

STATE ENGINEERING CORPORATION OF SRI LANKA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST OF DECEMBER 2024

		2024 (Year) (Rs.)	2023 (Year) (Rs.)
	Note	without NEMO	without NEMO
Revenue	4	1,371,955,520	1,820,642,199
Cost of Sales		(1,626,867,184)	(2,086,941,700)
Gross Profit		<u>(254,911,664)</u>	<u>(266,299,501)</u>
Other Income	5	78,750,099	33,592,661
Administrative Expenses		(308,209,282)	(1,895,719,655)
Net Finance Income/ (Expense)	6	(556,169,545)	(579,896,568)
Profit before Tax	7	<u>(1,040,540,393)</u>	<u>(2,708,323,062)</u>
Income Tax Expense	8	-	(644,718)
Profit for the period		<u><u>(1,040,540,393)</u></u>	<u><u>(2,708,967,780)</u></u>
Other comprehensive income			
Actuarial Gain/ (Losses) on Defined Benefit Plans		-	(149,494,794)
Fair Value Change of Available for sale Financial Instruments		-	456,000
Surplus on Revaluation of property, Plant and Equipments		-	-
Other comprehensive income for the period, net of tax		<u>-</u>	<u>(149,038,794)</u>
Total comprehensive income for the period		<u><u>(1,040,540,393)</u></u>	<u><u>(2,858,006,574)</u></u>

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 OF DECEMBER 2024

		31.12.2024 (Rs.)	31.12.2023 (Rs.) Restated
ASSETS	Note	without NEMO	without NEMO
Non-Current Assets			
Property, Plant and Equipment	9	7,691,189,476	7,705,690,917
Intangible Assets	10	2,240,185	2,796,205
Investments in shares	11	3,792,000	3,792,000
Deferred Taxation	12	-	-
Other Financial Assets Including Derivatives	15	759,716	882,632
		<u>7,697,981,378</u>	<u>7,713,161,754</u>
Current Assets			
Inventories	13	610,627,837	770,761,823
Trade and other Receivables	14	5,561,880,528	5,504,116,958
Other Financial Assets Including Derivatives	15	1,318,974,802	1,315,442,881
Cash and Cash Equivalents	16	505,740,468	1,047,732,694
		<u>7,997,223,635</u>	<u>8,638,054,356</u>
Total Assets		<u><u>15,695,205,012</u></u>	<u><u>16,351,216,110</u></u>
EQUITY AND LIABILITIES			
Stated Capital	17	4,142,380,000	4,142,380,000
Capital Accretion Reserve		27,738,806	27,738,806
Revaluation Reserve		7,279,082,412	7,279,082,412
General Reserve		3,602,690	3,602,690
Retained Earnings		(10,984,588,565)	(9,947,311,872)
Total Equity		<u>468,215,343</u>	<u>1,505,492,036</u>
Non-Current Liabilities			
Interest Bearing Borrowings	18	2,908,233,744	2,767,790,000
Employee Benefit	19	152,408,184	166,618,738
Other Financial Liabilities including derivatives	20	-	-
		<u>3,060,641,928</u>	<u>2,934,408,738</u>
Current Liabilities			
Interest Bearing Borrowings	18	100,000,000	100,000,000
Trade and Other Payables	21	9,096,024,412	8,469,000,475
Other Financial Liabilities including derivatives	20	2,939,630,805	3,066,645,075
Income Tax Payable	22	11,787,233	11,787,233
Bank Overdraft	16	18,905,292	263,882,551
		<u>12,166,347,741</u>	<u>11,911,315,334</u>
Total Equity, Liabilities		<u><u>15,695,205,012</u></u>	<u><u>16,351,216,107</u></u>

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 integral 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.

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Chairman

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Director

STATE ENGINEERING CORPORATION OF SRI LANKA
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST OF DECEMBER 2024

	31.12.2024	31.12.2023
	(Rs.)	(Rs.)
	without NEMO	without NEMO
Cash Flow from Operating Activities		
Profit Before Tax	(1,040,540,393)	(2,708,323,063)
Adjustments for,		
Depreciation of Property, Plant and Equipment	18,230,719	19,730,820
Impairment/write off of Property, Plant and Equipment	-	-
Amortization of Intangible assets	556,020	544,566
Provision/(Reversal) for Accrued Expenses and Other Provisions	-	-
Provision for Retirement Benefit Obligations	-	94,665,404
Provision/(Reversal) for Bad and Doubtful Debtors	3,594,129	-
Provision/(Reversal) for Obsolete Stocks	14,535,192	1,616,711
Amortization of Grant	-	-
Interest Income	(24,249,290)	(65,802,487)
Interest Expenses	561,207,849	635,245,568
Operating Profit Before Working Capital Changes	(466,665,774)	(2,022,322,481)
(Increase)/Decrease in Inventory	148,862,479	(146,127,712)
(Increase)/Decrease in Trade and Other Receivables	(61,357,686)	458,851,002
(Increase)/Decrease in Other Current Financial Assets	(3,409,007)	945,171
Increase/(Decrease) in Other Current Financial Liabilities	(127,014,270)	(562,959,746)
Increase/(Decrease) Trade and Other Payables	627,023,936	(239,511,479)
Cash Generated from/(used in) Operating Activities	117,439,678	(2,511,125,245)
Interest Paid	(605,764,105)	(26,377,389)
Gratuity Paid	(14,210,552)	(561,538,275)
Income Tax Paid	-	-
Net Cash Generated from/(used in) Operating Activities	(502,534,979)	(3,099,040,909)
Cash Flow from Investing Activities		
Purchases of Property, Plant and Equipment	(3,729,278)	(1,126,750)
Purchases of Intangible Assets	(0)	(1,749,100)
Interest Received	24,249,290	65,802,487
Net Cash Generated from/(used in) Investing Activities	20,520,012	62,926,637
Cash Flow from Financing Activities		
Proceeds from long term borrowings	185,000,000	-
Repayment of Loan	-	-
Cash Contributed by Treasury for Capital	-	3,436,880,000
Grant Received	-	-
Net Cash Generated from/(used in) Financing Activities	185,000,000	3,436,880,000
Net Increase/(Decrease) in Cash and Cash Equivalents during the period	(297,014,967)	400,765,728
Cash and Cash Equivalents at the beginning of the period	783,850,143	383,084,414
Cash and Cash Equivalents at the end of the period	486,835,176	783,850,143

The Accounting Policies and Explanatory Notes form an integral part of these Financial Statements.

(Figures in brackets indicate deductions.)

NOTE 16: CASH EQUILENT	486,835,176	783,850,143
DIFFERENCE	0	-

Unaudited Financial Statements 2024

STATE ENGINEERING CORPORATION OF SRI LANKA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST OF DECEMBER 2024

	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 2023	705,500,000	27,738,806	7,279,082,412	3,602,690	-	-	(7,089,305,298)	926,618,610
Profit for the Year							(2,708,967,780)	(2,708,967,780)
Capital Contributed by Government	3,436,880,000							3,436,880,000
Other comprehensive Income -Fair value changes							456,000	456,000
Other comprehensive Income -Actuarial Loss							(149,494,794)	(149,494,794)
Total other comprehensive income for the period	-	-	-	-	-	-	(149,038,794)	(149,038,794)
Balance as at 31.12.2023	4,142,380,000	27,738,806	7,279,082,412	3,602,690	-	-	(9,947,311,872)	1,505,492,036
Adjustment on Prior Year							3,263,700	3,263,700
Balance as at 31.12.2023 as restated	4,142,380,000	27,738,806	7,279,082,412	3,602,690	-	-	(9,944,048,172)	1,508,755,736
Profit for the Period							(1,040,540,393)	(1,040,540,393)
Capital Contributed by Government	-	-	-	-	-	-	-	-
Other Comprehensive Income -Actuarial Loss	-	-	-	-	-	-	-	-
Other Comprehensive Income -Fair Value Changes	-	-	-	-	-	-	-	-
Total Other Comprehensive Income for the period	-	-	-	-	-	-	-	-
Balance as at 31st of December 2024	4,142,380,000	27,738,806	7,279,082,412	3,602,690	-	-	(10,984,588,565)	468,215,343

(Figures in brackets indicate deductions)

**STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OF DECEMBER 2024**

	31.12.2024	31.12.2023
	(Rs.)	(Rs.)
	without NEMO	without NEMO
4 REVENUE		
Buildings and Other Construction	702,018,901	1,003,603,399
Road Construction	6,020,184	147,966,822
Mechanical and Electrical Income	71,530,334	71,188,509
Consultancy and Architectural Services	190,219,243	224,585,674
Sale of Construction Related Material	401,549,514	361,570,622
Hiring Income	617,344	11,167,642
Local Training and course Fee	-	559,531
	1,371,955,520	1,820,642,199
5 OTHER INCOME		
Rent income	53,069,440	13,853,955
Tender Fees	665,093	1,466,590
Scrap Sale	21,773,713	3,453,845
Registration Fee Income	1,441,185	1,421,739
Miscellaneous Income	1,800,668	13,396,532
	78,750,099	33,592,661
6 NET FINANCE INCOME /(EXPENSE)		
Finance Income		
Interest Income on Fixed Deposits	22,745,260	63,883,418
Interest on Saving Deposits	1,372,872	1,553,109
Interest on REPO	35,464	-
Interest income on Staff Loan	95,694	365,960
	24,249,290	65,802,487
Finance Cost		
Interest on Loans	545,677,460	608,868,179
Bank Charges & Commission	19,210,986	10,453,487
Interest on Bank Overdrafts	15,530,389	26,377,389
	580,418,835	645,699,055
Net Finance Income /(Expense)	(556,169,545)	(579,896,568)

STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OF DECEMBER 2024

	31.12.2024 (Rs.)	31.12.2023 (Rs.)
	without NEMO	without NEMO
7 PROFIT BEFORE TAX		
<i>Is stated after charging all expenses including the following,</i>		
Directors Remuneration	618,270	
Professional Charges	767,524	
Legal expenses	2,293,559	
Donations	200	
Depreciation on Property Plant & Equipment	19,126,222	
Amortization of Intangible Assets	556,020	
Written off or Provision for/ (Reversal of)		
- Bad and Doubtful Debts		
- Obsolete and Slow Moving Stocks		
- Bad and Doubtful Debts		
Staff Related Cost		
- Salaries ,Wages and other expenses	607,976,972	
- Defined Benefit Plan Cost - Gratuity	600,000	
- Defined Contribution EPF	53,614,838	
ETF	11,602,670	
8 INCOME TAX EXPENSE		
On the Current years Profit (Note 8.2)		
Under/ (over) Provision in previous year	-	
Deferred Taxation (Note 12)	-	
Tax expense on Total Comprehensive Income	-	-

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

SEC has been incurring lost during past few years of operation. Therefore there is no taxable profit during past few years. Accordingly income tax provision did not make for the books accounts in year 2020.

	31.12.2024 (Rs)	31.12.2023 (Rs)
8.2 Reconciliation between current tax expense and the accounting profit		
Accounting Profit before Tax	(1,040,540,393)	(2,708,323,063)
Disallowable Expenses for Taxation		-
Allowable Expenses for Taxation		(325,466,471)
Tax Loss of Business Income	(1,040,540,393)	(3,033,789,534)
Taxable Income		2,302,563
Tax Loss brought forward	9,069,277,042	8,512,255,013
Tax Loss incurred during the year		558,173,311
Tax Loss	9,069,277,042	9,070,428,324
Tax Loss claimed during the year		1,151,282
Tax Loss Carried Forward	9,069,277,042	9,069,277,042
Tax at the Rate of 12%		
Tax at the Rate of 28%		644,718

STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OF DECEMBER 2024

9. PROPERTY, PLANT AND EQUIPMENT

COST	FREEHOLD								Total
	Land	Building	Plant, Machinery & Equipments	Computers	Motor Vehicles	Office Equipments	Furniture & Fittings	Capital work in Progress	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Balance as at 01st January 2024	6,759,050,000	505,694,149	852,248,074	97,088,510	120,781,800	73,421,473	33,096,810	564,565,005	9,005,945,821
Additions during the period	-	-	2,179,278	-	-	1,550,000	-	-	3,729,278
Transfer of Assets	-	-	-	-	-	-	-	-	-
Disposals during the period	-	-	-	-	-	-	-	-	-
Balance as at 31st of December 2024	6,759,050,000	505,694,149	854,427,352	97,088,510	120,781,800	74,971,473	33,096,810	564,565,005	9,009,675,099
ACCUMULATED DEPRECIATION									
Balance as at 01st January 2024	-	134,664,734	850,216,876	91,844,055	120,781,800	72,048,364	30,699,074	-	1,300,254,903
Charge for the period	-	12,642,354	1,572,327	2,351,053	-	1,023,654	641,331	-	18,230,719
Transfer of Depreciation	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Balance as at 31st of December 2024	-	147,307,088	851,789,203	94,195,108	120,781,800	73,072,018	31,340,405	-	1,318,485,622
IMPAIRMENT									
Balance as at 01st January 2024	-	-	-	-	-	-	-	-	-
Charge/(Reversal) for the period	-	-	-	-	-	-	-	-	-
Balance as at 31st of December 2024	-	-	-	-	-	-	-	-	-
Balance as at 31st of December 2024	-	-	-	-	-	-	-	-	-
CARRYING AMOUNT									
Balance as at 31st of December 2024	6,759,050,000	358,387,061	2,638,147	2,893,402	-	1,899,455	1,756,405	564,565,005	7,691,189,476
As at 31st of December 2023	6,759,050,000	371,029,415	2,031,197	5,244,455	-	1,373,109	2,397,736	564,565,005	7,705,690,917

STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OF DECEMBER 2024

		31.12.2024 (Rs.)	31.12.2023 (Rs.)
10. INTANGIBLE ASSETS		without NEMO	without NEMO
Cost			
Balance at the beginning of the year		7,535,021	5,785,921
Additions during the period		0	1,749,100
Balance at the end of the period		<u>7,535,021</u>	<u>7,535,021</u>
Amortization			
Balance at the beginning of the year		(4,738,816)	(4,194,250)
Charge during the period		(556,020)	(544,566)
Balance at the end of the period		<u>(5,294,836)</u>	<u>(4,738,816)</u>
Carrying Amount		<u>2,240,185</u>	<u>2,796,205</u>
11. INVESTMENT IN SHARES	No of Shares	31.12.2024 (Rs.)	31.12.2023 (Rs.)
HDFC Bank	120,000	3,792,000	3,336,000
Adjustment for fair value of investments		-	456,000
Carrying amount		<u>3,792,000</u>	<u>3,792,000</u>
12. DEFERRED TAXATION		31.12.2023 (Rs.)	31.12.2022 (Rs.)
12.1 Movement in deferred tax			
Balance at the beginning of the year		-	-
(Provision) /Reversal during the period		-	-
Balance at the end of the Period		<u>-</u>	<u>-</u>
12.2 Composition of Deferred Tax		31.12.2024	31.12.2023
		Temporary Difference (Rs.)	Temporary Difference (Rs.)
		Tax effect on Temporary Difference (Rs.)	Tax effect on Temporary Difference (Rs.)
Temporary Difference on PPE		-	324,687,654
Temporary Difference on Gratuity Provision		-	(2,583,937)
Temporary Difference on Stock Provision		-	1,616,711
Temporary Difference on Tax Losses		-	(323,720,428)
		<u>-</u>	<u>-</u>
12.3 Movement in Tax Effect of Temporary Differences		Recognized in Income Statement (Rs.)	Recognized in income Statement (Rs.)
	As at 31.12.2024 (Rs.)	As at 31st December 2023 (Rs.)	As at 31st December 2022 (Rs.)
Deferred tax on PPE	-	38,962,518	4,675,502
Deferred tax on Gratuity Provision	-	(310,072)	(37,209)
Deferred tax on Stock general Provision	-	194,005	23,281
Temporary Difference on Tax Losses	-	(38,846,451)	(4,661,574)
	<u>-</u>	<u>-</u>	<u>-</u>

**STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OF DECEMBER 2024**

	31.12.2024	31.12.2023
	(Rs.)	(Rs.)
	without NEMO	without NEMO
13. INVENTORIES		
Raw Materials	314,229,285	439,682,164
Finished Goods	<u>348,700,054</u>	<u>368,845,967</u>
	662,929,339	808,528,131
Less: Provision for Impairment (Note:13.1)	<u>(47,174,767)</u>	<u>(32,639,575)</u>
Provision for Stock Loss	<u>(5,126,733)</u>	<u>(5,126,733)</u>
	<u>610,627,837</u>	<u>770,761,823</u>
13.1 Movement in Provision for Impairment		
Balance at the beginning of the year	32,639,575	31,022,864
Provision/(Reversal) made during the period	<u>14,535,192</u>	<u>1,616,711</u>
Balance at the end of the period	<u>47,174,767</u>	<u>32,639,575</u>
14. TRADE AND OTHER RECEIVABLES		
		Restated
Trade Receivables	2,337,405,935	2,518,915,461
Less: GST/VAT	<u>(969,328,255)</u>	<u>(945,299,999)</u>
Provision for impairment (14.1)	<u>(778,681,475)</u>	<u>(775,087,346)</u>
	589,396,207	798,528,116
Amount Due from Customers	3,037,895,261	2,970,879,832
Deposits , Prepayments and advances	938,310,464	874,651,316
Withholding Tax receivables	3,696,465	3,641,385
Other Receivables	<u>992,582,131</u>	<u>856,416,308</u>
	<u>5,561,880,528</u>	<u>5,504,116,957</u>
14.1 Movement in Provision for Impairment		
Balance at the beginning of the year	775,087,346	775,087,346
Provision/(Reversal) made during the period	<u>3,594,129</u>	<u>-</u>
Balance at the end of the period	<u>778,681,475</u>	<u>775,087,346</u>
Impairment provision was reviewed and identified debtors to be impaired for the year ended 31st December 2022, which include all the impaired debtors recognized in 2022.		
15. Other Financial Assets Including Derivatives		
Non Current		
Loans given to employees	<u>759,716</u>	<u>882,631</u>
	<u>759,716</u>	<u>882,631</u>
Current		
Retention and T C Receivable	1,317,133,835	1,315,003,294
Loans given to employees	<u>1,840,967</u>	<u>439,587</u>
	<u>1,318,974,802</u>	<u>1,315,442,881</u>
	<u>1,319,734,519</u>	<u>1,316,325,512</u>

STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OF DECEMBER 2024

	31.12.2024 (Rs.)	31.12.2023 (Rs.)
	without NEMO	without NEMO
15.1. Loans given to employees		
Balance at the beginning of the year	1,322,217	8,028,675
Loans Granted during the period	2,500,000	3,200,000
Loans Recovered during the period	(1,221,534)	(9,906,458)
Balance at the end of the period	<u>2,600,683</u>	<u>1,322,217</u>
Non Current	<u>759,716</u>	<u>882,631</u>
Current	<u>1,840,967</u>	<u>439,587</u>

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

	31.12.2024 (Rs.)	31.12.2023 (Rs.)
16. CASH AND CASH EQUIVALENTS		
16.1 Favorable Balances		
Fixed Deposits	41,802,692	671,302,692
Saving/Call Deposits	79,362,969	74,917,191
Cash at Bank	357,848,790	274,888,037
Cash in Hand	26,726,016	26,624,774
	<u>505,740,468</u>	<u>1,047,732,694</u>
16.2 Unfavorable Balances		
Bank Overdraft	(18,905,292)	(263,882,551)
<i>Cash and Cash Equivalents for the purpose of the Cash Flow Statement</i>	<u>486,835,176</u>	<u>783,850,143</u>
17. STATED CAPITAL		
Issued and Fully paid		
At the beginning of the year	4,142,380,000	705,500,000
Capital Contributed by Government	-	3,436,880,000
At the end of the period	<u>4,142,380,000</u>	<u>4,142,380,000</u>
18. INTEREST BEARING BORROWINGS		
Payable after one year		
Treasury Loan	30,800,000	30,800,000
Term Loan	2,877,433,744	2,736,990,000
Finance Lease Obligations	-	-
	<u>2,908,233,744</u>	<u>2,767,790,000</u>
Payable within one year		
Bill Discounting	100,000,000	100,000,000
Term Loan	-	-
Finance Lease Obligations	-	-
	<u>100,000,000</u>	<u>100,000,000</u>

STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OF DECEMBER 2024

31.12.2024 : 31.12.2023
(Rs.) : (Rs.)

without NEMO : without NEMO

18.1 Details of Securities and Repayment

Lender	- Peoples Bank
Approved Facility	- -
Facility Obtained	- -
Securities Pledged	- -
Interest Rate	- -
Repayments	- -

18.2 Details of Securities and Repayment

Lender	- -
Approved Facility	- -
Facility Obtained	- -
Interest Rate	- -

18 Term Loan

	Bank of Ceylon	Peoples Bank	Total
Balance at the beginning of the year	2,099,990,000	637,000,000	2,736,990,000
Obtained During the period	-	185,000,000	185,000,000
Repayment during the period	-	(44,556,256)	
Balance at the End of the period	<u>2,099,990,000</u>	<u>777,443,744</u>	<u>2,877,433,744</u>
Loan Payable within One Year		-	-
Loan Payable after One Year	2,099,990,000	777,443,744	2,877,433,744

19. EMPLOYEE BENEFIT

	31.12.2024 (Rs.)	31.12.2023 (Rs.)
Balance at the beginning of the year	166,618,736	483,996,814
Provision made in Profit and Loss Account		94,665,404
Payments made during the period	(14,210,552)	(560,091,408)
Actuarial (Gain) / Loss recognized in Other Comprehensive Income		149,494,794
Adjustment for grativity Payment		(1,446,867)
Balance at the end of the period	<u>152,408,184</u>	<u>166,618,736</u>

An independent actuarial valuation of the retirement benefit obligation was carried out as at 31st December 2023 by professional actuaries, Actuarial & Management Consultants (Pvt) Limited.

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;

	31.12.2024 (Rs.)	31.12.2023 (Rs.)
Discount Rate		15.00%
Expected Annual Rate of Salary Increment		8.00%
Staff Turnover Rate		
Permanent Staff		4.00%
Contract Staff		25.00%
Wages Staff		
Retiring Age (Year)	60 years	60 years

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19.1 The amount recognised in the Balance Sheet are as follows

	31.12.2024	31.12.2023
	(Rs.)	(Rs.)
	without NEMO	without NEMO
Present value of unfunded obligations	152,408,184	166,618,738
Present value of funded obligations	-	-
Total present value of obligations	152,408,184	166,618,738
Fair value of plan assets	-	-
Present value of net obligations	152,408,184	166,618,738
Unrecognised net actuarial gains/ (losses)	-	-
Recognised liability for defined benefit obligations	152,408,184	166,618,738

19.2 Movement in the present value of defined benefit obligations

Liability for defined benefit obligations as at 1st January	166,618,738	483,996,815
Actuarial (gains)/ losses	-	149,494,794
Actuarial Adjustment	-	(1,446,867)
Benefit paid by the plan	(14,210,552)	(560,091,408)
Current service costs		7,545,977
Interest Cost		87,119,427
Liability for defined benefit obligations	152,408,186	166,618,738

20. Other Financial Liabilities Including Derivatives

Non Current

Deferred Income	-	-
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Current

Deferred Income	-	-
Mobilisation Advance	2,939,630,805	3,066,645,075
	2,939,630,805	3,066,645,075

21. TRADE AND OTHER PAYABLES

		Restated
Trade Payables	517,947,312	532,026,950
Subcontract Payables	1,609,462,950	1,556,278,901
Labour Contract Advances Payable	50,592,100	50,592,100
Accrued Expenses and Other Provisions	3,173,353,063	3,095,863,657
Amount Due to Customer	2,002,393,121	1,605,020,700
VAT Payable	1,423,330,790	1,374,436,755
ESC Payable	97,754,395	97,754,395
Other Taxes Payable	221,190,681	157,027,018
	9,096,024,412	8,469,000,476

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	31.12.2024	31.12.2023
	(Rs.)	(Rs.)
22. INCOME TAX PAYABLE		
Balance at the beginning of the year	11,787,230	11,142,512
Provision for Income Tax on current year's profits	-	644,718
Under/(Over) provision of Income Tax in respect of prior years		
Unrecorded W H T	-	-
Tax paid during the year		
- Income Tax	-	
- Withholding Tax	-	
- Other	-	
Balance at the end of the year	<u>11,787,233</u>	<u>11,787,230</u>

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23 FINANCIAL INSTRUMENTS, (Cont..)

Other Financial Liabilities		31.12.2024	31.12.2023
SOFP Line Item:			
Interest Bearing borrowings- Non Current	18	2,908,233,744	2,767,790,000
Interest Bearing borrowings- Current	18	100,000,000	100,000,000
Trade and other Payables	21	9,096,024,412	8,469,000,476
Other financial liabilities including derivati	20	2,939,630,805	3,066,645,075
Income Tax payable	22	11,787,233	11,787,230
Bank Overdrafts	16	18,905,292	(263,882,551)
Total		<u>15,074,581,487</u>	<u>14,151,340,230</u>

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.

23.2.1.1 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	31.12.2024	31.12.2023
		(Rs.)	(Rs.)
Trade Receivables		<u>2,337,405,935</u>	2,518,915,461
		<u>2,337,405,935</u>	<u>2,518,915,461</u>

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

	Gross	Impairment	Gross	Impairment
	31.12.2024	31.12.2024	31.12.2023	31.12.2023
Past due 0-365 days	496,471,414	-	496,471,414	-
More than one year	<u>1,840,934,520</u>	<u>778,681,475</u>	2,022,444,046	775,087,346
	<u>2,337,405,935</u>	<u>778,681,475</u>	2,518,915,460	775,087,346

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

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23 FINANCIAL INSTRUMENTS,(Cont..)

23.2.1.2 Cash and Cash Equivalents

Credit risk from balances with banks and financial institutions is managed by the Finance department in accordance
The Corporation holds Short term Deposits and Cash and cash equivalents of **Rs.383,219,042/-** at 30th September

23.2.1.2 Cash and Cash Equivalents (Cont..)

As at 31st December 2024, **Rs.274,888,036/=** (2023-Rs.274,888.036/=) of the Favourable balance of bank and financial institution was rated "A" or better for the corporation

Fitch rating Company	31.12.2024		31.12.2023	
	(Rs.)	%	(Rs.)	%
AAA	-	-	-	-
AA+	-	-	-	-
AA	-	-	-	-
AA-	-	-	-	0%
A	273,007,861	99%	273,007,861	99%
BBB+	-	-	-	-
	<u>273,007,860</u>	<u>99%</u>	<u>273,007,861</u>	<u>99%</u>
Others	1,880,176	1%	1,880,176	1%
	<u>274,888,036</u>	<u>100%</u>	<u>274,888,037</u>	<u>100%</u>

23.2.2 Liquidity Risk

Liquidity risk is the risk that the corporation will encounter difficulty in meeting the obligations associated with its 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 at 31st December 2024	Carrying amount	Less than one year	More than one year
Non-derivative financial liabilities			
Interest bearing borrowings	3,008,233,744	100,000,000	2,908,233,744
Income tax payable	11,787,233	11,787,233	-
Bank Overdrafts	18,905,292	18,905,292	-
Total	<u>3,038,926,270</u>	<u>130,692,524</u>	<u>2,908,233,744</u>

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.

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23 FINANCIAL INSTRUMENTS,(Cont..)

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 optimising the return.

Interest Rate Risk

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

	31.12.2024 (Rs.)	31.12.2023 (Rs.)
Fixed rate instruments		
Financial assets	8%	8%
Financial liabilities	AWPLR+2.5%	AWPLR+2.5%
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 than the functional currency which is Sri Lankan Rupees.

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 31.12.2024 are as follows

	Average	Closing Rate	
		buying	Selling
US Dollars	323.98	319.18	328.78

23.2.4 Capital management

The primary objective of the Corporation's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Corporation manages its capital structure and makes adjustments to it, in the light of changes in economic conditions.

	31.12.2024	31.12.2023
Debt to Equity Ratio	3252%	986%
Debt Ratio	97%	91%

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24. CONTINGENT LIABILITIES

24.1 On behalf of State Engineering Corporation, banks have given Bank Guarantees to the Corporation's customers amounting to Rs.689.43 Mn/- as at 31st December 2024.

Bank	Letter of Credit (Rs.)	Performance , Advance & Bid bonds (Rs.)	Total (Rs.)
Peoples Bank	100Mn	589.43Mn	689.43Mn
	100Mn	589.43Mn	689.43Mn

24.2 Following legal cases are pending as at 31st December 2024.

Case	Case No & Court	Amount (Rs)	Liability
DIMO vs SEC	HC/ARB/171/16 - Commercial High Court , Colombo		Liable
DIMO vs SEC	HC/ARB/136/2016 - Commercial High Court , Colombo		Liable
DIMO vs SEC	CHC/98/2017/MR - Commercial High Court , Colombo		May be Liable
Eagle Wings (Pvt) Ltd vs SEC	CHC/537/2016/MR - Commercial High Court , Colombo		Liable
HDFC Bank vs SEC	CHC/08/2021/MR - Commercial High Court , Colombo		Liable
G.A.D Manjula Susantha ,Araliya construction vs SEC	CHC/01/2021/ARB - Commercial High Court , Colombo		Liable
Atthanayake Construction (Pvt) Ltd vs SEC	CHC/501/2021/ARB - Commercial High Court, Colombo		Liable
Singer Sri Lanka (Pvt) Ltd vs SEC	CHC/775/220/ARB - Commercial High Court , Colombo		Liable

District Court Cases

Case	Case No & Court	Amount (Rs)	Liability
Keerthi Gamage vs Ajith & Manoj (Senior Business Management) SEC	DSP00157/08 - District Court, Kandy		May be Liable
Bluescope Iysaght (Pvt) Ltd vs SEC	DMR 116/2019		Liable
Prime Lands (Pvt) Ltd vs SEC	DMR 3085/19		Liable
Dinapala (Pvt) Ltd vs SEC	1108/MR		Liable
Mirantha Heavy Fab vs SEC	DMR/429/20		Liable
Mirantha Heavy Fab vs SEC	DMR/430/20		Liable
Tokyo Cement (Pvt) Ltd vs SEC	DMR/1963/20		May be Liable
B.K Deepani Mallika vs SEC	M525/20		May be Liable
SMS Holdings (Pvt) Ltd vs SEC	DMR /3120/2020		May be Liable

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Arbitration

Case	Case No & Court	Amount (Rs)	Liability
Ratna Engineers and Contractors vs SEC	Arbitration Center		Liable
Mary Construction vs SEC	Arbitration Center		Liable
Basnayake Construction vs SEC	Arbitration Center		Liable
Luxman Metal Crushers vs SEC	Arbitration Center		Liable
S.K.S Construction vs SEC	Arbitration Center		May be Liable
Weerasooriya Builders vs SEC	Arbitration Center		Liable

25. CAPITAL COMMITMENTS

There was no contracted capital expenditure approved by the Board of Directors at the end 31st December 2023.

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

	2024 Rs.	2023 Rs.
Directors Remuneration	192,233	-
	<u>192,233</u>	<u>-</u>

26.2 Transactions with Related Companies

Relationship	2024 Rs.	2023 Rs.
	<u>-</u>	<u>-</u>

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

27. PRIOR YEAR ADJUSTMENT

27.1 As at 31.12.2023

Trade and Other Payable as previously reported	8,100,246,264
Adjustment on Trade Payable	713,560
Trade and other Payable as restated	<u>8,099,532,704</u>

Changes in Equity

Retained Earning

Retained earning as previously reported	(7,086,397,381)
Adjustment on trade payable	713,560
Retain earning as restated	<u>(7,085,683,821)</u>

STATE ENGINEERING CORPORATION OF SRI LANKA NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2024

27. PRIOR YEAR ADJUSTMENT(Cont..)

27.2 Trade and Other Payable as previously reported 27.1	8,099,532,704
Adjustment Accrud Expenses and Other provision	10,000
Trade and other Payable as restated	<u>8,099,522,704</u>

Changes in Equity

Retained Earning

Retained earning as previously reported 27.1	(7,085,683,821)
Adjustment Accrud Expenses and Other provision	10,000
Retain earning as restated	<u>(7,085,673,821)</u>

27.3

Trade and Other receivables as previously reported	5,966,478,354
Adjustment on other receivables	1,015,715

	<u>5,965,462,639</u>
Trade and Other receivables as restated	
Changes in Equity	
Retained Earning	
Retained earning as previously reported 27.2	(7,085,673,821)
Adjustment on other receivables	<u>1,015,715</u>
Retain earning as restated	<u>(7,086,689,536)</u>
27.4	
Trade and Other receivables as previously reported 27.3	5,965,462,639
Adjustment on Trade Debtor	<u>618,735</u>
Trade and Other receivables as restated	<u>5,964,843,904</u>
Changes in Equity	
Retained Earning	

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SEGMENT INFORMATION

	Construction		Construction Component		Road and Bridges		M&E		S P U		Consultancy		Total	
	31.12.2024 Rs.	2023 Rs.	31.12.2024 Rs.	2023 Rs.	31.12.2024 Rs.	2023 Rs.	31.12.2024 Rs.	2023 Rs.	31.12.2023 Rs.	2022 Rs.	31.12.2023 Rs.	2022 Rs.	31.12.2023 Rs.	2022 Rs.
Segment Gross Revenue	655,572,448	823,181,539	424,267,607	469,762,466	6,020,184	132,902,657	106,307,754	163,549,458	57,543,817	257,863,338	190,485,901	412,986,617	1,440,197,711	2,260,246,074
Less: Inter Segment Revenue	-	-	(4,277,960)	(4,277,960)	-	-	(31,155,973)	(74,843,230)	(37,086,218)	(41,011,065)	-	-	(72,520,151)	(79,121,190)
Segment Net Revenue	655,572,448	823,181,539	419,989,647	465,484,506	6,020,184	132,902,657	75,151,781	88,706,228	20,457,598	216,852,273	190,485,901	412,986,617	1,367,677,560	2,140,113,818
Segment Cost of Sales	(861,805,119)	(1,003,302,154)	(393,468,989)	(316,277,299)	(5,012,032)	(88,512,717)	(83,533,798)	(141,624,924)	(37,241,453)	(220,607,891)	-	-	(1,381,061,390)	(1,770,324,985)
Segment Operation Profit	(206,232,671)	(180,120,615)	26,520,658	149,207,207	1,008,152	44,389,940	(8,382,016)	(52,918,696)	(16,783,855)	(3,755,618)	190,485,901	412,986,617	(13,383,830)	369,788,833
Less: Segment Overhead	(36,939,056)	(82,733,034)	(22,089,683)	(49,089,214)	(618,084)	(32,702,865)	(1,989,231)	(35,201,126)	(3,096,747)	(35,955,379)	(181,072,993)	(323,635,482)	(245,805,794)	(559,317,100)
Segment Gross Profit	(243,171,727)	(262,853,649)	4,430,975	100,117,993	390,068	11,687,075	(10,371,248)	(88,119,822)	(19,880,602)	(39,710,997)	9,412,909	89,351,135	(259,189,624)	(189,528,267)
Other Income	18,487,232	14,171,312	12,436,260	2,979,793	6,145,411	1,603,495	8,448,580	4,241,759	6,194,969	1,728,670	27,037,647	8,663,680	78,750,099	33,388,709
Administrative Expenses	(73,970,228)	(454,972,717)	(46,231,392)	(284,357,948)	(24,656,743)	(151,657,572)	(33,903,021)	(208,529,162)	(21,574,650)	(22,153,227)	(107,873,249)	(110,766,133)	(308,209,282)	(1,232,436,760)
Net Finance Income/(Expenses)	(207,720,384)	(258,531,300)	(116,537,900)	(146,922,439)	(28,952,949)	(29,562,420)	(65,633,961)	(70,383,655)	(18,266,084)	(5,621,634)	(119,058,267)	(75,172,598)	(556,169,545)	(586,194,046)
Profit before Tax	(506,375,107)	(962,186,354)	(145,902,057)	(328,182,601)	(47,074,213)	(167,929,422)	(101,459,650)	(362,790,881)	(53,526,365)	(65,757,187)	(190,480,960)	(87,923,915)	(1,044,818,353)	(1,974,770,360)
Income Tax Expenses	-	-	-	-	-	-	-	-	-	-	-	-	(644,718)	(580,363)
Deferred Tax Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the Year	(506,375,107)	(962,186,354)	(145,902,057)	(328,182,601)	(47,074,213)	(167,929,422)	(101,459,650)	(362,790,881)	(53,526,365)	(65,757,187)	(190,480,960)	(87,923,915)	(1,045,463,071)	(1,975,350,723)
Other Comprehensive Income	-	(43,523,668)	-	(25,107,794)	-	(3,424,504)	-	(19,861,077)	-	4,342,517	-	4,412,053	-	(83,162,473)
Surplus on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair Value Change	-	-	-	-	-	-	-	-	-	-	-	-	-	(768,000)
Total Comprehensive Income for the Year	(506,375,107)	(1,005,710,022)	(145,902,057)	(353,290,394)	(47,074,213)	(171,353,926)	(101,459,650)	(382,651,958)	(53,526,365)	(61,414,670)	(190,480,960)	(83,511,862)	(1,045,463,071)	(2,059,281,199)