# **ANNUAL REPORT** 2023



## SRI LANKA EXPORT DEVELOPMENT BOARD

No. 42, NDB/EDB Building, Nawam Mawatha, Colombo 02

**Export Development Board** 



## "Your Vital Island" - Sri Lanka's National Export Brand

In today's competitive global marketplace, it is crucial for Sri Lanka to establish a robust national brand for its export sector. An integrated and well-designed promotional campaign can elevate Sri Lanka's presence in international markets, positioning it as a reliable source of high-quality products.

Recognizing this need, the Export Development Board (EDB) launched the National Export Brand initiative to promote the country's exports holistically under a cohesive brand identity that connects with international buyers and Sri Lankan stakeholders.

Accordingly, the EDB developed and declared Sri Lanka's National Export Brand, "Your Vital Island." This brand encapsulates the essence of Sri Lanka as a crucial sourcing destination, known for its sustainable and authentic products. By highlighting Sri Lanka's unique strengths and competencies, "Your Vital Island" aims to meet global market demands and reinforce the country's reputation as a vital player in the international trade

Through this comprehensive branding strategy, Sri Lanka is poised to enhance its export performance and secure a prominent place in the global market, benefiting both the economy and the local producers who contribute to this vibrant sector.

EDB has successfully finalized the taglines, logos, and promotional plan for Sri Lanka's National Export Brand for 2022 to 2026, marking a significant milestone for the country's export sector in collaboration of key stakeholders related to export trade. Sri Lanka's National Export Brand, "Your Vital Island," represents a cohesive strategy to position the country as the premier sourcing destination for high-quality, sustainable, and authentic products. This brand identity underscores Sri Lanka's commitment to delivering goods and services that meet global standards while preserving their unique essence.

Under the "Your Vital Island" banner, Sri Lanka showcases an extensive array of high-quality products to the global market. These include apparel, Ceylon tea, spices, coconut products, food and beverages, fishery products, rubber goods, ceramic and porcelain items, boat and shipbuilding, and electrical and electronic products. Additionally, Sri Lanka excels in service sectors such as ICT and logistics, further enhancing its international appeal.

Distinct logos with unique color themes have been designed for each sector, promoting them under the unified National Export Brand. This initiative was officially launched by His Excellency, President Ranil Wickramasinghe, during the Presidential Export Awards on November 23, 2023. The brand's international debut occurred at the apparel and textile roadshow in June 2024 in London, UK.

With "Your Vital Island," Sri Lanka's export sector demonstrates its readiness to meet international demands with exceptional competence, sustainability, and authenticity. This brand symbolizes a commitment to delivering unparalleled quality, unique products, and customized services, all with genuine authenticity.

The EDB has developed an array of brand collaterals, including brand videos, sectoral case study videos, brochures, flyers, a coffee table book, and PowerPoint presentations. These materials aim to promote Sri Lanka's export sectors by emphasizing sustainability, competence, and authenticity, thereby enhancing the positive image of Sri Lanka's exports on a global scale.

## **CONTENTS**

		Page No.
	Contents	1
	Message from the Chairman & Chief Executive	3
	Introduction	4
	Corporate Information - Board of Directors	5
	- Senior Management Staff	7
	Corporate Governance Report	8
	Report of the Audit Committee	12
	Risk Analysis	16
	Financial Report / Financial Highlights from years 2014 to 2023	18
	Export Performance 2023	22
1.	Sri Lanka's Export Performance January – December 2023	23
	1.1 Composition of Sri Lanka's Exports during the period of 2023	24
	1.2 Monthly Merchandize Exports of Sri Lanka, 2020-2023	24
	1.3 Sector-wise Export Performance 2022 & 2023	25
	1.4 Export of Services 2023	26
	1.5 Sri Lanka's Top 15 Export Destinations	26
	1.6 Exports to Free Trade Agreement (FTA) Partners (India & Pakistan)	27
	1.7 Sri Lanka's Export Regions	27
2.	Progress of the Development Programmes Carried out during the period	28
	of January – December 2023	
	2.1 Market Development and Branding	28
	2.1.1 Trade Fair Participation – International	28
	2.1.2 Trade fair participation – Local	34
	2.2 B2B Programmes	35
	2.3 Branding/ Trademarks/ GI	36
	2.4 Market Intelligence	37
	2.5 Market clearance for Sri Lankan products to China	38

		Page No.
3	Capacity Building/ Training of Exporters	39
	3.1 EU market entry facilitation for SME food ingredient manufacturers /	39
	exporters in liaise with Import Promotion Desk Germany	
	3.2 Webinar series on Germany's new Act on Corporate Due Diligence	40
	3.3 Other Webinars/ Seminars/ Workshops	40
4	<b>Product Development Programmes</b>	41
	4.1 Facilitation of Development of Sustainable Organic Agriculture System	41
	in Sri Lanka	
	4.2 Reactivation of the National Packaging Center (NPC)	41
5	Facilitate SME Development for Exports	42
6	Presidential Export Awards	43
7	<b>Export Related Publications</b>	44
8	Exporters Forum	44
9	E-Marketplace - Online Promotion of Sri Lankan Products & Services	45
10	Summary of the Actions to be taken by Sri Lanka Export Development	46
	Board in Short & Medium term (2022-2024)	
11	Future Plans of EDB for 2024	49
12.	Financial Statements 2023	50
	Statement of Comprehensive Income for the year ended 31.12.2023	51
	Statement of Financial Position as at 31.12.2023	52
	Statement of Changes in Equity for the year ended 31.12.2023	53
	Statement of Cash Flow	54
	General Information and Accounting Policies	55
	Notes to the Financial Statements	72
13.	Auditor General's Report 2023	89

## Message from the Chairman & Chief Executive



The Sri Lanka Export Development Board (EDB) serves as the nation's premier Trade Promotion Organization (TPO), operating under a legislative mandate. As the central body for all matters related to global trade, the EDB plays a pivotal role in driving the country's export sector forward.

Since its inception, EDB has been dedicated to encouraging exports and supporting the exporter

community by creating a conducive environment for exports. Given the small size of our national economy, it is imperative that export growth is sustained. To achieve this, we must leverage our competitive advantages and transform Sri Lanka's comparative advantages into competitive strengths amidst increasing globalization and integration.

The government's vision is to uplift Sri Lanka to a prosperous status by expanding the export economy through the development of SMEs and startups, increasing the share of value-added sectors, and diversifying our markets with a focus on specialized niches. The EDB plays a pivotal role in this transformation by promoting and facilitating exports, acting as a catalyst for growth.

Our strategic pillars include supporting existing exporters to expand their markets, introducing new export products, diversifying into new markets, enhancing capacity building, and attracting export-led foreign investment. These initiatives are designed to maximize our strengths and achieve the targeted Foreign Exchange Earnings.

As we move into 2024, international forecasts indicate a more favorable business climate. I am optimistic about the future and confident that we will see significant improvements.

In conclusion, I would like to express my sincere gratitude to the Government for entrusting me with the role of Chairman of the EDB.

I would like to extend my appreciation to EDB's Board of Directors for their valuable contributions and also to thank all stakeholders for their support. Appreciation also goes to EDB's management and staff for their strong commitment and dedication to achieve the goal of the organization.

The export sector has now become the most important sector of the economy of Sri Lanka and we will continue to deliver results and look forward to another year of achieving new heights in the International Trade arena.

Dr. Kingsley Bernard

**Chairman / Chief Executive** 

Sri Lanka Export Development Board

Annual Report - 2023

#### INTRODUCTION

The Sri Lanka Export Development Board [EDB] is Sri Lanka's premier organization for the development and promotion of exports and was established in 1979 under the Sri Lanka Export Development Act No. 40. The EDB adopted a new strategic approach in developing and promoting exports of Sri Lanka with the objective of achieving foreign exchange earnings of US\$ 18.8 Bn from merchandize and services exports by 2023 and thereby contributing to the development objectives set out by the Government. The EDB plays its roles as Policy Advisor, Monitor, Promoter, Facilitator and Knowledge Provider in carrying out its responsibilities on implementing the new strategy for achieving for National Export Targets.

## Vision

Position Sri Lanka as a Prominent Export Hub for exclusive Products & Services

## Mission

Enabling Sri Lanka's Exports to be globally competitive through Strategic collaboration

## **Functions of the EDB**

As a Government Agency responsible for the export development and promotion of Sri Lanka, we perform the following functions:

- Facilitator Serving as the focal point of export development, facilitating and coordinating export development activities with all stakeholders
- **Promoter** -Implementing product, design, brand, market development & market promotional programmes to promote Sri Lanka's products and services
- Knowledge Provider Providing advisory services and information with regard to all aspects of the export business and up to date market intelligence to the exporters
- Monitor Evaluate Global & local business environment and monitor the export performance and taking appropriate measures to reach export targets.
- Policy Adviser Advising the Government on national export development policies to create a conducive environment for exports.

## **CORPORATE INFORMATION**

## **BOARD OF DIRECTORS – 2023**

		OF DIRECTORS – 2	From	To
4	M. C 1 N 1	Chairm / Chi C	11 12 2020	21 02 2022
1	Mr. Suresh de Mel Dr. Kingsley Bernard	Chairman / Chief Executive Officer	11.12.2020 03.04.2023	31.03.2023 19.09.2024
2	Ms. Indira Malwatte	Member	03.04.2023	08.10.2024
3	Mr. Jagath Fernando	Member	03.04.2023	29.08.2024
4	Mr.Shirendra Lawrence	Member	03.04.2023	19.09.2024
5	Mr.Anushka Wijesinha	Member	03.04.2023	07.11.2023
6	Mr. K.A. Vimalenthirarajah Director General Department of Trade and Investment Policy Ministry of Finance	Member	02.03.2022	30.10.2024
7	Ms. W M D T Wickremasinghe Additional Secretary (Policy and Development) Ministry of Plantation Industries	Member	05.01.2023	30.10.2024
8	Ms. AHS Fareeda Director General (Planning) Ministry of Fisheries and Aquatic Resources	Member	14.09.2020	present
9	Mr.I Chaminda Pathiraja Additional Secretary (Trust Area Development) Ministry of Industries	Member	02.03.2023	present
10	Ms. Shanika Dissanayake Additional Secretary Ministry of Foreign Affairs	Member	03.05.2023	present

			From	То
11	Ms. Renuka M Weerakone Actg. Director General Board of Investment of Sri Lanka	Member	05.05.2022	present
12	Ms.K.N.Kumari Somaratne Additional Secretary (Development) Ministry of Ports, Shipping and Aviation	Member	14.12.2022	31.12.2023
13	Mr. Sunil Galagama Additional Secretary (Development) Ministry of Investment Promotion	Member	14.12.2022	06.07.2023
14	Dr.E.R.S.P.Edirimanna Additional Secretary (Agriculture Technology) Ministry of Agriculture	Member	31.08.2023	present

## **SENIOR MANAGEMENT STAFF 2023**

1.	Chairman and Chief Executive Officer	Mr. Suresh D de Mel [Up to 31.03.2023]
2.	Acting Director General	Dr. Kingsley Bernard [From 03.04.2023] Mrs. P.V.A.M. Baddegamage
3.	Addl. Director General-Finance & Administration	Mr. S.R.P. Indrakeerthi
4.	Addl. Director General –Development	Mrs. P.V.A.M. Baddegamage
5.	Director – Market Developments	Ms. Anoma Premathilaka
6	Director – Regional Development	Ms. Sepalika Jayawardena
7.	Director - Policy and Strategic Planning	Ms. O.M.C. Kumudinie
8.	Director – Export Services	Mr. L.Y.R.I. Kodikara
9.	Director -Finance	Mr. K D Perera
10.	Director – Export Agriculture	Mr. J S Badugama
11.	Acting - Director - Information Technology	Mr. D.K.D.S. Sisil
12.	Acting Director – Industrial Products	Mrs. Manoja Dissanayaka
13.	Acting Director – Human Resources Management	Mr. U. Akmeemana
14.	Acting Director - Trade Facilitation & Trade Information	Mrs. Achini Weerawardana
15.	Legal Officer	Ms. D.T. Wijeratne
16.	Internal Auditor	Ms. Nilmini Ranasinghe
17.	Auditors	Auditor General
18.	Bankers	Bank of Ceylon, Sampath Bank, and National Development Bank
19.	Head Office	No. 42, Nawam Mawatha, Colombo 02.
20	Provincial Offices	Southern Provincial Office 1st Floor, No. 5A, C.A. Ariyathilaka Mw, Mathara.
		Central Provincial Office 675,3rd Floor, William Gopallawa Mawatha, Kandy
		North-Western Provincial Office 2nd Floor, G-Six Building, No. 42, Mihindu Mawatha, Kurunegala.
		Northern Provincial Office NHDA Building, Forest Office Lane, Chundikkuli, Jaffna.

Export Development Board Annual Report - 2023

#### CORPORATE GOVERNANCE REPORT

## 01. INTRODUCTION

Sri Lanka Export Development Board (SLEDB) is Sri Lanka's premier organisation for the development and promotion of exports, established in 1979 under the Sri Lanka Export Development Act No. 40.

The Sri Lanka Export Development Board (EDB) is committed to maintaining high standards of corporate governance to ensure transparency, accountability, and ethical conduct in all its operations. The Board of Directors and senior management are dedicated to upholding these principles to enhance stakeholder trust and promote sustainable growth.

#### 02.BOARD OF DIRECTORS

The Board of Directors of the EDB is responsible for providing strategic direction and oversight to the organization. The Board comprises individuals representing public and private sectors with diverse backgrounds and expertise, ensuring a balanced and independent decision-making process. The Board meets regularly to review and approve key policies, budgets, and performance reports, ensuring alignment with the organization's strategic objectives.

## (a) Roles and Responsibilities of the Board of Directors

The Board is responsible for:

- Setting the strategic direction and objectives of the EDB.
- Monitoring the implementation of the action plan, strategies, and policies.
- Overseeing financial performance and risk management.
- Ensuring compliance with legal and regulatory requirements.
- Appointing and evaluating the performance of senior management.

#### 03.ADMINISTRATIVE MANUAL AND COMMITTEES

The Administrative Manual of the EDB serves as a comprehensive guide, offering employees, directors, and stakeholders vital information and clear guidance on EDB's policies and procedures, including its Code of Conduct and Ethics, as well as other organizational policies that dictate the standards and practices for working with or within the EDB. The Board has established the following key committees to oversee its internal operations:

1) **Management Committee:** The Management Committee is responsible for implementing the strategic direction set by the Board of Directors and overseeing the day-to-day operations of the organization.

- 2) **Audit Committee:** Oversees financial reporting, internal controls, and risk management practices.
- 3) **Procurement Committees:** The Procurement Committees are responsible for overseeing the procurement process, ensuring compliance with procurement regulations/guidelines, and selecting suppliers to meet the organization's needs. Three procurement committees, namely the Department Procurement Committee, Consultation Procurement Committee, and Mini Procurement Committee, have been appointed to oversee the procurement process based on its nature.
- 4) **Training Committee:** The Training Committee is responsible for identifying training needs, nominating officers for local and foreign training programmes, developing training programs, and evaluating their effectiveness to ensure continuous learning and development of employees.
- 5) **Transfer Committee:** The Transfer Committee of EDB is responsible for evaluating and approving requests for employee transfers within the organization, ensuring fair and transparent processes while meeting the operational needs of the EDB.
- 6) **Medical Committee:** This committee oversees the process of discharging the benefits offered to the EDB employees under the Medical Assistance Scheme.

## 04.SCHEME OF RECRUITMENT AND SCHEME OF PROMOTION

The Scheme of Recruitment outlines the criteria and procedures for hiring new employees, ensuring a fair and transparent selection process. The Scheme of Promotion, on the other hand, defines the criteria and process for promoting existing employees to higher positions based on merit and performance.

## 05.TRANSPARENCY AND DISCLOSURE

The EDB is committed to transparency and regularly communicates with stakeholders through various channels. Annual reports, financial statements, and performance updates are published and made available to the public. The organization also maintains an official website namely www.srilankabusiness.com with information on its activities, policies, and governance structure.

## 06.ENQUIRY POINT / HELPDESK

The EDB Help Desk serves as a central point of contact for customers to receive assistance, guidance, and request services related to export, facilities, or other support functions, providing timely and effective resolution of queries and problems in compliance with the WTO trade facilitation agreement.

## 07.CORPORATE-LEVEL REPRESENTATION BY THE EDB

The EDB maintains a related party relationship with its stakeholders through corporate-level representation, which entails the effective collaboration of the organization's strategic direction, achievements, and value proposition. This communication is directed towards various stakeholders, including government bodies, industry partners, and the public, emphasizing the EDB's pivotal role in promoting exports and driving economic development in Sri Lanka.

## **08.INTER-AGENCY CORPORATIONS**

#### a) National Level:

## **Exporters Forum**

The EDB organized an Exporters Forum to provide a common platform to address specific problems encountered by the business community and exporters, pertaining to operational and policy matters in trade. 23rd Exporters' Forum was held on 2nd November 2023, chaired by the Minister of State for Investment Promotion, Hon. Dilum Amunugama. During the session, eight pertinent issues were deliberated upon, and subsequent actions are currently ongoing.

Additionally, the EDB, in collaboration with relevant line agencies, facilitated the resolution of fiscal issues confronted by exporters, with the overarching objective of cultivating a conducive environment that empowers them to remain competitive in the global marketplace.

## **Advisory Committees**

Currently, twenty-four (24) Advisory Committees are functioning from 15th July 2021 for 5 years period. These Advisory Committees operate in accordance with Section 10(1) of the Export Development Act No. 40 of 1979, aiming to foster the growth and advancement of products and services, as well as to address the functional aspects of export trade.

The members of the advisory Committees have been selected to represent export sectors, small & medium enterprises [SMEs], private sector associations, experts, relevant government institutions and nominees of the line Ministry- having experience in relevant product sectors involved in the activities of the relevant sectors on the basis of their expertise to make contributions to the relevant sectors.

The private and public sector's involvement in Advisory Committees is expected to provide an environment to formulate mutually acceptable proposals and make them implementation efficient.

Advisory committees are functioning to cover the following product and service sectors.

- 1. Apparel
- 3. Boat and Ship Building
- 5. Construction Services
- 7. Electrical & Electronic Components
- 9. Gems, Diamonds & Jewellery
- 11. Light Engineering
- 13. Marine & Offshore Engineering
- 15. National Quality Infrastructure
- 17. Ornamental Fish
- 19. Processed Food & Beverages
- 21. Rubber & Rubber based products and plastics
- 23. Spices & Concentrates

- 2. Ayurveda & Herbal Products and Cosmetics
- 4. Coconut & Coconut based products
- 6. Education Services
- 8. Export Production Villages
- 10. ICT/BPM
- 12. Logistics
- 14. Mineral-based products
- 16. Organic Products
- 18. Pharmaceuticals
- 20. Regional Development
- 22. Seafood & Aquaculture Sector
- 24. Trade Promotion & Trade Information

## b) International Level:

The EDB has established cooperations with Sri Lanka diplomatic missions in overseas, overseas diplomatic missions in Sri Lanka, international trade chambers, and trade promotion organizations (TPOs).

In conclusion, the EDB is dedicated to upholding the highest standards of corporate governance. The Board of Directors and senior management remain committed to promoting transparency, accountability, and ethical behavior in all aspects of the organization's operations.

SRI LANKA EXPORT DEVELOPMENT BOARD

#### **AUDIT COMMITTEE REPORT - 2023**

## Introduction

As per Section 41 of the National Audit Act, No.19 of 2018, the Sri Lanka Export Development Board established the Audit Committee, as a Sub-Committee of the Board of Directors. The Audit Committee comprised 03 Non-Executive Directors of the Board of Directors including the Director representing the General Treasury, who chaired the Audit Committee during the period under review as provided in the Paragraph 7.4.1 of the Public Enterprises Guideline for Good Governance.

As per the said Guidelines, the Audit Committee shall meet at least quarterly and shall have minimum of 04 meetings annually in accordance with the Management Audit Circular No. DMA/01-2019. In the year 2023, four (04) Audit Committee meetings were held with the participation of Non-Executive Board members and the Superintendent of Audit of the National Audit Office as observer as specified in the Table below.

## **Details of Audit Committee Meetings - 2023**

Quarter	Date	Members and Observers
1 <sup>st</sup> Quarter	18 <sup>th</sup> May 2023	Members Present Mr.K.A.Vimalenthirarajah Chairperson (Treasury representative) Ms. A.H.S Fareeda Non - Executive Board Member  Members absent Ms. Nilakshi Gunasekara Non - Executive Board Member  Observer Mrs. M.P Jayathilaka Audit Superintendent
2 <sup>nd</sup> Quarter	13 <sup>th</sup> July 2023	Members present Mr.K.A.Vimalenthirarajah Chairman (Treasury representative) Ms. A.H.S Fareeda Non - Executive Board Member

	T	M 1 1
		Members absent
		Mr. Anushka Wijesinghe
		Non - Executive Board Member
		Observer Mrs. M.P Jayathilaka Audit Superintendent
		Members present
		Mr.K.A.Vimalenthirarajah
		Chairman (Treasury representative)
		Ms. A.H.S Fareeda
		Non - Executive Board Member
3 <sup>rd</sup> Quarter	20 <sup>th</sup> October 2023	Ms. K.N Kumari Somaratne
		Non - Executive Board Member
		<u>Observer</u>
		Mrs. M.P Jayathilaka
		Audit Superintendent
		Members present
		Mr.K.A.Vimalenthirarajah
		Chairman (Treasury representative)
		, , , , , , , , , , , , , , , , , , ,
		Ms. A.H.S Fareeda
		Non - Executive Board Member
4 <sup>th</sup> Quarter	21st December 2023	Members absent
		Ms. K.N Kumari Somaratne
		Non - Executive Board Member
		Zion Zioodii o Zona Iizolilooi
		<u>Observer</u>
		Mrs. W.S .Wimalaweera
		Audit Superintendent

The Audit Committee performed its duties and functions according to the scope specified in the Public Enterprises Guidelines for Good Governance and Management Audit Circular No. DMA/01-2019 to give recommendations to strengthen the Internal Control System of Sri Lanka Export Development Board.

## **Progress**

During the year under review, the Audit Committee was instrumental in driving improvements in internal controls and auditing processes of the Export Development Board and made several key recommendations, directions, and proposals that have significantly enhanced the organization's financial management practices.

- Committee reviewed, evaluated, and provided suggestions for enhancing the Annual Internal Audit Plan, ensuring its effectiveness and alignment with organizational objectives.
- Audit Committee ensured the compliance of annual financial statements with accounting standards and enhancing the accuracy of financial reporting. Thorough review and advice have contributed to improved financial transparency and accountability.
- Committee reviewed and evaluated Auditor General's Audit Queries, Internal Audit
  Reports and management actions taken to rectify deviations and ensured continuous
  improvement and adherence to best practices.
- Audit Committee advice and the guidance was received to prepare a Fixed Asset related
  Procedure Manual to avoid the errors and mistakes when recording and maintaining the
  fixed assets of the Board. Accordingly, procedure manual was prepared by following
  the related circulars for acquisition, disposal, valuation etc...
- Audit Committee had granted no objection to provide only one pair of shoes to the PL 1 and PL 3 Grade employees per year, instead of two pairs of shoes as proposed by the Management. The Audit committee noted that there is no regulatory provision to provide two pairs of shoes to the PL Grade employees of an organization in the nature of Export Development Board. However, having considered the explanation of the Management, the Audit Committee granted no objection for consideration of the Board of Directors to provide only one pair of shoes with effect from 2023 to the PL Grade employees taking in to consideration few factors such as monthly salary and the home take salary of PL Grade employees together with their duties. It is also noted that the cost of provision of one pair of shoes to the PL Grade employees shall be paid out from the earned income of the Export Development Board, not from the Treasury Funds.
- Audit Committee advised to recover the balance of Rs.1.8mn from the 40% Advance payment amount of Rs. 2.0 Mn disbursed to M/s Monalisa Products Company under the Market Access Support Porgramme and to waive of the 25% out of 100% surcharge as suggested by EDB Management (Monalisa Company requested from EDB to waive-off 100% surcharge) by considering the amount of time to be consumed to recover such money and to recover the total of 3.3 Mn (Balance of the advance payment amounting).

to Rs. 1.8 mn and 75% surcharge amounting to Rs. 1.5 mn) within a period of two years

from 10 November 2023, from the date of the court settlement. If the Company is failed

to settle the said amount within 2 years, the Company shall be liable to pay 100%

surcharge as per the agreement. Audit Committee stated that above all are subject to

approval of the Board of Directors.

• Audit Committee agreed to submit the proposal for payment of textile advance of

Rs.15,000/- to the EDB board after considering the facts and explanations given by the

EDB management. Since this Textile Advance is paid on the request of the employees,

Audit committee recommendation was given board to decide whether this Textile

Advance is pay for all the employees of the EDB on request or only for the non-staff

grade employees.

• Audit Committee monitored the quarterly financial performance, focusing on cost-

effectiveness and identifying opportunities to eliminate wasteful expenditures.

• The committee reviewed quarterly performance reports and provided insights and

suggestions for performance improvement and the report preparation practices by

including the details such as how many SMEs became exporters, how many enhanced

their packaging standards, how many increased their product quality, etc.

K.A. Vimalenthirarajah

**Chairman – Audit Committee** 

(Director General - Department of Trade & Investment Policy,

Ministry of Finance, Economic Stabilization and National Policies)

## **RISK ANALYSIS**

The Sri Lanka Export Development Board (EDB) is committed to promoting and developing Sri Lanka's exports amidst a complex and dynamic global environment. While our efforts are focused on maximizing opportunities, we recognize the presence of various risks that could impact our operations and objectives. This risk analysis aims to highlight key risks and mitigation strategies.

## **Internal operational Risks**

## 1. Human Resource Shortage:

The current trend of officers leaving for foreign employment or migrating to other countries poses a risk to the implementation of the EDB work plan. To address this, EDB needs to plan necessary recruitments strategically to ensure the timely execution of the tasks.

## 2. Financial Dependency:

The EDB faces financial risk in implementing its development and administrative activities due to its reliance on funds allocated from the General Treasury. This risk can be mitigated by fostering collaboration with the private sector, potential donors, and NGOs to diversify funding sources.

## **Export Industry Risks**

#### 1. Market Risk:

Global economic uncertainties, geopolitical tensions, and changing consumer preferences can affect demand for Sri Lankan exports. The EDB will closely monitor market trends, diversify export destinations, and enhance market intelligence to mitigate this risk.

## 2. Trade Policy Risk:

Changes in trade policies and regulations, including tariffs and non-tariff barriers, can impact export competitiveness. The EDB will engage with relevant stakeholders, conduct advocacy campaigns, and provide policy guidance to mitigate potential negative impacts.

## 3. Supply Chain Risk:

Disruptions in the supply chain, including raw material shortages, transportation bottlenecks, and geopolitical issues, can affect export production and delivery. The EDB will work with

exporters to diversify supply sources, enhance logistics efficiency, and adopt digital technologies to mitigate supply chain risks.

## 4. Financial Risk:

Fluctuations in exchange rates, interest rates, and credit risks can impact the financial stability of exporters. The EDB will provide advisory services, promote hedging mechanisms, and facilitate access to finance to mitigate financial risks.

## 5. Compliance Risk:

Non-compliance with regulatory requirements, including quality standards, environmental regulations, and labor laws, can result in reputational damage and legal issues. The EDB will provide capacity-building programs, conduct audits, and promote best practices to mitigate compliance risks.

## 6. Technology Risk:

Rapid technological advancements and digital disruptions can impact the competitiveness of Sri Lankan exports. The EDB will promote technology adoption, provide digital training programs, and facilitate access to technology solutions to mitigate technology risks.

## 7. Natural Disaster Risk:

Sri Lanka is prone to natural disasters, including floods, and droughts, which can disrupt export activities. The EDB will collaborate with relevant agencies, develop disaster preparedness plans, and provide assistance to affected exporters to mitigate natural disaster risks.

## 8. Political Risk:

Political instability, regulatory changes, and trade disputes can impact export operations. The EDB will monitor political developments, provide risk assessments, and support exporters in managing political risks.

Despite these risks, the Sri Lanka Export Development Board remains committed to supporting Sri Lankan exporters and will continue to implement proactive measures to mitigate risks and seize opportunities for sustainable export growth.

#### FINANCE REPORT / FINANCIAL HIGHLIGHTS FROM YEARS 2014 TO 2023

As a statutory institution incorporated and domiciled in Sri Lanka under the Act No. 40 of 1979, the commitment of the Sri Lanka Export Development Board (EDB) to transparency and accountability remains unwavering. The Finance Division of the EDB operates financial management functions in consultation with the management and Board of Directors.

The financial statements, comprising the Statement of Financial Position, Comprehensive Income, Changes in Equity, Cash Flow, and notes, have been meticulously prepared in accordance with the Sri Lanka Accounting Standards (SLFRS and LKASs), which align with the International Financial Reporting Standards (IFRS). These standards ensure the consistency and comparability of the financial information of the EDB, providing a clear understanding of its financial performance.

The EDB has adhered to the historical cost basis for its financial statements, except where disclosures regarding fair value are deemed appropriate under relevant notes. Assets and liabilities are classified by nature and in order of their relative liquidity, enhancing the clarity of the financial position.

While new standards, amendments, and interpretations to existing standards have been published by the Institute of Chartered Accountants of Sri Lanka, their impact on the financial statements has not yet been assessed. However, the EDB remains committed to adopting these standards, interpretations, and amendments that are expected to be relevant to its financial statements when they become effective.

It is important to note that the preparation of the financial statements involves the use of judgment, estimates, and assumptions by management. Uncertainty regarding these factors could potentially lead to adjustments to the carrying amount of assets or liabilities in the future. The EDB remains vigilant in its approach, ensuring that the financial reporting reflects the true financial position of the Board.

Financial Highlights from year 2014 to 2023

Revenue										Rs.Mn.
Item	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Treasury Funds	518.0	462.8	364.5	352.6	529.9	466.9	343.9	489.2	351.5	363.8
Exporters' Contribution on development activities	9:89	84.0	64.9	0.09	57.4	89.3	45.4	21.5	119.0	233.5
GIZ Funds on development activities	1	•	•	1		•		9	9	8.1
Dividend Income	38.0	54.1	42.9	60.2	40.2	34.8	38.6	40.3	90.7	58.2
Other income	32.7	22.8	50.0	31.9	20.8	22.6	12.5	19.2	18.9	50.8
Total Income	657.2	623.6	522.2	504.6	648.2	613.6	440.4	570.3	580.0	714.4
Expenditure										Rs.Mn.
Item	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Recurrent Expenditure	334.3	361.3	338.9	3.578	400.6	402.3	370.5	372.7	357.0	400.3
Capital/Development Expenditure	300.3	245.6	208.0	227.4	255.8	199.8	66.7	109.7	145.8	317.9
Total Expenditure	634.6	606.9	546.9	601.1	656.5	602.2	437.2	482.4	502.8	718.2

Comprehensive Income										Ks.Mn.
Item	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Income	657.2	623.6	522.2	504.6	648.2	613.6	440.4	570.3	580.0	714.4
Expenditure (Recurrent/Development)	634.6	606.9	546.9	601.1	656.5	602.2	437.2	482.4	502.8	718.2
Provisions for Impairment	1	•		ı	•	2 <b>1</b>		(0.4)	(137.4)	2.6
Deficit/Surplus	22.6	16.7	(24.7)	(96.5)	(8.2)	11.4	3.2	6.78	214.7	(6.4)
Non-Financial Transactions										
Share of Profit Loss of associate companies	83.1	53.4	70.5	76.2	(91.2)	55.3	70.8	123.4	4.2	90.2
Other comprehensive income		ī	1	ı	ı	1		r	95.5	(6.1)
Total Comprehensive	105.8	70.1	45.8	(20.3)	(99.4)	66.7	74.0	211.3	314.4	7.77

Financial Position										Rs.Mn.
Item	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assets										
Non-Current Assets	993.3	1,062.4	1,124.0	1,189.2	1,106.1	1,142.1	1,206.3	1,334.7	1,555.3	1,634.6
Current Assets	238.7	269.0	215.5	194.1	206.1	191.7	182.8	115.9	175.5	275.1
Total Assets	1,232.0	1,331.4	1,339.5	1,383.3	1,312.2	1,333.8	1,389.0	1,450.7	1,730.8	1,909.7
Equity & Liabilities										
Equity Contribution	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Accumulated Income over expenditure	1,026.3	1,092.3	1,114.2	1,093.3	1,010.8	1,064.9	1,138.7	1,241.8	1,554.4	1,632.0
Total Equity	1,036.3	1,102.3	1,124.2	1,103.3	1,020.8	1,074.9	1,148.7	1,251.8	1,564.4	1,642.0
Grants Received										
Government Grants	13.2	38.8	44.3	49.7	54.4	56.1	60.5	62.8	65.0	78.7
Amortization of Gov. Grants	(3.9)	(7.2)	(11.4)	(16.7)	(22.7)	(29.5)	(36.5)	(43.9)	(50.0)	(56.4)
	9.4	31.6	33.0	33.0	31.7	56.6	23.9	18.9	14.9	22.3
Non-Current Liabilities										
Provisions & Other Liabilities	26.5	29.2	30.5	19.4	52.4	57.4	22.7	37.1	58.4	175.4
Retirement Benefits Obligation	84.4	93.2	88.1	0.06	79.0	75.4	77.3	68.2	27.8	34.0
Other Payable	75.5	75.1	63.8	137.5	128.3	99.4	116.4	74.7	65.4	36.0
Total Non-Current Liabilities	186.4	197.5	182.3	246.9	259.7	232.3	216.4	179.9	151.5	245.4
Total Equity & Liabilities	1,232.0	1,331.4	1,339.5	1,383.3	1,312.2	1,333.8	1,389.0	1,450.7	1,730.8	1,909.7

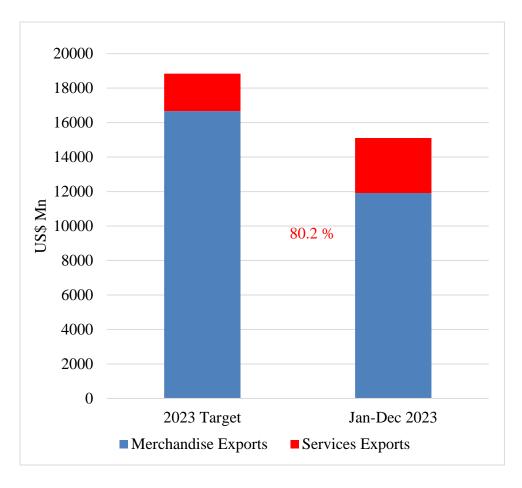
## **EXPORT PERFORMANCE**

2023

## 1. EXPORT PERFORMANCE JANUARY- DECEMBER 2023

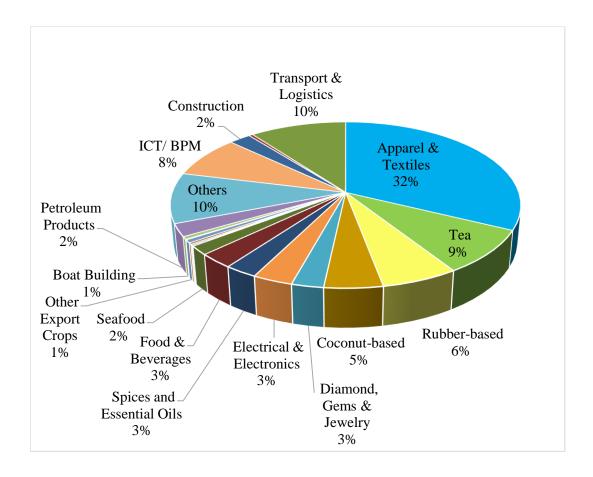
Sri Lanka's merchandise exports decreased by 9.12 % to US\$ 11,910.7 Million during the period of January to December 2023 compared to the corresponding period of 2022 as per the data obtained from the Sri Lanka Customs. The decline in merchandise exports is due to external and internal factors including decreased demand for export products, particularly in sectors such as Apparel & Textiles, Rubber & Rubber-based products and Coconut & Coconut-based products in mainly EU and USA markets, increase in cost of production, etc.

The total export earnings for the period of January to December 2023 was recorded as US\$ 15.1 Bn, comprising US\$ 11.91 Bn from merchandize exports and US\$ 3.19 Bn exports of services. It is a 0.74 % increase when compared to the value recorded in January to December 2022.

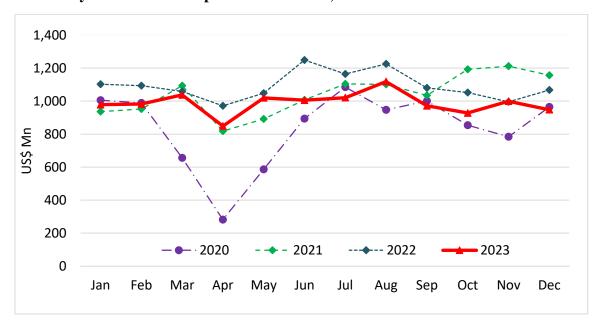


Export Development Board Annual Report - 2023

## 1.1 Composition of Sri Lanka's Exports during the period of 2023



## 1.2 Monthly Merchandize Exports of Sri Lanka, 2020-2023



Sources: Central Bank of Sri Lanka, Sri Lanka Customs & Export Development Board

## 1.3 Sector-wise Export Performance 2022 & 2023

Product	Exports 2022 (US\$ Mn)	Exports 2023 (US\$ Mn)	% Growth
Apparel & Textiles	5,933.52	4,864.53	-18.02
Tea	1,258.81	1,309.90	4.06
Rubber & Rubber Based	1,018.40	930.24	-8.66
Coconut & Coconut Based	817.09	708.70	-13.27
Diamond, Gems & Jewelry	399.77	388.16	-2.90
Electrical & Electronic Components	483.65	486.66	0.62
Spices and Essential Oils	370.30	397.78	7.42
Food & Beverages	426.39	427.97	0.37
Seafood	269.02	262.24	-2.52
Ornamental Fish	21.74	26.38	21.34
Vegetables	27.80	29.19	5.00
Fruits & Nuts	38.78	43.26	11.55
Other Export Crops	92.42	91.30	-1.21
Flowers & Foliage	14.66	15.01	2.39
Boat Building	17.40	78.50	351.15
Petroleum Products	283.23	372.04	31.36
Other Merchandize Exports	1,633.42	1,478.84	-9.46
Total Merchandize Exports	13,106.4 0	11,910.70	-9.12
ICT/ BPM	1,112.4	1,226.87	10.29
Construction	9.1	354.80	3,819.6
Financial Services	91.7	64.00	-30.24
Transport & Logistics	675.8	1,549.69	129.29
Total Services Exports	1,889.0	3,195.36	69.15
Total Goods & Services Exports	14,995.4	15,106.06	0.74

Export Development Board Annual Report - 2023

## 1.4 Export of Services 2023

The value of services exports for the period of January to December 2023 was US\$ 3,195.36 Mn, increasing 69.15 % over the corresponding period of 2022. The services exports estimated by EDB consists of ICT/BPM, Construction, Financial services and Transport & Logistics.

## 1.5 Sri Lanka's Top 15 Export Destinations

The following table indicates the comparison of exports to Sri Lanka's top 15 export destinations during the period of January to December 2022 & 2023 and almost 70 % of merchandise exports are concentrated to these top 15 markets.

Among the top 10 export markets, Italy, UAE and France have shown a strong performance in the year 2023 when compared to the previous year.

United States of America remained a key export destination for Sri Lanka, absorbing 23% of Sri Lanka's merchandise exports in 2023. Exports to United States of America, Sri Lanka's single largest export destination, decreased by 16.91 % to US\$ 2,758.57 Mn during the year 2023 compared to 2022. This decline is mainly owing to the decrease in demand for Apparel, Rubber and Coconut based exports from Sri Lanka due to domestic economic downturn.

	Country	Exports 2022 (US\$ Mn)	Exports 2023 (US\$ Mn)	% Growth (22-23)	Export Share (%) 2023
1	United States	3,319.85	2,758.57	-16.91	23.16
2	United Kingdom	966.04	846.16	-12.41	7.10
3	India	854.88	829.70	-2.95	6.97
4	Germany	744.57	587.40	-21.11	4.93
5	Italy	640.18	679.05	6.07	5.70
6	Netherlands	428.27	343.47	-19.80	2.88
7	Canada	361.44	293.21	-18.88	2.46
8	UAE	345.82	357.09	3.26	3.00
9	Belgium	307.68	221.45	-28.03	1.86
10	France	257.52	304.95	18.42	2.56
11	Australia	254.40	226.51	-10.96	1.90
12	China	253.11	257.73	1.83	2.16
13	Japan	226.30	188.76	-16.59	1.58
14	Bangladesh	217.54	173.87	-20.07	1.46
15	Mexico	190.30	182.77	-3.96	1.53
	Others	3,738.50	3,660.01	-2.10	30.73
	Total	13,106.40	11,910.70	-9.12	100.00

Sources: Central Bank of Sri Lanka, Sri Lanka Customs & Export Development Board

## 1.6 Exports to Free Trade Agreement (FTA) Partners (India & Pakistan)

Exports to India & Pakistan accounted for 7.2% of total merchandise exports decreased by 3.21 % to US\$ 904.39 Mn during the year 2023 compared to the previous year. Exports to India and Pakistan decreased by 2.95 % and 6.06 % respectively during the year 2023 compared to the previous year. The negative export performance of India was driven by lower export of Animal feed (12.92 %), while Pakistan's negative performance was led by decreased export of Sheet rubber and Other article of stones.

## 1.7 Sri Lanka's Export Regions

The following table shows the comparison of region wise exports the year 2023 compared to corresponding period of previous year.

Region	Exports 2022 (US\$ Mn)	Exports 2023 (US\$ Mn)	% Growth (22-23)	Export Share (%) 2023
United States	3,319.85	2,758.57	-16.91	23.16
European Union (EU) excluding UK	3,038.59	2,711.93	-10.75	22.77
South Asia	1,261.36	1,192.75	-5.44	10.01
Middle East Countries (excl. Cyprus & Egypt)	998.34	995.00	-0.33	8.35
ASEAN	374.13	327.95	-12.34	2.75
African Countries	301.91	324.79	7.58	2.73
CIS Countries	248.85	239.87	-3.61	2.01
Others	3,563.37	3359.84	-5.71	28.21
Total Merchandise Exports	13,106.40	11,910.70	-9.12	100.00

Sources: Central Bank of Sri Lanka, Sri Lanka Customs & SLEDB

Exports to the European Union (EU) which accounts for 24% of Sri Lanka's total merchandise exports, decreased by 10.75 % y-o-y to US\$ 2,711.93 Mn during the year 2023 compared to the previous year.

Exports to the top five EU markets were recoded as; Italy US\$ 679.05 Mn (increased by 6.07 %), Germany US\$ 587.4 Mn (decreased by 21.11 %), Netherlands US\$ 343.47 Mn (decreased by 19.8 %), France US\$ 304.95 Mn. (increased by 18.42 %) and Belgium US\$ 221.45 Mn (decreased by 28.03 %) during the year 2023 in comparison to 2022.

The decrease in Sri Lanka's exports to the EU region during the year 2023 compared with the corresponding period of previous year, was due to economic conditions, demand fluctuations, trade policies, external influences, changes in consumer preferences and disruptions in supply chains.

## 2. PROGRESS OF THE DEVELOPMENT PROGRAMMES CARRIED OUT DURING THE YEAR 2023

#### 2.1 MARKET DEVELOPMENT AND BRANDING

## 2.1.1 Trade Fair Participation – International

## GULFOOD 2023 Exhibition in Dubai

The EDB organized Sri Lanka's participation at GULFOOD 2023 exhibition from 20<sup>th</sup> – 24<sup>th</sup> February 2023 at the World Trade Centre, Dubai, UAE. GULFOOD is one of the largest Food & Beverage Exhibitions in the world which connect around 5,000 exhibitors and more than 100,000 visitors from over 200 countries.

The objective of Sri Lanka's participation at GULFOOD 2023 was to showcase and promote Sri Lankan Food & Beverage products mainly to the Middle East, Africa, and South Asia (MEASA) region. 28 companies (including 9 SMEs and Lanka Fruits & Vegetables Association) successfully participated at the event exhibiting F & B, coconut, spices, F & V products.

Value of the executed orders so far is around US\$ 6.5 Mn and the orders under negotiation are around US\$ 8.5 Mn.

Further, some participant companies were able to introduce their brands to supermarkets such as Carefore, LuLu, Wetzone Eg-Gourmet Goodness, Plant base, Earth Essence and Tropikal.

Buyers were interested in Vegan/ Natural products displayed by the Sri Lankan exporters. eg: Vegan patty, Coconut milk as a drink, fruit juice, coconut jam, young jack fruit, and also most of the participants were able to capture new market opportunities, enhance the knowledge on new packaging trends and strengthen relationships with existing buyers.

## Sri Lanka participation at Biofach 2023 Exhibition in Germany





Sri Lanka exports a range of organically certified agriculture products and maintains an excellent reputation among consumers around the globe, demonstrating its great potential as a trustworthy and high-quality supplier to the international organic food market for more than two decades.

Continuing its efforts to enhance Sri Lanka's outstanding position within the industry, the EDB, together with the Import Promotion Desk (IPD), Germany supported the participation of 13 Sri Lankan companies (including 7 SMEs) at the world's leading trade fair BIOFACH 2023 from 14<sup>th</sup> to 17<sup>th</sup> February 2023 in Nuremberg, Germany. Four new SME Exporters participated at the event for the first time.

In parallel, two companies were facilitated to participate at the B2B meetings. The country pavilion of Sri Lanka showcased certified organic agricultural products such as spices, coconut-based products, tea, fresh fruits and vegetables, beverages, herbal products and dried fruits. More than 412 business meetings were conducted at the fair.

Confirmed business orders around US\$ 2.8 Mn was received and business under negotiation is around US\$ 5.6 Mn. Value of executed orders up to August is US\$ 0.185 Mn.

Further, a Study Mission was organized for 7 SME Organic Agriculture Products Manufacturing companies during the Biofach exhibition and post fair study mission in Germany and Netherlands from 12<sup>th</sup> to 24<sup>th</sup> February, 2023 in collaboration with GIZ enabling them to get an awareness on the international market for organic agriculture products. Participants had an opportunity to create direct contacts with EU companies and develop their capacities on the packaging requirement, certification and other market access requirements to enter the German market with value added products.

Currently, 4 Sri Lankan companies out of 7 are negotiating with the EU buyers.

## Japan IT Week

The EDB organized participation of 8 Sri Lankan companies at the Japan IT Week 2023 exhibition at Intex, Osaka and Business meetings from 18<sup>th</sup> – 20<sup>th</sup> January 2023.

Prior to the event EDB hosted a market knowledge transferring session for the delegation and the Sri Lanka Embassy in Tokyo facilitated the Business match-making meetings on 16<sup>th</sup> January 2023 in Tokyo and Osaka. The Tokyo B2B meetings were held at the Shin Open Lab in Minato-ku, Tokyo and 30 Japanese Companies attended the event covering approximately 50 B2B meetings.

During the B2B events, a total of 101 business meetings were successfully arranged.

In addition, similar business matchmaking meetings were organized by the Honorary Consulate in Osaka for the 8 Sri Lankan companies with the support of the Osaka Chamber of Commerce, on 18<sup>th</sup> January 2023. Value of orders executed is around US\$ 20,000 and orders around US\$ 450,000 are under negotiation.

Participants were able to introduce new products/ software applications Such as Cloud based POS, Smart Grid Middleware, Health Care system, API Monetizer & API Aggregator, Service Transformation Solution, Mobile Application and Computer Games to Central Japan.

## ICT Spring Luxembourg

The EDB organized participation of 8 Sri Lankan tech companies including 03 new Start-ups and 05 new SMEs at the ICT Spring Europe and business/ networking meetings in Belgium, Luxembourg and Frankfurt from 26<sup>th</sup> June to 1<sup>st</sup> July 2023.

Prior to the event EDB hosted a pre fair workshop on EU market information, Luxembourg business culture, ethics and preparation of marketing materials, to develop the soft skills of the delegation.

The event comprised of promotional events/ business meetings in three countries. ICT Spring Europe trade exhibition was held in Luxembourg from 29<sup>th</sup> -30<sup>th</sup> June. Prior to the exhibition, Sri Lanka Embassy in Brussels made arrangements to organize business meetings for the delegation with IT companies in Brussels. In addition to that, Sri Lankan Embassy arranged business meetings for four participating companies (Enhanzer, Huex, SLT, Arimac) in Frankfurt with a Sri Lankan expatriate in Germany. A total of 83 business meetings were held during the above events. Out of those, 12 meetings were arranged in Brussels with 10 Belgian IT companies. One company has secured confirmed business orders worth around US\$ 2,500. Three companies have obtained anticipated orders worth of US\$ 31,300. Other companies are

engaged in the follow up work and businesses are expected to materialize within next 06 months.

During the fair, participant companies were able to introduce new products/ software applications to EU market. Such as Immersive Technology products (AR/ VR/ simulation), Gamification (Gaming), Process Automation, Cloud ERP platform for digital process automation, Real-time production scheduling system, Block chain-based Carbon Registry, Digital Banking Platform, Pod Cast Lister, Smart Digital Business Card, AI enabled Stock trading product modules, Performance marketing, Business Intelligence and data analytics, mCash Fintech platform, Telco Softwarization. Also, participants were able to enter into new markets such as Belgium, Frankfurt, Netherlands and Switzerland.

Moreover, participants had an opportunity to get connected with relevant stakeholders and the Government officials and understanding the startup ecosystem in those countries.

Further, participants were able to meet Sri Lankan company owners living in Luxembourg, who are interested to partner with to capture business leads.

## Retail Technology Expo 2023 in Sweden & Business meeting in Denmark

The EDB organized participation of 9 Sri Lankan tech companies at the Retail Technology Expo 2023 exhibition and Business/networking meetings in Gothenburg & Stockholm in Sweden and Sri Lanka Country report release event and network meetings in Copenhagen, Denmark from 29<sup>th</sup> May to 1<sup>st</sup> June 2023.

Prior to the event, a market knowledge transferring session for the delegation was organized with the assistance of the Sri Lanka mission in Stockholm.

During the business meetings and networking events, 119 business to business meetings were arranged by the mission in three cities Copenhagen, Gothenburg and Stockholm. Three companies have secured business orders worth around US\$ 0.741 Mn and around US\$ 1.062 Mn orders are anticipated annually. Other companies are engaged in the follow up works and businesses are expected to materialize within the next 06 months.

Sri Lanka country report on Sri Lanka ICT Industry released in Denmark on 30<sup>th</sup> May 2023 to create an awareness on Sri Lankan capabilities among Danish clients.

During the fair, participant companies were able to introduce new products and enter into Denmark and Sweden. Such as Restaurant Management Solution, ERP software, AI based Digital transformation solution, Enterprise applications, E-commerce, Mobile application, AI solutions, Fintech based mobile wallet, Telco application, Customer care solution, Mobile and web applications. Further, new software applications were introduced to the Nordic market.

Moreover, participants gained firsthand insights into the Nordic market, established a robust rapport with the Sri Lankan Embassy, Asia House, and a few local partners. They also acquired knowledge on the behavior of the Swedish market, its inhabitants and culture, Brand development and brand differentiation.

## ■ Thaifex Anuga 2023

The EDB organized participation of 08 Sri Lankan Food and Beverages manufacturing/exporting companies including 05 new/SMEs at the Thaifex 2023 exhibition from 23<sup>rd</sup> to 27<sup>th</sup> May 2023 in Thailand. In parallel, 26 B2B meetings were organized with buyers from the countries such as Thailand, China, EU, Japan and Australia.

The participant companies have received 26 confirmed orders worth of US\$ 1.73 Mn and orders worth of US\$ 2.77 Mn are under negotiation.

In addition, participants were able to observe the healthy ready-to-eat meals and snacks industry in Asia Pacific will be the fastest-growing region, with promising opportunities for Sri Lankan F&B companies. Increasing demand for Halal certificates in East Asian market was also observed.

Moreover, it was a good platform to meet Asian buyers (China, Japan, Thailand, India) as well as EU and Australian buyers. Buyers were interested in Vegan and clean label products displayed by the Sri Lankan exporters.

## SIAL Canada 2023

The EDB organized participation of 12 Sri Lankan exhibitors including 08 new/SMEs at the SIAL Canada 2023 exhibition from 9<sup>th</sup> to 11<sup>th</sup> May 2023 in Toronto, Canada.

Pre-fair workshop for the participants was held and the pre publicity programme was conducted through EDB social media channels.

During the exhibition, six new companies including 3 SMEs were introduced to Canada Market. Further, participants were able to identify new trends for value added coconut kernel products, cinnamon, vegan products, food supplements, low sugar products, natural products, ready-to-eat products, and consumer packs. Market opportunities for Sri Lankan pepper in Canadian restaurants were also identified. Sethsuwa Ayurveda Hospital (Pvt) Ltd received two opportunities for joint ventures (JVs) viz. collaborating with a Canadian firm to transform Pranajeewa capsule production into nanotechnology and established contacts with new dealers in Canada and the USA.

Participants were able to establish linkages with the members of Canada Sri Lanka Business Convention.

Confirmed orders valued at US\$ 81,000 were received, and orders totaling 540,700 USD are under negotiation. Discussions have also begun for two joint ventures related to Ayurveda food supplements.

## International Small and Medium Enterprises Fair (CISMEF) 2023

The EDB organized participation of 24 Sri Lankan companies representing Spices, Gems & Jewellery, Coconut and Coconut based products, Garment, Tea and Lifestyle product sectors at CISMEF Exhibition in Guangzhou, China held from 27<sup>th</sup> to 30<sup>th</sup> June 2023.

Value of spot sales - US \$ 40,700 for products such as Gems and Jewellery, Lifestyle products, Tea, etc, confirmed orders worth US \$ 291,500 for Gems and Jewellery, Coir, Lifestyle products, Tea and 25 inquires received are under negotiation.

During the event, participants had an opportunity to enhance their knowledge on Global trading environment by interacting with SMEs participated from other countries.

Further, 07 new SME participants were able to obtain firsthand information on the Chinese market opportunities available and development required in their existing product range, quality and design along with correct pricing to meet the market requirements.

#### Seoul Food & Hotel Show

The EDB organized participation of 06 Sri Lankan exhibitors including 05 new companies with 03 SMEs at the Seoul Food & Hotel Show from 30<sup>th</sup> May to 2<sup>nd</sup> June 2023 in Seoul, South Korea and orders worth of US\$ 50,000 under negotiation. M/S Gain Holdings (Pvt) Ltd and Southern cinnamon (Pvt) Ltd participated for the first time in an international trade fair through EDB.

Participants were able to introduce their products to the ethnic market in South Korea (Sri Lankan Grocery items/ Cashew/ Kithul products, etc) through the social media campaigns conducted by the individual exhibitors. Three (3) B2B meetings were also conducted after the event for possible collaborations of JVs.

Two companies have received opportunity to provide their ingredients (essential oils) for Perfume industry in South Korea. Two companies have received trial order confirmation from Korean side for online shop.

#### Sri Lanka pavilion at 68<sup>th</sup> Bangkok Gem & Jewelley Fair (BGJF) 2023

Sri Lanka's business delegation to 68<sup>th</sup> BGJF 2023, comprising seven (07) Sri Lankan companies; A R Gems (Pvt) Ltd, Gemex Lanka, Global Gems (Pvt) Ltd, Gem Paradise, Natural Sapphires Ceylon (Pvt) Ltd and Ceylon Beauty Gems. Part cost of SMEs were reimbursed by the Sri Lanka Export Development Board. The country pavilion of Sri Lanka showcased precious & semi-precious gem stones and gem studded jewelleries.

EDB has entered into a promotional agreement with the Thai Trade Centre Chennai (TTCC) since 2017 and organized Sri Lanka's participation at the BGJF. Based on this long-term mutual understanding, EDB could be able to receive a prominent location at a better rate to construct the Sri Lanka pavilion in this year.

The companies participated at the 68<sup>th</sup> BGJF 2023 stated that this show has provided an excellent platform for Sri Lankan Gem exporters to receive more orders from various foreign buyers and to explore the new trends available at international market.

#### 2.1.2 Trade fair participation – Local

The EDB organized participation of SME companies at the following local trade exhibitions.

- Facets Sri Lanka International Gem & Jewellery show, 7th 9th January 2023 Recorded sales and orders over USD 10 Million.
- Footwear and Leather Fair 2023, 3-5 February 2023 Organized participation of 07 SME companies, Spot sales Rs. 1.72 Mn
- JITF 2023 held in Jaffna, 3-5 March 2023 Organized participation of 10 SME companies. Spot sales Rs. 1.45 Mn & indirect export for 06 companies Rs. 10.45 Mn (UK, USA, Canada, Germany, and Australia)
- "Made in Sri Lanka" Exhibition, from 31<sup>st</sup> March to 2<sup>nd</sup> April 2023 Organized EDB information booth at the exhibition conducted by NEDA.
- Co-organize Boat Show 2023

#### 2.2 B2B Programmes

With the objectives of creating market linkages and obtaining immediate orders, EDB organized around 55+ B2B meetings with overseas buyers (Coconut based products -12, Ayurveda products - 02, Seafood - 02, Cut Flowers & Foliage - 01, Tea - 01, Fruits & Vegetables -01, Animal Feed - 01, Apparel -01, Electronics Components - 04, Gems & Jewellery - 02, Rubber based products - 02, Boat Building - 01, Light Engineering -01, Construction Services - 06, Education Services - 01, IT/ BPM -01 and Multi products - 12).

Outcome of the B2B meetings is listed below;

- One company has received an order worth of USD 0.85 Mn for 5 Kg Coir bricks (20 feet container)
- Four Sri Lankan exporters were introduced to an Indian buyer for poonac. One company has been able to secure an order worth of USD 0.35Mn.
- Introduced 8 Desiccated coconut export companies to a Taiwan buyer.
- Introduced 9 Coconut water producing exporters to a UK buyer.
- Introduced 04 Herbal & Ayurveda Companies to a Nepal buyer focusing on EU & UK markets.
- Introduced two Seafood exporters to the Chinese market
- Introduced 03 Gem & Jewellery companies to the Chinese market
- Assisted 04 Construction companies to connect business projects/ meetings in Nepal,
   Oman, Uganda.
- Conducted Mozambique Webinar Conference with the participation of 50+ Construction companies from both Mozambique and Sri Lanka and connected 4 Sri Lankan Construction companies with the projects in Mozambique. In addition, shared 13 ongoing projects details in Mozambique among the Sri Lankan companies with funding facilities to submit EOIs.
- Connected Sri Lankan University lecturers with Nalanda Buddhist University of Indonesia to serve as lecturers virtually (04 vacancies, 18 applications) and one applicant has already been appointed.
- Introduced 8 Sri Lankan SME IT companies to the Sri Lankan diaspora in Canada.
   Three companies started business discussions with the support of diaspora.

EDB organized a Women Entrepreneur delegation to Bahrain at the request of the sri Lanka Embassy in Bahrain. 9 Women entrepreneurs participated in the programme coinciding with the International Women's Day from 7<sup>th</sup> - 11<sup>th</sup> March 2023 and have conducted series of

meetings and exhibitions in Bahrain. Six positive contacts have been received, Joint Venture opportunity to establish a company in Bahrain and 2 Companies were sent samples to potential buyers during the month of April.

#### 2.3 Branding/Trademarks/GI

#### • GI for Ceylon Cinnamon

The programme was initiated to promote exports of Ceylon Cinnamon as GI certified products. Establishment of the control mechanism for GI Cinnamon is in process. 12 district associations were established representing growers, processors, manufacturers and exporters of the value chain in collaboration with Department of Export Agriculture. Members of the associations were trained on GI Specifications and how to implement the Internal control mechanism. Farmer/processor training programmes conducted in Colombo, Badulla, Galle, Matara, Kegalle, Kandy, Gampaha, Kalutara, Hambanthota and Kurunagala for 385 participants. District associations are responsible for the implementation of training and adhere to GI specifications among the members and internal controls.

The Ceylon Cinnamon Protected Geographical Indication (ACCPGI) was formed including executive committee members of the district associations with the objective of implementing three level controls (self-control, internal control and external controls) among the supply chain in compliance with the specification established for Ceylon Cinnamon GI.

EDB in collaboration with International Finance Corporation (IFC) and Department of Export Agriculture facilitated to conduct the AGM of the ACCPGI association on 04<sup>th</sup> August 2023 at the Hotel Kingsbury.

Training for the Executive Committee of Association for Ceylon Cinnamon Protected Geographical Indication (ACCPGIA) was held at the EDB in collaboration with Control Union and guide books were handed over to members facilitating Executive Committee members to act as Internal auditors.

Training programme for exporters was conducted on 26<sup>th</sup> May at the EDB premises with the presence of 35 participants.

The Cinnamon stakeholders who are members of ACCPGI and fulfill the other eligibility criteria can apply to use the 'PGI Mark" on value-added Ceylon Cinnamon Packs including Cinnamon cut quills, Cinnamon powder, Cinnamon leaf oil, and Cinnamon bark oil containing 100% Pure Ceylon Cinnamon grown, processed, and manufactured in Sri Lanka.

10 farmer value chains and 35 potential manufacturers were identified to conduct audit and GI certification. Physically audited 30 companies/individuals for PGI compliance.

Authenticated Madagascar Cinnamon samples from the High commission of Seychelles for Biological and Chemical analysis were requested for the comparison purposes of Ceylon Cinnamon and Madagascar Cinnamon.

#### **National Export Brand**

With the objective of enhancing global recognition for Sri Lanka's Export products and services while elevating the perception of buyers towards Sri Lankan products, EDB has developed the National export brand and the promotional plan.

The National Export Brand was officially launched by H.E the President of Sri Lanka at the Presidential Export Awards Ceremony held on 23<sup>rd</sup> November 2023 at the BMICH. The event featured the unveiling of a country video dedicated to the National Export Brand.

#### 2.4 Market Intelligence

- 48 Market finalized website. reports and published in the **EDB** https://www.srilankabusiness.com/exporters/market-profiles/ (Turkey, Iran, Russia, UAE, Iraq, Israel, Saudi Arabia, Jordan, Qatar, Kuwait, Lebanon, Oman, Bahrain, Cyprus, Libya, South Africa, Kenya, Egypt, Ethiopia, Nigeria, Seychelles, Tanzania, Mozambique, Ghana, Morocco, Indonesia, Malaysia, Pakistan, Hong Kong, China, New Zealand, Australia, India, Japan and Singapore, Germany, France, Austria, Italy, Belgium, The Netherlands, Poland, Slovakia. Hungary, Romania & Nepal)
- Market research on Apparel Sector for Japan was done and circulated among the Industry.
   Market research on Canada has been in final stage and market research on Australia is being preparing.
- A market study on value added Cinnamon products was conducted with Euromonitor International under the assistance of IFC.

- Research Study completed on "Challenges and Opportunities for Sri Lankan and Electrical
  and Electronic Components Sector Exporters in connecting with the Global Value Chains
  (GVCs) and suggestions to increase exports".
- With the assistance of Swiss Import Promotion Programme (SIPPO) three market study reports on the opportunities in Swiss and European Market for Value added Textiles/Apparel, Fish & Sea food, Processed Food were prepared. After the webinar, findings of the market study reports were disseminated to the exporters and public through three webinars with the participation of the consultants conducted the research studies. Study reports were published in the EDB web site.
- One report on "Market Entry Requirements for Agriculture products China, Japan, Australia, Russia and USA." completed and published in the EDB web.
- Conducted market research on possibility of Sri Lankan cocopeat industry to tap the global market and published in the EDB web site.
- Conducted market researches on "Market Entry Requirements for Agriculture products"
   "Market for Vegan Products" and published in the EDB web.

#### 2.5 Market clearance for Sri Lankan products to China

#### Cinnamon

Final approval was obtained from Sri Lankan Embassy in Beijing on September 11, 2023 with the General Administration of Customs (GACC) of the People's Republic of China and the Ministry of Plantations to finalize the necessary procedure (Protocol) to remove existing barriers for the export of cinnamon to the Chinese market. The Ministry of Plantation agreed to sign the protocol.

A meeting with the Head of the Department of Plant Quarantine was held on 18<sup>th</sup> September 2023 at the EDB to discuss all the quarantine issues.

Suitable exporters/ manufacturers were identified for the 1<sup>st</sup> stage of factory visits and shared them with the Ministry of Plantation.

Evaluated 5 new companies for PCC logo and received recommendation for 3 and agreements are to be signed.

#### Seafood

Fisheries protocol has been proposed for the wild aquatic products sector and GACC has requested details on regulatory materials, and enterprise information to conduct the advance evaluation process by the Chinese experts before conducting the onsite inspection or video inspection.

It is required to submit the duly filled questionnaire and information earliest by the Sri Lankan competent authority, the Department of Fisheries and Aquatic Resources (DFAR) to the GACC through the Sri Lanka Embassy in Beijing.

The finalized protocol has already been submitted to the GACC by DFAR with the Sinhala translation.

The Cabinet approval for signing the protocol has been transmitted to the China Embassy by the Ministry on 15<sup>th</sup> January 2023.

Draft remote inspection plan and other information relevant to video inspection have been requested from the Embassy to tentatively make the relevant parties ready.

Selected companies and other relevant sites (Fishery Harbours, Boats, Laboratories, etc.) have been inspected by Ministry of Fisheries.

#### Pineapple

With the assistance of Sri Lanka mission in China, EDB is being facilitated to open up the export market for Sri Lankan Pineapple by eliminating non-tariff barriers to access China market. For this purpose, meeting was conducted with Minister Commercial/China, National Plant Quarantine Services (NPQS) and Fruits and Vegetables Producers, Processors and Exporters Association and some clarification needed from China side has been submitted through the Embassy.

In this connection, prepared a database of orchards and packing houses for pineapple in consultation with Fruit and Vegetable Association. Prior Inspection was completed for 08 pineapple orchards and four pack houses together with the officials of NPQS.

Electronic materials for selected orchards and pack houses were sent to the China Authority (GACC) for Video Inspection.

#### 3 Capacity Building/Training of Exporters

### 3.1 EU market entry facilitation for SME food ingredient manufactures/ exporters in liaise with Import Promotion Desk Germany

- Facilitated to 4 companies to participate at Biofach 2023. 60% of financial assistance provided for 2 SME companies and B2B meetings were conducted for all 4 companies.
- Conducted three (03) Pre fair workshops (PFW) for participants of Biofach (08), SIAL
   Canada (10), Thaifex (8) and Anuga(12) at the EDB.

- Conducted Training Programme on EU Market Entry in Kandy for 30 participants. 7
   potential companies were identified to recommend for next IPD sourcing mission
- 8 SME companies participated at the event 'flavour of Sri Lanka' organized with the assistance of GIZ in Berlin, Germany.
- Conducted sourcing mission from 11<sup>th</sup> to 17<sup>th</sup> July,2023 and 6 new companies were selected for IPD Programme
- Evaluation meetings were started by IPD virtually for new applicants and 16 were completed.
- Conducted training programme for 25 EDB officers on organizing attractive Country Pavilions at International trade fairs.

#### 3.2 Webinar series on Germany's new Act on Corporate Due Diligence

A webinar series were conducted on Germany's new Act on Corporate Due Diligence in Supply Chains in three languages on 21<sup>st</sup>, 28<sup>th</sup> and 30<sup>th</sup> March by the EDB trained officers. Further, EDB collaborated with AHK and UNIDO to organize an awareness session on the German Due Diligence Act. on 25<sup>th</sup> April, 2023 at Movenpick Hotel.

#### 3.3 Other Webinars/ Seminars/ Workshops

- Organized the webinar with the Sri Lanka missions in overseas and the JAAF to create awareness of the current status of the Sri Lanka apparel sector and requested their Support to promote Sri Lanka apparel in non-traditional markets through identified markets (Australia, Canada, Japan, South Korea, Russia and Middle-East)
- Awareness seminar on the "Facilities under TIEP for Agriculture products exporters" was conducted on 08<sup>th</sup> March 2023 for 69 export companies. Five companies have applied for registrations with Sri Lanka Customs.
- Conducted a webinar on the Sri Lankan Aquaculture sector for 40 participants including participants from foreign countries.
- Training session on Export procedure to China was conducted for 38 Sri Lankan
   Seafood & Aquaculture companies.
- Webinar on "Seaweed processing and value addition" was conducted for 105 participants.
- Commenced the 163<sup>rd</sup> Import and Export Procedures Certificate Course on July 08<sup>th</sup> with the participation of 36 students. Total income received from the course was Rs. 1.1 Mn.

- 94<sup>th</sup> course on Operational Aspects of International Trade was commenced on 19<sup>th</sup> of August 23<sup>rd</sup> with the participation of 40 students. Total income received from the course is Rs.1.3 Mn.
- EDB in collaboration with the Sri Lanka Mission in Brussels, Belgium organized a briefing Session on the EU Strategy on Sustainable and Circular Textile on 20<sup>th</sup> July 2023, with the assistance of the Textile unit of Directorate General of the International Market of the European Commission. 51 Companies have participated for the programme.

#### **4 Product Development Programmes**

#### 4.1 Facilitation of Development of Sustainable Organic Agriculture System in Sri Lanka

43 farmers/ processors/ input producers were selected to assist under the programme to obtain National Organic Standard. Virtual training programme was conducted on Organic Management Plan for selected 43 beneficiaries.

Farmer groups including 500 farmers were selected to introduce International Organic Standard.

Conducted a press conference in Colombo to introduce the National Organic Certification Mark, followed by publication of 15 newsletters dedicated to promote and spread awareness on the Certification Mark.

The automated of stakeholder registration system was launched with the financial support of GIZ and technical assistance from ITC. Eight certificates have been issued to stakeholders as part of this effort.

Additionally, a website "www.nocu.lk" was developed its official launch ceremony held on 22<sup>nd</sup> September 2023. This website development was done through the project support to Small and Medium Enterprises in the Organic Agriculture Sector in Sri Lanka which was jointly co-financed by the EU and BMZ implemented by GIZ Sri Lanka.

#### **4.2 Reactivation of the National Packaging Center (NPC)**

The National Packaging Centre (NPC) has permanently been established in EDB premises to support the growth of the local manufacturing industry in Sri Lanka. Moreover, a packaging design display unit has also been inaugurated to showcase

innovative packaging designed locally by using indigenous packing materials. The inauguration took place on the 15<sup>th</sup> August 2023, at the EDB with the participation of Senior Additional Secretary to the Hon. President, Secretary of the Ministry of Industries and Board of Directors of the EDB and NPC.

- 10 experts from different fields of packaging were identified and their profiles are being evaluated to submit for Board Approval.
- Conducted awareness programme for 150 individuals on Craft packaging for Local and Export Market at the Crafting Ceylon Exhibition held on 23<sup>rd</sup> & 24<sup>th</sup> March 2023 at BMICH
- Conducted awareness programme for Spice Sector on 08th June 2023.
- Conducted 08 awareness sessions on Packaging at the EDB Open Day Programme on 15th June 2023.
- Conducted virtual awareness programmed on packaging at "Industry exhibition 2023".
- Conducted awareness session on packaging for 43 Potential Exporters and SMEs in Matara district.
- Initiated discussions to reduce post-harvest losses for Fruits & Vegetables during
   Transportation in coordination with Sri Lanka Railway.

#### 5 Facilitate SME Development for Exports

The EDB under the New Exporter Development Programme (NEDP) conducted series of awareness workshops, producer-exporter link up programmes, product/ supply development programmes and market exposure programmes for entrepreneurs in the regions with the objective of developing new exporters and creating awareness on opportunities in the export market.

- 200 SMEs have been identified and classified according to relevant sectors. Evaluation interviews for 140 agriculture-based & Industrial product-based SMEs were conducted during April-July 2023.
- 20 SME companies were trained on Packaging Development in collaboration with USAID, UNIDO & ITI on 27<sup>th</sup> & 28<sup>th</sup> April 2023.
- Arrangements were made for 43 regional SME companies (Galle, Jaffna, Kandy) to participate at a workshop organized by UNIDO in collaboration with FAO on "Quality

- for Small and Medium-Sized Enterprises ensuring the demand for the NQI services" held on 28<sup>th</sup> March, 4<sup>th</sup> April & 27<sup>th</sup> April 2023.
- Conducted a feasibility study to implement a Kolapath( Arecanut leaf based) based product to develop a supply base with Shigen Exports (Pvt) Ltd to meet the export order to Japan.
- Conducted a B2B meeting for handicraft products in NWP/NCP on 2<sup>nd</sup> June 2023 with the participation of 07 companies and linked exporter.
- Conducted an open day for Potential Exporters/ Export ready SMEs/ Entrepreneurs on 15th June 2023 and approx. 900+ persons attended the programme. Follow up is being done with the identified persons. Linked 13 SME companies with the exporters as a follow up of the Open day programme.
- Organized following programmes for Women-Led Businesses on 3<sup>rd</sup>, 15<sup>th</sup> and 18<sup>th</sup>
   March 2023 in collaboration with Print care Pvt Ltd (Slick) to coincide with International Women's Day.
  - Conducted a two-hour knowledge sharing virtual workshop on Branding through Packaging on 3<sup>rd</sup> March 2023 for 54 women entrepreneurs.
  - 14 women entrepreneurs made presentations to a Panel of Judges on 15<sup>th</sup> March 2023 on "their plan to Brand your products through Packaging".
  - The awarding ceremony and mini exhibition held on 18th March 2023 at EDB and 6 winners were awarded certificates and prizes by Print care Pvt Ltd (Slick). In addition, a field visit was organized for 14 women entrepreneurs to the Print care (Pvt) Ltd (Slick), Kelaniya to get first hand exposure on printing and packaging solutions available for small and medium scale businesses. All companies directed to the Customs to obtain required raw materials through the duty-free importation facility.

#### 6 Presidential Export Awards

The 25th Presidential Export Awards (PEA), organized by the Sri Lanka Export Development Board (EDB), was successfully held on 23<sup>rd</sup> November, 2023, under the patronage of Hon President at the Bandaranaike Memorial International Conference Hall (BMICH), Colombo, with the participation of a large number of exporters. The award winners were presented a prestigious PEA trophy and a certificate, and they have the privilege to use the "Award Logo" as a marketing tool for a three-year period.

This year's awards ceremony aimed to recognize the country's best exporters for two financial years, namely 2021/22 & 2022/23. The awards were presented under two main categories, with 13 overall awards and 51 product/services sector awards for each financial year. Furthermore, merit awards for deserving sectors were also awarded as decided by the Panel of Judges based on the performance of the applicants. The selections for the awards were done by an eminent Panel of Judges headed by a retired judge of the Supreme Court.

In line with the new Government policy framework, the EDB implemented new strategies to expand Sri Lanka's exports. Accordingly, initiatives taken by the exporters in the areas of market diversification, product diversification, innovation, value addition, introduction of indigenous brands to the world, sustainable initiatives in exports, development in regional value chains, etc

#### 7 Export Related Publications

- The Business Lanka Magazine under the theme of "Sailing Around Sri Lanka's Blue Economy" is in the process of compilation.
- The statistical publication of EDB "Export Performance Indicators 2022" was published in the EDB web site with access for online purchasing.

#### 8 Exporters Forum

The EDB organized an Exporters Forum to provide a common platform to address specific problems encountered by the business community and exporters, pertaining to operational and policy matters in trade. 23<sup>rd</sup> Exporters' Forum was held on 2<sup>nd</sup> November 2023, chaired by the Minister of State for Investment Promotion, Hon. Dilum Amunugama. During the session, eight pertinent issues were deliberated upon, and subsequent actions are currently ongoing.

Additionally, the EDB, in collaboration with relevant line agencies, facilitated the resolution of fiscal issues confronted by exporters, with the overarching objective of cultivating a conducive environment that empowers them to remain competitive in the global marketplace.

#### 9 E-Marketplace - Online Promotion of Sri Lankan Products & Services

With the objective of increasing market access, B2B and B2C transactions and facilitating SME's & entrepreneurs to get into E Commerce, the EDB has promoted its website <a href="https://www.srilankabusiness.com">www.srilankabusiness.com</a> as the national gateway for exports of Sri Lankan products and services.

### Other IT related Services carried out to improve the efficiency in providing EDB services.

- Developed the PEA 2023 Portal. Prepared report for the Product Sector evaluation of PEA 2023Developed the SQL Database for manage PEA applications data.
- Prepared two online applications for registration of participants for the Events and online registration portal for EDB Open day.
- Online exporters profile updating application
- Update the employee training management system
- Prepared EDB mobile App
- Prepared Loan Report for the Finance Division
- Created employees training details report
- Updated Employee Management System
- Revamp the EDB Employees Payroll Slip Transaction System
- Update EDB Visitor tracking System
- Update EDB Slip Transaction Database
- Two Certificate courses on Export & Import Procedure (Batch 162 & 163) and One course on Operational Aspects in International Trade (Batch 94) were conducted online with the assistance of the Learning Management System.

Policy & Strategic Planning Division

### 10 SUMMARY OF THE ACTIONS TO BE TAKEN BY SRI LANKA EXPORT DEVELOPMENT BOARD IN SHORT & MEDIUM TERM [2022-2024]

The Sri Lanka Export Development Board (EDB) is committed to fostering the growth and promotion of Sri Lankan exports, aiming to bolster export earnings and bolster the nation's economic advancement. As the apex Trade Promotion Organization (TPO) mandated by legislation, the EDB serves as the central hub for all international trade-related matters. The EDB plays its role as a Policy Advisor, Monitor, Promoter, Facilitator and Knowledge Provider and further facilitate to create an export conducive environment continuously and cultivates an export-friendly environment and implements innovative strategies to realize the National Export Targets.

#### 1. Expanding Global Market Access for Sri Lankan Products & Services.

- Organizing Sri Lanka's participation in targeted International Trade events, with a special focus on SMEs.
- Facilitating Inward and Outward Trade Missions in selected markets.
- Provision of Market Intelligence.
- Collaboration with the Foreign Ministry and Sri Lanka Missions to link exporters with buyers.
- Hosting webinars and virtual B2Bs for identified sectors.
- Continues dialogue with Sri Lanka Mission Heads and overseas mission Heads in Sri Lanka on bi-lateral corporation.
- Work related to existing FTAs, JECs, TIFAs/ GSP, MOUs, etc.

#### 2. Branding Sri Lanka and Positioning Sri Lankan products globally.

- "Pure Ceylon Cinnamon" Trade mark promotion to differentiate cinnamon from cassia.
- "Ceylon Spice" Brand promotion programme.
- Promote Ceylon Cinnamon as a protected Geographical Indication (GI).
- Implementation of National Export Brand Promotional Plan 2024 2027.

#### 3. Trade Information & Market Intelligence.

- Dissemination of trade information, market intelligence, e-commerce services, and export-related publications.
- Publication of the Business Lanka Magazine and Sri Lanka Exporters Directory.
- Establishment and operation of the National Packaging Centre.

#### 4. Support business to enhance online presence

- Online Promotion of Sri Lankan Products & Services through EDB web site.
- Issuance of market alerts regarding changes in global trade dynamics.

#### 5. Exporter Facilitation.

- Operation of a dedicated "HELP DESK" to assist exporters.
- Resolution of exporters' issues through the Exporters' Forum.
- Recognition of exporters through Presidential Export Awards.
- Monitoring of Established Advisory Committees (24)
- Conduct training programmes on import/ export procedures, Operational Aspects of International Trade and export packaging.
- Conducting awareness and skill development programs on export-related subjects and entrepreneurship.

#### 6. Quality Improvement.

- Facilitating collaboration between potential entrepreneurs/research institutions and existing exporters to develop sustainable systems for value-added product exports.
- Protect the credibility & Safeguard the image of Organic Agriculture value chain in Sri Lanka.
- Facilitate the operationalization of National Organic Control Unit (NOCU).
- National Packaging Center

#### 7. Increase Regional Contribution to the Export Value Chain

- Identify potential exporters/ entrepreneurs in the regions.
- Capacity building to groom them as exporters.
- Product development and compliance to international quality standards and other country/market requirements.
- Introduction of regional exporters to the export market.
- Implementation of New Exporter Development Programme and Women Exporter
   Development Programme.

### 8. Export supply base development through One Village One Product [OVOP] Programme.

- Product identification and selection.
- Identification of geographical locations suitable for identified products
- Formation of clusters and link exporters.
- Capacity building to groom them as exporters.
- Product development and compliance to international quality standards and other country/market requirements.

#### ✓ National Budget 2023

- Examine the possibilities of producing Triloka Wijayapathra purely for the purpose of exports.
- Review and revise the current National Export Strategy (NES) 2023-2024.

Policy & Strategic Planning Division

#### 11 Future Plans of EDB for 2024

The export target set by the EDB for 2024 is \$ 16.4 billion for both merchandise and services export sectors and of that we expect US\$ 12.8 billion from merchandise exports and US\$ 3.6 billion from services exports.

In order to achieve the above target, EDB actions are aligned with the following strategic objectives laid in the new Corporate Plan formulated by the EDB internally considering the current global trend.

- Create an outstanding image for Sri Lankan export products & services.
- Increase export value of products and services with a greater value addition & branding.
- Increase exports to prospective niche markets while consolidating existing premium markets.
- Integrate with regional value chain networks with better market access.
- Enhance the contribution of value chain actors for the export sector.
- Broad-base export basket and exporter community of the country.
- Trade facilitation to ensure efficient, transparent and cost-effective cross border trade.
- Encourage exporters to comply with International regulations & standards and achieve collective benefits of the Environmental, Social & Governance principles (ESG).
- Build a team of excellence at the EDB, based on core values, with particular emphasis on employee productivity and commitment. Build a team of excellence at the EDB, based on core values, with particular emphasis on employee productivity and commitment

Apart from the above, facilitate to create an enabling environment for export is a key area of concern.

# FINANCIAL STATEMENT 2023

#### SRI LANKA EXPORT DEVELOPMENT BOARD STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31ST DECEMBER 2023

	<u>Note</u>	SLFRS 31.12.2023 Rs.	SLFRS 31.12.2022 Rs.
Income			
Income	(3)	628,648,002	478,466,579
Other Income	(4)	85,718,546	101,573,893
Total Income	to 1 <u> </u>	714,366,548	580,040,472
Expenditure			
Export Development Expenses	(5)	317,891,972	145,840,677
Administration Expenses	(6)	400,232,173	356,889,269
Provisions for Impairment for investments and other			
receivables	(7)	2,550,431	(137,446,488)
Income Over Expenditure from Operating Activities		(6,308,028)	214,757,014
Finance Cost	(8)	115,321	133,224
Excess of Income Over Expenditure	-		
from Ordinary Activities	:-	(6,423,349)	214,623,790
Share of profit/ (loss) of associate company		90,189,877	4,233,297
	·-	83,766,528	218,857,087
Other Comprehensive Income			
- Gain on Revaluation of Property, Plant financial assets		<b>2</b> 1	85,996,927
Acturial valuation gain/Loss		(6,108,802)	9,475,227
Other Comprehensive Income for the year	; <del>-</del>	(6,108,802)	95,472,154
Total Comprehensive Income for the year	=	77,657,726	314,329,241

#### SRI LANKA EXPORT DEVELOPMENT BOARD STATEMENT OF FINANCIAL POSITION AS AT 31 ST DECEMEBR 2023

	Note	<u>SLFRS</u> 31.12.2023 Rs.	SLFRS 31.12.2022 Rs.
ASSETS		» <del>— -</del>	· · · · · ·
Non-Current Assets			
Property, Plant & Equipment, net	(9)	87,928,377	101,407,909
Intangible Assets (Net)	(10)	3,853,702	145,298
Investments in Associates - Unquoted	(11)	1,341,453,480	1,251,263,603
		1,433,235,559	1,352,816,810
Other non-current financial assets	(12)	201,322,635	202,472,821
Total Non-Current Assets		1,634,558,194	1,555,289,631
Current Assets			
Inventories	(13)	3,508,758	3,225,364
Trade and Other Receivables	(14)	9,675,963	12,397,592
Advance and Prepayments	(15)	78,489,048	38,116,012
Cash and Cash Equivalents	(16)	183,450,373	121,808,990
		275,124,142	175,547,958
Total Assets		1,909,682,336	1,730,837,589
EQUITY AND LIABILITIES Capital and Reserves			
Grants Received - Equity Contribution	(17)	10,014,284	10,014,284
Accumulated Income over Expenditure		1,632,017,200	1,554,359,474
Total Equity		1,642,031,484	1,564,373,758
Grants			
Grants Received - Other	(18)	22,264,655	14,933,725
		22,264,655	14,933,725
Non-Current Liabilities			
Provisions and Other Liabilities	(19)	175,431,634	58,373,071
Retirement Benefits Obligation	(20)	33,998,835	27,771,814
		209,430,469	86,144,885
Current Liabilities			
Other Payables	(21)	35,955,728	65,385,221
		35,955,728	65,385,221
Total Equity and Liabilities		1,909,682,336	1,730,837,589

The Accounting policies on pages 11 to 23 and notes on pages 24 To 40 Form an integral part of these Financial statements prepared in accordance with Sri Lanka Accounting Standards. The Management and the Board of Directors are responsible for the preparation and presentation of these Financial Statments. Financial Satements were approved by the board of directors and signed on their behalf by,

Dr. Kingsley Bernard

Mr. K. A Vimalenthirarajah CHAIRMAN & CEO **BOARD** 

Mrs. Renuka M. Weerakone **BOARD MEMBER MEMBER** 

Mr. K.D. Perera DIRECTOR **FINANCE** 

#### SRI LANKA EXPORT DEVELOPMENT BOARD STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31ST DECEMBER 2023

	<u>Equity</u> <u>Contribution</u>	Accumulated Profit	Revaluation Reserve	<u>Total</u>
Balance as at 31st December 2021	10,014,284	1,241,833,712	_	1,251,847,996
Excess of Income Over Expenditure	Ħ	228,332,313	85,996,927	314,329,240
Prior Year Adjustments	E	(1,803,478)		(1,803,478)
Balance as at 31st December 2022	10,014,284	1,468,362,547	85,996,927	1,564,373,758
Excess of Income Over Expenditure	-	77,657,726	-	77,657,726
Prior Year Adjustments	824	221		29
Balance as at 31st December 2023	10,014,284	1,546,020,273	85,996,927	1,642,031,484

#### SRI LANKA EXPORT DEVELOPMENT BOARD STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2023

		2023	2022
	<u>Notes</u>	Rs.	<u>Rs.</u>
Cash Flows from Operating Activities			
Surplus for the year before taxation		77,657,726	314,329,241
Adjustments for			
Fixed Assets Depreciation		21,732,900	10,586,350
Intangible Asset Amortization		475,357	67,500
Income from Investments (Dividend, Interest, Profit share)		(160,734,162)	(102,639,316)
Revaluation gain on Motor Vehicles		-	(85,996,927)
Acturial valuation gain/Loss		6,108,802	(9,475,227)
Prior Year Adjustments		=	(1,803,478)
Amortization Of Government Grants		(6,371,198)	(6,113,619)
Provision for Gratuity		7,029,764	(24,525,105)
Staff loan Amortization		4,427,352	3,519,821
Unwinding interest		(8,167,658)	3,656,960
Sundry assets purchases			81,121
Sale of Fixed Assets		( <del>=</del> )	(415,449)
Provision for Impairment in Value	9-	2,550,431	(137,446,488)
Operating Profit/(Loss) before Working Capital Changes		(55,290,686)	(36,174,616)
(Increase)/Decrease in Inventories		(283,394)	(567,308)
(Increase)/Decrease in Trade and Other Receivables		1,110,603	3,931,801
(Increase)/Decrease in Advances and Prepayments		(40,373,036)	(15,112,268)
Increase/(Decrease) in Provision and Other Liabilities		117,058,563	21,322,875
Increase/(Decrease) in Other Payable	12	(29,429,493)	(10,542,428)
Cash generated from operations		(7,207,443)	(37,141,944)
Finance Costs Paid			-
Defined Benefit Plan Costs Paid		(6,911,545)	(6,452,434)
Net cash from Operating Activities	3. <b>.</b> 3. <b>.</b>	(14,118,988)	(43,594,378)
Cash Flows from Investing Activities			
Exporter's Loan recovery		146,492	626,500
Loan recovery		3,804,595	1,190,418
Sale of Fixed Assets	3	-	415,449
Acquisition of Property, Plant & Equipment	9	(8,253,368)	(2,150,900)
Acquisition of Computer Software	9	(4,183,761)	
Dividend Received	4	58,193,884	90,668,264
Interest Received	4	12,350,401	7,737,755
Net cash used in Investing Activities	:	62,058,243	98,487,486
Net Cash Flows from/(Used in) Financing Activities			
Government Grant/ GIZ Fund Received		13,702,128	2,150,900
Net cash used in Financing Activities	-	13,702,128	2,150,900
Net Increase/(Decrease) in Cash and Cash Equivalents		61,641,383	57,044,007
Cash and Cash Equivalents at the beginning of the year		121,808,990	64,764,983
Cash and Cash Equivalents at the end of the year		183,450,373	121,808,990
Analysis of Cash & Cash Equivalents	9. <del>7</del>		
Cash in hand	16	1,864	1,000
Cash at Bank - Favorable	16	183,448,509	121,807,990
	5± 11≧	183,450,373	121,808,990

### STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT OF THE AUTHORITY TO FINANCIAL REPORTING

In terms of Section 16 (Application of the provisions of the public corporations (financial control) Act) of Export Development Board of Sri Lanka Act No 40 of 1979, the Management of the Board is responsible for,

- i. Keeping proper books of accounts of the income and expenditure, assets and liabilities and all other financial transactions of the Authority.
- ii. Preparing accounts in accordance with the Sri Lanka Accounting Standards adopted by the Institute of Chartered Accountants of Sri Lanka under the Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 for the purpose of presenting a true and fair view of the financial performance and the financial condition of the Board.
- iii. Taking appropriate steps to safeguard the assets of the Board and to establish appropriate internal controls to prevent and detect frauds and other irregularities.

#### 1. GENERAL INFORMATION

#### 1.1 Domicile & Legal Form

Sri Lanka Export Development Board is incorporated and domiciled in Sri Lanka under the Act No 40 of 1979. The registered office of the Board is at No. 42, Nawam Mawatha, Colombo 02.

#### 1.2 Principal Activities and Nature of Operations

Export Development Board is primarily engaged to development and promotion of Sri Lanka exports; and to provide for matters connected therewith or incidental thereto.

#### 1.3 Date of Authorization for Issue

The Financial Statements of the Board for the year ended 31st December 2023 have been approved by the Board of Directors on 18th April 2024.

#### 1.4 Statement of Compliance

The Statement of Financial Position, Comprehensive Income, Changes in Equity, Cash Flow and notes together with Summary of Significant Accounting Policies and notes (Financial Statements") of the Board as at 31st December 2023 has been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS and LKASs) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), which represent International Financial Reporting Standards (IFRS) issued by the Sri Lanka Accounting Standards Board.

#### 1.5 Responsibility for Financial Statements

The Management of Export Development Board of Sri Lanka is responsible for the preparation and presentation of the financial statements.

#### 1.6 Basis of Measurement

The financial statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes. Assets and liabilities are grouped by nature and in an order that reflect their relative liquidity.

#### 1.7 Going Concern

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

#### 1.8 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the board's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These factors could include judgment, estimate and assumptions.

#### 1.9 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (a) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flows model and/or mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### (b) Valuation of defined benefit obligation

LKAS 19 requires that the Projected Unit Credit Method be used to determine the accrued liability and the current service cost of the retirement benefit plan. The objective of this method is to expense each employee's benefits under the Plan as they accrue, taking into consideration various actuarial assumptions. The approach used here is to estimate the accrued value benefit paid to each of the individual member due to retirement, resignation, death and permanent disability. The estimated accrued benefits for each member are then summed to calculate the actuarial present value of the defined benefit as at the valuation date. In other words, the present value of a defined benefit obligation is the actuarial present value of the expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The cost of defined benefit pension plans is determined based on the Actuarial Valuation done as at 31/12/2023. The carrying value at the balance sheet date of defined benefit obligation is Rs. 33,998,835.

#### (c) Fair Value

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. When a financial instrument is initially recognized, its fair value is generally the value of the consideration paid or received. Subsequent to initial recognition, the fair value of a financial asset quoted in an active market is generally the bid price and, for a financial liability quoted in an active market, the fair value is generally the ask price. For financial instruments such as cash equivalents and short-term investments that have a short duration, the carrying value of these instruments approximates fair value.

#### 2. SPECIFIC ACCOUNTING POLICIES

#### 2.1 Assets and bases of their valuation

Assets classified as current assets on the Balance Sheet are cash and bank balances and those which are expected to be realized in cash during the normal operating cycle or within one year from the Balance Sheet date, whichever is shorter.

#### 2.2 Financial Instruments

#### 2.2.1 Financial Assets (Non-derivative)

The Financial Assets classifies into the following categories based on the SLFRS 09: as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) The entity's business model for managing the financial assets and
- (b) The contractual cash flow characteristics of the financial asset.

The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

#### 2.2.2 Classification, Recognition and Measurement

- (i) A financial asset shall be measured *at amortized cost* if both of the following conditions are met:
- (a) The financial asset is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (ii) A financial asset shall be measured *at fair value through other comprehensive income* if both of the following conditions are met:
- (c) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (d) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (iii) A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

#### 2.2.3 Determination of fair value

The fair values of loans and advances as well as liabilities are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

#### 2.2.4 Reclassification

When, and only when, the board changes the business model for managing assets it shall reclassify all affected financial assets in accordance with categories of above financial assets.

#### 2.2.5 Impairment

#### (a) Financial assets carried at amortized cost

The Board assesses at each end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated. Objective evidence that a financial asset or Group of assets is impaired includes observable data that comes to the attention of the Board about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It is probable that the issuer or debtor will enter bankruptcy or other financial Re-organization;
- The disappearance of an active market for that financial asset because of financial difficulties; or

Observable data indicating that there is a measurable decrease in the estimated future cash flow from a Group of financial assets since the initial recognition of those assets,

The Board first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Board determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as improved credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement.

(b) Impairment of other non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

#### 2.2.6 De-recognition

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Board has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
- (a) The Board has transferred substantially all the risks and rewards of the asset, or
- (b) The Board has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Board has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the Board's continuing involvement in it. In that case, the Board also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Board has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Board could be required to repay.

**2.2.7** Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### 2.3 Property, Plant and Equipment

#### 2.3.1 Recognition & measurement

Items of property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed asset includes the cost of materials and direct labor, any other costs directly attributable to bringing the

assets to a working condition for their intended use expenditure on repairs or maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets has been recognized as an expense when incurred.

#### 2.3.2 Subsequent costs

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized and written—off during the lease period. Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied within the part will flow to the board and its cost can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in the income statement as an expense as incurred.

#### 2.3.3 Depreciation

The provision for depreciation is calculated on the straight line method on the Cost/ valuation of the Property, Plant and Equipment. All Property, Plant and Equipment other than land have been depreciated annually on the following percentages in order to write off such amounts over the useful lives.

Motor Vehicles Less than 10	10%	Motor Vehicles Over 10 2	20%
years old		years old	
Computers	20%		
Computer Equipment	25%	TV Equipment	10%
Telephone Installation	20%	Furniture and fittings	10%
Residential Telephone	10%	Office Equipment	10%
PABX System	10%	KIOSK System	20%
Other Equipment	33 1/3%		

Depreciation has been charged commencing the date of purchase using straight line method. During the year under review economic life time of the property, plant and equipment were reassessed as required by the LKAS 16 based on the best of the information available. As a result, depreciation rates were changed for some property, plant and equipment. The resulting impact of change in economic life time of the assets is adjusted in the financial statements commencing from the 2012 onwards.

#### 2.3.4 De-recognition

Items of property and equipment are de-recognised upon disposal or when no future economic benefits are expected from its use. Gain or losses arising on de-recognition of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

#### 2.3.5 Impairment of Tangible Assets

At the end of each reporting period, the Board reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the income statement, unless the relevant asset is carried at a revalue amount, in which case the impairment loss is treated as a revaluation decrease.

#### 2.3.6 Cost of immaterial Non-Current Asset items record as Recurrent Expenses (Sundry Assets)

The Sri Lanka Accounting Standard on Property Plant and Equipment (LKAS 16) guides as "Spare parts and servicing equipment are usually carried as inventory and recognized in profit or loss as consumed".

The EDB records all small value expenditure items including maintenance costs/ spare parts of IT etc. as cost of sundry assets at the time of cost incur and not as part of cost of fixed assets, which are immaterial when compared to the Fixed Assets values.

#### 2.4 Investments in Associates- Development Holdings (Pvt) Ltd

Investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the board's share of the profit or loss of the investee after the acquisition date (Equity Method). Adjustments to the carrying amount (Changes arising from the revaluation of Property, plant and equipment or foreign exchange translation differences) is recognized in the board's proportionate interest from year 2013 onwards in the investee arising from changes in the investee's other comprehensive income.

#### 2.5 Intangible Assets

An intangible asset is recognized if,

It is probable that the expected future economic benefits of service potential that are attributable to the asset will flow to the entity; and

(a) The cost or fair value of the asset can be measured reliably.

The board uses the cost model to recognize the intangible assets as per LKAS 38. And Computer Software is categorized under the intangible assets and the depreciable amount is allocated on a systematic basis over its useful life. Amortization rate applicable is 25%.

#### 2.6 Inventories

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

#### 2.7 Other Assets

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

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

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

#### (b) Other Debtors

Other debtors are recognized at cost less impairment loss.

#### 2.8 Cash and Cash Equivalents

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

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

#### 2.9 Financial Liabilities

#### 2.9.1 Classification of financial liabilities

The EDB classified all financial liabilities as subsequently measured at amortized cost, except for:

- (a) Financial liabilities at fair value through profit or loss, such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.
- (b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.
- (c) Financial guarantee contracts.
- (d) Commitments to provide a loan at a below market interest rate.

Accordingly, financial liabilities within the scope of SLFRS 09 are classified as financial liabilities at fair value through profit or loss or at amortised cost as appropriate. The Board determines the classification of its financial liabilities at initial recognition.

The Board's financial liabilities include trade and other payables.

#### 2.9.2 Other Liabilities

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

#### 2.10 Government Grants

Grants are recognized in the financial statements at their fair value. When the grant relates to an expense it is recognized as an income over the period necessary to match it with the costs, which it is intended to compensate for on a systematic basis.

Grants related to assets are generally deferred in the statement of financial position and credited to the statement of comprehensive income over the useful life of the asset.

As per the LKAS 20 - Accounting for Government Grants and Disclosure of Government Assistance, from the year 2016, cost of the fixed assets purchase under the development budget of the Board by using the government fund are transferred to the Government Grant Account and will be amortized over their useful lifetime (equal to the depreciation rate).

The value of the Government Grant reflects, assets transferred from following organization at the time of formation of the Board and the assets purchased subsequently to the Board.

 Government Contribution
 Rs.
 7,904,002

 UNDP Contribution
 Rs.
 2,110,282

 Government Grant Motor Vehicles
 Rs.
 3,162,227

 Government Grant - Other
 Rs.
 19,102,428

 Total
 Rs.
 32,278,939

#### 2.11 Employee Benefits

#### **Defined Contribution Plans**

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

#### Defined benefit plans

Defined benefit plans are post-employment plans other than defined contribution plans. The EDB is liable to pay gratuity in terms of the Payment of Gratuity Act No. 12 of 1983. Accounting for defined benefit plans is complex, because actuarial assumptions are required to measure the obligation and the expenses, and there is a possibility of actuarial gains and losses. Moreover, the obligations are measured on a discounted basis, because they may be settled many years after the employees render the related service.

The actuarial valuation is performed by the Smiles Global (pvt) Ltd, professional Consultancy firm. The firm has been taken the assumptions on discount rate as 13%, salary inflation rate as 2%, mortality rate A67/70 Ult tables, withdrawal rate 6% etc.

#### 2.12 Income Tax

According to the Sri Lanka Export Development Act No .40 of 1979 Section 18, the profits and income of the Board exempted from income tax.

#### 2.13 Income Recognition

#### a. Government Grant

This represents funds received from the government treasury. Based on forecasted cash flow requirements, the treasury provides the required funds to the board. Therefore, this represents expenditure related grant received by the board which is recognized at fair value.

#### b. Other Income

Income received from providing services and information is measured at the fair value of the consideration received or receivable as per the Invoices raised in the period in which the related services are performed.

#### c. Interest Income

Interest income for all interest-bearing financial instruments is recognized in the income statement at the time of repayment of the installment using the effective interest rate method.

#### d. Dividend Income

Dividend income is recognized when the Board's right to receive the payment is established.

#### 2.14 Expenses Recognition

All expenses are measured at fair value of the consideration given and recognize in the period to which those expenses related. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the depreciation period and are treated as a change in an accounting estimate.

#### 2.15 Borrowing Costs

Borrowing costs are interest & other costs incurred by the Board in connection with the borrowing of funds. Borrowing costs are recognized as an expense in the period in which they are incurred.

#### 2.16 Foreign Currency Translation/Transactions

All transactions in currencies other than the functional currency are recorded in Sri Lankan Rupees, using the exchange rates prevailing at the time the transactions were effected. At each Statement of Financial position date, monetary assets and liabilities denominated in foreign currencies are retranslated to Sri Lankan Rupee equivalents at the exchange rate prevailing on the Balance Sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated to Sri Lankan Rupees using the exchange rate prevailing at the date of transaction. Exchange differences arising on settlement of monetary items and re-translation of monetary items, are recognized in the income statement in the year in which they arise.

#### 2.17 Related Party Transactions

The Board has related party relationship with its Associate company i.e. Development Holdings (Pvt) Ltd. The Board has paid monthly Rental for the space occupied and also the auditorium hire charges as per the valuation of the Government Valuer to the Associate Company.

Mr. Suresh D De Mel - Former Chairman & CE was a Board of Director of DHPL up to 31/03/2023 and Dr. Kingsley Bernard - Chairman & CEO was newly appointed as a Board of Director of DHPL from 03/04/2023. Mr. S.R.P. Indrakeerthi -ADG (F&A), Mrs. D.T. Wijayaratne - Legal Officer and Mr. K.D. Perera - Director Finance are functioning as EDB nominee directors of the Board of Directors of Development Holdings (Pvt) Ltd.

Four Board meetings were held during the year 2023 and a sitting allowance of Rs. 10,000 was paid per sitting.

### SRI LANKA EXPORT DEVELOPMENT BOARD GENERAL INFORMATION AND ACCOUNTING POLICIES YEAR ENDED 31ST DECEMBER 2023

### Transactions with Key Managerial Personnel

According to the Sri Lanka Accounting Standard 24 (LKAS- 24), Related Party Disclosure, Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the Board.

Mrs. Malani Baddegamage – Acting Director General as the Chairperson, Mr. K.D.Perera – Director Finance as the Managing Director and Mrs. Gayani Wijethilake – Deputy Director (EAD) were continued the service in the Board of the Mushroom Development and Training Center (MDTC). Two Board meetings were held during the year 2023 and a sitting allowance of Rs. 5,000 for the Chairperson, Rs. 3,500 for other two Directors were paid per sitting. Monthly allowance of Rs. 4,000/- was paid to the Managing Director.

The Government under its Interim budget 2022 (Budget proposal No 32) has identified, the Sri Lanka National Packaging Centre of the EDB (NPC) need to be reactivated aiming at promotion and development of the packaging Industry. The NPC Board is represented by the Sri Lanka Export Development Board (EDB), Sri Lanka Standards Institution (SISI), Industrial Technology Institute (ITI), National Engineering Research and Development Centre (NERD), Lanka Corrugated Carton Manufactures Association (LCCMA) & Sri Lanka Institute of Packaging (SLIP).

Dr. Kingsley Bernard, Chairman has been appointed as the Chairman and Mrs. P.V.A.M. Baddegamage, Actg. Director General has been appointed as a member of the Director Board representing the EDB to serve in the NPC Director Board. Mr. Kusal D. Perera, Director – Finance has been appointed as the Accountant of the NPC.

### 2.18 Events after Balance Sheet Date

The directors monitor events closely and where necessary adjustments or disclosures are made in the current Financial Statements in respect of material post balance sheet events as appropriate.

### 2.19 Contingent Liabilities

- a) Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.
- b) The Board has initiated legal actions against 17 parties in- order to recover dues to the Board in-connection with different transactions carried out with the Board. Details of those transactions are mentioned in the Note No.25 to the Notes to the Financial Statements.

### SRI LANKA EXPORT DEVELOPMENT BOARD GENERAL INFORMATION AND ACCOUNTING POLICIES YEAR ENDED 31ST DECEMBER 2023

### 2.20 Cash Flow Statement

The cash flow statement has been prepared by using Indirect Method in accordance with the Sri Lanka Accounting Standard No. 7 on Statement of Cash Flows.

The Indirect Method discloses the profit or loss adjusted by the effects of transactions of a noncash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

(3)	Income	<u>Note</u>	SLFRS 31.12.2023 Rs.	SLFRS 31.12.2022 Rs.
	Treasury funds received		363,754,900	351,522,100
	GIZ Fund		8,122,959	201/022/100
	Exporters' contribution on development activities		233,474,824	118,951,875
	e-Services Income		691,846	650,303
	EDB e-Market Place		60,711	114,487
	Seminars and Course Fee		7,337,143	5,963,251
	Sales of Books		139,275	218,735
	Sale of Fixed Assets		<b>₩</b> 0	415,449
	Presidential Export Award-2022		13,878,278	E1
	Exporters Service Income		792,780	=
	Registration of Pure Cey. Cinnamon Logo		114,000	221,567
	Non Refundable Deposits		217,500	372,000
	Miscellaneous Income		63,786	36,812
		_	628,648,002	478,466,579
(4)	Other Income			
	Interest Income - Staff loans		1,793,597	1,864,859
	(Less)/Add: Staff Cost - (IFRS Adjustments)		8,167,658	(3,656,960)
	Net interest income on staff loans	_	9,961,255	(1,792,101)
	Dividend Income	<b>(4.1)</b>	58,193,884	90,668,264
	Interest income on investments	(4.1)	10,556,804	5,872,896
	Other Sundry Income		635,405	711,215
	Amortization Of Government Grants	_	6,371,198	6,113,619
		=	85,718,546	101,573,893
(4.1)	Dividend Income & Interest Income are net of WHT	in the	year 2023.	
			Dividend Income	Interest Income
	Gross Amount		68,463,393	12,419,769
	Less: Withholding Tax	_	10,269,509	1,862,965
	Net Income	=	58,193,884	10,556,804

		<u>Note</u>	SLFRS 31.12.2023 Rs.	SLFRS 31.12.2022 Rs.
(5)	Export Development Expenses			
	Product/Market Development Programmes		6,402,941	20,060,096
	Trade Fair - Overseas		265,332,061	118,070,523
	B2B Meetings and other - Overseas		1,596,080	62,731
	Export Market Promotion- Local		128,662	10,622
	Policy and Planning Expenses		232,772	73,818
	Regional Development Expenses		1,295,866	1,737
	Trade Information and Services Expenses		10,995,691	6,584,201
	GIZ expenses		662,950	<b>5</b> .
	Ceylon Cinnamon Logo		678,797	974,443
	Market Access Supporting Scheme		18,717,021	-
	Presidential Export Awards	-	11,849,131	2,508
			317,891,972	145,840,677
(7)	Administration Expenses			
	Salaries and Wages		125,040,742	141,071,880
	Over Time and Holiday Pay		8,372,384	8,207,198
	Bonus		2,905,333	3,303,175
	EPF		16,255,881	18,180,664
	ETF		3,251,176	3,636,079
	Gratuity		7,029,764	(24,525,105)
	Special Living Allowance arrears		26	6,400,487
	Staff Welfare		13,718,796	12,623,855
	Encashment of Medical & Vacational Leave		7,676,371	8,740,071
	Recruitment Charges		387,314	182,550
	Electricity		29,469,545	15,209,402
	Water		1,135,845	782,198
	Legal and Other Professional Fee		1,231,501	71,388
	Advertising		534,976	624,896
	Security		2,234,869	2,316,599
	Audit Fee		1,854,630 251,984	1,410,000 150,955
	Printing Charges Transport & Travelling Charges		17,816,581	26,741,733
	VIP Meeting Expenses		318,070	147,802
	Other General Expenses		192,642	303,211
	Staff Cost Amortisation		4,427,352	3,519,821
	Board Member Fees & expenses		860,078	660,050
	Maintenance of Office Equipment		2,169,583	1,600,556
	Rent		97,887,575	88,852,626
			2.75017515	00,002,020

	Fuel and Lubricants	<u>Note</u>	SLFRS 31.12.2023 Rs. 10,237,478	SLFRS 31.12.2022 <u>Rs.</u> 8,383,550
	Repairs and Maintenance of Vehicles		5,290,587	3,703,721
	Private Hiring Charges		12,800	1,429,778
	Communication and Subscriptions		7,998,125	7,191,335
	Fixed Assets Depreciation		21,732,900	10,586,350
	Intangible Asset Amortization		475,357	67,500
	Shifting expenses		2,519,326	20
	Local Training		437,989	870,182
	Overseas Training		1,935,472	761,252
	Supplies Requisites		3,330,889	3,280,807
	Insurance & Renewal of License		201,540	189,950
	Sundry assest purchase		232,000	152,871
	Stamp Fees	_	804,718	59,882
		-	400,232,173	356,889,269
(6)	Provisions for Impairment for investments and ot Provision reversal with regard to share investment (Note 12.1) Impairment provision for trade and other	her rece	1,267,160	(144,264,494)
	receivables (given under note 14 being impairment provision for the long outstanding amounts appeared under trade and receivables)  Impairment provision against the deposits given fo	r	1,429,763	6,559,557
	Services (given under note 15.)	•	<del>5</del> 0	884,949
	Provision reversal relating to export loans ( given under note 14)		(146,492)	(626,500)
		·	2,550,431	(137,446,488)
(8)	Finance Cost	=		
	Financial Charges	<u></u>	115,321	133,224
		_	115,321	133,224
		<del></del>		

erty, Flant and Equipments	
Frop	Cost
6	(9.1)

Balance as at	Assets	Balance as at	Additions	Revaluation	Disposals	Balance as at
01/01/2022		01/01/2023				31/12/2023
71,726,450	71,726,450 Motor Vehicle	93,000,000	a	ä	ā	93,000,000
46,928,648	46,928,648 Computer	26,992,824	5,799,042	Ü	Ű	32,791,866
2,376,546	2,376,546 Computer Equipments	1,312,152	1,354,001	ï	ī	2,666,153
735,930	735,930 Kiosk System	735,930	a	ä	à	735,930
4,816,845	4,816,845 TV Equipments	4,196,296	ţ	Ü	Ü	4,196,296
143,174	143,174 PABX Equipments	143,174	ij	Ĭ	Ĭ	143,174
1,849,955	1,849,955 Telephone Installation	1,903,827	54,900	ā	ā	1,958,727
16,656,554	16,656,554 Furniture and Fittings	15,522,317	31,199	ũ	Ü	15,553,516
19,358,914	19,358,914 Office Equipment	13,176,074	1,014,226	ĭ	ī	14,190,300
34,740	34,740 Other Equipment	34,740	3	ä	à	34,740
69,240	69,240 Residential Telephone	69,240	<b>E</b>	Ü	£	69,240
164,696,997		157,086,574	8,253,368	ŭ	t	165,339,942

Export Development Board Annual Report - 2023

# SRI LANKA EXPORT DEVELOPMENT BOARD NOTES TO THE FINANCIAL STATEMENT YEAR ENDED 31ST DECEMBER 2023 (9.2) Depreciation

	3	; ;	3	,	1	2
Balance as at	Depreciation	Balance as at	Adjustments tor	Charge for	Depreciation	Balance as at
01/01/2022		01/01/2023	prior periods	the year	for Disposals	31/12/2023
62,158,933	62,158,933 Motor Vehicle	4,820,000	X	15,560,000	1	20,380,000
41,564,551	41,564,551 Computer	22,388,895	r	2,183,352	x	24,572,247
1,866,530	1,866,530 Computer Equipments	954,964	ī	255,447	ī	1,210,411
735,930	735,930 Kiosk System	735,930	ı	ĩ	1	735,930
4,907,364	4,907,364 TV Equipments	2,421,709	T.	069'89	x	2,490,399
94,226	94,226 PABX Equipments	82,324	ğ.	19,450	Ĭ	101,774
1,715,396	1,715,396 Telephone Installation	1,773,393	1	92,360	1	1,865,753
11,458,201	11,458,201 Furniture and Fittings	10,654,314	T.	4,232,469	x	14,886,783
17,430,617	17,430,617 Office Equipment	11,743,156	ķ	(678,868)	Ĭ	11,064,288
33,655	33,655 Other Equipment	34,740	ı	ĩ	1	34,740
69,240	69,240 Residential Telephone	69,240	*			69,240
142,034,643		55,678,665	Ī	21,732,900	Ľ	77,411,565

	023 18,811,638		21,732,900
(9.2.1) Charges for the year	Depreciation for the year 2023	Error correction for previous years	

Written Down Value	2023	2022
4,696,997 Cost	165,339,942	157,086,574
2,034,643) Accu: Depreciation	(77,411,565)	(55,678,665)
2,662,354 Written down value	87,928,377	101,407,909

SRI LANKA EXPORT DEVELOPMENT BOARD

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 31ST DECEMBER 2023

The cost of fully depreciated property, plant & equipment which are still in use at the reporting date is as follows. (9.3)

	31.12.2023	31.12.2022
	$\overline{\mathrm{Rs}}$ .	$\overline{\text{Rs.}}$
Computer Equipment	801,308	606,112
Computers	20,638,684	17,554,884
PABX System	65,549	65,549
Computer Software	3,539,600	3,539,600
Furniture & Fittings	14,034,659	13,303,159
KIOSK System	735,930	735,930
Office Equipment	7,517,995	6,807,615
Other Equipment	34,740	15,240
Residential Telephone	69,240	69,240
Telephone Installation	1,779,474	1,691,374
TV Equipment	2,023,606	1,411,695
	51,240,785	45,800,399

# SRI LANKA EXPORT DEVELOPMENT BOARD NOTES TO THE FINANCIAL STATEMENT

YEAR (10) (10.1)

at Depreciation	Balance as at	Adjustments for	Charge for	Depreciation for
7	01/01/2023	prior periods	the year	<b>Disposals</b>
,483 Computer Softw.	are 3,664,301	ţ	475,357	
,483	3,664,301	3	475,357	1

Balance as at 31/12/2023

	2023 503,309	us years (27,952)	475,357
Charges for the year	Amortisation for the year 2023	Error correction for previous years	
(10.2.1)			

	R ENDED 31ST DECEMBER 2023
_	Intangible Assets Cost
	Balance as at Assets
	6,004,481 Computer Software
	6,004,481
_	Depreciation
	Balance as at Depreciation
	01/01/2022
	5,791,483 Computer Software
	5,791,483
7	Charges for the year
•	Amortication for the great 2003
	Aniorusauoirior tile year 2023
	Error correction for previous years
	Written Down Value
	6,004,481 Cost
	(5,791,483) Accu: Depreciation
	212,998 Written down value

IEAN	ENDED 3151 DECEMBER 2023	<u>Note</u>	<u>SLFRS</u> 31.12.2023 <u>Rs.</u>	<u>SLFRS</u> 31.12.2022 <u>Rs.</u>
(11)	Investments in Associates - Unquoted			
	Investments in Associates Company - DHPL		1,341,453,480	1,251,263,603
		3 <del>-</del>	1,341,453,480	1,251,263,603
(12)	Other non-current financial assets			
	Investment in shares	(12.1)	168,030,485	169,297,644
	Staff loans - Non current	(14.1)	33,292,150	33,175,177
		_	201,322,635	202,472,821
(12.1)	Investment in shares			
	Investment in shares		161,449,831	161,449,832
	(-) Provision for impairment in Value	_	6,580,654	7,847,812
		_	168,030,485	169,297,644

Name	Amount Invested as at 31/12/2022	Provision as at 31/12/2022	Value as at 31/12/2022
Colombo Dockyard PLC	1,258,600	(7,337,582)	8,596,182
Lanka Canneries Ltd	399,600	399,600	-
Lanka Tiles PLC	9,950	(393,961)	403,911
S A Silva & Sons Lanka Ltd	13,150,000	(145,489,356)	158,639,356
Dambadeniya EPV	15,000		15,000
Lumbini Aquaria (Pvt) Ltd	2,200,000	2,200,000	2
CWG Hambantota (Pvt) Ltd	8,000,000	8,000,000	<u>=</u>
Lak Latex Centrifuge (Pvt) Ltd	285,000	<b>=</b>	285,000
Latexam Gloves (Pvt) Ltd	158,195	æ	158,195
Kelani Valley Canneries Ltd	1,200,000	=:	1,200,000
Other shares	134,773,487	134,773,487	=
Total	161,449,832	(7,847,812)	169,297,644

Name	Amount Invested as at 31/12/2023	Provision as at 31/12/2023	Value as at 31/12/2023
Colombo Dockyard PLC	1,258,600	(6,099,149)	7,357,749
Lanka Canneries Ltd	399,600	399,600	-
Lanka Tiles PLC	9,950	(365,234)	375,184
S A Silva & Sons Lanka Ltd	13,150,000	(145,489,356)	158,639,356
Dambadeniya EPV	15,000		15,000
Lumbini Aquaria (Pvt) Ltd	2,200,000	2,200,000	7
CWG Hambantota (Pvt) Ltd	8,000,000	8,000,000	=
Lak Latex Centrifuge (Pvt) Ltd	285,000	=	285,000
Latexam Gloves (Pvt) Ltd	158,195	-	158,195
Kelani Valley Canneries Ltd	1,200,000	=	1,200,000
Other shares	134,773,487	134,773,487	=
TOTAL	161,449,832	(6,580,652)	168,030,484

### Hence impact on income statement

1,267,160

Investment in Lanka Canneries Ltd shares were not measured at fair value since 3996 nos of shares owned by SLEDB have to be transferred to the General Treasury.

## SRI LANKA EXPORT DEVELOPMENT BOARD NOTES TO THE FINANCIAL STATEMENT

### YEAR ENDED 31ST DECEMBER 2023

Name	Number of shares	Market value per share	shares as at 31/12/2023
Colombo Dockyard PLC	145,698	50.50	7,357,749
Lanka Tiles PLC	8,705	43.10	375,186
S A Silva & Sons Lanka Ltd	1,413,772	112.21	158,639,356

Value of share of S A Silva & Sons Lanka (Pvt ) Ltd derived based on similar company only 1/3 of 336.64 taken for valuation

337 112

\*\*\* Investments in equity shares were tested for impairment as required as LKAS 39. The Colombo Dockyard PLC and Lanka Tiles PLC shares were measured at the market prices as at 31.12.2023 and S. A. Silva & Sons (Pvt) Ltd shares were measured at a market price of similar company as at 31.12.2022.

In 2023, S. A. Silva & Sons (Pvt) Ltd and the similar company both were made losses for the year. The value of shares of S. A. Silva & Sons (Pvt) Ltd has been tested for impairment and there are no evidence to be impaired the value.

(13) Inventories	
Stationery 3,429,856	3,225,364
Stock - Sundry Assests 78,902	
3,508,758	3,225,364
(14) Trade and Other Receivables	
Exporters Loan 38,027,520 38	3,174,012
UPEPV - Control Accounts 10,403,683 10	0,403,683
(-) Provision for Impairment in debts (48,431,203)	3,577,695)
Staff loans - Current (14.1) 7,426,425	7,607,687
Interest Receivable on Investment 364,780	
Other Debtors 9,874,079 1:	1,349,462
(-) Provision for Impairment in debts (7,989,321)	5,559,557)
9,675,963 12	2,397,592
(14.1) Staff loans (Re-stated figures in 2021)	
Non Current	
Staff loans 31,920,337 3	1,718,497
Prepaid staff benefits (Note 14.1.2) 10,422,223 10	),497,454
Less: deferred FV adjustment on off market Rate	
loans (9,050,410) (1	2,040,774)
33,292,150 3.	3,175,177
Current	
Staff loans 8,517,037	,523,472
Prepaid staff benefits (Note 14.1.2) 1,449,904	,498,482
Less: deferred FV adjustment on off market Rate	
	3,414,267)
7,426,425	7,607,687

	<u>Note</u>	SLFRS 31.12.2023 Rs.	SLFRS 31.12.2022 Rs.
(15)	Advance and Prepayments		
27 (5)	Prepayments (Note 15.1)	71,817,890	35,409,544
	Advances (Note 15.2)	6,199,657	2,133,092
	Deposits for Services	1,356,450	1,458,325
	'(-) Provision for Impairment in debts	(884,949)	(884,949)
	()Trovision for impairment in decis	78,489,048	38,116,012
(15.1)	Prepayment - International Trade Fair	67,526,426	34,941,705
(1011)	Prepayment - Other	4,291,464	467,839
		71,817,890	35,409,544
(15.2)	Advance for National Export Brand Development	1,894,357	
(10.2)	Advance for organic certification - EDB assistance scheme	1,903,440	_,
	Advance for design and construction of NPC	667,957	
	Textile advance	1,057,500	1,432,500
	Other advances	676,403	
	Other advances	6,199,657	700,592 <b>2,133,092</b>
		0,199,007	2,133,092
(16)	Cash and Cash Equivalents		
	Short-term Investments (16.1)	155,581,307	63,490,411
	Bank Of Ceylon - Lake View (306605)	27,172,951	56,944,135
	National Development Bank	167,946	363,402
	Bank Of Ceylon - Corporate Branch	523,087	1,004,290
	Sampath Bank - Kandy	185	100
	Sampath Bank - Galle	1,033	1,042
	Bank Of Ceylon - Mannar	1,500	1,583
	Sampath Bank - Kurunegala	500	527
	Bank Of Ceylon -Deposit Cashier	21	2,500
	Cash in Hand	1,864	1,000
	•	183,450,373	121,808,990
(16.1)	Short-term Investments		
	Fixed Deposits - Bank Of Ceylon - Lake View Branch	35,581,307	53,490,411
	Call Deposit - Bank Of Ceylon - Lake View Branch	120,000,000	10,000,000
	300	155,581,307	63,490,411
(17)	Grants Received - Equity Contribution		
	Capital Contributed by the Treasury	7,904,002	7,904,002
	UNDP Contribution	2,110,282	2,110,282
	· ·	10,014,284	10,014,284
(18)	Grants Received		
	Government Contribution - Motor Vehicle	38,826,450	38,826,450
	Government Contribution - Other	26,924,743	24,979,643
	Grants - Other	11,757,028	
	ITC Contribution	12,716	12,716
	Export Promotion Secretariat	202,677	202,677
	Grants - Market Access program	939,000	939,000
	(-) Amortization Of Government Grants	(56,397,959)	(50,026,761)
	-	22,264,655	14,933,725

Export Development Board Annual Report - 2023

		<u>Note</u>	SLFRS 31.12.2023 Rs.	SLFRS 31.12.2022 Rs.
(19)	Provisions and Other Liabilities			
	Exporter contribution		166,513,106	49,484,543
	Refundable Deposits		8,918,528	8,888,528
			175,431,634	58,373,071
(20)	Retirement Benefits Obligation	-		
(20)	Balance B/F		27,771,814	68,224,580
	Provision during the year		13,138,566	(34,000,332)
	Paid during the year		(6,911,545)	(6,452,434)
	Balance C/F	-	33,998,835	27,771,814
		_		
(21)	Trade Payables Stamp Fees Payables		23,760	23,285
	PAYE Payable		175,303	742
	×			
	Unclaimed Sundry Payments		47,165	49,740
	EFF Payable		2,166,535	=
	ETF Payable		259,984	- 42.007
	Employees Final Payments		43,997	43,997
	Audit Fees Payables		1,546,980	1,200,000
	Repayable Security Deposit- Cashier		E1	2,500
	Refundable Deposit for Tenders		49,000	111,000
	Unpresented cheque-creditors		105,416	292,133
	Provision for SLAs salary arrears		6,400,487	6,400,487
	Other Accrued Expenses		22,970,037	34,156,154
	Control A/C - National Export Strategy		124,276	434,071
	Control A/C - Market Access Program		=	18,518,654
	Control A/C - Kithul Product Development		288,122	517,475
	Control A/C - Coffee E P V Programe 2021		642,213	642,213
	IP- National pack Centre Ctrl A/C		F2	2,992,770
	Bank Guarantee	(21.1)	1,112,453	<del>5</del> 9
		_	35,955,728	65,385,221

 $<sup>\</sup>begin{tabular}{ll} \begin{tabular}{ll} \beg$ 

(22) Investments in equity shares were tested for impairment as required as SLFRS 9. The Colombo Dockyard PLC and Lanka Tiles PLC shares were measured at the market prices as at 31.12.2023 and S. A. Silva & Sons (Pvt) Ltd shares were measured at a market price of similar company as at 31.12.2022.

In 2023, S. A. Silva & Sons (Pvt) Ltd and Renuka Agri Foods PLC both companies were earned losses for the year. The value of shares of S. A. Silva & Sons (Pvt) Ltd has been tested for impairment and there are no evidence to be impaired the value.

### (23) Staff Loan

The EDB employees are entitled to loan facilities under concessionary interest rates. These loans are fair valued as per IFRS 9 "Financial Instruments" using discounted cash flows. Staff loans are initially recognized at fair value and subsequently measured at amortized cost using the Effective Interest Rate (EIR), less allowance for impairment according to Sri Lanka Accounting Standard SLFRS 9 – "Financial Instruments".

The difference between granted amount and its fair value is treated as per – paid staff cost and fair value loss. Pre-paid staff cost is amortized over the expected employees' service lifetime.

Fair value loss is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The fair value loss is included in "Other Income" in the Statement of Profit or Loss.

### **Discount Rate**

The commercial bank average weighted lending rate (AWLR) as agreed by the management of the Export Development Board is used as the discount rate it varies with the period of the loans. AWLR as at 31 December 2023 is 14.66% as per Statistics Department - Central Bank of Sri Lanka.

The accounting for the below-market element of staff loan to the employees are addressed by SLFRS 9 and LKAS 19 standards.

Rs.	40,437,373
Rate	
Rs.	(11,590,926)
Rs.	11,872,127
Rs.	40,718,574
	Rate Rs. Rs.

### Note (23.1) Deferred FV adjustment on off market rate loans

Opening balance	Rs.	15,455,041
FV adjustment at the reporting date	Rs.	(8,167,658)
FV loss/(gain) from the loans granted		
during the year	Rs.	4,303,543
Closing gross carrying amount	Rs.	11,590,926
Note (23.2) prepaid staff benefits  Opening balance	Rs.	11,995,936
Opening balance	Rs.	11,995,936
FV loss/(gain) from the loans granted during the		
year	Rs.	4,303,543
Less: Staff loan benefit amortization	Rs.	(4,427,352)
Closing gross carrying amount	Rs.	11,872,127

### (24) Related Party Transactions

### (24.1) Associate Company- Development Holdings (Pvt) Ltd

Payments are made in the ordinary course of business to its Associate Company i.e. Development Holdings (Pvt) Ltd. for certain specified activities are considered as related party transactions. During the reporting period, the following transactions which includes outstanding balances and committments have been done with such related party by the EDB. Following details are presented according to the LKAS 24 disclosure requirements (Paragraph 27).

<u>Name</u>	<u>Transactions</u>	2023	2022
		Amount (Rs)	Amount (Rs)
Development Holdings	Rental	85,417,958	82,674,000
(Pvt) Ltd.	Electricity	25,457,621	13,006,655
	Water	415,976	236,468
	Janitorial Expenses	415,991	323,011
	Auditorium hire charges	91,345	26,375
	Dividend Received ( Net of WHT)	34,231,362	40,272,190

### (24.2) Key Management Personnel

The Management Committee is comprised with following senior management level directors (HM category) and their aggregate remuneration, loan taken details for the year 2023 are presented as follows according to the disclosure requirements of the LKAS 24

Name & Designation				Loan Details (Rs)	
	Aggregate Remuneration	Other Remuneration	Loan Granted	Loan Recoveries During the Year	Outstanding as at 31/12/2023
Mr.S.D. De Mel Chairman & CE	594,752	æ	<u>e</u>	2	В
Dr.K. B. Digo Talattaniralalage Chairman & CE	1,089,070	~	-	-	u u
Mrs.P.V.A.M.Baddegamage Acting Director General	3,168,659	144,551	250,000	111,111	=
Mr.S.R.P. Indrakeerthi Additional Director General (F&A)	2,948,951	146,445	237,270	43,140	125,825
Mrs.K.A.V.Premathilaka Director	2,228,779	140,690	250,000	26,515	55.
Mrs. S.S. Jayawardane Director	2,837,129	140,681	-	-	
Mrs. O.M.C. Kumudinie Director	2,738,285	137,605	250,000	45,455	26,515
Mrs. L.Y.R.I Kodikara Director	1,725,609	110,365	2	2	
Mr. J.S. Badugama Director	2,306,291	108,095	=	H	e <sup>o</sup>
Mr. K.D. Perera Director	2,306,291	108,095	-	( <b></b> )	

### (25) Contingent Assets and Liabilities

There are no any other contingent assets or liabilities as at the balance sheet date except the details mentioned below.

	Nature of Contingent Asset as at 31.12.2023	Name of the Party from whom the Contingent Asset arose	Probable/Estima ted cash inflow in future Rs.	If unable to measure the cash inflow
i.	Case filed to recover outstanding rent, electricity and janitorial charges -	Gem Nation (Pvt) Ltd	2,226,597	
	Chennai Trade Centre			Legal Fees
		Unique Multi Artist	194,143	to Arbitration
		Sara Oos Leather (Pvt) Ltd	1,131,017	
ii.		Monalisa products	2,000,000	
Case	Case filed to recover advance payment given under MASP	Factory style (pvt) ltd	1,735,360	Legal Fees
		Bombuwella Rubber	2,000,000	
iii.	Loan Defaulter	Works of Arts	19,000	*
		Rajas Jewelry	90,418	<del>20</del> 0
		Ceylon Ornamental Ceramics	39,720	=
		Saman Gems & Jewelers	73,841	=
		Unique Multi Artists	157,007	<b>=</b> 0
iv.	Case filed to recover outstanding advance payment paid by the EDB	Solar Green Plantations (Pvt) Ltd	2,303,225	_
v.	Recovery of salary	W.H.C.W. Fernando	34,783	2000 2000
		R. M. S. K. Priyankara	26,479	==

### (27) Events after the reporting date

### (27.1) Final decision issued by the court of labour on Special Living Allowance

The department of labour had issued a final decision on the matter of labour dispute of halted Special Living Allowance from the date of 01/10/2017.

According to the given labour court order, the total number of 49 employees are entitled for this Special Living Allowance from the date of 21/03/2023 and total liability as at 31/12/2022 was Rs. 6,400,487.

EDB deposited Rs. 4,915,890.89 on 29/02/2024 to The Department of Commissioner General of Labour in order to get a writ against the above Arbitration award.

# AUDITOR GENERAL'S REPORT 2023



# ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம் NATIONAL AUDIT OFFICE



මගේ අංකය எனது இரை A C/E/EDB/FS/2023/25 My No. මබේ අංකය உழது இல. Your No.

Date 66 August 2024

Chairman

Sri Lanka Export Development Board

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Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lanka Export Development Board for the year ended 31 December 2023 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

The above mentioned report is sent herewith.

W.P.C. Wickramaratne

Auditor General



Copy:

- 1. Secretary, Ministry of Investment Promotion
- 2. Secretary, Ministry of Finance, Economic Stabilization and National Policies.





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தேசிய கணக்காய்வு அலுவலகம் NATIONAL AUDIT OFFICE









Chairman

Sri Lanka Export Development Board

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lanka Export Development Board for the year ended 31 December 2023 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

### 1. Financial Statements

### 1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Export Development Board for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Board as at 31 December 2023, and of its financial

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performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### 1.2 Basis for Qualified Opinion

- (a) Contrary to the paragraph 42 of Sri Lanka Accounting Standard 08 (LKAS 08), previous year errors related to the depreciation of property, plant and equipment and intangible assets aggregating Rs. 2,949,214 had been adjusted in the year under review.
- (b) The existence of the investments in shares aggregating Rs. 35,431,905 and the impairment made thereon amounting to Rs. 35,273,710 could not be confirmed as the share certificates had not been presented to the audit.
- (c) A payment of Rs. 49,250,000 made to the Board of Investment of Sri Lanka during the year 1994 as a non- refundable government share for a project had been shown in the financial statements as an investment in shares.
- (d) The market price of 1,413,772 shares of a private company in which the Board had invested a sum of Rs. 13,150,000 had been shown in the financial statements as Rs.158,639,356 as at 31 December 2023 which was the market value of the shares as at 31 December 2022. However, it was not confirmed to the audit that the market value of the shares as at 31 December 2023 was same as the market value as at 31 December 2022 as the accuracy of the base for calculation of the market value of shares was not confirmed to the audit.

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

### 1.3 Other information included in the Board's 2023 Annual Report.

The other information comprises the information included in the Board's 2023 Annual Report but does not include the financial statements and my auditor's report thereon, which I have obtained prior to the date of this auditor's report. Management is responsible for the other information.

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

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

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

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

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

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



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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit
  procedures that are appropriate in the circumstances, but not for the purpose of expressing
  an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

Annual Report - 2023

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### 2. Report on Other Legal and Regulatory Requirements

- 2.1 National Audit Act, No.19 of 2018 includes specific provisions for following requirements.
- 2.1.1 Except for the effects of the matters described in the basis for Qualified Opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Board as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.
- 2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.



- 2.1.3 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.
- 2.2 Based on the procedures performed and evidences obtained were limited to matters that are material, nothing has come to my attention;
- 2.2.1 to state that any member of the governing body of the Board has any direct or indirect interest in any contract entered into by the Board which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.
- 2.2.2 to state that the Board has not complied with any applicable written law, general and special directions issued by the governing body of the Board as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for;

### Reference to law/ direction

### Description

- (a) Public Enterprise Circular No. 01/2015 of 25 May 2015
- The Board had paid a transport allowance of Rs. 13,975,608 during the year under review for 162 employees of the Board under PL, MA and JM categories who are not eligible for transport allowance.
- (b) Financial Regulations 756(6)
- Although the board of survey report should be presented to the Auditor General before 15 of June of the subsequent year, the board of survey report of the Board had not been presented to the Auditor General even as at the date of this report.
- 2.2.3 To state that the Board has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018 except for

- (a) Although the requested approval had not been granted from the Department of Public Enterprises, the staff loan scheme consisted with four categories of loans with an interest rate of 4.2 percent is being implemented under the approval of the board of directors since the year 1985 and the balance of staff loans as at 31 December 2023 had been Rs. 41,554,053.
- (b) The Board had gifted half a sovereign gold coins to the employees who have completed 25 years in a permanent post at their retirement or resignation from the service and the Board had incurred a sum of Rs. 595,600 during the year under review for the same without the approval of the Department of Public Enterprises.
- 2.2.4 to state that the resources of the Board had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018 except for
  - (a) The Board had incurred a sum of Rs. 1,043,150 during the year under review in order to obtain 2 valuation reports for a land which is not under the ownership of the Board and for the rent of the floors of the building where the Board is located.
  - (b) The Board had failed to recover an investment amounting to Rs. 40,217,028 made in shares of 26 companies written off from the Register of Companies due to the insufficiency of continuous follow up procedures in connection with the existence of the companies which the Board had invested in.

### 2.3 Other Matters

(a) The amount receivable from 146 exporters out of export credit given by the Board to the exporters as at 31 December 2023 was Rs.38,027,520. A 96 percent of that amount had not been recovered over a period of 25 years.



- (d) The Board had failed to recover a sum of Rs. 7,230,203 from other debtors over a period over 10 years.
- (e) The physical progress of 30 activities planned in the Action Plan to complete during the year under review had been in the range from 10 percent to 50 percent.
- (f) The Board had not taken adequate follow up procedures to evaluate the progress of 81 exporters out of 92 exporters who participated for 07 export promotional events held during the year under review with a cost of Rs. 16.487 million.
- (g) 06 posts of the senior management level, 23 posts of middle management level. 14 posts of junior management level and 46 posts of MA and PL grades of the approved cadre of the Board had been vacant as at 31 December of the year under review.

W.P.C. Wickramaratne

Auditor General

Annual Report - 2023