



Board of Investment of Sri Lanka

ANNUAL REPORT
2020



ANNUAL REPORT 2020

Board of Investment of Sri Lanka

CONTENTS

| | |
|--|-----------|
| Message from the Director General | 5 |
| Board of Directors 2020 | 6 |
| Vision, Mission & Core Values | 10 |
| BOI Profile | 13 |
| Milestones | 14 |
| Highlights | 16 |
| BOI at a Glance | 17 |
| World Investment Scenario 2020 | 19 |
| Investment Performance in Sri Lanka 2020 – Amidst a Challenging World Investment Scenario | 20 |
| Recent Initiatives | 23 |
| Navigating Forward with COVID 19 | 27 |
| Our People | 30 |
| Corporate Social Responsibility | 34 |
| Financial Review – 2020 | 35 |
| Report of the Auditor General – 2020 | 71 |
| The Reply of the BOI for the Report of the Auditor General – 2020 | 85 |
| Report of the Audit Committee | 94 |
| Organogram | 95 |
| Senior Officers of BOI as at 31.12.2020 | 96 |
| Directory of BOI Offices | 97 |

MESSAGE FROM THE DIRECTOR GENERAL



2020 was an unprecedented year globally. Disruptions to normal life and business became common place. There was no handbook provided to face the chaos that came our way. However, despite the challenges, extraordinary results were delivered in many instances. The BOI was no exception, and I am keen to emphasize some of the progressive initiatives carried out by the BOI team to achieve the Government's Vision 2025.

The BOI and its officers continued to serve the investor community with unhindered commitment and passion in 2020, striving all the while to work towards achieving the Government's Vision 2025. Our continued support to client enterprises to remain in operation throughout the

crisis saw national exports return to normal levels as early as May 2020, despite continued lockdowns. Sri Lanka was perhaps one of the first countries in the region, if not the world, to do so. It enhanced local investor confidence and cast the spotlight on Sri Lanka's resilience and adaptability as a preferred destination for doing business.

During the year under review, the BOI also focused on fine tuning Sri Lanka's FDI strategy to establish a solid foundation for the country's economic ambition for the next ten years - a period defined as a "Decade of Growth". With this road map in hand, and a well-defined FDI strategy for Sri Lanka firmly in place, we have been able to carve out prioritized sectors for investment, and position the economic landscape of the country for a strategic transformation, in line with the aspirations of H.E. The President, as articulated in his manifesto "Vistas of Prosperity and Splendor". The Government has also pledged to support the strategy through the annual budget for 2021, with sector-specific tax incentives for investment. Complementing this is a simplified tax structure and a consistent investment climate guaranteed by the Government. The favorable market environment backed by socio-political stability will be further strengthened by a supportive legal and regulatory framework, and firm plans are being laid to initiate progressive changes to laws relating to investment, finance and labour.

Rapid progress has also been made to establish new zones in Hambanthota and Eravur, focusing on the Pharmaceutical and Textile industries respectively. It will no doubt deliver a much-needed boost to local value addition capacity, and support the national import substitution drive.

As the principal agency mandated to promote and facilitate FDI into the country, the BOI remains committed towards continuously improving the country's investment climate and channeling FDI to support economic priorities to benefit the country. I take this opportunity to thank the investor community, partner agencies and government authorities as well as the BOI team for all the support rendered in 2020.

There is much to be hopeful for in 2021. I am confident that together with your support, and our collective drive to realise a shared vision, the BOI will scale new heights going forward.

BOARD OF DIRECTORS



Mr. Susantha Ratnayake
Chairman



Dr. Harsha Cabral, PC
Board Member



Mr. Sanjay Kulatunga
Board Member



Dr. Harsha Subasinghe
Board Member



Mr. Jayamin Pelpola
Board Member

PROFILES OF BOARD OF DIRECTORS

01 ➤ **Susantha Ratnayake**

Mr. Susantha Ratnayake was appointed as the chairman of the Board of Investment of Sri Lanka in December 2019. Mr Ratnayake possesses over 40 years of experience in the corporate sector, and is a known associate of 46 Boards in 9 different organizations spanning across 13 different industries.

Prior to joining the BOI, Mr. Ratnayake served as the Chairman of numerous leading and prestigious Sri Lankan corporate entities including John Keells Holdings PLC, Ceylon Chamber of Commerce, Sri Lanka Tea Board, Employer's Federation of Ceylon and Ceylon Tobacco Co. PLC. Having joined John Keells Holdings, country's largest market capitalized blue chip corporate leader, in 1978, Mr Ratnayake succeed to its Chairmanship in 2006 and continued to serve as the Chairman of the Group, before joining Ceylon Tobacco Co. PLC in 2013. Apart from his Chairman portfolios, Mr Ratnayake has held various positions in government or affiliated institutions, such as serving as a Director of Sri Lankan Airlines (2011-2015) and Waters Edge (2011); a member of the Tourism Sovereign Rating and Investment Promotion Clusters of the National Council of Economic Development (NCED) (from 2008); and as a member of Six-Member Committee of Professionals appointed by the President to "make recommendations on the appointment of competent personnel to the Boards of Public Enterprises, Statutory Agencies and State-owned Commercial Businesses" since 2019. Mr. Ratnayake was educated at Trinity College, Kandy and Royal College, Colombo 7.

02 ➤ **Harsha Cabral, PC**

Dr. Harsha Cabral, PC is a President's Counsel in Sri Lanka with thirty-three years' experience in the field of Company Law, Intellectual Property Law, Commercial Law, Securities Laws, International Trade Law & Commercial Arbitration. He has been a President's Counsel for sixteen (16) years and commands extensive practice in the Commercial High Courts and the Superior Courts of Sri Lanka. He holds a Doctorate in Corporate Law from University of Canberra, Australia.

Dr. Cabral is a Sitting Member of the International Chamber of Commerce (ICC) International Court of Arbitration in Paris and a Representative Member of the Federation of Integrated Conflict Management (FICM) as well as a Representative Member of the International Commercial Disputes Tribunal (ICDT). He is also a Fellow of the Institute of Chartered Secretaries & Administrators (UK).

03 ➤ **Sanjay Kulatunga**

Mr. Sanjay Kulatunga has a Master of Business Administration from the University of Chicago Booth School of Business. He is also a CFA Charterholder.

Mr. Kulatunga, a former Regional Analyst at Jardine Fleming Hong Kong, was a Founder Director of Amba Research Lanka, a knowledge process outsourcing company. He has held the positions of CEO, Executive Director and Founder in assorted industries, including manufacturing, leisure and finance.

He has served as President of the CFA Society of Sri Lanka, a Commissioner of the Securities and Exchange Commission of Sri Lanka and on the Financial Sector Stability Consultative Committee of the Central Bank of Sri Lanka.

Dr. Harsha Subasinghe is the Founder, President and Chief Executive Officer of CodeGen Group of Companies, based in Sri Lanka, UK and in the USA. The company is renowned for delivering innovative, fully scalable, high- performance solutions for multiple industries; travel, education, automobile, transportation, agriculture, energy, and healthcare. With world renowned brands such as TravelBox Vega, chargeNET, AiGROW, Cloud Smart School. CodeGen is one of the largest private sector investors in Artificial Intelligence in Sri Lanka. Dr. Subasinghe has very proudly put Sri Lanka on the world map many times with CodeGen’s cutting- edge product designs and solutions.

Dr. Subasinghe plays a vital role in energizing the innovation culture in Sri Lanka, working with the universities and is a key sponsor for many R&D projects in state universities under QBITS Labs initiative with the sole objective of shaping the future generation to be industry-ready while facilitating real-world projects that deliver high value IP. QBITS Lab in University of Moratuwa provides a 3-year working PhD for its students.

Dr. Subasinghe is one of the key initiators and the Vice Chairman of Trace Expert City. Trace spearheaded a long-term project with the Sri Lanka UDA, to build world-class workspaces equipped with eco-friendly surroundings and facilities for the highly skilled workforce in the innovation sector to build extraordinary products here in Sri Lanka. Harsha is also presently on the board of the BOI Sri Lanka.

Dr. Subasinghe’s academic studies include PhD research in Artificial Intelligence and Software Agents, Master’s in Information Technology and Bachelor’s degree in Electrical and Electronics Computer Engineering from the United Kingdom.

05 ➤ Jayamin Pelpola

Mr. Jayamin Pelpola has over 10 years of international investment banking and asset management experience including Goldman Sachs (UK) and Nomura USA. He is the only Sri Lankan to have worked in the coveted Principal Strategies group at Goldman Sachs, a team recognized for its creative and highest yielding investment strategies on Wall Street. In his career, Mr Pelpola has structured and managed international investments worth more than US\$ 20 billion in various sectors and countries.

As a senior consultant Mr. Pelpola also advised US banks and international Central Banks on banking sector reforms. Specifically, he advised the regulators and the Board of Directors at Bank of America, DBS, Wells Fargo and Deutsche Bank on capital adequacy decisions, recapitalizations and the application of digital innovations in banking.

Building on his finance sector experience, Mr. Pelpola entered the financial technology (fintech) space as an investor and entrepreneur. He started his entrepreneurial journey by developing a proprietary model to value non-traditional assets and selling it to a Wall Street bank.

Mr. Pelpola was also the Founding President of Moneyworkz Technologies, a company recently recognized as one of the best fintech startups in Asia for its work in applying technology and data science to the financial sector.

Currently he also serves as the Chairman of Jayaru Trade Partners and a Director on the Board of Ceylon Eco Spices. Jayaru Trade Partners provides infrastructure, financing and processing services to global commodity markets. Ceylon Eco Spices is a leading Sri Lankan exporter of durable agricultural commodities serving more than 10 international markets.

Mr. Pelpola received his Masters in Business Administration (MBA) from Harvard University. He also obtained his charters from the CFA Institute (USA) and CIMA (UK). Mr. Pelpola became the youngest CIMA Management Accountant in the world at the age of 20. He was also the youngest CIMA prize-winner at the time. He also received his Postgraduate Diploma in Marketing from CIM (UK).

Our Vision

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

Our Mission

“BOI will work in a positive and speedy manner to fulfil 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.”

Core Values

Passion for Performance and Achievement:

BOI will set and achieve ambitious but realistic investment and job creation goals

Bridging the Public and Private Spheres:

BOI will take pride in facilitating, securing and growing investments that help our economy to prosper. We will collaborate and partner with public and private bodies to deliver our mission, while contributing to theirs

Integrity & Professionalism:

BOI will be dedicated to understanding the needs of investors and will deliver timely, commercial and innovative solutions. We will place integrity, honesty, sincerity, reliability, trust, fair treatment, respect and care at the heart of this dedication

Superior Customer Service:

Levels which are proactive and significantly better versus competing FDI locations

People:

BOI will value the competence, collaboration, dedication and commitment to excellence of its people. We will continually focus on making BOI a great place for staff to work, develop and succeed

BOI PROFILE

Incorporated in 1978, the Board of Investment acts as the national investment promotion agency constituted with a mandate to function as the focal point for investors and businesses facilitating investment promotion, industry development and easy access to supporting services.

Recognized as a key institution that drives the economic development of Sri Lanka, the Board of Investment attracts foreign direct investment contributing to sustainable economic growth by creating skilled and niche job opportunities, generating exports and enhancing the investment climate of the country.

Purpose

It is the purpose of BOI to serve the nation by implementing national economic policies, driving foreign investment and creating a fecund investment climate. It strives to achieve sustainable foreign investment creating export revenue and manifest Sri Lanka as a sought out international investment destination.

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 to date.

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 Program.

1995

Establishment of Kandy Industrial Park.

1998

Amalgamated Board of Investment with Bureau of Infrastructure Investment (BII).

Establishment of Mirigama EPZ and Malwatta EPP.

1999

Establishment of Horana EPZ and Wathupitiwala EPZ.

2000

Establishment of Polgahawela EPZ, Mawathagama EPZ and Mirijjawila EPZ.

2001

Acquired Seethawaka Zone to the Board of Investment of Sri Lanka as 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 (09) floors of the WTC.

2009

BOI became the first Government Institution to receive ISO 9001: 2000.
BOI Jaffna Office was established.

2011

Achieved US\$ 1 Bn. FDI target.

2013

BOI is the main organizer for the “Common Wealth Business Forum” which was held in parallel with the “Common Wealth Heads of Government Meeting (CHOGM) 2013”.

2014

BOI sponsored the “Asia Pacific Business Forum 2014”.

2017

The 40th anniversary celebration of BOI.

2018

Highest ever FDI Achieved US\$ 2.37 Bn.

2019

Bingiriya EPZ : The new addition to BOI Export Processing Zones.

2020

Initiated the development of 2 new zones at Eravur & Arabokka (Hambantota).

HIGHLIGHTS 2020



144 approvals granted for investments worth of **US\$ 2.3 Bn**
(26 new projects & 118 Expansions including expansions for 52 PPE projects)

US\$ 1,000 Mn approval granted for Colombo Intl. Financial Project in CHEC Port City
US\$ 300 Mn investment agreement signed for a large scale tyre manufacturing project



US\$ 687 Mn FDI Inflow & **US\$ 716 Mn** local investment
despite the pandemic situation

US\$ 7 Bn Merchandise and Services Exports
(66% of National Exports & 85% of National Industrial Exports)



2 EPZs under development exclusively for Pharma and Textile manufactures

BOI AT A GLANCE

Foreign Direct Investment Inflow (US\$ Mn.)



US\$ 19 Bn total FDI inflow from 1978-2020

* Includes US\$ 292.1 Mn in 2017 & US\$ 827.6 Mn in 2018 received for the Hambantota Intl. Port Group (PVT) Ltd.

Economic Impact

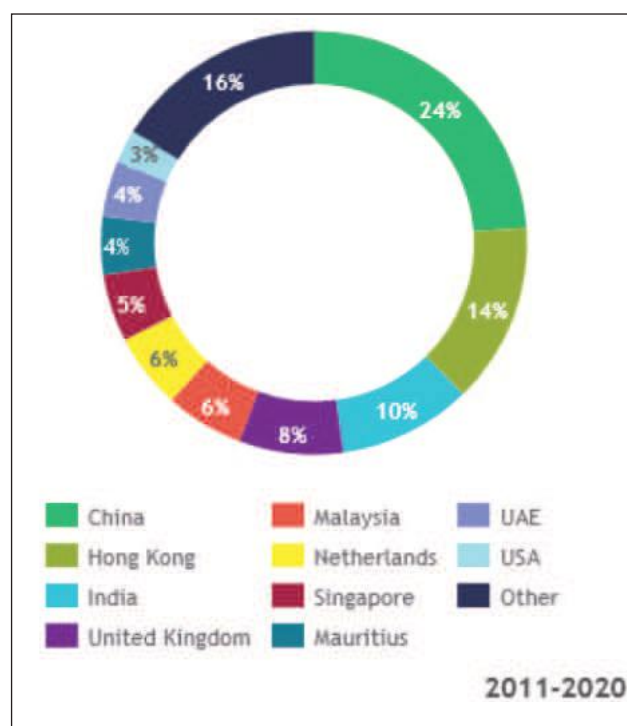
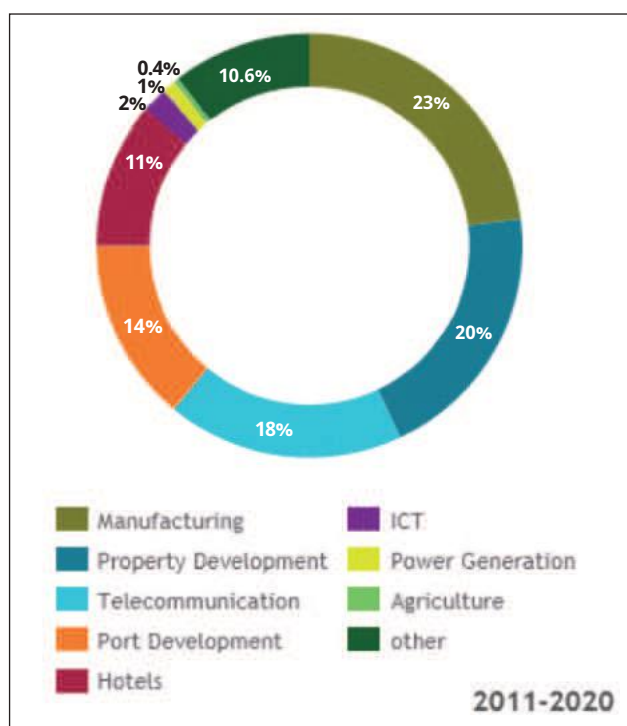


Source: BOI and Central Bank

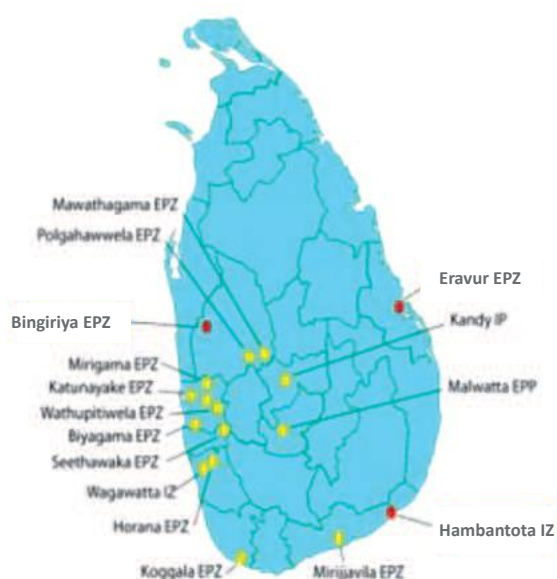
FDI Sectoral Contribution

Top 10 FDI Source Countries

US\$ 13Bn FDI Inflow During 2011 - 2020



Export Processing Zones (EPZs)



13 EPZs in Operation
+
1 EPZ Under Development (Bingiriya EPZ)

>265 Companies in Operation
>130,000 Employment
>US\$ 3 Bn Annual Exports Revenue

2 upcoming EPZs
Exclusively for Pharma and Textile Manufacturing
(Hambantota & Eravur EPZs)

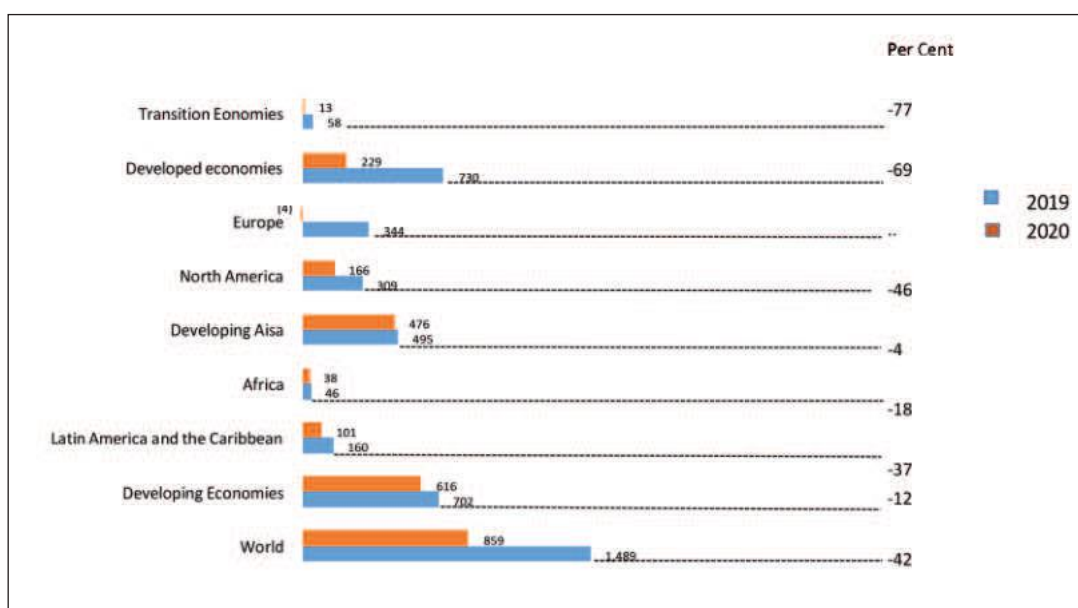
WORLD INVESTMENT SCENARIO 2020

With the outbreak of the novel Corona virus in December 2019 and its declaration as a global pandemic by March 2020, it was long foreseen that global foreign direct investment would suffer drastic consequences in the immediate years to come. As augured, global FDI collapsed acutely by 42% in 2020, falling from US\$ 1.5 trillion in 2019 to an estimated amount of US\$ 859 billion. This is a concerning 30% below the investment dip that followed the 2009 global financial crisis.

The steepest decline was concentrated among developed countries with a 69% drop to an estimated value of US\$ 229 billion, while developing countries only experienced a relative drop of 12% with an estimate of US\$ 616 billion. The FDI decline across other developing regions was uneven, with developing Asia experiencing the least decline with 4% and Latin America a major fall with a 37% drop. FDI inflows to Europe fell by two thirds dipping into negative spheres (-US\$ 4 billion) and flows to the United Kingdom fell to zero, while United States inflows decreased by over 50%.

The Covid-19 pandemic affected all types of investment: greenfield investment project announcements (-35%), cross – border M& As (-10%) and new international project finance deals (-2%).

FDI Inflows by Region, 2019 and 2020



Source: UNCTAD Investment Trends Monitor, Issue 38, 24th January 2021

However, developing countries managed to secure 72% share of global FDI inflows and China, despite drawbacks in capital expenditure during the early phase of the pandemic, became the largest recipient of FDI attracting US\$ 163 billion of FDI inflows. Meanwhile, East Asia was the largest host region for global FDI accounting for one third of global FDI and India, with a boost of investment in the digital sector, experienced a FDI increase of 13%. Although FDI in South East Asia slimmed by 31% to US\$ 107 billion, FDI in South Asia rose by 10% to US\$ 65 billion.

INVESTMENT PERFORMANCE IN SRI LANKA 2020

Amidst a Challenging World Investment Scenario

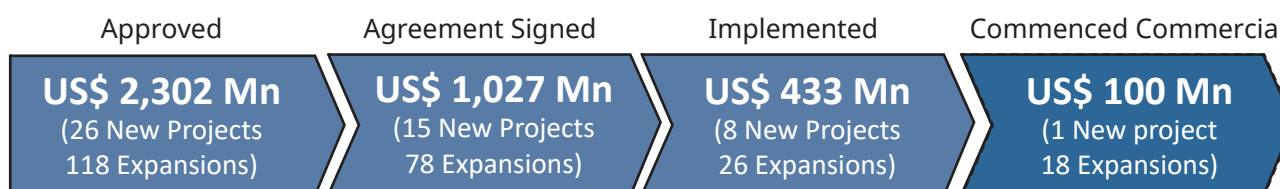
Project Performance in 2020

Estimated Investment (US\$ Mn)

| | Type | No. of Projects | Foreign | Local | Total |
|-------------------------------|-----------|-----------------|---------|-------|-------|
| Projects Approved | New | 26 | 1,462 | 64 | 2,302 |
| | Expansion | 118 | 192 | 584 | |
| Projects Agreement Signed | New | 29 | 650 | 557 | 1,660 |
| | Expansion | 93 | 91 | 555 | |
| Projects Implemented | New | 28 | 51 | 241 | 783 |
| | Expansion | 49 | 82 | 409 | |
| Projects Commenced Commercial | New | 13 | 13 | 180 | 536 |
| | Expansion | 39 | 131 | 212 | |

Note: Exclude Cancellations as at March 2021

Progress of Approved Projects in 2020

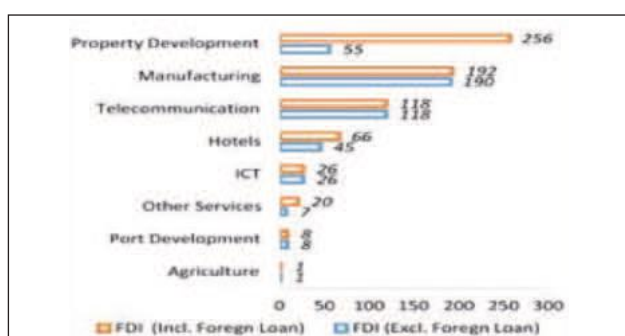


Note: Progress as at March 2021

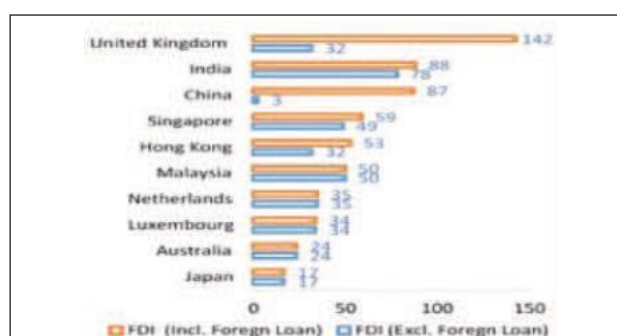
FDI Inflow in 2020

The FDI recorded in Sri Lanka for year 2020 amounted to US\$ 687 Mn. Of the total FDI received in 2020, the Property Development sector has received the highest FDI (37%), followed by Manufacturing sector (28%), Telecommunication sector (17%), Hotel sector (10%), IT & BPO sector (4%) etc.

FDI Sectoral Contribution

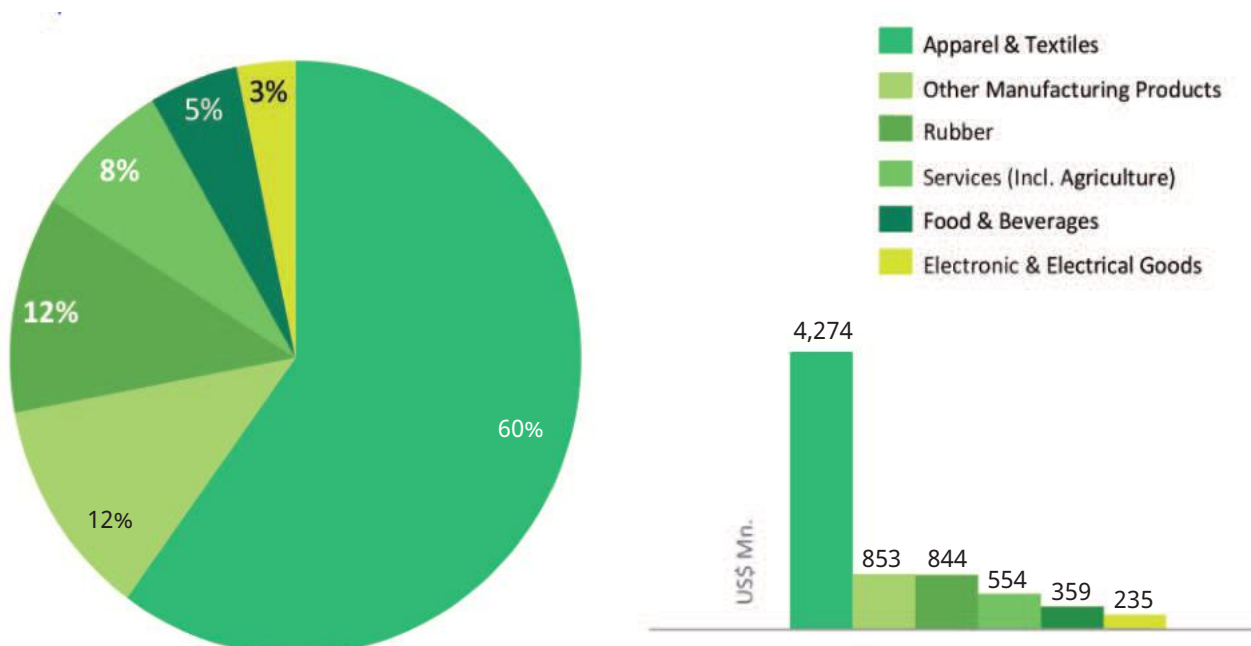


Top 10 FDI Source Countries

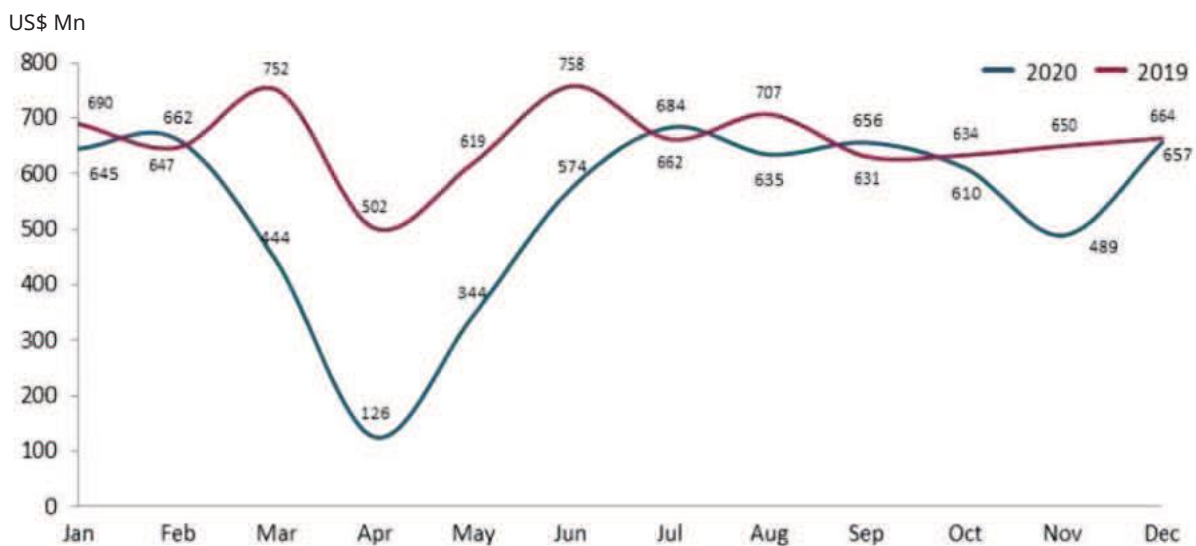


Exports of BOI Enterprises





Total exports of BOI enterprises in the year 2020 were recorded as US\$ 7,119 Mn amounting to 66% of National Exports and 85% of National Industrial Exports. Out of the total exports of BOI enterprises, 60% is from Apparel & Textile Sector while 12% is from Rubber sector, 5% is from Food & Beverages sector, and 3% is from E & E Sector. The services sector has contributed to 8% of total exports of BOI enterprises.



COVID-19 Recovery – Merchandize Exports 2019 vs 2020



Prominent Sectors in 2020

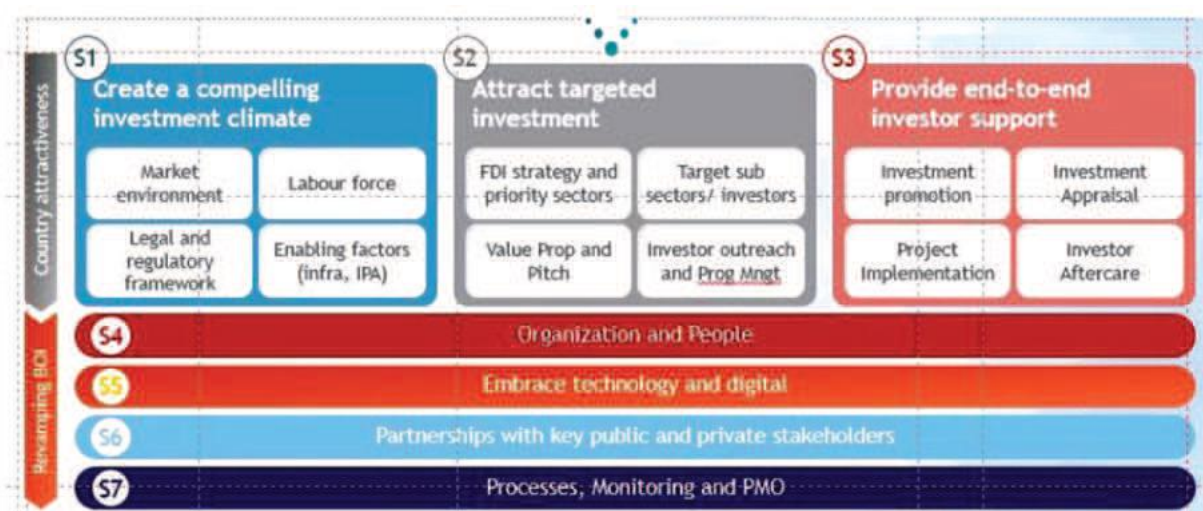
| | |
|---|---|
| Rubber Sector  | <p>BOI signed an Agreement with a leading Chinese Tyre manufacturer in the world, Shandong Haohua Tire Co. Ltd to set up a project to manufacture tyres for the export market with an envisaged investment of US\$ 300 Mn. It is expected that this well driven significant investment will boost the rubber demand reviving the rubber industry of the country, while creating new pathways to the export markets.</p> |
| Property Development  | <p>BOI approved US\$ 1Bn worth of investment from China to set up a Financial Center in CHEC Port city</p> <p>BOI signed agreements to set up three large scale mixed development projects worth of US\$ 222 Mn (Belluna Lanka Pvt Ltd, a local investment), US\$ 200 Mn (Perenial Real Estate Lanka Pvt Ltd., Singapore Sri Lanka Joint Venture) and US\$ 60 Mn (Baili Investments Lanka Pvt Ltd, 100% foreign investment from China & Hong Kong)</p> |
| Pharmaceuticals  | <p>Laugfs Life Sciences (Pvt) Ltd, Synergy Pharmaceuticals Co. Ltd and Sands Active (Pvt) Ltd. commenced construction in 2020. The envisaged investment of these projects are US\$ 23Mn, US\$ 16Mn and US\$ 10 Mn respectively.</p> |
| Apparel  | <p>BOI granted approvals for 52 existing companies worth of US\$ 155 Mn investment to diversify its production to manufacture Personal Protective Equipment(PPE).</p> <p>BOI signed agreement with a Chinese investor to manufacture garments for export market with an envisaged investment of US\$ 9 Mn (Dongxia Industrial Lanka (PVT) Ltd.)</p> |
| ICT  | <p>HCL Technologies, a leading Indian investor signed an agreement with BOI to set up an IT project in Sri Lanka with an envisaged investment of US\$ 10 Mn. HCL expects generate around 2,500 employment in ICT sector while providing training facilities.</p> |
| Tele-communications  | <p>Dialog Axiata PLC and Dialog Broadband Networks (Pvt) Ltd signed agreement with BOI for expansions worth of US\$ 250 Mn and the two projects have already been implemented.</p> <p>Bharti Airtel Lanka (Pvt) Ltd signed agreement with BOI for an expansion worth of US\$ 25 Mn and the project has already been implemented.</p> |

RECENT INITIATIVES

BOI New Strategy: “Reimagining FDI in Sri Lanka”

The BOI developed its new strategy on the theme of “Reimagining FDI in Sri Lanka” to enable a decade of growth for Sri Lanka, in which investment attraction priorities & objectives are clearly defined with realistic timelines. The new strategy aimed at transforming the economic landscape and creating a conducive investment climate, was developed based on an in-depth study of the country’s intrinsic and competitive advantages as well as a comparative study on regional competitor performance. Key areas for improvement were also identified in order to create a compelling investment climate and investor facilitation, as well as action items to bridge shortcomings. Initiatives have been taken to engage relevant line ministries and other government agencies in streamlining processes to improve accessibility to services, especially through digitization, and reduce both step and time taken for approvals.

The new strategy document has been developed which focuses on two main aspects; “Country Attractiveness” and “Revamping BOI”. These two aspects were elaborated by 7 pillar approach. “Country attractiveness” aspect includes: Create a compelling investment climate; attract targeted investment; and provide end-to-end investor support, while “Revamping BOI” includes: Organization and People; Embrace Technology and People; Partnerships with Key Public & Private Stakeholders; and Process Monitoring & Project Management Office.



The comprehensive strategy is focused on prioritized sectors, with a structured approach to attract target-oriented foreign direct investments (FDIs) and to spur economic growth.

The new strategy has prioritised five broad sectors:

| | | |
|--|---|---|
| Manufacturing | : | electronics and electrical, expanding value addition in apparel and pharmaceuticals |
| ICT | : | software development, BPM/KPM, IT training/education, and emerging technologies |
| Hospitality and Tourism | : | MICE tourism, adventure tourism, wellness and eco-tourism |
| Agriculture and Food Processing | : | rubber, agri/processed foods and fisheries |
| Construction, Infrastructure and Logistics | : | rapid transit, ports, airports and logistics infrastructure |

While, ICT, hospitality and tourism, sectors have been identified as “game-changers”, agriculture and food processing sector is key to ushering in rapid and inclusive growth in the new roadmap, the other high potential sub-sectors identified are:

- Pharmaceuticals sub-sector: biopharmaceuticals, injectable, APIs, nutraceuticals, etc.
- Electronics and Electrical sub-sector: graphite and graphene based manufacturing, sensors and switches, IOT devices, printed circuit boards (PCBs), electrical panel boards, and mobile phones etc.
- Infrastructure and logistics needed to support growing consumer economy as well as expanding manufacturing and services sectors

The new road map has identified structured investor outreach, programme management, enhanced investor facilitation and after care as areas for improvement, while the transparency and consistency in investment policies has also been identified as key elements in the proactive and structured approach to target investments. BOI has identified several key channels in its outreach strategy to complement direct reach-out to stakeholders including, leverage on existing and trade platforms, hosting in-country roadshows and visits, expatriate and diaspora networks, trade agencies, and consulates etc. The BOI also aims to engage in the services of a tier-1 global consulting firm and an international PR agency to support its efforts in the coming year to carry out a concerted and focused campaign to boost the image of the country and position Sri Lanka as an ideal destination for investments, and engaging and attracting global Fortune 500 companies to invest in Sri Lanka.

Strategic Approach on Five Priority Sectors to Drive FDI

| Manufacturing | ICT | Hospitality and Tourism | Agriculture and Food processing | Construction, Infrastructure and logistics |
|---|--|--|---|--|
| <ul style="list-style-type: none"> Pharmaceutical High value add Apparel Electronics and Electricals | <ul style="list-style-type: none"> Software development, BPM/KPM, IT training/ education, and emerging technologies | <ul style="list-style-type: none"> Agro/Eco Tourism Adventure/ Thrill tourism Luxury Hotels MICE tourism | <ul style="list-style-type: none"> Rubber Agri/ processed food Fisheries | <ul style="list-style-type: none"> Rapid transit, ports, and airports |
| Establishment of strong Multi agency partnerships | <ul style="list-style-type: none"> Foreign Ministry collaborating with BOI in order to effectively engage with potential investors through the Sri Lankan missions BOI leveraging the Trade Chamber network for direct contact with potential investors across identified sectors. (CCC, ICC, FCCISL, ECCSL, JAAF, SAEA, SLASSCOM) BOI's Global Partnerships have enabled access to in-country information & databases, while expanding Trade Chamber networks, and thereby, access to potential investors (JICA, JETRO, KOTRA, AHK, UNIDO, Citi Bank, MUFG, Deutsche Bank, ADB, World Bank) | | | |
| Development of New Zones initiated | <ul style="list-style-type: none"> Eravur Textile Manufacturing Zone to deepen the Apparel Sector value chain by building local capacity in textile manufacturing Pharma Manufacturing zone to build a new export industry vertical while reducing pharma import bill through import substitution | | | |
| Creating compelling investment climate | <ul style="list-style-type: none"> Tax policy consistency guaranteed to ensure predictability for investors BOI Act being amended to guarantee provisions contained in the agreements signed by the BOI to remain unchanged for a stipulated period Introduction of carefully crafted sector specific tax incentives to compete with peer countries Work collaboratively with Vocational Training Institutions to ensure availability of required skill levels within the country Establish a structured visa program without hindering local talent by H1 2021 Revisit the labour law to provide labour flexibility | | | |

Ensuring an educated and skilled workforce is another key factor to ensure a compelling investment climate. At present, the lack of a specialised workforce to cater to emerging industries is a big issue, especially for the ICT sector. According to the University Grant Commission, State universities produce only 26,000 graduates per annum, and 15,000 graduates are produced from private universities and external degree programs.

On the other hand, existing vocational training institutes cater to 130,000 students. However, at present, there is a major skill demand and supply gap, in addition to evolving technical skills needed across various manufacturing sectors.

BOI believes workforce constraints can be mitigated by increasing the output of graduates pursuing major disciplines, and up-skilling and re-skilling other graduates. The desired goal in the medium term is to increase ICT graduates from the existing figure to 25,000; Engineering and Science graduates to 10,000; Agriculture graduates up to 1,000; Chemistry graduates to 500; and Management graduates from 6,000 to 10,000.

This could be achieved by establishing at least several additional private universities offering programs in specialised areas, especially in ICT and Engineering, and increasing the graduate output from Government universities. Increasing the number of students passing out and being reskilled from vocational training institutes by 1.5 times is another suggestion.

Development of New Export Processing Zones that Commenced in 2020

(i) *Pharmaceutical Zone- Hambantota*

Having identified the Pharmaceutical industry as a potential industry that could bring Sri Lanka enormous economic & social benefits by providing quality drugs through local supply to the public and earning foreign exchange through exports, a State-of-the-Art Pharmaceutical Zone has been initiated as a Strategic Development Project to attract world renowned investors.

The proposed Pharmaceutical zone will be established as a SDP Project in Arabokka BOI Zone within the Hambantota district and will be developed in an area of 400 acres in two stages. In the first phase of the project, 200 acres of land will be developed to accommodate 20 pharmaceutical companies, while the second phase would set up 20 pharmaceutical manufacturing companies within the remaining 200 acres.. The construction of zone enterprises is planned to commence at the end of the first quarter of 2021, with the Infrastructure readiness in phase 01 scheduled to take place at the end of 2021, whilst the products are to be sent out to market by the year 2024.

(ii) *Textile Zone (Eravur)*

The proposed Industrial Zone in Eravur will be established in a land extent of 300 acres as a fabric manufacturing park to cater to both local and international markets. It is expected that; this zone, which will also be declared as a Strategic Development Project, will create a tremendous opportunity to the country and to the apparel industry by way of reducing the outflow of foreign exchange for import of fabric and JIT (Just in Time) supply with enhanced delivery speed of raw materials at a comparatively low cost. This will also pave the way for apparel manufacturers to be eligible for concessions provided by bilateral and unilateral agreements (EU GSP+, ISFTA, SLPFTA) by meeting with rules of origin criteria. It is expected to fast-track the process and commence operation of the zone during the year 2021 and as of now, three to four investors have shown their interest in establishing fabric mills in the Eravur zone.

NAVIGATING FORWARD WITH COVID 19

As COVID-19 continues to spread rapidly across the globe, BOI has been closely monitoring the continuously shifting and evolving global economy and business market to take immediate actions to minimize the hindering effects to our Investor Community. While adapting daily life to suit the changing economic landscape, BOI has been consulting the Investor community widely to determine the best course of action to keep BOI Enterprises and staff and the communities associated as safe as possible. To achieve this, BOI was benefitted with best practice advice from other stakeholder organizations and guidance from experts in health and safety.

❖ **Ensuring continuous operations of BOI Zones**

Even though the country was declared as a state of emergency with the nation-wide curfew imposed, the zonal enterprises of BOI expressed their need to re-commence business operations and continue with uninterrupted production amidst the COVID-19 pandemic. . Therefore, BOI, as the facilitator of the Zonal enterprises, undertook various measures as below, to assist them in commencement and continuation of their operations amidst the Pandemic, by taking necessary approvals from the relevant authorities.

● **Ensuring the suitability of the premises**

BOI obtained assistance from the Public Health Inspectors (PHI) to conduct inspections to ensure the suitability of the premises of the enterprises according to the guidelines provided by the Ministry of Health before commencing their operations. As per the recommendations given by the PHI officers, the enterprises were allowed to bring a minimum workforce at any given time and ensured that all necessary sanitation facilities were arranged at every enterprise.

● **Issuing recommendations to obtain curfew passes**

In order to mobilize the employees of Zonal enterprises between their residences and the working places, BOI started a process of issuing recommendations for the employees and the vehicles enabling them to obtain curfew passes from the Police. Most enterprises retained their employees in service during the pandemic period by paying the salaries as requested by the tripartite task force chaired by the Minister of Labour whereas some enterprises allowed employees to work from home.

● **Facilitating imports and exports processes**

BOI continuously provided uninterrupted services to all enterprises to facilitate their imports and exports processes, while providing assistance for them to adhere to the health regulations and operational guidelines. BOI arranged a series of discussions among the management of enterprises and Health officials, officers of the Labour Department and the Police, where opportunities were given to clarify any doubts and go forward with their operations without any disruption during the Pandemic.

- **Paperless import and export documentation process for BOI exporters**

Addressing the issue of inability to physically be present to get the approvals for import export documentations, due to travel restrictions imposed during the height of the pandemic, BOI implemented a paperless import and export documentation process for BOI exporters in consultation with Sri Lanka Customs. This paperless documentation process for export CUSDECs is already available in Documentation Centers in Colombo, Katunayake and Biyagama.

The above online approval facility has been introduced for import of selected raw materials which are not liable for Customs Taxes. Total paperless solution including import of plant and machinery by the BOI companies to be implemented in line with the Implementation of Single Window facility.

- ❖ **Raising awareness**

BOI distributed Operational Guidelines on Preparedness & Response for COVID – 19, Circulars issued by Police Headquarters and posters published by the Epidemiology Unit of the Ministry of Health to all enterprises and educated the management of the enterprises to operate under these guidelines. Conducted online awareness programmes and in-house awareness/ monitoring programmes with the assistance of Ministry of health to ensure knowledge on the disease and prevention and active health committees with a focal point in BOI enterprises were established for the sharing of information related to COVID-19 pandemic.

- ❖ **Granting permission for product diversification**

BOI allowed product diversification as per the requests made by enterprises. By the end of first half 2020, BOI granted approval for around 50 companies to engage in production of Personal Protection Equipment (PPEs) as an additional activity considering the increasing demand for PPEs all over the world due to the COVID 19 Pandemic. This additional production for export has generated US\$ 136.4 Mn additional foreign exchange to the country during the period April 2020 to January 2021.

- ❖ **Instalment payment plan for BOI charges**

Considering the financial difficulties encountered due to disturbed operations during the pandemic period, BOI granted a relief for BOI registered enterprises by allowing to pay the BOI Charges ie. Annual fee/Ground rent as applicable, on instalment basis.

- ❖ **BOI mediation on import restrictions imposed for manufacturing companies**

As part of its efforts to revive the economy and reduce the impact of COVID-19 pandemic, Ministry of Finance imposed temporary restrictions on importation of certain raw materials. Even though these restrictions were imposed with a view to stabilize the Sri Lankan currency and to minimize the adverse effect on the balance of payment, yet has led to limitations in the manufacturing sector.

In order to maintain uninterrupted production of export-oriented companies and large scale projects, under exceptional circumstances, BOI mediated through the Tariff Advisory Committee to grant exemptions to BOI companies to the highest level possible.

❖ **Restrictions imposed on export or re-export Personal Protection Equipment (PPE) from Sri Lanka**

The Regulation No. 2 of 2020 cited as the Medical Devices (Availability within Sri Lanka) Regulations, published in the Extraordinary Gazette No. 2167/17 - Friday, March 20, 2020 impeded “export or re-export from Sri Lanka any Medical device including Personal Protection Equipment”. BOI was able to convince the relevant authorities, the importance of easing restrictions on exports and distribution of personal protection equipment while ensuring that the domestic requirement is protected.

BOI export-oriented companies, in general, are required to export 80% of its output to get eligible for duty concessions. Further an export-oriented company is permitted only to supply up to maximum of 20% of the total output of the company to the local market subject to payment of customs duty and all other applicable levies on the imported inputs.

Considering as a national requirement and given the need of the hour, BOI has granted approval for these export-oriented companies to supply/donate the Personal Safety Products and Consumables for the government institutions such as Ministry of Health and indigenous medical services, Department of Health Services, Tri Forces, Sri Lanka Police and COVID Centre, on their request as approved by the BOI, irrespective of the quantity approved to supply to the local market under the respective Agreements entered with the BOI.

BOI proposed Ministry of Finance to consider such supply/donation made to the said Institutions, be treated as import replacement for the Income Tax purpose and concessionary rate of Income tax (14%) applicable for deemed exports be applied on the income generated from such supply/donation and also such supply/donation made to the said Institutions be exempted from all applicable taxes and levies including Customs duty, Port and Airport Development Levy, CESS, Value Added Tax etc.

OUR PEOPLE

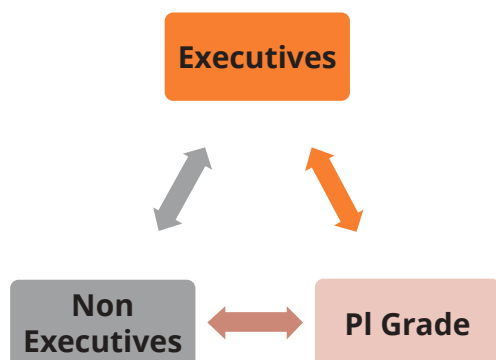
Our people are the foremost strength in BOI's journey to drive economic and social development for the nation is its people. Passionate, and driven by their strong sense of public service, the BOI team strives to support the nation in reaching greater prosperity. To help them fulfill this national responsibility, their life at the Board is constantly fueled with the personal and professional support that is required.

BOI Sri Lanka, a Sought After Institution in the Semi Government Sector.....

The Board of Investment of Sri Lanka since its inception in 1978, has provided employment opportunities to people from all around the country and diverse social backgrounds. It continues to be one of the most sought after organizations by citizens who wish to pursue a career in the public or semi-government sector. The BOI has always maintained a standard within the Board to ensure that its team is strong and confident to take the country proposition to the international investment arena. The structure and nature of business requires and enables BOI to create a talent pool with very diverse skills and talents.

BOI Approach to Managing People

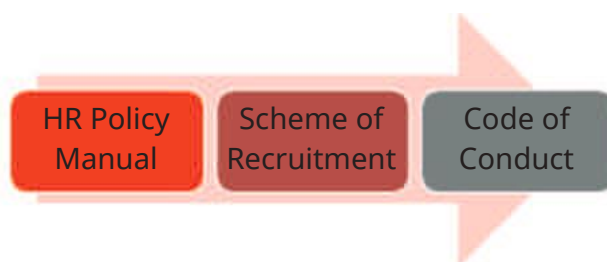
What defines BOI as an organization is its pragmatic and people centered practices which are followed. Our practices ensure a happy and enthusiastic work force that creates value for the organization as well as to the country at large. People management functions range from recruitment & selection to HRD, Welfare, and Disciplinary. BOI emphasizes on demonstrating equality, impartiality and ethicality when executing HR practices under all of these functions. Being a semi-government institution, public service is the driving purpose of BOI, which is shared commonly by all its team. Hence, it is ensured that all HR practices concerning our people demonstrate the highest level of equality and are carried out while assuring precise compliance with government rules, regulations and policy decisions. Being an important national entity on which the national economy is significantly dependent upon, BOI does not undermine the responsibility the organization has and further the responsibility HR has in terms of driving its team to fulfill this national responsibility. Since the initial establishment of BOI, policies and governing frameworks that have been in practice were naturally subjected to modifications to adapt to the evolving and changing surroundings of the institution. BOI is thus guided by these policies that have been introduced to safeguard government institutions in terms of consistency and credibility. Further, these policies provide guidance on internal practices of government institutions. The regulatory guidelines they provide enable us to ensure that best practices in terms of people management are in place and are safe from interference and also assist the organization to provide equal support to all its people. T & D practices take a flexible approach to ensure that learning is not limited to a particular group, instead benefits all employees of the organization. Welfare and Disciplinary practices are similar for all employees regardless of their grade or designation. At BOI, there are governing policies that help to lay out practices that guide employee conduct within the organization. BOI encourages its people to maintain a high work ethic expected from government officials and ensures that any deviation from such policies are addressed through a formal process.



“Though recognized as a semi-government institution, BOI acts as the primary and direct interface bridging the public and the private sectors. Thus, all our employees are required to possess a service oriented and a private sector mindset and work ethic in facilitating the private sector”

Human Resource Policy Manual

All BOI practices inclusive of recruitment and selection, appointments of employees, remuneration, working hours, attendance & holidays, probation and confirmation, performance appraisal and training and development are implemented with adherence to the Human Resource Policy Manual of BOI Sri Lanka. Further this policy manual provides guidelines for promotions, transfers, and demotions, working conditions, grievances and matters concerning trade unions to be carried out with adherence. Compliance with this manual ensures that our practices are people centric and fair by everyone. Unless of a unique situation that could justify deviance from these policies under special approval from the Board of Directors, BOI consistently adhere to the guidelines of the human resources policy manual.



Scheme of Recruitment

Recruitment practices are implemented with strict compliance to the BOI scheme of recruitment. The scheme clearly lays down guidelines to be followed, and criterions to be considered when absorbing talent internally or externally.

Code of Conduct

We believe in maintaining a high degree of professionalism and a strong work ethic. We are committed to upholding our core values at all times. The BOI code of conduct is a formal document that clearly communicates the ethical conduct all employees of BOI should adhere to. The code of conduct under “Rules of Disciplinary Procedure” provides the necessary procedures to formally address any incident involving misconduct or lapse by employees of the Board.

Composition of Our People

BOI team in its entirety, consists of 1297 members who are attached to our head office in Colombo and export processing zones/parks/regional offices located all-around the country. We have three employees' categories in our cadre.

Executives 47%

47% of our team includes executives attached to head office and export processing zones while 53% of the team includes non – executives and the PL grade staff. Diversity is encouraged and supported within BOI and we believe it is one of our biggest strengths



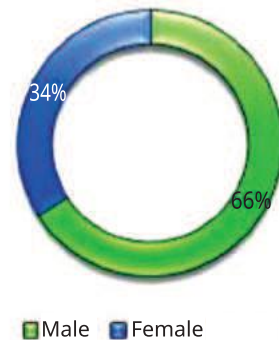
Non Executives & PI Grade 53%

We provide equal encouragement and opportunity to male and female employees to progress through their career at the Board. 34% of our team is represented by female employees while 66% is represented by male employees. Their representation is visible in all categories of our cadre. 48% of the executive cadre is represented by female employees and 52% is represented by male employees.

At BOI, it is consistently observed that a significant number of female employees show great career progression and march their way up the hierarchy into higher managerial positions of the Board. As a result of gender equality, BOI has 163 female officers operating in the capacity of junior manager and 107 in the middle manager level, they represent 57% and 44% of the two categories respectively. The Senior Manager category includes 78 officers and 72% of them are male officers while 28% of them are female officers.

Furthermore, a noticeable increase in female representation in strategic positions were observed over the past few years. As of 2020, 23% of the Executive Director and Head of Zone categories were represented by female officers, while male officers represented 77% of the said category. Our practices on gender equality will continue as we intend to increase equal participation of both genders at all levels of the organization. Our diversity extends beyond gender into the backgrounds, age and experience to include all ethnic groups and minorities. We encourage collective spirit and string collaboration between employees from all ethnic groups. Having been in business for more than four decades, BOI has employees with experience ranging from “less than 05 years” to “more than 20” years. Over the years, our employees have gained specialized experience in terms of investment promotion, investor services and other internal functions.. 60 % of our executives are graduates from diverse academic disciplines and 26% of them have obtained postgraduate qualifications. BOI encourages higher education within the Board and has developed HRD policies to sponsor higher education of our employees. We believe that continuing professional development is highly important especially in the rapidly changing, aggressively competitive business we are in.

Staff Composition



Our Future – A Changed Role

Following the permanent changes that have happened in the business landscape, BOI views its role in people management differently. The role we may have continued to play if not for the outbreak of the pandemic which fundamentally changed with the “new normal” in place. BOI intends to continue supporting employees as they steer the organization through the still prevailing pandemic. With a committed team that demonstrated their strong sense of public service during the pandemic we believe that we could achieve what the country expects from us. BOI will continue to empower them and support them through the adoption to all aspects of the new normal circumstances.

Moreover, we intend to develop more agile and flexible work practices thereby giving a transformative effect to our current practices. We intend to focus on capability building to increase efficiency and effectiveness of our services provided. The technological innovation around the world that was fueled during the pandemic era has opened many opportunities for us with a fair share of challenges as well. BOI as an organization looks forward to support, empower and facilitate our employees to embrace change positively and reap the best benefits for the country under the changed circumstances. Hence, a changed role for us.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility demonstrates a way of holding a business socially accountable to good ethical practices and sustainable development goals while improving brand image and creating public awareness on social and environmental issues.

While encouraging its companies to actively take part in CSR activities, BOI itself engages in various pillars of corporate responsibility such as environment conservation, diversity and labor practices, and volunteerism.

❖ **Initiatives taken to minimize the labour shortages issues faced by manufacturing enterprises**

BOI initiated several undertakings aimed at addressing labour shortages of its enterprises such as;

- **Employees Services Units (ESUs)**

Formation and operating of Employees Services Units (ESUs) in each Zone to meet job seekers and management representatives of the enterprises where the job vacancies are available. The ESUs resumed its operations in September 2020 after the first wave of COVID 19 Pandemic ceased.

- **Establishment of Day Care Centres and Pre-Schools**

Establishment of Day Care Centres and Pre-Schools in EPZs provide a tangible solution for employees who are willing to continue their jobs while keeping their kids in a secured place within the zones. This has resulted in reduced high labour turnover and facilitated creating an attractive impression of the zones for new recruits. The Day Care Centres at Katunayake EPZ, Biyagama EPZ & Mawathagama EPZ resumed services since September 2020.

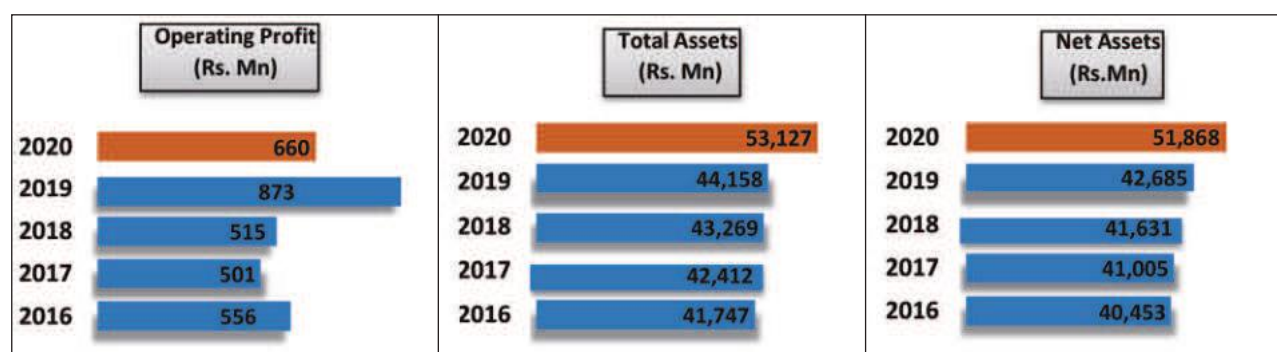
It is during hardships the need arises for companies to execute their corporate responsibilities towards the society most efficiently. COVID-19 presented a platform for the generosity of the corporate sector.

Throughout the COVID-19 pandemic, many companies offered their products and services to uplift the lives of their employees and front line fighters against COVID -19 pandemic. BOI companies provided PPE to armed forces and health authorities. Most of the companies took measures to take care of their employees as well as family members by providing dry rations and even lodging facilities in rented hotels etc. Some enterprises even paid full salary for their employees during lockdown periods. Most of the enterprises have spent a huge cost for providing additional transport facilities, sanitising and wearing PPE for their employees as per the health guideline. Further these enterprises still pay a huge cost for PCR / Antigen tests on their employees as per the guidelines issued by the ministry of health.

FINANCIAL REVIEW 2020

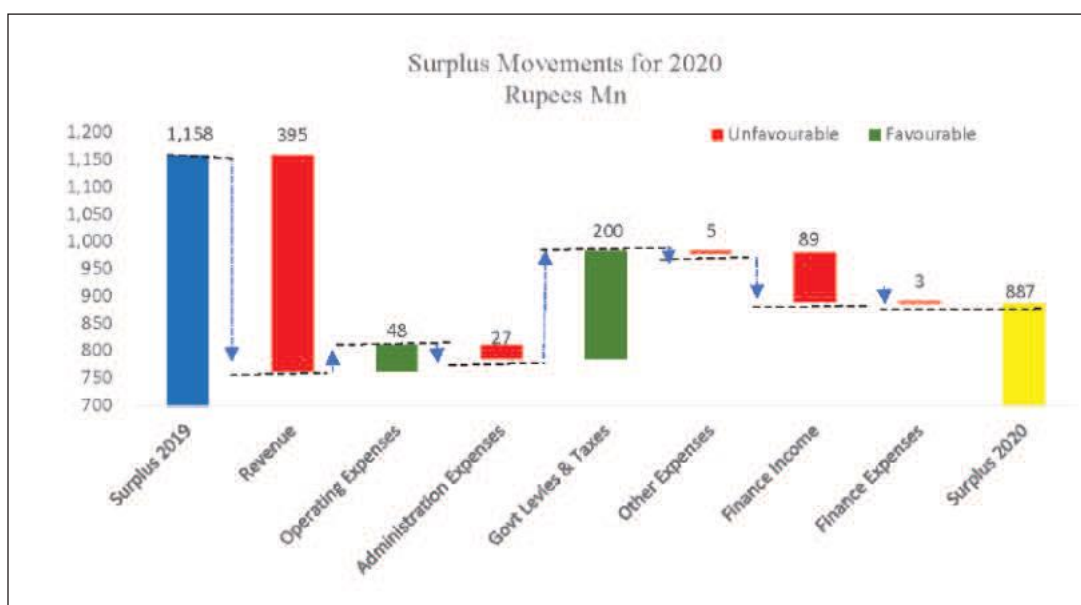
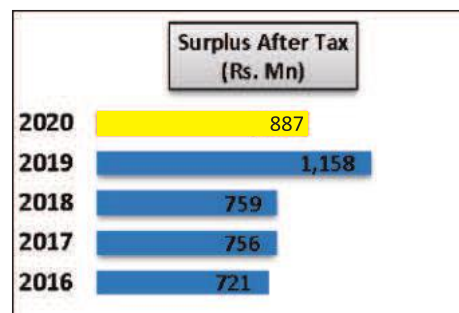
Financial Highlights

| Financial Highlights For the Year Ended 31 st December | 2020 (Rs. Mn) | 2019 (Rs. Mn) | Change (%) | 2018 (Rs. Mn) |
|--|------------------|------------------|---------------|------------------|
| Revenue | 4,251 | 4,646 | (8.50) | 3,890 |
| Total Operating Expenses | (3,591) | (3,773) | 4.84 | (3,375) |
| Operating Profit | 660 | 873 | (24.33) | 515 |
| Finance Income | 322 | 411 | (21.84) | 344 |
| Finance Expenses | (14) | (11) | (30.17) | (8) |
| Surplus Before Taxation | 968 | 1,274 | (23.98) | 851 |
| Tax Expenses | (81) | (115) | 29.48 | (92) |
| Surplus After Taxation | 887 | 1,158 | (23.43) | 759 |
| Other Comprehensive Income | (75) | (51) | (46.37) | (11) |
| Total Comprehensive Income | 812 | 1,107 | (26.68) | 748 |
| Financial Position at the year End | | | | |
| Total Assets | 53,127 | 44,158 | 20.31 | 43,269 |
| Total Equity | 51,868 | 42,685 | 21.51 | 41,631 |



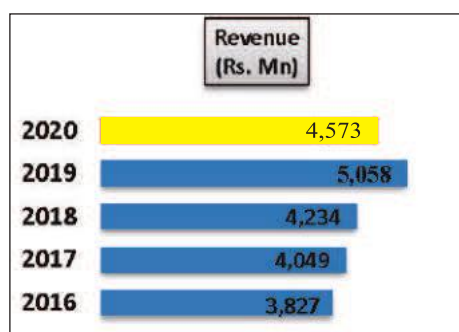
Surplus

The Surplus achieved by the Board, after provisioning for all known liabilities and depreciation on Property, Plant and Equipment, but before taxation, amounts to Rs.968.14 Mn. After deducting a sum of Rs.81.25 Mn. as taxation, the surplus for the period was Rs.886.89 Mn. The Surplus after Tax of the Board has decreased by 23.43% in year 2020, compared to Rs.1,158.31 Mn reported in 2019. The outbreak of the COVID -19 pandemic in 2020 resulted in a decrease in economic growth and the slowdown in revenue has largely attributed to the decline in the Net Surplus of the Board.

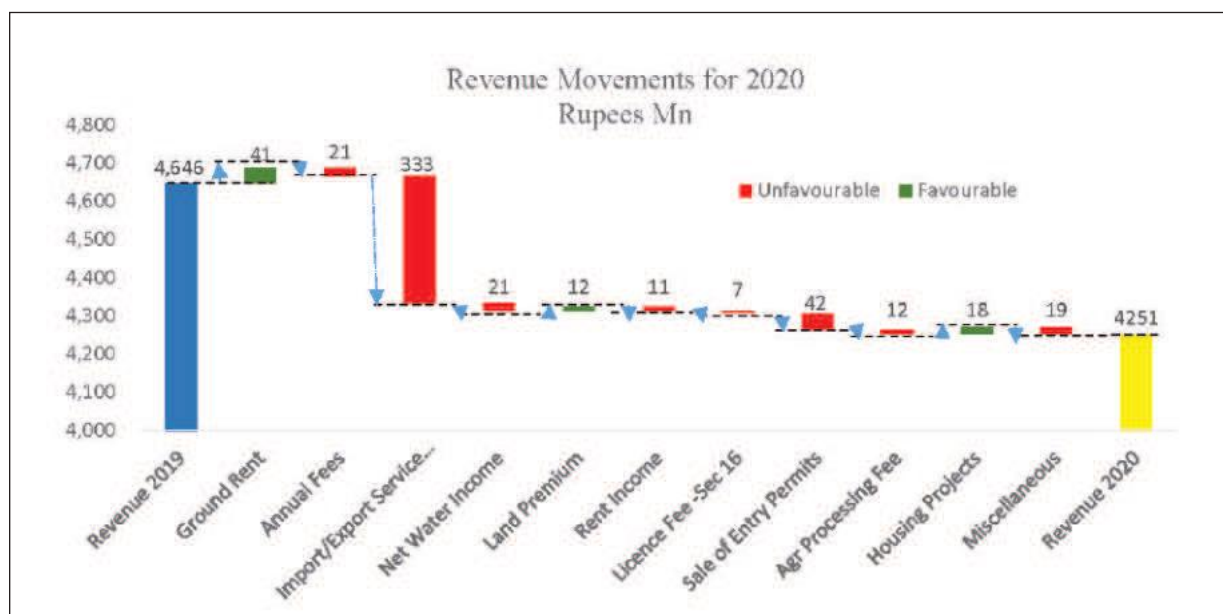


Revenue

Operating Revenue of the Board has decrease by 8.50% from Rs.4,646.09 Mn. in year 2019 to Rs.4,251.30 Mn. in year 2020. The drop in Import /Export Service Charges, Net Water Income, Sale & Entry Permits and Agreement Processing Fees which resulted due the outbreak of COVID -19 pandemic mainly contributed towards the decrease in operating Revenue. The Interest Income earned by the Board too has decreased by 21.84% to Rs.321.58 Mn. in 2020 from Rs.411.44 Mn. in year 2019. This is mainly due to the decline in the interest rates.

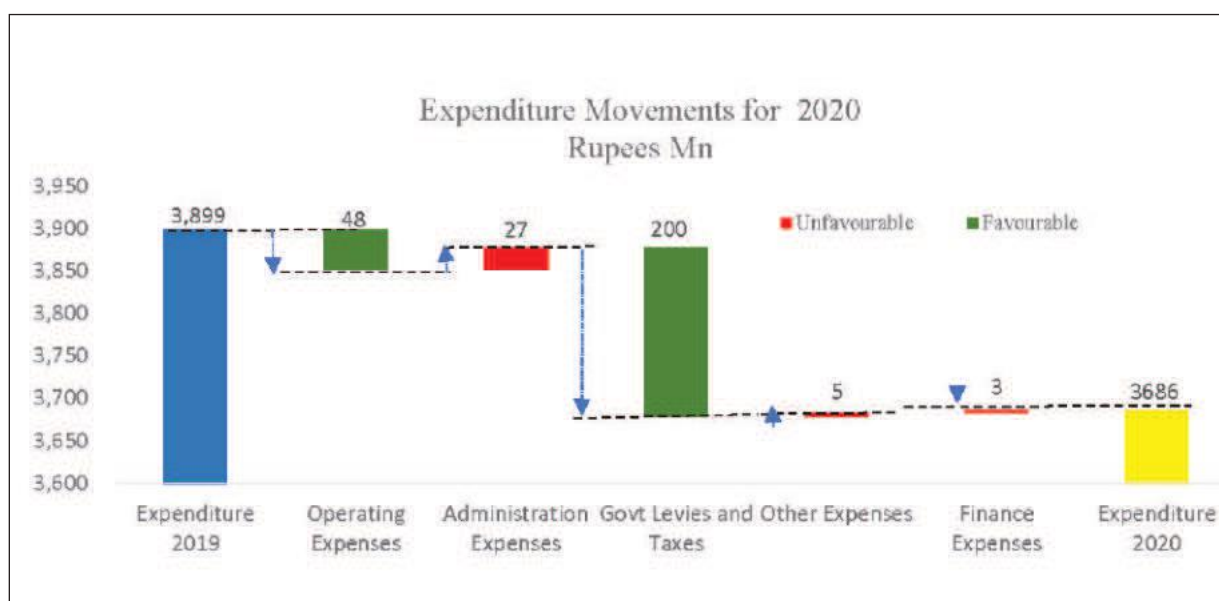


Total Revenue of the Board has decreased to Rs.4,572.88 Mn. in 2020 from Rs.5,057.53 Mn. in 2019.



Operating Expenses

Operating expenses of the Board was Rs.3,590.87 Mn. In the year 2020 and there is a decrease of 4.84% compared to previous year. The outbreak of COVID -19 pandemic resulted in a slowdown of the operating activities of the Board. This has mainly contributed to change the expenditure pattern with lower revenue growth, stringent cost control measures, mainly in operating costs, contribute to the saving of approximately Rs.182.50 Mn. These cost controlling measures adopted by the Board have directly contributed towards the achievement of a positive Net Surplus, even though there was a drastic drop in revenue in the period under review.



Contribution to Taxes

Indirect and direct Taxes declined by 54.01% during the year. This was primarily due to changes made in Tax law in year 2020. BOI contribution as indirect and direct taxes for the year amounted to Rs.170.04 Mn. has been on a down trend compared to the previous year. Disallowed VAT Input which is recognized as an expense has decreased by 56.02% with a drop of Rs.112.34 Mn. compared to the previous year. Total Direct Taxes of the Board comprise of Tax on Interest Income.

2020

Financial Statements

(For the year ended 31st December 2020)

BOARD OF INVESTMENT OF SRI LANKA

INCOME STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER

| | | 2020 Rs. | 2019 Rs. |
|--|-----------|----------------------|----------------------|
| | Note | | |
| Revenue | 4 | 4,251,299,069 | 4,646,091,668 |
| Less : Expenses | | | |
| Operating Expenses | 6 | 273,552,379 | 322,000,511 |
| Administrative Expenses | 7 | 3,192,487,029 | 3,165,507,062 |
| Government Levies | 8 | 88,787,598 | 254,568,577 |
| Other Expenses | 9 | 36,038,612 | 31,290,988 |
| Total Operating Expenses | | 3,590,865,618 | 3,773,367,139 |
| Results from Operating Activities | | 660,433,451 | 872,724,528 |
| Finance Income | | 321,579,138 | 411,444,914 |
| Finance Expenses | | 13,873,362 | 10,657,560 |
| Net Finance Income | 10 | 307,705,775 | 400,787,354 |
| Surplus Before Taxation | | 968,139,227 | 1,273,511,883 |
| Tax Expenses | | 81,246,467 | 115,204,576 |
| Surplus for the Period | | 886,892,760 | 1,158,307,307 |

BOARD OF INVESTMENT OF SRI LANKA

COMPREHENSIVE INCOME STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER

| | Note | 2020 Rs. | 2019 Rs. |
|--|-------------|---------------------|----------------------|
| Surplus for the Period | | 886,892,760 | 1,158,307,307 |
| Other Comprehensive Income | | | |
| Less : Defined benefit plan Actuarial (Gain)/Loss | 21.1 | 75,380,123 | 51,499,585 |
| Total Comprehensive Income for the period | | 811,512,637 | 1,106,807,722 |

“Notes to the Financial Statements” set out on pages 46 to 66 form an integral part of the Financial Statements.

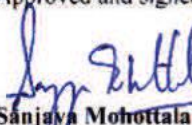
BOARD OF INVESTMENT OF SRI LANKA
STATEMENT OF FINANCIAL POSITION

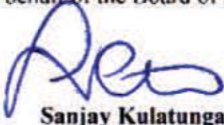
AS AT 31ST DECEMBER

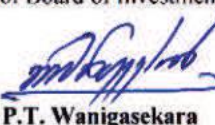
| | Note | 2020 Rs. | 2019 Rs. |
|---|-------------|-----------------------|-----------------------|
| ASSETS | | | |
| Non- Current Assets | | | |
| Property Plant and Equipment | 11 | 6,159,405,466 | 5,310,547,630 |
| Investment Property | 12 | 38,854,205,189 | 31,073,365,587 |
| Capital Work-in-Progress | 13 | 1,463,837,429 | 1,982,355,530 |
| Financial Assets | 14 | 643,278,444 | 654,403,425 |
| Total Non- Current Assets | | 47,120,726,528 | 39,020,672,172 |
| Current Assets | | | |
| Inventories | | 13,860,225 | 10,272,093 |
| Houses For Disposal | | 2,551,000 | 2,551,000 |
| Financial Assets | 15 | 216,873,965 | 206,479,430 |
| Receivables from Enterprises | 16 | 480,733,989 | 315,491,118 |
| Payments in Advance and Other Receivables | 17 | 546,747,679 | 264,288,415 |
| Cash and Cash Equivalents | 18 | 4,745,108,178 | 4,338,222,775 |
| Total Current Assets | | 6,005,875,037 | 5,137,304,831 |
| Total Assets | | 53,126,601,565 | 44,157,977,003 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Accumulated Fund | | 20,911,194,024 | 11,845,461,590 |
| Reserves | | 15,340,693,234 | 15,340,693,234 |
| | | 36,251,887,258 | 27,186,154,824 |
| Deferred Revenue | 20 | 16,007,082,111 | 15,915,950,349 |
| Deferred Expenditure | 19 | (390,763,524) | (417,422,964) |
| | | 15,616,318,587 | 15,498,527,385 |
| Total Equity | | 51,868,205,846 | 42,684,682,209 |
| Non Current Liabilities | | | |
| Retirement Benefit Obligations | 21 | 370,952,018 | 329,992,061 |
| Non Current Financial Liabilities | 22 | 58,969,208 | 74,875,711 |
| Total Non Current Liabilities | | 429,921,226 | 404,867,772 |
| Current Liabilities | | | |
| Current Financial Liabilities | 22 | 29,673,285 | 26,977,500 |
| Accrued Expenses and Other Payables | 23 | 787,247,092 | 1,018,683,817 |
| Tax Payable | | 11,554,115 | 22,765,703 |
| Total Current Liabilities | | 828,474,492 | 1,068,427,020 |
| Total Equity and Liabilities | | 53,126,601,565 | 44,157,977,003 |

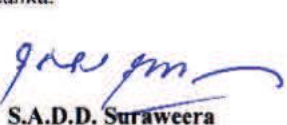
“Notes to the Financial Statements” set out on pages 46 to 66 form an integral part of the Financial Statements.

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.


Sanjaya Mohottala
Chairman


Sanjay Kulatunga
Board Member


P.T. Wanigasekara
Director General


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

24-Feb-2021

BOARD OF INVESTMENT OF SRI LANKA
STATEMENT OF CHANGES IN EQUITY
AS AT 31ST DECEMBER 2020

| | Accumulated Fund Rs. | Revaluation Reserves Rs. | Total Equity Rs. |
|---|----------------------------|--------------------------------|------------------------|
| Balance as at 01st January 2019 | 10,953,811,118 | 15,340,693,234 | 26,294,504,352 |
| Total Comprehensive Income for the year | 1,106,807,722 | - | 1,106,807,722 |
| Recognition of assets | 248,192 | - | 248,192 |
| Impact on changes in Revenue -2018 | (439,787) | - | (439,787) |
| Impact on Receivable Adjustment directly deducted from Equity - Cashew Corporation of Sri Lanka | (209,600,000) | - | (209,600,000) |
| Transactions for Treasury recognised directly in Equity | (5,365,655) | - | (5,365,655) |
| Balance as at 31st December 2019 | 11,845,461,590 | 15,340,693,234 | 27,186,154,824 |
| Balance as at 01st January 2020 | 11,845,461,590 | 15,340,693,234 | 27,186,154,824 |
| Total Comprehensive Income for the year | 811,512,637 | - | 811,512,637 |
| Contribution to the Consolidated Fund | (155,535,700) | - | (155,535,700) |
| Balance of Temporary Surplus Fund | (3,921,984) | - | (3,921,984) |
| Impact on Receivable Reinstatement due to vesting of Land -Cashew Corporation of Sri Lanka ¹ | 423,360,000 | - | 423,360,000 |
| Transactions for Treasury recognised directly through Equity ² | 134,432 | - | 134,432 |
| Recognition of Value of the New Lands through Government ownership (Prenial Real Estate Lanka (Private) Limited and Vacant Land) ³ | 7,972,383,349 | - | 7,972,383,349 |
| Lands vested to Government recognised directly through equity ⁴ | (1,615,000) | - | (1,615,000) |
| Recognition of Assets in KGEPZ ⁵ | 1,879,000 | - | 1,879,000 |
| Recovery of Advance paid for land on behalf of Government, directly recognised through equity ⁶ | (51,500,000) | - | (51,500,000) |
| Government Grant - Land directly recognised through Equity - BGEPZ ⁷ | 112,000,000 | - | 112,000,000 |
| Impact on Rent Recovery directly recognised through Equity ⁸ | (42,964,300) | - | (42,964,300) |
| Balance as at 31st December 2020 | 20,911,194,024 | 15,340,693,234 | 36,251,887,258 |

1. An amount of Rs.209,600,000.00 which was receivable on account of the Land situated in Colombo 3, called Cashew Corporation Land had been written off through equity, based on the observation in the Report of Auditor General in 2019. This land was vested to the Government in 2011 under the Revival of Underperforming Enterprises or Underutilised Assets Act No 43 of 2011 and transferred to the Urban Development Authority. Urban Development Authority has now agreed to pay the compensation amount of Rs 423,360,000.00 based on the Government Valuation. This has been reinstated through Government ownership.

2. Transactions for Treasury Recognised directly through Equity

- 2.1 Expenditure incurred for facilitation of infrastructure for Mega Projects have been directly recognised through Equity Account. (Rs.50,000.00)
2.2 Refund of Transactions for Treasury Recognised in Equity Rs.184,432.00

3. Government of Sri Lanka has transferred a land in extent of 3 Acres 3 Roods 5 Perches situated at Baladaksha Mawatha Colombo to the BOI for the implementation of a Mixed Development Project. This has been directly recognized through Government Equity.

4. Lands vested to the Government under the Revival of Underperforming Enterprises or Underutilised Assets Act No 43 of 2011 has been directly recognised through the Government ownership.

5. Direct recognition of assets which are not included in the Fixed Assets Register. Value of the Building has been updated based on Government Valuation.

6. The Board had paid an advance to the Divisional Secretariat of Kuliapitiya to acquire the land situated at Bingiriya on behalf of the Government. This amount has been recovered from Contribution to the Consolidated Fund 2020

7. Government of Sri Lanka has transferred a Land in extent of 439 Acres 6 Roods 12.67 Perches situated at Bingiriya to establish an Export Processing Zone. Value of the Land has been directly recognised as Government Grant through Government ownership.

8. Overdue Rent, receivable from the Ministry of Industrial Export & Investment Promotion and Ministry of Development Strategies & International Trade has been directly deducted from the Government ownership. The Board had leased out Level 25 & Level 27 to the Line Ministry.

“Notes to the Financial Statements” set out on pages 46 to 66 form an integral part of the Financial Statements.

BOARD OF INVESTMENT OF SRI LANKA

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER

| | 2020 <u>Rs (Mn.)</u> | 2019 <u>Rs (Mn.)</u> |
|---|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash generated from operations (Note 24) | 625.78 | 924.84 |
| Income Tax Paid | (92.46) | (121.65) |
| Payment of Retirement Benefit Obligation | (75.57) | (37.94) |
| Gratuity - re-adjustment | - | 1.27 |
| Deferred Revenue Received | 300.90 | 408.75 |
| Land re-sevaluation Received | 31.21 | - |
| Net cash inflows/(out flows) from operating activities | <u>789.86</u> | <u>1,175.27</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment Income Received | 347.97 | 411.13 |
| Staff Loan & Financial Assistance | 11.12 | (43.08) |
| Purchase of Fixed Assets | (45.92) | (153.55) |
| Proceeds from sale of Fixed Assets | 19.06 | 18.94 |
| Capital Work in Progress | (570.60) | (791.58) |
| Deferred Expenditure | (3.03) | (0.31) |
| Net cash inflows/(outflows) from investing activities | <u>(241.39)</u> | <u>(558.45)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Lease Installments Paid | (42.26) | (29.45) |
| Fund Transfer to Treasury | (159.46) | - |
| Refunds of RADA Ela HEPZ | 0.18 | - |
| Advance Survey Charges | (0.05) | - |
| Compensation of Cashew Corporation | 60.00 | - |
| Net cash flows/(outflows) from financing activities | <u>(141.58)</u> | <u>(29.45)</u> |
| Net Increase/ (Decrease) in Cash & Cash Equivalents | 406.89 | 587.37 |
| Cash & Cash Equivalents at beginning of the year | <u>4,338.22</u> | <u>3,750.85</u> |
| Cash & Cash Equivalents at end of the year | <u>4,745.11</u> | <u>4,338.22</u> |

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 investments. The classification is determined by Management at initial recognition and depends on the purpose for which the investments were done acquired and its contractual cash flow characteristics.

(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.

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3.2 Property, Plant and Equipment

(a) Recognition and Measurement

Property, Plant and Equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items, and restoring the site on which they are located.

Value of property plant and equipment carried at valuation less accumulated depreciation as at 1st January 2011 have been considered being the deemed cost as at 1st January 2011 as per SLFRS 1 for the Revalued Assets.

(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><i>Class of Assets</i></u> | <u><i>Depreciation percentage per annum</i></u> | <u><i>Period (years)</i></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) Subsequent Expenditure

The cost of replacing, developing, constructing part of an item of Property, Plant and Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Board and its cost can be measured reliably. The costs of the day-to-day servicing of Property, Plant and Equipment are recognized in the Statement of Income and Other Comprehensive Income as incurred.

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(e) 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. These are stated at cost less any accumulated impairment losses. Capital Work in Progress is transferred to relevant assets category which are Property, Plant and Equipment, differed expenditure and expenditure incurred for Mega Projects, when it is in the location and condition for necessary it to be capable of operating of the manner intended by the Management.

(f) 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.

(g) 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.

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 per annum</u> | <u>Period (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)

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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.

3.7 *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.

3.8 *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.

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3.9 *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.

3.10 *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.

(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) *Gain/Loss from Sale of Property, Plant and Equipment*

Any gains or losses on retirement or disposal of Property, Plant and Equipment are recognized in the period in which the sale occurs and is classified as Other Operating Income or Expense.

(d) *Other Income*

Other income is recognized on an accrual basis.

3.11 *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.

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(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.

Gains or losses, on the disposal of Property, Plant and Equipment, are recognized in the Statement of Profit or Loss and Other Comprehensive Income.

(c) Finance Income and Finance Expenses

Net Finance Income comprise of interest on funds invested/deposited, staff loan and interest on financial liabilities that are recognised in the Statement of Income and Other Comprehensive Income.

All interest and other costs incurred in connection with borrowings/finance leases are expensed as incurred, as part of Net Finance Income, except to the extent which is eligible for capitalization.

3.12 Related Party Transactions

The relevant details are disclosed in the respective Notes to the Financial Statements.

3.13 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.

3.14 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 01st 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 31ST DECEMBER

| | | 2020 | 2019 |
|------------|---|----------------------|----------------------|
| | | Rs. | Rs. |
| 4 | Revenue | | |
| | Ground Rent | 1,234,193,458 | 1,193,019,780 |
| | Annual Fees | 809,273,013 | 830,059,523 |
| | Import/Export Service Charges | 1,094,500,704 | 1,428,114,025 |
| | Net Income from Supply of Water (Note 4.1) | 341,213,840 | 362,177,762 |
| | Land Premium | 229,911,751 | 218,799,859 |
| | Rent Income | 136,733,937 | 147,877,915 |
| | License Fee Sec.-16 Enterprises | 29,280,762 | 35,751,215 |
| | Sale of Entry Permits | 189,420,199 | 231,082,682 |
| | Agreement Processing Fees | 45,589,586 | 57,738,308 |
| | Income from Housing & Other Projects | 38,389,826 | 19,846,677 |
| | Miscellaneous Income | 102,791,993 | 121,623,922 |
| | | 4,251,299,069 | 4,646,091,668 |
| 4.1 | Net Income from Supply of Water for Enterprises | | |
| | Income from Water Supply | 1,278,941,352 | 1,344,160,694 |
| | Related Cost on Water Supply | (937,727,512) | (981,982,932) |
| | Net Income from Supply of Water | 341,213,840 | 362,177,762 |
| 5 | Surplus from Operations | | |
| | Surplus from Operations is stated after charging/(crediting) all expenses including the following. | | |
| | Operating Expenses (Note 6) | 273,552,379 | 322,000,511 |
| | Administrative Expenses (Note 7) | 3,192,487,029 | 3,165,507,062 |
| | Government Levies (Note 8) | 88,787,598 | 254,568,577 |
| | Other Expenses (Note 9) | 36,038,612 | 31,290,988 |
| 6 | Operating Expenses | | |
| | Investment Promotion Expenses | 1,642,807 | 52,824,668 |
| | Maintenance of Zones | 157,418,827 | 149,880,895 |
| | Light & Power | 39,898,685 | 49,031,390 |
| | Security Services | 72,982,132 | 66,613,346 |
| | Welfare Expenses to Zone Employees | 1,609,927 | 3,650,211 |
| | | 273,552,379 | 322,000,511 |

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER

| | 2020 | 2019 |
|---|----------------------|----------------------|
| | Rs. | Rs. |
| 7 Administrative Expenses | | |
| Personnel Cost (Note 7.1) | 1,897,646,414 | 1,874,453,119 |
| Staff Welfare Expenses | 269,151,921 | 291,602,225 |
| Printing & Stationery | 21,873,018 | 27,711,635 |
| Maintenance of P/M Computer & Office Equipment's. | 47,087,316 | 47,720,883 |
| Building Maintenance | 79,540,883 | 84,584,415 |
| Transport Related Expenses | 104,193,889 | 118,132,411 |
| Office Rent & Verification Unit Rent | 71,456,962 | 75,077,753 |
| Press Notifications | 4,410,440 | 7,806,512 |
| Water Consumption | 4,059,151 | 5,003,590 |
| Communication Expenses | 31,384,658 | 35,377,098 |
| Municipality Rates | 15,907,708 | 15,907,708 |
| Staff Training | 5,091,189 | 14,707,650 |
| Legal & Professional Charges | 13,258,671 | 4,886,126 |
| Compensation for Legal Obligations | - | 1,300,968 |
| Travelling & Subsistence | 3,164,798 | 6,254,974 |
| Audit Fees | 2,046,000 | 2,376,000 |
| Impairment on Debtors | 53,091,966 | 25,041,516 |
| Depreciation | 569,122,046 | 527,562,480 |
| | 3,192,487,029 | 3,165,507,062 |
| 7.1 Personnel Cost | | |
| Board Members Fee | 110,000 | 810,000 |
| Chairman / Director General | 18,671,667 | 12,015,533 |
| Salaries & Wages - Executive Staff | 620,921,185 | 574,408,299 |
| Salaries & Wages - Clerical & Allied Staff | 111,970,599 | 105,363,890 |
| Salaries & Wages - Security Staff | 73,727,133 | 60,872,496 |
| Salaries & Wages - Minor Staff | 140,767,389 | 128,472,475 |
| Overtime | 83,815,666 | 167,353,921 |
| Provision for Leave Encashment | 100,043,284 | 73,697,846 |
| Provision for Bonus | 76,217,057 | 121,391,628 |
| Provision for Retirement Benefit Obligation | 18,687,529 | 15,065,355 |
| Contribution to Employee's Provident Fund | 134,181,287 | 125,379,459 |
| Contribution to Employee's Trust Fund | 26,836,259 | 25,075,892 |
| K.P.P.Allowance | 474,524,560 | 400,879,240 |
| Professional Allowance | 15,037,661 | 13,510,188 |
| Other Staff Cost | 2,135,138 | 50,156,899 |
| | 1,897,646,414 | 1,874,453,119 |

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER

| | 2020 Rs. | 2019 Rs. |
|--|--------------------|--------------------|
| 8 Government Levies | | |
| Stamp Duty | 575,689 | 1,436,880 |
| Nation Building Tax | - | 52,581,685 |
| Value Added Tax - Disallowed VAT Input | 88,211,909 | 200,550,012 |
| | 88,787,598 | 254,568,577 |
| 9 Other Expenses | | |
| Expenses on Issuing Identity Cards | 2,159,008 | 5,119,782 |
| Sundry Expenses | 14,982,075 | 18,431,786 |
| COVID 19 Expenses | 11,568,380 | - |
| Container Key Locks | 2,063,905 | 2,117,851 |
| Insurance | 3,030,587 | 3,225,728 |
| Environment Control Expenses | 612,229 | 1,656,295 |
| Corporate Social Responsibility Expenses | 1,092,294 | 25,534 |
| Entertainment | 530,136 | 714,011 |
| | 36,038,612 | 31,290,988 |
| 10 Net Finance Income | | |
| Finance Income | | |
| Interest Income on Call Deposits/Others | 290,973,904 | 378,769,490 |
| Interest Income on Staff Loans | 30,605,233 | 32,675,424 |
| Total Finance Income | 321,579,138 | 411,444,914 |
| Finance Expenses | | |
| Interest on Lease Liabilities | 13,182,337 | 9,809,725 |
| Bank Charges | 691,025 | 847,835 |
| Total Finance Expenses | 13,873,362 | 10,657,560 |
| Net Finance Income | 307,705,775 | 400,787,354 |

**BOARD OF INVESTMENT OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2020**

11 Property, Plant and Equipment

| Freehold Assets at Cost | Land | Buildings | Structures | Plant & Machinery | Fixtures & Fittings | Furniture, & Office Equipment | Computers | Motor Vehicles | Total 31.12.2020 | Total 31.12.2019 |
|--|----------------------|----------------------|----------------------|--------------------|---------------------|-------------------------------|--------------------|--------------------|-----------------------|----------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Balance as at 01 st January | 602,601,958 | 1,836,187,089 | 6,320,732,137 | 103,990,158 | 881,669 | 184,434,357 | 255,728,539 | 246,178,202 | 9,550,734,109 | 9,196,548,152 |
| Additions during the year | 275,840,013 | - | 6,929,647 | 1,496,929 | 63,525 | 12,040,373 | 9,489,868 | 31,389 | 305,891,744 | 79,973,166 |
| Transferred from Capital Work in Progress | 202,590,710 | 56,311,700 | 775,729,218 | 9,444,610 | - | 272,084 | 3,951,405 | 16,209,608 | 1,064,509,335 | 369,080,015 |
| Disposal during the year | - | - | 23,581,649 | 12,936,517 | - | 11,000 | 61,290 | 14,625,250 | 51,215,706 | 34,927,543 |
| Transferred to Investment Property | - | - | - | - | - | - | - | - | - | 78,282,681 |
| Transferred from Investment Property | 11,843,682 | - | - | - | - | - | - | - | 11,843,682 | 18,343,000 |
| Balance as at 31st December | 1,092,876,363 | 1,892,498,789 | 7,079,809,353 | 101,995,180 | 945,194 | 196,735,814 | 269,108,522 | 247,793,949 | 10,881,763,164 | 9,550,734,109 |
| Depreciation | | | | | | | | | | |
| Balance as at 01 st January | - | 965,177,869 | 2,932,922,653 | 47,761,060 | 462,621 | 110,566,515 | 189,142,499 | 195,406,213 | 4,441,439,430 | 3,998,164,518 |
| Charge for the year | - | 93,132,712 | 329,081,335 | 7,523,657 | 89,098 | 11,788,977 | 36,627,516 | 14,924,895 | 493,168,190 | 472,313,526 |
| On Disposals | - | - | 14,679,252 | 9,719,982 | - | 11,000 | 61,290 | 14,625,250 | 39,096,774 | 29,038,614 |
| Balance as at 31st December | - | 1,058,310,581 | 3,247,324,736 | 45,564,735 | 551,719 | 122,344,492 | 225,708,725 | 195,705,858 | 4,895,510,846 | 4,441,439,430 |
| Written Down Value of Freehold Assets | | | | | | | | | | |
| As at 31 st December | 1,092,876,363 | 834,188,208 | 3,832,484,617 | 56,430,445 | 393,475 | 74,391,322 | 43,399,797 | 52,088,091 | 5,986,252,318 | 5,109,294,679 |
| Leasehold Assets | | | | | | | | | | |
| Balance as at 01 st January | - | - | - | - | - | - | - | 359,406,071 | 359,406,071 | 212,256,071 |
| Additions during the year | - | - | - | - | - | - | - | 31,730,000 | 31,730,000 | 147,150,000 |
| Total Leasehold Assets | | | | | | | | 391,136,071 | 391,136,071 | 359,406,071 |
| Depreciation | | | | | | | | | | |
| Balance as at 01 st January | - | - | - | - | - | - | - | 158,153,120 | 158,153,120 | 118,989,071 |
| Charge for the year | - | - | - | - | - | - | - | 59,829,803 | 59,829,803 | 39,164,049 |
| Balance as at 31st December | - | - | - | - | - | - | - | 217,982,923 | 217,982,923 | 158,153,120 |
| Written Down Value of Leaseholds Assets | | | | | | | | | | |
| As at 31 st December | - | - | - | - | - | - | - | 173,153,148 | 173,153,148 | 201,252,951 |
| Written Down Value of Assets | | | | | | | | | | |
| As at 31 st December | 1,092,876,363 | 834,188,208 | 3,832,484,617 | 56,430,445 | 393,475 | 74,391,322 | 43,399,797 | 225,241,239 | 6,159,405,466 | 5,310,547,630 |

As at 31st December 2020, Motor Vehicles acquired under Finance Leases amounted to Rs 391,136,071.00 They are mainly related to Property used in administration. The liability relating to these assets are shown under Note 22 "Non Current Financial Liabilities".

Property, Plant and Equipment includes fully depreciated assets which are in use, the cost of which as at the reporting date amounted to Rs. 533,268,211.62. (Note No 11.2)

BOARD OF INVESTMENT OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2020

11.1 Property, Plant and Equipment (Contd.)

The initial cost of fully-depreciated property, plant and equipment as at 31 December which are still in use as follows:

| AS AT 31ST DECEMBER | No of Items | 2020 Rs. | 2019 Rs. |
|---|------------------------|---------------------|---------------------|
| Plant & Machinery | 159 | 23,438,006 | 23,001,573 |
| Fixtures & Fittings | 35 | 166,604 | - |
| Furniture & Office Equipment | 10,840 | 73,124,174 | 69,888,700 |
| Computers | 4,186 | 168,544,456 | 149,640,120 |
| Motor Vehicles | 96 | 267,994,972 | 246,434,923 |
| Total Fully Depreciated Property, Plant & Equipments | 15,316 | 533,268,212 | 488,965,317 |

12 Investment Property

| | | |
|--|-----------------------|-----------------------|
| Balance as at 1 st January | 31,232,480,683 | 31,172,293,810 |
| Transferred from Property Plant & Equipment - Land | - | 78,282,681 |
| Additions during the year | 7,812,342,335 | 247,192 |
| Transferred to Property Plant & Equipment-Land | 11,843,682 | 18,343,000 |
| Disposals during the year | 3,535,000 | - |
| Less -Accumulated Amortization as at 31 st December | 175,239,147 | 159,115,096 |
| Balance as at 31st December | 38,854,205,189 | 31,073,365,587 |

13 Capital Work-in-Progress

General Projects

| | | |
|---|----------------------|----------------------|
| Balance as at 1 st January | 1,635,139,091 | 1,349,464,459 |
| Additions during the year | 633,828,089 | 817,458,555 |
| Capitalized during the year | (1,081,836,814) | (445,928,018) |
| Refunds & Adjustments | (11,489,355) | (85,855,905) |
| Balance as at 31st December | 1,175,641,010 | 1,635,139,091 |

Special Projects

| | | |
|--|--------------------|--------------------|
| Balance as at 1 st January | 327,175,556 | 271,193,946 |
| Capitalized during the year | (7,282,006) | - |
| Refunds | - | (11,141) |
| Additions during the year | 6,490,463 | 100,923,786 |
| Transferred to General Projects under Capital Work-In-Progress | (58,228,477) | (44,931,036) |
| Balance as at 31st December | 268,155,536 | 327,175,556 |

Software Assets -IT Enablement Project

| | | |
|---------------------------------------|----------------------|----------------------|
| | 20,040,883 | 20,040,883 |
| Total Capital Work-in-Progress | 1,463,837,429 | 1,982,355,530 |

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 31ST DECEMBER

14 Non Current Financial Assets

| | 2020 Rs. | 2019 Rs. |
|---|--------------------|--------------------|
| Staff Loans & Advances (Note 14.1) | 643,278,444 | 654,403,425 |
| Total Non Current Financial Assets (Note 14.3) | 643,278,444 | 654,403,425 |

Rs.216,078,267.04 the part less than one year of other non current financial assets is included under other current financial assets.

| | 2020 Rs. | 2019 Rs. |
|---|--------------------|--------------------|
| 14.1 Staff Loans & Advances | | |
| Staff Loans & Advances-Maturity part more than one year (Note 14.3) | 643,278,444 | 654,403,425 |
| Staff Loans & Advances - Maturity part less than one year (Note 15) | 216,078,267 | 202,483,884 |
| Total Staff Loans & Advances | 859,356,711 | 856,887,308 |

14.2 Financial Assistance Programme

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

BOARD OF INVESTMENT OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2020

14.3 Non Current Financial Assets

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

| | 31.12.2020 Rs. | Maturity | |
|---|---------------------------------|---------------------------|--------------------|
| | | Between 1 and 05 years | After 05 years |
| Staff Loans & Advances | 643,278,444 | 453,214,965 | 190,063,478 |
| Total Non Current Financial Assets | 643,278,444 | 453,214,965 | 190,063,478 |

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

AS AT 31ST DECEMBER

15 Current Financial Assets

| | 2020 Rs. | 2019 Rs. |
|--|---------------------------|---------------------------|
| Measured at amortized cost maturity part less than one year | | |
| Staff Loans | 195,383,730 | 192,130,596 |
| Staff Advances | 20,694,538 | 10,353,288 |
| Total Staff Loans & Advances as at 31 st December | 216,078,267 | 202,483,884 |
| Less-Provision for Impairment on Staff loan (Note 15.1) | (6,205,699) | (2,740,570) |
| | 209,872,568 | 199,743,314 |
| Financial Assets measured at Fair Value | | |
| Fixed Deposit - State Mortgage & Investment Bank | 6,981,397 | 6,716,116 |
| Fixed Deposit | 20,000 | 20,000 |
| Total Current Financial Assets | 216,873,965 | 206,479,430 |

15.1 Provision for Impairment on Receivables - Staff Loans & Advances

| | | |
|---|------------------|------------------|
| Balance as at 1 st January | 2,740,570 | 4,867,225 |
| Provision made during the year | 3,465,129 | (2,126,655) |
| Balance as at 31 st December | 6,205,699 | 2,740,570 |

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST DECEMBER

| | 2020 | 2019 |
|--|--------------------|--------------------|
| | Rs. | Rs. |
| 16 Receivables from Enterprises | | |
| Receivables from Enterprises | 925,994,795 | 725,609,535 |
| Annuall Fee written off during the year | (136,487,046) | - |
| Less-Provision for Impairment on Receivables - (Note 16.1) | (308,773,759) | (410,118,417) |
| | 480,733,989 | 315,491,118 |
| 16.1 Provision for Impairment on Receivables | | |
| Balance as at 1 st January | 410,118,417 | 372,722,869 |
| Written off during the year | (136,487,046) | - |
| Provision made during the year | 35,142,388 | 37,395,548 |
| Balance as at 31 st December | 308,773,759 | 410,118,417 |
| 17 Payments in Advance and Other Receivables | | |
| Advance Payments | 1,545,880 | 610,713 |
| Advance Payments Foreign Travel | 569,999 | 569,999 |
| Sri Lanka Mission Abroad | 354,578 | 323,950 |
| Mobilization Advances | 63,158,341 | 78,620,138 |
| Prepaid Expenses | 12,599,119 | 713,900 |
| Interest Income - Receivables | 25,702,713 | 52,094,152 |
| Deposit Receivables | 12,889,572 | 12,283,822 |
| Deposit Against Pending Litigation | 106,119,518 | 106,119,518 |
| Other Receivables | 403,497,638 | 78,157,452 |
| Less-Provision for Impairment on Receivables (17.1) | (79,689,679) | (65,205,229) |
| | 546,747,679 | 264,288,415 |
| 17.1 Provision for Impairment on Other Receivables | | |
| Balance as at 1 st January | 65,205,230 | 65,209,498 |
| Provision made during the year | 14,484,450 | (4,269) |
| Balance as at 31 st December | 79,689,680 | 65,205,230 |

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST DECEMBER

| | 2020 Rs. | 2019 Rs. |
|--|----------------------|----------------------|
| 18 Favourable Cash & Cash Equivalents | | |
| Bank of Ceylon - Personal Branch | 238,818,677 | 142,608,614 |
| Bank of Ceylon - Personal Branch | 97,200 | 110,400 |
| Bank of Ceylon - Personal Branch | 652,092 | 60,000 |
| Sampath Bank PLC-WTC Branch | 5,416 | 12,816 |
| Bank of Ceylon -Katunayake | 16,855,385 | 30,020,793 |
| Bank of Ceylon -Biyagama | 61,995,055 | 34,525,949 |
| Bank of Ceylon - Koggala | 5,040,336 | 3,187,637 |
| Bank of Ceylon - Digana | 9,129,436 | 24,193,116 |
| Bank of Ceylon -Avissawella | 20,716,854 | 36,366,047 |
| Bank of Ceylon -Ingiriya | 12,115,950 | 10,605,456 |
| Bank of Ceylon - Mirigama | 6,127,116 | 133,013 |
| Bank of Ceylon - Nittambuwa | 6,259,571 | 13,234,986 |
| Bank of Ceylon - Kurunegala | 5,615,349 | 6,232,000 |
| Gold Sovereign | 44,800 | 44,800 |
| Balance in Franking Machine | 323,407 | 276,197 |
| Temporary Surplus Fund - Bank of Ceylon | - | 3,734,277 |
| National Savings Bank - Staff Security Deposits | 202,771 | 194,192 |
| Plan Assets for Gratuity - Treasury Bills | 366,389,621 | 314,173,657 |
| Repurchase Agreements | 3,994,719,142 | 3,718,508,827 |
| Total Cash and Cash Equivalents | 4,745,108,178 | 4,338,222,775 |

19 Deferred Expenditure

Expenditure incurred on 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.

| | 2020 Rs. | 2019 Rs. |
|---|--------------------|--------------------|
| Balance as at 1 st January | 417,422,964 | 397,100,121 |
| Expenditure Deferred during the year | 27,634,505 | 70,412,562 |
| Less - Current year expenditure | (54,293,945) | (50,089,719) |
| Balance as at 31 st December | 390,763,524 | 417,422,964 |

BOARD OF INVESTMENT OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST DECEMBER

| | | 2020 | 2019 |
|-----------|-------------------------|-----------------------|-----------------------|
| | | Rs. | Rs. |
| 20 | Deferred Revenue | | |
| | Land Premium | 15,992,458,866 | 15,898,298,040 |
| | Grant | 14,623,245 | 17,652,309 |
| | | 16,007,082,111 | 15,915,950,349 |

20.1 Deferred Revenue - Land Premium

| | | |
|---|-----------------------|-----------------------|
| Balance as at 1 st January | 15,898,298,040 | 15,708,350,186 |
| Received during the year | 300,898,053 | 408,747,714 |
| Trf from reservation account | 23,089,099 | |
| Recognized income through Income Statements | (229,826,326) | (218,799,859) |
| Balance as at 31 st December (Note 20.1.1) | 15,992,458,866 | 15,898,298,040 |

20.1.1 Deferred Revenue

| | 31.12.2020 | Maturity | | |
|--------------|-----------------------|--------------------|----------------------|-----------------------|
| | Rs. | Within 01 | Between 1 | After |
| | | year | and 05 years | 5 years |
| Land Premium | 15,992,458,867 | 229,826,326 | 1,149,131,628 | 14,613,500,913 |
| | 15,992,458,867 | 229,826,326 | 1,149,131,628 | 14,613,500,913 |

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

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.

| | AS AT 31ST DECEMBER | 2020 | 2019 |
|-------------|---|-------------------|-------------------|
| | | Rs. | Rs. |
| 20.2 | Deferred Revenue - Grant | | |
| | Balance as at 1 st January | 17,652,309 | 24,749,839 |
| | Recognized income through Income Statements | (3,029,064) | (7,097,531) |
| | Balance as at 31 st December | 14,623,245 | 17,652,309 |

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 31ST DECEMBER

| | 2020 Rs. | 2019 Rs. |
|---|---------------------|---------------------|
| 21 Retirement Benefit Obligations | | |
| Present Value of Defined Benefit Obligations as at 01 st January | 329,992,061 | 272,788,724 |
| Interest Cost | 36,299,127 | 32,734,647 |
| Current Service Cost | 16,947,504 | 14,200,443 |
| Gratuity payable re-adjustment | - | 1,270,808 |
| Actuarial (Gain)/Loss on obligations | 63,283,259 | 46,932,575 |
| Less - Payments made/payable during the year | (75,569,933) | (37,935,136) |
| Provision as at 31 st December | 370,952,018 | 329,992,061 |
| 21.1 Movement in the Present Value of Plan Assets | | |
| Fair Value of Plan Assets | 314,173,657 | 265,581,119 |
| Expected Return on Plan Assets for the period | 34,559,102 | 31,869,734 |
| Contribution paid into the plan | 58,507,085 | 48,592,538 |
| Gratuity paid / payable by the Plan Assets | (28,753,359) | (27,302,724) |
| Actuarial Gain / (Loss) on Plan Assets | (12,096,865) | (4,567,010) |
| Fair Value of Plan Assets | 366,389,620 | 314,173,657 |
| 21.2 Expenses Recognized in the Income Statement | | |
| Interest Cost | 36,299,127 | 32,734,647 |
| Expected Return on Plan Assets | (34,559,102) | (31,869,734) |
| Current Service Cost | 16,947,504 | 14,200,443 |
| Actuarial (Gain)/Loss | 75,380,123 | 51,499,585 |
| Total Amount Recognised in Income Statement | 94,067,652 | 66,564,941 |
| 21.3 Plan Assets consists of the following | | |
| Treasury Bills | 366,389,621 | 314,173,657 |
| Total of Gratuity Plan Assets | 366,389,621 | 314,173,657 |

An independent actuarial valuation of the Retirement Benefit Obligation was carried out as at 31st December 2020 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 Bills. The contribution to the Plan Assets by th Board are based on Actuarial Valuation

The Key Assumptions used by Actuary includes the following.

| | 2020 | 2019 |
|---|----------|----------|
| (i) Discount Rate | 9% | 11% |
| (ii) Salary Increment Rate | 1.5 p.a. | 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 31ST DECEMBER

| | 2020 Rs. | 2019 Rs. |
|---|--------------------|----------------------|
| 22 Non Current Financial Liabilities | | |
| Balance as at 1 st January | 128,096,546 | 58,155,362 |
| Finance Lease obtained during the year | 22,645,740 | 99,395,880 |
| Installments paid during the year | (42,258,055) | (29,454,696) |
| Total Undiscounted Lease Liabilities as at 31st December | <u>108,484,231</u> | <u>128,096,546</u> |
| Lease Liabilities included in the Statement of Financial Position | | |
| Non Current Financial Liabilities (Falling within one year) | 29,673,285 | 26,977,500 |
| Current Financial Liabilities (Falling after one year) | 58,969,208 | 74,875,711 |
| Total Payable Finance Liabilities - Lease | <u>88,642,493</u> | <u>101,853,211</u> |
| Amount Recognised in Income Statements Interest on Lease Liabilities | | |
| Interest on Lease Liabilities | 13,182,337 | 9,809,725 |
| Total Interest on Lease Liabilities | <u>13,182,337</u> | <u>9,809,725</u> |
| 23 Accrued Expenses and Other Payables | | |
| Sundry Creditors | 73,720,987 | 84,942,925 |
| Accrued Expenses | 247,080,811 | 196,929,064 |
| Gratuity Payable | 388,310 | 388,310 |
| Funds received for Commonwealth FDI Promotion | 917,160 | 917,160 |
| Dialog - Subsidy | 422,849 | 692,849 |
| Receipts in Advance | 155,038,085 | 255,775,124 |
| Refundable Deposits | 128,320,419 | 137,330,922 |
| Land Reservation Fees | 111,872,769 | 104,845,846 |
| Deposit Payable | 69,485,701 | 236,861,617 |
| Total Operating and Other Payables | <u>787,247,092</u> | <u>1,018,683,817</u> |

BOARD OF INVESTMENT OF SRI LANKA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER**

| | 2020 | 2019 |
|---|-------------------------|-------------------------|
| | <u>Rs (Mn.)</u> | <u>Rs (Mn.)</u> |
| 24 CASH GENERATED FROM OPERATIONS | | |
| Surplus after Income Tax | 811.51 | 1,106.81 |
| Depreciation | 569.12 | 527.56 |
| Income Tax Expense | 81.25 | 115.20 |
| Provision for Retirement Benefit Obligation | 53.25 | 46.94 |
| Actuarial (Gain) / Loss on Obligation | 63.28 | 46.93 |
| Provision for Impairment of Debtors | 53.09 | 25.04 |
| Deferred Revenue - Land Premium | (229.83) | (218.80) |
| Deferred Revenue - Grant | (3.03) | (7.10) |
| (Profit)/Loss on sale of fixed assets | (6.94) | (13.05) |
| Investment Income | (321.58) | (411.44) |
| Interest on Lease | 13.18 | 9.81 |
| Amortization of Deferred Expenditure | 54.29 | 50.09 |
| Operating surplus before working capital changes | <u>1,137.61</u> | <u>1,277.98</u> |
| Working capital changes | | |
| Stocks | (3.59) | 1.44 |
| Receivables From Enterprises | (243.35) | (86.78) |
| Payment in Advance & Other Receivables | (11.48) | 12.26 |
| Financial Assets | (13.86) | (10.64) |
| Accrued expenses & other payables | (239.55) | (269.43) |
| Operating surplus after working capital changes | <u>625.78</u> | <u>924.84</u> |

BOARD OF INVESTMENT OF SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS

25. Related Party Disclosures

Board of Directors from 1st January 2020 - 30th November 2020

1. Mr. Susantha Ratnayake , Chairman - BOI has indicated that he has no transactions with BOI enterprises for 2020.

Board of Directors from 01st December 2020 - 31st December 2020

2. Mr. Sanjaya Mohottala, Chairman - BOI has indicated that he has no transactions with BOI enterprise 2020.

Board of Directors from 01st December 2020

3. Mr. Sanjay Kulatunga, Board Member - BOI has indicated that he has no transactions with BOI enterprises for 2020.
4. Dr. Harsha Cabral, PC, Board Member - BOI has indicated that he has no transactions with BOI enterprises for 2020.
5. Mr. Jayamin Pelpola, Board Member - BOI has indicated that he has no transactions with BOI enterprises for 2020.
6. 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 2020. (Annexure I)
 - i. CodeGen International (Pvt) Ltd
 - ii. CodeGen Lanka (Pvt) Ltd
 - iii. CodeGen Managed Services (Pvt) Ltd
 - iv. Vega Innovations (Pvt) Ltd
 - v. Travel Gateway (Pvt) Ltd
 - vi. Ceyco Nature Products (Pvt) Ltd
 - vii. Currymuch Restaurants (Pvt) Ltd
 - viii. ChargeNet (Pvt) Ltd
 - ix. Ombo Technologies (Pvt) Ltd
 - x. Al Grow (Pvt) Ltd

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 (Transaction history 2020)

| Agreement No | Customer Name | Mode | STATUS | Annual Fee | Ground Rent | Import | | Export | |
|--------------|----------------------------------|-------------|--------|------------|-------------|---------|--|----------|--|
| | | | | | | Rs (Mn) | | | |
| 002252 | Code Gen International (Pvt) Ltd | Annual Fees | Active | 503,305.00 | - | 7.64 | | 1,463.19 | |
| Total | | | | 503,305.00 | - | 7.64 | | 1,463.19 | |

Pending Legal Cases as at 31.12.2020

| SR/ NO | COURT | CASE NO. | BOI STATUS | PARTIES |
|--------|-----------------|--|-----------------|--|
| 1 | Supreme Court | S.C. Appeal 53/2012 | Respondent | Joint Liquidators of Bonaventure Textiles (Lanka) Ltd -vs- BOI |
| 2 | Supreme Court | S.C. Appeal 54/2012 | Respondent | Joint Liquidators of Bonaventure Apparels Lanka (Pvt) Ltd -vs- BOI |
| 3 | Supreme Court | S.C (F/R) 455/2015 | Respondent | S.Y. Nawaratne -Vs- B O I & 09 Others |
| 4 | Supreme Court | S.C. Appeal 13/2019 - [S.C. (SPL) L.A. 182/2017] | Respondent | R.A. Dharmadasa -Vs- B O I |
| 5 | Supreme Court | S.C (F/R) REF 57/2017 | Respondent | Centre for Environmental Justice (Guarantee) Limited & 04 Others -Vs- Director General (BOI) & 16 Others |
| 6 | Supreme Court | S.C. (SPL) LA 227/2017 | Respondent | Eco Tech Create 21 Company (Pvt) Ltd & another -Vs- BOI & 07 Others |
| 7 | Supreme Court | S.C. Appeal 104/20 - [S.C. (H.C) L.A. 24/18] | Petitioner | B O I -Vs- Haikawa Industries (Pvt) Ltd & 06 Others |
| 8 | Supreme Court | S.C. (SPL) LA 118/2018 | Respondent | Logiwiz Ltd -Vs- B O I & 03 Others |
| 9 | Supreme Court | S.C. (SPL) LA 126/2019 | Respondent | Conservator General of Forests & 04 Others -Vs- B O I & 01 Other |
| 10 | Supreme Court | S.C. (SPL) L.A. 232/2019 | Respondent | Upali Ananda Gunasinghe -Vs- B O I & 06 Others |
| 11 | Supreme Court | S.C. (SPL) L.A. 297/2019 | Respondent | H.V.A. Farms (Pvt) Ltd -Vs- BOI & 08 Others |
| 12 | Court of Appeal | C.A. (RII) 08/2016 | Petitioner | B O I -Vs- Million Garments (Pvt) Ltd |
| 13 | Court of Appeal | C.A (Writ) 444/2015 | Respondent | U.T.M.T Resort (Pvt) Ltd -Vs- BOI & 06 Others |
| 14 | Court of Appeal | C.A (Writ) 465/2015 | Respondent | Edna Cocoa Products (Pvt) Ltd -Vs- B O I & 02 Others |
| 15 | Court of Appeal | C.A. (Writ) 386/2016 | Respondent | Asiri Surgical Hospitals PLC -Vs- B O I & 02 Others |
| 16 | Court of Appeal | C.A. (Writ) 307/2008 | Respondent | MTV Channel (Pvt) Ltd -vs- Director General of Customs & 03 Others |
| 17 | Court of Appeal | C.A. (Writ) 112/2015 | Respondent | Centre for Environmental Justice (Guarantee) Limited -Vs- BOI & 07 Others |
| 18 | Court of Appeal | C.A. (PHC) 27/2017 | Respondent | Dinagi Lanka (Pvt) Ltd -Vs- BOI |
| 19 | Court of Appeal | C.A. (Writ) 132/2018 | Respondent | H.K.D. Amarasinghe & 03 Others -Vs- BOI & 06 Others |
| 20 | Court of Appeal | C.A. (Writ) 310/2018 | Respondent | Ven. Agulugalle Siri Jinananda Thero -Vs- BOI & 51 Others |
| 21 | Court of Appeal | C.A. (Writ) 303/2019 | Respondent | W.D.H.R.S. Kumara -Vs- Central Environmental Authority and 05 Others |
| 22 | Court of Appeal | C.A. (Writ) 486/2019 | Respondent | N.D. Yasas Sri Nagashena -Vs- B O I & 10 Others |
| 23 | Court of Appeal | C.A. (Writ) 110/2020 | Respondent | Tunip Lanka (Pvt) Ltd -Vs- BOI & 04 Others |
| 24 | Court of Appeal | C.A. (Writ) 358/2020 | Respondent | Teeljay Lanka PLC -Vs- BOI & another |
| 25 | High Court | H.C. 3127/06 | Aggrieved party | State -vs- Ranjith Amarasinghe - Case filed by Criminal Investigation Department against Ranjith Amarasinghe. [Chairman/Managing Director, M/s Million Garments (Pvt) Ltd] |

Pending Legal Cases as at 31.12.2020

| SR/ NO | COURT | CASE NO. | BOI STATUS | PARTIES |
|--------|---------------------------------------|---|-----------------|--|
| 26 | High Court | H.C. 3505/06 | Aggrieved party | State -vs- Ranjith Amarasinghe - Case filed by Criminal Investigation Department against Ranjith Amarasinghe. [Chairman/Managing Director, M/s Million Garments (Pvt) Ltd] |
| 27 | Commercial High Court | H.C. (ARB) 1254/2002 | Respondent | Million Garments (Pvt) Ltd -vs- BOI |
| 28 | Commercial High Court | H.C. (Civil) 49/2011/CO | Creditor | Propack Shreiner (Pvt) Ltd -vs- Haikawa Industries (Pvt) Ltd |
| 29 | Commercial High Court | H.C. (ARB) 645/2017 | Petitioner | B O I -Vs- Avocadia Ceylon (Pvt) Ltd |
| 30 | Commercial High Court | H.C. (Civil) 59/2018 MR | Respondent | S.L.A. Ariyasena -Vs- B O I |
| 31 | High Court | H.C. (RA) 126/2019 | Respondent | S. Hector Fernando -Vs- BOI |
| 32 | High Court | H.C. Gampaha A.P. 35/20 | Respondent | I.P.A. Sirithilaka -Vs- BOI |
| 33 | Commercial High Court | HC Civil 54/2014 CO | Creditor | Rusirumal (Pvt) Ltd. (Liquidation) |
| 34 | Commercial High Court | HC Civil 28/2018 CO | Creditor | Peak Clothing (Pvt) Ltd. (Liquidation) |
| 35 | High Court of Civil Appeal | WP/HCCA/43/ 2015(F) - D.C Colombo 50897/M | Respondent | Joint Liquidators of Bontex Lanka (Pvt) Ltd -Vs- B O I |
| 36 | District Court | D.C. Colombo DMR 01262/13 | Plaintiff | BOI -vs- Upasena Property Development (Pvt) Ltd |
| 37 | District Court | D.C. Colombo DMR 02244/2015 | Defendant | Stirling Group Lanka (Pvt) Ltd |
| 38 | District Court | D.C. Gampaha 2165/L | Defendant | M.M.M. Smyle -vs- BOI |
| 39 | District Court | D.C. Colombo DSP 68/2017 | Defendant | D.M. Industries Ltd -Vs- B O I & 02 Others |
| 40 | Magistrates' Court | M.C. Hambantota 51116/19 | Complainant | Complaint made by BOI against R.M.K. Prasanna Kumara |
| 41 | Magistrates' Court | M.C. Avissawella 53660 | Accused | Central Environment Authority (CEA) -Vs- BOI |
| 42 | Labour Tribunal | L.T. Colombo 13/17/2019 | Respondent | S.Y. Nawaratne -Vs- B O I |
| 43 | Labour Tribunal | L.T. Colombo 08/269/2019 (L.T. Colombo 02/822/2018) | Respondent | S. Hector Fernando -Vs- B O I |
| 44 | Sri Lanka National Arbitration Centre | SLNAC 38-06-2007 Arbitration | Respondent | Vehicles Lanka (Pvt) Ltd -Vs- BOI |
| 45 | ICLP Arbitration Centre | ICLP Arbitration No. 310 | Respondent | Crown City Developers (Pvt) Ltd -vs- B O I |
| 46 | ICC Arbitration Centre | ICC Arbitration 18656/CYK | Respondent | Sevanagala Sugar Industries Ltd -vs- BOI |
| 47 | Sri Lanka National Arbitration Centre | Arbitration | Respondent | Tunip Lanka (Pvt) Ltd -Vs- BOI |
| 48 | LCIA Arbitration Centre | LCIA Arbitration No. 204816 | Respondent | Housing and Construction Lanka (Pvt) Ltd -Vs- BOI |

Report of the Auditor General Year 2020



ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

TIP/B/BOI/01/2020/43

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

29 July 2021

The 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 2020 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

Above mentioned report is sent herewith.

W.P.C. Wickramaratne
Auditor General

Copies : 01. Secretary to H.E. The President, Presidential Secretariat
02. Secretary, Ministry of Finance





ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

TIP/B/BOI/01/2020/43

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

29 July 2021

The 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 2020 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 2020 comprising the statement of financial position as at 31 December 2020 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 2020, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව



+94 11 2 88 70 28 - 34

இல. 306/72, போல்துவ வீதி, பத்தரமுல்லை, இலங்கை.



+94 11 2 88 72 23

No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.



ag@auditorgeneral.gov.lk



www.naosl.gov.lk

1.2 Basis for Qualified Opinion

- (a) Contrary to the Paragraph 5.5 of Sri Lanka Financial Reporting Standard on Financial Instrument (SLFRS 09) provision for impairment for receivables had been done based on a fixed rate without identifying the expected credit loss.
- (b) Contrary to the Paragraph 110 of Sri Lanka Financial Reporting Standard on Revenue from Contracts with Customers (SLFRS 15), the Board had not disclosed its revenue from contracts with customers amounting to Rs. 4,251,299,069.
- (c) Even though the lease agreements of 05 enterprises had been cancelled, the differed revenue of land premium amounting to Rs.16,571,074 had been remained in the account as at 31 December 2020 without being transferred to the revenue.
- (d) The Board had not capitalized the land development cost amounting to Rs.26,100,000 incurred during the year 2017. Therefore, the Capital- Work- In- Progress (CWIP) and the structures in property plant and equipment had been overstated and understated by the same amount as at 31 December 2020 respectively. Further, the depreciation expenses had been understated by Rs.1,305,000 for each year since 2017.
- (e) The roads of Mirijjawila Export Processing Zone valued at Rs.516,964,285 included in the Capital Work- In- Progress (CWIP) had not been transferred to structures in property plant and equipment even though the Project was completed in December 2017. Hence, the depreciation had been understated by Rs. 25,848,214 for each year since 2017 . Further, the balance payable to the Road Development Authority amounting to Rs. 130,383,717 had not been taken into accounts as at 31 December 2020.
- (f) The Board had not correctly accounted for the transfer of two houses to employees in Wathupitiwala Export Processing Zone amounting to Rs. 2,551,000 in the year 2011.

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 opinion.

1.3 Other information included in the Board's 2020 Annual Report

The other information comprises the information included in the Board's 2020 Annual Report but does not include the financial statements and my auditor's report thereon, which I have obtained prior to the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work I have performed on the other information that I have obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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.

1.5 Auditor's Responsibilities for the Audit of the Financial Statements

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 scepticism 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

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

2.1.1 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.

2.1.2 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.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of Section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

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

2.2.1 to state that any member of the governing body of the Board has not any direct or indirect interest in any contract entered into by the Board which are out of the normal cause of business as per the requirement of Section 12 (d) of the National Audit Act, No. 19 of 2018 .

2.2.2 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, Regulations and Directions Made by Governing Body | Description |
|--|---|
| (a) Section 23(b) of National Environment (amendment) Act No. 56 of 1988 | Mirijjawila Export Processing Zone is being operated without obtaining an Environment Protection License since its inception. |
| (b) Finance Act No. 38 of 1971 | |
| Section 11 and Public Enterprises Circular No. PED 03/2018 | The Board had invested Rs. 18,592,499,419 during the year 2020 without obtaining the approval of the appropriate Minister given with the concurrence of the Minister of Finance. |
| (c) Financial Regulation of Democratic Socialist Republic of Sri Lanka | |
| Financial Regulation 371(2) and Public Finance Circular No.01/2020 dated 28 August 2020 | <ul style="list-style-type: none"> A sum of Rs.500,000 had been issued to the Shroff as petty cash advance in contrary to the Regulation and a sum of Rs.11,626,692 had been paid at 587 instances for the medical expenses, uniform allowances, tailoring fees, membership fees and sundry purchases. |



- Payment of ad hoc sub-imprest totalled to Rs.18,078,336 had been made to external parties in relation with 18 occasions.

(d) Department of Public Enterprises Circulars

(i) Section 2 of Circular No. PED 1/2015(i) of 27 October 2016

The Board had paid a total of Rs.9,755,000 as driver's allowance (Rs. 35,000 per month) in addition to the paying of vehicle and fuel allowances for the period from January to December 2020 for 28 officers of the Board.

(ii) Section 3.1 of Circular No. PED 1/2015 of 25 May 2015

Director General of the Board and Thirteen Executive Directors are being provided 300 litres and 170 litres of fuel respectively exceeding the limits set out by the Circular.

(e) Department of Management Services Circulars

Section 11 of Circular No.03/2018 of 18 July 2018

The Board had recruited the former Director General as an advisor to the Board for an one-year contract with effect from 29 April 2020 under the approval of the Board of Directors and had paid Rs.13,771,103 including an official vehicle and the relevant fuel

allowance and a drivers allowance in
contrary to the Circular.

2.2.3 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 .

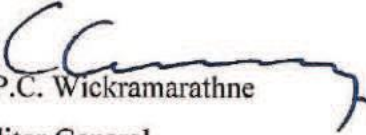
2.2.4 To state that the resources of the Board had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.

2.3 Other Audit Observations

- (a) Three Ministries have been occupying 12,684 square feet in 02 floors of Head Office of BOI since 01 August 2020. The rent agreements had not been entered into with the relevant Ministries even as at the date of audit even though the Board has approved a rent totalling to Rs. 5,454,120 per month. The rent income of 02 Ministries relating to the period from August to December 2020 amounted to Rs. 19,100,600 had not been recovered even by the date of audit.
- (b) The dues from BOI approved enterprises as at December 2020 was Rs. 790,133,959 and out of that, a sum of Rs. 194,209 631 or 24.6 per cent had remained for more than 04 years. The provision for impairment on dues was Rs. 308,773,759 and it had represented 39 per cent as at 31 December 2020 .
- (c) Out of the balance of refundable deposits totalled to Rs.128,320,419, a sum of Rs.56,214,155 had remained unsettled for more than 03 years. Out of that, a sum of Rs.6,222,882 in between 12-20 years, Rs.9,612,114 for more than 15 years and a balance of a contractor amounting to Rs. 1,649,553 unsettled for more than 12 years had remained.



- (d) A sum of Rs. 4,425,137 payable to 08 institutions for more than 03 years had not been settled even by the date of audit.
- (e) The total approved cadre of the Board was 1,299 and there were 100 vacancies and 106 excess officers in the staff. The total cost of Employees of the Board was Rs.2,172 million for the year under review and it was 60 per cent from the total cost.


W.P.C. Wickramarathne
Auditor General

**The Reply of the BOI
for the Report of the
Auditor General
Year 2020**

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 2020 in terms of Section 12 of the National Audit Act, No. 19 of 2018

1.2 Basis for Qualified Opinion

- (a) Receivables are reviewed at each reporting date to assess whether an Expected Credit Loss should be recorded in the Statement of Income. The Board measures the Expected Credit Losses based on an evaluation across all categories of receivables. These estimates are driven by a number of factors such as timing of future cash flows, breach of conditions of contract, customer situation analysis, sub-groups of receivables and payment profiles of debtors, collateral values, the assessment of a significant increase in credit risk, financial difficulties of the customers, legal issues, reasonable and supportable information and forecasts of future economic conditions.

For example, receivables such as water bills and waste water charges are not considered for impairment of debtors since they are settled within a period of two months. The balance items of receivables are impaired considering the changes in the above variables.

Hence the Expected Credit Losses have been duly recognized in the Financial Statements and shall disclose the same in the future.

- (b) Noted to disclose in the future.

The main sources of Revenue derived from contracts with customers are Ground Rent, Annual Fees and Land Premium.

▪ **Ground Rent**

Lease Agreements are signed with investors to lease land belonging to the BOI for periods ranging from 30 years to 99 years. According to the provisions in the lease agreements, the investors are bound to pay a ground rent annually, in respect of the demised premises over the lease period or until the agreement is terminated.

▪ **Annual Fees**

All BOI enterprises which come under Section 17 of the BOI Law shall enter into an agreement with the BOI and those enterprises which operate outside BOI Zones are liable to pay an annual subscription in terms of the agreement until its closure, suspension of operations or cancellation of the agreement.

▪ **Land Premium**

All investors who enter into lease agreements to lease BOI lands are required to make an upfront payment as land premium at the time of signing the agreement. The above income is recognized over the lease period specified in the agreement.

(c) The details of the Rs 16,571,074 shown under Deferred Revenue

Land Premium relating to 05 Enterprises are as follows;

- **M/s T S Global Lanka (Pvt) Ltd** – Katunayake EPZ - Rs 2,303,075
It has not been adjusted in year 2020, since the agreement of the above enterprise has been cancelled after 31.12.2020.
- **M/s G E Impex Lanka (Pvt) Ltd** - Malwatte EPP - Rs 1,225,486.
The land premium has not been adjusted in year 2020, since they have not vacated the demised premises even after the termination of the agreement.
- **M/s Chemcel (Pvt) Ltd** – Mirigama EPZ - Rs 6,143,358
The above enterprise is the new party which has taken over the assets of a company acquired under the Revival of Underperforming Enterprises or Underutilised Assets Act No 43 of 2011. Hence, the land premium paid by M/s Chemcel (Pvt) Ltd has to be carried forward until the completion of the process with regard to the assets acquired under the above Act.
- **M/s Gopsons Lanka (Pvt) Ltd** – Katunayake EPZ – Rs 5,865,258
- **M/s Kwaliti Perfumes (Pvt) Ltd** – Mirigama EPZ – Rs 1,033,897
These will be adjusted in the financial year 2021.

(d) Capitalization as Non-Current Assets

Noted to capitalize the land development cost during the financial year 2021.

(e) Final Payment of the contract has not been paid to Road Development Authority due to contract disputes. This matter has been reviewed in the past and once the disputes are resolved the cost of the road could be capitalized. This will be further reviewed in detail during the financial year 2021.

The Contract for the construction of the Internal Road Network at Mirijjawila Export Processing Zone has been awarded to Road Development Authority and contract disputes have arisen due to the poor quality of the construction work done by RDA, as all the internal roads constructed by RDA have been damaged and not in a usable condition.

In such a situation the Board is not in a position to make a provision for the amount claimed by RDA. Liability cannot be determined due to the contract disputes between the Board and the RDA.

- As per the LKAS 37, it is not required to make a provision, in the case of such a situation.
- An outflow of Cash/Economic Benefits cannot be expected due to the unusable condition of the Internal Roads.
- There is no constructive obligation to accept responsibilities of the payment.
- There is no contract obligation due to breach of contract conditions.
- A reliable estimate cannot be made due to the uncertainty of the negotiations.

- There is no agreement between the parties on the settlement.

Hence it is not required to make a provision for this in the Financial Statements as at 31st December 2020.

(f) Noted to adjust accordingly, in the Financial Statements for the year 2021.

2. Report on Other Legal and Regulatory Requirements

2.2.2

| Reference to Laws, Rules, Regulations and Directions Made by Governing Body | Description | Reply |
|--|--|---|
| (a) Section 23(b) of National Environment (amendment) Act No. 56 of 1988 | Mirijjawila Export Processing Zone is being operated without obtaining an Environment Protection License since its inception. | <p>This zone commenced operations around 2016. During that time, only very few industries were in operation and wastewater generated from those were controlled by their own septic tank/in-house wastewater treatment plants. These industries were controlled by individual EPLL.</p> <p>During that period since this zone was not in a considerable development stage and did not apply for a common EPL covering the whole zone. However, since 2017 developments have been enhanced due to setting up of the cement plant. Therefore, CEA informed to apply for the EPL for the whole zone too.</p> <p>An application for the EPL has already been submitted to the CEA. Inspection fee has also been paid and awaiting for inspection which is delayed as the CEA is not engaging in inspections due to Covid-19 pandemic situation.</p> |
| (b) Finance Act No. 38 of 1971 ----- Section 11 and Public Enterprises Circular No. PED 03/2018 | The Board had invested Rs. 18,592,499,419 during the year 2020 without obtaining the approval of the appropriate Minister given with the concurrence of the Minister of Finance. | <p>According to Section 11, the Minister has to give the approval with the concurrence of the Minister of Finance. The Hon. Minister of Development Strategies & International Trade has granted approval accordingly to invest surplus funds as per the PED Circular 02/2018. A copy of the letter issued by the Ministry confirming the Minister's approval has already been handed over to the Government Audit Branch.</p> <p>Even though the funds have been invested with the approval of the line minister, this observation has been made repeatedly. Therefore, arrangements would be made to obtain requisite concurrence as opined by the Government Audit from the Ministry of Finance for the investment of surplus funds as per PED Circular 02/2018.</p> |

BOARD OF INVESTMENT OF SRI LANKA

| Reference to Laws, Rules, Regulations and Directions Made by Governing Body | Description | Reply |
|---|---|--|
| <hr/> | | |
| (c) Financial Regulation of Democratic Socialist Republic of Sri Lanka | | |
| <hr/> | | |
| Financial Regulation 371(2) and Public Finance Circular No.01/2020 dated 28 August 2020 | <ul style="list-style-type: none"> ▪ A sum of Rs.500,000 had been issued to the Shroff as petty cash advance in contrary to the Regulation and a sum of Rs.11,626,692 had been paid at 587 instances for the medical expenses, uniform allowances, tailoring fees, membership fees and sundry purchases. ▪ Payment of ad hoc sub-imprest totalled to Rs.18,078,336 had been made to external parties in relation with 18 occasions. | <ul style="list-style-type: none"> ▪ A Petty Cash Imprest of Rs 500,000/- had been issued to the Shroff, considering the high volume of staff payments that had to be handled by the Shroff on a daily basis. From 2021 onwards, the volume of cash payments handled by the Shroff has been reduced by making arrangements with the Bank, to transfer funds directly to individual bank accounts of employees and the Petty Cash Imprest has now been reduced to Rs 200,000/-. Treasury approval would be obtained for the same in due course. ▪ Advance payments have been made to external parties mainly due to the payment terms associated with the respective procurements. Although we are one of the most secure organizations, some suppliers are hesitant to provide goods or services on credit terms. Further, we are not in a position to influence / change the credit policies of suppliers due to market rules, urgency or the non-availability of the required quantities in the market and we are compelled to pay in advance to obtain goods / services, especially in the case of motor vehicles. If we disagree to their payment terms, we will not be able to procure the required item / service. |

BOARD OF INVESTMENT OF SRI LANKA

| Reference to Laws, Rules, Regulations and Directions Made by Governing Body | Description | Reply |
|---|---|---|
| (d) Department of Public Enterprises Circulars | | |
| (i) Section 2 of Circular No. PED 1/2015(i) of 27 October 2016 | The Board had paid a total of Rs.9,755,000 as driver's allowance (Rs. 35,000 per month) in addition to the paying of vehicle and fuel allowances for the period from January to December 2020 for 28 officers of the Board. | PED Circular on vehicle allowance for the officers in HM 1-1 or above grades has been issued in year 2015. However, driver allowance for the Director (HM 1-3) and above grade officers in the BOI was introduced in year 2003 with the approval of the Board of Directors. Approval of the Minister of the Line Ministry has been requested for this allowance in May 2019. |
| (ii) Section 3.1 of Circular No. PED 1/2015 of 25 May 2015 | Director General of the Board and Thirteen Executive Directors are being provided 300 litres and 170 litres of fuel respectively exceeding the limits set out by the Circular. | <p>The Board of Directors of BOI analysed the extensive travel requirements of the senior officers of the BOI for zone visits, investor meetings, site inspections etc. Monthly fuel allowance was decided according to the provisions of the public enterprise circulars those were published in the recent years.</p> <p>The public enterprises circular no. PED 1/2015 of May 2015 states that entitlement of the fuel allowances is granted to the officers above the category HM-1-1.</p> <p>However, the Directors of BOI are in the Grade of HM 1-3, and Executive Directors are in the Grade of HM 2-1. Considering the differences of grades, the fuel limits were decided by the BOI in accordance with the recent circulars issued by the Department of Public Enterprises.</p> |
| (e) Department of Management Services Circulars | | |
| Section 11 of Circular No.03/2018 of 18 July 2018 | The Board had recruited the former Director General as an advisor to the Board for an one-year contract with effect from 29 April 2020 under the approval of the Board of Directors and had paid Rs.13,771,103 | <p>Former Director General was appointed by then H.E. the President for a period of three (03) years effective from 23rd October 2018. Subsequently, a new Director General has been appointed by H.E. the President on 17th February 2020 and he assumed duties on 02nd March 2020. Accordingly, the Board of Directors at its meeting held on 25th February 2020 has approved the appointment of the then Director General as an Advisor to the BOI on current terms of service until reaching the age of retirement on 29th April 2020, and granted her a one (01) year contract in the said capacity from 29th April 2020, on the same terms and conditions. Further, the Board of Directors has decided to inform the Secretary to H.E. the President regarding the above changes in the Organization.</p> |

**Reference to Laws,
Rules, Regulations
and Directions Made
by Governing Body**
Description
Reply

including an official vehicle and the relevant fuel allowance and a drivers allowance in contrary to the Circular.

Accordingly, the Chairman of the BOI, through the letter dated 27.02.2020 has informed the Secretary to the President with a copy to the Secretary to the Treasury, that the Board of Directors has approved the immediate re-designation of the then Director General as an Advisor to the BOI and further to be appointed on a contract for a period of one (01) year on her retirement on 29th April 2020. BOI has not received any response against the above decision taken by the Board of Directors either from the Secretary to H.E. the President or from the Secretary to the Treasury

As per the provision of the BOI Act [Sec 11 (5)], the remuneration and other benefits payable to the Director General shall be determined by the Board of Directors. The Board of Directors has re-designated the former Director General as an Advisor to the BOI on the same terms and conditions applicable to the Director General of the BOI. Advisor to the BOI has been remunerated and provided the official vehicle, fuel allowance & driver's allowance accordingly.

2.3 Other Audit Observations
(a) Three (03) Ministries occupying floors of BOI

As per the instructions given by the Secretary to the President, three (03) offices of the Ministries (Ministry of Tourism, State Ministry of Batik, Handloom & Local Apparel Industries, State Ministry of Aviation Services and Export Zone Development) have been established at BOI owned floors of the WTC Building at Level 25 and part of the Level 27 on lease basis. The Ministries were informed to sign the lease agreements with BOI.

Ministry of Tourism has requested a reduction in the rent on 27.04.2021 and arrangements will be made to sign lease agreements with the tenants once the Board Decision is received.

(b) ▪ Dues for more than 04 years – Noted.

The Board of Directors has granted approval to write off the Annual Fees up to year 2015, due from enterprises which have ceased operations, subject to approval of the General Treasury. BOI has submitted the details through the Secretary to the President to obtain approval of the Treasury.

- The provision for impairment has declined from an average of 57% in the preceding 4 years, to 39% in 2020 since a sum of Rs 136 Mn due from BOI enterprises have been written off during the year 2020. Action is being taken to improve the monitoring process and avoid undue accumulation of receivables.

- (c) Rs. 2,559,302.47 pertaining to twenty-two contracts (22) have been taken as an income to the BOI.

Refundable Deposits which have remained unsettled for more than 3 years will be reviewed further during the financial year 2021 and adjusted to the income.

- (d) Payable to 08 institutions remained unchanged for more than 03 years

This will be reviewed during the financial year 2021 and adjusted to the income.

- (e) As per the Public Administration Circular No. 20/2019 dated 18.09.2019 all employees who were attached to the BOI under casual and contract categories had to be absorbed into the permanent cadre. Accordingly, 187 employees in the above categories were absorbed into the permanent cadre and through the letter dated 29.11.2019, the Director General of the Department of Management Services was requested to update the BOI Cadre.

Initially, they were recruited on short term basis to attend to essential day to day operations mainly in Export Processing Zones & Industrial Parks. Most of the said Casual/Contract Management Assistants have been deployed to Permit Offices, Investor Services Units and other duty stations where there are essential manpower requirements. Further, several batches of Contract Security Guards who were absorbed in to the permanent cadre as mentioned above have been deployed at Export Processing Zones & Industrial Parks under the BOI considering the key responsibility of protecting investors, BOI properties, the work force and as well as for preventing possible illegal actions of the Zones.

Further, the BOI has identified essential positions to be filled and currently the recruitment process is in progress. However, the recruitment process progressed at a slower pace due to working conditions during the Covid-19 pandemic.

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. Sanjay Kulatunga (Member of the Board of Directors of BOI)
2. Member - Dr. Harsha Subasinghe (Member of the Board of Directors of BOI)
3. Member - Dr. Harsha Cabral, PC (Member of the Board of Directors of BOI)
4. Observer - Dr. M. K. C. Senanayake (Representative of Treasury)
5. Consultant - Mr. V. Kanagasabapathy (Voluntary Consultant to the Audit Committee)

Director (Internal Audit) convened the Audit Committee meetings and acted as the Secretary to the Committee. The Superintendent of Audit represented the Auditor General at the Audit Committee meetings as an observer.

Four (04) Audit Committee meetings were held for year 2020 complying with the guidelines stipulated in the above mentioned circular in spite of the obstacles due to Covid-19 pandemic prevailed in during year 2020.

The Committee adopted the Annual Action Plan of the Internal Audit ensuring the scope, responsibilities & formulation of the Plan and also had continuous coordination with the Internal Auditor with regard to all matters under its purview.

Audit Committee especially reviewed the following reports at its meetings;

- (a) Financial Statements for the year ended 31.12.2019 and 1st & 2nd Quarters of year 2020
- (b) Auditor General's Report for year 2018 and the Detailed Management Audit Report of the Auditor General for year 2018
- (c) Auditor General's Report for year 2019 (draft)
- (d) Internal Audit Report for year 2019 and the Compliance Report 2019
- (e) Reports on physical assets (land, buildings and vehicles)

Audit Committee thoroughly reviewed the reply for the draft report of the Auditor General for year 2019 and gave suggestions/recommendations with the advice of the Consultant to the Committee to improve compliance and avoid/minimize the reported deficiencies.

Having reviewed the reports on physical assets, the Committee expressed its concerns over optimum utilization and safeguarding of assets and instructed on measures to be taken to ensure the same.

In addition to above, the overall outcome of the Internal Audit function was evaluated by the Committee and provided constructive suggestions to improve the performance further.

The Audit Committee was of the view that terms of references for the Committee were compiled within all material aspects.

ORGANOGRAM



SENIOR OFFICERS OF BOI AS AT 31.12.2020

Mr. Susantha Ratnayake – **Chairman**

Mr. S W Mohottala – **Director General**

Ms. C P Malalgoda – **Advisor to the BOI**

| Executive Director | Department | Location |
|---------------------------------|--|--------------------|
| 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 | | World Trade Centre |
| Mr. A R Karunaratne | Recoveries Units | 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 |
| Ms. S A D D Suraweera | Finance | World Trade Centre |
| Ms. P N Samaraweera | Research & Policy Advocacy | World Trade Centre |
| Mr. H M Keerthirathne | Human Resource Management & Administration | World Trade Centre |
| Mr. J P C Jayalath | Information Technology | World Trade Centre |
| Mr. W U K M A Wijayakulathilaka | Investment Appraisal | World Trade Centre |

| Director | Department | Location |
|----------------------------|--|-------------------------------|
| Ms. N De Silva | Investment Promotion | World Trade Centre |
| Ms. H S Urugodawatte | Industrial Relations | Katunayaka EPZ |
| Mr. G Dahanayake | Zone Management | Koggala EPZ |
| Mr. M J K Mohottala | Regional Development | Kandy Industrial Park |
| Ms. A S Beling | Environment | World Trade Centre |
| Mr. T M D Thilakaratna | Zone Management | Wathupitiwela 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 |
| Ms. D A S Amarakoon | Internal Audit | World Trade Centre |
| Mr. H S K Fernando | Zone Management | Katunayaka EPZ |
| Mr. W N W Dabare | Regional Office | North Western Regional Office |
| Ms. N N Andrahennadi | Industrial Relations | World Trade Centre |
| Ms. R A S K Boteju | Zone Management | Biyagama EPZ |
| Mr. S J Gamage | Administration | World Trade Centre |
| Mr. C P Panadura | Finance | World Trade Centre |
| Ms. H M S H Wickramasinghe | Legal | World Trade Centre |
| Mr. S Paranawidana | Technical Services | World Trade Centre |
| Mr. L L R Prasad | Investor Services | World Trade Centre |
| Mr. W D G Priyankara | Investment Appraisal | World Trade Centre |
| Mr. M G R Dharmasiri | Investment Appraisal | World Trade Centre |
| Mr. M P Sarathchandra | Project Monitoring | World Trade Centre |
| Mr. Brig. D A Amunugama | Security | 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

Mahayayawaththa, Loluwagoda, Mirigama.

Tel : 033 2274657, 2276626, 2276393

Fax : 033 2274656, 2276393

E-mail : mepz@boi.lk

Wathupitiwala Export Processing Zone

Wathupitiwala.

Tel : 033 2281604 , 2281381

Fax : 033 2282364

E-mail : zmwepz@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

Bandaranaike 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

Wagawatta Industrial Zone

Wagawatta, Poruwadanda

Tel : 034-2207718, 034-2207719

E-mail : namall@boi.lk



BOARD OF INVESTMENT OF SRI LANKA

LEVEL 26, WEST TOWER, WORLD TRADE CENTER, ECHELON SQUARE, COLOMBO 01, SRI LANKA

Tel: +94 11 2434403-5, 2447531, 2385972-6, 2346131-3

Fax: +94 11 2447994-5, 2329795

Email: info@boi.lk

www.investsrilanka.com