Sri Lanka State Trading (General) Corporation Ltd.

Final Accounts

2025-2026

CONTENTS

SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD
NO. 100, NAWAM MAWATHA, COLOMBO 02.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2026

	Notes	2025/2026 Rs.	2024/2025 Rs.
Revenue	03	**7,173,170,875**	8,787,080,088
Cost of Sales		**(6,141,327,596)**	(7,889,946,925)
Gross Profit		**1,031,843,280**	897,133,163
Other Operating Income	04	**40,464,530**	48,759,475
		1,072,307,810	945,892,638
Distribution Expenses	05	**167,609,000**	206,827,950
Administration Expenses	06	**527,672,638**	498,777,151
		695,281,638	705,605,101
Earnings Before Interest & Tax		**377,026,172**	240,287,536
Finance Income	07A	**102,800,477**	172,798,513
Finance Income Expenses	07B	**(50,404,198)**	(43,087,172)
Profit Before Taxation		**429,422,451**	369,998,877
Taxation	08	**(137,750,915)**	(111,102,304)
Net Profit For the Year		**291,671,537**	258,896,573
Other Comprehensive Income			
Actuarial Gain / (Loss) on employee benefits		**(24,430,772)**	(13,404,492)
Tax on Other Comprehensive Income		**(7,329,232)**	(4,021,347)
Other Comprehensive Income / (Loss) - Net of Tax		**(31,760,003)**	(17,425,839)
Total Comprehensive Income for the Year - Net of Tax		**259,911,533**	241,470,734
Basic Earnings per Share	09	**29**	26

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

SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD
NO. 100, NAWAM MAWATHA, COLOMBO 02.

STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2026

	Notes	2025/2026 Rs.	2024/2025 Rs.
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	10	4,027,410,856	4,062,345,363
Intangible Assets	10A	17,542,366	5,134,969
Investments in Shares	11	20	20
Loans Given to Employees	12A	25,932,270	16,398,546
Total Non Current Assets		4,070,885,511	4,083,878,898
Current Assets			
Inventories	13	448,826,290	1,565,287,003
Trade & Other Receivables	14	2,157,632,500	1,581,965,526
Loans Given to Employees - Current Maturity	12B	10,725,282	8,100,152
Short Term Investment in Fixed Deposits		1,206,838,004	1,179,701,397
Short Term Investment - Build up Margin -Peoples Bank		19,110,016	18,477,015
Short Term Investment - Build up Margin -NDB Bank		6,922,189	4,911,359
Cash & Cash Equivalents	15	46,231,957	16,586,413
		3,896,286,238	4,375,028,867
Total Assets		7,967,171,749	8,458,907,766
EQUITY & LIABILITIES			
Capital & Reserves			
Stated Capital 10,000,000 Ordinary Shares Rs. 10/- each		100,000,000	100,000,000
General Reserves		45,607,646	45,607,646
Revaluation Reserves		3,969,829,684	3,969,829,684
Other Reserves		(82,361,007)	(50,601,004)
Retained Earnings		2,247,646,126	2,120,910,352
Total Equity		6,280,722,449	6,185,746,679
Non-Current Liabilities			
Retirement Benefit Obligations	16	75,481,687	54,023,776
Net Deferred Tax Liabilities	17	18,226,504	18,150,392
Government Grants Deffered Income	21	71,333,297	95,314,139
Deemed VAT Payable	22	10,928,273	81,962,048
		175,969,761	249,450,354
Current Liabilities			
Short Term Borrowings	18	-	681,590,754
Trade & Other Payables	19	1,221,786,374	952,451,804
Bank Overdrafts	20	223,123,527	310,490,939
Deemed VAT Payable	22	65,569,638	79,177,229
		1,510,479,539	2,023,710,726
Total Equity & Liabilities		7,967,171,749	8,458,907,766

These Financial Statements are in Compliance with the requirements of the Companies Act No.07 of 2007.

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Chathura Dayarathne
DGM Finance

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Chamila Iddamalgoda
General Manager

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.Approved & Signed for and on behalf of the Board of Directors of Sri Lanka State Trading (General) Corporation Limited.

....
Ravindra Fernando
Chairman

....
R.M.Wijesinghe Banda
Director

Date : 26.05.2026
The Accounting Policies and Explanatory Notes form an integral part of these Financial Statements.
(Figures in brackets indicate deductions.)

SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD
NO. 100, NAWAM MAWATHA, COLOMBO 02.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2026

	Stated Capital Rs.	Revaluation Reserves Rs.	General Reserves Rs.	Other Reserves Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 2024	100,000,000	3,969,829,684	45,607,646	(33,175,165)	2,087,400,340	6,169,662,506
Net Profit / (Loss) for the year	-	-	-	-	258,896,573	258,896,573
Net of Actuarial Gain / (Loss) on Retirement Benefit	-	-	-	(17,425,839)	-	(17,425,839)
Prior Year Adjustment	-	-	-	-	(6,747,285)	(6,747,285)
Provision for Proposed Dividend - Prior Year	-	-	-	-	(47,500,000)	(47,500,000)
Dividend Payments - Current Year	-	-	-	-	(10,000,000)	(10,000,000)
Deemed VAT Expenses - Prior Year	-	-	-	-	(161,139,276)	(161,139,276)
Balance as at 31st March 2025	100,000,000	3,969,829,684	45,607,646	(50,601,004)	2,120,910,352	6,185,746,679
Balance as at 01st April 2025	**100,000,000**	**3,969,829,684**	**45,607,646**	**(50,601,004)**	**2,120,910,352**	**6,185,746,680**
Net Profit / (Loss) for the year	**-**	**-**	**-**	**-**	**291,671,537**	**291,671,537**
Net of Actuarial Gain / (Loss) on Retirement Benefit	**-**	**-**	**-**	**(31,760,003)**	**-**	**(31,760,003)**
Prior Year Adjustment	**-**	**-**	**-**	**-**	**(9,434,302)**	**(9,434,302)**
Dividend Payment - Prior Year	**-**	**-**	**-**	**-**	**(68,000,000)**	**(68,000,000)**
Provision for Proposed Dividend - Current Year					**(87,501,461)**	**(87,501,461)**
Balance as at 31st March 2026	**100,000,000**	**3,969,829,684**	**45,607,646**	**(82,361,007)**	**2,247,646,126**	**6,280,722,449**

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

SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD
NO. 100, NAWAM MAWATHA, COLOMBO 02.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2026

	2025/2026 Rs.	2024/2025 Rs.
Cash Flow from Operating Activities		
Net Profit Before Taxation	**429,422,451**	369,998,877
Adjustments for		
Depreciation / Amortization	**86,290,590**	84,877,520
Interest Income	**(98,599,652)**	(169,754,831)
Government Grants Deffered Income	**(23,980,842)**	(24,437,682)
Trust Receipt Loan & Overdraft Interest	**50,404,198**	43,087,172
Provision for Deemed VAT	**-**	(161,139,276)
Proposed Dividends	**(87,501,461)**	(47,500,000)
Disposal Profit / (Loss) of PPE	**(1,653,897)**	1,521,628
Impairment of Debtors	**13,353,956**	3,250,185
Impairment of Stocks	**(302,216)**	2,386,465
Provision for Retirement Benefit Obligatios	**8,040,225**	6,414,775
Prior Year Adjustments	**(9,434,302)**	(6,747,285)
Operating Profit Before Working Capital Changes	**366,039,051**	101,957,549
(Increase) / Decrease in Inventories	**1,116,762,929**	(477,981,301)
(Increase) / Decrease in Trade Debtors	**(594,538,082)**	273,811,853
Increase / (Decrease) in Government Grants Deffered Income	**-**	-
Increase / (Decrease) in Deemed VAT Payable	**(84,641,365)**	161,139,276
(Increase) / Decrease in Staff Loans Given	**(12,158,853)**	657,269
Increase / (Decrease) in Trade & Other Payables	**253,710,978**	163,436,824
Cash Generated From Operations	**1,045,174,659**	223,021,469
WHT Paid	**(10,073,930)**	(11,854,014)
Income Tax Paid	**(119,306,511)**	(442,314,209)
Gratuity Paid	**(11,013,086)**	(6,241,733)
Net Cash Used in Operating Activities	**904,781,132**	(237,388,486)
Cash Flows from Investing Activities		
Acquisition of Property, Plant & Equipment	**(63,957,040)**	(23,890,277)
Disposal Proceeds Received	**1,847,450**	1,480,000
Interest Received from Short Term Investments	**104,116,804**	233,714,698
Net Cash from in Investing Activities	**42,007,214**	211,304,421
Cash Flows from Financing Activities		
Net (Investments) / Realization in Fixed Deposits	**(27,136,607)**	178,607,552
Short Term Investment - Build up Margin -Peoples Bank	**(633,001)**	211,351
Short Term Investment - Build up Margin -NDB Bank	**(2,010,831)**	(1,799,214)
Net of Loan Repayments & Proceeds	**(681,590,754)**	(110,048,512)
Trust Receipt Loan & Overdraft Interest Paid	**(50,404,198)**	(43,087,172)
Dividends Paid	**(68,000,000)**	(10,000,000)
Net Cash from Financing Activities	**(829,775,390)**	13,884,005
Net Increase / (Decrease) in Cash & Cash Equivalents	**117,012,955**	(12,200,061)
Cash & Cash Equivalents at the beginning of the year	**(293,904,526)**	(281,704,465)
Cash & Cash Equivalents at the End of the year - **(Note A)**	**(176,891,571)**	(293,904,526)

Note A - Analysis of Cash & Cash Equivalents	**As at 31.03.2026 Rs.**	As at 31.03.2025 Rs.
Cash at Bank		
BOC (A/C No 8859546)	**270,158**	270,158
Sampath Bank (A/C No 000930000337)	**1,539,379**	98,913
Sampath Bank - DFS (A/C No 002930006974)	**-**	8,140
BOC (A/C No 1060)	**782,272**	-
People's Bank - Kurunegala - 226-1-001-0-0206579	**4,600,877**	2,065,577
People's Bank - Matara - 032-1-001-6-0037019	**1,565,625**	1,669,667
People's Bank - Kandy - 003-1-001-9-0206579	**1,387,934**	2,067,648
People's Bank - Kalmunai - 338-1-001-5-0206579	**2,036,864**	1,000,000
NDB (A/C - 101000160408)	**954,360**	102,123
People's Bank - Rice 004 1 001 8 0206579	**257,929**	317,929
People's Bank - Rice 004 1 002 7 0206579	**10,962,936**	10,851
National Savings Bank - 10002-09-57968	**27,654**	26,919
People's Bank - Anuradhapura - 004200340206579	**100,248**	-
People's Bank - Batticaloa - 004200430206579	**100,002**	-
People's Bank - Jaffna - 004200520206579	**100,124**	-
People's Bank - Matara - 004200610206579	**100,248**	-
People's Bank - Kandy - 004200700206579	**92,554**	-
People's Bank - Kurunegala - 004200890206579	**100,248**	-
Cash in Hand		-
Petty Cash Imprest	**1,220,932**	675,255
Cash in Hand	**20,031,611**	8,273,235
Bank Overdrafts		
Sampath Bank - DFS (A/C No 002930006974)	**(28,008,192)**	-
People's Bank (A/C No - 004100120210918)	**(195,115,335)**	(115,101,831)
BOC - A/C No.1060	**-**	(195,389,109)
	(176,891,571)	(293,904,526)

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

SRILANKA STATE TRADING (GENERAL) CORPORATION LTD

NOTES TO THE FINANCIAL STATEMENTS– 2025/2026

1. GENERAL INFORMATION

Sri Lanka State Trading (General) Corporation Ltd is a limited liability Company, incorporated and domiciled in Sri Lanka. Theregistered office of the Company is located at No. 100, NawamMawatha, Colombo 02.

The Company primarily involved in operating a trading business and is a Procurement agent for government institutions.

The staff strength of the company as at 31st March 2026was280.(2024/25 – 285).

2. SUMMARY OF SIGNIFIACANT ACCOUNTING POLICIES.

2.1 Basis of Preparation

2.1.1 Statement of Compliance

The financial statements have been prepared in accordance with new Sri Lanka Accounting Standards (SLFRS/ LKAS) as laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirements of the Companies Act No. 07 of 2007.

2.1.2 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:

(a) Defined benefit obligations are measured at its present value, based on the projected unit credit method prescribed in Sri Lanka Accounting Standard 19.

The Directors have made an assessment of the Company'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.

2.1.3 Comparative Information

The previous year figures and phrases have been reclassified whenever necessary to conform to current year presentation.

2.1.4 Use of estimates and judgments

The preparation of the financial statements in conformity with SLFRS / 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. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.
Information about significant areas of estimation, uncertainty and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in notes;

Note 16–Retirement Benefit Obligations

No adjustments are made for inflationary factors affecting these Financial Statements.

Appropriate significant policies are explained in succeeding notes.

2.1.5 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Sri Lanka Rupees (LKR), whichis the Company’s functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchangegains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominatedin foreign currencies are recognized in the statement of comprehensive income. Monetary assets and liabilities balances are translated at year end exchange rate.

2.2 Assets and the basis of their valuation

2.2.1 Property, Plant and Equipment

2.2.2 Recognition and Measurement

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 the site on which they are located and borrowing costs on qualifying assets.

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.

Carrying amounts of property plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Land and Buildings are accounted on the basis of revaluation done in 2024.Any increases in the carrying amount is recognized inother comprehensive income and accumulated in equity in the asset revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve of equity.Land and buildings will be measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation.

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss or at the revaluation whenever necessary. The revaluation has been done in 2024 and the values have been stated accordingly.

2.2.3 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.

2.2.4 De-recognition

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 de-recognition are recognized within other income in profit or loss.

2.2.5 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 and rates of depreciation for the current and comparative periods are as follows:

Building	7.5%
Motor Vehicles	20%
Equipment	10%
Furniture & Fittings	10%
Computers	33.33%
Showroom Equipment	20%
Leasehold Building	Over the lease period or building depreciable period whichever is lower .

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

2.2.6 Intangible Assets

The computer software system was revalued at the end of 2022 / 2023 . The future useful time of the software system has been estimated as 3 years. Based on the useful life, the depreciation rate is assumed as follows,

Computer software 33.33%

2.2.7 Financial assets- classification

The Company classifies its financial assets in the following categories; at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. During the reporting period and as at the reporting date the Company did not have financial asset classified as fair value through profit or loss, available for sale and held to maturity. All financial assets are initially recognized at fair value plus transaction cost.

2.2.8 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprises of 'trade and other receivables' and 'cash and cash equivalents' in the statements of financial position. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.
'Loans and receivables are subsequently carried at amortized cost using the effective interest method.

2.2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial positionwhen there is a legally enforceable right to offset the recognized amounts and there is anintention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.2.10 Impairment of financial assets

Assets carried at amortized cost

The Company assesses at the end of each reporting period whether there is an objectiveevidence that a financial asset or group of financial assets is impaired. A financial asset ora group of financial assets is impaired and impairment losses are incurred only if there isobjective evidence of impairment as a result of one or more events that occurred after theinitial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
Evidence of impairment may include indications that the debtors or a group of debtorsis experiencing significant financial difficulty, 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."For loans and receivables category, the amount of the loss is measured as the difference between the asset's carryingamount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.
The carrying amount of the asset is reduced and the amount of the loss is recognized in the income statement."

If, in a subsequent period, the amount of the impairment loss decreases and the decreasecan be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of comprehensive income.

2.2.11 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are testedannually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carryingamount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cashgenerating units).

2.2.12 Inventories

I Inventories are stated at the lower of cost or net realizable value. Cost is determined by the Weighted Average method, Net realizable value is the estimate of the selling price in the ordinary course of business less the cost of completion and selling expenses. Physical verification has been carried out for the financial year end and damaged stock items have been identified and net realizable value accounted.

Stocks purchased over one year has been taken after providing an impairment provision of 5% of the total cost. Stocks purchases within one year has been taken at cost as the market price levels are higher than the cost prices.

II The amount of inventories recognized as cost of sales in the Profit and loss during the year is Rs.6,141,327,596

III A provision for impairment of inventory is established on the basis of collective impairment of 5 % for inventories, that are more than 1 year anddamaged stock items have been included in full when there is objective evidence that the Company will not be able to realize amounts stated in the inventory.

IV. Assets Pledged as Collateral

1. Policy Statement:

Assets that have been pledged as collateral for credit facilities are disclosed in the financial statements. The types of assets pledged, the carrying amounts, and the corresponding credit facilities are specified to provide clarity on the entity's financial commitments and risks.

2. Disclosure:

The following assets have been mortgaged to financial institutions for obtaining credit facilities:

a) Inventory

Name of Bank	Mortgage Amount (Rs.)
Sampath Bank	114,000,000
NDB Bank	130,000,000

b) Fixed Deposits and Build-up Margin

i) Fixed Deposits

Name of Bank	Mortgage Amount (Rs.)
People's Bank	1,162,700,000.00

ii) Build-up Margin

Name of Bank	Mortgage Amount (Rs.)
People's Bank	19,110,016
National Development Bank	6,922,189

c) Land : No. 274 ,Sri JayawardanapuraMawatha, Rajagiriya.

Name of Bank	Mortgage Amount (Rs.)
BOC Bank	700,000,000.00

d) Debtor

Name of Bank	Mortgage Amount (Rs.)
Sampath Bank	686,000,000.00
NDB Bank	263,077,811.00

3. Impact on Financial Position:

The pledging of these assets does not affect their recognition in the financial statements, but it restricts the company's ability to dispose of the pledged assets until the associated liabilities are settled. The carrying amounts of these pledged assets as of the reporting date are as follows:

- Inventory:Rs. 244,000,000.00
- Fixed Deposits:Rs. 1,162,700,000.00
- Build-up Margin: Rs. 26,032,205.00
- Land : Rs. 700,000,000.00
- Debtor : Rs. 949,077,811.00

2.2.13 Trade Receivables

Company recognizes trade receivables as financial assets in its statement of financial position when, and only when, the Company has a contractual right to receive cash or another financial asset.
Trade receivables are amounts due from customers for commodities sold or servicesperformed in the ordinary course of business. If collection is expected in one year or less(or in the normal operating cycle of the business) if longer,they are classified as current assets. If not, they are presented as non-current assets.
Trade receivable is carried at anticipated realizable value and estimatesare made for doubtful receivable based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

A provision for the impairment of trade receivables has been established based on the following criteria:
• A collective impairment of 5% is applied to debtors with outstanding balances for more than 1 year.
• A full impairment of 100% is applied to debtors with outstanding balances for more than 5 years.

In cases where the outstanding amounts are subsequently recovered, corresponding adjustments are made to the financial statements for the relevant year.

2.2.14 Investments

(a) Long Term Investments

Investment held on long term basis is clarified as non-current investment and are measured at cost. The cost of investment is the cost of acquisitions inclusive of brokerage and cost of transaction.

(b) Short Term Investments

Short term investments are recognized at market value. Any gain or loss is recognized in the statement of comprehensive income.

2.2.15 Cash & Cash Equivalents

Cash & Cash Equivalent are defined as cash in hand, demand deposits and short term highly liquid investments. For the purpose of Cash Flow Statement, Cash & Cash Equivalent consist of Cash in hand deposits in banks net of outstanding bank overdrafts.

2.2.15 Stated Capital

The stated capital includes the total of all amounts received by the Company in respect of the issue of Shares.
The entity is fully owned by the Government of Sri Lanka and comes under the purview of The Ministry of Trade.

2.2.16 Trade Payables

Company recognizes trade payables as financial liabilities in its statement of financial position when, and only when, the Company has a contractual obligation to deliver cash or another financial asset.
Trade payables are obligations to pay for goods or services that have been acquired inthe ordinary course of business from suppliers. Accounts payable are classified as currentliabilities if payment is due within one year or less (or in the normal operating cycle of the business) if longer, they are presented as non-current liabilities.
Trade payables are recognized initially at fair value.

2.2.17 Borrowings

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

2.2.18 Accounting for Government Grants

Accounting for Government Grants for activities have been done according to LKAS 20 Government grants are recognized when there is reasonable assurance that the entity will comply with the conditions attached to them and that the grants will be received.
Grants related to income are recognized in profit or loss over the period necessary to match them with the related costs they are intended to compensate.

Government grants related to the acquisition or construction of property, plant, and equipment are accounted for using the netting-off method, whereby the grant is deducted from the cost of the related asset at initial recognition. The effect of the grant is recognized in profit or loss over the useful life of the asset through reduced depreciation expense.

2.2.19 Income Tax

(a) Current Taxes

The provision for income tax is based in the results of the operation during the year according to the Inland Revenue Act no.24 of 2017 and amendments thereto.

(b) Deferred Taxation

Deferred taxation is provided, using the liability method, on all 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 are recognized for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and carry forward of unused tax losses / credits can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

A deferred tax asset account has arisen due to brought forward tax lossesin the past..This asset was not taken into accounts since recoverability of tax losses is beyond the normal time limits. However this has been disclosed in the notes.

(c)Turnover Based Taxes

Turnover based tax includes Value Added Tax (VAT) and Social Security Contribution Levy (SSCL).

2.2.20 Post Employment Benefits

(a) Defined Benefit Plan

A defined benefit plan is a postemployment benefit plan other than a defined contribution plan. The liability recognized in the statement of financial position in respect of defined benefit plan is the future value of the defined benefit obligation at the reporting date.

Any gain and loss of the defined benefit obligation are charged or credited to statement of comprehensive income in the period in which they arise.

According to the payment of Gratuity Act No. 12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 05 years of continued service with the company.

Projected unit credit method prescribed in Sri Lanka Accounting Standard 19; Employee Benefits has been used to identify Deficit or Charge for the year and assumptionsused are disclosed in Note No 16.

(b)Defined Contribution Plan – EPF & ETF

All employees who are eligible for the Employee Provident Fund (EPF) and Employees Trust Fund (ETF) contribution are covered by relevant contribution fund in line with respective statutes and Regulation.
EPF & ETF covering the employees are recognized as expenses in the statement of comprehensive income in the period in which it is incurred.

2.2.21 Revenue Recognition

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes. The following specific recognition criteria must also be met before revenue is recognized.

(a) Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

(b) Rendering of Services

Revenue of the rendering of services are recognized in the accounting period in which the services are rendered or performed.

(c) Interest Income

Interest income is recognized on accrual basis.

(d) Other Income

Other income is recognized on accrual basis.

(e) Disposal of property, plant and equipment

Profit / (loss) from sale of property, plant and equipment is recognized in the period in which the sale occurs and the delivery order is issued.

2.2.22 Expenditure Recognition

(a) Revenue Expenditure

Expenses are recognized in the statement of comprehensive income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and the maintaining the capital assets in the state of efficiency, has been charged to revenue in arriving at the profit or loss for the year.

(b) Capital Expenditure

Expenditure incurred for the purpose of squaring, extending or improving Assets of a permanent nature by means of which to carry on the business or for the purpose of increasing capacity of the business has been treated as capital expenditure.

(c) Borrowing Costs

Borrowing costs directly attributable to acquisition, construction or production of assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that Company incurs in connection with the borrowing of funds.

(d) Net Finance Income / Cost

Finance income comprises interest income on funds invested and staff loans, and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognized on financial assets, borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

(e) Provisions for Bad Debts

Provisions are recognized when the company has present legal or constructive obligation as a result of past events. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.Recoverability of individual balances have been scrutinized and specific bad debts which were identified have been recognized as expenses.

2.2.23 Related Party Transactions

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 Note 23 to the Financial Statements.

Transactions with Related entities .

There are no any related entities of Sri Lanka State Trading (General) Corporation Limited.

2.2.24 Statement of Cash Flows

Statement of cash flows has been prepared using “Indirect Method”

2.2.25 Segmental Information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company’s other components. All operating segments’ operating results are reviewed regularly by the Company’s Management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The relevant details are disclosed in the respective notes to the Financial Statements.

2.2.26 Earning Per Share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period.

2.2.27 Events After the Reporting Date

Events after the reporting date are events, favorableand unfavorable, that occur between the end ofthe reporting period and the date the financial statements were authorized for issue.

Those events have been considered and where necessary appropriate adjustments or disclosures have been made in the financial statements. There are no any events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

2.2.28 Commitments and Contingencies

Commitments and contingencies as at the reporting date, is disclosed in Note 24 to the Financial Statements.

2.2.28 Responsibility for the Financial Statements

The Board of directors of the company is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies and marking accounting estimates that are reasonable in the circumstances.

2.2.29 Accounting Policy on Provisions

Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability

Provision for Legal Settlement (Deemed VAT Dispute)

The Corporation is currently involved in a legal dispute with the Inland Revenue Department regarding Deemed VAT for the years **2012 and 2013**, filed under Case No. **Tax 62/23 CA** in the Court of Appeal. The total assessed VAT in dispute amounts to **Rs. 275,006,952.00**, detailed as follows:

- Rs. 67,694,135.00
- Rs. 62,973,684.00
- Rs. 60,783,067.00
- Rs. 83,556,066.00

Discussions are ongoing with the Inland Revenue Department to settle the matter **excluding any penalty amounts**. The capital component of the Deemed VAT amounts to **Rs. 161,139,276.00**, for which a **100% provision** has been made.

Management has decided to settle the matter in stages, beginning in the next financial year, based on ongoing discussions and internal assessments. Accordingly, a provision has been recognized in the current financial statements. As the matter relates to the financial years 2012/2013, the provision has been adjusted against the **prior year's Profit and Loss Account**, in accordance with **LKAS 37 – Provisions, Contingent Liabilities and Contingent Assets**, to reflect the expected outflow of economic resources.

Provision Recognized: Rs. 161,139,276.00

This provision is subject to revision depending on the final outcome of the settlement negotiations or the court's judgment.

2.2.30 The ongoing cases of Sri Lanka State Trading (General) Corporation Ltd

	Case No	Court	Plaintiff	Defendant	Nature	Amount
1	5263/25 HC 5267/25 HC 5262/25 HC	High Court Colombo	STC	AselaRajakaruna	Misappropriation of corporation funds. (Motorcycle project)	Rs. 11,688,117.00
2	6165/2017	Magistrate Court Fort	STC	Mamdiprabakaran (newsun Trading)	Misappropriation of corporation goods (Laptop repair)	Rs. 1,739,500.00
3	229/2019/DMR	District Court Colombo	STC	Sala Enterprises	Money recovery (Sales of 150 laptops)	Rs. 3,159,189.50
4	3657/2020/DMR	District Court Colombo	STC	K.S.Gunawardena (PVT) Ltd (PV 863)	Money recovery (LED panal)	Rs. 2,898,411.68
5	937/19/M	District Court Kesbewa	STC	S.K.Kumara (S.K. Holdings)	Money recovery (LED panal)	Rs. 3,052,500.00
6	1101/SCM	Colombo District Court	STC	GayanRanathunga	Money Recovery	Rs. 4,97,529.00
7	127/26/ DMR	Colombo District Court	Great Western International Limited	STC	Money Recovery	Rs. 12,927,882.00

SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD
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NOTES TO THE FINANCIAL STATEMENTS - 2025/2026

NOTE 03 - REVENUE

	2025/2026 Rs.	2024/2025 Rs.
Gross Sales	**7,183,909,039**	8,787,917,310
Less : Sales Returns	**(10,738,163)**	(837,222)
Net Sales **(Note 03.01)**	**7,173,170,875**	8,787,080,088

Note 03.01 - Business Segments (Net Sales)	**Rs.**	Rs.
Chemical & Allied	**1,178,584,237**	1,263,693,019
ICT Products	**743,884,060**	988,771,257
Office Suppliers	**445,306,987**	534,928,051
Automotive Products	**194,083,171**	213,870,543
Duty Free Shop	**188,142**	1,215,532
Electricals & Electronics	**191,991,070**	278,967,805
Fast Moving Consumer Goods	**98,697,585**	109,009,685
Household Products	**174,174,831**	328,282,822
Construction & Hardware	**209,118,231**	301,071,664
Agricultural Supplies & Machinery & Equipments	**343,305,236**	331,926,152
Swashakthi	**121,184,544**	112,259,109
Total - Normal Revenue	**3,700,518,092**	4,463,995,639
Essential Foods & Special Projects		
Smart Board	**224,953,446**	1,180,968,210
Army Cloth	**750,417,756**	9,838,010
Jogging Shoes	**122,250,000**	-
Egg	**-**	772,856,125
Yellow Maize	**1,118,784,611**	-
Urud Dhal	**-**	431,749,125
Rice	**1,256,246,969**	1,002,639,126
Salt	**-**	925,033,854
Total - Essential Foods & Special Projects	**3,472,652,783**	4,323,084,449
Grand Total	**7,173,170,875**	8,787,080,088

SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD
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NOTES TO THE FINANCIAL STATEMENTS - 2025/2026

NOTE 04 - OTHER OPERATING INCOME

	2025/2026 Rs.	2024/2025 Rs.
Gain / (Loss) on Exchange - DFS	**27,746**	(8,620)
Miscellaneous Income **(Note 04.01)**	**142,048**	396,843
Rajawasa - Food Festival	**-**	86,000
S L Police - Commission Income	**5,199,180**	-
Debtor /Creditor/ Stocks & Others Written back	**15,707,387**	-
Profit / (Loss) on Disposal of Fixed Assets	**1,653,897**	(1,521,628)
Rent Income - Q Shops	**-**	4,487,033
Rent Income - Rajawasa Batticalo	**847,547**	1,937,250
Rent Income - Rajawasa	**16,886,725**	16,658,963
Rent Income - Rajagiriya Premises	**-**	21,600,000
Interest Received from Ministry of Education	**-**	5,123,633
	40,464,530	48,759,475

(Note 04.01) - Miscellaneous Income	**Rs.**	Rs.
Sale of Damages Items (Lot Sales)	**102,935**	396,843
Others	**39,113**	-
	142,048	396,843

NOTE 05 - DISTRIBUTION EXPENSES

	2025/2026 Rs.	2024/2025 Rs.
Sample Expenses & Testing Charges	**6,525,149**	5,956,357
Tender Forms	**4,522,039**	1,216,374
Expenses of Registration of Suppliers	**3,792,241**	2,370,421
Stores & Showroom Rent	**44,571,925**	41,655,094
Lorry Hire /Transport	**23,883,679**	33,326,289
Servicing Charges	**1,267,580**	834,997
Sales Rep Commission	**14,632,161**	27,110,448
Debt Collection Commission	**854,022**	1,123,464
Trade Fair Expenses	**1,074,320**	504,000
License Fees - Selling	**821,008**	1,034,018
Telex / Email Charges	**18,556**	10,832
Overseas Travelling	**-**	336,800
Trade Promotional Expenses	**681,084**	3,645,140
Advertising	**2,541,015**	2,756,321
Loading & Unloading Expenses	**78,750**	354,704
Sales Promotion to Co-Operate Customers	**-**	285,618
Social Security Contribution Levy Expenses (SSCL)	**49,282,061**	75,519,211
Imparement Loss of Stocks	**(290,547)**	2,386,465
Imparement Loss of Debtors	**13,353,956**	6,401,397
	167,609,000	206,827,950

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NOTES TO THE FINANCIAL STATEMENTS - 2025/2026

NOTE 06 - ADMINISTRATIVE EXPENSES

	2025/2026 Rs.	2024/2025 Rs.
Salaries	**186,410,303**	165,948,308
EPF	**28,575,613**	24,030,424
ETF	**5,722,650**	4,807,938
Overtime & Special Allowances	**25,746,586**	21,882,275
New Year Festival Allowances/Incentive	**16,502,043**	11,142,987
Annual Bonus	**5,825,000**	5,180,000
Contract & Casual Employee Salaries	**30,883,620**	33,762,287
Staff Benefits Cost	**2,879,635**	1,892,266
Staff Welfare	**7,089,995**	5,890,940
Staff Medical Expenses	**6,234,889**	8,815,474
Staff Vehicle ,Fuel,Transport,Stake Holder Visit Claim , Professionel & Other Allowances	**9,473,402**	11,043,405
Uniforms	**625,717**	789,100
Labour Charges	**505,219**	151,860
Death Gratuity	**-**	200,000
Leave Encashments	**8,680,616**	9,497,982
Gratuity Provision	**8,040,225**	6,414,775
Travelling & Subsistence	**5,244,577**	5,494,292
Audit Fees	**1,410,000**	1,380,000
Professional & Consultancy Fees	**592,622**	710,834
Legal Fees	**1,221,038**	4,033,790
Secretarial & Other Expenses	**285,767**	86,176
Directors Allowances	**960,000**	845,298
Directors Fees	**1,343,050**	1,184,810
Board Meeting Expenses	**211,935**	144,695
Insurance - General	**1,413,671**	725,590
Rates & Taxes	**4,641,742**	2,408,936
License Fees	**2,223,664**	1,849,711
Telephone Charges	**9,162,656**	9,286,021
Electricity	**16,866,609**	21,492,456
Postage	**2,679,203**	2,624,012
Water	**3,261,425**	3,717,810
News Papers & Periodicals	**371,500**	423,431
Printing & Stationery	**7,587,414**	7,662,815
Maintenance - Building	**2,340,007**	9,974,314
Maintenance - Office Equipment	**9,831,445**	11,788,585
Maintenance - Stores Equipment	**4,080,184**	4,287,232
Maintenance - Show Rooms	**6,505,452**	5,114,491
Maintenance & Other Expenses - Rajawasa	**3,924,933**	4,666,538
Maintenance & Other Expenses - Q Shop	**259,058**	837,710
Maintenance - Motor Vehicles	**11,203,898**	11,111,945
Motor Vehicle Registration & Insurance	**453,859**	902,439
Fuel & Lubricant	**8,867,287**	11,246,402
Computer Management Fees	**1,200,970**	638,428
Depreciation - Building	**12,271,172**	12,071,570
Depreciation - Motor Vehicle	**20,851,149**	20,851,149
Depreciation - Plant & Equipment	**1,943,103**	1,761,006
Depreciation - Office Equipment - Computers	**9,446,775**	8,722,153
Depreciation - Furniture	**3,934,442**	3,600,791
Depreciation - Tools & Equipments	**1,550,200**	642,191
Depreciation of Showroom Equipments	**148,487**	681,193
Depreciation of Computer Software	**4,095,167**	4,040,531
Depreciation of Office/Showroom construction on Leasehold Premises & Rajawasa projects	**8,069,254**	8,069,254
CSR Project Expenses - Ditwah Donations	**11,660,000**	-
Staff Training & Development Expenses	**2,363,410**	2,248,530
	527,672,638	498,777,151

NOTES TO THE FINANCIAL STATEMENTS - 2025/2026

NOTE 07 - NET FINANCE INCOME / (EXPENSE)

	2025/2026 Rs.	2024/2025 Rs.
Note 07 A - Interest Income		
Interest Income on Short Term Deposits	**98,599,652**	169,754,831
Interest on Staff Loans	**1,321,191**	1,151,416
Un - winding of Pre-Paid Staff Benefits	**2,879,635**	1,892,266
	102,800,477	172,798,513
Note 07 B -Finance Expenses		
Overdraft Interest	**16,891,986**	9,858,212
Short Term Loan Interest	**21,818,031**	16,816,725
Bank Charges	**11,694,182**	16,412,235
	50,404,198	43,087,172
	52,396,279	129,711,341

NOTE 08 - INCOME TAX EXPENSE

	Note	2025/2026 Rs.	2024/2025 Rs.
Income Tax on Profits for the year - 2025/2026	**08.01**	**145,004,035**	127,410,527
Deferred Tax Expenses / (Reversal)	**08.02**	**(7,253,120)**	(16,308,223)
		137,750,915	111,102,304

(Note 8.1) ***Reconciliation between Accounting Profit to Income Tax***
For the year ended 31st March

	2026	2025
Accounting Profit Before Taxation	**429,422,451**	369,998,877
Income From Investment Income	**(98,599,652)**	(169,754,831)
Aggregate Deduction not allowed	**103,328,231**	101,795,044
Aggregate Allowable Items	**(49,403,900)**	(47,092,164)
Adjusted Business Income	**384,747,131**	254,946,925
Investment Income	**98,599,652**	169,754,831
Assesable Income	**483,346,782**	424,701,757
Income Tax on Profits for the year @ 30%	**145,004,035**	127,410,527

(Note 8.2) Deferred Tax Expense / (Reversal)

Deferred tax expense / (reversal) arises from :	**Rs.**	Rs.
Charge / (Reversal) during the year for Deffered Tax Assets	**(10,443,560)**	(5,764,255)
Charge / (Reversal) during the year for Deffered Tax Liabilities	**10,519,672**	(6,522,620)
Charge / (Reversal) during the year for Acturial Loss	**(7,329,232)**	(4,021,347)
	(7,253,120)	(16,308,223)

NOTE 09 - EARNINGS PER SHARE

Basic earnings per share
Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2025/2026	2024/2025
Net profit attributable to shareholders - (Rs. Cts.)	**291,671,537**	258,896,573
Weighted average number of ordinary shares in issue	**10,000,000**	10,000,000
Basic earnings / (Loss) per share (Rs. Cts.)	**29**	26

Diluted Earnings per Share

There were no potential dilutive ordinary shares outstanding at any time during the year ended 31st March 2026.
Therefore, Diluted Earnings per Share is same as Basic Earnings per Share reported above.

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NOTES TO THE FINANCIAL STATEMENTS - 2025/2026

NOTE 10 - PROPERTY, PLANT & EQUIPMENT

	Freehold Land	Freehold Building	Expenditure incurred on Leasehold Building	Showroom Equipment	Motor Vehicles	Office Equipments	Computers	Tools & Equipments	Furniture & Fittings	Total
Cost / Revaluation	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
As at 01st April 2025	3,642,600,000	162,945,351	365,001,278	31,366,244	104,370,000	18,309,891	27,300,430	15,507,894	37,632,092	4,405,033,180
Additions	-	1,055,000	-	-	37,287,000	2,963,586	2,240,977	4,994	3,902,919	47,454,476
Cost of Disposal of Fixed Assets	-	-	-	(6,927,123)	-	-	-	-	-	(6,927,123)
As at 31st March 2026	**3,642,600,000**	**164,000,350**	**365,001,278**	**24,439,122**	**141,657,000**	**21,273,476**	**29,541,407**	**15,512,888**	**41,535,011**	**4,445,560,532**
Depreciation / Impairment										
As at 01st April 2025	-	12,071,570	248,418,264	25,712,416	41,759,425	1,761,006	8,722,153	642,191	3,600,791	342,687,816
Depriciation Charge for the year	-	12,271,172	26,738,315	5,460,268	20,851,149	1,943,103	9,446,775	1,550,200	3,934,442	82,195,423
Cum. Depriciation of Disposals of Fixed Assets	-	-	-	(6,733,563)	-	-	-	-	-	(6,733,563)
As at 31st March 2026	**-**	**24,342,741.49**	**275,156,578.27**	**24,439,120.95**	**62,610,574.70**	**3,704,108.87**	**18,168,928.94**	**2,192,390.50**	**7,535,232.70**	**418,149,676.27**
Carrying Value as at 01st April 2025	3,642,600,000	150,873,781	116,583,014	5,653,828	62,610,575	16,548,884	18,578,276	14,865,704	34,031,301	4,062,345,363
Carrying Value as at 31st March 2026	**3,642,600,000**	**139,657,609**	**89,844,699**	**1**	**79,046,425**	**17,569,368**	**11,372,478**	**13,320,498**	**33,999,779**	**4,027,410,856**

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NOTES TO THE FINANCIAL STATEMENTS - 2025/2026

NOTE 10 A - INTANGIBLE ASSETS

	Computer Software	Work in progress in ERP System	Total
Cost / Revaluation	**Rs.**	**Rs.**	**Rs.**
As at 01st April 2025	12,285,500	-	12,285,500
Additions	-	16,502,564	16,502,564
As at 31st March 2026	**12,285,500**	**16,502,564**	**28,788,064**
Depreciation / Impairment			
As at 01st April 2025	7,150,531	-	7,150,531
Depriciation Charge for the year	4,095,167	-	4,095,167
As at 31st March 2026	**11,245,698**	**-**	**11,245,698**
Carrying Value as at 01st April 2025	5,134,969	-	5,134,969
Carrying Value as at 31st March 2026	**1,039,802**	**16,502,564**	**17,542,366**

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NOTES TO THE FINANCIAL STATEMENTS - 2025/2026

NOTE 11 - INVESTMENTS IN SHARES

	2025/2026 Rs.	2024/2025 Rs.
STC Medical Ltd.	**49,990**	49,990
Less : Provision for Impairment of STC Medical Company Investment	**(49,990)**	(49,990)
	-	-
Ceylon Shipping Lines	**20**	20
	20	20

NOTE 12 - LOANS GIVEN TO EMPLOYEES

		2025/2026 Rs.	2024/2025 Rs.
Note 12 A - Non - Current			
Loans given to employees	**12.1**	**23,133,018**	14,863,000
Pre paid Staff Benefits	**12.2**	**2,799,252**	1,535,546
		25,932,270	16,398,546
Note 12 B - Current			
Loans given to employees	**12.1**	**8,749,661**	6,766,643
Pre paid Staff Benefits	**12.2**	**1,975,621**	1,333,509
		10,725,282	8,100,152
		36,657,553	24,498,700

NOTE 12.1 - LOANS GIVEN TO EMPLOYEES

	2025/2026	2024/2025
Balance at the beginning of the year	**24,498,700**	25,155,969
Loans granted	**32,908,770**	10,794,000
Loans recovered	**(20,749,917)**	(11,451,269)
	36,657,553	24,498,700
Transfer to prepaid staff benefit	**(4,774,875)**	(2,869,056)
Balance at the end of the year	**31,882,678**	21,629,645
Non Current	**23,133,018**	14,863,000
Current	**8,749,661**	6,766,643
	31,882,679	21,629,643

NOTE 12.2 - PREPAID STAFF BENEFITS

	2025/2026	2024/2025
Balance at the beginning of the year	**2,869,055**	3,055,655
Additions during the year	**4,785,452**	1,705,666
Amortization	**(2,879,635)**	(1,892,266)
Balance at the end of the year	**4,774,873**	2,869,055
Non Current	**2,799,252**	1,535,546
Current	**1,975,621**	1,333,509
	4,774,873	2,869,055

The Company provide loans to employees at concessionary rate. The fair value of the employee loans are determined by discounting expected future cash flows using market related rates for the similar loans . The differences between cost and fair value of employee loans are recognised as pre paid staff benefits.These loans have been subsequently measured at amortised cost.

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NOTE 13 - INVENTORIES	**2025/2026**	2024/2025
	Rs.	Rs.
Closing Inventory	**301,680,662**	1,436,293,035
Goods in Transits	**151,666,433**	133,816,989
Impairment Provision for Damage & Slow Moving Stock	**(4,520,805)**	(4,823,021)
	448,826,290	1,565,287,003

NOTE 14 - TRADE & OTHER RECEIVABLES	**2025/2026**	2024/2025
	Rs.	Rs.
Trade Debtors	**2,205,044,644**	1,436,998,718
Impairment of Debtors	**(200,751,227)**	(187,397,271)
	2,004,293,417	1,249,601,447
Other Receivables	**2,074,000**	74,000
Festival Advance	**2,840,500**	1,875,222
Electricity Deposits	**1,192,000**	1,192,000
Security Deposits - NSB	**1,142,345**	1,112,163
Container Deposits	**2,200,996**	3,692,500
Rent Deposits	**15,654,629**	16,171,296
Sundry Deposits	**1,006,500**	906,500
Port Authority - PVQ	**50,000**	50,000
Bid Bond Ac.	**3,640**	8,380
Prepayments	**4,592,963**	2,756,371
L/Guaranty Margin - People's Bank	**600,000**	600,000
VAT Receivables	**-**	14,972,841
Interest Receivable	**61,877,788**	67,394,940
With Holding Tax Receivable	**46,413**	46,413
Ministry of Education	**7,784,039**	7,784,039
Advance on Suppluers	**4,991,736**	44,008,616
Advance on Sundry Expenses	**556,850**	313,000
Advance on Other Payments	**3,052,500**	3,052,500
Rent Income Receivable	**9,867,635**	18,513,370
Rent Advance Payment - Batticaloa	**62,500**	212,500
Rent Advance Payment - Anuradhapura	**416,667**	916,667
Security Deposits - Q Shops	**191,128**	191,128
WHT on Interest Receivable A/C	**6,875,310**	3,547,077
Shipping Guaranty Margin - People's Bank	**13,112,753**	-
Staff Debtors - Salary Advance / Others	**53,906**	271,982
David Pieris Mortor Co.Ltd	**1,074,440**	1,074,440
Scrap Battery Control A/C	**843,725**	444,700
Loan / Hire purchases Rent Receivable	**3,649,976**	3,649,976
Reimbursement of Name Board - Rajawasa	**153,000**	153,000
Advance on Computer Software	**7,371,145**	-
Ministry of Education - Income receivable for Smart Boad	**-**	137,378,460
	2,157,632,500	1,581,965,526

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NOTE 15 - CASH HAND CASH EQUIVALENTS	**2025/2026**	2024/2025
	Rs.	Rs.
Cash at Bank		
BOC - (A/C No 8859546)	**270,158**	270,158
Sampath Bank - (A/C No 000930000337)	**1,539,379**	98,913
Sampath Bank - DFS (A/C No 002930006974)	**-**	8,140
BOC - (A/C No 1060)	**782,272**	-
NDB - New - Reg.Current (A/C - 101000160408)	**954,360**	102,123
People's Bank - Kurunegala - 226-1-001-0-0206579	**4,600,877**	2,065,577
People's Bank - Kandy - 003-1-001-9-0206579	**1,387,934**	2,067,648
People's Bank - Matara - 032-1-001-6-0037019	**1,565,625**	1,669,667
People's Bank - Kalmunai - 338-1-001-5-0206579	**2,036,864**	1,000,000
People's Bank - Rice 004 1 001 8 0206579	**257,929**	317,929
People's Bank - Rice 004 1 002 7 0206579	**10,962,936**	10,851
People's Bank - Anuradhapura - 004200340206579	**100,248**	-
People's Bank - Batticaloa - 004200430206579	**100,002**	-
People's Bank - Jaffna - 004200520206579	**100,124**	-
People's Bank - Matara - 004200610206579	**100,248**	-
People's Bank - Kandy - 004200700206579	**92,554**	-
People's Bank - Kurunegala - 004200890206579	**100,248**	-
National Savings Bank - 10002-09-57968	**27,654**	26,919
Petty Cash Imprest	**1,220,932**	675,255
Cash in Hand	**20,031,611**	8,273,235
	46,231,957	16,586,413

NOTES TO THE FINANCIAL STATEMENTS - 2025/2026

NOTE 16 - RETIREMENT BENEFIT OBLIGATIONS

	2025/2026	2024/2025
	Rs.	Rs.
Balance at the beginning of the year	**54,023,776**	40,446,241
Provision made during the year	**32,470,997**	19,819,266
Payments made during the year	**(11,013,086)**	(6,241,733)
Balance at the end of the year	**75,481,687**	54,023,776

The Valuation method used by the management to value the benefit is the 'Projected Unit Credit Method', the method recommended by the Sri Lanka Accounting Standard No.19 ((LKAS - 19) ,'Employee Benefits'

The movement in the retirement benefit obligations over the year is as follows.

	2025/2026	2024/2025
	Rs.	Rs.
Interest Cost	**3,809,538**	3,394,830
Current Service Costs	**4,230,687**	3,019,830
Total included in the staff cost	**8,040,225**	6,414,660
Net Actuarial (Gain)/Loss recognized immediately	**24,430,772**	13,404,492
Total recognized in the comprehensive income	**32,470,997**	19,819,151

The Key Assumptions used by the management include the following

Financial Assumptions	**31.03.2026**	31.03.2025
Rate of Interest	**8%**	9%
Rate of Increase of Salaries	**2%**	2%
Staff Turnover Factor	**11%**	9%
Retiring Age (Years)	**60**	60

The Company will continue as a going concern.

NOTE 17 - DEFFERED TAX LIABILITIES

	2025/2026	2024/2025
	Rs. Cts.	Rs. Cts.
Balance at the beginning of the year	**18,150,392**	30,437,267
Provision / (Reversal) for the Year	**76,112**	(12,286,875)
Balance at the end of the year	**18,226,504**	18,150,392

Deferred tax is calculated on temporary differences between carrying value of fixed assets and tax written down value of such assets, as analysed by each taxable activity.

The reconciliation of tax effect arising from the timing differences related to carrying amounts of assets and liabilities of the statement of financial position is as follows:

	Rs.	Rs.
Provision for slow moving stocks	**90,665**	(715,940)
Provision for bad & doubt ful debts	**(4,006,187)**	(975,055)
Employee Benefit Liability	**(6,437,373)**	(4,073,260)
Accelerated depreciation for tax purpose	**10,429,007**	(6,522,620)
	76,112	(12,286,875)

NOTE 18 - SHORT TERM BORROWINGS

	2025/2026	2024/2025
	Rs.	Rs.
Current Liabilities		
Short Term		
T.R. Loans - Peoples' Bank	-	296,260,000
T.R. Loans - Bank Of Ceylon	-	385,330,754
Total Loan Liability	-	681,590,754

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NOTES TO THE FINANCIAL STATEMENTS - 2025/2026

NOTE 19 - TRADE OTHER PAYABLES	**2025/2026 Rs.**	2024/2025 Rs.
Trade Creditors	**489,103,330**	420,263,493
Foreign Import Liability	**199,077,166**	151,309,130
Accrued Expenses	**90,928,658**	102,648,592
Dividend Payable	**87,501,461**	47,500,000
VAT Payable	**25,762,051**	-
Income Tax Payable	**119,930,105**	104,306,513
Social Security Contribution Levy (SSCL) Payable	**4,846,820**	3,497,543
Other Creditors - Sundry	**17,373,100**	-
Audit Fees	**1,410,000**	1,380,000
Security Deposit - NSB	**1,142,345**	1,112,163
EPF	**4,267,020**	3,233,266
ETF	**515,843**	387,992
Staff Creditors - Re Banked Salaries etc.	**1,339,339**	1,444,479
Salary Deductions	**120,508**	912,918
Salary Deductions - Staff & Others	**17,100**	19,200
ABC Trade & Investment	**1,041,629**	1,041,629
Sala Enterprises	**93,634**	93,634
Abans (Pvt) Ltd	**1,920,661**	1,920,661
Refundable Tender Deposits	**227,500**	205,000
Withholding Tax Payable	**7,977**	135,663
Etisalat Credit Card Proceed	**748,683**	748,683
Free Issues Control A/C	**109,584**	109,584
Stamp Recoveries	**19,450**	46,050
Loan / Hire Purchases Advance	**1,191,883**	1,191,883
Creditor for Lease Equipment	**118,310**	118,310
Money Received for Jaffna Showroom	**415,128**	415,128
Insurance Payable for Loan / Hire Purchases	**49,232**	49,232
Stafford Mortor (Pvt) Ltd	**28,000**	28,000
Retention Payable	**6,028,654**	5,295,917
Retention on Service Contracts	**1,272,559**	240,849
Settlement Account of Jaffna Showroom	**238,765**	238,765
Working Capital for Rice Importation	**50,000,000**	50,000,000
Mahapola Trade Fair Fund	**730,000**	730,000
Advance Received From Customers - New	**98,749,020**	38,611,310
Credit Card Online Payment A/C	**54,252**	120,795
Refundable Rent Deposit Q Shops /Others	**1,539,000**	1,425,000
Refundable Security Deposit- Rajawasa	**4,808,790**	2,427,822
Security Deposit- Rajawasa	**7,598,173**	7,598,173
Stocks / Other Shortage Recoverable A/C	**337,507**	-
Cash in Hand Credit Card	**793,349**	1,073,964
Control A/C of PayHere	**-**	247,488
NM Cash / Ch in Hand Control Account	**132,630**	-
Kandy Cash / Ch in Hand Control Account	**-**	128,595
Kalmunai Cash /Ch in Hand Cont. Account	**197,157**	194,381
	1,221,786,374	952,451,804

NOTE 20 - BANK OVERDRAFTS	**Rs.**	Rs.
People's Bank - A/ C No 004100120210918	**195,115,335**	115,101,831
Sampath Bank - DFS (A/C No 002930006974)	**28,008,192**	-
	223,123,527	310,490,939

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NOTES TO THE FINANCIAL STATEMENTS - 2025/2026

NOTE 21 - GOVERNMENT GRANTS DEFFERED INCOME

	Government Grant Deffered Income A/C 1	Government Grant Deffered Income A/C - 2 Rajawasa	Government Grant Deffered Income A/C - 4 Q Shop Contruction Exp	Government Grant Deffered Income A/C -5 Rajawasa Batticaloa	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Operning Balance as at 01.04.2025	19,104,141	61,728,253	5,311,781	9,169,963	95,314,139
Government Grant Received during the Year	-	-	-	-	-
Total	**19,104,141.26**	**61,728,253.14**	**5,311,781.18**	**9,169,963**	**95,314,139**
Less - Charged to Profit & Loss	6,368,047	7,716,032	5,311,781	4,584,982	23,980,842
Closing Balance as at 31.03.2026	**12,736,094**	**54,012,222**	**-**	**4,584,982**	**71,333,297**

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NOTES TO THE FINANCIAL STATEMENTS - 2025/2026

NOTE 22 - DEEMED VAT LIABILITY

	2025/2026	2024/2025
	Rs.	Rs.
Balance at the beginning of the year	161,139,276	161,139,276
Less - Payments made during the year	84,641,365	-
Balance at the end of the year	76,497,911	161,139,276
Current Liability	65,569,638	79,177,229
Non Current Liability	10,928,273	81,962,048
Total	76,497,911	161,139,276

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NOTES TO THE FINANCIAL STATEMENTS - 2025/2026

NOTE 23 - TRANSACTIONS WITH RELATED PARTIES

A) 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 Executive and Non-Executive Directors), Senior Managers of the Company 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 Company.

(ii) Other Transactions with Key Management Personnel

There were no other transactions with key Managerial Personnel other than those disclosed in Note 23(A) to these Financial Statements.

NOTE 24 - CAPITAL COMMITMENTS
There were no contracted capital expenditure and contingencies approved by the Board of Directors as at the 31st March 2026.

NOTE 25 - COMPARATIVE INFORMATION

To facilitate comparison, relevant balances pertaining to the previous year have been re-classified to conform to current year's classification.

NOTE 26 - FINANCIAL RISK MANAGEMENT

Overview
The Corporation has exposure to the following risks from its use of financial instruments:
* Credit risk
* Liquidity risk
* Market risks (Including currency risk and interest rate risk)

This note presents qualitative and quantitative information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and procedures for measuring and managing risk.

Risk Management Framework
The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Corporation's risk management policies are established to identify and analyze the risk faced by the Corporation's, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

NOTE 26 - FINANCIAL RISK MANAGEMENT (Contd..)

Credit Risk

Credit risk is the risk of financial Loss to the Corporation's if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's receivables from customers and investment securities.The Company adopts an approved credit policy and closely monitor the customer receivables to minimize the risk.

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 this risk 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 damages to the Company's reputation.

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

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, Interest rates, etc; will affect the Corporation's income or the value of its holdings of financial instruments. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns. The Company takes measure to mitigates the risks by periodically evaluating the trends of the factors affecting the pricing policy.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future Cash Flows of financial instruments fluctuate because of changes in market interest rates. The Corporation's exposure to the risk of changes in market interest rates relates primarily to the Corporation's long term debt obligation and Investments with floating Interest rates. However the Corporation does not have material long-term floating rate borrowings or deposits as at the reporting date which results a material interest rate risk.