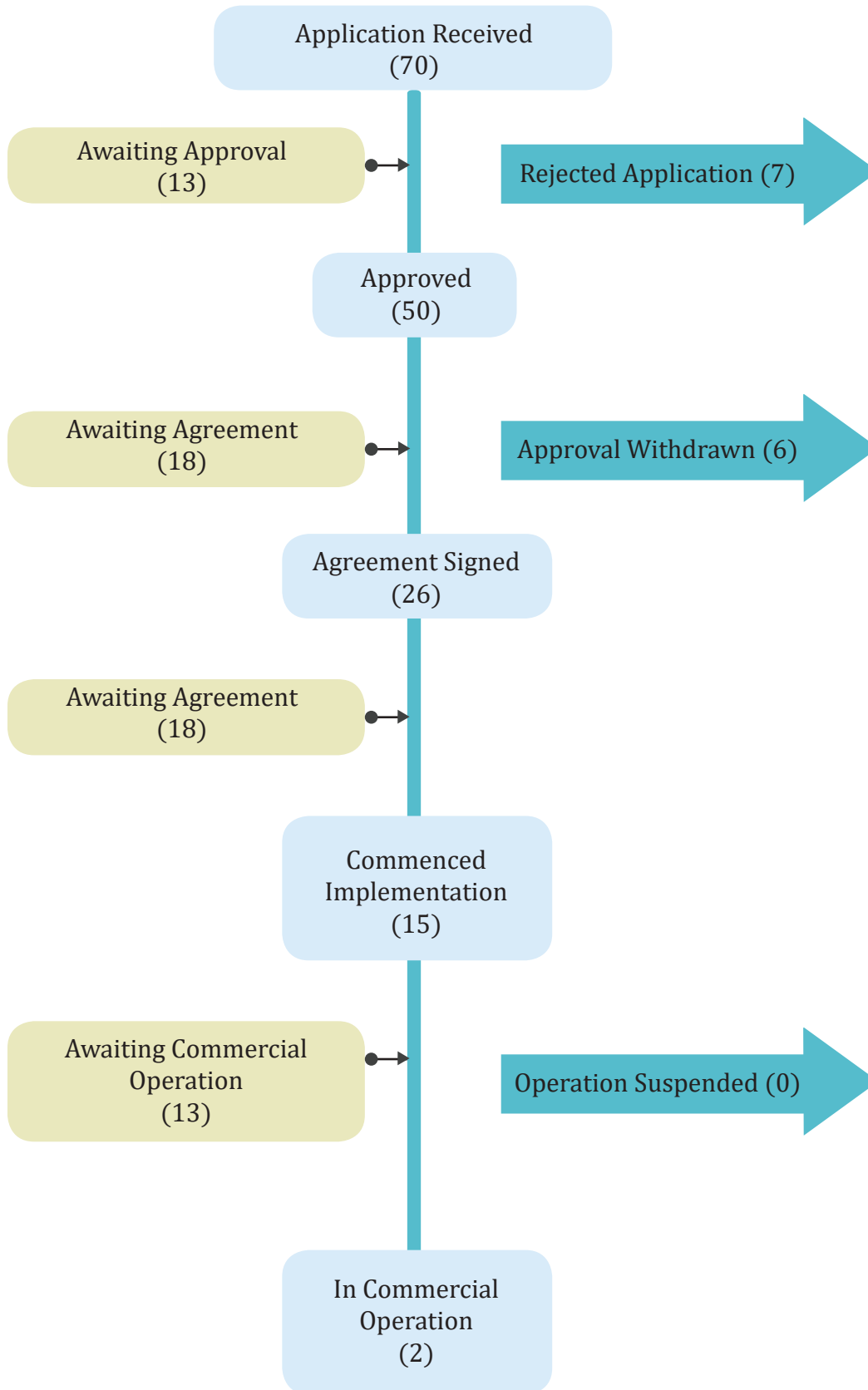
### FDI Outflows by Region (2018 vs 2019)



(Source : World Investment Report, 2020)

# Investment Performance – 2019

## 1. Progress Made on Applications Received in 2019



Source : MIS BOI (21<sup>st</sup> May 2020)

In the year 2019, 70 applications for new projects were submitted to the Board. Out of those 70 applications, 50 applications were approved of which two projects have commenced commercial operation and 15 projects are under implementation.

In addition, 90 applications for project expansions of existing projects have been received during the year 2019.

## 2. Status-wise Project Details

### ■ Projects Approved & Agreements Signed in 2019

The total numbers of project approvals granted in 2019 was 144 with a total estimated investment of USD 29.4 Bn. (Rs. 4,729 Bn.) The estimated total number of employment opportunities of approved projects in the year 2019 is over 31,800.

### Investment & Employment Share of Approved Projects in 2019 – By Sector

| Sector  | No. of Projects | Est. Investment (Rs Mn.) | Employment (Numbers) |
|---|-----------------|--------------------------|----------------------|
| Services/Infrastructure                               | 26              | 787,737.72               | 7,384                |
| Housing & Property Development                        | 4               | 6,224.66                 | 121                  |
| Hotels, Restaurant Services & Entertainment Complexes | 5               | 7,941.40                 | 466                  |
| Shopping & Office Complex                             | 7               | 63,332.10                | 1040                 |
| Petroleum Refinery                                    | 1               | 693,000.00*              | 1,358                |
| Container Services, Warehousing & Freight Forwarding  | 1               | 315.70                   | 55                   |
| Other   | 8               | 16,923.86                | 4,344                |
| Manufacturing   | 27              | 59,286.21                | 7,071                |
| Agriculture   | 5               | 5,708.21                 | 658                  |
| Expansions of Existing Projects                       | 85              | 105,583.61               | 10,262               |
| <b>Total</b>  | <b>143</b>      | <b>958,315.75</b>        | <b>25,375</b>        |

Source: BOI

(\*Excludes the estimated investment of Sughi Petroleum Refinery amounting to Rs. 3,771 Bn.)

Out of the total approved investment in the year 2019, the Services/Infrastructure sector accounts for the highest contribution (82%) followed by investments from expansions (11%) and Manufacturing sector (6%).

Out of the total estimated employment of the approved projects in 2019, 29% was created from the Services/Infrastructure sectors while 28% was from the Manufacturing sector.

The total number of projects which signed agreements with BOI in 2019 accounted for 105, in which 46 were new projects and 59 were expansions of existing projects. The total estimated investment of these projects amounted to USD 4,895 Mn. (Rs. 865,861.72 Mn.). These projects are expected to generate over 17,979 employment opportunities.

### ■ Projects Commenced Construction/Implementation in 2019

In the year 2019, 36 new projects and 40 expansion projects commenced implementation/ construction. The total estimated investment of projects that commenced implementation was USD 912 Mn. (Rs. 146,158.85 Mn.). The expected employment generation was over 16,935 numbers.



**Table 2: Top 10 Projects (Based on Estimated Investment) Which Commenced Construction/ Implementation in 2019**

| Project Name                             | Business Activity                                 | Est. Employment (Numbers) | Est. Investment (Rs. Mn.) | Sector            | Location        |
|--|---|---------------------------|---------------------------|-------------------|-----------------|
| Braybrooke Residential Towers (Pvt) Ltd. | To Setup a Residential Apartment Complex          | 1,445                     | 15,125.88                 | Infrastructure    | Colombo 2       |
| Monarch Imperial (Pvt) Ltd.              | To Setup a Mixed Development Project              | 895                       | 11,374.86                 | Infrastructure    | Thalapathpitiya |
| Sandal Colombo (Pvt) Ltd.                | To Setup an Apartment Complex                     | 306                       | 6,637.58                  | Infrastructure    | Colombo 10      |
| Bellevue Residencies (Pvt) Ltd.          | To Setup an Apartment Complex                     | 458                       | 3,902.60                  | Infrastructure    | Ja-Ela          |
| Simakvin Real Estate (Pvt) Ltd.          | To Setup an Office Complex                        | 220                       | 3,759.53                  | Infrastructure    | Colombo 02      |
| Ceylon Frontier Properties (Pvt) Ltd.    | To Setup an Office Complex                        | 136                       | 2,460.00                  | Infrastructure    | Colombo 03      |
| Logipark Intl. (Pvt) Ltd.                | Warehouse   | 171                       | 2,443.00                  | Services          | Wattala         |
| H N J Towers (Pvt) Ltd.                  | To Setup a Mixed Development Project              | 34                        | 2,297.57                  | Infrastructure    | Colombo 03      |
| Ceylon Beverage Intl. (Pvt) Ltd.         | Fruit Juice & Carbonated Beverages In Filled Cans | 103                       | 2,287.50                  | Manufacturing     | Horana          |
| Wild Beach Resorts (Pvt) Ltd.            | 42 Roomed Hotel                                   | 124                       | 2,076.00                  | Tourism & Leisure | Yala            |

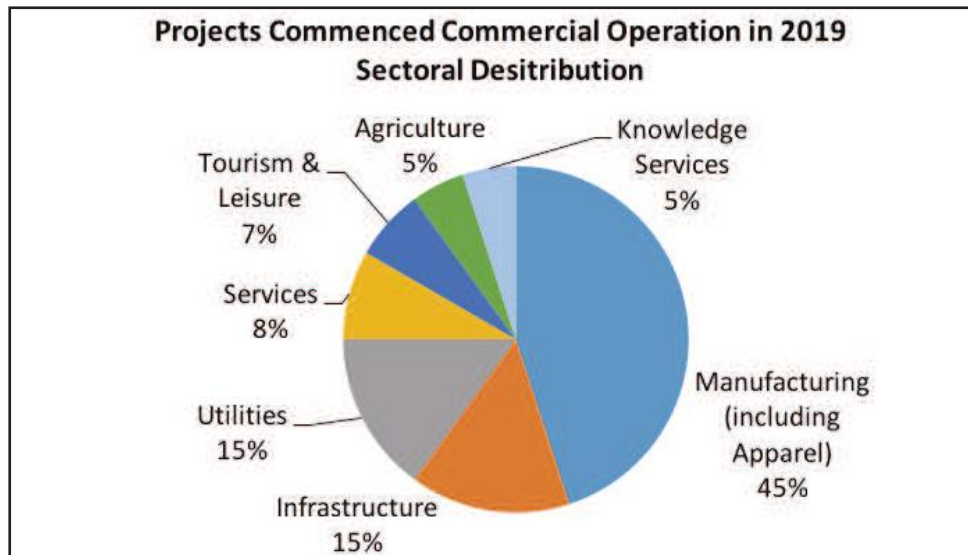
#### ■ Projects Commenced Commercial Operation in 2019

During the year 2019, a total of 60 projects (36 new projects and 24 expansion projects) have commenced commercial operation. The total realized investment of new projects accounted for USD 267.28 Mn. (Rs. 47,784.52 Mn.), and approximately 2,341 employment opportunities were created by these projects.



## Sector Wise Distribution of Projects Commenced Commercial Operation in 2019

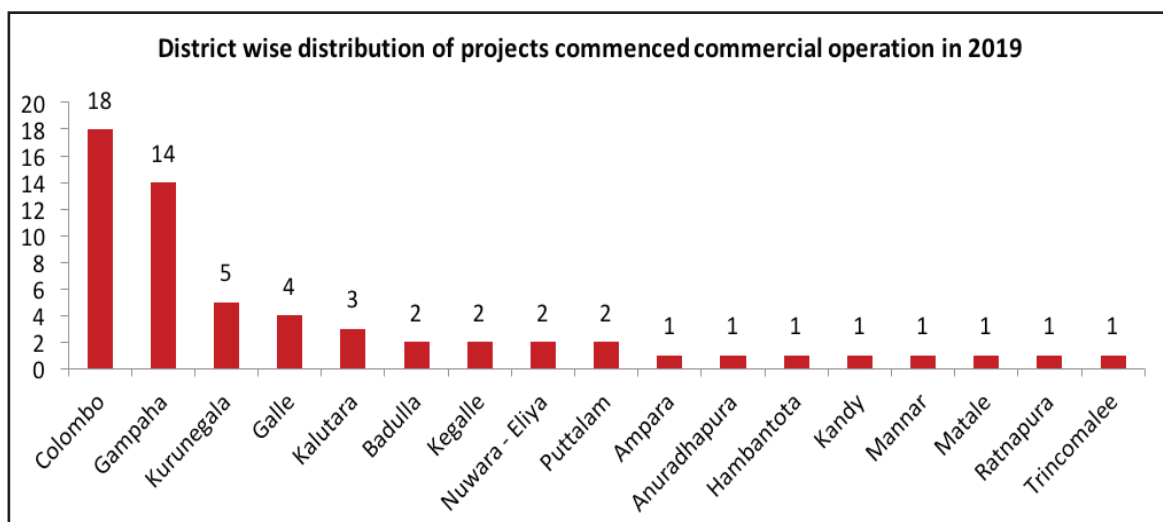
Out of 60 projects that commenced commercial operation in 2019, 27 projects were in the Manufacturing Sector (including Apparel), followed by nine projects in the Infrastructure Sector; nine projects in the Utilities Sector; five projects in the Services Sector; four projects in the Tourism and Leisure Sector; three projects in the Agriculture Sector and three projects in the Knowledge Services Sector.



Source : BOI

## District Wise Distribution of Projects Commenced Commercial Operation in 2019

53% of the projects that commenced commercial operation in 2019 were located within the Colombo and Gampaha districts. The rest were geographically distributed over the other 15 districts.



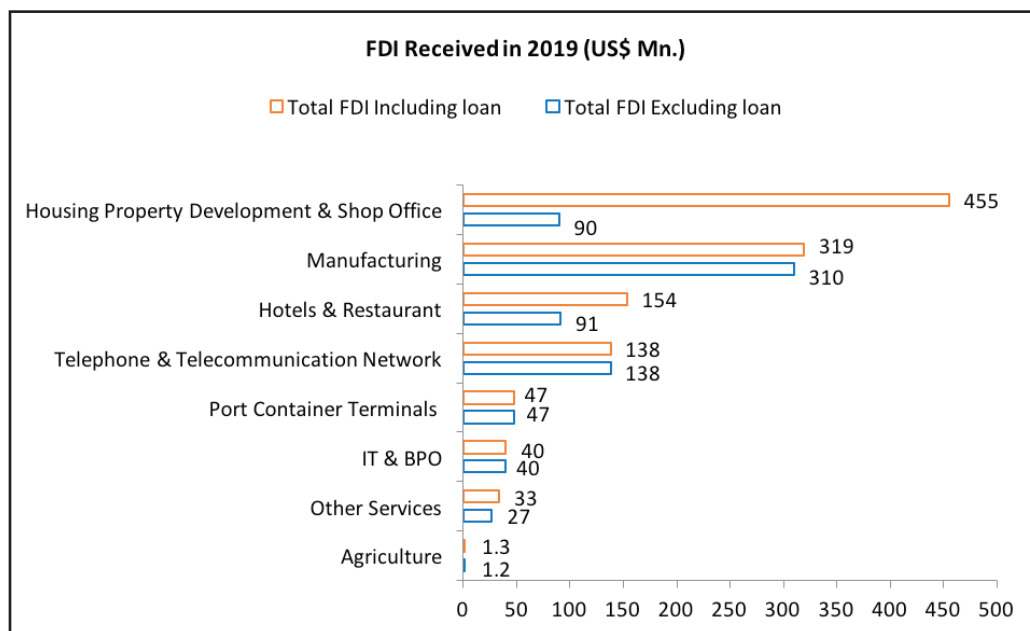
Source : BOI

### 3. Foreign Direct Investment Attracted in 2019

The FDI recorded in Sri Lanka in the year 2019 amounted to USD 743 Mn. excluding foreign loans, and USD 1,189 Mn. including the foreign loan component.

#### Sector Wise FDI Received in 2019

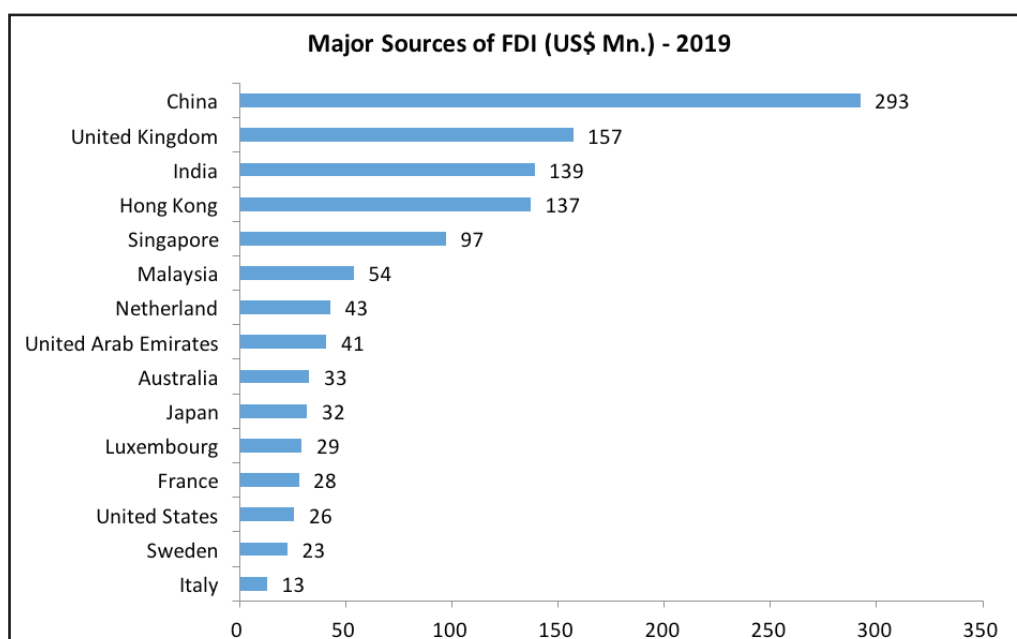
Out of total FDI received in 2019, Housing & Property Development Sector has received the highest FDI amounting to USD 455 Mn. (38%), followed by Manufacturing Sector with USD 319 Mn. (27%), Hotel Sector with USD 154 Mn. (13%), Telephone & Telecommunication Sector with USD 138 Mn. (12%), Port Development Sector with USD 47 (4%), IT & BPO sector with USD 40 Mn. (3%) etc.



Source : BOI

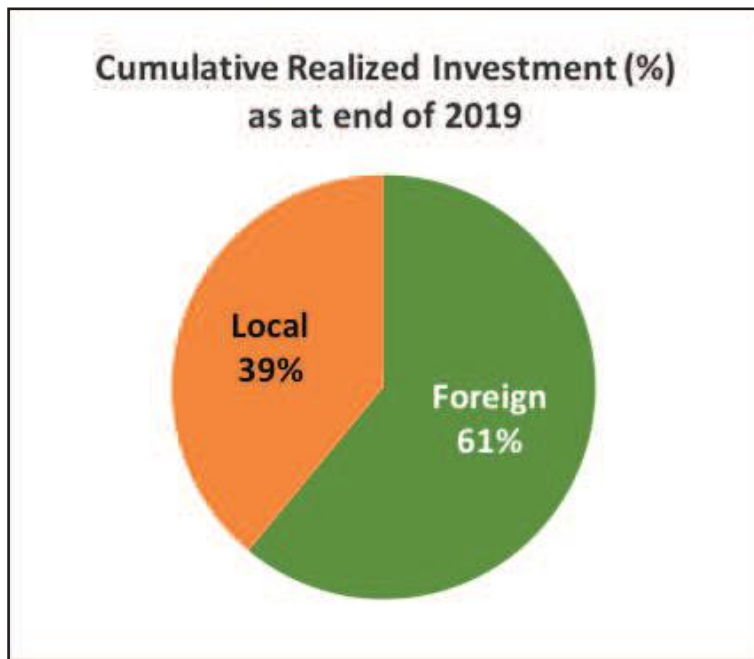
#### Major Sources of Foreign Direct Investment – 2019

China was the largest source of FDI in 2019 with USD 293 Mn. This was followed by United Kingdom (USD 157 Mn.), India (USD 139 Mn.), Hong Kong (USD 137 Mn.), Singapore (USD 97 Mn.), Malaysia (USD 54 Mn.), Netherlands (USD 43 Mn.), UAE (USD 41 Mn.), Australia (USD 33 Mn.), Japan (USD 32 Mn.), Luxembourg (USD 29 Mn.), France (USD 28 Mn.), United States (USD 26 Mn.), Sweden (USD 23 Mn.), Italy (USD 13 Mn.) etc. These fifteen countries together, accounted for 96% of the total FDI received in the year 2019.



Source : BOI

#### 4. Realized Investment (Cumulative)

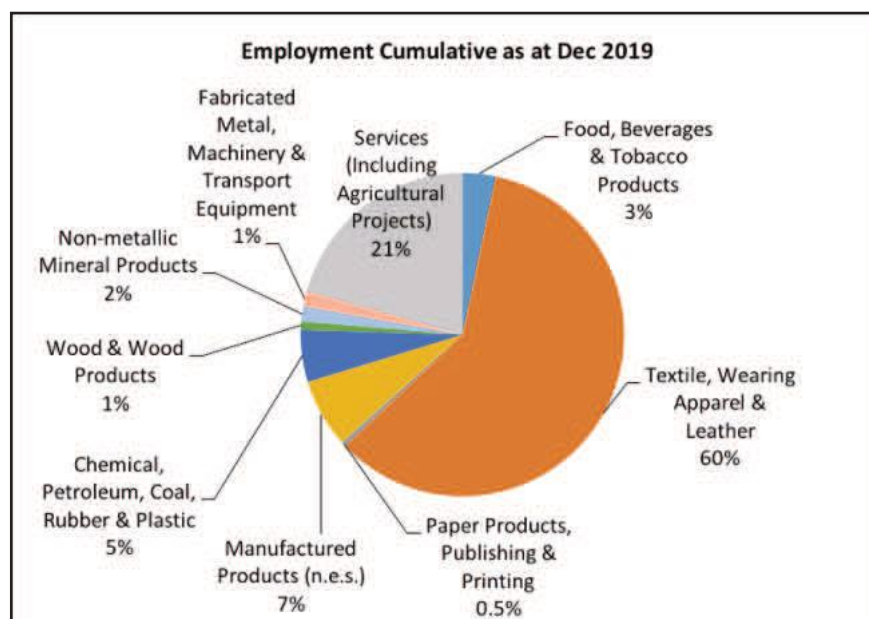


Source : BOI

The realized cumulative total investment as at end of the year 2019 was Rs. 3,752 Bn., which showed a 13% increase compared to the previous year. Out of Rs. 3,752 Bn. total realized investment, 61% (Rs. 2,282 Bn.) represented the foreign component and the balance 39% (Rs. 1,470 Bn.) represented the domestic private investments.

The Infrastructure & Services sector accounted for 75% of the total realized cumulative investment and the balance 25 % was from the Manufacturing sector including Apparel.

#### 5. Employment (Cumulative)



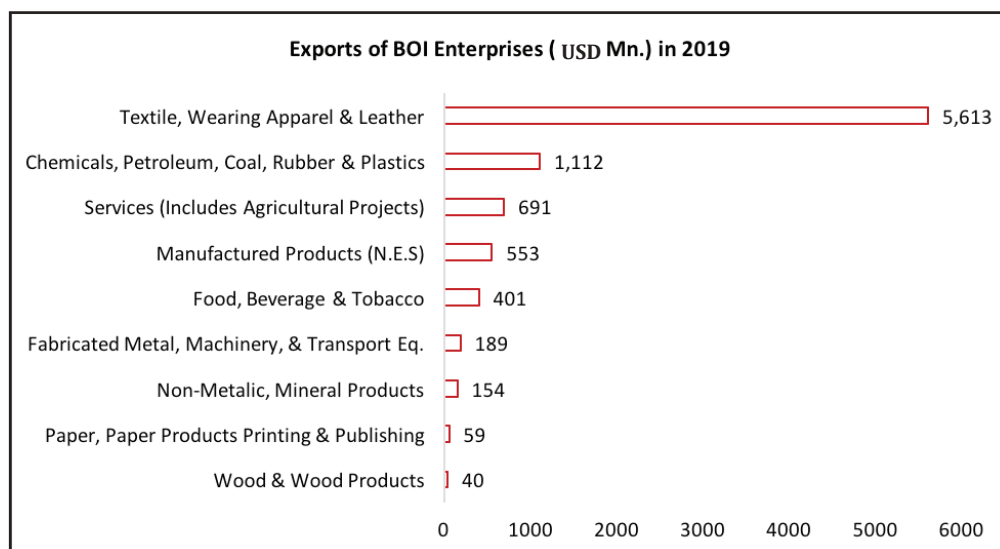
Source : BOI

The cumulative employment of BOI projects as at December 2019 was recorded as 521,438.

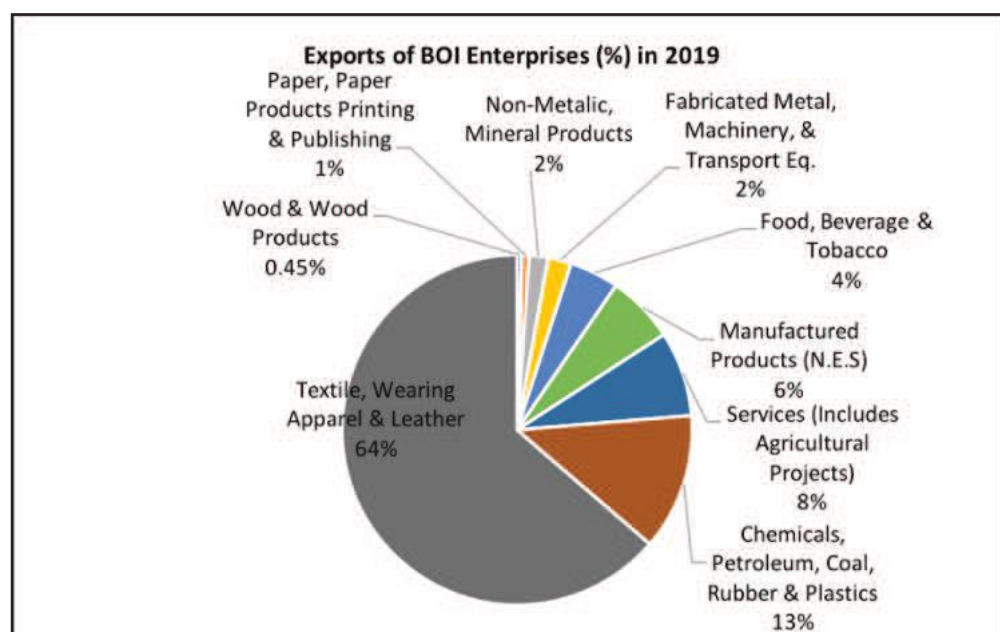
60% of the total cumulative employment of BOI projects was from the Textile, Apparel & Leather sector and 19% was from other Manufacturing sectors. Services & Infrastructure sector including Agriculture represented 21% of the total cumulative employment in 2019.

## 6. Export Performance

The total exports of BOI enterprises in 2019 were amounted to USD 8,811 Mn. which represented 68% of national exports and 86% of national industrial exports.



Source : BOI



Source : BOI

During the year of 2019, Apparel sector represented the highest percentage of exports (64%) followed by the Manufacturing sector (excluding apparel) amounting to 28%. The Services and Agriculture sectors represented 8% of the total BOI exports.

# Departmental Performance

## 1. Investment Promotion Department

The Investment Promotion Department is primarily tasked with attracting Foreign Direct Investment (FDI) with emphasis on focus sectors identified by the BOI Corporate Plan. The Investment Promotion Department also liaises with existing investors to keep abreast of their progress and to facilitate expansions in terms of additional investments.

### Services rendered by the Department

- Organizing Overseas Investment Promotion Missions to Target Markets:

These missions can be Roadshows undertaken in collaboration with other State Agencies, or targeted missions with a focus on one-to-one engagement with selected prospective investors, complemented by one or more headline events such as a forum or seminar based on investing in Sri Lanka.

A mission would typically include sector specific discussions with Chambers of Commerce, Counterpart Organizations, Industry Collectives, and meetings with existing investor companies to provide updates on the business and investment climate in Sri Lanka with the overall objective of creating/enhancing awareness on investment opportunities in Sri Lanka.

- Participating at events focusing on identified thrust sectors:

Representing the BOI at International Forums, Conferences and Exhibitions with the overall objective of creating/enhancing awareness on investment opportunities in Sri Lanka. Such participation is usually in collaboration with other state agencies and industry/sector bodies that represent the sector in focus.

- Facilitating Inward Investor Delegations to Sri Lanka, to provide first-hand experience of Sri Lanka's investment potential and enable in-depth insights on the local investment climate. Assistance and facilitation includes visa recommendations, convening stakeholder meetings, site visits and other field excursions.
- Organizing Inward Business Delegations to visit Sri Lanka, in order to study the existing business and investment climate. Such visits are usually organized with the support of Sri Lankan missions overseas and Trade/Business Chambers in the visiting country. Assistance and facilitation includes visa recommendations, convening stakeholder meetings, site visits and other field excursions.
- Co-ordination of Investor Facilitation Forums with existing investors to discuss and resolve issues related to ongoing business and future business plans. Multiple GoSL stakeholders are represented at these meetings that are usually presided over by Chairman BOI, with Hon. Minister in attendance.

### General Promotion Activities

These activities are focused on creating awareness on investment opportunities available in Sri Lanka, in identified countries through sector/country desk officers. Internal Departments of the BOI, Sri Lankan Missions overseas as well as partner organizations, Chambers and other Industry Collectives support the Promotions Department in such activities. The identification of target sectors to attract FDI from the foreign markets and identification of target companies in such markets is supported by the BOI Research Department.

These general activities include building relationships and networks with respective Chambers of Commerce, Business Councils, Banks, and other relevant organizations for investment promotion, co-ordination with Foreign Missions in Sri Lanka and Sri Lanka Overseas Missions, liaison with Industry Associations, State Line Agencies / Authorities such as SLTDA, EDB and the Gems & Jewellery Authority. Such initiatives also include coordination with respective groups of Sri Lankans living and working overseas/in the country of interest as well as networking with existing BOI companies to encourage re-investment.

## **Investment Forums / Seminars and Exhibitions in Sri Lanka**

Organizing and participating at local investment forums for both foreign and local participants in collaboration with relevant Chambers and Counterpart Organizations. This includes participating and supporting at Trade Exhibitions to disseminate information on related investment opportunities.

## **Local Conferences**

Representations at local conferences with active participation and networking with foreign participants to create awareness on the investment climate and investment opportunities in Sri Lanka.

## **Progress of the year 2019**

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| <b>Outward Missions</b>   |
| <b>India: 12 - 13 January</b>   |
| The Confederation of Indian Industry (CII) in partnership with the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and the State Government of Maharashtra, organized the 25 <sup>th</sup> Anniversary Edition of its annual flagship international event The CII Partnership Summit. The BOI presented on investment opportunities in Sri Lanka during the session “Promoting regional economic cooperation in South Asia”, on the invitation of the Indo Lanka Chamber of Commerce & Industry of the Ceylon Chamber of Commerce. |
| <b>Korea: 19 - 22 February</b>  |
| This mission was organized in collaboration with the Ministry of Foreign Affairs, through its Economic Diplomacy Program. The Korean Chamber of Commerce and Industry (KCCI) and Korea Trade-Investment Promotion Agency (KOTRA) were the supporting organizations. The headline event was an Investor Seminar held at KCCI Auditorium.   |
| <b>China: 10 - 14 June</b>  |
| The BOI participated at the 2 <sup>nd</sup> China-South Asia Cooperation Forum in Kunming on the invitation of the Yunnan Commercial Representative Office in Colombo. The BOI made presentations on investing in Sri Lanka and the Focus sectors for investment in Sri Lanka at the China-South Asia Business Forum, which was well received by the visiting delegates from other countries.   |
| <b>Dubai: 7 - 11 July</b>   |
| The main purpose of this mission was the formalization of Sri Lanka’s participation at Expo2020 in Dubai. The Sri Lankan delegation also participated at a Business Forum hosted by the Sharjah Chamber of Commerce and Industry, at their Chamber premises which was followed by a networking meeting with the Sri Lanka Business Council (SLBC), Sri Lanka Chartered Accountants’ Association-UAE Chapter (CA-SL), Sri Lanka Professionals’ Association (SLPA) organized by the Sri Lankan Consul General in Dubai.   |



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| <b>India: 8 – 9 August</b>   |
| The Sri Lanka Business and Investment Forum was held at the GCCI, Ahmadabad, India to coincide with the official visit of Hon. Minister of Development Strategies and International Trade (MODSIT) to Gujarat. The forum was organized by the GCCI, Gujarat Chamber of Commerce & Industry in close collaboration with Sri Lanka High Commission in New Delhi and the Sri Lanka Consulate in Mumbai.   |
| <b>Singapore: 21 – 23 August</b>   |
| This mission was undertaken in partnership with the Sri Lanka-Singapore Business Council of the Ceylon Chamber of Commerce and supported by the Sri Lankan High Commission in Singapore. Mission highlights included an Investor Forum at the Singapore Business Federation (SBF) and a Seminar followed by a networking session at the Singapore-Indian Chamber of Commerce and Industry (SICCI) as well as a meeting with the Singapore-Chinese Chamber of Commerce and Industry (SCCCI).  |
| <b>China: 26 – 30 August</b>   |
| This mission was in collaboration with Citi Bank Sri Lanka, targeting their corporate clientele in Beijing with the intent of creating awareness on investment opportunities in Sri Lanka. The headline event was a Forum supported by the Chinese Chamber of Commerce for the Import and Export of Machinery & Electronics (CCCME) which was followed by one-to-one meetings with potential investors from the auto parts, electric & electronic equipment sectors.   |
| <b>Thailand: 2 – 6 September</b>   |
| The Embassy of Sri Lanka in Bangkok, Thailand initiated an Investment Promotion Programme to target pre- identified investment sectors in close collaboration with the BOI. BOI officers worked closely with the Sri Lanka Embassy to arrange several one-to-one meetings with target companies and industrial collectives.  |
| <b>Japan 9 – 13 September</b>  |
| Initiated by the Ministry of Development Strategies & International Trade, the Investment Promotion Department of the BOI organized an Investment promotion mission to Japan to continue engagement with the business community in Japan while following up on leads generated during previous visits to Japan. The mission highlight was an investment seminar hosted by JETRO, in Tokyo.   |
| <b>United Kingdom: October 9 – 10</b>  |
| Supported by the Sri Lankan High Commission in London, the BOI organized a Sri Lanka Investment Forum at the London Stock Exchange (LSE) as the headline event of this mission. The BOI worked closely with Sri Lanka High Commission in UK, London Stock Exchange (LSE), British High Commission in Colombo and Council for Business with Britain to coordinate this event which was followed by one to one meetings and a networking session, as well as a round table discussion on the IT sector at the Manchester Chamber of Commerce the next day. |
| <b>Inward Missions</b>   |
| <b>China</b>   |
| <ul style="list-style-type: none"> <li>■ Delegation from Association for International Economic Cooperation – February</li> <li>■ Delegation from China Council for the Promotion of International Trade Shanghai Provincial Committee – May</li> <li>■ Delegation from China Council for the Promotion of International Trade Jilin Provincial Committee – August</li> <li>■ Delegation from Chengdu Association of Foreign Trade and Economic Cooperation (CAFTEC) - September</li> </ul>  |

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|--|
| ■ Delegation from China Council for the Promotion of International Trade Xiamen Provincial Committee - September |
| <b>Korea</b>   |
| ■ Delegation from Korea Agricultural Machinery Industry Cooperative (KAMICO) - May                               |
| <b>Japan</b>   |
| ■ Delegation from Sojitz - February  |
| <b>UK</b>  |
| ■ Delegation from Trade and Innovation Department of International Trade (DIT) South Asia from UK - July         |
| <b>EU</b>  |
| ■ Delegation from The European Union GSP + Monitoring Mission - August   |
| <b>India</b>   |
| ■ Delegation from the Southern Gujarat Chamber of Commerce & Industry - September                                |

### **Local events organized by the Investment Promotion Department**

#### **1. Japan / Sri Lanka Government Private Joint Forum, October 2019**

For existing investors as well as non-BOI companies to present issues faced by their businesses and industries for intervention and resolution through facilitation by BOI.

#### **2. EU - Sri Lanka Investor Dialogue – March, October 2019**

For EU origin companies to present issues faced by their businesses and industries for intervention and resolution through facilitation by BOI.



## **2. Investment Appraisal Department**

Having recognized the necessity of achieving economic development goals of the country rapidly, and identifying the importance of the BOI to achieve the said goals, the Investment Appraisal Department has been entrusted with the responsibility of promoting, attracting and facilitating foreign direct investment (FDI), for the purpose of enhancing foreign exchange earnings through value added exports, generating employment and providing opportunities to upgrade the technological skills, transfer of technologies by facilitating investment within a minimum time frame.

The facilitation process plays a major role to uplift the Doing Business Ranking of the country and create investor confidence for further expansion of businesses.

As per the prevailing policy of the Government and meeting with rapidly changing competitive global environment, the Department is structured identifying different priority sectors to be promoted. The role of the Investment Appraisal Department is a continuous facilitating process from the application accepting stage till the existence of the projects in Sri Lanka.

The Investment Appraisal Department being the heart of the BOI and knowing its significance to the institution and to the country, committed and contributed immensely with the assistance of the other internal departments.

Investment Appraisal Department is responsible for evaluating project proposals and formulating policies and regulations of the BOI to promote both foreign and local investment to achieve the objectives of the BOI and economic goals of the Government.

The projects were approved under the provisions of Section 17 of the BOI Law and with the other provisions under the prevailing Laws of the country.

The department has contributed significantly to attract new investments both the FDI and domestic while continuing the facilitation for the existing projects over 2500 in numbers (Sec. 17- 1926 and Sec. 16 – 623). The Department has been contributing to enhance the industrial export percentage to reach beyond 80% of the total industrial exports by facilitating the existing companies operating under the BOI. The department facilitation process also has contributed a lot in bringing down the unemployment rate of the country by creating an average of 500,000 direct employment opportunities.

With the diversification of the policy of the Government in 1992, the BOI has taken steps to promote, facilitate and grant concessions to domestic market oriented sectors including infrastructure, tourism, education etc, in addition to facilitating export oriented projects.

From the inception, Investment Appraisal Department has been playing a key role in identifying areas of investment and making industrial policies using the knowledge and practical experiences gathered by the human capital of the department.

The Department is functioning directly under the supervision and leadership of the Director General. As per the current policy of the government, the department has been structured identifying following sectors to be promoted to achieve the objectives of the BOI and the country as well.

|                    |   |   |
|--------------------|---|---|
| Knowledge Services | - | IT/BPO/KPO/ Higher Education/ Vocational Training / R & D   |
| Services           | - | Hub/ Export of Services/Trading Houses (Other than Apparel) / Logistics & Warehousing/ Regional Operating Headquarters  |
| Manufacturing      | - | All manufacturing projects other than apparel   |
| Apparel            | - | Apparel & textile including apparel related Trading Houses  |
| Infrastructure     | - | Apartments / Housing & Township Developments/ Mixed Developments (Hotel + Service Apartment +Other activities) / Shopping Complexes / Hospitals/ Road Development/Airports/ Ports/ Industrial Zones |
| Tourism & Leisure  | - | Hotels/ Villas/ Water Parks/ Theme Parks/ Adventure Tourism/ Air Line Service/ Mixed Developments (Hotel+ Service Apartments)   |
| Utilities          | - | Telecommunication / Power & Energy / Waste Management /Mass Communication / Water Management  |
| Agriculture        | - | Agro Processing / Dairy / Cultivation / Livestock / Inland Fishing / Deep Sea Fishing / Fish Processing   |

### **Functions of the Investment Appraisal Department**

- Evaluating investment proposals in line with the policies and regulations of the BOI investment policy document published by Foreign Exchange Department of Central Bank of Sri Lanka and policies of the government.
- Making policies based on the specific activity, industry and services sector to approve and facilitate to implement the investment proposals.
- Making recommendations for project proposals to obtain approval of the Board / Chairman/ Director General.
- Facilitating projects granting customs duty and other exemptions as referred in the Schedule (B) of the BOI Act.
- Granting approval for the change of scope of the business
- Granting approval for expansions in terms of location, product, activity etc.
- Resolving and intervening in operational issues such as customs inquiries, industry related issues etc.
- Preparation of FDI forecast
- Recommendation of visa for expatriates (investors and employees).
- Participating in various investor forums to address and resolve the investment related issues
- Participating in policy making committees with the Ministry of Finance and other line agencies.
- Preparation of Cabinet Memorandum as instructed by the management and forward to the Ministry of Industrial Export and Investment Promotion.

- Communicating and co-coordinating with all Line Agencies and Line Ministries for granting approval before and after for projects such as Urban Development Authority, Sri Lanka Tourism Development Authority, Sri Lanka Tea Board, Geological Survey & Mines Bureau, Sri Lanka Customs, Ministry of Plantation, Ministry of Lands, Forest Department etc.
- Attending and responding to inquiries made by various State Agencies including Law Enforcing Authorities, Sri Lanka Customs and other State Agencies etc.
- Updating the MIS with the project details.

## Progress of the Year 2019

### New Projects

|                                | No. of Projects | Proposed Investment |                 | Employment (Numbers) |
|--------------------------------|-----------------|---------------------|-----------------|----------------------|
|                                |                 | Foreign (Rs. Mn.)   | Local (Rs. Mn.) |                      |
| New project proposals received | 70              | 55,487              | 108,389         | 15,860               |
| Projects approved              | 59              | 4,535,801           | 87,757          | 21,587               |
| Agreements signed              | 46              | 706,700             | 60,631          | 8,872                |

### Expansions

|   | No. of Projects | Proposed Investment |                 | Employment (Numbers) |
|---|-----------------|---------------------|-----------------|----------------------|
|   |                 | Foreign (Rs. Mn.)   | Local (Rs. Mn.) |                      |
| New expansion proposals received                                    | 88              | 37,372              | 41,614          | 15,574               |
| Expansions approved (including proposal received in previous years) | 83              | 46,600              | 57,090          | 16,273               |
| Agreements signed   | 56              | 39,929              | 59,017          | 14,027               |

### **3. Research & Policy Advocacy Department**

#### **Functions and Duties of the Department**

The Research and Policy Advocacy (R&PA) Department is entrusted with the duty to carry out necessary trade and investment related research along with essential policy revisions that would contribute to BOI objective of attracting Foreign Direct Investment. It is responsible for developing specific policies and strategies for the Industry, Agriculture and Services sectors to implement and uphold the national investment promotion policy. The adoption of necessary policy, regulation and legal changes impact the efficiency and enhance performance of BOI through stable legal and policy framework which guide and support the investors.

#### **Progress for the Year 2019**

- Identifying the need to streamline and ease the investment application and appraisal procedure, the Department prepared the Investment Related Policy Manual, Regulated Laws and Regulations along with Sector Specific Guideline Documents, covering all laws and regulations applicable for investment appraisal. This was followed by updating and preparing checklists for investment application, site application and online investment application.
- The investment guidelines for year 2019 were prepared along with the proposed incentive scheme for year 2020.
- Having studied the existing regulations and incentives, the department made proposals to the Ministry of Finance to regularize the investment incentives available for large scale companies and IT sector companies.
- The R & PA Department initiated a Zonal Inspection Survey, a first of its kind in the history of BOI, wherein the KEPZ Zonal companies underwent an all-inclusive survey of its overall performance, land utilization and maintenance. This was done in collaboration with other departments.
- Several regional comparisons were done including a country comparison and study on the IT Sector; investment incentives offered for Shipping and Boat Building; and a study on Tourism Sector; comparing parallel regional competitors.
- Various sector brochures were generated during the year 2019 including ones on EU GSP + and its Benefits; Education; IT Sector; Tourism; 10 Reasons to invest in Sri Lanka; Promotional brochure for UK investors and the promotional booklet, 'Why invest in Sri Lanka', was formulated.
- Prepared various brief notes on bilateral relations of Sri Lanka with USA, Turkey, Germany, Thailand, Pakistan, Cambodia, Laos, Philippines and Vietnam; along with updated country statistics for Vietnam, Austria, Turkey, Jordan, Singapore, Canada, Bahrain, Pakistan, Venezuela, The Netherlands, Germany and Austria.
- The Department prepared promotional presentations for BOI under several areas;
  - o "Shift in Investment Trade; Shaping the future of Transport and Logistic"
  - o Investment Promotion Presentation for Sri Lanka - Bangladesh Business Conclave
  - o Investment opportunities in Sri Lanka" for Commonwealth Cluster meeting
  - o Investment opportunities under National Export Strategy (NES)
  - o "Port City – Sri Lanka as an Investment Destination"
  - o "Trade and Investment Policy Reforms - Sri Lanka" for the 2<sup>nd</sup> Joint Committee Meeting of the Australia-Sri Lanka Trade and Investment Framework Agreement
  - o "Investment relations between Sri Lanka and India"

- The Department compiled the Action Plan and Corporate Plan of the BOI for year 2019, identifying key targets and tasks of each department for the year.
- Formulated the Annual Report for year 2018.
- The Department participated and contributed in providing inputs, observations and comments at numerous Joint Committee Meetings, Bilateral Investment Treaties (BITs), Trade Negotiations, Country Dialogues and other meetings including;
  - o Gap Analysis of Investment Laws under European Union – Sri Lanka Trade Related Assistance Programme
  - o Observations of BOI on the reduction of sensitive list of South Asia Free Trade Agreement (SAFTA)
  - o Comments on the Sri Lanka's Position on Amendments of the Asia Pacific Trade Agreement (APTA) Framework Agreement on Investment.
  - o Final Draft Agreement Between the Government of the Sultanate of Oman and the Government of the Democratic Socialist Republic of Sri Lanka on the Promotion and Reciprocal Protection of Investments.
  - o Joint Study on the Investment Environment: Sri Lanka and Bangladesh.
  - o BOI Comments on SL-UAE BIT – 3<sup>rd</sup> Round of Negotiations.
  - o MoU on the Promotion and Reciprocal Protection of Investment between Afghanistan and Sri Lanka.
  - o Observations of BOI on first session of Political Consultations between Sri Lanka and Egypt
- The Department also participated in various International and Regional Trade Dialogues including;
  - o 56<sup>th</sup> Standing Committee Meeting & 05<sup>th</sup> Working Group Meetings of the APTA and 10<sup>th</sup> Meeting of Committee of Experts on Agreement of SAFTA.
  - o European Union Working Group Meeting held in Brussels.
  - o Sri Lanka – Hungary Joint Economic Meeting on 08<sup>th</sup> November 2019.
- In addition to the above, the R & PA Department was also involved in the following;
  - o Assisted in updating the BOI Website by preparing content descriptions for Incentives, Investment Policies, Sector Overviews, Priority and Target Sectors, and Existing Laws.
  - o A comparative study on the tax incentives between Sri Lanka and Morocco was conducted.
  - o An in-depth analysis on the Korea – India Comprehensive Economic Partnership Agreement (CEPA) was conducted in parallel to preparing the report and presentation on Korea Economic Development Partnership (EDP) Mission for High Level Policy Dialogue on Technology & Innovation Policies in the Global Value Chain (GVC).
  - o The FDI Survey was carried out on a quarterly basis to update the key performance of BOI.
  - o The Department managed the Management Information System (MIS) while conducting the online FDI Survey and maintaining FDI Statistics. A Study was carried out to develop a method of Formulating Realized Investment and update the system accordingly. The Department also laid the groundwork necessary to review the Visa system, by preparing a new standard designation list, speeding list and to develop a reporting facility to the Visa system.

## 4. Investor Services Department

The Investor Services Department facilitates after care services to investors registered under section 17 of the BOI Law in the fields of import & export. To provide the above services, the department has five Investor Services Centers located at WTC Colombo, Katunayake, Biyagama, Koggala Export Processing Zones and Kandy Industrial Park in addition to nine designated Cargo Verification Centers.

### Services Rendered by the Department

- Processing Import / Export CUSDECS
- Verification of Import / Export Cargo
- Issuing of Certificates of Origin for textile & apparel products exported to EU countries
- Approval for clearance of goods from bonded warehouses
- Approval for sub contracts, transfers, local sales & loans of raw material and machinery
- Approving of re-import & re-export of items
- Liaising with government organizations in respect of issues faced by BOI enterprises
- Processing and approving of Goods Received Notes (GRNs) for Indirect Exports
- Processing of web submission for IT/BPO Projects
- Recommendation to the Controller General of Immigration & Emigration for issuance of expatriate visas (only for the Zonal Enterprises)

### Progress of the Year 2019

|  |         |
|--|---------|
| Total Import TEUs Consigned to BOI Enterprises | 100,427 |
| Total Export TEUs from BOI Enterprises         | 115,116 |
| Import Value (USD. Mn.)                        | 4,834   |
| Export Value (USD. Mn.)                        | 7,940   |
| Import Value of Hub Companies (USD. Mn.)       | 214     |
| Export Value of Hub Companies (USD. Mn.)       | 150     |

## **5. Project Monitoring Department**

A major function of the Project Monitoring Department is to examine the performance of projects that have commenced commercial operations in terms of fulfillment of conditions set out in the BOI Agreement. This remains a regular and constant activity of the Department covering the lifetime of BOI approved projects that are in commercial operation.

### **Services Rendered by the Department**

- Companies approved under both section 16 and Section 17 of the BOI Law are examined through the collection of periodical information based on Audited Financial Statements, Bi-Annual Performance Statements and employment statistics in respect of such projects.
- Other key areas handled by the Department includes, Issuance of Tax Certification to Companies eligible for tax holiday, formal termination of Project Agreements that have reached the end of their life cycle as well as those that have been non-compliant with conditions in the BOI Agreement, inspection of projects both under Sec. 16 and Sec. 17 of the BOI law to provide performance reports for decision making by relevant Departments and quarterly submission of relevant agreement terminated projects to Commercial Banks for withdrawal of Foreign Currency Banking Units (FCBU) facility granted to such Companies.

### **Progress of the Year 2019**

During the year under review, 111 Nos. of Annual Tax Certificates were issued to BOI registered Companies that had complied with conditions set out in respective Agreements.

The total collection of Financial Statements from Companies during 2019 numbered 1594. The inspection of Company activities carried out during the year was 185, following a cohesive monitoring plan.

Clearing the backlog of dormant projects was regularized during the year under review, by processing the termination of 158 Agreements due to factors such as non-compliance with terms and conditions of the Agreement arising from financial issues, difficulties in marketing & sourcing of land etc. faced by the Companies. It is noteworthy that terminations also occurred as a result of asset take over by prospective investors and amalgamation or merger of companies.



## **6. Project Implementation Department**

Project Implementation (PI) Department of BOI facilitates smooth implementation of projects by assisting the Investors to overcome issues. Main objective of the Project Implementation Department is to ensure successful facilitation of projects, consistent with the implementation programs stipulated in the Agreement with the BOI.

### **Services Rendered by the Department**

- Grant extensions to Project Implementation Periods of the Projects to complete the implementation activities based on the progress made by the Project and the request of the investor.
- Identify the issues/bottlenecks/problems for delays in implementing the Projects and assist/facilitate the investors to overcome such issues/bottlenecks/problems during the implementation period.
- Send Guidelines to the investors informing the procedure to be followed during the Project Implementation Period.
- Organize and co-ordinate meetings with investors, internal Departments and relevant Line Agencies with the intention of resolving issues.
- Conduct Initial Investor Awareness Programs (IIAP) to investors who have just signed the Agreements with the BOI, to make aware of the functions of the relevant Departments of the BOI especially with regards to the Project Implementation Department.
- Carry out physical inspections on the projects and advice the investors on the shortcomings of their projects.
- Look after/provide guidance/give instructions/facilitate the Projects throughout the Project Implementation Period.
- Communicate continuously with the investors of the projects, which are within the implementation period, and update the status of the projects in the MIS for them to avail the facilities granted by the BOI.

### **Progress of the Year 2019**

- Implemented 27 projects and 65 projects have commenced commercial operations. 91 Extensions of Project Implementation Period have been granted for companies subject to the approval of the Board. 119 site inspections were done to ascertain the progress of the projects.
- Three Initial Investor Awareness Programs (IIAP) were arranged by the PI Department with other Heads of Departments to make aware of the functions of PI Department and familiarize with the officers of various departments of the BOI and their functions and for facilitation and the smooth operation of the projects. In 2019, 29 companies participated in these meetings.



## **7. Legal Department**

The Legal Department of the Board of Investment of Sri Lanka is responsible for providing professional advice /service to the Board as well as investors. The main role is providing investor related services on legal regime applicable for investment and facilitating Investment Agreements for projects of the enterprises approved under Section 17 of the BOI Law and under Strategic Development Projects Act No. 14 of 2008 as amended.

### **Services Rendered by the Department**

- The Department attends to the duties in respect of its role in corporate legal affairs in the organizational litigation against the BOI and initiate legal action on behalf of the BOI in order to protect its legal interest.
- The investor facilitation legal services are of advisory nature, which include the dissemination of information on Sri Lanka's legal regime applicable for establishment of projects under the auspices of Section 17 of BOI Law and under the Strategic Development Project (SDP) Act.
- Perusal and approval of Articles of Association of companies to establish projects in Sri Lanka in terms of Section 17 of BOI Law.

### **Progress of the Year 2019**

During the year 2019, BOI has contracted 46 Principal Agreements under Section 17 of the BOI Law for the establishment of new business ventures in Sri Lanka. The major projects executed are namely;

- Silver Park Petroleum (Private) Limited – To set up a 10 MMTPA Green Field Oil Refinery in Hambantota for export market
- C S T Garments (Pvt) Ltd. – To manufacture garments for export
- Fairway Waste Management (Pvt) Ltd. – To set up a 10 MW Waste to Energy Project

In addition, 197 Supplementary Agreements were contracted with existing BOI projects in relation to further investment changes of scope of business, relocations, take over and mergers.

This includes the following projects with considerable investment and employment generation:

- Edotco Services Lanka (Pvt) Ltd –
  - To install and operate multi-purpose pole solution, street poles that accommodate various functions into the same pole covering a broad range of smart city function which includes erection of multi-purpose poles in 349 locations;
  - To provide DC power solutions to telecom operations with 451 energy sites as an expansion to the existing project.
- Sri Lanka Telecom PLC –
  - To permit the Enterprise to undertake the Network Expansion project and to include 72 sites as recommended by the Telecommunication Regulatory Commission of Sri Lanka.

- Apart from the above, Legal Department is involved in extending its investor related services by provision of leases of lands owned by the BOI to investors in setting up their industries.

### **Eviction of squatters from MAS Fabric Park Thulhiriya**

In order to evict the unauthorized occupants from the MAS Fabric Park Thulhiriya, in 2007 BOI initiated proceedings in the Magistrate's Court under the State Lands (Recovery of Possession) Act. After long drawn appeal process, the Judgment was in favour of BOI and was ordered to evict the unauthorized occupants from the premises.

The BOI evicted all unauthorized occupants from the premises and handed over the premises to MAS Fabric Park (Pvt) Ltd ("The Enterprise") free of all encumbrances.

The BOI obtained the payment of USD 2.5 Million as a part payment of the final installment of USD 5 Million which was payable after eviction of all squatters, made by the Enterprise to the Treasury and the balance amount would be paid by the Enterprise in due course.

### **BOI vs. Million Garments (Pvt) Ltd**

A sum of Rs. 102,138,350/- of BOI has been seized upon a writ of execution dated 18.12.2014 issued by the Commercial High Court for the enforcement of an Arbitral Award. There is an on-going Criminal prosecution in the High Court against the Managing Director of Million Garments (Pvt) Ltd. for forging the said Arbitral Award which was enforced by the Commercial High Court. (Case No. 3127/2006).

Further, the BOI filed a case for Restitutio-In\_Integrum (CA/RI/08/16) and moved the Court to have the said order of the Commercial High Court be set aside and restore the BOI to the Original status as before entering the final decree by the Commercial High Court and sought an Interim Order to prevent the monies being released to Million Garments (Pvt) Ltd.

In November, 2019, on submission made on behalf of the BOI by the President's Counsel Mr. Ronald Perera, P.C., the Bench decided to delay the Commencement of the Arguments of this matter until the end of the High Court cases and till the Judgement by the High Court is pronounced. There is an Interim Order staying the release of the seized money to the Million Garments (Pvt) Ltd.

## **8. Technical Services Department**

The Technical Services Department is responsible for the overall control of Action Plan for infrastructure development pertaining to Export Processing Zones and Industrial Parks managed by BOI.

Key functions of the department are; establishment of new Investment Zones, providing technical inputs for construction, operation, maintenance and determination of infrastructure facilities in zones, advertising vacant lands on availability for selection of investors for new investment projects and assisting Competent Authority in transferring assets divested to the State.

### **Services Rendered by the Department**

The Technical Services Department is mainly responsible for;

- Overall control of Action Plan for infrastructure development pertaining to EPZs, IPs, etc, managed by BOI.
- Identification of sites for new investment zones/projects.
- Planning and development of new investment zones.
- Determination of infrastructure to be provided to the Zones.
- Undertaking initial development work of new investment zones, establishment of zone offices and handing over of operation of Zones to Zone Management Units.
- Providing assistance and technical inputs for special investment projects with regard to land matters and provision of infrastructure.
- Preparation of proposals, identification of sites, obtaining necessary approvals for the establishment of an integrated solid waste management project/industrial park and recycle of water and wastewater systems within the Zones.
- Providing technical support for infrastructure development work carried out by the existing Export Processing Zones/Industrial Parks as and when requested.
- Providing technical support for operation and maintenance of water supply, wastewater and solid waste management schemes of existing Export Processing Zones/Industrial Parks.
- Inspection & making recommendations on technical aspects for the industrial parks which have encountered environmental issues and conflicts in respect of public concerns.
- Advertising vacant lands in Zones on availability and select suitable investors by an evaluation through Land Allocation Committee followed by the approvals of Screening Committee and Board of Directors of BOI.

## **Progress of the Year 2019**

- In year 2019, a sum of Rs. 604.936 Mn. was incurred by the BOI mainly in respect of improvements and upgrading of existing infrastructure in the Export Processing Zones/ Industrial Parks.
- Construction & improvements to road networks, buildings, fencing and wastewater schemes including design, estimation and preparation of relevant document for existing zones etc.
- A sum of Rs. 110.388 Mn. was incurred to develop internal infrastructure for new zones at Wagawatta Industrial Zone at Horana, proposed Industrial zone at Bingiriya in Kurunegala District, proposed Millaniya zone at Bandaragama and proposed Hambantota Special Economic Zone which consist of development of internal road network, water supply scheme, perimeter fencing etc.

### **a) Wagawatta Industrial Zone (Established in 2014)**

Construction and improvements to roads, storm water drains, supply and laying of water transmission line from HEPZ to WIZ, providing street lights, construction of perimeter fence and construction of office building etc. were carried out in the year 2019.

### **b) Proposed Industrial Zone at Bingiriya (Established in 2019)**

Construction of high tension and low tension power supply lines, construction of perimeter fence, survey works, Environmental Impact assessment, acquisition of paddy lands etc. were carried out in the year, 2019.

Total sum of Rs. 828.625 Mn had been utilized under the Action Plan 2019 as follows;

- i) Procurements related to Finance Department, Administration Department and Environment Department of BOI is Rs. 113.031 Mn.
- ii) Developments related to new zones is Rs. 110.38 Mn.
- iii) Developments related to existing zones is Rs. 604.936 Mn.

In addition, Technical Services department was able to allocate vacant lands for many new projects as well as for expansion of existing enterprises which had fallen vacant due to close down of enterprises. In the year 2019, six Lots having an extent of approximately 10 Acres have been allocated for new investment projects.

## **9. Zone Management Department**

The Zone Management Department focuses on providing central facilitation to investors operating within BOI Zones by providing all industrial related services efficiently and effectively from a single location, enabling industries to operate smoothly.

The Zone Management Department controls all 12 zones which operate under BOI. The Zone Management Department is responsible for overall coordination and supervision of the functions of Export Processing Zones/Industrial Parks of the BOI.

### **Services Rendered by the Department**

- The Department provides management information related to Zones and assists the Zones to resolve their technical and functional issues.
- The department provides guidance on environmental matters, land issues and facilitates enterprises in the Zones for better prospects.
- In addition, the Department assesses the resource requirements and intervenes for allocation of resources to the Zones/Parks.
- Environment monitoring, advisory & laboratory services.
- Day care centers, Sport and recreation facilities, leisure parks.
- Internal transport facilities, bus terminals.
- Centralized solid waste handling mechanism.
- Provision of lands in EPZs for prospective projects.

### **Progress of the Year 2019**

Demonstrating a continuous growth, BOI Zones have achieved progress in different aspects in 2019 as follows;

In 2019, BOI Zones were able to facilitate diverse businesses in 281 enterprises within their area of authority. In terms of employment, more than 143,000 employment opportunities were recorded at the end of 2019 in all Export Processing Zones where as these figures were 291 and 142,283 respectively at the end of 2018. Few enterprises have acquired closed down factories and expanded operations and the exports have been increased. However still there about 16 different sizes of enterprises closed down and management has taken decision to promote those enterprises for new ventures.

As one of the significant contributors to the Sri Lankan economy, BOI Zonal Enterprises have achieved Rs.572.76 Bn. of total exports during 2019 and this is a 14% increase compared to 2018 exports. In the descending order KEPZ, BEPZ, SEPZ, KgEPZ have contributed mainly to the export revenue.

The operational revenue generation of all Zones has been recorded as Rs.3,166.3 Mn. in 2019 with 19% increase compared to 2018. The largest contributor to operational revenue is KEPZ, having generated total operational revenue of Rs.1,087.6 Mn. in 2019, which is a 34% contribution to the total operating revenue.

Zonal operating expenditure has increased 9% to the value of Rs.2, 149.1 Mn. in 2019. Recording a 44% increase in comparison to 2018, operational profit of Rs.1, 017.2 Mn. has been achieved by the zones in 2019. In 2017 and 2018, operational profit has decreased gradually recording 8% and 13% decline respectively compared to the respective preceding years. However, turning this profit declining trend, in 2019, 44% operational profit increase was achieved by BOI Zones.

Even though, MwEPZ and WEPZ have incurred losses in 2019, both zones have improved their financial status by gaining a lower amount of loss compared to 2018. Despite incurring losses over the past years, KgEPZ has achieved an operational profit of Rs.8.0 Mn. in 2019.

To elevate the status of the Zones and to achieve the maximum of the inception objectives of the Zones, BOI has launched multiple projects in 2019.

- Face lifting project for Zones has been commenced, starting from KEPZ.
- Electronic gate pass system project has been initiated with the aim of increasing the security of the Zones and efficiency of security inspections.
- Projects to enhance the waste management processes have been implemented in multiple BOI Zones in 2019.
- Energy saving and green projects to reduce the carbon foot print.
- Continuation of infrastructure development work for various sectors such as augmentation of waste water treatment plants, water supply , streetlights , renovations of buildings , solar panel installations on rooftops of BOI buildings, new facility buildings etc., with an average expenditure of Rs 1 Bn.

## 10. Environment Management Department

The functions with regard to the Environment Protection and Management pertaining to the projects within the purview of the BOI are being executed by the Environment Management Department, in consultation and with concurrence of the Central Environmental Authority (CEA).

Functions of the Environment Management Department are; granting environmental approvals for projects, issuing Environmental Protection Licenses, investigating environment related complaints and resolving them, liaising with other agencies, organizations and departments in activities related to Natural Resources Management and Environmental Pollution Control etc.

### Services Rendered by the Department

- Granting environmental clearances to projects that operate under Section 17 of the BOI Law, with the concurrence of the Central Environmental Authority (CEA).

With respect to projects which require Environmental Impact Assessment process (EIA) in terms of the National Environmental (Procedure for approval of projects) Regulations, participated in the scoping meetings held in that regard and thereby facilitated the approval procedure.

Also functions as the Project Approving Agency (PAA) in the event the CEA appoints the BOI so.

- Issuing Environmental Protection Licenses (EPLL) with the concurrence of the CEA.
- Issuing Environmental Recommendations (ERR) to the Telecommunication Regulatory Commission (TRC) in respect of sites proposed for erection of telecommunication towers.
- Investigating into complaints concerning environment pollution pertaining to BOI projects and resolve them by ensuring required pollution control measures are in place.
- Monitoring the industrial effluent discharged in the Export Processing Zones.

### In Addition to the Above;

- Served in the National Committees formed on the following International Conventions related to environment/chemicals for which Sri Lanka is signatory.
  - National Coordination Committee on Basel, Rotterdam, Stockholm and Minamata Conventions.
  - Montreal Protocol on substances that deplete the Ozone Layer.
  - United Nations Framework Convention on Climate Change (UNFCCC).

It was ensured that all BOI projects operate in compliance with these International Conventions.

- Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. This is chaired by the Precursor Control Authority.

## Progress of the Year 2019

| Functions   | Number |
|---|--------|
| 1. (a) No. of environmental clearances granted for projects.                                | 62     |
| (b) No. of environmental clearances granted for expansions/relocations.                     | 36     |
| 2. No. of EPLL issued/renewed.  | *987   |
| 3. No. of ERR issued in respect of sites proposed for erection of Telecommunication Towers. | **266  |
| 4. No. of complaints attended concerning environmental issues and resolved                  | 138    |
| 5. Environmental Monitoring   |        |
| (a) No. of effluent samples collected from industries.                                      |        |
| (b) No. of effluent samples collected from common sewage treatment plant.                   | 1,325  |
| (c) No. of water samples  | 247    |

\* - Income Rs. 10,198,150/= from EPL processing

\*\* - Income Rs. 7,581,000/= from ER fee for erection of telecommunication towers

It was ensured that all BOI Projects operate in compliance with these International Conventions. In Income of Rs. 17.779 Mn. was generated by issuing of Environmental Protection Licenses (EPLL) and issuing of Environmental Recommendations (ERR) to telecommunication towers. Completed EIA of the Bingiriya Industrial Zone and is awaiting for approval of the Provincial Environment Authority of the North Western Provincial Council (NWPC).

Achieved the target set for year 2017 under the ISO 9001:2008 standard based quality management system. Under this, the set target was to ensure that 98% of the BOI projects are in possession of the Environmental Protection License (EPL). This target was achieved.

Represented the following Technical Committees and actively contributed in its decision making processes.

- Committee to decide siting of high & medium polluting industries outside export processing zones and industrial parks.
- Basel Technical Evaluation Committee.
- Technical Advisory Committee for Management of Industrial Chemicals (TACMIC).

All these three Technical Committees were chaired by the CEA.



## **11. Engineering Approvals & Special Projects Department**

Engineering Approvals & Special Projects Department (EA & SP) consists of two units namely; Engineering Approvals Section and Land Section. Engineering Approvals Section functions as the regulatory arm of the BOI for location related approvals, and provides four key services namely; Location Approval, Building Plan Approval, Quantity Certification and Certificate of Conformity for projects operating under the Section 17 of the BOI Law. Land Section is responsible for maintaining and updating Land Bank of non-zonal BOI owned lands, state lands and private lands to be offered for investment projects.

### **Services Rendered by the Department**

#### **Engineering Approvals Section**

**Location Approvals** - Location approval is a pre-requisite to sign the agreement between BOI and the investor. EA&SP Department performs preliminary site inspection jointly with the Environmental Management Department. Thereafter, the other relevant outside agencies are consulted and a brief assessment is carried out to identify the suitability of the location. At the end, when all the relevant approvals are received from relevant line agencies/authorities, the letter of site approval is issued.

**Building Plan Approvals** - Construction of proposed projects are supposed to commence construction work only after the building plan approval is obtained. Building plan approval is issued when the plans of the proposed buildings meet all the standards required by relevant regulations.

**Quantity Certificates for Importing Construction Items** - Projects approved under Section 17 of BOI Law can import items and materials in the approved list on duty free basis. The role of the EA&SP Department is to certify relevant quantities of the particular construction items/materials for the project, whenever those are imported. Certificates are issued after checking the quantity of the current consignment with the previous quantities imported and assessing the total requirement of the project.

**Certificate of Conformity** - Once construction is completed, EA&SP Department inspects the site to ensure whether it has been completed in accordance with the approved plans. In addition, at this inspection the items/materials imported under duty free facility are physically verified, in order to ensure their proper usage.

#### **Land Section**

Land section is responsible for providing the following services to the investors to obtain lands for their investment projects under BOI.

- Acquiring state lands/private lands when necessary for the construction of BOI zones
- Maintaining a Land Bank of state and private lands for the use of new investors
- Assisting the Legal Department and other Departments of BOI in the matters pertaining to lands

## **Progress of the Year 2019**

- Acquisition of Land at Bingiriya
- Acquisition process was completed and acquired around 440 acres from Land Reform Commission to BOI to set up Bingiriya Export Processing Zone during the year 2019.
- Acquisition of Land at Baladaksha Mawatha Vesting process pertaining to the land at Baladaksha Mawatha was completed during the year.
- Acquisition of Lands at Hambantota
- Surveying and vesting process of a block of land in extent of around 950 acres from Arabokka, Hambantota were almost completed and finalized vesting orders by the Mahaweli Authority of Sri Lanka were submitted to the Presidential Secretariat.
- Acquisition of paddy lands having total extent of about 107 acres in progress.
- Acquisition of lands for Millaniya Export Processing Zone
- Acquisition of lands in extent of about 240 acres was commenced, but could not be completed due to the objections raised by the plantation company.

## **12. Industrial Relations Department**

The Industrial Relations (IR) Department of the BOI plays a vital role in maintaining a sound industrial relations climate conducive for higher efficiency and productivity within the BOI Enterprises.

### **Services Rendered by the Department**

- Promote and facilitate to maintain labour management co-operation, industrial peace & harmony and higher productivity in the enterprises under the purview of the BOI.
- Provide advisory services and guidance on Labour Laws / regulations and IR practices to management and employees of BOI Enterprises where necessary.
- Assist investors to meet their manpower requirement through the BOI Employment Service Units functioning in EPZs, and organizing recruitment assistance programs.

### **Progress of the Year 2019**

- Maintaining Labour Standards

Periodical Labour Audits are being carried out in BOI Enterprises by the Industrial Relations Officers attached to Zones and the Head Office of the BOI with a view to monitor the compliance of labour standards stipulated in the Labour Laws / Regulations and BOI Labour Standards & Employment Relations Manual.

In the year 2019, Labour Audits have been carried out in 1119 BOI Enterprises in Zones and outside Zones, as well and remedial actions have been taken to rectify the shortcomings / lapses found at the above audits.

- Promotion of Labour Management Co-operation

Employees' Councils are the main tool utilized in promoting labour management co-operation in BOI Enterprises. Whilst encouraging and coordinating with Trade Unions, Employees' Councils are guided with a view to promote wider participation of Employees in BOI Enterprises in labour management co-operation.

During the year 2019, Industrial Relations Department facilitated in formation and operation of 206 Employees' Councils.

- Establishment of Worker Facilitation Centres

There are five (05) Facilitation Centres in operation at Katunayake, Biyagama, Koggala, Wathupitiwala Export Processing Zones and Kandy Industrial Park during the year 2019, for the use of Trade Union Officials to meet their members working in the respective zone enterprises freely and privately as and when necessary.

- Organizing Awareness Programme

264 Awareness Programms have been conducted during the year 2019 for Employees and Management Officials of the BOI Enterprises on various subjects such as Social Dialogue, General Awareness, Workplace Co-operation, Decent Work Practices and Health & Safety, etc. in collaboration with relevant government agencies.

## ■ Mediation / Conciliation for Settlement of Industrial Disputes

In maintaining industrial peace & harmony in the BOI enterprises, IR Officers mediate in settling any industrial dispute occurred in BOI Enterprises. 14 industrial disputes / strikes occurred in BOI enterprises during the year 2019 were resolved with the support of Labour Department officials where necessary.

## ■ Recruitment Assistance Scheme

During the year 2019, numbering 75,022 job seekers were registered with the Employment Services Units at EPZs out of which, 74,447 have been referred to enterprises for placement interviews.

In addition, the Department facilitates in organizing Job Fairs / Career guidance programs in collaboration with other relevant agencies in order to attract more job seekers to the employment opportunities existing in BOI Enterprises. During the period under review, 21 such job fairs / career guidance programs have been conducted island wide.

## ■ Establishment of a Day Care Centre (Crèche) and Pre-school

The establishment of Day Care Centres and Pre-school at KEPZ and BEPZ provide a tangible solution for employees who are willing to continue their jobs while keeping their kids in a secured place within the zones, and these also provide a solution to reduce high labour turnover and create attractive impression of the zone for new recruits. At the end of the year, 60 kids have been facilitated in the Day Care Centre at KEPZ and, 45 among them were participating in the pre-school. 29 kids have been facilitated in the Day Care Centre at BEPZ and 15 among them were participating in the pre-school. In Mawathagama EPZ, 27 kids have been facilitated in the Day Care Centre and 16 among them were participating in the pre-school.

## **13. Information Technology Department**

Information Technology Department has been setup to plan, design, develop, evaluate and implement IT solutions for BOI. It also coordinates procurement, commissioning and maintenance of ICT resource of the organization.

IT Department manages the organization's corporate network to provide IT infrastructure with hardware & software for communication and all IT requirement of its users to give around-the-clock service.

### **Services Rendered by the Department**

- Providing advice and technical support to identify, evaluate & implement IT solutions to the organization.
- Planning, Recommending, Coordinating the procurement, commissioning and maintenance of ICT resource of BOI.
- Enhancing and managing the corporate networks and data communication facilities.
- Designing, developing, implementing and maintaining software application systems required by the organization.
- Providing user-support in solving the issues relating to hardware, software, communication, network, e-mail and virus infections.
- Supporting other departments in using information technology in business re-engineering efforts.
- Developing and maintaining corporate data dictionary, database and related system documentation.

### **Progress of the Year 2019**

#### **Enhancement of IT Resources and Infrastructure**

- Enhanced the BOI Server Room by installing two 15KVA UPSs.
- BOI installed two numbers of high-end new servers to web applications and database backups.
- Expanded the BOI Network of CVT Office adding three numbers of new data cables.
- Permit Office of KEPZ was setup with a new computer network Installing 14 numbers of data cables with UTP and fiber.
- Enhanced the network of SEPZ laying seven numbers of new network cable extensions.
- Procured and installed 134 numbers of Personnel Computers, ten numbers of Laptops and 48 numbers of Printers for BOI Offices including Zones.
- Procured and installed 194 numbers of UPSs, and related network devices (NIC, Media Converters etc.) to enhance the productivity of users and organizational network.

#### **Developments and implementations of Software Applications**

- Implemented a LPOPP for Pre-paid Account & Invoice Settlements purpose.
- Integrated the BOI payment related service systems with Oracle Finance System (EBS).
- Assisted Finance Department to implement the Integrated Accounting System.

## **Improvements of the existing system**

- Visa Recommendation System: Various enhancements were done to the system to fulfill the user requirements and also a number of report modifications were provided to facilitate management with more comprehensive decision making information.
- FDI back office system and online System : The modifications and improvements were introduced to both systems to incorporate and link with the features of FDI online submission system accordingly.
- Improvements have been done for MIS, Status Changes System etc. to cater to changing requirements of user departments.

## 14. Media & Publicity Department

The Media Department of BOI is responsible for external communications to create awareness about investment opportunities in Sri Lanka, the country's business climate and the organization's success through a variety of media addressed to different types of audience.

### Services Rendered by the Department

- Disseminate the media releases frequently in both Sinhala and English languages
- Design and upgrade the promotional materials such as brochures, leaflets, documentaries etc.
- Publish advertisements on land availability, special events and functions
- Participate at national events such as investment promotion activities, image building activities and exhibitions etc.
- Maintain an image bank with still photographs and video footage.

### Progress of the Year 2019

The Media Department was engaged in a number of important activities in 2019. This included participating in exhibitions, organizing press conferences, image building campaigns, media releases, social media activities and designing of Advertisement and BOI Publications etc.,

#### a) Participating in Exhibitions;

The Media Department participated in major National Exhibitions in 2019.

- o "Enterprise Sri Lanka" Exhibition and "Jaffna Trade Fair" at Jaffna.
- o "Younpura National Programme" Exhibition at Weerawila.
- o "Shilpa Sena" Exhibiton at Colombo (BMICH).
- o "BOI Job Fair" at Mawanella and Galigamuwa.

The pavilions of BOI for the above, showcased to the general public the positive impact of & investment on the national economy in term of Foreign Direct Investment, foreign exchange, exports, employment generation and technological transfers.

#### b) Organizing Press Conferences;

The Media Department set up and developed the BOI image bank with a total of 3,000 new photo images. This Photographic archive which is an example of capacity building, can be used to illustrate publications, documents and media releases as it covers a wide range of activities of the Board as well as diverse economic sectors.

In addition to the above, Media Department took initiative in producing two short films in Korean and Japanese language in order to enhance the business climate of Sri Lanka.

A short video on "Dubai EXPO 2020" promoting Sri Lanka to the world with Kumar Sangakkara and Mahela Jayawardene too was produced by the BOI Media Department.

#### c) Media Releases;

In the area of information dissemination, the Media Department of BOI issued 43 media releases in English, 15 in Sinhala and one in Tamil, creating considerable awareness on the BOI's role and achievements on the investment front.

#### d) Social Media Activities;

The Media Department has sent out a large number of Tweets covering many activities.

## ■ **In house Designing**

Media Department has designed several back drops for special events, a New Year Greeting Card for the Director General in the year 2019, Participation Booklets, Banners, Leaflets, ID Cards, Pen Drives, Pull-up Banners, Annual Report Cover, a Note Book Cover for the HR Department and the BOI Investment Guide 2018 Brochure. This in-house designing of documents has resulted in considerable savings of resources for the BOI.

## ■ **Media Coverage:**

The Media Department organized media coverage for the following major events:

- Opening Ceremony of Bingiriya Export Processing Zone.
- The Ground Breaking Ceremony of an Oil refinery and Cement manufacturing plant at Mirijjawila EPZ.
- Ministerial visit at Rigit Tyre factory at Horana EPZ.
- Opening Ceremony of a Leisure project at Bogambara.

## ■ **Advertisements:**

Five (05) Newspaper advertisements were published by the Media Department in 2019.



## **15. Administration Department**

The Administration Department plays a vital role in the BOI and provides the logistical support for all other Departments to achieve the goals of the organization. The department consists of following functional sub units namely; Stores & Supplies Unit, Transport Unit, Maintenance Unit, Mail Unit and General Administration to ensure smooth and efficient operation of the department.

### **Services Rendered by the Department**

- Handling the internal and external mail which will expedite the connectivity within and outside the BOI.
- Maintaining an un-interrupted process for providing Drinking Water, Tea, Janitorial Services, and Telephone etc.
- Attending to the repairs and maintenance, general up-keep of the BOI office floors at the Head Office.
- Obtaining insurance coverage for fixed assets.
- Preparation of documents for the payment of electricity, water, telecommunication, transport and other service providers.
- Procurement and disposal of vehicles, managing the vehicle fleet, providing transport facilities for project monitoring activities, assisting Zones for maintenance of vehicles.
- Procurement of goods and services required to the organization (stationery, office furniture & equipment, support services etc.)
- Maintaining the general stores of the head office.
- Operating the two circuit bungalows at Anuradhapura and Nuwara-Eliya.

### **Progress of the Year 2019**

- The management has decided to dispose uneconomical vehicles in successive stages. Arrangements are made to procure new vehicles to the vehicle fleet. Following new vehicles were added to the fleet. (five Motor Cars, six Double Cabs, eight Fire Engines and one Water Bowser)
- Installation of two new Water Cooled Package Type Air Conditioning Units in the BOI Server room at IT Department.
- Supply, fabrication and installation of new Electrical Panel Boards and Electrical Wiring for the Server Room of Information Technology Department.
- Steps were taken to strengthen the security of the Head Office of BOI at the World Trade Centre Building by installation of a CCTV Camera System and Access Control Door System.
- Infrastructure facilities of many Departments at the WTC Building were improved.
- In addition to the routine purchasing activities, the main procurements completed during the year are as follows; Supply of Laboratory Chemicals & Equipment's to the new quality monitoring laboratory at Horana Export Processing Zone, Supply & Installation of 49 nos. of Personal Computers.
- Improvements to the existing BOI office at Bingiriya Export Processing Zone.
- Supply and fixing of Office Furniture items and other improvements to ACVU and ACDU Offices at Air Cargo Village, Katunayake.

## 16. Human Resources Management Department

Human Resources department is the key department which has the responsibility to manage the total human resources of the Board by developing and implementing policies and programs that contribute to achieve organizational and employee goals. Its main functions are human resources planning, performance assessment, training and development, maintenance of discipline, maintenance of attendance and leave and providing employee welfare services.

### Services Rendered by the Department

- Maintain an effective and viable human resource structure to achieve the overall corporate objectives of the organization.
- Develop a robust and transparent mechanism for identifying, developing and maintaining strong leadership/talent pool.
- Develop human capital by providing training opportunities to enhance knowledge, skills and attitudes of the employees in order to achieve organization's objectives.
- Providing welfare benefits for employees.
- Streamline HR activities in order to enhance the efficiency and effectiveness of HR practices.

### Progress of the Year 2019

#### ■ New recruitments ;

|   |    |
|---|----|
| Executives                                    | 19 |
| Management Assistant (technological category) | 10 |
| Primary Level (skilled category)              | 01 |

#### ■ Absorbed into the Permanent Cadre

|                     |    |
|---------------------|----|
| Management Trainees | 48 |
| Contract Employees  | 87 |
| Casual Employees    | 98 |

#### ■ Promotions to higher grades ;

|                      |    |
|----------------------|----|
| Executives           | 46 |
| Management Assistant | 49 |
| Primary Level        | 29 |

#### ■ Staff Trainings ;

|                              |       |
|------------------------------|-------|
| Foreign Trainings            | 30    |
| Master Degree Programs       | 09    |
| Local Training (Soft Skills) | 217   |
| In-House Training Programs   | 827   |
| Total                        | 1,083 |

#### ■ On the Job Training ;

62 Trainees from recognized Universities & Vocational Training Institutes were provided on the job training in various fields as a Corporate Social Responsibility (CSR) measure of the BOI

## 17. Internal Audit Department

Internal Audit Department Focuses on ensuring value addition of the BOI functions and improvement of its operations to accomplish the organizational objectives by way of a systematic, disciplined approach to evaluate and improve the effectiveness of internal controls and corporate governance.

Accordingly, the Internal Audit Department carried out the following functions;

- Verified the existence of assets and recommended proper safeguards for the protection of those assets
- Evaluated the adequacy of internal controls and recommended improvements thereon.
- Assessed compliance with laws, rules, regulations, policies, procedures, contractual obligations etc.
- Reviewed operations/programmes to ascertain whether results were consistent with established objectives and whether the operations/programs had been carried out as planned and were performed efficiently and effectively
- Investigated the reported occurrences of fraud, embezzlement, theft, waste, etc.
- Assisted and provided advice for drafting guidelines and in designing work and process instructions with a view of mitigating risk
- Ensured reliability of financial and management reporting
- Reported to Audit Committee and convened Audit Committee meetings
- Done on-time Statutory Reporting (Auditor General, COPE, Treasury and Line Ministry etc.)

In carrying out above functions, periodic audits were carried out covering the entire organization to provide reasonable assurance of proper implementation of internal controls, adherence to policies, procedures and regulatory requirements with a view of minimizing the risk exposure of the organizational activities.

Accordingly, financial, construction and operational audits were carried out to evaluate routine functions and ensure fairness and reasonableness of activities / procedure while the systems and compliance audits to evaluate internal controls & ensure regulatory compliance with a view of streamlining the procedures. Achievement of organizational goals/targets was evaluated through performance based audits.

In addition to above, Internal Audit spent a significant portion of its time and resources for special investigative audits based on management directives to detect misuse of public assets/malpractices.

Internal Audit Department coordinated the requirements of the Auditor General, Committee on Public Enterprises (COPE), Line Ministry and other external parties and made submissions to such stakeholders based on statutory and other requirements.

While carrying out the above activities, Internal Audit maintained independency by directly reporting to the Chairman/Director General and continuous coordination with the Audit Committee for reviewing its activities.

## **18. Security & Fire Department**

BOI Security & Fire Department bears a fundamental role in safety and security of property and human lives of BOI Zones including enterprises located therein. The Security & Fire Department would facilitate the existing investors of BOI by deploying Security and Fire personnel and strengthening them as and when required. The assets of the BOI enterprises located inside the zones will be protected by the BOI security as well as the Fire crew.

### **Services Rendered by the Department**

- All round protection throughout the day and night by the Security Points with CCTV Camera coverage and coordination with the security officers of the enterprises
- In the event of a special request of an enterprise, provide assistance, exceeding the normal routine
- Receiving information by maintaining an Intelligence Service
- Responding to fire calls & emergency situations created within the enterprises located in Zones
- Fire prevention, inspections and fire risk assessments (overall) in the enterprises
- Conducting of fire drills & awareness programs to the employees of the enterprises
- Training on fire equipment handling for the factory staff

### **Progress of the Year 2019**

The Department conducted training courses and Monthly Training Programs for the security personnel with a view to enhance knowledge. Training Programs for fire staff at Colombo Fire Brigade and other recommended fire institutions were also arranged to give them a wider knowledge.

Implementation of a special project to eradicate the drug menace spreading throughout the enterprises located in BOI zones, with the assistance of the Sri Lanka Anti Narcotic Bureau, relevant police stations, community services and the security personnel deployed in all BOI zones.

Security & Fire Department has been mainly focused on fire prevention, inspections and fire risk assessments in the enterprises. Also protection of assets and properties of the enterprises and being 24 hours on call in the event of any incident take place in zones.

## 19. Recoveries Unit

The Recoveries Unit of the BOI was established in September 2018 under a special requirement of the Board of Directors. Main objective of this Unit is to collect the long outstanding dues from the investors who are registered under the BOI Law. The Unit has identified 120 debtors who owe dues to BOI since 2013, with more than Rs. 22 Mn. arrears to be collected. In collaboration with the Finance and Monitoring Departments of the BOI, the Unit was able to collect Rs. 1.5 Mn. of overdue since its establishment in September 2018.

### Progress of the Year 2019

|                           | Number of letters sent | Number of letters returned |
|---------------------------|------------------------|----------------------------|
| 1 <sup>st</sup> Reminders | 52                     | 8                          |
| 2 <sup>nd</sup> Reminders | 39                     | 6                          |
| Final Reminders           | 39                     | 1                          |

|   |                 |
|---|-----------------|
| Visited   | - 10 Companies  |
| Total recoveries from ten companies             | - Rs. 2,169,087 |
| Number of reply letters received from companies | - 10 Companies  |
| Agreed to settle                                | - 3 Companies   |
| Forwarded to Legal Department for legal actions | - 36 Companies  |

## 20. Finance Department

The Finance Department continued to serve the organization by maintaining proper financial / internal controls and advising the management on all financial matters. The maintenance of proper accounting records pertaining to the financial transactions, applying appropriate accounting policies consistently in the preparation of Financial Statements which are being prepared in accordance with Sri Lanka Accounting Standards, coordination of Procurement Committee functions and establishment of proper credit control systems are the main functions of the Finance Department. The systems and procedures are designed to provide reasonable assurance that the assets of the Board are safeguarded.

The infrastructure facilities of the Finance Department have been strengthened with the objective of delivering advanced customer services through technology. BOI will be able to complete the implementation of Oracle EBS System during the year 2020. A new customer service platform will be supported to facilitate online financial services on real time basis.

### Financial Performance - 2019

| Financial Performance For the Year Ended 31 December | 2019<br>(Rs. Mn. ) | 2018<br>(Rs. Mn. ) | Change<br>(%) | 2017<br>(Rs. Mn. ) |
|--|--------------------|--------------------|---------------|--------------------|
| Revenue  | 4,646              | 3,890              | 19.45         | 3,712              |
| Total Operating Expenses                             | (3,773)            | (3,375)            | (11.81)       | (3,211)            |
| Operating Profit                                     | 873                | 515                | 69.56         | 501                |
| Finance Income                                       | 411                | 344                | 19.45         | 337                |
| Finance Expense                                      | (11)               | (8)                | (37.73)       | (11)               |
| Surplus Before Taxation                              | 1,274              | 851                | 49.58         | 827                |
| Tax Expenses   | (115)              | (92)               | 24.78         | (71)               |
| <b>Surplus After Taxation</b>                        | <b>1,158</b>       | <b>759</b>         | <b>52.59</b>  | <b>756</b>         |
| Other Comprehensive Income                           | (51)               | (11)               | (369.32)      | (25)               |
| Total Comprehensive Income                           | 1,107              | 748                | 47.94         | 731                |
| <b>Financial Position at the year End (Rs.Mn)</b>    |                    |                    |               |                    |
| Total Assets   | 44,158             | 43,269             | 2.06          | 42,412             |
| Total Equity   | 42,685             | 41,631             | 2.53          | 41,005             |

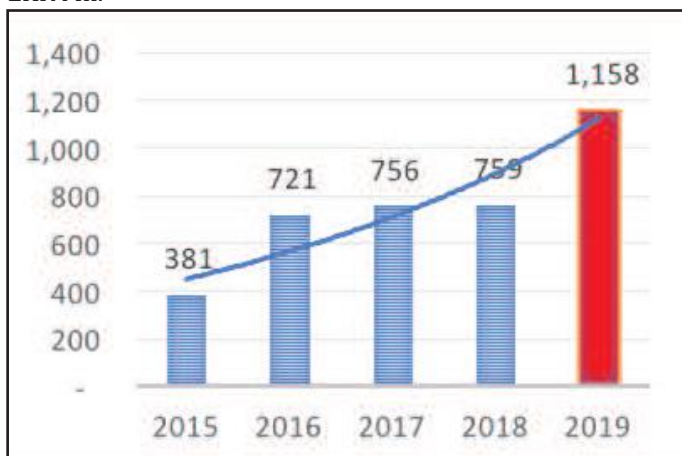


## Surplus

The Surplus after Tax of the Board has increased by 52.59% to Rs. 1,158.31 Mn. in year 2019, compared to Rs. 759.09 Mn. reported in 2018.

### Surplus After Tax

LKR Mn.

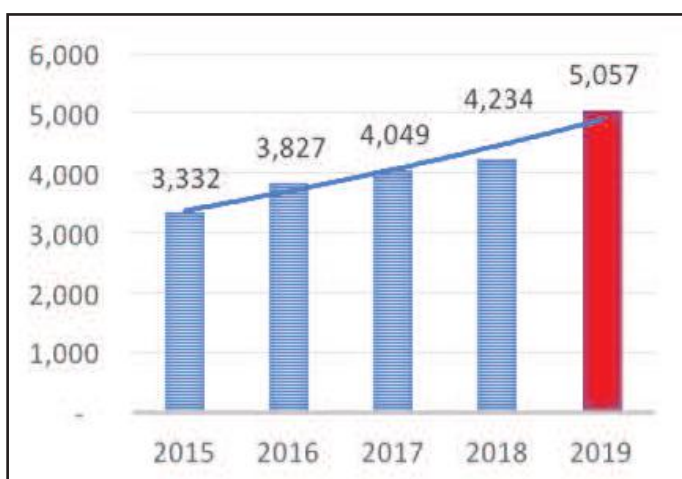


## Revenue

The growth in Total Operating Revenue is Rs.756.48 Mn. reflecting an increase of 19.45% compared to the previous year. The Operating Revenue for the year under review is Rs.4,646.09 Mn, whilst the Operating Revenue recorded for the year 2018 was Rs. 3,889.61 Mn. Revenue from Ground Rent, Annual Fees, Import & Export Service Charges and Water are the main contributors to the Board's Revenue accounting for 82.08% of the Total Operating Revenue. The Interest Income earned by the Board has increased by 19.45% to Rs.411.44 Mn. in 2019 from Rs. 344.45 Mn. in year 2018. This is mainly due to the effective management of funds and increase in investment portfolio. Total Revenue of the Board has increased to Rs. 5,057.53 Mn. in 2019 from Rs. 4,234.06 Mn. in 2018.

### Operating Revenue

LKR Mn.

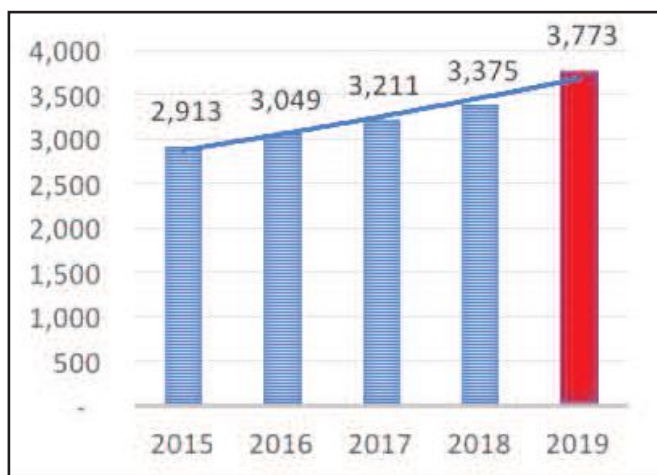


## Operating Expenses

Total Operating Expenses increased by 11.81% to Rs.3,773.37 Mn. for the year 2019 from Rs.3,374.91 Mn. in 2018. This was mainly due to the increase in Personnel Expenses by 13.32% in 2019. The Cost to Income Ratio of the Board has decreased from 82.33% in 2018 to 78.11% in 2019 due to increase in Operating Revenue. Depreciation Expenses for the period has increased by 6% compared to the previous year.

### Operating Expenses

LKR Mn.

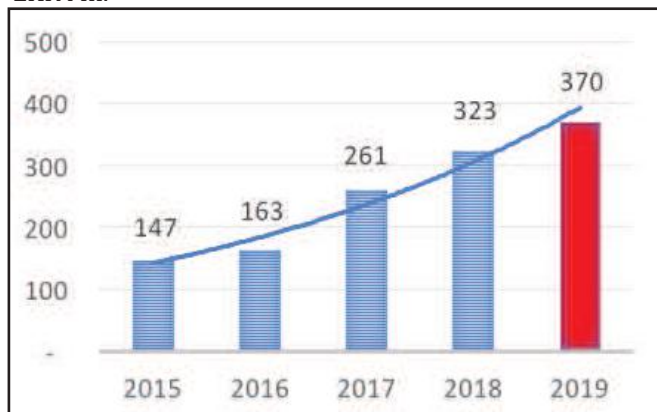


## Contribution to Taxes

BOI contribution to indirect and direct taxes for the year amounted to Rs. 369.78 Mn. there is a growth of 14.51% compared to the previous year. Disallowed VAT Input which is recognized as an expense has increased by 9.45% with a growth of Rs. 17.32 Mn. compared to the previous year. Total Direct Taxes of the Board comprise of Tax on Interest Income.

### Taxation

LKR Mn.







**2019**  
**Financial Statements**  
**For the year ended 31<sup>st</sup> December 2019**



**BOARD OF INVESTMENT OF SRI LANKA****INCOME STATEMENT****FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER**

|  |             | <b>2019</b>          | <b>2018</b>          |
|--|-------------|----------------------|----------------------|
|  |             | <b>Rs.</b>           | <b>Rs.</b>           |
|  | <b>Note</b> |                      |                      |
| <b>Revenue</b>                           | <b>4</b>    | <b>4,646,091,668</b> | <b>3,889,614,384</b> |
| <b>Less : Expenses</b>                   |             |                      |                      |
| Operating Expenses                       | <b>6</b>    | 322,000,511          | 267,056,011          |
| Administrative Expenses                  | <b>7</b>    | 3,165,507,062        | 2,846,961,667        |
| Government Levies                        | <b>8</b>    | 254,568,577          | 230,591,904          |
| Other Expenses                           | <b>9</b>    | 31,290,988           | 30,301,325           |
| <b>Total Operating Expenses</b>          |             | <b>3,773,367,139</b> | <b>3,374,910,907</b> |
| <b>Results from Operating Activities</b> |             | <b>872,724,528</b>   | <b>514,703,477</b>   |
| Finance Income                           |             | 411,444,914          | 344,450,042          |
| Finance Expenses                         |             | 10,657,560           | 7,737,398            |
| <b>Net Finance Income</b>                | <b>10</b>   | <b>400,787,354</b>   | <b>336,712,644</b>   |
| <b>Surplus Before Taxation</b>           |             | <b>1,273,511,883</b> | <b>851,416,121</b>   |
| Tax Expenses                             |             | 115,204,576          | 92,323,030           |
| <b>Surplus for the Period</b>            |             | <b>1,158,307,307</b> | <b>759,093,091</b>   |

**BOARD OF INVESTMENT OF SRI LANKA**

**COMPREHENSIVE INCOME STATEMENT**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER**

|  | Note        | 2019<br>Rs.          | 2018<br>Rs.        |
|--|-------------|----------------------|--------------------|
| <b>Surplus for the Period</b>                            |             | <b>1,158,307,307</b> | <b>759,093,091</b> |
| <b>Other Comprehensive Income</b>                        |             |                      |                    |
| IFRS Adjustments staff loan interest                     |             | 38,509,576           | 35,794,021         |
| <b>Less : Defined benefit plan Actuarial (Gain)/Loss</b> | <b>21.1</b> | 51,499,585           | 10,973,058         |
| Staff Cost on Staff Loan                                 |             | (38,509,576)         | (35,794,021)       |
| <b>Total Comprehensive Income for the period</b>         |             | <b>1,106,807,722</b> | <b>748,120,033</b> |

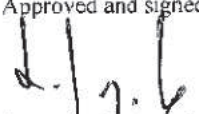
**BOARD OF INVESTMENT OF SRI LANKA**  
**STATEMENT OF FINANCIAL POSITION**


**AS AT 31<sup>ST</sup> DECEMBER**

|   | Note | 2019<br>Rs.           | 2018<br>Rs.           |
|---|------|-----------------------|-----------------------|
| <b>ASSETS</b>                             |      |                       |                       |
| <b>Non- Current Assets</b>                |      |                       |                       |
| Property Plant and Equipment              | 11   | 5,310,547,630         | 5,291,650,634         |
| Investment Property                       | 12   | 31,073,365,587        | 31,029,263,620        |
| Capital Work-in-Progress                  | 13   | 1,982,355,530         | 1,636,699,289         |
| Financial Assets                          | 14   | 654,403,425           | 601,097,866           |
| <b>Total Non- Current Assets</b>          |      | <b>39,020,672,172</b> | <b>38,558,711,409</b> |
| <b>Current Assets</b>                     |      |                       |                       |
| Inventories                               |      | 10,272,093            | 11,716,985            |
| Houses For Disposal                       |      | 2,551,000             | 2,551,000             |
| Financial Assets                          | 15   | 206,479,430           | 193,711,293           |
| Receivables from Enterprises              | 16   | 315,491,118           | 266,543,492           |
| Payments in Advance and Other Receivables | 17   | 264,288,415           | 484,442,579           |
| Cash and Cash Equivalents                 | 18   | 4,338,222,775         | 3,750,853,033         |
| <b>Total Current Assets</b>               |      | <b>5,137,304,831</b>  | <b>4,709,818,381</b>  |
| <b>Total Assets</b>                       |      | <b>44,157,977,003</b> | <b>43,268,529,790</b> |
| <b>EQUITY AND LIABILITIES</b>             |      |                       |                       |
| <b>Equity</b>                             |      |                       |                       |
| Accumulated Fund                          |      | 11,845,461,591        | 10,953,811,118        |
| Reserves                                  |      | 15,340,693,234        | 15,340,693,234        |
|   |      | <b>27,186,154,825</b> | <b>26,294,504,352</b> |
| Deferred Revenue                          | 20   | 15,915,950,349        | 15,733,100,025        |
| Deferred Expenditure                      | 19   | (417,422,964)         | (397,100,121)         |
|   |      | <b>15,498,527,385</b> | <b>15,335,999,904</b> |
| <b>Total Equity</b>                       |      | <b>42,684,682,210</b> | <b>41,630,504,256</b> |
| <b>Non Current Liabilities</b>            |      |                       |                       |
| Retirement Benefit Obligations            | 21   | 329,992,061           | 272,788,724           |
| Non Current Financial Liabilities         | 22   | 74,875,711            | 34,105,586            |
| <b>Total Non Current Liabilities</b>      |      | <b>404,867,772</b>    | <b>306,894,310</b>    |
| <b>Current Liabilities</b>                |      |                       |                       |
| Current Financial Liabilities             | 22   | 26,977,500            | 13,817,596            |
| Accrued Expenses and Other Payables       | 23   | 1,018,683,817         | 1,288,105,680         |
| Tax Payable                               |      | 22,765,703            | 29,207,948            |
| <b>Total Current Liabilities</b>          |      | <b>1,068,427,020</b>  | <b>1,331,131,224</b>  |
| <b>Total Equity and Liabilities</b>       |      | <b>44,157,977,003</b> | <b>43,268,529,790</b> |

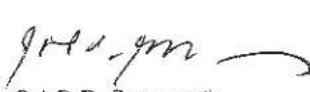
"Notes to the Financial Statements " set out on pages 6 to 26 form an integral part of the Financial Statements.

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.  
 Approved and signed for and on behalf of the Board of Directors of Board of Investment of Sri Lanka.

  
 Susantha Ratnayake  
 Chairman

  
 Dr. Harsha Cabral  
 Board Member

  
 C.P. Malalgoda  
 Director General

  
 S.A.D.D. Suraweera  
 Executive Director - Finance

25-Feb-2020

**BOARD OF INVESTMENT OF SRI LANKA**  
**STATEMENT OF CHANGES IN EQUITY**  
**AS AT 31<sup>ST</sup> DECEMBER 2019**

|   | <b>Accumulated<br/>Fund<br/>Rs.</b> | <b>Revaluation<br/>Reserves<br/>Rs.</b> | <b>Total<br/>Equity<br/>Rs.</b> |
|---|-------------------------------------|---|---------------------------------|
| <b>Balance as at 01<sup>st</sup> January 2018</b>   | <b>10,707,121,650</b>               | <b>15,340,693,234</b>                   | <b>26,047,814,884</b>           |
| Surplus for the Period  | 748,120,033                         | -                                       | 748,120,033                     |
| Contribution to Consolidated Fund   | (500,000,000)                       | -                                       | (500,000,000)                   |
| Transactions for Treasury recognised directly in Equity   | (1,430,565)                         | -                                       | (1,430,565)                     |
| <b>Balance as at 31<sup>st</sup> December 2018</b>  | <b>10,953,811,118</b>               | <b>15,340,693,234</b>                   | <b>26,294,504,352</b>           |
| Surplus for the Period  | 1,106,807,722                       | -                                       | 1,106,807,722                   |
| Recognition of assets <sup>1</sup>  | 248,192                             | -                                       | 248,192                         |
| Impact on changes in Revenue -2018 <sup>2</sup>   | (439,787)                           | -                                       | (439,787)                       |
| Impact on Receivable Adjustment directly deducted from Equity- Cashew Corporation of Sri Lanka <sup>3</sup> | (209,600,000)                       | -                                       | (209,600,000)                   |
| Transactions for Treasury recognised directly in Equity <sup>4</sup>  | (5,365,655)                         | -                                       | (5,365,655)                     |
| <b>Balance as at 31<sup>st</sup> December 2019</b>  | <b>11,845,461,590</b>               | <b>15,340,693,234</b>                   | <b>27,186,154,824</b>           |

"Notes to the Financial Statements " set out on pages 6 to 26 form an integral part of the Financial Statements.

1 .Direct recognition of assets which are not included in the Fixed Assets Register. These Assets have been updated based on the Audit Examination of Fixed Assets

2. Impact on changes in estimation of revenue in previous year have been directly deducted from Equity Account with out restating previous year Financial Statements.

3.An amount of Rs 209,600,000 which is receivable on account of the Land situated in Colombo 3 called Cashew Corporation Land has been directly deducted from Equity Account according to the prudence concept .

4.Expenditure incurred for Facilitation of Infrastructure for Mega Projects have been directly deducted from Equity Account .



# BOARD OF INVESTMENT OF SRI LANKA

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED 31ST DECEMBER

|   | 2019<br>Rs ( Mn.) | 2018<br>Rs ( Mn.) |
|---|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |                   |                   |
| <b>Cash generated from operations (Note 24)</b>               | <b>924.84</b>     | <b>1036.10</b>    |
| Income Tax Paid   | (121.65)          | (82.61)           |
| Payment of Retirement Benefit Obligation                      | (37.94)           | (46.94)           |
| Gratuity - re-adjustment                                      | 1.27              | 0.48              |
| Deferred Revenue Received                                     | 408.75            | 562.04            |
| Grant Received  | -                 | 18.15             |
| <b>Net cash inflows/(out flows) from operating activities</b> | <b>1,175.27</b>   | <b>1,487.21</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |                   |                   |
| Investment Income Received                                    | 411.13            | 368.12            |
| Staff Loan & Financial Assistance                             | (43.08)           | (50.78)           |
| Purchase of Fixed Assets                                      | (153.55)          | (75.49)           |
| Proceeds from sale of Fixed Assets                            | 18.94             | 11.03             |
| Capital Work in Progress                                      | (791.58)          | (620.91)          |
| Deferred Expenditure  | (0.31)            | (1.19)            |
| Funds Remitted to Society for Promotion of Japanese Diplomacy | -                 | (14.63)           |
| <b>Net cash inflows/(outflows) from investing activities</b>  | <b>(558.45)</b>   | <b>(383.84)</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |                   |                   |
| Lease Installments Paid                                       | (29.45)           | (20.77)           |
| Fund Transfer to Treasury                                     | -                 | (500.00)          |
| <b>Net cash flows/(outflows) from financing activities</b>    | <b>(29.45)</b>    | <b>(520.77)</b>   |
| Net Increase/ (Decrease) in Cash & Cash Equivalents           | 587.37            | 582.59            |
| Cash & Cash Equivalents at beginning of the year              | 3,750.85          | 3,168.26          |
| Cash & Cash Equivalents at end of the year                    | <b>4,338.22</b>   | <b>3,750.85</b>   |

## **BOARD OF INVESTMENT OF SRI LANKA**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. Reporting Entity**

Board of Investment of Sri Lanka is established under Board of Investment of Sri Lanka Law, No 4 of 1978. The registered office and the principal place of organization is located at West Tower, WTC, Echelon Square, Colombo 01.

#### **2. Basis of Preparation**

##### **2.1 Statement of Compliance**

The Statement of Financial Position, Comprehensive Income, Changes in Equity, Cash Flow and Notes together with summary of significant accounting policies of the Board have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS) issued by The Institute of Chartered Accountants of Sri Lanka which represent International Financial Reporting Standards issued by the International Accounting Standard Board.

##### **2.2 Use of Estimates, Judgements and Assumptions**

The preparation of the Board's Financial Statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. The estimates and underlying assumptions are reviewed on an ongoing basis. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

##### **2.3 Going Concern**

When preparing the Financial Statements the Management has assessed the ability of the Board to continue as a going concern. The Management has a reasonable expectation that the Board has adequate resources to continue in operational existence for the foreseeable future. The Board does not foresee a need for liquidation or cessation of operations, taking into account all available information about the future. Accordingly, the Board continues to adopt the going concern basis in preparing the Financial Statements.

##### **2.4 Functional and Presentation Currency**

The functional currency of the Board is determined to be Sri Lankan Rupees and the Financial Statements are also presented in Sri Lankan Rupees.

## BOARD OF INVESTMENT OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### 3 Significant Accounting Policies

##### 3.1 Financial Assets

The Board classifies its financial assets in to loans and receivables and financial assets measured at fair value in investment. The classification is determined by Management at initial recognition and depends on the purpose for which the investments were done and acquired.

###### (a) Classification

###### (i) Loans and Receivables

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables arising from ordinary transactions are also classified in this category and are reviewed for impairment.

###### (ii) Financial Assets Measured at Fair Value- (Held-to- maturity Financial Assets)

Financial assets measured at fair value are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Board's Management has the positive intention and ability to hold to maturity. These financial assets are classified at fair value in the Statement of Income on recognition.

###### (b) Impairment

Financial assets are reviewed at each Statement of Financial Position date, to determine whether there is any indication of impairment. If any such indication exists the assets recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of an assets or it's cash generating units exceed its recoverable amount. Impairment losses are recognized in the income statement.

###### (c) De-recognition

Impairment losses recognized in prior period are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is de-recognized if there has been a change in the estimates used to determine the recoverable amount.

##### 3.2 Property, Plant and Equipment

###### (a) Cost

Value of property plant and equipment carried at valuation less accumulated depreciation as at 1<sup>st</sup> January 2011 have been considered being the deemed cost as at 1<sup>st</sup> January 2011 as per SLFRS 1.

## BOARD OF INVESTMENT OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### (b) Depreciation

Depreciation is calculated on the straight-line basis on the cost/ valuation of all items of Property, Plant and Equipment and is recognized in the Income Statement. Depreciation is charged on fixed assets in the year of purchase when it is available for use. Property Plant and Equipment have been depreciated annually over the useful lives. Freehold Land is not depreciated.

| <u>Class of Assets</u>       | <u>Depreciation percentage<br/>per annum</u> | <u>Period<br/>(years)</u> |
|------------------------------|--|---------------------------|
| Buildings & Structures       | 5  | 20                        |
| Plant and Machinery          | 10   | 10                        |
| Fixtures & Fittings          | 10   | 10                        |
| Office Furniture & Equipment | 10   | 10                        |
| Computers                    | 33.33  | 3                         |
| Motor Vehicles               | 20   | 5                         |

#### (c) De-recognition

Items of property and equipment are de-recognised upon disposal or when no future economic benefits are expected from its use. Gain or loss arising on de-recognition of an item of Property, Plant and Equipment is determined as the difference between the sales proceed and the carrying amount of the asset and is recognized in the Income Statement.

#### (d) Capital Work in Progress

Capital expenses incurred during the year which are not completed as at the Statement of Financial Position date, are shown as Capital Work in Progress, whilst the capital assets which have been completed during the year and available for use have been transferred to Property, Plant and Equipment.

#### (e) Leasehold Assets

Assets acquired under financial liabilities are capitalized & included under the category of leasehold motor vehicles with recognition of a corresponding financial liability. Assets held under financial liabilities are depreciated over their period of use.

#### (f) Structures

Fair Values of Structures have been assessed under seven main sub categories. All items and components connected with each main sub category are considered as forming part of one unit.

## BOARD OF INVESTMENT OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### 3.3 (a) Investment Properties

Investment Properties are stated at cost prevailed as of the date of classifying the said assets under Investment Properties.

Investment Property is recognized if it is probable, that future economic benefits that are associated with the Investment Property will flow to the Board and cost of the Investment Property can be reliably measured. Properties held to earn rental income have been classified as Investment Property.

#### (b) Depreciation (Amortization)

Depreciation is calculated on the straight-line basis on the cost/valuation of the Investment Property other than land. Investment Property have been depreciated annually over the useful lives as follows.

| <u>Class of Assets</u> | <u>Depreciation Percentage<br/>per annum</u> | <u>Period<br/>(years)</u> |
|------------------------|--|---------------------------|
| Buildings              | 5  | 20                        |

#### 3.4 Inventories

All inventories have been valued at lower of Cost or Net Realizable Value. Cost is determined based on First in First Out basis. (FIFO)

#### 3.5 Other Assets

Other assets include Other Debtors, Receivables, Advances, Deposits and Prepayments.

##### (a) Advances, Deposits, Prepaid Expenditure

Expenditure which is deemed to have a benefit or relationship to more than one financial year is classified as advances, deposits and prepaid expenditure. Such expenditure is written off over the period, to which it relates, on a time proportion basis.

##### (b) Other Debtors

Other debtors are recognized at cost less impairment loss. A total of Rs.507,650.00 is reflected under Other Receivables as cash shortage at Head office. The Court Case is still pending.

#### 3.6 Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash in hand and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These are held for the purpose of meeting short-term cash commitments.

## BOARD OF INVESTMENT OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### Cash Flow Statement

The Cash Flow Statement has been prepared by using indirect method in accordance with the Sri Lanka Accounting Standard No. 7 (LKAS) on Cash Flow Statements.

#### 3.7 Employee Benefits

##### (a) Defined Contribution Plans

Employees are eligible for Employees' Provident Fund (EPF) Contributions and Employees' Trust Fund (ETF) Contributions in line with the respective statutes and regulations. The Board pays fixed contributions of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund and will have no legal or constructive obligation to pay further amounts.

##### (b) Defined benefit plans

Defined benefit plans are post-employment plans other than defined contribution plans. Board is liable to pay Gratuity in terms of the Payment of Gratuity Act No. 12 of 1983. A provision for the obligations under the Act is determined based on an actuarial valuation.

#### 3.8 Liabilities & Provision

Liabilities & Provisions are recognized in the Statement of Financial Position when there is a legal /constructive obligation at present, as a result of past events where the settlement is expected to result in an outflow of resources embodying economic benefits.

Obligations payable on demand of the creditor or within one year of Statement of Financial Position date are treated as current liabilities in the Statement of Financial Position. Liabilities payable after one year from the Statement of Financial Position are treated as non-current liabilities in the Statement of Financial Position.

##### Other Liabilities

Other liabilities include other creditors including Accrued Expenditure. These are stated at their historical value which is deemed to be their fair value.

#### 3.9 Income Recognition

##### (a) Revenue

Revenue from services/fees is measured at fair value of the consideration received or receivable. License Fee and Agreement Processing Fees are recognized on cash basis.

## BOARD OF INVESTMENT OF SRI LANKA

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### *(b) Interest Income*

Interest income for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognized within 'Finance Income' in the Income Statement.

#### *(c) Other Income*

Other income is recognized on an accrual basis.

### **3.10 Expenses**

#### **Expenses Recognition**

##### *(a) Revenue Expenditure*

All expenses are measured at fair value of the consideration given and recognized in the period to which those expenses relate. The surplus earned by the Board as shown in the Income Statement is after providing for all known liabilities and for depreciation of Property, Plant and Equipment.

##### *(b) Capital Expenditure*

Expenditure incurred for the purpose of extending or improving assets of a permanent nature by means to carry on the organization or for the purpose of increasing the service/product capacity of the organization has been treated as Capital Expenditure.

### **3.11 Taxation**

Income Tax is based on the elements of interest income as reported in the Financial Statements and computed in accordance with Provisions of Inland Revenue Act No.24 of 2017 and amendments thereto.

### **3.12 Changes in Accounting Policies**

Property Plant & Equipment were previously not depreciated in the year of purchase and depreciation was charged in full in the year of disposal. This has been changed with effect from 01<sup>st</sup> January 2019 and depreciation is charged in the year of purchase when it's available for use.



# BOARD OF INVESTMENT OF SRI LANKA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER

|  | 2019<br>Rs.          | 2018<br>Rs.          |
|--|----------------------|----------------------|
| <b>4 Revenue</b>                           |                      |                      |
| Ground Rent                                | 1,193,019,780        | 881,392,643          |
| Annual Fees                                | 830,059,523          | 702,134,793          |
| Import/Export Service Charges              | 1,428,114,025        | 1,148,966,443        |
| Net Income from Supply of Water (Note 4.1) | 362,177,762          | 419,735,183          |
| Land Premium                               | 218,799,859          | 213,007,727          |
| Rent Income                                | 147,877,915          | 118,985,459          |
| License Fee Sec.-16 Enterprises            | 35,751,215           | 29,564,566           |
| Sale of Entry Permits                      | 231,082,682          | 191,634,952          |
| Agreement Processing Fees                  | 57,738,308           | 46,752,931           |
| Income from Housing & Other Projects       | 19,846,677           | 17,802,442           |
| Miscellaneous Income                       | 121,623,922          | 119,637,245          |
|  | <b>4,646,091,668</b> | <b>3,889,614,384</b> |

#### 4.1 Net Income from Supply of Water for Enterprises

|  |                    |                    |
|--|--------------------|--------------------|
| Income from Water Supply               | 1,344,160,694      | 1,384,650,022      |
| Related Cost on Water Supply           | (981,982,932)      | (964,914,838)      |
| <b>Net Income from Supply of Water</b> | <b>362,177,762</b> | <b>419,735,183</b> |

### 5 Surplus from Operations

Surplus from Operations is stated after charging/(crediting ) all expenses including the following.

|                                  |               |               |
|----------------------------------|---------------|---------------|
| Operating Expenses (Note 6)      | 322,000,511   | 267,056,011   |
| Administrative Expenses (Note 7) | 3,165,507,062 | 2,846,961,667 |
| Government Levies (Note 8)       | 254,568,577   | 230,591,904   |
| Other Expenses (Note 9)          | 31,290,988    | 30,301,325    |

### 6 Operating Expenses

|                                    |                    |                    |
|------------------------------------|--------------------|--------------------|
| Investment Promotion Expenses      | 52,824,668         | 29,005,705         |
| Maintenance of Zones               | 149,880,895        | 124,609,414        |
| Light & Power                      | 49,031,390         | 48,292,995         |
| Security Services                  | 66,613,346         | 61,879,967         |
| Welfare Expenses to Zone Employees | 3,650,211          | 3,267,931          |
|                                    | <b>322,000,511</b> | <b>267,056,011</b> |

# BOARD OF INVESTMENT OF SRI LANKA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER

|   | 2019<br>Rs.          | 2018<br>Rs.          |
|---|----------------------|----------------------|
| <b>7 Administrative Expenses</b>                  |                      |                      |
| Personnel Cost (Note 7.1)                         | 1,874,453,119        | 1,682,316,947        |
| Staff Welfare Expenses                            | 291,602,225          | 229,210,751          |
| Printing & Stationery                             | 27,711,635           | 25,691,436           |
| Maintenance of P/M Computer & Office Equipment's. | 47,720,883           | 43,227,341           |
| Building Maintenance                              | 84,584,415           | 81,054,756           |
| Transport Related Expenses                        | 118,132,411          | 101,303,145          |
| Office Rent & Verification Unit Rent              | 75,077,753           | 67,041,126           |
| Press Notifications                               | 7,806,512            | 7,976,180            |
| Water Consumption                                 | 5,003,590            | 4,898,417            |
| Communication Expenses                            | 35,377,098           | 36,584,507           |
| Municipality Rates                                | 15,907,708           | 15,912,708           |
| Staff Training                                    | 14,707,650           | 12,443,929           |
| Legal & Professional Charges                      | 4,886,126            | 11,281,562           |
| Compensation for Legal Obligations                | 1,300,968            | -                    |
| Travelling & Subsistence                          | 6,254,974            | 5,583,979            |
| Audit Fees  | 2,376,000            | 3,328,000            |
| Impairment on Debtors                             | 25,041,516           | 21,419,229           |
| Depreciation                                      | 527,562,480          | 497,687,654          |
|   | <b>3,165,507,062</b> | <b>2,846,961,667</b> |

#### 7.1 Personnel Cost

|   |                      |                      |
|---|----------------------|----------------------|
| Board Members Fee                           | 810,000              | 900,000              |
| Chairman / Director General                 | 12,015,533           | 10,086,667           |
| Salaries & Wages - Executive Staff          | 574,408,299          | 500,803,893          |
| Salaries & Wages - Clerical & Allied Staff  | 105,363,890          | 102,415,301          |
| Salaries & Wages - Security Staff           | 60,872,496           | 54,368,727           |
| Salaries & Wages - Minor Staff              | 128,472,475          | 124,239,899          |
| Overtime                                    | 167,353,921          | 147,753,776          |
| Leave Encashment                            | 73,697,846           | 68,001,501           |
| Bonus                                       | 121,391,628          | 92,669,480           |
| Provision for Retirement Benefit Obligation | 15,065,355           | 13,965,287           |
| Contribution to Employee's Provident Fund   | 125,379,459          | 111,331,049          |
| Contribution to Employee's Trust Fund       | 25,075,892           | 22,266,210           |
| Other Staff Cost                            | 464,546,326          | 433,515,159          |
|   | <b>1,874,453,119</b> | <b>1,682,316,947</b> |

# BOARD OF INVESTMENT OF SRI LANKA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER

|  | 2019<br>Rs.        | 2018<br>Rs.        |
|--|--------------------|--------------------|
| <b>8 Government Levies</b>               |                    |                    |
| Stamp Duty                               | 1,436,880          | 372,675            |
| Nation Building Tax                      | 52,581,685         | 46,988,831         |
| Value Added Tax - Disallowed VAT Input   | 200,550,012        | 183,230,398        |
|  | <b>254,568,577</b> | <b>230,591,904</b> |
| <b>9 Other Expenses</b>                  |                    |                    |
| Expenses on Issuing Identity Cards       | 5,119,782          | 4,227,630          |
| Sundry Expenses                          | 18,431,786         | 20,139,859         |
| Container Key Locks                      | 2,117,851          | 1,427,535          |
| Insurance                                | 3,225,728          | 3,301,780          |
| Environment Control Expenses             | 1,656,295          | 394,196            |
| Corporate Social Responsibility Expenses | 25,534             | -                  |
| Entertainment                            | 714,011            | 810,326            |
|  | <b>31,290,988</b>  | <b>30,301,325</b>  |
| <b>10 Net Finance Income</b>             |                    |                    |
| <b>Finance Income</b>                    |                    |                    |
| Interest Income on Call Deposits/Others  | 378,769,490        | 313,553,712        |
| Interest Income on Staff Loans           | 32,675,424         | 30,896,330         |
| Total Finance Income                     | <b>411,444,914</b> | <b>344,450,042</b> |
| <b>Finance Expenses</b>                  |                    |                    |
| Interest on Lease Liabilities            | 9,809,725          | 6,996,378          |
| Bank Charges                             | 847,835            | 741,020            |
| Total Finance Expenses                   | <b>10,657,560</b>  | <b>7,737,398</b>   |
| <b>Net Finance Income</b>                | <b>400,787,354</b> | <b>336,712,644</b> |

**BOARD OF INVESTMENT OF SRI LANKA  
NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31<sup>ST</sup> DECEMBER 2019**

**11 Property, Plant and Equipment**

|  | Land               | Buildings            |                      | Structures         |                | Plant & Machinery  |                    | Fixtures & Fittings |                      | Furniture, & Office Equipment |     | Computers |     | Motor Vehicles |     | Total |     |
|--|--------------------|----------------------|----------------------|--------------------|----------------|--------------------|--------------------|---------------------|----------------------|-------------------------------|-----|-----------|-----|----------------|-----|-------|-----|
|  |                    | Rs.                  | Rs.                  | Rs.                | Rs.            | Rs.                | Rs.                | Rs.                 | Rs.                  | Rs.                           | Rs. | Rs.       | Rs. | Rs.            | Rs. | Rs.   | Rs. |
| <b>Freehold Assets at Cost</b>                 |                    |                      |                      |                    |                |                    |                    |                     |                      |                               |     |           |     |                |     |       |     |
| Balance as at 01 <sup>st</sup> January         | 662,541,639        | 1,817,372,898        | 6,014,448,563        | 70,819,444         | 909,263        | 171,223,615        | 234,427,933        | 224,804,797         | 9,196,548,152        | 8,740,232,359                 |     |           |     |                |     |       |     |
| Additions during the year                      |                    |                      | 5,578,693            | 2,473,874          | 51,088         | 14,913,163         | 26,361,048         | 30,595,300          | 79,973,166           | 75,485,233                    |     |           |     |                |     |       |     |
| Transferred from Capital Work in Progress      |                    |                      |                      |                    |                | 777,500            |                    | 5,030,105           | 369,080,015          | 412,522,296                   |     |           |     |                |     |       |     |
| Disposal during the year                       |                    | 25,610,191           | 305,766,733          | 31,895,486         |                |                    |                    |                     |                      |                               |     |           |     |                |     |       |     |
| Transferred to Investment Property             |                    | 6,796,000            | 5,061,852            | 1,198,646          |                |                    |                    | 14,252,000          | 34,927,543           | 31,691,735                    |     |           |     |                |     |       |     |
| Transferred from Investment Property           | 78,282,681         | -                    | -                    | -                  | -              | -                  | -                  | -                   | -                    | -                             |     |           |     |                |     |       |     |
|  | 18,343,000         |                      |                      |                    |                |                    |                    |                     |                      |                               |     |           |     |                |     |       |     |
| <b>Balance as at 31<sup>st</sup> December</b>  | <b>602,601,958</b> | <b>1,836,187,089</b> | <b>6,320,732,137</b> | <b>103,990,158</b> | <b>881,669</b> | <b>184,434,357</b> | <b>255,728,539</b> | <b>246,178,202</b>  | <b>9,550,734,109</b> | <b>9,196,548,153</b>          |     |           |     |                |     |       |     |
| <b>Depreciation</b>                            |                    |                      |                      |                    |                |                    |                    |                     |                      |                               |     |           |     |                |     |       |     |
| Balance as at 01 <sup>st</sup> January         | -                  | 877,900,685          | 2,631,135,225        | 44,562,400         | 404,999        | 95,154,465         | 158,608,855        | 190,397,889         | 3,998,164,518        | 3,576,576,527                 |     |           |     |                |     |       |     |
| Charge for the year                            | -                  | 91,014,984           | 304,412,554          | 4,366,594          | 94,615         | 17,574,835         | 35,589,620         | 19,260,324          | 472,313,526          | 452,196,175                   |     |           |     |                |     |       |     |
| On Disposals                                   | -                  | 3,737,800            | 2,625,126            | 1,167,934          | 36,993         | 2,162,785          | 5,055,976          | 14,252,000          | 29,038,614           | 30,608,184                    |     |           |     |                |     |       |     |
| <b>Balance as at 31<sup>st</sup> December</b>  | <b>-</b>           | <b>965,177,869</b>   | <b>2,932,922,653</b> | <b>47,761,060</b>  | <b>462,621</b> | <b>110,566,515</b> | <b>189,142,499</b> | <b>195,406,213</b>  | <b>4,441,439,430</b> | <b>3,998,164,518</b>          |     |           |     |                |     |       |     |
| <b>Written Down Value of Freehold Assets</b>   |                    |                      |                      |                    |                |                    |                    |                     |                      |                               |     |           |     |                |     |       |     |
| As at 31 <sup>st</sup> December                | 602,601,958        | 871,009,220          | 3,387,809,484        | 56,229,098         | 419,048        | 73,867,842         | 66,586,040         | 50,771,989          | 5,109,294,679        | 5,198,383,635                 |     |           |     |                |     |       |     |
| <b>Leasehold Assets</b>                        |                    |                      |                      |                    |                |                    |                    |                     |                      |                               |     |           |     |                |     |       |     |
| Balance as at 01 <sup>st</sup> January         | -                  | -                    | -                    | -                  | -              | -                  | -                  | 212,256,071         | 212,256,071          | 212,256,071                   |     |           |     |                |     |       |     |
| Additions during the year                      | -                  | -                    | -                    | -                  | -              | -                  | -                  | 147,150,000         | 147,150,000          |                               |     |           |     |                |     |       |     |
| <b>Total Leasehold Assets</b>                  |                    |                      |                      |                    |                |                    |                    | <b>359,406,071</b>  | <b>359,406,071</b>   | <b>212,256,071</b>            |     |           |     |                |     |       |     |
| <b>Depreciation</b>                            |                    |                      |                      |                    |                |                    |                    |                     |                      |                               |     |           |     |                |     |       |     |
| Balance as at 01 <sup>st</sup> January         | -                  | -                    | -                    | -                  | -              | -                  | -                  | 118,989,071         | 118,989,071          | 89,582,498                    |     |           |     |                |     |       |     |
| Charge for the year                            | -                  | -                    | -                    | -                  | -              | -                  | -                  | 39,164,049          | 39,164,049           | 29,406,573                    |     |           |     |                |     |       |     |
| <b>Balance as at 31<sup>st</sup> December</b>  | <b>-</b>           | <b>-</b>             | <b>-</b>             | <b>-</b>           | <b>-</b>       | <b>-</b>           | <b>-</b>           | <b>158,153,120</b>  | <b>158,153,120</b>   | <b>118,989,071</b>            |     |           |     |                |     |       |     |
| <b>Written Down Value of Leaseholds Assets</b> |                    |                      |                      |                    |                |                    |                    |                     |                      |                               |     |           |     |                |     |       |     |
| As at 31 <sup>st</sup> December                | -                  | -                    | -                    | -                  | -              | -                  | -                  | 201,252,951         | 201,252,951          | 93,267,000                    |     |           |     |                |     |       |     |
| <b>Written Down Value of Assets</b>            |                    |                      |                      |                    |                |                    |                    |                     |                      |                               |     |           |     |                |     |       |     |
| As at 31 <sup>st</sup> December                | 602,601,958        | 871,009,220          | 3,387,809,484        | 56,229,098         | 419,048        | 73,867,842         | 66,586,040         | 252,024,940         | 5,310,547,630        | 5,291,650,635                 |     |           |     |                |     |       |     |

As at 31<sup>st</sup> December 2019, Motor Vehicles acquired under Finance Leases amounted to Rs 359,406,071.00 They are mainly related to Property used in administration. The liability relating to these assets are shown under Note 22 "Non Current Financial Liabilities".

# BOARD OF INVESTMENT OF SRI LANKA

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31<sup>ST</sup> DECEMBER

|  | 2019<br>Rs.           | 2018<br>Rs.           |
|--|-----------------------|-----------------------|
| <b>12 Investment Property</b>                                  |                       |                       |
| Balance as at 1 <sup>st</sup> January                          | 31,172,293,810        | 31,172,293,810        |
| Transferred from Property Plant & Equipment - Land             | 78,282,681            | -                     |
| Additions during the year                                      | 247,192               | -                     |
| Transferred to Property Plant & Equipment-Land                 | 18,343,000            |                       |
| Less -Accumulated Amortization as at 31 <sup>st</sup> December | 159,115,096           | 143,030,190           |
| Balance as at 31 <sup>st</sup> December                        | <b>31,073,365,587</b> | <b>31,029,263,620</b> |
| <b>13 Capital Work-in-Progress</b>                             |                       |                       |
| <b>General Projects</b>  |                       |                       |
| Balance as at 1 <sup>st</sup> January                          | 1,349,464,459         | 1,224,759,463         |
| Additions during the year                                      | 817,458,555           | 584,404,154           |
| Capitalized during the year                                    | (445,928,018)         | (453,553,053)         |
| Refunds & Adjustments  | (85,855,905)          | (6,146,104)           |
| Balance as at 31 <sup>st</sup> December                        | <b>1,635,139,091</b>  | <b>1,349,464,460</b>  |
| <b>Special Projects</b>  |                       |                       |
| Balance as at 1 <sup>st</sup> January                          | 271,193,946           | 234,886,014           |
| Refunds  | (11,141)              | (688,000)             |
| Additions during the year                                      | 100,923,786           | 36,995,932            |
| Transferred to General Projects under Capital Work-In-Progress | (44,931,036)          | -                     |
| Balance as at 31 <sup>st</sup> December                        | <b>327,175,556</b>    | <b>271,193,946</b>    |
| <b>Software Assets -IT Enablement Project</b>                  | <b>20,040,883</b>     | <b>16,040,883</b>     |
| <b>Total Capital Work-in-Progress</b>                          | <b>1,982,355,530</b>  | <b>1,636,699,289</b>  |

Advance payments on preliminary and development expenses on Special Projects which can not be estimated and classified initially or as at Balance Sheet date have been shown under Capital Work-In-Progress (CWIP) until those projects are completed. Cost of the ongoing software solutions are shown under CWIP.

# BOARD OF INVESTMENT OF SRI LANKA

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31<sup>ST</sup> DECEMBER

|   | 2019<br>Rs.        | 2018<br>Rs.        |
|---|--------------------|--------------------|
| <b>14 Non Current Financial Assets</b>                |                    |                    |
| Staff Loans & Advances (Note 14.1)                    | 654,403,425        | 601,097,866        |
| <b>Total Non Current Financial Assets (Note 14.3)</b> | <b>654,403,425</b> | <b>601,097,866</b> |

Rs.202,483,884.00, the part less than one year of other non current financial assets is included under other current financial assets.

|   | 2019<br>Rs.        | 2018<br>Rs.        |
|---|--------------------|--------------------|
| <b>14.1 Staff Loans &amp; Advances</b>                                |                    |                    |
| Staff Loans & Advances - Maturity part more than one year (Note 14.3) | 654,403,425        | 601,097,866        |
| Staff Loans & Advances - Maturity part less than one year (Note 15)   | 202,483,884        | 192,072,962        |
| Prepaid Staff Expenses for Staff loan                                 | 111,497,566        | 101,639,036        |
| Less : IFRS Adjustments -Staff Loan                                   | (111,497,566)      | (101,639,036)      |
| <b>Total Staff Loans &amp; Advances</b>                               | <b>856,887,308</b> | <b>793,170,828</b> |

## 14.2 Financial Assistance Programme

|  |              |              |
|--|--------------|--------------|
| Balance as at 1 <sup>st</sup> January                                  | 26,344,063   | 26,344,063   |
| Repaid during the year   | (10,223,107) | -            |
| Balance as at 31 <sup>st</sup> December before Provision of Impairment | 16,120,956   | 26,344,063   |
| Less - Provision for Impairment  | (16,120,956) | (26,344,063) |
| Balance as at 31 <sup>st</sup> December after Provision for Impairment | -            | -            |

# BOARD OF INVESTMENT OF SRI LANKA

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31<sup>ST</sup> DECEMBER

### 14.3 Non Current Financial Assets

Financial Assets (Loans and receivables) measured at amortized cost break down by maturity date is as follows.

|   | 31.12.2019         | Maturity               |                    |
|---|--------------------|------------------------|--------------------|
|   | Rs.                | Between 1 and 05 years | After 05 years     |
| Staff Loans & Advances                    | 654,403,425        | 443,342,747            | 211,060,677        |
| <b>Total Non Current Financial Assets</b> | <b>654,403,425</b> | <b>443,342,747</b>     | <b>211,060,677</b> |

|   | 31.12.2018         | Maturity               |                    |
|---|--------------------|------------------------|--------------------|
|   | Rs.                | Between 1 and 05 years | After 05 years     |
| Staff Loans & Advances                    | 601,097,866        | 409,749,339            | 191,348,527        |
| <b>Total Non Current Financial Assets</b> | <b>601,097,866</b> | <b>409,749,339</b>     | <b>191,348,527</b> |

|  | 2019<br>Rs.        | 2018<br>Rs.        |
|--|--------------------|--------------------|
| <b>15 Current Financial Assets</b>                           |                    |                    |
| Measured at amortized cost maturity part less than one year  |                    |                    |
| Staff Loans  | 192,130,596        | 181,639,300        |
| Staff Advances   | 10,353,288         | 10,433,663         |
| Total Staff Loans & Advances as at 31 <sup>st</sup> December | 202,483,884        | 192,072,962        |
| Less-Provision for Impairment on Staff loan (Note 15.1)      | (2,740,570)        | (4,867,225)        |
|  | <b>199,743,314</b> | <b>187,205,737</b> |
| Financial Assets measured at Fair Value                      |                    |                    |
| Fixed Deposit - State Mortgage & Investment Bank             | 6,716,116          | 6,485,556          |
| Fixed Deposit  | 20,000             | 20,000             |
| <b>Total Current Financial Assets</b>                        | <b>206,479,430</b> | <b>193,711,293</b> |

|  | 2019<br>Rs.      | 2018<br>Rs.      |
|--|------------------|------------------|
| <b>15.1 Provision for Impairment on Receivables - Staff loans &amp; Advances</b> |                  |                  |
| Balance as at 1 <sup>st</sup> January  | 4,867,225        | -                |
| Provision made during the year   | (2,126,655)      | 4,867,225        |
| Balance as at 31 <sup>st</sup> December  | <b>2,740,570</b> | <b>4,867,225</b> |



# BOARD OF INVESTMENT OF SRI LANKA

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31<sup>ST</sup> DECEMBER

|  | 2019<br>Rs.        | 2018<br>Rs.        |
|--|--------------------|--------------------|
| <b>16 Receivables from Enterprises</b>                     |                    |                    |
| Receivables from Enterprises                               | 725,609,535        | 639,266,361        |
| Less-Provision for Impairment on Receivables - (Note 16.1) | (410,118,417)      | (372,722,869)      |
|  | <b>315,491,118</b> | <b>266,543,492</b> |

### 16.1 Provision for Impairment on Receivables

|   |                    |                    |
|---|--------------------|--------------------|
| Balance as at 1 <sup>st</sup> January   | 372,722,869        | 349,670,032        |
| Provision made during the year          | 37,395,548         | 23,052,837         |
| Balance as at 31 <sup>st</sup> December | <b>410,118,417</b> | <b>372,722,869</b> |

### 17 Payments in Advance and Other Receivables

|   |                    |                    |
|---|--------------------|--------------------|
| Advance Payments                                    | 610,713            | 16,022,569         |
| Advance Payments Foreign Travel                     | 569,999            | 569,999            |
| Sri Lanka Mission Abroad                            | 323,950            | 859,701            |
| Mobilization Advances                               | 78,620,138         | 85,425,427         |
| Prepaid Expenses                                    | 713,900            | 1,773,738          |
| Interest Income - Receivables                       | 52,094,152         | 51,781,480         |
| Deposit Receivables                                 | 12,283,822         | 10,402,466         |
| Deposit Against Pending Litigation                  | 106,119,518        | 106,119,518        |
| Other Receivables                                   | 78,157,452         | 276,697,178        |
| Less-Provision for Impairment on Receivables (17.1) | (65,205,229)       | (65,209,498)       |
|   | <b>264,288,415</b> | <b>484,442,579</b> |

### 17.1 Provision for Impairment on Other Receivables

|   |                   |                   |
|---|-------------------|-------------------|
| Balance as at 1 <sup>st</sup> January   | 65,209,498        | 71,710,332        |
| Provision made during the year          | (4,269)           | (6,500,834)       |
| Balance as at 31 <sup>st</sup> December | <b>65,205,230</b> | <b>65,209,498</b> |

# BOARD OF INVESTMENT OF SRI LANKA

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31<sup>ST</sup> DECEMBER

|  | 2019<br>Rs.          | 2018<br>Rs.          |
|--|----------------------|----------------------|
| <b>18 Favourable Cash &amp; Cash Equivalents</b> |                      |                      |
| Bank of Ceylon - Personal Branch                 | 142,608,614          | 190,273,749          |
| Bank of Ceylon - Personal Branch                 | 110,400              | 323,808              |
| Bank of Ceylon - Personal Branch                 | 60,000               | 9,500                |
| Sampath Bank PLC-WTC Branch                      | 12,816               | 19,261               |
| Bank of Ceylon -Katunayake                       | 30,020,793           | 28,427,742           |
| Bank of Ceylon -Biyagama                         | 34,525,949           | 78,456,342           |
| Bank of Ceylon - Koggala                         | 3,187,637            | 433,139              |
| Bank of Ceylon - Digana                          | 24,193,116           | 4,605,595            |
| Bank of Ceylon -Avissawella                      | 36,366,047           | 8,706,663            |
| Bank of Ceylon -Ingiriya                         | 10,605,456           | 8,801,009            |
| Bank of Ceylon - Mirigama                        | 133,013              | 305,010              |
| Bank of Ceylon - Nittambuwa                      | 13,234,986           | 6,915,492            |
| Bank of Ceylon - Kurunegala                      | 6,232,000            | 605,889              |
| Gold Sovereign                                   | 44,800               | 44,800               |
| Balance in Franking Machine                      | 276,197              | 252,881              |
| Temporary Surplus Fund - Bank of Ceylon          | 3,734,277            | 3,514,734            |
| National Savings Bank - Staff Security Deposits  | 194,192              | 218,705              |
| Plan Assets for Gratuity - Treasury Bonds        | 314,173,657          | 265,581,119          |
| Repurchase Agreements                            | 3,718,508,827        | 3,153,357,596        |
| <b>Total Cash and Cash Equivalents</b>           | <b>4,338,222,775</b> | <b>3,750,853,033</b> |

### 19 Deferred Expenditure

BOI acquired nine (9) floors of World Trade Centre in 2008, the cost of interior decorations ,carpeting and partitions are recognized in the income statement on a straight line basis over the estimated useful life of 10 years. Amortization of Cost of Zone Development is recognized over 20 years.

|   | 2019<br>Rs.        | 2018<br>Rs.        |
|---|--------------------|--------------------|
| Balance as at 1 <sup>st</sup> January   | 397,100,121        | 415,893,541        |
| Expenditure Deferred during the year    | 70,412,562         | 31,094,220         |
| Less - Current year expenditure         | (50,089,719)       | (49,887,640)       |
| Balance as at 31 <sup>st</sup> December | <b>417,422,964</b> | <b>397,100,121</b> |

# BOARD OF INVESTMENT OF SRI LANKA

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31<sup>ST</sup> DECEMBER

### 20 Deferred Revenue

|              |      | 2019                  | 2018                  |
|--------------|------|-----------------------|-----------------------|
|              |      | Rs.                   | Rs.                   |
| Land Premium | 20.1 | 15,898,298,040        | 15,708,350,186        |
| Grant        | 20.2 | 17,652,309            | 24,749,839            |
|              |      | <b>15,915,950,349</b> | <b>15,733,100,025</b> |

### 20.1 Deferred Revenue - Land Premium

|   |                       |                       |
|---|-----------------------|-----------------------|
| Balance as at 1 <sup>st</sup> January                 | 15,708,350,186        | 15,358,994,399        |
| Received during the year                              | 408,747,714           | 562,037,744           |
| Recognized income through Income Statements           | (218,799,859)         | (212,681,957)         |
| Balance as at 31 <sup>st</sup> December (Note 20.1.1) | <b>15,898,298,040</b> | <b>15,708,350,186</b> |

### 20.1.1 Deferred Revenue

|              | 31.12.2019            | Within 01 year     | Between 1 and 05 years | After 5 years         |
|--------------|-----------------------|--------------------|------------------------|-----------------------|
|              | Rs.                   |                    |                        |                       |
| Land Premium | 15,898,298,040        | 218,799,859        | 1,093,999,297          | 14,585,498,883        |
|              | <b>15,898,298,040</b> | <b>218,799,859</b> | <b>1,093,999,297</b>   | <b>14,585,498,883</b> |

|              | 31.12.2018            | Within 01 year     | Between 1 and 05 years | After 5 years         |
|--------------|-----------------------|--------------------|------------------------|-----------------------|
|              | Rs.                   |                    |                        |                       |
| Land Premium | 15,708,350,186        | 212,681,958        | 1,063,409,787          | 14,432,258,441        |
|              | <b>15,708,350,186</b> | <b>212,681,958</b> | <b>1,063,409,787</b>   | <b>14,432,258,441</b> |

Deferred income liabilities principally relate to Land Premium Income received from Enterprises, for which revenue is recognised over the period of time throughout the agreement period. The revenue recognition in the agreement is applied separately to each agreement and that amount is recognised as revenue over the period.

### 20.2 Deferred Revenue - Grant

|   | 2019              | 2018              |
|---|-------------------|-------------------|
|   | Rs.               | Rs.               |
| Balance as at 1 <sup>st</sup> January       | 24,749,839        | 13,609,041        |
| <u>Additions during the year</u>            |                   |                   |
| MAS Holding Grant                           | -                 | 4,000,000         |
| Japanese Embassy Grant                      | -                 | 14,145,319        |
| Recognized income through Income Statements | (7,097,531)       | (7,004,520)       |
| Balance as at 31 <sup>st</sup> December     | <b>17,652,309</b> | <b>24,749,839</b> |

Grant from the Japanese Government is recognized as Non Current Assets at their fair value. Grant is recognized as income over the period to match with the depreciation expenses on those assets.

# BOARD OF INVESTMENT OF SRI LANKA

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 31<sup>ST</sup> DECEMBER

#### 21 Retirement Benefit Obligations

|   | 2019<br>Rs.         | 2018<br>Rs.         |
|---|---------------------|---------------------|
| Present Value of Defined Benefit Obligations as at 01 <sup>st</sup> January | 272,788,724         | 265,684,539         |
| Interest Cost   | 32,734,647          | 26,484,598          |
| Current Service Cost  | 14,200,443          | 12,124,446          |
| Gratuity payable re-adjustment  | 1,270,808           | 476,406             |
| Actuarial (Gain)/Loss on obligations  | 46,932,575          | 14,962,713          |
| <b>Less - Payments made/payable during the year</b>                         | <b>(37,935,136)</b> | <b>(46,943,978)</b> |
| Provision as at 31 <sup>st</sup> December                                   | <u>329,992,061</u>  | <u>272,788,724</u>  |

#### Movement in the Present Value of Plan Assets

|   |                    |                    |
|---|--------------------|--------------------|
| Fair Value of Plan Assets                     | 265,581,119        | 246,437,573        |
| Expected Return on Plan Assets for the period | 31,869,734         | 24,643,757         |
| Contribution paid into the plan               | 48,592,538         | 19,244,038         |
| Gratuity paid / payable by the Plan Assets    | (27,302,724)       | (28,633,412)       |
| Actuarial Gain / (Loss) on Plan Assets        | (4,567,010)        | 3,889,162          |
| Fair Value of Plan Assets                     | <u>314,173,657</u> | <u>265,581,119</u> |

#### Expenses Recognized in the Income Statement

|   |                   |                   |
|---|-------------------|-------------------|
| Interest Cost                               | 32,734,647        | 26,484,598        |
| Expected Return on Plan Assets              | (31,869,734)      | (24,643,757)      |
| Current Service Cost                        | 14,200,443        | 12,124,446        |
| Actuarial (Gain)/Loss                       | 51,499,585        | 10,973,058        |
| Total Amount Recognised in Income Statement | <u>66,564,941</u> | <u>24,938,345</u> |

#### Plan Assets consists of the following

|                               |                       |                    |
|-------------------------------|-----------------------|--------------------|
| Treasury Bonds                | 314,173,657.00        | 265,581,119        |
| Total of Gratuity Plan Assets | <u>314,173,657.00</u> | <u>265,581,119</u> |

An independent actuarial valuation of the Retirement Benefit Obligation was carried out as at 31<sup>st</sup> December 2019 by professional actuary M/S Actuarial & Management Consultants (Pvt) Limited. The valuation method used by the Actuary to value the Retirement Benefit Obligation is "Projected Unit Credit Method". Board maintains a separate plan assets consisting investment in Treasury Bonds.

The Key Assumptions used by Actuary includes the following.

|   | 2019     | 2018     |
|---|----------|----------|
| (i) Discount Rate                           | 11%      | 12%      |
| (ii) Salary Increment Rate                  | Fixed    | Fixed    |
| (iii) Assumption regarding Future Mortality | A1967/70 | A1967/70 |
| (iv) Retirement Age                         | 60 Years | 60 Years |

# BOARD OF INVESTMENT OF SRI LANKA

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31<sup>ST</sup> DECEMBER

|   | 2019<br>Rs.          | 2018<br>Rs.          |
|---|----------------------|----------------------|
| <b>22 Non Current Financial Liabilities</b>                                 |                      |                      |
| Balance as at 1 <sup>st</sup> January                                       | 58,155,362           | 78,928,729           |
| Finance Lease obtained during the year                                      | 99,395,880           | -                    |
| Installments paid during the year   | (29,454,696)         | (20,773,367)         |
| Total Undiscounted Lease Liabilities as at 31st December                    | 128,096,546          | 58,155,362           |
| <b>Lease Liabilities included in the Statement of Financial Position</b>    |                      |                      |
| Non Current Financial Liabilities (Falling within one year)                 | 26,977,500           | 13,817,596           |
| Current Financial Liabilities (Falling after one year)                      | 74,875,711           | 34,105,586           |
| Total Payable Finance Liabilities - Lease                                   | 101,853,211          | 47,923,182           |
| <b>Amount Recognised in Income Statements Interest on Lease Liabilities</b> |                      |                      |
| Interest on Lease Liabilities   | 9,809,725            | 6,996,378            |
| Total Interest on Lease Liabilities   | 9,809,725            | 6,996,378            |
| <b>23 Accrued Expenses and Other Payables</b>                               |                      |                      |
| Sundry Creditors  | 84,942,925           | 341,296,482          |
| Accrued Expenses  | 196,929,064          | 217,376,183          |
| Gratuity Payable  | 388,310              | 1,659,118            |
| Funds received for Commonwealth FDI Promotion                               | 917,160              | 917,160              |
| Funds received for Tsunami  | -                    | 213,408              |
| Funds received for Flood Victims  | -                    | 761,058              |
| Dialog - Subsidy  | 692,849              | 12,849               |
| Receipts in Advance   | 255,775,124          | 239,679,313          |
| Refundable Deposits   | 137,330,922          | 140,189,309          |
| Land Reservation Fees   | 104,845,846          | 9,767,879            |
| Deposit Payable   | 236,861,617          | 331,472,726          |
| Central Environmental Authority   | -                    | 4,760,197            |
| <b>Total Operating and Other Payables</b>                                   | <b>1,018,683,817</b> | <b>1,288,105,680</b> |

# BOARD OF INVESTMENT OF SRI LANKA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER

### 24 CASH GENERATED FROM OPERATIONS

|   | <b>2019</b><br><b>Rs ( Mn.)</b> | <b>2018</b><br><b>Rs ( Mn.)</b> |
|---|---------------------------------|---------------------------------|
| Surplus after Income Tax                                | 1,106.81                        | 748.12                          |
| Depreciation  | 527.56                          | 497.69                          |
| Income Tax Expense                                      | 115.20                          | 92.32                           |
| Provision for Retirement Benefit Obligation             | 46.94                           | 38.61                           |
| Acturial (Gain) / Loss on Obligation                    | 46.93                           | 14.96                           |
| Provision for Impairment of Debtors                     | 25.04                           | 21.42                           |
| Deferred Revenue - Land Premium                         | (218.80)                        | (212.68)                        |
| Deferred Revenue - Grant                                | (7.10)                          | (7.00)                          |
| (Profit)/Loss on sale of fixed assets                   | (13.05)                         | (9.95)                          |
| Investment Income                                       | (411.44)                        | (344.45)                        |
| Interest on Lease                                       | 9.81                            | 7.00                            |
| Amortization of Deferred Expenditure                    | 50.09                           | 49.89                           |
| <b>Operating surplus before working capital changes</b> | <b>1,277.99</b>                 | <b>895.92</b>                   |
| <b>Working capital changes</b>                          |                                 |                                 |
| Stocks  | 1.44                            | 3.57                            |
| Receivables From Enterprises                            | (86.78)                         | (44.98)                         |
| Payment in Advance & Other Receivables                  | 12.26                           | (27.85)                         |
| Financial Assets  | (10.64)                         | (17.76)                         |
| Accrued expenses & other payables                       | (269.43)                        | 227.19                          |
| <b>Operating surplus after working capital changes</b>  | <b>924.84</b>                   | <b>1,036.10</b>                 |

## 25. Related Party Disclosures

### **Board of Directors from 1<sup>st</sup> January 2019 – 10<sup>th</sup> April 2019**

- 1) Mr. Hemasiri Fernando, Chairman – BOI has indicated that he has no transactions with BOI enterprises for 2019.

### **Board of Directors from 1<sup>st</sup> January 2019 – 29<sup>th</sup> October 2019**

- 2) Dr. Nihal Samarappuli, Board Member – BOI has a control and/or significant influence over the following BOI enterprises with which business transactions have been entered into with the BOI in 2019.

- i. Tokyo Cement Company (Lanka) PLC

- 3) Dr. Harsha Subasinghe, Board Member – BOI has a control and/or significant influence over the following BOI enterprises with which business transactions have been entered into with the BOI in 2019.

- i. CodeGen International (Pvt) Ltd
  - ii. CodeGen Lanka (Pvt) Ltd
  - iii. Ombo Technologies (Pvt) Ltd
  - iv. Currymuch Restaurants (Pvt) Ltd
  - v. Vega Innovations (Pvt) Ltd
  - vi. Travel Gateway (Pvt) Ltd
  - vii. Aigrow (Pvt) Ltd
  - viii. ChargeNet (Pvt) Ltd
  - ix. Code Gen Managed Services (Pvt) Ltd
  - x. Ceyco Nature Products (Pvt) Ltd

- 4) Mr. Duminda Hulangamuwa, Board Member - BOI has not provided Related Party Disclosures & will be submitted in due course.
- 5) Mr. Anil S Amarasuriya, Board Member - BOI has not provided Related Party Disclosures & will be submitted in due course.
- 6) Mr. Mangala P B Yapa, Board Member, Chairman – BOI (with effect from 11.04.2019) has indicated that he has no transactions with BOI enterprises for 2019.



### **Board of Directors from December 2019**

- 7) Mr. Susantha Ratnayake, Chairman - BOI has indicated that he has no transactions with BOI enterprises for 2019.
- 8) Dr. Harsha Subasinghe, Board Member – BOI has a control and/or significant influence over the BOI enterprises as indicated under Note No.25.3.
- 9) Dr. Harsha Cabral, Board Member – BOI has a control and/or significant influence over the following BOI enterprises with which business transactions have been entered into with the BOI in 2019.
  - i. Tokyo Cement PLC Group
  - ii. Hayleys PLC Group
- 10) Mr. Sanjay Kulathunga, Board Member – BOI has a control and/or significant influence over the following BOI enterprises with which business transactions have been entered into with the BOI in 2019.
  - i. Expo Lanka Holdings PLC
  - ii. Orion City Ltd
  - iii. Orion Towers Ltd
  - iv. Orion Development (Pvt) Ltd

Detailed lists of transaction history of Board of Directors are attached. (Annexure I)

### **26. Contingent Liabilities**

- 26.1. The list of pending litigations is attached & the actual liability of such litigations can't be ascertained accurately. (Annexure II)
- 26.2. Provision has been made for a sum of Rs.102,135,350.00 which has been seized on 01.01.2015 by the Court in relation to case filed by Million Garments (Pvt) Ltd against BOI.



**Board of Investment of Sri Lanka**

**Related Party Disclosures : Dr. Harsha Subasinghe (Transactions history 2019)**

ANNEXURE I

| Agreement No | Customer Name                    | Mode       | Status | Annual Fee        | Ground Rent | Import          | Export          |
|--------------|----------------------------------|------------|--------|-------------------|-------------|-----------------|-----------------|
| 002252       | Code Gen International (pvt) Ltd | Annual Fee | Active | 494,972.50        | -           | 2,750.00        | 2,757.05        |
|              | <b>Total</b>                     |            |        | <b>494,972.50</b> | <b>-</b>    | <b>2,750.00</b> | <b>2,757.05</b> |

**Related Party Disclosures :- Dr. Nihal Samarappuli (Transactions history 2019)**

| Agreement No | Customer Name                    | Mode       | Status | Annual Fee        | Ground Rent | Import   | Export   |
|--------------|----------------------------------|------------|--------|-------------------|-------------|----------|----------|
| 002016       | Tokyo Cement Company (Lanka) PLC | Annual Fee | Active | 569,218.37        | -           | -        | -        |
|              | <b>Total</b>                     |            |        | <b>569,218.37</b> | <b>-</b>    | <b>-</b> | <b>-</b> |

**Related Party Disclosures :- Dr. Harsha Cabral (Transactions history 2019)**

| Agreement No | Customer Name                                    | Mode        | Status | Annual Fee          | Ground Rent          | Import           | Export           |
|--------------|--|-------------|--------|---------------------|----------------------|------------------|------------------|
| 002016       | Tokyo Cement Company (Lanka) PLC                 | Annual Fee  | Active | 569,218.37          | -                    | -                | -                |
| 003323       | Hayleys Agro Biotech (Pvt) Ltd                   | Annual Fee  | Active | 128,692.85          | -                    | 2.12             | 126.41           |
| 004159       | Hayleys Business Soution International (Pvt) Ltd | Annual Fee  | Active | 569,218.37          | -                    | -                | -                |
| 000583       | Hayleys Fabric PLC                               | Annual Fee  | Active | 989,945.00          | -                    | 8,172.49         | 1,212.21         |
| 004741       | Hayleys Free Zone                                | Ground Rent | Active | -                   | 12,526,256.46        | 25,245.24        | 20,800.49        |
| 004914       | Hayleys Neluwa Hydro power (Pvt) Ltd             | Annual Fee  | Active | 1,252,280.42        | -                    | -                | -                |
| 002784       | Hayleys Lines Ltd                                | Annual Fee  | Active | 569,218.37          | -                    | -                | -                |
|              | Hayleys Energy Service Lanka                     | Annual Fee  | Active | 82,800.00           | -                    | -                | -                |
|              | <b>Total</b>                                     |             |        | <b>4,161,373.38</b> | <b>12,526,256.46</b> | <b>33,419.84</b> | <b>22,139.11</b> |

**Related Party Disclosures : Mr. Sanjay Kulathunga (Transaction history 2019)**

| Agreement No | Customer Name    | Mode       | Status | Annual Fee Rs     | Ground Rent | Import       | Export   |
|--------------|------------------|------------|--------|-------------------|-------------|--------------|----------|
| 004880       | Orion Towers Ltd | Annual Fee | Active | 424,859.30        | -           | 47.72        | -        |
|              | <b>Total</b>     |            |        | <b>424,859.30</b> | <b>-</b>    | <b>47.72</b> | <b>-</b> |

| <b>PENDING LEGAL CASES AS AT 31.12.2019</b> |                             |  |   |
|---|-----------------------------|--|---|
| <b>SR/ NO</b>                               | <b>CASE NO.</b>             | <b>PARTIES</b>   | <b>CURRENT POSITION</b>   |
| 1   | H.C. 3127/06                | Case filed by Criminal Investigation Department against Ranjith Amarasinghe. [Chairman/Managing Director, M/s Million Garments (Pvt) Ltd]  | Trial   |
| 2   | H.C. 3505/06                | Case filed by Criminal Investigation Department against Ranjith Amarasinghe. [Chairman/Managing Director, M/s Million Garments (Pvt) Ltd]  | Trial   |
| 3   | H.C. (ARB) 1254/2002        | Million Garments (Pvt) Ltd -vs- BOI  | Calling for further action  |
| 4   | C.A. (R/I) 08/2016          | B O I -Vs- Million Garments (Pvt) Ltd  | To be mentioned   |
| 5   | L.T. Colombo 13/17/2019     | S.Y. Nawaratne -Vs- B O I  | Fixed for Inquiry   |
| 6   | S.C (F/R) 455/2015          | S.Y. Nawaratne -VS- B O I & 09 Others  | Arguments   |
| 7   | S.C. Appeal 53/2012         | Joint Liquidators of Bonaventure Textiles (Lanka) Ltd -vs- BOI   | Arguments   |
| 8   | S.C. Appeal 54/2012         | Joint Liquidators of Bonaventure Apparels Lanka (Pvt) Ltd -vs- BOI   | Arguments   |
| 9   | H.C. (Civil) 49/2011/CO     | Propack Shreiner (Pvt) Ltd -vs- Haikawa Industries (Pvt) Ltd   | Calling for further action  |
| 10  | D.C. Colombo DMR 01262/13   | BOI -vs- Upasena Property Development (Pvt) Ltd  | Informed Shirathi Gunawardena Associates to take necessary steps to execute the writ  |
| 11  | D.C. Colombo DMR 02244/2015 | Stirling Group Lanka (Pvt) Ltd   | For trial   |
| 12  | C.A (Writ) 444/2015         | U.T.M.T Resort (Pvt) Ltd -VS- BOI  | Calling for further action  |
| 13  | C.A (Writ) 465/2015         | Edna Cocoa Products (Pvt) Ltd -VS- B O I & 02 Others   | Arguments   |
| 14  | H.C. (Civil) 56/2016/CO     | M.I.K. Perera -Vs- Lumiere Textiles Ltd & 06 Others  | Calling   |
| 15  | C.A. (Writ) 386/2016        | Asiri Surgical Hospitals PLC -Vs- B O I & 02 Others  | The 2nd Respondent (BOI) and Petitioner to inform the Court by way of a motion if any settlement is reached, if not parties to file Written Submissions           |
| 16  | S.C. (SPL) L.A. 182/2017    | R.A. Dharmadasa -Vs- B O I   | For Support   |
| 17  | C.A. (Writ) 307/2008        | MTV Channel (Pvt) Ltd -vs- Director General of Customs & 03 Others   | Arguments   |
| 18  | H.C. (Civil) 36/2012/CO     | Mac Supply Chain Solutions (Pvt) Ltd (Petitioner) and now Lincon Chandrasoma Piyasena (Re-Liquidator of Capital Consolidated Lanka (Pvt) Ltd.) -vs- Star Clothing International (Pvt) Ltd & 2 Others | Calling for further action  |
| 19  | D.C. Gampaha 2165/L         | M.M.M. Smyle -vs- BOI  | Trial   |
| 20  | ICC Arbitration 18656/CYK   | Sevanagala Sugar Industries Ltd -vs- BOI   | Pending   |
| 21  | H.C. (Civil) 579/2016 MR    | D.P. Jayasinghe Pilling Company (Pvt) Ltd -Vs- BOI & 02 Others   | No relief has been sought from BOI. BOI has been made a party for Notice Purpose only.  |
| 22  | C.A. (Writ) 112/2015        | Centre for Environmental Justice (Guarantee) Limited -Vs- BOI & 07 Others  | Judgement to be Delivered   |
| 23  | S.C (F/R) REF 57/2017       | Centre for Environmental Justice (Guarantee) Limited & 04 Others -Vs- Director General (BOI) & 16 Others   | No relief has been sought from BOI. BOI has been made a party for Notice Purpose only.  |
| 24  | D.C. Colombo DSP 68/2017    | D.M. Industries Ltd -Vs- B O I & 02 Others   | The previous date of the case was on a holiday. -: The next step is for the Plaintiff to file motion to call the Case. No steps have been taken by the Plaintiff. |
| 25  | S.C. (SPL) LA 227/2017      | Eco Tech Create 21 Company (Pvt) Ltd & another -Vs- BOI & 07 Others  | For support for further action  |
| 26  | C.A. (Writ) 384/2017        | Susung Lanka Industries Company (Pvt) Ltd & another -Vs- B O I & 06 Others   | To be mentioned   |

| <b>PENDING LEGAL CASES AS AT 31.12.2019</b> |   |  |  |
|---|---|--|--|
| <b>SR/NO</b>                                | <b>CASE NO.</b>                                     | <b>PARTIES</b>   | <b>CURRENT POSITION</b>  |
| 27  | H.C. (ARB) 645/2017                                 | B O I -Vs- Avocadia Ceylon (Pvt) Ltd                             | Ex-parte Judgement was Delivered on 15.11.2019 in favour of the BOI  |
| 28  | C.A. (PHC) 27/2017                                  | Dinagi Lanka (Pvt) Ltd -Vs- BOI                                  | Support date not yet received from the registry of Court of Appeal.  |
| 29  | S.C. (H.C) L.A. 24/18                               | B O I -Vs- Haikawa Industries (Pvt) Ltd & 06 Others              | To be mentioned  |
| 30  | S.C. (SPL) LA 118/2018                              | Logiwiz Ltd -Vs- B O I & 03 Others (No claim from the BOI)       | For Support  |
| 31  | H.C. (Civil) 59/2018                                | S.L.A. Ariyasena -Vs- B O I                                      | Pre-Trial  |
| 32  | D.C Colombo 50897/M WP/HCCA/43/ 2015(F)             | Joint Liquidators of Bontex Lanka (Pvt) Ltd -Vs- B O I           | Arguments  |
| 33  | C.A. (Writ) 132/2018                                | H.K.D. Amarasinghe & 03 Others -Vs- BOI & 06 Others              | To be filed Written Submissions  |
| 34  | L.T. Colombo 08/269/2019 (L.T. Colombo 02/822/2018) | S. Hector Fernando -Vs- B O I                                    | Laid by as there is a matter in High Court.  |
| 35  | C.A. (Writ) 310/2018                                | Ven. Agulugalle Siri Jinananda Thero -Vs- BOI & 51 Others        | Order reserved   |
| 36  | D.C. Negombo 8171/L                                 | E.M. Rathnadasa -Vs- B O I & S.A. Jayawickrama                   | Calling  |
| 37  | D.C. Negombo 8172/L                                 | E.M. Rathnadasa -Vs- B O I & N.G. Amila                          | Answer & Summons Returnable for 1st Defendant  |
| 38  | S.C. (SPL) LA 126/2019                              | Conservator General of Forests & 04 Others -Vs- B O I & 01 Other | Notice Returnable  |
| 39  | C.A. (Writ) 303/2019                                | W.D.H.R.S. Kumara -Vs- Central Environmental and 05 Others       | Arguments  |
| 40  | S.C. (SPL) L.A. 232/2019                            | Upali Ananda Gunasinghe -VS- B O I & 06 Others                   | For Support  |
| 41  | M.C. Hambantota 51116/19                            | Complaint mady by BOI against R.M.K. Prasanna Kumara             | Last Date: 21.11.2019; Allianz insurance has not informed their final position regarding the estimate for the construction yet |
| 42  | M.C. Attanagalla 65190                              | Complaint mady by BOI against I.P.A. Sirithilake                 | Fixed for Inquiry  |
| 43  | D.C. Colombo DSP 169/2019                           | W.K. Galagoda -Vs- Director General, (BOI) & 06 Others           | Answer to be filed   |
| 44  | M.C. Warakapola - 45 cases                          | BOI vs. 45 Squatters (Thulhiriya)                                | All cases concluded (45 cases)   |
| 45  | H.C. (RA) 126/2019                                  | S. Hector Fernando -Vs- BOI                                      | Objections and Proxy to be filed   |
| 46  | C.A. (Writ) 486/2019                                | N.D. Yasas Sri Nagashena -Vs- B O I & 10 Others                  | Objections to be filed. To be mentioned for amended caption  |



**Report of the  
Auditor General  
2019**





# ජාතික විගණන කාර්යාලය

## தேசிய கணக்காய்வு அலுவலகம்

### NATIONAL AUDIT OFFICE



මගේ අංකය  
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Director General's Office

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திகதி  
Date

04 August 2020

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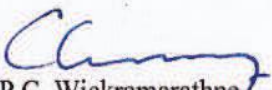
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Board of Investment of Sri Lanka

Chairman,  
Board of Investment of Sri Lanka

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Board of Investments of Sri Lanka for the year ended 31 December 2019 in terms of Section 12 of the National Audit Act, No. 19 of 2018

The above report is sent herewith.

  
W.P.C. Wickramaratne  
Auditor General

- Copies – 01. Secretary, Ministry of Industrial Export and International Trade  
02. Secretary, Ministry of Finance







# ජාතික විගණන කාර්යාලය

## தேசிய கணக்காய்வு அலுவலகம்

### NATIONAL AUDIT OFFICE



මගේ අංකය  
எனது இல.  
My No.

TIP/B/BOI/  
19/58

ඔබේ අංකය  
உமது இல.  
Your No.

දිනය  
திகதி  
Date

04 August 2020

Chairman

Board of Investment of Sri Lanka

**Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Board of Investment of Sri Lanka for the year ended 31 December 2019 in terms of Section 12 of the National Audit Act, No. 19 of 2018**

#### 1. Financial Statements

##### 1.1 Qualified Opinion

The audit of the financial statements of the Board of Investment of Sri Lanka for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Board as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

අංක 306/72, පොල්දොර පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව.

தொ. 306/72, பால்வாழை வீதி, பத்தரமுல்லை, இலங்கை.

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## 1.2 Basis for Qualified Opinion

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### (a) Non-compliance with Sri Lanka Accounting Standards (LKAS)

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- (i) **LKAS 40 – Investment Property:** - Three land lots at Bingiriya Export Processing Zone with a cost of Rs. 15,833,204 used for investment purpose and agreements were entered into for leasing in the year 2019 had not been identified as investment properties in the financial statements for the year ended 31 December 2019.
- (ii) **LKAS 16 – Property Plant and Equipment:** -
- The residual value and the useful life of 07 categories of assets with a written down value of Rs.4,506,692,721 as at 31 December 2019 had not been reviewed.
  - The gross carrying amount of 125 number of fully depreciated motor vehicles and 3378 number of fully depreciated computers and computer accessories included in the fixed assets register had not been disclosed in the financial statements.

### (b) Accounting Deficiencies

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- (i) The expenditure amounting to Rs. 13,612,996 incurred to excavate two pits at Seethawaka Export Processing Zone to discard the sludge of the common waste water treatment plant of the Zone which cannot be considered as a capital expenditure had been included in the capital work in progress. Hence, the balance of Capital Work in Progress as at 31 December 2019 had been overstated by the same.

- (ii) A land at Bingiriya with a cost of Rs. 96,166,796 granted in favour of the Board by Extraordinary Gazette No. 2126/12 of 03 June 2019 to develop as an Export Processing Zone had not been shown in the financial statements as a property of the Board. Hence the balance of Property Plant and Equipment as at 31 December 2019 had been understated by the same amount.
- (iii) The initial administrative expenses amounting to Rs. 51,500,000 paid by the Board to the Divisional Secretary of Udubaddawa for the acquisition of lands for widening of a road on the request of the Secretary of the Ministry of Development Strategies and International Trade on the basis of reimbursement to the Board had not been shown in the financial statements for the year ended 31 December 2019 as a receivable from the Ministry.

**(c) Unavailability of Evidence for Audit**

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Amortization of deferred expenditure for the year under review was Rs. 50,089,719. Out of which Rs.43,669,501 was unable to audit as the detailed information for the deferred expenditure balance before 01 January 2016 was not presented to the audit.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.



### 1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

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Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Board is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Board.

### 1.4 Auditor's Responsibilities for the Audit of the Financial Statements

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My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## 2. Report on Other Legal and Regulatory Requirements

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National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

- Except for the effect of the matters described in the Basis for Qualified Opinion paragraph, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Board as per the requirement of Section 12 (a) of the National Audit Act, No. 19 of 2018.
- The financial statements presented is consistent with the preceding year as per the requirement of Section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- The financial statements presented includes all the recommendations made by me in the previous year except 1.2 (c) of this report as per the requirement of Section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

Based on the procedures performed and evidence obtained which were limited to matters that are material, nothing has come to my attention;

- to state that any member of the governing body of the Board has any direct or indirect interest in any contract entered into by the Board which are out of the normal course of business as per the requirement of Section 12 (d) of the National Audit Act, No. 19 of 2018;
- to state that the Board has not complied with any applicable written law, general and special directions issued by the governing body of the Board as per the requirement of Section 12 (f) of the National Audit Act, No. 19 of 2018 except for;

| Reference to Laws, Rules and Regulations or Directions issued by the governing body | Description   |
|---|---|
| (a) Section 10 (5) of the Finance Act, No. 38 of 1971                               | Net surplus of the year under review after the appropriations had not been remitted to the Consolidated Fund.   |
| (b) Section 11 of Finance Act No. 38 of 1971  | The Board had invested a sum of Rs. 17,136,814,477 during the year 2019 without the approval of the appropriate Minister given with the concurrence of the Minister of Finance.   |
| (c) Financial Regulations No. 770 (2) of Democratic Socialist Republic of Sri Lanka | Fixed assets amounting to Rs. 20,675,543 had been disposed during the year under review without obtaining the approval of Accounting Officer.   |
| (d) Paragraph no. 06(b) of the Public Finance Circular no. 02/2015 of 10 July 2015, | Final decision on the disposal of <u>09 vehicles</u> with a cost of Rs.14,250,000 had not been obtained from the <u>CAO</u> of the line Ministry based on the recommendations of the Board of Directors.  |
| (e) Public Enterprise Circular No. PED 03/2019 of 09 December 2019                  | The Board had paid an amount of Rs. 62,000 or one month's basic salary whichever is higher to all the employees of the Board as annual bonus and a sum of Rs. 80, 741,628 had been paid for the year 2019 as annual bonus without the approval of the General Treasury. |



- |     |   |   |
|-----|---|---|
| (f) | Section 02 of the Public Enterprise Circular No PED 1/2015 (i) of 27 October 2016       | Board had paid a sum of Rs.8,498,331 as driver's allowance for 23 officers of the Board during the year under review.   |
| (g) | Financial Regulation 104(3) and 104(4)  | The preliminary reports or full reports relating to 13 vehicle accidents occurred during the year had not been submitted by the Board even up to 31 December 2019.                                  |
| (h) | Section 8.3.9 and 9.4 of the Public Enterprises Circular No. PED 12 dated 02 June 2003. | Seven employees of the Board had been released to the Ministry of Industrial Export and Investment Promotion without obtaining proper approval and incurred a sum of Rs. 863,692 for the year 2019. |
- to state that the Board has not performed according to its powers, functions and duties as per the requirement of Section 12 (g) of the National Audit Act, No. 19 of 2018 except for;
    - (a) The Board had paid 08 allowances totalling to Rs. 608, 822, 284 to its staff after obtaining only the approval of the Board of Directors without being obtained approval in terms of provisions in Section 13 (2) (b) of the Board of Investment Act No. 04 of 1978.
    - (b) Although the requested approval had not been granted from the Department of Public Enterprises, the staff loan scheme consisted with three categories of loans with zero interest rate and six categories of loans with an interest rate of 4.2 per cent is being implemented under the approval of the Board of Directors since the year 2007 and the balance of staff loans as at 31 December 2019 was Rs. 856,887,308.

- (c) An employee of the Board who has obtained a loan from a public or private bank or a lending institution for any housing purpose is granted a reimbursement of the deference between the actual annual interest rate on the loan and 4.2 percent subject to a maximum annual rate of interest of 20.5 percent under the approval of the Board of Directors, A sum of Rs. 42,410,893 had been reimbursed for the above loan scheme within the year under review without the approval of the Department of Public Enterprises.
- to state that the resources of the Board had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of Section 12 (h) of the National Audit Act, No. 19 of 2018 except for;

Thirty three procurement activities with an estimated cost of Rs. 385.3 Million planned to complete during the year 2019 relating to 07 Export Processing Zones had not been completed during the year.

### 3. Other Audit Observations

#### (a) Management and Operating Activities

- (i) Sixty five premises of Seethawaka, Koggala ,Katunayaka and Wathupitiwela Export Processing Zones and Kandy Industrial Park with an extent of 69,354 square feet had been leased out to the external parties for an annual rent of Rs.26,080,283 without entering into written agreements.



(ii) The progress of projects implemented under Section 17 of the BOI Law for the year 2019 and four proceeding years are given below.

| Year | Number of Projects for which Agreements Signed<br>(New agreements and Expansions) | Number of Projects Commenced Commercial Operations (New agreements and Expansions) | Number of Projects Suspended, Closed down or Agreement Cancelled |        |                     |
|------|---|--|--|--------|---------------------|
|      |   |  | Suspended  | Closed | Agreement Cancelled |
| 2015 | 157   | 113  | 2  | 12     | 23                  |
| 2016 | 186   | 106  | 3  | 6      | 79                  |
| 2017 | 104   | 104  | 4  | 6      | 152                 |
| 2018 | 95  | 91   | 10   | 23     | 156                 |
| 2019 | 105   | 60   | 27   | 20     | 140                 |

The following observations are made in this connection.

- A significant decrease in number of projects which commenced commercial operations during the period from the year 2015 to 2019 was observed.
- Number of projects for which agreements cancelled, was greater than number of projects which commenced commercial operations in the year 2019.

- (iii) Attracted Foreign Direct Investments (FDI) by the Board during the period from 2015 to 2019 is given below.

| Year | Annual Target as per Corporate Plan (2014-2016 and 2017-2020)<br>US\$ Million | Actual Achievement<br>US\$ Million | Actual Achievements as a percentage of Annual Targets |
|------|---|------------------------------------|---|
| 2015 | 3,500   | 970                                | 28%   |
| 2016 | 5000  | 801                                | 16%   |
| 2017 | 1,000   | 1,710                              | 171%  |
| 2018 | 2,500   | 2,367                              | 95%   |
| 2019 | 3,000   | 1,189                              | 40 %  |

The Foreign Direct Investments actually attracted by the Board during the year 2019 was only 40 percent of the target and it had decreased compared to the previous year.

- (iv) The Board had granted permission to investment companies to mortgage its leasehold rights and interests in the demised premises and the buildings thereon and all plant, machinery and fixtures permanently fastened to the demised premises to any Bank and / or Credit Institution by way of signing tripartite agreement. However, Some companies had ended up with liquidation by defaulting loans obtained from financial institutions and the Board had to bear the loss of depriving the land value and opportunity cost of idling the land. Some instances are shown below.



- The Perth Estate in Maputugala, Horana had been leased out to a Ayurvedic medical institution. The said property had been mortgaged to a government bank and thereby obtained a loan amounting to Rs. 5,000,000. Furthermore, no any evidence was made available to prove the existence of an tripartite agreement to obtain the said loan. The property had been acquired by the bank on 12 May 2013 due to failure in paying the loan, and it had been decided to sell the property in public auction. However, an agreement had not been entered into between the Board and a new investor to lease the property even up to 31 December 2019.
- A land at Mirigama Export Processing Zone had been leased out to a clothing company. The said property had been mortgaged to a private bank and entered into a tripartite agreement. The enterprise had closed the operations in the year 2011 and the leasehold rights of the property had been acquired by the bank at a public auction held on 12 July 2011 as the enterprise defaulted the loan and the arrears of the loan was US\$ 796,513 as at 28 February 2019. However, an agreement had not been entered into between the Board and a new investor to lease the property even up to 31 December 2019.

#### **(b) Accounts Receivables and Payables**

##### **(i) Accounts Receivables**

- The dues from BOI approved enterprises as at 31 December 2019 was Rs. 725,609,535 and out of this an amount of Rs. 328,869,617 or 45 percent remained outstanding for more than two years.
- Annual fees receivable as at 31 December 2019 was amounted to Rs. 320,884,027 and out of this Rs. 188,720,430 or 59 percent had remained for more than three years.

- Provision for impairment on dues from enterprises had represented 57 percent from the total dues from enterprises in the year under review. Out of total provision for impairment of Rs. 410,118,417 a sum of Rs. 350,111,099 or 84 percent had represented dues from cancelled, closed down and operation suspended projects as at 31 December 2019.
- Out of total provision for impairment of annual fee dues, a sum of Rs. 249,688,279 or 93 percent had represented dues from 788 cancelled projects, 42 closed down projects and 51 operation suspended projects.
- Out of total provision for impairment of water income dues, a sum of Rs. 1,404,086 had represented dues from government Institutions and beneficiaries of the Housing Schemes at Wathupitiwala and Horana. The Board has failed to recover these outstanding balances remained over three years even up to 31 December 2019.
- A sum of Rs. 1,604,200 receivables from a private company which was the auctioneer of Wathupitiwala Housing Units had remained unrecovered for over nine years and no any evidence was made available to prove the existence of an agreement between the company and the Board. Although several actions had been taken by the Board, it was failed to recover the receivable amount even up to 31 December 2019.
- An outstanding balance of Rs.37,680,103 receivable from government institutions had not been recovered over 4 years. Out of which a sum of Rs. 37,412,573 receivable from Janatha Estate Development Board remained unchanged for over twelve years. However, a 100 percent provision for impairment on outstanding balances from the government institutions for over five years had been made in the financial statements as it was failed to recover these balances even up to 31 December 2019.



- Mobilization advances of Rs.7,291,354 paid by Seethawaka Export Processing Zone and Rs.6,563,247 paid by Biyagama Export Processing Zone had not been settled over a period of 2 years and 4 years respectively.

**(ii) Accounts Payables**

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- Sundry creditors aggregating Rs. 6,315,327 had not been settled for over 5 years.
- Out of retention money totalling to Rs. 36,960,139, an amount of Rs.4,766,262 related to 29 contracts had remained unsettled for more than three years.
- Out of receipt in advance aggregating to Rs. 253,695,124, a sum of Rs.20, 130,992 had remained unsettled for more than three years.

**(c) Human Resources Management**

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- One Executive Director, twenty Management Assistants - Non-Technical and hundred and eleven Primary Level -Unskilled employees are in excess to the approved cadre as the Board had recruited number of employees on permanent, casual and contract basis during the previous years without considering the limits of the approved cadre.
- Out of 529 managerial level employees of the Board 120 employees will complete 60 years of age and retire within next five years. However, a succession plan for the future human resources requirements had not been prepared by the Board even as at 31 December 2019.

**(d) Identified Losses**  
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- (i) Katunayake and Biyagama Export Processing Zones had incurred a sum of Rs. 29,455,908 for disposal of solid waste of the Zones during the year and only a sum of Rs. 22,020,647 had been charged from enterprises. As a result, the Board had incurred a loss of Rs. 7,435,261 during the year 2019 in connection with disposal of solid waste of the Zones.
- (ii) A former Executive Assistant of the Board had suspended on 24 October 2013 without paying monthly salary on the ground that he left the country without the prior approval of the management of the Board. A charge sheet was issued to the employee after conducting preliminary investigation and the Board had terminated the employment of the said employee on 02 December 2016 without conducting a domestic disciplinary inquiry and without paying monthly earnings related to the period of suspension. The terminated employee had filed a case at the Labour Tribunal, Colombo against the Board claiming a compensation. According to the judgment, the termination was unjust and the Board had to pay a compensation of Rs. 1,300,968 to the terminated employee during the year 2019.

**(e) Idle and Underutilized Assets**  
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Eighty two number of inventory items in Seethawaka Export Processing Zone with a cost of Rs. 10,007,186 had not been used for more than five years period.

**(f) Transaction in Contentious Nature**  
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A sum of Rs. 6,001,637 had been incurred by the Board for the opening ceremony of an enterprise at Mirijjawila Export Processing Zone held on 24 March 2019. The base of spending funds of the Board for an opening ceremony of enterprise registered under the Board was not revealed to the audit.

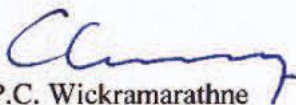


**(g) Delayed Projects**  
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- (i) The Board had not taken actions to complete 14 projects of 05 Export Processing Zones and the head office commenced during the period from 2004 to 2015 and for which a sum of Rs. 605,950,756 had been incurred as at 31 December 2019.
- (ii) The contract of replacing Filter Media of Rapid Sand Filters (06 Nos.) of the water treatment plant of Seethawaka Export Processing Zone with the purpose of ensuring the quality of water and uninterrupted water supply to the investors of the Zone had been awarded to the National Water Supply and Drainage Board on 27 June 2017 at a price of Rs.16, 040,980. A sum of Rs. 7,291,354 had been paid as an advance payment on 31 July 2017 and the due date of completion of the contract was 23 August 2018. However, this contract had not been completed even as at 13 February 2020.

**(h) Environment and Social Responsibility**  
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- (i) Seethawaka , Horana and Koggala Export Processing Zones for which the Environment Protection License (EPL) is required to obtain for operations were being operated without obtaining Environment Protection License for a period from 02 years to 08 years as at 31 December 2019 due to non- compliance with the standards of the Central Environmental Authority.
- (ii) A hazardous waste generated by the production process of enterprise at Horana Export Processing Zone is being collected within the factory premises over a period of four years as the enterprise has no effective mechanism to dispose the waste in an eco-friendly manner.

  
W.P.C. Wickramaratne  
Auditor General





**The Reply of the BOI for  
the Report of  
the Auditor General  
2019**



**Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Board of Investment of Sri Lanka (BOI) for the year ended 31 December 2019 in terms of Section 12 of the National Audit Act, No. 19 of 2018**

**1.2 Basis for Qualified Opinion**

**(a) Non-compliance with Sri Lanka Accounting Standards (LKAS)**

**(i) LKAS 40 – Investment Property**

Noted to adjust it in year 2020. If we are permitted it could be adjusted in year 2019.

**(ii) LKAS 16 – Property, Plant and Equipment (PPE)**

▪ Residual Value & Useful Life

Board has adopted the cost model as its accounting policy to recognize entire class of property, plant & equipment. After recognition of an asset, items of property, plant & equipment are carried at its cost less any accumulated depreciation.

The Board has 23,574 items of assets under property, plant & equipment. Total value of property, plant & equipment excluding land is Rs.8,948,132,151/-. The book value of the fully depreciated assets is Rs.247,381,843/-. The residual value of a property of an item of PPE is currently obtained when the property is disposed or auctioned. This is due to the complexed structure and the integration of parts and components connected with main subcategories of the assets, and asset volume of the BOI.

In practice, many of the PPE items have a negligible residual value when compared to the book value of the PPE. The residual value of PPE are not relevant as the entity intends to keep the asset throughout its useful life. The useful life of an asset is estimated based on industry norms and main benefits arising from the asset and it is not based on the potential life of the asset.

Further, the Board's existing policy on motor vehicles and computers will be reviewed during the year 2020 but the impact of the results of the review on depreciation would be negligible & not be material.

▪ Gross Carrying Amount of Fully Depreciated PPE

BOI has disclosed significant accounting policies relating to each class of property, plant & equipment as per LKAS 16. Auditor's observation is based

on paragraph 79 of LKAS 16. We will take necessary action to disclose in year 2020.

### (b) Accounting Deficiencies

- (i) Noted to adjust it in year 2020 as a prior year adjustment. If we are permitted it could be adjusted in year 2019.
- (ii) Vesting of the land situated in Bingiriya which has been granted in favour of the Board by Extra Ordinary Gazette (No. 2126/12 of 03 June 2019) cannot be capitalized, until the Vesting Order is signed by the H. E. the President, which is still pending.

Action will be taken to obtain the Vesting Order expeditiously and to take into books in the financial year 2020.

- (iii) According to the letter dated 2<sup>nd</sup> October 2019 of the Secretary, Ministry of Development Strategies & International Trade, it is clearly stated that the said amount will be reimbursed subject to the receipt of funds from the General Treasury under the approved allocation for the year 2019.

Noted to adjust it in year 2020 as a prior year adjustment. If we are permitted, it could be adjusted in year 2019.

### (c) Unavailability of Evidence for Audit

BOI is not in possession of the deferred expenditure details prior to 01<sup>st</sup> January 2016. However, this issue was discussed at a previous Audit Committee Meeting and it was agreed to maintain a register for deferred expenditure and that action has already been taken by BOI.

## 2 Report on Other Legal and Regulatory Requirements

|     | Reference to Laws, Rules and Regulations or Directions issued by the governing body                    | Clarification   |
|-----|--|---|
| (a) | Sec. 10 (5) of the Finance Act, No. 38 of 1971 – Not remitted the Net Surplus to the Consolidated Fund | BOI is entrusted with development initiatives such as setting up of new Export Processing Zones under National Budget Proposals while uplifting the infrastructure facilities of existing |

BOARD OF INVESTMENT OF SRI LANKA

|     | Reference to Laws, Rules and Regulations or Directions issued by the governing body  | Clarification  |
|-----|--|--|
|     |  | Zones operated under the BOI and such initiatives are totally funded by the BOI. However a dividend is paid annually by the Board to the General Treasury on their request.  |
| (b) | <u>Section 11 of Finance Act, No. 38 of 1971</u> - Invested Rs. 17,136,814,477/- without the approval of the appropriate Minister  | A copy of the approval granted by the Ministry has already been handed over to the Government Audit Branch on 06.07.2020.  |
| (c) | <u>Financial Regulations 770(2) of Democratic Socialist Republic of Sri Lanka</u> - Disposed fixed assets without the approval of the Accounting Officer   | The redundant items those were stacked in the Sir Baron Jayathilaka building were disposed to facilitate the decision of the Board of Directors. The Board has decided to lease out the entire building for a 10 year period and the Investor informed the BOI to clear & handover the building to commence the renovation of the building. Therefore, all unused/discarded items were disposed by following the procurement process.  |
| (d) | <u>Paragraph No. 06(b) of the Public Finance Circular No. 02/2015 of 10 July 2015</u> - Final decision on the disposal of motor vehicles had not been obtained from the CAO of the Line Ministry | BOI has been disposing uneconomical vehicles in successive stages with the approval of the Board of Directors. The need of implementing cost effective management system of the vehicle fleet was discussed at both the BOI and Ministry Audit and Management Committee meetings.<br><br>The chief accounting officer was informed on the vehicle disposal process of BOI at the audit and management committee meetings.  |
| (e) | <u>Public Enterprises Circular No. PED 03/2019 of December 2019</u> – Paid annual bonus without the approval of the General Treasury   | The basic criteria for bonus had been as follows;<br>(i) The Organization should earn profit<br>(ii) The approval of the Board of Directors should be obtained for the payment of bonus<br>(iii) The annual accounts of the organization should be submitted to the Auditor General on or before the due date<br>(iv) Provisions are not provided by the Treasury for the payment of bonus<br><br>As the BOI has fulfilled the above criteria and having considered the net surplus for the 09 months ended on 30.09.2019, the Board of Directors at its 410 <sup>th</sup> meeting held on 29.10.2019 has granted approval to pay Rs. 60,000/- or one and half month's salary whichever is higher for the permanent employees and Rs. 60,000/- for contract employees of the BOI as the bonus for the year 2019. However, Secretary to the Ministry of Industrial Export & Investment Policy has suggested by his letter dated |

BOARD OF INVESTMENT OF SRI LANKA

|     | Reference to Laws, Rules and Regulations or Directions issued by the governing body   | Clarification   |
|-----|---|---|
|     |   | 05.12.2019 to make bonus payments for the year 2019 as One month basic salary or Rs. 62,000 whichever is higher. Further he has stated that the approval of the Hon. Minister of Industrial Export & Investment Policy has already been granted to adopt this interim measure.  |
| (f) | <u>Section 02 of the Public Enterprise Circular No. PED 1/2015 (i) of 27 October 2016</u> – Drivers’ allowance paid to officers   | <p>In the year 2003, the Board of Directors of the BOI has decided to pay Rs.15,000/- monthly allowances for a hired Driver in lieu of a BOI Driver. The Board had taken the decision to pay for hired drivers aiming to utilize the BOI Drivers for project inspections, monitoring, and other necessary transport activities. Also the decision for payment of hired drivers has a considerable cost impact beneficial to the BOI.</p> <p>Since this payment prevailed at the same rate for 15 years, the Board has decided to increase the rate in the year 2019. The Board took the decision for hired drivers in the year 2003.</p>  |
| (g) | <u>Financial Regulation 104(3) and 104(4)</u> – Preliminary and full reports relating to vehicle accidents had not been submitted   | <p>BOI prepares the preliminary reports on vehicle accidents, however due to the practical reasons given below the preliminary reports were not prepared in the year 2019.</p> <p>The vehicle accidents during the year 2019 were very minor nature and those were occurred due to the fault of other drivers and hit rear side of the BOI vehicles. In many occasions at the time of the accident an officer/officers were traveling in the vehicle, and most cases transport officer had inspected the place of the accidents. As the cause for the accidents were clear, then officers came in to a conclusion that no needs to proceed on inquiry. Further, in all possible occasions BOI had made complaints at nearest police stations.</p> <p>BOI follows the conditions stipulated in the Financial Regulation 104(3) and 104(4). A Committee had been appointed comprising Director-Finance, Director - Internal Audit, and Director - Technical Services to inquire the vehicle accidents and to recover the cost to the BOI.</p> |
| (h) | <u>Sec. 8.3.9 and 9.4 of PED Circular No. 12 dated 02.06.2003</u> - Released 07 employees to the Ministry of Industrial Export & Investment Promotion without obtaining proper approval | Arrangements will be taken to recover the expenses with regard to the released employees, from the respective Ministry.   |

**(a) Allowances paid without proper approval**

As the apex agency of the government promoting and facilitating foreign direct investment and private sector capital formation in priority sectors of the economy, the BOI has made a significant contribution to develop the economy of the country from its inception in year 1978 and the workforce of the BOI has made a huge contribution by giving their maximum capacity to the organization in achieving its corporate objectives.

In order to achieve its objectives, the BOI should have highly qualified and motivated staff. To motivate & retain the existing staff in the organization as well as to attract highly qualified staff to the organization, BOI salary scales were higher when compared to those in the public service and other state owned organizations at the time of its establishment. In addition, various allowances/ payments were approved for BOI employees by various authorities from its inception (e.g. H.E the President, Secretary to the Treasury, Board of Directors, Government Circulars, etc.) and the said allowances/ payments being continued. Further, the approval of the Minister of the Line Ministry has been requested for the above allowances/payments in May 2019 and the further details requested by the Ministry has been submitted in October 2019.

- Transport Subsidy

Approval of the Board of Directors was granted for the Transport Allowance at its meeting held on 06.11.1990. Former President & then Minister of Finance Mrs. Chandrika Bandaranaike Kumaratunga has granted approval for the Transport Allowance on 08.11.1996. Further, the above Transport Allowance was included in to the Human Resource Policy Manual of the BOI which was approved by the Board of Directors on 20.03.2007. Approval for the Human Resources Policy Manual of the BOI was requested from the Department of Public Enterprises on 10.03.2014. In addition, Hon. Minister's approval has been requested in May 2019.

- Key Performance Payment & Leave Encashment Allowances

Attendance Incentive Scheme operated in the BOI was approved by the Board of Directors on 06.11.1990 and approved by the Former President & then Minister of Finance Mrs. Chandrika Bandaranaike Kumaratunga on 08.11.1996. It had been replaced by the Key Performance Payment (KPP) Scheme which evaluates employee's punctuality, accomplishments and personal traits as per the COPE directives. Said KPP Scheme has been approved by the Board of Directors on 29.10.2013. Approval for the Key Performance Scheme was requested from the Department of Public Enterprises by letter no. EC/12/EST/192 dated 03.06.2014 and they have referred this matter for the observation of Department of Management Services by letter no. PE/NBE/BOI/PR dated 19.06.2014. In addition, Hon. Minister's approval has been requested in May 2019.

Encashment of unutilized leave was compiled in the BOI leave regulations and approved by the Board of Directors on 11.12.1979. Further, the above leave encashment was comprised in to the Human Resource Policy Manual of the BOI which was approved by the Board of Directors on 20.03.2007. Approval for the Human Resources Policy Manual of the BOI was requested from the Department of Public Enterprises on 10.03.2014. In addition, Hon. Minister's approval has been requested in May 2019.

- **Hardship Allowance**

Management of the BOI had decided to pay a Hardship Allowance to the employees attached to Mirijjawila EPZ considering the difficulties they have to encounter being employees at the particular Zone. Approval of the Board of Directors was granted for the Hardship Allowance at its meeting held on 13.05.2016. In addition, Hon. Minister's approval has been requested in May 2019.

- **Special Allowance for Additional Work**

Several employees were paid special allowances for the additional work which they have performed in addition to the duties in their substantive posts shouldering various additional duties & responsibilities. It was cost beneficial to the organization paying an additional allowance rather than deploying additional staff for the said purposes.

- **Risk Allowance**

Risk Allowance was paid to Shroffs to compensate for their risk involved in cash handling. Director General has granted approval for the risk allowance on 01.05.1995.

- **Special Allowance for the Officials holding posts of Executive Category**

Board of Directors at its 325<sup>th</sup> meeting held on 07<sup>th</sup> July 2015 has approved the payment of the Special Allowance to the Executive Staff comprising Junior, Middle and Senior Managers as per the Public Administration Circular No. 18/2015 of 26<sup>th</sup> June 2015.

- **Special Incentive Allowance**

Achieving of the organizational targets is a combined effort of BOI employees who made their contribution from bottom to top level. Therefore, paying of an Incentive Allowance especially during the April festival season is a motivating factor aiming to keep the employees' morale continuously to get their fullest



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commitment to the assigned duties. As the BOI is a profit making organization and has a self-fund to bear the cost incurred on its employees amidst transferring funds to the Treasury as well, it is desired to implement such incentive schemes to reward its employees for their commitment and loyalty. Accordingly, the Board of Directors at its meeting held on 18.03.2019 has granted approval for payment of Special Incentive Allowance for the BOI staff in April 2019. In addition, Hon. Minister's approval has been requested in May 2019.

### (b) & (c) Staff Loans

All the Loan Schemes of the BOI were implemented from its inception with the approval of the Board of Directors and the said benefits are being enjoyed by the employees to-date.

Subsequently, the said all loan schemes were included in to the Human Resource Policy Manual of the BOI which was approved by the Board of Directors on 20.03.2007. Approval for the Human Resources Policy Manual of the BOI was requested from the Department of Public Enterprises on 10.03.2014.

- Thirty three (33) Procurement Activities not completed during the year

Detail responses of Procurement Activities completed during the year are given in **Annexure I**.

### 3. Other Audit Observations

#### (a) Management and Operating Activities

- (i) BOI has taken actions to regularise the agreements and the details of 65 premises at SEPZ, KgEPZ, KEPZ, WEPZ and KIP are shown below;

| EPZ / IP | No. of Stalls | No. of Square Feet | Name of the Lessee              | Annual Rent (Rs.) | Clarifications / Reasons  |
|----------|---------------|--------------------|---------------------------------|-------------------|---|
| SEPZ     | 01            | 812                | Bank of Ceylon                  | 487,200           | Agreement signed.   |
|          | 01            | 415                | American Efired Lanka (Pvt) Ltd | 268,090           | Awaiting to sign Agreement.   |
|          | 01            | 150                | Family Planning Association     | 90,000            |   |
|          | 01            | -                  | Avissawella Tea Factory Stall   | 49,034            | In terms of the records available, BOI has executed Lease Agreements for the plots of land leased out to the company situated at SEPZ. However, the company has not yet |

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| EPZ / IP     | No. of Stalls | No. of Square Feet | Name of the Lessee                           | Annual Rent (Rs.) | Clarifications / Reasons  |
|--------------|---------------|--------------------|--|-------------------|---|
|              |               |                    |  |                   | submitted the original Lease Agreement for records. Follow up actions have been taken.  |
| KIP          | 01            | 617                | Bank of Ceylon                               | 264,000           | A medium term lease requested (for 10 years) by the BOC could not be implemented due to technical reasons and the fresh draft agreement for a period of three years commencing from <b>01.05.2018</b> has been forwarded to the BOC and the agreement is still pending. |
| KGEPZ        | 01            | 17563              | Koggala Garments (Pvt) Ltd                   | 2,318,316         | Sent a letter dated 10.06.2020 to settle the amount immediately and hand over the premises back to BOI.   |
|              | 01            | 17603              | Intifarm (Pvt) Ltd                           | 2,323,596         | Terminated. Approval has been given to Lalan Rubbers (Pvt) Ltd to take the said premises on lease.  |
|              | 01            | 200.07             | Expo Lanka (Pvt) Ltd                         | 84,029            | Draft agreement prepared and lessee has been informed to coordinate with Legal Department to an action to sign the agreement.   |
|              | 01            | 618.75             | W.L.M. Maduranga                             | 81,675            | Awaiting to signing on dates mutually convenient to both parties.   |
|              | 01            | 517.5              | W.L.M. Maduranga                             | 68,310            |   |
|              | 01            | 512.50             | W.L.M. Maduranga                             | 80,850            |   |
|              | 01            | 517.50             | W.L.M. Maduranga                             | 68,310            |   |
| KEPZ         | 36            | 23994              | Plaza Building                               | 17,874,948        | The lease agreements of some leased out premises/ extension were not signed with the relevant lessees and arrangements have already been made with the Legal Dept. to sign the outstanding leased agreements with relevant parties.                                     |
|              | 12            | 4612               | Commercial stalls at the Bus Terminal        | 1,497,225         |   |
|              | 04            | 442                | Commercial Stalls at the Aweriwatta Junction | 454,500           |   |
| WEPZ         | 01            | 780                | Family Planning Association of Sri Lanka     | 70,200            | Draft Agreement sent to the relevant party which has not been signed yet.   |
| <b>Total</b> | <b>65</b>     | <b>69354.32</b>    |  | <b>26,080,283</b> |   |

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### (ii) Progress of projects implemented under section 17 of the BOI Law

- Absence of an attractive tax incentive regime from June 2016 to April 2018 resulted in the decrease in attracting investment projects. Even though a new investment incentive regime was introduced in April 2018 under the new Inland Revenue Act no 24 of 2017, the projects attracted under this scheme needs considerable time period to commence commercial operation.

In addition, Projects get delayed to start its commercial operation due to various reasons beyond the control of the BOI, as the investors need to get various approvals such as land clearance, Environmental clearance, UDA, Local Government etc. prior to commencement of operations.

- As per the instructions of the Ministry of Finance and the Board Decision taken to accelerate the process to identify projects which were not implemented and held up for a long period of time without realization of investments and the agreements with such projects were cancelled accordingly, as those projects blocked developed lands which can be used for new projects.

This action was initially taken in 2013 and continued. As a result, the number of cancelled projects in 2015 - 2019 shows an increased value.

The explanatory table is given below;

| Year | Number of projects |        |  |   |  | Total |
|------|--------------------|--------|--|---|--|-------|
|      | Suspended          | Closed | Agreement cancelled  |   |  |       |
|      |                    |        | Projects Suspended/<br>closed in the given<br>year and Agreement<br>Cancelled in the<br>given year | Directly<br>Agreement<br>Cancelled in<br>the given year | Suspended/ closed<br>in a previous year<br>and Agreement<br>cancelled in given<br>year |       |
| 2019 | 27                 | 20     | 36   | 1   | 103  | 140   |
| 2018 | 4                  | 7      | 28   | 11  | 117  | 156   |
| 2017 | 3                  | 6      | 16   | 16  | 122  | 154   |
| 2016 | 3                  | 6      | 9  | 12  | 58   | 79    |
| 2015 | 2                  | 12     | 7  | 3   | 13   | 23    |

Above table clearly depicts that, out of 140 projects agreement cancelled in 2019, only 36 projects have been identified as projects Suspended/ closed in 2019 and Agreement Cancelled in 2019. Further there is one projects directly agreement cancelled in 2019. The balance 103 projects were suspended/closed in previous years and agreement

cancelled in 2019 as a result of the expedite process followed by BOI to clear the backlog. Therefore, the actual number of agreement cancelled in 2019 is only 37 and it is less than the 60 projects that commenced commercial operation in the year 2019. Further, it should be noted that this situation prevails for the other years given in the audit query as well. It should be noted that cancellation of projects takes place after taking relevant actions for recoveries of dues and etc.

(iii) Attracted Foreign Direct Investments

BOI has set the targets for 2019, based on pipeline projects and exiting projects expecting these projects would bring the anticipated FDI. The set target cannot be achieved all the time as expected due to unforeseen external shocks occurred which are beyond the control of BOI.

Thus, political uncertainty prevailed from October 2018 to December 2019 and Easter Sunday attack which took place in April 2019 had a serious impact on 2019 FDI performance. This resulted in 53% decrease during the first quarter, 61% decrease in the 1<sup>st</sup> Half and a 50% decrease in the whole year compared to year 2018. Further, the expected Inland Revenue amendments in April 2019 for the tax regime were not released yet, but only administrative decisions were given.

Further, 2018 was an exceptional year as Sri Lanka has received US\$ 828 Mn from the Hambantota Port transaction.

(iv) Mortgaging leasehold rights

The Board of Investment (BOI) is mandated to attract investments with the investors' own capital when such investor is either local or foreign. In exceptional situations, the BOI could consider permitting an investor who has obtained the BOI land on lease to mortgage the leasehold rights to meet the financial needs of such party. As a matter of practice, the BOI does not promote investors to raise financial facilities through local Banks by mortgaging the BOI land leased to them.

Our view is that there are sufficient controls in the Tripartite Agreement entered into among the investor, Bank and BOI in order to safeguard the rights of the BOI. Under the Banking Act, in a situation where the bank carries out Parate execution where there is a default by the investor to the Bank, the Bank is compelled to give notice to the BOI.

It should be noted that if the BOI had been aware of the performance of the enterprises it would have been possible to intervene and take any action to protect the interests of BOI prior to these Enterprises going into Liquidation.

- Perth Estate Maputugala, Horana leased out to a Ayurvedic Medical Institution

A Lease Agreement was executed for Lot 1, 4 and 6 (25A -2.5P) of Plan No. 1066 dated 25th November 2001 made by L.N. Fernando at Perth Estate, Horana. The Enterprise mortgaged the land to People's Bank for Rs. 5 Mn on 30.11.2006.

The BOI by letter dated 18th October, 2020 has terminated the Lease Agreement for the above land due to non-compliance of the terms and conditions of the Principal Agreement. The Enterprise owes a sum of Rs. 256,082.14/-.

The Enterprise has defaulted the dues on the mortgage of the leasehold rights and People's Bank has notified BOI that a Parate Execution will be carried out, however there has been no successful bidders at the auction. The bank therefore has held the leasehold rights over the above land at Perth Estate, Horana since 2006. Furthermore, the bank has been looking for prospective buyers in order to transfer the leasehold rights of the land.

The matter was taken up at the Screening Committee meeting held on 05.03.2018 and as per the decision, the said land was re-surveyed and a valuation was obtained.

Presently, the land is ready to be advertised for Request for Proposals from potential investors.

- Land at Mirigama Export Processing Zone (leased to a clothing company)

The land had been included into a paper advertisement published by the BOI (Technical Services Dept.) recently to call bids for the vacant lands at the BOI zones.

**(b) Accounts Receivables and Payables**

**(i) Accounts Receivables**

Noted.

We have obtained approval of the Board of Directors to write off the dues up to year 2012 and have submitted the details to the Line Ministry to obtain approval of the Treasury. Further, Executive Director (Recoveries) has been appointed to follow up on dues accumulated since year 2013.

With a view to expedite the recovery process, the Finance Department has been instructed to handover the Annual Fee Invoices not settled by 31st March each year, to the Recoveries Unit to follow up on the dues and to initiate action according to the terms and conditions of the Agreement. We have submitted the details accordingly with effect from year 2020.

Provision for impairment on dues has been increased due to adoption of Sri Lanka Financial Reporting Standards in 2012. Accounting policy adopted by the BOI for the provision for impairment is to provide 100% in respect of dues of cancelled / closed / suspended projects and dues over two years.

According to the present policy of the BOI, all enterprises who operate outside the BOI Zones which are not in arrears of annual fees and not closed, suspended or cancelled, are invoiced for Annual Fees and the invoices are sent to investors by 01<sup>st</sup> January each year irrespective of whether they will obtain services or cancel / close / suspend the project during that particular year.

Current average recovery rate of the BOI is at a higher level around 99%.

Details relating to the past 4 years are as follows:

|   | <u>2019</u><br>(Rs. Mn.) | <u>2018</u><br>(Rs. Mn.) | <u>2017</u><br>(Rs. Mn.) | <u>2016</u><br>(Rs. Mn.) |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Invoices issued for the respective year             | 5,628                    | 4,855                    | 4,644                    | 4,450                    |
| Invoices of the respective year not settled to date | 306                      | 48                       | 29                       | 29                       |
| Recovery rate of the respective year                | 94%                      | 99%                      | 99%                      | 99%                      |

**Note:** The amounts shown as dues as at 31<sup>st</sup> December 2019 on account of rent, water, waste water, solid waste etc., represent the value of invoices issued in respect of December 2019 and those invoices are usually settled during the months of January & February of the following year.

▪ Provision for Impairment of Water Income Dues

WEPZ

An amount of Rs.462,939.86 has to be recovered from 22 persons at the Housing Scheme of Wathupitiwala for providing drinking water by the Board.

At the moment, BOI does not supply drinking water for the scheme and all water supply connections to the scheme have been disconnected due



to their failure to settle above outstanding despite the requests made by the zone continuously.

Several householders have left their places at the above scheme and some have rented their houses for outside parties. Therefore it is difficult to find their correct postal address to hand over letters. As a result of the efforts taken by the zone several persons agreed to settle their outstanding amounts in instalments.

However, due to the Covid-19 crisis they were unable to commence their repayments. Now BOI has planned to get the assistance of Grama Niladari of the area to find the postal addresses of those persons who have left the scheme and to meet the householders to recover these outstanding before the end of this year.

If they fail to settle these outstanding further, this matter will be referred to the Legal Department of BOI to take Legal action.

#### HEPZ

Water income dues from enterprises as at 31.12.2019 was Rs. 11,789,145/18 and out which Rs. 11,532,775/69 belonging to year 2019 were from current enterprises and customers and only Rs. 256,613/93 pertains to year 2018 and above period.

Following actions have been taken on those long outstanding balances;

| <b>Agreement No.</b> | <b>Name of Enterprise/ Customer</b>    | <b>Total (Rs.)</b> | <b>Actions Taken &amp; Remarks</b>   |
|----------------------|--|--------------------|--|
| W13491               | RPC Polymers (Pvt) Ltd                 | 45,568/48          | Sent a reminder; agreed to settle in 02 weeks  |
| W94017               | B503 – Krishantha Sampath              | 59,719/50          | Sent a reminder, but failed to recover. Disconnected water connection line from January 2018.<br>To be taken legal action. |
| W02032               | Housing & Construction Lanka (Pvt) Ltd | 133,751/67         | Terminated agreement since 08.07.2016.<br>To be taken legal action.  |
| W94046               | SAW Engineering (Pvt) Ltd              | 17,574/28          | Agreed to settle within 01 week.   |

- In the year 2003, BOI had decided to sell-off housing units at Wathupitiwala Export Processing Zone (WEPZ) through a public auction. Selection of the auctioneer was made after giving publicity in a

paper advertisement and subsequent decision of the Procurement Committee. BOI had awarded the contract of auctioning houses at WEPZ to Dunstan Kelaart Auctioneer. The auction was completed successfully and the bidders who obtained houses had paid their advance money to the auctioneer. However, the auctioneer had failed to deposit that amount to the BOI.

The BOI had made effort to get this amount of Rs. 1,604,200/- to the BOI and the Legal Department of the BOI sent Letters of Demand to Dunstan Kelaart, whereas the Letters of Demand were returned back as the business was closed and the owner had left the country. On instructions of the Audit Committee, the officers of the BOI met the Director of the Fraud Investigation Bureau to check the possibility of filing a case against Dunstan Kelaart.

As per the directive given at the Audit Committee Meeting held on 05.08.2016, Legal Department of BOI has obtained the Attorney General's opinion on the above matter. The opinion received in this regard on 06.08.2018 stated that "the respective period for filing action has now expired and the BOI might not be successful in pursuing civil action for money recovery against Mr. Dunstan Kelaart. However, if an admission in respect of the dues is obtained from Mr. Dunstan Kelaart through a Police statement or in response to a Letter of Demand, it may be possible to overcome prescription and pursue legal action".

Although BOI tried many times and many ways to find whereabouts of Dunstan Kelaart, the Auctioneer, all those efforts were not successful.

▪ Receivable from Government Institutions

Janatha Estate Development Board (JEDB)

Discussions have been held previously to release a land situated in Vauxhall Street, belonging to JEDB, to BOI for a Mixed Development project. Accordingly, Secretary, Ministry of State Resources and Enterprise Development has informed the BOI by his letter dated 13.10.2014 that the amount due from JEDB will be set off when JEDB property at No. 175, Vauxhall Street, Colombo 02 is released to BOI.

However as informed by the Investment Appraisal Dept. of BOI, the above said project has not been implemented yet, due to issues in the land releasing process. Therefore, BOI sent a reminder to JEDB on 26.06.2018 requesting to pay the balance due amount.

Further, through letter dated 31.08.2018, Director General of BOI has made a request to Secretary, Ministry of Development Strategies & International Trade to take up the unresolved issue with the Ministry of Public Enterprises & Kandy City Development.

The Secretary, Ministry of Development Strategies & International Trade called a meeting on 22.10.2018, with the participation of the Secretary, Ministry of Public Enterprises & Kandy City Development and representatives from BOI, JEDB and SLSPC.

At the meeting, Secretary, Ministry of Public Enterprises & Kandy City Development agreed to look into the issue and take an appropriate decision in consultation with JEDB.

As the BOI has already taken the issue to the Secretaries level, no other option is available to recover the money.

#### Ministry of Foreign Affairs

The Consular Affairs Division of Ministry of Foreign Affairs was housed in the 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup> Floors of the BOI Building at Sir Baron Jayathilake Mawatha on a Lease Agreement. A Vault room which was used by the BOI was also at the 4<sup>th</sup> floor of the Building and the Key of the Vault was not handed over to the Ministry of Foreign Affairs. Therefore, the Ministry had retained part of the rent until the key of the Vault was handed over to the Ministry.

Even though the Ministry was informed many times, a positive response was not received and now the Ministry of Foreign Affairs has left the building.

#### Sri Lanka State Plantation Corporation (SLSPC)

Mr. R. B. Attygala, former Superintendent of Perth Estate had filed a case in the LT against SLSPC & BOI for unlawful termination of services claiming reinstatement / Rs. 8,644,683.10 as compensation.

Order was delivered by LT to pay Rs. 125,580.00 to Mr. Attygala. Approval has been obtained from the Board on its 288th Meeting on 14.02.2012 to deposit an amount of the Rs. 125,580/- at the office of Assistant Commissioner of Labour / Panadura in favour of Mr. Attygala, without taking steps to appeal against the order of the LT. It has been decided to request the SLSPC to reimburse the said amount to BOI.

Legal Dept. of BOI has requested from SLSPC by their letter dated 12.06.2014 to reimburse the deposit.

Through letter dated 31.08.2018, Director General of BOI has made a request to Secretary, Ministry of Development Strategies & International Trade to take up this unresolved issue with the Ministry of Public Enterprises & Kandy City Development and a meeting was held on 22.10.2018 by the Secretary, Ministry of Development Strategies &

International Trade with the participation of the Secretary, Ministry of Public Enterprises & Kandy City Development and representatives from BOI, JEDB and SLSPC.

At the meeting, Secretary, Ministry of Public Enterprises & Kandy City Development agreed to look into the issue and take an appropriate decision in consultation with SLSPC. Similarly, BOI has no other option available to recover the money.

▪ Mobilization Advances

▫ SEPZ

As per the Board Meeting No.358 held on 02.06.2016, the Board has approved to release 50% of the departmental estimate as a mobilization advance payment and the balance payment will be made based on the progress of the implementation.

NWS&DB informed that replacing the filter media of rapid sand filters will commence in November 2020.

▫ BEPZ

The contract was awarded to M/s KES Engineering (Pvt) Ltd for the sum of Rs. 83,980,002.87 in the year 2012 to Augmentation of Common Waste Water Treatment Plant (Building & Civil) at BEPZ. Mobilisation advance was made on the advance bond guarantee received from construction guarantee fund.

The particular contract was terminated on 19.04.2013 and the advance bond guarantee was forfeited, whereas the construction guarantee fund did not accept the request and matter is on the judicial process upto date.

Part of mobilization advance has been recovered by the interim bills and balance of Rs. 9,796,015.15 is yet to be recovered, as per the Board Meeting No. 347 dated 05.04.2019.

(ii) Accounts Payables

▪ Sundry Creditors

Noted and will be reviewed & adjusted in the financial year 2020. Due to the applicability of the time bar, a creditor could make a claim within a period of 6 years. Hence, the receipts in advance are held at least for a period of 6 years before making any adjustment.

- Retention money

Information regarding projects of which the retention money had not been claimed and the updates of those payments have been requested from the relevant zones and departments. After obtaining concurrence from the relevant zones and departments, action will be taken to release the amounts which can be released and others will be treated as an income in the accounts.

Further, action has been initiated to include a new clause in the particular conditions of contract specifying that, the retention money should be claimed within six months from expiration of the defect liability period of the contract to avoid accumulating retention money without being claimed.

Also, please note that action has already been taken during year 2019 to treat unclaimed Rs. 698,770/- pertaining to 03 contracts, as income in the accounts.

- Receipts in Advance

Noted and this also will be reviewed & adjusted in the financial year 2020. Due to the applicability of the time bar, a creditor could make a claim within a period of 6 years. Hence, the receipts in advance are held at least for a period of 6 years before making any adjustment.

**(c) Human Resources Management**

- (i) BOI Cadre was approved by the Department of Management Services on 09.01.2007 with 13 Executive Directors including Executive Director (Engineering Approvals & Special Projects), Executive Director (Project Monitoring) and Executive Director (Project Implementation). Revision of salaries under the Management Service Circular No. 30 dated 22.09.2006 was comprised with a revision of Cadre / Scheme of Recruitment and the revised cadre/ Scheme of Recruitment has been approved with 08 Executive Directors excluding Executive Director (Engineering Approvals & Special Projects), Executive Director (Project Monitoring) and Executive Director (Project Implementation). Subsequently, Executive Director (Investor Services) has been approved resulting to a total of 09 Executive Directors. Considering the exigency of service, the appointments were made for the posts of Executive Director (Engineering Approvals & Special Projects), Executive Director (Project Monitoring) and Executive Director (Project Implementation) with the approval of Board of Directors. Therefore, the count of Executive Directors has exceeded the approved cadre.

All the excess employees in the Management Assistant Category & Primary Level Unskilled Category are Casual/ Contract basis employees who were absorbed into the permanent cadre on 01.09.2019 as per the Public Administration Circular No. 29/2019 dated 18.09.2019. Initially, they were recruited on short term basis to be attended to essential day to day operations mainly in Export Processing Zones & Industrial Parks. Most of the said Casual/ Contract Management Assistants were deployed to Permit Offices, Investor Services Units and other duty stations where the essential manpower requirements are needed. Further, several batches of Contract Security Guards who were absorbed in to the permanent cadre as mentioned above had been deployed to Export Processing Zones & Industrial Parks under the BOI as a key responsibility of protecting Investors / BOI properties and the workforce as well as preventing possible illegal actions within the Zones.

- (ii) A committee was appointed to conduct a preliminary study in developing a Succession Plan and the committee report was presented to the Chairman and Director General. Following the decision to create awareness on the importance of Succession Planning among Higher Managerial Officers an awareness programme was conducted by a well - recognized Human Resource Specialist. Management is of the view that the succession plan should be prepared by a professional body or an individual with experience and special expertise in the particular area. Accordingly, the process of preparing a Succession Plan is in progress.

#### (d) Identified Losses

- (i) Solid Waste Disposal cost of Katunayake and Biyagama Export Processing Zones

The Katunayake Export Processing Zone was set up in 1979 and at the inception **the total cost for the disposal of Solid Waste which were generated by the enterprises at KEPZ was born by the BOI** as per the agreed conditions in the Agreement between the BOI and the respective investment Project.

We have adopted several disposal methods to dispose the waste generated by the KEPZ. Up to the 1990 solid waste was deposited in the undeveloped land located within the Phase I of KEPZ and this method created so many problems due to the serious fires occurred with environmental hazards.

Considering the above problem a Burning Chamber was set up in 1990 which was designed and constructed by the NERD Center and this method also had to be given up due to the several protest of General public living near the KEPZ



From the year 1995 to 2008 we adopted the Sanitary Land Filling System to dispose the solid waste generated by the KEPZ and BOI had to bare **around Rs. 1.2 million per month** (including the Construction cost of Cells). In addition nearly 20 acres had been allocated for this operation.

On the Directives of the Management and following bidding procedures M/s Holcim Lanka Ltd was awarded the new Service Contract in the year 2008 for disposal of residual Solid waste after collecting waste by collectors for re use and recycling, through the thermal destruction at their Cement Kilns at Putlam. It is also noted that the part of **the total cost borne by the BOI has been recovered from the enterprises from the year 2008.**

In 2019 we have paid to the Insee Ecocycle Lanka (Pvt) Ltd the Subsidiary of Holcim Lanka Ltd a Sum of Rs. 11.28 million for the Waste Disposal and we have collected Rs. 5.8Mn from the KEPZ enterprises But if we did not have this facility we have to spend around Rs. 1.2 Mn in each month which is 14 Mn per year. Therefore around 50% of the operational cost have been saved while minimizing the fire hazardous situations and mitigating the environment pollution. It triggered the obtainment of EPL to the zone. It is also noted that the image of the Zone has been upgraded since we are applying the proper Waste management system which is marketed by our investors. The expenditure and the Charges recovered from the KEPZ enterprises in respect of the Solid Waste Disposal to Insee Ecocycle Lanka (Pvt) Ltd are given below;

**Statement of Charges Recovered from the KEPZ / Out Side enterprises in respect of the Solid Waste Disposal to Insee Ecocycle Lanka (Pvt) Ltd Site**

| Year | Weight in Metric Tons | Rate Per Metric Tons (Rs.) | Total Income (Rs.) |
|------|-----------------------|----------------------------|--------------------|
| 2019 | 6783.90               | 855.00                     | 5,800,234.50       |

**Payment made to the Insee Ecocycle Lanka (Pvt) Ltd for Disposal of Solid Waste at KEPZ**

| Year | Weight in Metric Tons | Rate Per Metric Tons (Rs.) | Total Paid (Rs.) |
|------|-----------------------|----------------------------|------------------|
| 2019 | 4099.90               | 2,750.00                   | 11,274,725.00    |

According to a management decision taken at the Board at its 359<sup>th</sup> Meeting held on 16.06.2017, only 50% of the waste disposal cost is recovered from the respective enterprises in BEPZ on pro-rata basis.

Further, it is pertinent to note that KEPZ has been able to develop the land used for dumping solid waste, for commercial use and has already

allocated 13.78 Acres of that land to new investors earning Rs. 120.5 Mn as land premium and, Rs. 14.66 Mn & Rs. 17.83 Mn as ground for years 2019 & 2020 respectively. Accordingly, the loss on solid waste disposal has been compensated by the additional income earned by leasing out the land previously being used for that purpose.

- (ii) Former Executive Assistant was dismissed from employment effective from 24.10.2013 by the letter dated 02.12.2016 following a Preliminary Investigation conducted by a retired SLAS Officer and the decision of the Board dated 25.11.2016.

He was interdicted from the service with effect from 24.10.2013 for leaving the country without a prior written approval of the management. A preliminary investigation was conducted on this and, it was disclosed that he had left the country on or around 12.10.2013 without approval. Consequently, a Charge Sheet was issued to him and, he had admitted that he went to Korea without approval. Further, he had expressed his apology for the lapse made by him in that incident.

Thereafter, the Board at its meeting held on 25.11.2016 had granted approval to dismiss him immediately taking into account the recommendation of the Investigating Officer and also the previous adverse cases recorded against his misconduct. Accordingly, his service had been terminated on disciplinary grounds.

Subsequent to the dismissal, he had filed an application to Labour Tribunal of Colombo requesting a compensation of Rs. 2.2 million against his service termination along with the back wages for the period of his employment was suspended (24 October 2013 to 02 December 2016).

Labour Tribunal has issued its order on 14 February 2019. It was asserted that the termination of the employment of the Executive Assistant was unjust and ordered the Respondent (BOI) to pay the Applicant, the monthly salary of Rs.36,138/- for the three years in which his employment was suspended, as a compensation (the total amount being Rs. 1,300,968/-).

Accordingly, the Board of Directors at its meeting held on 18.03.2019 has granted approval to deposit Rs. 1,300,968/- in the Labour Tribunal – Colombo as the full and final settlement of the industrial dispute between the said Executive Assistant and the BOI.

**(e) Idle and Underutilized Assets**

Those items have not been used for more than 5 years period and action will be taken to auction those items with the approval of the management.

**(f) Transaction in Contentious Nature**

The rationale behind the Board supporting these expenses were based on the significant value of investment and economic impact related to both projects, with Silver Park Petroleum (Pvt) Ltd and Lanwa Sanstha Cement Corporation (Pvt) Ltd valued at USD 3.85 Bn & USD 100 Mn respectively. These projects promise to positively impact the Sri Lankan economy in terms of export revenue, import substitution and employment. Silver Park Petroleum (Pvt) Ltd alone represents the highest value FDI generated via a single project at that time.

Highlighting significant investments of this nature helps to position Sri Lanka as a prominent investment destination, which is why a VIP event with the participation of the Hon. Prime Minister as Chief Guest, along with significant members of the local and expatriate investor community was organized as it would have positive propaganda towards attracting more high profile investments globally.

Further, since the inception of the Mirijjawila EPZ, only a few enterprises have been operating and almost all the lands belong to the Zone were not utilized effectively for a long period. As a result of these two (02) new Landmark Projects, all the unutilized lands could be used for economic development of the country.

The expenses related to this event were approved by the Board of Directors at its 396<sup>th</sup> meeting held on 18.03.2019. Board approved a request to augment event budget by Rs. 129,078.90 at its 404<sup>th</sup> meeting held on 02.08.2019.

Accordingly, the quotations were invited from the reputed Event Management Agencies to organize and conduct the event and the contract was awarded to Ants Works (Pvt) Ltd at the total cost of Rs.4,020,837.00 (inclusive of 15% VAT) under the approval of the Procurement Committee II (065/2019). The Event was successfully completed by the selected Event Management Agency, Ants Works (Pvt) Ltd.

The Ground Breaking Ceremony was held under the patronage of the Honourable Prime Minister and with the participation of distinguished invitees (Foreign Diplomats, Investors and representatives of Business Chambers) and therefore, it was a National Event. However, BOI spent only for a part of the entire event.

**(g) Delayed Projects****(i)**

| <b>Zone</b> | <b>Description of Projects</b>                              | <b>Year of Commencement</b> | <b>Reasons</b>   |
|-------------|---|-----------------------------|--|
| SEPZ        | Design fee of the weir across Kelani River                  | 2014                        | This cannot be capitalized until the Project is completed.<br>Action will be taken to finalize expeditiously in year 2020.   |
| MwEPZ       | Supply and fixing of steel brackets & clamps                | 2015                        | Supply and fixing of Steel brackets and clamps is an integral part of the RO Plant Project which is shown under the CWIP. This cannot be capitalized until the RO Plant Project is completed.  |
|             | Dismantle of & reinstall water purification plant           | 2014                        | Value shown in CWIP is the expenditure incurred to transport the used RO Plant from Kandy Industrial Park to Mawathagama EPZ. This cannot be capitalized until the project is completed.   |
| BEPZ        | Augmentation of common waste water treatment                | -                           | This contract has been terminated on 19.04.2013 due to breach of Conditions of Contract. This cannot be capitalized until the issues are resolved.   |
| KEPZ        | Improvement of peripheral fence                             | -                           | This contract is terminated and a final decision will be taken during the year.  |
|             | Construction of part of main internal road - Kadolkelewatta | -                           | This contract was awarded to M/s Maga Neguma Road Construction Equipment Company (Pvt) Ltd. For a contract sum of Rs. 9,513,301.35 (Exc. VAT) on 10.06.2014 and work was completed on 18.06.2014. Only an amount of Rs. 7,530,791.64 (excluding VAT) has been paid to the contractor as first interim payment. |
| Head Office | Improvements to main access road - Henegama                 | -                           | Project is not completed, This cannot be capitalized.<br>Action will be taken to finalize expeditiously in year 2020.  |
| MjEPZ       | Supply of water connection                                  | 2012                        | Initial expenditure for the designing of water supply project of MjEPZ is shown under CWIP. This cannot be capitalized until the project is completed.   |
|             | Construction of road  | 2012                        | The final payment of the contract is not yet released.   |
|             | Design consultancy services for sewer network               | 2013                        | Initial expenditure incurred for consultancy services to design sewer network is shown under CWIP. This cannot be capitalized until the project is completed.  |

| Zone | Description of Projects                                  | Year of Commencement | Reasons   |
|------|--|----------------------|---|
|      | Water supply for by roads                                | 2014                 | This project is not completed. Hence this cannot be capitalized. Action will be taken to finalize expeditiously in year 2020.   |
|      | Design consultancy work for WTP                          | 2015                 | Initial expenditure incurred for consultancy services to design waste water treatment plant is shown under CWIP. This cannot be capitalized until the project is completed. |
|      | Supply & installation of transformer for street lighting | 2015                 | This project is not completed. Hence this cannot be capitalized. Action will be taken to finalize expeditiously in year 2020.   |
|      | Geotechnical Investigation – proposed STP                | 2015                 | This project is not completed. Hence this cannot be capitalized. Action will be taken to finalize expeditiously in year 2020.   |

(ii) Replace Filter Media of Rapid Sand Filters (06 Nos)

NWS&DB has verbally informed that there are two separate tenders to supply and delivery of Anthracite and to rehabilitate the filters. Both these tenders have been closed and now those tenders are at awarding stage.

**(h) Environment and Social Responsibility**

(i) Export Processing Zones operating without EPL

**SEPZ & HEPZ**

- Common wastewater treatment plants therein require augmentation/improvements and currently being attended. However, this will take about 02 years period and it is the only criteria to be fulfilled for the EPL.

**KgEPZ**

- After attending to required rectifications, re-applied to CEA for the EPL. CEA conducted the inspection and awaiting the response of the CEA.

- (ii) Hazardous waste generated by the production process of an enterprise at HEPZ

The approved disposal method for this type of hazardous waste available in Sri Lanka is co-processing. Presently, the co-processing of such hazardous waste is carried out only by INSEE Ecocycle Lanka (Pvt) Ltd. INSEE Ecocycle Lanka (Pvt) Ltd accepts such waste to use for co-processing by ensuring the compatibility of the wastes by chemical analyzing and considering the quantity of such wastes. The particular enterprise is coordinating with the INSEE Ecocycle Lanka (Pvt) Ltd in this regard and a sample of the said waste has been taken by INSEE Ecocycle Lanka (Pvt) Ltd to analyse. Until such time this hazardous waste is currently being stored within the premises (under the roof with well cemented floor) in an environmental sound manner until removal by Insee Ecocycle (Pvt) Ltd.

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| Department        | Activity No | Procurement Category  | Estimated Cost (Rs.Mn) | Total | Clarifications / Reasons   |
|-------------------|-------------|---|------------------------|-------|--|
| Mirijjawila EPZ   | 01          | Construction of Drains and Culverts around the (Proposed cement factory) land   | 30.00                  |       | Identified the need to obtain the service of a consultant for the design purposes of the drainage system. Accordingly, selected consultant has now involved with that work.  |
|                   | 02          | Construction of permit office building  | 1.00                   |       | It was proposed to purchase a container to use as the permit office. However, decided to hold this with the requirements identified with the proposed new developments/investments to the zone at the beginning of year 2019.  |
|                   | 03          | Construction of perimeter fence for boundary at Viharamahadevi Development Center   | 4.00                   | 35.00 | No any response by the bidders for the IFB published. Thereafter, decided to publish the IFB incl. other rectification works of the existing Electric boundary fence of the zone too. Now, it is in progress.  |
| Wathupitiwala EPZ | 04          | Supply and installation of 05 nos of submersible pumps for wastewater treatment plant   | 2.50                   |       | Item was dropped as new submersible pumps will be installed under "Augmentation of Common Waste Water Treatment Plant at WEPZ" BOI/WEPZ/ES/2017/01/03.008 project.   |
|                   | 05          | Construction of childcare centre, Construction of Extension for industrial Relations unit, Construction of security building at Block B & Improvement to Fire department Building | 6.00                   | 8.50  | Contract could not be awarded as the lowest bid was 139% against the Departmental Estimate even after negotiations. It was decided to call for a revision in the departmental estimates for recalling bids.  |
| Katunayake EPZ    | 06          | Replacement of deteriorated segment of water distribution network at link road 01 and ring road 01  | 40.00                  |       | Due to delay in submitting of bidding document by NWS&DB, the procurement was delayed. However contract was awarded in February 2020 for this work.  |
|                   | 07          | Construction of groundwater sump (500 Cum) and Installation of booster pumps at phase IV area   | 30.00                  |       | Geotechnical investigations and shifting of guardroom at the location proposed for the ground water sump was completed in 2019 under this budget line. Until we received the geotechnical report from National Building Research Organization (NBRO) design of ground water sump could not be completed. |

| Department   | Activity No | Procurement Category   | Estimated Cost (Rs.Mn) | Total  | Clarifications / Reasons  |
|--------------|-------------|--|------------------------|--------|---|
|              | 08          | Extension of water network to reclaiming area of dump yard   | 10.00                  |        | Development of reclaimed area was completed in 2020. Until finishing this development, water and waste water network extension design could not be commenced.   |
|              | 09          | Extension of wastewater network to reclaiming area of dump yard  | 30.00                  |        |   |
|              | 10          | Rearrange the power supply connection to plaza units   | 40.00                  |        | Design completed. However implementation is postponed until finalizing the refurbishment of Plaza buildings.  |
|              | 11          | Relocation of Day care center  | 5.00                   | 155.00 | The estimate & BOQ for this work was agreed to submit by BOI enterprise and it could not submit in time.  |
|              | 12          | Supply & Installation of a GSM based level monitoring system to monitor the over head water tank & lift stations of BEPZ   | 0.50                   |        | Gave up the implementation idea, since we had some alternative arrangements and improvements.   |
| BiyagamaEPZ  | 13          | Disposal of sludge accumulated at maturation ponds in Block A  | 3.00                   |        | Implementation was postponed until the interceptor sewer line is laid by the NWS&DB and that project is still going on.   |
|              | 14          | Proposed face lifting of Biyagama Export Processing Zone.  | 81.20                  |        | Board has decided not to implement the proposal.  |
|              | 15          | Acquisition of land called Kandeismaththe of Walgama, Malwana  | 5.75                   |        | It took longer period to process and still the matter is under the acquisition stage (Divisional Secretary – Biyagama)  |
|              | 16          | Supply Installation and Commissioning of a CCTV camera system to cover the gate nos.02,03 & 04 of Block 'A'  | 0.60                   | 91.05  | Due to non-response of the lowest bidder the work couldn't be implemented.  |
|              | 17          | Improvement to the perimeter fence of Malwatta EPP and construction of chain link fence along the boundary between Maturation Pond area and BOI Road of the zone with a steel gate | 1.40                   |        | The reason for delaying the progress is the contract had to be retendered due to high rates quoted by the previous lowest bidder and negotiations with the bidder was unsuccessful. The new lowest bidder's rates were also higher than the Departmental Estimate. Copies of the audited financial statement and work program were not submitted along with the bid document. |
| Malwatta EPP | 18          | Construction of concrete beam along the trace of chain link fence near the retention pond and construction of a chain link fence in front of the                                   | 0.40                   | 1.80   |   |

| Department     | Activity No | Procurement Category   | Estimated Cost (Rs.Mn) | Total | Clarifications / Reasons   |
|----------------|-------------|--|------------------------|-------|--|
| Seethawaka EPZ |             | park land at Malwatta Export Processing Park                                   |                        |       | Accordingly, we had to negotiate with him too, to get the rates reduced & to obtain the said documents. (Activity No.17 & 18 are single procurement)   |
|                | 19          | Replacing of filter media of rapid sand filters (6 Nos.)- WTP                  | 13.63                  |       | This contract has been awarded to National Water Supply and Drainage Board (NWS&DB). They have informed that the bidding process was in progress as per their letter dated 22.04.2019. NWS&DB has verbally informed that there are two separate tenders to supply and delivery of Anthracite and to rehabilitate the filters. Both these tenders have been closed and now those tenders are at the awarding stage. |
|                | 20          | Replacing of filter media of rapid sand filters (6 Nos.)- WTP- Consultancy fee | 1.00                   |       | NWS&DB informed that replacing the filter media of rapid sand filters will commence in November of 2020.   |
|                | 21          | Construction of deflected and cracks papered roof slab of equalization tank    | 3.00                   |       | This payment will be made after completion of the above contract.  |
|                |             |  |                        |       | The tank had been cleaned by the NWS&DB and inspection was carried out by the Uni Consultancy, University of Moratuwa on 08.08.2019. Thereafter Uni Consultancy started the analysis and preparation of Retrofitting design proposal, which was submitted to BOI 30.08.2019.   |
|                |             |  |                        |       | At present procurement works are in progress for renovation and retrofitting of EQT.   |
|                | 22          | Construction of main entrance Building   | 18.32                  |       | (Pre-bid meeting held on 02.07.2020 and Tender opening on 14.07.2020)  |
|                | 23          | Construction of main entrance Building - Consultancy                           | 0.50                   |       | The Contract has been substantially completed on 24.02.2020 and building was occupied by the BOI   |
|                |             |  |                        |       | As per the chief Quantity Surveyor's, SEC letter dated 09.10.2014 and Deputy General Manager (Consultancy), SEC letter dated 31.10.2014 SEC had agreed for a consultancy fee of 4% for pre contract and post contract phase (supervision). Percentage payable  |

| Department | Activity No | Procurement Category  | Estimated Cost (Rs.Mn) | Total | Clarifications / Reasons  |
|------------|-------------|---|------------------------|-------|---|
|            |             |   |                        |       | for construction phase was 20% of the above 4%. As agreed between BOI & SEC 4% shall be calculated from the final contract price, inclusive of variation and price escalations.<br>But, DGM (Consultancy/SEC) by his letter dated 15.08.2018 had proposed a new consultancy fee scheme for construction phase ignoring previous schedule, which was depicted as a time charge fee base for supervision staff Rs. 50,000/- per visit. In addition to above 1.5% of the total construction cost was proposed to charge from the bill checking and certification.<br>BOI, by letter dated 30.11.2018 informed that, we were not in a position to make payment based on new time charge fee scale as requested by DGM/SEC (SEC letter dated 19.08.2018 and informed to make agreement for periodical supervision of above contract as agreed at initial stage). As DGM (SEC) has not come to a settlement, relevant payment has not been released up to now.<br>The Contract of Construction of Main Entrance Building was Completed on 24.02.2020. |
|            | 24          | Construction of proposed day care Centre                        | 9.00                   |       | As per the instruction given by the ED (Zones), it was decided to construct an RCC roof slab for daycare center building instead of Zn/Al steel roof. Approval has been granted by the Director General for the total net variation. Variation work awarded to Inko Engineering (Pvt) Ltd on 29.06.2020   |
|            | 25          | Rehabilitation of failed slope adjacent to the ground reservoir | 0.50                   |       | After several site visits and land surveys a quotation of Rs. 950,000.00 + NBT + VAT has been submitted by Uni Consultancy for stability analysis and design of rectification method. Preparation of BOQ, Tender  |

| Department   | Activity No | Procurement Category  | Estimated Cost (Rs.Mn) | Total | Clarifications / Reasons   |
|--------------|-------------|---|------------------------|-------|--|
|              |             |   |                        |       | document/ Engineer's Estimate, method statement/ drawing/ specification and detail report has been completed and submitted to BOI by their letter dated 27.09.2019.  |
|              | 26          | Purchase of lab equipment   | 3.00                   |       | Request for purchasing lab equipment was received from NWS&DB to BOI on 09.10.2019. Since these items have to be newly purchased, budget has to be allocated from Capital Budget. By following the standard procurement process the whole process cannot be completed before end of December 2019 as most of the items are to be imported and supplied. Therefore the allocated budget was included to capital budget 2020 informing the NWS&DB and is now ready to call bids. |
|              | 27          | Purchase of chemical protection suit (2 Nos.)   | 2.00                   | 50.95 | The BOI has awarded the contract to M/s Safety Systems (Pvt) Ltd to supply 02 nos. of chemical protective suits on 19.11.2019 and the validity period of the contract was 90 days from the date of 25.11.2019. CEO of the above company informed that the delay was due to Covid-19 situation in the world as the items have to be imported from France. However he confirmed that it has been scheduled to import in the first week of August by air freight.                 |
| Mirigama EPZ | 28          | Fixing of lightning arrestor system to administration building                                  | 1.00                   |       | It was decided to re-inviting the bids as we didn't receive bids complying substantially with the Technical Specification disclosed in the bidding document. Action has been taken to re-invite the bids.  |
|              | 29          | Construction of retaining wall, drains and fence to the storm water discharge points of Block B | 10.00                  |       | We were unable to complete the project at the end of the year 2019 due to the decision taken to obtain consultancy services for the designing of 03 tanks at the Zone from outside firm. Now we have completed 95% of the construction work.   |

| Department | Activity No | Procurement Category  | Estimated Cost (Rs.Mn) | Total         | Clarifications / Reasons   |
|------------|-------------|---|------------------------|---------------|--|
|            | 30          | Supply & Installation of pumps for water treatment plant  | 8.00                   |               | It was decided to operate the Water Treatment Plant after repairing of existing pumps. Budget allocation for Supply and Installation of Pumps for Water Treatment Plant was transferred to Budget Line no: 06.01.040, Improvements to Gamamedda road located in between block B & C of Mirigama EPZ. |
|            | 31          | Supply and Install for fire Hydrant System to Block B   | 2.00                   |               | It was decided to re-inviting the bids as we didn't received bids complying substantially with the criteria disclosed in the bidding document and the value of the received bids were higher than the Estimated cost . Action has been taken to re-invite the bids.                                  |
|            | 32          | Design consultancy Investigation & Construction supervision of laying sewer collection network of Block A & B | 2.00                   |               | Design, consultancy investigation and preparation of estimate and bidding document awarded to NWS&DB by the letter dated 27 <sup>th</sup> April 2018.  |
|            | 33          | Laying sewage collection network along internal road of Block A and Block B                                   | 20.00                  | 43.00         | However due to the delays of designs of sewer collecting network and construction of lift wells work carried forward to the capital budget 2020.   |
|            |             | <b>Total</b>  |                        | <b>385.30</b> |  |



# Report of the Audit Committee

The Audit Committee was constituted in accordance with the provisions in the Public Enterprises Circular PED 55 dated 14.12.2010.

Audit Committee comprised of following members;

1. Chairman - Mr. Duminda Hulangamuwa (Member of the Board of Directors of BOI)
2. Member - Dr. Nihal Samarappuli (Member of the Board of Directors of BOI)
3. Member - Dr. Harsha Subasinghe (Member of the Board of Directors of BOI)
4. Member - Mr. Anil S. Amarasuriya (Member of the Board of Directors of BOI)
5. Observer - Mr. K. A. Vimalenthirarajah (Representative of Treasury)
6. Consultant - Mr. Lasantha Wickremasinghe (Voluntary Consultant to the Audit Committee)

Director (Internal Audit) convened the Audit Committee meetings and acted as the Secretary to the Committee.

Superintendent of Audit represented the Auditor General at the Audit Committee meetings as an observer.

Only two (02) Audit Committee meetings were held for year 2019 due to the Board of Directors being dissolved twice due to the political turmoil in the latter part of 2018 and the presidential election in year 2019 resulting in the Audit Committee too had been changed twice within a shorter period. As a result of which quarterly Audit Committee meetings could not be held as planned. However, the Audit Committee managed to review the Internal Activities of year 2019 as mentioned below.

Committee thoroughly reviewed the observations reported in the Internal Audit Reports and the recommendations to rectify/prevent reported deficiencies and given further directives based on the adequacy of suggested measures. Audit Committee necessitated following up on implementation of the recommendations and strengthening the internal controls.

Audit Committee expressed its concern over the accounting deficiencies which resulted in receiving a qualified audit opinion for year 2018. As directed by the Audit Committee, each and every such item was gone through by the Internal Audit in the presence of Superintendent of Audit, Director General of BOI and the Finance Department to resolve the same. Having considered the outcome of the said review, the Committee required to submit interim financial statements to the Government Audit enabling them commence financial audit prior to year-end with a view of receiving audit queries (if any) from the Auditor General in advance allowing BOI to resolve the issues in the final accounts to eliminate qualified audit opinions in future.

In addition to above, Audit Committee further reviewed few selected critical special investigations done by the Internal Audit Department during the year and recognized the necessity of developing policies to regulate identified operations/areas and implementing stringent monitoring mechanisms to follow up compliance.

Accordingly, the Audit Committee ensured imposing and implementation of proper internal controls to mitigate risk exposure and to safeguard public assets/interests.

Also, the Audit Committee examined the quarterly financial statements and the financial performance of BOI and assessed the resource utilization of BOI.

The Audit Committee was of the view that terms of references for the Committee were complied within all material aspects except for the number of meetings.

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# Senior Officers of the BOI as at 31.12.2019

**Eng. Mangala P. B. Yapa**  
**Ms. C P Malalgoda**

**- Chairman**  
**- Director General**

## **Executive Directors**

|                                 | <b>Department</b>                        | <b>Location</b>    |
|---------------------------------|--|--------------------|
| Ms. R M Weerakone               | Project Monitoring                       | World Trade Centre |
| Mr. S P K Wijayatilake          | Investment Promotion                     | World Trade Centre |
| Mr. K P V D Fernando            | Office of ED                             | World Trade Centre |
| Mr. A R Karunaratne             | Recoveries Unit                          | World Trade Centre |
| Mr. R M U Senerath              | Project Implementation                   | World Trade Centre |
| Mr. M Ramanayake                | Investor Services                        | World Trade Centre |
| Mr. H M Jayasundara             | Engineering Approvals & Special Projects | World Trade Centre |
| Mr. M K D Lawrance              | Zone Management                          | Katunayaka EPZ     |
| Mr. W U K M A Wijayakulathilaka | Investment Appraisal                     | World Trade Centre |
| Ms. S A D D Suraweera           | Finance                                  | World Trade Centre |
| Ms. P N Samaraweera             | Research & Policy Advocacy               | World Trade Centre |
| Mr. J P C Jayalath              | Information Technology                   | World Trade Centre |
| Mr. H M Keerthiratne            | Human Recourses & Administration         | World Trade Centre |

## **Directors**

|                         | <b>Department</b>                        | <b>Location</b>               |
|-------------------------|--|-------------------------------|
| Mr. D S Samarasinghe    | Media & Publicity                        | World Trade Centre            |
| Ms. N De Silva          | Investment Promotion                     | World Trade Centre            |
| Ms. H S Urugodawatte    | Legal                                    | Katunayake EPZ                |
| Mr. G Dahanayake        | Zone Management                          | Koggala EPZ                   |
| Mr. M J K Mohottala     | Regional Development                     | Kandy Industrial Park         |
| Ms. A S Beling          | Environment Management                   | World Trade Centre            |
| Mr. T M D Thilakaratna  | Zone Management                          | Wathupitiwala EPZ             |
| Mr. W A G Jayathilaka   | Investment Appraisal                     | World Trade Centre            |
| Mr. A S K T R Sibera    | Investment Appraisal                     | World Trade Centre            |
| Ms. P S P Pilapitiya    | Engineering Approvals & Special Projects | World Trade Centre            |
| Mr. A K Rajakaruna      | Investor Services                        | World Trade Centre            |
| Ms. D A S Amarakoon     | Internal Audit                           | World Trade Centre            |
| Mr. H S K Fernando      | Zone Management                          | Katunayake EPZ                |
| Mr. K A D N Kumarapeli  | Zone Management                          | Seethawaka EPZ                |
| Mr. W N W Dabare        | Regional Office                          | North Western Regional Office |
| Mr. S J Gamage          | Administration                           | World Trade Centre            |
| Ms. N N Andrahennadi    | Industrial Relations                     | World Trade Centre            |
| Ms. R A S K Botheju     | Zone Management                          | Biyagama EPZ                  |
| Mr. C P Panadura        | Finance                                  | World Trade Centre            |
| Mr. S Paranawidanage    | Technical Services                       | World Trade Centre            |
| Mr. Brig. D A Amunugama | Security & Fire                          | World Trade Centre            |

# Directory of BOI Offices

## **Head Office (WTC Office)**

**Level 05, 06, 08, 09, 19, 24, 25, 26 & 27**

**West Tower, WTC, Echelon Square, Colombo 01.**

Tel : 011 2434403-5, 2435027, 2447531,  
2385972-5, 2346131-3

Fax : 011 2447995, 2329795, 2430512, 2422407

E-mail : info@boi.lk

## **Katunayake Export Processing Zone**

**Katunayake.**

Tel : 011 2252364-5, 2252140, 2252038, 4833737,  
4833741, 4833774, 4833779, 4833817, 4833819

Fax : 011 2253207

E-mail : zmkepz@boi.lk

## **Biyagama Export Processing Zone**

**Walgama, Malwana.**

Tel : 011 2465206 – 09

Fax : 011 2465227

E-mail : zmbepz@boi.lk

## **Horana Export Processing Zone**

**Boralugoda, Poruwadanda.**

Tel : 034 2269296, 2269752, 2258077, 2258029

Fax : 034 2255687

E-mail : hepz@boi.lk

## **Mirigama Export Processing Zone**

**Mahayawaththa, Loluwagoda, Mirigama.**

Tel : 033 2274657, 2276626, 2276393

Fax : 033 2274656, 2276393

E-mail : mepz@boi.lk

## **Wathupitiwela Export Processing Zone**

**Wathupitiwela.**

Tel : 033 2281604, 2281381

Fax : 033 2282364

E-mail : zmwpz@boi.lk

## **Malwatta Export Processing Park**

**Nittambuwa.**

Tel : 033 2288826, 2296166, 2296620

Fax : 033 2288826

E-mail : mepp@boi.lk

## **Seethawaka Export Processing Zone**

**Awissawella.**

Tel : 036 2231082

Fax : 036 2231083

E-mail : zmsepz@boi.lk

## **Mirijjawila Export Processing Zone**

**100 Feet Road, Mirijjawila, Hambanthota.**

Tel : 047 2258800

Fax : 047 2258800

E-mail: mjepz@boi.lk

## **Koggala Export Processing Zone**

**Koggala, Habaraduwa.**

Tel : 091 2283425

Fax : 091 2283370

E-mail : zmkgepz@boi.lk

## **Kandy Industrial Park**

**Kengalle, Kandy.**

Tel : 081 2420019, 2420025, 2423992, 2423994

Fax : 081 2420091, 2423995

E-mail : zmkip@boi.lk

## **North Western Regional Office**

**MAS Fabric Park, Kurunegala Road, Thulhiriya.**

Tel : 037 2277037, 2277038

Fax : 037 2277036

E-mail : nwro@boi.lk

## **Polgahawela Export Processing Zone**

**Kegalle Road, Polgahawela.**

Tel : 037 2244657, 2241526

Fax : 037 2244657

E-mail : pgepz@boi.lk

## **Mawathagama Export Processing Zone**

**Kandy Road, Mawathagama.**

Tel : 037 2298147

Fax : 037 2296041

E-mail : mwepz@boi.lk

## **Central Verification Terminal**

**Ceylon Shipping Lines Yard**

**No 70, Avissawella Road, Orugodawatte.**

Tel : 011 2547485, 4411591, 4978969

Fax : 011 2547485, 2053421

E-mail: cvt@boi.lk

## **Air Cargo Verification Unit**

**Bandaranayake International Airport**

**Katunayake.**

Tel : 011 2252155, 4833834, 2265183

Fax : 011 2251830

## **BOI Special Economic Zone**

**Prima Factory Road, China Bay, Trincomalee.**

Tel : 026 2233003

Fax : 026 2233002

## **Jaffna Regional Office**

**NHDA Building, Chundukuli, Jaffna.**

Tel : 021 2221336, 3207371

Fax : 021 2221336

## **Bingiriya Zone Office**

**German Wattha, Batuwatta, Dummalasooriya.**

Tel : 032 2241376

Fax : 032 2247376





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