State Engineering Corporation of Sri Lanka - 2018

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1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the State Engineering Corporation of Sri Lanka ("Corporation") for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of compressive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My comments and observations which I consider should be report to parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Corporation as at 31 December 2018, and of its compressive income and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.5 of this report.

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

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

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

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

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

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

1.4 Audit Scope

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Corporation , and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Corporation has complied with applicable written law, or other general or special directions issued by the governing body of the Corporation;

- Whether the Corporation has performed according to its powers, functions and duties; and

- Whether the resources of the Corporation had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observation on preparation of Financial Statements

1.5.1 Non-Compliance with Sri Lanka Accounting Standard

Reference to particular Standard	Management Comment	Recommendation
(a) **LKAS - 01, Presentation of Financial Statements**		
According to Paragraph No.32 of the Standard, the assets and liabilities, and income and expenditure should not be off set against each other unless required or permitted otherwise by the Sri Lanka Financial Reporting Standards. However, the debit balances in the trade payables, mobilization advance received accounts, sub-contractor's payables and accrued accounts had been offset against the credit balances of those accounts. Hence, the credit balances of such accounts had been understated	Steps have been taken clear all debit balances in the financial year 2020.	The corporation should ensure that the entity is adherent with Sri Lanka Accounting Standards.

by Rs.39,293,994, Rs.183,873,754, Rs.155,061,389 and Rs.349,822,732 respectively.		
(b) **LKAS - 16, Property, Plant and Equipment**		
Fully depreciated machinery and equipment, furniture and fittings, motor vehicles, computer hardware and office equipment costing to Rs.830,124,061 , Rs.5,646,691 , Rs.102,931,800 , Rs.57,910,500 and Rs.45,827,272 respectively are being continuously used by the corporation without reassessing the useful economic lifetime of those assets and accounted them accordingly as per the provisions in section 51 of LKAS 16 – Property, Plant and Equipment.	No need to re-value the assets for over the useful life. The main reason is that there is no any economic advantage.	The residual value and useful life of an asset shall be reviewed at least each financial year end and if expectations differ from previous estimates, the changes shall be accounted for as a change in accounting estimate.
(c) **LKAS–37, Provisions, Contingent Liabilities and Contingent Assets**		
No provisions had been made in the Financial Statements in respect of surcharges totaling to Rs.131,946,654 and Rs.13,924,025 imposed by the Department of Inland Revenue on unpaid Value Added Tax for the year 2010 to 2017 and NBT for the year 2016 to 2017.	The Department of Inland Revenue issued a Public notice and also informed to SEC. It is indicated that, if SEC settle the outstanding taxes on or before 31.03.2022 penalty imposed thereon will be waived off. Therefore, this contingent liability is not probable to pay in future.	Action should be taken to made accurate provision in financial statements.

1.5.2 Accounting Deficiencies

Audit Issue	Management Comment	Recommendation
(a) Since there were unusual credit balances of Rs.229,625,808 , Rs.20,855,040 , Rs.11,498,462 , Rs.37,250,161, Rs.180,856,217 , Rs.120,100,693 and Rs.97,774,902 in the ledger account of cheque with order advance, special cash advance, advance for services, labour sub contract advances, contract labour	Steps are being taken to clear credit balances.	Action should be taken to prepare the accounts accurately.

	imprest, retention receivable and TC receivable balance respectively as at the end of the year under review, those accounts as at that date had been understated by similar amounts.		
(b)	The stock value at Ekala site was understated by Rs.2,488,994 due to a computation error.	Computation error has been rectified.	Action should be taken to prepare the accounts accurately.
(c)	Impairment of debtors had been overstated by Rs.1,260,672 due to computation errors as at end of the year under review.	Computation error has been rectified.	Action should be taken to prepare the accounts accurately.
(d)	The depreciation of office equipment in National Equipment and Machinery Organization (NEMO) had been understated by Rs.1,607,245 due to computation error.	NEMO has not replied their observations yet.	Action should be taken to prepare the accounts accurately.
(e)	Even though, the land and building valued at Rs.110.2 million shown in the financial statements had not belonged to the NEMO, accumulated depreciation of the building amounting to Rs.5,010,817 and depreciation of Rs.889,909 for the year had been shown in the financial statements for the year under review.	NEMO has not replied their observations yet.	Action should be taken to prepare the accounts accurately.
(f)	A difference of Rs.70,979,175 was observed between the inter-group balance shown in the financial statements of the corporation and NEMO.	Steps are being taken to reconciled inter Current Account balances between NEMO and SEC.	Attention to be paid to reconcile the inter group balance before preparing the financial statements.
(g)	A difference of Rs.116,257,437 was observed between the receivable balance from Sri Lanka Railway as per the financial statements and balance confirmation received from Sri Lanka Railway as at 31 December 2018 and actions were not taken to rectify the balance .	Steps are being taken to reconcile between SEC accounts with Sri Lanka Railway.	Attention to be paid to reconcile the balances before preparing the financial statements.

(h) An unidentified deposit balance of Rs.1,328,763 relating to the period from 2012 to 2015 had remained in the Financial Statements of NEMO.	NEMO has not replied their observations yet.	Action should be taken to prepare the accounts accurately.

1.5.3 Unreconciled Control Accounts

Item	As per Financial Statements Rs.	As per corresponding Record Rs.	Difference Rs.	Management Comment	Recommendation
Hiring Income	79,725,302	60,899,650	18,825,652	NEMO has not replied their observations yet.	Attention to be paid to reconcile the ledger balance with schedules before preparing the financial statements.

1.5.4 Documentary Evidences not made available for Audit

	Item of Account	Amount Rs.	Evidence not made available	Management Comment	Recommendation
(a)	Revenue of NEMO - Building and Other Construction	203,587,785	Project details in profit calculation of NEMO	NEMO has not replied their observations yet.	Project details in profit calculation should be provided for audit to satisfactorily verify and accept the projects.
(b)	Inventory - NEMO	6,781,778	Stock verification sheets		Stock verification sheets should be provided for audit to satisfactorily verify and accept the stocks.
					Detail schedules and age analysis should be provided for audit to satisfactorily verify and accept the

(c)	Advance for services - NEMO	1,282,100	Detail Schedule and Age Analysis		advance balance. Detail schedules and age analysis should be provided for audit to satisfactorily verify and accept the trade receivable.
(d)	Trade Receivable - NEMO	828,779,897	Debtor Confirmation, Detail Schedule and Age Analysis	NEMO has not replied their observations yet.	Detail schedules and age analysis should be provided for audit to satisfactorily verify and accept the labour sub contract advance.
(e)	Labour Sub Contract Advance - NEMO	18,217,056	Detail Schedule and Age Analysis		Detail schedules and age analysis should be provided for audit to satisfactorily verify and accept the labour sub contract advance. Detail schedules and age analysis should be provided for audit to satisfactorily verify and accept the trade payable.
(f)	Labour Sub Contract Advance (Credit Balance) - NEMO	3,632,800	Detail Schedule and Age Analysis		Age analysis should be provided for audit to satisfactorily verify and accept the sundry creditors.
(g)	Trade Payable - NEMO	262,741,890	Detail Schedule and Age Analysis	NEMO has not replied their observations yet.	Detail schedules and age analysis should be provided for audit to satisfactorily verify and accept the sub contract payable.
(h)	Sundry Creditors - NEMO	45,479,048	Age Analysis		Detail schedules and age analysis should be provided for audit to satisfactorily verify and accept the other tax payable.

(i)	Sub contract payable - NEMO	23,949,662	Detail Schedule and Age Analysis		Payment vouchers and tax calculation should be provided for audit to satisfactorily verify and accept the income tax expenses.
(j)	Other tax payable - NEMO	1,851,592	Detail Schedule		
(k)	Income Tax Expenses - NEMO	110,859,971	Payment Vouchers and Tax Calculation	NEMO has not replied their observations yet.	

1.6 Accounts Receivable and Payable

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1.6.1 Receivables

	Audit Issue	Management Comment	Recommendation
(a)	The retention receivable balance of Rs.505,892,674 had remained for over 05 years without being recovered.	Steps have been taken to transfer retention balances to Debtors in respect of projects after completion of maintenance period.	Retention receivable balances should be recovered without any delay.

(b)	Trade debtors amounting to Rs.1,243,824,377 had remained unrecovered for more than 03 years and it is 46 percent of the total debtor balance.	Amounting Rs. 294.6 Mn have been recovered against Debtors during financial year 2021 & 2022, which are over 3 years.	Outstanding balances should be recovered without any delay or to be taken proper action in this regard to ensure the reliability of those outstanding balances.
(c)	The pre-payment balance of Rs.5,968,160 had remained over 05 years at service division without being settled.	Action will be taken in charge to income statement in year 2022	Pre-payment balances should be settled without any delay.
(d)	The balance of foreign purchases control account amounting to Rs.13,734,094 had remained without being recovered at Service Division since the year 2012.	Computation error has been rectified.	Outstanding balance should be settled or rectified without any delay.

1.6.2 Payables

	Audit Issue	Management Comment	Recommendation
(a)	The labour sub control advances of Rs.11,568,973 had remained over 05 years without being settled.	The main reason for this issue is that, client is delaying payment due various technical matter which leads to delay in certifying the bill with regard to work done. As a result SEC is not in a position to settle contractor's payment. In future, SEC has taken all possible steps to reduce these delays	Action to be taken to settle the all possible long outstanding advances without delay.
(b)	The contract labour imprest of Rs.156,390,311 had remained over 05 years without being settled.	The main reason for this issue is that, client is delaying payment due various technical matter which leads to delay in certifying the bill with regard to work done. As a result SEC is not in a position to settle contractor's payment. Finally this leads to delay in recovering mobilization advances paid to contractors. In future, SEC has taken all possible steps to reduce these delays.	Action to be taken to settle the all possible long outstanding balances without delay.
(c)	The mobilization advance totaling Rs.433,417,409 received from the clients had remained over 5 years and action had	Due to various technical and other reasons most of the times projects exceeds the stipulated time periods. As	Action to be taken to settle the all possible long outstanding mobilization

	not been taken to settle those balances as at 31 December 2018.	a result advances received by us client takes additional times to recover the full amount. Instructions have been issued to minimize the delay complete the project within time periods.	advances without delay.
(d)	The Income tax balances totaling to Rs.10,562,150 had remained without being remitted to the Inland Revenue Department since year 2013 to 2017.	Action will be taken to settle the income tax liability coming from past payment on installment basis.	Action to be taken to settle income tax liability without delay.
(e)	Out of the creditors balance amounting to Rs.513,102,944 , a sum of Rs.210,067,402 had remained over 05 years.	SEC is not in a position settles dues to suppliers and creditors on time due to delay in receipt of cash inflows from client mainly government institutions. Further, SEC has to incur huge fixed cost due to excess staff. Anyway SEC is trying best to settle its suppliers and creditors without delays.	Action to be taken to settle the all possible long outstanding credit balance without delay.
(f)	Out of the subcontract payables amounting to Rs.1,440,237,909 , a sum of Rs.905,118,517 had remained over 05 years.	SEC is not in a position settles dues to suppliers and creditors on time due to delay in receipt of cash inflows from client mainly government institutions. Further, SEC has to incur huge fixed cost due to excess staff. Anyway SEC is trying best to settle its suppliers and creditors without delays.	Action to be taken to settle the all possible long outstanding subcontract payable balance without delay.

1.7 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

	Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
(a)	Value Added Tax Act No.14 of 2002	Action had not been taken to remit the Value Added Tax totaling to Rs.748,045,632 as at 31 December 2018.	Partial Payments have been done from the total outstanding during the year ended 31 December 2018 amounting to Rs.748,045,632 which has to be paid as arrears VAT.	Action to be taken to settle the tax liability.

(b)	Nation Building Tax Act No. 09 of 2009	Action had not been taken to remit the Nation Building Tax totaling to Rs.72,066,045 as at 31 December 2018.	SEC negotiates with the IRD to write-off NBT and ESC payable amounts.	Action to be taken to settle the tax liability.
(c)	Section 2(c) of the Circular, No. 121/1979 of 20 December 1979 issued by then Chairman of the Corporation.	Once the advances are given by way of cheques together with orders, such advances should be settled within a period of 30 days. However, such advances totaling Rs.256,635,937 had remained unsettled over 3 years at the Corporation. Further, cheque together with order advance balances given over one year amounting to Rs.20,085,988 had remained unsettled at NEMO as at 31 December 2018.	We have already informed to the officers who have undertaken the responsibility to settle the advance to settle immediately.	Due attention to be paid to comply with circular.
(d)	Section 4 of the Circular, No. 122/1979 of 20 December 1979 issued by then Chairman of the Corporation.	Once the cash advances are given for supply of service or goods, such advances should be settled within a period of 14 days. However, over 3 years special cash advance balances of Rs.14,263,413 had remained unsettled as at 31 December 2018. Further, special cash advance balances given over one year amounting to Rs.8,653,621 had remained unsettled at NEMO as at 31 December 2018.	Action will be taken to recover from their salary and settle the advance.	Due attention to be paid to comply with circular.
(e)	Treasury Circular No. 842 of 10 December 1978	The register of fixed assets had not been maintained in NEMO as per requirement of the Treasury Circular.	NEMO has not reply the observations yet.	Due attention to be paid to comply with Treasury Circular.

1.8 Cash Management

	Audit Issue	Management Comment	Recommendation
(a)	The Corporation had obtained a bank overdraft of Rs.45,430,869 in excess of the approved facility as at 31 December 2018.	We could not settle this over draft due to poor cash flow situations. However in year 2021 this exceeded over draft balances converted to loan.	Action should be taken to maintain working capital management in corporation.
(b)	Out of the finance cost, 34 per cent represented the cost of interest on bank overdrafts amounting to Rs.96,826,390.	Interest cost for bank overdraft was increased due to not settle permanent over draft and interest thereon. This situation was happened due to poor cash flow situation of the corporation.	Action should be taken to maintain working capital management in corporation and cash flow management.
(c)	The interest on bank loans had increased by Rs.83,317,612 or 93.8 per cent as compared with the preceding year as at 31 December 2018. As the Interest Bearing Borrowings had increased by Rs. 1,498,719,820 or 248 per cent as against the preceding year, the financial position will further weaken in case of the corporation failing to earn sufficient profit through the projects in the future.	SEC has obtained a loan of Rs. 2,100 Mn from Bank of Ceylon for working capital requirement in year 2016. Due to present Cash Flow issue SEC could not settle these loans for a longer period unless, its cash receipt improve.	Action should be taken to maintained proper working capital management in corporation and cash flow management.

2. Financial Review

2.1 Financial Results

According to the financial statements, the operations of the Corporation during the year under review had resulted in a pre-tax net loss of Rs.1,757,592,398 as compared with the corresponding pre-tax net loss of Rs.1,316,541,721 for the preceding year, thus indicating a decreased of Rs.441,050,677 in the financial results for the year under review. The decrease of Revenue and Other Income were the main reasons attributed for this situation.

3. Operational Review

3.1 Operating inefficiencies

	Audit Issue	Management Comment	Recommendation
(a)	Forty two projects valued at Rs.6,816,376,809 implemented by the	Instructions have been issued to all concern parties and to the top	The management of the corporation should pay its

	Construction Division had incurred losses amounting to Rs.508,324,458 in the year under review, and its total accumulated loss as at 31 December 2018 was Rs.996,917,817.	management carry-out projects keeping profit margin. Also actions taken identify loss making projects using stringent progress monitoring system.	attention to mitigate the financial losses and enhance the profitability.
(b)	Seven projects valued at Rs.327,438,891 implemented by the Construction Component Division had sustained losses amounting to Rs.30,402,903 in year under review, and its total accumulated loss as at 31 December 2018 was Rs.72,049,447.	Instructions have been issued to all concern parties and to the top management carry-out projects keeping profit margin. Also actions taken identify loss making projects using stringent progress monitoring system.	The management of the corporation should pay its attention to mitigate the financial losses and enhance the profitability.
(c)	Four projects valued at Rs.74,262,513 implemented by the Mechanical & Electrical Division had incurred losses amounting to Rs.1,263,361 in year under review, and its total accumulated loss as at 31 December 2018 was Rs.11,250,528.	Instructions have been issued to all concern parties and to the top management carry-out projects keeping profit margin. Also actions taken identify loss making projects using stringent progress monitoring system.	The management of the corporation should pay its attention to mitigate the financial losses and enhance the profitability.
(d)	A Number of 1320 concrete slippers costing to Rs.8,383,000 rejected by the Department of Railway due to lack of quality, had remained in the stock for over 05 years.	SEC is in process of minimizing the losses by taking other alternative actions where economics value addition is feasible.	The management of the corporation should pay its attention to quality of production and enhance the profitability.
(e)	Twenty five projects valued at Rs.554,510,917 implemented by the NEMO had incurred losses amounting to Rs.67,798,319 in year under review.	NEMO has not replied their observations yet.	The management of the corporation should pay its attention to mitigate the financial losses and enhance the profitability.

4. Accountability and Good Governance

4.1 Submission of Financial Statements

Audit Issue	Management Comment	Recommendation
In terms of Section 6.5.1 of the Public Enterprises Circular, No. PED/12 dated 02 June 2003, the annual financial statements and the annual performance draft report should be furnished to the Auditor General within 60 days from the close of the year of accounts. Nevertheless, financial statements pertaining to the year under review had been furnished to the Auditor General on 28 July 2021, after a delay of 735 days.	Not replied	Action should be taken in accordance with circular.

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STATE ENGINEERING CORPORATION OF SRI LANKA

AMALGAMATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST DECEMBER 2018

STATE ENGINEERING CORPORATION OF SRI LANKA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31ST DECEMBER 2018

	Note	2018 (Rs.)	2017 (Rs.)
Revenue	4	3,278,555,466	3,623,607,372
Cost of Sales		(4,472,833,991)	(4,463,461,081)
Gross Profit		(1,194,278,525)	(839,853,709)
Other Income	5	138,389,556	174,921,742
Administrative Expenses		(443,417,858)	(454,152,555)
Net Finance Income/ (Expense)	6	(258,285,571)	(197,457,199)
Profit before Tax	7	(1,757,592,398)	(1,316,541,721)
Income Tax Expense	8	(98,223,356)	703,827,638
Profit for the period		(1,855,815,754)	(612,714,083)
Other comprehensive income			
Actuarial Gain/ (Losses) on Defined Benefit Plans		(1,588,292)	(57,474,366)
Fair Value Change of Available for sale Financial Instruments		(804,000)	(1,740,000)
Surplus on Revaluation of property, Plant and Equipments			
Other comprehensive income for the period, net of tax		(2,392,292)	(59,214,366)
Total comprehensive income for the period		(1,858,208,046)	(671,928,449)

The Accounting Policies and Explanatory Notes form an integral part of these Financial Statements.
(Figures in brackets indicate deductions.)

STATE ENGINEERING CORPORATION OF SRI LANKA
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2018.

	Note	31.12.2018 (Rs.)	31.12.2017 (Rs.) Restated
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	9	7,920,400,710	8,072,470,535
Intangible Assets	10	23,345	303,458
Investments in shares	11	3,120,000	3,924,000
Deferred Taxation	12	762,246,266	860,467,834
Other Financial Assets Including Derivatives	15	6,480,565	8,037,518
		8,692,270,886	8,945,203,344
Current Assets			
Inventories	13	480,200,440	516,316,531
Trade and other Receivables	14	5,267,786,918	5,522,557,373
Other Financial Assets Including Derivatives	15	1,041,767,500	966,787,593
Cash and Cash Equivalents	16	566,839,296	345,135,487
		7,356,594,154	7,350,796,984
Total Assets		16,048,865,040	16,296,000,328
EQUITY AND LIABILITIES			
Stated Capital	17	70,000,000	70,000,000
Capital Accretion Reserve		27,738,806	27,738,806
Revaluation Reserve		7,484,472,989	7,484,472,989
E&M Capital		(167,291,864)	(167,291,864)
General Reserve		3,602,690	3,602,690
Retained Earnings		(3,383,482,244)	(1,525,274,199)
Total Equity		4,035,040,377	5,893,248,422
Non-Current Liabilities			
Interest Bearing Borrowings	18	2,101,800,000	603,080,180
Employee Benefit	19	310,032,375	286,312,136
Other Financial Liabilities including derivatives	20	-	-
		2,411,832,375	889,392,316
Current Liabilities			
Interest Bearing Borrowings	18	154,332,096	200,387,694
Trade and other Payables	21	6,674,908,044	6,520,952,829
Other Financial Liabilities including derivatives	20	2,412,183,921	1,991,336,136
Income Tax Payable	22	10,564,395	30,669,058
Bank Overdraft	16	350,003,832	770,013,876
		9,601,992,288	9,513,359,593
Total Equity, Liabilities		16,048,865,040	16,296,000,331

These Financial Statement are prepared in compliance with the Sri Lanka Accounting Standards.

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Deputy General Manager (Finance)

Directors certificate in terms of Public Enterprises Circular No PED 45.The Accounting Statements , the Accounting policies and Explanatory Notes Form an intergral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and Signed on their behalf.

.... Chairman

.... Director

STATE ENGINEERING CORPORATION OF SRI LANKA
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31ST DECEMBER 2018

	Stated Capital	Capital Accretion Reserve	Revaluation Reserve	General Reserve	E&M Capital	Available For Sale Reserve	Retained Earnings	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Balance as at 01st January 2017	70,000,000	27,738,806	7,484,472,989	3,602,690	(167,291,865)	-	(327,461,928)	7,091,060,692
Profit for the Period							(671,928,449)	(671,928,449)
Balance as at 31.12.2017 as previously reported	70,000,000	27,738,806	7,484,472,989	3,602,690	(167,291,865)	-	(999,390,377)	6,419,132,244
Restatement								
Adjustment on Trade and other Payables							(1,186,750)	(1,186,750)
E P F & E T F arreas							(461,733,423)	(461,733,423)
Penalty for E P F & E T F							(62,963,648)	(62,963,648)
Balance as at 31.12.2017 as restated	70,000,000	27,738,806	7,484,472,989	3,602,690	(167,291,865)	-	(1,525,274,198)	5,893,248,423
Profit for the year							(1,855,815,754)	(1,855,815,754)
Other comprehensive Income -Actuarial Loss							(1,588,292)	(1,588,292)
Other comprehensive Income -Fair value changes							(804,000)	(804,000)
Total other comprehensive income for the period							(2,392,292)	(2,392,292)
Balance as at 31st December 2018	70,000,000	27,738,806	7,484,472,989	3,602,690	(167,291,865)	-	(3,383,482,244)	4,035,040,377

(Figures in brackets indicate deductions)

STATE ENGINEERING CORPORATION OF SRI LANKA
CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31ST DECEMBER 2018

	31.12.2018 (Rs.)	31.12.2017 (Rs.)
Cash Flow from Operating Activities		
Profit Before Tax	**(1,757,592,398)**	(1,316,541,721)
Adjustments for,		
Depreciation of Property, Plant and Equipment	**164,200,486**	263,477,721
Impairment/write off of Property, Plant and Equipment		
Amortization of Intangible assets	**280,113**	768,775
Dismantalling of Assets (Galapatha)	-	-
Provision for Retirement Benefit Obligations	**44,233,101**	37,711,324
Provision/(reversal) for Bad and Doubtful Debts	**258,226,245**	10,753,526
Provision for/(Reversal) of Obsolete Stocks	**3,957,438**	2,206,383
Provision /(reversal) of Income Tax	**(20,106,452)**	
Provision for Stock loss	-	5,126,733
Amortization of Grant	**(113,787,343)**	(147,130,778)
Interest Income	**(22,380,911)**	(23,766,908)
Interest Expenses	**269,576,560**	221,224,107
Operating Profit Before Working Capital Changes	**(1,173,393,161)**	(946,170,838)
(Increase)/Decrease in Inventory	**32,158,648**	34,397,783
(Increase)/Decrease in Trade and Other Receivables	**(3,455,790)**	792,319,785
(Increase)/Decrease in Other Current Financial Assets	**(73,422,954)**	439,684,696
Increase/(Decrease) in Other Current Financial Liabilities	**534,635,133**	(95,372,734)
Increase/(Decrease) Trade and Other Payables	**153,955,216**	(63,178,816)
Cash Generated from/(used in) Operating Activities	**(529,522,907)**	161,679,874
Interest Paid	**(269,576,560)**	(221,224,107)
Gratuity Paid	**(22,101,153)**	(36,438,154)
Income Tax Paid	-	(4,650,454)
Net Cash Generated from/(used in) Operating Activities	(821,200,620)	(100,632,841)
Cash Flow from Investing Activities		
Purchases of Property, Plant and Equipment	**(12,130,660)**	(29,684,477)
Down Payment of Lease	-	(5,355,000)
Interest Received	**22,380,911**	23,766,908
Net Cash Generated from/(used in) Investing Activities	10,250,251	(11,272,569)
Cash Flow from Financing Activities		
Preceeds from long term borrowings	**2,071,000,000**	100,000,000
Repayment of Lease	**(4,186,776)**	(3,976,128)
Repayment of Loan	**(614,149,003)**	(35,850,998)
Grant Received	-	-
Net Cash Generated from/(used in) Financing Activities	1,452,664,221	60,172,874
Net Increase/(Decrease) in Cash and Cash Equivalents during the period	**641,713,852**	(51,732,535)
Cash and Cash Equivalents at the beginning of the period	**(424,878,389)**	(373,145,854)
Cash and Cash Equivalents at the end of the period	216,835,465	(424,878,389)

The Accounting Policies and Explanatory Notes form an integral part of these Financial Statements.
(Figures in brackets indicate deductions.)

1. GENERAL

1.1. Reporting Entity

State Engineering Corporation of sri Lanka was established under the State Industrial Corporation Act No.49 of 1957 on the 01st January 1962 and function under the Ministry of Construction & Engineering Service. The registered office of the State Engineering Corporation of Sri Lanka is located at No. 130, W.A.D. Ramanayake Mawatha,Colombo 02.

1.2. Principal Activities and Nature of Operations

State Engineering Corporations is primarily involved in the business of Construction Activities and provides services in civil engineering construction, mechanical and electrical engineering, architectural and engineering consultancy services, manufacture of pre-cast components and building materials for civil engineering projects.

2. Summary of Significant Accounting Policies

2.1. Statement of Compliance

The financial statements of the Corporation comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the cash flow statement, together with the accounting policies and notes to the financial statements. These financial statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS and LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

The Financial Statements were authorized for issue by the Board of Directors in accordance with the resolution passed by the Board of Directors on 26.07.2021.

2.2. Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for the following material items in the statement of financial position.

- Financial assets and financial liabilities that have been measured at fair value
- Employee benefit liability recognized based on Project Unit Credit Method (LKAS 19)
- Property, Plant and Equipments and Motor Vehicles are stated at revalued amounts

The Directors have made an assessment of the Corporation's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of trading.

2.3. Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees which is the Corporation's functional currency and all values are rounded to the nearest rupees.

2.4. Use of Estimates and Judgments

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all period presented in these financial statements unless otherwise stated.

3.1. Foreign Currency

3.1.1. Foreign Currency Transactions

In preparing the Financial Statements of the Corporation, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the closing rate. Non-monetary items measured at fair value are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items measured at historical cost are translated at the rates prevailing on the date of transaction. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

3.2. Assets and the bases of their Valuation

Assets classified as current assets in the Statement of Financial Position are cash, bank balances and those which are expected to be realized in cash, during the normal operating cycle of the Corporation's business, or within one year from the reporting date, whichever is shorter. Assets other than current assets are those which the Corporation intends to hold beyond a period of one year from the reporting date.

3.2.1. Property, Plant & Equipment

3.2.1.1. Recognition and Measurement

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (Major components) of property, plant and equipment.

3.2.1.2. Owned Assets

The cost of an item of property, plant and equipment comprise its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labor, and any other costs directly attributable to bringing the asset to the working condition for its intended use. This also includes cost of dismantling and removing the items and restoring in the site on which they are located and borrowing costs on qualifying assets.

Purchased software that is integrated to the functionality of the related equipment is capitalized as part of equipment.

3.2.1.3. Leased Assets

Leases in terms of which the Corporation assumes substantially all the risk and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured and capitalized at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the income statement. Other leases are operating leases which are not recognized in the Corporation's Statement of Financial Position.

3.2.1.4. Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3.2.1.5. Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on derecognition are recognized within other income in profit or loss.

3.2.1.6. Revaluation

Revaluation is performed on freehold Land and Building by professionally qualified valuers using the open market value at least once in every three years. The valuation surplus is recognized on the net carrying value of the asset and is transferred to a revaluation reserve after restating the asset at the revalued amount. The revaluation reserve is transferred to retained earnings at the point of derecognition.

3.2.1.7. Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives are as follows:

Asset Category	Useful Life (Years)	Depreciation Rate (%)
Buildings	40	2.5%
Plant & Machinery	05	20%
Furniture and fixtures	10	10%
Motor vehicles	05	20%
Office Equipments	05	20%
Computers	05	20%

Depreciation of an asset begins when it is available for use where as depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.2.2. Capital Work in Progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as Capital Work-in-Progress, whilst the capital assets which have been completed during the year and available to use have been transferred to Property, Plant and Equipment.

3.2.3. Intangible Assets

An Intangible Assets is recognized if it is probable that economic benefits are attributable to the assets will flow to the entity and cost of the assets can be measured reliably and carried at cost less accumulated amortization and accumulated impairment losses.

3.2.3.1. Software

All computer software cost incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and its probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets.

3.2.3.2. Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

3.2.3.3. Amortisation

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in the profit or loss on a straight line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Asset Category	Useful Life (Years)	Depreciation Rate (%)
Computer Software	05	20%

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.2.4. Inventories

Inventories are stated at the lower of cost and net realizable value, after making due allowance for obsolete and slow moving items. The cost of inventories is comprised all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the normal course of business less estimated cost of realization and/or cost of conversion from their existing state to saleable condition.

Inventory movement is reviewed at the end of reporting period by an expert to assess the recoverability of inventory and the items that are identified as irrecoverable are written off during the year.

3.2.5. Work in Progress

Contractual costs incurred for future work are recognized as an asset when it is probable that they will be recovered and such costs are classified as work in progress. Variation and claims are recognized in contract revenue only when it is probable that the customer will approve the variation or claim and the amount of revenue can be reliably measured. Until recognize in revenue cost incurred for variation and claims are classified as work in progress.

3.2.6. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, call deposits, demand deposits, and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value net of bank overdrafts that are repayable on demand for the purpose of the Statement of Cash Flows

3.2.7.Impairment of Non Financial Assets

The Corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Corporation makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's value in use and its fair value less cost to sale and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the assets is considered impaired and is written down to its' recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and the risk specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transaction can be identified, an appropriate valuation model is used.

Impairment loss of continuing operations are recognized in the Statement of Comprehensive Income in those expenses categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognized. If that is the case, carrying amount of the asset is increased to its recoverable amount. That increased amount cannot 'exceed' the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Comprehensive Income.

3.3. Financial Instruments

3.3.1 Financial Assets

3.3.1.1 Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Corporation determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Corporation commits to purchase or sell the asset.

The Corporation financial assets include cash and cash equivalent, short term deposits, trade and other receivables, loans and quoted equity instruments.

3.3.1.2 Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as described below:

3.3.1.3 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Corporation that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the Statement of Financial Position at fair value with changes in fair value recognized in finance income or finance costs in the income statement.

The Corporation evaluated its financial assets at fair value through profit and loss (held for trading) whether the intent to sell them in the near term is still appropriate. When the Corporation is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Corporation may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset

3.3.1.4 Held to maturity financial assets

If the Corporation has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, Held to Maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR). The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs.

3.3.1.5 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

3.3.1.6 Available for Sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss. Available-for-sale financial assets comprise equity securities and debt securities.

The Corporation evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Corporation is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Corporation may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Corporation has the intention and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the available-for sale category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

3.3.1.7 Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial Assets) is derecognised when:

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

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

3.3.1.8 Impairment of Financial Assets

The corporation assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred. After the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3.3.1.9 Financial Assets Carried at Amortised Cost

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

3.3.2 Financial Liabilities

3.3.2.1 Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Corporation determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

The Corporation financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

3.3.2.2 Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

3.3.2.3 Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Separated embedded derivatives are also classified as held-for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held-for-trading are recognized in the profit or loss. The Corporation has not designated any financial liabilities upon initial recognition as at fair value through profit or loss

3.3.2.4 Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that is an integral part of the EIR. The EIR amortization is included in finance costs in the income statement.

3.3.2.5 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement

3.3.2.6 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the Statement of Financial Position only if there is a current enforceable legal right to offset the recognized amounts and intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expense will not be offset in the Income Statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Corporation.

3.3.2.7 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same;
- A discounted cash flow analysis or other valuation Models

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note no 23.

3.4. Post Employment Benefits

3.4.1.Defined Benefit Plan

The liability recognized in the Statement of Financial Position is the present value of the defined benefit obligation at the reporting date, using the projected unit credit (PUC) method. The gratuity liability is not externally funded, nor actuarially valued. The gratuity liability is valued using the Projected Unit Credit (PUC) method considering the assumptions required to arrive at the present value of defined benefit obligation.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for gratuity payment to an employee arises only after the completion of 5 years of continued service.

3.4.2.Defined Contribution Plans – Employees' Provident Fund and Employee Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed contribution to a separate entity and will have no legal or constructive obligation to pay further amounts.All employees who are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions are covered by relevant contributions funds in line with the relevant statutes. Employer's contributions to the defined contribution plans are recognized as an expense in profit or loss when incurred.

3.5. Provision, Contingent Liabilities, Contingent Assets

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation and a reliable estimate can be made of the amount of the obligation.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

Contingent assets are disclosed, where inflow of economic benefit is probable

3.6. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match to the costs, that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments. Where the Corporation receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments.

3.7. Statement of Comprehensive Income

3.7.1. Revenue

Revenue represents the amounts derived from the provision of services and sale of goods, which fall within the Corporation ordinary activities net of trade discounts and turnover related taxes.

3.7.1.1. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue and the associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes, and after eliminating sales within the Corporation. The following specific criteria are used for the purpose of recognition of revenue.

3.7.1.1.1. Construction Contract

When the outcome of a contract can be estimated reliably, revenue is recognized by reference to the Stage of Completion of the Contracting activity as at the reporting date (Percentage-of-Completion Method).When the outcome of a contract cannot be estimated reliably, revenue is recognized to the extent of cost incurred that are likely to be recoverable. When it is probable that total cost will exceed total revenue, the expected loss is recognized as an expense immediately.

The Stage of Completion is measured by reference to the proportion that, costs incurred for work performed to date bear to the estimated total costs.

3.7.1.1.2. Sale of Goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the Consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue from the sale of goods is recognized when the significant risk and rewards of ownership of the goods have passed to the buyer with the Corporation retaining neither a continuing managerial involvement to the degree usually associated with ownership, nor an effective control over the goods sold.

3.7.1.1.3. Rendering of services

Revenue from services rendered is recognized in the Statement of Comprehensive Income once all significant performance obligations have been provided.

3.7.1.1.4. Other Income

Profits or losses from disposal of property, plant and equipments recognized having deducted from proceeds on disposal, the carrying value of the assets and the related expenses.

Foreign currency gains and losses are reported on a net basis.

Income from scrap sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

3.7.1.1.5. Interest Income

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

3.7.2. Expenditure Recognition

3.7.2.1. Construction Contracts

Contract Expenses are recognized as incurred unless they create an asset to future contract activity. An expected loss on a contract is recognized immediately in profit or loss.

3.7.2.2. Other Expenses

All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year
For the purpose of presentation of Statement of comprehensive income the directors are of the opinion that function of expenses method presents fairly the elements of the Corporation performance, hence such presentation method is adopted.

3.7.2.3. Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred except those that are directly attributable to the construction or development of Property, Plant and Equipments which are capitalized as part of the cost of those assets during the period of construction or development.

3.7.3. Taxation

3.7.3.1. Current Taxes

Current Income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax is based on the elements of income and expenditures reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act.

The relevant details are disclosed in the respective notes to the Financial Statements.

3.7.3.2. Deferred Taxation

Deferred taxation is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are recognized for all temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realized or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the end of the reporting period.
Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3.8. Related Party Transaction

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged or not.

The relevant details are disclosed in the respective notes to the Financial Statements.

3.9. Event Occurring After The Reporting Period

Events after the reporting period are those events favorable and unfavorable that occurs between the end of the reporting period and the date when the financial statements are authorized for issue.

The materiality of the events occurring after the reporting period is considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

3.10. Segmental Reporting

The Segment is a distinguishable component of the Corporation that is engaged either in providing related products or services (business segment), or in providing Products or Services within a particular Economic Environment (Geographical Segment), which is subject to risks and returns that are different from those of the Segments. Segment Information is presented in respect of the Corporation's Business and Geographical Segments. The Corporation's Primary Format for segment reporting is based on business Segments.

The Business segments are determined based on the Corporation's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The activities of the Corporation are located mainly in Sri Lanka. Consequently, the economic environment in which the Corporation operated is not subject to risks and rewards that are significantly different on a geographical basis. Hence disclosure by geographical region is not provided.

The relevant details are disclosed in the respective notes to the Financial Statements

3.11. Cash Flow

Interest received and dividends received are classified as investing cash flows, while dividend paid and interest paid, is classified as financing cash flows for the purpose of presentation of Statement of Cash Flows which has been prepared using the 'Indirect Method'.

1.1. Comparative information

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

1.2. New Standards and Interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2016, and have not been applied in preparing these financial statements. These include;

These include following standards which will be effective from 1st January 2017;

(a) SLFRS 09 – This stranded becomes effective for annual periods beginning on or after 1st January 2018.The adoption of SLFRS 9 will have an impact on the classification and measurement of the Corporation's financial instruments.

(b) SLFRS 15 – Revenue from contracts with Customers SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized which replaces the existing revenue recognition guidance including LKAS 11 – "Construction Contracts". The adoption of SLFRS 15 is effective for annual periods beginning on or after 1st January 2018, with early adoption permitted. The corporation will adopt this stranded when they become effective. Pending a detailed review, the financial impact is not reasonably estimable as at the date of publication of these Financial Statement.

The Corporation is currently in the process of evaluating the potential effect of these standards on its financial statements and the impacts of the adoption of these standards have not been quantified as at the balance sheet date.

	31.12.2018 (Rs.)	31.12.2017 (Rs.)
4 REVENUE		
Buildings and other Construction	**2,228,686,937**	2,524,365,236
Road Construction	**97,820,240**	96,436,339
Mechanical and Electrical Income	**71,020,425**	106,000,098
Consultancy and Architectural Services	**185,684,649**	279,778,474
Sale of Construction Related Material	**607,991,885**	502,584,905
Hiring Income	**87,351,330**	114,442,320
	3,278,555,466	3,623,607,372
5 OTHER INCOME		
Rent income	**10,225,263**	9,703,641
Reversal of Stock over provisos	**179,906**	44,703
Reversal of other provision	-	
Amortization of Grants	**113,787,343**	147,130,778
Registration fee income	**4,786,875**	4,883,252
Miscellaneous Income	**9,410,169**	13,159,368
	138,389,556	174,921,742
6 NET FINANCE INCOME /(EXPENSE)		
Finance Income		
Interest Income on Fixed Deposits	**20,320,888**	19,660,536
Interest on Saving Deposits	**1,617,067**	2,073,015
Interest Income on Repurchase Agreements	-	261,264
Interest income on Staff Loan	**442,956**	755,651
Foreign Exchange Gain	-	1,016,442
	22,380,911	23,766,908
Finance Cost		
Interest on loans	**172,134,154**	88,816,542
Bank Charges & Commission	**10,860,994**	25,244,486
Interest on Finance Lease Obligations	**844,944**	1,474,902
Interest on Bank Overdrafts	**96,826,390**	105,688,177
	280,666,482	221,224,107
Net Finance Income /(Expense)	**(258,285,571)**	(197,457,199)

	31.12.2018 (Rs.)	31.12.2017 (Rs.)
	with out NEMO (Rs)	with out NEMO (Rs)

7 PROFIT BEFORE TAX

Is stated after charging all expenses including the following,

	31.12.2018 (Rs)	31.12.2017 (Rs)
Directors Remuneration	880,784	485,000
Professional Charges	5,768,598	10,448,365
Legal expenses	2,148,247	823,220
Donations	489,000	1,203,592
Depreciation on Proprerty Plant & Equipment	164,200,486	263,477,721
Amortization of Intangible Assets	280,113	768,775
Written off or Provision for/ (Reversal of)		
- Bad and Doubtful Debts		
- Obsolete and Slow Moving Stocks	4,600,614	(11,709,119)
- Bad and Doubutful Debts	258,226,245	(10,753,526)
Staff Related Cost		
- Salaries ,Wages and other expenses	1,889,255,862	1,900,196,645
- Defined Benefit Plan Cost - Gratuity	43,798,178	37,711,325
- Defined Contribution EPF	148,905,888	137,796,597
ETF	37,487,077	34,484,350

8 INCOME TAX EXPENSE

	31.12.2018	31.12.2017
On the Current years Profit (Note 8.2)		4,650,639
Under/ (over) Provision in previous year	1,789	
Deferred Taxation (Note 12)	98,221,567	(708,478,277)
Tax expense on Total Comprehensive Income	98,223,356	(703,827,638)

8.1 Taxation on Profits

Under the provisions of the Inland Revenue Act No.10 of 2006 and amendments thereto, the Company is liable for income tax at the concessionary rate of 12% on construction income and 28% on other income

8.2 Reconciliation between current tax expense and the accounting profit

	31.12.2018 (Rs)	2017 (Rs)
Accounting Profit before tax	(1,757,592,398)	(1,316,541,721)
Trading profit	(1,749,920,367)	(1,539,399,469)
Other income	43,625,019	38,758,083
Disallowable Expenses for Taxation	266,634,217	327,893,548
Allowable Expenses for Taxation	(68,700,971)	(80,987,675)
Statutory Profit/(Loss) from Business	(1,508,362,102)	(1,253,735,513)
Taxable Income	(1,508,362,102)	25,706,809
Tax Loss Brought Forward	(3,142,288,678)	(1,897,550,549)
Tax loss incurred During the year	(1,508,362,102)	(1,253,735,513)
B/F Loss adjustment	2,697,662	-
Tax loss claimed during the year	7,167,814	8,997,384
Tax Loss Carried Forward	(4,640,785,304)	(3,142,288,678)
Tax at the Rate of 12% (2012 - 12%)	-	-
Tax at the Rate of 28% (2012 - 28%)		4,650,639
Provision for Taxation on Current Year Profit	920	4,650,639

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9. PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD							LEASEHOLD			
COST	**Land**	**Building**	**Plant, Machinery & Equipments**	**Computers**	**Motor Vehicles**	**Office Equipments**	**Furniture & Fittings**	**Plant, Machinery & Equipments**	**Motor Vehicles**	**Capital work in Progress**	**Total**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**		**Rs.**	**Rs.**	**Rs.**
Balance as at 01st January 2018	6,838,665,000	541,290,499	972,881,945	88,532,291	191,917,309	78,343,495	42,718,523	-	17,850,000	541,523,297	9,313,722,359
(as previously reported)											
Additions during the year											
Restatement of Assets						-				(981,107)	(981,107)
Balance as at 31.12.2017 as restated	**6,838,665,000**	**541,290,499**	**972,881,945**	**88,532,291**	**191,917,309**	**78,343,495**	**42,718,523**	-	**17,850,000**	**540,542,189**	**9,312,741,251**
Additions during the peiod	-	-	**4,323,749**	**2,985,950**	**941,840**	**3,232,497**	**646,624**	-			**12,130,660**
Disposals during the period	-							-			-
Balance as at 31st December 2018	**6,838,665,000**	**541,290,499**	**977,205,694**	**91,518,241**	**192,859,149**	**81,575,992**	**43,365,147**	-	**17,850,000**	**540,542,189**	**9,324,871,911**
ACCUMULATED DEPRECIATION											
Balance as at 01st January 2018	-	62,931,518	841,124,901	79,953,959	160,107,491	61,156,350	31,692,208		3,304,288	-	1,240,270,716
Charge for the period	-	**13,532,263**	**110,796,476**	**4,502,583**	**23,876,557**	**5,318,267**	**2,604,340**		**3,570,000**		**164,200,486**
Revaluation Adjustments											
Disposals						-					-
Balance as at 31st December 2018	-	**76,463,781**	**951,921,377**	**84,456,542**	**183,984,048**	**66,474,617**	**34,296,548**	-	**6,874,288**	-	**1,404,471,202**
IMPAIRMENT											
Balance as at 01st January 2018	-	-	-	-	-	-	-	-	-	-	-
Charge/(Reversal) for the period	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st December 2018	-	-	-	-	-	-	-	-	-	-	-
Charge/(Reversal) for the year					-	-	-	-	-	-	-
Balance as at 31st December 2018	-	-	-	-	-	-	-	-	-	-	-
CARRYING AMOUNT											
Balance as at 31st December 2018	**6,838,665,000**	**464,826,718**	**25,284,317**	**7,061,699**	**8,875,101**	**15,101,375**	**9,068,599**	-	**10,975,712**	**540,542,189**	**7,920,400,710**
As at 31st December 2017 as restated	6,759,050,000	446,883,539	112,856,726	4,383,749	6,079,556	10,651,958	10,606,937	-	14,545,712	540,542,190	7,905,600,367

10. INTANGIBLE ASSETS

	31.12.2018 (Rs.) with out NEMO	31.12.2017 (Rs.) with out NEMO
Cost		
Balance at the begining of the year	3,843,921	3,843,921
Additions during the period	-	-
Balance at the end of the period	3,843,921	3,843,921
Amortization		
Balance at the begining of the year	(3,540,463)	(2,771,688)
Charge during the period	(280,113)	(768,775)
Balance at the end of the period	(3,820,576)	(3,540,463)
Carrying Amount	23,345	303,458

11. INVESTMENT IN SHARES

	No of Shares	31.12.2018 (Rs.)	31.12.2017 (Rs.)
HDFC Bank	120,000	3,924,000	5,664,000
Adjustment for fair value of investments		(804,000)	(1,740,000)
Carrying amount		3,120,000	3,924,000

12. DEFERRED TAXATION

12.1 Movement in deferred tax

	31.12.2018 (Rs.)	31.12.2017 (Rs.)
Balance at the beginning of the year	860,467,834	151,989,557
(Provision) /Reversal during the period	(98,221,567)	708,478,277
Balance at the end of the Period	762,246,267	860,467,834

12.2 Composition of deferred tax

	31.12.2018		2017	
	Temporary difference (Rs.)	Tax effect on temporary difference (Rs.)	Temporary difference (Rs.)	Tax effect on temporary difference (Rs.)
Temporary Difference on PPE	(246,540,677)	(16,176,936)	(223,705,640)	(62,637,579)
Temporary difference on Gratiuity Provision	148,044,946	9,387,173	142,167,911	39,807,015
Temporary Difference on Stock Provision	15,662,723	576,272	12,348,461	3,457,569
Temporary Difference on Tax Losses	4,602,140,166	768,459,757	3,142,288,678	879,840,830
	4,519,307,158	762,246,266	3,073,099,410	860,467,834

12.3 Movement in tax effect of temporary differences

	As at 31ST December 2018 (Rs.)	Recognized in income statement (Rs.)	As at 31st December 2017 (Rs.)	Recognized in income statement (Rs.)	As at 31st December 2016 (Rs.)
Deferred tax on PPE	(16,176,936)	46,460,643	(62,637,579)	(9,567,722)	(53,069,857)
Deferred tax on Gratuity Provision	9,387,173	(30,419,842)	39,807,015	25,821,455	13,985,560
Deferred tax on Stock general Provision	576,272	(2,881,296)	3,457,569	1,715,398	1,742,171
Temporary Difference on Tax Losses	768,459,757	(111,381,073)	879,840,830	690,509,146	189,331,684
	762,246,266	(98,221,568)	860,467,835	708,478,277	151,989,558

Since the Corporation's income is liable for income tax ,the deferred tax is arrived at by applying the income tax rates 12% applicable for the local income received in local currency.

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	31.12.2018 (Rs.) 12MONTH with out NEMO	31.12.2017 (Rs.) 12 MONTHS with out NEMO
13. INVENTORIES		
Raw Materials	268,806,962	305,321,857
Finished Goods	250,149,183	245,149,766
	518,956,145	550,471,623
Less: Provision for Impairment (Note:13.1)	(33,628,972)	(29,028,358)
Provision for Stock Loss	(5,126,733)	(5,126,733)
	480,200,440	516,316,532
13.1 Movement in Provision for Impairment		
Balance at the beginning of the year	29,028,358	17,319,239
Provision/(Reversal) made during the period	4,600,614	11,709,119
Balance at the end of the period	33,628,972	29,028,358
14. TRADE AND OTHER RECEIVABLES		
Trade Receivables	3,517,061,630	3,176,933,801
Less: GST/VAT	(899,140,208)	(886,178,455)
Provision for impairment **(14.1)**	(653,136,385)	(394,910,140)
	1,964,785,037	1,895,845,206
Amount Due from Customers	2,074,807,364	2,361,877,200
Deposits , Prepayments and advances	1,122,170,094	1,084,403,230
Withholding Tax receivables	2,159,048	51,987,558
Inter Company Current Account with NEMO	70,979,176	64,546,894
Other Receivables	32,886,199	63,897,285
	5,267,786,918	5,522,557,373
14.1 Movement in Provision for Impairment		
Balance at the beginning of the year	394,910,140	384,156,614
Provision/(Reversal) made during the period	258,226,245	10,753,526
Balance at the end of the period	653,136,385	394,910,140

Impairment provision was reveived and identified debtors to be impaired for the year ended 31st December 2017,Which include all the impaired debtors recognized in 2017.

	31.12.2018	31.12.2017
15. Other Financial Assets Including Derivatives		
Non Current		
Loans given to employees	6,480,565	8,037,518
	6,480,565	8,037,518
Current		
Retention and T C Receivable	1,036,700,809	960,660,895
Loans given to employees	5,066,691	6,126,698
	1,041,767,500	966,787,593
	1,048,248,065	974,825,111

	31.12.2018 (Rs.)	31.12.2017 (Rs.)
	with out NEMO	with out NEMO
15.1. Loans given to employees		
Balance at the beginning of the year	14,164,216	21,759,522
Loans Granted during the period	3,000,000	2,400,000
Loans Recovered during the period	(5,616,960)	(9,995,306)
Balance at the end of the period	11,547,256	14,164,216
Non Current	6,480,565	8,037,518
Current	5,066,691	6,126,698

The Corporation Provides Loans to employees and charged interest 7,500/= per 100,000/=irrespective of loan repayment period.

16. CASH AND CASH EQUIVALENTS

	31.12.2018 (Rs.)	31.12.2017 (Rs.)
16.1 Favourable Balances		
Fixed Deposits	211,643,562	192,212,979
Saving/Call Deposits	29,833,332	46,389,201
Cash at Bank	311,231,403	90,557,486
Cash in Hand	14,130,999	15,975,821
	566,839,296	345,135,487
16.2 Unfavorable Balances		
Bank Overdraft	(350,003,832)	(770,013,876)
Cash and Cash Equivalents for the purpose of the Cash Flow Statement	216,835,464	(424,878,389)

17. STATED CAPITAL

Issued and Fully paid		
At the beginning of the year	70,000,000	70,000,000
Issue during the period	-	-
At the end of the period	70,000,000	70,000,000

18. INTEREST BEARING BORROWINGS

Payable after one year		
Treasury Loan	30,800,000	30,800,000
Term Loan	2,071,000,000	567,948,084
Finance Lease Obligations	0.00	4,332,096
	2,101,800,000	603,080,180
Payable within one year		
Bill Discounting	100,000,000	100,000,000
Term Loan	50,000,000	96,200,918
Finance Lease Obligations	4,332,096	4,186,776
	154,332,096	200,387,694

	31.12.2018 (Rs.)	31.12.2017 (Rs.)
	with out NEMO	with out NEMO

18.1 Details of Securities and Repayment

Lender - Peoples Bank

Approved Facility - Bill Discounting Facility up to 100M

Facility Obtained - 100M

Securities Pledged - 8 Acres 02 Roods 19.47p deficted as lot no 1& 2 in plan no 3237 dated 17.06.2015 nade by Mr I,A,Wijethilaka,LS

Interest Rate -16% P.A

Repayments -120 Days

18.2 Details of Securities and Repayment

Lender - Bank of Ceylon

Approved Facility - Bill Discounting Facilty up to 250M

Facility Obtained - 0

Interest Rate -AWPLR + 4%

Repayments -6 months

18.3 Finance Lease Obligations

	31.12.2018 (Rs.)	31.12.2017 (Rs.)
Balance at the beginning of the year	9,644,130	15,095,160
Less: Payments made during the period	(5,031,720)	(5,451,030)
Gross Lease Obligation at the end of the period	4,612,410	9,644,130
Less: Interest in Suspense	(280,314)	(1,125,258)
Net Finance Lease Obligations	4,332,096	8,518,872
Payable within one year	4,332,096	4,186,776
Payable after one year	(0)	4,332,096

18.4 Term Loan

	Bank of Ceylon	Peoples Bank	H D F C	Total
Balance at the beginning of the year	580,815,670	83,333,333		664,149,003
Obtained During the period	2,020,000,000	-	51,000,000	2,071,000,000
Repayment during the period	(580,815,670)	(33,333,333)		(614,149,003)
Balance at the End of the period	2,020,000,000	50,000,000	51,000,000	2,121,000,000
Loan Payable within One Year	-	33,340,000		33,340,000
Loan Payable after One Year	2,020,000,000	16,660,000	51,000,000	2,087,660,000

19. EMPLOYEE BENEFIT

	31.12.2018 (Rs.)		31.12.2017 (Rs.)
Balance at the beginning of the year	286,312,135		227,564,599
Provision made in profit and Loss Account	44,233,101		37,711,324
Payments made during the period	(22,101,153)		(36,438,154)
Actuarial (gain) / loss recognized in Other Comprehensive Income	1,588,292		57,474,366
Balance at the end of the period	310,032,375	-	286,312,135

An independent actuarial valuation of the retirement benefit obligation was carried out as at 31st December 2017 by professional actuaries-M/S Piyal Goonathilaka.

The valuation method used by the Actuaries to value the Retirement Benefit Obligation is the "Projected Unit Credit Method". The method recommended by the LKAS 19 - 'Employee Benefits'

The Key Assumptions used by Actuary include the following	31.12.2018 (Rs.)	31.12.2017 (Rs.)
Discount Rate	12%	10.06%
Expected annual Rate of Salary Increment	1.30%	1.30%
Staff Turnover Factor (Ranging based on Age Group)	0.0%-1.08%	0.0%-1.08%
Retiring Age (Years)	60 years	60 years

Plan is not pre-Funded

The Corporation will Continue as a Going Concern

STATE ENGINEERING CORPORATION OF SRI LANKA
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FOR THE PERIOD ENDED 31st DECEMBER 2018

19.1 The amount recognised in the Balance Sheet are as follows

	31.12.2018 (Rs.) with out NEMO	31.12.2017 (Rs.) with out NEMO
Present value of unfunded obligations	310,032,375	286,312,135
Present value of funded obligations	-	-
Total present value of obligations	310,032,375	286,312,135
Fair value of plan assets	-	-
Present value of net obligations	310,032,375	286,312,135
Unrecognised net actuarial gains/ (losses)	-	-
Recognised liability for defined benefit obligations	310,032,375	286,312,135

19.2 Movement in the present value of defined benefit obligations

Liability for defined benefit obligations as at 1st January	286,312,135	227,564,599
Actuarial (gains)/ losses	1,588,292	57,474,366
Benefit paid by the plan	(22,101,153)	(36,438,154)
Current service costs	22,680,555	12,679,220
Interest Cost	21,552,546	25,032,105
Liability for defined benefit obligations as at 31st December	310,032,375	286,312,136

20. Other Financial Liabilities Including Derivatives

Non Current		
Deferred Income	-	
	-	-
Current		
Deferred Income	-	113,787,349
Mobilisation Advance	2,412,183,921	1,877,548,788
	2,412,183,921	1,991,336,137

20.1 Deferred Income

Balance at the beginning of the year	113,787,349	260,918,127
Grant Received during the period	-	-
Amortization during the period	(113,787,349)	(147,130,778)
Balance at the end of the period	-	113,787,349
Payable within one year	-	113,787,349
Payable after one year		-

21. TRADE AND OTHER PAYABLES

		Restated
Trade Payables	821,471,914	853,324,212
Subcontract Payables	1,545,322,609	1,617,735,806
labour contract advances Payable	49,743,094	48,795,170
Accrued Expenses and Other Provisions	1,503,054,303	1,439,230,813
Amount Due to Customer	1,715,106,870	1,548,412,726
VAT Payable	898,294,674	696,794,032
ESC Payable	67,996,943	67,996,943
Inter Group Current Account	-	203,292,178
Other taxes Payable	73,917,637	45,370,948
	6,674,908,044	6,520,952,829

	31.12.2018 (Rs.) with out NEMO	31.12.2017 (Rs.) with out NEMO

22. INCOME TAX PAYABLE

		31.12.2018 (Rs.)	31.12.2017 (Rs.)
Balance at the beginning of the year		**30,669,058**	30,668,873
Provision for Income Tax on current year's profits		**1,789**	4,650,639
Under/(Over) provision of Income Tax in respect of prior years		**(20,106,452)**	-
Tax paid during the year	- Income Tax		-
	- Withholding Tax	-	(4,650,454)
Balance at the end of the year		10,564,395	30,669,058

23. FINANCIAL INSTRUMENTS

23.1 Financial Instruments - Statement of Financial Position (SOFP)

The Financial Instruments recognise in the Statement of Financial Position are as follows:

	Note	31.12.2018 (Rs.)	31.12.2017 (Rs.)
Financial Assets			
Fair value through profit and loss			
SOFP Line Item:			
Other financial assets including derivatives - Non Current		-	-
Other financial assets including derivatives - Current		-	-
Total		-	-
Held-to-maturity			
SOFP Line Item:			
Cash and cash equivalents	16	**211,643,562**	192,212,979
Total		**211,643,562**	192,212,979
Loans and receivables			
SOFP Line Item:			
Other financial assets including derivatives - Non Current	15	**6,480,565**	8,037,518
Trade and other receivables	14	**5,267,786,918**	5,522,557,373
Cash and cash equivalents	16	**355,195,734**	152,922,508
Other financial assets including derivatives - Current	15	**1,041,767,500**	966,787,593
Total		**6,671,230,717**	6,650,304,992
Available-for-sale			
SOFP Line Item:			
Other Investments	11	**3,120,000**	3,924,000
Total		**3,120,000**	3,924,000
		6,885,994,279	6,846,441,971

	31.12.2018 (Rs.)	31.12.2017 (Rs.)
Financial Liabilities		
Fair value through profit and loss		
SOFP Line Item:		
Other financial liabilities including derivatives - Non Current	-	-
Other financial liabilities including derivatives - Current	-	-
Total	-	-

23 FINANCIAL INSTRUMENTS, (Cont..)

Other Financial Liabilities

SOFP Line Item:

Interest Bearing borrowings- Non Current	18	**2,101,800,000**	603,080,180
Other financial liabilities including derivatives - Non Currer	20	-	-
Interest Bearing borrowings- Current	18	**154,332,096**	200,387,694
Trade and other Payables	21	**6,674,908,044**	6,520,952,829
Other financial liabilities including derivatives - Current	20	**2,412,183,921**	1,991,336,137
Income Tax payable	22	**10,564,395**	30,669,058
Bank Overdrafts	16	**350,003,832**	770,013,876
Total		**11,703,792,288**	10,116,439,773
		11,703,792,288	10,116,439,773

23.2 Financial Risk Management

The corporation has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk (including currency risk and interest rate risk)

23.2.1 Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Corporation is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

23.2.1. Trade Receivables

Customer credit risk is managed by each business unit subject to the Corporation's established policy, procedures and control relating to customer credit risk management

The requirement for an impairment is analyzed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. The Corporation evaluates the concentration of risk with respect to trade receivables as low, as most of its customers are government organization.

	Note	31.12.2018 (Rs.)	31.12.2017 (Rs.)
Trade Receivables		**3,517,061,630**	3,176,933,801
		3,517,061,630	3,176,933,801

The aging of Trade & Other Receivables at the reporting date was;

	Gross 31.12.2018	Impairment 31.12.2018	Gross 31.12.2017	Impairment 31.12.2017
Past due 0-365 days	**1,136,358,098**	-	1,149,239,995	-
More than one year	**2,380,703,532**	**653,136,385**	2,027,693,806	394,910,140
	3,517,061,630	**653,136,385**	3,176,933,801	394,910,140

Based on historic default rates, the Corporation believes that, apart from the above, no impairment allowance is necessary in respect of Trade Receivables.

23.2.1. Cash and Cash Equivalents

Credit risk from balances with banks and financial institutions is managed by the Finance department in accordance with Corporation management finance policy
The Corporation holds Short term Deposits and Cash and cash equivalents of Rs.559,127,576/- at 31st December 2018 credit exposure on these as (2017 - Rs. 338,422,268/-) which represents its maximum

23 FINANCIAL INSTRUMENTS,(Cont..)

23.2.1. Cash and Cash Equivalents (Cont..)

As at 31st December 2018, Rs.310,273,988/- (2017-Rs.89,612,317/-) of the Favourable balance of bank and financial institution was rated "A+" or better for the corporation

Fitch rating Company	31.12.2018		2017	
	(Rs.)	%	(Rs.)	%
AAA	-	-	-	-
AA+	302,058,946	97%	84,564,485	93%
AA	-	-	-	-
AA-A	7,292,281	2%	4,112,825	5%
	-	-	-	-
BBB+	-	-	-	-
	309,351,227	99%	88,677,310	98%
Others	1,880,176	1%	1,880,176	2%
	311,231,403	100%	90,557,486	100%

23.2.2 Liquidity Risk

Liquidity risk is the risk that the corporation will encounter difficulty in meeting the obligations associated with it's financial liabilities that are settled by delivering cash or another financial asset. The Corporation's approach to managing is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal or stressed conditions, without incurring unacceptable losses or risking damage to the corporation's reputation.

To measure and mitigate liquidity risk, Corporation closely monitor its net operating cash flow, maintained a level of cash and cash equivalents and secured committed funding facilities from financial institutions.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

As at31st December 2018	Carrying amount	Less than one year	More than one year
Non-derivative financial liabilities			
Interest bearing borrowings	2,256,132,096	154,332,096	2,101,800,000
Income tax payable	10,564,395	10,564,395	-
Bank Overdrafts	350,003,832	350,003,832	-
Total	2,616,700,323	514,900,323	2,101,800,000

23.2.3 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprise of the following types of risk:

I. Interest rate risk
II. Currency risk
III. Commodity price risk
IV. Equity price risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while

23 FINANCIAL INSTRUMENTS,(Cont..)

Interest Rate Risk

At the reporting date the interest rate profile of the corporation's interest bearing financial instruments was;

	31.12.2018 (Rs.)	31.12.2017 (Rs.)
Fixed rate instruments		
Financial assets	14%	11%
Financial liabilities	18.50%	18.50%
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-

Currency risk

The Corporation is exposed to currency risk on sales, purchases, borrowings and investments that are denominated in a currency other

This risk is minimised by hedging naturally by a matching sales and purchases or matching assets and liabilities of the same currency and amounts. Where feasible, contracts are executed on a basket of currencies,minimising the potential risks.

The principal exchange rates used by the Corporation for conversion of foreign currency balances and transactions, for the year ended 31.12.2018 are as follows

	Average	Closing Rate buying	Selling
US Dollars	182.71	180.72	184.70

23.2.4 Capital management

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	31.12.2018	2017
Debt to Equity Ratio	*298%*	*129%*
Debt Ratio	75%	61%

24. CONTINGENT LIABILITIES

24.1 On behalf of State Engineering Corporation, banks have given Bank Guarantees to the Corporation's customers amounting to Rs.1,005.2 Mn /- as at 31st December 2018.

Bank	Letter of Credit (Rs.)	Performance , Advance & Bid bonds (Rs.)	Total (Rs.)
Peoples Bank	**25,700,000**	**979,566,042**	**1,005,266,042**
	25,700,000	**979,566,042**	**1,005,266,042**

24.2 Following legal cases are pending as at 31st December 2018.

1. Case No:CHC/537/2016/MR

M/S Eagle Wings Security and Investigation (Pvt) Limited has Filed the case in high court against State Engineering Corporation of sri lanka as non payment of service charges under case no CHC/537/2016/MR.Currently SEC has recorded Rs.21,063,471.31 is certified outstanding in our Financial Statement ,where as Eagle Wings demand Rs.37,472,181.25 is in the court case,which will be reconciled and finalized in the court case.

24.3 Pending Tax Issues

Assessment which have been received to SEC in different time in relation to V.A.T,N.B.T,E.S.C. was appended in appropriate way. Mostly appeals were coursed as non payment of on return taxes on due days. Therefore SEC has established it's appeals with the reason of delay in payments. Satisfaction to the CGIR and with the verbal instruction of tax authorities as installment basis payments are continued while payment of on return taxes with the confidence of waive off penalties as mention at the discussion .Therefore no probable liability for the penalties ,that would be need to adjusted in the Financial Statement.

Value Added Tax

Assessment Date	Assessment No.	Period	Amount
22.07.2014	7193608	13033	10,208,867
22.07.2014	7193609	13061	15,166,361
22.07.2014	7193610	13092	2,707,166
26.05.2014	7178019	13093	11,819,016
18.06.2014	7184680	13121	9,979,885
18.06.2014	7184683	13122	4,033,742
18.06.2014	7184887	14032	3,468,913
25.02.2015	7249842	14033	3,256,139
25.02.2015	7249843	14061	8,911,790
25.02.2015	7249844	14062	1,843,102
25.02.2015	7249845	14063	2,101,947
25.02.2015	7249846	14092	1,541,272
25.02.2015	7249847	14093	2,262,816
14.10.2015	7284212	14120	18,406,103
14.10.2015	7284213	15030	9,909,512
15.12.2015	7308323	15060	4,669,377
30.11.2016	7361098	15120	7,462,725
14.11.2018	700161001	1610	12,682,861
			130,431,594
Economic Service Charges			2,598,573
Nation Building Tax			162,788
National security Levy			1,970,599
Save the Nation Contribution			88,852
Turnover Tax			7,238,665
			142,491,071

25. CAPITAL COMMITMENTS

There was no contracted capital expenditure approved by the Board of Directors at the end 31st December 2015.

26. RELATED PARTY DISCLOSURES

26.1 TRANSACTIONS WITH KEY MANAGERIAL PERSONNEL

According to Sri Lanka Accounting Standards LKAS 24 - Related Party Disclosures, Key Management personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors including Chief Executive Officer of the Corporation who are in the very next level to the Board of Directors have been classified as Key Management Personnel of the Corporation

(i) Loans to the Directors

No loans have been granted to the Directors of the Corporation

(ii) Key Management Personnel Compensation

	2018 Rs.	2017 Rs.
Directors Remuneration	880,784	485,000
	880,784	485,000

26.2 Transactions with Related Companies

	Relationship	2018 Rs.	2017 Rs.
Ocean view Development	Affilliate		
		-	-

26.3 Other Transactions with Key Management Personnel

There were no other transactions with key Managerial Personnel other than those disclosed in Note 26 to these Financial Statements.

27 PRIOR YEAR ADJUSTMENT

Trade and other payables

27.1 Rs.150,000/- paid to Informatics (Pvt) Limited but this amount not accrued in the Financial Statement. As a result of this accounting error,this amount reflect under creditors as debit balance .Therefore this accounting erroe have been corrected by restating the Financial Statement.

Trade payables as priviously reported	540,234,948
Adjustment on Trade payable accounts	150,000
Trade payablrs as restated	540,384,948

Changes in Equity
Retained Earning

Retain Earnings as previously reported	(324,963,278)
Adjustment on Trade payables account	(150,000)
Retain Earnings as restated	(325,113,278)

27.2 Rs.36,750/- paid to Mr D.K.Abayanayake but this amount not accrued in the Financial Statement. As a result of this accounting error,this amount reflect under creditors as debit balance .Therefore this accounting error have been corrected by restating the Financial Statement.

Trade payables as priviously reported Restatement 27.1	540,384,948
Adjustment on Trade payable accounts	36,750
	540,421,698

Changes in Equity
Retained Earning

Retain Earnings as previously reported Restatement 27.1	(325,113,278)
Adjustment on Trade payables account	(36,750)
Retain Earnings as restated	(325,150,028)

27.3 Rs.1,000,0000/- paid to Hemnette Aluminium Extrusionco but this amount not accrued in the Financial Statement. As a result of this accounting error,this amount reflect under creditors as debit balance .Therefore this accounting erroe have been corrected by restating the Financial Statement.

Trade payables as priviously reported Restatement 27.2	540,421,698
Adjustment on Trade payable accounts	1,000,000
Trade payablrs as restated	541,421,698

Changes in Equity
Retained Earning

Retain Earnings as previously reported Restatement 27.2	(325,150,028)
Adjustment on Trade payables account	(1,000,000)
Retain Earnings as restated	(326,150,028)

27.4 E P F and E T F authorities has informrd to SEC that contribution has not been calculated for cost of living allovance since 2016.Sec has requested from tressury approve the government grant for pay this liability but as a balance sheet date,cabinet has not approved this grant and liabilited accounted. As a result of this accounting error,Financial Statement has been restated.

Trade and Other Payables
Accrued Expenses and Other Provisions

Accrued Expenses and Other Provisions as previously Reported	784,804,348
Adjustment on E P F payables	307,822,282
Adjustment on E T F payables	41,975,766
Adjustment penalty and surchrge Payables	174,899,023
Accrued expenses and other provisions as restated	1,309,501,419

Changes in Equity
Retained Earning

Retain Earnings as previously reported Restatement 27.3	(326,150,028)
Adjustment on accrued Expenses and other provisions	(524,697,071)
Retain Earnings as restated	(850,847,099)

27.5 **Property,Plant and Equipment**
Capital Working Progress
This capital nature Expendeture has been charged to the wip account in two times and restated Capital working progress as follows

Capital work in progress as previously reported	541,523,297
Adjustment on capital work in progress	(981,107)
Capital work in progress as restated	540,542,190

Trade and other payables
Accrued expenses and other provisions

Accrued expenses and other provisions after restatement 27.4	**1,309,501,419**
Adjustment on accrued expense and other provisions	(981,107)
Accrued expenses and other provisions as restated	1,308,520,312

STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2018

SEGMENT INFORMATION

	Construction		Construction Component		Road & Bridges		Mechanical & Electrical		NEMO		Consulatancy		Total	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Segment Gross Revenue	1,597,148,874	1,496,182,592	1,132,125,774	1,069,681,387	78,573,567	85,028,742	259,772,448	367,142,943	302,559,760	691,365,740	191,881,378	312,134,691	3,562,061,800	4,021,536,094
Less: Inter segment Revenue	(66,760,589)	(48,639,353)	(45,674,973)	(70,501,189)	-	-	(151,686,896)	(246,431,964)	-	-	(19,383,876)	(32,356,217)	(283,506,334)	(397,928,723)
Segment Net Revenue	1,530,388,285	1,447,543,239	1,086,450,801	999,180,198	78,573,567	85,028,742	108,085,552	120,710,979	302,559,760	691,365,740	172,497,502	279,778,474	3,278,555,466	3,623,607,371
Segment Cost of Sales	(1,771,318,859)	(1,806,294,438)	(1,072,884,366)	(1,013,401,519)	(70,570,442)	(85,986,519)	(190,830,833)	(118,766,251)	(578,835,651)	(905,030,461)			(3,684,440,151)	(3,929,479,188)
Segment Operation Profit	(240,930,574)	(358,751,198)	13,566,435	(14,221,321)	8,003,125	(957,777)	(82,745,281)	1,944,728	(276,275,891)	(213,664,721)	172,497,502	279,778,474	(405,884,686)	(305,871,817)
Less: Segment Overhead	(253,868,841)	(106,121,750)	(120,329,482)	(55,026,264)	(125,653,242)	(161,292,869)	(63,765,213)	(29,989,564)	-	-	(224,777,061)	(181,551,446)	(788,393,840)	(533,981,893)
Segment Gross Profit	(494,799,415)	(464,872,948)	(106,763,047)	(69,247,585)	(117,650,117)	(162,250,646)	(146,510,494)	(28,044,836)	(276,275,891)	(213,664,721)	(52,279,559)	98,227,028	(1,194,278,525)	(839,853,710)
Other Income	7,614,381	6,413,758.00	4,431,002	11,090,000	117,351,825	149,983,149.00	1,664,402	1,333,146.00	385,347	483,530	6,942,600	5,618,162.00	138,389,556	174,921,744
Administrative Expenses	(108,020,201)	(102,180,300.00)	(57,385,733)	(54,283,284)	(50,634,469)	(47,897,016.00)	(23,629,419)	(22,351,941.00)	(105,854,729)	(134,839,118)	(97,893,307)	(92,600,897.00)	(443,417,858)	(454,152,555)
Net Finance Income/(Exps)	(63,718,260)	(50,969,057)	(53,599,227)	(43,886,133)	(36,569,853)	(24,896,215)	(13,004,054)	(15,893,513)	(37,971,584)	(25,137,174)	(53,422,594)	(36,675,107)	(258,285,571)	(197,457,199)
Profit before Tax	(658,923,495)	(611,608,548)	(213,317,005)	(156,327,002)	(87,502,614)	(85,060,728)	(181,479,566)	(64,957,144)	(419,716,857)	(373,157,483)	(196,652,860)	(25,430,814)	(1,757,592,398)	(1,316,541,720)
Income Tax Expense	-	-	-	-	-	-	-	-	-	-	-	-	(1,789)	(4,650,639)
Deferred Tax Expenses	-	-	-	-	-	-	-	-	-	-	-	-	(98,221,567)	708,478,277
Profit for the Year	(658,923,495)	-	(213,317,005)	-	(87,502,614)	-	(181,479,565)	-	-	(373,157,483)	(196,652,860)	-	(1,855,815,754)	(612,714,083)
Other Comprehensive Income	(1,484,452)	-	(660,348)	-	(108,308)	-	(480,522)	-	1,611,520	-	(466,181)	-	(1,588,292)	(57,474,368)
Surplus on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fair Value Change		-	-	-	-	-	-	-	-	-	-	-	(804,000)	(1,740,000)
Total Comprehensive Income for the	(660,407,947)	-	(213,977,353)	-	(87,610,922)	-	(181,960,087)	-	-	(373,157,483)	(197,119,041)	-	(1,858,208,046)	(671,928,449)