

S.P. APPARELS INTERNATIONAL (PRIVATE) LIMITED

Financial Statements
For the Period Ended
31 March 2025

Amerasekera & Co.,
Chartered Accountants
No. 5/3, 5/4, Mahanuga Gardens,
Colombo 03,
Sri Lanka.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of S.P. Apparels International (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **S.P. Apparels International (Private) Limited** (the Company), which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the Period from 16 October 2023 (The date of Incorporation) to 31 March 2025, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information set out on pages 03 to 09.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2025, and of its financial performance and its cash flows for the Period from 16 October 2023 (The date of Incorporation) to 31 March 2025 in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements of the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. These financial statements do not include the other information.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the audit or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the other information, and to take appropriate action in the circumstances. We have not come across any material facts to report in this regard.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.


CHARTERED ACCOUNTANTS
COLOMBO, 16 September 2025.



S.P. APPARELS INTERNATIONAL (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM 16 OCTOBER 2023 (THE DATE OF INCORPORATION) TO 31 MARCH 2025

(Expressed in Sri Lankan Rupees)

	Note	31 March 2025
Income		1,872,585
Administrative Expenses	3	(5,580,000)
Finance Cost	4	<u>(7,730)</u>
Profit / (Loss) Before Taxation		(3,715,145)
Income Tax Expense		-
Profit / (Loss) for the Period		<u>(3,715,145)</u>
Other Comprehensive Income for the Period		-
Total Comprehensive Income / (Expense) for the Period		<u>(3,715,145)</u>

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Figures in brackets indicate deductions

Notes to the Financial Statements on Pages 7 to 9 form an integral part of these Financial Statements.

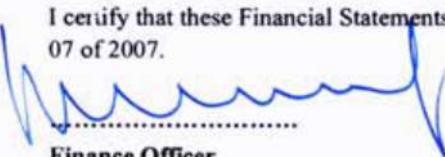


S.P. APPARELS INTERNATIONAL (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

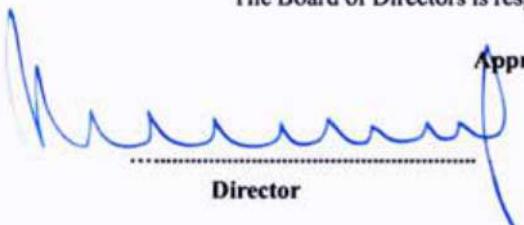
(Expressed in Sri Lankan Rupees)

	Note	31 March 2025
ASSETS		
Non-Current Assets		
Current Assets		
Advance and Deposits	5	498,201,000
Cash and Cash Equivalents	6	1,113,539
Total Current Assets		499,314,539
Total Assets		499,314,539
EQUITY AND LIABILITIES		
Stated Capital	7	3,000,000
Retained Earnings		(3,715,145)
Total Equity		(715,145)
Non - Current Liabilities		
Current Liabilities		
Loan from S.P. Apparels Limited (India)		499,939,684
Audit Fees Payable		90,000
Total Current Liabilities		500,029,684
Total Equity and Liabilities		499,314,539

I certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.


Finance Officer

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

Approved and signed for and on behalf of the Board,

Director

Director

Date :- 16 September 2025.

Colombo,

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Figures in brackets indicate deductions

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S.P. APPARELS INTERNATIONAL (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 16 OCTOBER 2023 (THE DATE OF INCORPORATION) TO 31 MARCH 2025
(Expressed in Sri Lankan Rupees)

	Stated Capital	Call in Areas	Retained Earnings	Total
Balance as at Beginning	-	-	-	-
Issuance of Shares	150,000,000	(147,000,000)	-	3,000,000
Total Comprehensive Expense for the Period	-	-	(3,715,145)	(3,715,145)
Balance as at 31 March 2025	<u>150,000,000</u>	<u>(147,000,000)</u>	<u>(3,715,145)</u>	<u>(715,145)</u>

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Figures in brackets indicate deductions

Notes to the Financial Statements on Pages 7 to 9 form an integral part of these Financial Statements.



**S.P. APPARELS INTERNATIONAL (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS**

FOR THE PERIOD FROM 16 OCTOBER 2023 (THE DATE OF INCORPORATION) TO 31 MARCH 2025

(Expressed in Sri Lankan Rupees)

31 March 2025

Cash Flows from Operating Activities

Profit / (Loss) Before Taxation (3,715,145)

Adjustments for;

Operating Profit / (Loss) Before Working Capital Changes (3,715,145)

Changes in Working Capital

Advance and Deposits (498,201,000)

Audit Fees Payable 90,000

Loan from S.P. Apparels Limited 499,939,684

Cash Flow used in Operations (1,886,461)

Taxes Paid

Net Cash used in Operating Activities (1,886,461)

Cash Flows from Investing Activities

Issuance of Shares 3,000,000

Net Cash Flow from Investing Activities 3,000,000

Net Changes in Cash and Cash Equivalents During the Period

1,113,539

Cash and Cash Equivalents at Beginning of the Period

Cash and Cash Equivalents at End of the Period

1,113,539

Cash and Cash Equivalents at End of the Period Represented By:

31 March 2025

Cash at Bank

1,113,539



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Figures in brackets indicate deductions

Notes to the Financial Statements on Pages 7 to 9 form an integral part of these Financial Statements.

S.P. APPARELS INTERNATIONAL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 16 OCTOBER 2023 (THE DATE OF INCORPORATION) TO 31 MARCH 2025

1. CORPORATE INFORMATION

1.1. General

S.P. Apparels International (Private) Limited is a limited liability company which is incorporated and domiciled in Sri Lanka.

The registered office of the company and the principal place of business are located at 2nd Floor, No.55, Kings Groove, Rajapihilla Road, Kurunegala.

1.2. Date of Authorization for Issue

The financial statements of S.P. Apparels International (Private) Limited for the period ended 31 March 2025 were authorized for issue in accordance with a resolution of the Board of Directors dated 16 September 2025.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 GENERAL ACCOUNTING POLICIES

2.1.1 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention in accordance with the Sri Lanka Accounting Standards for Small and Medium-sized Entities' (SLFRS for SMEs).

The preparation of financial statements under SLFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the group's accounting policies. Areas involving a higher degree of judgments or complexity, or areas where assumptions and estimations are significant to the financial statements.

2.1.2 Taxation

The charges for taxation are based on the results of the year after adjustments for the disallowable item and are determined in conformity with the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

2.1.3 Comparative Figures

The comparative figures have been rearranged where necessary to conform to the current presentation.

2.2 ASSETS AND BASES OF THEIR VALUATION

2.2.1 Basic Financial Instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are measured initially at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss).

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets have expired or settled and the company has transferred substantially all risks and rewards of ownership of the financial assets to another party. The company derecognizes a financial liability when the obligation specified in the contract is discharged, is cancelled or expires.

At the end of each reporting period financial instruments are measured at amortized cost using the effective interest method.

At the end of each reporting period, the company assess whether there is objective evidence of impairment of any financial assets that are measured at cost or amortized cost. If there is objective evidence of impairment, the impairment loss is recognized in profit or loss immediately.

2.2.2 Receivables

Loans, advance and other receivable at stated in Stated in reporting date at the amount estimated to realize.



S.P. APPARELS INTERNATIONAL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 16 OCTOBER 2023 (THE DATE OF INCORPORATION) TO 31 MARCH 2025

2.2.3 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

2.3 LIABILITIES AND PROVISIONS

2.3.1 Liabilities

All known liabilities as at the reporting date have been included in the Financial Statements and adequate provision has been made for liabilities, which are known to exist by the amount of which cannot be determined accurately. All discernible risks are accounted for in determining the amount of other liabilities.

2.4 STATEMENT OF COMPREHENSIVE INCOME

2.4.1 Revenue Recognition

Revenue is generally accounted for on an Accrual basis.



S.P. APPARELS INTERNATIONAL (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 16 OCTOBER 2023 (THE DATE OF INCORPORATION) TO 31 MARCH 2025

(Expressed in Sri Lankan Rupees)

31 March 2025

3 Administrative Expenses	
Consultancy Fees	3,000,000
Travelling Allowance	2,490,000
Audit Fees Payable	90,000
	5,580,000
4 Finance Cost	
Bank Charges	7,730
	7,730
5 Advance and Deposits	
Advance to Urban Stitch Ltd - (for Investment)	498,001,000
Advance to Professional Fees	200,000
	498,201,000
6 Cash and Cash Equivalents	
Cash at Bank	1,113,539
	1,113,539
7 Stated Capital	
<i>Issued and Fully Paid,</i>	
15,000,000, Ordinary Shares	150,000,000
Call in Areas	(147,000,000)
	3,000,000
8 Related Party Transactions	
Related Party Disclosures are as follows;	

8.1 Transactions with Key Management Personnel

The key management personnel of the company are the members of its Board of Directors' and that of its related entities.

31 March 2025

a) Key Management Personnel Compensation

Short-Term Employee Benefits - Directors' Remuneration Nil

8.2 Transactions with Other Related Entities / Parties

Other Related Companies includes Companies of which the parent companies or key management personnel of the Company, their close family members have significant influence and has the control over such Companies.

Name of the Company	Nature of Transactions	Transaction Amount
S.P. Apparels Limited	Loan	(499,939,684)
Urban Stitch Ltd	Investment	498,001,000

9 Commitments

There were no material commitments, financial or other contracted or consented by the Board of Directors as at the 31 March 2025.

10 Contingent Liabilities

There were no material contingent liabilities as at the reporting date which require adjustments to / or disclosure in the Financial Statements.

11 Events after the Reporting Period

Subsequent to the reporting date, no circumstances have arisen which would require adjustment to / or disclosure in the Financial Statements.

