

ANNUAL REPORT

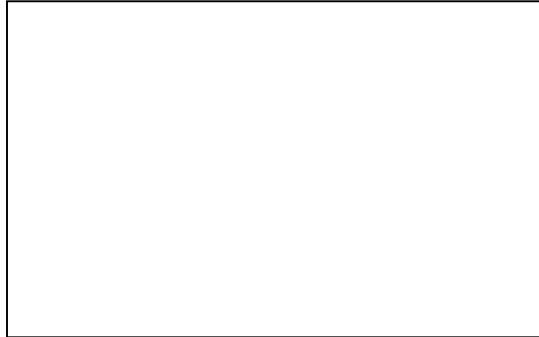
2002

DEVELOPMENT LOTTERIES BOARD
33, St. Michal Rd
Colombo 02

CHAIRMAN'S REVIEW - 2002

2002 is a landmark year for Development Lotteries Board due to many factors and I am very much pleased to report the achievements during the year.

At the outset, I must offer my gratitude to the entire staff, Distributors, Dealers and all our valued customers for their unstinted corporation extended to me during the year.



We have been able to re-launch "Saturday Fortune" & "Development Fortune" draw tickets with a new face, and attractive prize structures. Instant Lottery ticket with new concept of winning gold coins was launched. Public awareness programmes using Street Dramas was conducted island wide with specific themes such as Peace, Unity, and Drug Abuse etc. Island wide Distributor/Dealer meetings were held and insurance scheme and a target incentive scheme for Dealers were introduced as a dealer motivational programme. Appointment of Distributors and Dealers in the North and East was initiated as a self-employment programme and increasing the numbers strengthened island wide Distributor/Dealer network. Introducing Mobile Vision programme further strengthened DLB's awareness programme.

We have created a new trend in lottery industry by introducing Prizes for non-winning lottery tickets, such as Three-wheelers, Gold Jewelry sets, consumer durables etc. This penetration strategy has attracted new segments in the market place. Sales force was strengthened by appointing Sales Coordinators, provided computers to Distributors in order to streamline the validating system of prizes, introduced 24 -hour customer support service, created a new trend in advertising industry by introducing a series of TV commercials on Peace & Unity, Child Abuse, Women harassment, Drug abuse etc. and proud to report that the best TV commercial of the year award and the runner-up award was won at the premier advertising awards ceremony.

A series of Inter-Ministerial meetings were held in order to streamline disputes with regard to Lottery Outlets. All above major activities had contributed enormously to the growth of the turnover and market share of all three lotteries of DLB.

We have been able to help directly to some of the national causes under the theme of "Propaganda through Development" and contributions to Temples, Educational Institutions, Community Service Centers and most significantly, initiated the Tube Well project in the Deep South.

This customer friendly approach resulted two-fold sales increase in "Saturday Fortune" and "Development Fortune" tickets. Turnover increase by 37% from the previous year on "Saturday Fortune" and on the "Development Fortune" it was an increase from 10% to 80%. It was a pleasure to note that we were being able to increase the Instant Lottery games from 29 to 54 during the year. Contribution to the President's Fund was Rs 379 Million in the year 2002.

As the Chairman of the DLB, I am proud and honoured to lead a dedicated and committed set of people and my heartfelt gratitude should go to all the Board Members, Management Staff, other staff members and most significantly the Hon Minister for Economic Reform, Science & Technology for his guidance and assistance given to me to make all Stake Holders' dream a reality. Today, DLB stands much taller than previous years due to the said commitment of all and proudly portrays its image as a good corporate citizen.

J K Fernando
Chairman

DEVELOPMENT LOTTERIES BOARD
BALANCE SHEET AS AT 31ST DECEMBER 2002

	Notes	2002	2001
Fixed Assets	01	9,792,708	6,413,502
Fixed Deposit		15,000,000	0
Investment in Debentures		6,000,000	0
		30,792,708	6,413,502
<u>Add : Current Assets</u>			
Stocks	02	100,569,554	69,942,219
Write off of Slow Moving Stock		(4,580,244)	(36,264,494)
Stock in Hand		7,539,004	
Deposits & Prepayments	03	18,486,663	9,701,615
Provision for Doubtful Debts		(624,633)	(624,633)
Interest Receivable		5,033,811	1,105,058
Bank Balance	04	847,278,491	403,112,828
		973,702,646	446,972,593
Total Assets		1,004,495,354	453,386,095
FD at NSB (Dealer Deposits)	06	10,659,090	9,333,028

Ureka Prizes		0	12,994,997
Provision for devaluation of Ureka Prizes		0	(6,497,499)
Prize Reserve Account		<u>(230,051,332)</u>	<u>(202,476,125)</u>
		(219,392,242)	(186,645,599)
	Total	785,103,111	266,740,496
<u>Less: Current Liabilities</u>			
Bank Balance	05	3,007,355	3,662,839
Creditors & Accruals	07	93,815,189	89,418,982
Dealer Deposit Payable	08	11,774,881	9,205,881
Prize Payable	09	148,730,385	77,356,780
Provision for Prize Payable	10	31,379,504	0
VAT Payable	11	<u>7,115,727</u>	<u>0</u>
		295,823,042	179,644,482
		<hr/>	<hr/>
	Assets over Liabilities	<u>489,280,070</u>	<u>87,096,014</u>
<u>Finance by</u>			
President Fund		2,200,000	2,200,000
Ministry of Trade & Shipping		<u>2,200,000</u>	<u>2,200,000</u>
		4,400,000	4,400,000
	Contribution to President Fund	484,880,070	82,696,014
(Payable)		<hr/>	<hr/>
		<u>489,280,070</u>	<u>87,096,014</u>

DEVELOPMENT LOTTERIES BOARD

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2002

	Notes	2,002	2001
Sale	12	2,266,819,648	1,518,738,601
Less - Cost of Sale	13	153,139,179	125,184,036
Profit after Cost of Sales		2,113,680,469	1,393,554,565
Less - Prize Payout		1,299,037,511	815,890,115
Profit after COS & Prize Payout		814,642,958	577,664,450
VAT		106,959,200	-
Add -Other Income	14	60,293,332	26,178,319
Gross Profit		767,977,091	603,842,769
Less - Stock Write-off			
Provision for Slow Mooving Stk - Windows		-	36,264,494
			36,264,494
Profit after Stock Write-off		767,977,091	567,578,275
Less - Expenses			
Administrative	15	60,614,061	43,419,551
Selling & Distribution	16	245,886,501	114,316,230
Provision for doubtful debts		-	624,633
Finance	17	3,105,773	28,094
		309,606,335	158,388,508
N/P after Admin.,Selling & Finance Exp.		458,370,756	409,189,767
Prize Write-back		322,813,300	76,379,486
Net Profit after Prize W/b		781,184,056	485,569,253
Add:Profit B/F		82,696,014	18,126,760
Net Profit		863,880,070	503,696,013
Net Profit after Stock Adjustment		863,880,070	503,696,013
Appropriation			
Contribution to President Fund		379,000,000	421,000,000
			-
Surplus		484,880,070	82,696,013

