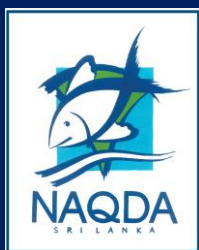


Annual Report

2015



**National Aquaculture
Development Authority of
Sri Lanka**

Annual Report

2015

National Aquaculture Development Authority of Sri Lanka

41/1, New Parliament Road,

Pelawatta,

Battaramulla.

Tel: 011 2786495

Fax: 011 2786493

National Aquaculture Development Authority of Sri Lanka
41/1, New Parliament Road,
Pelawatta, Battaramulla.

20.04.2017

Hon. Minister of Fisheries and Aquatic Resources Development
Ministry of Fisheries and Aquatic Resources Development
Maligawatte
Colombo 10.

Dear Sir,

In accordance with the provision of the NAQDA Act No. 53 of 1998, I am pleased to present the following in respect of the activities of the National Aquaculture Development Authority of Sri Lanka for the period 01st January 2015 to 31st December 2015.

- 1 Chairman 's Review
- 2 Report of the Board of Directors
- 3 Balance Sheet with Annual Accounts
- 4 Auditor General's Report

Thanking You.
Yours Faithfully,

Upali Mohotti (Attorney-at-Law)
Chairman

Corporate Information

Name of the Organization

NATIONAL AQUACULTURE DEVELOPMENT AUTHORITY OF SRI LANKA

Directors

1. Upali Mohotti (Attorney-at-Law)	-	Chairman
2. Mr. K.G.A. Gunaratne	-	Director
3. Mr. W. I. Deepal Peiris	-	Director
4. Mr. V.B. R. Weerakoon (Attorney-at-Law)	-	Director
5. Mr. Nelson W. Abeygunawardhana	-	Director
6. Dr. Anil Premaratne	-	Director
7. Mr. Abdul Majeed	-	Director
8. Mr. M.C.L. Fernando	-	Director
9. Ms. Hiransa Kaluthanthri	-	Director
10. Ms. P.H. Handunhewa	-	Director

Head Office

41/1, New Parliament Road, Pelawatta, Battaramulla

Auditors

Auditor General's Department

Bankers

Peoples Bank, Battaramulla.

Bank of Ceylon, Pelawatta.

Chairman's Review

I have the duty of presenting the Annual Report of NAQDA for the year
ended 31/12/2015.

Introduction

The performance of the National Aquaculture Development Authority of Sri Lanka (NAQDA) during the 12 months commencing from 01/01/2015 continued to improve as in the previous years.

Inland Fish Production

Table 1- Comparison of Aquaculture and Inland Fisheries Production in Sri Lanka over the years

Year	Inland Fisheries & Aquaculture (MT)	Coastal Aquaculture prawn production (MT)	Total Production (MT)	% Increase over previous year
2008	42,270	2,220	44,490	16
2009	43,010	3,550	46,560	2
2010	48,930	3,480	52,410	13
2011	55,410	4,150	59,560	14
2012	65,640	3,310	68,950	16
2013	62,480	4,430	66,910	-3
2014	70,600	5,150	75,750	13
2015	60,210	7,090	67,300	-11.2

In 2015, targeted Inland Fish and Aquaculture Production was 79% achieved and the total inland fisheries and aquaculture production was 67,300 Mt. The inland fish production in 2015 came from culture based fisheries in the perennial reservoirs was decreased compared to 2014. This is due to the adverse weather conditions experienced during the 2015 where the high level of water in reservoirs reduced the fish netting areas which led to a less fish harvest. Further, the reduction of releasing fingerlings to the tanks in 2014 also contributed to the lower production. Steps have been carried out to overcome some constraints, mainly with the increase of fish fingerling and freshwater prawn post larvae stocking, and also the proper management of the water bodies with community participation, establishment of community based mini-hatcheries, have been adapted for increase of inland fish and aquaculture production. Also the cultured prawns/ coastal aquaculture production

increased during the year due to the control of the spread of disease as a result of the implementation of best practices and the expansion of farms..

Foreign Exchange earned and contribution to rural economy

This inland fish and shrimp production in 2015 is valued at approximately Rs.13,640 Mn. contributing significantly to the rural economy. Further it is estimated that foreign exchange earned through export of cultured shrimps and ornamental fish is Rs. 1,971 Mn. and Rs. 2,392 Mn. respectively.

Fry Production & Distribution

The Aquaculture Development Centers (AQDCs) at Udawalawa, Dambulla, Inginiyagala, Polonnaruwa, Iranamadu and Nuwara Eliya produced 88.31 Mn fry in 2015. A part of these fry were sold to Private Pond Owners (PPO) and Community Based Organizations (CBO) managed Mini Nurseries for rearing to fingerling size. This is an increase of 16% when compared to fry production in 2014.

Table 2 - Fry Production & Distribution (Million)

	2009	2010	2011	2012	2013	2014	2015
Fry sold to Mini Nurseries	17.34	15.79	17.55	10.85	12.52	6.57	11.90
Fry reared at AQDCs	13.32	16.14	28.80	40.05	62.74	55.39	50.79
Fry sold to PPOs	17.99	26.31	34.88	24.39	21.94	11.93	15.67
Issued to Cages	1.35	2.30	1.88	1.11	0.84	2.02	9.95
Total	50.00	60.54	83.11	76.40	98.04	75.91	88.31

Fingerling Production

In the year 2015, 55.21 Mn fingerlings were produced in Aquaculture Development Centers (AQDCs) of NAQDA, CBO managed Mini Nurseries and Private Ponds. This is a significant increase (35%), when compared to the fingerling production in 2014.

Table 3 - Fingerling Production (Million)

	2009	2010	2011	2012	2013	2014	2015
Fingerlings produced Mini Nurseries	8.14	8.03	8.47	5.63	5.76	4.27	7.24
Fingerlings produced AQDCs	9.62	13.75	20.35	21.18	34.94	30.94	39.65
Fingerlings produced PPOs	8.99	11.70	14.89	9.87	8.43	4.81	6.06
Cages	1.18	1.40	1.11	0.71	0.26	0.96	2.26
Total	27.93	34.88	44.82	37.39	49.39	40.98	55.21

Distribution of fingerlings

The fingerlings produced at AQDCs, Private Ponds, Mini Nurseries and Cages were distributed amongst major aquaculture and inland fisheries development areas as given in the following table. It is anticipated that the higher fish stocking during 2015, will support increase in inland fish production in 2016.

Table 4 – Stocking of Fish Fingerlings - 2015

Type of the water body	Number of tanks / units	Fingerling Stocked (Mn)
Major Reservoirs	32	11.70
Medium Reservoirs	66	16.30
Minor Reservoirs	257	15.94
Seasonal Tanks	453	7.07
Ponds	654	2.01
Rivers and Lagoons	-	0.67
Total	1462	53.69

Fresh Water Prawn Production (Post Larvae)

25.57 Mn. Post larvae of fresh water prawn were produced at Pambala and Kahandamodara centers and stocked as follows.

Table 5 – Stocking of Freshwater Prawn Post Larvae - 2015

Type of the water body	Number of tanks	Post larvae stocked (Mn)
Major Reservoirs	20	8.78
Medium Reservoirs	36	6.54
Minor Reservoirs	51	5.34
Seasonal Tanks	10	0.14
Ponds	43	0.40
Lagoons		1.07
Total	160	22.27

Freshwater prawn production has shown a gradual increase and has resulted in enhancing income of fishermen. In 2015, freshwater prawn production was about 374 Mt and thereby Rs. 337 Mn were contributed to the rural economy. Freshwater prawn created a new fishery in the inland waters and Export of Freshwater Prawn is an emerging trend. Today, there are mainly two companies engaged in exporting of freshwater prawn and 21.36 Mt, 20.68 Mt, 141 Mt and 144 Mt were exported in 2012, 2013, 2014 and 2015 respectively.

Programme to issue Fingerlings Free of Charge

Based on a Cabinet Approval dated 16.07.2008, stocking of fish fingerlings in the reservoirs free of charge basis commenced from 2009. The total sum allocated for this programme was Rs. 150 Mn. NAQDA received Rs. 30.00 Mn. during 2015.

Under this programme 29.68 Mn. fish fingerlings and freshwater prawn post larvae were stocked in reservoirs during 2015.

Development of Reservoir Fisheries

To improve the management of inland fisheries in perennial water bodies (by preventing illegal methods of fishing) the Authority conducted 232 raids during the year 2015. In addition, to this 194 management licenses were issued and 253 fishing crafts and 900 sets of fishing gear were distributed.

Shrimp Farming Industry

Various activities were implemented during last few years through the Shrimp Farm Monitoring and Extension Unit of NAQDA to rehabilitate the shrimp farming industry, which was devastated by the White Spot disease. Main activities undertaken were Dredging of Dutch Canal; Introduction of a crop calendar and zoning; Formation of relevant rules & regulations and implementation; Regulation of shrimp hatcheries and Screening of post larvae of shrimp and broodstock. In addition, services are being provided at the Shrimp Disease Diagnosis and Health Management Laboratory at Battuluoya for shrimp farmers to detect shrimp diseases.

During 2015 under monitoring activities, 345 Aquaculture Management licenses including 328 Shrimp Farms, 15 Shrimp Hatcheries and 2 broodstock collectors were issued. Further, NAQDA conducted 4,216 no. of PCR tests to screen brooders and post larvae. These tests were carried out by the Brackish water fish health and environmental monitoring laboratory at Battuluoya. Further to improve quality of post larvae, all the shrimp hatcheries were monitored by testing for Monodon Bacula Virus and white spot disease by officials from the brackish water fish health and environmental laboratory.

In 2015, 42 Shrimp Hatcheries and 608 Shrimp Farms were operated in Puttalam District. Shrimp post larvae production during the year was 463 Mn.

Action is being taken to expand shrimp farming under cluster farming system in North and East of the country and suitable sites have been identified. Area under shrimp farming in the District of Batticaloa is increasing gradually.

Development of Shrimp Farming in Batticaloa District

Model shrimp hatchery in Puthukkudirippu was commenced operation during first quarter of 2011 on Public- Private Sector Partnership Basis and supplies the seed requirement of the shrimp farmers of the area. A private company manage the hatchery and 21.00 million post larvae were produced in 2015. This is the only hatchery available in the East

and caters to the post larvae requirement of the expanding shrimp industry in the Batticaloa District.

Infrastructure development for cluster shrimp farming in Vakarai is to create alternative livelihoods to coastal communities specifically affected by the Tsunami 2004 by engaging them in shrimp farming on a cluster system. Further it is intended to develop the necessary infrastructure required to achieve the primary objective for creating livelihood. This is a model for the ecosystem approached shrimp farming based on a concept of cluster system. NAQDA together with Divisional Secretary, Vakarai selected an investor and beneficiaries. It was formed an Aquaculture Development Society which was registered with NAQDA and the membership was comprised of all the beneficiaries. A company named Vakarai Ocean Aqua Cluster (Pvt) Ltd was formed with the investor and society as shareholders. This cluster farm is managed by Vakarai Ocean Aqua Cluster (Pvt) Ltd Company. From 2015 culture cycle, profit earned by the company was Rs. Mn 5.40 and each beneficiary received profit of Rs. 200,000.00. 5.19 Mn post larvae were stocked and 96.87 Mt were harvested in 2015.

Demonstration Shrimp Farm at the Air Force Base Camp in Batticaloa will train shrimp farmers of the area on Best Management Practices (BMP) & sustainable development of Shrimp Farming. At present this Demonstration Farm is managed by the Air Force, Batticaloa. 0.33 Mn post larvae were stocked and 5.56 Mt. was harvested in 2015 and also 63 persons were trained in 2015 from this farm.

Ornamental Fish and Aquatic Plant Farming

NAQDA is involved in development of new ornamental fish strains, development of technology, provide brood fish, fish disease diagnosis, provide training and technical assistance etc. to support development of ornamental fish and aquatic plant culture and exports. Aquaculture Development Centres at Rambodagalla and Ginigathena is dedicated for ornamental fish and plants. A tissue culture laboratory established at Rambodagalla is involved in tissue culture of ornamental aquatic plants.

These centers sold 2.05 Mn ornamental fish for farmers and exporters and earned Rs. 7.59 Mn. 54,420 brooders were also sold in 2015. 18 training programmes were conducted and 564 people were trained in ornamental fish farming in the year 2015.

A tissue culture laboratory established at Rambodagalla is involved in tissue culture of ornamental aquatic plants. The main objectives of this are to technology transfer and to earn the foreign exchange by exporting aquatic plants. 33,675 numbers of aquatic plants were produced in 2015.

Live rock export is a new addition to our product range and in 2015 live rocks to the values of Rs. Mn 14.61 has been exported.

Non- traditional Aquaculture

- **Sea cucumber Hatchery**

Under the MOU between Vietnam and NAQDA, provided expertise to breed Sea cucumber in a private hatchery. In 2015, 239,000 sea cucumber juveniles were produced.

- **Sea cucumber fattening in pens**

NAQDA facilitate Sea cucumber fattening in pens and ponds. Projects were carrying out by private sector in Thewanpitti, Mannar south bay, Ambupuram Kilinochchi, Valaipadu Kilinochchi, and Nachchikuda Kilinochchi. 53 Mt. (wet weight) were harvested in 2015.

- **Sea weed farming**

A pilot project to farm sea weeds was implemented in Kilinochchi district under technical assistance programme of the Government of Vietnam. Under this technology for farming of sea weed (*Kappaphycus*) using monoline method was introduced. A leading private sector company has commenced commercial scale sea weed farming with community participation in the North. Around 1000 persons involved in sea weed farming under this programme. 4760 Mt. (wet weight) were harvested in 2015. Family earned

Rs. 45,000 income per cycle (45 days) and the earned Rs. 16.5 million by exporting 165 Mt. (Dry weight) in 2015.

- **Sea bass Hatchery**

NAQDA succeeded in breeding Sea bass under public private partnership. NAQDA provided expertise to breed Sea bass in a private hatchery. This will pave the way for expansion of Sea bass farming in Sri Lanka. 250,000 no. of fingerlings were produced in 2015.

- **Sea bass farming**

Private sector involved in sea bass cage culture in Negombo lagoon, Town bay, Puttalam and Galle. Around 80 people were involved in sea bass farming in cages and ponds. 327,665 stocked and 36.50 Mt. of sea bass were also harvested in 2015.

FAO funded to install 09 cages of sea bass in Nawaladi, Batticaloa lagoon and 10,020 sea bass juveniles were stocked.

A large scale sea bass farming in cages with an investment of US \$ 04 million commence operation in Trincomalee Sea. Objective of this venture is to introduce commercial scale marine based farming of fin fish to Sri Lanka. This will also create livelihood to coastal community through direct employment, reduce pressure on wild fishery and provide a consistent supply base, generate import revenue, added tourist attraction, and provide forward linkage opportunities such as value added fish production. 350,131 sea bass fingerlings were stocked and 20 Mt of sea bass were harvested from these sea cages.

Aquaculture Development Centre at Iranamadu

Construction work of Iranamadu centre was completed and the total estimated project cost was Rs. Mn 386. The objective of this project is to supply fish seed required for stocking in northern reservoirs in order to

increase the nutrition level and rural economy by increasing the inland and aquaculture fish production.

Marine Fin Fish Hatchery in Batticaloa

Design completed and contractor was selected and the construction of the marine fin fish hatchery in Tharmapuram, Batticaloa District will begin on February 2016, to fulfill the need of marine fin fish seeds required for the development of marine fin fish farming in Sri Lanka. The project is funded by FAO and total estimated cost is Rs. 120.00 million. Following species have been identified for breeding; Milk fish (*Chanos chanos*), Barramundi/Asian sea bass (*Lates calcarifer*), Grouper (*Epinephalus* sp.), Snappers (*Lutjanus* sp.), Silver pomfret (*Pampus argenteus*), Sea bream (*Pagrus major*), Mahi mahi (*Coryphaena hippurus*), Cobia (*Rachycentron canadum*). By establishing this hatchery it is planned to create livelihoods for 1600 families (direct/indirect) in coastal communities, save the foreign exchange involved in imports of fish seeds, earn the foreign exchange by export of fin fish, support fin fish farmers to keep the cost of seed at a minimum level and disseminate breeding technology.

Regional Initiative on Sustainable Intensification of Aquaculture for Blue Growth in Asia-Pacific Projects (FAO)

- Establishment of 05 water based mini hatcheries on pilot testing

Inadequacy in supply of fish seed is the major constrain for the further development of inland fisheries in reservoirs. At present Sri Lanka produce around 50.0 million fish fingerlings per annum and around 90% of this is produced at Aquaculture Development Centres of NAQDA, while the rest is produced by community based seed producers and small scale fish farmers. It has been estimated that a minimum of 150 million fish fingerlings required to utilize all freshwater reservoirs effectively for fish production.

It is proposed to support fisheries farmer organizations involved in CBF to undertake fish seed production activities. FAO will fund USD 150,000 to establish at least five water based hatcheries for Nile tilapia in five perennial

reservoirs. Project will provide training, technical assistance, materials and equipment required for the establishment of water based fish hatcheries and technical demonstration. 05 reservoirs were selected from 05 different districts to establish water based mini hatcheries.

- **Development of strategy for aquaculture value chain development**

Aquaculture value chain is not yet sufficiently established in the country, which include problems with both marketing of products and supply of aquaculture inputs. Currently, farmers in some production areas often experience marketing problems during the peak harvesting seasons. On the other hand, many farmers also have difficulty in accessing quality production inputs such as feed and seed. Inadequate development of aquaculture value chain has become an key constraint in aquaculture development in Sri Lanka. The overall objective of this project is to develop a national strategy for improved linkage small farmer to market, consumers and input supply, which will enhance the income generation of small farmers and supply of aquaculture products to consumers. The FAO was allocated USD 20,000 for this project and a draft strategic plan was prepared for aquaculture value chain development.

- **Technical assistance on human resource capacity building related to fish genetics and broodstock management.**

Overall objective of the project is to improve the aquaculture efficiency and sustainability in the country through improves access of rural farmers to quality fish seed with genetically improved and well managed broodstock. Total funds allocated from FAO are USD 360,000. Under this programme capacity building on fish genetics and broodstock management, BMPs and guidelines formulation for broodstock management including prevention of inbreeding, implementation of separate genetic improvement programme for existing broodstock of Indian and Chinese Carps will be continued.

- **Reducing and managing the risks of Acute Hepatopancreatic Necrosis Disease (AHPND) of cultured shrimp.**

Acute Hepatopancreatic Necrosis Disease (AHPND) or more popularly known as Early Mortality Syndrome (EMS) is an emerging disease of cultured shrimps. This interregional TCP project aims at raising awareness and disseminating up-to-date information about EMS/AHPND and providing a platform to better understand the disease and generate practical control measures. This will also help putting in place long-term preventive and proactive strategies rather than reactive measures as well as a platform regional and interregional cooperation.

FAO Aquatic Animal Health (AAH) Capacity and Performance Self-Assessment survey were completed and two inter regional workshops were held on 22 – 27 June in Panama to raise awareness, disseminate the most up-to-date scientific information. National Action Plan for prevention the introduction of AHPND to Sri Lanka was prepared at this workshop.

The Chairman and Board of Directors wish to extend their grateful thanks to the Staff of the National Aquaculture Development Authority of Sri Lanka for their unstinted co-operation and support offered at all times and also wish to express their appreciation for the assistance extended to improve the quality of life of the fish farming community island wide and increase the income level of people who are engaged in this sector. The Board also wishes to place on record the co-operation and assistance provided by the Donor Agencies, NGO's, Provincial Councils and Projects which provided funds for the purchase of fish seed required by the Fisheries Societies and the fish farming sector and other aquaculture related programmes. Private Sector Shrimp Farmers, Exporters and other sponsors who contributed much to the sector also deserve our thanks.

Finally and not least, we wish to offer our thanks to His Excellency the President of Sri Lanka and the Hon. Prime Minister for the guidance given in increasing the inland fish production, the Hon. Minister of Fisheries & Aquatic Resources Development, the Hon. State Minister, the Secretary, Ministry of Fisheries & Aquatic Resources Development and the staff of the Ministry for the guidance, support & assistance provided to carryout various other aquaculture projects, the Secretary to General Treasury, for all the financial assistance provided to carry out the activities of NAQDA smoothly.

Chairman
National Aquaculture Development Authority of Sri Lanka

Report of the Board of Directors

The Board of Directors is pleased to present the Annual Report for the Year ended 31st December 2015 together with the Audited Accounts and Report of the Auditor General.

1. Introduction

The Aquaculture Development Division, which was functioning under the Ministry of Fisheries and Aquatic Resources Development, was transformed to National Aquaculture Development Authority of Sri Lanka (NAQDA) on 29th January 1999 under the Parliament Act No. 53 of 1998. At the inception its head office was established in a rented building at Darley Road, Colombo 10. It moved to Base line Road, Colombo 09 in 2003 and occupied its own Head Quarters at Pelawatta, Battaramulla in January 2010.

National Aquaculture Development Authority of Sri Lanka functions under the Ministry of Fisheries and Aquatic Resources Development and is operated under the purview of a Board of Directors. The Authority consists of five major Divisions under the Director General namely Fresh water Aquaculture Development, Coastal Aquaculture Development, Extension, Finance and Human Resource Development which are headed by four Directors.

Aquaculture Development Centers (AQDCs) of NAQDA

NAQDA maintains six (07) major Freshwater Aquaculture Breeding Centers, Two (02) Freshwater Prawn Breeding Centers, and Two (2) Ornamental Fish Breeding Centers.

<u>Centre</u>	<u>Fish Species Produced/Activity</u>
Udawalawa (Carp)	Common Carp, Indian Carps and Chinese Carps
Dambulla	Common Carp, Indian Carps, Chinese Carps and Tilapia
Inginiyagala	Common Carp, Indian Carps and Tilapia
Nuwara Eliya	Common Carp
Udawalawa (Tilapia)	Tilapia species
Polonnaruwa	Indian Carps, Chinese Carps and Tilapia
Iranamdu	Common Carp, Indian Carps, Chinese Carps and Tilapia
Pambala	Freshwater Prawn
Thillawatawena	Freshwater Prawn
Rambodagalle	Ornamental Fish Breeding and Conducting Training Programmes
Ginigathhena	Ornamental Fish Breeding & Rearing

All these centers function under the supervision of officer in charge (Aquaculturist) responsible for production of fish seeds for stocking in Reservoirs Island wide and producing ornamental fish for foreign and local markets.

Kalawewa Inland Fisheries and Aquaculture Training Institute

This Institute conducts training for staff of NAQDA, Inland fishers, Fish farmers, NGO's, CBO's and interested parties in the fields related to Aquaculture and Inland Fisheries. In addition provides facilities for other institutions for their own training programmes and Assistant Director (Training) heads this Institute.

Aquaculture Extension Service

There are 22 Regional Aquaculture Extension Offices and District Aquaculture Extension Offices Island wide. Regional/District Aquaculture Extension Officers (RAEO/DAEO) and Aquaculture Extension Officers (EO) are responsible for extension, regulation and management of aquatic resources which include Stocking of Fish Seed, Supervision and Coordination of the activities of Fisheries Societies, Educating the Fishermen, Prevention of illegal Fishing, and Transfer of Technology related to Aquaculture.

2. Objectives

Main objectives of NAQDA are, regulation of the sector by introducing proper guidelines, research and development, Training and Extension activities, and management measures towards the sustainable development of Aquaculture sector in Sri Lanka, achieving economic growth through increase of Fish production, improving the nutritional status of population, producing high valued Aquatic species for export market and reducing the poverty by increasing the employment opportunities and income level of the people.

NAQDA is categorized as a Promotional Institute as per Public Enterprise circular No. 58(2) dated 15/9/2011.

03. Manpower of National Aquaculture Development Authority of Sri Lanka as at 31st December 2015

Categories	Nos.
Chief Executive Officer	01
Senior Managers	04
Middle Managers	11
Junior Managers	69
Aquaculturists	41
Regional/District Extension Officers	20
Statistical Officers	03
Computer Analyst	01
Procurement Officer	01
Social Development Officer	01
Finance Officer	01
Administrative Officer	01
Management Assistant – Technical	87
Assistant Aquaculturists	16
Extensions Officers	67
Technical Officers	03
Book keeper	01
Management Assistant – Non Technical	71
Primary Level	324
Technicians (Electrical/ Mechanical)	07
Drivers	42
Minor Staff	275
Total	567

4. Principal Activities

Principal activities of the National Aquaculture Development Authority are the sustainable development and management of aquatic resources and Aquaculture industry of Sri Lanka with a view to increasing production and

consumption of inland fish, creation of employment opportunities and increasing of export volume of aquatic products.

5. Capital

NAQDA is a government Authority with 100% capital vested in Secretary to the Treasury. The authorized capital is Rs.90 Million.

6. Income

Income from sale of fish seeds, rent on leased centers and other income is Rs.147.53 Million. The Treasury grant for financing recurrent expenditure was Rs.313.09 Million for the year ended 31st December 2015.

7. Performance of the Organization

National Aquaculture Development Authority has made a net deficit of Rs.11.44 Million for the year ended 31st December 2015. The income details are set out page 26.

8. Statement of Affairs

The statement of affairs of the Authority as at 31st December 2015 is set out on page 23.

9. Capital Expenditure

A financial allocation of Rs. 100 Million was made available for National Aquaculture Development Authority of Sri Lanka for the year 2015. Total allocation was utilized for rehabilitation and renovation of buildings and Ponds at the Centers, rehabilitation of vehicles and equipment, Acquisition of Fixed assets and Aquaculture Development activities.

10. Collaboration with other Agencies

The Authority collaborated with Food and Agriculture Organization (FAO) and private sector for operating the Brackish water Shrimp Hatchery, Sea bass hatchery, Demonstration Shrimp Farm, Sea weed farming.

11. Directors Interest in Contracts

The Directors of the Authority were not directly or indirectly involved in any contracts with the Authority during the year ended 31st December 2015.

12. Auditors

The Accounts of the National Aquaculture Development Authority of Sri Lanka for the Year ended 31st December 2015 was audited by the Auditor General's Department.

NATIONAL AQUACULTURE DEVELOPMENT AUTHORITY OF SRI LANKA
STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER	Note	2015 Rs.	2014 Rs.
ASSETS			
<u>NON CURRENT ASSETS</u>			
Property, Plant & Equipment	.. 4	823,778,666.93	630,849,630.19
Breeding & Trading Assets	.. 5	285,364,959.02	133,074,104.93
Working Progress	..	17,463,020.30	47,187,303.03
Live stock	..	99,950.00	99,950.00
		<u>1,126,706,596.25</u>	<u>811,210,988.15</u>
<u>CURRENT ASSETS</u>			
Inventory	.. 6	27,383,281.52	22,876,016.69
Deposit, Advance & Prepayments	.. 7	3,179,337.56	2,989,487.93
Trade & Other Receivable	.. 8	65,375,846.72	37,938,286.82
Cash in Hand & at Bank	.. 9	49,268,312.68	11,591,440.47
		<u>145,206,778.48</u>	<u>75,395,231.91</u>
TOTAL ASSETS		<u>1,271,913,374.73</u>	<u>886,606,220.06</u>
EQUITY AND LIABILITIES			
<u>EQUITY</u>			
<u>CAPITAL & RESERVES</u>			
Treasury Grants	..	158,514,594.24	207,003,656.89
Retained Earnings	..	(189,882,491.62)	(205,564,085.89)
Assets Valuation Fund	..	17,400,000.00	17,400,000.00
TOTAL EQUITY		<u>(13,967,897.38)</u>	<u>18,839,571.00</u>
<u>LIABILITIES</u>			
<u>NON CURRENT LIABILITIES</u>			
Retirement Benefit Obligation	.. 10	70,918,812.89	53,562,763.88
Differed Revenue	.. 11	1,091,547,414.97	702,648,721.18
Government Grants Projects (Bud. Proposal 2006)		54,040,042.00	54,040,042.00
		<u>1,216,506,269.86</u>	<u>810,251,527.06</u>
<u>CURRENT LIABILITIES</u>			
Trade & Other Payable	.. 12	45,340,944.08	35,584,124.16
Retention on contract	..	24,034,058.16	21,930,997.83
		<u>69,375,002.24</u>	<u>57,515,121.99</u>
TOTAL LIABILITIES		<u>1,285,881,272.10</u>	<u>867,766,649.05</u>
TOTAL EQUITY AND LIABILITIES		<u>1,271,913,374.73</u>	<u>886,606,220.06</u>

NATIONAL AQUACULTURE DEVELOPMENT AUTHORITY OF SRI LANKA

STATEMENT OF CASH FLOWS

AS AT 31ST DECEMBER	2015 Rs.	2014 Rs.
<u>CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES</u>		
Profit / (Loss) for year	11,443,032.45	(26,327,841.81)
<u>Adjustments for</u>		
Depreciation - Fixed Assets	35,609,628.64	33,768,364.43
Depreciation - Breeding Assets	25,526,354.92	24,571,238.26
Doubtful Debtor	1,554,649.14	1,057,742.08
Gratuity Provision	18,698,933.01	14,422,874.81
PY Adjustments	4,238,561.82	0.00
EPF & ETF Payment	0.00	0.00
Assets Disposale Profit	(4,694,898.00)	(3,260,187.96)
Differed Revenue	(61,135,983.56)	(58,339,602.69)
Operating Profit before working capital changes	31,240,278.42	(14,107,412.88)
(Increase)/Decrease in Inventory	(4,507,264.83)	(9,202,275.95)
(Increase)/Decrease in Advance & Prepayments	(189,849.63)	3,267.69
(Increase)/Decrease in Debtors & Other Receivables	(28,992,209.04)	(2,023,278.14)
(Decrease)/ Increase in Retention	2,103,060.33	9,633,615.99
(Decrease)/ Increase in Trade & Other payable	9,756,819.92	293,833.56
Cash generated from operations	9,410,835.17	(15,402,249.73)
Gratuity paid	(1,342,884.00)	(2,091,771.75)
Net Cash from/(Used in) Operating Activities	8,067,951.17	(17,494,021.48)
<u>CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES</u>		
Purchase of property, plant & equipment	(57,622,956.66)	(27,226,672.84)
Work in Progress	(17,463,020.30)	(47,187,303.03)
Investment	0.00	0.00
Disposal of Vehicle	4,694,898.00	3,288,990.98
Net cash from / (Used in) Investing Activities	(70,391,078.96)	(71,124,984.89)
<u>CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</u>		
Treasury Grant for Capital	100,000,000.00	95,000,000.00
Income Tax paid	0.00	0.00
Net cash flows from/(Used in) Financing Activities	100,000,000.00	95,000,000.00
Net Increase / (decrease) in Cash & Cash Equivalent	37,676,872.21	6,380,993.63
Cash & Cash Equivalent at the beginning of the year	11,591,440.47	5,210,446.84
Cash & Cash Equivalent at the end of the year	49,268,312.68	11,591,440.47
<u>ANALYSIS OF CASH & CASH EQUIVALENT</u>		
<u>At the end of the year</u>		
Cash at Banks	49,268,312.68	11,591,440.47
Cash in hand	0.00	0.00
	49,268,312.68	11,591,440.47

NATIONAL AQUACULTURE DEVELOPMENT AUTHORITY OF SRI LANKA

STATEMENT OF CHANGES IN EQUITY

	Grants		Assets	Retained	Total
	Recurrent	Capital	Valuation Fund	Earnings	
Balance as at 1st January 2014	0.00	139,230,329.73	17,400,000.00	(179,236,244.07)	(22,605,914.34)
Grants during the year	215,200,000.00	95,000,000.00	0.00	0.00	310,200,000.00
Trf to Differed Revenue (During the year Am	0.00	(27,226,672.84)	0.00	0.00	(27,226,672.84)
Trf to Profit & Loss A/c	(215,200,000.00)	0.00	0.00	0.00	(215,200,000.00)
Net Profit / (Loss) for the Year	0.00	0.00	0.00	(26,327,841.81)	(26,327,841.81)
Balance as at 31st December 2014	0.00	207,003,656.89	17,400,000.00	(205,564,085.89)	18,839,571.00
Balance as at 1st January 2015	0.00	207,003,656.89	17,400,000.00	(205,564,085.89)	18,839,571.00
Grants during the year - Reccurent & capita	313,090,250.00	100,000,000.00	0.00	0.00	413,090,250.00
Grants during the year - Iranamadu	0.00	280,780,717.39	0.00	0.00	280,780,717.39
Non cash Grant during the year	0.00	30,760,000.00	0.00	0.00	30,760,000.00
Differed Revenue amount of during the year	0.00	(460,029,780.04)	0.00	0.00	(460,029,780.04)
Trf to Profit & Loss A/c	(313,090,250.00)	0.00	0.00	0.00	(313,090,250.00)
PY Adjustment	0.00	0.00	0.00	4,238,561.82	4,238,561.82
Net Profit / (Loss) for the Year	0.00	0.00	0.00	11,443,032.45	11,443,032.45
Balance as at 31st December 2015	0.00	158,514,594.24	17,400,000.00	(189,882,491.62)	(13,967,897.38)

NATIONAL AQUACULTURE DEVELOPMENT AUTHORITY OF SRI LANKA
STATEMENT OF INCOME

FOR THE YEAR ENDED 31ST DECEMBER	NOTE	2015 Rs.	2014 Rs.
Revenue		95,585,212.24	57,134,456
Cost of Sales	13	(83,002,781.06)	(60,305,736)
GROSS PROFIT		12,582,431.18	(3,171,279)
Other Income	14	51,941,769.97	43,320,266
Treasury Grants - Recurrent		313,090,250.00	215,200,000
		377,614,451.15	255,348,987.40
Administrative Expenses	15	(389,847,289.79)	(297,409,554)
Distribution Cost	16	(47,361,304.63)	(42,539,557)
Finance Cost	17	(93,910.53)	(67,321)
		(437,302,504.95)	(340,016,432)
PROFIT / (LOSS) BEFORE ADJUST DEFERRED REVENUE		(59,688,053.80)	(84,667,444)
Differed Revenue		71,131,086.25	58,339,603
PROFIT / (LOSS) FOR THE YEAR		11,443,032.45	(26,327,842)

National Aquaculture Development Authority of Sri Lanka

Note to the Financial Statements

1. COPARATE INFORMATION

1.1 General

National Aquaculture Development Authority of Sri Lanka established by the Act No.53 of 1998, is falling under the purview of Ministry of Fisheries & Aquatic Resources Development. The Head office is located at 41/1, New Parliament Road, Pelawatta, Battaramulla.

1.2 Principal Activities and Nature of Operation

During the year, the principal activities of the Authority were Sale of Fish seeds.

2. BASIS OF PREPARATION

These Financial Statements have been prepared on a historical cost basis. No adjustment is made for inflationary assets, which are reflected at valuation.

2.1 Statement of Compliance

The Financial Statement of Authority have been prepared in General Accepted Accounting Policies and also with the requirements of the National Aquaculture Development Authority of Sri Lanka Act No: 53 of 1998 institutionalizing the Aquaculture Development Authority of Sri Lanka and in terms of section 13 (6) of Financial Act 38 of 1971.

2.2 Comparative Information

The accounting policies have been consistently applied by the Authority and are consistent with those used in the previous year unless otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

3.1 Trade and Other Receivable

Trade receivables are stated at the amounts they are estimated to realize net of provisions for bad and doubtful receivables. Other receivables recognized as at cost.

3.2 Cash and Cash Equivalence

Cash and Cash Equivalence are defined as cash in hand only.

3.3 Property, Plant and Equipment

Except lands, all other Assets are stated at cost less accumulated depreciation.

Depreciation is calculated on a straight line basis over the useful life of the assets.

The rate of depreciation as follows,

Building & Structure	4%
Motor Vehicles	20%
Furniture & Office Equipment	10%
Laboratory Equipment	10%
Machinery and equipment	10%
Hatchery Jars	10%
Fish Tanks	10%
Fish Ponds	6%
Tool and Implements	10%
Communication Outlay	20%
Computer software	10%

Note:

Land of value of 6.8799 hectare which was acquired by the Authority, had not been included in the Fixed Assets due to lack of Valuation report, which should be issued by the valuation Department.

3.4 Doubtful debtors.

10% provision on debtors balance has been made in respect on doubtful debtors.

Over provision of doubtful debtors during the year charge to the P & L.

3.5 Stocks

Stocks are valued at the lower of cost or net realizable value.

3.6 Retirement Benefit Obligation

Defined Benefit Plan-Gratuity

Gratuity provision has been made ½ month's salary for each year of service from the date of commencement of service.

However, according to the payment of gratuity Act no 12 of 1983, the liability for gratuity an employee arise only completion of five years continued service with the Authority.

Defined Contribution plans – Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident fund Contributions and Employees' Trust Fund contribution in line with the respective statutes and regulations. The Authority contributes 15% and 3% of gross emoluments of employees to Employees' Provident Fund & Employees' Trust Fund respectively.

3.7 Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable.

3.8 Expenditure Rrecognition

Expenses are recognized in the Income statement on the basis of a direct association between the cost incurred and the earning of specific item of income. All expenditure incurred in the running of the Production and in maintaining the property, Plant & Equipment in a state of efficiency has been charged to income in arriving at the profit/(Loss) for the year.

NATIONAL AQUACULTURE DEVELOPMENT AUTHORITY OF SRI LANKA

NOTE 04

PROPERTY, PLANT AND EQUIPMENT

COST	Balance as at 01.01.15	Additions/Valuation/Adjustment of assets for the Year	Disposal & Adjustment	Balance as at 31.12.15
Land	146,411,854.00	-	-	146,411,854.00
Buildings & Structure.	381,773,586.07	181,933,712.98	-	563,707,299.05
Buildings & Structure (ADB)	206,460,717.00	-	-	206,460,717.00
Building & Structure (New Office)	3,184,404.00	-	-	3,184,404.00
Furniture & Office Equipment	32,654,981.22	7,359,124.95	-	40,014,106.17
Furniture & Office Equipment - ADB	4,911,820.00	-	-	4,911,820.00
Laboratory Equipment	10,137,482.80	3,536,535.90	-	13,674,018.70
Machinery & Other Equipment	22,518,850.66	4,017,603.00	-	26,536,453.66
Consumable and Sundry Equipment	10,137,648.96	-	-	10,137,648.96
Tools & Implement	1,573,467.00	-	-	1,573,467.00
Vehicles	56,628,401.91	30,919,741.95	3,287,300.00	84,260,843.86
Vehicles - ADB	38,833,274.00	-	639,370.00	38,193,904.00
Communication and Computer	8,755,954.99	2,118,700.00	-	10,874,654.99
Computer Software	1,155,625.00	-	-	1,155,625.00
	925,138,067.61	229,885,418.78	3,926,670.00	1,151,096,816.39
DEPRECIATION	Balance as at 01.01.15	Charge for the year	Disposal & Adjustment	Balance as at 31.12.15
Land	-	-	-	0.00
Buildings & Structure.	105,005,753.67	15,270,943.45	-	120,276,697.12
Buildings & Structure (ADB)	49,550,572.08	8,258,428.68	-	57,809,000.76
Building & Structure (New Office)	3,184,404.00	-	-	3,184,404.00
Furniture & Office Equipment	18,982,859.60	2,415,814.61	-	21,398,674.21
Furniture & Office Equipment - ADB	2,947,092.00	491,182.00	-	3,438,274.00
Laboratory Equipment	6,864,963.32	577,826.45	-	7,442,789.77
Machinery & Other Equipment	14,808,057.72	1,346,753.40	-	16,154,811.12
Consumable and Sundry Equipment	7,344,422.14	860,934.62	-	8,205,356.76
Tools & Implement	1,573,001.29	466.00	-	1,573,467.29
Vehicles	39,462,692.93	6,350,871.36	3,287,300.00	42,526,264.29
Vehicles - ADB	38,833,274.00	-	639,370.00	38,193,904.00
Communication and Computer	5,388,996.46	1,271,761.47	-	6,660,757.93
Computer Software	342,348.22	111,400.00	-	453,748.22
	294,288,437.42	36,956,382.04	3,926,670.00	327,318,149.46
WRITTEN DOWN VALUE	630,849,630.19			823,778,666.93

NOTE 05

BREEDING & TRADING ASSETS

COST	Balance as at 01.01.15	Additions for the Year	Disposal & Adjustment	Balance as at 31.12.15
Hatchery	12,283,745.87	3,775,712.56	-	16,059,458.43
Hatchery ADB	84,246,743.00	-	-	84,246,743.00
Fish Tank	28,781,971.19	11,829,342.29	-	40,611,313.48
Fish Ponds	225,993,310.20	160,865,400.76	-	386,858,710.96
	351,305,770.26	176,470,455.61	-	527,776,225.87
DEPRECIATION	Balance as at 01.01.15	Charge for the year	Disposal & Adjustment	Balance as at 31.12.15
Hatchery	6,186,364.95	799,029.09	-	6,985,394.04
Hatchery ADB	33,698,697.20	8,424,674.30	-	42,123,371.50
Fish Tank	8,477,342.80	2,708,851.52	-	11,186,194.32
Fish Ponds	169,869,260.38	12,247,046.61	-	182,116,306.99
	218,231,665.33	24,179,601.52	-	242,411,266.85
WRITTEN DOWN VALUE	133,074,104.93			285,364,959.02