

Winning *Together*



Annual Report 2018

Development Lotteries Board

Winning *Together*

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Annual Report 2018



Winning *Together*



“Marking a year of phenomenal success we have created a sustainable impact in the lives of the people of Sri Lanka. As we move forward we present a winning proposition by contributing to provide educational opportunities as well as elevating the lives of all Sri Lankans.”

Building on a successful platform we move ahead by keeping up by introducing innovative IT driven platforms to meet the expectations and aspirations of our modern customers.”

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Corporate Information

Name of the Board

Development Lotteries Board

E-mail

info@dlb.lk

Legal Form

The Board was incorporated under the Act of Parliament No. 20 of 1997 Development Lotteries Board Act.

Web

www.dlb.lk

Date of Commencement

19th January 1983

TIN

409089844

Registered Office

No. 356, Dr Colvin R De Silva Mawatha,
Union Place, Colombo 02.

Current Board of Directors

- Mr. S.A.P. Suriyapperuma – Chairman/CEO
- Mr. H.R. Wimalasiri – Working Director
- Mr. D.N. Nanayakkara – Director
- Mr. H.C.D.L. Silva – Director
- Mr. M.P.Bandara- Director

Telephone

011 2 333 546-8, 011 4 824 824

Auditor

Auditor General

Fax

011 2 333 545

Bankers

People's Bank, Bank of Ceylon
Sampath Bank PLC

Vision

“To be a Premier fortune making public entity in Sri Lanka.”

Mission

“Conducting innovative and attractive lotteries using state of the art technology, upholding trust and being excellent in fulfilling the aspirations of stakeholders at all times”

Goals

“Increase the market share. Maximise the contribution made to the President’s Fund Acquire and utilise modern technology effectively. Full-fill the expectations of Stakeholders.”

Our Core Values

Integrity

The lotteries that we offer, and the way we conduct business is fair, honest and trustworthy.

Positive Attitude

The DLB employees hold an optimistic approach to every challenge they face when carrying out lottery business.

Result Orientation

The DLB employees are confident in their roles and focus on achieving the given targets in an effective manner.

Innovation

The employees of DLB are encouraged to seek ideas that will improve the business and to decide and act quickly in response to strategic and competitive market changes.

Team work

The DLB employees work together to achieve organisational goals while fostering openness, mutual respect and individual development.

Orientation Towards Excellence

The employees strive to maximise the quality of service continuously.

A Glance Through History

The Evolution of the Development Lotteries Board

The Development Lotteries Board's was originally known as the Development Lottery Centre when it started its operations in 1983. Its main objective was to concentrate on funding education development and provide medical assistance which stemmed from its historic close ties to the President's Fund and the Mahapola Higher Education Scholarship Trust fund.

When Dr Wickrema Weerasooria envisaged setting up an ongoing and income-generating scheme to finance numerous domestic financial and social development initiatives, he requested assistance from numerous private and government institutions to launch the 'Instant' lottery scheme.

However, the two favourable reactions originated from then-President J.R. Jayawardena who allocated Rs. 1.5 million and a comparable sum invested by Minister Lalith Athulathmudali from the Mahapola Higher Education Trust Fund to start the Development Lottery Centre.

According to the fund's strong vision, the first lotteries marketed were named "Development lotteries" and subsequently, the Development Lottery Centre was set up on January 19, 1983, with seed funding from the President's Fund and the Mahapola Scholarship Fund.

The Development Lottery Centre accomplished significant achievement and gained significant revenues within the first year of its operations. As shareholders of the initiative both the President's Fund and Mahapola Higher Education Scholarship Trust fund received the majority of the profits. To date, the Development

Lotteries Board's revenue has been attributed to the President's Fund for the primary intent of bringing wealth to the country as a whole.

The President's Fund allocates 50% of the aforementioned revenues to the Mahapola Higher Education Scholarship Trust Fund, which significantly assists higher education in the country. In 1993, the Lottery Development Centre was transformed into a Trust known as the "Lottery Development Trust." On August 12, 1997, the Development Lotteries Board Act 20 saw the Development Lottery Trust re-launch as the Development Lotteries Board.

The first ever 'instant/scratch' lottery cards titled 'Development Lottery' were sold for Rs. 10 each through an island-wide network of dealers. Which created two jackpot winners within 24 hours thus fuelling the venturer's long-standing popularity.

In 1987, the Development Lottery Centre first introduced television lottery with the release of 'Shanida Wasanawa' which was initially broadcast on Saturdays. The tailor-made 'Wasana Chakraya' program for non-winning instant lottery tickets began on January 25, 1998, which was aired on television on Sunday's.

In reaction to the program's favourable reception, a second television draw called 'Sanwardhana Wasanawa' which was introduced by the Development Lotteries Board to be aired on Tuesdays and Fridays.

In addition to the numbers; to easily recognize the winning tickets, Sanwardhana Wasanawa lottery program launched a brand-new feature in the form of a zodiac symbol.

In addition to the standard jackpot and regular cash prizes, the Development Lotteries Board launched the 'Jayoda' draw on January 26, 2004, which was aired on television on Mondays and Thursdays. The Super Jackpot begins with an initial Rs. 10 million. In a landmark move in the Sri Lankan lottery sector Jayoda regular jackpot winners were allowed to opt for the Rs. 1 million money award or a house worth over Rs. 1 million.

The Development Lotteries Board launched 'Jana Jaya' on Thursdays and Sundays on 10 April 2009. The lucky individual should match 04 numbers out of the 64 numbers to receive the Super Prize and a super number from another machine out of 12 numbers. Starting with an initial prize of Rs. 2.5 million for the Super Jackpot.

The implementation of the lottery 'Super Ball' on July 11, 2012, marked a great turning point in the history of the lottery sector. This specific lottery, beginning with a prize of Rs. 30 million was the biggest ever lottery jackpot, and it succeeded in attracting a large number of customers from the general public.

A variety of new lotteries were introduced by the Development Lotteries Board in the year 2016.

Development Lotteries Board launched 'Sanwardhana Lakshapathi' on May 14, 2016, and recorded a landmark sale of 5.6 million. Kotipathi Shanida,' launched on 8 April 2016, purchased 4.4 million tickets during the initial sales round.

The television lottery scheme, 'Sanwardhana Wasanawa,' was launched on 12 December 2016 with a new feel and an appeal and three cash prizes. Ada Kotipathi lottery was launched on 31st August 2017.

The Development Lotteries Board was established to raise funds for the president's fund and Mahapola Higher Education scholarships trust fund. Hence, all profits of the DLB are remitted to the president's fund. Accordingly during the last 36 years DLB has remitted more than Rs. 19 Billion as contribution to the president's fund fulfilling its commitment to the people through out the history.



WINNING THE HEARTS OF THE PEOPLE



Milestones

1983

Introduced instant lottery first time in Sri Lanka.

1987

Introduction of the first Television Lottery Draw "Shanida Wa.wa".

1993

Conversion from "Development Lottery Centre" to "Development Lottery Trust".

1997

Conversion from "Development Lotteries Trust" to "Development Lotteries Board" with a Government owned corporate body under the "Development Lotteries Board Act No. 20 of 1997".

- Achieved a turnover level of 2 billion.

1998

Introduction of **"Wasana Chakraya"** Television Draw. This was for non winning instant scratch lottery tickets. The **"Sanwardhana Wasanawa"** lottery was launched, together with **"Windows"** Instant Lottery and **"UREKA"** Instant lottery for Rs. 100 with a Super Luxury Motor Car as the winning prize.

1999

Updating Computer System to cope with Y2K issues, with the assistance of The World Bank.

2004

"JAYODA" was launched with pioneering feature of option for cash prize or a house

- Achieved a turnover level of 3 billion.

2008

Sheltered in DLB's own House at No. 356, Dr. Colvin R De Silva Mawatha, Colombo 02.

- Achieved a Turnover level of 5 billion.

2010

"Jana Jaya" Lottery, with a Super Jackpot prize was introduced.

2011

"Niyatha Jaya" Lottery was launched.

2012

"SUPER BALL" was launched with 30 Million Super Jackpot.

2013

Launch of **Highway Dream** lottery with **highest jackpot value.**

2014

Launch of **SMS lottery selling.**

2016

Launch of **Sanwardana Lakshapathi, Kotipathi Shanida** and **Sanwardana Wasanawa.**

2017

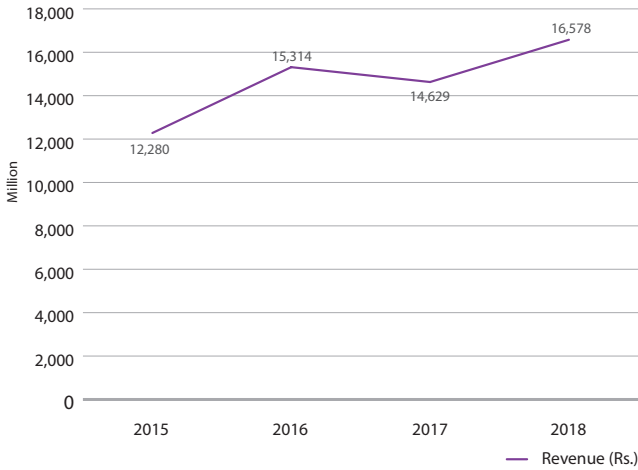
Launch of **"Ada Kotipathi"**

2018

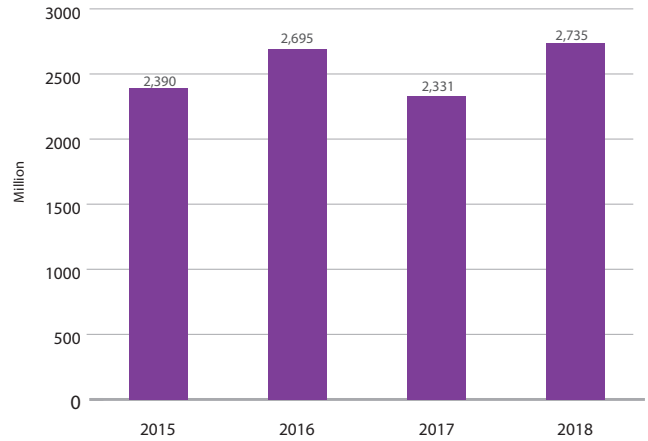
Launch of IVR and SMS result alert

Financial Highlights

Revenue (Rs)



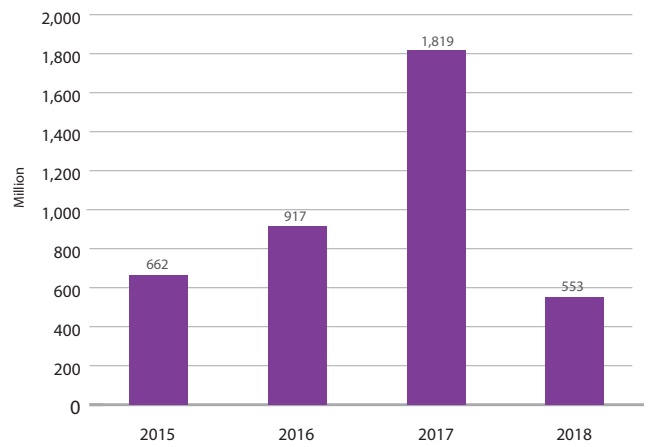
Profit Before Tax



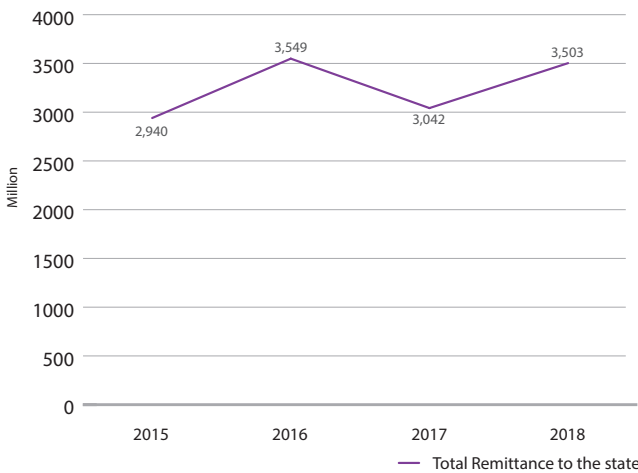
Contribution to the President's Fund (Rs)



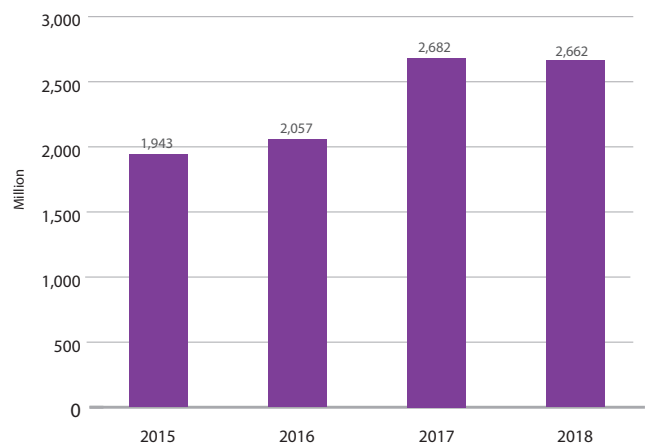
Income tax



Total Remittance to the state



Total Assets



Year ended 31st December	2018	2017
Operating Results		
Revenue	15,854,856,246	13,981,500,306
Gross Profit	6,580,641,989	5,864,333,040
Profit before tax	2,735,247,442	2,331,187,173
Tax expenses	553,166,576	1,819,191,890
Net Profit	2,187,603,956	507,036,703
Contribution to the President's Fund	1,968,000,000	346,541,000
Statement of financial Position		
Assets		
Non Current Assets	719,081,433	670,526,398
Employee Benefit Assets	2,271,294	-
Fixed deposit	1,218,142,035	1,012,526,906
Inventories	80,340,650	58,355,403
Trade Debtors & Other receivable	169,375,594	195,356,468
Prepayments & Deposits	11,633,780	6,473,731
Cash in hand & at Bank	461,682,393	739,482,123
Total Assets	2,662,527,179	2,682,721,029
Liabilities		
Employee Benefits Liabilities	-	4,697,498
Dealer & Distributor Deposit Payable	35,395,381	33,482,881
Credit Voucher Payable	94,273,760	247,427,740
Trade & Other payable	671,110,675	776,332,866
President's Fund payable	237,466,297	107,862,341
Prize Payable	648,835,116	698,488,245
Equity		
President's Fund	2,200,000	2,200,000
Mahpola Trust Fund	2,200,000	2,200,000
Prize reserve account	971,045,950	810,029,458
Total equity & liabilities	2,662,527,179	2,682,721,029
Profitability Ratio		
Net Profit ratio	17%	17%
Gross Profit ratio	42%	42%
Liquidity Ratio		
Current Asset ratio	1 : 1.37	1 : 1.7
Quick(Liquid) Assets Ratio	1 : 1.32	1 : 1.13

Chairman's Message



“Positioning the DLB to Deliver a Positive Growth to the Economy and the Society through Strategic Investments and to be the Market Leader in the Ever-Changing Lottery Industry”

At a time when the lottery industry's success or failures hinges on its capability to adapt to the ever-changing preferences of the customers, the Development Lotteries Board has been able to adapt these challenges and contribute positively to the society in a very sustainable and a profitable manner during the past 12 months.

It gives me great pleasure to present the Annual Report and Financial Statements for the year ended 31st December 2018. As a member of the Board of Directors, we are charged with ensuring that Development Lotteries Board delivers on its mandate of providing government-regulated Lottery products in a

responsible manner to the Sri Lankan community who purchase our products hoping to win and also with the knowledge that they are contributing to the development of our society with every purchase of a lottery ticket. During the past financial year, DLB was able to consistently deliver on this mandate by balancing shareholder expectations along with the demands of the customers.

When every business decision is arrived at by Development Lotteries Board (DLB) it reflects our commitment to balancing the social responsibility that has been entrusted to us along with the intention of delivering continuous returns to its customers.

With this in mind, the Board is pleased to report that during the year 2018 it achieved a turnover of LKR. 16.5 Bn which is an increase of thirteen percent (13%) compared to the previous year and also during the same period recorded its highest contribution to the president's fund a sum of LKR. 2,187 Million.

Furthermore, we achieved 96% of our budgeted annual sales target for the said period. At present the annual growth rate of the DLB Lotteries are at 13 percent, which is significantly higher when compared with our competitor.

Macro-Economic Review

Sri Lanka is attempting to sustain the economic growth while maintaining macro-economic stability. The Government's high debt payments and bloated civil service cadre, which has continuously contributed to historically high budget deficits and low tax revenues, remain a concern.

The Government debt is about 75% of GDP and remains among the highest among countries in the emerging markets. The Government will need to balance its elevated debt repayment schedule with its requirement to maintain adequate foreign exchange reserve levels in the coming years.

The overhang of government debt in the medium term contributes to the strain on the Sri Lankan rupee. As the rupee depreciated by 10.5 per cent in the first nine months of 2018, there is no let up on the country's reliance on commercially priced foreign borrowing given the bunching of foreign debt repayments due over the period 2019-2022.

The devaluation of the rupee will also worsen Sri Lanka's debt ratios. It will also add another blow to the GDP growth and will see a spike in the interest rates. This will curtail lending thereby, curtailing new investment and prospects of further positive growth.

Under these circumstances, the best that can be hoped for is that the economic gains of the last two years will be sustained. The CBSL's optimistic growth forecast of 4.5-5.0 per cent for 2018 has been subjected to a downward revision; to 4.0-4.5 in May 2018 and to 4 per cent in August 2018. This year the Sri Lankan economy will see an incremental

improvement in growth from the low of 3.1 per cent achieved in 2017, but sans the hoped-for transformative acceleration that can come from a rapidly modernizing economy.

Our Achievements

We have actively been involved in contributing towards this economic growth during 2018 by contributing LKR. 2,187 Million towards the president's fund. Through these we have been able to achieve our pre-set goals in commitment towards social development during the year under review. We were also able to settle all arrears of taxes due to the government amounting to LKR. 2,244 Million during this period and at present there are no liabilities of this nature. To achievement this increase we had to overcome highly volatile exchange rate fluctuations to achieve these.

New milestones

We cannot detach ourselves from the larger society around us. In light of that, we have been able to contribute our profits as a way of giving back to the society who have been there with us all these years. Payment of prize money for winners was up by 14% compared to the previous year and stood at LKR. 8,296 Million. The year 2018 had the highest turnover and largest contribution to the President's fund in comparison to the last 10 years of the DLB's history. The profits earned are mainly distributed to the president's funds which are utilized for Scholarships for University graduates and assistance to the needy people.

Our People

Over the past year, we have made some broad strides towards, expanding and developing a more robust team. We recruited a number

of exceptional leaders in marketing and information technology to complement our existing dedicated team. We have some of the best and the brightest in the business and they are contributing to our enterprise-wide commitment to think differently, using innovative strategies to propel our products and the development of the lottery experience, and process renewal.

New Technology

We made a sizable investment in technology and launched a new IVR (interactive voice response) system allowing customers to access their results through voice recordings. The IVR system is available 24 hours in all three languages. Through this the customers can access the winning lottery number records for the past six months. Our new IVR system will allow for quicker and more cost-effective development, promotions, and innovative experience.

Another initiative was to introduce the SMS alert system which can be accessed through a mobile service provider and an SMS of the lottery results will be delivered to the customer.

CSR Initiatives

"Stalled new POS systems and distributed new 500 lottery Booths Island wide which provides employment to the needy people. We have around 550 disabled people in our lotteries sales force Tricycles have been distributed to them free of charge over the years and during the last year 33 new tricycles were distributed to new these disabled sales assistants and thus creating new employment for them."

Chairman's Message

DLB's Main objectives are to contribute to the President's Fund and Mahapola Higher Education Trust Fund.

We conducted an awareness programme in several villages throughout the country to identify people in need of employment and we were able to erect 226 new ticket booths for them.

In addition to this DLB sponsored 32 lottery shops, organized medical camps where around 400 sales assistants benefitted; offered 52 scholarship schemes to lottery agents' children who entered university.

Future outlook -2019

I identified 2019 as the year of Technology and introduced SMS based lottery for normal mobile phone users and we are also launching a Mobile App for smartphone android users. This new technology will allow an additional 10% growth in the untapped market.

This industry and our organization will continue to face challenges in the future but through hard work and discipline, we will overcome these with an unwavering commitment to growth and to social responsibility.

Further, I would like to especially thank the President and the Minister of Finance for their support and guidance. And I have found it rewarding to work with our various stakeholders; learning and sharing

knowledge along the way supported by a highly talented and dedicated staff, past and present, who together have delivered and continue to deliver an exceptional service to our customers while supporting our communities.

I also give noteworthy thanks to all the Draw judges, the staff of the President's Fund, Mahapola Higher Education Trust Fund, Distributors, Dealers, Sales assistants, resellers, Media, Bankers, Auditors and all service providers. They have truly assisted us in making our presence at DLB meaningful. Last but not least we wish to thank all the customers who have patronaged and officers, without whom we could not have been able to achieve this success.

In conclusion, I wish to thank all our stakeholders, for the trust and confidence placed in this organization and look forward to your continued support in the years ahead.



S. A. P. Suriyapperuma
Chairman/CEO
Development Lotteries Board

Board of Directors (2018)

1. Mr. S. A. P. Suriyapperuma

Chairman

From 06.09.2017 to date

2. Mr. H. R. Wimalasiri

Working Director

From 06.09.2017 to date

3. Mr. H. G. Sumanasinghe

Director

From 26.09.2017 to 13.09.2018

4. Mr. D. N. Nanayakkara

Director

From 11.03.2015 to date

5. Mr. D. C. Dissanayake

Director

From 06.11.2017 to 15.05.2018

6. Mr. J. J. Rathnasiri

Director

From 10.08.2018 to Sep 2018.11.07

7. Mr. H. C. D. L. Silva

Director

From 23.11.2018 to date

Current Board of Directors (2019)

1. Mr. S. A. P. Suriyapperuma

Chairman / CEO

2. Mr. H. R. Wimalasiri

Working Director

3. Mr. H. C. D. L. Silva

Director,

Development Lotteries Board,
Additional Director General,
Department of Treasury Operations,
Ministry of Finance

4. Mr. D. N. Nanayakkara

Director, Development Lotteries Board,
Additional Secretary to the President,
Secretary-President's Fund, Presidential Secretariat

5. Mr. M. P. Bandara

Director,

Development Lotteries Board

Director,

Mahapola Higher Education Scholarship Trust Fund

Current Board of Directors



MR. S. A. P. SURIYAPPERUMA
Chairman / CEO

W.e.f 06.09.2017



MR. H. R. WIMALASIRI
Working Director

W.e.f 06.09.2017



MR. H. C. D. L. SILVA
Director,
Development Lotteries Board,
Additional Director General,
Department of Treasury Operations,
Ministry of Finance

W.e.f 23.11.2018



MR. D. N. NANAYAKKARA

Director, Development Lotteries Board,
Additional Secretary to the President,
Secretary-President's Fund Presidential Secretariat

W.e.f 11.03.2015



MR. M. P. BANDARA

Director,
Development Lotteries Board
Director,
Mahapola Higher Education Scholarship Trust Fund

W.e.f 28.01.2019

Review of the Board of Directors

As the following financial reports show, the Development Lotteries Board enjoyed a very successful Fiscal Year 2018 that allowed us to send a record amount of revenue to the President's Fund. These financial results were made possible by the hard work of our team and various stakeholders. With the DLB operating in its 35th year, our staff is challenged to develop and publicize lottery products that will maintain and expand our customer base. We rely on the expertise of our colleagues at DLB to create and launch lottery products with optimal schedules, design and winning price points.

DLB is governed by the development lotteries act no 20 of 1997. The main objective of the Development Lotteries Board is to provide funds to the Mahapola Higher Education Scholarship Trust Fund and the President's Fund. During the year under review, the progress we have achieved is evident from the facts that we were able to derive a significant profit from our sales while paying a large amount of cash prizes to our valued customers as well as remitting the president's Fund by Rs 2,187 Million for the concluded financial year.

Contributions to the President fund and the Prize money winners

	2017	2018	Change	%
Revenue (Rs Millions)	14,629	16,583	1,954	13%
Contribution to the Presidents Fund	507	2,187	1,680	331%
Prize Money for the Winners	7,263	8,296	1,033	14%

During the year under review for the Financial Year 2018, we were innovative in introducing several new strategies to achieve market share with the introduction of several new ' Lottery winning options.

Our notable achievements

We were able to pay all our accumulated tax arrears from the past years which amounted to Rs. 2.2 Billion. And for our customers, we were able to reward them with a 14% increase in prize monies as compared to the last year. Further, we developed our customer experience by introducing the IVR-(interactive voice response) which is available 24 hours for our customers to check the lottery results. Additionally, a facility by registration through a mobile platform was introduced, where daily SMS of the results will be received by our customers. New 226 lottery booths were installed Islandwide and DLB growth is at 13 percent compared with last year, which is significantly higher when compared to other industries.

We have planned to introduce new technology for the upcoming financial year such as the introduction of an SMS based lottery for non-smart phone users and launching a mobile app for Android & Apple smartphone users.

As part of our CSR initiatives, we sponsored 32 lottery shops, offered 52 scholarships for our agent's children to enter university and distributed 33 tricycles among our physically challenged sales assistants.

Board of Directors at DLB for the concluded financial year

1. **Mr. S. A. P. Suriyapperuma**
Chairman / CEO

W.e.f 06.09.2017
2. **Mr. H. R. Wimalasiri**
Working Director

W.e.f 06.09.2017
3. **Mr. H. C. D. L. Silva**
Director,
Development Lotteries Board,
Additional Director General,
Department of Treasury Operations,
Ministry of Finance

W.e.f 23.11.2018
4. **Mr. D. N. Nanayakkara**
Director, Development Lotteries Board,
Additional Secretary to the President,
Secretary-President's Fund Presidential Secretariat

W.e.f 11.03.2015
5. **Mr. M. P. Bandara**
Director,
Development Lotteries Board
Director,
Mahapola Higher Education Scholarship Trust Fund

W.e.f 28.01.2019

All of us at DLB take seriously our direction to operate the business in a socially responsible manner. We are committed to an education, training and review process that has earned us the status of a socially sustainable responsible business entity. In the marketplace, we make sure that all of our products, promotional materials and advertising have our message of winning rewards which contribute in return contribute to society in a socially responsible manner. We will continue to stay focused on our customers and dealers, providing innovative, convenient and enjoyable Lottery products.

In closing, on behalf of the Board of Directors, DLB would like to sincerely thank President and the Minister of finance & planning for their support and our employees who have worked diligently in meeting the goals of providing high quality products and excellence in customer service within a framework of corporate social responsibility over the past several years contributing to the President's fund and Mahapola Trust fund.



D. N. Nanayakkara
Director

Management Team

1. **MR. S. A. P. SURIAPPERUMA**
Chairman
2. **MR. W. K. A. A. JAYARATHNA**
General Manager
3. **MISS. W. A. V. C. SOMARATHNE**
Deputy General Manager (Finance)
4. **MR. D. D. C. DAMMINDA**
Deputy General Manager (Marketing) Act.
5. **MR. KAPILA BULATHSINHALA**
Assistant General Manager (Marketing)
6. **MRS. ASANKHAA S. GUNASINGHE**
Assistant General Manager (Marketing)
7. **MR. T. KASUN JAYASOORIYA**
Assistant General Manager (Finance)
8. **MR. NISHAN PERERA**
Assistant General Manager (Finance)
9. **MR. K. P. SUNIL JAYARATHNA**
Assistant General Manager (Sales)
10. **MR. K. R. R. PRASAD RANASINGHA**
Assistant General Manager (HRM/Adm.)
11. **MR. P. B. MADURA HARSHANA**
Assistant General Manager (Info. Tech.)
12. **MR. S. M. A. WASANTHA UDAYA KUMARA**
Internal Auditor

Junior Managers

1. **MR. E. D. I. N. S. ABEYRATHNA**
Administrative Officer
2. **MR. J. M. D. A. CHRISHANTHA**
Chief Security Officer
3. **MR. G. ROSHAN PRIYANTHA**
Territory Manager
4. **MR. C. C. AILAPPERUMA**
Territory Manager
5. **MR. M. B. M. N. K. BALAGALLA**
Territory Manager
6. **MR. G. A. R. S. RANATHUNGA**
Territory Manager
7. **MR. M. K. A. I. KAMALSIRI**
Territory Manager
8. **MR. I. D. PATHMA KUMARASIRI**
Territory Manager
9. **MR. D. M. B. L. MAHINDA**
Territory Manager
10. **MRS. M. L. GOWRI KAWSHALYA**
Territory Manager
11. **MR. R. A. SUNIL RATHNAYAKA**
Territory Manager
12. **MR. R. M. U. S. KUMARA**
Territory Manager
13. **MR. N. V. INDIKA UPUL**
Finance Officer
14. **MRS. R. D. C. RAJAPAKSHA**
Finance Officer
15. **MRS. M. A. L. N. GUNASEKARA**
Finance Officer
16. **MRS. R. A. W. G. RUPASINGHE**
Finance Officer
17. **MR. U. G. ILLEPERUMA**
System Analyst/Program Analyst
18. **MR. B. A. C. J. KARUNARATHNA**
Procurement Officer
19. **MRS. C. N. THEWARAPPERUMA**
Human Resource Officer
20. **MR. P. PRASANNA GOKULA FERNANDO**
Transport Officer
21. **MRS. G. D. S. PREMATHILAKA**
Marketing & Advertising Officer

Management Team



MR. S. A. P. SURIYAPPERUMA
Chairman



MR. W.K.A.A. JAYARATHNA
General Manager



MISS. W. A. V. C. SOMARATHNE
Deputy General Manager (F)



MR. D. D. C. DAMMINDA
Deputy General Manager (M) Act.



MR. KAPILA BULATHSINGHALA
Assistant General Manager (M)



MRS. ASANKHAA S. GUNASINGHE
Assistant General Manager (M)



MR. T. KASUN JAYASOORIYA
Assistant General Manager (F)



MR. NISHAN PERERA
Assistant General Manager (F)



MR. K. P. SUNIL JAYARATHNA
Assistant General Manager (sales)



MR. K. R. R. PRASAD RANASINGHA
Assistant General Manager (HRM/Adm.)



MR. P. B. MADURA HARSHANA
Assistant General Manager (Info. Tech.)



MR. S. M. A. WASANTHA UDAYA KUMARA
Internal Auditor

Junior Managers



MR. E. D. I. N. S. ABEYRATHNA
Administrative Officer



MR. J. M. D. A. CHRISANTHA
Chief Security Officer



MR. G. ROSHAN PRIYANTHA
Territory Manager



MR. C. C. AILAPPERUMA
Territory Manager



MR. M. B. M. N. K. BALAGALLA
Territory Manager



MR. G. A. R. S. RANATHUNGA
Territory Manager



MR. M. K. A. I. KAMALSIRI
Territory Manager



MR. D. M. B. L. MAHINDA
Territory Manager



MR. R. M. U. S. KUMARA
Territory Manager



MRS. M. L. GOWRI KAWSHALYA
Territory Manager



MR. R. A. SUNIL RATHNAYAKA
Territory Manager

MR. I. D. PATHMA KUMARASIRI
Territory Manager

Junior Managers



MR. N. V. INDIKA UPUL
Finance Officer



MRS. R. D. C. RAJAPAKSHA
Finance Officer



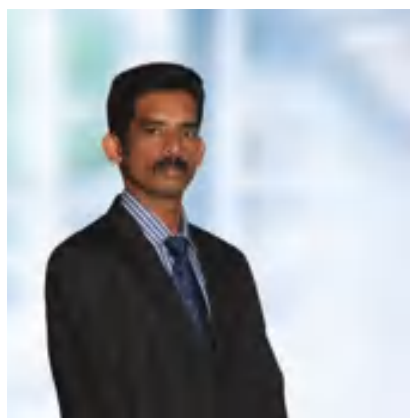
MRS. M. A. L. N. GUNASEKARA
Finance Officer



MRS. R. A. W. G. RUPASINGHE
Finance Officer



MR. U. G. ILLEPERUMA
System Analyst/Program Analyst



MR. B. A. C. J. KARUNARATHNA
Procurement Officer



MRS. C. N. THEWARAPPERUMA
Human Resource Officer



MR. P. PRASANNA GOKULA FERNANDO
Transport Officer



MRS. G. D. S. PREMATHILAKA
Marketing & Advertising Officer

Operational Review

Management Discussion and Analysis

The Development Lotteries Board being a State Owned Business Enterprise (SOBE) has been one of the two lottery organizations operating in Sri Lanka since their inception on the January 19th, 1983. Therefore, our organization's business depends on the country's prevailing socio-economic environment and the government policy directives and initiatives that have been implemented from time to time to enhance Sri Lanka's livelihoods and socio-economic climate.

Development Lotteries Board (DLB) income is credited to the President's Fund, which in turn uses 50% of it for the Mahapola Higher Education Scholarship Trust Fund. The balance provides different financial avenues for the poor by raising their living standards, catering for the health sector, providing funding for the maintenance of religious institutions, welfare societies, sports, and improving the arts field.

The Board of Development Lotteries seeks to provide its customers with world-class products and services that meet or exceed socially responsible expectations. DLB will continue to foster an environment and workplace that promotes innovation, effectiveness and efficiency. The management committee supports these strategic guidelines and priorities in ensuring sound and progressive planning and financial management, policies, standards and procedures and performance measurement.

Sri Lankan Economic outlook for 2018

In the third quarter of 2018, the Sri Lankan economy grew at a modest

rate of 2.9% year-on-year. Growth was supported primarily by the sector of agriculture and services, which rebounded during the period due to improved weather conditions. The services sector also recorded growth primarily due to substantial growth in the financial services subsector and expansion of wholesale, retail and other personal services activities. However, industrial activities remained subdued as a result of declining activities in construction and mining and quarrying in the midst of moderate expansion in manufacturing activities.

With the inflation based on CCPI decelerating to 3.3% as at the end of November 2018, the economy benefited from subdued inflationary pressures throughout much of 2018. Despite temporary increases in some months due to volatile food prices and administrative price adjustments, headline inflation remained low throughout the year due to favourable supply-side developments such as lower food prices.

Over the first ten months of the year, the trade deficit widened with the increase in import spending significantly exceeding the increase in export earnings. Despite the restoration of EU-GSP+, export earnings increased by only 5.8% in the first 8 months of 2018, while import expenditure increased by 10.9% in the same period as a result of the increase in fuel, vehicle, textile and textile imports. Meanwhile, as a result of rising global interest rates, the capital account was negatively affected by foreign investment outflows from the government securities market and the Colombo Stock Exchange (CSE) secondary market. The political turmoil towards the end of the year and the subsequent downgrading of

the sovereign rating of the country exacerbated the situation.

Due to domestic and external pressures, the exchange rate came under considerable pressure during the year. Domestically, a widening trade deficit has been aggravated by heavy foreign investment outflows due to the broad-based strengthening of the US dollar on the global market as well as political uncertainty prevailing over the last quarter of the year. As a result, the Rupee depreciated by almost 15.9% against the US dollar during the year up to December 2018.

Outlook for the upcoming year 2019

Continued policy uncertainty in the event of a lengthy political standstill, with a heavy external debt repayment schedule between 2019 and 2022 and a loss of confidence among investors are likely to dampen economic performance in 2019. Meanwhile, the global economy's gradual slowdown in the midst of tightening financial conditions could make 2019 a challenging year for the economy in Sri Lanka.

Financial review

This is a record-breaking year for DLB in terms of financial performance. Compared to last year the contribution to the President's Fund rose by 331 percent at Rs. 2,187 Million during the year 2018 which is the highest in its history. Subsequently, the Revenue increased by 13% compared to the previous financial year, at Rs 16,583 Million, which is the highest recorded turnover in DLB's history. Furthermore, DLB paid Rs 8,296 million in prize monies to its winners which is a 14% increase compared to 2017.

Earnings reflect a focus on balanced growth, capital investments to drive innovation and transformation, and a challenging operating environment. Focusing on driving customer experience, synergies and cost efficiencies ensures that the growth and margins across business segments are sustained.

According to the financial statements submitted for the financial year 2018, the operations of the Development Lotteries Board (DLB) resulted in the board paying and settling substantial amounts of state taxes amounting to Rs. 2.2 Billion as default taxes. DLB has no pending Tax liabilities going forward, which is a significant achievement

Principal Activities

The DLB is governed by the Development Lotteries Board Act No 20 of 1997. The Board's main activity is to generate funds for the President's Funds and Mahapola Higher Education Scholarships fund to provide scholarships for University Students and to grant medical support to the country's needy public, conduct social activities, helping Schools, temples, Samaji Sevas, religious functions & Sports meets through the operation and management of Lottery products.

During the year under review DLB operated the following marketing activities for its lotteries to achieve its key objectives:

01. Promotion programmes

• Saturday Fortune

Special draw was conducted under Shanida Wasana on 23rd February 2018 (Friday) to mark the 3000th draw of Shanida Wasana introducing new lottery ticket with attractive color

combination, new design and logo. This special draw marked a recorded sale of 2.2 million lottery tickets.

• Lagna Wasana

Considering the huge demand for Lagna Wasana, action was taken to commence draws on Wednesdays also from 07th March 2018 (Wednesday). The special draw conducted to mark this event recorded a sale of 1.1 million.

With a view to promote the brand name of Lagna Wasana and further to induce customers to buy Lagna Wasana on Wednesdays, a special draw was organized on 28th November 2018 (Wednesday) and that day the total sales volume was 2.1 million lotteries tickets.

• Kotipathi Shanida

A special draw was conducted under Kotipathi Shanida in the name of 'Kotipathi Avurudda' on 10th April 2018 (Tuesday). During this special draw 5.1 million of lottery tickets were sold.

Further special draw of Kotipathi Shanida was conducted on 26th October 2018 (Friday) with a view to enhance the sales volume and the total sale of the lottery tickets of the special draw is 2.1 million.

• Niyatha Jaya

Special draw was conducted under Niyatha Jaya on 05th June 2018 (Thursday) in the name of 'Supiri Warama' in order to enhance the sales volume introducing new lottery ticket with attractive color combination, new design and logo. This special draw marked a recorded sale of 1.4 million lottery tickets

• Jayoda

With a view to enhance further the sales of Jayoda lottery ticket, new lottery ticket was issued to the market with new offers for winners. Accordingly, a special draw was conducted on 19th July 2018 (Thursday) in the name of 'Ran Juliya' and the sales volume recorded was 2.3 million lottery tickets.

• Super Ball

A special draw was conducted on Super Ball lottery on 23rd August 2018 (Thursday) with a view to enhance sales volume and the sale of the day was 2.3 million lottery tickets.

• Development Fortune

Two special draws were conducted on 14th Thursday and 27th Thursday during year 2018 with a view to enhance the sales of Sanwardana Wasana lottery ticket and accordingly the sales volume of the two occasions were 1.0 and 1.7 million lottery tickets respectively.

A promotional programme in the name of 'Swarna Thilina' was conducted during the two months from 5th July up to 27th September 2018, which offered second draw for barcode numbers of Sanwardana Wasana lottery after conducting the first draw.

• Ada Kotipathi

A special draw was conducted on 31st December 2018 (Monday) in the name of '31st night' and the sales volume recorded at the occasion was 2.5 million lottery tickets.

Operational Review

• Instant Lottery

With a view to enhance the sale of instant lotteries, an instant lottery was introduced in the name of 'Family Wasana' to the market in year 2018.

Development Lotteries Board introduced two instant lottery tickets to the market in the names of 'Gamata Dinuma' and 'Gamata Saviya' at the national exhibition 'Vision 2025' held at Monaragala in August 2018.

02. Appointing the new Distributors and sales Agents for the year 2018

During the year 2018, 09 no of Sales Distributors & 124 no of Sales Agents were appointed to strengthen the Distribution and Summery is as below.

District No	District	Distributor	Agent
01	Colombo	01	22
02	Kaluthara		09
03	Kandy	01	05
04	Matale	01	04
05	Nuwara Eliya	01	08
06	Galle		05
07	Matara		02
09	Jaffna	01	05
10	Mannar		01
12	Batticaloa		02
13	Ampara		02
14	Trincomalee		03
15	Kurunegala		14
16	Puttalam		01
17	Anuradhapura		02
19	Badulla		08
20	Monaragala		03
21	Rathnapura		05
22	Kegalle		05
23	Gampaha	04	18
		09	124

03. Dealer Meeting

During the year 2018, Development Lotteries Board has taken action to organize meetings for Sales Agents in following Districts.

Date	District	Venue
2018 Mar 04	Ampara	Ampara
2018 Mar 11	Jaffna	Jaffna
2018 Mar 18	Galle, Matara, Hambanthota	Matara
2018 Apr 01	Rathnapura	Rathnapura
2018 May 05	Colombo	Colombo
2018 May 12	Matale, Kandy, Kegalle	Kandy
2018 May 27	Anuradhapura, Polonnaruwa	Anuradhapura
2018 Jun 16	Kurunegala, Puttalama	Kurunegala
2018 Jun 23	Kalutara	Kalutara
2018 Jun 30	Gampaha	Gampaha
2018 Jul 08	Badulla, Monaragala, Nuwara Eliya	Badulla

During this meeting Development Lotteries Board has organized a programme to appreciate the service of Sales Agents. Accordingly, cash awards were presented to

- 11 Sales Agents, who could record the highest sales volume in the Island
- Sales Agents, who secured first, second and third places out of the Sales Agents who recorded highest sales volume in relevant districts
- Sales Agents, who recorded the highest sales volume in relevant electorates

04. Special programmes for dealers and sales assistants

- A contribution of Rs. 4,520,000 was made for 226 new sales outlets under '55 outlet project' with a view to enhance the sales of DLB.
- Rs. 1,920,00 has been spent at the rate of Rs. 15,000 per each sales outlet in 2018 to decorate them with stickers.

- Development Lotteries Board made full sponsorship in 2018 to decorate 366 sales outlets with stickers all over the Island.
- In year 2018, DLB commenced a programme to make sponsorship for Sales Agents of all over the Island to build Lottery Shops. Accordingly, DLB could make sponsorship for 32 Lottery Shops all over the Island by the end of year 2018.
- A programme was commenced in year 2018 to grant financial aids subject to a maximum of Rs. 10,000 to Sales Assistants working under Sales Agents of DLB for their medical aids and other financial requirements.
- A medical clinic was conducted in December 2018 for the benefit of Sales Agents and Sales Assistants of Colombo district. This medical clinic facilitated for nearly 400 Sales Agents and Sales Assistants to get their medical examinations, laboratory tests, medicine and spectacles free of charge.
- Scholarships were awarded to the children of Sales Agents for their university education and accordingly total of Rs. 672,000 was spent to award scholarships to 52 students.
- Development Lotteries Board commenced a programme during 2018 for distributing tricycles among differently abled Sales Assistants all over the Island and accordingly DLB could distribute tricycles among 33 such differently abled Sales Assistants in 2018 all over the Island.

05. Sponsorships and Commitments

- For the first time in the history of DLB all Ceylon lottery Sales Agents' conference was conducted at Sugathadasa Stadium on 20 January 2018 and DLB made a sponsorship of Rs. 850,000 for the purpose.
- A sponsorship of Rs. 30 million was made by DLB for 'Vision 2025' national exhibition held in Monaragala in August 2018.
- Development Lotteries Board took action to provide garden umbrellas to flower vendors at Kalutara Bodhi as social care programme.
- Further DLB made sponsorship for the Esala Perahera of Ruhunu Katharagama Maha Devala in year 2018.
- A cash donation of Rs. 100,000 was made by DLB on 04 September 2018 to the sports division of the University of Sri Jayawardanapura.

06. Special Programmes

- Development Lotteries Board spent Rs. 17,251,721 during year 2018 for fixing 20 hoardings in 18 districts all over the Island.
- DLB made facilities during 2018 for customers of DLB to obtain the results of lottery draws through voice mail.

Product Portfolio Overview

The Development Lotteries board (DLB) provides funding for education and for community endeavors through President Fund. The DLB holds two product lines include **Scratch** and **Draw** games.

- **Draw games** - Played by matching numbers on a game ticket to numbers Drawn by the Lottery
- **Scratch games** - Played by scratching latex from a paper ticket to reveal any predetermined wins.

Brand Calendar



Monday | Wednesday | Saturday



Tuesday | Wednesday | Friday | Sunday



Monday | Thursday



Tuesday | Friday



Monday | Thursday | Saturday | Sunday



Thursday | Saturday



Tuesday | Friday | Sunday



Monday | Tuesday | Wednesday | Thursday | Friday | Saturday & Sunday



Sunday



Wednesday



01. ADA KOTIPATHI



• Brand Vision

To be the Market Leader and the popular lottery in Sri Lanka.

• Brand Mission

To introduce innovative prize structures by using state of art technology and thereby to enhance the profitability of the board.

• Game Details

Draw Days : Monday to Sunday (All 7 days)
Ticket Colours : Red, Dark Blue, Green, Purple, Orange, Pink & Light Blue
Starting Jackpot : 50,000,000/-
Game : 04/75 No's, 1/26 English Letter

• Prize Structure

Combination	Prize (Rs.)
Any Single Number	Rs.20.00
Any English Letter	Rs.20.00
Any 2 Numbers	Rs.100.00
Any 3 Numbers	Rs.1,000.00
4 Numbers	Rs.1,000,000.00
Any one Number + English Letter	Rs.40.00
Any 2 Number + English Letter	Rs.1,000.00
Any 3 Numbers + English Letter	Rs.100,000.00
4 Numbers + English Letter	Rs.50,000,000.00

02. SATURDAY FORTUNE



• Brand Vision

To be a leading brand in Sri Lanka through the off-line draw lottery of Wednesdays, Saturdays and Mondays.

• Brand Mission

As a leading brand of Wednesdays, Saturdays and Mondays off line lottery in Sri Lanka introducing innovative prize structures by state of art technology through enhancing the profitability of the board.

• Game Details

Draw Days : Wednesdays, Saturdays and Mondays
Ticket Colours : Purple, Green & Blue
Starting Jackpot : 30,000,000
Game : 04/75 No's, 1/71 Bonus Number, 1/26 English Letter

• Prize Structure

Combination	Prize (Rs.)
Any English Letter	Rs.20.00
Any Single Number	Rs.20.00
Any 2 Numbers	Rs.100.00
Any 3 Numbers	Rs.1,000.00
4 Numbers	Rs.1,000,000.00
Any one Number + English Letter	Rs.40.00
Any 2 Number + English Letter	Rs.1,000.00
Any 3 Numbers + English Letter	Rs.10,000.00
4 Numbers + English Letter	Rs.30,000,000.00
Any one Number + Bonus Number	Rs.100.00
Any 2 Numbers + Bonus Number	Rs.500.00
Any 3 Numbers + Bonus Number	Rs.100,000.00

03. KOTIPATHI SHANIDA



- **Brand Vision**

The lottery brand that fulfill dreams and aspirations of people who are driven by the jackpot.

- **Brand Mission**

To be the preferred choice of brand among the people who are driven by the jackpot.

- **Game Details**

Draw Date : Tuesdays, Fridays & Sundays
Ticket Colours : Pink, Yellow & Green

- **Prize Structure**

Combination	Prize (Rs.)
Any Single Number	Rs.20.00
Any English Letter	Rs.20.00
Any 1 Number + English Letter	Rs.60.00
Any 2 Numbers	Rs.100.00
Any 2 Numbers + English Letter	Rs.1,000.00
Any 3 Numbers	Rs.2,000.00
Any 3 Numbers + English Letter	Rs.100,000.00
4 Numbers	Rs.1,000,000.00
4 Numbers + English Letter	Rs.75,000,000.00

04. LAGNA WASANAWA



- **Brand Vision**

Leading lottery brand that fulfill aspirations of people who believes in fortune from zodiac Symbol.

- **Brand Mission**

Brand that is sought after by the people who believe in luck in fortune from zodiac symbol.

- **Game Details**

Draw Days : Tuesday, Wednesday, Thursday, Friday & Sunday
Ticket Colours : Blue, Red, Green & Purple
Starting Jackpots : Rs.2,000,000
Game : 04/62 No's, 1/12 Zodiac Symbol

- **Prize Structure**

Combination	Prize (Rs.)
Any Single Number	Rs.20.00
Any Zodiac Sign	Rs.20.00
Any 2 Numbers	Rs.60.00
Any 3 Numbers	Rs.1,000.00
4 Numbers	Rs.500,000.00
Any 1 Number + Zodiac Sign	Rs.60.00
Any 2 Numbers + Zodiac Sign	Rs.200.00
Any 3 Numbers + Zodiac Sign	Rs.10,000.00
4 Numbers + Zodiac Sign	Rs.2,000,000.00

05. SUPPER BALL



• Brand Vision

To be the market leader & a popular lottery in Sri Lanka.

• Brand Mission

To introduce innovative prize structures by using state art technology & thereby to enhance the profitability of the board.

• Game Details

Draw Date : Mondays, Thursdays, Saturdays
& Sundays

Ticket Colours : Purple, Green, Blue & Red

Starting Jackpot : 40,000,000

Game : 04/77 Nos, 1/26 English Letter

• Prize Structure

Combination	Prize (Rs.)
Any English Letter	Rs.20.00
Any One Number	Rs.20.00
Any 2 Numbers	Rs.100.00
Any 3 Numbers	Rs.2,000.00
All 4 Numbers	Rs.1,000,000.00
Any One Number + English Letter	Rs.40.00
Any 2 Numbers + English Letter	Rs.1,000.00
Any 3 Numbers + English Letter	Rs.100,000.00
All 4 Numbers + English Letter	Rs.40,000,000.00

06. DEVELOPMENT FORTUNE



• Brand Vision

To be a popular brand on both the days it is being drawn, offering a unique, credible and a prestigious proposition, generating revenues and profits for DLB.

• Brand Mission

As a popular brand in Thursdays & Saturdays off line lottery in Sri Lanka introducing innovative prize structures by state of art technology through enhancing the profitability of the board.

• Game Details

Draw Days : Wednesdays, Friday

Ticket Colours : Blue & Red

Starting Jackpots : 10,000,000/-

Game : 04/70 No's, 1/09 Fate No, 1/26 English

• Prize Structure

Combination	Prize (Rs.)
Fate No	Rs.20.00
English Letter	Rs.20.00
Any Single Number	Rs.20.00
Any 02 no's	Rs.100.00
Any 03 no's	Rs.50,000.00
Any 01 no with fate no	Rs.100.00
Any 02 no with fate no	Rs.500.00
Any 03 no with fate no	Rs.500,000.00
Any 01 no with English letter	Rs.100.00
Any 02 no with English letter	Rs.500.00
Any 03 no with English letter	Rs.100,000.00
01 no + fate no+ English letter	Rs.200.00
02 no + fate no+ English letter	Rs.10,000.00
03 no + fate no+ English letter	Rs.10,000,000.00

07. JAYODA



• Brand Vision

To be a popular brand on Monday & Thursday offering unique and credible proposition and Generating revenue and profit for DLB.

• Brand Mission

As the most popular brand on Monday & Thursday introducing innovative price structures by using state of technology through enhancing the profitability of the board

• Game Details

Draw Days : Mondays and Thursdays.
Ticket Colours : Yellow & Orange
Starting Jackpots : 20,000,000
Game : 04/70 No's, 1/26 English Letter

• Prize Structure

Combination	Prize (Rs.)
Any English Letter	Rs.20.00
Any One Number	Rs.20.00
Any 2 Numbers	Rs.100.00
Any 3 Numbers	Rs.2,000.00
All 4 Numbers	Rs.1,000,000.00
Any One Number + English Letter	Rs.40.00
Any 2 Numbers + English Letter	Rs.1,000.00
Any 3 Numbers + English Letter	Rs.50,000.00
All 4 Numbers + English Letter	Rs.20,000,000.00

8. NIYATHA JAYA



• Brand Vision

To be a brand that has top of the mind recalling, and customer preference, offering value for money.

• Game Details

Draw Date : Tuesdays & Fridays
Ticket Colours : Orange & Blue
Starting Jackpot : Rs.10,000,000.00
Game : 04/65 Nos., 1/26 English Letter

• Prize Structure

Combination	Prize (Rs.)
For the English letter	Rs.20.00
Any Single Number	Rs.20.00
Any 2 Numbers	Rs.60.00
Any 3 Numbers	Rs.1,000.00
All 04 numbers	Rs.1,000,000.00
Any single number + English letter	Rs.40.00
Any 2 Numbers +English letter	Rs.1,000.00
Any 3 Numbers +English letter	Rs.50,000.00
4 Numbers + English Letter	Rs.10,000,000.00

09. GALAXY STAR



• Brand Vision

To be the Market Leader in Sri Lanka through the off line draw lottery of Sunday.

• Brand Mission

As a Market Leader of Sundays off Line Lottery in Sri Lanka introducing innovative prize structures by state of art technology through enhancing the profitability of the Board.

• Game Details

Draw Days : Sundays
Ticket Colours : Yellow & Blue
Starting Jackpots : 2,000,000
Game : 04/60 No's, 1/12 Star Number

• Prize Structure

Combination	Prize (Rs.)
Star Numbers	Rs.20.00
Any Single Number	Rs.20.00
Any 2 Numbers	Rs.40.00
Any 3 Numbers	Rs.1,000.00
All 4 Numbers	Rs.500,000.00
Any One Number + Star Number	Rs.60.00
Any 2 Numbers + Star Number	Rs.200.00
Any 3 Numbers + Star Number	Rs.10,000.00
All 4 Numbers + Star Number	Rs.2,000,000.00

10. DASA LAKSHAPATHI



• Brand Vision

To be the Market Leader and the Popular Lottery in Sri Lanka through the off line draw lottery in Sri Lanka.

• Brand Mission

To introduce innovative Prize Structures by using state of art technology and there by to enhance the Profitability of the board.

• Game Details

Draw Date : Wednesdays
Ticket Colours : Green, Red & Yellow
Starting Jackpot : Brand New Car
Game : 03/55 Nos., 1/26 English Letter, 01/07 Nos.

• Prize Structure

Combination	Prize (Rs.)
Any Single Number	Rs.20.00
Any 2 Numbers	Rs.200.00
Any 3 Numbers	Rs.100,000.00
Any one number + English letter	Rs.100.00
Any 2 Numbers + English letter	Rs.1,000.00
Any 3 Numbers + English letter	Rs.1,000,000.00
Any 3 Numbers + English letter + Lucky day	Rs.2,500,000.00 Motor Car

11. INSTANT LOTTERY



Introduction

Instant lottery was introduced to Sri Lanka by Development Lotteries Board in 1983 as the pioneer to the instant lottery. When it was introduced to the market it is novelty concept to the country.

Brand Vision

To be the market leader in Sri Lanka through the off line instant lottery.

Brand Mission

As a market leader of off line instant lottery in Sri Lanka introducing innovative prize structure and new face by state of art technology through to enhance the profitability of the board.

Competitive landscape

After the DLB start instant lottery to the market two brands of instant lotteries were launched to the market. Those are Sevena.

Sevena is the direct competitors of DLB scratch lottery. Sevena has been established as a separate entity to conduct the Instant lottery and manage separately. Therefore the people have recognized them as a one of instant lottery business entity.

Therefore last year DLB instant lottery was re brand as the Sanwardana Kshanika with a new logo.

Sustainability Report

“DLB is dedicated to responsible growth, which through its Lottery products and prizes creates constant and sustainable value over time for Sri Lankans.”



Sustainability Report

For the past three decades, the Development Lotteries Board (DLB) has been essentially a sustainable business entity. Since its inception, DLB Confidently believes that formulating competitive business strategies does not essentially conflict with society's overall long-term needs and values while taking into account more than just the interests of the immediate stakeholders. The Sustainability Report of the Company consists of the profile, strategy for sustainability, economic responsibility, social responsibility and environmental responsibility.

DLB is dedicated to responsible growth, which through its Lottery products and prizes creates constant and sustainable value over time for Sri Lankans. This report highlights DLB's initiatives to maintain social, environmental and economic accountability. Social responsibility of DLB includes responsible initiatives for the protection of business and consumer and lottery winners as well as community outreach programmes. In order to achieve environmental responsibility, DLB monitors the environmental impacts of its corporate activities and makes eco-friendly investments. Economic responsibility translates into a model of governance that is transparent and balanced.

Our Core Values

The Development Lotteries Board continues to have a clear ambition to provide exceptional customer experience, commitment, confidence and advocacy in our selected business area. Delivering this ambition is not going to be straightforward and largely depends on our ability to prove beyond question that we are becoming a responsible business in a sustainable manner.

And when it comes to our dedicated and highly spirited employees, we were given a great hand. That's why we're working hard to create an environment in which they're proud to be a part of. We understand that our business success depends on their job satisfaction and that is why we continue to invest in our people by offering opportunities for training and continuing education to encourage excellence and achievement in our workforce.

Our sustainability program also aims to improve customer experience, create jobs in the industry and increase revenue to support important services such as health care and education through contribution to the President's Fund and Mahapola Trust Fund. DLB is more customer focused on the delivery of lotteries and continues to provide oversight of service providers.

Environmental Responsibility

Our efforts to reduce the impact on the environment have been successful, we are proud of the progress we are making on our Corporate Social Responsibility efforts. DLB provides a gateway to effective community support services through comprehensive employee training, innovative technology and collaboration with stakeholders. We intend to improve DLB's operations ' environmental impact and increase green awareness among customers and employees. This year's report will serve as a baseline measure of our social responsibility efforts. We will demonstrate the progress we are making in these areas each year through this report and articulate our goals for the coming year.

DLB focuses on committed development through its Lottery products and prizes creating consistent and sustainable value

to the lives of Sri Lankans. These activities highlight that DLB has executed to look after social, environmental, and monetary obligations. Social responsibility of DLB includes reliable initiatives for the protection of business, customer and lottery winners, as well as community outreach programmes. DLB monitors the environmental impacts of its corporate exercises and makes energy-saving investments to accomplish environmental responsibility.

Corporate Social Responsibility

We at Development Lotteries board want to be recognized as a valued community member based on our Corporate Social Responsibility Policies, DLB focuses on contributing to the community through meaningful, long-term partnerships, and conducting business in an environmentally sustainable way. DLB commits funding to the government of Sri Lanka, host communities, local charities, and enriching the lives of our people in Sri Lanka. DLB has had the ability to launch several social venture programs that focus on empowering entrepreneurship for individuals by providing assistance to the whole chain of lottery merchants.

To Empower Employment we have:

- Distributed 226 ticket booths among our dealers
- Stickered 366 Stalls
- We sponsored 32 lottery shops
- Organized a medical camp for the lottery agent and assistants. Around 400 peoples benefited
- Tricycle program for sales assistants. 33 tricycles distributed among sales assistants

Other CSR activities

Scholarship scheme for agent's children those who entered universities. 52 children benefitted

The records are there; our beneficiaries are living proof of the fact that we have contributed meaningfully towards impacting the lives of students by way of disbursement of scholarships to needy students in our society.

Helping Schools

We have not neglected the schools around us in our resolve to give back to the society that has been there for us all these years past.

Temples

Our responsibility to the places of worship is commendable in the year 2018. Take a look at some of the Temples around us and you will get to see our impacts felt in their lives.

Samaja Seva

We have given our dues to this sector of the society as well in our own little way.

Religious functions

We have also extended our hands of fellowship in terms of material and financial contributions to these bodies during the year ended. Whenever they call on us, we are always there for them.

Sports meets

We are aware of this and hence are worthy contributions in cash and donation of sporting equipment during sporting meets.

Conducting several meetings in villages and district levels

We have invested in the society around us by conducting several meetings in our vicinity. Our goal is to enlighten the people on ways through which they can have a better meaning to life. The records of our activities in that direction are there for all to see.

Human Resources

We recognize our employees' important role in developing good business practices and building lasting customer relationships. We value our employees deeply and strive to create a workplace that is innovative, supportive and engaging to show our appreciation for their many contributions.

Staff development objectives

- Create and encourage job and career opportunities
- Continue progressing with workforce planning and talent management programs, quality recruitment and retention initiatives, development of leadership and succession planning, and continuous learning.
- Ensure that our employees are empowered and rewarded for their achievements.
- Ensure that our staff are well informed and aware of the company's strategic direction

Sustainability Report

Training program For Staff - 2018

Training Programme	Participants	Training Period	Training Institute
Workshop on procurement of IT Services & Green Procurement	02 Junior Managers	02 Days	Distance Learning Centre
Basic Taxation	DGM (F) 02 Junior Managers 02 Management Assistants	01 Day	PRAG Institute
Employee Management & Labour Rules	01 Junior Manager	01 Day	SDFL
Fixed Assets Maintain	02 Management Assistant	01 Day	CETRAC
Report Writing & Professional Letter Writing	01 ASPA 13 Management Assistants	02 Days	SDFL
Office Management	03 Management Assistants	03 Days	NILS
Stores Management	02 Management Assistants	01 Day	NILS
Clerical Skills	02 Management Assistants	03 Days	SDFL
Advance Functions of MS Excel 2010/2013	06 Management Assistants	02 Days	Distance Learning Centre
Drivers Training	16 Drivers 01 Act. TO 01 KKS 01 Electrician 02 Junior Managers 01 Management Assistant	01 Day	Sri Lanka Police
Understanding Labour Laws for Better Labour Relations in Sri Lanka	01 Junior Manager	01 Day	NILS
Certificate in Store Management	01 Junior Manager	05 Days	CETRAC
License to Sell	04 Junior Managers	22 Hours	NIBM
Workshop on Information System Auditing	Internal Auditor	02 Days	Distance Learning Centre
Positive Thinking	IT Assistant 01 ASPA 11 Management Assistants 06 Drivers 09 KKS	01 Day	SDFL
Report Writing Skill Workshop	IT Assistant	01 Day	Miloda
Procurement & Evaluation of IT Products	AGM	02 Day	SDFL
Office Management & Office Procedure	29 Management Assistant	01 Day	SDFL

CA Sri Lanka 39th National Conference of Chartered Accountants	01 Internal Auditor 01 Assitant General Manager	01 Day	The Institute Of Chartered Accounts Of Sri Lanka
Salary Conversion & Related Problems	01 Junior Manager 04 Management Assistants	01 Day	Prag Institute
Cryptocurrencies Workshop	01 IT Assistant	01 Day	University Of Colombo
New Tax Law	04 Management Assistants	01 Day	Prag Institute
Effective Internal Auditing	01 Management Assistant	02 Days	SDFL
Out Bound Training	01 Assistant General Manager 01 Sales Officer 11 Sales Promotion Assistants 03 Sales Coordinators 10 Management Assistants 04 KKS	02 Days	Sri Lanka Business Development Centre
Out Bound Training 02nd round	01 Assistant General Manager 01 Internal Auditor 08 Junior Managers 01 Media Assistant 13 Management Assistants 06 KKS 02 Drivers 02 Security Assistants	02 Days	Sri Lanka Business Development Centre

02.Certificate Course

Training Programme	Designation	Training Period	Training Institute
Translation & Interpretation	01 Management Assistant	03 Months	Sri Lanka Foundation
Transport Management	01 Management Assistant	20 Days	CETRAC
Stores Management	01 Junior Manager	10 Days	CETRAC

Sustainability Report

03.High Education Courses

Name of the Participants	Designation	Training Programme	Training Period	Training Institute
Mr.Madura Harshana	Assistant General Manager	Master Of Information Security Degree	02 Years	University Of Colombo
Mr.Wasantha Udaya Kumara	Internal Auditor	Master Of Business In Accounting	01 Year	University Of Kelaniya
Mrs.R.A.W.G.Rupasinghe	Junior Manager	Master Degree Business Administration	01 ½ Year	University Of Wayamba

Service Level	Male	Female	Existing cadre
Senior (HM/ MM)	11	2	13
Tertiary (JM)	15	6	21
Secondary (MA)	69	75	144
Primary (PL)	113	3	116
Consultant	1		1
Total	209	86	295

Service Level	Approved Cadre	Existing Cadre	Vacancies	Excess Permanent	Existing	Cadre Contract	Details Secondment
Chairman/ CEO		1	1		1		
Workig Director		1	1		1		
General Manager	H.M - 2.1	1	1		1		
Deputy General Manager (Marketing)Act.	H.M - 1.1	1		1			
Deputy General Manager (Finance)	H.M - 1.1	1	1		1		
Asst.General Manager (Marketing)	M.M-1.1	3	3		3		
Asst.General Manager (Finance)	M.M- 1.1	3	2	1	2		
Asst.General Manager (Sales)	M.M- 1.1	1	1		1		
Asst.General Manager (HRM/Adm)	M.M- 1.1	1	1		1		
Asst.General Manager (Procument)	M.M- 1.1	1	0	1			
Asst. General Mnager (Info. Tech)	M.M- 1.1	1	1		1		
Intrenal Auditor	M.M- 1.1	1	1		1		
Administrative Officer	J.M- 1.1	1	1		1		
Chief Security Officer	J.M- 1.1	1	1		1		
Transport Officer	J.M- 1.1	1	1		1		
Sales Officer	J.M- 1.1	10	10		10		
Finance Officer	J.M- 1.1	4	4		4		
Sys./Prog.Anlyst	J.M- 1.1	1	1		1		
Procument Officer	J.M- 1.1	1	1		1		
Human Resource Officer	J.M- 1.1	1	1		1		
Marketing & Advertising Officer	J.M- 1.1	1	1		1		
Sales Promotion Assistant	MA - 3	25	12	13	12		
Public Relation Officer	MA - 3	1		1			
IT Assistant	MA - 3	2	1	1	1		
Media Assistant	MA-3	1	1		1		
Finance Assistant	M.A-2.2	2	0	2			
Chief Management Assistant	MA-1.2	1	1		1		
Personel Assistant	MA-1.2	1	1			1	
Management Assistant	MA-1.2	137	123	14	111	12	
Sales Cordinator	MA-1.1	5	5		3	2	
Driver	P.L - 3	43	40	3	38	2	
Electritrion	P.L -3	2	1	1	1		
KKS	P.L -1	65	60	5	59	1	
Field Promoter	P.L -1	10		10			
Field Mobile Vehicle Announcer	P.L -1	6		6			
Security Assistant	P.L -1	3	15		12	15	
TOTAL		341	294	59	12	276	18
Sales Consultant			1				
			295				

Corporate Governance

The Corporate Governance System guides the Development Lottery Board's long-term goals and strategic plans and defines the practices and guiding principles for the Board to make decisions. The corporate governance model outlines the authority and accountability that is broken down among different levels of DLB, particularly at levels of government, board and executive management. The Board establishes the company's corporate policies and provides strategic guidance for the CEO and executives, who are responsible for the smooth operation of their business.

Corporate governance policies and terms define the roles and responsibilities of corporations are as described below:

- Corporate Governance system
- Board/Executive Management Relationship
- CEO Responsibility
- Corporate Strategic Planning
- Corporate Performance Management
- Internal Audit
- Board and CEO Expenditures
- Risk Management
- Corporate Social Responsibility
- Business Plan and Budget Approval

The Board of Directors

The Chairman leads the board and as Chief Executive Officer he or she also leads the organization. The board is the highest body and is responsible for overlooking the operations and management of DLB.

The board consists of the chairperson and 4 appointed directors as follows:

1. Representing the President's Fund
2. Representing the Mahapola Trust Fund
3. Representing the Ministry of Finance
4. Two members appointed by the Minister in charge out of which one must be the Chairperson

Responsibilities of the Chairperson/CEO

- The Chairman should ensure that corporate governance is prevalent.
- Conduct Chair board meetings to ensure proper follow-up of the proceedings.
- All directors should be treated equally and encouraged to play a productive role, making the maximum contribution to their specialized knowledge areas.
- Unless the Chairperson is the Chief Executive Officer, the Chairperson must play a supervisory role and refrain from participating in operating activities
- The Chairperson must ensure that the Board has total decision-making power over the company's activities.
- The Chairperson shall ensure a clear division of responsibilities and facilitate the balance of authority and power.

Role of the Board of Directors

In line with government policies, the board of directors is responsible for the organization's efficient management. This should be achieved while protecting resources, maintaining adequate accounts, ensuring accurate reports are compiled and complying with all

statutory and other management regulatory requirements.

The Board should ensure the following:

- The Organization's strategic objectives are in place.
- Leadership is given to achieve strategic objectives.
- Effective internal control and risk management system in place.
- Organization management functions are effectively monitored.
- Adequate reporting on financial aspects and disclosures required on a regular basis is made to shareholders.
- Responsible use of resources and assets.
- Audit Committee and other committees should be appointed by the Board; a Code of Conduct and Ethics and a Corporate Governance Strategy should be introduced.
- The Board should be accountable for all their actions in accordance with relevant statutes, guidelines and circulars, etc.
- CEO and Senior Management Staff performance should be assessed at least annually.

Board Meetings

Organizational operations and results at board meetings are monitored closely and regularly against budgets and relevant standards. A standard agenda is followed along with any other issues that require the attention of the Board in detail. The board generally meets once a month and special board meetings are held whenever necessary.

During the year ended 31st December 2018, 8 meetings were

held and attendances are given below:

Date of the Board meeting	Name of Director	Present /excuse
11.01.2018	Mr.S.A.P.Suriyapperuma	Present
	Mr.H.R.Wimalasiri	Present
	Mr.H.G.Sumanasinghe	Present
	Mr.D.N.Nanayakkara	Present
	Mr.D.C.Dissanayake	Present
13.03.2018	Mr.S.A.P.Suriyapperuma	Present
	Mr.H.R.Wimalasiri	Present
	Mr.H.G.Sumanasinghe	Present
	Mr.D.N.Nanayakkara	Present
	Mr.D.C.Dissanayake	Present
10.05.2018	Mr.S.A.P.Suriyapperuma	Present
	Mr.H.R.Wimalasiri	Present
	Mr.H.G.Sumanasinghe	Present
	Mr.D.N.Nanayakkara	Present
	Mr.D.C.Dissanayake	Present
18.06.2018	Mr.S.A.P.Suriyapperuma	Present
	Mr.H.R.Wimalasiri	Present
	Mr.H.G.Sumanasinghe	Present
	Mr.D.N.Nanayakkara	Present
	Mr.D.C.Dissanayake	Present
30.07.2018	Mr.S.A.P.Suriyapperuma	Present
	Mr.H.R.Wimalasiri	Present
	Mr.H.G.Sumanasinghe	Present
	Mr.D.N.Nanayakkara	Present
	Mr.D.C.Dissanayake	Present
25.09.2018	Mr.S.A.P.Suriyapperuma	Present
	Mr.H.R.Wimalasiri	Present
	Mr.D.N.Nanayakkara	Present
	Mr J .J Rathnasiri	present
	Mr.D.C.Dissanayake	Present
30.11.2018	Mr.S.A.P.Suriyapperuma	Present
	Mr.H.R.Wimalasiri	Present
	Mr.D.N.Nanayakkara	Present
	Mr.H.C.D.L Silva	present
	Mr.D.C.Dissanayake	Present
27.12.2018	Mr.S.A.P.Suriyapperuma	Present
	Mr.H.R.Wimalasiri	Present
	Mr.D.N.Nanayakkara	Present
	Mr.H.C.D.L Silva	present
	Mr.D.C.Dissanayake	Present

Corporate Governance

Committees of Development Lotteries Board

1. Management Committee
2. Audit and Management Committee
3. Tender Board Committee
4. Staff Welfare Committee
5. Advertising Committee
6. DLB's Cultural & Art Society

Compliance Officer

DGM Finance, Head of Finance Division, represents the Compliance Officer to ensure compliance with regulatory and statutory requirements and board governance laws and regulations.

The Management

The Board's day-to-day operations are entrusted to the Chairperson and CEO's top management and senior management teams. The teams ensure that risks and opportunities are identified and that steps are taken in time and budgets set to achieve goals.

Risk Management Report

Effective risk management is a key factor in the business process of the Development Lotteries Board. We seek to achieve an appropriate balance between risk and reward in our business and continue to build and enhance the risk management capabilities that assist in delivering our growth plans in a controlled environment. Risk management is at the core of the operating structure of DLB. We seek to limit adverse variations in earnings and capital by managing risk exposures within agreed levels of risk appetite.

A responsible approach to risk identification and mitigation is included in the DLB risk management system. Our major focus is to create a strong risk management culture that supports risk awareness, behaviours, and influences decision taken based on risk. We will continue to improve our risk strategies to ensure DLB's long-term sustainability.

The risk management strategy of DLB operates as a feedback system for specific stakeholders, managers and boards. It is unique in its position as a strategic hub for informed decision making for businesses, operations, systems and services of the Company. This provides a consistent approach at strategic and business planning, project management, and business process levels to address business risks by:

- Providing a general understanding of risks across business functions and units
- Providing management with an ongoing risk assessment to facilitate improved priority setting and decision – making.
- Increasing employee awareness and management responsibilities.

Managing Risk using Enterprise Risk Management (ERM)

The Board of Development Lotteries follows Enterprise Risk Management (ERM) standards that are internationally recognized. DLB uses risk identification and alleviating tools in planning, leading and organising processes the process includes potential dangers associated with accidental, financial, strategic, operational and other risks.

The DLB Risk Management Framework takes various precautions and implements strategies to protect the interests of all stakeholders, including employees, beneficiary organisations and customers, and ensure long-term growth. The mechanism used to achieve these goals is:

- Strict compliance with regulatory guidelines and a strong culture of corporate governance.
- Proactive risk and due diligence identification combined with a specific risk reporting process.
- Using a comprehensive, clear and structured mechanism to promote informed decision-making at all organisational levels.
- Maintain flexible risk management strategies to enable customised solutions that take into account all risk factors, including cultural and human variables.

DLB is subjected to a particular set of risks that are examined below:

Prize Pay-Out Risk

A standard pay-out ratio of prizes must be maintained at all consignment levels. The risk may be that there would have been an

increased price ratio due to the likelihood of occurrences, which could affect cash flow. DLB also takes insurance coverage from the printers to cover the above-mentioned risk.

Economic Risk

DLB customer's buying patterns are influenced by the country's socio-economic and political changes.

Financial Risks

Risks associated with inefficient cash flow management and financial information can jeopardize the profitability and effectiveness of organisations. DLB uses conventional practices of financial risk management such as ensuring proper insurance coverage and coordinating cost control strategies throughout the organisation.

Liquidity Risk

Liquidity risks may arise from early earnings of high-level prizes. In order to mitigate this risk, DLB maintains high cash assets. Liquidity risk arises when DLB, despite being solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations as they fall due, or can only do so at materially disadvantageous terms.

Operational Risk

Operational risks include potential losses resulting from system failures, human error, criminal activity and internal systematic breakdown. Such situations could harm the confidence of customers and the organisational image. In order to reduce operational risk, DLB constantly enhances internal controls. In order to mitigate the threat of organisational risk, management of DLB also carries out regular risk assessments of operational units, business processes and large-scale units.

Risk Management Report

Business Risk

Business risk relates to the potential revenue shortfall compared to the cost base due to strategic and/or reputational reasons. DLB's ability to generate revenue is impacted by, among others, the external macroeconomic environment, its chosen strategy and its reputation in the markets in which it operates.

Reputation Risk

Reputational risk results from damage to DLB's image among stakeholders, which may impair its ability to retain and generate business. Such damage may result from a breakdown of trust, confidence or business relationships.

DLB's reliance on visual media and public interest puts the organisation at considerable reputational loss risk. DLB undertakes effective marketing campaigns to retain public interest and complies to strict systematic transparency in order to mitigate this risk.

Legal Risk

Failure to defend prospective legal actions against DLB increases the risk of legal damage. DLB has taken appropriate steps to mitigate the actions in consultation with accredited legal professionals.

IT Risk

An integral part of the operational process of DLB is precise and timely information obtained from the IT system. DLB has launched a plan of action to upgrade the IT system of the organisation.

Audit and Management Committee Report

We are pleased to present our report for the financial year ended 31st December 2018

Composition of the Audit Committee

The Audit Committee comprises by following Two Non-Executive Directors

1. **Mr. H.C.D.L. Silva**
Chairman of Audit & Management Committee
2. **Mr. D.N. Nanayakkara**
Member of Audit & Management Committee

The General Manager, Deputy General Manager - Marketing, Deputy General Manager - Finance, Internal Auditor, Assistant General Manager – Human Resource & Administrative and other required officers are attending to the meeting. The Superintendent of Audit from Auditor Generals Department participates as observer to the committee.

Role of the Audit Committee

Development Lotteries Board is required to maintain a sound system of Internal Controls to safeguard stakeholder's interest and assets of the Board. The guild lines issued by the Ministry of Finance and relevant authorities are also followed by the Committee. The activities undertaken by the audit committee in respect of its principal responsibilities during the year ended 31st December 2018 are summarized below.

1. Observe the compliance and integrity of Annual Financial statements and review significant financial reporting judgements contained in them prior to their issuance. This included a review of accounting policies, notes and practices, major judgmental areas and compliance with legal and regulatory requirements. The Audit Committee discussed these matters with the Auditor Generals representative as a part of the review of the findings from the audit of the financial statements.
2. The internal auditor submits periodic internal audit reports carried out in line with the approved annual audit plan. The internal audit reports highlight the gaps in the systems and procedures in place and recommend improvements to the existing system and procedures where necessary after negotiating with the implementation of recommendations and reports progress to the management and audit committee.

The audit committee receives regular reports from internal audit, which include summaries of the key findings of each audit in the period. Management comments are also part of it and committee reviews root causes for audit observations and preventive measures to avoid repetitions.

3. With the assistance of internal audit and government audit, the committee assess the effectiveness of the Board's operational and financial controls and procedures, which include authorization limits for expenditure, revenue process and capital expenditure, signing authorities, IT application controls and developments, organizational structure, policies, segregation of duties and reviews by management. Liquidity status of the Board's Financial Position Statement was regularly monitored. The gaps identified thereon will be reported to the board with recommendation for improvement. Committee pays special attention to COPE directives issued to the Board.

Number of Meetings of Audit Committee

There were five (05) meetings conducted for the year 2018 and attendance is given below.

Name of Director	Attendance	Excused
Mr. H.C.D.L. Silva	01/01	Nil
Mr. H.G. Sumanasinghe	04/04	Nil
Mr. D.N. Nanayakkara	05/05	Nil



Mr. H.C.D.L. Silva
Chairman - Audit & Management Committee

Financial Reports



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Independent Auditors' Report

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Chairman
Development Lotteries Board

I certify that the English text is correct.	
Name	A. S. M. Pathirana
Signature	
Date	20/05/2019

.....May 2019

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

I. Financial Statements

I.1 Opinion

The audit of the financial statements of the Development Lotteries Board for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 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 a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. In pursuance of provisions in Article 154 (6) of the Constitution, my report will be tabled in Parliament 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 2018, and of its financial performance and its cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards.



1.2 Basis for Qualified Opinion

1.2.1 Accounting deficiencies

- (a) In terms of the Provisions of the Development Lotteries Board Act, provisions should not be made for unclaimed prizes after the expiration of a period of six months reckoned from the date of the determination of prize winners to any development lottery. Nevertheless, unclaimed prizes amounting to R.s. 2,549,000 in relation to the Saturday Fortune special draw held on 28 February 2018 and been brought forward further in the unclaimed prizes payable account at the end of the year under review.
- (b) A difference totalling to R.s. 3,379,690 was observed between the balances in the unclaimed prizes payable account and the actual balances pertaining to two lotteries.
- (c) The Double Wheel Crew Cab purchased for a sum of R.s. 5,565,000 on 13 September 2018 had not yet been registered in favour of the Board and had provided to an external party to improve as a propaganda vehicle. Depreciation of an asset beginning from the date when it is available for use up to the date of disposal of the asset is the Depreciation Policy adopted by the Board. Nevertheless, an amount of R.s. 376,016 and been brought to accounts as depreciation expense in the year 2018, though the said vehicle had not reached to its functional status.
- (d) The value of R.s. 1,583,595 stated as work in progress in the final accounts as at 31 December 2018 is a balance prevailing from the year 2014 and it was the initial expense incurred for suspended constructions. Necessary adjustments had not been made to that value and the value had further been brought to accounts as work in progress for a period of 04 years.

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Independent Auditors' Report

- (e) The depreciation expense in the year 2018 had been overstated by Rs. 94,000 over the change in the depreciation percentage due to the classification of the value of machinery, purchased for an amount of Rs. 4.5 million on 01 November 2018, under office equipment without classifying it under machinery.

1.2.2 Sri Lanka Accounting Standards

Sri Lanka Accounting Standard 16

- (a) Action had not been taken to forecast and thereby, to account in books or to remove from books the useful life of fixed assets costing Rs. 147,695,903 and the value of which had become zero and are further being utilized by the Board.
- (b) In terms of the Paragraph 54 of the Standard, the lands, buildings and machinery of the Board had not been revalued and stated at their present value.
- (c) In terms of the Paragraph 37 of the Standard, even though assets in similar nature have to be classified under one category, the studio, three-wheelers and mobile phones had been stated as separate items rather than stating them under buildings, vehicles and office equipment respectively.

1.2.3 Lack of Evidence for Audit

Vouching and verification of 07 balances in expenditure account totalling to Rs. 9,467,671 indicated in the financial statements could not be carried out satisfactorily due to the lack of evidence for substantiating those subjects.

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



1.3 Responsibilities of Management and Those Charged with Governance the 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.

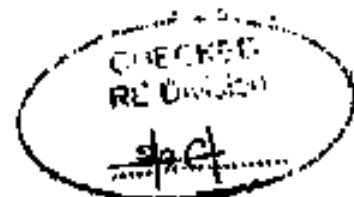
In preparing its financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to 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.

1.4 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.



A handwritten signature and a circular stamp. The stamp contains the text "CHECKED" and "RE DIVISION" in a circular arrangement. Below the stamp, there is a handwritten signature that appears to be "S. P. S." followed by a date "2018/12/20".

Independent Auditors' Report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue to a going concern.

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- 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

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

- Except for the effect of the matters described in the Basis for Qualified Opinion paragraph, 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.
- The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (ii) of the National Audit Act, No. 19 of 2018.
- 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.

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

- 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 one of the

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Independent Auditors' Report

normal course of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

- 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 the following observations.

Reference to law/ direction	Description
(a) Development Lotteries Act No. 20 of 1997	
Section 17 (5)	- Action had not been taken to remit an amount totalling to Rs. 69,682,346 comprised of an amount of Rs. 44,733,538 as unclaimed cash prizes and a value of Rs. 24,948,808 as unclaimed non-cash prizes to the President's Fund.
(b) Establishments Code of the Democratic Socialist Republic of Sri Lanka	
Paragraph 4.1 of Chapter (VIII)	- Even though it had been informed that Field Officers are not entitled to get overtime payment, over time allowances amounting to Rs. 1,337,265 had been paid in the year under review for the



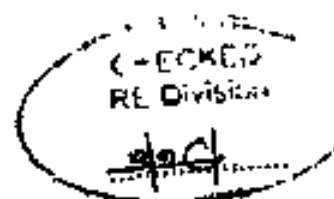
field officers of the Board

- As per the provisions of the Establishments Code, staff officers should compulsorily perform duties for 08 hours per day for getting 1/20 allowance for staff officers. Nevertheless, The Board had paid overtime allowance for staff officers served in holidays for the number of hours they had worked in the ratio of one and half hours overtime pay per one hour of work without taking these provisions in to consideration. Further, staff officers had participated in the lottery draw on these days and had also obtained the allowance paid for taking part in the lottery draw.
- Overtime payment had been paid by adding time periods less than one hour without considering the provisions stipulated in the Establishments Code.

(c) Management Services Circulars

(i) Paragraph (i) of the Management Services Circular No. 03/2018 of 18 July 2018

- A seventy-year-old Officer had been recruited to the Post of Project Co-ordinating Officer of the Board with effect from 01 February 2019 on the basis of paying a monthly allowance of Rs. 50,000 and a fuel allowance of Rs. 35,000 regardless of the Directions issued in this Circular.



A handwritten signature and a circular stamp. The stamp contains the text "CHECKED" and "RE DIVISION".

Independent Auditors' Report

(d) Public Administration Circulars

Paragraph 2 (i) of the Public Administration Circular No. 03/2018 of 20 February 2018 and the Decision of the Board of Directors bearing No. 2017/10/1184 of 09 October 2017 - A Pensioner over 60 years had been employed as a Consultant on contract basis with effect from 09 October 2017 up to 14 April 2019 without obtaining the approval of the Cabinet and he had been paid an amount of Rs. 2,151,054 for the period of 09 October 2017 up to 14 April 2019 including a monthly allowance of Rs. 100,000 and medical assistance and transport allowances.

- 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.
- to state that the resources of the 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 the following observations.
 - (a) The propaganda procurement activity related to the period of 2016 / 2017 for the selection of an advertising agency had been terminated on 31 July 2017 and the propaganda procurement activity related to the period of 2017 / 2018 had been commenced on 16 January 2018. Accordingly, it was observed that an expense of Rs. 16,373,268 had been incurred for propaganda activities for a period of 05 months without implementing a procurement process.
 - (b) it had been decided to provide 05 Wagon R (Brand New) as prizes for "Kotipathi Shanida" Lottery and quotations should be invited and purchases should be made only from the Agent in terms of Paragraph 3.5



of the Procurement Guidelines. Nevertheless, quotations had been called from Car Sales and purchased 05 reconditioned vehicles amounting to Rs. 17.5 million. Further, an amount of Rs. 18,000 had been paid to the relevant Committee members even though the members of Procurement Committee and Technical Evaluation Committee cannot be paid for purchases made under the direct contracting method as per Paragraph 2.9.1 of the Procurement Guidelines.

(c) As per Section 1.2.1 (c) of the Procurement Guidelines, fair, equal and maximum opportunity had not been offered for eligible interested parties to participate in Procurement due to the mentioning of the brand name "Danro" at the same moment it was decided to provide furniture sets worth Rs. 1.5 million for the special draw of "Kotipathi Shanika Kotipathi Avarudda".

(d) **Purchasing of Umbrellas as Marketing Promotional Items**

As per Section 2.14.1 of the Procurement Guidelines, letters of Enquiry were sent only to 2 institutions for purchasing umbrellas even though at least three sealed quotations should be invited.

- Action had been taken to purchase 35,000 umbrellas in three occasions and as per Condition 17 stipulated in the bidding document, goods have to be delivered within the due period from the date of awarding the contract and it has been further mentioned that a late fee would be charged if goods were not delivered in the due time period. Accordingly, even though a fine of Rs. 418,260 should be charged, action had not been taken accordingly.

- Further, even though the quantity of umbrellas required for the period of 01 October 2018 to 31 December 2018 was 7500, 20,000 umbrellas had been ordered and only 11,900 umbrellas had been

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Independent Auditors' Report

received by 31 December 2018. The rest of 8100 umbrellas had not been received to the Board even by 11 April 2019. Further, 6718 umbrellas worth Rs. 2,541,151 were remained at the Stores even by 31 December.

- Even though a Performance Security worth 10 per cent of the value of the relevant Contract has to be submitted within 10 days from the date of issuing the notice of awarding the contract to the selected supplier as per General Condition No. 15 of the bidding document, it was observed that the performance security had been obtained after purchasing the total quantity of the order of 10,000 umbrellas valued at Rs. 4,299,965 on 10 July 2018.
- (e) A supplier had been selected for the year 2015 up to date for the supply of the lunch for the staff of the Board totally excluding the procurement process and an amount more than Rs. 4.8 million had been paid for that purpose during the year 2018.
- (f) Any Division of the Board had not informed the requirement of a Fork Lift to be used at the Development Lotteries Board and the purchase of a Fork Lift had not been approved as per the procurement plan of the Board. However, a Fork Lift had been purchased on 02 July 2018 incurring a sum of Rs. 4,500,000.

As per the specifications submitted by one of the private institutions out of the 2 quotations received pertaining to this purchase, only the specification, "Country of Manufacture" that had been requested by the Board had matched with the specifications of that institution and 05 essential specifications submitted by the Board had not matched with the specifications submitted by the institution.

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As per the specifications submitted by the other institution which and submitted the minimum price, only the specification, "Country of Manufacture" had not matched but, all the other specifications had matched with the specifications submitted by the Board. However, without considering this fact, and without obtaining the recommendation of the Technical Consultant, the Minor Technical Evaluation Committee and Minor Procurement Committee had granted their approval to purchase the Fork Lift from the institution, which had not fulfilled the other 05 specifications, by incurring an expense of Rs. 4,500,000, which was Rs. 500,000 more than the minimum amount.

3. Other Audit Observation

(a) Receivable Accounts

- i. The Board had not recovered the amount of Rs. 5,700,000 for a period 15 years since the Board had experts breached the agreement entered in to for getting the building located at No. 234 in Vanshall Street on rental basis.
 - ii. The Board had not taken action to recover a total of Rs. 744,065 comprised of Rs. 192,817 to be charged for motor bicycles provided to the Officers on the payment basis in the year 2012 by the Board though a period of 06 years had lapsed and an amount of Rs. 551,248 provided for the construction of sales outlets though a period of 1 to 6 years had lapsed.
- (b) Even though budgetary provisions of Rs. 30 million had been allocated to each year for the establishment of an Accounting System in the years 2017 and 2018, the Board has failed to establish an Accounting System even by the date of this report.

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(c) Operational Inefficiencies

The total expenses for printing lottery tickets in the year 2018 was Rs.326,382,842 and the printing expenses of tickets which remained unsold was Rs. 57,169,426. Accordingly, the printing expenses for the tickets that had not been sold was 11.34 per cent out of the total expenditure. It was observed to the audit that uneconomic expense of Rs. 20,850,283 had to be incurred in the current year too.

(d) Idle and Underutilized Assets

Sixteen (16) motor bicycles worth Rs. 2,720,587 which were in the running condition had been stored in stores without using them for a period between 03 years to 01 year. One motor bicycle purchased in the year 2017 for a sum of Rs. 233,000 and which had run for 25,000 km by January 2018 was among the 16 motor bicycles. Even though it had been informed that these motor bicycles would be provided to the Marketing Promotion Officers after they are recruited, six (06) motor bicycles worth Rs. 1,631,400 had been purchased on 19 March 2019 for providing these motor bicycles to Marketing Promotion Officers.

(e) Transactions of Contention Nature

- i. Lotteries valued at Rs. 5,559,820 considered as the lotteries sold at the occasion of the lottery draw had been considered as unsold and returned lotteries after the draw and the value of those lotteries had been showed after deducting the selling value from the value of lotteries and this was observed as a transaction of contentious nature at the audit.
- ii. Even though vehicles not registered as exhibition vehicles should be used for marketing promotional activities, 15 Wagon R. vehicles had been obtained on the hire of Rs. 2500 per day for the special lottery of "Kotipathi Shanika Avurudde" and one Honda Vezel vehicle had been obtained on the basis of paying Rs. 5000 per day for the special lottery of Shanika Wasasa New Year Dream and had paid an amount of Rs.



645,900 as hire charges for 16 vehicles. Further, even though the owner should hold the responsibility of the vehicle during the period of the said exhibition, a loss of Rs. 80,900 had incurred due to the accident occurred to Honda Vezel. It was observed that the Board had incurred this expense without conducting any investigation regarding this accident occurred to this vehicle that had been obtained in an informal way.

- iii. Even though an allowance of Rs. 40 per kilometre had been paid for using private vehicles for the performance of duties of the Marketing Officers, the Board had not maintained a file including details of the vehicles and only the vehicle Numbers were available with the Board. Even though the Board had paid an allowance of Rs. 2,623,260 for the use of private vehicles for the performance of duties, the Board had not specifically mentioned whether the same vehicle that had been informed to the Board had been used for the performance of duties and the type of vehicle for which the amount of Rs. 40 is paid.

(f) Identified Losses

- i. Even though a Double Cab worth Rs. 8,095,000 received by a former Chairman from the Agent had been registered in favour of the Board, a case had been filed against the Board for not paying money by the Board. The total legal expenses incurred by 26 November 2018 were Rs. 2,349,185 and its judgement had been given on 26 November 2018. Accordingly, the Board had to pay an amount of Rs. 16,190,000 to the Agent as the value of the vehicle and as the legal interest. Further, a depreciation expense of Rs. 8,095,000 had been written off against the profit without using this vehicle for any operational activity of the Board. Accordingly, the total loss that had to be incurred by the Board for the said vehicle was Rs. 26,634,185.
- ii. Two (02) motor vehicles worth Rs. 4,035,160 and a motor bicycle worth Rs. 219,500 purchased with a view to awarding as prizes for the winners of lotteries were provided for display as per the request made by sales agents and a loss of Rs.

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259,597 had incurred due to accidents occurred to all the three vehicles. Field officer and sales agent were directly responsible for the security of vehicles during the period of display and when such an accident happened, the Field officers should inform the Board about the accident and compensation should be charged from the insurance company. However, the Board had incurred this loss without charging the loss from the responsible parties after conducting a formal investigation by the higher Management in this regard.

- iii. According to the matters submitted to the audit, the Sales Division had made arrangements to provide a three wheeler (Chassis No. XMD2A25B2XDWC71820X) purchased at the amount of Rs. 411,500 on 17 August 2013 as an exhibition vehicle as per a request made by a sales agent. This vehicle which had been handed over to the sales agent on 28 December 2015 had been again handed over to the Board on 29 November 2017. However, this vehicle was an unregistered one and it had become inoperative at the time of handing over of the vehicle. The Management had not paid any caution on the safety of assets and even though 18 months had lapsed after handing over of the vehicle to the Board, any measures had not been taken by the Board and the vehicle had been kept further in the premises without using.

(g) Commencement of Projects in lands /properties which had not been vested properly

Even though it had been agreed to provide the land in extent of 01 acre owned by Tissamaharama Divisional Secretary's Division, the Board had incurred an amount of Rs. 492,392 for the development activities of the land for the construction of a Guest house without entering in to a formal lease agreement. However, the Divisional Secretary of Tissamaharama had been informed on 13 September 2018 to retransfer the land as the land was not suitable to construct a guest house. Accordingly, action had not been taken to write off the expenditure incurred on this from the accounts and it had been shown in accounts as an asset.



(h) Establishment of Computerized Systems

The computer software service that is being currently used by the Board for the lottery draw had been obtained from a Private Company and it was observed that this service too had been obtained under an informal agreement. Further, it could not be observed that the Management had paid their due attention to the repercussions that might be created through completely assigning the access for data on the lottery draw to a third party. Although a Computer Division comprised of 08 Officers drawing salaries and allowances per annum totalling to Rs. 8 million including 04 officers who draw salaries and allowances per annum totalling to Rs. 6.5 million had been established in the Board, a sum of Rs. 117,410,057 had been paid to that Company from 2009 up to 31 December 2018 including Rs. 11,995,200 during the year under review for the maintenance of these computers and software and activities related thereto.

(i) Uneconomic transactions

Although an adequate staff with a qualified Accountant is employed in the Board, an expense of Rs. 1,095,000 had been incurred for outsourcing the service of a Private Institution for the computation of income tax, value added tax, nation building tax, pay as you earn tax related to the years 2017 and 2018.

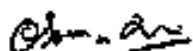
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W.P.C. Wickramaratne
Auditor General

Statement of Comprehensive Income

For the year ended 31st December		2018	2017
	Notes	Rs.	Rs.
Revenue	01	15,854,856,246	13,981,500,306
Cost of Tickets	02	402,322,679	387,696,730
Prize payout	03	8,296,413,110	7,263,436,665
Draw Cost	04	575,478,468	466,033,872
Gross Profit		6,580,641,989	5,864,333,040
Other Income	05	201,525,679	130,891,204
Distribution Cost	06	3,950,410,156	3,541,283,837
Administrative Expenses	07	463,619,071	419,811,037
Surplus after operating Expenses		2,368,138,441	2,034,129,369
Finance Cost	08	317,927	318,747
Prize Write back		367,426,928	297,376,550
Profit before Tax		2,735,247,442	2,331,187,173
Income Tax	09	553,166,576	1,819,191,890
Profit after Income Tax		2,182,080,866	511,995,283
Other Comprehensive income			
Difined benefit plan actuarial gain/Loss	17.1	5,523,090	(4,958,579)
Total Comprehensive income for the Year	10	2,187,603,956	507,036,703

The Accounting policies and Notes form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.



W.A.V.C. Somarathne
Deputy General Manager(Finance)



S.A.P. Suriyapperuma
Chairman/CEO

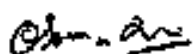


H.R. Wimalasiri
Director

Statement of Financial Position

As at 31st December		2018	2017
	Notes	Rs.	Rs.
Assets			
Non Current Assets			
Property Plant & Equipment	11	715,038,048	666,699,325
Capital work in progress		1,583,595	1,583,595
Intangible Assets	11	2,459,791	2,243,478
		719,081,433	670,526,398
Employee Benefit Assets	17	2,271,294	
Total Non Current Assets		721,352,727	670,526,398
Current Assets			
Inventories	13	80,340,650	58,355,403
Trade Debtors & Other receivable	14	169,375,594	195,356,468
Prepayment & Deposits	15	11,633,780	6,473,731
Fixed Deposit	12	1,218,142,035	1,012,526,906
Cash & Cash equivalent	16	461,682,393	739,482,123
Total Current Assets		1,941,174,453	2,012,194,631
Total Assets		2,662,527,179	2,682,721,029
Equity & Liabilities			
Contributed Capital			
President Fund		2,200,000	2,200,000
Mohapola Trust Fund		2,200,000	2,200,000
Prize Reserve Account		971,045,950	810,029,458
Presidents' Fund Payable		237,466,297	107,862,341
Total Equity		1,212,912,247	922,291,799
Non Current Liabilities			
Employee Benefit Liabilities	17		4,697,498
Dealer & Distributor Deposit Payable	18	35,395,381	33,482,881
Total Non Current Liabilities		35,395,381	38,180,379
Current Liabilities			
Trade & Other Payable	19	671,110,675	776,332,866
Prize Payable	20	648,835,116	698,488,245
Credit Vouchers Payable		94,273,760	247,427,740
Total Current Liabilities		1,414,219,551	1,722,248,852
Total Equity & Liabilities		2,662,527,179	2,682,721,029

The Accounting policies and Notes form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.



W.A.V.C. Somarathne
Deputy General Manager(Finance)



S.A.P. Suriyapperuma
Chairman/CEO



H.R. Wimalasiri
Director

Cash Flow Statement

for the year ended 31st December

	Note	2018 Rs.	2017 Rs.
Cash Flow from Operating Activities			
Profit before tax		2,735,247,442	2,331,187,173
Adjustments for			
Depreciation on Fixed Assets		52,893,461	50,756,984
Prize Reserve A/C		161,016,492	4,594,109
Provision for Gratuity		8,466,827	7,147,088
Gratuity Paid		(362,160)	
interest Income		(184,691,737)	(120,768,549)
Profit from sale of Fixed Assets		(5,486,000)	(70,072)
Income Tax paid		(5,641,660)	(189,429,176)
Prior income tax paid		(724,500,149)	(1,275,522,890)
President's Fund paid		(2,058,000,000)	(346,541,000)
Operating Profit before Working Capital changes		(21,057,483)	461,353,667
Increase/Decrease in Operating Assets			
Increase/Decrease in Inventories		(21,985,247)	(18,621,520)
Increase/Decrease in Debtors		25,980,874	(129,494,896)
Increase/Decrease in Deposit and Prepayments		(5,160,049)	(71,610)
Increase/Decrease in Operating Liabilities			
Increase in Creditors		71,753,041	(153,440,175)
Increase/Decrease in Prize Payable		(49,653,129)	138,394,552
Decrease in Credit Vouchers		(153,153,980)	145,926,980
Net Cash flow from Operating Activities		(153,275,974)	444,046,998
Cash from Investment Activities			
Fixed Assets Additions (Property Plant and Equipment)		(101,448,496)	(22,384,334)
Fixed Assets Disposal (Property Plant and Equipment)		5,486,000	70,726
Interest Income		184,691,737	120,768,549
Investments in Fixed Deposits		(215,165,497)	(377,852,241)
Increase in Dealer Distributor Deposits		1,912,500	2,786,500
Net cash from Investing Activities		(124,523,756)	(276,610,801)
		(277,799,730)	167,436,197
Net Cash Increase/Decrease in cash & cash Equivalents		(277,799,730)	167,436,197
Cash & Cash Equivalents at the beginning of the Year		739,482,123	572,045,926
Cash & Cash Equivalents at the end of the Year	16	461,682,393	739,482,123
Cash at Banks			
Bank of Ceylon		311,991,571	494,028,703
People's Bank		105,717,241	207,669,261
Sampath Bank		43,957,177	37,767,755
Cash in Hand		16,404	16,404
		461,682,393	739,482,123

Statement of Changes in Equity

For the Year ended 31st December 2018	Presidents' Fund & Mahapola Trust Fund	Prize Reserve Account	Retain Earnings	Default tax liabilities	Total
-	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01.01.2017	4,400,000	805,435,348	(52,633,362)	(1,256,728,883)	(499,526,897)
Prior Year Adjustments					
Income Tax				1,256,728,883	1,256,728,883
President Fund					
Additions during the year		4,594,109	507,036,703		511,630,813
Appropriation to President Fund			(346,541,000)		(346,541,000)
Prior Year Income tax Adjustments					
Balance as at 31.12.2017	4,400,000	810,029,458	107,862,341		922,291,799
Additions during the year		161,016,492	2,187,603,956		2,348,620,449
Appropriation to President Fund			(2,058,000,000)		(2,058,000,000)
Balance as at 31.12.2018	4,400,000	971,045,950	237,466,297	-	1,212,912,247

Accounting Policies

01. REPORTING ENTITY

Development Lotteries Board incorporated under an act of parliament named Development Lotteries Board act of 20 of 1997. The address of the Board's registered office is No.356 , Dr. Colvin R De Silva Mawatha Union Place , Colombo 02. During the year, the principal activity of the Board was sale of Lotteries.

02. BASIS OF PREPARATION

2.1. Statement of compliance

The financial statements have been prepared in accordance with new Sri Lanka Accounting Standards hereinafter referred to as SLFRS / LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka, the requirements of the Finance Regulations and Administrative Regulations of the Government of Sri Lanka.

2.2. Basis of measurement

The financial statements have been prepared on historical cost basis, except as indicated below.

Investments on Fixed

Deposits

- Fair Value

Land & Building

- Revalued amounts

Gratuity Provision

- Gratuity formula and recognized at present value of the defined benefit obligation

2.3. Functional & presentation currency

The financial statements are presented in Sri Lankan Rupees, which is the Board's functional currency. All financial information presented

in Sri Lanka Rupees has been rounded to the nearest rupee.

2.4. Date of authorization for issue

The financial statements of the Board for the year ended 31st December 2018 were authorized for issue by the Board of Directors on 26 February 2019.

2.5. Use of estimates & judgments

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual results may differ from these judgments and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and any future period affected.

2.6. Materiality and Aggregation

In compliance with LKAS 01 on presentation of financial statements, each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or functions too are

presented separately, if they are material. Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not off-set in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies.

2.7. Income Tax

The Board is subject to income taxes and other taxes including Value Added Taxation, and Nation Building tax. Significant judgment was required to determine the total provision for current and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the financial statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

2.8. Going Concern

The Board is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the board's ability to continue as a going concern and they do

not intend either to liquidate or to cease operations of the board. Therefore, the financial statements continue to be prepared on the going concern basis.

2.9. Useful life-time of the property, plant and equipment

The board reviews the residual values, useful lives and methods of depreciation of assets as at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Property, Plant and Equipment

3.1.1. Recognition and measurement

Property, plant & equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

a. Recognition

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Board and cost of the asset can be reliably measured.

b. Measurement

Items of property, plant and equipment are stated at cost or valuation less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

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.

c. Subsequent expenditure

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. The cost of replacing part of an item of Property, Plant & Equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

d. Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives of the assets are as follows.

Buildings/Studio	10%
Furniture & Fittings	25%
Office equipment	25%
Machinery	12.50%
Motor Vehicles/ three wheel	20%
Computers & accessories	33.33%
Branded Stalls	16.66%
Motor Bicycles	25%
Application Software	33.33%
Mobile Phone	50%

Board provides depreciation from the date the assets are available for use up to the date of disposal. Board has requested a valuation from Department of Valuation. Initial assessment has been done but the Board has not received the final report

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. All computer software cost incurred, licensed to be used by the board, which are not integrally related to associated hardware, which can be clearly identified,

Accounting Policies

reliably measured and it's probable that they will lead to future economic benefits, are included in the balance sheet under the category intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses.

3.2. Inventories

The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Accordingly, the costs of inventories are accounted as follows:

Lagna Wasana	At actual cost /
Saturday Fortune	At actual cost /
Jayoda	At actual cost /
Galaxy Star	At actual cost /
Niyatha Jaya	At actual cost /
Instant	At actual cost /
Sanwardana kshapathi	At actual cost /
Kotipathi Shanida	At actual cost /
Development Fortune	At actual cost /
Super Ball	At actual cost /
Ada Kotipathi	At actual cost /

3.3. Liabilities and Provisions

3.3.1. Provisions

Liabilities classified as current liabilities on the balance sheet are those, which fall due for payment on demand or within one year from the balance sheet date.

Noncurrent liabilities are those balances that fall due for payment after one year from the balance sheet date.

3.3.2. Provisions

A provision is recognized if, as a result of a past event, the Board has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Litigation against the Board

1. HC (Civil) 445/2011 –

A supplier has filed a case against the board claiming Rs.8,095,000. Court Order is to pay Rs. 8,095,000 together with legal interest.

2. 01/22/2015 –

An individual has filed a case against the board over a labour dispute for reinstating employment.

3.3.3 Prize allocation

50% of the Gross Sales has been allocated for the prize expenses. Board maintains a Prize Reserve accounts to credit not won prizes in terms of the requirement mentioned in the DLB act. Prize Reserve accounts can be utilized only for the purpose of payment of prizes in subsequent periods.

3.4. Employee Benefits

a. Defined contribution plans

A defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognized as expense in the profit and loss in the period during which related services are rendered by employees.

Employees' Provident Fund

The Board and Employees' contribute 15% & 10% respectively on the salary of each employee respectively. Said provident fund is being managed by the Central Bank of Sri Lanka.

Employees Trust Fund

The Board contributes 3% of the salary of each employee to the Employees' Trust Fund contributions to defined contribution plans are recognized as an expense in the income statement as incurred

b. Defined benefit plans Retiring Gratuity

A defined benefit plan is a post employment benefit plan other than a defined contribution plan.

According to the paragraph 57 of LKAS 19 the Public Corporations engaged in the sale of goods or the provision of services may opt to use a qualified actuary or use the Gratuity formula method.

Therefore, the Board uses a gratuity formula method to calculate the gratuity liability.

However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continuous service.

Any gains or losses arising are recognized immediately in the income statement. Gratuity fund has been externally funded. Net impact from Gratuity Provision and the fund have been shown under note number 17.

3.5. Capital Commitments & Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitment and contingent liabilities of the Board are disclosed in the respective notes to the financial statements.

3.6. Events after the Balance Sheet Date

The materiality of the events after the balance sheet date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

3.7. Cash Flow Statement

The cash flow statement has been prepared using the indirect method, as stipulated

in LKAS 7 - statement of cash flows. Cash and cash equivalents comprise net of cash in hand, cash at bank .

3.8. Segment Information

For management purposes, the Board has organized eleven operating segments based on products.

Management monitors the operating results of its brands separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses.

4. INCOME STATEMENTS

4.1. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Board and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Interest income and other income are recognized on an accrual basis.

4.2. Expenditure

All expenditure incurred in running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year. For the purpose of presentation of Income Statement, the Board is of the opinion that function of expense method present

fairly the elements of the board's performance, hence such presentation method is adopted.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to revenue in the year in which the expenditure is incurred.

5. FINANCIAL ASSETS

5.1 Initial Recognition

All financial assets are initially recognized on the trade date, i.e., the date that the board becomes a party to the contractual provisions of the instrument. This includes 'regular way trades': purchases or sales of financial assets that require delivery of assets within the time-frame generally established by regulation or convention in the market place.

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value including transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

Accounting Policies

5.2 Subsequent measurement

Subsequent measurement of non-derivative financial assets categorising them in to the categories of financial assets at fair value through profit or loss, held-to maturity investments, loans and receivables and available - for-sale financial assets.

cash equivalents consist of cash in hand and at banks . Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

5.2.1 Held to Maturity Financial Assets (HTM)

Investments in fixed deposits have been classified under HTM investments. Financial Assets with fixed maturities are classified as HTM when Board has the positive intention and ability to hold them to maturity. After initial measurement, HTM investments are measured at amortised cost.

5.2.2 Cash and bank balances

Cash and bank balances are defined as cash-in-hand and balances with banks. For the purpose of cash flow statement, cash and

Notes to the Financial Statements

For the Year ended 31st December	2018	2017
	Rs.	Rs.
Note 01 - Revenue		
Gross Sales		
Saturday Fortune	2,110,358,755	2,274,613,550
Lagna wasana	2,323,762,082	2,152,834,109
Jayoda	968,455,356	972,574,483
Instant	717,916,500	696,945,000
Galaxy Star	367,804,000	749,778,946
Niyatha Jaya	819,526,800	913,522,325
Super Ball	1,799,714,790	2,013,672,008
Dasa Lakshapathi	384,498,210	496,280,100
Kotipathi Shanida	1,800,721,100	2,104,979,458
Development Fortune	858,198,429	762,762,363
Ada Kotipathi	4,426,608,559	1,490,815,145
Total Sales	16,577,564,580	14,628,777,485
Less: VAT	722,708,334	647,277,179
Revenue after Taxes	15,854,856,246	13,981,500,306

Notes to the Financial Statements

Note 01 -I -Segment Report

	Saturday Fortune	Lagna Wasanawa	Jayoda	Galaxy Star	Niyatha Jaya
SALES	2,110,358,755	2,323,762,082	968,455,356	367,804,000	819,526,800
TAXES - VAT,15%	92,002,287	101,305,726	42,220,360	16,034,624	35,727,736
Revenue	2,018,356,468	2,222,456,356	926,234,995	351,769,376	783,799,064
COST OF SALES	44,637,878	52,079,193	22,464,990	8,881,650	19,204,060
PRIZE	1,055,463,200	1,162,139,200	484,705,500	183,902,000	409,789,600
DRAW COST	62,338,077	78,566,682	41,607,855	23,570,573	41,179,897
GROSS PROFIT	855,917,313	929,671,281	377,456,651	135,415,153	313,625,508
ADD - OTHER INCOME	25,654,642	28,248,886	11,773,058	4,471,221	9,962,603
ADVERTISING EXPENCES	40,822,527	29,214,868	23,266,883	23,283,559	26,378,666
MARKETING RELATED EXPENSES	1,929,906	2,125,062	885,645	336,354	749,451
Corporate & Others	8,403,024	9,252,753	3,856,194	1,464,521	3,263,191
DEALER COMMISSION	369,318,702	406,657,937	169,480,080	64,365,700	143,417,190
DISTRIBUTOR COMMISSION	26,263,750	28,916,310	12,060,635	4,581,543	10,208,985
ADMINISTRATION & FINANCE EXPENCES	59,060,153	65,032,424	27,103,032	10,293,302	22,935,142
SELLING & DISTRIBUTION EXPENCES	56,230,535	61,916,669	25,804,505	9,800,142	21,836,302
ADD - PRIZE WRITE BACK	50,740,480	56,632,108	19,340,000	15,724,220	19,671,320
PROFIT BEFOR TAXES	370,283,839	411,436,252	146,112,735	41,485,473	114,470,504
INCOME TAX	70,419,266	77,540,190	32,315,792	12,273,026	27,346,287
PROFIT AFTER TAXES	299,864,573	333,896,062	113,796,942	29,212,447	87,124,217
Other Comprehensive income					
Difined benefit plan actuarial gain/Loss	703,101	774,200	322,657	122,540	273,039
Total Comprehensive income for the Year	300,567,674	334,670,262	114,119,599	29,334,987	87,397,256

	Super Ball	Dasa Lakshapathi	Kotipathi Sanida	Development Fortune	Ada Kotipathi	Instant	Total 2017
	1,799,714,790	384,498,210	1,800,721,100	858,198,429	4,426,608,559	717,916,500	16,577,564,580
	78,459,587	16,762,418	78,503,458	37,413,647	192,980,512	31,297,977	722,708,334
	1,721,255,203	367,735,792	1,722,217,642	820,784,781	4,233,628,047	686,618,523	15,854,856,246
	39,596,659	8,676,528	38,694,557	21,394,786	101,341,508	45,350,871	402,322,679
	900,391,000	192,354,500	900,360,550	429,399,100	2,214,099,300	363,809,160	8,296,413,110
	61,088,984	20,369,620	60,652,629	43,730,781	142,373,372		575,478,468
	720,178,559	146,335,144	722,509,906	326,260,115	1,775,813,867	277,458,492	6,580,641,989
	21,878,289	4,674,164	21,890,522	10,432,716	53,812,205	8,727,374	201,525,679
	23,624,273	19,955,441	50,308,653	36,224,420	43,694,283	8,842,828	325,616,400
	1,645,825	351,621	1,646,745	784,816	4,048,098	656,529	15,160,049
	7,166,102	1,530,994	7,170,109	3,417,173	17,625,864	2,858,599	66,008,524
	314,950,377	67,286,832	315,126,193	150,184,699	774,656,596	123,427,038	2,898,871,342
	22,409,500	4,785,390	22,399,079	10,685,743	55,101,900	5,631,595	203,044,429
	50,366,522	10,760,504	50,394,685	24,017,400	123,882,340	20,091,493	463,936,998
	47,953,423	10,244,960	47,980,236	22,866,708	117,947,039	19,128,894	441,709,412
	41,821,940	6,189,260	44,184,800	24,739,140	88,383,660		367,426,928
	315,762,766	42,282,828	293,559,529	113,251,013	781,053,612	105,548,891	2,735,247,442
	60,053,578	12,830,085	60,087,157	28,636,697	147,708,784	23,955,715	553,166,576
	255,709,188	29,452,744	233,472,372	84,614,316	633,344,828	81,593,176	2,182,080,866
	599,605	128,102	599,940	285,923	1,474,798	239,186	5,523,090
	256,308,793	29,580,845	234,072,313	84,900,239	634,819,626	81,832,362	2,187,603,956

Notes to the Financial Statements

For the Year ended 31st December	2018	2017
	Rs.	Rs.
Note 02 - Cost of Tickets		
Instant	45,350,871	41,279,542
Saturday Fortune	44,637,878	54,094,496
Lagna Wasana	52,079,193	52,497,853
Jayoda	22,464,990	22,638,941
Niyatha Jaya	19,204,060	23,165,756
Super Ball	39,596,659	49,926,752
Galaxy Star	8,881,650	19,560,876
Dasa Lakshapathi	8,676,528	13,591,694
Kotipathi Shanida	38,694,557	52,419,610
Development Fortune	21,394,786	19,706,839
Ada kotipathi	101,341,508	38,814,372
	402,322,679	387,696,730
Note 03 - Prize Payout		
Prize Expenses-SF	1,055,463,200	1,130,038,125
Prize Expenses-Lagna wasana	1,162,139,200	1,065,162,950
Prize Expenses-Instant	363,809,160	353,222,190
Prize Expenses-JF	484,705,500	481,954,675
Prize Expenses-GS	183,902,000	371,403,725
Prize Expenses-NJ	409,789,600	452,171,675
Prize Expenses-SB	900,391,000	997,446,375
Prize Expenses-Dasa Lakshapathi	192,354,500	245,778,300
Prize Expenses-Kotipathi Shanida	900,360,550	1,043,094,400
Prize Expenses-Development Fortune	429,399,100	377,699,550
Prize Expenses-Ada Kotipathi	2,214,099,300	745,464,700
	8,296,413,110	7,263,436,665

For the Year ended 31st December	2018	2017
	Rs.	Rs.
Note 04 - Draw Cost		
Saturday Fortune	62,338,077	57,434,046
Lagna wasana	78,566,682	59,845,172
Jayoda	41,607,855	39,344,476
Galaxy Star	23,570,573	40,194,571
Niyatha Jaya	41,179,897	40,584,845
Super Ball	61,088,984	58,642,766
Dasa Lakshapathi	20,369,620	23,516,682
Kotipathi Shanida	60,652,629	60,070,844
Development Fortune	43,730,781	40,859,307
Ada Kotipathi	142,373,372	45,541,161
	575,478,468	466,033,872
Note 05 - Other Income		
Sampath Repo Interest	702,136	424,843
Registration Fees	47,250	71,750
Sales of Receipt Books	24,180	97,305
Staff Loan Interest	1,970,611	1,586,020
Miscellaneous Receipt	88,746	9,282,578
Investment interest income	155,753,901	90,609,105
Non Refundable Deposit	511,000	638,500
Fine On Cancel tickets not return	15,000	-
Interest Sweep Account	19,627,520	20,228,177
7 Day Call Interest Income	6,637,569	6,334,384
Paper Shredding Income	1,338,596	1,090,520
Disposal Items	95,321	25,260
Rent Income-Bus	498,852	462,328
Profit on Sale of Motor Vehicle	5,400,000	-
Profit on sale of Office Equipment	35,600	-
Profit on Sale of Computers	24,500	-
Supplier Deduction	-	100,000
Studio Rent Income	72,500	60,000
Profit on Sale of Furniture & Fittings	10,900	54,072
Profit/Loss sales on Motor Bike (Dealers)		(189,638)
Profit sales on Motor Bike	15,000	
Profit on Sale of Application Software	-	16,000
Distributor Deduction	8,656,497	
Total Other Income	201,525,679	130,891,204

Notes to the Financial Statements

For the Year ended 31st December	2018	2017
	Rs.	Rs.
Note 06 -Distribution Expenses		
Note '06-I - Advertising		
Saturday Fortune	40,822,527	45,587,339
Lagna wasana	29,214,868	42,239,560
Jayoda	23,266,883	19,985,332
Instant	8,842,828	6,367,428
Galaxy Star	23,283,559	25,520,013
Niyatha Jaya	26,378,666	16,070,460
Super Ball	23,624,273	34,120,637
Dasa Lakshapathi	19,955,441	44,332,277
Kotipathi Shanida	50,308,653	56,520,724
Development Fortune	36,224,420	19,506,547
Ada Kotipathi	43,694,283	28,295,264
Corporate & Others	61,215,812	44,812,653
CSR Project	890,252	2,515,600
Web Advertising	710,544	410,375
Enterprises Sri Lanka	3,191,915	
	391,624,924	386,284,208
Note '06-II - Marketing Related Activities		
Market Research	-	118,600
Chairman's vote	964,974	106,875
Souvenirs & Banners	14,195,075	
	15,160,049	225,475

For the Year ended 31st December	2018	2017
	Rs.	Rs.
Note '06-III - Selling & Distribution Expenses		
NBT 2%	259,104,310	229,056,969
Excise Duty Expenses	-	111,942,100
Selling Expenses	53,235,862	39,878,660
Other Selling & Distribution(Scanning / Validation)	9,036,912	7,961,514
Transportation	12,523,961	8,676,631
Vehicle Branding	456,700	95,805
Dealer & Distributor Target/ Incentive	-	28,649,140
Dealer & Distributor Mortivation Cost	89,160,028	20,624,047
SO/ASPO Incentive	2,403,837	
Promotional Vehicles Expenses	108,135	51,556
Vehicle Rent - Ticket Selling	647,900	341,049
Dealer Convention	2,365,835	498,099
Outdoor events/ Annual Promotion Calender	1,125,778	840,852
Outlet fabricating	5,698,047	
Lottery Shop	1,547,806	
Sales Incentive - Sales Assistant	1,480,000	
Incentive for Distributor Sales Staff	2,108,800	
New Draw Format	17,000	
Draw machine maintenance	688,500	
	441,709,412	448,616,423
Note '06-IV - Commission		
Dealer Commission (1)		
Saturday Fortune	369,318,702	394,414,515
Lagna wasana	406,657,937	371,116,960
Jayoda	169,480,080	168,030,740
Instant	123,427,038	119,010,225
Galaxy Star	64,365,700	129,467,800
Niyatha Jaya	143,417,190	157,570,810
Super Ball	314,950,377	347,690,880
Dasa Lakshapathi	67,286,832	85,667,655
Kotipathi Shanida	315,126,193	363,667,820
Development Fortune	150,184,699	131,639,640
Ada Kotipathi	774,656,596	260,912,645
	2,898,871,342	2,529,189,690

Notes to the Financial Statements

For the Year ended 31st December	2018	2017
	Rs.	Rs.
Distributor Commission		
Saturday Fortune	26,263,750	28,060,534
Lagna wasana	28,916,310	26,438,756
Jayoda	12,060,635	11,948,853
Instant	5,631,595	5,386,890
Galaxy Star	4,581,543	9,219,515
Niyatha Jaya	10,208,985	11,225,453
Super Ball	22,409,500	24,742,746
Dasa Lakshapathi	4,785,390	6,086,881
Kotipathi Shanida	22,399,079	25,910,068
Development Fortune	10,685,743	9,364,500
Ada Kotipathi	55,101,900	18,583,848
	203,044,429	176,968,041
	3,950,410,156	3,541,283,837

Note 07 - Administrative Expenses

Staff Cost	305,224,350	277,036,289
Depreciation	33,095,869	33,316,649
Other Administrative	125,298,852	109,458,099
	463,619,071	419,811,037

Note 08- Finance Expenses

Bank Charges-General	299,927	300,747
Bank Charges-Prize	18,000	18,000
Total Finance Expenses	317,927	318,747

For the Year ended 31st December	2018	2017
	Rs.	Rs.
Note 09 -Income Tax		
Income Tax	141,793,880	543,669,000
Prior Year Income Tax	411,372,696	1,208,002,376
Prior Year Income Tax 2016		67,520,514
Income Tax	553,166,576	1,819,191,890
Note 10 - Presidents' Fund Contribution		
Total Comprehensive income for the Year	2,187,603,956	507,036,703
Appropriation to the President's Fund for the year	1,968,000,000	346,541,000
Balance	219,603,956	160,495,703
President's Fund Payable (2017)	17,862,341	(52,633,363)
Total President Fund Payable	237,466,297	107,862,341

Notes to the Financial Statements

Note 11 - Fixed Assets Rs.

	Land	Land Tissamahara- maya	Buildings/ Improvement & Studio	Capital work in progress	Motor Vehicles/ T'Wheel/ Motor Bicycle
			10%		20%,25%
Cost					
Balance as at 01.01.2018	506,000,000	492,392	139,548,276	1,583,595	145,254,614
Additions during the year			603,639		12,555,000
transfer			(702,000)		
Disposals during the year					(4,498,427)
	506,000,000	492,392	139,449,915	1,583,595	153,311,187
Depreciation					
Balance as at 01.01.2018			70,679,959		103,464,632
Depreciation for the year			13,889,754		17,308,488
Depreciation for the disposals					(4,498,427)
	-	-	84,569,713	-	116,274,692
Net book balance as at 31.12.2018	506,000,000	492,392	54,880,201	1,583,595	37,036,495

	Machinery	Office Equipment & Mobile Phone	Computers & Accessories	Furniture & Fittings	Branded Stalls	Computer Software	Website Development	Total
	12.50%	25% 50%	33.33%	25%	16.66%	33.33%	33.33%	
	57,864,777	65,631,409	75,704,252	19,043,390	8,735,946	25,868,260	989,655	1,046,716,566
								-
	75,695,000	7,086,081	2,607,773	1,700,503		1,200,500	-	101,448,496
								-
				702,000				-
								-
		(2,907,750)	(437,775)	(155,904)				(7,999,857)
								-
	133,559,777	69,809,740	77,874,250	21,289,989	8,735,946	27,068,760	989,655	1,140,165,205
	37,207,119	53,932,841	62,439,315	15,135,522	8,716,344	24,421,025	193,412	376,190,168
								-
	6,996,576	5,831,455	5,956,148	1,917,062	9,789	654,303	329,885	52,893,461
								-
		(2,907,750)	(437,775)	(155,904)				(7,999,857)
								-
	44,203,696	56,856,546	67,957,689	16,896,679	8,726,133	25,075,327	523,297	421,083,773
	89,356,081	12,953,195	9,916,561	4,393,309	9,813	1,993,433	466,358	719,081,433

Notes to the Financial Statements

For the Year ended 31st December	2018	2017
	Rs.	Rs.
Note 12 -Held to Maturity Financial Assets		
Fixed Deposit -BOC/People's Bank	1,141,766,603	945,347,589
Dealer Deposits-	76,375,432	67,179,317
Total Fixed Deposits	1,218,142,035	1,012,526,906
Note 13 - Inventories		
13.1 - Ticket Stock		
Saturday Fortune	1,191,360	1,870,017
Lagna wasana	1,985,022	2,158,932
Jayoda	434,214	1,122,000
Instant	19,521,404	15,606,969
Galaxy Star	146,931	775,200
Niyatha Jaya	368,424	911,880
Super Ball	1,022,499	1,928,310
Dasa Lakshapathi	364,038	514,080
Kotipathi Shanida	1,226,040	1,800,198
Development Fortune	815,796	905,760
ada Kotipathi	3,186,480	3,616,920
Total Ticket Stocks	30,262,208	31,210,266
13.2 - Other Stocks		
Stationery stock	11,259,868	4,752,312
Promotional items stock	38,074,280	21,568,181
Other Items Stock	365,760	365,760
Lagna Wasana Tea cup Sets Stock	378,534	458,884
Total Other Stocks	50,078,443	27,145,137
Total Stocks	80,340,650	58,355,403

For the Year ended 31st December	2018	2017
	Rs.	Rs.
Note 14 - Trade Debtors & Other Receivable		
Receivable	13,341,426	12,205,858
Debtors - Distributors	68,798,466	108,259,927
Loan to Staff	49,326,248	38,744,970
Festival Advance	14,000	8,750
Refundable Deposit	1,785,114	1,787,114
ESC Tax Credit	31,787,714	40,046,070
Security Deposit for Sri Lanka Railways (Gaurantee)	1,800,000	1,800,000
FD WHT Receivable	10,018,846	
	176,871,814	202,852,688
Less :		
Provision for Doubtful Debts	7,496,220	7,496,220
	169,375,594	195,356,468

Note 15 -Prepayment & Deposits

Prepayments	2,012,582	1,528,387
Advance - Internal	832,561	878,818
Advance - External	8,788,637	4,066,527
	11,633,780	6,473,731

Notes to the Financial Statements

For the Year ended 31st December	2018	2017
	Rs.	Rs.
Note 16 - Cash & Cash equivalent		
Bank Balances		
BOC- General Receipt	105,746,231	268,014,761
BOC General 7 day Call	150,240,195	307,070,585
Bank of Ceylon-Prize 7 Day Call	-	23,000,000
BOC -Prize	13,838,500	(14,974,150)
Sampath Bank	8,239,177	31,785,755
Peoples Bank	901,800	(179,561)
Sweep account	104,715,441	207,748,822
Repo-Sampath	35,718,000	5,982,000
BOC- General Payment	41,168,145	(90,030,994)
BOC	998,500	948,500
Peoples Bank	100,000	100,000
	461,665,989	739,465,719
Petty cash for Sub Stores	2,000	2,000
Petty cash-Regional Office	5,000	5,000
D.L.B Disaster Relief Fund	9,404	9,404
	16,404	16,404
	461,682,393	739,482,123
Note -17 Employee Benefit Liability		
Balance at the beginning of the year	43,110,120	31,004,453
Provision made during the year	2,943,737	12,105,667
Payments made during the year	(362,160)	
Balance at the end of the year	45,691,696	43,110,120
Fixed Diposit for Gratuity Fund	47,962,991	38,412,622
Net Balance	(2,271,294)	4,697,498

For the Year ended 31st December	2018	2017
	Rs.	Rs.
Note- 17.1 Provision made during the year		
Interest Cost	4,623,535	3,396,884
Current service Cost	3,843,292	3,750,204
	8,466,827	7,147,088
Net actuarial (Gain)/Loss recognized	(5,523,090)	4,958,579
Total provision made during the year	2,943,737	12,105,667
Note- 17.2 Cost of retirement benefits		
Rate of discount	11%	11%
Rate of Salary increase	9%	9%
Retirement age	60	60
Fixed Deposit equivalent to Employee Benefit Liability at the end of the year has been maintained.		
Note 18 - Dealer & Distributor Deposit Payable		
Dealer Deposit Payable	31,945,381	30,332,881
Distributor Deposit Payable	3,450,000	3,150,000
Total Dealer & Distributor Deposit Payable	35,395,381	33,482,881
Note 19 -Trade & Other P'ble		
Trade Creditors	303,001,193	279,305,981
Dealer Advance	671,454	671,469
Distributor Advance	43,951,294	31,789,108
NBT/VAT/WHT/PAYEE TAX P'able	54,410,995	53,569,779
Provision for Income TAX P'able	177,264,591	354,239,824
Other Payable	91,811,147	56,756,706
Total Creditors	671,110,675	776,332,866

Notes to the Financial Statements

For the Year ended 31st December	2018	2017
	Rs.	Rs.
Note 20 - Prize Payable		
Prizes Payable	620,700,657	639,665,985
Provision for Prize Payable - Non Winning-Draw Tickets		
Saturday Fortune	2,549,000	35,612,000
Jayoda	1,494,165	1,398,960
Lagna Wasana	5,685,245	3,054,260
Galaxy Star	-	3,055,340
Niyatha Jaya	-	1,244,680
Super Ball	1,804,789	5,238,660
Koatipathi Shanida	3,912,550	5,191,660
Dasalakshapathi	-	1,351,940
Development Fortune	5,103,720	1,296,680
Ada Kotipathi	7,584,990	1,378,080
Total Prize Payable	28,134,459	58,822,260
	648,835,116	698,488,245

Ten Year Summery

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
Operational Results										
Revenue	15,854,856	13,981,500	14,759,875	11,874,659	12,271,477	10,611,073	8,624,166	6,884,267	5,667,809	5,220,418
Cost of Tickets	402,323	387,697	444,990	325,360	378,157	410,016	359,844	313,956	259,210	249,256
Prize payout	8,296,413	7,263,437	7,755,659	6,150,951	6,211,302	6,481,076	5,113,981	4,120,099	3,406,143	3,160,780
Administrative Expenses	463,619	419,811	382,655	332,597	347,408	330,967	280,682	281,397	244,214	261,700
Distribution cost	3,950,410	3,541,284	3,561,410	2,728,440	3,067,688	627,574	497,755	325,886	350,813	581,835
Surplus after operating Expenses	2,368,138	2,034,129	2,412,020	2,134,322	2,145,085	1,979,330	1,757,752	1,318,519	937,913	551,708
Equity										
President's Fund	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Mahapola Trust Fund	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
President's Fund payable	237,466	107,862	52,633	99,010	250,598	132,775	493,970	220,124	148,478	63,675
Prize Reserve Account	971,046	810,029	805,435	934,026	877,036	776,867	753,236	645,679	626,994	555,674
Liabilities										
Non Current Liabilities	35,395	38,180	1,318,429	1,615,846	223,288	36,806	35,134	38,506	33,197	30,540
Current Liabilities	1,414,220	1,722,249	1,237,896	846,842	581,768	1,228,404	512,576	479,722	420,471	545,961
Assets										
Non Current Assets	721,352	670,526	1,372,755	1,537,875	1,594,826	1,733,435	1,624,369	1,202,917	1,078,595	1,020,421
Current Assets	1,941,174	2,012,195	684,044	405,087	342,264	641,588	317,323	381,078	262,150	274,625

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