



Democratic Socialist Republic of Sri Lanka

**STATEMENT OF CORPORATE INTENT
GEOLOGICAL SURVEY AND MINES BUREAU**

**Agreement between Ministry of Finance,
Ministry of Mahaweli Development & Environment
and
Geological Survey and Mines Bureau**

10th June 2019

Ministry of Finance

Colombo 01

Statement of Corporate Intent
between
Ministry of Finance, Ministry of Mahaweli Development & Environment
and
Geological Survey and Mines Bureau
2019 – 2021

The Statement of Corporate Intent is agreed between the Ministry responsible for the subject of Finance (hereinafter referred to as "Ministry of Finance") and the Ministry of Mahaweli Development and Environment (hereinafter referred to as "Line Ministry") as one party, and the Board of Directors of the Geological Survey and Mines Bureau (hereinafter referred to as "the Board"), a State Owned Enterprise (SOE), as the other party.

WHEREAS

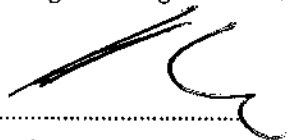
The Ministry of Finance and the Line Ministry are committed to clearly defining the working relationship between themselves and the Geological Survey and Mines Bureau (GSMB) with a focus on performance;

The parties recognize the need for adequate and reasonable managerial and operational autonomy to facilitate achievement by the Board and Management of the GSMB of the agreed and freely negotiated performance targets set out in this Agreement with a shared objective to improve performance, efficiency and the quality of public services;

The parties are committed to improve the corporate governance of the GSMB and are desirous of enhancing transparency in the management of public resources and accountability for results;


The Board and GSMB Management have indicated its capacity and competence to perform duties and undertake functions specified under this Agreement.

SCI shall be updated annually with the agreement of all the signing parties, to reflect the performance achieved in the past year and the updated performance targets for the next three years, making it a rolling and agile management tool for the SOEs as well as for the shareholders.



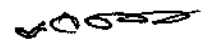
Chairman
Geological Survey and
Mines Bureau

W M A S Iddawela
Chairman
Geological Survey and Mines Bureau



Secretary
Ministry of Mahaweli Development
and Environment

Anura Dissanayake
Secretary
Ministry of Mahaweli Development
and Environment
No:500, T.B.Jayah Mawatha
Colombo 10.



Secretary
Ministry of Finance

DR. R. H. S. SAMARATUNGA
Secretary
Ministry of Finance
Colombo 01
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**GEOLOGICAL SURVEY AND MINES BUREAU (GSMB)
STATEMENT OF CORPORATE INTENT (SCI)**

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EXECUTIVE SUMMARY

The Geological Survey and Mines Bureau (GSMB) comes under the Ministry of Mahaweli Development and Environment and provides institutional support to structure the entire mineral sector while being the administrator under the Mineral Act.

Generating and disseminating of important geo-data in the form of maps or other formats and regulation of mining activities are among the major functions of the Bureau. Bureau engages primary operations such as geological mapping and mineral exploration, mining titles and mining regulations, client responsive activities(mineral resource surveys, laboratory services, geophysical and drilling contracts) and geo science information (access to published and unpublished reports and drilling contracts).

The long term objective is to conduct an air borne survey to identify mineral resources that will increase revenue of the Bureau. The survey is expected to identify new resources as well as deposits of resources extracted presently. As the natural resources are fast diminishing, extensive research is carried out to identify alternative minerals or substitutes and with this development strategy, GSMB is planning to increase revenue and some of the strategies mentioned are carried out with the active participation of the subsidiary company of the GSMB, i.e. the GSMB Technical Services Private Limited. The GSMB needs to control the over usage of mineral and prepare strategies for sustainable extraction of mineral minimizing the environmental impact.

The GSMB has recorded an income of Rs. 4,919 Mn in the year 2018 including the royalty income from the Port City Project and it is expected an income of Rs. 3,388 million in 2021 from performance based budget. Due to completion of sand filling work of the port city project and restrictions imposed for extraction of sand around the Mahaweli river areas, the Bureau expects that the profit for the remaining two years will not increase substantially during next 3 years. In addition to profit making, GSMB would act as regulator and disseminate geo scientific knowledge including identification of important mineral resources and management of sustainable extraction for the economic development of the nation.

1. INTRODUCTION

1.1 Establishment

Geological Survey and Mines Bureau (GSMB) was established in March 1993 under the Mines and Minerals Act No.33 of 1992, for the implementation of sustainable mineral policy by streamlining and effective organization of the existed Geological Survey Department.

Head office of the GSMB is located at 569, Epitamulla Road, Pitakotte and 16 regional offices have been established to facilitate the regulatory work.

1.2 Vision

“To contribute towards the socio economic development of Sri Lanka by understanding and managing earth and its dynamism to uplift people’s living standards and livelihoods while upholding social, cultural and environmental values”.

1.3 Mission

“To manage of mineral resources and the environment by investing in research to understand earth and its dynamism, compiling a national portfolio of geological resources, regulating exploration and mining for minerals and processing, exploring sustainable strategic service provisions, providing expert earth-science information and strategically contributing towards the socio economic development of Sri Lanka in compliance with the techno-economic and scientific-sustainable development”.

1.4 Core Business/ Principal Activities

- To undertake systematic geological mapping of Sri Lanka and preparation of Geological Maps.
- To identify and assess the mineral resources availability of country.
- To evaluate the commercial viability of mining for, processing and export of such minerals.
- To regulate the exploration and mining for minerals and processing, trading in and Export of such minerals by the issue of licenses.
- To advise the Minister on measures to be adopted for the promotion of the extraction and production of minerals on a commercial basis.
- To disseminate in appropriate media, information and data acquired during the exercise of functions under the Act.
- To undertake projects in regard to engineering geology and provide advice and Remedial measures caused in respect of geological hazards and disaster.

1.5 Market Share

The GSMB is the sole institution in Sri Lanka for regulating mining activities in the country and activities related to geological survey and has also invested in a subsidiary company for carrying out special project activities, surveys and trading activities.

1.6 Subsidiaries

The GSMB has invested in a Subsidiary Company (GSMB Technical Services (Pvt) Ltd) in the year 2003 and the issued share capital is 600,000 of which (2/3) i.e. 400,000 shares are with Geological Survey and Mines Bureau while 1/3 belongs to the National Gem and Jewelry Authority and the Lanka Phosphate Limited equally. This company was incorporated with the purpose of carrying out trading activities and projects which control and regulate the prices of sand in the market. It is selling sand at a subsidized price as a government policy decision, mainly to support the construction sector and the company has setup locations for trading activities. Also the private company engages in providing technical support to its clients and provides services such as manpower and technical expertise to the industry.

1.7 Financial Performance of Past 10 Years & Cadre Information

Table 1: Financial Performance of Past 10 Years

Rs. Mn

Description	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Income	627	767	962	1,105	1,096	1,510	1,716	2,284	5,570	5,242
<i>mining income</i>	424	620	821	992	967	1,396	1,607	2,125	5,251	4,762
<i>Geology Income</i>	38	47	37	17	39	45	35	38	33	51
<i>Other income</i>	165	101	104	96	91	70	73	121	285	429
Total Expenses	242	298	343	439	496	683	679	719	817	4,851
<i>Geology expenses</i>	47	55	45	43	57	83	82	76	79	115
<i>Mining Expenses</i>	65	82	98	116	13	166	205	231	247	364
Administration Expenses including tax	129	160	200	280	304	435	391	413	492	4,372
Income over Expenditure	385	470	618	665	600	827	1,037	1,564	4,752	391
Total Assets	1,982	1,840	1,479	1,338	1,249	1,488	1,787	2,480	3,335	3,759
Total Liabilities	190	230	285	364	299	357	445	578	734	941
Equity	1,792	1,610	1,194	974	950	1,130	1,343	1,903	2,601	2,777

Source: Geological Survey and Mines Bureau

Table 2: Operational Performance and Cadre information

Description		2015	2016	2017	2018
Number of licenses issued	Transport	421,259	543,104	709,181	808,542
	Mining	6,544	6,562	6,164	6,893
Number of Projects handled		9	9	9	12
Number of maps published		-	1	-	1
No. of employees		318	318	303	603

Source: Geological Survey and Mines Bureau

2. MACRO-ECONOMIC POLICY OF THE SECTOR

The GSMB being the sole institution to regulate mining activities in the country as per the powers empowered in the Mines and Minerals Act No. 33 of 1992, will request the license holder to comply with the standards and procedures prescribed in the National Environmental Act No. 47 of 1980 and will have the sole right to carry out the quantified activities in a sustainable manner.

3. GOALS OF GEOLOGICAL SURVEY AND MINES BUREAU

Goal 1: Redesign the regulatory framework.

Goal 2: Convert GSMB to a social enterprise based management system.

Goal 3: Formulation of a national R&D strategy.

Goal 4: Establishment of a strategic level service centre.

4. OBJECTIVES OF GEOLOGICAL SURVEY AND MINES BUREAU

Goal 1: Redesign the regulatory framework.

- To rework legislative framework for transparent, safe, scientific, sustainable and competitive regulatory climate.

Goal 2: Convert GSMB to a social enterprise based management system.

- To enhance the physical and human resource capacity building.

Goal 3: Formulation of a National R&D strategy.

- To pursue excellence in geoscience research by promoting studies, projects and collaborations.
- To expand the resource and reserve base by stepping up exploration through accelerating partnerships with resource rich countries.
- To acquire and preserve geoscience materials and information and compile a national portfolio of geological resources of Sri Lanka.
- To facilitate techno-economic scientific and sustainable development in the mineral sector.
- To provide safety and mine rescue.

Goal 4: Establishment of a strategic level service centre.

- To serve the public and geoscience community and establish community relations.
- To enhance avenues of service generation for sustained development of the mission.
- To strategically reduce the economic, social and environmental impacts due to natural hazards by monitoring earth dynamism and natural environment.

5. KEY PERFORMANCE INDICATORS (KPIs)

Table 3: Goal 1- Redesign the regulatory framework.

Objective	Activity	KPIs	Base year 2018	Target		
				2019	2020	2021
1. To rework legislative framework for transparent, safe, scientific, sustainable and competitive regulatory climate.	1. Expedite the process of issuing license (Introducing one-stop concept)	Input No. of applications received	Started in October 2018	5,710	5,560	5,410
		Process Jointly inspect the sites with a going on schedule		1,430	1,430	1,430
		Extension of one-stop shop concept (percentage of completion)		50	50	-
		Output No. of Joint inspections carried out successfully	-	1,430	1,430	1,430
		No. of license issued	-	5,710	5,560	5,410
		Outcome Time taken to issue a license	06 months	10 weeks	06 weeks	06 weeks
	2. Introducing vehicle tracking system	Input No. of Transport licenses issued (Mn)	Not started	1	1.2	1.4
		Process GPS system introduction (%)		25	50	75
		Output Track of illegal loading & unloading of minerals		unpredictable		
		Outcome Control of illegal mining & trading activities		Unpredictable		
	3. Rehabilitate of mining sites for future development	Input No. of staff involved	32	32	32	32
		Process Rehabilitation of the abundant mining sites	16	18	20	22
		Output No. of sites rehabilitated	16	18	20	22
		Outcome Availability of sites for use	16	18	20	22

Table 4: Goal 2- Convert GSMB to social enterprise based management system

Objective	Activity	KPIs	Base year 2018	Targets		
				2019	2020	2021
1. To enhance the physical and human resource	1. Establishment of a modernized laboratory to be set by end of year 2021	Input Money required (Rs.Mn)	-	25	50	75
		Process Percentage of completion	-	25	50	75

capacity building		Output Laboratory established	-	-	-	4
		Outcome Upgrade to international standards	-	-	-	-
	2.Enhancement of drilling capacity and skill development	Input Buy machines and drilling accessories	2 For 400 m dpt. BQ size	2 For 1000 M dpt. NQ & BQ size	1 For 500 M dpt. BQ size	1 -
		Process Purchasing and skill development (% of completion of the process)	20	40	65	100
		Output Establish a well-equipped drilling unit (% of achievement)	-	-	-	1
		Outcome To become best drilling unit in the country and regulate drilling activities in Sri Lanka	-	-	-	-
	3.Produce technically sound personnel in blasting field	Input No. of resource persons	15	15	15	15
		Process No. of courses conducted	1	1	1	1
		Output No. of persons trained	20	20	20	20
		Outcome No. of sites properly managed	20	20	20	20
	4.Establishment of new regional offices / acquire lands for regional offices / construction of regional office buildings	Input No. of new offices established	Not relevant	1	1	1
		No. of lands purchased		3	2	2
		No. of new offices built		1	1	1
		Process Process of acquire of lands (%)	100		2	2
Process of Building construction				1	1	
Output No. of new offices established			1	1	1	
No. of lands purchased		3	2	2		
No of new offices built		1	1	1		

Table 5: Goal 3- Formulation of a National R&D strategy.

Objective	Activity	KPIs	Base year 2018	Targets		
				2019	2020	2021
1. To pursue excellence in		Input Staff involved	-	-	08	08

geoscience research by promoting studies, projects and collaborations.	1. Conduct geothermal prospecting	Process Magneto telluric (MT) and resistivity measurements		-	-	01 site	01 site
		Output Number of sites investigated		-	-	01	01
		Outcome Integrated model for geothermal occurrence		-	-	-	02
2. To expand resource and reserve base by stepping up exploration through accelerating partnerships with resource rich countries.	1. Conduct island wide airborne survey	Input Financial input including local expertise		-	Planning	Tendering, evaluate and awarding	Negotiate and finalize the documents, signing of the loan agreement after obtaining Cabinet approval
		Process Raw data acquisition and processing		-	-	-	-
		Output Mineral potential map of the subsurface		-	-	-	-
		Outcome Availability of comprehensive, categorized and zoned subsurface geo-data set for potential investors and policy makers.		-	-	-	-
	2. Carry out geo chemical mapping:- Mapping in Vavuniya – Tricomalee area in 2019 - 2020 Mapping in Aluthgama – Galle area in 2019-2021 Mapping in Anuradhapura, Polonnaruwa area in 2019-2021	Input No. of staff involved		5	6	6	10
		Process No. of surveys carried out		1	1	1	1
		Output No. of printed map		-	-	-	3
		Preparation of Chemical map showing baseline data of top soil (% of completion)	Vavuniya-Trinco	-	25	50	100
			Aluthgama-Galle	-	25	50	100
			Anuradhapura -Polonnaruwa	-	25	50	100

3. Compilation of quaternary map of Kalpitiya area in 2019-2020		Input					
		No. of staff involved		6	6	12	12
		Process					
		No. of surveys carried out		1	1	2	2
		Output					
Silawathura area in 2019-2020	Completion of quaternary mapping (% of completion)	No. of printed maps		-	2	2	2
		Outcome					
		Kalpitiya		-	50	100	
		Silawathuea		-	50	100	
Wilpaththu area in 2019-2021		Wilpaththu		-	25	50	100
		Thissamaharاما		-	25	50	100
Thissamaharاما area in 2019-2021							
4. Carryout Stream sediment surveys of Walawe river, Provincial mineral surveys of North-Central province during 2019-2021	Carryout nuclear raw material survey of Aluthgama-Galle during 2019-2020	Input					
		No. of staff involved		5	5	5	5
		Process					
		No. of surveys carried out		1	1	1	5
		Output					
No. of cubes extracted		-	-	-	-		
Outcome							
Identify promising zones of mineralization and Identify surface mineral deposits		North Central province	-	25	50	100	
		Aluthgama - Galle area	-	50	100	-	
3. To facilitate techno-economic scientific and sustainable development in the mineral sector.	1. Overburden characteristics of metropolitan area	Input					
		Staff involvement		-	02	18	18
		Process					
		Acquiring equipment, resistivity surveys (VES) cross-hole, downhole soundings, seismic surveys		-	25	25	25
		Drill-hole data analysis (m)		-	100	100	100
		Output					
Integrated map with subsurface characters		-	200 sq. km	200 sq. km	200 sq. km		
Outcome							
Availability of data sets and derived information for construction industry, disaster management, researchers policymakers		-	-	1	1		

4. To provide safety and mine rescue.	1. Carrying out blast designing activities rearrange of mining activities to find solutions to problems	Input No. of tasks encountered	Started in October 2018	10	15	20
		Process Analysis of blast design (% completion)		50	60	70
		Output No. of designs approved		10	15	20
		Outcome Properly managed mining sites		10	15	20
	2. Conduct mine monitoring activities for safe working condition for miners and safe condition for surrounding inhabitants	Input No. technical persons and mining engineers	40	40	40	40
		Process No. of inspections carried out	5,860	5,710	5,560	5,410
		Output No. of safe working sites	5,860	5,710	5,560	5,410
		Outcome Properly managed mining sites	-	-	-	-

Table 06: Goal 4 - Establishment of a strategic level service centre.

Objective	Activity	KPIs	Base year 2018	Targets		
				2019	2020	2021
1. To serve the public and geoscience community and establish community relations.	1. Evaluation of mining related technical reports	Input No. of staff involved	40	40	40	40
		Process Evaluation of reports before issuing licenses	-	500	500	500
		Output Proper establishment of mining sites	-	500	500	500
		Outcome Reduced No. of complaints	-	-	-	-
2. To enhance avenues of service generation for sustained development of the mission.	1. Collecting data on market values of minerals	Input No. of staff involved	-	3	3	3
		Process Collecting data covering all districts of the country	Collected annually			
		Output No. of surveys carried out	1	1	1	1
		Outcome Royalty income (Rs.mn)	2,115	1,986	2,185	2,403
		Outcome Provide valuable service to the districts	-	-	-	-
3. To strategically reduce the economic, social and environment	1. Extension of enhancement of passive seismic stations	Input No. of staff involved	-	06	08	10
		Process Establishment of new stations	01	01	01	
		Output No. of stations established	01	01	01	

al impacts due to natural hazards by monitoring earth dynamism and natural environment.		<u>Outcome</u> Certification of the station functionality	-	-	-	-
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6. FACTORS AFFECTING THE SCI

6.1 Revenue

The major revenue source of the Bureau is from royalty income which depends on the sustainable extraction policy of the country. The Bureau is thus focusing to mitigate this situation though carrying out an air born survey. GSMB expect a drop in revenue on royalty due to restrictions imposed in mining activities carried out along the Mahaweli river banks and the completion of port city sand filling work. However we expect to increase revenue by 10% over the next 2 years.

6.2 Delays in Obtaining Approval to Procure Capital Items

With many rules and regulations, the Bureau has identified that the process delay in acquiring capital goods is a serious drawback to meet the set targets in timely manner. The Bureau had experienced unusual delays in obtaining approval to procure vehicles for strengthening the monitoring and as a result, unnecessary expenditure for obtaining alternatives will be increased.

6.3 Weather Condition

Weather condition affects the productivity levels and thereby the income also affected as the Bureau directly deals with natural resources. Any adverse weather condition will have a major impact on the Bureau's main income generating sources.

6.4 Tariffs Introduced

The Bureau was exempted from income tax on royalty under the previous peak of low. But since the introduction of the new Inland Revenue Act, taxes have been imposed on royalty with effect from April 2018, which is identified as a key factor affecting the SCI.

6.5 Drafting a New Mineral Policy and Amending the Present Act

We have identified bottlenecks and or drawbacks that need to be addressed only by way of introducing a new Mineral law to the country. However, due to practical reasons beyond the control of the Bureau, there may be delays in getting it reviewed by the Attorney General's Department, Ministry, Cabinet and parliament and this will also adversely affect to the achievement of set KPIs.

6.6 Salary Cost

Recruiting and retaining the caliber, competent and qualified staff under the prevailing salary scale is more challenging. In this regard the Bureau has made a request to the Department of Management Services and seeking for their approvals. Also the Bureau requires approval to enhance the total cadre, mainly to improve monitoring and controlling unauthorized activities carried out in this industry. The Bureau has also requested the approval for its operational Manual approved by the Treasury and such a draft copy of it has already been forwarded. However delays in getting this system/ procedure manual approved is very highly considered as a drawback to get to the set targets in the years mentioned in this document.

7. ASSUMPTIONS UNDERLYING THE SCI

Table 7: Assumptions Underlying the SCI

Underlying Performance Factors	Assumed Value	Sensitivity (Provide an impact on 2019 results of changes in the underlying assumptions)
Non- revenue Natural Resources	25%	± 1% change in the natural resource has a Rs.512 Mn impact on forecast profit
WHT Applicability	14% on Royalty	± 1% change in the WHT rate annual impact of Rs.372 Mn
Interest Rate of Local Bank	AWPLR 2.5%	± 1% change in the interest rate has a Rs. 1 Mn impact on interest income.
New Projects	4 Projects	1% increase in the number of connections will increase the income from projects.

Note:- There will be no major change to the prevailing inflation rate and the other related price Index factors during the next three years.

8. MAJOR RISKS TO DELIVER THE SCI OUTCOMES AND MITIGATION STRATEGIES

Table 8: Major Risks to Deliver the SCI Outcomes and Mitigation Strategies

Anticipated Risk	Explanation	Mitigation Strategies
01. Natural resources	GSMB has identified that natural resources (minerals) and the mining activities of such resources in the country will be restricted compared to the growth in the population.	Drafting of a national mineral policy and demarcating areas available for minerals, restricting public to encroach in to such areas have been considered in the next three years.
02. Economic and Political Risk	It has been observed that with the development activities of the economy, especially in the construction sector, will have a major impact in the growth activities of the GSMB. For instance the development activities of the Port City during last year had a major growth impact in the turnover of the GSMB and therefore any decline or slowing down of the above industry is considered to be a risk factor in this corporate intent document prepared for the next three years.	Formulation of a national policy with the help of all stakeholders directly and indirectly involved.

9. COMPETITIVE NEUTRALITY

Not applicable to the GSMB.

10. NON-COMMERCIAL GOODS OR SERVICES

Not applicable to the GSMB.

11. FINANCING POLICY

Projected capital expenditure for the years 2019-2021 will be financed through the internal funding.

12. LEVY POLICY

GSMB will remit 100% of the royalty income and payment to the Consolidated Fund of a return on the Capital grants of the government at such rate or payment to the Consolidated Fund of such amount as may be determined from time by the Minister of Finance.

13. RESPONSIBILITIES OF TRI-PARTIES

13.1 Secretary, Ministry of Finance

- As the trustee of the public property signs the tripartite agreement. Moreover, the Ministry of Finance will make policy directives affecting the SOEs and ensure the compliance of the SCI process.
- Submit progress reports on SOE's progress to the Cabinet of Ministers bi-annually.
- Arrange meetings and discussions as and when required.

13.2 Secretary, Line Ministry

- Supervise and provide policy directives to the SOEs at all stages of SCI process through the audit and management committee of the ministry.
- Appoint a liaison officer to coordinate the SCI process with the respective agencies.
- Advise and guide on submission of the monthly, quarterly and annual progress reports of the SCI with his/her recommendations to the Department of Public Enterprises.

13.3 Board of Directors of the Geological Survey and Mines Bureau

- Should responsible for the operational and financial performance of corporation. This Statement of Corporate Intent set out for agreed financial and non-financial targets for the period of 2019 -2021.

13.4 Chairman and Top Management of the Geological Survey and Mines Bureau

- Should ensure the implementation of the SCI process efficiently and effectively and ensure sub-agreements have been signed with the management to implement the SCI and to achieve the stipulated targets.
- Should actively negotiate the targets and expectations of SCI, Corporate Plan to be achieved and other limitations.

- Should empower the SOE management to ensure the achievement of the objectives and targets stipulated in the SCI and hold it accountable for results.
- Should introduce proper risk management strategies to identify, assess and mitigate the potential risks of SOEs.
- Should submit a board memorandum to discuss the progress and monitor the achievements against KPIs as stipulated in SCI at monthly Board meetings and provide directives to the management.
- Should establish a proper mechanism to ensure the timely submission of relevant information and progress reports of SCI to the relevant Line Ministry and to the Ministry of Finance.
- Should appoint a liaison officer to coordinate the SCI process with the respective ministries - line ministry and MOF.
- Should report and actively participate at the audit and management committee meeting of the line ministry.

14. FINANCIAL INFORMATION

14.1 Forecasted Financial Statements

Table 9: Forecasted Income Statement for the year ended 31st December

Rs.Mn

Description	Unaudited	Forecasted		
	2018	2019	2020	2021
Income	4,919	2,818	3,091	3,388
Royalty Income	4,336	1,986	2,185	2,403
License Income	182	146	161	177
Inspection Income	244	442	486	534
Lab Income	4	5	6	6
project Income	47	38	42	46
Other Income	106	201	211	222
Less : Expenses	(949)	(1,479)	(1,557)	(1,650)
Operating Expenses	479	801	849	900
Administration Expenses	470	678	708	750
Personnel Emoluments	223	121	134	148
Other Admin. Expenses	247	557	574	602
Operating Profit before Treasury Payment	3,970	1,339	1,534	1,738
Less : Treasury Payment (Royalty)	(3,721)	(550)	(1,000)	(1,200)
Operating Profit after Treasury Payment	249	789	534	538
Add : Net Finance Income	323	496	520	546
Profit Before Tax	572	1,285	1,054	1,084
Less : Income Tax Expenses	-181	-382	-295	-303
Profit for the Year	391	903	759	781

Note: The drop in financial predications is mainly due to the completion of the port city sand filling work and resulting in drop in demand for the issue of sand. Therefore we expect that the Royalty Income will reduce substantially.

Table 10: Forecasted Statement of Financial Position as at 31st December

Rs.Mn.

Description	Unaudited	Forecast		
	2018	2019	2020	2021
Non-Current Assets	252	549	690	730
Property, Plant & Equipment	232	525	661	696
Work –in- Progress	16	20	25	30
Investment	4	4	4	4
Current Assets	3,506	4,237	4,892	5,660
Inventory	28	34	39	40
Trade & Other Receivables	402	484	617	748
Fixed Deposits	3,006	3,677	4,163	4,818
Cash & Cash Equivalents	70	42	73	54
Total Assets	3,758	4,786	5,582	6,390
Equity	2,777	3,680	4,445	5,233
Consolidated Fund	28	28	28	28
Departmental Fund	2	2	2	2
Capital Fund	69	69	69	69
Revaluation Reserves	130	130	136	,143
Retained earnings	2,548	3,451	4,210	4,991
Foreign Fund	11	11	15	16
Distress Fund	30	31	30	31
Non-Current Liabilities	137	205	212	220
Other long term payables	-	54	54	54
Provision on Gratuity	137	151	158	166
Current Liabilities	803	859	880	890
Creditors and Payables	365	371	387	392
Other Payables	438	488	493	498
Total Equity & Liabilities	3,758	4,786	5,582	6,390

Table 11: Forecasted Cash Flow Statement for the Year ended 31st December

Rs. Mn

	Unaudited	Forecast		
	2018	2019	2020	2021
Cash Flow from operating activities				
Net profit before tax	572	1,285	1,053	1,084
Adjustments for net profit				
Port city income (Non cash transaction)	2,221	-	-	-
Contribution to the Treasury	1,500	550	1,000	1,200
Depreciation	77	250	341	332
Provision for Bad Debts	4	4	4	4
Prior year adjustments	(174)	(132)	(126)	(72)
Profit/(loss) on disposal of assets	0.1	0.2	0.3	0.2
Provision for Gratuity	24	17	11	11
Dividends received	(3)	(3)	(3)	(3)
Interest received	(323)	(496)	(520)	(546)
Operating Profit for the year	3,898	1,475	1,760	2,010
Changes in working capital				

Increase/ Decrease in inventory	1	(6)	(5)	0.5
Increase/ Decrease in Trade & receivables	(239)	(81)	(134)	(131)
Increase/ Decrease in long term liability	20	68	8	8
Increase/ Decrease in creditors & payables	24	6	16	5
Increase/ Decrease in other payables	101	49	5	4
Recoveries/Payments for Gratuity settlement	2	(3)	(3)	(3)
Net Cash from operating activities before tax	3,807	1,508	1,647	1,894
Taxes paid	(120)	(382)	(295)	(304)
Net Cash from operating activities after tax	3,687	1,126	1,352	1,590
Cash flow from investment activities				
Investments in fixed deposits	(390)	(670)	(482)	(655)
Dividends received	3	3	3	3
Interest received	323	496	520	546
Capital assets work in progress	14	(4)	(5)	(5)
Cash paid for capital assets acquired	95	(429)	(360)	(301)
Net cash flow from investment activities	45	(604)	(324)	(412)
Cash flow from financing activities				
Treasury payments	(1,500)	(550)	(1,000)	(1,200)
Foreign grants	(3)	0.5	4	0.8
Port city	(2,221)	-	-	-
Distress fund	(2)	0.8	1	0.7
Net cash flow from financing activities	(3,726)	(549)	(995)	(1,199)
Cash and cash equivalents at the beginning of year	64	69	42	74
Net increase /decrease in cash and cash equivalents	6	(27)	33	(21)
Cash and cash equivalents at the end of year	70	43	75	53

14.2 Capital Investment Plan

Table 12: Capital Investment Plan

Description	Forecasted			Rs.Mn
	2019	2020	2021	Total
Laboratory Equipment	49.00	47.00	45.00	141.00
Library Books & Museum Development	2.00	2.00	2.00	6.00
Seismic Data & Tsunami Alert Center	18.00	17.00	16.00	51.00
Plant & Machinery	59.00	56.00	53.00	168.00
Motor Vehicle	148.00	133.00	120.00	401.00
Drilling Spare	7.00	6.00	6.00	19.00
Office Equipment	11.00	11.00	10.00	32.00
Furniture & Fitting	5.00	4.00	4.00	13.00
Hardware Items	0.50	0.50	0.50	1.50
GPR System	50.00	-	-	50.00
Construction of Buildings (Head Office, Lab & Regional Office)	200.00	240.00	181.00	621.00
Field Equipment – Geology	0.50	0.50	0.50	1.50
Building Partitioning	49.00	-	-	49.00
Communication Equipment	2.00	-	-	2.00
Total	601.00	517.00	438.00	1,556.00
Sources of Finance				
Equity	-	-	-	-
Retained Earning	601.00	517.00	438.00	1,556.00
Debt	-	-	-	-
Total	601.00	517.00	438.00	1,556.00