



**PERFORMANCE REPORT**

**2015**

**Department of Public Enterprises**

# **Vision**

**“To be the apex body, which ensures good governance of Public Enterprises in Sri Lanka”**

# **Mission**

**“Strengthening governance in Public Enterprises through best practices to optimize performance and to safeguard the public interest”**

## Table of Contents

Performance of the Department of Public Enterprises .....	2
1. Overview.....	2
2. PED’s Main Activities During 2015 .....	2
3. Physical Performance of SOEs under PEDs Purview .....	5
3.1 Payment of Dividend/Levy to the Treasury .....	5
3.2 Employment in SOEs .....	5
3.3 Budget Support for SOEs.....	5
3.4 Financial outlook of the Strategically Important SOBES .....	6
4. PED’s Contribution to Improve Performance of SOBES .....	6
4.1 Measures Taken to Improve Performance of SOBES and Recommendations made by PED.....	6
5. Staff Strength of the Department.....	24
5.1 Staff Officers’ Profile 2015 .....	24
5.2 Transfers During 2015.....	25
5.3 Cadre Profile 2015.....	25
5.4 Staff Training Provided during 2015 .....	26
6. Financial Management.....	27
6.1 Budgetary Allocation and Actual Expenditure for year 2014 & 2015.....	27
6.2 Public Officers’ Advance Account – 2015 .....	27
Annex I: Submission of Annual Reports – State Owned Business Enterprises .....	28
Annex II: Levy/Dividend Income from SOEs.....	30
Annex III: Budget Support to SOEs under the Purview of PED .....	31
Annex IV: Financial Outturn for 55 SOBES as at 31/12/2015.....	32

# Performance of the Department of Public Enterprises

## 1. Overview

The Department of Public Enterprises (PED) was re-established in 2002 with a view to monitor the performance of State Owned Enterprises (SOEs) and administer Part II of the Finance Act no 38 of 1971( Public Corporations - Financial Control) to improve the performance of SOEs through enhanced corporate governance. Currently, there are around 245 SOEs in Sri Lanka and out of that 127 SOEs are under the purview of the PED while the balance 118 SOEs that are budget dependent, are under the purview of the National Budget Department. Out of the SOEs under the PED's purview, 55 SOEs have been identified as Strategic State Owned Business Enterprises (SOBEs) engaged in commercial activities. The value of total assets of the 55 SOBEs grew by 10 percent from Rs. 5,603 billion in 2014 to Rs. 6,165 billion as at 31<sup>st</sup> December 2015. The top ten strategically important SOBEs, namely Sri Lanka Ports Authority (SLPA), Airport and Aviation Services Limited (AASL), Sri Lankan Airlines (SLA), Ceylon Petroleum Corporation (CPC), Ceylon Electricity Board (CEB), National Water Supply and Drainage Board (NWSDB), Bank of Ceylon (BOC), People's Bank (PB), National Savings Bank (NSB) and Sri Lanka Insurance Corporation Ltd (SLIC) accounted for Rs. 5,525 billion or 89.6 percent of the total asset base of the 55 SOBEs.

## 2. PED's Main Activities During 2015

### a) Issuance of Circulars and Amendments to Guidelines

PED continued to develop and issue circulars/guidelines related to operational and financial management of public enterprises. During 2015, the Department has issued three circulars on the provision of communication facilities, transport facilities and the allowances for the Board of Directors to ensure good governance and financial discipline of SOEs.

b) Assistance to COPE Proceedings

After the General Election held on January 2015, a new Committee on Public Enterprises (COPE) was not appointed during 2015. Therefore, COPE did not function during the year. However, the progress of follow up actions taken by the SOEs on directions/recommendations given by the COPE in 2014 was monitored. PED followed up submission of Annual Reports by SOEs to the Parliament. The details are given in Annex I.

- c) Audit findings of the Auditor General's reports on the financial statements of the SOEs were followed up.
- d) PED officials represented Treasury at shareholder meetings, Annual/Extraordinary General Meetings of SOEs and provided direction to the management on improving the performance of SOEs in line with the government policy framework.
- e) With the recommendation of the Auditor General, Auditors were appointed to SOEs which are companies incorporated under the Companies Act in order to maintain good governance practices among all SOEs. In line with the 19<sup>th</sup> amendment to the Constitution, the Auditor General shall audit all the SOEs. This initiation will be fully operated from 2016. Accordingly, some of the audits were carried out by private audit firms appointed by the PED with Auditor General's concurrence in 2015.
- f) PED liaised with the Ministry of Finance (MOF) to obtain MOF's concurrence for activities and operations of SOEs where necessary as per the Finance Act, Financial Regulations or PED circulars. After analyzing of the requests made by SOEs and considering their conformity with government policies, recommendations were made by PED to MOF. These include authorization of capital expenditure, enhancing of borrowing limits, tariff revisions etc.
- g) PED exercised its authority granted by the guidelines/circulars issued by MOF in granting approvals to SOEs for purchase of vehicles, foreign travels, budgetary provisions, and cash releases.
- h) PED provided clarifications to SOEs with regard to guidelines and other legal provisions applicable to SOEs.

- i) PED facilitated amendments to Acts and Ordinances by way of reviews and discussions.
- j) Numerous meetings, chaired by Hon. Minister of Finance, Secretary to the Treasury, Deputy Secretary to the Treasury or Director General were held with Boards of Directors/ Senior Management of SOEs to review progress, performance, and discuss and resolve operational issues etc.
- k) PED studied and analyzed Cabinet Memoranda submitted in relation to SOEs under its purview and provided necessary observations to be submitted to the Cabinet as follows:

**Table 1: Cabinet Observations- A Sectorial Analysis**

<b>Sector</b>	<b>No. of Cabinet Observations</b>
Energy	17
Ports	22
Aviation	7
Water	8
Commuter Transport	11
Construction	5
Livestock	5
Plantation	8
Non Renewable Resources	3
Health	3
Media	9
Marketing & Distribution	7
Restructuring	15
fisheries	4
Bank	2
Non Business	2
<b>Total</b>	<b>128</b>

- l) PED provided its guidance to the Committee that had been set up for negotiation of the Collective Agreements.
- m) Dividends and Levies were collected from SOEs on behalf of the MOF and two revenue accounts for the year were prepared.
- n) A process to reconcile the State Investment Account was initiated in 2014 and information is being collected from all SOEs and their subsidiaries.

### **3. Physical Performance of SOEs under PEDs Purview**

#### **3.1 Payment of Dividend/Levy to the Treasury**

In terms of the government policy on revenue collection from SOBEs, all SOBEs are required to contribute at least 30 percent of their profit or 15 percent of their equity to the Treasury annually.

During 2015, only 45 SOEs out of 62 SOBEs contributed to the non-tax revenue by way of dividend and levies, which accounted to only Rs. 29.8 billion. This is a decline of 36 percent over 2014. In spite of the decline in the dividend and levies, State Banks, Telecommunication Regulatory Commission (TRC) and Sri Lanka Insurance Corporation (SLIC) remain the largest contributors, while the Ceylon Petroleum Corporation (CPC), Ceylon Electricity Board (CEB) and Sri Lanka Ports Authority (SLPA) the three largest SOBEs remain conspicuous by their absence. Accordingly, State banks, and Telecommunication Regulatory Commission accounted for around 38 and 33 percent respectively of the total dividend and levy income of the Treasury for the year. A list of dividends and levies collected during 2015 is given in Annex II.

#### **3.2 Employment in SOEs**

The workforce in 257 SOEs is increased marginally (by 0.8 percent) in 2015 recording a workforce amounting to 237,811 in comparison to 2014.

#### **3.3 Budget Support for SOEs**

Transfers from the budget to SOEs remain by way of investment amounted to Rs. 95 billion. Moreover, Treasury has granted Rs. 19 billion as transfers to 8 SOBEs for the purposes of restructuring, expanding business activities, payments for salaries and wages acquiring technical know-how and material in 2015.

12 SOEs were provided with budgetary support in the year 2015 amounting to Rs.94 billion and in the year 2014, 30 SOEs were given budgetary support amounting to Rs. 126 billion. Accordingly when compared to last year, it is a 24 percent decline and it is mainly due to the reduction of the capital grants for SOBEs. A list of SOEs under PED’s purview for which budget support was provided is at Annex III.

### 3.4 Financial outlook of the Strategically Important SOBEs

The PED collects and analyzes financial information from SOEs periodically and based on the results, review meetings were held with Board of Directors, and/ or the management of SOEs. The financial outturn of the strategically important SOBEs is given in Annex IV.

## 4. PED’s Contribution to Improve Performance of SOBEs

### 4.1 Measures Taken to Improve Performance of SOBEs and Recommendations made by PED

To ensure achievement of short term and medium term targets of SOEs, following key recommendations had been suggested.

Sector	Measures taken to Improve Performance of SOBEs	Recommendations
<p><b>Energy Sector</b></p> <p>Ceylon Electricity Board (CEB)</p>	<p>CEB has turn around its financial performance recording an operating profit of Rs. 19.89 billion for the year 2015.</p> <p>CEB managed their financial position by substituting generation from thermal to coal power generation. With the generation of 4,457 GWh of coal power to the generation mix, the dependency of hydro power has been relaxed to some extent due to the wet weather condition prevailed in 2015 and increase of coal</p>	<p>CEB involvements are needed more, so given that the demand for electricity and use of electricity have expanded with the advent of electric cars, increase in per capita income which gives rise to use of more electric appliances.</p> <p>At the same time, country’s energy policy requires that by 2020 at least 20 percent of the country’s</p>



	<p>power generation, power generation composition changed from Hydro: Thermal: Coal 39:35:26 to 45:21:34 resulting a decrease in cost per unit to Rs. 14.85 from Rs. 20.15 in 2014 CEB was able to further reduce the system losses up to 10 % in 2015 compared to 17% in 2007 with the major investment on the distribution and transmission systems.</p> <p>CEB privileges a moderate capital structure through the policy decision taken to convert the on-lent loans amounting to Rs. 173 billion to government equity during the years 2014 and 2015.</p>	<p>electricity generation capacities must be from non-conventional sources. As such, CEB to meet their targets will have to look into innovative financial and structural models.</p> <p>CEB's capacity to reinvest in expansion and upgrading of its operations which require almost Rs. 15 billion per annum during 2016-2020 is severely compromised. In this context, going forward, CEB will have to actively engage with the capital market to source the required financial needs for the maintenance, expansion and upgrading of its asset base.</p>
Ceylon Petroleum Corporation (CPC)	<p>CPC being the major market player in the petroleum sector, currently holds nearly 85 percent of the market and it is the third largest market player in the lubricant industry. The imports of CPC in 2015 amounted to US\$ 1,867 million, representing nearly 10 percent of the total imports of the country which amounted to US\$ 18,935 million while contributing to around 10 percent of the government tax revenue.</p> <p>In line with the downward movements in international oil prices, average import price of crude oil dropped to US\$ 41.21 per barrel in December 2015, compared to US\$ 75.98 per barrel recorded in December 2014. The average international market prices of the petroleum products for year 2015 were around US\$ 65 per</p>	<p>Non-existence of Government to government (G to G) term contracts for crude oil purchases would create problems in supply security and unplanned refinery shutdowns. Therefore, the government has taken steps to explore the possibility of purchasing of Murban crude oil on G to G basis.</p> <p>The limited capacity available for storage at the Ceylon Petroleum Storage Terminals Limited (CPSTL) at Kollonawa and Muthurajawela terminals for storage of refined petroleum products compromises the CPSTL's capacity to hold stocks</p>

	<p>barrel. Accordingly, the government drastically reduced the domestic prices of petroleum products on 22.01.2015 in order to pass through the benefits of the decline in international market prices of petroleum products to the consumers.</p> <p>The operational profit of CPC for the year 2015, amounting to Rs.27.6 billion is an increase of 122 percent compared to the operational profit of Rs.12.4 billion in year 2014. However, CPC closes the year 2015 with net loss of Rs. 18.4 billion in comparison to the net profit of Rs. 1.6 billion during the year 2014. The depreciation of the Rupee against the US Dollar by 9.3 percent during the year and the finance cost that could not be avoidable due to huge bank borrowings, impacted mainly on overall losses of CPC. The transport sector accounts for 69 percent of the total losses while almost 20 percent can be attributed to the export of locally refined bottom products. The losses incurred by the domestic sector due to selling of Kerosene below the cost, takes the third place by adding the remaining 11percent to the total losses.</p> <p>However, the power generation sector which has traditionally being a drain on CPC reserves has turned around to a profitable venture in 2015 as the fuel utilized for electricity generation was sold at a margin.</p>	<p>specially during a dip in oil prices. In this context, government has proposed by 2016 budget to investigate the possibility of using the Trincomalee upper tanks farm back to oil storage.</p> <p>The dilapidated condition of the cross country pipe lines which are being used to discharge the products from port to terminals causes heavy congestions at berth due to low pressure being maintained at pumps. Hence, the average time taken to discharge cargo is well above the standards and this has caused CPC to incur huge demurrages. Considering these cost escalations, the government decided to invest on a new cross country pipeline with latest technologies.</p>
<b>Water Sector</b>		

National Water Supply and Drainage Board (NWSDB)

NWS&DB has a significant role to play in order to enhance access to pipe borne water existing level from 44 percent to 60 percent by 2020.

As per the cabinet decision made on 18.03.2015, the on-lent loans to NWS&DB by the Treasury as at 31.12.2014 amounting to Rs. 39.8 billion was converted in to government equity contribution in order to strengthen the balance sheet of NWS&DB.

Overall Non-revenue water level has been reduced over the years and currently it stood at 27.28%. But it still remains at a higher level of 46.16% in greater Colombo area which is also a considerable burden on the operational performance of NWS&DB.

Having considered the liquidity constraint faced by the NWS&DB, Treasury issued a Rs. 13.9 billion worth bond in March 2015 in order to finance the local funding requirements of the water supply projects.

Government aim is to ensure that 100% of the population has access to safe drinking water in the country specially to mitigate chronic kidney disease that is adversely prevalent in the country. Accordingly 100% of the debt servicing (capital and interest) of water projects aiming at reducing Chronic Kidney Disease will be borne by the treasury during next five years.

Since the NWS&DB is not in a position to service the project loans independently due to weak cash flow generation, Treasury will provide required financing support until the entity improves its cash flow position. Accordingly Treasury guarantee and required budgetary provisions for debt servicing which agreed will be provided for medium term.

Having considered the national importance of water projects, NWS&DB should pay special attention to complete the planned water supply projects in timely manner in order to achieve set targets of 60% pipe borne water coverage by 2020.

Funding requirements for small scale projects should be arranged by the NWS&DB itself. Accordingly, NWS&DB shall obtain the entity rating in order to raise debt finance at competitive rates.

Since the existing tariff mechanism does not create required cash inflows to meet financial obligations, a transparent and cost reflective tariff mechanism to be adopted gradually under the purview of the Public Utilities Commission of Sri Lanka (PUCSL).

It is observed that lot of water projects are having undue delays and scope changes on implementation

		<p>which results in incurring of additional commitment fee and unnecessary cost escalations. Therefore a close monitoring mechanism on the water projects should be introduced by the Ministry of city planning and water supply in collaborating with the Department of Project Monitoring and PUCSL.</p>
<p><b>Commuter Transportation Sector</b></p> <p>Sri Lanka Transport Board (SLTB)</p>	<p>An attractive VRS was proposed to remove the excess staff of SLTB and it is expected that at minimum 8,000 employees will retire.</p> <p>SLTB is in a process of finding the financial requirements of Rs. 13.2 billion to settle the unpaid statutory dues through selling off the uneconomical additional lands of SLTB to the government development projects.</p> <p>General Treasury has allocated Rs.1,350 million per month to SLTB for payment of the recurrent expenditure.</p>	<p>The Enterprise Resource Plan (ERP) system needs to be extended to the operational level enabling the SLTB to manage its operations more efficiently and effectively.</p> <p>Dispose buses which are not in running condition.</p> <p>Business plans need to be formulated to convert the SLTB in to a profitable entity.</p> <p>Minimize fuel inefficiency and leakages by implementing proper internal controls.</p>
<p><b>Aviation Sector</b></p> <p>Airport &amp; Aviation Services (Sri Lanka) Ltd.(AASL)</p>	<p>Aviation industry has a strong linkage with the tourism sector in almost every country. Sri Lanka handled 85,058,740 passengers in 2015, which is a 9.3 percent growth compared to 2014. Further international Aircraft movement in 2015 increased by 2 percent to 56,292 flights.</p>	<p>Infrastructure facilities of aviation industry including air services, ground handling capacity and airport facilities and other related services need to be enhanced.</p> <p>Needs to ensure efficient and effective services delivery which</p>

	<p>Airport &amp; Aviation Services (SL) Limited is being engaged in Phase II of the Bandaranaike Airport development project which has the capacity to accommodate 15 million passenger movements per year.</p>	<p>directly affect brand image of the country among tourists.</p> <p>As per the budget speech in 2016, the government has decided to integrate courier companies to utilize Mattala Airport for the hub operations and utilize Mattala Airport as a cargo, air freight and encourage private sector to setup flying training school and maintenance, repairs, overhaul</p>																				
<p>Sri Lanka Airlines (SLA)</p>	<p>Treasury repurchased shares held in SLA by Bank of Ceylon, Peoples Bank &amp; National Savings Bank with the issuing treasury bonds as follows,</p> <table border="1" data-bbox="495 856 982 1386"> <thead> <tr> <th><b>Banks</b></th> <th><b>No. of Shares</b></th> <th><b>Treasury bond issued</b></th> <th><b>Rs.mn</b></th> </tr> </thead> <tbody> <tr> <td>Bank of Ceylon</td> <td>12,155,570</td> <td></td> <td>3,732.37</td> </tr> <tr> <td>Peoples Bank</td> <td>4,236,135</td> <td></td> <td>1,305.00</td> </tr> <tr> <td>National Savings Bank</td> <td>4,236,135</td> <td></td> <td>1,305.00</td> </tr> <tr> <td><b>Total</b></td> <td><b>20,627,840</b></td> <td></td> <td><b>6,342.37</b></td> </tr> </tbody> </table> <p>Accordingly, Government ownership of SLA increased up to 99.11 percent.</p> <p>The government provided capital contribution of USD 125 million to SLA in the financial year 2014/15.</p> <p>Treasury Issued two letters of comfort to Bank of Ceylon and Peoples' Bank amounting to USD 15 million each</p>	<b>Banks</b>	<b>No. of Shares</b>	<b>Treasury bond issued</b>	<b>Rs.mn</b>	Bank of Ceylon	12,155,570		3,732.37	Peoples Bank	4,236,135		1,305.00	National Savings Bank	4,236,135		1,305.00	<b>Total</b>	<b>20,627,840</b>		<b>6,342.37</b>	<p>facilities in future.</p> <p>Government has directed to both SLA and MLL to prepare a business plan which will explore alternative avenues to be economically viable in the medium term. Accordingly, both airlines to be restructured in 2016.</p> <p>Government decided to take over all liabilities of SLA as at 31.12.2015 and instructed to source a suitable partner to successfully manage the operation of the business on the basis of a clean balance sheet.</p> <p>Having considered the lower financial and operational capacity,</p>
<b>Banks</b>	<b>No. of Shares</b>	<b>Treasury bond issued</b>	<b>Rs.mn</b>																			
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<p>Mihin Lanka (Pvt) Ltd (MLL)</p>	<p>enabling SLA and MLL to arrange loan facilities to make payment to CPC the purchase of fuel and to meet its working capital requirement in the financial year 2014/15 .</p> <p>The government provided capital contribution of USD 25 million to MLL in 2014/15.</p>	<p>government has directed MLL to be positioned as a No frills budget airlines.</p>
<p><b>Port Sector</b></p> <p>Sri Lanka Ports Authority (SLPA)</p>	<p>SLPA was able to complete the phase II of the Hambantota port development project during the year and further, land acquisition process is being implemented for the stage III of the project.</p> <p>The construction activities of East Container Terminal (ECT) have also been completed in the first half of the year 2015. Actions are now being taken by SLPA in consultation with the Treasury for the port sector development business model for a strategic Public Private Partnership to ECT operations with the assistance of ADB.</p> <p>The Colombo port being the premier port in the country could maintain monthly average of 350 ships arrivals and monthly average of more than 180,000 TEUs in 2015. Total ship arrivals to Colombo port by the end of September 2015 was 3,142 while handling 1,697,329 container throughputs (TEUs).</p> <p>There is an increasing trend of ship arrivals to port of Colombo up to 3rd Quarter of the year 2015. Total Ship arrivals have</p>	<p>Since total loan liability of SLPA represent 69.5 percent of total assets of SLPA, it is recommended that they should take action for implementation of a prudent debt management system to ensure debt sustainability.</p> <p>SLPA should take prompt actions to increase the turnover by enhancing the productivity and efficiency of operational activities with improved infrastructure and other facilities, since it requires necessary funds to re-pay the loans already obtained including additional funds for adverse effect on foreign exchange.</p>

	<p>increased by 12.7 percent up to September 2015 compared to the same period in 2014.</p> <p>Facilitated SLPA to obtain foreign funds up to Rs. 218 billion and local loans up to Rs.14.9 billion by the end of 2015 for port development projects.</p> <p>SLPA has identified the port of Galle as a priority project for the development of tourism activities in the southern coastal belt and it is expected by SLPA to invest on this area and actions will be taken to start a project in the first quarter of the year 2016. In the near future, a system of issuing Certificates of Competencies (COC) and Seafarer Continuous Discharge Certificate (CDC) with bio-metric to comply with seafarer identity document is to be introduced by SLPA.</p>	
<b>Construction Sector</b>	<p>Instructions have been issued to State Engineering Corporation (SEC), Central Engineering Consultancy Bureau (CECB) and State Development and Construction Corporation (SD &amp; CC) to submit reports within stipulated time period.</p> <p>Observations for Cabinet Memorandums have submitted regarding the budget allocations requested, to settle down the salary increase proposed by the Budget 2015 due to liquidity issues faced by SEC.</p>	<p>Actions should be taken to adopt new construction practices and processes while being competitive with the private sector.</p> <p>Contracts should be undertaken within the capacity limits of the institution.</p> <p>Highly skilled workforce who is capable of handling new large ventures should be recruited.</p> <p>Budgetary allocations for the projects should be confirmed before undertaking each project.</p>
<b>Banking Sector</b>		

	<p>A dividend of Rs. 36 million was paid to the Treasury in the year 2015 by the state banks.</p> <p>Further, it has been proposed by the Budget Speech 2016 to merge several state banks to improve balance sheets, to get better ratings and access to wider markets both domestically overseas.</p> <p>Accordingly, the Ministry of Public Enterprises has initiated the merging process.</p>	<p>SME centers of the Bank of Ceylon and People’s Bank should reposition to cater the needs of the SME sector.</p> <p>Enhance technological capabilities to compete with the rivals of the industry.</p> <p>Exposure of the BOC, PB and NSB to Government including SOEs accounts for 43 percent of total exposure.</p> <p>Improve credit quality and enhance recovery mechanisms.</p> <p>Identify emerging growth sectors of the economy to direct credit towards those sectors.</p> <p>The Sri Lanka Savings Bank is highly dependent on investment income rather than earning from core banking business. 80 percent of the income comes from investments activities of which about 92 percent represents interest earned from fixed deposits in state banks.</p> <p>Underutilization of capital for core banking activities and poor asset management which has resulted in lower profitability.</p>
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<b>Marketing &amp; Distribution</b>		
Hotel Developers Lanka PLC (HDL)	<p>HDL's revenue decreased to Rs. 2543 million in 2014/15 from Rs. 2,858 million in 2013/14.</p> <p>HDL recorded a profit before tax amounting to Rs. 275 million during 2014/2015 financial year.</p> <p>HDL has obtained a US\$ 27 million loan facility to finance the refurbishment of the hotel from the Bank of Ceylon and the Sampath Bank Ltd.</p>	Formulate flexible pricing packages in order to attract both local and foreign tourists of each spending layer.
Sri Lanka Handicraft Board (Laksala)	<p>Laksala has recorded 10 percent decrease in revenue in 2015 resulting the profit before tax to decrease by 40 percent to reach Rs. 15 million in 2015 over Rs. 9 million in 2014.</p> <p>There is an enormous potential for the handicraft industry with the boosting tourism industry, targeting 2.5 million tourist arrivals by 2016 where huge market opportunities for local gifts and souvenir industry are to be created.</p>	<p>Implement strategies to set up outlets in areas popular for tourists to obtain maximum benefit from the expanding tourism industry.</p> <p>Formulate proper strategic plan aligned to the institute being sustainable and increasing its market share.</p> <p>Take necessary measures to reduce building rentals.</p>
Lanka Sathosa Limited (LSL)	<p>Even though, LSL was able to open 6 new outlets; sales revenue of LSL has decreased by 5 percent due to shortages in working capital of LSL.</p> <p>LSL has obtained bank loans of Rs. 14 billion for importing rice to avoid rice shortages in the local market in 2014 and about Rs.8.7 billion has remained unsettled by the end 2015.</p>	It is necessary that LSL should take corrective means to convert the company in to profitable entity. It is required that LSL need to enhance its corporate governance specially by recovering weakness of the procurement process of LSL.

<p>Sri Lanka State Trading (General) Corporation Ltd(STC)</p>	<p>Total revenue of STC in 2015/16 has come down drastically by 25 percent in comparison with the previous year. The postponement of Information Technology projects and Interior designed projects of public sector is the main reason for the revenue reduction.</p> <p>The STC would not be able to manage its operational cash flow without support of short term financing facilities. In turn, The finance cost in 2015/16 has increased significantly.</p>	<p>Adoption of new strategies for general products to penetrate the private sector enabling STC to reduce the business risk over the public sector market while identifying products which can be offered to niche markets.</p> <p>Develop strategies to promote its brand name in these markets.</p>
<p>State Printing Corporation (SPC)</p>	<p>SPC's revenue from core business has decreased by 2.5 percent mainly due to the reduction in school text books printings and 4 percent increase in total expenditure resulted by Government salary increase. Accordingly, the profit before tax has come down to Rs. 3 million in 2015 from Rs. 71 million in 2014. In 2015, SPC has maintained a material stocks which is taken to the production 4.5 months later (Stock Holding Period) and it requires about Rs.200 million of investment and it takes nearly 6 months to collect money from sales (Debtors Collection Period) that requires about Rs. 673 million, totaling of Rs. 873 million has been invested in working capital.</p>	<p>The corporation needs improvement in working capital management to reduce its finance cost and improve its profitability.</p> <p>SPC should maximize the utilization of its capacity and improve its market share by adopting strategies to be more cost efficient, to improve its profitability in the medium term.</p>

<p>State Timber Corporation (STC)</p>	<p>STC was able to increase its revenue by 10 percent to Rs. 3,836 million in 2015 compared to Rs. 3,473 million in 2014.</p> <p>STC continued to be a profitable entity recording a profit of Rs. 390 million in 2015 which is a 90 percent increase compared to year 2014.</p> <p>A levy amounting to Rs.50 million has been paid to the Treasury during 2015.</p>	<p>Take necessary measures to ensure the viability of the industry by focusing more on eco-friendly products to cater to niche market demands which in return offer higher profit margins.</p> <p>Build strategic partnerships for furniture manufacturing.</p>
<p><b>Insurance Sector</b></p> <p>Sri Lanka Insurance Corporation (SLIC)</p>	<p>SLIC records total revenue amounting of Rs. 29,818 million was a slight 1.7 percent increase over Rs. 29,301 million in last year. The Gross Written Premium for the year was Rs. 24,411 million which is 18 percent increase compared to Rs 20,665 million in previous year.</p>	<p>As the country is having low insurance penetration, with the vast potential to expand, the new business development strategies needed to be implemented to capture the untapped markets.</p>
<p>National Insurance Trust Fund (NITF)</p>	<p>NITF During the year GWP decreased by 12.9 percent up to Rs. 5.08 billion compared to Rs. 5.84 billion in 2014. Total claims slightly increased by one percent up to Rs. 3.24 billion compared to Rs. 3.2 billion in 2014. The NITF has contributed Rs 3.0 billion to the Consolidated Fund as Levy during 2015.</p>	<p>Better underwriting discipline through alternate forms of competition such as differentiated/flexible products.</p>
<p><b>Livestock Sector</b></p> <p>MILCO(Pvt)Ltd</p>	<p>Reduced the price of local milk powder by the budget 2016 and the loss suffered by MILCO is being reimbursed by the Treasury.</p>	<p>Promote liquid milk consumption by encouraging market agents to better exploit currently untapped demand.</p> <p>Identify informal and traditional milk and dairy markets and introduce effective and appropriate</p>

<p>National Livestock Development Board (NLDB)</p>	<p>MILCO was facilitated by the treasury to review the prices of their other Products competitively in the market to gain profits.</p> <p>Treasury facilitated two loans of EURO 33.8 million and 64 million. Of them first loan (euro 34 million) is for renovate three factories at Ambewela, Digana and Polonnaruwa and two of them have already been completed. Ambewela farm is due to be completed by end of June 2016. Second loan is to relocate Narahenpita milk factory to Badalgama and its woks have been commences in May 2016.</p> <p>Facilitated NLDB to obtain a new loan of USD 20 million and import another 2500 high yielding heifers. They have now been imported and located in Ridiyagama farm.</p> <p>With the location of new imported heifers milk production of NLDB gone up.</p>	<p>market mechanisms, technologies to formalize the markets.</p> <p>Promote fresh milk consumption among General Public.</p> <p><del>Promote new NLDB dairy farms using the calves delivered by imported high yielding cows.</del></p>
<p><b>Plantation Sector</b></p>	<p>Appointed a committee and formulated criterion to evaluate the performance of Regional Plantation Companies.</p> <p>Operational performance of the Janatha Estate Development Board continuously shows heavy losses: the latest report up to the end of 2015 revealed that all 17 estates did not make any profit before taxation but loss, which accounts Rs.113 million.</p> <p>Followed up remedial actions taken on matters highlighted by Auditor General and recommendations of COPE.</p>	<p>Expedite the restructuring process with the view to increase harvest and decrease the production cost.</p> <p>Instructions given to reorganize and restructure the whole system; the Ministry of Public Enterprises Development is in progress on this.</p> <p>Update technology to meet changing needs of the industry.</p> <p>Shift from raw material production towards value added products.</p>

		<p>Introduction of new innovative automated system for processing green tea leaves to improve the operational efficiency and the quality of the tea products.</p> <p>Provision of proper knowledge and training on value addition processes, in order to remain competitive among local and international tea producers.</p> <p>Expedite the replanting where necessary to increase productivity.</p>
<b>Non Renewable Resources</b>	<p>Instructions have been issued to Lanka Mineral Sands Limited, Lanka Phosphate Limited and Kahatagaha Graphite Lanka Limited to submit reports within stipulated time period thereby abled to table annual reports up to year 2013/14 in Parliament.</p> <p>Participated in Annual General Meetings and advised regarding the proper procedures in line with Good Governance of Public Enterprises.</p>	<p>Adapt to advanced technologies for the systematic exploitation of these resources with value addition processes.</p> <p>Significant level capital infusion is necessary to make a higher contribution to the economy through more value addition.</p> <p>Should be vigilant on poor stock management, weak sales and marketing programs and weak utilization of resources.</p>
<b>Health Sector</b> Sri Lanka Ayurvedic Drugs Corporation	<p>Initiatives were taken to monitor the issues to improve production of the corporation and hold several discussions on governance issues relating to financial, cadre issues and audit queries.</p>	<p>Implement promotional campaigns on new herbal products and ayurvedic drugs to increase market demand including identified tourist focal points.</p> <p>Improvement of new land at Nawinna to enhance the production capacity.</p>

		Store complex at corporation premises was further developed during the year 2015.
State Pharmaceutical Corporation	<p>Facilitated to provide instructions for the collective agreement of SPC.</p> <p>In expectation of smooth supplying of pharmaceuticals for hospital network, facilitated to borrowings from state banks of SPC.</p> <p>SPC recorded highest ever turnover Rs.24, 467 million during the year 2015. It is an 11 % increase compared to previous year.</p> <p>The SPC has developed their storage facility by constructing a new building at Ratmalana during the year by spending Rs.176 million.</p>	<p>Procure medicines in accordance with the requirements of the Department of Health Services. Improve procurement management, distribution and storage system to minimize liquidity constraints.</p> <p>Recovered the cost of revolving facility of SPC since 2015 and not depended on Treasury assistance and expect the practice to be continued as same further.</p>
State Pharmaceutical Manufacturing Corporation (SPMC)	<p>Granted the revolving facility to SPMC to facilitate continues supply of pharmaceuticals for the Department of Health services and the private sector.</p> <p>SPMC produced 1,095 million tablets and 327 million capsules and out of all production 72% supplied to the department of Health Services in 2015.</p> <p>Preliminary steps were taken to construct new building to expand the services.</p> <p>SPMC has obtained a loan facility for the expansion work through JICA and expected output will be 3,500 million unit tablets and capsules after the project by 2017. Four new products have been introduced to the market.</p>	Use advanced technologies to strengthen its manufacturing procedures and production capacity to meet the drug requirements of medical supplies division of Health Ministry, State Pharmaceuticals corporation and SPMC direct distributors.

<p>Sri Jayewardenepura General Hospital</p>	<p>Held several discussions over the performance of hospital with chairman and relevant officials.</p> <p>Recommended recurrent and capital allocations for the hospital amounting Rs. 1,116 million during the year 2015.</p>	<p>Implement promotional strategies to attract more customers for paying wards.</p> <p>Physical expansion and modernization of equipment in specialty unit.</p> <p>Upgrade special wards to provide all medical support services and their pricing to incorporate higher profit margins.</p>
<p><b>Media</b></p> <p>Sri Lanka Broadcasting Corporation</p> <p>Sri Lanka Rupavahini Corporation</p>	<p>Granted allocation to upgrade the Karagathenna and Haputhale Transmission.</p> <p>Construction of new building complex had done with Treasury allocations.</p> <p>Directions were given to adopt strategies to improve the quality of programs while expanding coverage, with the aim of increasing its customer base to increase market share.</p>	<p>Implementation of strategies such as program modifications and introduction of new programs to meet viewer needs, infrastructure and human resources developments to shift to advanced digital technology which enhances the quality of operations that enables competitive advantage.</p>
<p><b>Fisheries</b></p> <p>Ceylon Fisheries Corporation (CFC)</p>	<p>CFC recorded Rs. 187 million loss in 2015. End of 2014, CFC recruited 543 staff exceeding the approved carder of 745. Therefore, CFC is unable to maintain this extra staff cost. The Government has granted Rs. 69 million in 2015 to settle the waybill. 5 sale outlets were opened during the year. It is unable to make a significant</p>	<p>Initiatives are being taken to reduce the excess cadre. CFC has opportunity to expand its market share in the medium term and long term. Requested to prepare new strategic plan to improve sales revenues and also to be cost efficient. Recommended to prepare</p>

	influence on fish prices in the market as CFC accounts around 2 percent of the market share.	strategic plan to increase operational income. Further, it is expected to continue operation  profit from 2016 adopting proactive strategies to improve profitability of all its harbours.
Ceylon Fisheries Harbours Corporation	Even though the Treasury granted Rs. 434 million, CFHC recorded a loss of Rs. 60 million during the year.	
<b>Lotteries</b>		
National Lotteries Board (NLB)	<p>Total lottery sales income of the industry during the year 2015 amounted to Rs. 27,513 million. Prices declared by the two entities during the year are amounted to Rs. 14,520 million.</p> <p>During the year 2015 NLB has achieved a turnover amounting to Rs. 16,661 million which is an increase of 14.9 percent compared to 2014. NLB recorded a profit amounting to Rs. 871 million in 2015 which is an increase of 699 percent compared to Rs. 109 million in 2014. NLB has contributed Rs. 2,183 million to the Consolidated Fund during the year.</p> <p>NLB has introduced a new lottery, "Neeroga" in June 2015 to meet the funding needs of National Kidney Fund. 10 percent out of the sales revenue of the lottery will be contributed to the fund.</p>	<p>Improve marketing strategies to generate more funds for development of health, agriculture and education sectors.</p> <p>Adopt modern technology to capture new market segments/niche markets.</p> <p>Introducing new lotteries for the niche markets.</p>
Development Lotteries Board (DLB)	Development Lotteries Board (DLB) recorded revenue of Rs. 9,833 million during 2015 which is a decrease of 3 percent over 2014. DLB contributed Rs.	



	<p>1,727 million to the President Fund which is a decline of 16 percent compared to the contribution made in 2014.</p> <p>Although the revenue of the boards have significantly increased throughout the past years, contribution to the President Fund and the Consolidated Fund has not grown accordingly. This is mainly due to the continuous increase of expenditure which has resulted in constant margins available to be distributed amongst the consolidated fund and the president fund.</p>	
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## 5. Staff Strength of the Department

Human Resources of Department of Public Enterprises were strengthened during the year 2014. The number of officers increased by 7 percent compared to the previous year. Total employees were 69 in 2014. Four of the job trainees of the Advanced Technology Institute were supervised. Physical resources were also enhanced by adding new equipment for the department.

### 5.1 Staff Officers' Profile 2015

	Name	Designation
1	Mr. R.Semasingha	Director General
2	Mr. H.H.Kasthuriarachchi	Additional Director General
3	Mr. J.M.U.P.Jayamaha	Additional Director General
4	Mr. P.H.A.S.Wijayarathne	Additional Director General
5	Ms. Crishanthi Hapugoda	Additional Director General
6	Mr. T.V.Weerasena	Director
7	Mr. P.A.S.Athula Kumara	Director
8	Mr. R.M.S.P.S.Bandara	Director
9	Ms. M.C.N.Balasuriya	Director
10	Mr. M.R.V.R.Meepura	Director
11	Mr. H.A.N.S.Kumara	Director
12	Mr. R.M.Wijesingha Banda	Director
13	Mr. R.Rushandan	Director
14	Ms. J.P.P.Liyanage	Deputy Director
15	Ms. K.V.C.Dilrukshi	Assistant Director
16	Ms. S.K.M.K.De.Alwis	Assistant Director
17	Ms. L.G.S.Dushyanthi	Assistant Director
18	Ms. S.M.Rajapaksha	Assistant Director
19	Mr. R.A.L.U.kumara	Assistant Director
20	Ms. G.M.I.U.Bandara	Assistant Director
21	Mr. K.S.M.De Silva	Assistant Director
22	Ms. D.G.N.Kumari	Assistant Director
23	Ms. W.K.D.Danstan	Assistant Director
24	Ms. A.R.Wicramasinghe	Assistant Director
25	Mr. Chathura Samarasingha	Assistant Director
26	Ms. H.C.M.Fonseka	Assistant Director
27	Ms. D.L.D.A.R.Jayasinghe	Assistant Director
28	Ms. A.Y.H.Anuruddha	Assistant Director
29	Ms. K.V.D.T.N.Wijegunarthna	Administrative Officer

Source: Department of Public Enterprises

## 5.2 Transfers During 2015

Designation	Number	
	to PED	from PED
DG	01	-
ADG	01	-
Director	01	-
Deputy Director	-	-
Assistant Director	01	-
AO	-	-
Development Assistant	01	01
Research Assistant	04	04
Management Assistant	03	04
Driver	02	02
OES	01	01

Source: Department of Public Enterprises

## 5.3 Cadre Profile 2015

Designation	Approved Cadre	Existing Cadre	Vacant	Excess
Director General	01	01	-	-
Additional Director General	04	03	01	-
Director	08	07	01	-
Deputy Director/ Assistant Director	16	14	02	-
Development Assistant	11	05	06	-
Financial Analyst	03	03	-	-
Administrative Officer	01	01	-	-
Management Assistant	21	17	04	-
Receptionist	01	01	-	-
Data Entry operator	02	-	02	-
Driver	08	07	01	-
OES	06	10	-	04
Total	82	69	17	05

Source: Department of Public Enterprises

## 5.4 Staff Training Provided during 2015

PED improved the skills of its staff through local and foreign training as follows during the year 2014.

### **Staff Training (Seminars/ Courses /Workshops)in the year 2015**

	<b>Title of the Training</b>	<b>No. of Participants</b>	<b>Duration</b>
Local	Lanka Accounting Standards (LKAS & SLFRS)	01- AD	02 days
	Master of business (MBS) - 2015	01- AD	01 Years
	MBA Program me ,University of Kelaniya	01 - FA	01 Year
	ICT for Management Assistant & Parallel Grades	01- MA	08 days
	The Secretary 2015 Workshop	01- RE.	01 day
	Training on Sri Lanka Public Sector Accounting Standards (SLPSAS)	03- AD	01 days
	Self Development and Emotional Intelligence for work – life balance	01- MA	01 day
	Computer Hardware	02- MA	02 days
	CMA Global Management Accounting Summit	02- AD	03 days
Foreign	Strategic Thinking & Whole of Government Decision making (Malaysia)	01 - D	03 days
	Seminar on China’s Economic and Social Development Experiences for Euro – Asian Countries ( China)	01- D	21 days
	Seminar on Bank and Monetary Management for Developing Countries (China)	01- ADG	21 days
	Workshop on Public Sector Accounting Kuala Lumpur ,Malaysia	01- AD	02 days
	Seminar on Top level Design of old – age Insurance Reform (China)	02 -AD	13 days
	Public Sector Accounting – Invitation to attend the 2015 Regional Workshop ( Malaysia)	01- AD	02 days
	Seminar on Finance and Banking Management for Asia Countries (China)	02- AD/01 DO	21 days
	Public Expenditure Management (India)	01- D	21 days

Source: Department of Public Enterprises

DG - Director General  
D – Director  
DO – Development Officer  
MA – Management Assistant  
OES - Office Employer Service

ADG -Additional Director General  
AD -Assistant Director  
FA - Financial Analyst

## 6. Financial Management

The Budgetary allocation and actual expenditure of the Department of Public Enterprises for the year 2015 with comparative figures are as follows.

### 6.1 Budgetary Allocation and Actual Expenditure for year 2014 & 2015

	Actual Expenditure		Net Budgetary Provisions	
	2014	2015	2014	2015
<b>Rs '000</b>				
<b>Recurrent</b>				
Personal Emolument	37,921	46,745	38,357	47,255
Other Recurrent	18,328	16,001	19,190	17,350
<b>Total</b>	<b>56,249</b>	<b>62,746</b>	<b>57,547</b>	<b>64,605</b>
<b>Capital</b>				
<b>Rehabilitation &amp; Improvement</b>				
2001 Building & Structure	1,370	369	3,000	500
<b>Acquisition</b>				
2102 Furniture & Office Equipment	2,941	1,691	3,000	2,800
2103 Plant, Machinery & Equipment	-	0	50	300
<b>Other Capital Expenditure</b>				
Equity Contributions	11,342,370	89,387,109	11,342,870	94,400,000
<b>Capacity Building</b>				
2401 Training & Capacity Building	1,086	1,756	1,200	2,000
<b>Total</b>	<b>11,347,767</b>	<b>89,390,925</b>	<b>11,350,370</b>	<b>94,405,400</b>

Source: Department of Public Enterprises

### 6.2 Public Officers' Advance Account – 2015

	Limits Authorized	Actual 31.12.2014
Maximum Limit of Expenditure	4,325,000.00	2,071,932.00
Minimum Limit of Receipts	2,125,000.00	3,020,019.82
Maximum Limit of Debit Balance	19,000,000.00	11,514,651.38

Source: Department of Public Enterprises

The Annual Appropriation Account and the Annual Reconciliation Statement in respect of Advances to Public Officer's Accounts for the year 2015 have been submitted to the Auditor General.

## Annex I: Submission of Annual Reports – State Owned Business Enterprises

	2011	2012	2013	2014
1 Bank of Ceylon	√	√	√	√
2 People's Bank	√	√	√	√
3 National Savings Bank (NSB)	√	√	√	√
4 State Mortgage & Investment Bank (SMIB)	√	√	√	√
5 HDFC Bank (HDFC)	√	√	√	X
6 Lankaputhra Development Bank Ltd	√	√	X	X
7 PradeshiyaSanwardhana Bank (RDB)	√	√	√	X
8 Sri Lanka Savings Bank Ltd	√	√	X	X
9 Employee's Trust Fund Board	√	√	√	X
10 Sri Lanka Insurance Corporation	√	√	√	√
11 National Insurance Trust Fund	√	√	√	X
12 Ceylon Electricity Board	√	√	√	X
13 Ceylon Petroleum Corporation	√	√	√	X
14 Sri Lanka Ports Authority	√	√	X	X
15 National Water Supply and Drainage Board	√	√	√	X
16 Airport and Aviation Services (SL )Ltd	√	√	√	X
17 Sri Lankan Airlines Ltd	√	√	√	X
18 Mihin Lanka (Pvt) Ltd	√	X	X	X
19 Sri Lanka Transport Board	X	X	X	X
20 State Engineering Corporation of Sri Lanka	√	X	X	X
21 Central Engineering Consultancy Bureau	√	X	X	X
22 State Development and Construction Corporation	√	X	X	X
23 Milco Ltd	√	√	√	X
24 National Livestock Development Board	√	√	√	X
25 Ceylon Fisheries Corporation	√	√	X	X
26 Ceylon Fishery Harbour Corporation	√	√	X	X
27 State Pharmaceuticals and Manufacturing Corporation	√	√	√	X
28 SL Ayurvedic Drugs Corporation	√	√	X	X
29 State Pharmaceuticals Corporation	√	√	√	X
30 Sri Jayawardenapura General hospital	√	√	√	X
31 Independent Television Network Ltd	√	√	√	X
32 SL Rupavahini Corporation	√	X	X	X
33 Sri Lanka Broadcasting Corporation	√	X	X	X
34 Ceylon Fertilizer Company Ltd	√	√	√	√
35 Colombo Commercial Fertilizer Company Ltd	√	√	√	√
36 State Timber Corporation	√	√	√	X
37 STC General Trading Company	√	√	X	X
38 Hotel Developers Lanka PLC	√	√	√	√
39 Lanka Sugar Company Ltd	-	-	√	X
40 Lanka Sathosa Ltd	X	X	X	X
41 Development Lotteries Board	√	√	√	X
42 National Lotteries Board	√	√	X	X
43 Lanka Mineral Sands Ltd	√	√	√	X
44 Lanka Phosphate Ltd	√	√	√	X
45 State Printing Corporation	√	√	X	X
46 Sri Lanka Export Credit Insurance Corporation	√	√	X	X
47 Agriculture and Agrarian Insurance Board	√	√	X	X

	2011	2012	2013	2014
48 Sri Lanka State Plantations Corporation	X	X	X	X
49 Kurunegala Plantations Ltd	√	√	√	√
50 Janatha Estates Development Board	X	X	X	X
51 Chilaw Plantations Ltd	√	√	√	√
52 Kalubovitiyana Tea Factory Ltd	√	√	X	X
53 Sri Lanka Cashew Corporation	√	√	√	X
54 Sri Lanka Handicraft Board	√	√	X	X
55 Kahatagaha Graphite Lanka Ltd	√	√	√	X

Sources: SOBEs and Department of public Enterprises

## Annex II: Levy/Dividend Income from SOEs

(Rs. Million)

	2010	2011	2012	2013	2014	2015
<b>Levy</b>	<b>24,434</b>	<b>20,189</b>	<b>32,774</b>	<b>20,960</b>	<b>29,697</b>	<b>18,178</b>
National Savings Bank	2,312	4,560	8,260	5,060	4,060	2,860
Telecommunication Regulatory Commission	13,800	9,050	7,200	10,100	10,000	10,000
Ceylon Petroleum Corporation	-	-	-	-	10,000	-
State Mortgage & Investments Bank	-	-	25	40	10	10
Regional Development Bank	55	-	500	500	-	87
State Timber Corporation	10	75	50	50	25	50
State Pharmaceuticals Manufacturing Corporation	85	59	20	20	25	30
National Insurance Trust Fund	2,000	3,495	4,200	3,200	4,000	3,000
Geological Survey and Mines Bureau	-	740	750	700	650	850
National Gem and Jewelry Authority	-	-	-	100	-	75
Ceylon Electricity Board	-	2,000	-	-	-	-
Board of Investment	-	210	200	-	100	141
National Lotteries Board	-	-	502	500	-	50
Sri Lanka Tourism Promotion Bureau	-	-	-	-	500	500
Securities and Exchange Commission	-	-	-	94	-	-
Insurance Board of Sri Lanka	-	-	-	300	-	-
State Institutions Temporary Surplus Trust Fund	6,110	-	10,700	-	-	-
Civil Aviation Authority	-	-	350	200	250	400
State Pharmaceutical Corporation	-	-	-	50	75	100
Other*	62	-	17	46	2	25
<b>Dividends</b>	<b>6,867</b>	<b>14,162</b>	<b>13,987</b>	<b>14,208</b>	<b>17,116</b>	<b>11,618</b>
Bank of Ceylon	2,923	4,020	5,346	5,346	6,846	5,346
People's Bank	3,253	4,500	4,658	4,816	6,316	3,316
Sri Lanka Telecom PLC	223	536	759	760	759	795
De La Rue Lanka Ltd	-	68	42	43	49	61
Lanka Mineral Sands Ltd	35	500	1,700	-	43	14
Lanka Industrial Estates Ltd	31	31	47	54	55	55
Airport and Aviation Services Ltd	-	2,406	-	500	500	497
Lanka Electricity Company Ltd	300	-	75	75	25	87
Plantation Companies**	-	219	179	139	92	62
Sri Lanka Insurance Corporation Ltd	-	1,750	1,001	2,199	2,001	1,003
Lankaputhra Development Bank	-	6	18	36	36	36
Lanka Phosphate Ltd	10	20	40	25	35	30
Independence Television Network Ltd	-	49	88	50	125	84
RaknaArakshaka Lanka Ltd	-	-	10	17	68	93
Ceylon Fertilizer Ltd	-	12	4	9	38	54
Lanka Leyland Ltd	-	35	5	97	11	-
Other *	92	10	15	42	117	85
<b>Total</b>	<b>31,301</b>	<b>34,351</b>	<b>46,761</b>	<b>35,168</b>	<b>46,813</b>	<b>29,796</b>

Sources: Department of Treasury Operations and Department of Public Enterprises

\* includes Skills Development Fund, Ceylon Agro Industries, Asian Reinsurance Corporation, Hunnas falls Ltd, Carsons Management Ltd, Lanka Canneries Ltd, United Motors Lanka Ltd, Bogala Graphite Lanka Ltd, Autogrill Lanka Ltd, Sri Lanka Export Credit Insurance Board, National Livestock and Development Board, Sri Lanka Rupavahini Corporation, Sri Lanka Convention Bureau, National Development Bank, Colombo Commercial Fertilizer Ltd, Paranthan Chemicals Company Ltd, Ceylon Shipping Corporation Ltd, Kahatagaha Graphite Lanka Ltd, Sri Lanka Standards Institution, Central Engineering Consultancy Bureau, Lanka Sugar Company Ltd, Mantai Salt Ltd.

\*\*includes Chilaw, Kalubowitiyana, Elkaduwa, Kurunegala, Namunuluka, Kegalle, Agalawatte, Kotagala, Balangoda, Watawala, Horana, Elpitiya and Pussellawa Plantations



## Annex III: Budget Support to SOEs under the Purview of PED

Rs. Mn

	Institute	2014		2015	
		Recurrent	Capital	Recurrent	Capital
1	Agriculture and Agrarian Insurance Board	144	1,003	2,276	4
2	Ceylon Electricity Board	-	23,537	-	11,527
3	Ceylon Petroleum Corporation	-	30,690	-	24,987
4	National Water Supply and Drainage Board	-	7,949		39,804
5	Airport And Aviation Services( Sri Lanka) Ltd	-	19,588		
6	Sri Lankan Airlines Ltd	-	19,585		
7	Mihin Lanka Ltd	-	6,528		
8	Sri Lanka Transport Board	7,175	1,502	11,419	2,301
9	State Engineering Corporation of Sri Lanka			250	-
10	Sri Lanka State Plantations Corporation	49	435		
11	Janatha Estates Development Board	189	65		
12	Elkaduwa Plantations Ltd	-	-		
13	Sri Lanka Cashew Corporation	50	44	66	35
14	Sri Jayawardenapura General hospital	1,700	300	920	266
15	Sri Lanka Rupavahini Corporation	-	-		
16	Sri Lanka Broadcasting Corporation	195	150	350	230
17	Sri Lanka Handicrafts Board	-	-		
18	Ceylon Fisheries Corporation	119	208	104	
19	Ceylon Fishery Harbour Corporation	213	100	395	110
20	Lakdiva Engineering Co. Ltd	21	27		
21	Ceylon Fertilizer Company Ltd				
22	Condominium Management Authority	10	106		
23	Sri Lanka Accounting & Auditing Standards Monitoring Board	-	-		
24	Palmyrah Development Board	72	34		
25	Paddy Marketing Board	67	175		
26	Sri Lanka Land Reclamation and Dev. Corp.	-	2,100		
27	Sri Lanka Tea Board	132	50		
28	Sri Lanka Tourism Development Authority	-	-		
29	Urban Development Authority (UDA)	-	-		
30	Sri Lanka Tourism Development Bureau	-	-		
31	Coconut Cultivation Board	301	499		
32	Coconut Development Authority	97	103		
33	Export Development Board	266	300		
34	Industrial Development Board	250	35		
35	National Film Corporation	75	50		
36	Polipto Lanka Ltd	-	50		
37	Lanka Salusala Ltd	35	-		
38	State Resources management corporation	11	-		
39	National paper company Ltd	8	-		
	<b>Total</b>	<b>11,179</b>	<b>115,213</b>	<b>15,780</b>	<b>79,264</b>

Source: Department of Public Enterprises

## Annex IV: Financial Outturn for 55 SOBEs as at 31/12/2015

	Revenue		Profit/(Loss) Before Tax		Total Assets		Total Liabilities		Debt to Banks	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
<b>Banking &amp; Finance</b>	<b>340,526</b>	<b>358,340</b>	<b>68,649</b>	<b>80,086</b>	<b>3,501,906</b>	<b>3,968,951</b>	<b>3,150,660</b>	<b>3,559,372</b>	-	-
1. Bank of Ceylon	127,141	132,349	20,777	25,109	1,323,554	1,561,321	1,254,934	1,477,353	-	-
2. Peoples Bank	95,519	104,011	17,200	19,497	1,026,000	1,137,634	984,511	1,088,459	-	-
3. National Savings Bank	77,890	79,282	10,472	13,034	779,466	847,079	756,206	815,655	-	-
4. SMIB	3,742	4,014	411	731	29,228	34,269	25,902	29,991	-	-
5. HDFC	4,585	4,915	818	972	34,999	41,417	32,023	38,045	-	-
6. Lankaputhra Dev. Bank	612	657	193	204	7,982	8,440	3,502	3,714	-	-
7. RDB	11,429	12,510	1,268	2,112	92,873	107,524	87,481	101,203	-	-
8. Sri Lanka Savings Bank	775	725	236	332	8,738	8,787	5,701	4,353	-	-
9. Employment Trust Fund Board	18,833	19,877	17,274	18,095	199,066	222,480	400	599	-	-
<b>Insurance</b>	<b>38,180</b>	<b>41,903</b>	<b>7,434</b>	<b>7,434</b>	<b>175,660</b>	<b>185,830</b>	<b>168,550</b>	<b>166,856</b>	<b>388</b>	<b>-</b>
10. SLIC	29,301	29,818	4,511	3,017	161,693	168,185	97,976	101,658	388	-
11. NITF	8,350	8,190	4,674	4,449	10,302	12,503	10,302	-	-	-
12. SLECC	311	245	190	224	1,882	2,171	124	192	-	-
13. Agricultural & Agrarian Insurance Board	218	3,650	-1,941	(256)	1,783	2,971	60,148	65,006	-	-
<b>Energy</b>	<b>733,876</b>	<b>575,097</b>	<b>-11,670</b>	<b>2,336</b>	<b>954,686</b>	<b>981,514</b>	<b>815,775</b>	<b>651,396</b>	<b>302,579</b>	<b>310,059</b>
14. CEB	208,694	198,363	-13,303	20,720	773,459	782,320	404,239	227,001	54,791	41,614
15. Ceylon Petroleum Corporation	525,182	376,734	1,633	(18,384)	181,227	199,194	411,536	424,395	247,788	268,445
<b>Ports</b>	<b>42,617</b>	<b>41,437</b>	<b>7,950</b>	<b>(9,575)</b>	<b>335,786</b>	<b>337,267</b>	<b>247,345</b>	<b>263,464</b>	<b>11,968</b>	<b>233,189</b>
16. Sri Lanka Ports Authority	42,617	41,437	7,950	(9,575)	335,786	337,267	247,345	263,464	11,968	233,189
<b>Water</b>	<b>18,710</b>	<b>19,584</b>	<b>1,432</b>	<b>1,030</b>	<b>282,824</b>	<b>332,111</b>	<b>53,296</b>	<b>23,400</b>	<b>-</b>	<b>9,412</b>
17. NWS&DB	18,710	19,584	1,432	1,030	282,824	332,111	53,296	23,400	-	9,412
<b>Aviation</b>	<b>154,639</b>	<b>161,348</b>	<b>-13,330</b>	<b>(15,191)</b>	<b>134,070</b>	<b>126,028</b>	<b>197,800</b>	<b>198,357</b>	<b>112,466</b>	<b>84,481</b>
18. AASL	13,820	16,220	4,038	2,725	58,808	64,286	47,616	53,048	35,787	37,730
19. Sri Lankan Airlines Ltd	130,690	134,560	-16,181	(16,433)	71,332	54,039	144,734	135,145	76,515	43,356
20. Mihin Lanka Ltd	10,129	10,568	-1,187	(1,483)	3,930	7,703	5,450	10,164	164	3,395
<b>Commuter Transport</b>	<b>26,121</b>	<b>34,447</b>	<b>-9,407</b>	<b>(4,038)</b>	<b>24,518</b>	<b>26,997</b>	<b>8,476</b>	<b>-</b>	<b>745</b>	<b>250</b>
21. Sri Lanka Transport Board	26,121	34,447	-9,407	(4,038)	24,518	26,997	8,476	-	745	250
<b>Construction</b>	<b>20,050</b>	<b>17,160</b>	<b>597</b>	<b>14</b>	<b>42,081</b>	<b>40,908</b>	<b>28,270</b>	<b>15,095</b>	<b>21</b>	<b>766</b>
22. State Engineering Corporation of Sri Lanka	6,353	3,852	81	(586)	19,955	19,459	11,306	-	-	100

Department of Public Enterprises - Performance Report 2015

	Revenue		Profit/(Loss) Before Tax		Total Assets		Total Liabilities		Debt to Banks	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
23. CECB	10,207	10,768	426	520	17,880	17,173	13,762	12,516	-	-
24. State Development and Construction Corporation	3,490	2,540	90	80	4,246	4,276	3,202	2,579	21	666
<b>Livestock</b>	<b>9,877</b>	<b>9,592</b>	<b>272</b>	<b>(211)</b>	<b>8,402</b>	<b>10,999</b>	<b>5,607</b>	<b>7,949</b>	<b>3,026</b>	<b>5,420</b>
25. Milco Ltd	8,088	7,715	185	(250)	4,534	4,298	2,936	2,453	1,354	861
26. NLDB	1,789	1,877	87	39	3,868	6,701	2,671	5,496	1,672	4,559
<b>Plantation</b>	<b>3,334</b>	<b>2,820</b>	<b>32</b>	<b>(302)</b>	<b>8,416</b>	<b>13,030</b>	<b>4,614</b>	<b>5,095</b>	<b>-</b>	<b>8</b>
27. SLSPC	590	472	-69	(168)	1,275	6,315	1,275	1,209	24	8
28. JEDB	893	553	-237	(401)	3,364	2,818	2,434	3,184	34	-
29. Kurunegala Plantations Ltd	577	492	227	147	1,794	1,898	342	339	-	-
30. Chilaw Plantations Ltd	380	477	85	86	1,146	1,111	292	288	-	-
31. Kalubovitiyana Tea Factory Ltd	779	751	24	17	553	615	208	-	-	-
32. Sri Lanka Cashew Corporation	115	75	2	17	284	273	63	74	-	-
<b>Non Renewable Resources</b>	<b>1,664</b>	<b>2,325</b>	<b>257</b>	<b>580</b>	<b>3,987</b>	<b>4,018</b>	<b>595</b>	<b>930</b>	<b>73</b>	<b>-</b>
33. Lanka Mineral Sands Ltd	931	1,823	61	509	2,689	2,779	464	465	73	-
34. Lanka Phosphate Ltd *	627	427	179	59	813	864	75	90	-	-
35. Kahatagaha Graphite Lanka Ltd *	106	75	17	12	485	375	56	375	-	-
<b>Lotteries</b>	<b>25,781</b>	<b>26,494</b>	<b>2,454</b>	<b>3,261</b>	<b>6,655</b>	<b>5,177</b>	<b>4,476</b>	<b>1,012</b>	<b>-</b>	<b>-</b>
36. Development Lotteries Board	10,539	9,833	2,345	2,390	1,929	1,950	827	1,012	-	-
37. National Lotteries Board	15,242	16,661	109	871	4,726	3,227	3,649	-	-	-
<b>Health</b>	<b>27,192</b>	<b>29,520</b>	<b>1,520</b>	<b>1,443</b>	<b>11,454</b>	<b>14,982</b>	<b>12,772</b>	<b>5,581</b>	<b>227</b>	<b>534</b>
38. SPMC	1,712	2,111	270	414	2,395	2,701	307	402	175	-
39. SL Ayurvedic Drugs Corporation	452	527	47	49	730	961	8,747	296	52	534
40. SPC	22,047	24,467	654	1,230	7,263	9,184	2,868	4,036	-	-
41. Sri Jayawardenapura General hospital	2,981	2,415	549	(250)	1,066	2,136	850	847	-	-
<b>Media</b>	<b>5,535</b>	<b>5,694</b>	<b>333</b>	<b>164</b>	<b>9,668</b>	<b>8,782</b>	<b>4,633</b>	<b>4,568</b>	<b>135</b>	<b>188</b>
42. Independence Television Network Ltd	2,453	2,589	566	477	4,232	3,563	869	717	-	-
43. SL Rupavahini Corporation	1,997	2,147	-182	(375)	2,235	1,985	648	765	135	188
44. Sri Lanka Broadcasting Corporation	1,085	958	-51	62	3,201	3,234	3,116	3,086	-	-
<b>Marketing &amp; Distribution</b>	<b>56,311</b>	<b>53,323</b>	<b>1,830</b>	<b>(2,769)</b>	<b>103,421</b>	<b>108,877</b>	<b>71,544</b>	<b>71,860</b>	<b>39,608</b>	<b>13,799</b>
45. Sri Lanka Handicraft Board	873	836	21	9	1,773	1,910	1,200	1,850	701	581

	Revenue		Profit/(Loss) Before Tax		Total Assets		Total Liabilities		Debt to Banks	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
46. State Timber Corporation	3,756	3,836	425	795	4,872	5,872	2,075	1,898	-	-
47. STC General Trading Company Ltd	4,120	2,159	46	19	2,527	2,519	1,940	1,803	851	-
48. Lanka Sathosa Ltd	30,424	28,921	364	(3,647)	8,718	8,718	6,388	-	7,468	-
49. State Printing Corporation	1,344	1,329	71	3	1,429	1,334	902	992	492	-
50. Ceylon Fisheries Corporation	1,903	1,933	-56	(187)	1,820	2,107	1,200	951	97	-
51. Ceylon Fishery Harbours Corporation	730	910	20	(60)	4,968	11,405	1,429	4,224	-	-
52. Ceylon Fertilizer Company Ltd	3,460	3,978	288	411	36,267	44,550	32,427	40,344	20,651	-
53. Colombo Commercial Fertilizer Company Ltd	1,625	1,566	366	436	15,820	18,752	14,451	17,116	9,300	12,483
54. Hotel Developers Lanka PLC	2,537	2,929	316	433	14,895	5,038	1,457	-	-	-
55. Lanka Sugar Company (Pvt) Ltd	5,539	4,926	-31	(981)	10,332	6,672	8,075	2,682	48	736
<b>Grand Total</b>	<b>1,504,413</b>	<b>1,379,084</b>	<b>58,353</b>	<b>64,262</b>	<b>5,603,534</b>	<b>6,165,470</b>	<b>4,774,413</b>	<b>4,974,934</b>	<b>471,294</b>	<b>658,107</b>