

ANNUAL REPORT

2011-2012



Sri Lanka State Trading (General) Corporation Ltd

ලංකාදිප

ලංකාදිප 2013 මාර්තු මස 25 වැනි සඳුදා - පුවත්පතක් වශයෙන් ශ්‍රී ලංකාවේ ලියාපදිංචි කරන ලදී.

'කෝප්' ඇස ගොමුටු ආයතන 235 කින් රාජ්‍ය වාණිජ සංස්ථාව විශිෂ්ටයි.

සභාපති ඩීවී කියයි.

ටොද ව්‍යාපාර පිළිබඳ පාර්ලිමේන්තු කාරක සභාව (කෝප්) හමුවට කැඳවා මෙවර විමර්ශනය කරණු ආයතන 235 අතරින් හොඳම ආයතනය වශයෙන් රාජ්‍ය වාණිජ (විවිධ) නීතිගත සංස්ථාව පෙන්වා දිය කැඟිගැනී කෝප් කමිටුවේ සභාපති සහ මානව සම්පත් පිළිබඳ ජ්‍යෙෂ්ඨ ඇමති ඩීවී ගුණසේකර මහතා පැවසීය.

දුර්වල ආයතනවලට පොස් පවරන්නා සේම ඇගයීමට ලක් කල යුතු ආයතනවලට හිමි විය යුතු තොරවිය විලෙසම ලබාදිය යුතු බවද ඔහු කීය.

වසර 2004-2005 දී රුපියල් මිලියන 111 ක් අලාභ ලබා ඇති මේ ආයතනය ප්‍රාග්ධනය තැනීම් හා වම් ජ්‍යෙෂ්ඨවත් ප්‍රධාන කාර්යාලයේ කොටසක් සහ තවත් දේපල විකුණා ඇතැයි ද

විවේචිත තත්වයක පැවති ආයතනය 2011-2012 වන විට මිලියන 63 ක් ලාභ උපයා තිබීම ඉතා හොඳ තත්වයකැයි ද ඇමතිවරයා සඳහන් කළේය.

පාඩු ලබා ඉතා අසීරු තත්වයක පැවති මේ ආයතනයට 2008-2009 දී නව කළමනාකාරිත්වයක් පත්වූ පසු එම වසරේදීම රුපියල් මිලියන 19 ක ඉදිරි ලාභයකුත් 2009-2010 දී රුපියල් මිලියන 52 ක ඉදිරි ලාභයකුත් 2010-2011 දී රුපියල් මිලියන 59 ක ඉදිරි ලාභයකුත් 2011-2012 දී රුපියල් මිලියන 67 ක ඉදිරි ලාභයකුත් උපයා ඇති බව විමර්ශනයේදී හෙළි වී ගැනී ඇමති ගුණසේකර මහතා කීය.

කළමනාකරණ කාර්යයන්මෙහා වූ ශ්‍රී ලාංකීය විනයක් පවත්වාගෙන යාම අලුත් ව්‍යාපාර සංස්කෘතියක් ඇති කර ගැනීම නව කාර්ය කළමනාකරණයට හොඳම ආයතනය ඉදිරියට ගොස් ඇති බවත් එම නිසා කෝප් කමිටුවේ ප්‍රසංශාවට මේ ආයතනය ලක් වූ බවත් ඇමති ගුණසේකර මහතා ප්‍රකාශ කළේය.

වසර 2008 රුපියල් මිලියන 321 ක් වූ රාජ්‍ය වාණිජ (විවිධ) නීතිගත සංස්ථාවේ වෙළඳාම අදාළ වන විට වසරකට රුපියල් මිලියන 2200 දක්වා වර්ධනය වී ඉදිරි ලාභය රුපියල් මිලියන 82 ඉක්මවා තිබේ.

COPE OPINIONS ON STC PROGRESS

රේඛ

ඉ ර ඳා ස ං ග්‍ර හ ය

රේඛ 2013 මාර්තු මස 10 වැනි දා ඉරිදා 08 වන කාණ්ඩය 10 වැනි පත්‍රය පුවත්පතක් වශයෙන් ශ්‍රී ලංකාවේ ලියාපදිංචි කරන ලදී.

වාණිජ විවිධ නීතිගත සංස්ථාවට කෝප් කමිටුවේ පැසසුම්

ශ්‍රී ලංකා රාජ්‍ය විවිධ නීතිගත සංස්ථාව සියලු රාජ්‍ය ආයතනයන්ගේ පරමාදර්ශී කාර්ය මෙහෙයුමක නිරත වන බව කෝප් කමිටු සභාපති, මානව සම්පත් පිළිබඳ ජ්‍යෙෂ්ඨ ඇමති ඩීවී ගුණසේකර මහතා රිච් ඉරිදා සංග්‍රහයට පැවසීය.

රාජ්‍ය ආයතනයන්ගේ කාර්යසාධනය ඇගයීමට ලක් කරනු ලබන කෝප් කමිටුවේ නවතම වාර්තාව හුදුරේදීම විලිඳක්වන බවටද ඇමතිවරයා විකේන්ද්‍රීයත්වය පැවසීය.

2013 පෙබරවාරි 28 වැනිදා පාර්ලිමේන්තුවේදී රැස්වූ කෝප් කමිටුව ඉදිරියේ ශ්‍රී ලංකා රාජ්‍ය වාණිජ විවිධ නීතිගත සංස්ථාවේ සභාපති/ කළමනාකාර අධ්‍යක්ෂක පුද්ගලයන්ගේ මහතා සංස්ථාවේ කාර්යසාධන වාර්තාව ඉදිරිපත් කොට ඇත. පෞද්ගලික ආයතන හා කරට කර කරන කරමින් නිරන්තරයෙන් නව නිපැයුම් රටට හදුන්වා දෙමින් නිවැරදි කළමනාකරණ ක්‍රමවේදයකට අනුකූලව ක්‍රියාත්මක වූ නිසා ලාභ ලබා රටට වලංගු මෙහෙවරක් කරන්නා හැක් වූ බවත්, කෝප් කමිටුවේ දීර්ඝත්වය ආයතනයේ ඉදිරි ගමනට ශක්තියක් බවත් රාජ්‍ය වාණිජ විවිධ නීතිගත සංස්ථාවේ සභාපතිවරයා රිච් ඉරිදා සංග්‍රහයට පැවසීය.

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VISION, MISSION & CORPORATE GOALS

VISION

To be the National Business Leader.

MISSION

To supply all products and services required primarily by the state sector to enhance its operational efficiency, while catering to all other segments, maintaining stakeholder interests with a view of supporting Sri Lanka to become the commercial hub of Asia under the concept of Mahinda Chinthanaya.

CORPORATE GOALS

To earn reasonable earning, contribute towards personnel and carrer development and establish product leadership via specific brands.

CORPORATE INFORMATION

Name of the Company	Sri Lanka State Trading (General) Corporation Limited
Legal form	The name from STC General Trading Co. Ltd was changed to Sri Lanka State Trading General Corporation Ltd. on 01/10/2010 under the Companies Act No.07 of 2007, STC General Trading Co. Ltd was enacted previously under the public companies Act No.23 of 1987 and prior to that the entity was known as the Sri Lanka State Trading (General) Corporation under the Sri Lanka State Trading Act No. 33 of 1970.The company is adjunct to the Ministry of Co-operatives and Internal Trade.
Chairman / Managing Director	Mr. Pradeep Gunawardane
Board of Directors	Mr. Pradeep Gunawardane. Mr. B.M.C.K. Basnayake Mr. Ranjith Caldera. Mr. J.H.M.W. Jayapathma Ms. S.A.C. Kulathilake Mrs. P.M.Perera Mr. J.A.A.L. Jayakody (Resigned W.e.f. 03/01/2012) Mr. M.M.P.K Mayadunne. (Resigned W.e.f. 28/12/2012) Mr. N.G. Dayarathna. (Resigned W.e.f. 16/05/2013)
Board Secretary	Mr. K.G.S.P. Wijayaratne
Company Secretary	Mr. K.Liyanage
Auditors	M/S Dayananda Samarawickrema & Co, Chartered Accountants, No. 20/26, Station Lane Nugegoda. Appointed by Department of Auditor General
Bankers	People's Bank Bank of Ceylon NDB Bank Sampath Bank
Registered office	PO Box 1686 100, Nawam Mawatha, Colombo-2, Sri Lanka. Telephone : 242 2341-3 Fax : 244 7970 E mail : lankagen@sltnet.lk Web: www.stcgeneral.Com
Company Registration No	PB 863
No of Employees	314 employees had been employed by the company at The year ended.

CHAIRMAN'S MESSAGE



“ Taking on the challenges set in the market place and certain malpractice trading activities, We re-asserted STC image of entrepreneurial excellence and integrity. We always blend our business decisions with our values of following ethical principles in transacting and managing business, caring for customer interest and commitment to excellence, continual innovation and entrepreneurship. ”

Dear Stakeholders,

The year witnessed State Trading Corporation (STC) decisively driving its business to accomplish some significant milestones. As a forward looking organization, our dare-to do spirit has added dynamism. Our commitment to been a relentless learning organization adds a competitive edge to our business.

STC Progressed well on the solid pillars of fundamentals built on the past 06 years. I am pleased on behalf of the board of directors to present the annual report along with the audited statement of accounts for the financial year 2011/2012. I take this opportunity to share my perspectives on the milestone that were achieved during the year and the path that is ahead of us to take the company to greater heights of prosperity without compromising on our organizational ideals.

Taking on the challenges set in the market place and certain malpractice trading activities, we re-asserted STC image of entrepreneurial excellence and integrity.

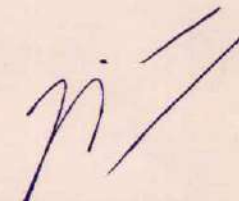
Our key business delivered a healthy performance in the year. Our management has taken critical decisions on designing innovative business models; flexibility to capture proactively immerging business opportunities, re-engineering efficiency module in the public sector mind set, practical application of synergizing human resources. We always blend our business decision with our values of following ethical principles in transacting and managing business, caring for customer interest and commitment to excellence, continual innovation and entrepreneurialships.

In this journey one of our key successes was to find new product sources and fit on to efficient channels of distribution. The result of this is the product portfolio which increased from 7,000-10,000 items. Management science was institutionalized on the right time with the right people at our customer need.

I am privilege to have excellent and talented team to drive our business with continuing success and sustain competitive excellence in our trading operations. My senior management together with other staff members worked with enthusiasm and determination to accomplish significant milestones.

Our revenue increased by 71% to Rs.1,872 Million resulting achieving of profit before tax Rs.79.9 Million. The reason was STC going through some significant changes from being a typical loss making public sector organization to a well managed self financing and energetic customer caring entity.

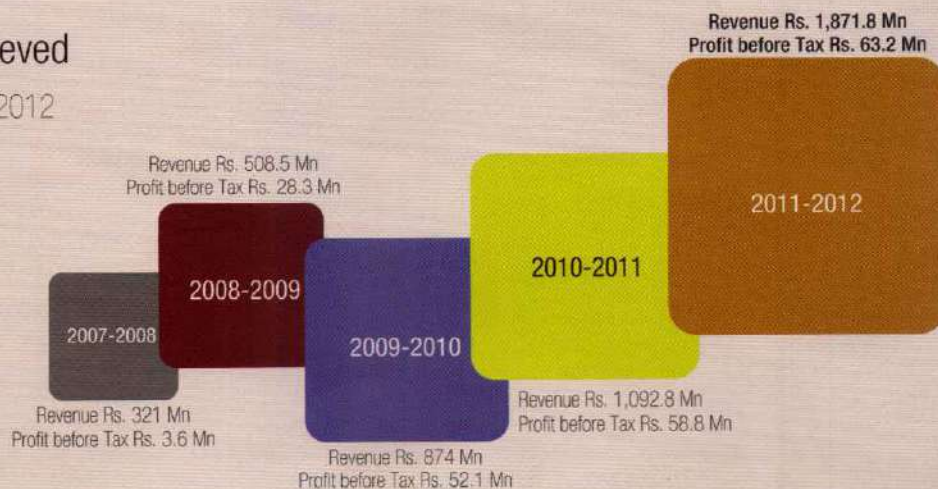
Looking back on another outstanding year of achievement, I am indeed very thankful to His Excellency Mahinda Rajapaksa the president of the Democratic Social Republic of Sri Lanka for his visionary leadership and the Honorable Minister of Co- Operatives & Internal Trade, The Secretary of the Treasury, The Secretary of the Ministry of Co-Operative & Internal Trade and my fellow Directors, Our Bankers, Customers, Business partners and the Management Team, for their invaluable support.


Pradeep Gunawardane
Chairman / Managing Director

Sri Lanka State Trading (General) Corporation Ltd.

Milestones Achieved

2007/2008 2011/2012





State Trading Corporation

(General) Corporation



05

DIRECTOR

MS. S.A.C. KULATHILAKE



02

WORKING DIRECTOR

B.M.C.K. BASNAYAKE



01

CHAIRMAN/
MANAGING DIRECTOR

PRADEEP GUNAWARDANE



03

DIRECTOR

J.H.M.W. JAYAPATHMA



06

DIRECTOR

MRS. P.M. PERERA



04

DIRECTOR

RANJITH CALDERA

DIRECTOR BOARD OF STC



State Trading Corporation



CORPORATE MANAGEMENT

05

DEPUTY
GENERAL MANAGER
(MARKETING)

G. M. V. U. ABESSEKARA

04

DEPUTY
GENERAL MANAGER
(PROCUREMENT)

M. A. SUMIL WIJAYASIRI

03

DEPUTY GENERAL
MANAGER
(HR & ADMINISTRATION)

S. M. U. S. KORALEGEDARA

01

CHAIRMAN/
MANAGING DIRECTOR

PRADEEP GUNAWARDANE

02

GENERAL MANAGER

K.G.S.P. WIJAYARATNE

07

FINANCE MANAGER

MERYL NONIS

06

ASSISTANT
GENERAL MANAGER
(MARKETING)

MRS. CHAMILA IDDMALGODA

SENIOR MANAGEMENT TEAM

07
PAGE



K.G.S.P. WIJAYARATNE
GENERAL MANAGER



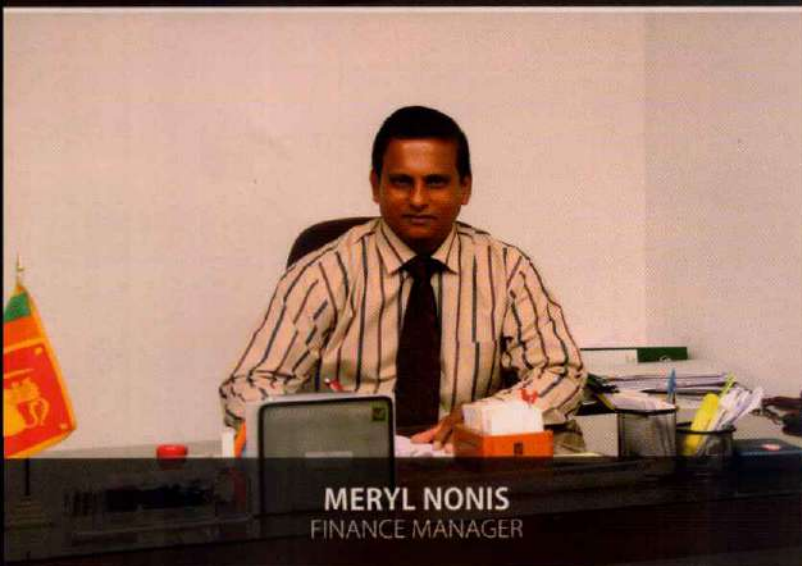
G.M.V.U. ABEYSEKARA
DGM (MARKETING)



M.A. SUMIL WIJAYASIRI
DGM (PROCUREMENT)



S.M.U.S. KORALEGEDARA
DGM (HR & ADMIN)



MERYL NONIS
FINANCE MANAGER



MRS. CHAMILA IDDAMALGODA
AGM (MARKETING)

OPERATIONAL MANAGEMENT TEAM



MRS. S.N. MENDIS
ACCOUNTANT (INTERNAL AUDIT)



H.V.S. DE SILVA
MANAGER (ELD.V)



T.D. SARATH KUMARA
MANAGER (AS & SW)

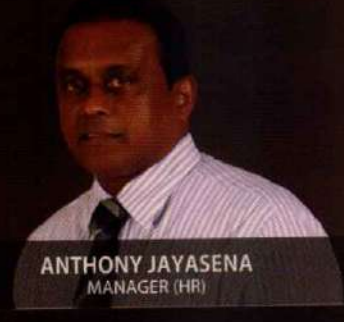
08
PAGE



K.A. SOMARATHNA
MANAGER (AP)



M.A. HEMAL DHAMMIKA DIAS
MANAGER (ICT)



ANTHONY JAYASENA
MANAGER (HR)



K.K.C.A. AMARAJEWA
MANAGER (DUTY FREE SHOP)



H.K. ANURA
MANAGER (SERVICES)



P.R.M.N.H. BANDARA
MANAGER (IT & COMM.)



K.U. I. PERERA
ACCOUNTANT (R & SC)



M.A.P.T. PERERA
MANAGER (LOGISTICS)



S.L.W.M. EKANAYAKA
MANAGER (CUSTOMER ACCOUNTS)



Y.R. EDIRISINGHE
MANAGEMENT ACCOUNTANT



T.A. GAYAN DE SILVA
PROJECT MANAGER (ICT)

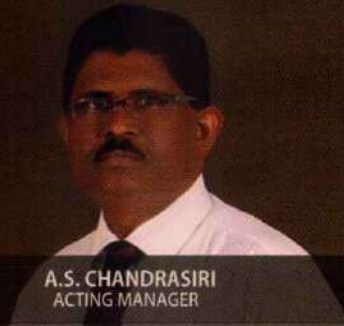


K.D. THILAKARATHNE
MANAGER (CONTENT DEVELOPMENT)

OPERATIONAL MANAGEMENT TEAM



G.M.S.P. APONSU
DEPUTY MANAGER (MARKETING)



A.S. CHANDRASIRI
ACTING MANAGER



MRS. C.H. HEWAWASAM
ACTING MANAGER (INTERNAL AUDIT)



K.L. PATHIRANA
ASSISTANT MANAGER (FMCG)



MRS K.M.G.B. DIAS
ASSISTANT MANAGER (OS)



N.W.T.R. HARIVANSHA
ASSISTANT MANAGER (CH & INTERIOR DESIGNING)



N.K. JAYASUNDARA
ASSISTANT MANAGER (DUTY FREE SHOP)



A.S.V. RAJAKARUNA
ASSISTANT MANAGER (MOTORBICYCLES)



R.M.M.D. MAHANAMA
ASSISTANT MANAGER (E-MARKETING)



MRS I.K.P.P. PERERA
ASSISTANT ACCOUNTANT (BOOK KEEPING & SALARIES)



MISS N.V.L. SAMUDRA
ASSISTANT ACCOUNTANT (PAYMENTS)



MRS.D.K. JAYASOORIYA
ASSISTANT MANAGER (HR & ADMIN)



MRS G.P.J. ABEYKOON
PERSONAL ASSISTANT



MRS P.C. DIAS
ASSISTANT MANAGER (INTERNAL AUDIT)



MISS A.L. SIRIMA
ASSISTANT MANAGER (IT & COMM.)

OUR PRODUCT PORTFOLIO

Office Supplies and Equipments



Double A & Other photocopier papers, Boards, Papers Books, Files & Folders, Envelops, Office Bags & Brief-cases, Pens & Pencils, Whiteboards & Markers, Scissors, Paper Knives & Paper Shredders, Calculators, Staplers & Punchers, Floppy Diskettes, CDs & DVDs, USB Drives and Other Stationeries

Home Appliances



Aluminium Items, Porcelain Products, Nonstic Kitchenware, All kinds of Cleaning Products, Sports Goods, All kinds of Plastic Products, Cups & Saucers, Cutlery & Crockery, Kettles & Jugs, Racks & Trays, Vacuum Flasks, Water Filters & Purifiers, Pillows, Metresses & Bedsheets, Rubber, Coir Carpets, Weighting Scales, Raincoats & Umbrellas, Tissues, Paper Serviettes & Other paper based products, Wall clocks

IT & Telecommunication Accessories



Laptops, Desktop Computers, Printers, Fax Machines, Scanners, UPS, Photocopy Machines, Other Computer Accessories

Electrical & Electronic Accessories



Air Conditioners, KDK Fans, Digital Cameras (Still, Video) & Flashlights, Multimedia Projectors & Screens, Indoor & Outdoor Speakers, Audio Amplifiers, Mixers & Microphones, Generators, Access Control Systems, CCTV Systems, Finger Scan Attendance Systems, Bulbs (CFL, Fluorescent) & Emergency Lights, Telephones, Wiring Accessories, Other Electrical Accessories

OUR PRODUCT PORTFOLIO

FMCGs (Fast Moving Consumer Goods)

Homecare Products
Personal Care Products
Food Brands



Tyres & EXIDE Batteries

APOLLO
YOKOHAMA
NANKANG
PIRELLI
DUNLOP



Agricultural Equipments, Machinery Tools & Hardware



Barbed Wires, Bush Cutters, Grass Trimmers & , Lawn Movers, Welding Transformers, Kathy & Knives, All types of Power Tools, All types of Hand Tools, Water Pumps, Safety Equipments (Helmets, Gloves & Boots), Forks, Jumpers, Shovels & Rakes, Polythene Sealers, Fogging Machines

Motorbicycles

Motorcycles (100cc, 110cc, 125cc, 150cc, 180cc)
Scooters
Moped Cycles



BAJAJ
TVS

OUR PRODUCT PORTFOLIO

Interior Design & Office Furnitures



Steel Furnitures (Chairs, Tables, Cupboards, Cabinets, Book Racks)
Wooden Furnitures (Chairs, Tables, Cupboards, Cabinets, Book Racks)
Melamine Furnitures (Chairs, Tables, Cupboards, Cabinets, Book Racks)

Chemicals



Industrial Chemicals
Laboratory Chemicals
Speciality Chemicals
Selected Explosive Chemicals

Duty Free Shop



Facilitate the requirement of the diplomats and diplomatic missions

More in the pipe line....

BUSINESS REVIEW

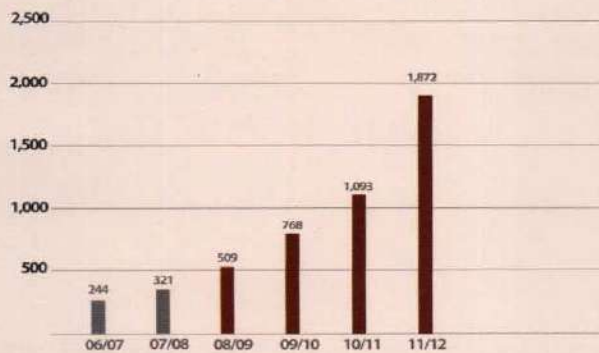
RESULTS FROM OPERATING ACTIVITIES

During the Period under review, Gross Profit registered a healthy 124% growth to Rs. 311 Mn in comparison to Rs. 139 Mn of the previous year. Profit margins were improved to 16.6% from 12.7% of the previous year.

Revenue from operating activities recorded at Rs. 1,871 Mn for the financial year 2011/2012 as against Rs. 1,053 Mn. recorded of the previous year.

The Remarkable improvements were seen in all product divisions and Chemical & Allied, Office Supplies, IT Division started steering ahead. Some of the contributing factors for the growth is the continuous identification of customer needs and the introduction of new products into the existing product portfolio. During the year a new division called Interior Design Division was established and this would assist in supplying Interior designing to customer requirements.

SALES GROWTH



NET PROFIT AFTER TAX GROWTH



IMPROVED OPERATIONAL INDICATORS

	2011/12	2010/11
Sales per Employee per annum	5,961,251.00	3,768,459.00
No. of Customers	2,650	2,069
No. of Products	7,325	6,100
No. of Staff	314	290
Average Earnings per Employee after tax	201,365.00	150,234.00
Stock Turnover	3.38	4.62
Debtor Turnover	5.56	6.11
Average Collection Days	66 days	60 days

BUSINESS REVIEW

WEB PARTASHALA (e - LEARNING PROJECT)

An Innovative forward thinking business models were adapted at STC. As a result, Web Partashala e_learning Project was introduced by STC in partnership with Etisalat, a Mobile telecommunications service provider. Experts knowledge was brought to the e_learning platform for school children to have an effective self studying method.



A separate showroom with the latest technology was opened at Town hall in order for students to have an experience in the self study methods branded as Web Patashala.

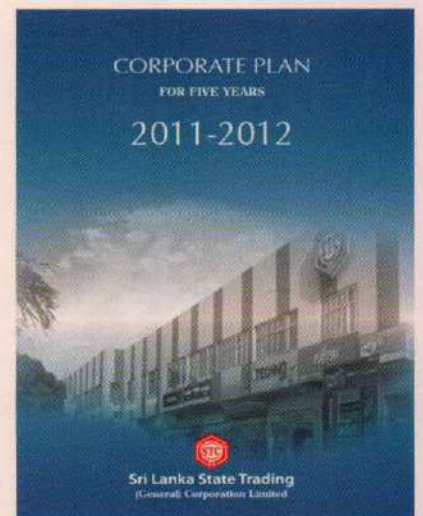
ERP SYSTEM

Automation of all processes through an ERP System was implemented and even today we continue automation activities further in assisting Revenue growth and customer service at STC.



CORPORATE PLAN

A Corporate Plan for 5 Years is a Mandatory requirement, which is a framework that guides and drives the business. Management of STC carried out extensive homework over a period of 9 Months and with many brainstorming sessions we were able to build the Corporate Plan with the assistance of outside expertise and 2 days in-house workshop was organized at Browns' Beach Hotel Negombo comprising staff members in all layers of STC.



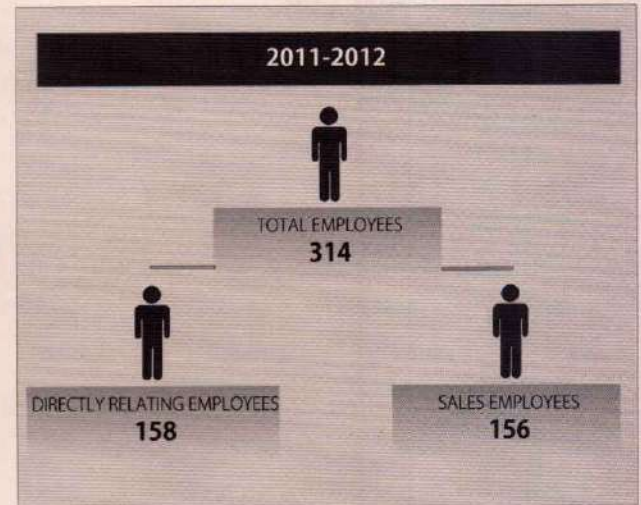
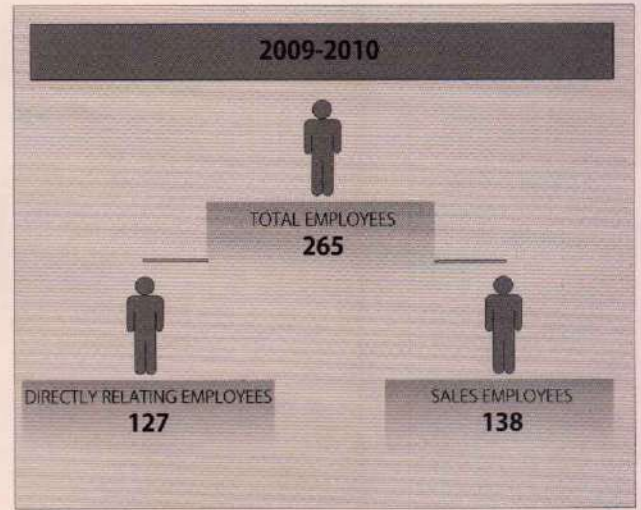
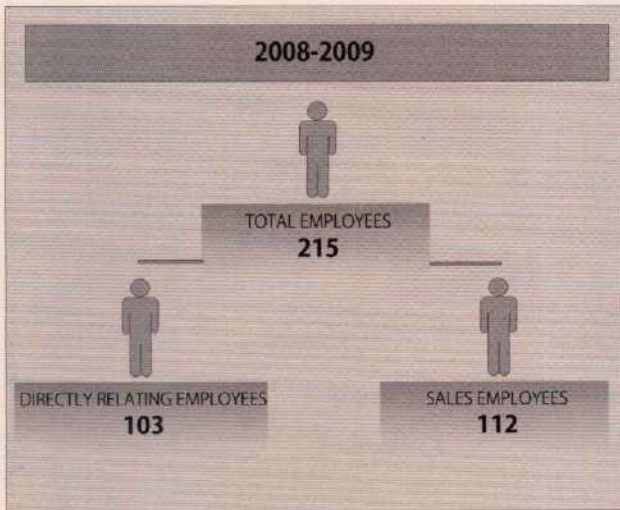
ISLANDWIDE BRANCH NETWORK



EMPLOYEMENT GENERATION

2008 - 2012

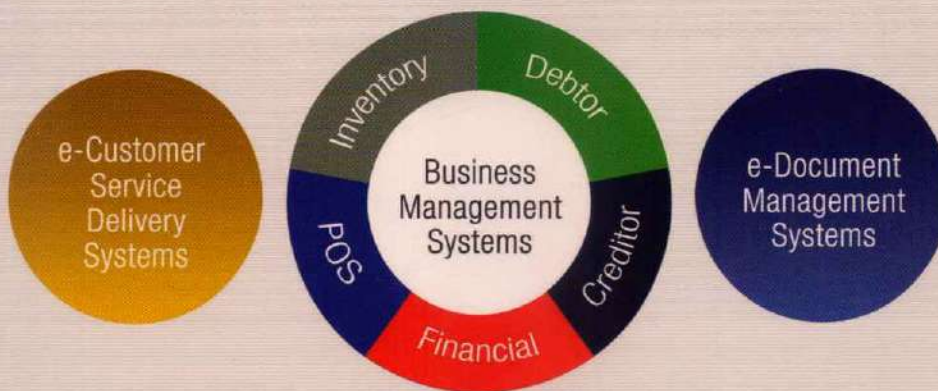
Numbers in Employment since 2008/2009 to 2011/2012



E-SERVICE DELIVERY SYSTEM

ERP Software Key Features

Enterprise Resource Planning (ERP) software provides a broad range of capabilities to support all critical back office functions with features for Inventory Management, Supply Chain Management, Human Resources, Financial Management, Customer Relationship Management and more. ERP software can improve core operations across an entire business.



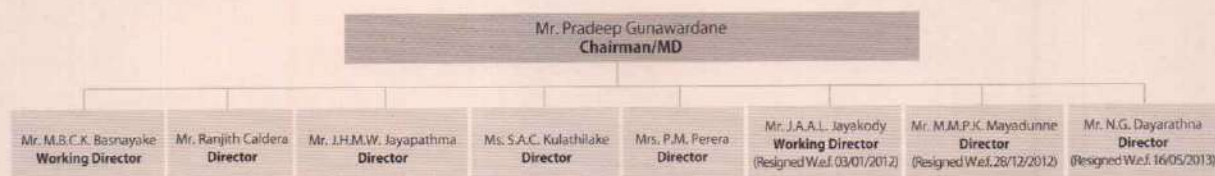
Benefits of ERP Software of STC

- Providing sales and operational planning with access to critical information automating business operations such as Invoicing, Purchase Orders within one system to improve forecasting accuracy and reduce inefficiencies.
- Avoidance of human errors and repetitive task.
- Effectively managing decision making at critical levels in the trading transactions.
- Increase access to valuable co-operate data that delivers a clear, global view of the business that drives continuing improvements statistics and establishes common performance metrics and measures to gain the health of the business.
- Support for streamline sourcing and procurement process which drive alignment to customer demands and also deliver a centralized buying model to reduce unauthorized and unnecessary expenses.
- It helps enhancing the customer satisfaction by providing the right feedback in time and also by facilitating the products and services within the specified time with great quality.
- Helps to utilize the resources optimally by conducting analysis and ensuring the resources are not wasted.
- Helps to streamline all the business functions into a unified system and facilitates easy and effective decision making.
- Ensures transparency within and outside organization, free flow of information and extremely effective reporting within the organization.
- Enterprise resource planning system ensures high data security and also enables the organization in scaling up the processes in the form of expansion.
- Helps the organization adapt to the changing business needs and technology.

CORPORATE GOVERNANCE

During the past year management of STC strived to rejuvenate governance structure and best business practices. In addition STC has a separate Internal Audit Division, headed by a qualified accountant and internal controls are in place to ensure a sound control environment. Further there is separate Audit Committee which reports to the Board of Directors.

BOARD MEMBERS



AUDIT COMMITTEE MEMBERS



During the year Board meetings held.

Board Members	05/04/11	06/05/11	21/06/11	28/07/11	30/08/11	12/10/11	09/12/11	26/01/12
Mr. Pradeep Gunawardane Chairman/MD	X	X	X	X	X	X	X	X
Mr. J.A. Ananda Lal Jayakody Working Director (Resigned W.e.f. 03/01/2012)	X	X	-	X	X	X	-	X
Mr. B.M.C.K. Basnayake Working Director	-	-	-	-	-	-	-	X
Mr. N.G. Dayarathna Director (Resigned W.e.f. 16/05/2013)	X	X	X	X	X	X	X	X
Mr. M.M.P.K. Mayadunne Director (Resigned W.e.f. 28/12/2012)	X	X	X	X	X	X	X	X
Mr. Ranjith Caldera Director	X	X	X	X	X	X	X	X
Mr. J.H.M.W. Jayapathma Director	X	X	X	X	X	X	X	X

CORPORATE GOVERNANCE

During the year Audit Committee meetings held.

Audit Committee Members	29/08/11	02/12/12	16/12/12
Mr. N.G. Dayarathna Chairman of the committee (Resigned W.e.f. 16/05/2013)	X	X	X
Mr. Ranjith Caldera Director	-	X	X
Mr. Wanninayaka Jayapadma Director	-	-	-
Mr. W.S.P. Wanniarachchi Ministry Representative	X	X	X
Mr. K.G.S.P. Wijyaratne General Manager	X	X	X
Mr. Meryl Nonis Finance Manager	X	X	X

AVAILABILITY OF BUSINESS MANAGING INSTRUMENTS



- | | |
|-------------------------------------|-----------------------------------|
| 1) Corporate Plan 2011/12-2015/16 | 7) STC Product Profile |
| 2) Annual Report 2011/12 | 8) STC Profile |
| 3) Performance Report 2011/12 | 9) STC Credit Sales Policy |
| 4) Modernization of Office Premises | 10) STC Performance up to 2012/13 |
| 5) STC Procurement Procedures | 11) Progress Report 2011/12 |
| 6) STC Action Plan | |

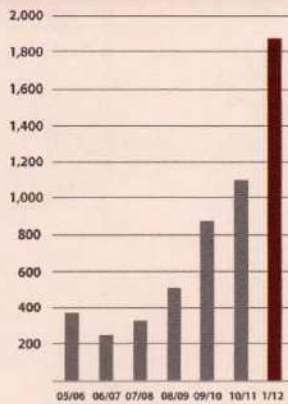
FINANCIAL HIGHLIGHTS

	2011 / 2012 (Rs. "000")	2010 / 2011 (Rs. "000")	Change (%)
Operation			
Turnover	1,871,833	1,092,853	71%
Profit from operation	94,696	66,387	43%
profit before taxation	79,929	58,783	36%
Profit after taxation	63,229	43,568	45%
Balance Sheet			
Non-current assets	287,145	283,521	1%
Current assets	2,175,333	1,744,044	25%
Current liabilities	1,869,168	1,506,145	24%
Non-current liabilities	36,901	36,968	0%
Stated capital and reserves	556,409	484,453	15%
Cash Flow			
Net cash generation from operating activities	(52,973)	(4,132)	-11.82%
Net cash generation from investing activities	(2,006)	(7,856)	74%
Per share data			
Earnings per share	6.32	4.36	45%
Net assets per share	55.64	48.45	15%
Key Ratios			
Quick ratio	0.92	1.02	-10%
Current ratio	1.16	1.16	0%
Gearing ratio	3.43	3.19	7%
Return on Equity (RoE)	0.11	0.09	22%
Return on Assets (RoA)	0.03	0.02	11%

GRAPHICAL VIEW

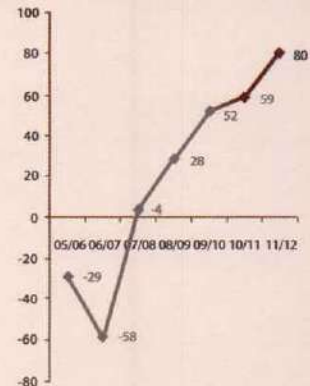
Year	Turnover (Rs.Mn.)
05/06	367
06/07	244
07/08	321
08/09	509
09/10	875
10/11	1,093
11/12	1,872

TURNOVER (RS.)



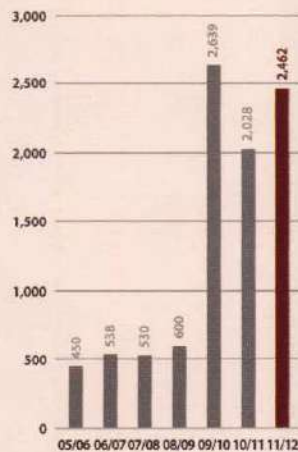
Year	Profit before Tax (Rs.Mn)
05/06	-29
06/07	-58
07/08	4
08/09	28
09/10	52
10/11	59
11/12	80

PROFIT BEFORE TAX (RS.)



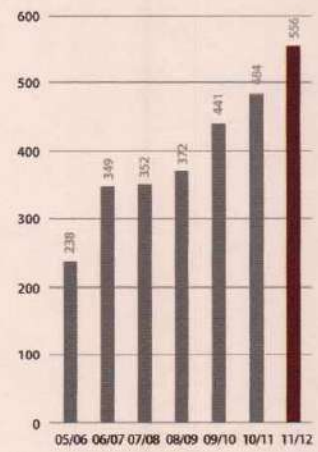
Year	Total Assets (Rs.Mn)
05/06	450
06/07	538
07/08	530
08/09	600
09/10	2,639
10/11	2,028
11/12	2,462

TOTAL ASSETS (RS.)



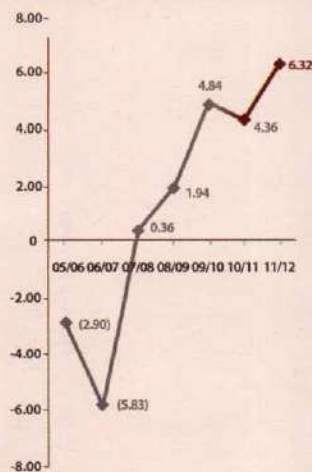
Year	Total Equity (Rs.Mn)
05/06	238
06/07	349
07/08	352
08/09	372
09/10	441
10/11	484
11/12	556

TOTAL EQUITY (RS.)



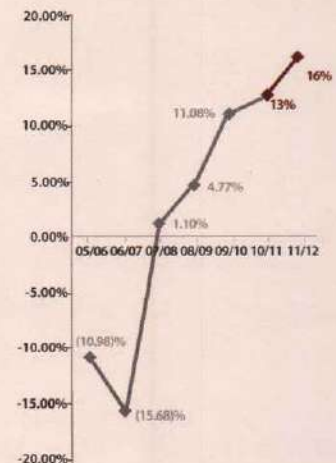
Year	EPS (Rs.)
05/06	(2.90)
06/07	(5.83)
07/08	0.36
08/09	1.94
09/10	4.84
10/11	4.36
11/12	6.32

EPS (RS.)



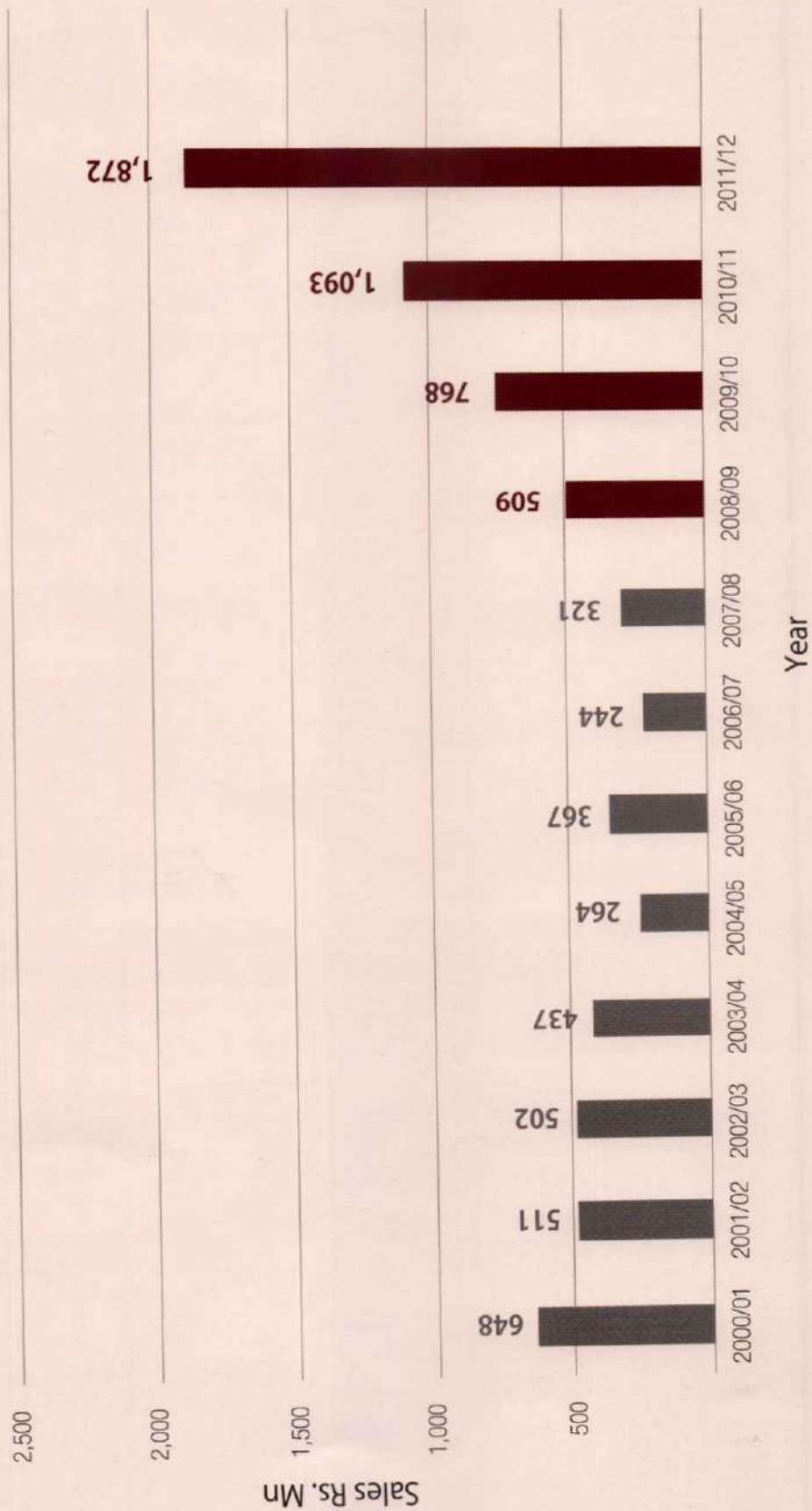
Year	ROCE (%)
05/06	-10.98%
06/07	-15.68%
07/08	1.10%
08/09	4.77%
09/10	11.08%
10/11	13%
11/12	16%

ROCE (%)



REVENUE GRAPH

2000/01 TO 2011/12



DIVISIONAL PERFORMANCE OF STC

2011/2012

REVENUE DRIVERS

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PAGE



Division

Revenue (Rs.)

Agricultural Supplies (AS)	74,047,708
Household Requirements (HR)	89,575,023
Office Supplies (OS)	290,175,921
Chemical & Allied (CA)	554,861,482
Construction & Hardware (CH)	111,027,977
Automotive Products (AP)	142,337,631
Swashakthi (SW)	149,047,135
Electrical & Electronic (ELDV)	131,435,120
Special Project Unit (SPU)	134,660,248
Information & Communication Technology (ICT)	108,673,190
Duty Free Shop (DFS)	85,991,552
	<u>1,871,832,986</u>

Dayananda Samarawickrema & Co.,

CHARTERED ACCOUNTANTS

Partners

H.G. Dayananda F.C.A.

J. Rajasuriya F.C.A., B.A.

P.D.G. Ravinatha A.C.A.

K.G. Chandana Kumara A.C.A.

No. 20/26, Station Lane,

Nugegoda, Sri Lanka.

Tele : 2854614, 2809650, 2822940

Fax : 2820112

E mail : dsandco@sltnet.lk

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SRI LANKA STATE TRADING (GENERAL) CORPORATION LTD

Report on the Financial Statements

We have audited the accompanying financial statements of Sri Lanka State Trading (General) Corporation Ltd which comprise the balance sheet as at 31st March 2012 and the income statement, statement of changes in Equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the company has maintained proper accounting records for the year ended 31st March 2012 and the financial statements give a true and fair view of the company's state of affairs as at 31st March 2012 and its profit and Cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

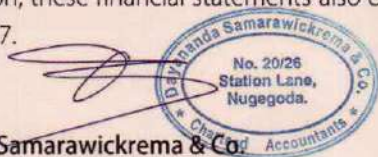
In our opinion, these financial statements also comply with the requirements of section 151(2) of the companies Act No.07 of 2007.

Dayananda Samarawickrema & Co.

Chartered Accountants,

Nugegoda.

29.05.2013



INCOME STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2012.

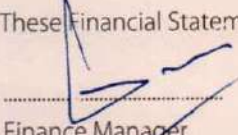
	Note	2011/ 2012 (Rs. Cts.)	2010 / 2011 (Rs. Cts.)
Revenue	03	1,871,832,986.48	1,092,853,277.56
Cost of Sale		(1,560,510,798.57)	(953,819,385.15)
Gross Profit		311,322,187.91	139,033,892.41
Other Income	04	86,543,443.53	94,416,387.02
		397,865,631.44	233,450,279.43
Less: Expenses			
Distribution Expenses	05	82,364,008.49	32,006,069.29
Administration Expenses	06	220,805,805.23	135,056,751.48
		303,169,813.72	167,062,820.77
Profit /(Loss) from Ordinary Activities		94,695,817.72	66,387,458.66
Finance Cost	07	14,766,832.63	7,604,296.64
Profit / (Loss) Before Taxation		79,928,985.09	58,783,162.02
Income Tax Expense	08	(16,700,483.00)	(15,215,243.31)
Net Profit / (Loss) for the Year		63,228,502.09	43,567,918.71

BALANCE SHEET

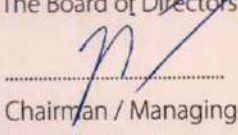
AS AT 31ST MARCH 2012

	Note	2011 / 2012 (Rs. Cts.)	2010 / 2011 (Rs. Cts.)
Assets			
Non-Current Assets			
Property, Plant & Equipment	09	287,145,220.44	283,520,792.61
Investments	10	20.00	20.00
		<u>287,145,240.44</u>	<u>283,520,812.61</u>
Current Assets			
Inventories	11	462,014,087.86	206,514,403.60
Trade Debtors & Receivables	12	336,849,912.63	178,947,848.38
Deferred Tax Assets	13	6,524,611.21	-
Budget Pack Price Subsidy Receivable	14A	-	25,815,017.59
Imported Rice Price Subsidy Receivable	14B	1,088,996,964.09	1,088,996,964.09
Short Term Investment in Fixed Deposits		256,108,526.85	238,927,477.26
Cash & Cash Equivalent	15	24,838,829.47	4,842,472.17
		<u>2,175,332,932.11</u>	<u>1,744,044,183.09</u>
Total Assets		<u>2,462,478,172.55</u>	<u>2,027,564,995.70</u>
Equity & Liabilities			
Capital & Reserves			
Stated Capital 10,000,000 Ordinary Shares Rs. 10/- each		100,000,000.00	100,000,000.00
General Reserves		45,607,646.27	45,607,646.27
Revaluation Reserves		241,108,236.09	239,966,642.61
Retained Earnings		169,693,577.79	98,878,299.39
Total Equity		<u>556,409,460.15</u>	<u>484,452,588.27</u>
Non-Current Liabilities			
Lease Liabilities	16	3,971,193.36	9,804,960.99
Retirement Benefit Obligation	17	32,929,867.84	27,162,710.63
		<u>36,901,061.20</u>	<u>36,967,671.62</u>
Current Liabilities			
Trade & Other Payables	18	579,657,075.41	400,683,261.70
Short Term Borrowing	19	1,172,367,569.94	1,071,367,494.06
Lease Liabilities within one years	16	5,833,768.50	4,829,025.36
Bank Overdrafts	20	111,309,237.35	29,264,954.69
		<u>1,869,167,651.20</u>	<u>1,506,144,735.81</u>
Total Equity & Liabilities		<u>2,462,478,172.55</u>	<u>2,027,564,995.70</u>

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


Finance Manager

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.


Chairman / Managing Director

Date: 29/05/2013


Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2012

Assets	Stated Capital	Revaluation Reserves (Rs. Cts.)	General Reserves (Rs. Cts.)	Retained Profit/Loss (Rs. Cts.)	Total (Rs. Cts.)
Balance as at 1st April 2010	100,000,000.00	239,966,642.61	45,607,646.27	(55,320,342.68)	440,894,631.56
Prior year adjustment	-	-	-	(9,962.00)	(9,962.00)
Net Profit / (Loss) for the year	-	-	-	43,567,918.71	43,567,918.71
Balance as at 31st March 2011	100,000,000.00	239,966,642.61	45,607,646.27	98,878,299.39	484,452,588.27
Balance as at 1st April 2011	100,000,000.00	239,966,642.61	45,607,646.27	98,878,299.39	484,452,588.27
Prior year Adjustment	-	-	-	7,586,776.31	7,586,776.31
Revaluation during the year	-	1,141,593.48	-	-	1,141,593.48
Net Profit / (Loss) for the year	-	-	-	63,228,502.09	63,228,502.09
Balance as at 31st March 2012	100,000,000.00	241,108,236.09	45,607,646.27	169,693,577.79	556,409,460.15

Notes

- 1) A sum of Rs 1,141,593.48 represents a surplus on the revaluation of Furniture & Fittings, Office Equipments and Tools & Equipments.
- 2) Initial adjustment of Defined Benefit Plan Amounting Rs 1,982,167.10 previous years has been credited to the changes of Equity Statement.
- 3) Deferred Tax Adjustment arising from previous years is amounting to Rs 5,604,609.21 and this has been credited to the Changes of Equity Statement.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2012

(Rounded upto the nearest Rs. 000')

	2011/2012	2010/2011
Cash Flow from Operating Activities		
Cash Receipts from Customers	2,387,865	2,698,452
Cash Paid to Suppliers & Employees	(2,421,686)	(2,527,214)
Cash Generation from operation	(33,821)	171,238
Interest Paid	(12,528)	(167,928)
Income Tax Paid	(6,624)	(7,442)
Net Cash in flow /(Outflow) from Operating Activities	(52,973)	(4,132)
Cash Flow from Investing Activities		
Purchase of Equipment	(19,377)	(22,530)
Sale of Equipment	190	-
Interest Received	17,181	14,674
Net Cash in Flow/(Outflow) from Investing Activities	(2,006)	(7,856)
Cash Flow from Financing Activities		
Payment of Lease Liabilities	(7,068)	(6,144)
Net Cash in Flow/(Outflow) from Financing Activities	(7,068)	(6,144)
Net Increase (Decrease) in Cash & Cash Equivalents	(62,047)	(18,132)
Cash & Cash Equivalents at the beginning of the year	(24,423)	(6,291)
Cash & Cash Equivalents at the end of the year	(86,470)	(24,423)
	31/03/2012	31/03/2011
Bank Overdraft	(111,309)	(29,265)
Bank & Cash Balance	24,812	4,834
Stamp	27	8
	(86,470)	(24,423)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The principal activities of the Company during the year is trading business and Procurement agent for government institutions. The staff strength of the company as at 31st march 2012 is 314.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1.1. BASIS OF PREPARATION

The Financial Statements of the Company, comprising the Balance Sheet, Income Statement, Statement of Changing Equity, Cash flow Statement and Accounting Policies & Notes to the Financial Statements are prepared on the basis of the historical cost convention and Sri Lanka Accounting Standards that are laid down by the Institute of Chartered Accountants of Sri Lanka. These Standards have been applied consistently with that of the previous year unless otherwise stated.

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

Appropriate significant policies are explained in succeeding notes.

2.1.2. FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements 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), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Monetary assets and liabilities balances are translated at year end exchange rate.

2.1.3. INCOME TAX

(a) Current Taxes

The provision for income tax is based on the result of the operation during the year according to the Inland Revenue Act No.10 of 2006 and amendments thereto.

(b) Deferred taxation

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

A deferred tax asset account has arisen due to brought forward tax losses in the past. This amounts to a sum of Rs 360,219,323.00. 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.

NOTES TO THE FINANCIAL STATEMENTS

2.1.4. TURNOVER BASED TAXES

Turnover Based Tax includes Value Added Tax (VAT), Economic Service Charge (ESC) and Business Turnover Tax (BTT), Nation Building Tax (NBT).

2.1.5. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are events, favorable and unfavorable, that occur between the end of the 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 Balance Sheet date that require adjustments to or disclosure in the Financial Statements.

2.1.6. GOING CONCERN

The Board of Director share certified that the company had adequate resources to continue its operation in the foreseeable future. Therefore, going concern basis has been adopted in preparing these Financial Statements.

2.1.7. CRITICAL ACCOUNTING ESTIMATES & JUDGMENTS

The preparation of Financial Statement requires management to make judgments, estimates and assumption that affect the application of accounting policies and reported amounts of Assets, Liabilities, income and expenditure Actual results may defer from these estimates.

2.1.8. 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 control relevant to the presentation of financial statements that are free from material misstatements, whether due to fraud or errors selecting and applying appropriate accounting policies and marking accounting estimates that are reasonable in the circumstances.

2.1.9. COMPARATIVE FIGURES

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

2.2. ASSETS

2.2.1. PROPERTY, PLANT & EQUIPMENTS (PPE)

(a) Recognition

PPE is initially recorded at cost. Land and building is subsequently shown at market value, based on valuation made by external independent valuers. All other PPE is stated at historical cost less accumulated depreciation. The historical cost includes all costs directly attributable to bringing an asset to working condition for its intended use and significant renovations.

(b) Depreciation

Depreciation is calculated on the straight line method to write off the cost of each asset or their revalued amounts to their residual values over their estimated useful lives:

Buildings	7.5%
Motor Vehicles	20%
Equipment	10%
Furniture & Fittings	10%
Computers	33.33%

Land is not depreciated as it is deemed to have an indefinite life. Gains and loss on disposal of PPE are determined by comparing proceeds with carrying amount and are taken into account in determining operating profit.

(c) Finance Leases

PPE on finance leases are capitalized and disclosed as finance leases and their costs are depreciated over the period that company is expected to benefit from the use of the leased assets. The principle amount payable to the lessor is shown as lease liability. Lease payments are apportioned between the interest charges and reduction of the principle amount. The interest component of the each financial year is charged to the income statement.

(d) Pledging Fixed Assets as security

Fixed assets including Land & building were not pledged as security for any credit facilities obtained.

NOTES TO THE FINANCIAL STATEMENTS

2.2.2. INVESTMENTS

(a) Investment held on long term basis is classified as non-current investment and are measured at cost. The cost of investment is the cost of acquisition inclusive of brokerage and cost of transaction.

(b) Short Term Investments

Short term investments are recognized at market value as at the balance sheet date. Any gain or loss is recognized in the income statement.

2.2.3. 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.

II. The amount of inventories recognized as cost of sales in the profit and loss during the year is Rs 1,560,510,798.57.

III. The general provision is made where necessary for slow moving and defective inventories. Management policy of making provision for slow moving and non moving inventories which was consistently used are as follows.

Age of Inventories is between 1 year and 2 Year	- 25 % of Inventory value has been provided
Age of Inventories is between 2 year and 3 Year	- 50 % of Inventory value has been provided
Age of Inventories is between 3 year and 4 Year	- 75 % of Inventory value has been provided
Age of Inventories is greater than 4 Years	- 100 % of Inventory value has been provided

IV. Inventory value of Rs 20 Million has been mortgaged to Peoples Bank as security for credit facility.

2.2.4. TRADE RECEIVABLE

Trade receivable is carried at anticipated realizable value and estimate is 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. Provisions are made deducting subsequent settlement after the balance sheet date.

2.2.5. 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 and deposits in banks net of outstanding bank overdrafts.

2.2.6. TRADE & OTHER PAYABLES

Trade & other payables are stated at book value.

2.2.7. 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. Management policy of making general provision for bad debts which was consistently used are as follows.

- Age of debtors remained outstanding up to 2 years for which no settlements received subsequently -25% of debtor value has been provided.
- Age of debtors remained outstanding more than 2 years for which no settlements received subsequently -100% of debtor value has been provided.

2.2.8. EMPLOYEE BENEFIT COST

(a) Defined Benefit Plan

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The liability recognized in the Balance sheet in respect of defined benefit plan is the future value of the defined benefit obligation at the balance sheet date.

Any gain and loss of the defined benefit obligation are charged or credited to income statement 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.

NOTES TO THE FINANCIAL STATEMENTS

Formula method has been used to identify Deficit or Charge for the year and following assumptions have been arrived at,

1. Relevant funds have been invested at average Treasury bill rate of 9% per annum.
2. Average Salary Incremental rate was considered as 2% per annum.
3. Staff turnover factor was considered as 3%
4. Average service period of all employees till retirement was considered as 60 years.
5. Future cash flows are discounted to reflect present value.
6. Closing balance of previous gratuity provision was discounted to reflect present value.
7. Charge for the year is Rs 8,951,063.56
8. Closing balance of Defined Benefit Plan stands at Rs. 32,929,867.84

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 Income Statement in the period in which it is incurred.

2.2.9 REVENUE RECOGNITION

(a) Rendering of services

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

(b) Interest income

Interest income is recognized on an annual accrual basis.

(c) Other Income

Other income is recognized on an accrual basis.

(d) Gains and Losses

Net gains and losses of a revenue nature arising from the disposal of PPE and other non current assets are recognized for the income statement after deducting from the proceed disposal, the carrying amount of such assets and the related selling expenses.

2.2.10. EXPENDITURE RECOGNITION

(a) Revenue expenditure

Expenses are recognized in the income statement on the basis of direct association between the cost incurred and the earning of specific items of income. All the 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 acquiring, 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.

2.2.11 - RELATED PARTY TRANSACTIONS

Transaction with key Managerial Persons

Key Managerial Persons includes members of the board of directors of the company. The company have paid emoluments of Rs.1,367,400.00 in 2011/2012 Rs.739, 305.00 in 2010/2011.

Transactions with related entities.

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

2.2.12. CASH FLOW STATEMENT

Cash flow statement has been prepared using " Direct Method"

NOTES TO THE FINANCIAL STATEMENTS

NOTES NO.03 - REVENUE

	2011 / 2012 (Rs. Cts.)	2010 / 2011 (Rs. Cts.)
Gross Sales	1,874,242,924.58	1,104,707,245.15
Less: Sales Returns	(2,409,938.10)	(3,246,817.99)
	1,871,832,986.48	1,101,460,427.16
Less: Turnover Tax	-	(8,607,149.60)
Net Sales	1,871,832,986.48	1,092,853,277.56

NOTES NO.04 - OTHER INCOME

	2011 / 2012 (Rs. Cts.)	2010 / 2011 (Rs. Cts.)
Service Income	-	80,675.00
Other Miscellaneous Income (Note: 4.1)	3,655,622.26	7,136,672.71
Sales Commission	1,062,348.30	1,601,669.77
Gain/(Loss) on Exchange Transaction	4,290.31	(1,602.00)
Abans Management Fees	-	25,200,000.00
Commission on Upahara Package	3,463,291.60	22,905,158.22
Commission on TVS Project	29,039,041.10	20,404,975.00
Interest on Staff Loans	670,397.12	536,647.51
Gain Loss on Disposal of PPE	189,700.00	-
CIC Seed Commission	422,311.51	397,008.00
Income of Registration of Suppliers	-	850,500.00
Interest Received From Short Term Investment & FD	20,031,833.86	15,304,682.81
Commission from School Uniform Project	17,325,904.00	-
SL Army - Canvas Shoes Supply Income	8,639,338.12	-
Double A Commission	2,039,365.35	-
	86,543,443.53	94,416,387.02

(NOTE 04.1)

Sale of Newspapers	2,728.80
Sale of Damaged Items	172,017.04
Sale of Pallets	13,000.00
Non Refundable Tender Deposits	71,088.00
Designed Points	410,174.91
Police Head Quarters	1,629,421.00
Hyundai Engineering & Constructions- Rent Income	200,000.00

NOTES TO THE FINANCIAL STATEMENTS

Unimo Enterprises (Commission for Tyres)	558,267.00
Interest on Savings	33,718.57
Discounts	116,375.94
Return Interest Cheques	11,751.00
Associated Battery	342,480.00
Browns & Company (Tractor Commission)	40,000.00
Over Provision of Audit Fees	51,100.00
Registration Of Suppliers	3,500.00
	<u>3,655,622.26</u>

NOTES NO.05 - DISTRIBUTION EXPENSES

	2011 / 2012 (Rs. Cts.)	2010 / 2011 (Rs. Cts.)
Sales Incentive	12,120,355.00	5,441,413.94
Testing of Trade Sample	-	114,584.88
Tender Forms	285,652.20	177,154.00
Expenses of Registration of Supplier	719,010.40	374,675.09
Sales Outlet Rent Mount Lavinia	96,816.94	97,739.27
Stores & Showroom Rent	21,634,546.43	2,189,227.35
Sales Outlet Expenses	3,212,062.95	3,395,801.72
Lorry Hire /Transport	193,039.30	1,051,728.92
Servicing Charges	4,331,489.37	279,521.25
Reimbursement of Sales Expenses	4,968,811.03	2,012,353.62
Trade Fair Expenses	263,276.00	681,632.93
Licence Fees - Selling	209,679.57	248,020.00
Telex/ Fax, Email Charges	32,487.00	116,148.42
Overseas Travelling	1,210,734.30	145,700.00
Trade Promotional Expenses	3,790,596.41	2,297,145.00
Advertising	9,669,976.29	5,426,201.08
Gift Vouchers	65,232.00	49,708.00
Disallowed VAT	4,957,734.59	4,716,118.82
N.B.T	17,090,916.00	3,191,195.00
Sample Expenses	1,179,782.03	-
Loss on Budget pack operation	815,017.59	-
Over Provision Bad & Doubtful Debts	(4,495,310.36)	-
Sundry Expenses	12,103.45	-
	<u>82,364,008.49</u>	<u>32,006,069.29</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTES No.06 - ADMINISTRATIVE EXPENSES

	2011 / 2012 (Rs. Cts.)	2010 / 2011 (Rs. Cts.)
Salaries	41,978,218.80	29,707,633.20
EPF	11,679,186.78	10,932,994.71
ETF	2,544,523.59	2,262,566.24
Overtime & Special Allowances	11,861,809.94	7,372,637.64
Casual Employee Salaries	41,572,476.21	18,139,213.63
Labour Compensation	2,338,347.70	616,646.00
Staff Welfare	4,104,853.40	1,396,746.05
Staff Medical Expenses	975,283.26	695,165.96
Family Welfare Assistance	1,995,000.00	476,962.37
Uniforms	678,587.70	176,797.89
Labour Charges	2,186,879.53	905,502.00
Leave Encashment	2,571,910.00	1,349,543.94
Gratuity to Staff	8,983,186.88	3,751,856.38
Subscription - Professional Employees	-	6,276.84
Travelling & Subsistence	1,132,019.00	581,384.97
Audit Fees	148,800.00	108,154.73
Consultancy Fees	203,037.85	-
Legal Fees	132,063.00	512,005.26
Secretarial Expenses	844,109.05	92,566.54
Directors Salaries	1,167,000.00	375,837.70
Directors Fees	200,400.00	23,958.98
Board Meeting Expenses	58,600.00	3,234.91
Insurance - General	1,270,456.04	1,232,835.04
Rates & Taxes	2,045,751.35	2,281,164.06
Licence Fees	163,599.79	134,123.01
Telephone Charges	7,971,987.64	3,665,223.01
Electricity	7,556,086.70	3,039,252.14
Postage	995,686.69	158,851.46
Water	792,512.39	620,537.23
News Papers & Periodical	157,000.00	85,850.00
Printing & Stationery	5,904,370.66	1,753,210.00
Maintenance - Building	4,155,444.38	5,430,607.23
Maintenance - Office/Equipment	6,306,061.10	4,064,706.54
Maintenance - Stores/Equipments	1,153,409.71	3,713,324.04
Maintenance - Show Rooms	6,968,115.86	1,619,758.57
Maintenance - Motor Vehicle	1,400,935.16	2,035,967.10

NOTES TO THE FINANCIAL STATEMENTS

Motor Vehicle Registration & Insurance	1,037,440.46	320,404.86
Fuel & Lubricant	3,461,674.33	1,411,902.30
Computer Management Fees	76,928.40	1,469,355.00
Computer Maintenance	1,260,245.35	346,697.00
Depreciation - Building	3,839,219.16	3,455,754.27
Depreciation - Motor Vehicle	7,767,572.85	7,719,582.22
Depreciation - Plant & Equipment	3,344,263.24	3,001,152.85
Depreciation - Furniture	1,885,059.47	1,183,601.64
Depreciation - Tools & Equipments	58,240.99	36,387.63
Hire of Vehicles	5,591,622.00	1,359,333.33
Bank Charges	2,651,281.56	1,241,843.34
Debit Tax	142,406.05	2,595,558.41
Research & Development Expenses	86,850.00	618,556.70
Staff Training & Development Expenses	179,309.21	923,536.56
Impairment Loss on Investment in Shares	-	49,990.00
New year festival allowance	5,175,820.00	-
Income Tax Surcharge	4,977.00	-
Social Responsibility Levy	45,185.00	-
	220,805,805.23	135,056,751.48

NOTES TO THE FINANCIAL STATEMENTS

NOTES No.07 - FINANCE COST

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	2011 / 2012 (Rs. Cts.)	2010 / 2011 (Rs. Cts.)
Bank O/D Interest	4,167,871.99	471,486.39
Trust Receipt Loan Interest	8,360,093.13	4,536,645.12
Interest on Leasing	2,238,867.51	2,596,165.13
	14,766,832.63	7,604,296.64

NOTES No.08 - INCOME TAX EXPENSE

	2011 / 2012 (Rs. Cts.)	2010 / 2011 (Rs. Cts.)
On the Current Years Profit	16,034,144.00	14,990,387.31
Deemed Dividend Tax	1,586,341.00	-
Social Responsibility Levy	-	224,856.00
Deferred Taxation (Note 13)	(920,002.00)	-
	16,700,483.00	15,215,243.31

NOTES TO THE FINANCIAL STATEMENTS

NOTES No.09 - PROPERTY, PLANT & EQUIPMENT

	Cost as at 01.04.2011	Revaluation	Additions	Disposals	Cost as at 31.03.2012	Accu. Dep.as at 01.04.2011	Dep. for the year	Disposals	Accu. Dep.as at 31.03.2012	W.D. Value as at 31.03.2012	W.D. Value as at 31.03.2011
Land	226,240,000.00	-	-	-	226,240,000.00	-	-	-	-	226,240,000.00	226,240,000.00
Building	46,076,723.58	-	5,112,865.15	-	51,189,588.73	25,052,154.27	3,839,219.16	-	28,891,373.43	22,298,215.30	21,024,569.31
Motor Vehicles	46,502,462.38	-	778,124.97	-	47,280,587.35	23,418,035.35	7,767,572.85	-	31,185,608.20	16,094,979.15	23,084,427.03
Office Equipment	11,102,497.49	1,058,304.06	968,073.57	(51,235.58)	13,077,639.54	9,544,927.93	3,344,263.24	(51,235.58)	12,837,955.59	239,683.95	1,557,569.56
Computers	16,060,586.53	4,022,955.03	4,912,941.59	-	24,996,483.15	13,871,342.10	-	-	13,871,342.10	11,125,141.05	2,189,244.43
Tools & Equipment	1,430,904.85	113,102.21	235,332.50	-	1,779,339.56	1,195,948.56	58,240.99	-	1,254,189.55	525,150.01	234,956.29
Furniture & Fittings	20,151,365.79	(4,052,767.82)	7,369,853.29	(287,971.24)	23,180,480.02	10,961,339.81	1,885,059.47	(287,970.24)	12,558,429.04	10,622,050.98	9,190,025.98
	<u>367,564,540.62</u>	<u>1,141,593.48</u>	<u>19,377,191.07</u>	<u>(339,206.82)</u>	<u>387,744,118.35</u>	<u>84,043,748.02</u>	<u>16,894,355.71</u>	<u>(339,205.82)</u>	<u>100,598,897.91</u>	<u>287,145,220.44</u>	<u>283,520,792.60</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTES No.10 - INVESTMENTS IN SHARES

	2011 / 2012 (Rs. Cts.)	2010 / 2011 (Rs. Cts.)
STC Medical Ltd.	-	-
Less; Provision for Impairment of STC Medical Company	-	(49,990.00)
Investment	-	(49,990.00)
	20.00	20.00
	20.00	20.00

NOTES No.11 - INVENTORIES

	2011 / 2012 (Rs. Cts.)	2010 / 2011 (Rs. Cts.)
Closing Stock	352,382,736.19	165,996,932.31
Goods in Transit	114,064,728.95	44,950,848.57
Provision for Damage & Slow Moving Stock	(4,433,377.28)	(4,433,377.28)
	462,014,087.86	206,514,403.60

NOTES No.12 - TRADE AND OTHER RECEIVABLES

	2011 / 2012 (Rs. Cts.)	2010 / 2011 (Rs. Cts.)
Trade Debtors	269,750,941.57	133,281,233.09
Provision for Bad Doubtful Debts	(8,227,690.43)	(14,102,070.79)
Other Receivable	13,083,120.04	9,376,300.70
Staff Loans	11,518,966.78	10,593,145.59
Telephone Deposits	-	69,115.25
Custom Deposits	-	554,303.39
Electricity Deposits	140,000.00	99,000.00
Security Deposits - NSB	813,740.75	779,548.30
Container Deposits	355,000.00	70,000.00
Tender Deposits	-	18,650.00
Rent Deposits	5,459,041.80	652,221.00
Sundry Deposits	155,000.00	796,714.56
Port Authority - PVQ	50,000.00	82,508.00
Shipping Guarranty Margin - People's Bank	-	1,570,370.84
Bid Bond Ac.	30,600.00	50,000.00
Prepayments	2,041,272.17	9,625,201.68
Advance to Staff on Petty Cash	19,250.00	17,900.00
L/C Guaranty Margin - People's Bank	600,000.00	515,000.00
Advance to Building Renovation	-	3,500,000.00

NOTES TO THE FINANCIAL STATEMENTS

Input VAT Claimable	7,114,839.35	8,227,200.00
Credit Card Account	444,988.11	139,772.72
Interest Income Receivable	8,753,323.82	8,756,492.05
Income Tax Receivable (Tax Overpaid)	4,275,242.00	4,275,242.00
With holding VAT Receivable	979,843.95	-
Suspended VAT Account	51,743.45	-
Ministry of Education - School Uniform Project	19,440,689.27	-
	336,849,912.63	178,947,848.38

NOTES No.13 - DEFERRED TAXATION

	2011 / 2012 (Rs. Cts.)	2010 / 2011 (Rs. Cts.)
Balance at the beginning of the year	-	-
Prior Year Adjustment	5,604,609.21	-
Provision / (Reversal) for the year	920,002.00	-
Balance at the end of the year	6,524,611.21	-

NOTES No.14A - BUDGET PACK OPERATION

	2011 / 2012 (Rs. Cts.)	2010 / 2011 (Rs. Cts.)
Sales	-	39,769,107.27
Less: Cost of Sales	-	(44,564,532.21)
Deficit	-	(4,795,424.94)
Less: Operation Expenses	-	-
Less: Finance Cost	-	(22,059.83)
Gain/(Loss) on Budget pack operation before price Subsidy	-	(4,817,484.77)
Add: Budget Pack - Price Subsidy Receivable	-	4,817,484.77
Budget Pack - Price Subsidy Receivable B/F	25,815,017.59	20,997,532.82
Cash Recieved from Treasury	(25,000,000.00)	-
Loss on Budget pack Operations	(815,017.59)	-
Budget Pack - Price Subsidy Receivable C/F	-	25,815,017.59

NOTES TO THE FINANCIAL STATEMENTS

NOTES No.14B - IMPORTED RICE DISTRIBUTION OPERATION

	2011 / 2012 (Rs. Cts.)	2010 / 2011 (Rs. Cts.)
Sales	-	989,998,153.18
Less: Cost of Sales	-	(1,705,602,873.69)
Deficit	-	(715,604,720.51)
Less: Operating Expenses	-	(76,367,260.87)
Finance Cost	-	(231,238,162.78)
Gain/(Loss) on Imported Rice Distribution	-	(1,023,210,144.16)
Add: Imported Rice Distribution - Price Subsidy Receivable	-	1,023,210,144.16
Imported Rice Distribution - Price Subsidy Receivable B/F	1,088,996,964.09	65,786,819.93
Imported Rice Distribution - Price Subsidy Receivable from Treasury C/F	1,088,996,964.09	1,088,996,964.09

This represent the total amount of price subsidy receivable on account of Imported Rice distribution operation during 2009 / 2010 & 2010 / 2011 as per Treasury instruction & cabinet approved paper 10/0070/342/002 . A sum of Rs.400,000,000.00 was received from General Treasury in July 2012 and another part payment of Rs 400,000,000.00 also was recived on 13th May 2013. Balance amount is to be receivable in the future.

NOTES No.15 - CASH AND CASH EQUIVALENTS

	2011 / 2012 (Rs. Cts.)	2010 / 2011 (Rs. Cts.)
Cash at Bank		
Bank of Ceylon - 8859546	900,369.41	78,826.96
N.D.B Bank	5,481.00	5,537.38
Sampath Bank	1,513,806.88	170,840.61
Seylan Bank - 001	146,089.73	146,089.73
Seylan Bank - 002	63,403.45	63,403.45
N.S.B Bank	687,173.38	656,350.10
Sampath Bank	9,904,642.18	-
Petty Cash Imprest	288,100.45	253,632.45
Cash in Hand	11,329,762.99	3,467,791.49
	24,838,829.47	4,842,472.17

NOTES TO THE FINANCIAL STATEMENTS

NOTES No.16 - LEASE LIABILITIES

	Single Cab LG 3246		02 Trucks LG 4770 LG 4773		Double Cab PB 8458		Toyota Car KI 2427		Toyota Camry Car WP KI 8289		Total	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Opening Balance as at 01.04.2011	1,718,886.85		5,145,218.33		4,127,330.03		2,359,917.81		5,081,214.86		18,432,567.88	
Rental Paid During the year	(859,452.00)		(2,286,756.00)		(1,650,936.00)		(884,964.00)		(1,385,784.00)		(7,067,892.00)	
Balance as at 31.03.2012	859,434.85		2,858,462.33		2,476,394.03		1,474,953.81		3,695,430.86		11,364,675.88	
Less: Interest in Suspense												
Opening Balance as at 01.04.2011	367,473.10		1,150,839.75		846,065.09		434,696.54		999,507.05		3,798,581.53	
Charge to P & L Account	(264,465.79)		(758,822.16)		(516,493.43)		(253,263.76)		(445,872.37)		(2,238,867.51)	
Balance as at 31.03.2012	103,007.31		392,017.59		329,621.66		181,432.78		553,634.68		1,559,714.02	
Lease Creditors	756,427.54		2,466,444.74		2,146,773.37		1,293,521.03		3,141,796.18		9,804,961.86	
Current Liabilities												
Current Maturity Portion	756,427.54		1,915,832.41		1,364,273.65		736,215.55		1,061,019.35		5,833,768.50	
Long Term Liabilities												
Lease Creditor Over one year			550,612.33		782,498.72		557,305.48		2,080,776.83		3,971,193.36	

NOTES TO THE FINANCIAL STATEMENTS

NOTES NO.17 - RETIREMENT BENEFIT OBLIGATION

	2011 / 2012 (Rs. Cts.)	2010 / 2011 (Rs. Cts.)
Balance at the beginning of the year	27,162,710.63	26,865,390.00
Prior Year Adjustment	(1,982,167.10)	-
Provision made during the year	8,951,063.56	3,751,856.38
Payment Made During the year	(1,201,739.25)	(3,454,535.75)
Balance at the end of the year	32,929,867.84	27,162,710.63

NOTES NO.18 - TRADE & OTHER PAYABLE

	2011 / 2012 (Rs. Cts.)	2010 / 2011 (Rs. Cts.)
Income Tax	9,580,115.59	7,217,306.15
SRL	31,538.00	224,856.16
NBT	1,844,035.00	1,099,518.00
Provision for Audit Fees	447,800.00	650,000.00
Refundable Tender Deposits	45,000.00	60,000.00
Security Deposit - NSB	813,740.75	821,397.12
EPF	1,797,869.18	1,577,003.97
ETF	215,743.63	189,240.62
Other Creditors - Sundry	-	219,170.42
Other Creditors - Advance on Rent	-	116,427.00
Staff Creditors - Re Banked Salaries etc.	255,795.00	158,420.00
Staff Creditors - STC Welfare Society	415,723.00	117,632.00
Salary Deduction - Insurance	631.00	556.22
Salary Deduction - Stamp	3,850.00	2,025.00
Ranaviru Sewana	-	6,815.00
Accrued Expenses	16,451,405.65	38,175,831.36
Trade Creditors	170,988,730.56	211,650,211.36
Foreign Import Liability	114,064,728.92	44,950,848.57
VAT	14,022,810.35	14,163,270.85
Withholding Tax	-	3,404,772.25
ESC	722,376.00	987,697.00
Withholding VAT	-	380,830.34
Staff Recreation Fund	300,000.00	300,000.00
ABC Trade & Investment	1,649,326.18	1,144,655.04
Sala Enterprises	14,745,318.14	5,348,566.51
Import Rice Interest	217,239,474.03	67,716,210.76

NOTES TO THE FINANCIAL STATEMENTS

Abans (Pvt) Ltd	9,182,235.43	-
Etisalat Lanka (Pvt) Ltd	3,105,000.00	-
Max Durakathana	14,890.00	-
Nokia	21,438.00	-
Salary Deduction - Payable Union	9,720.00	-
Salary Deduction - Bank	96,248.00	-
Salary Deduction - Payee	3,652.00	-
STC Buddhist Society	1,540.00	-
Deemed Dividend Tax	1,586,341.00	-
	579,657,075.41	400,683,261.70

NOTES No.19 - SHORT TERM BORROWINGS

	2011 / 2012 (Rs. Cts.)	2010 / 2011 (Rs. Cts.)
T.R. Loans - Peoples' Bank	36,914,359.94	15,434,384.06
T.R. Loans - BOC - 1060	585,462,085.00	585,462,085.00
T.R. Loans - BOC - 8859546	470,471,025.00	470,471,025.00
Lanka Orix Leasing Co PLC	79,520,100.00	-
	1,172,367,569.94	1,071,367,494.06

NOTES No.20 - BANK OVERDRAFT

	2011 / 2012 (Rs. Cts.)	2010 / 2011 (Rs. Cts.)
People's Bank (A/C No 004100120210918)	111,305,804.59	29,216,781.72
Bank of Ceylon - (A/C No.1060)	3,432.76	47,022.97
People's Bank - Sahana (A /C No 004100210210918)	-	1,150.00
	111,309,237.35	29,264,954.69

SIGNIFICANT EVENTS



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