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வருடாந்த ஆண்டறிக்கையி

Annual Report

2015

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INDEPENDENT TELEVISION NETWORK LTD.
வரையறுக்கப்பட்ட சுயாதீன தொலைக்காட்சி சேவை.

Annual Report 2015



Independent Television Network Ltd.

VISION

The Superlative
Sri Lankan Media
Organization of
International Repute.

MISSION

To deliver high quality, creative content using state-of-the art technology and exceeding stakeholders expectations, whilst safe guarding the values of all Sri Lankans through dedicated team work within the framework of a prosperous enterprise and presenting Sri Lankan perspective to the world.

VALUES

Creative -
a commitment to innovation, ideas and support for talented people

Courageous -
vision to adapt to change with integrity and decisiveness

Supportive -
providing opportunities to ITN staff to grow personally and professionally during their time in the organization

Accountable -
demonstrating high standards of governance and value for money to the Sri Lankan community

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GOALS

Create excellent educational, informative and entertaining content

Develop state of the art technology for creating and dissemination of content

Maintain financial stability of the organization

Develop creative, talented, well qualified human resources

Promote Sri Lanka to international audiences through the dissemination and exchange of local content

Corporate Information

Name of Company	Independent Television Network Limited
Legal Form	<p>Commenced operations on 13th April 1979 as a private sector company. Vested in the government by Gazette Extraordinary No. 39/4 of 5th June 1979 under the Business Undertaking Acquisition Act No. 35 of 1971.</p> <p>Declared a Government Owned Public Company on 27th April 1992 under the Act No. 23 of 1987 appointing general treasury as the only shareholder.</p> <p>Registered as a company under the Companies Act No 07 of 2007 as a Limited Company.</p>
Company Registration Number	PB 1070
Type of Business	Operates two TV channels (ITN and Vasantham TV) and two radio channels (Lakhandu and Vasantham FM) serving Sinhala and Tamil speaking communities in Sri Lanka. ITN has the strongest island wide transmission network in Sri Lanka.
Accounting Year	1st January to 31st December
Auditors	Auditor General, Auditor General's Departments
Company Secretary	Corporate Advisory Services (Pvt) Ltd, Colombo.
Banker	Bank of Ceylon

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Board of Directors

Chairman/CEO	Mr. Anura Siriwardana	(Up to 12th Jan. 2015)
Working Director	Dr. Arosha Fernando	(Up to 12th Jan. 2015)
Board Director	Mr. P.G. Dasanayake	(Up to 19th Mar. 2015)
Board Director	Mr. Hassim Omar	(Up to 12th Jan. 2015)
Board Director	Mr. Mapalagama Wimalaratna	(Up to 27th Feb. 2015)
Board Director	Mr. J. Devapiran	(Up to 19th Feb. 2015)
Board Director Treasury Representative	Ms. Malika S B Samaraweera	(Up to 06th Mar. 2015)
Chairman/CEO	Prof. Dammika Ganganath Dissanayake	(From 22nd Jan. 2015 to 18th Sep. 2015)
Chairman/CEO	Mr. Hemasiri Fernando	(From 01st Oct. 2015)
Working Director	Mr. Dhanushka Ramanayake	(From 21st Jan. 2015)
Board Director	Mr. K.D.W Ratnayake	(From 19th Jan. 2015)
Board Director Treasury Representative	Mr. A.K Senavirathne	(From 06th Mar. 2015)
Board Director	Mr. Nisshanka Diddeniya	(From 12th Mar. 2015)
Board Director	Ms. Surangi Serasinghe	(From 12th Mar. 2015)

Senior Management

Chairman / CEO	Mr. Anura Siriwardena	(Up to 12th Jan. 2015)
	Prof. Dammika Ganganath Dissanayeke	(From 22nd Jan. 2015 to 18th Sep. 2015)
	Mr. Hemasiri Fernando	(From 01st Oct. 2015)
Working Director / Director	Dr. Arosha Fernando	(Up to 12th Jan. 2015)
	Mr. Dhanushka Ramanayake	(From 21st Jan. 2015)
General Manager	Mr. Aruna Wijesinghe	
Deputy General Managers	Mr. Vipula Ratnasiri	Deputy General Manager (Programme)
	Mr. Upali Ranjitha	Deputy General Manager (Marketing)
	Mr. Asoka Karunanayake	Deputy General Manager (Lakhanda)
	Mrs. K.T.C Priyangani	Deputy General Manager (Finance)
	Mrs. Sanjivani Epa	Deputy General Manager (Administration)
	Mr. P.K Athukorala	Deputy General Manager (Engineering)
	Mr. L.H Mawalage	Deputy General Manager (News and Current Affair) Covg.
	Mr. Nalin Artigala	Deputy General Manager (Marketing) Covg.

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Contact Details

Head Office

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Web - www.itn.lk

E-mail: chairman@itn.lk itnadm@itn.lk

Marketing Office

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Tel: +94 11 2699072, 2682304, 2691868

Fax: +94 11 2688724

E-mail: marketing@itn.lk

OUR ROOTS

1979	13th April	ITN Commenced operations using a 1 KW transmitter on a 65 feet tall antenna mast in Mahalwarawa, Pannipitiya by a team of private entrepreneurs.
	5th June	Vested in the government.
1982		Transmission facilities, Studios and Head Office shifted to Wickramasinghepura, Battaramulla. Commenced operations using U-matic / Low Band recording and later switched over to commonly used Betacam SP format
1990	1st November	Yatiantota Tx Station was officially launched.
1992	27th April	Converted into a government owned public company under the Act No. 23 of 1987 and registered under the Companies Act No. 17 of 1982.
	23rd November	Deniyaya Tx Station was officially launched.
1993	23rd August	Nayabedda Tx Station was officially launched .
1997	1st April	Lakhanda Radio was brought under the management of ITN.
1999	12th April	Hunnasgiriya Tx Station was officially launched.
2000	4th October	Karagahatenna Tx. Station was officially launched.
2001	7th April	Lakhanda Studios and Head Office were shifted to ITN premises at Wickramasinghepura, Battaramulla.
2006	2nd June	Sooriyakanda Tx. Station was officially launched.
2008	21st April	Vasantham FM Radio channel was officially launched.
2008	September	ITN became the No. 1 channel in Prime Time for the first time in its' history.
2009		ITN became the No. 1 channel in overall programmes.
	25th June	Vasantham TV channel was officially launched.
	12th November	Prime TV Prchannel was officially launched.
	12th November	Prime FM Prchannel was officially launched.
2010	6th June	Kokavil Multifunctional Transmitting Station was commissioned under the expansion project for Lakhanda, Vasantham TV and Vasantham FM.
2011	20th January	Commenced construction of a large HDTV Studio and office complex.
	8th September	A transmitter and an antenna was installed in Jaffna to broaden coverage of Vasantham FM.
	December	Introduced and implemented a Performance Appraisal System in recognition of the commitment of employees.
2012	03rd September	Vasantham TV coverage was expanded to the East by installing a Transmitter in Madulsima.
2014	03rd March	Commenced construction of a 05 storey office complex building for the Programme, Finance & Engineering Divisions with a visitor area for guests, clients & visitors.

DIVISIONAL REPORTING - MARKETING DIVISION

The income of Marketing Division of ITN during the year 2015 amounted to Rs. 2434 Million. Agency wise GroupM Media (Pvt) Ltd. was the highest contributor followed by Phoenix O & M (Pvt) Ltd. along with its subsidiary Geometry Global (Pvt) Ltd.

This financial achievement recorded an increase of Rs. 132 Million when compared to the previous year's income of Rs. 2302 Million.

The Unilever Sri Lanka Ltd. along with Unilever Lipton Ceylon Ltd. was the highest contributor as a single client whilst Hemas Manufacturing (Pvt) Ltd. and Nestle Lanka PLC were following closely.

The Marketing Division successfully negotiated the following media partnerships which were implemented in the year 2015.

- Media Sponsorship for Sri Lanka Entrepreneur of the year 2014 organized by the Federation of Chambers of Commerce & Industry – Sri Lanka (FCCISL) January 2015. (value Rs. 300,000/- with cross benefits to ITN)
- Media Sponsorship for D.S. Students' Brand Awards 2014 in February 2015 (Free of charge)
- Media Sponsorship for "Footwear and Leather Fair – 2015" which was organized by Sri Lanka Export Development Board – Feb. 2015. (Value – Rs. 799,125/- with cross benefits to ITN)
- Media Sponsorship for "Bhava" Music and Dance Performance by the Orchestra / Choir of St. Peter's College, Colombo 04 in February 2015 (Value Rs. 600,000/-)
- Media Sponsorship for Special Live Programmes on International "Women's Day" on 08th March 2015 (Value – Rs. 1,200,000/-)
- Entered into agreements with clients to implement Sponsorships for live telecast of Lama 'Avurudu Ulela- 2015 ' in March 2015 at SOS Village, Galle. (Value – Rs. 2,450,000/-)
- Media partnership for National Schools Software Competition organized by the Computer Society of Sri Lanka - April 2015 (based on cross benefits to ITN)
- Media sponsorship for Mrs. Sri Lanka for Mrs. Globe International & Mrs. Asia International 2015, organized by R & V Entertainments - April 2015 (based on cross benefits to ITN)
- Entered into agreements with clients to implement sponsorships for live telecast of 'Soorya Mangallaya- 2015' (13th and 14th April 2015) Sinhala and Hindu New Year celebrations at Kuliyapitiya. (Value – Rs. 28,600,000/-)
- Media sponsorship for "Build Sri Lanka" Housing & Construction Exhibition organized by Chamber of Construction Industry, Sri Lanka in May 2015 (based on cross benefits to ITN)
- Vesak celebrations were telecast from Colombo - May 2015. (Value – Rs. 465,000/-)

- Sponsorship for Poson Poya celebrations in June, 2015. (Value – Rs. 475,000/-)
- Sponsorship for "INCO 2015" Industrial Exhibition and Trade Fair 2015 organized by The Institution of Incorporated Engineers, Sri Lanka. In June 2015 (Value – Rs. 1,496,875/- and cross benefits)
- Media sponsorship for "Ayurveda Expo – 2015" International Healthcare Exhibition organized by The National Chamber of Commerce of Sri Lanka – July 2015. (value – Rs. 500,000/-)
- Media sponsorship for "NDES –EX – 2015" Engineering exhibition, organized by Institute of Engineering Technology, Katunayake in July 2015 (Value – Rs. 600,000/-)
- Media sponsorship to telecast 'Esala Dalada Perahera' at Kandy in August, 2015. (Value – Rs. 1,200,000/-)
- Media sponsorship for "International IT conference - 2015" organized by the Computer Society of Sri Lanka – August 2015. (based on cross benefits to ITN)
- Media sponsorship for "Pe Mex – 2015" medical exhibition organized by Faculty of Medicine, University of Peradeniya in August 2015 (based on cross benefits to ITN)
- Media sponsorship for "Arambaya" Live in Concert organized by University of Kelaniya in August 2015 (based on cross benefits to ITN)
- Media sponsorship for "Knowledge First – 2015 Education Exhibition" organized by Offbeat Imaging Group at Kandy City Center in September 2015 (based on cross benefits to ITN)
- 'CNCI Achiever Awards 2015' organized by The Ceylon National Chamber of Industries in September 2015. (based on cross benefits to ITN)
- Media sponsorship for "SLCBCC Business Star Awards 2015" organized by Sri Lanka - China Business Cooperation Council in September 2015 (value Rs.150,000/-)
- Media sponsorship for 'Bridal Fair – 2015' organized by Pico Sri Lanka in September 2015. (Value – Rs. 400,000/-)
- Media sponsorship for "Aluth Wessak" musical show, organized by Manaram Media in September 2015 (based on cross benefits to ITN)
- Media sponsorship for special live programmes to mark "World Children's Day" from Leisure world, Kaluaggala in October 2015. (Value – Rs. 2,646,232/-)
- Media sponsorship for 'Presidents Gold Cup Volleyball Championship - 2015' organized by Dialog Axiata PLC. – October 2015. (Value – Rs. 1,500,000/- with cross benefits to ITN)
- Media sponsorship for 'Industrial Excellence Awards – 2015 (small and medium Industries) organized by Chamber of Small & Medium Industries in – October 2015 (based on cross benefits)

- Media sponsorship for "Sri Lanka ICT week – 2015" organized by the secretariat Asia Pacific ICT Alliance in November 2015. (based on cross benefits to ITN)
- Media sponsorship for Shopping Lanka – X'mas family Expo 2015 organized by Fast promotions in – December, 2015 (based on cross benefits to ITN)
- Media sponsorship for 'Annual Report Awards 2015' which was organized by the Institute of Chartered Accountants of Sri Lanka – December, 2015. (based on cross benefits to ITN)
- Media sponsorship for 'Yugayaka Nimeyum' Handicraft Exhibition and Trade Fair Organized by the National Design Centre in - December 2015. (Value Rs. 350,000/-)

Following strategies were implemented to achieve the set target.

I. Publicity & Promotion

- Entered into contra agreements with News Paper Organizations to communicate programme line ups to attract more urban viewership.
- Press conferences to obtain wider publicity.
- Erect hoarding displaying the strengths of ITN in Colombo and other selected towns.
- On line competitions during teledramas and offer gifts items to winners.

II. Use of Information Technology

- Application of information technology towards more productivity.
- Usage of E-mail to dispatch proposal to Ad-Agencies and Clients.
- Usage of IT for transfer of telecast materials such as Logos branding etc.,
- Promotions of ITN Web banner.

III. Training

- Training the marketing staff on public relations, marketing communications, 5s system, inter divisional coordination aimed at increasing ratings.

IV. Market Research and Analysis

- Entered into agreements with SRL and LMRB, to obtain data in market research.
 - Based on the market research data the following measures were taken to promote marketing.
- Launching of New Teledramas and New Time belts as special events with participation of Agencies/Clients/Related Artists.
- Competitions were introduced into teledramas and action to award prizes to Winners.

V. Commercial Packages.

- Tailor made commercial packages were offered responding to special requirements of advertisers.
- Special packages were offered to suit special events and special seasons.
- Action taken to grant special discounts for clients undertaking agreed financial commitments on yearly basis.
- Offering of value added Packages/Benefits to Clients/Agencies considering their requirements, product promotion and the events organized by them.

VI. Biz News

- With the view to strengthen existing business relations Biz News Coverages were provided free of charge to Agencies/Clients for their business events such as Seminars, Product Launches etc., in ITN.

DIVISIONAL REPORTING - ENGINEERING DIVISION

Engineering Division made a considerable progress during the year 2015 continuing its efforts to improve and facilitate the needs and demands of the other divisions at ITN whilst meeting its own goals and objectives.

Many of essential equipment were procured to improve the technical quality of programmes and facilities for the programme productions.

Civil construction of the new 05 story engineering building complex has been completed and New HD Studio of 2500 square feet in the ground floor is in final stages of commissioning. This consists of Computer controllable modern Lighting System with a Motorized Hoist System, 05Nos. Broadcast Standard Full HD Video Camera Systems with Pedestals and latest HD peripheral equipment. In the 1st floor an Auditorium is due to complete with latest state of the art modern equipment and in the 05th floor fully equipped electronic equipment maintenance section and the IT section is proposed. Fourth floor is ready for the installation of the Data Centre, ITN and VTV Transmission Control Rooms, Computer base Video Editing (NLE) and Computer base Video Graphic rooms, which are planned to be operational in the year 2016.

Further, the installation work of the new HDTV OB bus consisting of 08 nos. HDTV Cameras and other latest equipment is in progress. The New OB bus is planned to be commissioned and operational in the year 2016. Total investment for the OB Bus is about Rs. 175 million.

To improve the quality of the ITN transmission, a new 10kw VHF TV Transmitter was installed at Yatiyantota Transmitting Station for the total cost of Rs. 13 million by replacing the 10 years old transmitter and also installed a Studio to Transmitter Digital Microwave Link for the cost of Rs. 1.64 million to link MCR and Rajagiriya. Two MPEG2/MPEG4 Encoder/Decoder units were procured at a cost of Rs. 5.90 million to be used for live OB programmes linking which significantly improved the capability of carrying out OB live coverages. Procured a 10kW VHF Band III TV Transmitting Antenna system to replace more than 25 years old Antenna at Deniyaya Tx. Station for the total cost of Rs. 5.464 million and installation will be completed in 2016.

To improve the LH and VFM Radio Transmission Facilities, installed FM Antennas and Transmitter Combiner systems at Yatiyantota & Karagahatenna transmitting stations for Rs. 25million and at Nayabedda & Battaramulla for the cost of Rs. 11.785.

To provide an uninterrupted transmission procured 04Nos. UPS units for the total cost of Rs. 10.95 and installed 100kVA unit at Yatiyantota for the cost of Rs.3.5million, 60kVA at Karagahatenna for the cost of Rs.3.25 million, 40kVA at Nayabedda for the cost of Rs.2.2million and 30kVA at Suriyakanda for the cost of Rs. 2.00million.

Four HD/SD Portable Video Recorders for the total cost of Rs. 7.675million and 04nos.HD/SD Digital Camcorder with Tripods for the cost of 7.5 million were procured to improve the facilities for News & ENG.

To improve TV programme Production Studio Facilities purchased Professional OLED Video Monitors 08nos. for the cost of Rs. 8.00million.

To improve the efficiency and quality of the post production work of News and Programmes, installed HD/SD Computer Based Nonlinear Video Editing system 02nos. for the cost of Rs. 3.98million and 03Nos. Hi-end Computer Work Stations for the total cost of Rs. 8.10million.

Construction of the new administration building to provide office space for the Program, Finance, Supplies and Engineering Division continued during the year 2015 and will be able to complete in 2016. Procurement of a centralized AC system, Lift and other miscellaneous items were in progress for this building.

The internal Telephone System too was upgraded with a new digital system with enhanced features and facilities to meet the demand with the total cost of Rs. 6.570 million.

Facilities for ITN News Alert Service on mobile phones were further improved and continued the services of Mobile streaming at m.itn.lk. Websites for the ITN News, ITN & VTV Live-Streaming, Time Shift TV with a time delay of upto 6 hours and On-Demand Video.

Nearly Rs.250 Million was invested in the year 2015 for the improvement of technical and infrastructure facilities. These investments will help to achieve the targets of ITN and will be able to enjoy the benefits of them for so many years.

DIVISIONAL REPORTING - PROGRAMME DIVISION

As the pioneer TV channel in Sri Lanka, Independent Television Network won the highest appreciation and admiration of the Sri Lankan tele viewers in the year 2015 as well. The 2015 can be identified as a year in which a number of initiatives were taken to bring ITN closer to the viewers parallel to the political transformation witnessed in the country at the beginning of the year.

Morning and day transmissions

In a competitive media environment various revisions were made in the programme line-up of the day transmissions. In the face of challenges we had to face as a state media it was possible to maintain the attraction of the viewers at a high level in the day transmission in 2015.

Evening Transmission (6.00 p.m. to 12.00 midnight)

In a competitive media environment it was possible to receive a high viewer attraction in the evening transmission in 2015 as well. According to LKRB and SRL viewers' data reports, it was possible to maintain a high viewer attraction during the tele-drama transmissions between 7.30 p.m. to 9.30 p.m. which is considered the prime time transmission belt.

In the Raigam, Sumathi and State Tele Awards ceremonies teledramas of ITN and the artistes were honoured with various awards. Particularly, the week-end creative and quality tele-drama transmissions received much appreciation from viewers with a high sense of taste.

Our Strengths

Sri Lanka's No. 1 TV Programme – 'Atapattama'

"Atapattama" which is being telecast with unparalleled records for 15 years continuously won the SLIM Nielsen People's Award 2015 for the 7th consecutive year as the most popular programme in Sri Lanka. LMRB and SRL surveys reports too have confirmed that "Atapattama" is the programme viewed by the highest number of viewers continuously.

It is a unique achievement in that out of the four most popular programmes in Sri Lanka, ITN represented three programmes in the SLIM Nielsen People's Awards ceremony held in 2015. The programmes "Venasa" and "Doramandalawa" too being included in the final round of the Awards Ceremony as well is an outstanding achievement for ITN.

"Venasa" Programme

This TV programme brings the realistic television experience to the viewer with a mix of good taste added to novelty.

Surya Mangalyaya New Year Programme

"Surya Mangalyaya" programme which is being telecast continuously for 15 years now was held in the Wayamba University premises in Kuliapitiya on a grand scale earning wider reputation to the organisation.

Children's New Year Programme

The Children's New Year Programme telecast exclusively for children every year was organized on an extremely grand scale at SOS Children's Village in Galle in 2015.

World Children's Day

The 2015 World Children's Day Programme was held on a grand scale in Leisure Park, Kaluaggala, Hanwell with the participation of a large number of children.

World Women's Day Programme

A large number of women from all parts of the island attended the ITN Women's Day festival which was held in the BMICH premises in Colombo where Liya Varuna Courageous Awards were presented to 10 women for outstanding services rendered to society in various fields.

Corporate Social Responsibility Programmes

Being conscious of the fact that promoting social values and attitudes is a prime responsibility of media, ITN has taken steps to launch a number of Programmes.

Educational Seminars

Several Educational Programmes were held in many places of the island parallel to the series of Thakshilawa Educational Programme of ITN.

"Doramandalawa"

"Doramandalawa" Programme was conducted successfully in 2015 as well enriching the minds of the viewers through various topics while being highly admired and winning many awards in 2015.

"Savvak Res" Poya Day Programme

"Savvak Res" Programme which is telecast live from 6.00 a.m. to 12.00 noon on every Full Moon day featuring a Buddhist religious place of worship of historical importance has contributed immensely in creating an immense religious reawakening in the society.

Various Religious Festivals

ITN was able to perform a leading role in special religious festivals of the Christian community including the Christmas Festival and it was ITN which telecast for the first time in Sri Lanka a series of comprehensive and descriptive Programmes on the Holy Land.

Programmes were telecast according to priority on Islam and Hindu Religious Festivals as well with the assistance from Vasantham TV channel.

Special Programmes commenced in 2015

1. "Satyagaraya"

This is a programme created according to a new structure involving the participation of various characters much spoken of in our society.

2. "Giraya"

This is a Programme of political dialogue created according to a novel structure.

3. Kavuda etta kiyanne ? (Who tells the truth ?)

This is a conversational programme which enables the exchange of ideas on contemporary social, economic and political propositions.

4. New introductions to the morning Programme line-up

It was in 2015 that the morning programmes "Svadheena mulpituwa", "Niskalanka 7.30", "Hatha ata ekata", "Aruthbara Jeevithaya" and "Puvath Adawiya" were added to the morning Programme line-up.

Our National Responsibility

It is our objective to go forward as the pioneer in the field of media by performing the national responsibility entrusted to us as the trailblazing TV Channel in Sri Lanka. We are committed to take the journey towards excellence in a competitive media environment by widening the scope of thinking and appreciative abilities of the viewers by enriching their minds and thereby giving prime of place to knowledge, entertainment and attitudinal development in them.

DIVISIONAL REPORTING - VASANTHAM TV

The year 2015 has been a remarkable year for Vasantham TV. The channel has widen the programmes which are produced locally as well as the viewers preference.

The increase of the viewership has lead our channel as the number one channel in all island ratings in the year 2015.

According to the ratings and viewership Vasantham TV won 05 awards among 09 awards allocated for the Tamil Channels programmes in the State Television Awards 2015.

Vasantham TV telecast most popular programmes in the categories of

- Super Hit Movies with Sinhala subtitles
- Weekend Children Movies with Tamil subtitles
- Medical Programmes
- Talk Shows
- Magazinal Programmes
- Request Shows
- Current Affairs
- Ladies Programmes
- Entertainment Based Programmes
- Religious & Cultural Programmes.

We have done a live 24 hours telecast of the 'Maha Shivarathri Day' Celebrations at the Hindu's historical place Muneswaram on 17th February 2015. Since our channel has given importance for the religious events and their celebrations such as Muslim and Christian, lined up the events on all their religious special days.

Sinhala and Tamil New Year was celebrated in Jaffna for two days with huge celebrations. Games were planned and highly valuable gifts were distributed among the winners. Also mega musical events with highest public participation at Jaffna -Nelliyadi grounds were organied.

The Children's Day was celebrated at the Jaffna Children's Park on the 03rd October 2015 with the participation of the most number of children through games and events.

A special workshop based on the Kanmani women's programme were held at the Batticaloa Devanayagam hall and Ampara to empower women through self employment with the participation of more than thousand.

Vasantham TV programme productions been focused on local productions with the participation of the general public and their talents had been showcased through our medium.

DIVISIONAL REPORTING - NEWS & CURRENT AFFAIRS

A revolution of the entire news telecast commenced from 2015 February 04. The major changes introduced are as follows.

- The presentation of news which was in the form of written language was converted into oral language to be more attractive for the people.
- The telecast of the hourly news bulletins was done giving more opportunities to young news presenters.
- A new attire was introduced for the news presenters
- Ending the telecast of the news at 9.30 pm.
- The telecast of the morning news bulletin was discontinued and introduced a telecast of an analysis of the news of the day.
- Took appropriate measures to telecast balanced news. Maximum initiatives taken to give an equal place to development as well as rural news.

Further increasing the number of regional correspondents, was done to get news from all over the island to provide news updates to viewers on real time.

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More time was allocated for the telecast of news arousing humanitarian aspects. A high response for such news was received and the News Room was able to support and aid a large group. ITN News Division constructed and completed three houses for the needy in 2015- for a widow of four children, for talented girl of a family of five children, realizing her dreams and or a family suffering from Thalassaemia. In addition wheel-chairs, clutches and audio aide equipments were gifted for helpless patients. Further News bulletins consist of news reports of talented and skilled children and individuals, drawing the attraction of the people towards them.

In the midst of all these activities, many segments of the news bulletins were honoured with awards in 2015 at the Sumathi Tele awards and Raigam Tele awards festivals.

DIVISIONAL REPORTING - LAKHANDA RADIO

Following the General Election held on January 8, 2015, a new Chairman and a Board of Directors were appointed under the new government. Subsequently, upon instructions received, arrangements were made to revise certain Programmes implemented till then by Lakhanda Radio. It was suggested that following the reorganizations of temporary Programmes, Lakhanda should be transformed as a channel that can pose a market challenge to private FM channels in order to achieve its sales targets and the structure of the Channel should be changed to achieve that objective. Accordingly, the transmissions of all Programmes were suspended with effect from 01.04.2015 and broadcast of songs only were commenced as a test transmission with that objective in mind.

A programme line-up was initiated considering the preferences of Sri Lankan listeners based on the analysis of data collected on radio listeners in a survey conducted by the Faculty of Mass Communication of the University of Kelaniya. Views in that regard were expressed by individuals representing all strata of the Institute, representatives of all Divisions and Trade Union representatives who attended the discussions held in that connection.

The test transmission was terminated on 18.07.2015 and implemented as Lakhanda Radio ITN. The morning Programme titled "Pehesara Ahasa" was broadcast on week days from 6.00 a.m. to 8.00 a.m. which included current news, news items from news papers etc. Air time from 8.00 a.m. to 10.00 a.m. was allocated for Morning Blast Programme. It was the intention to provide news with humour under a light entertainment programme structure with humorous effect. A light entertainment programme titled "DJ Shani with Dushi" was broadcast between 10.00 a.m. to 12.00 noon on week days with the object of providing humour. This programme also provided an opportunity for listeners to send in requests for their favourite songs. A new programme titled "Cool Café", with a collection of fast moving songs was created for the afternoon leisure from 12.30 p.m. to 2.00 p.m. and taking into consideration the tendency of the listeners for radio drama in the afternoon hours, a radio drama was introduced during the air time 2.00 p.m. to 4.00 p.m.

In view of the listener attraction for humorous drama series and new humorous Programmes, such a new Programme titled 'Nikamata Vage' was broadcast during the air time from 4.00 p.m. to 6.00 p.m.

The time belt from 6.00 p.m. to 6.30 p.m. was allocated for religious Programmes. The musical Programme "Mathaka Mandira" presented by veteran lyricist Dhammika Bandara was broadcast from 7.00 p.m. to 8.45 p.m. While all the prominent radio channels have focused attention on getting listeners' positive responses through religious programmes broadcast during night hours, Lakhanda too began to broadcast a series of religious programmes titled "Lakhanda Budhhabhivandana" from 9.00 p.m. till 6.00 a.m. the following morning featuring dhamma sermons, pirith recitals, stanzas and poems of blessings etc.

A special series of programmes was introduced for week-ends and accordingly, a children's programme titled "Hellow Yalu" was introduced between 6.00 a.m. to 8.00 a.m. A religious dialogue programme titled "Mahamaluwa" and an astrology programme titled "Kaluvara Eliya" too were introduced between 8.00 a.m. to 10.00 a.m.

SUSTAINABILITY REPORT

We recognise that our responsibilities extend beyond financial results and related matters. Effective management of employee, customers, social and environmental concerns are important to our corporate reputation and profitability.

Our role is to ensure that appropriate policies and systems are in place to identify, monitor and manage the social, environmental, ethical and safety standards which are intrinsic to our operations. Each Division is responsible to uphold the broad policies that are laid in the corporate guidelines.

Appointments / Recruitments during 2015

Contract

Assistant Manager (Marketing)	01
Assistant Manager (Marketing) Lakhandra	01
Assistant Channel Promotion Officer	01
Communicator	01

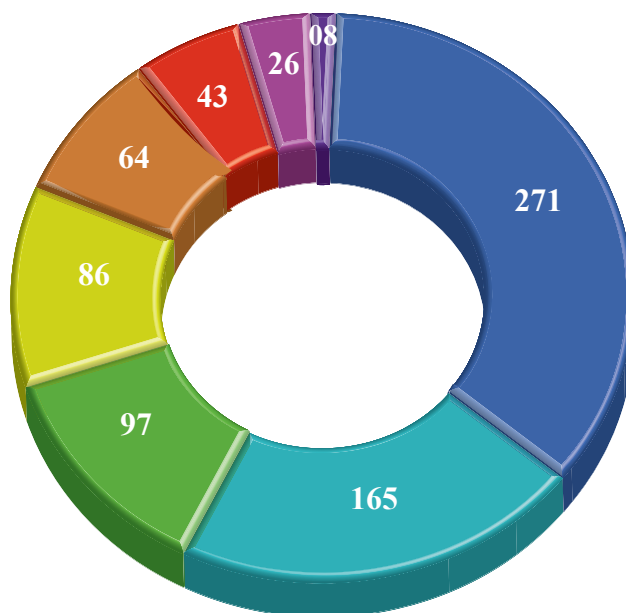
Relief

TV/ Radio Production	03
Clerical & Allied	06
Technical	02

Service Analysis

Year	Permanant	Contract	Relief
Less than 01	0	8	08
01-05	232	39	12
05-10	139	26	
10-15	94	3	
15-20	86		
20-25	64		
25-30	43		
Greater than 30	26		
Total	684	76	20

Permanent & Contract Employee Service Analysis as at 31st Dec. 2015



Years

Less Than 01	15 - 20
01 - 05	20 - 25
05 - 10	25 - 30
10 - 15	Greater than 30

Approved cadre

Post	ITN	LH			
Managerial	119	26			
Technical	190	22			
TV/ Radio Production	251	49			
Clerical & Allied	276	27			
Total	836	124			

Existing cadre (Permanent / Contract)

Post	ITN	LH	VTV	VFM	
Managerial	19	09		01	
Executive	52	04	01		
Technical	136	15		01	
TV/ Radio Production	197	56	16	16	
Clerical & Allied	221	13	01		
Total	625	97	19	19	760

Relief

Post	ITN	LH	VTV	VFM	
TV/ Radio Production	12	01			
Clerical & Allied	03				
Technical	04				
Total	19	01			20

Training Area	No. of Training Programmes	No. of employees participated
Local		
Human Resource Development	11	167
Engineering	06	10
Television/ Radio Production	01	01
Finance	03	04
Journalism	01	50
IT	02	15
Total	24	247
Foreign		
Engineering	03	04
Television/Radio Production	06	07
General Management	01	01
Total	10	12
Grand Total	60	259



13



Permanent & Contract Employee Age Analysis as at 31st Dec. 2015

	Male				Female			
Age (Years)	18-30	31-40	41-50	50 <	18-30	31-40	41-50	50 <
Management	0	5	8	10	2	1	4	0
Executive	0	2	27	17	0	3	5	2
Technical	29	64	26	12	1	12	3	0
TV	29	104	37	16	20	49	22	4
Clerical	50	57	31	18	24	27	27	12

EMPLOYEE CONCERNS

Corporate Standards

Shareholders appoint Auditor General, Auditor General's Departments an auditors; for their independent opinion in accordance with the prevailing local and international reporting standards and norms. The Company provide true, accurate and factual financial information for their evaluation, whilst veracity of all statements conforms to the rules and regulations set out by the Accounting Standards of Sri Lanka.

Customer communication

It is a fact that majority of ITN's revenue, is earned through Advertising Agencies. We have a very clear and trusted understanding with them and they in return place high expectations on our programs, broadcast quality and reach. It is a reciprocating process where the results are measured on mutual understanding and confidence placed.

Additionally, all our efforts are measured by statistical findings of two separate independent research organisations, who rank each and every time belt against other media stations giving us a clear popularity indication of our programs. This has been a sound yardstick for our stakeholders to place their advertisements, and for us when and where the improvements are necessary.

Employee communication.

In a media organization where creativity play a significant role, two – way dialogue is of paramount importance, and ITN is no exception for that criterion. There have been many instances that a program, unfolded from a seemingly insignificant seed – of – thought, from an unexpected source and became very successful. Moreover, the performance – based incentives offered annually induced much enthusiasm as the employees realized that the Company values their contributions.

Employee health and safety.

Our concern for health and safety of all employees is total. As a company who engage personnel, especially production staffs who travel to distant places, thick forests or cross waterways and streams and climb treacherous mountains carrying heavy equipment are constantly prone to injury and if the unthinkable happen, the very production may be delayed indefinitely. Therefore, we have to be ready with urgent medical facilities and alternate technicians to carry forward without break. We invest heavily on their health benefits and conduct health and safety camps to educate them.

Benefits to employees and improvements to welfare activities

- Payment of annual bonus of Rs. 7,500/= per employee.
- Payment of Rs. 44,500/= as performance incentive.
- Payment of Rs. 5,500/= per month as attendance incentive.
- Providing gift vouchers worth Rs. 8,000/= per permanent and contract employees and Rs. 6,000/= for relief panel for New Year 2015.
- Providing gift vouchers worth Rs. 6,000/= per permanent and contract employees and Rs. 4,000/= for relief panel for Sinhala/ Hindu New Year 2015.
- Providing a festival advance of Rs. 10,000/= and textile loan of Rs. 10,000/= (interest free basis) for Sinhala/ Hindu New Year 2014.
- Providing Personal Accident Insurance cover for all permanent, contract employees and relief panel.
- A total cost of Rs. 34 mn was borne by the company to facilitate Medical Insurance cover worth Rs. 150,000/= for each permanent/ contract employees and their family members.
- Providing efficient office transportation for staff from Colombo Fort, Dehiweala, Piliyandala and Kaduwela.
- A transport allowance of Rs. 3,000/= was given to employees working on roster basis.
- Providing distress loans commensurate with the present salary.
- Vehicle loans up to maximum of Rs. 1.2 mn for Executive staff.
- Motor bicycle/ Three Wheeler loans to a maximum of Rs.150,000/= for non – executive staff.
- Under staff welfare scheme, hotel facilities are made available once a year for all staff and their family members to spend two days of holiday at a cost of Rs. 8.3 Mn. to the Company on contra deal basis.
- Health Assessment checks were conducted for employees in association with Seva Vanitha Unit and Welfare Association.

Family 'Get togethers', sports and recreation activities.

A Family Get together was organised at Ramadia Resort, Moratuwa aiming to improve family relationships and employee social management, which was well received by the employees. A cricket tournament and welfare trips were organised by Welfare Association to encourage employees to offset their work and personal living.

Social Responsibility Programmes:

- Renovation of Neuro Surgical ward of Karapitiya Hospital Galle .
- Donation of house for the needy with the invitation of News Division was done by ITN.



CORPORATE GOVERNANCE

ITN is committed to achieve high standards of good governance to protect shareholder value and the guidance from the Board of Directors has greatly helped formulate cohesive policy framework.

In addition to complying with the statutory requirements, effective governing systems and practices forwards improving transparency, internal controls and ethics at work place Good Governance is a continuing exercise of the organization.

Board of Directors

The core responsibility of the Directors is to act in the best interest of the organization and to create long-term value and return for share holders. The Board is also responsible for the overall performance of the organization, major investments, annual budgets, financial performances reviews, risk management and governance practices. The Board has established a number of sub-committees including the Audit and Management Committee and the Procurement Committee to ensure efficient discharge of its responsibilities and ensure transparency to provide independent oversight of management.

In year 2015 the board comprised of following Directors

Mr. Anura Siriwardana
Chairman/CEO (Up to 12th Jan. 2015)

Mr. Arosha Fernando
Working Director (Up to 12th Jan. 2015)

Mr. P.G. Dasanayake
Board Director (Up to 19th Mar. 2015)

Mr. Hassim Omar
Board Director (Up to 12th Jan. 2015)

Mr. Mapalagama Wimalaratna
Board Director (Up to 27th Feb. 2015)

Mr. J. Devapiran
Board Director (Up to 19th Feb. 2015)

Ms. Malika S B Samaraweera
Board Director/Treasury Representative (Up to 06th Mar. 2015)

Prof. Ganganath Dissanayake
Chairman/CEO (From 22nd Jan. 2015 to 18th Sep. 2015)

Mr. Hemasiri Fernando
Chairman/CEO (From 01st Oct. 2015)

Mr. Dhanushka Ramanayake
Working Director (From 21st Jan. 2015)

Mr. K.D.W Ratnayake
Board Director (From 19th Jan. 2015)

Mr. A.K Senavirathne
Working Director Treasury Representative (From 06th Mar. 2015)

Mr. Nishanka Diddeniya
Board Director (From 12th Mar. 2015)

Ms. Surangi Serasinghe
Board Director (From 12th Mar. 2015)

The board members are free to discuss and voice their concerns on proposals that are forwarded for Board's consideration and approval. Contributions of each Director are in many forms such as establishing strategic relationships to the organization and providing guidance to the management and exchanging of views.

Type of meeting	No of meetings held	Attendance
Board Meetings	Once a Month	100%
Audit and Management Committee	4 Meetings	100%
Procurement Committee	Once a Week	100%

The Management provides comprehensive managerial and operational report and financial statement to the Board on regular basis. The necessary information is submitted one week before the board meetings so that directors acquaint with the state of affairs prior to the meeting thus, ensuing discussions are more focused and decisive.

Final performance of the organization is presented at Board meetings and the General Manager and Senior Managers if necessary are also present at the meeting to answer queries the Board may have.

The Company Secretary assists the Chairman with the preparation of meeting agenda and administers, attends and prepares minutes of the Board proceedings, ensuring good flow of information within the Board. The Secretary assists the Board on the compliance with the Articles of Association, laws and regulations.

The management of the organization is committed to assist the Board to implement and strengthen good corporate governance practices.

Audit and Management Committee

The Audit & Management Committee includes two non Executive Directors and Working Director. It is chaired by the Director representing the Treasury.

The Committee also comprises of representative from the Ministry of Media Information, General Manager, Deputy General Managers Finance, Administration, Programme, Engineering and Marketing, Accountants of ITN/Lakhanda and the Internal Auditor. The external auditors are in attendance to assist the Audit and Management Committee.

The Audit & Management Committee assists the Board to improve the prevailing systems to be transparent, If focuses on system of internal control financial reporting process and compliance with the laws and regulation and other best practices for corporate governance.

The committee gives guidelines to Internal Audit as to the areas to be looked in to. Based on their reports the committee holds discussions with relevant managers to ascertain how best existing systems and procedures may be improved. During the period under review the committee met on three occasions and reports on meetings were presented to the board.

Internal Audit

The Internal Audit functions of the institution, is being done by Internal Audit Section. Routine audit activity proceeds in accordance with the Annual Audit Programmes are approved by the Audit and Management Committee and Board of Directors.

All audit matters arisen are directly reported to the Chairman for his information and decision.

The Internal Audits performed are aimed at assisting the board and management to discharge their corporate governance responsibilities as well as improving and promoting effective and efficient business process within the institution.

Procurement Committee

ITN is following Government Procurement procedure developed by the National Procurement Agency for its procurement needs of goods services and works. Thereby ITN has benefited best value for money through the competition and ensuring transparency and consistency in procurement process. Organizational Procurement Committee of ITN is authorize to handle the procurement up to Rs. 50 M and it falls into two categories.

Upper Procurement Committee is chaired by the Chairman of ITN. A member from the Director Board, General Manager, a representative from the Ministry of Mass Media and Information, Deputy General Manager (Administration) Deputy General Manager (Finance) and Deputy General Manager (Engineering) will be present for meetings. It handles major contracts of goods, services and work above the value of Rs. 200,000/-

Lower Procurement Committee is chaired by the General Manager and handles minor procurements below the value of Rs. 200,000/-. Both upper and lower Procurement Committees meet weekly for procurement matters.

The Company Secretary

The Company Secretary plays a key role in ensuring that the board procedures are followed, all relevant information, details, documents are made available to the Directors for effective decision making at the meetings.

Annual Report of the Board of Directors on the affairs of the Company.

The Board of Directors are pleased to present this corporate report together with the audited Financial Statements of Independent Television Network Ltd for the year ended 31st December 2015.

Principal Activities

The principal activities of the organization during the year were to operate two TV channels and two Radio channels catering to Sinhala and tamil speaking communities of sri lanka with the widest range of entertaining programmers of music, drama, movie etc and educational programmers, news bulletins and current affairs.

There have been no significant changes in the nature of principal activities during the financial year under review.

Review of business

The review of the operation of the Company during the financial year and results of those operations and future developments are stated in the reports given by each division. These reports form an integral part of the annual report of the Board of Directors on the affairs of the company .

Going Concern

The Directors are satisfied that Company has adequate resources to continue its operation in the foreseeable future. Accordingly the financial reports are prepared based on the Going Concern.

Revenue

The revenue of the organization during the year was Rs. 2,434 million. An analysis of revenue is given in Note 06 to the financial statements.

Share Capital

The stated capital as at the end of the year was Rs. 95,000,000, consisting of 9,500,000 number of ordinary shares.

Profit and appropriation

Net profit after taxation of the organization was Rs. 433 Mn and Rs. 21.6 Mn is proposed to be declared as dividends.

Employments

The number of employees as at 31 December 2015 is given in page 12.

Dividends

Directors have recommended a first and final payment of Rs. 2.27 per ordinary share, which will amount to a payment of Rs. 21,651,062/- Total dividends payment as a percentage of organizations own profit after tax for the year ended 31 December 2015 is 5 %.

Reserves

The reserves as at 31 December 2015 amounted to Rs. 3,103 Mn. The movements of the reserves during the year are shown in statements of changes in equity for the year 2015.

Property Plant & Equipment

The total net capital expenditure on acquisition on property, plant and equipment and capitalization of work in progress cost of the organization during the year amounted to Rs. 688 million. The details of Property, plant and equipment are given in Note 14 to the financial statements.

Statutory payments

The directors to the best of their knowledge and belief confirmed that all payments in respect of statutory liabilities to employees and the government have been made within the stipulated period during the period under review.

Corporate Donations

The donations made by the company during the year are disclosed in Note No.10 of the financial statement.

Directorate

The Board Directors of ITN and the date of appointment with the changes in the directorate are given on page 16 of the annual report.

Director share holdings

The Directors hold no shares.

Corporate Governance

The Board of Directors of the organization has accepted and acknowledge adaptation of good governance practices as an essential tool in today's corporate culture. The organization confirms compliance with corporate governance rules as at the date of the Annual Report 2015.

Share Holdings

The Treasury of the Government of Sri Lanka holds 100% shares.

Contingent Liabilities and Commitments

There no material contingencies or commitments other than those disclosed in the Note 32 to the Financial Statements

Events after balance sheet date

No circumstances have arisen and no material events have occurred during the period between the Balance Sheet date and Directors signing of accounts except disclosures in Note No 33 of the financial statement,

Annual General Meeting

The Annual General Meeting at Independent Television Ltd, will be held on the date of 22nd February 2017 at 3.30 pm

Auditors

The Accounts have been audited by Auditor General, Auditor General's Department. As far as the Directors are aware, the auditors do not have any other relationship with the Company.

For and on behalf of the Board

INDEPENDENT TELEVISION NETWORK LTD

Saman Athaudahetti
Chairman / CEO



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்

AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No.

MED/B/ITN/6/15/05

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

23 November 2016

To the Shareholders of the
Independent Television Network Limited.

Report of the Auditor General on the Financial Statements of the Independent Television Network Limited for the year ended 31 December 2015

The audit of the financial statements of the Independent Television Network Limited ("Company") for the year ended 31 December 2015 comprising the statement of financial position as at 31 December 2015 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

Board's Responsibility for the Financial Statements

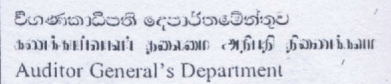
The Board of Directors ("Board") is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the





I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

(a) Trade Debtors

(b) Tower Rent Expenses

(c) Sale of Air Time

Qualified Opinion

2

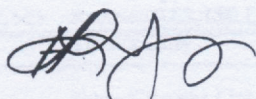
Report on Other Legal and Regulatory Requirements

As required by Section 163 (2) of the Companies Act, No.07 of 2007, I state the followings:

- a. The basis of opinion and scope and limitations of the audit are as stated above.
- b. In my opinion :
 - I have obtained all the information and explanations that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company
 - The financial statements of the Company comply with the requirements of Section 151 of the Companies Act, No. 07 of 2007.

Report to Parliament

My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.



H.M. Gamini Wijesinghe
Auditor General

INDEPENDENT TELEVISION NETWORK LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER

2015

2014

	Note		
Revenue	6	2,434,063,315	2,302,479,204
Other Income	7	58,227,190	49,392,371
Total Income		2,492,290,505	2,351,871,574
Program Expenses	8	(558,003,335)	(527,791,277)
Marketing Expenses	9	(167,304,963)	(123,640,508)
Other Operating and Administrative Expenses	10	(1,259,652,034)	(1,155,140,712)
Profit from Operations		507,330,173	545,299,076
Net Finance Income	11	79,828,411	92,958,320
Profit Before Taxation		587,158,584	638,257,397
Income Tax Expenses	12	(154,137,353)	(213,524,004)
Profit for the Year		433,021,231	424,733,393
Basic Earnings Per Share (Rs.)	13	45.58	44.71
Profit for the Year		433,021,231	424,733,393
Other Comprehensive Income			
Actuarial Gain or Loss on Retirement Benefits Obligation		-	(2,915,441)
Total Comprehensive Income for the Year		433,021,231	421,817,952

23

Figures in brackets indicate deductions.

Notes to the Financial Statements on Pages 5 to 23 form an integral part of these Financial Statements.

INDEPENDENT TELEVISION NETWORK LIMITED
STATEMENT OF FINANCIAL POSITION

(Expressed in Sri Lankan Rupees)

AS AT 31 DECEMBER	Note	2015	2014
ASSETS			
Non - Current Assets			
Property, Plant and Equipment	14	1,501,460,375	1,054,338,939
Intangible Assets	15	11,274,867	30,367,321
Available-for-Sale (AFS) Financial Assets	16	4,000	4,000
Deferred Tax Assets	17	-	-
Total Non - Current Assets		1,512,739,243	1,084,710,260
Current Assets			
Inventories	18	22,339,036	14,193,265
Trade and Other Receivables	19	966,548,800	932,276,022
Staff Loans and Advances	20	81,974,982	75,146,246
Deposits and Advances	21	16,367,551	112,603,052
Prepaid Expenses		8,038,433	5,426,063
Other Financial Assets	22	565,602,111	530,482,084
Cash and Cash Equivalents	23	885,743,860	884,943,944
Total Current Assets		2,546,614,773	2,555,070,677
Total Assets		4,059,354,016	3,639,780,937
EQUITY AND LIABILITIES			
Equity			
Stated Capital	24	95,000,000	95,000,000
Retained Earnings		3,103,499,721	2,754,838,373
Total Equity		3,198,499,721	2,849,838,373
Non - Current Liabilities			
Retirement Benefit Obligations	25	77,175,815	78,917,225
Government Grants	26	23,951,526	37,239,862
Deferred Tax Liability	17	66,434,807	54,823,324
Total Non - Current Liabilities		167,562,148	170,980,411
Current Liabilities			
Client Advances		66,361,662	77,603,576
Deferred Income	27	47,365,397	43,500,397
Other Payables	27	148,236,618	145,152,099
Statutory Payables	28	129,602,484	109,955,453
Provisions and Accrued Expenses		301,725,987	242,750,628
Total Current Liabilities		693,292,147	618,962,153
Total Equity and Liabilities		4,059,354,016	3,639,780,937

I certify that these Financial Statements of the Company comply with the requirements of the Companies Act No. 07 of 2007.

.....
Deputy General Manager (Finance)

The Board of Directors is Responsible for Preparation and Presentation of these Financial Statements.

Approved and Signed for and on behalf of the Board,

.....
Director

Date :
Colombo,

.....
Director

Figures in brackets indicate deductions.

Notes to the Financial Statements on Pages 5 to 23 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY*(Expressed in Sri Lankan Rupees)***FOR THE YEAR ENDED 31 DECEMBER 2015**

	Stated Capital	Retained Earnings	Total
Balance as at 01 January 2014	95,000,000	2,458,020,538	2,553,020,538
Profit for the Year	-	424,733,393	424,733,393
Other Comprehensive Income	-	(2,915,441)	(2,915,441)
Dividend Paid	-	(125,000,000)	(125,000,000)
Balance as at 31 December 2014	95,000,000	2,754,838,490	2,849,838,490
Profit for the Year	-	433,021,231	433,021,231
Dividend Paid	-	(84,360,000)	(84,360,000)
Balance as at 31 December 2015	95,000,000	3,103,499,721	3,198,499,721

Figures in brackets indicate deductions.

Notes to the Financial Statements on Pages 5 to 23 form an integral part of these Financial Statements.

INDEPENDENT TELEVISION NETWORK LIMITED
CASH FLOW STATEMENT

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	2015	2014
Cash Flows from Operating Activities		
Profit Before Taxation	587,158,584	638,257,397
<i>Adjustments for;</i>		
Amortization of Intangible Assets	80,704,517	101,059,326
Profit on Sale of Property, Plant and Equipment	(303,432)	(109,565)
Amortization of Government Grants	(13,288,336)	(19,163,332)
Written Back of Un - Paid Balances	(5,332,995.36)	-
Bad Debts Written-off	0	369,580
Provision for Impairment of Trade Receivable	57,999,713	(819,034)
Gratuity Charge for the Year	201,333	12,612,809
Depreciation	241,087,020	193,512,499
Provision for Impairment of Slow Moving Inventories	1,128,328	4,059,659
Provision for Impairment of Staff Loans	(101,334)	-
Lease Interest	0	220,900
Interest Income	(79,828,411)	(93,179,221)
Interest Expenses	-	-
Operating Profit Before Changes in Working Capital	869,424,987	836,821,018
Changes in Working Capital		
Inventories	(9,270,099)	1,344,960
Trade and Other Receivables	(92,272,492)	(108,546,625)
Staff Loans and Advances	(6,727,402)	2,394,631
Deposits and Advances	96,235,501	(73,021,732)
Prepaid Expenses	(2,612,370)	(2,226,758)
Client Advances	(11,241,914)	18,467,728
Deferred Income	3,865,000	4,582,892
Other Payables	8,417,457	44,374,125
Statutory Payables	(11,892,965)	(3,936,348)
Provisions and Accrued Expenses	58,975,359	9,228,675
Cash Generated from Operations	902,901,062	729,482,564
Gratuity Paid	(1,942,743)	(4,395,672)
Interest Paid	-	-
Taxes Paid	(110,985,875)	(199,454,575)
Net Cash Flow from Operating Activities	789,972,444	525,632,317
Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	(487,026,188)	(260,239,069)
Proceeds from Sale of Property, Plant and Equipment	501,189	385,940
Expenses Incurred on Capital Work-in-Progress	(201,383,850)	(80,343,707)
Acquisition of Intangible Assets	(61,612,063)	(103,983,818)
Net Investments in Other Financial Assets	(35,120,027)	(177,086,743)
Interest Received	79,828,411	93,179,221
Net Cash used in Investing Activities	(704,812,528)	(528,088,176)
Cash Flows from Financing Activities		
Dividends Paid	(84,360,000)	(125,000,000)
Lease Rentals Paid	-	(1,877,266)
Net Cash used in Financing Activities	(84,360,000)	(126,877,266)
Net Changes in Cash and Cash Equivalents During the Year	799,916	(129,333,126)
Cash and Cash Equivalents at Beginning of the Year	884,943,944	1,014,277,069
Cash and Cash Equivalents at End of the Year	885,743,860	884,943,944

Figures in brackets indicate deductions.

Notes to the Financial Statements on Pages 5 to 23 form an integral part of these Financial Statements.

INDEPENDENT TELEVISION NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 CORPORATE INFORMATION

1.1 Reporting Entity

Independent Television Network Ltd is a Television and Radio Broadcasting organization which operates two Television channels and two Radio channels in Sri Lanka. Principal office of the company is at Wickramasinghepura, Battaramulla, Sri Lanka. It was incorporated on 27 April 1992 as a public limited company to take over the business carried on by the Government owned business undertaking of Independent Television Network Ltd, in terms of conversion of State Co operations and government Owned business undertaking in to public Companies Act No 23 of 1987. Accordingly, the balances reflected in the accounts of the Government Owned Business Undertaking have been transferred to the company with the exception of an adjustment in respect of the share capital of Rs.95 million which has been issued to the Secretary to the Treasury resulting in Goodwill of Rs.33,861,107/-which has been fully amortized by the end of the year 2004.

1.2 Date of Authorization for Issue

The financial statements of the Independent Television Network Limited for the year ended 31 December 2016 were authorized for issue in accordance with resolution of the Board of Directors dated 30th March 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of Independent Television Network Ltd have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs). The preparation of financial statements in conformity with Sri Lanka Accounting Standards (SLFRSs) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company accounting policies. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

The financial statements have been prepared on the historical cost basis and apply consistently with no adjustments been made for inflationary factors affecting the financial statements, except for that, the Defined benefits obligation is measured at its present value, based on the projected unit credit method using gratuity formula.

2.2 Changes in Accounting Policies

The changes in accounting policies set out below have been applied consistently to the periods presented in the financial statements, unless otherwise indicated.

The presentation and classification of the financial statements of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current year.

2.3 Segment Reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components. All operating segments' operating results are reviewed regularly by the Board to make decisions about resources to be allocated to the segment and assess its performance. The operating segments are organized and managed separately according to different channels that company has. Detailed information on the results of each operating segment is provided in Note 34.

2.4 Going Concern

The Directors have made an assessment of the company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

2.5 Events Occurring after the Reporting Period

All material events after the reporting date have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

2.6 Commitments

All material commitments at the reporting period end have been identified and disclosed in the notes to the financial statements.

2.7 Foreign currencies

(a) Functional and presentation currency

Notes to the Financial Statements Continued

INDEPENDENT TELEVISION NETWORK LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

2.8 Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost including the cost of purchase with any incidental expenses incurred in bringing the assets to its working conditions, for its intended use. Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Expenditure incurred for the purpose of acquiring, extending or improving assets of permanent nature has been treated as capital expenditure. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Expenditure incurred on repairs or maintenance of property, plant and Equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognized as an expense when incurred.

2.8.1 Depreciation

Land is not depreciated. Provisions for depreciation for other assets are calculated by using a straight-line method to allocate their cost over their estimated useful lives, as follows:

Depreciation	Useful Years
Buildings	20 - 25
Plant and Machinery	04 - 15
Audio Frequency Equipment	04 - 08
Furniture and Fittings	08
Transmitter	08
Motor Vehicles	04 - 08
Library Books	04
Tools	04 - 02
Office Equipment	04-08

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and gain / (loss) is recognized in the statement of comprehensive income.

2.8.2 Capital Work-in-Progress

Capital work-in-progress represents the accumulated cost of materials and other costs directly related to the construction of an asset. Capital work-in-progress is transferred to the respective asset accounts at the time it is substantially completed and ready for its intended use.

2.8.3 Intangible Assets**a) Computer Software**

Computer software are recognized as intangible assets if it is probable that future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets acquired are stated at cost less accumulated amortization and accumulated impairment losses. These costs are amortized over their estimated useful lives of 5 years.

b) Telecasting Rights

Licenses for telecasting rights are recognized as intangible assets if it is probable that future economic benefits arising from sale of services will flow to the enterprise and the cost of the asset can be measured reliably.

Notes to the Financial Statements Continued

INDEPENDENT TELEVISION NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. These costs are amortized to the extent of related income recognized.

90% of the Telecasting right Expenses	-First run to Telecast
10% of the Telecasting right Expenses	-Second run to Telecast

2.8.4 Impairment of Non – Financial Assets

At each end of reporting period, the company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company determines the cash-generating units (CGUs) and estimates the recoverable amount of the CGUs to which the asset belongs.

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

If the recoverable amount of an asset and CGUs is estimated to be less than its carrying amount, the carrying amount of the asset and CGUs is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income.

2.9 Financial Assets

(a) Classification

The company determines the classification of its financial assets at initial recognition and classifies its financial assets as follows:

- I. Loans and receivables
- II. Available-for-sale (AFS) Financial Assets

I. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The company's loans and receivables comprise corporate loans, advances cash and cash equivalents in the end of reporting period.

II. Available-for-sale (AFS) Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Available for sale financial assets comprise of long term unquoted equity investments and Debt Securities.

(b) Recognition and Initial Measurement

Financial assets classified as loans and receivables are recognized on the date on which the company originates the transaction. Other financial assets are recognized on the trade-date on which the company becomes a party to the contractual provision of the financial instrument.

A financial asset is measured initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership of the financial assets.

(c) Subsequent Measurement

I. Loans and receivables

Notes to the Financial Statements Continued

INDEPENDENT TELEVISION NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less provision for impairment.

II. Available for sale Financial Assets (AFS)

Subsequent to initial recognition, available-for-sale financial assets are measured at fair values, less provision for impairment.

(d) Impairment of financial assets

I. Assets carried at amortized cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For loans and receivables carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the financial assets is reduced and the amount of the loss is recognized in the statement of comprehensive income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the statement of comprehensive income. The corporate loans receivables are assessed individually for impairment.

II. Available-for-sale (AFS) Financial Assets

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. For unquoted equity investments, a significant or prolonged decline in the value of the investments below its cost is also evidence that the assets are impaired. If any such evidence exists for the unquoted investments, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

2.10 Trade Receivables

Trade receivables are amounts due from customers for the services rendered in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at the transaction price (original invoice value) less provision for impairment as they are expected to be received within short term, such that the effect of discounting immaterial.

Provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and an increase in the number of delayed payments past the maximum credit period of three months are considered as indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of comprehensive income within distribution cost.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivable. Subsequent recoveries of amounts previously written-off are credited against distribution cost in the in the statement of comprehensive income.

Significant trade receivables are assessed individually for impairment and Non- significant trade receivables are assessed for impairment on collective basis.

The model and basis used to assess the trade receivables for impairment as follows:

- (a) Individual Evaluation Model:** Following types of trade receivables are reviewed individually to measure the impairment loss.

Notes to the Financial Statements Continued

INDEPENDENT TELEVISION NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

- i.) Government Institution - 100% provision only if there is an objective evidence for impairment.
- ii.) Commercial Clients – Significant Clients - 100% provision only if there is an objective evidence for impairment.
- (b) Collective Evaluation Model: Following types of trade receivables are reviewed collectively to measure the impairment loss.
 - i) Commercial Clients -Non-Significant Clients - Probability Model.

2.11 Inventories

Inventories are stated at cost. Cost is determined on a weighted average basis. Inventories comprise of spare parts, stationeries and fuel and lubricants. Inventories are for consumption not for re-sale.

2.12 Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.13 Share Capital

Share capital is paid out of consolidated fund and ordinary shares are classified as equity.

2.14 Financial Liabilities

The company classifies financial liabilities into other financial liabilities. The company's other financial liabilities include other payables, interest bearing loans and amounts due to related parties. The other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

2.15 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowing costs are recognized in comprehensive income statement in the period in which they are incurred.

2.16 Current and Deferred Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

a) Current Taxation

Current tax liabilities arise to the company in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto. These liabilities are provided for in the Financial Statements applying the said provisions which the management believes reflect actual liability.

b) Deferred income Tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred Tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against utilized. Deferred Tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realized or the liabilities settle, based on the tax rates and the tax laws that have been enacted or substantially enacted as at the reported date.

Notes to the Financial Statements Continued

INDEPENDENT TELEVISION NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

2.17 Employee Benefits

a) Defined Benefits Obligation

The company obligation in respect of defined benefit plan is the present value of the defined benefits obligation at the end of the reporting period. The defined benefits obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefits obligation is determined by discounting the estimated future benefit that employee have earned in return for their services in the current and prior period.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The company will re-measure the define benefit obligation when the amounts recognized in the financial statements will differ materially from the amount that would be determine at the end of the reporting period.

Past service costs are recognized immediately in the statement of comprehensive income. The retirement benefits obligation is not externally funded.

b) Defined Contribution Plans

All employees of the company are members of the Employees 'Provident Fund and Employees 'Trust Fund, to which their employer contributes 15% and 3% respectively of such employees' basic or consolidated wage or salary, cost of living and all other allowances.

2.18 Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grants relating to costs are recognized in the statement of comprehensive income when grants are received.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

2.19 Provisions

Provisions for operational expenses are recognized when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the company and amounts can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

2.20 Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the Financial Statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company. The company does not recognize contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

2.21 Trade Payables

Notes to the Financial Statements Continued

INDEPENDENT TELEVISION NETWORK LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at the original invoice amount as they are expected to be paid within a short period, such that the time value of money is not significant.

2.22 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The company leases certain property, plant and equipment. Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

3. Comprehensive Income**3.1 Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services supplied, stated net of Value Added Taxes (VAT) and Nation Building Tax (NBT). The company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity.

The company applies the revenue recognition criteria set out below to each identifiable major types of services rendered.

(a) Sale of Air time

Revenue comprises the invoiced value of sale of air time net of Value Added Tax (VAT), Nations Building Tax (NBT). Revenue is recognized when the advertisement is telecasted.

(b) Production Income

Revenue comprises the invoiced value of sale of air time net of Value Added Tax (VAT), Nations Building Tax (NBT). Revenue is recognized when the production is telecasted.

3.2 Interest income

Interest income is recognized using the effective interest method.

3.3 Rental Income

Rental income is recognized on an accrual basis over the term of rent periods.

3.4 Net Gains and Losses on Disposals of Property, Plant & Equipment

Net gains and losses on disposal of an item on property, plant & equipment are determined by comparing the net sales proceeds with the carrying amount of property, plant & equipment and are recognized in the statement of comprehensive income.

3.5 Other Income

All other incomes are recognized on accrual basis

3.6 Operating Expenses

Expenses are recognized in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running in the business and in maintaining the

Notes to the Financial Statements Continued

INDEPENDENT TELEVISION NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit / (loss) for the year.

4. Sri Lanka Accounting Standards (SLFRS/LKAS) issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the financial statements are listed below. The company intends to adopt those standards when they become effective.

- I. **SLFRS 9-Financial Instruments:** SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 Financial instruments; Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instrument, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forwards the guidance on recognition of financial instrument from LKAS 39. Effective date of IFRS 9 is 1 January 2018.
- II. **SLFRS 15 – Revenue from contracts with customers:** SLFRS 15 establish a comprehensive framework for determining whether, how much and when revenue is recognized. It replace existing revenue recognition guidance, including LKAS 18 Revenue and LKAS 11 construction Contracts. SLFRS 15 is effective for annual reporting period beginning on or after 1 January 2017.

The Company is assessing the potential impacts on its financial statements resulting from the application of SLFRS 15 / SLFRS 9.

5. Significant Accounting Estimates and judgments

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

- I. The following are significant judgments in applying the accounting policies that have most significant effect on the financial statements.

(a) Recognition of Deferred Tax Assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

- II. Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below:

(a) Useful life time of depreciable assets

Management reviews its estimate of the useful life time of depreciable assets at each reporting date, based on the expected economic utility of the assets.

(b) Defined benefit plan

The present value of the defined benefit plan obligations depends on a number of factors that are determined on projected unit credit method using a number of assumptions. The assumptions are used in determining the net cost and obligation for defined benefit plan including the discount rate disclosed in the note 25. Any changes in these assumptions will impact the carrying amount of defined benefits obligation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER		2015	2014
6	Revenue		
	Sale of Air Time	2,460,416,682	2,341,947,768
	Production Charges	23,045,813	7,372,350
		2,483,462,495	2,349,320,118
	Nation Building Tax (NBT)	(49,399,180)	(46,840,915)
		2,434,063,315	2,302,479,204
7	Other Income		
	Profit on Sale of Property, Plant and Equipment	303,432	-
	Registration of Suppliers	139,911	145,482
	Royalty / Copy Rights Charges	35,218	1,964
	Fines	9,578	45,434
	Sundry Income	34,394,681	30,034,815
	Charges on Returned Cheques	957	1,344
	Amortization of Government Grants	13,288,336	19,163,332
	Written Back	5,332,995	-
	Tender Fee	2,636,164	
	Foreign Currency Gain	2,085,918	
		58,227,190	49,392,371
8	Program Expenses		
	Procurement of Program Materials - Foreign	48,452,535	61,305,845
	- Local	262,492,518	188,711,042
	Amortization of Telecasting Rights	78,672,113	100,046,676
	Other Production	168,386,169	177,727,714
		558,003,335	527,791,277
9	Marketing Expenses		
	Agency and Marketing Executive Commission	82,702,120	105,624,008
	Sales Commission	5,788,289	2,218,141
	License Fees for Microwave Link	13,934,251	10,747,314
	Market Research Expenses	6,880,590	5,500,500
	Bad Debts Written Off		369,580
	Impairment of Trade and Other Receivable / Reversal of Over Provision	57,999,713	(819,034)
		167,304,963	123,640,508
10	Other Operating and Administrative Expenses		
	Salaries and Allowances	380,595,074	286,075,936
	Employees' Provident Fund	37,908,245	35,524,519
	Employees' Trust Fund	7,600,609	7,108,011
	Overtime	47,643,483	48,621,770
	Incentives	41,322,050	47,473,223
	Performance Incentives	33,387,046	46,164,180
	Bonus	12,325,237	12,280,378
	Awards to Staff	1,238,042	4,744,547
	Staff Training	6,607,619	1,417,620
	Staff Welfare	22,534,567	26,293,851
	Uniforms to Staff	323,263	18,000
	Traveling and Subsistence	32,559,621	37,000,918
	Gratuity Charge for the Year	201,333	12,612,809
	Housing Loan Interest	3,411,782	3,383,850
	Postage, Telephone and Telex	17,692,538	16,115,470
	Electricity & Power	102,600,857	100,722,093
	Entertainment	446,798	870,025
	Fuel for Generators	4,675,592	4,353,878
	Motor Vehicle Running Expenses	61,319,689	61,600,568
	Repairs and Maintenance of Equipment	31,810,173	26,731,788
	Repairs & Maintenance of Buildings	20,887,201	27,932,919
	Repairs & Maintenance of Studio	39,797	1,658,694
	Maintenance of Garden	720,659	1,106,345
	Stationery, Minor Articles and Printed Forms	9,402,593	11,483,019
	Advertising and Periodicals	14,876,925	28,043,080
	Balance C/F	892,130,790	849,337,489

Figures in brackets indicate deductions

Notes to the Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER		2015	2014
Balance B/F		892,130,790	849,337,489
Maintenance of Roads		178,037	343,750
Insurance		43,204,745	32,397,213
Rates and Taxes		27,923,309	22,758,749
Depreciation		241,087,020	193,512,499
Amortization of Intangible Assets		2,032,404	1,009,514
Security		19,365,991	18,612,164
Subscriptions to Foreign Organizations		6,092,736	7,293,777
Water Supply		1,651,184	1,713,527
Audit Fees		550,648	356,376
Legal Expenses		3,128,671	1,761,026
Expenses on Board Meetings		819,513	1,092,791
Ceremonial Expenses		533,992	1,326,738
Consultancy Fees		35,000	
Compensation		1,025,740	2,946,560
Professional Charges		1,821,813	661,771
Management Information System		4,180,370	3,866,718
Miscellaneous		5,000	-
Stamp Duty		79,090	66,436
Registration Fees		882,289	778,742
Web Hosting Services		5,536,296	5,454,516
Dialog TV Connection		1,301,486	1,375,366
Donations		623,088	856,939
Exchange Loss			3,044
Provision for Impairment of Slow Moving Inventories		1,128,328	4,059,659
Frequency Charges		758,082	1,846,512
Internet and Link Charges		3,273,838	1,194,030
Impairment of Staff Loans		(101,334)	-
Bank Charges		403,907	405,243
Loss on Sale of Property, Plant and Equipment			109,565
		1,259,652,034	1,155,140,712
11 Net Finance Income			
<i>Interest Income</i>			
On Investments		76,467,328	89,685,757
On Staff Loan		3,361,082	3,493,464
		79,828,411	93,179,221
<i>Interest Expenses</i>			
On Overdraft			-
On Lease			220,900
		0	(220,900)
		79,828,411	92,958,320
12 Income Tax Expenses			
Provision for Current Tax	(Note 12.1)	161,057,506	154,422,765
Charge / (Reverse) of Deferred Tax Expenses	(Note 17)	11,611,483	73,966,891
Under Provision in Previous Year		(18,531,636)	(14,865,652)
		154,137,353	213,524,004

Figures in brackets indicate deductions

Notes to the Financial Statements continued

INDEPENDENT TELEVISION NETWORK LIMITED

(Expressed in Sri Lankan Rupees)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEM 2015 2014

12.1 Reconciliation Between Current Tax Provision and the Product of Accounting Profit.

Accounting Profit Before Tax	587,158,584	638,257,397
Aggregated Expenses Disallowed for Tax	388,308,664	315,151,754
Aggregated Expenses Allowed for Tax	(400,261,868)	(408,659,795)
Aggregated Income from Other Sources		-
Taxable Profit for the Year	575,205,380	544,749,356
Other Income Liable for Tax		210,899
Total Statutory Income / Assessable / Taxable Income	575,205,380	544,960,255
Current Tax Charged at Statutory Tax Rate of 28% (2013 : 28%)	161,057,506	152,588,871
Provision Recognized in the Comprehensive Income	161,057,506	154,422,765

13 Basic Earnings Per Share (Rs.)

Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

	2014	
<i>Amount used as the Numerator</i>		
Net Profit Attributable to Ordinary Shareholders (Rs.)	433,021,231	424,733,393
<i>Number of Ordinary Shares used as the Denominator</i>		
Weighted Average Number of Ordinary Shares in issue	9,500,000	9,500,000
Basic Earnings Per Share (Rs.)	45.58	44.71

Figures in brackets indicates deductions.

Notes to the Financial Statements continued

INDEPENDENT TELEVISION NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

14	Property, Plant and Equipment	Land	Buildings	Plant, Machinery and Equipment	Transmitters and Frequency Equipment	Motor Vehicles	Furniture and Fittings	Others	Total
	Freehold Cost								
	Balance as at 01 January 2014	6,082,446	142,663,391	1,010,662,098	441,856,085	154,794,983	203,637,105	52,875,398	2,012,571,505
	Additions	23,699,713	-	189,384,783	27,332,165	-	6,176,808	13,645,600	260,239,069
	Transferred from Leasehold Assets	-	-	-	-	8,500,000.00	-	-	8,500,000
	Transfers	-	-	-	-	-	(161,360)	(11,971)	(173,331)
	Disposals	-	-	(3,231,106)	-	-	(1,901,119)	(1,315)	(5,133,540)
	Balance as at 31 December 2014	29,782,159	142,663,391	1,196,815,775	469,188,250	163,294,983	207,751,433	66,507,712	2,276,003,702
	Additions	-	-	443,122,498	54,215,577	24,503,596	7,137,944	8,712,838	537,692,453
	Transferred from Leasehold Assets	-	-	(37,725,850)	(11,926,818)	-	(492,910)	(520,687)	(50,666,265)
	Transfers	-	-	(1,672,857)	-	(305,000)	(2,746,899)	(53,182)	(4,777,938)
	Disposals	-	-	-	-	-	-	-	-
	Balance as at 31 December 2015	29,782,159	142,663,391	1,600,539,566	511,477,009	187,493,579	211,649,568	74,646,681	2,758,251,952
	Depreciation								
	Balance as at 01 January 2014	60,932,268	566,948,817	349,950,120	349,950,120	75,396,334	127,824,816	24,761,914	1,205,814,269
	Charge for the Year	6,297,827	-	105,698,690	23,228,572	28,385,848	21,849,244	8,052,318	193,512,499
	Transferred from Leasehold Assets	-	-	-	-	8,500,000	-	-	8,500,000
	Transfers	-	-	(10,900)	-	-	(119,064)	(390)	(130,354)
	Disposals	-	-	(3,207,828)	-	-	(1,687,984)	(4,214)	(4,900,026)
	Balance as at 31 December 2014	67,230,095	669,428,779	669,428,779	373,178,692	112,282,182	147,867,012	32,809,628	1,402,796,388
	Charge for the Year	6,244,537	-	146,998,317	28,682,519	30,922,514	19,736,387	10,388,400	242,972,674
	Transferred from Leasehold Assets	-	-	(588,871)	(1,242,377)	-	(19,458)	(34,332)	(1,885,038)
	Transfers	-	-	(1,659,442)	-	(305,000.00)	(2,577,868)	(34,662)	(4,576,972)
	Disposals	-	-	-	-	-	-	-	-
	Balance as at 31 December 2015	73,474,632	814,178,783	814,178,783	400,618,834	142,899,696	165,006,073	43,129,034	1,639,307,052
	Net Carrying Values								
							2015	2014	
	Land						29,782,159	29,782,159	
	Buildings						69,188,759	75,433,296	
	Plant, Machinery and Equipment						786,360,783	527,386,996	
	Transmitters and Frequency Equipment						110,858,175	96,009,558	
	Motor Vehicles						44,593,883	51,012,801	
	Furniture and Fittings						46,643,496	59,884,422	
	Others						31,517,647	33,698,084	
	Total Freehold Assets						1,118,944,900	873,207,314	
	Leasehold Assets						382,515,475	181,131,625	
	Work-in-Progress						1,501,460,375	1,054,338,939	

Figures in brackets indicates deductions.
Notes to the Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Property, Plant & Equipment Contd...

14.1 Leasehold Assets

Cost

Plant, Machinery
Equipment

Motor Vehicles

Total

Balance as at 01 January 2014

-

8,500,000

8,500,000

Transferred to Freehold Assets

-

(8,500,000)

(8,500,000)

Balance as at 31 December 2014

-

-

-

Depreciation

Balance as at 01 January 2014

-

8,500,000

8,500,000

Transferred to Freehold Assets

-

(8,500,000)

(8,500,000)

Balance as at 31 December 2014

-

-

-

Net Carrying Values

As at 31 December 2014

-

-

-

14.2 Capital Work-in-Progress

As at
01 Jan. 2015Incurred
(Transferred)As at
31 Dec. 2015

Buildings

181,131,625

201,383,850

382,515,475

Net Carrying Value

181,131,625

382,515,475

The cost of fully depreciated assets included in the property, plant and equipment is Rs.651,671,381.20/- (2013 - 637,089,962/-).

15 Intangible Assets

Computer
SoftwareTelecasting
Rights

Total

At Cost

Balance as at 01 January 2013

4,791,708

397,135,000

401,926,708

Additions

2,456,250

101,527,568

103,983,818

Balance as at 31 December 2014

7,247,958

498,662,568

505,910,526

Additions

2,300,000

59,312,063

61,612,063

Balance as at 31 December 2015

9,547,958

557,974,631

567,522,589

Amortization

Balance as at 01 January 2014

2,317,379

372,166,500

374,483,879

Charge for the Year

1,009,514

100,049,812

101,059,326

Balance as at 31 December 2014

3,326,893

472,216,312

475,543,205

Charge for the Year

2,032,404

78,672,113

80,704,517

Balance as at 31 December 2015

5,359,297

550,888,425

556,247,722

Net Carrying Values

2015

2014

Computer Software

4,188,661

3,921,065

Telecasting Rights

7,086,206

26,446,256

11,274,867

30,367,321

Figures in brackets indicates deductions.

Notes to the Financial Statements continued

INDEPENDENT TELEVISION NETWORK LIMITED

(Expressed in Sri Lankan Rupees)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

2015

2014

26 Government Grants**Balance as at 01 January****37,239,862** **56,403,194**

Amortization for the Year

(13,288,336) (19,163,332)

Balance as at 31 December

(Note 26.1)

23,951,526 **37,239,862****26.1 Carrying Values of the Grants Received for:**

Camera & Accessories for Sooriyakanda Station

-

Improvement of Main Control Room at Head Office

-

Transmission Equipment

4,625,000

Studio and Main Control Room at Head Office

5,817,435 9,081,797

Transmission Equipment & Antenna System for Kokavil Project

10,634,091 13,533,065

Antenna System for Kokavil Project

7,500,000 10,000,000

23,951,526 **37,239,862**

The above grants received from the Government of Sri Lanka for the development of telecasting and transmission stations. The amounts spent have been capitalized under the relevant class of property, plant and equipment. The corresponding grant is being amortized over the useful life of the related assets.

27 Deferred Income**Balance as at 01 January****43,500,397** **38,917,505**

Goods and Services Received

5,305,000 10,950,800

Recognized in the Comprehensive Income

(1,440,000) (6,367,908)

Balance as at 31 December**47,365,397** **43,500,397**

Deferred income represents the net impact of a barter transaction where the company has utilized a higher value of the goods and services provided by the customers, compared to the value of services provided by the company. The deferred income is amortized as services utilized by the customers.

27 Other Payables

Deposits

1,120,275 662,514

Sundry Creditors

36,877,964 35,310,688

L.C. Advance

5,754,978 7,509,234

Others

34,654,578 31,317,156

Unclaimed Payments

1,246,695 1,790,353

Cancelled Cheques

4,377,135 4,419,599.00

Retention

16,332,386 11,029,075

Doramandalawa Trust Fund

379,005 320,127

TV Loan Recoveries

423,187

Compensation

2,946,560

Piyawara Projects

1,269,710 1,399,710

Rent

46,223,896 48,023,896

148,236,618 **145,152,099**

Figures in brackets indicates deductions.

Notes to the Financial Statements continued

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

31.1 Related Party Transactions

Details of significant related party transactions that the company carries out are as follows:

Transactions with Government of Sri Lanka , State-Owned Enterprises and Other Government Related Entities

The Government of Sri Lanka is only the capital holder of the company and thus has control over its operation. Accordingly the company has considered the Government of Sri Lanka and other entities which are controlled, jointly controlled or significantly influenced by the Government of Sri Lanka (Government related entities) as related parties.

Related Party	Nature of Transactions for the Reporting Period	Transaction Value	Balance Due from / (Due to)
Government of Sri Lanka	Dividend Paid	84,360,000	-
	Sale of Air Time	31,415,533	27,159,152
	Purchase of Goods and Services Obtained	119,573,018	34,763,127
Local Government Bodies	Payment of Rent and Rates	125,582	-
State-Owned Enterprises	Sale of Air Time	161,012,833	101,607,920
	Purchase of Goods and Services Obtained	79,109,441	8,103,441
	Mobilization Advance for Construction	-	-
Other Government Related Entities	Sale of Air time	12,072,105	633,872

32 Commitments and Contingencies

There were no material capital expenditure or other financial commitments approved by the Board of Directors as at 31 December 2015. The details of the pending litigations as at 31 December 2015 are given below.

Description of the Case	Matter	Management Estimate
Ms. G.R. Chandrawathie Vs ITN Case No. 20825/05/M District Courts of Anuradhapura	Rs. 5,000,000/- as compensation for a news item telecasted.	Management is having constant supervision for the cases to have judgment in favour of ITN and compensation value cannot be estimated in the ground of current position of the cases.
Mr. Gairika Perusinghe Vs ITN Case No. 51824/MR District Courts of Colombo	Rs. 5,000,000/- as compensation for a news item telecasted.	
ITN Vs The Think Tank (Pvt) Ltd, Publisher of Sri Lanka Mirror and Mr. Kelum Shrivantha, Chief Editor Sri Lanka Mirror. Case No. DMR/1650/13 (Filed by ITN) District Courts of Colombo	Rs. 1000,000,000/- as compensation for a article published on the Sri Lanka Mirror Web Site.	

The Company has contingent liabilities in respect of legal claims arising in the ordinary course of business. Unless recognized as a provision in the financial statements, management considers these claims to be unjustified and possibility of an outflow of resources for their settlement is remote. This evaluation is consistent with legal advices of the company's legal division. Accordingly, no provision has been made for such legal claims.

33 Events Occurring After the Reporting Period

There were no events occurred, which required adjustments or disclosure in these financial statements between the reporting date and the date of authorization of the Financial Statements. Except that the following,

Airtime Allocation for Presidential Election 2015

Advertisements related to the presidential election 2015 were received during the period of November 2014 to January 2015 from the Presidential candidates Mr. Mahinda Rajapaksha, Mr. Maithreepala Sirisena and Mr. R.A. Sirisena. An Inquiry was carried out by Internal Audit Division regarding the airtime allocation during the 2015 -Presidential Election period for the above candidates and it has been revealed that Some airtime have been allocated for the presidential election propaganda without the knowledge of the finance division hence, relating over / under statement of revenue and costs if any, on the said commercial airtime have not been recognized. Accordingly Management has taken action to conduct an inquiry too. Further Presidential commission of Inquiry has taken action to conduct an inquiry in this regard. These inquiries are in progress as at the date of issuing the financial statements.

Figures in brackets indicates deductions.

INDEPENDENT TELEVISION NETWORK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Sri Lankan Rupees)

34 Operational Segment Information

The following table presents the revenue, cost of sale, operational expenses and profit for the year ended 31 December 2014 and 31 December 2015.

For the Year ended 31 December	ITN		VASANTHAM TV		LAKHANDA		VASANTHAM FM		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	2,228,945,122	2,138,155,342	123,551,948	78,964,947	56,540,860	65,885,423	25,025,385	19,473,492	2,434,063,315	2,302,479,204
Cost of Sales	(467,489,634)	(435,860,508)	(75,065,193)	(69,347,151)	(11,545,135)	(14,035,004)	(3,903,373)	(8,548,614)	(558,003,335)	(527,791,277)
Gross Profit / (Loss)	1,761,455,488	1,702,294,834	48,486,755	9,617,796	44,995,725	51,850,419	21,122,012	10,924,878	1,876,059,980	1,774,687,927
Total Expenses Net of Other Income	(1,085,174,959)	(991,539,941)	(57,419,045)	(38,795,578)	(108,883,777)	(90,793,451)	(37,423,615)	(18,217,001)	(1,288,901,396)	(1,139,345,971)
Profit / (Loss) Before Taxation	676,280,529	710,754,893	(8,932,290)	(29,177,782)	(63,888,052)	(38,943,032)	(16,301,603)	(7,292,123)	587,158,584	635,341,956
Income Tax Expenses	(149,378,195)	(208,217,854)	0	0	(4,759,159)	(5,306,150)	0	0	(154,137,354)	(213,524,004)
Profit / (Loss) for the Year	526,902,334	502,537,039	(8,932,290)	(29,177,782)	(68,647,211)	(44,249,182)	(16,301,603)	(7,292,123)	433,021,230	421,817,952

Figures in brackets indicates deductions.