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இலங்கை மரமுந்திரிகை கூட்டுத்தாபனம்
SRI LANKA CASHEW CORPORATION

වාර්ෂික වාර්තාව සහ ගිණුම්
வருடாந்த கணக்கும் அறிக்கையும்
ANNUAL REPORT AND ACCOUNTS

2017

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Sri Lanka Cashew Corporation

Chairman's Report for the Year 2017

(01) Establishment of the Sri Lanka Cashew Corporation

Sri Lanka Cashew Corporation (SLCC) was established under the State Agricultural Corporations Act no: 11 of 1972 as per the Gazette Extraordinary No: 60/7 dated 25th May 1973. From its inception, the Corporation is functioning as a public enterprise mainly providing services to the industry while engaging in commercial activities on a profit earning basis.

- **Vision**

Making Sri Lanka one of the leading cashew exporting countries in the world through the production of high quality cashew.

- **Mission**

Uplifting the cashew industry in a manner that ensures long term commercial potentiality by providing professional guidance to farmers and relevant parties to improve cashew cultivation, production, processing technology, value addition, research and marketing activities.

Targets

- Improving the cashew harvest through the diffusion of cashew cultivation.

- Enhancing the productivity of the cashew processing industry and of estates.
- Creating a globally accepted trade name for Sri Lankan cashew.
- Value addition and the development of new products.
- Encouraging cashew exports.
- Making Sri Lanka the leader of cashew production.
- Becoming a self-sufficient State Corporation through profit earning.

Objectives

- (a) Formulating plans with regard to the cultivation, processing and marketing of cashew and processing of and marketing of cashew products and providing instructions for their implementation.
- (b) Cultivation, processing and marketing of cashew and processing and marketing of cashew products.
- (c) Conducting investigations and research with the objective of enhancing the cashew cultivation, processing and marketing and processing and marketing of cashew products.
- (d) Collecting, processing, publicizing and distributing technical, marketing and other information with regard to the cultivation, processing and marketing of cashew and processing and marketing of cashew products and liaising with others in the implementation of such activities.
- (e) Determining the locations of cashew & cashew products processing factories, their extent and the technical standards and establishing new factories and activating existing factories when necessary.
- (f) Purchasing, distributing, marketing and exporting cashew and cashew products.

- (g) Facilitating the training of persons required for the cultivation, processing and marketing of cashew and processing and marketing of cashew products.
- (h) Establishing the fundamental organizations required for the development of cashew cultivation, processing facilities and marketing and assisting in their establishment.
- (i) Initiating measures as deemed necessary for the popularization of cashew products and their sale, promoting the existing demand for these products in the world markets, financing the promotional or any other incidental activities, controlling, assisting and sponsoring such activities.

(02) Board of Directors of the Sri Lanka Cashew Corporation - 2017

(2.1) Members of the Board of Directors of the Corporation for the duration of the period from 01.01.2017 up to 31.12.2017

- | | | | |
|-------|----------------------------|---|---|
| (i) | Mr. D B Karunaratne | - | Chairman |
| (ii) | Mr. M W M Bandaratilleka | - | Deputy Chairman |
| (iii) | Mrs. A A D S Atapattu | - | Member, Board of Directors
(Representative of the General
Treasury) |
| (iv) | Mr. M R M I Riza | - | Member, Board of Directors |
| (v) | Mr. V Manchanayaka | - | Member, Board of Directors |
| (vi) | Mr. K Lingarajah | - | Member, Board of Directors |
| (vii) | Mr. A S M Fazmi | - | Member, Board of Directors |

Secretary to the Board of Directors for 2017 - Mr. Keerthi Jayakodiachchi
(General Manager)

(2.2) The Audit and the Management Committee of the Sri Lanka Cashew Corporation - 2017

- (i) Mrs. A A D S Atapattu - Committee Chairperson
Member, Board of Directors - Representative of the General Treasury
- (ii) Mr. V Manchanayaka - Committee Member
Member, Board of Directors
- (iii) Mr. M R M I Riza - Committee Member
Member, Board of Directors
- (iv) Mr. D K Jayakodiachchi - Committee Secretary
General Manager
- (v) Mr. V U Liyanage - Committee Member
Assistant General Manager - Internal Audit
- (vi) Mr. D G H D Perera - Committee Observer
Chief Internal Auditor
(Ministry of State Enterprises Development) - from 20.10.2017
- (vii) Mrs. R P S Padmini - Committee Observer
Audit Superintendent (Auditor General's Department)

(2.3) Senior Management of the Sri Lanka Cashew Corporation - 2017

- (i) Mr. D K Jayakodiachchi - General Manager
- (ii) Mr. P B Kodikara - Deputy General Manager

(2.4) Medium Management Staff of the Sri Lanka Cashew Corporation

- (i) Mr. M T S K Pieris - Assistant General Manager - Finance
- (ii) Mr. G B B Surendra - Assistant General Manager
Extensions & Research
- (iii) Mr. V U Liyanage - Assistant General Manager
Internal Audit
- (iv) Mr. R M P Jayathissa - Assistant General Manager
Marketing & Processing
- (v) Mr. P M A P K Wijetunga - Assistant General Manager - Plantation

(2.5) Registered Offices
Head office and Regional Offices

Head Office

Sri Lanka Cashew Corporation,
No: 1334, Old Kotte Rd,
Rajagiriya.

Telephone

Chairman - 011 2 871 005
Deputy Chairman - 011 2 869 844
General Manager - 011 2 876 134

Fax - 011 2 867 843

E-mail - cashewco@dialogsl.net

Web address - www.cashew.lk

Regional Offices, Estates, Planting Material Production Centres and Processing Units.

(2.6) Regional Offices Districts being covered

- | | |
|----------------------------------|--------------------------------|
| 1. Puttlam Regional Office | - Puttlam/Kurunegala |
| 2. Hambantota Regional Office | - Hambantota/Ratnapura |
| 3. Anuradhapura Regional Office | - Anuradhapura |
| 4. Nalanda Regional Office | - Matale/Polonnaruwa |
| 5. Moneragala Regional Office | - Moneragala |
| 6. Mahiyanganaya Regional Office | - Kandy/Badulla |
| 7. Ampara Regional Office | - Ampara |
| 8. Batticaloe Regional Office | - Batticaloe/Trincomalee |
| 9. Kilinochchi Regional Office | - Kilinochchi/Mulaitivu/Jaffna |
| 10. Mannar Regional Office | - Vavuniya/Mannar |

(2.7)

Estates	District	Total no of acres	No of acres Cultivated
1. Kamandaluwa Estate	Puttlam	548	548
2. Puttalama Achchigewatte Estate	Puttlam	961	510 (An area of 250 acres is not suitable for cultivation)
3. Eluwankulama Estate	Puttlam	209	198.4 (An area of 10.6 acres is Not suitable for cultivation)
4. Hardy Estate	Batticaloe	343	194 (An area of 149 acres is not suitable for cultivation)
5. Wilachchiya Estate	Anuradha pura	25	17 (An area of 08 acres is not suitable for cultivation)
6. Nalanda Estate	Matale	75	50 (An area of 25 acres is not suitable for cultivation)

(2.8)

Seed Gardens	District	Total no of acres	No of acres Cultivated
1. Mahaoya Seed Garden	Ampara	81	53 (An area of 28 acres is not suitable for cultivation)
2. Suduwathura Ara Seed Garden	Monera gala	50	21 (An area of 29 acres is not suitable for cultivation)
3. Oyamaduwa see Garden	Anuradha pura	250	80 (An area of 170 acres is not suitable for cultivation)
4. Kondachchi Seed Garden	Mannar	6000	1450 (An area of 4000 acres has been proposed for a P.P.P. project)
5. Thiriyaya Seed Garden	Trincomalee	50	05 (Land releasing work is in progress)
6. Mankerni Seed Garden	Batticaloe	100	70 (An area of 30 acres is not suitable for cultivation)

(2.9)

Central Plant Nurseries	Districts being covered	Plant Production Capacity (Acres)	No of plants
1. Mihintale Plant Nursery	Anuradhapura/Vavuniya/ Mannar/Kilinochchi/Mulaitivu	2.5	120000
2. Dambulla Plant Nursery	Matale / Polonnaruwa	3.0	25000
3. Kamandaluwa Plant Nursery	Puttalam/Kurunegala	1.0	150000
4. Hardy Plant Nursery	Batticaloe/Trincomalee	1.0	10000
5. Kumbukkana Plant Nursery	Moneragala	3.0	50000
6. Aluththarama Plant Nursery	Badulla/Kandy	2.0	50000
7. Chandrikaweve Plant Nursery	Hambantota/Rathnapura	0.5	20000

(2.10)

Cashew Processing Centres

District

1. Nendagamuwa Processing Centre - Gampaha
2. Puttalam Processing Centre - Puttalam

(2.11)

Research Units

District

1. Kamandaluwa Research Unit - Puttalam
2. Puttalam Research Unit - Puttalam

The Main Joint Research Collaboration of the Sri Lanka Cashew Corporation

Research Programmes are being implemented by the corporation jointly with the academic staff of the faculty of Agriculture and Plantation Management of the Wayamba University.

(2.12)

Sales Outlets of the Corporation

District

1. No: 1334, Old Kotte Rd, Rajagiriya - Colombo
2. No: 518, Galle Rd, Colombo 03 - Colombo
3. Pinnawala Elephant Orphanage Premises - Kegalle

(2.13)

Corporation Authorized Cashew Outlets

1. Randiya Fruits and Nuts, Payagala, Maggona
2. Sunila Grocery, No: 35, New Road, Ambalangoda
3. P & J City, Gamini Mawatha, Galle
4. Fresh Farm Shop, Galle Road, Hikkaduwa
5. National Livestock Development Board, Narahenpita
6. National Livestock Development Board, Welisara
7. Ranjanas 7 Stories, No: 318, Galle Road, Colombo 04
8. Ananda Food City, No: 272, Anguruwathota Road, Horana
9. Panadura Coop City, Panadura Multi Service Cooperation Society Ltd,
Janapriya Mawatha, Panadura
10. New American Chicken Hut, 16, Sri Sarananda Mawatha, Kaluthara
11. Sampath Pharmacy & Grocery, 39E, Mathara Road, Akurassa
12. Siuym Food Products, No: 499, Main Street, Kegalle
13. Yatinuwara Gangapalatha Multi Service Cooperative Society Ltd,
Polgahamula Junction, Peradeniya
14. Yatinuwara Madapalatha Multi Service Cooperative Society Ltd,
Embilmeeagama, Pilimathalawa
15. Central Province Multi Service Cooperative Society Ltd, Ehalepola
Kumarihami Mawatha, Bogambara, Kandy
16. Poojapitiya Multi Service Cooperative Society Ltd, Poojapitiya
17. Harispattuwa North Multi Service Cooperative Society Ltd, Mathale
Road, Alawathugoda
18. Kundasale Multi Service Cooperative Society Ltd, Manikhinna
19. Kandy Multi Service Cooperative Society Ltd, Coop City, Pallekale
20. Kandy Multi Service Cooperative Society Ltd, Coop City, Mathale
21. Kandy Multi Service Cooperative Society Ltd, Coop City, Laggala
22. Sri Lanka National Hunger Eradication Movement, No: 21, Galle Road, Dehiwala
23. Udamsa Milk Bar, 978 D 3, Pannipitiya Road, Pelawatte
24. Palmyrah Development Board, Galle Road, Bambalapitiya
25. Palmyrah Development Board, Kankasanthurei, Jaffna
26. Palmyrah Development Board, Near Nallur Kovil, Jaffna
27. Palmyrah Development Board, Hospital Road, Jaffna

28. Palmyrah Development Board, Main Street, Vavuniya
29. On Ro Pharmacy No: 25, Nagoda Road, Katukurunda
30. Golden Maid, 144, Galle Road, Ahangama
31. New Monis Bakery, Galle Road, Maggona
32. Kandy Lines, Park Road, Kegalle
33. Sagara Bakers, Anguruwathota Road, Horana
34. Roy Grocery, Matugama Road, Katukurunda Junction, Kalutara
35. Harischandra Mills, Talbot Street, Galle
36. J F Tours & Travels, Jawatte Road, Bambalapitiya
37. Colombo Cricket Club, Maitland Crescent, Colombo 07
38. EPPCO Mini Mart, Main Street, Mawanella
39. Lion Grocery, Makumbura, Pannipitiya Road, Kottawa
40. DGM Agriculture Dept., Matara
41. Abeygunawardena Stores, Deniyaya
42. Thalagala Stores, Thalagala
43. Coop City, Kundasale
44. Sepco Super, Bogambara
45. DGM Agriculture Dept., Galle
46. Panorama Chinese Restaurant, Kottawa
47. Namunukula Dairy Stores, Wattala
48. Master Shopper, Colombo 01
49. Ruhunu Rasara, Matara
50. Ruhunu Rasara, Labudoowa
51. Royal Bakery, Wellawatta
52. Indra Wine Stores, Hikkaduwa
53. Mrs. Kapuwatte, Nawala, Rajagiriya
54. Multi Service Cooperative Society, Kandy
55. Prime Minister's Office, Colombo

(2.14)

Circuit Bungalows

District

- | | | | |
|----|--------------------------|---|------------|
| 1. | Puttlam Circuit Bungalow | - | Puttlam |
| 2. | Hardy Circuit Bungalow | - | Batticaloe |

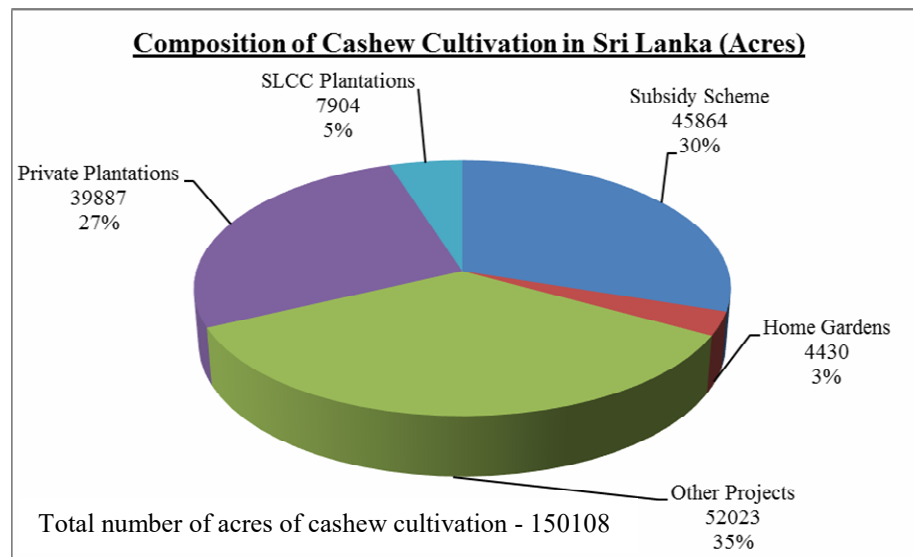
(3.0) Development Activities of the Corporation

The Sri Lanka Cashew Corporation is implementing 04 major programmes as development activities.

1. Extension subsidy programme
2. Estate development, rehabilitation and productivity development
3. Development of marketing & processing industry
4. Research & development

(3.1) Extension Subsidy Programme

(3.1.1) Composition of Cashew Cultivation in Sri Lanka



Other Projects

- *D.E.C.U - 'Divi Neguma' Economic Cultivation Units
- *E.D.U.C.P.P - Economic Development & Upliftment of Communities of the Poor Project
- * R.E.D.P - Regional Economic Development Project - Matale District
- * U.R.R.D - Joint Project with the Department of Upcountry Rural Rehabilitation

(3.1.2) Extension of Cashew Cultivation Areas and Upliftment of National Production

(3.1.2.1) Increasing the Areas of Cultivation

As of 2017, the total estimated area of cashew cultivation in Sri Lanka is 150108 acres. In 2017, under the subsidy programme, 2363 acres of bud grafted cashew and 2137 acres of seedling cashew have been cultivated in 19

districts covering 125 divisional secretary's divisions and under this subsidy scheme 120 plants were provided for 1285 acres, under home gardens. Under this 14932 beneficiary families have been benefitted.

Cashew Cultivation Subsidy Programme

District	Bud Grafted Cashew (acres)	Cashew Seedlings (acres)	Home Gardens	
			Bud Grafted Cashew (acres)	Cashew Seedlings (acres)
1. Puttlam	270	95	55	30
2. Kurunegala	205	45	95	30
3. Hambanthota	55	60	55	65
4. Anuradhapura	265	20	115	-
5. Ampara	-	335	83	07
6. Badulla	25	25	-	-
7. Kandy	125	25	-	-
8. Ratnapura	10	10	10	10
9. Mathale	150	-	25	-
10. Polonnaruwa	140	-	10	-
11. Moneragala	200	50	20	05
12. Batticaloe	25	200	25	150
13. Trincomalee	15	100	10	125
14. Vavuniya	50	150	25	50
15. Mannar	25	100	50	75
16. Mulaitivu	75	160	-	40
17. Kilinochchi	50	80	-	40
18. Jaffna	-	25	-	30
19. Kegalle	50	-	50	-
Total	1735	1480	628	657

(3.1.2.2) Payment of Subsidies to Farmers, under the cashew cultivation subsidy programme

Under this subsidy programme, allocations have been made for the payment of a subsidy of Rs. 9,500/- per acre for bud grafted cashew cultivation and for the payment of a subsidy of Rs. 3,500/- per acre for seedling cashew cultivation. However, the amount thus allocated is hardly sufficient for this task. At present, training on farming and other extension services are being provided free of charge to selected farmers under the subsidy programme and bud grafted cashew plants and seedlings are being distributed free of charge

according to the extent of the lands under cultivation. These activities are being implemented through 10 regional offices of the Corporation in 19 cashew cultivating districts.

(3.1.2.3) Expansion of Extension Services

With a view to expanding the extension services further to the northern region, a regional office was established for Mannar district, which would cover both Mannar & Vavuniya Districts.

(3.2) Development of Estates, Rehabilitation & Productivity Development

(3.2.1) Enhancing the Productivity of Cashew Cultivation

(3.2.1.1) Planting Material Production

560000 mother seeds were produced at cashew planting material production centres of the Corporation using Good Agricultural Practices (GAP). 200000 twigs obtained from these mother seeds and mother trees were used in the production of bud grafted plants and seedlings.

(3.2.1.2) Nursery Management

328456 bud grafted plants of high quality new varieties were produced at the central nurseries of the Corporation and were issued for the subsidy programme and to private estate owners.

Production of Budded Plants in 2017

Name of the Plant Nursery	Budded Plants Produced
1. Kamandaluwa	134655
2. Dambulla	24976
3. Mihintale	104924
4. Aluththarama	23634
5. Kumbukkana	14950
6. Hardy	6846
7. Chandrikaweve	18471
Total	328456

60 plant nurseries have been established in Batticaloe, Trincomalee, Vavuniya, Mannar, Mulaitivu, Kilinochchi, Jaffna and Ampara in order to produce 105480 seedlings required for the subsidy scheme.

(3.2.1.3) New Cultivation in Estates

Extensive development works were carried out in Puttlam, Kamandaluwa, Eluwankulama, Hardy, Oyamaduwa, Mankerni, Batticaloe estates of the Sri Lanka Cashew Corporation. The old trees at Achchigewatte Estate, Puttlam have been removed and cashew seedlings have been planted in approximately 405 acres of the estate under the Public Private Partnership Programme, during the year 2017. It could be considered as a special achievement made by the corporation, in the year 2017. In addition to this, under the new cultivation of Kamandaluwa Estate, planting of cashew seedlings have been carried out in 05 acres and coconut seedlings have been planted in 07 acres. While 05 acres in Thiriyaya Estate have been planted with cashew and deforestation has been carried out partly in an extent of 08 acres. Further, vacancies were filled in the below mentioned estates.

Kondachchi	-	8585 plants	Mahaoya	-	200 plants
Oyamaduwa	-	400 plants	Kamandaluwa	-	250 plants

Under the new cultivations being carried out in the seed gardens of the corporation, 20 acres were cultivated with cashew in the Mahaoya seed garden.

(3.2.1.4) Implementation of the Northern Province Development Programme

Under this programme initiated in 2017 with the funding from the Ministry of National Integration and reconciliation and under the direct supervision of the Prime Minister's Office, 76000 seedlings have been distributed among approximately 1100 farmers in the Jaffna and Mulaitivu districts, in coordination with the respective Divisional Secretariats and District Secretariats. Action has been taken to cultivate cashew in 1900 acres under this programme.

(3.2.1.5) Enhancing the Productivity

With a view to eliminating pests and preventing diseases affecting cashew cultivation and also enhancing the productivity by adopting Good Agricultural Practices (GAP), Pest Control Programmes have been implemented islandwide to eradicate “Helopeltis” infection and diseases caused by trunk and root worms. In addition to this, 20 training programmes on the application of Good Manufacturing Practices and pest control in cashew cultivation were conducted under the sponsorship of the National Estate Management Institute and 1471 farmers participated in these programmes.

(3.3) Development of Marketing and Processing Industry

(3.3.1) Post Harvest Technology Development

(3.3.1.1) Purchasing of Cashew Kernels from Processors

With the objective of reducing costs and facing the competitive market conditions, the Corporation purchased 4.8 Metric Tons of cashew kernels and 63.0 Metric Tons of raw cashew from small scale processors this year, instead of purchasing raw cashew from farmers which resulted in the establishment of a competitive price range in the market. The cashew harvest of 66.4 Metric Tons, collected from the Corporation’s estates was processed at the factories of the Corporation.

(3.3.1.2) Strengthening the Cashew Processing Industry

In order to earn a higher price by forwarding high quality cashew kernel products to the market, an advanced manufacturing mechanism is essential. Under this programme, cashew processors were provided with ovens and electric cashew cutting machines and they were trained with regard to the Good Manufacturing Practices (GMP), value addition and standards. Also processing societies were given assistance in obtaining financial facilities and in the market promotion.

(3.3.2) Processing and Marketing of Cashew

Cashew Processing Centres owned by the Corporation are located in Puttlam and Nedagamuwa (Gampaha District). Raw cashews gathered from the estates of the Corporation are processed and the value added cashew kernels are marketed through the Corporation's two sales outlets in Kolpetty and Rajagiriya, in addition to sales being work was carried out to cater to the needs of the customers through 56 authorized sales outlets, established island wide.

Cashew apple chutney was introduced to the market in 2017 and cheese and garlic sprinkled cashew are at experimental level. The Corporation has been able to earn Rs.87.96 million from the sale of high quality cashew products using new technological methods and through value addition.

(3.3.3) Export of Cashew Products and Earning of Foreign Exchange.

(3.3.3.1) In the year 2017, Sri Lanka has earned Rs. 143.51 million foreign exchange by forwarding 59.04 Metric Tons of value added cashew kernels and high quality cashew kernels to the international market. Rs. 99.97 million foreign exchange has been earned by exporting 57.64 Metric Tons of value added cashew kernel in the year 2016. Accordingly an increase in the export capacity and foreign exchange earnings was experienced in 2017 than that of 2016 as a result of the increase of the local demand for cashew kernels with the rapid growth of the tourism industry, which in turn lead to the increase of the local consumption of cashew kernels.

(3.3.4) Import of Cashew

(3.3.4.1) Import of Cashew for Local Consumption

With the increase of the local consumption of cashew and the decline in the cashew harvest due to climatic changes, namely, the heavy rains experienced during the flowering season, the small scale processors experienced a shortage of raw cashew in the local market during the months of January, February and

March. As a solution to this, licenses were provided to small scale cashew processors to import raw cashew under tax reliefs. These licenses for importation are issued on temporary basis only during the period where shortages in the local production market are being experienced. As per the reports of the customs, 2108.82 Metric Tons of raw cashew and 160.82 Metric Tons of cashew kernel were imported by small scale producers and distributed among a large number of processors. Thus, the Corporation had the opportunity of intervening in stabilizing the livelihoods of families engaged in the cashew processing industry.

(3.4) Research & Development

Continuous research programmes have been carried out with regard to plant breeding, use of fertilizers, pest control of cashew crops, experimenting with various technological methods of bud grafting, bud grafted and seedling cashew cultivation, harvesting and intercropping. These programmes were implemented jointly with the Faculty of Agriculture and Plantation Management of the Wayamba University. The progress of these programmes was evaluated by the Research and Management Committee. The outcomes of these researches were made available to the farmers when they are given advisory services through the extensions service network as well as by means of field models, leaflets, videos and television programmes. Under this, a genetic accumulation of selected mother trees / cashew varieties was established in 2017 in an area of 10 acres in Puttlam estate and in an area of 6½ acres in Kamandaluwa estate for future research purposes.

(4.0) Budget

(4.1)

Category	Investment of Funds - 2017 (Rs. Million)		
	Government Investment	Funds Generated	Total
Capital Expenditure	54.00	-	54.00
Recurrent Expenditure	54.00	71.02	125.02
Total	108.00	71.02	179.02

(4.2) Earnings of 2017 through commercial activities

	(Rs. Million)
Sale of cashew kernels	90.52
Sale of cashew mother seeds and plants	9.49
Sale of coconuts	<u>1.32</u>
Total	<u>101.33</u>

(5.0) Administration

(5.1) With the aim of providing a quality & an efficient service to cashew small holders, cashew processors and to customers, formal management applications were employed. The assistance of all of the stakeholders of the Corporation was obtained, as the Corporation acts as a public enterprise providing services with a view to earning profits.

The unrestricted assistance of the Board of Directors, General Manager, Deputy General Manager and Assistant General Managers and the entire staff was also secured. Accordingly, the Corporation was able to align itself with the new development strategies of the government with a view to generating incomes for the public and to fulfilling the objectives of the Corporation.

(5.2) Staff as at 31.12.2017

<u>Approved Staff</u>	<u>Staff as at 31.12.2017</u>	
Higher Management Grade (HM)	02	02
Middle Management Grade (MM)	07	05
Junior Management Grade (JM)	26	18
Management Assistant (MA)	122	88
Minor Grade (PL)	<u>67</u>	<u>65</u>
Total	<u>224</u>	<u>178</u>

In addition to this, about 200 check roll labourers have been employed according to monthly requirements in processing centres, estates, plant breeding centres and central plant nurseries of the Corporation.

(6.0) Achievements

The Corporation was able to maintain the profit earning status recorded in 2015 and 2016, throughout the year 2017. The commercial operations of the Corporation and the productive and the efficient guidance given by the Board of Directors and the dedication of the staff, all contributed towards the accomplishment of this feat.

The net profit earned by the Corporation during the year 2017 through commercial activities is Rs. 16.34 millions.

Owing to the following drawbacks the profit earned could not be elevated to a higher level than what has been generated.

- The drop of the cashew yield of estates from expected levels due to inclement weather conditions, viz, severe droughts during the flowering season which in turn resulted in the withering of flowers.
- The cashew products having excessive prices owing to the inadequate supply of raw cashew to meet the local demand.
- High labour cost and material cost.
- The Corporation suffered drawbacks in initiating new programmes as well as fulfilling essential services due to the limiting of recurrent and capital grants. Hence, the funds generated by the Corporation had to be utilized in continuing these activities. As a repercussion of this, a lack of funds to be invested in commercial and development activities resulted.

(7.0)

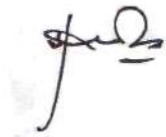
Acknowledgement

During the year 2017, all services and commercial activities of the Sri Lanka Cashew Corporation were implemented successfully and I wish to offer my heartfelt gratitude to the Board of Directors for their cooperation extended to me in accomplishing this feat.

In particular, the General Manager, the Deputy General Manager, Assistant General Managers and all staff members worked tirelessly with much dedication in executing all activities of the Corporation efficiently and with a high productivity level and my sincere appreciation goes to them for the services rendered.

The support extended and the commitment made by all stake holders including small scale cashew processors, cashew products exporters, cashew small holders, government and nongovernmental organizations had been instrumental in establishing this level of success.

Also, I acknowledge and wish to express my sincere gratitude to the Hon. Kbhair Hashim, Minister of State Enterprises Development, the Deputy Minister, the Secretary to the Ministry and the Ministry Staff for their invaluable guidance.



Damsiri Bandara Karunaratne

Chairman

Sri Lanka Cashew Corporation

Board of Directors Report

I am herewith forwarding the audited financial statement for the year ended 31st December 2017, on behalf of the Board of Directors of the Sri Lanka Cashew Corporation.

As per the circular no: PED/12 dated 02nd June 2003, issued by the Director General of the Department of Public Enterprises of the General Treasury, the financial statement of the Sri Lanka Cashew Corporation was forwarded to the Auditor General before the 28th of February 2018.

Establishment

The Sri Lanka Cashew Corporation was established on the 25th of May 1973, with an initial capital of Rs. 40 million, under the gazette notification 60/7, published in terms of the subsection 1 of the section 2 of the Agricultural Corporations Act no: 11 of 1972, approved by the Sri Lankan government and on the order of the then Minister of plantation industries.

Outcomes

The financial outcomes and data on the change of equity in the current year are disclosed in the financial statement and the statement on the change of equity.

Business Review

The financial position of the Sri Lanka Cashew Corporation for the year ended 31st December 2017 was given in the statement of financial position an evaluation of which has been included in the chairman's report.

Property Plant and Equipment

The changes which took place in respect of the property plant and equipment during the current year are given at no: 1, in the financial statement. The values shown in this note do not have quantitative changes with their current market value.

Main Activities

The main activities of the Sri Lanka Cashew Corporation are as follows.

- Cultivation, processing and marketing of cashew and formulating plans with regard to the cashew production, processing and marketing and providing instructions to the Minister for their implementation.
- Taking measures for the cultivation, processing and marketing of cashew and for the production, processing and marketing of cashew.
- Conducting investigations and research with the objective of enhancing the cashew cultivation, processing and marketing and its production, processing and marketing.
- Collecting, processing, publicizing and distributing technical, marketing and other information with regard to the cultivation, processing and marketing of cashew and its production, processing and marketing and liaising with others in the implementation of such activities.
- Determining the locations of cashew & cashew products processing factories, their extent and the technical standards and establishing new factories and activating existing factories when necessary.
- Purchasing, distributing, marketing and exporting cashew and cashew products.
- Facilitating the training of persons required for the cultivation, processing and marketing of cashew and its production, processing and marketing.
- Establishing the fundamental organizations required for the development of cashew cultivation, processing facilities and marketing and assisting in their establishment.
- Initiating measures as deemed necessary for the popularization of cashew products and their sale, promoting the existing demand for these products in the world markets,

financing the promotional or any other incidental activities, controlling, assisting and sponsoring such activities.

Reserves

The composition of the total reserves of the corporation are mentioned in the statement on the change of equity.

Board of Directors

The Board of Directors appointed as at 31st December 2017 is as follows.

(1) The members of the Board of Directors of the corporation from 01.01.2017 up to 31.12.2017

- | | | | |
|-------|--------------------------|---|--|
| (i) | Mr. D B Karunaratne | - | Chairman |
| (ii) | Mr. M W M Bandaratilleke | - | Deputy Chairman |
| (iii) | Mrs. A A D S Atapattu | - | Member of the Board of Directors
(Representative of the General Treasury) |
| (iv) | Mr. M R M I Riza | - | Member of the Board of Directors |
| (v) | Mr. V Manchanayaka | - | Member of the Board of Directors |
| (vi) | Mr. K Lingarajah | - | Member of the Board of Directors |
| (vii) | Mr. A S M Fazmi | - | Member of the Board of Directors |

Secretary to the Board of Directors for the year 2017 - Mr. Keerthi Jayakodiarachchi
(General Manager)

Audit Committee

The Audit Committee of the Corporation has been established in accordance with the Public Enterprises Guidelines.

Statutory Payments

Statutory payments payable to the government and the employees have been duly paid.

Environmental Protection

The corporation has not been involved in any activity harmful to the environment.

Events after the date of the statement of the financial position

No event has been reported for disclosure or for adjustment through accounts after the balance sheet date.

Auditors

The financial statement of the Sri Lanka Cashew Corporation for the year ended 31st December 2017 has been audited by the government Auditor General.

By the order of the Board of Directors,



Keerthi Jayakodiachchi

Secretary to the Board of Directors

Audit and Management Committee Report

The Audit and Management Committee of the Sri Lanka Cashew Corporation was established in terms of the Public Enterprises Department Circular no:31 of 01.07.2005 (PED 31), as amended by Public Enterprises Department Circular no: 51, 53 and 55 (PED 51, PED 53 and PED 55) and is comprised of 07 persons including five members and two observers.

A non-executive director who is the treasury representative acted in the post of committee chairman and the General Manager of the Corporation/ Secretary to the Board of Directors acted in the post of committee secretary.

During the year 2017, the Audit and Management Committee was convened 04 times and the participation of the committee members and the observers in these meetings had been in the following manner.

- | | | | | |
|-----|--|---|-----------------------|-----|
| 01. | Mrs. A A D S Atapattu | : | Committee Chairperson | 4/4 |
| | Non executive member of the Board of Directors
(Treasury Representative) | | | |
| 02. | Mr. V P Manchanayake | : | Committee Member | 3/4 |
| | Non executive member of the Board of Directors | | | |
| 03. | Mr. M R M I Riza | : | Committee Member | 4/4 |
| | Non executive member of the Board of Directors | | | |
| 04. | Mr. D K Jayakodiarachchi | : | Committee Secretary | 4/4 |
| | General Manager/ Secretary to the Board of Directors | | | |
| 05. | Mr. V U Liyanage | : | Committee Member | 4/4 |
| | Assistant General Manager - Internal Audit | | | |
| 06. | Mr. D G H D Perera | : | Committee Observer | 2/2 |
| | Chief Internal Auditor
(Ministry of Public Enterprises Development) - from 20.10.2017 | | | |

07. Mrs. R P S Padmini : Committee Observer 4/4
Audit Superintendent
(Auditor General's Department)

At the first audit and management meeting of the year 2017, the report forwarded by the Sri Lanka Cashew Corporation in respect of the progress achieved for the first quarter of 2017 through its overall activities, the observations incorporated into the audit reports issued to the management by the internal audit branch of the corporation in the first quarter of 2017 and the report submitted on the courses of action taken by the management based on these observations, were extensively reviewed. Further, views were expressed regarding the audit queries issued by the Auditor General's Department and matters contained therein pertaining to the inspections carried out on Kondachchi Estate and Achchige Estate, Puttlam and to the cashew cultivation subsidy programme and inspections carried out on cashew processing centres and actions to be taken in this respect were taken up for discussion separately.

At the second audit and management committee meeting held in respect of the year 2017, the committee focused on the report on the comments and courses of actions proposed to be adopted on the corporation's part in respect of the audit paragraphs included in the Auditor General's Report forwarded in terms of Section 13 (7) (a) of the Financial Act for the year 2016.

Accordingly, each audit observation included in the report were taken separately and the comments and courses of action proposed to be taken with regard to the matters contained therein, which had been presented in the draft report submitted to the committee were extensively discussed. The Audit and Management Committee recommended the relevant draft report for approval of the Board of Directors, as no amendments were forwarded regarding the content of the draft report.

In addition to this, matters pertaining to the Sri Lanka Accounting Standards that should be adopted in the preparation of the financial statements and seeking assistance of the advisory committee set up at the Auditor General's Department for resolving issues related to the Sri Lanka Financial Reporting Standards, granting allowances for unused vacation leave to the corporation's staff members on their retirement and the boilers used for boiling raw cashew at

Puttlam and Nedagamuwa Processing Centres remaining inactive, were extensively discussed by the committee.

At the third audit and management committee meeting held in 2017, matters pertaining to the progress report prepared on the overall activities of the corporation during the third quarter of the year 2017, were taken up for discussion with the committee paying special attention to the new cultivation at corporation's estates, research and development work, Human Resources Development and acquisition of fixed assets.

Also, an extensive review was made on the observations included in the audit reports issued by the internal audit division of the Corporation to the Management during the third quarter of the year 2017 and on the reports forwarded to the committee on the courses of action taken by the management according to these observations and during this process, extensive discussions were held regarding the payments due to external nurserymen of Mannar, Kilinochchi, Jaffna, Mulaitivu, Vavunia and Ampara districts for the year 2016 and the internal audit reports forwarded in respect of cashew kernel stocks and monies at the corporation owned cashew sales outlet in Rajagiriya and cashew kernel stocks in the stores at the head office.

At the fourth audit and management committee meeting held in 2017, the draft action plan of the corporation for the year 2018 the internal audit plan and the procurement plan of the corporation were forwarded to the committee for the purpose of forwarding recommendations of the Committee to the Board of Directors. Discussions were held extensively with regard to the content of these documents at the committee meeting.

Accordingly, activities related to the subsidy cashew cultivation scheme and the production of plants for the corporation's estates, falling under capital expenditure and post harvest technology and sales promotion falling under the commercial activities of the draft action plan were carried out subject to revision and the relevant recommendations on the draft documents were forwarded to the Board of Directors of the Corporation.

Also the committee held extensive discussions with regard to the observations included in the audit reports issued by the internal audit division of the corporation to the management during the period of 02 months from 01.10.2017 to 30.11.2017 and to the report submitted on

the courses of action taken by the management according to the said observations. At this meeting the committee paid special attention to the daily attendance and departure of the staff at the corporation's head office and their obtaining of leave and to the delays occurring in the recovery of the dues for the sale of cashew on loan basis from the authorized sales centres of the corporation. Accordingly, the relevant recommendations on these observations were submitted to the Board of Directors.



A A D S Atapattu

Chairman

Audit & Management Committee

Sri Lanka Cashew Corporation

1. Performance Report for the year 2017

01. Subsidy Scheme for Cashew Cultivation and Development Programmes

1.1 Subsidy Scheme for Cashew Cultivation

Under the subsidy scheme for cashew cultivation being implemented under treasury grants a total of 4500 acres which is made up of 2363 acres of bud grafted cashew and 2137 acres of seedling cashew have been cultivated covering 19 districts during this year. 14932 farmer families have been benefitted. During the year 2017, plants have been provided especially for home gardens as well under the subsidy programme. The total cost incurred amounted to Rs. 15.97 millions.

02. Uplifting the Productivity of the Cultivation

2.1 Planting material production

Plant breeding centres in Nalandain the Matale district, Wilachchiya and Oyamaduwa in the Anuradhapura district, Mahaoya in the Ampara district, Mankerni in the Batticaloe district, Kondachchi in the Mannar district, Weerawila in the Hambantota district and Suduwathuraara in the Moneragala district were maintained with a view to breeding new varieties suitable to various areas and to providing them to cashew smallholders. 560000 high quality mother seeds and 200000 buds were obtained from these centres, required for the production of bud grafted plants necessary for the extension services and commercial activities. The total cost incurred amounted to Rs.11.88 million.

2.2 Enhancement of the Production

With a view to eliminating pests and preventing diseases affecting cashew cultivation and also enhancing the productivity by adopting Good Agricultural Practices (GAP), Pest control programmes were carried out islandwide with a view to eradicating

“Helopeltis” disease infections and trunk and root borer worms. In addition to this, 20 training programmes were conducted on the application of Good Agricultural Practices and Pest control in cashew cultivation and 1471 farmers participated in these programmes. The cost incurred in this respect amounted to Rs. 1.07 million.

2.3 Plant Nursery Management

07 central plant nurseries of the Corporation have been set up in the Kamandaluwa estate, Aluththarama, Hardy, Mihintale, Chandrikaweve, Dambulla and Kumbukkana. With the aim of producing bud grafted plants using modern technological methods, 06 poly net houses have been setup in Kamandaluwa, Mihintale, Batticaloe and Aluththarama plant nurseries. For the Maha Season of 2017, 328456 high quality bud grafted plants were produced at these nurseries and distributed among farmers.

2.4 Implementation of the Northern Province Development Programme

Under this programme initiated in 2017 with the funding from the Ministry of National Integration and reconciliation and under the direct supervision of the Prime Minister’s Office, 76000 seedlings have been distributed among approximately 1100 farmers in the Jaffna and Mulaitivu districts, in coordination with the respective Divisional Secretariats and District Secretariats. Action has been taken to cultivate cashew in 1900 acres under this programme.

03. Research and Development Programmes

Research programmes are being implemented jointly with the Faculty of Agriculture and Plantation Management of the Wayamba University. Research programmes related to plant breeding, use of fertilizer, plant density, diseases and pest elimination in cashew cultivation, inter cropping, bud grafted and seedling crops, bud grafting techniques and harvesting are being carried out. Farmers are being made aware of the research outcomes through workshops and extension services. Under this a genetic accumulation of selected mother trees/ cashew varieties was established in an area of 10 acres in the Puttlam estate and an area of 6 ½ acres in the Kamandaluwa estate,

during the year 2017 for future research work. The cost incurred in this respect amounted to Rs. 3.47 million.

04. Maintenance of Estates of the Corporation and Rehabilitation of Crops

Following the removal of old trees in the Achchige estate in Puttlam during the year 2017, the intercrop cultivation project was implemented under the Public Private Partnership programme and during this year cashew seedlings have been planted in an area of approximately 405 acres in the estate. In addition to this, under the new cultivation of Kamandaluwa estate 05 acres of cashew and 07 acres of coconut have been cultivated, while 03 acres in the Thiriyaya estate have been planted with seedlings and deforestation activities have been carried out partly in an area of 08 acres. Further, vacancies were filled in the below mentioned estates.

Kondachchi	- 8585 plants	Mahaoya	- 200 plants
Oyamaduwa	- 400 plants	Kamandaluwa	- 250 plants

Under the new cultivations carried out in the seed gardens of the Corporation, 20 acres in the Mahaoya seed garden have been cultivated with cashew.

A raw cashew harvest of 66.4 Metric Tons was gathered from the estates. In addition to this chemical fertilizers were applied and weeding was carried out, pests and diseases eliminated, field paths were maintained and coppicing was carried out, under Good Agricultural Practices to ensure a higher level of productivity. The total cost incurred amounted to Rs. 14.70 million.

05. Post Harvest Technology

5.1 Marketing and the Promotion of the Processing Industry

The harvest gathered from Corporation's estates and the raw cashews purchased from farmers were processed at the processing centres in Puttlam and Nedagamuwa. They were sold at the main sales outlets of the Corporation as value added products. The

network of Corporation's sales outlets, consisting of 56 authorized sales outlets was used for this purpose.

Cashew apple chutney was introduced to the market in 2017 and cheese and onion sprinkled cashew is at experimental stage. The total income earned by the Corporation from marketing activities was Rs. 87.96 million.

06. Human Resources Development

Steps were taken to conduct in-service Training Sessions necessary for the training and development of the officers of every level of the staff. This gave them the opportunity to increase their productivity, to update their subject related knowledge, to gain new knowledge and to increase efficiency through self motivation. 60 employees of the Corporation have been provided with the professional training and guidance for upgrading the employees' skills and professional standards and two day residential training programmes have been conducted for Cashew Development Officers and 41 Field Assistants of the Corporation, with a view to upgrading their professional standards, sponsored by the National Plantations Management Institute during the year 2017. The cost incurred in this respect amounted to Rs. 0.28 million.

Mid Term Measures to be Adopted for the Improvement of the Performance of the Sri Lanka Cashew Corporation.

Several mid term measures are expected to be initiated by the Corporation with a view to improving its performance.

- 01. Increasing the area of cashew cultivation in Sri Lanka**
- 02. Increasing the productivity of cashew grown lands**
- 03. Promotion of post harvest technologies related to cashew cultivation**
- 04. Development of human resources and increasing productivity**

01. Increasing the Area of Cashew Cultivation in Sri Lanka

1.1 Cashew Cultivation under Extension Programmes

Primarily, cashew cultivation in Sri Lanka is limited to the dry zone. Nearly 30000 acres of cashew grown lands were destroyed owing to the war which raged in these areas for the last three decades. However, under the extension programmes being implemented by the Corporation from 2010, more than 7000 acres of land per year were reclaimed.

Under the extension subsidy scheme funded by the treasury, bud grafted and seedling cashew cultivation will be carried out during the next three years at the rate of 4500 acres per year. Further, it has been planned to cultivate 750 acres out of the 4500 acres to be cultivated annually under the Subsidy Scheme, utilizing the surplus land available at places such as army camps, prisons, police and sacred sites where labour force is found in abundance. Under the subsidy programme, about 1200 acres per year are planned for cultivation as home gardens.

1.2 Rehabilitation of Plantations

Rehabilitation of old plantations and starting new plantations in the estates of the Corporation was undertaken from the year 2011. Under this, rehabilitation of the Kondachchi estate in the Northern Province and the Mankerni estate in the Eastern

Province was undertaken jointly with the Department of Civil Security. It has been planned to cultivate about 4000 acres in the Kondachchi estate under a public - private joint project.

1.3 New Cultivation

New cultivations will be carried out also in cashew grown lands of cashew small holders, at the rate of 500 acres per year and this trend for cultivation will continue for the next three years. Through the implementation of all aforementioned cultivation programmes, the cashew grown land extent will be increased at least by 7000 acres each year.

A network of extension services consisting of 10 regional offices is being implemented for the successful completion of these activities and cashew cultivation development work in 19 districts is being covered through this network.

1.4 Implementation of the Northern Province Development Programme

Under this programme initiated in 2017 with the funding from the Ministry of National Integration and reconciliation and under the direct supervision of the Prime Minister's Office, 76000 seedlings have been distributed among approximately 1100 farmers in the Jaffna and Mulaitivu districts, in coordination with the respective Divisional Secretariats and District Secretariats. Action has been taken to cultivate cashew in 1900 acres under this programme.

Plans have been already drawn up for the implementation of this programme also in 2018 and it is expected to cultivate 120000 plants in 3000 acres in Kilinochchi, Mannar and Vavuniya districts. It is expected to expand the extent of cashew grown lands and to generate new avenues of income through the implementation of this Programme. This programme is expected to be continued also in the ensuing years.

02. Increasing the Productivity of Cashew Grown Lands

The extent of cashew grown lands in Sri Lanka amounts to 150108 acres, of which 88% is made up of cashew small holdings. Seedling cashew trees have been cultivated in a majority of these lands and the cashew trees on these lands are aged 20-35 years, similar to those on the plantations of the Corporation and produce 3-5 kilograms of raw cashew per tree. In countries like Vietnam and India, where improved new varieties of cashew are being cultivated, a tree produces a yield of 10-15 kilograms of cashew. Accordingly, the Corporation is implementing the following activities with a view to increasing the productivity of the plantations.

2.1 Introduction of New Varieties

The Corporation has introduced 08 new improved varieties to the cashew growers, which give a higher yield. The research work is being implemented jointly with the Faculty of Agriculture and Plantation Management of the Wayamba University and the 08 varieties, WUCC 1, WUCC 5, WUCC 8, WUCC 9, WUCC 13, WUCC 19, WUCC 21, WUCC 23 have been cultivated on the Eluwankulama, Wilachchiya, Nalanda, Mahaoya, Suduwathuraara and Oyamaduwa estates and in Plant Breeding Centres. Action is being taken to obtain buds from these mother trees and to breed new varieties to suit various climatic zones of the island, which will be provided to the cashew growers. Two new varieties will be introduced annually with a view to increasing the cashew yield to 1000 kilograms per hectare.

2.2 Application of Good Agricultural Practices

Each year cashew small holders are directed to remove seedling cashew trees which give a low yield and to start replanting. Training programmes for cashew growers are conducted annually with the involvement of the National Institute of Plantation Management, with a view to increasing the cashew yield through the application of Good Agricultural Practices. This is expected to be implemented also during the course of the next three years. Visual media are being used for this purpose. Owing to heavy rainfall during the flowering season, shoot dieback disease may occur in plantations.

As a result, the cashew yield may drop by 30% - 40%. Hence the need to make the cashew small holders knowledgeable has become vitally important. With the intention of suppressing damages being caused by carpenter worms in mature cashew cultivations a programme is being implemented jointly with the research units and is scheduled to be implemented during the course of the next three years.

2.3 Central Plant Nurseries

Central Plant Nurseries of the Corporation have been established in Mihintale, Dambulla, Kamandaluwa estate, Aluththarama, Kumbukkana, Hardy estate and Chandrikaweve. At these nurseries, high quality bud grafted plants of new varieties are produced under the supervision of the Corporation's officials and are issued to growers. A total of 300000 bud grafted plants are produced annually at these plant nurseries and it is envisaged that 350000 plants per year will be produced during the next 03 years. The application of new technologies in the production of plants is being promoted.

03. Promotion of Post Harvest Technologies of Cashew Corporation

A high demand for Sri Lankan cashew has arisen in the world market due to its taste, size and even colour. However, it is difficult to increase the export capacity immediately with the annual harvest of 10000-12000 raw cashew produced each year. Also, the local consumption of cashew kernels has increased.

In addition to this, due to the increase of the production cost of a kilogram of cashew kernels, the price of a kilo of cashew kernels ranges from Rs.2500 - Rs.3800. After taking these facts into consideration, the Corporation has initiated a number of measures to increase the standards of the cashew kernel products and the profit being earned.

3.1 Good Manufacturing Practices

The Corporation encourages the use of standardization, value addition and the application of Good Manufacturing Practices to increase the quality of the products,

the use of hygienic manufacturing practices, modernizing of the processing utilizing new technologies and the use of new packaging methods and the manufacture of new products among small scale entrepreneurs. The training centre of the Nedagamuwa processing centre is being used for this purpose.

3.2 Training Programmes

The Corporation contributed towards the elevation of the products of small scale producers to reach the international standards and have conducted training programmes for 50 persons engaged in the processing industry annually. This will be continued during the course of the next three years.

Also a programme currently being implemented to provide those who embark on processing industries with electricity operated shelling machines and ovens at affordable prices with the involvement of the Corporation will also be continued.

3.3 Purchase of Cashew Kernels from small scale processors

In addition to the harvest gathered from the plantations of the Corporation, cashew kernels needed to continue the annual production at processing factories, were purchased last year from the cashew growers. Cashew Kernels were purchased from small scale processors, instead of purchasing raw cashew from farmers, with the objective of facing market competition and reducing the cost. Steps will be taken to purchase raw cashew from small scale processors during the course of the next three years.

3.4 Promotion of cashew byproducts

Raw cashews are separated from the cashew harvest and cashew apples go to waste without any use being derived from them. Accordingly, every year more than 10000 Tons of cashew apples go to waste without any use being derived from them. A joint programme is being implemented with the private sector to conduct research on the manufacture of byproducts of cashew apples such as Non Alcoholic Beverages, jams, cordials, to provide training and to market products.

04. Human Resources Development and Increasing the Productivity

4.1 Training and Development of Human Resources

Steps have been taken to conduct in service training sessions necessary for the training and development of officers of all levels of the staff. This programme enables them to acquire a higher level of productivity, in their respective works, update their knowledge of the subject field, provides opportunities to obtain latest knowledge, enables to acquire a higher level of efficiency through self motivation. It has been planned to continue this training programme during the course of the next three years.

4.2 Restructuring and Performance Evaluation of the Staff

Computers and fax machines have been provided to the network of regional offices of the Corporation. Accordingly, the communication facilities have been modernized with access to internet. Measures have been taken to restructure the staff to conform to the current development process of the Corporation and to revise the scheme of recruitment and promotion. This will ensure that the performance of the staff is maximized enabling the Corporation to overcome the challenges of the next few years. Steps have also been taken to evaluate the performance of all levels of the staff.


Five Year Summary on Performance

Description		2017	2016	2015	2014	2013
01	No. of acres cultivated with cashew under the subsidy scheme	Subsidy programme- 3215 Home gardens - <u>1285</u> Total - <u>4500</u>	4500	4500	4200	4350
02	No. of farmer families benefitting under the subsidy scheme	14932	3298	3750	4397	4008
03	No. of Plants produced	Bud grafted plants - 328456 Seedlings - <u>105480</u> Total - <u>433936</u>	Bud grafted Plants - 209125 Seedlings - <u>78500</u> Total - <u>287625</u>	Bud grafted Plants - 218373 Seedlings - <u>80000</u> Total - <u>298373</u>	Bud grafted Plants - 465979 Seedlings - <u>80000</u> Total - <u>545979</u>	Bud grafted Plants - 468714 Seedlings - <u>88529</u> Total - <u>557243</u>
04	No. of mother seeds collected	560000	330103	600000	1300000	1100000
05	Amount of twigs collected	200000	264000	310000	200000	300000
06	Harvested crop	66.4	109	106	115	72
07	New cultivations at Corporation's estates	433	116.25	250	400	252.5
08	No. of authorized sales outlets	56	51	39	18	11
09	No. of training programmes conducted under the Technology Transfer Programmes, Pest control and Post harvest technology	197	168	126	223	216
10	No. of farmers trained	3574	1833	2200	2230	2197
11	Amount of imported cashew (Metric Tons)	Raw Cashew - 2108.22 Cashew Kernels - 160.82	Raw Cashew - 1622 Cashew Kernels - 263	Raw Cashew - 2490 Cashew Kernels - 565	Raw Cashew - 755.89 Cashew Kernels - 311.57	Raw Cashew- 16.33 Cashew Kernels -159.60
12	Amount of Metric Tons for which cashew import licenses have been issued	6000	2910	2900	855	-
13	Amount of Metric Tons of cashew exported	59.04	57.64	105.66	129.4	51.0

Description		2017	2016	2015	2014	2013
14	Value of exported cashew (Rs. Millions)	143.51	99.98	174.06	185.8	77.0
15	Purchase of raw cashew and cashew kernels from farmers (Metric Tons)	Raw Cashew - 2108.22 Cashew Kernels - 160.82	Raw Cashew - 2108.22 Cashew Kernels - 160.82	Raw Cashew - 2108.22 Cashew Kernels - 160.82	Raw Cashew - 2108.22 Cashew Kernels - 160.82	Raw Cashew - 2108.22 Cashew Kernels - 160.82
16	Amount of value added cashew kernels sold (Metric Tons)	27.80	30.94	27.80	26.32	41.03
17	Value of value added cashew kernels sold	87.96	84.59	66.65	64.0	78.8


Sri Lanka Cashew Corporation
Combined Balance Sheet as at 31.12.2017

31.12.2016		Note	Rs.	Rs.
Rs.	Assets			
	Non current assets			
100,868,528.94	Property plant & equipment	01	89,362,959.50	
29,302,731.09	Maintenance cost of fruit bearing crops	02	22,870,089.39	
41,362,272.10	Maintenance cost of non fruit bearing crops	03	50,446,121.30	
949,324.48	Other small projects	04	619,747.39	
<u>-</u>	On going works - Capital		<u>1,726,012.98</u>	
172,482,856.61	Overall non current assets			<u>165,024,930.56</u>
	Current assets			
28,916,492.36	Stocks	05	24,940,401.02	
20,797,900.64	Commercial debtors and other receivables	06	19,597,015.87	
4,840,932.10	Advance deposit & Pre-payments	07	3,809,621.50	
7,874,272.04	Cash & cash equivalents	08	5,805,582.02	
<u>62,429,597.14</u>	Total current assets			<u>54,152,620.41</u>
<u>234,912,453.75</u>	Total assets			<u>219,177,550.97</u>
	Equity & liabilities			
	Equity			
40,000,000.00	Initial capital		40,000,000.00	
123,860,520.72	Government grants		143,996,351.45	-
18,529,864.26	Grants received from other parties	09	18,142,815.79	
17,441,846.85	Capital reserves	10	17,441,846.85	
(27,975,179.12)	Profit & loss account		(70,310,901.06)	
<u>171,857,052.71</u>	Total equity			<u>149,270,113.03</u>
	Non current liabilities			
40,060,261.50	Provisions for gratuity allowances		27,334,760.00	
3,500,000.00	Long terms loans	11	3,500,000.00	
43,560,261.50	Total non current liabilities		<u>30,834,760.00</u>	
	Current liabilities			
19,495,139.54	Commercial creditors & other payables	12	39,072,677.94	
19,495,139.54	Total current liabilities			69,907,437.94
<u>234,912,453.75</u>	Total equity & responsibilities			<u>219,177,550.97</u>


Damsiri Bandara Karunaratne
Chairman


Mirihella W.M. Bandaratilleke
Vice Chairman


D.K. Jayakodiarachchi
General Manager


M.T.S.K. Pieris
Assistant General Manager
(Finance)

SRI LANKA CASHEW CORPORATION

Notes to the Accounts

(1) The Financial Statements for the year ended 31st December 2017 have been approved by the Board of Directors on 22nd of February 2018.

(2) Nature of the business & Main Activities.

Sri Lanka Cashew Corporation is engaged in an agricultural business and the main activities of the corporation are mentioned below.

- Cultivate cashew plants in the plantations & produce Raw Cashew.
- Produce Planting materials in the Plant Propagation Centers.
- Produce budded & seedling cashew plants in the Commercial Nurseries.
- Implement a Subsidy Scheme for the cashew cultivation covering 18 districts on farmer owned lands.
- Produce cashew kernels and value added at processing Centers.
- Produce cashew wine using cashew apples.
- Sale of Cashew value added products in corporation Sales Outlets, Franchise shops & other institutions.
- Implement Research & Development activities on cashew cultivation & processing technology.

(3) A Legal case is ongoing the Corporation, on the constructive termination matter, in the Labour Tribunal Colombo No: 01, which has been filed by the ex. Manager-Marketing & Processing demanding a compensation from the corporation. No final decision is given yet, hence no provision made for the compensation in the book of accounts due to unavailability of a reasonable estimate of the compensation.

(4) Measurement base on the preparation & presentation of the Financial Statements. The measurement applied on the preparation & presentations of the Financial Statements have been disclosed as and when it is necessary in the notes to the accounts.

SRI LANKA CASHEW CORPORATION

Accounting Policies - 2017

- (1) The accounts have been prepared in accordance with the Sri Lanka Accounting Standards.
- (2) Fixed Assets depreciated on the fixed installments (i.e.) Straight line Basis. The depreciation for the year of purchase is provided in proportion to the date of purchase. Full depreciation is provided on buildings, in the year of completion of construction, irrespective of the date of completion.

The depreciation rates are as follows:

Vehicles	20%
Plant & Machinery	10%
Tools & Equipment / Office Equipment	10%
Tube Wells	10%
Furniture & Fittings	06%
Buildings – Permanent	03%
Buildings - Semi Permanent	33%

- (3) An item of property, plant and equipment that qualifies for recognition as an asset is be measured at cost. After recognition as an asset, an item of PPE whose fair value can be measured reliably shall be carried at a revalued amount (being its fair value at the date of the re-valuation) less accumulated depreciation and any accumulated impairment losses.
- (4) The basis followed in valuing of stock is as follows:
 - a. Cashew kernels & Cashew Nut Shell Liquid - Cost and Net realizable Value whichever is lower
 - b. Cashew Seeds - Guaranteed Floating/ Marketing price

c.	Sheep & Cattle	-	Market Price in the region (Live weight)
d.	Coconut	-	Since realized Value
e.	All other stocks	-	At cost

- (5) Head Office Charges have been apportioned among the cost centers on the basis of total salary expenditure incurred for the cost centers.
- (6) The basis of apportionment of Plantation General Expenditure to mature, immature area, nursery & Animal husbandry on the actual labour days.
- (7) Amortizing of Cashew & Coconut Mature Areas is at 5% per annum.
- (8) The provision for bad doubtful debts is made at 3.53% on total debts. Difference in the provision, Provision account is transferred to write off bad debts account for the final year.
- (9) Past service cost arising during the period of completion of the minimum period of service for illegibility, for gratuity payable under the Act, is charged to income during the accounting year the employees complete the minimum period of service. Present service cost arising during the period, after the completion of minimum period is charged to income during the related accounting year.
- (10) Revenue shall be measured at the fair value of the consideration received or receivable.

Revenue from the Sales of Goods shall be recognized when all the following conditions have been satisfied.

- The entity has transferred to the buyer the significant risk and rewards of ownership of the goods
- The entity retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

- The amount of revenue can be measured in reliably
 - It is probable that the economic benefits associated with the transaction will flow to the entity
 - The cost incurred or to be incurred in respect of the transaction can be measured reliably.
- (11) When the capital Grant is allocated and realized, to the corporation that is usually capitalized after identifying related capital assets and other development activities which are considered as long term assets in accordance with the Accounting Standards.
- The actual value entered to the books of accounts by way of depreciation and amortization is written off from the capital assets and subsequently an equivalent value is identified from the Capital Grant as revenue.
- (12) The effective date of the revaluation of Motor Vehicles is determined as 01.01.2009 and the revaluation is done by an independent committee which headed by a Mechanical Engineer of a reputed government institution.
- (13) The administration expenses with regard to the production of cashew budded and seedling plants have been distributed proportionately among the service and commercial cost centers based on the actual number of plants produced and distributed.

Sri Lanka Cashew Corporation

Notes on the Combined Balance Sheet for the year ended 31.12.2017

Notes 01

Property, Plant & Equipment

Description	Cost / revaluated price 01.01.2017 (Rs.)	Accumulation of assets of the respective year / revaluation (Rs.)	Removal of assets of the respective year / sales (Rs.)	Current cost of assets / revaluated price (Rs.)	Accumulated depreciation as at 31.12.2017 (Rs.)	Written off value as at 31.12.2017 (Rs.)
Free hold lands	25,786,722.37	870,534.17	-	26,657,256.54	-	26,657,256.54
Permanent buildings	44,914,437.15	1,880,155.62	1,116,640.00	45,677,952.77	18,457,443.88	27,220,508.89
Semi permanent buildings	440,411.00	-	-	440,411.00	326,457.24	113,953.76
Vehicles	99,987,430.84	1,320,265.00	-	101,307,695.84	79,127,417.38	22,180,278.46
Machinery	16,425,496.98	524,050.00	-	16,949,546.98	12,108,350.72	4,841,196.26
Tools & equipment	9,035,400.74	44,694.00	-	9,080,094.74	7,598,905.27	1,481,189.47
Office equipment	10,924,321.49	691,532.60	-	11,615,854.09	9,052,234.46	2,563,619.63
Furniture & fittings	7,097,233.32	112,104.00	-	7,209,337.32	4,736,055.84	2,473,281.48
Tube wells	958,383.50	-	52,447.50	905,936.00	582,286.59	323,649.41
Farming wells	1,180,506.40	153,174.00	-	1,333,680.40	434,479.42	899,200.98
Lakes	608,824.62	-	-	608,824.62	-	608,824.62
	217,359,168.41	5,596,509.39	1,169,087.50	221,786,590.30	132,423,630.80	89,362,959.50

Sri Lanka Cashew Corporation
Notes on the Combined Balance Sheet for the year ended 31.12.2017

Notes 02

Fruit bearing crop - Cashew (Note 2 a)	20,682,696.05
- Coconut (Note 2 b)	2,187,393.34
	22,870,089.39

Notes 02 (a)

Fruit bearing crop - Cashew

Estate	Cost 01.01.2017 (Rs.)	Accumulated depreciation as at 31.12.2017	Written off value 31.12.2017 (Rs.)
Hardy estate	2,736,310.00	1,888,661.61	847,648.39
Kamandaluwa estate	15,520,696.93	11,654,069.39	3,866,627.54
Puttlam estate	9,669,098.41	4,698,205.55	4,970,892.86
Eluwankulama seed garden	13,933,185.28	10,265,556.34	3,667,628.94
Wilachchiya Plant Breeding Centre	655,569.86	195,962.78	459,607.08
Elkaduwa Plant Breeding Centre	5,806,871.57	1,406,553.77	4,400,317.80
Mahaoya Plant Breeding Centre	1,150,848.05	230,169.60	920,678.45
Moneragala Plant Breeding Centre	1,936,618.75	387,323.76	1,549,294.99
	51,409,198.85	30,726,502.80	20,682,696.05

Notes 02 (b)

Fruit bearing crop - Coconut

Estate	Cost 01.01.2017 (Rs.)	Accumulated depreciation as at 31.12.2017	Written off value 31.12.2017 (Rs.)
Hardy estate	1,777,787.09	636,818.39	1,140,968.70
Kamandaluwa estate	2,437,612.22	1,445,185.65	992,426.57
Puttlam estate	431,998.76	378,000.69	53,998.07
	4,647,398.07	2,460,004.73	2,187,393.34

Sri Lanka Cashew Corporation

Notes on the Combined Balance Sheet for the year ended 31.12.2017

Notes 03

Non fruit bearing crop - Cashew	(Note 3 a)	45,725,156.44
- Coconut	(Note 3 b)	4,720,964.86
		50,446,121.30

Notes 03 (a)

Immature areas : (cashew)

Estate	Cost as at 31.12.2017
Hardy estate	2,431,679.09
Kamandaluwa estate	3,068,537.81
Puttlam estate	6,864,655.88
Eluwankulama seed garden	772,390.43
Mankerni estate	1,410,672.56
Elkaduwa Plant Breeding Centre	156,382.00
Mahaoya seed garden	721,564.25
Moneragala seed garden	364,280.30
Research & Development	1,647,839.85
Nedagamuwa Processing Centre	135,360.40
Oyamaduwa Plant Breeding Centre	10,978,043.14
Wilachchiya Plant Breeding Centre	21,783.98
Kondachchi Plant Breeding Centre	16,993,081.39
Thiriyaya Plant Breeding Centre	158,885.36
	45,725,156.44

Notes 03 (b)

Non fruit bearing crop - Coconut

Estate	Cost as at 31.12.2017
Hardy estate	1,748,184.58
Kamandaluwa estate	1,124,168.53
Puttlam estate	630,182.49
Oyamaduwa Plant Breeding Centre	1,218,429.26
	4,720,964.86

Sri Lanka Cashew Corporation

Notes on the Combined Balance Sheet for the year ended 31.12.2017

Notes 04

Other small projects

<u>Project</u>	<u>Cost as at 31.12.2017</u>
Teak plants project	482,874.09
Sesame project	40,000.00
Banana and lime project	10,800.00
Thibbatu project	86,073.30
	619,747.39

Notes 05

Current assets

Stocks

Miscellaneous	5,059,052.46
Wine	160,912.45
Cashew kernels	4,841,901.20
Cashew nuts	12,024,540.68
Plants	2,148,676.44
Packaging materials	705,317.79
	24,940,401.02

Notes 06

Commercial debtors and other receivables

Commercial debtors	3,937,304.10	
Less - reservation of bad debts	138,986.00	3,798,318.10
Various debtors	17,742,289.77	
Losses from damages	1,943,592.00	15,798,697.77
	19,597,015.87	

Notes 07

Deposits, advances and pre-payments

Advances	80,890.00
Pre-payments	149,848.00
Deposits	3,578,883.50
	3,809,621.50

Notes 08

Cash & cash equivalents

Cash - in transit	222,180.00
Cash - in hand and at bank	5,583,402.02
Total	5,805,582.02

Sri Lanka Cashew Corporation

Notes on the Combined Balance Sheet for the year ended 31.12.2017

Notes 09

Grants received from other parties

North Eastern Coastal Community Development Project	6,343,881.26
Ministry of Supplementary Plantation Crops Development	1,612,451.80
Ministry of Minor Export Crops Promotion	10,186,482.73
	<u>18,142,815.79</u>

Notes 10

Capital reserves

Revaluation reserve - Vehicles	16,929,116.63
Other capital reserves	512,730.22
	<u>17,441,846.85</u>

Notes 11

Long term loans

Paddy Marketing Board	3,500,000.00
	<u>3,500,000.00</u>

Notes 12

Current liabilities

Various creditors	28,294,917.54
Accrued expenditures	10,777,760.40
Total	<u>39,072,677.94</u>

**Sri Lanka Cashew Corporation
Commercial Division**

Combined Profit & Loss Account for the year ended 31.12.2017

2016.12.31		2017.12.31
(Rs.)		(Rs.)
	Sales / Turnover	
86,194,216.09	Cashew Kernels	90,515,369.48
2,121,515.00	Seed cashew nuts	2,866,000.00
5,210,800.00	Cashew plants	6,631,300.00
1,425,600.50	Coconut	1,321,899.23
(46,496.00)	Returns	(383,486.20)
94,905,635.59	Net sales	100,951,082.51
	Less : <u>Sales cost</u>	
(1,868,861.98)	Decrease / Increase in stocks	1,635,651.00
741,976.96	Nursery expenses	1,612,703.11
38,613,263.18	Cashew Kernel production cost/General works	45,034,158.52
24,383,333.74	Maintenance cost of fruit bearing crops	24,730,199.52
6,777,772.26	Direct expenses of fruit bearing crops	7,169,800.48
68,647,484.16	Total sales cost	80,182,512.63
26,258,151.43	Gross profit	20,768,569.88
	Less : <u>Other expenses</u>	
19,992,240.51	Administrative expenses (processing & nurseries)	20,603,576.87
19,992,240.51		20,603,576.87
6,265,910.92	Profit (Loss) before amortization	164,993.01
3,351,365.57	Amortization	2,473,266.69
2,914,545.35	Profit (Loss) after amortization	(2,308,273.68)
352,698.68	Profit / (Loss) wine	239,778.90
105,000.00	Profit / (Loss) processing equipment	160,000.00
(204,645.68)	Profit / (Loss) papaw project	(306,544.66)
58,407.55	Profit / (Loss) training programmes	(11,831.45)
-	Profit / (Loss) Thibbatu cultivation	(60,198.60)
-	Profit / (Loss) other projects	4,681,795.00
3,226,005.90	Net profit / (Loss) from operations	2,394,725.51
-	Other incomes	-
16,922,573.08	Government grants (recurrent)	18,700,200.00
8,752,506.76	Adjustment for surplus / deficit provisions	9,593,187.00
1,563,437.62	Interest income	329,352.28
17,596,700.93	Other income	6,816,908.27
2,717,036.82	Amortization - grants received from other parties	2,717,036.82
47,552,255.21	Total of other incomes	38,156,684.37
	<u>Other expenses</u>	
19,148,189.25	Administrative expenses (Head Office)	18,288,559.76
-	Fixed assets removal loss	896,103.60
-	Written off value - fruit bearing cashew crop	5,024,718.24
19,148,189.25	Other total expenditure	24,209,381.60
31,630,071.86	Net profit	16,342,028.28

Sri Lanka Cashew Corporation

Services Division

Income and expenditure account for the year ended 31.12.2017

31.12.2016

Rs.		Rs.
	Income	
21,870,362.74	Government grant capital current year	24,589,778.18
2,760,588.10	Amortization - other assets	2,884,391.09
3,834,000.00	Cabs - 03	3,834,000.00
31,077,426.92	Recurrent	35,299,800.00
<hr/>		
	Other incomes	
220,800.00	Adjustment for additional provisions	189,038.00
2,056.42	Extension services	3,870.00
-	Oyamaduwa Plant Breeding Centre	139,875.00
-	Kondachchi Plant Breeding Centre	334,356.06
352,400.00	Research & Development	1,030,875.00
		1,698,014.06
60,117,634.18	Total income	68,305,983.33
<hr/>		
	Less :	
	Expenditure	
35,164,655.48	Head Office	34,522,759.20
21,870,362.74	Under capital allowance	24,589,778.18
60,540,353.94	Extension services	58,896,287.71
2,816,646.19	Central nurseries	1,570,956.24
4,087,590.92	Research & Development	3,616,873.22
918,419.76	Oyamaduwa Plant Breeding Centre	1,295,658.36
2,875,088.50	Kondachchi Plant Breeding Centre	2,491,420.64
128,273,117.53	Total expenditure	126,983,733.55
	Expenditure exceeding income within the year	
(68,155,483.35)	Transferred to the final combined profit and loss account	(58,677,750.22)
<hr/> <hr/>		

**Sri Lanka Cashew Corporation
Combined Accounting Statement**

<u>31.12.2016</u>	Overall income particulars for the year ended 31.12.2017	
(Rs.)		(Rs.)
31,630,071.86	Net income received from commercial division	16,342,028.28
(68,155,483.35)	Expenditure exceeding income for the current year - Services Division	(58,677,750.22)
<u>(36,525,411.49)</u>		<u>(42,335,721.94)</u>
<u>8,550,232.37</u>	Profit carried downwards	<u>(27,975,179.12)</u>
8,550,232.37		(27,975,179.12)
<u><u>(27,975,179.12)</u></u>	Profit carried forward	<u><u>(70,310,901.06)</u></u>

Sri Lanka Cashew Corporation

Cash Flow Statement

Combined cash flow statement for the year ended 31st December 2017

2016.12.31		<u>Year ended 31.12.2017</u>
	<u>Cash flow generated from operational activities</u>	
(36,525,411.49)	Net loss earned within the year	(42,335,721.94)
	<u>Adjustment for non cash moving items</u>	
16,687,047.08	Depreciation	16,153,527.73
3,505,738.91	Amortization	2,627,640.03
394,830.26	Provisions for gratuity allowances	(337,498.50)
317,055.04	Writing off or reserving for bad debts	357,280.00
(8,752,506.76)	Additional provisions for gratuity	(9,593,187.00)
	- Loss from transfer of fixed assets	948,551.10
	- Writing off fruit bearing crop	5,024,718.24
(387,048.47)	Grants received from other parties	(387,048.47)
	- Writing off other small projects	329,577.09
(31,020,950.84)	Amortization of capital allowance	(33,864,169.27)
		(18,740,609.05)
(55,781,246.27)	Operational profit / loss before changes in the working capital	(61,076,330.99)
	<u>Changes in the working capital</u>	
1,214,314.30	Stock - (increase)/decrease	3,976,091.34
3,295,587.21	Debtors - (increase)/decrease	843,604.77
(553,536.89)	Advances and pre payments - (increase) /decrease	1,031,310.60
4,633,945.04	Creditors - (increase)/decrease	15,382,137.84
(2,752,030.19)	Accrued expenses - (increase)/decrease	4,195,400.56
5,838,279.47		25,428,545.11
(49,942,966.80)		(35,647,785.88)
(4,052,692.13)	Gratuity payments	(2,794,816.00)
(53,995,658.93)	Net cash flow generated from operational activities	(38,442,601.88)

Cash flow generated from investing activities

(7,347,504.56)	Purchase of fixed assets	(5,596,509.39)	
	- Capital expenditure being incurred	(1,726,012.98)	
(9,485,785.15)	Investment on new cultivations	(10,303,565.77)	
(143,184.75)	Investment for other small projects	-	
<u>(16,976,474.46)</u>			<u>(17,626,088.14)</u>
<u>(70,972,133.39)</u>	Net cash flow generated from investing activities		<u>(56,068,690.02)</u>

Cash flow generated from financial activities

40,000,000.00	Government grants		54,000,000.00
<u>(30,972,133.39)</u>	Net increase / decrease of cash and cash equivalents during the year		<u>(2,068,690.02)</u>
38,846,405.43	Cash and cash equivalents at the beginning of the year (Note 01)		7,874,272.04
<u>7,874,272.04</u>			<u>5,805,582.02</u>

<u>(Note 01)</u>	<u>As at 01.01.2016</u>	<u>As at 31.12.2016</u>
Cash in hand and at bank	7,851,472.04	5,583,402.02
Cash in transit	22,800.00	222,180.00
	<u>7,874,272.04</u>	<u>5,805,582.02</u>

Sri Lanka Cashew Corporation

Statement on the change of equity for the year ended 31.12.2017

31.12.2016	Changes	Initial capital	Government Capital Grants	Capital grants North Eastern Coastal Community Development Programme	Capital grants - Ministry of Supplementary Plantation Crops Development	Revaluation reserves	Other capital reserves	Grants - Ministry of Minor Export Crop Promotion	Profit & loss account	Total
199,790,463.51	Balance as at 01.01. 2016	40,000,000.00	123,860,520.72	6,569,892.91	1,612,451.80	16,929,116.63	512,730.22	10,347,519.55	(27,975,179.12)	171,857,052.71
40,000,000.00	Grants received during the year	-	54,000,000.00	-	-	-	-	-	-	54,000,000.00
(31,407,999.31)	Transfer to the profit & loss account	-	(33,864,169.27)	(226,011.65)	-	-	-	(161,036.82)	-	(34,251,217.74)
(36,525,411.49)	Net profit / loss for the period	-	-	-	-	-	-	-	(42,335,721.94)	(42,335,721.94)
171,857,052.71	Balance as at 31.12. 2017	40,000,000.00	143,996,351.45	6,343,881.26	1,612,451.80	16,929,116.63	512,730.22	10,186,482.73	(70,310,901.06)	149,270,113.03



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தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

AGL/C/SLCC/1/17/11

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

18 September 2018

The Chairman
Sri Lanka Cashew Corporation

Report of the Auditor General on the Financial Statements of the Sri Lanka Cashew Corporation for the year ended 31 December 2017 in terms of Section 14(2) (c) of the Finance Act No. 38 of 1971

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

1.2 Management's Responsibility for the Financial Statements

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



1.3 Auditor's Responsibility

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

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

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

1.4 Basis for Qualified Opinion

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



2. **Financial Statements**

2.1 **Qualified Opinion**

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

2.2 **Comments on Financial Statements**

2.2.1 **Sri Lanka Public Sector Accounting Standards**

Sri Lanka Public Sector Accounting Standard 16

Following non-compliances were observed.

- (a) Due to lack of annually review of effective life time of the non- current assets in accordance with Section 51 of the Standards, though it was fully depreciated assets cost at Rs. 20,623,892 were further being used. Accordingly, the estimated error was not revised in accordance with Sri Lanka Accounting Standard No. 08
- (b) Although it is necessary to disclose in the financial statements the property held as a security of a loan according to the Section 74 of the Standard, it was not disclosed the "Chinthakudiruppuwattha" at Puttalam, which was kept as a mortgage for obtaining a loan of Rs.10,000,000 during the year under review.

2.2.2 **Accounting Policies**

Although 3.53 per cent of total debtors have been identified as bad debt allocation under accounting policies, identification of damaging losses or provision for bad debts for debtors over 5 years had not been done by the Corporation. However, identification of damaging losses or provision for bad debts had not been done for 07 debtor balances amounting to Rs.10,426,696 which were inclusive in the various debtors balances over 5 years at 31 December 2017.



2.2.3 Accounting Deficiencies

Following observations are made.

- (a) The actuarial profit of Rs. 9,436,077 received from calculation of actuarial retirement benefits had been shown under the income instead of being as reserve and due to that profit was overstated from the same amount.
- (b) According to the depreciation policy of the Corporation though Semi-Permanent Buildings should be depreciate on a rate of 33 1/3 per cent annually, the temporary stall which was constructed by spending a sum of Rs. 537,670 had been depreciated on a rate of 3 per cent annually and due to that depreciation for the year had been understated by Rs. 163,075.
- (c) A sum of Rs. 4,934,221 payable as at 31 December 2017 for the constructions work completed of Eluwankulama Seed Garden and the Kiran circuit bungalow on the certification of the relevant Engineer as at 31 December 2017 had not been shown in the financial statements as work in progress and payable amount.
- (d) The retention amount of Rs. 109,440 relating to the Euwankulam Seed Park which was deducted from the contractor, had not been shown in the financial statements.
- (e) At the payment of Rs. 375,000 which is the monthly rent of the head office building, which is Rs.93,750 deducting from the deposit money had been ignored from the reduction of two months of December in the years 2016 and 2017 and due to that the balance of deposits account and payable account had been overstated by Rs. 187,500.
- (f) During November and December months of the year under review in, 04 air conditioners and 05 computers amounting to Rs. 1,007,325 which were supplied and issued Good Received Notes (GRN) had not taken to assets and payable accounts.



- (g) Repairing expenses of bars and brake of 03 cars during the year under review amounting to Rs.1,016,765 had been capitalized instead of accounting as expenses.

2.3 Receivable and Payable Accounts

Following observations are made.

- (a) Action had not been taken to settle loan balance of Rs.3,500,000 exceeding 5 years payable to Paddy Marketing Board.
- (b) Payable audit fees balance of Rs. 499,805 which was exceeding 10 years at the end of the year under review had been included in the payable balance of Rs. 1,699,709 and this amount had been shown in the accounts continuously without action being taken to settle

2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions

Following non-compliances are observed.

Reference to Laws, Rules, Regulations and Management Decisions

Non-compliances

- (a) Section 15 of Employee Provident Fund Act No.15 of 1958 and Section 16(1) of Employee Trust Fund Act No. 46 of 1980.

Even though in accordance with the provisions of the Act contributions should be paid to the Fund before the end of the next month, the employer/employee contribution to EPF amounting to Rs.242,873 and the ETF contribution of Rs.28,633 for the year under review and previous years had been withheld without being paid to those Funds.



- (b) Gratuity Payment Act No.12 of 1983. Even though the gratuity allowance should be paid within 30 days, allowances for 3 officers had been paid during the year with a delay of 13 days to 47 days.
- (c) Value Added Tax Act No.14 of 2002 and Nations Building Tax Act No.9 of 2009. Even though an organization producing goods or supplying goods and the turnover for a quarter exceeding Rs. 3 million or an annual turnover exceeding Rs. 12 million had to be registered for Value Added Tax and Nation Building Taxation, action had not been taken accordingly.
- (d) Inland Revenue Act No. 10 of 2006. Although the Corporation is liable for pay Income Tax, action had not been taken to prepare and pay the relevant Income Tax statements relating to 6 years from 2011/2012 to 2016/2017.
- (e) Financial Regulation 371 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka and Public Finance Circular No. 03/2015 dated 14 July 2015. Ad-hoc sub imprest amounting to Rs.76,890 issued in 7 instances during the year under review had not been settled even up to 30 April 2018.
- (f) Public Enterprise Circular No. PED/12 dated 02 June 2003. Even though a draft annual report should be submit with the financial statement for the year, it was not been so done.



2.5 Transaction without Adequate Authority

Festival advances of Rs. 31,219 older than 15 years which had been given to the workers of refinery center of Nedagamuwa owned to Corporation had been written-off to the expenditure of the year under review without Treasury approval.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, financial results of the institute for the year ended 31 December 2017 had resulted in a deficit of Rs. 42,335,721 as compared to the deficit of Rs. 36,525,411 for the preceding year thus indicating an increase of the deficit by Rs. 5,810,310 in the year under review when compared with the preceding year. Decrease of the gross profit of Commercial Division had mainly attributed to this.

In analyzing financial results of the year under review and of 04 preceding years, the net loss of Rs. 9,344,801 for the year 2013 had been fluctuated and it was of Rs. 42,335,721 in the year 2017. However, in considering personnel emoluments and depreciation on non-current assets, even though the contribution of the year 2013 had been a sum of Rs. 73,423,693 and it had been a sum of Rs. 83,261,486 in the year 2017.

3.2 Analytical Review

	2017	2016
Current Ratio	1.39:1	3.20: 1
Average Debt Period (Days)	127	86
Gross Profit Ratio (per cent)	21	28

Following observations are made.

- (a) The ability of covering current liabilities by current assets in 2016 was 3.2 times and it had dropped to 1.39 times and the average debt settling period has increased from 86 days to 127 days
- (b) The gross profit margin was dropped down by 7 per cent in 2017 compared to 2016. The increase in the cost of sales by Rs. 11,535,029 was the reason to drop of the gross profit margin.

4 Operating Review

4.1. Performance

4.1.1 Activities and Review

Since the year 2000, the Cashew Corporation has implemented an all island cashew cultivation subsidy programme to expand cashew cultivation and increase national production and for that purpose, for 3 years from 2014 to the year 2016, a sum of Rs.191,152,222 had been incurred. During the years 2014, 2015 and 2016 under that programme 304,640 cashew plants were distributed to the farmers in Puttalam, Kurunegala, Anuradhapura, Vavuniya and Mannar districts. However, according to the records of the Corporation in the year 2017 only 143,325 plants were observed. That is, a progress of less than 5 per cent.

4.2 Management Activities

Following observations are made.

- (a) Although the contribution of the Employees Welfare Association of the Corporation totalling to Rs. 886,840 relevant to October and November of the year, had been recovered from the salary of the staff, action had not been to pay to the association even by 31 December 2017.

- (b) Due to non- calculation of contribution considering the cost of living allowance in terms of the Employees' Trust Fund Act No.03 of 1982, surcharges amounting to Rs. 1,138,508 had to be paid from January 2006 to July 2013, and out of that Rs. 5,669,253 had been paid during the year under review.

4.3 Assets Control

Action had not been taken to get back 07 mobile phones valued at Rs.148.135 given to former Chairmen of the Corporation.

4.4 Uneconomic Transactions

Although a notice of calling bids was published on 11 October 2017 at a cost of Rs. 49,680 for the construction of a regional office in a land at Weerawila which was not owned by the Corporation, and later due to abandoned of the construction, the expense done was fruitless.

5. Sustainable Development

5.1 Achievement of Sustainable Development Goals

Every public institution should act in compliance with the United Nations Sustainable Development "Agenda" for the year 2030. With respect to the year under review, the Sri Lanka Cashew Corporation had not been aware as to how to take measures relating to the activities under purview of their scope. Due to failure of in being aware action had not been taken to identify the sustainable development goals and targets relating to the activities thereof, along with the milestones in respect of achieving those targets, and the indicators for evaluating the achievement of such targets.

6. Accountability and Good Governance

6.1. Procurements

Even though furniture amounting to Rs.490.950 and 4 air conditioners for Rs.410.000 were purchased in the year under review for the use of the circuit bungalow in Kiran, Batticaloa, these purchases were not included in the annual procurement plan.

7. System and Control

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Corporation from time to time. Special attention is needed in respect of the following areas of control

Area of System and Control	Observations
(a) Accounting	(i) Non-compliance with certain Sri Lanka Accounting Standards. (ii) Not obtaining the approval of the officers who have the financial authority to include the Journal notes for the ledger. (iii) Supporting documents not been attached to the Journals.
(b) Assets Control	(i) Failure to check and record fuel in vehicles (ii) Not maintaining vehicle log books in an updated manner.

W.P.C. Wickramaratne
Auditor General (Acting)

Expression of opinion on the part of the Corporation with regard to the issues raised by the Auditor General's Report issued in terms of the section 14 (2) (c) of the Financial Act no: 38 of 1971 on the Financial Statements of the Sri Lanka Cashew Corporation for the year ended 31st December 2017 and intimation of corrective measures expected to be taken.

- 2.2.1 (a) Even though the assets which have been completely depreciated mentioned herein should have been revalued and entered in the accounts books, the process was delayed due to a problematic situation existing with regard to the allocation of required funds. As soon as adequate funds are made available, the revaluation of the said assets will be carried out and finalized category wise and action will be taken to enter the relevant results in the accounts books.
- 2.2.1 (b) The related disclosures will be incorporated as appropriate into the financial statements of the current year.
- 2.2.2 All the debtors balances mentioned herein are loan balances due for recovery to the corporation from government institutions. Action will be taken to enter provisions for doubtful debts/ provisions for losses on damages, in respect of these debtor balances during the current year, by obtaining regular instructions and subject to the approval of the Board of Directors.
- 2.2.3 (a) This is merely a presentation error and will not have any impact on the Final Financial Outcome shown in the Financial Statement. Also, eventhough this defect exists, the total comprehensive income is indicated correctly in the comprehensive income statement.
- 2.2.3 (b) The corrections related to the change of these depreciation estimates will be made in the Financial Statements of the current year.
- 2.2.3 (c) A recommendation has been forwarded with regard to the value of the work completed as of 29.12.2017, by the chief architect of the Sri Lanka National Cooperative Board, which is the consultancy body appointed by the

corporation in respect of the construction work of the bungalow being built in Kiran subject to the finishing off of several further works pending completion.

The chief architect concerned, by his letter dated 14.03.2018 has informed this corporation that once the said works are finalized, all works will have come to completion. Accordingly, this construction is capitalized in the current year, that is in 2018.

2.2.3 (d) Out of the total value of the contract, all payments other than the retention money, has been settled as of 10.05.2018. Accordingly, until the retention money is released, it is entered in the accounts books as a liability in respect of the year 2018.

2.2.3 (e) The current building rental of Rs. 468,750/= as shown in the Financial Statements should be compared with the value of Rs. 375,000/=, not Rs.281,250/=. Accordingly, the cost of building rental has been shown, by an increased amount of Rs. 93,750/= and action will be taken for its rectification in the current year.

Owing to the aforementioned error, the balance of the rental deposit account has been shown by an increased amount of Rs. 93,750/=, not by Rs. 187,500/= and in the process of rectification of the building rental account, the error existing with regard to this deposit balance will also be rectified.

2.2.3 (f) Even though, the values of Rs. 410,000/= and Rs. 597,325/= which are purchasing prices respectively of the air conditioner and computers mentioned herein, which have been placed in the custody of the corporation during the year under review, utilizing receipts of goods, these have been capitalized in the accounts books in the current year since these assets were put into actual use in the current year.

2.2.3 (g) Since all expenses mentioned under this, has caused the productive life span of respective motor vehicles to increase by more than 05 years, all such expenses have been capitalized.

- 2.3 (a) As this loan amount has been brought forward in accounts books for a long period of time, which is payable to the Paddy Marketing Board, discussions will be held with the Paddy Marketing Board on the possibility of writing off of this loan amount from accounts books and necessary actions will be taken accordingly in future.
- 2.3 (b) The payment of this audit fee due was delayed owing to the lack of sufficient funds and action will be taken to settle this amount on instalment basis according to the funds being received within the current year.
- 2.4 (a) The Employees Provident Fund value of Rs. 242,873/= and the Employees Trust Fund value of Rs. 28,633/= mentioned herein, are payments which have been delayed due to the non-issuance of E.P.F. and E.T.F. numbers to the respective employees, thus far. Action will be taken to settle these liabilities as soon as relevant documented evidence is received.
- 2.4 (b) Even though the value of the recurrent grants requested from the General Treasury for the year 2017 for the employees' salaries and related payments approved by the Board of Directors, had been Rs. 109.7 million, the Treasury only approved Rs. 54 million for the corporation. Accordingly, the value utilized for the payment of salaries and other dues to the staff members of the corporation during the year 2017, out of the generated funds had amounted to an unaffordable total of Rs. 55.7 million. In addition to this, another Rs. 26.3 million from the generated income had to be spent on other recurrent expenditures, thus making the 2017, an year the corporation had to encounter severe financial difficulties.
- Under the aforementioned circumstances, a delay was caused in releasing the incentive payments of the staff members, as mentioned in this audit paragraph.
- 2.4 (c) A written request was submitted to the Ministry of Finance, through the line Ministry, seeking special tax concession at the same time drawing attention to various negative impacts, which could affect the existing market demand for the corporation's cashew as a result of the increasing price of cashew

following Value Added Tax and Nation Building Tax mentioned herein, being added to the price of cashew products and also specially highlighting the fact that these cashew products fall under agricultural products. It has been decided to take future action according to the responses that will be received to this request.

2.4 (d) Discussions have been held with the respective tax consultancy institution on this income tax liability and according to their initial calculations, it has been confirmed that the corporation has not earned any profit, subject to the tax, as relevant to the years mentioned herein. Accordingly, the preparation of income tax statements are in progress.

2.4 (e) Apart from an advance of Rs. 10,000/= out of the total advance amount of Rs. 76,890/= mentioned herein, the rest has been settled by the respective individuals who have obtained advances and these recoveries have been properly entered in the advance registers, being maintained in the respective division, where these individuals work.

The notes on the relevant recoveries will be entered in the main advance register being maintained at the Finance Division, once the journal vouchers are formally prepared. Accordingly, as of now the relevant journal vouchers have been prepared and the notes on the recoveries of advances have been formally entered.

Also the advance amount of Rs. 10,000/= which has not been settled is an advance payment made to an officer against whom disciplinary actions have been taken, according to a formal disciplinary investigation after being interdicted following a preliminary disciplinary investigation.

Since the said officer had taken legal action to file a court case against the Corporation, for which the final ruling was not made as at the last day of the year under review, the relevant advance amount was not settled.

2.4 (f) Action will be taken accordingly from the current year.

2.5 This debtors balance of Rs. 31,219/=, which has been written off is an old balance being carried forward in the accounts books for more than 15 years. Action will be taken in future to obtain relevant approval from the treasury.

4.1.1 The cashew subsidy programme is being implemented in 19 districts, where conducive climatic conditions for cashew cultivation prevail. Even though this subsidy programme has been continuing from several years in the past, the overall success rate of the relevant programme ranges from 35%-40% estimated on the remaining number of cashew plants in the plantations. The decline of the success rate of the subsidy programme is directly attributable to the below mentioned reasons.

1. Cashew plants dying out in large numbers owing to the drought conditions and the difficulty of supplying water to cashew plants.
2. Loss of interest and negligence on the part of the beneficiaries of the subsidiary programme, with the passing of time, as a result of provision of cashew plants to small lands (starting from lands in extent of half an acre) under the subsidy programme.
3. Weather and environmental factors harmful to the crop.
4. Damages caused to crops by wild animals.
5. Unexpected damages caused by fire.
6. Due to the longer yielding time of cashew trees, the loss of interest of subsidy recipients, resulting in their abandonment of cultivation and resorting to short term yielding crops.
7. As more attractive subsidy benefits are offered for other cultivations, the subsidy recipients resorting to such cultivations, with the passing of time, abandoning the cashew cultivations.

8. Other personal reasons affecting the subsidy recipients. Following extensive studies carried out with regard to the above situation, the decision was taken at the Board of Directors' meeting held on 31.03.2017 to implement the cashew cultivation subsidy programme from the current year (from 2017) onwards, by placing priority on the below mentioned locations/ sites.
1. Land suitable for cashew cultivation within the areas of land occupied by camp premises of the three armed forces and of the Department of Civil Security.
 2. Land suitable for cashew cultivation within the areas of land occupied by open air prison camps.
 3. Land suitable for cashew cultivation, belonging to Buddhist temples, catholic churches, hindu kovils and islam mosques.
 4. Land suitable for cashew cultivation within land areas where government schools are situated.

It is expected that physical resources as well human resources necessary for the existence and growth of cashew cultivation, can be acquired adequately through the adoption of this methodology.

The issuance of cashew plants for the home gardens selected under new home gardens cultivation project and for home gardens of house owners of new housing projects of the Housing Authority, is being carried out simultaneously.

At present, relevant inspections/ evaluations are conducted on the success of the cashew cultivations which have been carried out in the above lands from 2017.

- 4.2 (a) As has been previously mentioned under 2.4 (b), the payment of these Welfare Association subscription monies to the said Association was delayed owing to the severe financial difficulties experienced in 2017 and all subscription monies payable has been settled as of now.
- 4.2 (b) The Employees Trust Fund value mentioned herein is an uncalculated value which has resulted due to not correctly defining whether E.T.F. contributions should be calculated or not in respect of the cost of living allowance included in the salary of the staff members. The total balance of Rs. 1,138,508/= mentioned herein is the total liability as of the relevant date including the subscriptions. The surcharge included therein is Rs. 569,253/= only. The said liability has already been fully settled.
- 4.3 All of the assets mentioned herein are unserviceable items the disposal of which have been taken care of.
- 4.4 Since an extent of 10 acres out of the land mentioned herein have been assigned to the corporation in writing by the Divisional Secretary, Weerawila, no problematic situation existed concerning the ownership of the land and therefore an advertisement was published in a national newspaper as per the procurement guidelines for the commencement of the necessary initial work for the construction of our Regional Office in the relevant land.

Following the publication of the above newspaper advertisement, it was revealed that the above said land in Weerawila comes under the major city plan, proposed for implementation in the Hambantota district with the involvement of the Ministry of Megapolis and Western Development and since this land is a highly valuable land according to the prices of land in the area, the Urban Development Board had informed of their inability to assign an area of 10 acres in extent to the corporation. Accordingly, the Urban Development Authority has consented to hand over an extent of only one acre out of the total land area and necessary action is being taken to transfer the ownership of this allotment of land to the corporation.

- 5.1 Instructions have been sought from the line Ministry in this respect and necessary action will be taken accordingly in future.
- 6.1 The estimated cost for the purchase of furniture and air conditioners mentioned herein, also have been included in the total cost for the renovation of the building in Kiran in the Procurement plan prepared for the year 2017.
7. Answers have been provided separately with regard to the areas of control mentioned herein in relevant audit queries. However, action will be taken in future by paying special attention to these areas of control.

Sri Lanka Cashew Corporation

Five year accounts summary

Profit & loss account	2017 Rs.	2016 Rs.	2015 Rs.	2014 Rs.	2013 Rs.
Net sales	100,951	94,906	75,297	115,370	134,180
Sales cost	(80,182)	(68,648)	(55,055)	(62,376)	(82,586)
Gross profit	20,769	26,258	20,242	52,994	51,594
Other incomes	15,522	28,224	13,974	4,219	10,494
Recurrent grants	18,700	16,923	27,798	21,235	22,775
Administrative expenses	(38,893)	(39,141)	(44,001)	(53,396)	(43,493)
Amortization	244	(634)	(992)	(3,283)	(3,045)
Net profit from commercial activities	16,342	31,630	17,021	21,769	38,325
Service Division - expenses exceeding incomes	(58,678)	(68,155)	(64,749)	(47,826)	(37,358)
Net profit / loss	(42,336)	(36,525)	(47,728)	(26,057)	967
Balance sheet					
Non current assets					
Property plant & equipment	89,363	100,869	110,208	77,005	63,916
Maintenance of fruit bearing crops	22,870	29,303	31,442	35,141	30,466
Research & development expenses	-	-	-	1,046	215
Maintenance of non fruit bearing crops	50,446	41,362	33,243	25,853	29,288
Capital works in progress	1,726	-	-	-	-
Other small projects	620	949	806	615	619
Total non current assets	65,025	172,483	175,699	139,660	124,504
Current assets					
Stocks	24,940	28,916	30,131	48,712	29,460
Commercial debtors and other receivables	19,597	20,798	24,411	24,843	60,042
Advance & Pre-payments	3,810	4,841	4,287	10,080	5,461
Cash & cash equivalents	5,806	7,874	38,846	60,879	66,529
Total current assets	54,153	62,429	97,675	144,514	161,492
Total assets	219,178	234,912	273,374	284,174	285,996
Entitlements & liabilities					
Entitlements					
Initial capital	40,000	40,000	40,000	40,000	40,000
Government grants	143,996	123,860	114,881	78,957	58,745
Grants received from other parties	18,143	18,530	18,917	19,304	19,691
Capital reserves	17,442	17,442	17,442	22,215	22,241
Profit & loss account	(70,311)	(27,975)	8,550	56,278	81,339
Total equity	149,270	171,857	199,790	216,754	222,016
Non current liabilities					
Provisions for gratuity allowances	27,335	40,060	52,471	42,415	33,875
Vehicle lease	-	-	-	-	3,257
Long terms loans	3,500	-	-	-	-0
Total non current liabilities	30,835	40,060	52,471	42,415	37,132
Current liabilities					
Commercial creditors & other payables	39,073	22,995	21,113	25,005	26,849
Total current liabilities	39,073	22,995	21,113	25,005	26,849
Total entitlements & liabilities	219,178	234,912	273,374	284,174	285,997
Net assets gain %	(28.3)	(21.3)	(23.9)	(12.0)	0.44
Net profit ratio %	(41.9)	(38.5)	(63.4)	(22.6)	0.7
Current ratio	1.4	2.7	4.6	5.8	6.0
Quick assets ratio	(1.3)	1.5	3.2	3.8	4.9
Total expenditure on total income	0.8	0.1	0.8	0.9	1.0