

ANNUAL REPORT

2013-2014

Sri Lanka State Trading (General) Corporation Ltd.



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VISION, MISSION & CORPORATE GOALS

OUR VISION

To be the National Business Leader.

OUR 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 interest with a view of supporting Sri Lanka to become the commercial hub of Asia.

CORPORATE GOALS

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

Goals

- Stabilizing the market through sale of diversified goods and services
- Represent the reputed and trusted international brands in our country
- Establishing a reputation through enhancing the revenue and profit of the organization
- Achieving development targets through provision of state sector needs effectively
- Initiate actions to fulfill the consumer needs through organizations main product investment sectors
Improving production through continuous attention on the Government, customers and the staff

Functions and Services

- Widening Customer Base & Access
- Opening of new showrooms in addition to present showrooms
- Increasing products portfolio as per customer requirements.
- Web enabled business management and data management through operationalizing resource planning system, procurement approval and human resource management.
- Active and effective participation in main product categories

Progress during the Year

Our core business revenue recorded a value of Rs.3,052 Million with an increase of 26% in comparison to last year. STC was able to earn other operating income during the year under review of Rs. 14 Million .

The net profit before tax showed as Rs 74 Million. Total Equity increased to Rs 686 Mn during the year. Product divisions of information Communication Technology and Construction & hardware contributed substantially to the total revenue by Rs 468 Million and Rs 341 Mn respectively with an increase of 58% & 231 %.

STC was able to maintain employment generation at 392 employees.

We planned to establish our own STC brands in partnership with manufacturing organizations. To name a few are STC photocopy papers and STC General air conditioners etc . Many more products are in the pipeline.

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, Lanka General Trading Co. Ltd was enacted previously under the public companies Act No.17 of 1982 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 was adjunct to the Ministry of Co-operatives and Internal Trade.			
Chairman / Managing Director	Mr. Pradeep Gunawardane - Resigned	W.E.F 08.01.2015		
	Mr. A.M Jameel - Joined	W.E.F 08.11.2015		
Board Directors	Mr.Pradeep Gunawarane - Resigned	W.E.F 08.01.2015		
	Mr. B.M.C.K Basnayake - Resigned	W.E.F 09.01.2015		
	Mr.Ranjith Caldera - Resigned	W.E.F 09.01.2015		
	Mr.J.H.M.W Jayapathma - Resigned	W.E.F 15.10.2013		
	Mrs.S.A.C Kulathilaka - Joined	W.E.F 20.06.2013 - Resigned	W.E.F 09.01.2015	
	Mrs. P.M Perera - Joined	W.E.F 11.02.2013 - Resigned	W.E.F 09.01.2015	
	Mr.N.G Dayarathne - Resigned	W.E.F 20.06.2013		
	Mr.E.L Rajapaksa - Joined	W.E.F 30.05.2014 - Resigned	W.E.F 09.01.2015	
Board Secretary	Mr. K.G.S.P. Wijayaratne			
Company Secretary	K L Management Consultants (Pvt) Ltd			
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	392 employees had been employed by the company at The year ended.			

Senior Management & Heads of Division

Senior Management

Chairman / Managing Director	Dr. A.M. Jameel
Working Director	Mr S.L. Deen
General Manager	Mr. Perakum Wijayaratne
Deputy General Manager (Trading operational Administration)	Mr. Upali Abeysekera
Deputy General Manager (Human Resources & Transport)	Mr. Upali Koralegedera
Finance Manager	Mr. Meryl Nonis
Asst. General Manager (Marketing)	Mrs. Chamila Iddamalgod

Head of Divisions

Chemical & Allied Division	Deputy General Manager	Mr. Upali Abeysekera
Office Supply Division	Actg. Asst. Manager	Mrs. Seetha Jayanthi
Household & Recreational Division	Actg. Manager	Mr. A.S. Chandrasiri
ICT Division	Manager – ICT services	Mr. Priyankara Aponsu
	Asst. Manager – Marketing	Mr. Dharmarathne Dananjaya
	Asst. Manager - Sales	Ms. Anupama Peiris
Electrical & Electronic Division	Actg. Senior Manager	Mr. Vipula De Silva
Swashakthi, Agricultural,		
Machinery & Equipment Division	Asst. Manager	Mrs. Madushani Akurugoda
Construction , Hardware & Office furniture	Marketing Executive	Mr. Anurudha Mahesh
Automotive Products division	Manager	Mr. K.A. Somarathna
FMCG Division	Manager	Mr. Kusal Pathirana
Showroom Operation	Manager	Mr. Gayan Ranathunga
Duty Free Shop	Asst. Manager	Mr. Keneth Jayasundara
Procurement Division	Senior Manager	Mr. Mahesh Mendis
Finance Division	Finance Manager	Mr. Meryl Nonis
IT Division	Actg. Senior Manager	Mr. Nirosh Bandara
Audit Division	Accountant - Internal Audit	Mrs. Nishanthi Mendis
Human Resources Division	Deputy General Manager	Mr. Upali Koralegedera

STC Showrooms

1) Nawam Mawatha Showroom	No. 100, Colombo 02.
2) Kurunegala Showroom	No. 243/3/1, Puttalam Road, Kurunegala
3) Kandy Showroom	No. 449, William Gopallawa MawathKandy.
4) Matara Showroom	No. 11, YMCA Building, Station Road, Matara
5) Anuradhapura Showroom	561-B , 38 4th Lane , Anuradhapura
6) Jaffna Showroom	No. 127, MPCS Building , KKS Road Jaffna.
7) Mount Lavinia Showroom	No. 103, Shopping Complex, Mt.Liinia

OUR PRODUCT PORTFOLIO



Office Supplies and Equipments

Double A & Other photocopier papers, Boards, Papers Books, Files & Folders, Envelops, Office Bags & Briefcases, Pens & Pencils, Whiteboards & Markers, Scissors, Paper Knives & Paper Shredders, Calculators, Staplers & Punchers, Floppy Discketts, 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, Cutlary & Crockery, Kettles & Jugs, Racks & Trays, Vaccum 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



FMCGs (Fast Moving Consumer Goods)

Homecare Products
Personel Care Products
Food Brands



Tyres & EXIDE Batteries



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

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

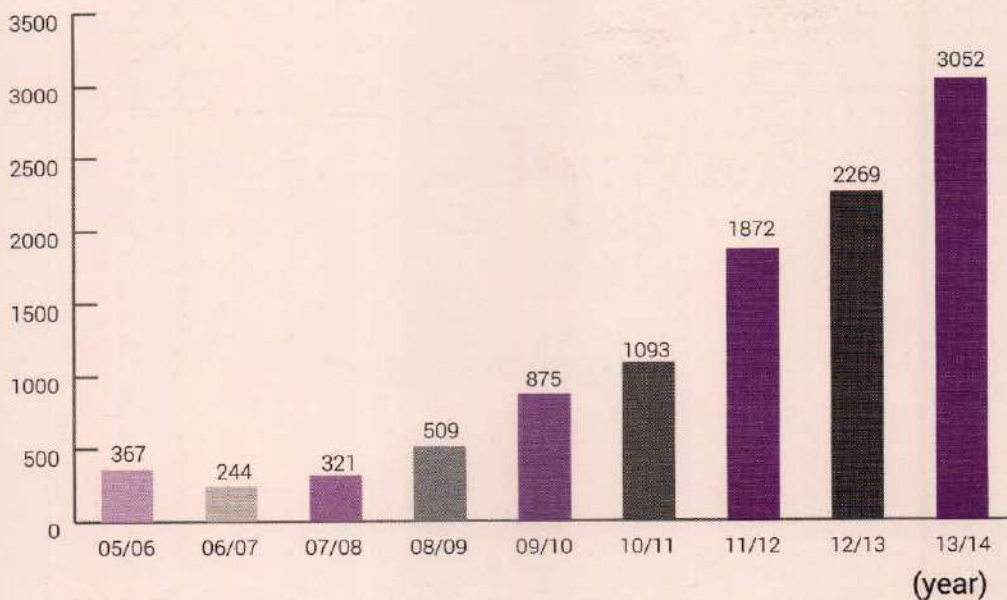


Duty Free Shop

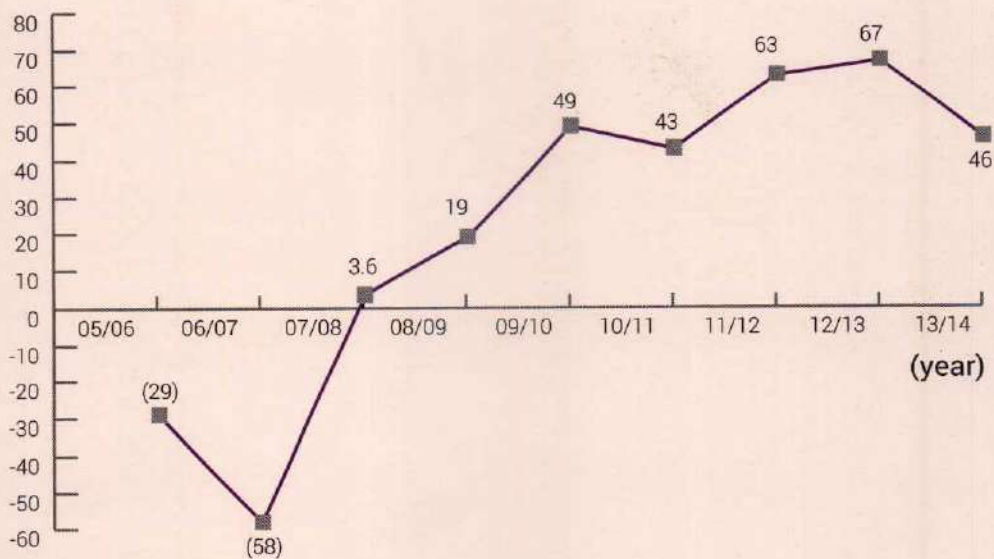
Facilitate the requirement of the diplomats and diplomatic missions

BUSINESS REVIEW

Sales Growth (Rs.Mn.)



Net profit after tax growth (Rs.Mn.)



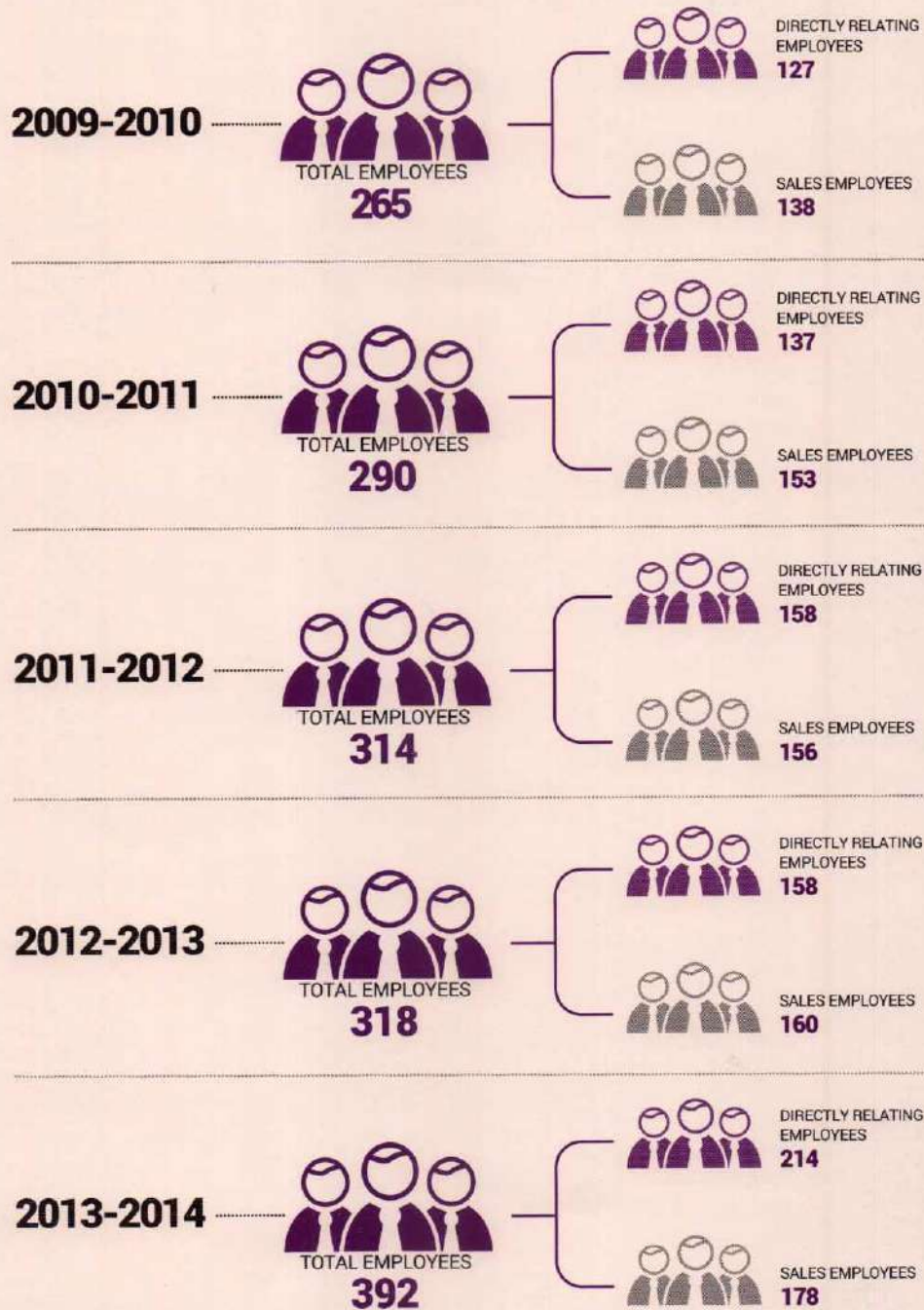
ISLAND-WIDE BRANCH NETWORK



EMPLOYMENT GENERATION

2009 - 2014

Numbers in Employment since 2009/2010 to 2013/2014



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.



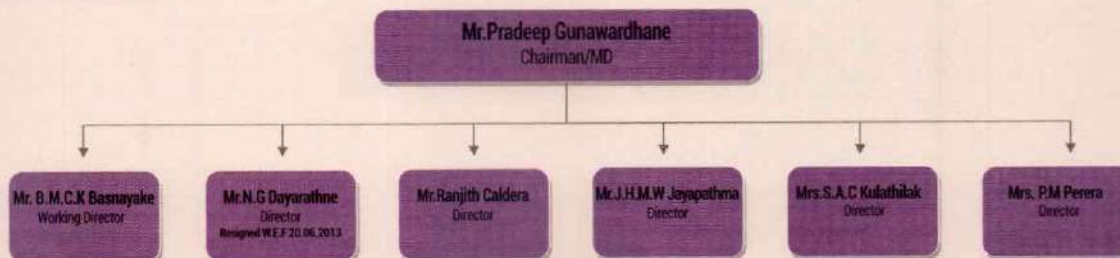
Benefits of ERP Software of STC

- 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



Availability of Business Managing Instruments



- 1) Corporate Plan 2011/12-2015/2016
- 2) Annual Report 2013/14
- 3) STC Procurement Procedures
- 4) STC Action Plan
- 5) STC Product Profile
- 6) STC Profile
- 7) STC Credit Sales Policy

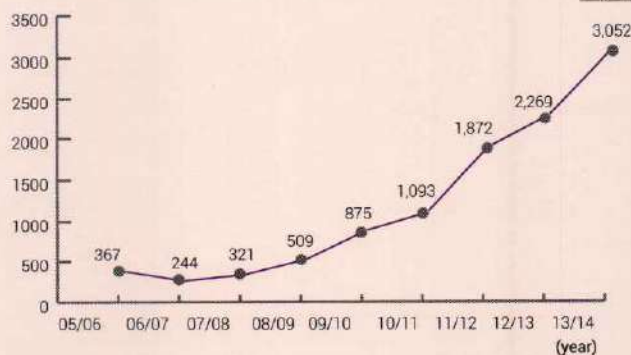
FINANCIAL HIGHLIGHTS

	2013/2014 (Rs. 000's)	2012/2013 (Rs. 000's)	Change (%)
Operation			
Turnover	3,052,009	2,269,670	26%
Earnings before Interest & Tax	71,619	89,238	-25%
Profit before Taxation	78,741	97,599	-24%
Profit after Taxation	46,041	66,749	-45%
Balance Sheet			
Non - Current Assets	460,722	301,887	34%
Current Assets	1,814,105	1,756,851	03%
Current Liabilities	1,540,613	1,384,555	10%
Non - Current Liabilities	48,550	34,559	29%
Stated Capital & Reserves	685,664	639,623	07%
Cashflow			
Net Cash generated from Operating Activities	438,725	324,585	26%
Net Cash used in Operating Activities	403,115	312,126	23%
Net Cash generated from Investing Activities	(135,798)	29,169	121%
Net Cash generated from Financing Activities	(382,273)	(344,672.)	10%
Per Share Data			
Earnings per Share	5.07	6.69	-32%
Net Assets per Share	68.57	63.96	07%
Key Ratios			
Quick Ratio	0.83	1.00	-21%
Current Ratio	1.18	1.27	-8%
Gearing Ratio	1.10	1.76	-60%
Return on Equity (ROE)	0.07	0.10	-43%
Return on Assets (ROA)	0.02	0.03	-50%

Graphical View

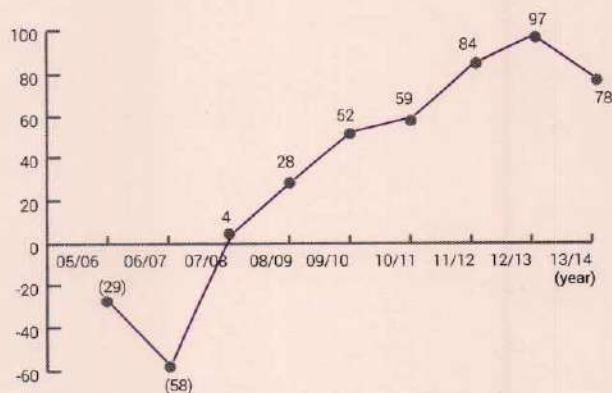
Turnover View (Rs.Mn.)

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
12/13	2,269
13/14	3,052



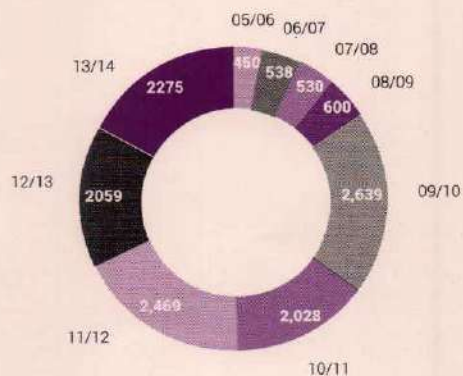
Profit before Tax (Rs.Mn.)

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	84
12/13	97
13/14	78



Total Assets (Rs.Mn.)

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	2,469
12/13	2,059
13/14	2,275

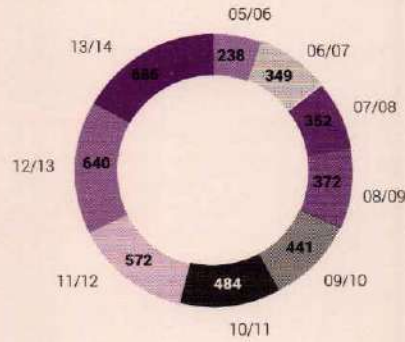


Graphical View

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	572
12/13	640
13/14	686

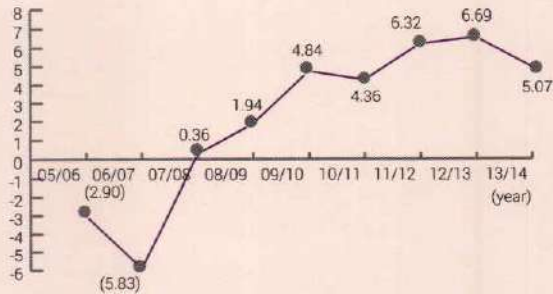
Total Equity (Rs. Mn)



Year **EPS (Rs.Mn)**

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
12/13	6.69
13/14	5.07

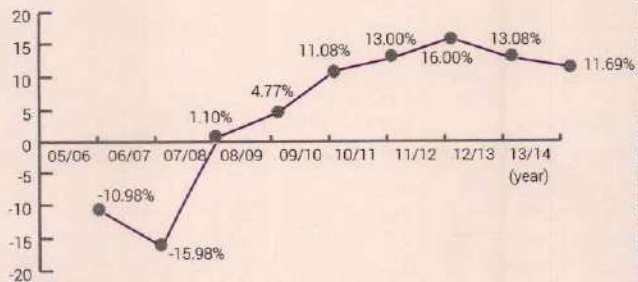
Earning per Share (Rs. Mn)



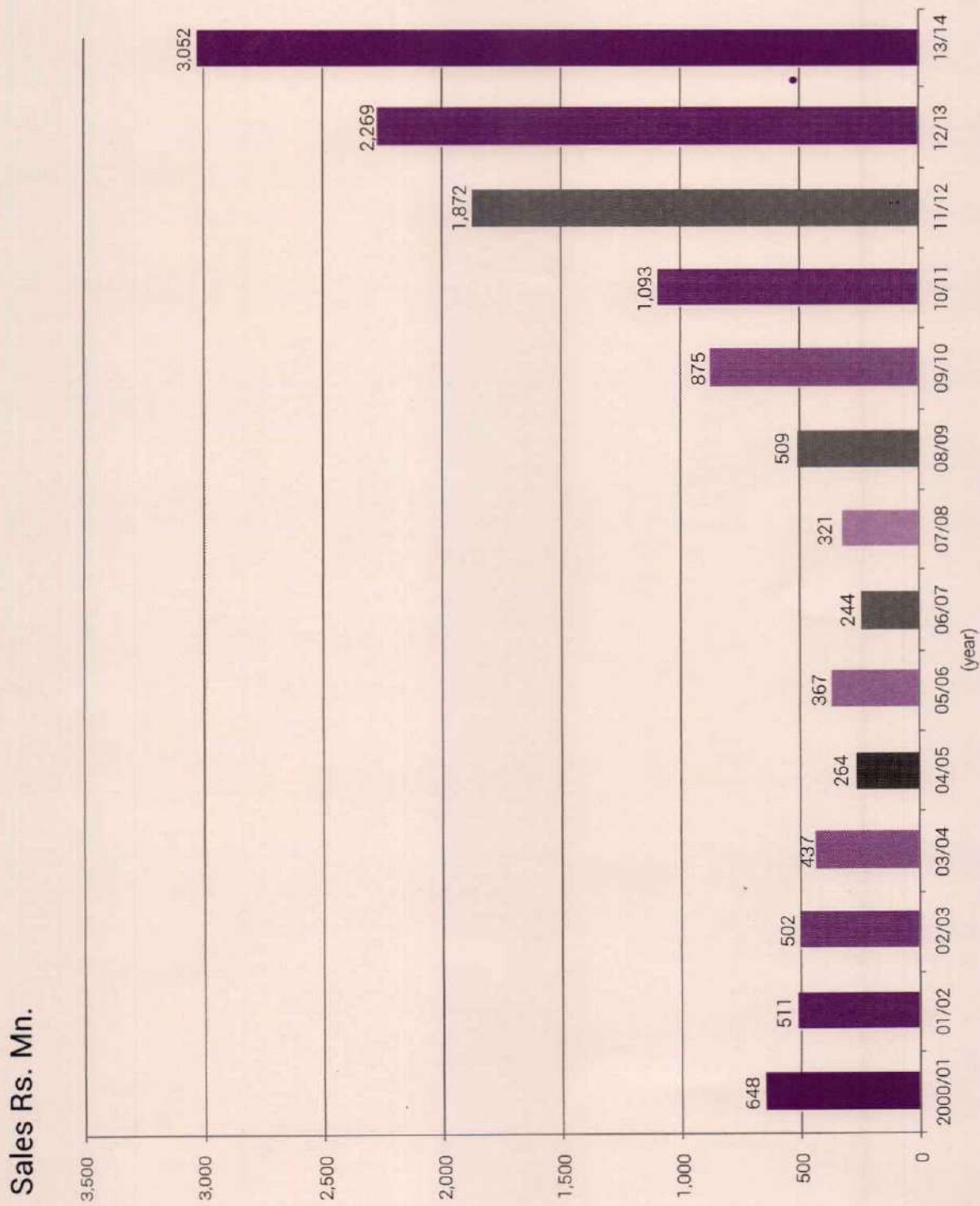
Year **ROCE (%)**

05/06	-10.98%
06/07	-15.98%
07/08	1.10%
08/09	4.77%
09/10	11.08%
10/11	13.00%
11/12	16.00%
12/13	13.08%
13/14	11.69%

Return on Capital Employed (%)

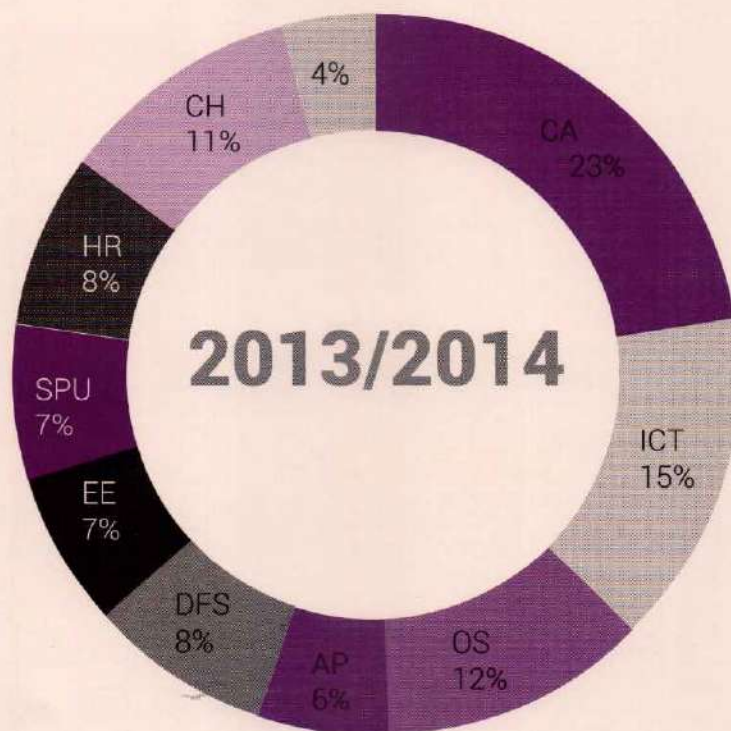


Revenue Graph 2000/2001 to 2013/2014



DIVISIONAL PERFORMANCE OF STC 2013/ 2014

REVENUE DRIVERS



Division		Revenue (Rs.)
Chemical & Allied	CA	693,769,310
Information Technology	ICT	467,681,376
Office Supplies	OS	357,650,887
Automotive Products	AP	189,269,651
Duty Free Shop	DFS	229,800,783
Electrical & Electronic	ELDV	204,572,856
Special Project Unit	SPU	205,493,861
Household Requirements	HR	235,468,034
Construction & Hardware	CH	341,289,804
Unallocated (Others)	OA	127,012,296
		3,052,008,860

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 Limited which comprises of Financial Position as at 31st March 2014 and the statement of Comprehensive Income, Statement of Change in Equity and Statement of Cash Flows 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 the Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatements, 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.

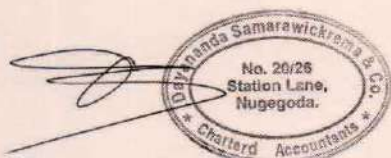
We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the company maintained proper accounting records for the year ended 31st March 2014 and the Financial Statements give a true and fair view of the companies state of affairs as at 31st March 2014 and its Profits 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.

26.09.2014

Statement of comprehensive income

For the year ended 31st March 2014

	Notes	2013/2014		2012/2013	
		Rs.	Cts	Rs.	Cts
Revenue	03	3,052,008,859.68		2,269,669,870.50	
Cost of Sales		(2,551,877,551.08)		(1,893,843,007.70)	
Gross Profit		500,131,308.60		375,826,862.80	
Other Operating Income	04	14,327,231.73		66,046,760.67	
		514,458,540.33		441,873,623.47	
Distribution Expenses	05	144,242,208.91		102,012,241.30	
Administration Expenses	06	284,352,224.68		250,623,102.62	
		428,594,933.59		352,635,343.92	
Earnings Before Interest & Tax		85,863,606.74		89,238,279.55	
Net Finance Income / (Expenses)	07	(7,122,145.34)		8,361,134.87	
Profit Before Taxation		78,741,461.40		97,599,414.42	
Income Tax Expenses	08	(28,053,789.40)		(30,659,122.00)	
Net Profit For the Year		50,687,672.00		66,940,292.42	
Other Comprehensive Income					
Actuarial Gain / (Loss) on Retirement Benefits Obligations		(4,646,909.90)		(191,172.60)	
Total Other Comprehensive Income		(4,646,909.90)		(191,172.60)	
Total Comprehensive Income for the Year		46,040,762.10		66,749,119.82	
Basic Earnings per Share	09	5.07		6.69	

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

Statement of financial position

As at 31st March 2014.

ASSETS	Notes	2013 / 2014		2012 / 2013	
		Rs.	Cts	Rs.	Cts
Non-Current Assets					
Property, Plant & Equipment	10	454,192,835.53		296,807,084.57	
Investments in Shares	11	20.00		20.00	
Loans Given to Employees	12A	6,428,986.00		5,079,540.00	
Easy Payment Loan Scheme	12B	100,652.15		-	
Total Non Current Asset		460,722,493.68		301,886,644.57	
Current Assets					
Inventories	13	541,587,126.95		370,020,969.52	
Trade & Other Receivables	14	593,003,244.33		369,635,480.03	
Loans Given to Employees - Current Maturity	12A	3,564,287.30		4,192,971.00	
Easy Payment Loan Scheme	12B	35,823.85		-	
Imported Rice Price Subsidy Receivable	15	324,164,383.53		702,236,364.67	
Short Term Investment in Fixed Deposits		333,655,364.79		301,388,272.29	
Cash & Cash Equivalents	16	18,094,797.50		9,376,769.51	
		1,814,105,028.26		1,756,850,827.02	
Total Assets		2,274,827,521.94		2,058,737,471.59	
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		241,108,236.09	
Other Reserves		(7,982,239.03)		(3,335,329.13)	
Retained Earnings		306,930,632.67		256,242,960.67	
Total Equity		685,664,276.00		639,623,513.90	
Non-Current Liabilities					
Interest Bearing Liabilities	17	20,769,567.92		12,931,601.84	
Retirement Benefit Obligations	18	24,976,576.25		18,955,809.45	
Net Deferred Tax Liabilities	19	2,803,745.41		2,671,854.01	
		48,549,889.59		34,559,265.30	
Current Liabilities					
Income Tax Payable		11,046,128.00		18,627,737.00	
Short Term Borrowings	20	613,112,240.94		911,257,574.00	
Interest Bearing Liabilities	17	6,029,869.76		5,777,804.78	
Trade & Other Payables	21	687,526,945.60		349,667,479.30	
Bank Overdrafts	22	222,898,172.05		99,224,097.31	
		1,540,613,356.35		1,384,554,692.39	
Total Equity & Liabilities		2,274,827,521.94		2,058,737,471.59	

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

Director



Statement of changes in equity

For the year ended 31st March 2014

	Stated Capital Rs.Cts.	Revaluation Reserves Rs.Cts.	General Reserves Rs.Cts.	Other Reserves Rs.Cts.	Retained Profit/(Loss) Rs.Cts.	Total Rs.Cts.
Balance as at 1st April 2012	100,000,000.00	241,108,236.09	45,607,646.27	(3,144,156.53)	189,302,668.25	572,874,394.08
Net Profit / (Loss) for the year	-	-	-	-	66,940,292.42	66,940,292.42
Actuarial Gain / (Loss) on Retirement Benefit Obligations	-	-	-	(191,172.60)	-	(191,172.60)
Balance as at 31st March 2013	100,000,000.00	241,108,236.09	45,607,646.27	(3,335,329.13)	256,242,960.67	639,623,513.90
Balance as at 01st April 2013	100,000,000.00	241,108,236.09	45,607,646.27	(3,335,329.13)	256,242,960.67	639,623,513.90
Net Profit / (Loss) for the year	-	-	-	-	50,687,672.00	50,687,672.00
Actuarial Gain / (Loss) on Retirement Benefit Obligations	-	-	-	(4,646,909.90)	-	(4,646,909.90)
Balance as at 31st March 2014	100,000,000.00	241,108,236.09	45,607,646.27	(7,982,239.03)	306,930,632.67	685,664,276.00

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

Statement of cash flows

For the year ended 31st March 2014.

	2013/2014 Rs. Cts	2012/2013 Rs. Cts
Cash Flow from Operating Activities		
Net Profit Before Taxation	78,741,461.40	97,599,414.42
Adjustments for		
Lease Interest	3,653,163.52	3,410,195.26
Depreciation / Amortization	29,424,115.35	20,734,134.91
Interest Income	(38,828,825.98)	(36,524,983.90)
Trust Receipt Loan & Overdraft Interest	42,297,807.80	24,753,653.77
Disposal Profit of PPE	-	(4,016,715.60)
Stocks Write Off	-	(1,773,816.01)
Impairment of Debtors	(1,713,471.64)	(2,153,431.79)
Provision for Retirement Benefit Obligations	2,488,333.16	2,419,751.44
Operating Profit Before Working Capital Changes	116,062,583.61	104,448,202.50
(Increase) / Decrease in Inventories	(171,566,157.44)	93,766,934.35
(Increase) / Decrease in Trade & Other Receivables	(220,558,244.46)	(39,221,170.61)
(Increase) / Decrease in Imported Rice Price Subsidy Receivable	378,071,981.14	386,760,599.42
(Increase) / Decrease in Easy Payment Loan Scheme	(136,476.00)	-
Increase / (Decrease) in Trade & Other Payables	336,851,043.30	(221,169,178.17)
Cash Generated From Operations	438,724,730.15	324,585,387.49
WHT Paid	(3,588,108.54)	(2,919,971.72)
Income Tax Paid	(30,906,976.00)	(9,418,841.00)
Gratuity Paid	(1,114,476.25)	(120,048.50)
Net Cash Used in Operating Activities	403,115,169.36	312,126,526.27
Cash Flows from Investing Activities		
Acquisition of Property, Plant & Equipment	(35,460,081.37)	(11,372,788.04)
Investment in Work in Progress	(137,349,784.94)	-
Sales Proceeds of Fixed Assets	-	4,016,717.60
Interest Received from Short Term Investments	37,012,016.02	36,524,983.90
Net Cash from Investing Activities	(135,797,850.29)	(29,168,913.46)
Cash Flows from Financing Activities		
Investments in Fixed Deposits	(32,267,092.50)	(45,279,745.44)
Net Loan Repayments & Proceeds	(298,145,333.06)	(261,109,995.94)
Trust Receipt Loan & Overdraft Interest Paid	(42,297,807.80)	(24,753,653.77)
Lease Down Payments	-	(3,028,000.00)
Lease Rentals Paid	(9,563,132.46)	(10,500,964.50)
Net Cash from Financing Activities	(382,273,365.82)	(344,672,359.65)
Net Increase / (Decrease) in Cash & Cash Equivalents	(114,956,046.75)	(3,376,919.92)
Cash & Cash Equivalents at the beginning of the year	(89,847,327.80)	(86,470,407.88)
Cash & Cash Equivalents at the End of the year - (Note A)	(204,803,374.55)	(89,847,327.80)
Note A - Analysis of Cash & Cash Equivalents		
	31.03.2014 Rs. Cts.	31.03.2013 Rs. Cts.
Cash at Bank		
BOC (A/C No 8859546)	1,180,169.62	689,625.78
Sampath Bank (A/C No 000930000337)	204,497.94	962,622.94
Seylan Bank (A/C No 001-086401310067001)	-	146,089.73
Seylan Bank (A/C No 002-086401310067002)	4,255,736.61	63,403.45
Sampath Bank - DFS (A/C No 002930006974)	-	4,877,263.86
NDB (A/C - 101000160408)	-	1,448,369.91
BOC (A/C No 1060)	21,847.08	23,019.15
NDB Call A/C (-A/C No. -106340003864)	1,089,588.19	506,524.46
Cash in Hand		
Petty Cash Imprest	341,829.70	370,658.37
Cash in Hand	11,001,128.36	292,191.86
Bank Overdrafts		
People's Bank (A/C No - 004100120210918)	(222,242,040.21)	(67,690,477.30)
BOC (A/C No -73927627) - Uniform	(656,131.84)	(31,533,620.01)
NDB (A/C - 101000160408)	-	-
	(204,803,374.55)	(89,847,327.80)

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

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 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 2014 is 392

2. SIGNIFICANT ACCOUNTING POLICIES.

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of Preparation

2.1.1 Statement of Compliance

The financial statements which comprise the statement of comprehensive income, statement of financial position, statement of change in equity and the statement of cash flows, together with the accounting policies and notes ("financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS / LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the Companies Act No. 07 of 2007.

The Financial statements were authorized for issue by the Board of Directors on the 26th September 2014.

2.1.2 Basis of Presentation

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.

Going concern

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 18 - measurement of defined benefit obligations

Note 19 Differed Tax

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 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 statement of comprehensive income. Monetary assets and liabilities balances are translated at year end exchange rate.

2.2 Assets and the bases of their valuation

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

2.2.1 Property, plant and equipment

2.2.2 Recognition and Measurement

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

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.

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 Derecognition

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

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%
Expenditure incurred on Leasehold Assets	20%
Motor Vehicles	20%
Office Equipment	10%
Computers	33.33%
Tools & Equipments	10%
Furniture & Fittings	10%

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

2.2.6 Capital work In progress

Capital expenses incurred during the year which are not completed as at the Reporting date are shown as Capital Work – In – Progress whilst, the Capital assets which have been completed during the year and put to use have been transferred to Property, Plant and Equipment.

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 Impairment of financial assets

Assets carried at amortized Cost

The Company assesses at the end of each reporting period whether there is an objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial 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 debtors is 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 carrying amount 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 decrease can 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.

Notes to the Financial Statements COND....

2.2.10 Impairment of non financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually 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 carrying amount 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 (cash generating units)

2.2.11 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss or loans and borrowings, as appropriate. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, transaction costs that are directly attributable to the acquisition or issue of such financial liability. The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings. Subsequent Measurement Financial liabilities at fair value through profit or loss financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gain or losses on liabilities held for trading are recognized in the Statement of Comprehensive Income. The Company has not designated any financial liabilities upon initial recognition as at fair value through profit or loss. Loans and borrowings after initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective

interest rate method. Gain and losses are recognized in the Statement of Comprehensive Income when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the Statement of Comprehensive Income.

De – recognition

A financial liability is de – recognized when the obligation under the liability is discharged or cancelled or expires.

Offsetting financial instruments

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

2.2.12 Financial Risk Management

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fail to meet its contractual obligations, and arises principally from the Company's receivables from customers and related parties. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Liquidity Risk

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

Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. However the company does not have material long term floating rate borrowings or deposits date which results a material interest rate risk.

2.2.12 Inventories

Inventories are valued at the lower of cost and realizable value. Net realizable value is the estimated selling price in the normal course of business less estimated cost of realization and /or cost of conversion from their existing state to saleable condition.

i The amount of inventories recognized as cost of sales in the Profit and loss during the year is Rs.2,551,871,551.08

ii The following inventory values have been mortgage to following financial institution for credit facilities.

Name of the Financial Institution	Mortgage Amount Rs.Cts.
People's Bank	50,000,000.00
Sampath Bank	104,000,000.00
NDB	163,000,000.00

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 services performed 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 estimates are 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 impairment of trade receivables is established when there is

objective evidence that the Company will not be able to collect all amounts due according to the original terms of the contractual right.

2.2.14 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 Co-operatives & Internal 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 in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities 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. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest method.

2.2.18 Accounting for leases

The Company leases certain property, plant and equipment. Leases of property, plant and equipment where the Company has substantial risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the commencement of the lease at lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables.

The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

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.10 of 2006 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 losses in the past. This amounts to a sum of Rs 260,323,649/=. 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 Nation Building Tax (NBT).

2.2.20 Post Employment Benefits

(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 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 assumptions used are disclosed in Note No 18.

Notes to the Financial Statements

(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 an accrual basis.

(d) Other Income

Other income is recognized on an accrual basis.

(e) Disposal of property plant and equipments

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 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.

(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

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 Z 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 Earnings 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, 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 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.

2.2.29 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 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.

NOTE 03 - REVENUE

	2013/2014 RS. Cts.	2012/2013 RS. Cts.
Gross Sales	3,056,148,037.04	2,279,718,240.77
Less : Sales Returns	(4,139,177.36)	10,048,370.27)
Net Sales (Note 03.01)	3,052,008,859.68	2,269,669,870.50

Note 03.01 - Business Segments (Net Sales)	2013/2014 RS. Cts.	2012/2013 RS. Cts.
Chemical & Allied	693,769,310.14	603,213,674.00
ICT Products	467,681,376.36	296,893,863.15
Office Suppliers	357,650,886.81	303,550,695.80
Automotive Products	189,269,651.30	195,108,787.00
Duty Free Shop	229,800,783.40	157,175,211.00
Electricals & Electronics	204,572,855.92	146,502,730.00
Special Project Unit	205,493,861.39	145,400,884.55
Household Products	235,466,034.36	138,991,633.70
Construction & Hardware	341,289,804.47	103,719,749.30
Unallocated (Others)	127,012,295.53	179,112,642.00
	3,052,008,859.68	2,269,669,870.50

Note 03.02 - Segmental Operating Results (Gross Prof)	2013/2014 RS. Cts.	2012/2013 RS. Cts.
Chemical & Allied	181,134,919.04	153,447,690.70
ICT Products	43,509,803.89	33,162,580.30
Office Suppliers	40,446,115.05	34,902,356.00
Automotive Products	16,264,759.91	18,315,130.00
Duty Free Shop	71,565,684.75	57,412,958.59
Electricals & Electronics	47,279,809.82	15,403,828.00
Special Project Unit	14,133,963.30	12,002,391.50
Household Products	30,477,406.39	17,118,285.70
Construction & Hardware	36,022,160.29	10,128,165.62
Unallocated (Others)	19,296,796.16	23,933,476.39
	500,131,308.60	375,826,862.80

Notes to the Financial Statements

NOTE 04 - OTHER OPERATING INCOMES

	2013/2014 RS. Cts.	2012/2013 RS. Cts.
David Pieris Motor Company (Bajaj) - Commission	1,276,850.00	54,000.00
Commission on TVS Project	-	9,408,912.59
Sales Commissions	1,408,569.77	2,889,194.48
Foreign Exchange Gain	286,493.29	555,591.97
Gain on Disposal of PPE	-	4,016,715.60
CIC Seed Commission	323,894.20	383,227.86
Income from School Uniform Project	186,835.50	36,857,088.52
Miscellaneous Income (Note 04.01)	217,548.79	128,730.46
Double A Commission	1,336,255.71	1,898,354.67
Police Head Quarters	895,730.07	1,429,729.50
Unimo Enterprises (Commission for Tyres)	952,830.00	446,207.00
Commission / Reimbursement - Etisalat Lanka Pvt Ltd	-	5,849,900.00
Stocks / Others Written Off	-	1,773,816.01
Gift Vouchers	-	355,292.01
S L Army - Canvas Shoes Supply Income	1,112,320.00	-
Over Provision of Bad & Doubtful Debts	1,713,471.64	-
Discount Received from Unilever	4,616,432.76	-
	14,327,231.73	66,046,760.67

(Note 04 01) Miscellaneous Income

	2013/2014 RS. Cts.	2012/2013 RS. Cts.
Sale of Damages Items	176,572.05	84,442.00
Return Interest Cheques	1,010.00	3,068.00
Difference of Price - Suppliers	19,086.74	3,584.80
Others	20,880.00	37,635.66
	217,548.79	128,730.46

NOTE 05 - DISTRIBUTION EXPENSES

	2013/2014	2012/2013
	RS. Cts.	RS. Cts.
Sales Incentives	19,871,166.00	12,457,660.00
Sample Expenses	1,755,382.12	257,322.15
Tender Forms	534,526.68	309,762.54
Expenses of Registration of Suppliers	1,542,556.50	1,140,887.60
Stores & Showroom Rent	27,665,980.07	23,729,054.90
Sales Outlet Expenses	-	377,546.70
Lorry Hire /Transport	2,888,191.28	2,082,192.23
Servicing Charges	12,326,440.32	9,238,557.30
Reimbursement of Sales Expenses	11,650,310.37	10,118,109.80
Trade Fair Expenses	1,199,383.14	1,189,096.68
License Fees - Selling	343,130.36	101,766.39
Telex/ Fax, Email Charges	3,352.92	122,119.46
Overseas Travelling	5,922,685.11	1,833,401.92
Trade Promotional Expenses	11,526,069.68	3,228,104.52
Advertising	9,922,884.39	8,254,007.00
Gift Vouchers	27,657.00	-
Loading & Unloading Expenses	152,387.73	-
Impairment of Debtors	-	2,350,812.61
Disallowed VAT	10,120,057.97	4,900,661.30
Nation Building Tax	26,485,869.00	19,894,507.00
Sales Promotion to Co-Operate Customers	203,378.27	128,115.00
Dealer Commissions	100,800.00	298,556.20
	144,242,208.91	102,012,241.30

Notes to the Financial Statements

NOTE 06 - ADMINISTRATIVE EXPENSES

	2013/2014	2012/2013
	RS. Cts.	RS. Cts.
Salaries	45,707,660.03	43,282,937.36
EPF	15,020,622.58	13,277,418.28
ETF	3,010,265.07	2,558,684.78
Overtime & Special Allowances	21,278,524.01	19,155,498.24
New Year Festival Allowances	8,975,870.00	5,323,300.00
Casual Employee Salaries	55,590,113.54	47,367,492.67
Un-Winding Of Pre Paid Staff Costs	442,011.00	392,120.00
Staff Welfare	4,356,213.75	5,971,219.96
Staff Medical Expenses	1,786,835.12	1,930,718.39
Staff Vehicle & Fuel Allowance	7,346,666.00	6,415,352.00
Family Welfare Assistance	2,037,000.00	1,960,000.00
Uniforms	370,331.79	977,566.03
Labour Charges	7,630,241.00	5,053,463.65
Leave Encashments	3,122,468.00	2,896,750.00
Gratuity Provision	2,488,333.16	2,419,751.44
Travelling & Subsistence	2,280,418.72	1,393,815.48
Audit Fees	168,900.00	168,900.00
Consultancy Fees	185,622.40	802,390.00
Legal Fees	560,442.40	254,156.00
Certification Of Documents & Other Expenses	84,901.20	345,131.10
Directors Salaries	1,260,000.00	1,260,000.00
Directors Fees	99,000.00	227,400.00
Board Meeting Expenses	36,450.00	6,302.00
Insurance - General	960,901.28	739,234.48
Rates & Taxes	2,057,096.64	2,312,965.71
License Fees	129,494.00	133,599.00
Telephone Charges	9,223,594.02	9,295,370.73
Electricity	10,709,843.32	9,214,519.01
Postage	997,642.48	731,483.34
Water	1,386,861.54	1,160,159.74
News Papers & Periodicals	110,551.00	173,988.00
Printing & Stationery	6,941,743.49	6,860,848.70
Maintenance - Building	798,225.19	3,508,914.37
Maintenance - Office Equipment	9,408,687.99	7,381,554.55
Maintenance - Stores Equipment	756,083.55	1,023,886.67
Maintenance - Show Rooms	2,483,367.65	1,631,707.94
Maintenance - Motor Vehicles	2,461,149.87	3,216,760.09
Motor Vehicle Registration & Insurance	944,759.14	2,639,946.85
Fuel & Lubricant	5,827,499.27	3,844,986.90
Computer Management Fees	826,490.00	1,743,821.94
Computer Maintenance	1,073,731.37	2,345,145.00
Depreciation - Building	3,839,219.15	3,839,219.15
Depreciation - Motor Vehicle	13,733,997.34	10,934,002.37
Depreciation - Plant & Equipment	8,431,027.85	4,330,120.52
Depreciation - Furniture	3,178,298.12	1,573,281.20
Depreciation - Tools & Equipments	63,206.66	57,511.66
Amortization of Expenditure incurred on leasehold Building	178,366.23	-
Hire of Vehicles	2,123,244.49	2,717,235.00
Bank Charges	8,990,675.33	3,632,384.83
Research & Development Expenses	-	913,062.86
Staff Training & Development Expenses	822,887.94	56,322.00
Surcharges	88,422.00	11,534.63
Parking Expenses	1,966,768.00	1,159,168.00
	284,352,724.68	250,623,102.62

NOTE 07 - NET FINANCE INCOME (EXPENSES)

	2013/2014 RS. Cts.	2012/2013 RS. Cts.
Interest Income		
Interest Income on Short Term Deposits	37,669,134.95	35,446,456.29
Interest on savings account	35,938.84	15,273.40
Interest on Staff Loans	681,741.19	671,134.21
Un - winding of Pre-Paid Staff Benefits	442,011.00	392,120.00
	38,828,825.98	36,524,983.90
Interest Expense		
Overdraft Interest	10,685,107.65	7,178,168.39
Trust Receipt Loan Interest	31,612,700.15	17,575,485.38
Lease Interest	3,653,163.52	3,410,195.26
	45,950,971.32	28,163,849.03
	(7,122,145.34)	8,361,134.87

NOTE 08 - INCOME TAX EXPENSES

	2013/2014 RS. Cts.	2012/2013 RS. Cts.
Income Tax on Profits for the year - 2013/2014 (Note 08.01)	16,671,606.00	19,085,079.00
Income Tax on Profits for the year - 2009/2010	8,547,768.00	-
Deemed Dividend Tax	2,702,524.00	2,377,577.46
Deferred Tax Expense (Note 08.02)	131,891.40	9,196,465.20
	28,053,789.40	30,659,122.00

(Note 8.1) Reconciliation between Accounting Profit to Income Tax

For the year ended 31st March	2013/2014 RS. Cts.	2012/2013 RS. Cts.
Accounting Profit Before Taxation	78,741,461	97,599,414
Aggregate Disallowable Items	42,962,632	31,181,103
Aggregate Allowable Items	(30,101,861)	(23,917,446)
Total Statutory Income	91,602,232	104,863,071
Utilisation of carry forward tax losses	(32,060,781)	(36,702,075)
Taxable Income	59,541,451	68,160,996
Income Tax on Profits for the year	16,671,606	19,085,079

The unutilised tax loss carried forward as at the reporting date amounted to Rs.250,323,649/= (2012/13 -Rs 292,682,355/=).

(Note 8.2) Deferred Tax Expense / (Reversal)

Deferred tax expense / (reversal) arises from :	2013/2014 RS. Cts.	2012/2013 RS. Cts.
Accelerated depreciation for tax purpose	1,337,934.05	4,184,099.84
Provision for slow moving stocks	-	496,668.50
Provision for bad & doubtful debts	479,772.06	602,960.90
Retirement Benefit Obligations	(1,685,814.71)	3,912,735.98
	131,891.40	9,196,465.22

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.

	2013/2014 RS. Cts.	2012/2013 RS. Cts.
Net profit attributable to shareholders - (Rs. Cts.)	50,687,672.00	66,940,292.42
Weighted average number of ordinary shares in issue	10,000,000.00	10,000,000.00
Basic earnings per share (Rs. Cts.)	5.07	6.69

Diluted Earnings per Share

There were no potential dilutive ordinary shares outstanding at any time during the year ended 31st March 2014.

Therefore, Diluted Earnings per Share is same as Basic Earnings per Share reported above.

Notes to the Financial Statements

NOTE 10 - PROPERTY, PLANT & EQUIPMENT

	Freehold Land		Freehold Building		Expenditure incurred on Leasehold Building		Motor Vehicles		Office Equipments		Computers		Tools & Equipments		Furniture & Fittings		Total		
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	
Cost / Revaluation																			
As at 01st April 2013	226,240,000.00	51,189,588.73	-	-	-	-	64,385,199.93	5,467,991.87	11,349,963.98	575,115.60	15,732,812.01	374,940,673.12							
Additions					5,350,986.86		14,000,000.00	2,427,504.54	11,574,470.62	56,945.00	16,050,174.35	49,460,081.37							
As at 31st March 2014	226,240,000.00	51,189,588.73	5,350,986.86	78,385,199.93	7,895,496.41	22,924,434.60	632,061.60	31,782,986.36	424,400,754.49										
Depreciation / Impairment																			
As at 01st April 2013	-	32,730,592.58	-	39,442,082.57	-	3,783,321.33	57,511.16	1,573,281.72	78,133,588.55										
Charge for the year					178,366.23	789,549.64	7,641,478.21	63,206.66	3,178,298.12	29,424,115.35									
As at 31st March 2014	-	36,569,811.73	178,366.23	53,176,079.91	1,336,348.83	11,424,799.54	120,717.82	4,751,579.84	107,557,703.90										
Carrying Value as at 01st April 2013	226,240,000.00	18,458,996.15	-	24,943,117.36	4,921,192.68	7,566,642.65	517,605.44	14,159,530.29	296,807,084.57										
Capital work in progress																			137,349,784.94
Carrying Value as at 31st March 2014	226,240,000.00	14,619,777.00	5,172,620.63	25,209,120.02	6,559,147.58	11,499,635.06	511,343.78	27,031,406.52	454,192,835.53										

Expenditure incurred on Leasehold Building represent the General Cost incurred in setting up net outlet in Kandy. Cost incurred to acquire identifiable assets have been recorded in respective assets classes.

None of the PPE have been Mortgage or pledged for obtain any kind of borrowing Facilities.

Capital WIP consists of expenditure incurred on projects at Narahenpita, Mataara & Kurunegala, which are not completed & commenced business operations as at the reporting date.

NOTE 11 - INVESTMENTS IN SHARES

	2013/2014	2012/2013
	RS. Cts.	RS. Cts.
Ceylon Shipping Lines	20.00	20.00
	20.00	20.00

NOTE 12A - LOANS GIVEN TO EMPLOYEES

		2013/2014	2012/2013
		RS. Cts.	RS. Cts.
Non - Current			
Loans given to employees	12.1	6,070,272.00	4,801,672.00
Pre paid Staff Benefits	12.2	358,714.00	277,868.00
		6,428,986.00	5,079,540.00
Current			
Loans given to employees	12.1	3,236,319.30	3,878,837.00
Pre paid Staff Benefits	12.2	327,968.00	314,134.00
		3,564,287.30	4,192,971.00
		9,993,273.30	9,272,511.00

NOTE 12.1 - LOANS GIVEN TO EMPLOYEES

Balance at the beginning of the year		9,272,511.00	10,124,230.00
Loans granted		5,480,210.00	2,724,696.00
Loans recovered		(4,759,447.70)	(3,576,415.00)
		9,993,273.30	9,272,511.00
Transfer to prepaid staff benefit		(686,682.00)	(592,002.00)
Balance at the end of the year		9,306,591.30	8,680,509.00
Non Current		6,070,272.00	4,801,672.00
Current		3,236,319.30	3,878,837.00
		9,306,591.30	8,680,509.00

NOTE 12.2 - PREPAID STAFF BENEFITS

Balance at the beginning of the year		592,002.00	789,117.00
Additions during the year		536,691.00	195,005.00
Amortization		(442,011.00)	(392,120.00)
Balance at the end of the year		686,682.00	592,002.00
Non Current		358,714.00	277,868.00
Current		327,968.00	314,134.00
		686,682.00	592,002.00

The Company provides a 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 is recognised as pre paid staff benefits. These loans have been subsequently measured at amortised cost.

Sri Lanka State Trading Corporation
Market Interest Rate

7%
12%

7%
9%

Notes to the Financial Statements

NOTE 12B- EASY PAYMENT LOAN

		2013/2014	2012/2013
		RS. Cts.	RS. Cts.
Non - Current			
Gross Investment	12.3	128,892.00	-
Less : Unearned Finance Income	12.4	(28,239.85)	-
		100,652.15	
Current			
Gross Investment	12.3	67,248.00	
Less : Unearned Finance Income	12.4	(31,424.15)	
		35,823.85	
		136,476.00	-
NOTE 12.3 - Gross Investment			
Gross Investment during the year		151,640.00	-
Less : Rentals Received		(15,164.00)	-
		136,476.00	-
Add : Unearned Finance income		59,664.00	-
Balance at the end of the year		196,140.00	-
Non - Current		128,892.00	-
Current		67,248.00	-
		196,140.00	-
NOTE 12.4 - Unearned Finance Income			
Additions during the year		59,664.00	-
Less : Interest income for the year		-	-
Balance at the end of the year		59,664.00	-
Non - Current		28,239.85	-
Current		31,424.15	-
		59,664.00	-
NOTE 13 - INVENTORIES			
Closing Inventory		405,992,907.16	346,912,304.79
Goods in Transits		138,253,781.07	25,768,226.00
Impairment for Damage & Slow Moving Stock		(2,659,561.27)	(2,659,561.27)
		541,587,126.96	370,020,969.52

NOTE 14 - TRADE & OTHER RECEIVABLES

	2013/2014 RS. Cts.	2012/2013 RS. Cts.
Trade Debtors	489,690,278.66	270,432,107.32
Impairment of debtors	(4,360,787.00)	(6,074,258.64)
	485,329,491.66	264,357,848.68
Other Receivables	614,205.33	4,765,559.83
Festival Advance	1,136,000.00	49,500.00
Electricity Deposits	140,000.00	140,000.00
Security Deposits - NSB	904,193.77	855,144.22
Container Deposits	140,000.00	585,000.00
Rent Deposits	25,429,510.80	6,216,510.80
Sundry Deposits	1,665,500.00	155,000.00
Port Authority - PVQ	50,000.00	50,000.00
Prepayments	6,843,138.61	1,379,492.63
Advance to Staff on Petty Cash	11,000.00	15,200.00
L/Guaranty Margin - People's Bank	600,000.00	600,000.00
Credit Card Account	-	4,137,101.34
Interest Receivable	16,328,215.50	14,511,405.54
Income Tax Receivable	4,275,242.54	4,275,242.00
With Holding Vat Receivable	1,024,483.95	1,024,483.95
Suspended VAT A/C	490,704.36	168,790.36
Ministry of Education	7,784,039.22	64,409,417.06
Advance on Sundry Expenses	181,817.01	529,214.65
Advance on Servises	73,160.00	
Tender & Other Deposits	200,000.00	35,000.00
Rent Advance Payment - Year 02	-	248,491.80
Build up Margin A/C	7,500,000.00	-
Shipping Guaranty Margin - People's Bank	20,609,846.28	-
Control A/C of Gift Vouchers	101,477.06	-
Sala Enterprises	9,933,066.31	-
Rajawasa Welfare Society	600,000.00	-
Deemed Dividend Tax Over Payment - 2011/2012	683,476.00	683,476.00
Staff Debtors - Salary Advance	354,675.93	443,601.17
	593,003,244.33	369,635,480.03

NOTE 15 - IMPORTED RICE DISTRIBUTION OPERATION

	2013/2014 RS. Cts.	2012/2013 RS. Cts.
Imported Rice Distribution - Price Subsidy Receivable B/F	702,236,364.67	1,088,996,964.09
Less : Received During the year	(378,071,981.14)	(386,760,599.42)
Imported Rice Distribution - Price Subsidy Receivable C/F	324,164,383.53	702,236,364.67

Notes to the Financial Statements

NOTE 16 - CASH HAND CASH EQUIVALENT

		2013/2014	2012/2013
		RS. Cts.	RS. Cts.
Cash at Bank			
BOC	(A/C No 8859546)	1,180,169.62	686,625.78
Sampath Bank	(A/C No 000930000337)	204,497.94	962,622.94
Seylan Bank	(A/C No 001- 086401310067001)	-	146,089.73
Seylan Bank	(A/C No 002- 086401310067002)	-	63,403.45
Sampath Bank - DFS	(A/C No 002930006974)	4,255,736.61	4,877,263.86
BOC	(A/C No 1060)	21,847.08	23,019.15
NDB	(A/C - 101000160408)	-	1,448,369.91
NDB	(A/C No - 106340003864)	1,089,588.19	506,524.46
Cash in Hand			
Petty Cash Imprest		341,829.70	370,658.37
Cash in Hand		11,001,128.36	292,191.86
		18,094,797.50	9,376,769.51

NOTE 17 - INTEREST BEARING LIABILITIES - LEASES (FINANCE LEASE OBLIGATIONS)

	Trucks	Double Cab	Toyota Car	Toyota Camry Car	Isuzu Crew Cabs	Avanza Wagon	Nissan Jeep	Total
	LG 4770 - LG 4773 Rs. Cts.	PB - 8458 Rs. Cts.	KI - 2427 Rs. Cts.	WPKJ - 8289 Rs. Cts.	LK - 0018 / LK - 0024 Rs. Cts.	KU - 7071 / KU - 7072 Rs. Cts.	Rs. Cts.	Rs. Cts.
Balance as at 01st April 2013	571,701.62	963,036.03	589,985.95	2,309,645.15	6,921,986.63	15,872,808.00	-	27,229,153.38
Add : New Leases Obtained during the year	-	-	-	-	-	-	21,366,480.00	21,366,480.00
Less : Rentals Paid	(571,701.62)	(963,036.03)	(589,985.95)	(1,385,789.15)	(2,169,220.56)	(3,527,291.15)	(356,108.00)	(9,563,132.46)
Balance as at 31st March 2014	-	-	-	923,856.00	4,752,766.07	-	-	39,032,510.92
Interest in Suspense								
Balance as at 01st April 2013	21,089.28	56,996.68	32,680.48	28,868.32	1,964,672.00	6,215,450.00	6,215,450.00	8,519,756.76
Add : New Leases Obtained during the year	-	-	-	-	-	-	7,366,480.00	7,366,480.00
Less : Charge to P & L	(21,089.28)	(56,996.68)	(32,680.48)	(188,056.08)	(970,728.00)	(2,172,694.00)	(210,919.00)	(3,653,163.52)
Balance as at 31st March 2014	-	-	-	40,812.24	993,944.00	4,042,756.00	7,155,561.00	12,233,073.24
Interest Bearing Liabilities - Current								
Balance as at 31st March 2013	550,612.34	906,039.35	557,305.47	1,197,729.62	1,211,620.00	1,354,598.00	1,354,598.00	5,777,804.78
Balance as at 31st March 2014	-	-	-	883,043.76	1,506,648.00	1,717,502.00	1,922,676.00	6,029,869.76
Interest Bearing Liabilities - Non Current								
Balance as at 31st March 2013	-	-	-	883,047.21	3,745,794.63	8,302,760.00	8,302,760.00	12,931,601.84
Balance as at 31st March 2014	-	-	-	-	2,252,174.07	6,585,258.85	11,932,136.00	20,769,567.92

NOTE 18 - RETIREMENT BENEFIT OBLIGATIONS

	2013/2014 RS. Cts.	2012/2013 RS. Cts.
Balance at the beginning of the year	18,955,809.45	16,464,933.91
Provision made during the year	7,135,243.06	2,610,924.04
Payments made during the year	(1,114,476.25)	(120,048.50)
Balance at the end of the year	24,976,576.26	18,955,809.45

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	2013/2014 RS. Cts.	2012/2013 RS. Cts.
Interest Cost	1,269,343.33	1,478,541.63
Current Service Costs	1,218,989.83	941,209.81
Total included in the staff cost [Note 06]	2,488,333.16	2,419,751.44
Net Actuarial (Gain)/Loss recognized immediately	4,646,909.90	191,172.60
Amount Recognized in the statement of other comprehensive income	4,646,909.90	191,172.60
Total recognized in the comprehensive income	7,135,243.06	2,610,924.04

The Key Assumptions used by the management include the following

Financial Assumptions	2013/2014	2012/2013
Rate of Interest	7%	9%
Rate of Increase of Salaries	2%	2%
Staff Turnover Factor	3%	3%
Retiring Age (Years)	60	60

The Company will continue as a going concern.

NOTE 19 - NET DEFERRED TAX LIABILITY

	2013/2014 RS. Cts.	2012/2013 RS. Cts.
Balance at the beginning of the year	2,671,854.01	(6,524,611.21)
Provision for the Year	131,891.40	9,196,465.22
Balance at the end of the year	2,803,745.41	2,671,854.01

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:

	2013/2014 RS. Cts.	2012/2013 RS. Cts.
Provision for slow moving stocks	(744,677.14)	(744,677.14)
Provision for bad & doubtful debts	(1,221,020.36)	(1,700,792.42)
Retirement Benefit Obligations	(6,993,441.35)	(5,307,626.64)
Accelerated depreciation for tax purpose	11,762,884.26	10,424,950.21
	2,803,745.41	2,671,854.01

Deferred tax assets and liabilities shall be measured based on the tax rates that have been enacted or substantially enacted by the end of the reporting period. Accordingly, the Company has used 28% in assessing the deferred tax asset/liability for the current financial year.

Notes to the Financial Statements

NOTE 20 - SHORT TERM BORROWINGS

	2013/2014 RS. Cts.	2012/2013 RS. Cts.
T.R. Loans - Peoples' Bank	107,510,757.22	63,927,452.34
T.R. Loans - Sampath Bank	14,704,599.80	
T.R. Loans - BOC - 1060 / 8859546	459,813,463.92	803,148,581.00
T.R. Loans - NDB	31,083,420.00	44,181,540.66
	613,112,240.94	911,257,574.00

NOTE 21 - TRADE OTHER PAYABLE

	2013/2014 RS. Cts.	2012/2013 RS. Cts.
Trade Creditors	391,597,432.60	196,394,755.86
Foreign Import Liability	192,559,814.42	6,696,789.73
Import Rice Interest	48,526,067.48	83,263,403.61
NBT	2,811,874.00	1,663,781.00
Accrued Expenses	30,199,571.77	31,976,370.13
VAT	5,241,351.41	6,328,437.98
Audit Fees	168,900.00	317,800.00
Security Deposit - NSB	904,193.77	855,144.22
EPF	2,429,297.97	1,901,687.72
ETF	291,515.89	227,236.89
Staff Creditors - Re Banked Salaries etc.	840,545.00	541,821.00
Staff Creditors - STC Welfare Society	392,055.00	737,814.00
Salary Deductions	233,173.00	195,388.00
STC Buddhist Society	-	740.00
Staff Recreation Fund	250,000.00	225,000.00
ABC Trade & Investment	2,220,088.15	2,421,334.74
Sala Enterprises	-	2,152,925.41
Abans (Pvt) Ltd	4,742,663.43	7,182,235.43
Etisalat Lanka (Pvt) Ltd	327,991.27	3,516,816.00
MAX Durakathana	35,387.11	516,722.00
Sudharshi Hall - Collection A/C	98,698.58	98,698.58
Control A/C of Gift Vouchers	-	75,000.00
Deemed Dividend Tax	3,386,000.00	2,377,577.00
Scrap Battery Control A/C	251,529.76	-
Stamp Recoveries	16,675.00	-
Stamp Duty Payable - Easy Payment	2,120.00	-
	687,526,945.60	349,667,479.30

NOTE 22 - BANK OVERDRAFTS

	2013/2014 RS. Cts.	2012/2013 RS. Cts.
People's Bank (A/ C No 004100120210918)	222,242,040.21	67,690,477.30
NDB (A/C - 101000160408)	656,131.84	-
BOC (A/C No -73927627)	-	31,533,620.01
	222,898,172.05	99,224,097.31

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 Company.

(i) Loans to the Directors

No loans have been granted to the Directors of the Company.

(ii) Compensation paid to Key Management Personnel

	2013/2014 RS. Cts.	2012/2013 RS. Cts.
Short Term Employment Benefits	5,579,323.41	5,513,549.00
Long Term Employee Benefits	483,885.12	687,253.00

(iii) Other Transactions with Key Management Personnel

Name of Director	Nature of the Transaction	Value of Transaction
Mr. Pradeep Gunawardhane (Chairman)	Purchase of Machinery Items	331,693.70
Mrs. Chamila Iddamalgoda (AGM)	Providing Financial Assistance to follow MBA	339,750.00

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

NOTE 24 - CAPITAL COMMITMENTS

The Company had no material Capital Commitments approved by the Board of Directors as at the Reporting date.

NOTE 25 - EVENTS AFTER THE REPORTING PERIOD

No events have occurred after the reporting date, which would require adjustments to or disclosure in the financial statements.

NOTE 26 - COMPARATIVE INFORMATION

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

NOTE 27 - FINANCIAL RISK MANAGEMENT**Overview**

The Company 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 Company's exposure to each of the above risks, the Company'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 Company's risk management framework. The Company's risk management policies are established to identify and analyze the risk faced by the Company, 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.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows,

Loans and Receivables	2013/2014 RS. Cts.	2012/2013 RS. Cts.
Loans Given to Employees	9,993,273.30	9,272,511.00
Easy Payment Loan Scheme	136,476.00	-
Imported Rice Price Subsidy Receivable	324,164,383.53	702,236,364.67
Short Term Investment in Fixed Deposits	333,655,364.79	301,388,272.29
Trade & Other Receivables	593,003,244.33	369,635,480.03
Cash and Cash Equivalents	18,094,797.50	9,376,769.51
	1,279,047,539.94	1,391,909,397.50

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company closely monitored its net operating cash flow, maintained a level of Cash and Cash equivalents and secured committed funding facilities from financial institutions.

Non-derivative financial liabilities	2013/2014 RS. Cts.	2012/2013 RS. Cts.
Interest Bearing Liabilities- Lease	26,799,437.68	18,709,406.62
Income Tax Payable	11,046,128.49	18,627,737.00
Short Term Borrowings	613,112,240.94	911,257,574.00
Trade and Other payables	687,526,945.60	349,667,479.30
Bank Overdraft	222,898,172.05	99,224,097.31
	1,561,382,924.76	1,397,486,294.23

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, Interest rates, etc; will affect the Company'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.

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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligation and Investments with floating Interest rates. However the Company does not have material long-term floating rate borrowings or deposits as at the reporting date which results a material interest rate risk.