

2014

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ஆண்டு அறிக்கை
ANNUAL REPORT



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இலங்கை அரசு மருந்துகள் நிறுவனம்
STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

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YOUR HEALTH IS OUR CONCERN



OUR VISION

To become the prime partner in developing a healthier Nation

OUR MISSION

*To be the leading healthcare organization
serving the general public of Sri Lanka by providing safe,
effective and high-quality medical products and
health services at affordable prices, while promoting the
usage of generic drugs.*

OUR GOALS

*Services to the people is foremost
Quality and safety
Integrity never to be compromised
Reliable partner and effective team player
Passion for performance excellence
Innovation, the lifeblood*

OUR SLOGAN

Your health is our concern

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
FINANCIAL HIGHLIGHTS

DESCRIPTION	2014	2013	Variation	2012
	Rs: ' 000 '	Rs: ' 000 '	(%)	Rs: ' 000 '
Revenue - SPC	4,865,151	4,320,300	12.6	4,283,232
Supplies to DHS	17,269,008	16,815,666	2.7	16,608,492
Total Revenue	22,134,159	21,135,966	4.7	20,891,724
Gross Trading Profit SPC	1,247,074	1,136,403	9.7	991,541
Gross Surplus DHS	1,333,198	1,185,004	12.5	1,193,214
Gross Surplus	2,580,272	2,321,407	11.2	2,184,755
Other Income	25,738	17,537	46.8	15,105
Administrative Expenses	(969,744)	(786,904)	(23.2)	(670,635)
Other Operating Expenses	(749,825)	(791,794)	5.3	(745,230)
Finance Cost	(124)	(227)	45.4	(17)
Overdraft Interest	(149,659)	(1,384)	-	(290,877)
Finance Income	4,896	4,357	12.4	3,959
Profit Before Tax	741,554	762,993	(2.8)	497,060
Treasury Levy	(75,000)	(50,000)	(50.0)	-
Defined Benefit Plan	(212,044)	(31,573)	(571.6)	(14,281)
Taxation	(192,145)	(320,008)	40.0	(205,282)
Total Comprehensive Income	262,365	361,410	(27.4)	277,497
Retained Earnings	4,270,528	4,008,164	6.5	3,646,754
Contributed Capital & Reserve	125,117	125,117	-	125,117
Non Current Assets	2,138,973	1,858,832	15.1	1,698,279
Current Assets	5,124,192	12,627,902	(59.4)	13,320,275
Non Current Liabilities	372,219	158,803	134.4	124,558
Current Liabilities	2,495,299	10,194,650	(75.5)	11,122,124
Net Current Assets	2,628,893	2,433,252	8.0	2,198,151
RATIOS				
Gross Profit Ratio (%) SPC	25.6	26.3%		23.2%
Gross Profit Ratio (%) DHS	7.7	7.05%		7.2%
Gross Surplus to Sales (%)	11.7	11%		10.5%
Return on Capital Employed (%)	18.7%	17.8%		20.2%
Interest Cover (times)	6.0	552.3		2.7
Equity to total Assets (times)	1:1.6	1:3		1:4
Turnover to Capital Employed (time)	1:0.2	1:5.1		1:5.7
Current Ratio (time)	1:2.05	1:1.2		1:1.2
Liquidity Ratio (time)	1:1.5	1:1.07		1:1.2
Stock Turnover Ratio -SPC (time)	2.9	2.6		4.0
OTHER INFORMATION				
Number of Employees	849	817		785
Earning per Employee (Rs.)	873	934		633
Sales per Employee (Rs.)	26,071	25,870		26,614

**STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
NEW MANAGEMENT – from January 2015**



Mr. Sarath Liyanage – Chairman

Attorney – at – Law and Commissioner for Oaths with over 30 years of experience

In practice appeared in all courts up to the Supreme Court. Appeared throughout the Special Presidential Commission re–explosion in Kayts where Generals Kobbekaduwa and Wimalaratne were killed. Appeared throughout in international Commission consisting of two Chief Justices and a Knight which held sittings in Common Wealth Hall, London.

Experience in state Institutions as the Executive Director and the Chairman.

Consultant (Legal) for a prominent Group of Companies and also a Company Director.

Being the President of the P.M.E Trust for the needy in Sri Lanka, a non-political organization, has rendered and continue to serve the needy people in Sri Lanka.

He has been serving as the Chairman of State Pharmaceuticals Corporation since January 2015.



Dr. M.H.M Rumie – Managing Director

Dr. Rumie has a PhD. & a Msc. holder in Engineering Sciences especially in Computers, Computer systems and Networks from Technical University of Ukraine. Dr Rumie was appointed as Junior Lecturer at National Technical University of Ukraine and has also contributed voluntary as a Director in Alif International School Dharga Town (Srilanka).

Dr. Rumie, who has more than 10 years of managerial experience presently function as the Chairman & Managing Director of Ceylon Tea Land (Pvt) Ltd, Royal Packaging Solutions (pvt) Ltd, Trend Ceramics (pvt) Ltd, Contronics Lanka (pvt) Ltd, and as a Managing Partner at Skill Enterprise.

He is also well experienced in trading and has participated in more than 50 exhibitions on behalf of Ceylon Tea Land (pvt) Ltd for promotion of Ceylon Tea organized by Sri Lanka Tea Board and Export Development Board of Sri Lanka.

He has been serving as the Managing Director of State Pharmaceuticals Corporation since January 2015.

BOARD OF DIRECTORS AND CORPORATE INFORMATION

BOARD OF DIRECTORS

Professor S D Jayaratne - Chairman

Professor S D Jayaratne is a Specialist Doctor in General Medicine, by profession. He is a professor in Medicine at the Department of Medicine, University Of Sri Jayawardenepura, an Honorary Consultant Physician, Colombo South Teaching Hospital and a Visiting Consultant Physician at the Police Hospital, Colombo. He is also the Chairperson of the Board of Management of Post Graduate Institute of Medicine, Colombo and Member of Sri Lanka Medical Council.

He was a Director of the State Pharmaceuticals Corporation of Sri Lanka since December 2005 which office he held till 13th may 2010. He was appointed the Chairman of the State Pharmaceuticals Corporation of Sri Lanka with effect from 14th may 2010. He also functions as the Chairman/Managing Director of the State Pharmaceuticals Manufacturing Corporation.

Mr. R L Dharmathilleke - Managing Director

Mr. R L Dharmathilleke is an hotelier with more than 26 years local and foreign experience in hotel management and tourism industry, holding a Diploma in Catering and Hotel Management from Clare mount Hotel School.

He served as the Working Director of State Pharmaceuticals Corporation for one year prior to his appointment as the Managing Director from May 2010. He is also a member of the Board of Directors of the State Pharmaceuticals Manufacturing Corporation till May 2013. Mr. Dharmathilleke is Justice of Peace (All Island)

Mr. Mervin Gunasena - Director

Mr. Mervin Gunasena holds L.L.B (Bachelor of Law) degree, M.A (Sociology) and He is an experienced lawyer and Attorney – at Law at Colombo and Matara Bars. He has at various times served on a number of Statutory Bodies including as executive Director of Central Engineering Consultancy Bureau, as Deputy General Manager (Operation) - Social Security Board, Director General of Central Environment Authority and as the Chairman of Agriculture and Agrarian Insurance Board.

Mr. S.M.N Lalith Senanayake - Director

Mr. Lalith Senanayake is a fellow of the Institute of Chartered Accountants of Sri Lanka. He holds Special Degree in Public Administration -University of Sri Jayawardenapura, Higher National Diploma in Management Studies - The Open University of Sri Lanka. Mr. Senanayake was appointed as a Director of SPC in May 2010. He presently functions as Director of Financial Consultants & Allied Services (Pvt) Ltd and Central Engineering Consultancy Bureau. He is senior partner of Tudor V Perera & Co, Chartered Accountants.

He has at various times served on the Boards of a number of Statutory Bodies and Corporations including State Timber Corporation, Ceylon Fertilizer Company Limited, and Paddy Marketing Board.

Professor Ranjanie Gamage - Director

Visiting Professor, Post Graduate Institute of Medicine, University of Colombo and Senior Consultant Neurologist attached to the Institute of Neurology, National Hospital of Sri Lanka. She is the founder President of the Association of Sri Lankan Neurologists, President of the Sri Lanka League against Epilepsy and Chairperson of the Epilepsy Task Force. She is a Council Member of the Sri Lanka Medical Council and Member of National Education Commission, Member of Board of Management of PGIM, Chairman on specialty board of Neurology.

Dr. Palitha Mahipala - Director

Dr. P.G. Mahipala is the Director General of Health Services. He is board certified as a specialist in medical administration by the Post Graduate Institute of Medicine. Dr. Mahipala holds degree of Master in Community Medicine, Master in Business Administration, Doctor of Medicine in Medical Administration and Post Graduate Diploma in Economic Development & Public Management. He is also the board member in the director boards of Water Supply & Drainage Board, State Pharmaceuticals Manufacturing Corporation, Vijaya Kumarathunga Hospital, Sri Jayawardenapura Hospital, Sri Lanka Transport Medical Board, and National Authority on Tobacco & Alcohol.

Ms. K.V.C. Dilrukshi - Director

Ms. K.V.C. Dilrukshi holds Special Degree in Accounting and Financial Management - University of Sri Jayawardenapura and she is an Associate Member of the Institute of Chartered Accountants of Sri Lanka. She joined the Department of Public Enterprises in 2005 and held the posts of Assistant Director

She is also a member of the Board of Directors of the National Engineering Research and Development Centre N.E.R.D.C.

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA CORPORATE INFORMATION

Board of Directors

Prof. S.D Jayaratne	Chairman	
Mr. R.L. Dharmatilleke	Managing Director	
Dr. P.G. Maheepala	Director	
Prof. Ranjanie Gamage	Director	
Mr. Mervin Gunasena	Director	
Mr. Lalith Senanayake	Director	
Ms. M.R.R. Abayawickrama	Director	(Till 28.05.2014)
Ms. K.D.A Munasinghe	Director	(From 04.06.2014 to 01.08.2014)
Ms. K.V.C Dilrukshi	Director	(From 02.10.2014 to 31.12.2014)

Audit Committee

Ms. M.R.R. Abayawickrama	Chairman	(Till 28.05.2014)
Ms. K.D.A Munasinghe	Chairman	(From 04.06.2014 to 01.08.2014)
Ms. K.V.C Dilrukshi	Chairman	(From 02.10.2014 to 31.12.2014)
Prof. Ranjani Gamage	Director	
Mr. Mervin Gunasena	Director	
Mr. Lalith Senanayake	Director	

Auditors

Auditor General, Auditor General's Department, No.306/72,
Polduwa Road, Battaramulla.

Bankers

Bank of Ceylon

Corporate Branch, Bank of Ceylon Mawatha, Colombo 1.

People's Bank

International Division, P O Box 437, ANCL. Bldg.
D R Wijewardana Mawatha, Colombo 10.

Standard Chartered Bank

P O Box 112, 37 York Street, Colombo 1.

Commercial Bank of Ceylon Ltd.

City Office, 98 York Street, Colombo 1.

Registered Office

No.75 Sir Baron Jayatillake Mawatha, Colombo 1.

Date of Incorporation

September 22, 1971

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA MANAGEMENT TEAM



Mr. K M D R Dassanayake - General Manager

Mr. Dinusha Dassanayake joined the SPC as a Management Trainee on 01/12/1999 and presently holds the General Manager's position w.e.f 01/06/2009. He is a graduate of B.com (Special) in International Trade, from the University of Sri Jayawardenapura. He holds a Masters degree in International Cooperation from Nagoya University, Japan. He is an attorney-at-Law. He has also obtained Post Attorney Diploma in International Trade Law from Institute of Advance Legal Studies of Sri Lanka Law Collage and He is an Accredited Commercial Mediator.



Mr. Madura Kuruppu - Deputy General Manager (Technical, Laboratory & Production)

Mr. Madura Kuruppu joined the SPC as the Manager (Technical & Laboratory Division) in 1997 & presently holds the Deputy General Manager -Technical, Laboratory & Production position. He functioned as the Deputy General Manager (Marketing) from 2006 – 2014 before reverting back to Technical, Laboratory & Production Division as the Divisional Head in 2014. He counts 35 years of experience in production, Quality Control, Administration & Marketing in the state & private sector organizations; He holds BSc degree from University of Colombo & also possesses the post Graduate Diploma in Industrial Engineering from NIBM and Post Graduate Diploma in Analytical Chemistry from University of Colombo.



Mr. Mahinda Gamage - Deputy General Manager (Finance)

Mr. Gamage joined the SPC as the Deputy General Manager (Finance) on 01/02/2001. He has 34 years' experience in the field of Accounting, Finance, Costing, Management Accounting and Financial Management. He is a fellow of CIMA London and also Member of CMA Australia. He is a holder of MBA from University of Colombo and Associate Member of SLIM Sri Lanka. He is a member Chartered Institute of Ship Brokers London.



Mrs. W A S D K Perera - Deputy General Manager (Marketing)

Mrs. W A S D K Perera joined the SPC in December 1984, Deputy General Manager (Marketing) from 01/11/2004 to 01/06/2006 and Deputy General Manager (Technical, Laboratory & Production) from 01/06/2006 to 01.08.2014 and presently holds Deputy General Manager (Marketing) from 01.08.2014. She holds a Bachelor of Science (Physical Science) Degree, Diploma in Management, Diploma in Business Management and Master of Business Administration. She is also a registered pharmacist.



Mr. H G W Dharmasena - Deputy General Manager (Human Resources & Administration)

Mr. H G W Dharmasena joined the SPC in February 1982 and presently holds the position of Deputy General Manager (Human Resources & Administration). He has a BLE Degree and a Masters Degree in Business Studies from the University of Colombo. He also has a Diploma in Purchasing & Material Management from the Institute of Supply and Material Management and has over 10 years of experience in management of stores operations too.



Mrs. P K S S Kulasuriya – Acting Deputy General Manager (Procurement & Imports)

Mrs. P K S S Kulasuriya joined the SPC as a Management Trainee in 1997 and held the position of Acting Deputy General Manager (Procurement & Imports) from August 2011. She has obtained her BSc degree in Bio Science and Masters Degree in Business Administration from the University of Colombo. She has also obtained a Diploma in Purchasing & Material Management from the Institute of Supplies & Materials. She is a Corporate Member of the Institute of Supply & Materials Management.

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

MANAGEMENT TEAM - Senior Management

Mrs. S.M.A.D.S.H. Sammandapperuma	Management Accountant
Mrs. P.D. Gunasekara	Accountant - Payments
Mrs. P.D. Dassanayake	Manager - Imports
Mrs. K. G. C. Shanthimala	Manager – Technical
Mr. U. Lokusuriya	Internal Auditor
Mrs. P. K. Wijeratne	Manager - Quality Assurance Laboratory
Mr. D. P. Ajith Liyanage	Manager - Management Information Systems
Mrs. C. K. Jayawardena	Manager – Administration (Till 25.06.2014)
Mr. M. A. V. I. Kumarasiri	Field Manager (Monitoring of Distribution Systems)
Mr. W. U. Samaranayake	Manager - Osu Sala, Colombo 7
Mr. P.K.R. Fernando	Manager Wharf
Miss. C.S.Withanage	Manager Sales
Mrs. H.H.Piyadigama	Accountant – Stock & Pricing
Mrs. D.N.Devasurendra	Accountant - Revenue
Mrs. P.A.U.Wijewardana	Legal Officer & Secretary to the Board
Mr. P.M.B.R.Somathilaka	Manager – Production
Mrs. M.W.Pushpa Jennet	Manager – Human Resources
Mrs. A.H. Alwis	Manager – Post Delivery Operation
Mr. S.L de S. Jeewakarathna	Manager – Sales (Till 06.06.2014)
Miss. N.K.A.P. Gunathilake	Manager – Promotion & Publicity
Mr. D.G. D. J. Pushpakumara	Manager – Stores & Inventory Control
Mr. W.A.S. Wickramarachchi	Manager – Research & New Project
Mr. A.P. Hapangama	Accountant - Financial Accounting
Mrs. M.B. Jayawardana	Manager – Stores & Inventory Control
Mr. H.D.N.R. Gunasekara	Manager – Osusala, Colombo 04.
Mr. D.J. Peiris	Manager – Osusala, Panadura. (Till 19.06.2014)
Mr. D.R. Kuruppumullage	Manager - Osusala, Colombo 01.
Mrs.L.W.Damayanthi	Accountant – Salaries
Mr. D.K.A.P. Dassanayake	Manager – Administration
Mrs.M.A.S. Karunaratne	Accountant - Rajya Osusala
Mr.K.D.F.N.Perera	Manager - Sales



CHAIRMAN'S MESSAGE

It is a privilege for me to pen down this for the Annual Report of the State Pharmaceuticals Corporation – 2014 as present Chairman of the Corporation.

Though I have assumed duties as Chairman of this Corporation after the concerned period for this Annual Report, I would like to declare the year 2014 as a mixed one with ups and downs based on the financial statements presented and other performance indicators. However, Corporation has achieved overall success by recording Rs 741 Million profit before tax and Rs 549 Million profit after tax by maintaining their status as profitable state owned business entity.

Though there was a setback in profitability of some of the Osu Sala outlets, operating as service centers the Corporation managed to get it compensated by its outstanding performance with Distributor and Franchise sales. This is a good example of how state organizations should operate with balancing its commercial and service oriented goals and objectives.

As the long awaited National Drug Policy has become a reality in this year, the Corporation has to play a vital role in implementation of the said policy and I am sure that it has the capacity and strength to do their duty towards the Nation.

I would like to take this opportunity to thank former Minister of Health and present Minister of Health & Indigenous Medicine for all good guidance and support rendered to the Corporation in achieving its goals. Also we should be grateful to Secretary of the Ministry and all other Ministry officials for their cordial relationship in our operations.

Finally, I would like to congratulate Management and staff of the Corporation for their achievements in the year 2014 and wish them every success for 2015 and future years.

A handwritten signature in black ink, appearing to read 'Sarath Liyanage', written over a horizontal line.

Sarath Liyanage
Chairman



MANAGING DIRECTOR'S REVIEW

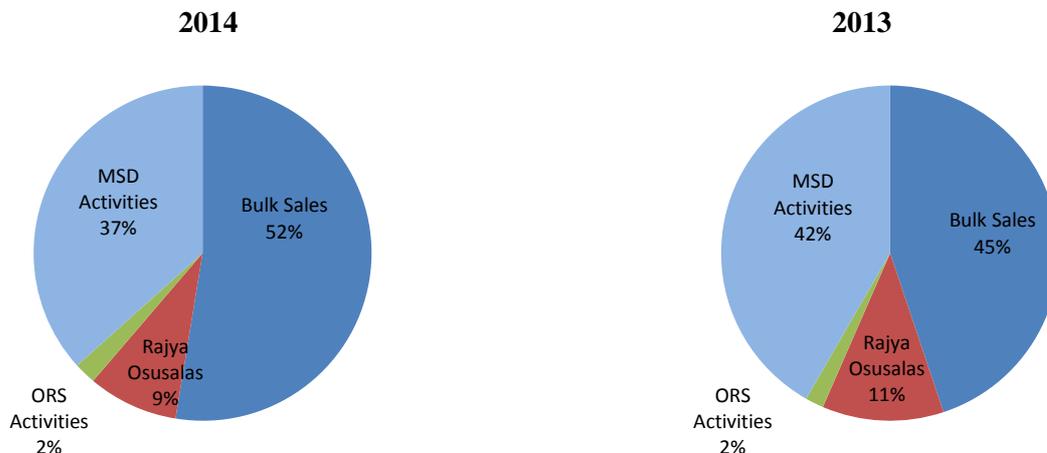
It is with great pleasure to present the financial result of the corporation for the year ended 31st December 2014, where we recorded highest ever turnover during this year.

Profitability

2014 yet another successful years for State Pharmaceuticals Corporation. SPC recorded highest ever turnover Rs 22,134 million during the year under review. It is an increase of 4.7% in comparison with the turnover of Rs.21, 135 million recorded in 2013. Expanding SPC distribution channels by way of appointing new distributors and increased in supplies to MSD, were the major reasons for the sales growth during the year.

The Corporation has appointed 07 new franchised osusala outlets and 02 distributors in order to expand the areas where SPC is currently not operating. With the view of strengthening the Rajya Osusala network, SPC established Rajya Osusala Outlets in Borella, Embilipitiya and Fort Railway Station during the year 2014. At the end of the year, there were altogether 31 Rajya Osusala Outlets, 195 Franchised Osusala Outlets, 54 Distributors and 10 Authorized Retailers are in operation for open market sales.

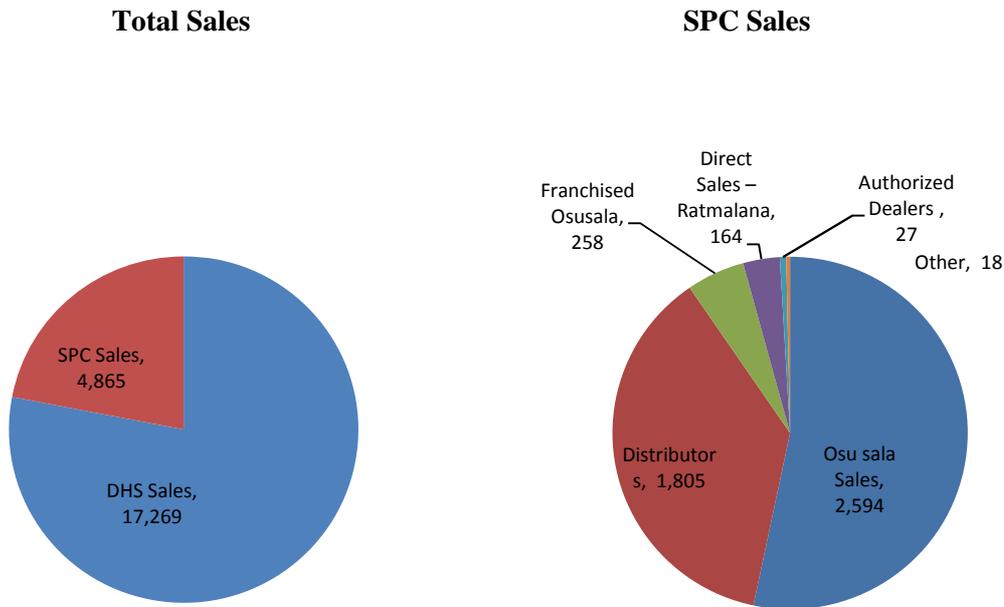
During the year under review, healthcare items to the tune of Rs.17,269 million had been supplied to the Medical Supplies Division, which is a 2.7% increase against the Rs. 16,815 million in 2013.



Taxation and contribution to the Government

SPC contributed total Rs.442 Million to the Government coffers by paying 305.7 million as Income Tax, Rs.61.3. million as Deemed Dividend Tax, & Rs. 75 million as Treasury levy (Dividend) .

Sales Analysis 2014 (million)



Promotion SPC Generics

As a tribute to the founder Chairman of SPC Professor Senaka Bibile, we are contributing with the “Senaka Bibile Commemoration Scholarship Program” to the Medical Students who performed best in the Pharmacology in each of the seven Medical Faculties of the Universities in Sri Lanka. Apart from the above, awareness to the general public in the availability of generic drugs and the rational use of drugs were carried through TV programs, print media, clinical meetings, workshops and sponsoring of medical activities. As a ‘CSR’ project, ‘SPC’ has contributed Computers, Books & Other infrastructure facilities to under privileged Schools.

Technical & Laboratory

SPC continued its commitment towards maintaining the quality standard of the Products marketed by SPC. To ensure this all SPC drugs are tested in four stages “Tender Samples”, “Pre Shipment Samples”, “Pre Distribution Samples” and “Post Delivery Samples”. SPC Laboratory tests tender samples of ‘MSD’ supplies too.

Human Resources Development

The success of the SPC is heavily dependent on our experienced, motivated and professional work force. Their fullest support, dedication and commitment have made a positive contribution to the growth of the SPC. In keeping with a primary objective of the “Enhancement of knowledge, skills & attitude of the employees” in the year 2014’, Human Resources Department has identified skill gaps of our existing staff by using Training needs analysis & skill Matrix. Accordingly we were able to design a training plan to cater to our staff’s requirements especially several in- house training programs, workshops, seminars, short courses and outward Bound training programs.

Other than the above said programs, the Corporation has sponsored for several local training programs, almost 450 employees were attended during 2014.

Acknowledgement

I take this opportunity to thank our management team & the staff in all categories for their dedicated service rendered to the corporation to achieve the growth that has been recorded. I would like to offer a special appreciation for the osusala staff for their untiring efforts by issuing drugs to patients of Government Hospitals during periods when the Hospital Pharmacists were on strike. Also, I would like to thank Hon. Minister of Health & Indigenous Medicine, Officials to Ministry of Health & Ministry of finance for their guidance & support rendered to me during the year.



Dr.M.H.M Rumie
Managing Director

REPORT OF THE DIRECTORS

The directors of the State Pharmaceuticals Corporation present herewith the audited financial statements for the year ended 31 December 2014.

The Financial Statements of the Corporation was submitted to the Auditor General on 02nd March 2015 in accordance with the Section 6.5.1 of Public Enterprises Guidelines, issued by the Director General of the Department of Public Enterprises in the General Treasury.

Formation

State Pharmaceuticals Corporation (SPC) was established under the Section 2 of State Industrial Corporations Act No. 49 of 1957 by the Gazette notification published in the Government Gazette No.14976/8 of 22nd September 1971, under an order made by the Minister of Industries and Scientific affairs with the approval of the Government of Sri Lanka. Initial capital of the corporation was Rupees one million.

Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on the pages 22 to 29.

Results

The results for the year and the Changes in Equity are set out in the Income Statement and in the Statement of Changes in Equity.

Review of Business

The state of affairs of the Corporation as at 31 December 2014 is set out in the Statement of Financial Position and assessment of the Corporation during the financial year is given in the Managing Director's Report.

Property, Plant & Equipment

Property, Plant and Equipment is stated at cost net of accumulated depreciation. The movements in Property, Plant & Equipment during the year are set out in Note 16. to the financial statements. The value shown therein is not materially different from its current market value.

Main Activities

Main activities of the Corporation are,

- Import, Purchase, Sales & Distribution of Pharmaceuticals and Health Care Items in the open market.
- Import & Supply Pharmaceuticals and Health Care Items to the Department of Health Services.
- Manufacturing and Marketing Jeevane, Glucose & Benzyl Bensovate Cream.
- Providing medical tests and laboratory services.

Activities of the Corporation have not changed materially from the last financial year.

Reserves

Total reserves of the Corporation and its composition has been given in the Statement of Changes in Equity.

Directors

Directors of the corporation as at 31st December 2014 were as follows,

Prof. S.D. Jayaratne	-	Chairman	
Mr. R.L. Dharmatilleke	-	Managing Director	
Dr. P.G. Maheepala	-	Director	
Prof. Ranjani Gamage	-	Director	
Mr. Mervin Gunasena	-	Director	
Mr. Lalith Senanayake	-	Director	
Ms M.R.R. Abayawickrama	-	Director	(To. 28.05.2014)
Ms.K.D.A. Munasinghe	-	Director	(From 04.06.2014 to 01.08.2014)
Ms.K.V.C Dilrukshi	-	Director	(From 02.10.2014 to 13.12.2014)

Audit Committee

Audit committee of the Corporation is constituted in accordance with the provisions of Public Enterprises Guidelines for good governance.

Corporate Governance/Internal Control

The Corporation has put in place systems and procedures to ensure the implementation of sound corporate governance principles. The Audit Committee report is given in page No14

Employment

SPC continued to implement appropriate Human Resource Management policies and practices to enhance employee's skills.

Statutory Payments

All statutory payments to the Government and the employees have been paid promptly.

Environmental Protection

The Corporation has not engaged in any activities which would be detrimental to the environment.

Contribution to the Government

The Corporation has paid Rs.367 million by the way of Income tax and deemed dividend tax to the Government of Sri Lanka.

Corporate Social Responsibility

During the year the Corporation contributed Rs. 7,099,455/- for charitable purpose. This includes Rs. 3,101,522 Government approved charity for taxation purpose.

Post Balance Sheet Events

No events have occurred since the Balance Sheet date, which would require adjustments to, or disclosure in, the financial statements.

Auditors

Auditor General carried out the Audit of the Financial Statement of the State Pharmaceuticals Corporation of Sri Lanka for the financial year ended 31st December 2014.

By Order of the Board



.....
Anuradha Wijayawardana
Legal Officer /Secretary to the Board

REPORT OF THE AUDIT COMMITTEE

Constitution of the Audit Committee

The Audit Committee consists of four Non-Executive Directors of the Board. The Director who represents the General Treasury would function as Chairman of the Committee. During the Financial year ended 31st December 2014, followings members attended to the Meetings of the Audit Committee.

Member		Period	No. of Meetings held	No. of Meetings attended
Ms. Rukmal Abeywickrama	- Chairman	01.01.2014 to 01.05.2014	03	03
Ms. K.D.A. Munasinghe	- Chairman	01.07.2014 to 04.11.2014	01	01
Ms. K.V.C Dilrukshi	- Chairman	05.11.2014 to 31.12.2014	01	01
Mr. Mervin Gunasena		01.01.2014 to 31.12.2014	05	05
Dr. Ranjanees Gamage		01.01.2014 to 31.12.2014	05	-
Mr. Lalith Senanayake		01.01.2014 to 31.12.2014	05	05

Chief Accountant of the Ministry of Health and Audit Superintendent of Government Audit Branch of SPC participate the Committee Meetings as Observers. General Manager attends the Committee Meetings by invitation. Internal Auditor functions as Secretary to the Committee.

The Functions of the Audit Committee

The main functions of the Audit Committee are to review and monitor internal controls of the Corporation and assist the Board of Directors by reviewing and making recommendations on all aspects of audit and financial activities of the corporation. During the year under review, the Committee attended to following matters.

1. Review and evaluate the internal control systems and recommend modifications where necessary.
2. Review and approve Internal Audit Plan for the year 2014.
3. Review Internal Auditor's reports, and monitor management's responsiveness to the findings and recommendations of the Internal Auditor.
4. Review External Auditors Audit Queries and the matters raised by them in the reports in terms of section 13(7) (a) and 14 (2) (c) of the Finance Act No. 38 of 1971.
5. Review of implementation of recommendations of the Committee of Public Enterprises (COPE).

Internal Audit Division

Under the guidance of the Audit Committee, an approved Internal Audit work plan was carried out by the Internal Audit Division of the corporation during the year under review. Further, the Internal Audit Division conducted Financial and System Audit to eliminate inefficient procedures, improve the internal controls, and minimize the losses and possible instances of frauds and errors.

Meetings

During the year 2014, Five Audit Committee meetings were held. The Committee has submitted its comments on the identified deficiencies to the Management. Accordingly, the remedial measures have been taken to rectify the identified deficiencies.



.....
K.V.C Dilrukshi
Chairman - Audit Committee

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2014

	NOTE	2014 RS.	2013 Restated RS.
ASSETS			
Property Plant and Equipment	16	1,762,626,535	1,692,890,239
Leasehold Land - Ratmalana		10,360,000	10,520,000
Capital Work in Progress		309,456,400	137,991,568
Other non Current Assets		16,775,300	17,429,898
Deferred Tax Assets	23	39,754,570	-
Total Non- Current Assets		2,138,972,804	1,858,831,704
Current Assets			
Inventories - SPC	17	1,385,477,416	1,703,223,140
Stock in Transit - DHS	18	528,709,760	809,462,253
Trade & Other Receivables	19	2,370,323,273	8,881,602,956
Prepayments	20	37,964,434	32,947,548
Cash in Hand and at Bank	21	801,716,760	1,200,666,819
Total Current Assets		5,124,191,643	12,627,902,716
Total Assets		7,263,164,447	14,486,734,421
EQUITY AND LIABILITIES			
Contributed Capital		59,055,258	59,055,258
Retained Earnings		4,270,528,913	4,008,164,071
General Reserves		66,061,447	66,061,447
Total Equity		4,395,645,618	4,133,280,776
Non- Current Liabilities			
Retirement Benefit Obligation	22	372,219,796	133,088,346
Deferred Tax Liability	23	-	25,714,795
Total Non- Current Liabilities		372,219,796.00	158,803,141
Current Liabilities			
Trade and Other Payables	24	2,235,194,379	3,649,362,369
Income tax Payable		180,617,386	290,045,833
Deferred Income		748,229	889,201
Current Financial Liabilities	25	78,739,039	6,254,353,100
Total Current Liabilities		2,495,299,032	10,194,650,503
Total Equity & Liabilities		7,263,164,447	14,486,734,421

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 by,


.....
Sarath Liyanage
Chairman.


.....
Dr.M.H.M Rumie
Managing Director.


.....
K.M.D.R Dasanayake
General Manager.


.....
Mahinda Gamage
Deputy General Manager- Finance

The accounting policies and notes on pages 20 to 51 form an integral part of the financial statements.

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Contributed Capital RS.	General Reserves RS.	Accumulated Profit RS.	Total RS.
Balance as at 31st December 2011	59,055,258	66,061,447	3,369,257,397	3,494,374,102
Balance as at 01st January 2012	59,055,258	66,061,447	3,369,257,397	3,494,374,102
Gain/ losses on defined benefit plan			-14,281,409	-14,281,409
Net Profit for the year			291,778,178	291,778,178
Balance as at 31st December 2012	59,055,258	66,061,447	3,646,754,166	3,771,870,871
Balance as at 01st January 2013	59,055,258	66,061,447	3,646,754,166	3,771,870,871
Treasury levy paid			(50,000,000)	(50,000,000)
Gain/ losses on defined benefit plan			-31,573,801	(31,573,801)
Reported profit for the year			453,226,391	453,226,391
Adjustment on error correction net balance (Note a)			(10,242,685)	(10,242,685)
Restated profit for the year			442,983,707	442,983,707
Balance as at 31st December 2013	59,055,258	66,061,447	4,008,164,071	4,133,280,776
Balance as at 01st January 2014	59,055,258	66,061,447	4,008,164,071	4,133,280,776
Treasury levy paid			(75,000,000)	(75,000,000)
Gain/ losses on defined benefit plan			-212,044,242	-212,044,242
Net Profit for the year			549,409,084	549,409,084
Balance as at 31st December 2014	59,055,258	66,061,447	4,270,528,913	4,395,645,618

Note (a)

Following errors have been rectified by restating the financial statement 2013 as given below:

	Rs.
Performance bonus incorrectly excluded from the relevant expenses in previous year now charged to the retained earnings.	14,225,951
Tax effect (28%)	3,983,266
Net off balance	10,242,685

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2014

	Note	SPC OPERATIONS RS.	DHS OPERATIONS RS.	TOTAL OPERATIONS 2014 RS.	TOTAL OPERATIONS 2013 RS.
Income	7	4,865,151,179	17,269,008,449	22,134,159,628	21,135,966,280
Add: Transfer to Retail Shops		844,836,472		844,836,472	729,369,306
Less					
Direct Expenses - MSD	8		15,935,810,448	15,935,810,448	15,630,662,424
Cost of Sales - SPC	9	4,403,719,382		4,403,719,382	3,860,474,128
Cost of Production - ORS	10	59,193,747		59,193,747	52,791,893
Gross Profit/ Surplus		1,247,074,521	1,333,198,002	2,580,272,523	2,321,407,141
Add: Other Operating Income	11	25,737,839		25,737,839	17,536,523
Less					
Administrative Expenses	12	641,409,162	328,334,949	969,744,111	786,904,158
Other Operating Expenses	13	198,267,388	551,558,136	749,825,524	791,793,984
Operating Profit		433,135,810	453,304,917	886,440,727	760,245,522
Less: Finance Expenses	14	1,248,660	148,534,565	149,783,225	1,610,642
Add: Finance Income (Staff Loan)		4,896,338	-	4,896,338	4,357,263
Profit Before Tax		436,783,488	304,770,352	741,553,839	762,992,143
Income Tax Expenses	15	113,175,405	78,969,350	192,144,755	320,008,436
Profit After Tax		323,608,082	225,801,002	549,409,084	442,983,707
Other Comprehensive Income:					
Gain/ Losses on defined benefit plan		(93,299,467)	(118,744,776)	-212,044,242	-31,573,801
Treasury Levy /Dividend Paid		(75,000,000)	-	(75,000,000)	(50,000,000)
Total comprehensive income for the year		155,308,616	107,056,226	262,364,842	361,409,906

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

INCOME STATEMENT OF OSUSALA OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2014

	OSU SALA TRADING Col.07	OSU SALA TRADING Col.04	OSU SALA TRADING Col.01	OSU SALA TRADING KANDY	OSU SALA TRADING NUGEGODA	OSU SALA TRADING AVISS.	OSU SALA TRADING RATNAPURA	OSU SALA TRADING MINU.	OSU SALA TRADING PANADURA	OSU SALA TRADING GALLE	OSU SALA TRADING MATARA	OSU SALA TRADING KURUNEGALA
	RS	RS.	RS.	RS.	RS.	RS.	RS.	RS.	Rs.	RS.	RS.	RS.
SALES	633,280,791	397,502,251	134,766,387	143,130,371	73,581,889	37,321,748	70,441,791	24,608,649	60,228,447	84,082,272	58,104,604	78,030,713
COST OF SALES & TRANSFERS	532,677,095	352,592,482	112,466,585	121,015,186	61,879,497	31,236,889	58,224,413	19,756,988	51,292,470	69,829,981	47,635,150	63,900,906
GROSS PROFIT ON												
SALES & TRANSFERS	100,603,696	44,909,769	22,299,802	22,115,185	11,702,392	6,084,859	12,217,378	4,851,660	8,935,976	14,252,291	10,469,454	14,129,807
ADMINISTRATIVE EXPENSES												
Personnel Expenses	37,309,069	14,477,031	8,326,724	13,737,262	10,267,246	6,553,163	10,025,578	5,260,352	9,013,680	11,106,673	8,959,098	8,508,368
Travelling Expenses	13,450	18,441	6,645	8,580	2,172	21,908	40,950	11,346	21,377	1,720	6,720	11,398
Supplies & Requisites	375,282	121,237	139,023	176,682	145,655	39,881	79,800	131,274	93,626	116,933	32,462	151,741
Repairs & Maintenance	870,010	342,221	88,936	155,655	83,751	54,867	94,529	72,976	156,848	72,255	104,165	61,206
Transportation, Communication	11,959,059	4,420,131	2,107,711	4,640,744	3,158,976	2,462,787	3,489,458	2,317,815	3,205,653	3,874,621	3,660,920	3,994,915
Utilities & Other Services												
OTHER OPERATING EXPENSES												
Selling & Distribution Expenses	767,569	588,016	414,699	666,775	231,557	219,104	324,342	102,144	243,882	280,472	294,802	311,402
TOTAL OVERHEADS	51,294,439	19,967,078	11,083,739	19,385,699	13,889,356	9,351,711	14,054,658	7,895,907	12,735,065	15,452,673	13,058,167	13,039,030
NET PROFIT/(LOSS)	49,309,257	24,942,691	11,216,063	2,729,485	(2,186,964)	(3,266,852)	(1,837,279)	(3,044,247)	(3,799,089)	(1,200,382)	(2,588,713)	1,090,777

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

INCOME STATEMENT OF OSUSALA OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2014

	OSU SALA TRADING AMPARA	OSU SALA TRADING HAMBANTOTA	OSU SALA TRADING A'PURA	OSU SALA TRADING MAHARAGAMA	OSU SALA TRADING J, PURA	OSU SALA TRADING KARAPITIYA	OSU SALA TRADING NEGOMBO	OSU SALA TRADING BADULLA- CWE	OSU SALA TRADING DIYATHALAWA	OSU SALA TRADING JAFFNA	OSU SALA TRADING POLONNARUWA	SATHOSA OUTLETS RATMALANA
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
SALES	25,448,437	25,655,627	57,008,450	75,555,239	128,511,764	66,269,054	60,780,071	55,952,080	15,606,654	24,102,477	42,275,713	10,574,251
COST OF SALES & TRANSFERS	20,457,749	20,859,199	45,841,773	62,673,442	106,766,267	54,805,792	49,302,751	47,357,635	12,234,881	19,364,229	35,166,820	8,820,645
GROSS PROFIT ON												
SALES & TRANSFERS	4,990,689	4,796,428	11,166,677	12,881,797	21,745,496	11,463,262	11,477,320	8,594,445	3,371,773	4,738,248	7,108,893	1,753,606
ADMINISTRATIVE EXPENSES												
Personnel Expenses	4,581,886	5,008,616	5,612,876	7,960,929	15,875,528	8,727,956	6,590,539	6,294,134	3,505,576	3,342,002	4,425,422	1,810,895
Travelling Expenses	13,478	9,343	2,550	2,320	1,560	15,050	22,135	13,305	13,619	10,135	8,302	5,290
Supplies & Requisites	35,039	89,455	73,752	147,673	383,588	25,724	129,140	43,334	213,381	53,522	19,139	41,936
Repairs & Maintenance	112,412	61,842	95,653	57,740	86,530	123,445	85,956	225,404	60,327	30,709	112,153	18,490
Transportation, Communication	1,923,632	2,332,955	3,493,552	2,693,029	3,960,437	3,073,996	3,080,327	2,636,974	457,831	4,485,284	2,851,921	218,035
Utilities & Other Services												
OTHER OPERATING EXPENSES												
Selling & Distribution Expenses	161,563	143,425	220,460	299,532	457,500	161,196	192,244	174,233	121,705	150,277	95,103	63,451
TOTAL OVERHEADS	6,828,010	7,645,636	9,498,842	11,161,223	20,765,143	12,127,366	10,100,341	9,387,384	4,372,440	8,071,928	7,512,041	2,158,097
NET PROFIT/(LOSS)	(1,837,321)	(2,849,209)	1,667,835	1,720,574	980,354	(664,103)	1,376,979	(792,939)	(1,000,667)	(3,333,681)	(403,147)	(404,491)

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

INCOME STATEMENT OF OSUSALA OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2014

	SATHOSA OUTLETS PILIYANDALA	OSU SALA TRADING TANGALLE	OSU SALA TRADING RAGAMA	OSU SALA TRADING KATUWANA	OSU SALA TRADING BANDARAGAMA	OSU SALA TRADING FORT	OSU SALA TRADING BORELLA	OSU SALA TRADING EMBILIPITIYA	REGIONAL STORES KANDY	OSUSALA TOTAL TRADING ACTIVITIES
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
SALES	6,788,258	24,567,157	46,578,969	1,721,532	23,105,441	8,106,168	9,302,354	6,867,743	84,469,130	2,594,326,479
COST OF SALES & TRANSFERS	5,741,823	20,110,381	39,445,975	1,472,049	18,393,039	6,691,167	7,619,831	5,432,142	60,460,593	2,171,525,825
GROSS PROFIT ON										-
SALES & TRANSFERS	1,046,435	4,456,776	7,132,994	249,483	4,712,401	1,415,001	1,682,522	1,435,601	24,008,538	422,800,654
ADMINISTRATIVE EXPENSES										
Personnel Expenses	1,405,040	4,883,069	5,564,665	420,074	4,983,212	1,787,682	1,848,684	2,445,781	3,305,664	243,924,476
Travelling Expenses	4,920	11,713	13,455	6,880	10,412	3,729	2,039	2,327	12,135	349,404
Supplies & Requisites	24,443	48,113	54,793	8,388	27,378	7,765	7,803	4,288	32,290	3,074,540
Repairs & Maintenance	8,996	81,518	90,099	101	39,672	60,963	5,395	10,542	22,826	3,548,189
Transportation, Communication	164,136	2,738,300	2,547,436	414,514	1,818,606	1,064,144	593,378	1,282,044	1,754,343	92,877,663
Utilities & Other Services										-
OTHER OPERATING EXPENSES										
Selling & Distribution Expenses	43,612	65,986	59,434	2,818	72,621	28,897	40,652	70,292	28,111	7,097,878
TOTAL OVERHEADS	1,651,147	7,828,700	8,329,883	852,774	6,951,901	2,953,180	2,497,952	3,815,274	5,155,369	350,872,150
NET PROFIT/(LOSS)	(604,712)	(3,371,923)	(1,196,889)	(603,291)	(2,239,499)	(1,538,179)	(815,429)	(2,379,673)	18,853,169	71,928,504

Discontinued Operation –

The Rajya Osusala Katuwana retail outlet were closed down in the year 2014, due to continuous losses recorded during the past years. The pharmaceutical stocks were transferred to Rajaya osusala - Embilipitiya ,after considering their requirements.

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2014

	2014	2013
	Rs.	Rs.
Cash flow from operating activities		
Net profit before taxation,	741,553,839	777,218,094
Adjustments for:		
Depreciation	43,804,131	38,687,951
Gratuity provision for the year	39,848,088	15,594,801
Land lease amortisation - Ratmalana	160,000	160,000
Profit on disposal of fixed assets	-	(847,790)
lease amortisation	654,598	(2,481,547)
Unrealized profit	4,203,495	2,628,995
Provision for bad debts	523,933,159	407,751,641
Stock losses	22,648,579	40,584,564
Provision for damaged & outdated stock - SPC	31,649,548	42,110,540
Provision for damaged & outdated stock DHS	8,587,784	54,202,745
Interest expenses	149,658,755	1,383,954
Operating profit before working capital changes	1,566,701,976	1,376,993,947
Increase/Decrease in trade and other receivable	5,987,346,524	1,924,158,450
Increase/Decrease in deposit & prepayments	(5,016,886)	(8,874,061)
Increase/Decrease in inventories	281,892,681	-401,105,515
Increase/Decrease in Goods in Transit	249,516,130	-284,286,308
Increase/Decrease in trade payables	(1,414,167,990)	478,603,455
Increase/Decrease in work in progress	(171,464,832)	(122,413,200)
Deferred Income	(140,972)	(402,625)
Cash generated from operations	6,494,666,630	2,962,674,142
Income tax paid	(367,042,567)	(202,639,056)
Gratuity paid	(12,760,880)	(8,328,821)
Interest paid	(149,658,755)	(1,383,954)
Treasury levy/ dividend paid	(75,000,000)	(50,000,000)
Cash flow before extraordinary items	(604,462,202)	(262,351,831)
Net cash from operating activities	5,890,204,428	2,700,322,311
Cash flow from investing activities		
Purchase of property, plant and equipment	(119,042,761)	(77,931,202)
Disposal of fixed assets	5,502,336	4,272,790
Net cash used in investing activities	(113,540,426)	(73,658,412)
Net increase in cash and cash equivalents	5,776,664,003	2,626,663,898
Cash and cash equivalents at beginning of period	(5,053,686,282)	(7,680,350,180)
Cash and cash equivalents at end of period (Note A)	722,977,721	(5,053,686,282)
Note A : Cash and cash equivalents	2014	2013
	Rs.	Rs.
Cash in hand & at bank	159,164,442	1,165,251,484
Repurchase Agreements - B.O.C & P.B	600,000,000	-
Treasury bill investment	42,552,318	35,415,335
Bank overdraft	(78,739,039)	(6,254,353,100)
Cash and cash equivalents	722,977,721	(5,053,686,282)

ACCOUNTING POLICIES

1. CORPORATE INFORMATION

General

State Pharmaceuticals Corporation is a Government Corporation incorporated in 1971 under the State Industrial Corporations Act No. 49 of 1957 and domiciled in Sri Lanka. It is a Government Corporation located at No 75, Sir Baron Jayathilake Mawatha, Colombo 01.

The Corporation prepares financial statements for the twelve months period ended 31st December and these financial statements are authorized by the board of directors.

Principal Activities

The main functions are,

- (a) Import, Purchase, Sales & Distribution of Pharmaceuticals and Health Care Items in the open market
- (b) Import & Supply Pharmaceuticals and Health Care Items to the Department of Health Services
- (c) Manufacturing and Marketing range of items including Jeevaneer, Glucose & Benzyl Benzoate Cream
- (d) Providing sample tests and laboratory services

2. BASIS OF PREPARATION

2.1 Basis of Preparation

The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS as issued by the Institute of Chartered Accountants of Sri Lanka.

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for the assets and liabilities at fair value. The Corporation's financial statements are presented in Sri Lankan Rupees which is the organization's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1.1 Significant Accounting Policies

The following are the significant accounting policies used by the Corporation in preparing these financial statements.

3.1.2 Property Plant and Equipment

Property, Plant and Equipment is stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Corporation derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the income statement as incurred.

3.1.2.1 Lease hold property

The Corporation classifies Rathmalana land as a finance lease and amortises the total lease value over the remaining useful life of the land.

3.1.3 Depreciation

Depreciation is provided on a pro-rata basis on the Property, Plant and Equipment acquired and disposed during the year. The estimated useful lives of Property, Plant and Equipment are as follows.

Buildings	40 years
Motor Vehicles	3 to 17 years
Furniture & Fittings	10 years
Equipment	5 years
Plant & Machinery	8 years
Bicycles	6 to 7 years
Computers	4 years
Library Books	5 years

3.1.4 Capital work in progress

Capital expenses incurred during the year, which are not capitalized as at the balance sheet date are shown as Capital work in progress, whilst the capital assets which have been capitalized during the year and put to use have been transferred to Property Plant & Equipment.

3.1.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

3.1.6 Impairment of non financial assets

The Corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the asset's recoverable amount.

3.1.7 Taxation

3.1.7.1 Current taxation

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Taxation Authorities in respect of the current as well as prior years. The tax rate and tax laws used to compute the amounts are those that are enacted or substantially enacted by the Balance Sheet date.

Accordingly, provision for taxation is made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provision of the Inland Revenue Act No: 10 of 2006 and the Amendments thereto, the rates specified in the act. Provision for the current year taxation made according to the accounting profit subject to the rate specified by act.

3.1.7.2 Deferred taxation

In respect of each type of temporary differences recognized in the Balance Sheet, were considered for the Deferred Tax Liabilities and Assets. Mainly, in Financial Statements Fixed Assets, Provision for Retiring Gratuity, impairment on debtors were considered. Deferred Tax Assets & Liabilities are measured at the Income Tax Rate.

3.2.1 Inventories

Inventories are recognized at cost and net realizable value, whichever is lower after making due allowance for obsolete and slow moving items which are valued at 'First in first out' basis.

Measurement of inventories

3.2.2 Cost of Inventories

Raw Materials - ORS

Cost of purchases together with any incidental expenses.

Work In progress

Raw material cost and variable manufacturing expenses in full.

Finished Goods

Raw material cost and variable manufacturing expenses in full.

3.2.3 Cash & Cash Equivalents

Cash and cash equivalents comprise cash in hand and at bank, Treasury bill investments, other short-term highly liquid investments with original maturities of twelve months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

3.2.4 Research costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss when incurred.

4. LIABILITIES AND PROVISIONS

4.1 Retirement Benefit Obligations

4.1.1 Defined benefit plan – Retirement Gratuity

The Corporation is liable to pay Gratuity in terms of the Payment of Gratuity Act No.12 of 1983. The liability for gratuity to an employee arises only on completion of five years of continued service with the Corporation. In order to meet this liability, a provision is carried forward in the Balance Sheet. The resulting difference between the brought forward provision at the beginning of a year and the carried forward provision at the end of the year is dealt with in the Income Statement.

The principal assumptions used in the calculations are as follows.

Expected Annual Average Salary Increment Rate	-	12.90%
Discount Rate / Interest Rate	-	6. %
Staff Turnover Factor	-	5.01%

The liability is not externally funded. The item is grouped under Non-Current Liabilities in the Balance Sheet.

4.1.2 Defined Contribution Plans- Employee Provident Fund & Employee Trust Fund

The Corporation contributes to Employees' Provident Fund contribution and Employees' Trust Fund contribution is covered by relevant contribution funds in line with respective regulation. Obligations for contributions to the plans covering the employees are recognized as an expense in the income statement.

Employees' Provident Fund

The Corporation and Employees contribute to provident fund at 12% and 10% respectively on gross salary except travelling allowance.

Employees' Trust Fund

The Corporation contributes 3% on gross salary except travelling allowance, to the Employees' Trust Fund.

5. INCOME STATEMENT

For the purpose of presentation of the Income Statement, the function of expenses method is adopted as it represents fairly the elements of corporation performance.

5.1.1 Revenue Recognition

Revenue is recognized on an accrual basis when it is probable that the economic benefits will flow to the Corporation and the revenue and associated costs incurred or to be incurred 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.

The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

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

Other Income

Other income is recognized on an accrual basis.

Claims Receivable from Suppliers

Claims receivable from suppliers for Additional Storage Charges, Demurrages, Short Supplies and Damages have not been recognized in the Financial Statement due to uncertainty of the outcome. However, when the realization of income is virtually certain, the claim is recognized in the income statement.

5.1.2 Expenses

All expenditures incurred in the running of the business have been charged to income in arriving at the profit for the year. Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

5.1.3 Financial Expenses

Borrowing costs directly attributable to the acquisition, construction or production of an asset 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. The corporation's finance expenses comprise of overdraft interest, letter of credit opening expenses & credit facility agreement charges.

5.1.4 Allocation between overheads

Overheads have been allocated between SPC & DHS based on percentage after analyzing the activities involved.

In the Financial Statements, Overheads allocation method is as follows.

	<u>DHS</u>	<u>SPC</u>
(a) Personnel emoluments	56%	44%
(b) Travelling expenses	10%	90%
(c) Supplies and requisites	25%	75%
(d) Repairs and maintenance	50%	50%
(e) Transportation, communication utilities & other services	50%	50%
(f) Research cost	65%	35%
(g) OD interest	100%	-

6. FINANCIAL INSTRUMENTS- INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

6.1 Financial Assets

6.1.1 Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets, as appropriate and determine the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

The Corporation financial Assets include cash and short term Treasury bill investment, trade and other receivable, staff loans and other receivables.

6.1.2 Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows.

6.1.2.1 Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. The Corporation did not have any financial assets at fair value through profit or loss during the years ended 31st December 2014.

6.1.2.2 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. 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 income in the income statement. The losses arising from impairment are recognized in the income statement in finance cost.

6.1.2.3 Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to-maturity when the Corporation has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised 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 amortisation is included in finance income in the income statement. The losses arising from impairment are recognised as finance cost in the income statement in finance cost.

6.1.2.4 Available-for-Sale Financial Investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available for- sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the income statement in finance costs and removed from the available-for-sale reserve. Interest income on available-for-sale debt securities is calculated using the effective interest method and is recognised in profit or loss.

The Corporation evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Corporation is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Corporation may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Corporation has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial assets reclassified out of the available for sale category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the assets are subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement. The Corporation did not have any available for –sale financial investments during the years ended 31 December 2014.

6.1.2.5 Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when,

- i). The rights to receive cash flows from the asset have expired
- ii). The Corporation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) The Corporation has transferred substantially all the risks and rewards of the asset, or
 - (b) The Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

6.1.2.6 Impairment of Financial Assets

The Corporation assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the 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, default or delinquency in interest or principal payments, 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. Currently the Corporation identifies a specific provision for trade receivables.

6.1.2.7 Financial Assets Carried at Amortized Cost

For financial assets carried at amortized cost, the Corporation first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Corporation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The Corporation is performed specific impairment for each debtor categories and collective impairment for different categories of general debtors.

6.2 Financial Liabilities

Initial recognition and measurement

Financial liabilities within the scope of SLAS (SLFRS/LKAS) 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Corporation determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs. The Corporation's financial liabilities include trade and other payables, bank overdrafts.

Subsequent measurement

The measurement of financial liabilities is at the amortised cost.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2014

NOTE 7

INCOME	2014 RS.	2013 RS.
Revenue - SPC		
Bulk trading	2,176,786,129	1,882,784,365
ORS sales	76,516,369	66,571,028
Osusala sales	2,594,326,479	2,360,213,745
Provision for Unrealized Profit	(4,161,440)	(2,628,995)
Credit Insurance	1,936,722	1,980,970
Special Order Imports	-	11,195
Claims Received from Suppliers	19,746,921	11,367,736
Total	4,865,151,179	4,320,300,044
Revenue - DHS		
Import supplies	13,879,926,133	13,966,634,758
Local supplies	3,054,596,124	2,600,640,614
CPU supplies	9,401,740	87,023,259
Claims Received from Suppliers	325,084,452	161,367,605
Total	17,269,008,449	16,815,666,236
Total Revenue	22,134,159,628	21,135,966,280

COST OF SALES / DIRECT EXPENSES

NOTE 8

DIRECT EXPENSES - DHS	2014 RS.	2013 RS.
Revenue	17,269,008,449	16,815,666,236
DIRECT COST		
C & F value of DHS supplies	12,620,327,228	12,786,855,259
Custom duties & taxes	387,274,966	623,500,732
Cost of local supplies	3,142,431,655	2,546,809,431
CPU purchases to DHS	9,217,392	85,316,920
Total	16,159,251,241	16,042,482,343
Clearing charges (Bank charges, Stamp fee , Commission & LC chg.)	224,215,042	235,589,723
Landing charges	22,162,241	27,884,382
Import licenses fee	29,083,234	24,291,115
Total	275,460,517	287,765,221
Less: Stock in transit	498,901,310	699,585,139
Direct expenses/ Cost of sales	15,935,810,448	15,630,662,424
Gross profit/surplus	1,333,198,002	1,185,003,811

NOTE 9

COST OF SALES -SPC	BULK TRADING RS.	OSUSALA TRADING RS.	TOTAL TRADING SPC-2014 RS.	TOTAL TRADING SPC-2013 RS.
Stock In trade at the beginning of the year	1,005,222,553	427,867,448	1,433,090,000	1,074,613,152
Add :				
Imported drugs	1,492,001,486		1,492,001,486	1,790,503,860
Consumables for the laboratory	1,318,616		1,318,616	2,489,109
Local purchases (SPC tenders)	441,454,220		441,454,220	399,485,047
Laboratory testing chg.	-	-	-	78,891
C.P.U - Purchases	116,307,750		116,307,750	92,276,129
Local purchases (Osusalas)	-	1,355,998,311	1,355,998,311	1,246,859,533
Transfers		844,836,472	844,836,472	729,369,306
STOCK AVAILABLE FOR SALES	3,056,304,625	2,628,702,230	5,685,006,855	5,335,675,026
Less: Stock In trade at end of the year	824,111,067	457,176,405	1,281,287,472	1,475,200,898
COST OF SALES & TRANSFERS	2,232,193,557	2,171,525,825	4,403,719,382	3,860,474,128

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

INCOME STATEMENT OF OSUSALA OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 9a

COST OF SALES	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSUSALA
	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING
	Col 7	Col.04	Col .01	KANDY	NUGEGODA	AVISS.	RATNAPURA	MINUWANGODA	PANADURA	GALLE	MATARA	KURUNEGALA
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Stock in Trade -												
at the beginning of the year	73,990,060	25,568,837	20,169,529	34,265,642	14,278,703	9,268,982	19,100,910	6,679,213	12,174,956	17,619,174	10,875,155	15,243,315
Local purchases	413,805,548	306,653,374	75,717,296	55,878,174	32,220,687	12,509,113	32,485,830	7,350,573	32,133,005	39,482,210	20,026,341	28,340,288
Transfers	125,165,038	42,523,513	48,962,335	56,633,779	29,147,402	18,341,889	25,403,950	11,860,823	19,526,822	29,158,054	28,628,568	40,740,824
Closing stock - Katuwana	-	-	-	-	-	-	-	-	-	-	-	-
STOCKS AVAILABLE FOR SALE	612,960,646	374,745,724	144,849,160	146,777,595	75,646,793	40,119,984	76,990,690	25,890,609	63,834,783	86,259,438	59,530,064	84,324,428
Stock in trade at year end	80,283,551	22,153,242	32,382,575	25,762,409	13,767,296	8,883,095	18,766,278	6,133,621	12,542,312	16,429,457	11,894,914	20,423,522
COST OF SALES & TRANSFERS	532,677,095	352,592,482	112,466,585	121,015,186	61,879,497	31,236,889	58,224,413	19,756,988	51,292,470	69,829,981	47,635,150	63,900,906
TOTAL TRADING												
Sales	633,280,791	397,502,251	134,766,387	143,130,371	73,581,889	37,321,748	70,441,791	24,608,649	60,228,447	84,082,272	58,104,604	78,030,713
Less: Cost of sales	532,677,095	352,592,482	112,466,585	121,015,186	61,879,497	31,236,889	58,224,413	19,756,988	51,292,470	69,829,981	47,635,150	63,900,906
GROSS TRADING PROFIT	100,603,696	44,909,769	22,299,802	22,115,185	11,702,392	6,084,859	12,217,378	4,851,660	8,935,976	14,252,291	10,469,454	14,129,807

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

INCOME STATEMENT OF OSUSALA OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTE 9a											
	OSU SALA	OSUSALA	OSUSALA	OSUSALA	OSUSALA	OSUSALA	OSU SALA	SATHOSA				
COST OF SALES	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	OUTLETS
	AMPARA	HAMBANTOTA	A'PURA	MAHARAGAMA	J,PURA	KARAPITIYA	NEGOMBO	BADULLA-CWE	DIYATHALAWA	JAFFNA	POLONNARUWA	RATMALANA
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Stock in Trade -												
at the beginning of the year	6,766,608	6,646,634	13,606,189	20,906,460	24,104,093	19,879,336	11,478,338	12,267,447	2,772,609	8,407,896	6,375,915	1,876,885
Local purchases	5,408,245	12,287,821	17,974,799	37,829,378	65,147,894	25,315,894	26,026,742	23,527,911	3,350,991	6,514,486	11,586,713	3,342,639
Transfers	14,652,644	9,610,817	25,267,264	26,078,068	41,126,595	26,516,588	24,452,131	20,482,183	9,892,450	13,807,129	22,357,595	5,122,630
Closing stock - Katuwana	-	-	-	-	-	-	-	-	-	-	-	-
STOCK AVAILABLE FOR SALE	26,827,498	28,545,271	56,848,253	84,813,907	130,378,582	71,711,818	61,957,211	56,277,541	16,016,051	28,729,511	40,320,223	10,342,153
Stock In trade at year end	6,369,749	7,686,072	11,006,480	22,140,464	23,612,315	16,906,026	12,654,460	8,919,907	3,781,170	9,365,282	5,153,403	1,521,508
COST OF SALES & TRANSFERS	20,457,749	20,859,199	45,841,773	62,673,442	106,766,267	54,805,792	49,302,751	47,357,635	12,234,881	19,364,229	35,166,820	8,820,645
TOTAL TRADING	-	-	-	-	-	-	-	-	-	-	-	-
Sales less Discount	25,448,437	25,655,627	57,008,450	75,555,239	128,511,764	66,269,054	60,780,071	55,952,080	15,606,654	24,102,477	42,275,713	10,574,251
Less: Cost of sales	20,457,749	20,859,199	45,841,773	62,673,442	106,766,267	54,805,792	49,302,751	47,357,635	12,234,881	19,364,229	35,166,820	8,820,645
GROSS TRADING PROFIT	4,990,689	4,796,428	11,166,677	12,881,797	21,745,496	11,463,262	11,477,320	8,594,445	3,371,773	4,738,248	7,108,893	1,753,606

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

INCOME STATEMENT OF OSUSALA OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTE 9a									
	SATHOSA OUTLETS PILIYANDALA	OSU SALA TRADING TANGALE	OSU SALA TRADING RAGAMA	OSU SALA KATUWANA AS AT 19.04.14	OSU SALA TRADING BANDARAGAMA	OSU SALA TRADING FORT	OSU SALA TRADING BORELLA	OSU SALA TRADING EMBILIPITIYA	REGIONAL STORES KANDY	OSUSALA TOTAL TRADING ACTIVITIES
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Stock in Trade -										
at the beginning of the year	1,421,065	6,165,464	10,577,068	2,593,327	2,389,629	-	-	-	10,398,008	427,867,448
Local purchases	2,952,032	8,170,142	16,350,323	266,929	10,211,356	9,219,885	11,075,087	2,836,603	-	1,355,998,311
Transfers	2,936,042	13,675,117	23,620,152	547,648	10,966,276	4,940,613	6,630,357	6,898,178	59,162,997	844,836,472
Closing stock - Katuwana	-	-	-	(1,935,854)	-	-	-	1,935,854	-	-
STOCK AVAILABLE FOR SALE	7,309,139	28,010,723	50,547,542	1,472,049	23,567,261	14,160,498	17,705,445	11,670,635	69,561,005	2,628,702,230
Stock In trade at year end	1,567,316	7,900,342	11,101,568	-	5,174,222	7,469,331	10,085,613	6,238,494	9,100,412	457,176,405
COST OF SALES & TRANSFERS	5,741,823	20,110,381	39,445,975	1,472,049	18,393,039	6,691,167	7,619,831	5,432,142	60,460,593	2,171,525,825
TOTAL TRADING										
Sales less Discount	6,788,258	24,567,157	46,578,969	1,721,532	23,105,441	8,106,168	9,302,354	6,867,743	84,469,130	2,594,326,479
Less: Cost of sales	5,741,823	20,110,381	39,445,975	1,472,049	18,393,039	6,691,167	7,619,831	5,432,142	60,460,593	2,171,525,825
GROSS TRADING PROFIT	1,046,435	4,456,776	7,132,994	249,483	4,712,401	1,415,001	1,682,522	1,435,601	24,008,538	422,800,654

Discontinued Operation -

The Rajya Osusala Katuwana retail outlet were closed down in the year 2014, due to continuous losses recorded during the past years. The pharmaceutical stocks were transferred to Rajaya osusala - Embilipitiya ,after considering their requirements.

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2014

COST OF MANUFACTURING GLUCOSE, JEEWANEE AND BB CREAM

NOTE 10

	2014	2013
	RS.	RS.
Opening stock of raw materials	947,125	1,259,183
Add: purchases of raw materials	24,688,891	23,850,426
Less: closing stock of raw materials	762,869	841,275
Cost of raw materials consumed	24,873,147	24,268,334
Add: Manufacturing cost (10a)	33,598,884	28,131,353
Production cost of goods	58,472,031	52,399,687

ORS TRADING

	2014	2013
	RS.	RS.
Opening stock (finished goods)	979,781	1,477,837
Add: Production cost of goods	58,472,031	52,399,687
Less: Closing stock (finished goods)	258,064	1,085,631
Cost of sale	59,193,747	52,791,893
Sales	76,516,369	66,571,028
Less: Cost of sale	59,193,747	52,791,893
Gross profit	17,322,622	13,779,135

MANUFACTURING COST

NOTE 10a

	2014	2013
	RS.	RS.
Salaries & wages	10,971,726	8,834,512
Overtime.	1,790,831	1,810,042
Uniforms.	372,850	154,987
Insurance for staff	70,894	198,474
Provident fund (EPF & ETF).	1,275,975	772,335
Annual bonus	316,210	209,000
Attendance bonus	331,475	421,575
Annual incentive bonus	1,802,538	703,188
Staff welfare	1,236,769	870,680
Medical expenses	326,145	396,574
Power	3,439,554	3,040,777
Depreciation	1,356,266	1,005,475
Repairs & maintenance	357,549	304,865
Packing materials used	9,950,102	9,408,869
Total	33,598,884	28,131,353

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2014

OTHER OPERATING INCOME

NOTE 11

	2014 RS.	2013 RS.
Sales of tender forms.	5,249,831	3,569,473
Rent received	521,560	907,430
Treasury bill interest	4,698,229	3,712,922
Scrap sales	231,720	392,883
Fund management income	3,708,493	-
Miscellaneous income	4,723,147	2,119,516
Holiday bungalow income	1,047,926	1,270,725
Pre qualification charges	1,925,250	1,138,500
Claim received from suppliers - SPC	-	193,306
Bad debt recoveries	2,524,926	-
Supplier Convention	439,961	2,351,769
Int. on returned cheques/ delays	666,796	1,032,209
Profit on disposal of fixed assets	-	847,790
Total	25,737,839	17,536,523

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2014

NOTE 12

ADMINISTRATIVE EXPENSES	SPC TRADING			TOTAL	TOTAL	TOTAL	TOTAL
	OSUSALAS	O.R.S.	BULK	TRADING SPC	TRADING DHS	TRADING 2014	TRADING 2013
	RS.	RS.	RS.	RS.	RS	RS.	RS.
PERSONNEL EMOLUMENTS							
Salaries, Wages & Allowances.	166,733,790	-	113,505,211	280,239,000	144,461,177	424,700,177	344,285,796
Overtime.	16,827,829	-	8,846,948	25,674,777	5,897,966	31,572,743	31,309,670
Staff training expenses.	-	-	1,583,373	1,583,373	2,015,202	3,598,576	3,536,461
Uniforms.	2,604,036	-	579,235	3,183,272	737,209	3,920,481	3,189,115
Insurance for staff	3,353,591	-	2,673,704	6,027,295	3,402,896	9,430,191	10,363,387
Provident fund (EPF & ETF).	19,135,447	-	12,520,425	31,655,872	15,935,086	47,590,958	29,434,132
Annual bonus	4,121,169	-	2,779,586	6,900,755	3,537,655	10,438,410	6,935,267
Monthly attendance bonus.	7,621,275	-	4,562,408	12,183,683	5,806,701	17,990,384	14,284,644
Sports club	-	-	453,177	453,177	576,771	1,029,948	1,523,297
Annual per inc. bonus.	21,181,025	-	15,789,214	36,970,239	20,095,363	57,065,601	41,015,951
Gratuity.	-	-	17,533,159	17,533,159	22,314,929	39,848,088	15,594,801
Land/ Housing loan interest	2,346,313	181,062	2,004,038	4,531,413	2,550,594	7,082,008	5,761,705
Vehicle hiring charges	-	-	870,000	870,000	-	870,000	1,350,000
P.A.Y.E.	-	-	-	-	-	-	656,188
SPC Anniversary payment	-	-	514,536	514,536	654,864	1,169,400	1,846,260
Death gratuity	-	-	530,585	530,585	675,289	1,205,874	290,340
Total	243,924,476	181,062	184,745,599	428,851,136	228,661,702	657,512,838	511,377,014
TRAVELING EXPENSES							
Overseas travelling expenses- directors.	-	-	59,881	59,881	6,653	66,534	5,600
Overseas travelling expenses- others.	-	-	573,782	573,782	63,754	637,536	187,307
Local travelling expenses - others.	349,404	-	3,307,752	3,657,156	367,528	4,024,683	4,133,378
Total	349,404	-	3,941,415	4,290,819	437,935	4,728,754	4,326,285
SUPPLIES & REQUISITES							
Printing & stationery.	3,074,540	245,450	9,588,231	12,908,221	3,196,077	16,104,298	18,543,436
Board meeting expenses.	-	-	140,972	140,972	46,991	187,963	224,851
Entertainment - others.	-	-	233,195	233,195	77,732	310,927	215,797
Repairs to motor vehicles.	-	-	7,352,651	7,352,651	2,450,884	9,803,535	7,815,407
Fuel & lubricants.	-	-	10,531,677	10,531,677	3,510,559	14,042,236	13,445,344
License fees of motor vehicles.	-	-	154,368	154,368	51,456	205,824	256,757
Total	3,074,540	245,450	28,001,094	31,321,085	9,333,698	40,654,783	40,501,591
REPAIRS & MAINTENANCE							
Buildings.	1,093,189	-	2,224,127	3,317,316	2,224,127	5,541,442	6,784,177
Furniture, fittings & equipment	2,398,547	-	3,092,799	5,491,346	3,092,799	8,584,146	6,664,588
Computer	56,454	-	1,960,894	2,017,348	1,960,894	3,978,242	2,685,520
Total	3,548,189	-	7,277,820	10,826,010	7,277,820	18,103,830	16,134,285

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2014

NOTE 12

ADMINISTRATIVE EXPENSES	SPC TRADING			TOTAL	TOTAL	TOTAL	TOTAL
	OSUSALAS	O.R.S.	BULK	TRADING SPC	TRADING DHS	TRADING 2014	TRADING 2013
TRANSPORTATION, COMMUNICATION UTILITIES & OTHER SERVICES							
	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Rent.	12,165,090	-	-	12,165,090	-	12,165,090	12,155,489
Lease rent	1,012,374	-	312,174	1,324,548	-	1,324,548	1,391,190
Rates & taxes.	577,498	14,250	457,209	1,048,957	457,209	1,506,165	1,497,573
Water bills	835,167	68,569	747,816	1,651,552	747,816	2,399,367	2,055,978
Electricity.	17,554,316	-	12,795,929	30,350,245	12,795,929	43,146,174	36,058,217
Postage, Telegrams & Telephones.	3,906,908	43,130	5,494,772	9,444,810	5,494,772	14,939,582	13,635,045
Trade subscriptions, Periodicals & Publicati	342,800	-	188,746	531,546	188,746	720,292	715,294
Professional charges.	-	-	1,151,176	1,151,176	1,151,176	2,302,353	5,713,077
Insurance.	-	-	1,474,718	1,474,718	1,474,718	2,949,437	2,060,050
Press notification.	-	-	4,616,288	4,616,288	10,771,338	15,387,626	8,565,314
Security services.	15,919,901	326,604	5,915,903	22,162,408	5,915,903	28,078,311	19,466,061
Depreciation	16,733,839	-	12,857,013	29,590,852	12,857,013	42,447,866	37,682,476
License fees for drugs.	296,377	-	553,871	850,248	4,984,838	5,835,086	4,262,494
Sundry expenses.	189,842	54,108	405,265	649,215	190,713	839,928	779,189
Directors fees.	-	-	288,817	288,817	288,817	577,634	546,750
Audit fees.	-	-	455,398	455,398	455,398	910,795	947,214
Tender board meeting expenses.	-	-	1,923,953	1,923,953	4,489,224	6,413,178	6,328,698
Staff welfare.	18,711,678	-	11,046,899	29,758,577	14,059,690	43,818,267	42,261,967
Staff medical expenses.	4,631,871	-	3,320,120	7,951,991	4,225,608	12,177,599	11,819,400
Donations	-	-	7,099,455	7,099,455	-	7,099,455	2,916,472
Holiday bungalow expenses	-	-	1,630,268	1,630,268	2,074,887	3,705,155	3,707,037
Total	92,877,663	506,660	72,735,790	166,120,113	82,623,794	248,743,907	214,564,984
TOTAL ADMINISTRATIVE COST	343,774,272	933,172	296,701,718	641,409,162	328,334,949	969,744,111	786,904,158

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2014

NOTE 12a

OSUSALA -OVERHEADS	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA				
	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING
	Col.07	Col.04	Col.01	KANDY	NUGEGODA	AVISSAWELLA.	RATNAPURA	MINUWANGODA	PANADURA	GALLE	MATARA	KURUNEGALA
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
ADMINISTRATIVE EXPENSES												
PERSONNEL EMOLUMENTS												
Salaries, Wages & Allowances.	24,883,334	9,473,387	5,785,425	9,130,514	6,933,864	4,512,760	7,087,874	3,757,751	6,223,541	8,045,614	6,429,331	5,872,990
Overtime.	2,882,801	1,269,249	277,071	999,738	862,014	384,565	466,918	363,451	559,571	408,422	373,810	633,626
Uniforms.	457,513	161,363	104,574	145,500	155,140	72,913	121,342	71,532	135,245	116,087	97,072	92,066
Insurance for staff	567,166	419,574	169,772	531,281	189,303	184,111	130,417	55,192	89,806	71,807	-	33,912
Provident fund (E.P.F & E.T.F)	2,870,023	1,084,347	672,616	1,072,306	792,954	528,921	795,910	417,164	709,760	928,069	741,641	633,752
Annual bonus	645,012	220,847	230,877	216,000	162,000	108,000	162,000	67,500	135,000	175,500	150,713	132,458
Annual per inc. bonus.	3,322,229	1,267,236	807,149	1,163,494	820,598	554,200	850,604	369,951	797,836	991,494	811,038	666,040
Housing loan interest	410,965	195,067	51,565	80,305	50,048	32,145	45,438	-	70,808	40,917	37,318	143,674
Attendance bonus	1,270,025	385,963	227,675	398,125	301,325	175,550	365,075	157,813	292,113	328,763	318,175	299,850
Total	37,309,069	14,477,031	8,326,724	13,737,262	10,267,246	6,553,163	10,025,578	5,260,352	9,013,680	11,106,673	8,959,098	8,508,368
TRAVELLING EXPENSES												
Local travelling expenses	13,450	18,441	6,645	8,580	2,172	21,908	40,950	11,346	21,377	1,720	6,720	11,398
Total	13,450	18,441	6,645	8,580	2,172	21,908	40,950	11,346	21,377	1,720	6,720	11,398
SUPPLIES & REQUISITES												
Printing & stationery.	375,282	121,237	139,023	176,682	145,655	39,881	79,800	131,274	93,626	116,933	32,462	151,741
Total	375,282	121,237	139,023	176,682	145,655	39,881	79,800	131,274	93,626	116,933	32,462	151,741
REPAIRS & MAINTENANCE												
Buildings.	255,034	28,659	48,656	39,825	53,762	10,721	32,772	37,195	11,193	15,810	58,180	30,351
Furniture, fittings & equipment	614,976	301,792	25,280	86,148	29,989	44,146	61,757	35,780	145,655	56,444	45,984	30,856
Computer	-	11,771	15,000	29,682	-	-	-	-	-	-	-	-
Total	870,010	342,221	88,936	155,655	83,751	54,867	94,529	72,976	156,848	72,255	104,165	61,206
TRANSPORTATION, COMMUNICATION, UTILITIES & OTHER SERVICES												
Rent.	-	-	-	-	-	280,638	-	388,500	765,100	570,000	714,000	1,418,000
Lease rent	-	-	-	337,500	294,333	-	171,450	-	-	-	-	-
Rates & taxes.	235,620	117,810	71,379	40,705	5,000	-	10,320	-	3,000	5,600	10,035	6,200
Water bills	185,905	95,854	18,531	50,803	18,531	32,495	51,578	26,083	20,829	36,545	18,103	39,255
Electricity.	3,624,320	1,036,600	300,000	857,127	740,925	323,752	879,521	200,680	718,285	840,067	665,615	369,095
Postage, Telegrams & Telephones.	260,523	182,383	112,689	136,092	165,583	35,397	139,234	156,980	133,786	179,077	133,545	161,640
Depreciation	1,535,888	872,486	777,079	893,456	776,401	188,544	908,287	275,034	412,169	552,274	561,408	510,092
Trade subscriptions, Periodicals - - & Publications.	32,660	11,720	-	16,100	18,260	16,000	16,000	8,460	14,850	16,350	15,700	15,500
Security services.	2,519,665	880,872	258,366	883,473	256,632	882,606	255,765	625,974	258,366	626,474	626,384	625,974
License fees for drugs.	11,200	-	17,920	11,200	11,200	11,200	11,200	44,800	11,200	11,200	15,680	-
Sundry expenses.	22,690	5,587	1,070	12,212	4,285	5,463	14,376	3,270	1,978	10,790	7,149	11,860
Staff welfare.	2,837,090	950,918	362,008	1,145,838	668,054	572,470	836,727	497,877	701,726	818,745	723,626	669,304
Staff medical expenses.	693,497	265,901	188,670	256,239	199,772	114,222	195,000	90,156	164,364	207,500	169,675	167,995
Total	11,959,059	4,420,131	2,107,711	4,640,744	3,158,976	2,462,787	3,489,458	2,317,815	3,205,653	3,874,621	3,660,920	3,994,915
TOTAL ADMINISTRATIVE COST	50,526,870	19,379,062	10,669,040	18,718,924	13,657,799	9,132,607	13,730,315	7,793,763	12,491,183	15,172,201	12,763,365	12,727,628

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2014

NOTE 12 a

OSUSALA -OVERHEADS	OSU SALA TRADING AMPARA	OSU SALA TRADING H, TOTA	OSU SALA TRADING A,PURA	OSU SALA TRADING MAHARAGAMA	OSU SALA TRADING J,PURA	OSU SALA TRADING KARAPITIYA	OSU SALA TRADING NEGOMBO	OSU SALA TRADING BADULLA-CWE	OSU SALA TRADING DIYATHALAWA	OSU SALA TRADING JAFFNA	OSU SALA TRADING POLONNARUWA	SATHOSA OUTLET RATMALANA
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
ADMINISTRATIVE COST												
PERSONNEL EMOLUMENTS												
Salaries, Wages & Allowances.	2,993,921	3,639,308	3,788,145	5,581,207	10,541,247	6,182,239	4,614,957	4,315,146	2,372,628	2,296,615	2,963,924	1,278,825
Overtime.	508,754	249,685	489,345	372,087	1,213,702	400,340	618,212	331,181	215,859	364,354	414,160	144,735
Uniforms.	44,129	59,144	30,339	97,828	156,396	63,150	76,590	68,603	31,056	24,518	46,830	22,336
Insurance for staff	24,771	3,750	-	190,380	377,591	44,525	-	43,480	90,000	-	-	-
Provident fund (E.P.F & E.T.F)	402,625	438,664	438,893	634,919	1,239,648	723,740	496,646	493,744	297,720	238,597	359,529	149,023
Annual bonus	69,990	81,000	93,006	135,000	291,533	148,500	94,500	94,500	54,000	54,000	67,500	27,000
Annual per inc. bonus.	376,396	408,328	447,794	609,267	1,461,343	747,594	476,421	541,905	282,702	263,069	382,714	141,338
Housing loan interest	-	-	125,554	104,891	149,631	160,557	-	239,813	57,935	-	30,529	-
Attendance bonus	161,300	128,738	199,800	235,350	444,438	257,313	213,213	165,763	103,675	100,850	160,238	47,638
Total	4,581,886	5,008,616	5,612,876	7,960,929	15,875,528	8,727,956	6,590,539	6,294,134	3,505,576	3,342,002	4,425,422	1,810,895
TRAVELLING EXPENSES												
Local travelling expenses	13,478	9,343	2,550	2,320	1,560	15,050	22,135	13,305	13,619	10,135	8,302	5,290
Total	13,478	9,343	2,550	2,320	1,560	15,050	22,135	13,305	13,619	10,135	8,302	5,290
SUPPLIES & REQUISITES												
Printing & stationery.	35,039	89,455	73,752	147,673	383,588	25,724	129,140	43,334	213,381	53,522	19,139	41,936
Total	35,039	89,455	73,752	147,673	383,588	25,724	129,140	43,334	213,381	53,522	19,139	41,936
REPAIRS & MAINTENANCE												
Buildings.	7,414	13,438	16,165	4,631	10,755	27,897	8,500	112,531	43,027	4,301	3,793	110
Furniture, fittings & equipment	104,998	48,404	79,488	53,110	75,775	95,548	77,456	112,873	17,300	26,408	108,360	18,380
Computer	-	-	-	-	-	-	-	-	-	-	-	-
Total	112,412	61,842	95,653	57,740	86,530	123,445	85,956	225,404	60,327	30,709	112,153	18,490
TRANSPORTATION, COMMUNICATION, UTILITIES & OTHER SERVICES												
Rent.	-	540,000	1,056,000	765,000	1,020,000	600,000	921,600	-	-	1,800,000	-	-
Lease rent	-	-	-	-	-	-	-	209,091	-	-	-	-
Rates & taxes.	1,100	9,136	26,938	-	-	3,913	4,970	9,073	-	6,200	-	-
Water bills	20,920	13,213	21,401	28,758	-	22,031	20,446	22,975	4,389	-	10,708	-
Electricity.	356,017	422,762	739,372	628,691	70,316	702,228	828,242	435,365	64,907	684,372	547,824	-
Postage, Telegrams & Telephones.	140,914	161,313	179,823	131,459	156,589	146,245	136,203	161,274	48,244	116,183	132,552	513
Depreciation	666,186	382,277	456,919	145,562	575,333	402,851	176,160	522,321	19,031	860,428	1,038,457	28,839
Trade subscriptions, Periodicals & Publications.	-	6,380	15,870	16,560	25,420	12,620	5,800	15,550	-	13,700	-	1,080
Security services.	255,765	260,520	268,770	257,788	625,974	267,036	258,366	625,974	-	625,974	625,974	-
License fees for drugs.	11,200	11,200	11,200	-	11,200	11,200	-	11,200	11,200	9,657	11,200	-
Sundry expenses.	2,326	7,686	1,374	4,953	5,665	7,080	5,136	11,067	427	12,240	5,002	378
Staff welfare.	385,509	423,115	612,135	555,833	1,141,999	730,549	587,226	507,104	236,784	297,415	384,103	164,459
Staff medical expenses.	83,695	95,353	103,750	158,424	327,942	168,243	136,178	105,981	72,849	59,115	96,100	22,766
Total	1,923,632	2,332,955	3,493,552	2,693,029	3,960,437	3,073,996	3,080,327	2,636,974	457,831	4,485,284	2,851,921	218,035
TOTAL ADMINISTRATIVE COST	6,666,447	7,502,211	9,278,382	10,861,691	20,307,643	11,966,170	9,908,097	9,213,151	4,250,734	7,921,651	7,416,937	2,094,645

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2014

NOTE 12 a

OSUSALA -OVERHEADS	SATHOSA OUTLET PILIYANDALA	OSU SALA TRADING TAGALLE	OSU SALA TRADING RAGAMA	OSU SALA TRADING KATUWANA	OSU SALA TRADING BANDARAGAMA	OSU SALA TRADING FORT	OSU SALA TRADING BORELLA	OSU SALA TRADING EMBILIPITHYA	REGIONAL STORES KANDY	OSUSALA TOTAL TRADING ACTIVITIES
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
ADMINISTRATIVE COST										
PERSONNEL EMOLUMENTS										
Salaries, Wages & Allowances.	990,013	3,261,614	3,729,670	326,394	3,496,834	1,180,517	1,155,516	1,624,959	2,263,727	166,733,790
Overtime.	31,101	459,394	511,104	38,082	368,878	97,401	145,507	142,873	229,840	16,827,829
Uniforms.	13,432	31,356	36,684	800	15,000	19,450	1,800	7,650	26,599	2,604,036
Insurance for staff	-	131,005	-	-	2,300	-	-	3,450	-	3,353,591
Provident fund (E.P.F & E.T.F)	112,155	357,542	425,363	37,611	378,822	119,139	114,370	166,670	262,565	19,135,447
Annual bonus	27,000	76,186	92,342	-	68,363	54,000	54,542	64,800	67,500	4,121,169
Annual per inc. bonus.	136,066	385,385	440,410	-	404,269	270,788	318,312	333,002	332,059	21,181,025
Housing loan interest	50,912	-	132,267	-	64,572	-	-	48,040	23,362	2,346,313
Attendance bonus	44,363	180,588	196,825	17,188	184,175	46,388	58,638	54,338	100,013	7,621,275
Total	1,405,040	4,883,069	5,564,665	420,074	4,983,212	1,787,682	1,848,684	2,445,781	3,305,664	243,924,476
TRAVELLING EXPENSES										
Local travelling expenses	4,920	11,713	13,455	6,880	10,412	3,729	2,039	2,327	12,135	349,404
Total	4,920	11,713	13,455	6,880	10,412	3,729	2,039	2,327	12,135	349,404
SUPPLIES & REQUISITES										
Printing & stationery.	24,443	48,113	54,793	8,388	27,378	7,765	7,803	4,288	32,290	3,074,540
Total	24,443	48,113	54,793	8,388	27,378	7,765	7,803	4,288	32,290	3,074,540
REPAIRS & MAINTENANCE										
Buildings.	919	64,862	55,088	101	18,319	60,903	4,855	2,473	10,950	1,093,189
Furniture, fittings & equipment	8,076	16,655	35,011	-	21,353	60	540	8,069	11,876	2,398,547
Computer	-	-	-	-	-	-	-	-	-	56,454
Total	8,996	81,518	90,099	101	39,672	60,963	5,395	10,542	22,826	3,548,189
TRANSPORTATION, COMMUNICATION, UTILITIES & OTHER SERVICES										
Rent.	-	-	245,000	120,000	-	82,253	-	471,000	408,000	12,165,090
Lease rent	-	-	-	-	-	-	-	-	-	1,012,374
Rates & taxes.	-	7,500	-	-	-	-	-	-	3,000	577,498
Water bills	-	16,856	4,059	-	18,864	3,724	-	7,569	24,740	835,167
Electricity.	-	420,349	267,965	38,265	307,998	143,599	-	136,256	203,800	17,554,316
Postage, Telegrams & Telephones.	14,291	119,730	154,327	32,045	50,870	54,239	52,835	66,017	54,313	3,906,908
Depreciation	27,592	1,025,603	706,011	177,019	312,014	347,422	272,407	234,309	93,981	16,733,839
Trade subscriptions, Periodicals & Publications.	-	12,150	13,460	1,640	5,280	2,930	2,880	800	9,080	342,800
Security services.	-	625,974	625,974	-	624,240	312,120	139,587	193,341	625,974	15,919,901
License fees for drugs.	-	11,200	-	-	11,200	-	-	11,200	6,720	296,377
Sundry expenses.	-	2,864	10,875	500	5,530	2,023	1,045	590	2,353	189,842
Staff welfare.	92,253	396,182	409,071	45,045	380,680	100,264	97,124	140,646	239,802	18,711,678
Staff medical expenses.	30,000	99,892	110,695	-	101,930	15,570	27,500	20,316	82,581	4,631,871
Total	164,136	2,738,300	2,547,436	414,514	1,818,606	1,064,144	593,378	1,282,044	1,754,343	92,877,663
TOTAL ADMINISTRATIVE COST	1,607,536	7,762,714	8,270,448	849,956	6,879,280	2,924,283	2,457,300	3,744,982	5,127,258	343,774,272

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2014

NOTE 13

OTHER OPERATING EXPENSES	SPC TRADING			TOTAL TRADING	TOTAL TRADING	TOTAL TRADING	TOTAL TRADING
	OSUSALAS	O.R.S.	BULK	SPC	DHS	2014	2013
SELLING & DISTRIBUTION EXPENSES	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Sales promotion expenses.	-	-	57,930,655	57,930,655	-	57,930,655	43,500,441
Prescriber	-	-	519,300	519,300	-	519,300	235,125
Transport charges.	-	-	3,584,604	3,584,604	-	3,584,604	5,900,037
Provision for bad debts	-	-	-	-	523,933,159	523,933,159	407,751,641
Discount on osusala sales	-	-	2,186,614	2,186,614	-	2,186,614	1,910,699
Additional discounts	-	-	75,218,589	75,218,589	-	75,218,589	61,546,650
Value Added Tax	-	-	590,419	590,419	9,780,776	10,371,195	43,036,482
NBT paid	-	-	-	-	-	-	21,510,409
Dealers convention	-	-	1,569,035	1,569,035	-	1,569,035	1,597,445
Stock losses	-	-	10,644,636	10,644,636	12,003,943	22,648,579	40,584,564
Pro. for outdated & damaged drugs	2,444,573	-	29,204,975	31,649,548	-	31,649,548	42,110,540
Pro. for outdated & damaged drugs - DHS	-	-	-	-	8,587,784	8,587,784	54,202,745
Stamp fee	-	-	161,774	161,774	-	161,774	229,899
Setting up expenses	-	-	700,498	700,498	-	700,498	325,516
Storage charges	-	-	-	-	6,179,650	6,179,650	3,890,848
Foreign exchange gain/loss	-	-	5,881,407	5,881,407	(9,357,395)	(3,475,988)	57,499,016
Disposal of fixed assets	-	-	406,823	406,823	-	406,823	-
Sundry packing materials.	4,653,305	-	286,692	4,939,997	-	4,939,997	5,231,327
TOTAL	7,097,878	-	188,886,022	195,983,900	551,127,916	747,111,816	791,063,386
RESEARCH & DEVELOPMENT							
Drugs for testing	-	-	54,290	54,290	100,824	155,115	2,655
Testing charges for samples	-	-	154,973	154,973	287,807	442,780	615,002
Drugs for sample	-	-	22,394	22,394	41,589	63,982	112,941
TOTAL	-	-	231,657	231,657	430,220	661,877	730,598
(c) DAMAGE DUE TO FIRE *	-	-	2,051,831	2,051,831	-	2,051,831	
TOTAL OTHER OPERATING EXPENSES	7,097,878	-	191,169,510	198,267,388	551,558,136	749,825,524	791,793,984

* Central Purchasing Unit, Library, Stores and three Motor Bikes of the Corporation were completely destroyed due to the fire erupted on 6th September 2014. Loss of Rs.2,051,831 was recorded in the books of accounts. Insurance claim is negotiating.

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2014

OTHER OPERATING EXPENSES - RAJYA OSUSALA

NOTE 13a

	OSU SALA											
OSUSALA -OVERHEADS	TRADING											
	Col.07	Col.04	Col.01	KANDY	NUGEGODA	AVISS.	RAT.	MINU.	PANADURA	GALLE	MATARA	KURUNE.
OTHER OPEATING EX.	RS.											
SELLING & DISTRIBUTION EX												
Outdated & damages	286,135	291,023	92,654	379,023	64,978	27,253	122,279	24,038	31,868	51,120	48,504	42,022
Sundry packing materials.	481,434	296,993	322,045	287,752	166,579	191,852	202,063	78,106	212,014	229,352	246,299	269,379
Total	767,569	588,016	414,699	666,775	231,557	219,104	324,342	102,144	243,882	280,472	294,802	311,402

OTHER OPERATING EXPENSES - RAJYA OSUSALA

	OSU SALA	OSU SALA	SATHOSA									
OSUSALA -OVERHEADS	TRADING	TRADING	OUTLET									
	AMPARA	H.TOTA	A.PURA	MAHARAGAMA	J.PURA	KARAPITIYA	NEGOMBO	BADULLA-CWE	DIYATHALAWA	JAFFNA	POLONNARUWA	RATMALANA
OTHER OPEATING EX.	RS.	RS.	RS.									
SELLING & DISTRIBUTION EX												
Outdated & damages	68,881	59,675	85,187	41,063	246,999	86,939	15,445	28,718	7,059	97,216	40,380	10,377
Sundry packing materials.	92,681	83,751	135,273	258,468	210,502	74,256	176,799	145,515	114,647	53,061	54,724	53,074
Total	161,563	143,425	220,460	299,532	457,500	161,196	192,244	174,233	121,705	150,277	95,103	63,451

OTHER OPERATING EXPENSES - RAJYA OSUSALA

	SATHOSA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA	REGIONAL	OSUSALA
OSUSALA -OVERHEADS	OUTLET	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	STORES	TOTAL TRADING
	PILIYANDALA	TANGALLE	RAGAMA	KATUWANA	BANDARAGAMA	FORT	BORELLA	EMBILIPITIYA	KANDY		ACTIVITIES
OTHER OPEATING EX.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS	RS.
SELLING & DISTRIBUTION EX.											
Outdated & damages	31,816	52,095	27,394	-	6,904	2,325	1,238	60,884	13,084		2,444,573
Sundry packing materials.	11,796	13,891	32,041	2,818	65,717	26,572	39,415	9,408	15,028		4,653,305
Total	43,612	65,986	59,434	2,818	72,621	28,897	40,652	70,292	28,111		7,097,878

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2014

FINANCE EXPENSES	SPC TRADING			TOTAL TRADING SPC RS.	TOTAL TRADING DHS RS.	TOTAL TRADING 2014 RS.	NOTE 14
	OSUSALAS RS.	O.R.S. RS.	BULK RS.				TOTAL TRADING 2013 RS.
O/D Interest	-	-	1,124,190	1,124,190	148,534,565	149,658,755	1,383,954
Bank charges			124,470	124,470	-	124,470	226,688
TOTAL FINANCE COST	-	-	1,248,660	1,248,660	148,534,565	149,783,225	1,610,642

MAJOR COMPONENT OF TAX EXPENSES

	NOTE 15	
	2014 RS.	2013 RS.
Current tax expenses	257,614,120	324,603,163
Adj. Deferred tax Income/Expenses relating to the origination - and reversal of temporary differences	(65,469,365)	(4,594,727)
Tax expenses - Note (15a)	192,144,755	320,008,436

RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSES

	NOTE 15a	
	2014 RS.	2013 RS.
Profit Before Tax	741,553,839	762,992,143
Disallowable expenses	(37,377,745)	101,814,792
Qualifying payments (Donations)	(3,101,522)	(1,500,000)
Taxable Income	701,074,572	863,306,935
Income Tax @ 28%	196,300,880	241,725,942
Tax on Distributable Profit 25% (net)	61,313,240	82,877,221
Income tax on current year profit	257,614,120	324,603,163
Adj. Deferred tax Income/Expenses relating to the origination - and reversal of temporary differences	(65,469,365)	(4,594,727)
Tax expenses	192,144,755	320,008,436
Effective Tax Rate %	25.9	41.9

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2014

PROPERTY, PLANT AND EQUIPMENT

NOTE 16

	Freehold land	Buildings	Motor Vehicles	Delivery Cycles	Furniture & Fittings	Equipment	Plant & Machinery	Computers	Library Books	Total
COST OR VALUATION	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
At 1 January 2013	1,199,639,630	294,881,711	100,951,399	45,013	32,170,423	134,487,469	10,110,955	99,340,198	5,657,731	1,877,284,529
Additions	-	33,466,836	-	-	8,343,973	7,916,422	32,771	27,677,492	493,708	77,931,202
Disposals	-	-	(3,800,000)	-	-	-	-	-	-	(3,800,000)
At 31 December 2013	1,199,639,630	328,348,547	97,151,399	45,013	40,514,396	142,403,891	10,143,726	127,017,690	6,151,439	1,951,415,731
Additions	-	10,997,750	66,622,752	-	10,037,888	11,478,243	5,229,292	14,676,836	-	119,042,761
Disposals	-	-	(3,940,700)	-	(1,180,363)	(1,629,658)	-	(1,527,290)	(6,151,439)	(14,429,450)
At 31 December 2014	1,199,639,630	339,346,297	159,833,451	45,013	49,371,922	152,252,475	15,373,018	140,167,236	-	2,056,029,043
DEPRECIATION & IMPAIRMENT										
At 1 January 2013	-	12,315,010	6,755,465	39,727	14,486,995	102,467,764	6,299,662	72,463,624	5,384,296	220,212,542
Depreciation charge for the year	-	8,591,639	3,847,943	1,498	2,688,231	8,056,647	607,592	14,601,526	292,875	38,687,950
Disposals	-	-	375,000	-	-	-	-	-	-	375,000
At 31 December 2013	-	20,906,649	10,228,407	41,225	17,175,226	110,524,411	6,907,254	87,065,150	5,677,171	258,525,492
Depreciation charge for the year	-	9,020,032	4,860,348	1,499	3,521,072	8,593,469	849,317	16,826,107	132,289	43,804,131
Disposals	-	-	(732,844)	-	(656,936)	(1,423,083)	-	(304,792)	(5,809,460)	(8,927,115)
At 31 December 2014	-	29,926,681	14,355,910	42,724	20,039,361	117,694,796	7,756,571	103,586,465	-	293,402,508
NET BOOK VALUE										
At 31 December 2014	1,199,639,630	309,419,617	145,477,541	2,290	29,332,560	34,557,679	7,616,448	36,580,771	-	1,762,626,535
At 31 December 2013	1,199,639,630	307,441,898	86,922,992	3,788	23,339,170	31,879,480	3,236,473	39,952,540	474,268	1,692,890,239
At 31 December 2012	1,199,639,630	282,566,701	94,195,934	5,286	17,683,428	32,019,705	3,811,294	26,876,574	273,435	1,657,071,987

* Central Purchasing Unit, Library, Stores and three Motor Bikes of the Corporation were completely destroyed due to the fire erupted on 6th September 2014. Loss of Rs.2,051,831 was recorded in the books of accounts. Insurance claim is negotiating.

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE PERIOD ENDED 31ST DECEMBER 2014

NOTE 17

TRADING STOCK

Location	2014				2013			
	Trading Stock in Hand	Prov. for Damaged & Outdated Stock	Prov. for Unrealized Profit	Stock (as at 31st Dec)	Trading Stock in Hand	Prov. for Damaged & Outdated Stock	Prov. for Unrealized Profit	Stock (as at 31st Dec)
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Stock in Transit	137,299,805	-	-	137,299,805	265,392,396	-	-	265,392,396
Bulk Stores	824,111,067	191,033,871	-	633,077,197	1,047,706,362	158,113,219	-	889,593,143
Colombo 07	80,283,551	622,324	2,407,070	77,254,157	74,173,700	375,896	2,298,917	71,498,887
Colombo 04	22,153,242	490,944	1,110,424	20,551,875	25,736,015	301,306	971,764	24,462,945
Colombo 01	32,382,575	177,415	1,272,677	30,932,483	20,226,637	150,876	971,699	19,104,062
Kandy	25,762,409	872,067	1,763,762	23,126,580	34,378,846	639,158	1,834,101	31,905,587
Nugegoda	13,767,296	157,778	810,044	12,799,473	14,360,686	120,256	752,747	13,487,683
Avissawella	8,883,095	99,831	783,713	7,999,551	9,310,749	112,574	807,783	8,390,392
Rathnapura	18,766,278	297,798	1,088,427	17,380,052	19,201,944	179,264	1,142,940	17,879,740
Minuwangoda	6,133,621	68,679	515,794	5,549,148	6,691,982	67,381	506,553	6,118,048
Panadura	12,542,312	118,796	557,517	11,866,000	12,201,210	124,388	405,003	11,671,819
Galle	16,429,457	346,823	1,040,845	15,041,789	17,680,874	370,897	984,232	16,325,745
Matara	11,894,914	231,826	1,004,548	10,658,540	10,936,565	216,032	876,311	9,844,222
Kurunegala	20,423,522	488,353	1,473,536	18,461,633	15,307,887	660,396	847,677	13,799,814
Ampara	6,369,749	479,405	444,186	5,446,158	6,799,087	468,301	455,162	5,875,624
Hambantota	7,686,072	174,689	376,562	7,134,820	6,731,675	240,700	315,058	6,175,917
Anuradhapura	11,006,480	565,719	777,976	9,662,785	13,703,175	679,793	825,559	12,197,823
Maharagama	22,140,464	102,582	1,118,929	20,918,953	20,939,870	99,761	1,097,656	19,742,453
Jayawardanapura	23,612,315	736,460	1,009,321	21,866,534	24,452,207	724,822	978,092	22,749,293
Karapitiya	16,906,026	221,065	1,526,458	15,158,503	19,984,164	222,657	1,123,232	18,638,275
Negombo	12,654,460	46,625	623,746	11,984,089	11,509,505	49,776	663,506	10,796,223
Badulla - CWE	8,919,907	74,594	630,714	8,214,599	12,313,323	114,962	760,530	11,437,831
Diyathalawa	3,781,170	41,150	327,096	3,412,925	2,806,882	68,823	230,041	2,508,018
Jaffna	9,365,282	233,201	776,392	8,355,689	8,517,249	135,985	561,686	7,819,578
Polonnaruwa	5,153,403	55,163	334,131	4,764,109	6,390,699	14,783	385,568	5,990,348
Ratmalana	1,521,508	23,065	116,877	1,381,566	1,897,108	20,224	130,178	1,746,706
Piliyandala	1,567,316	59,529	96,505	1,411,282	1,448,778	78,443	72,224	1,298,111
Tangalle	7,900,342	62,056	677,272	7,161,013	6,175,426	9,962	351,059	5,814,405
Ragama	11,101,568	37,983	565,152	10,498,433	10,587,658	10,590	175,019	10,402,049
Katuwana	-	-	-	-	2,595,696	2,369	170,116	2,423,211
Bandaragama	5,174,222	6,904	359,726	4,807,591	-	-	-	-
Fort - Station	7,469,331	2,325	311,620	7,155,385	-	-	-	-
Borella	10,085,613	1,238	440,773	9,643,602	-	-	-	-
Embilipitiya	6,238,494	60,884	559,541	5,618,069	-	-	-	-
Regional Stores Kandy	9,100,412	15,448	1,134,668	7,950,296	10,434,939	56,496	1,180,153	9,198,290
Total	1,418,587,277	198,006,590	26,036,005	1,194,544,682	1,740,593,294	164,430,090	21,874,566	1,554,288,638
ORS UNIT								
Finished Products	258,064	-	-	258,064	979,781	-	-	979,781
Raw Materials	762,869	-	-	762,869	841,275	-	-	841,275
Chemical & Others	-	-	-	-	105,850	-	-	105,850
Total	1,020,933	-	-	1,020,933	1,926,906	-	-	1,926,906
SUNDRY STOCKS								
Printing Stationery	9,877,652	-	-	9,877,652	8,088,803	-	-	8,088,803
Packing Materials	8,738,815	-	-	8,738,815	12,018,385	-	-	12,018,385
Miscellaneous Stocks	3,945,026	-	-	3,945,026	3,587,948	-	-	3,587,948
Total	22,561,493	-	-	22,561,493	23,695,136	-	-	23,695,136
Disputed items	167,350,308	-	-	167,350,308	123,312,460	-	-	123,312,460
Total	1,609,520,011	198,006,590	26,036,005	1,385,477,416	1,889,527,796	164,430,090	21,874,566	1,703,223,140

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2014

STOCKS IN TRANSIT - DHS	NOTE 18	
	2014	2013
	RS.	RS.
Stock in Transit	498,901,310	699,585,139
Add: Disputed Items - DHS		
Disputed stock as at 31.12.14	182,241,838	304,653,383
Disputed balances as at 31.12.14	29,918,102	39,564,102
Less: Provision for unsalable	182,351,491	234,340,371
Goods in Transit - DHS	528,709,760	809,462,253

TRADE AND OTHER RECEIVABLES	NOTE 19	
	2014	2013
	RS.	RS.
Total Dues From DHS	3,082,188,947	8,745,480,896
Trade Debtors	700,519,973	630,311,911
Staff Loans	65,061,019	64,191,254
Other Staff Advances	1,079,857	1,203,700
Deposits and Advances	3,981,666	2,025,041
Other Receivables & Recoverable	18,254,940	417,745,051
Total	3,871,086,402	9,860,957,852
Less: Provision for bad & doubtful debts	1,500,763,129	979,354,896
Trade and Other Receivables	2,370,323,273	8,881,602,956

DEBTORS ANALYSIS	NOTE 19a	
	2014	2013
	RS.	RS.
TOTAL DUES FROM DHS		
Local Purchase on DHS Tenders	13,066,376	5,822
DHS Turnover Tax & Custom Duty	56,554,211	70,338,936
Purchase Clearing - DHS	262,223,891	266,475,570
Clearance of Tsunami Cargo - DHS	6,138	6,138
Advance Payments to Suppliers	5,172,281	1,388,839
Agency Commission	16,710,247	19,740,441
Department of Health Services	2,728,455,804	8,387,525,152
Total	3,082,188,947	8,745,480,896

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2014

DEBTORS ANALYSIS - Cont.

	NOTE 19a	
	2014	2013
	RS.	RS.
TRADE DEBTORS		
Distributors	225,448,588	222,849,303
Sales Representatives	213,429	505,287
Private Sector Organizations	6,476,051	6,570,393
Forces	355,256,541	265,912,261
Franchise Osusalas	27,135,345	31,470,604
Authorized retailer	5,614,227	3,723,110
Hospitals- Government	52,381,041	70,799,244
Hospitals- Private	3,755,308	3,978,586
Government Dept. & Corporations	24,015,557	24,184,216
Other Debtors	223,884	318,907
Total	700,519,973	630,311,911
STAFF LOANS		
Staff Loan	65,061,019	64,191,254
Total	65,061,019	64,191,254
OTHER STAFF ADVANCES		
Cycle Loans	54,617	88,430
Festival Advance	1,025,495	1,115,525
Seva Vanitha	(255)	(255)
Total	1,079,857	1,203,700
DEPOSITS AND ADVANCES		
General Advance	3,981,666	2,025,041
Total	3,981,666	2,025,041
OTHER RECEIVABLES & RECOVERABLE		
General Treasury - OD Int Reimbursement	-	399,745,407
Sundry Debtors	7,133,397	6,272,677
Insurance Claim Receivables	11,121,543	11,726,967
Total	18,254,940	417,745,051
TOTAL DEBTORS AND OTHER RECEIVABLES	3,871,086,402	9,860,957,852

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2014

PREPAYMENTS	NOTE 20	
	2014 RS.	2013 RS.
Pre- Payments	7,210,727	6,502,384
Employee Security Investments	437,486	433,886
Deposits - Postal Franking Machine	683,807	399,829
Pre paid Staff Expenses	3,869,306	6,261,666
Advance Payments to Port Authority	1,238,779	1,332,320
Miscellaneous Deposits	12,696,255	8,900,462
Container Deposits - SPC	1,608,929	1,589,500
Container Deposits - DHS	10,219,145	7,527,500
Total	37,964,434	32,947,548

CASH IN HAND AND AT BANK	NOTE 21	
	2014 RS.	2013 RS.
People's Bank A/C 90210892	6,189,726	408,748,516
People's Bank A/C 90210934	25,000	17,047,540
Commercial Bank A/C -10263	1,072	896,672
Bank of Ceylon A/C -1438	8,973,059	357,057,456
Bank of Ceylon A/C -1425	7,653,261	377,368,673
Bank of Ceylon A/C -1435	41,417,608	
Standard Chartered Bank A/C 1171968 01	2,978,023	3,076,442
Sampath Bank A/C 3002 3739	-	580,750
People's bank A/C -90210929	91,469,960	
Commercial bank A/C -50401	8,183	23,558
Investments		
Repurchase Agreements - B.O.C & P.B	600,000,000	
Treasury Bill - Credit Insurance Scheme	34,041,405	27,571,746
Treasury Bill - Supplier Convention	8,510,913	7,843,589
Petty Cash Impress - Control	448,550	451,878
Total	801,716,760	1,200,666,819

DEFERRED LIABILITIES	NOTE 22	
	2014 RS.	2013 RS.
EMPLOYEE RETIREMENT GRATUITY		
Gratuity opening balance	133,088,346	94,248,566
Gratuity charges for the year	39,848,088	15,594,801
Actuarial Gain /Loss	212,044,242	31,573,801
Benefit paid/ payables during the year	-12,760,880	-8,328,821
Total	372,219,796	133,088,346

The principal actuarial assumptions used were as follows,

Discount %	6.00%
Future salary increase % (average)	12.90%
Retiring age	60 Years

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2014

The amounts recognized in the Income Statement are as follows,

	NOTE 22a	
	2014	2013
	RS.	RS.
Current service cost	32,552,518	8,388,347
Interest charges for the year	7,295,570	7,206,453
Gratuity include in the staff cost	39,848,088	15,594,801
Actuarial gain/loss - OCI	212,044,242	31,573,801
Total	251,892,331	47,168,601

DEFERRED TAX ASSETS/ LIABILITIES

	NOTE 23	
	2014	2013
	RS.	RS.
Differed tax liability	64,466,973	62,979,533
Differed tax Assets	(104,221,543)	(37,264,737)
Opening SLFRS Deferred Tax Liability	39,754,570	25,714,795

TRADE AND OTHER PAYABLES

	NOTE 24	
	2014	2013
	RS.	RS.
Accrued charges & provision	122,616,882	97,979,538
Creditors control	576,882,678	493,547,865
Special order advance	982,510	982,510
Security deposits	534,423	505,823
Salaries control	3,851,011	1,964,344
Bank bills payable - SPC	148,221,763	233,894,775
Bank bills payable - DHS	1,233,140,594	2,686,075,329
Interest on cash security deposits	18,130	33,455
Tender deposits	509,550	1,563,009
Loans & other recoveries (staff)	14,607,196	5,869,970
P.A.Y.E	102,465	
Welfare fund	725,553	94,939
Cash Deposit in lieu of Bank Guaranty	4,407,250	3,027,200
Value added tax	128,619,929	123,849,167
E Channeling control A/c	(25,556)	(25,556)
Total	2,235,194,379	3,649,362,369

CURRENT FINANCIAL LIABILITIES

	NOTE 25	
	2014	2013
	RS.	RS.
Bank of Ceylon A/C -1435	-	2,165,969,376
Bank of Ceylon A/C -70556680	28,238,340	7,731,462
People's bank A/C -90210929	-	3,997,385,256
Commercial bank A/C -150701	50,500,698	83,267,007
Total	78,739,039	6,254,353,100

**STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2014**

NOTE 26

CAPITAL

There is no change in the Authorized Capital during the year ended 31st December 2014

CONTRIBUTED CAPITAL

Contributed Capital is made up by government grants amounting to Rs 59,055,258 as at 31 Dec 2014.

NOTE 27

LIABILITIES AND PROVISIONS

The following legal cases are pending as of 31st December 2014, and the Corporation has been advised by the legal council that it is only possible, but not probable that the action will succeed. Accordingly no provision has been made in these financial statements.

27.1. Contingent liabilities

27.1.1 The Corporation is a defendant in four Cases where legal actions instituted by stakeholders of entities involved, claiming Rs 769,825 with legal interest. These cases are being contested by the corporation and no provision has been made in the financial statements.

27.1.2 SAS Pharmaceuticals - Case No. 7078 M

This Case has been filed against S A S Enterprises, one of Distributors who has defaulted in settling claim of Rs 769,825.00 due to the Corporation. District Court judgment was given in favour of “SPC” but SAS Enterprises has referred the case to the Appeal Courts against the decision of District Court.

27.1.3 Rainn kumar - HC ARB 111/98

A letter of demand has been sent by Mr Senaviratne Attorney – at – law on behalf of Mr Rainn kumar against the decision of black listing Meaars Pharma. The Corporation has referred this matter to the Attorney General’s Department.

27.1.4 W.A.S Wickramarachchi – CA/WRIT/105/2013

A petition was filed by former D.G.M (Procurement & Imports) to quash the decision for the demotion of the petitioner.

27.1.5 Arbitration – Pure Pharma Ltd vs SPC

Base on the quality failure reports procurement committee has cancelled the balance quantity of 310,000 packs of Paracetamol ordered from M/S Pure Pharma (pvt) Ltd. Pure Pharma has been referred the above matter for arbitration and the arbitration was fixed.

27.2 The corporation is a plaintiff in one Case claiming Rs 3,863,609.77 with legal interest for the damages.

27.2.1 Osusala – Negombo - Case No.B2666/10

Rs. 3,863,609.77 Cash loss reported at Rajya Osusala Negombo as a result of misappropriation of Osusala Funds by the Cashier. This contingent asset was not recognized in the financial report as the realization was not certain.

27.3 Financial Commitments

Document credit established for purchases of pharmaceuticals as at 31.12.2014 amounts to Rs. 4.984.9m

NOTE 28

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Corporation's principal financial liabilities comprise of borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Corporation's operations. The Corporation has trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Corporation is exposed to credit risk and liquidity risk. The Corporation's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Credit risk

Trade receivables

Customer credit risk is managed by each business unit.

	2014	2013
SPC	Rs. 700,519,973	Rs. 630,311,911
DHS	Rs. 3,082,188,947	Rs. 8,745,480,896

The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The Corporation obtains bank guarantees as security. In addition, a premium is charged from clients who wish to buy on credit in excess of the bank guarantee limit.

Liquidity risk

The Corporation's objective is to maintain a balance between continuity of funding and flexibility through the use of bank. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Year ended 31 December 2014:	(Rs)	Maturity
Interest-bearing loans and borrowings	78,739,039	OD – Payable on demand
Trade and other payables	235,194,379	Usually 03 months
Year ended 31 December 2013: (Rs)		Maturity
Interest-bearing loans and borrowings	6,254,353,100	OD – Payable on demand
Trade and other payables	3,511,287,251	Usually 03 months
	2014	2013
	Rs.	Rs.
Interest-bearing loans and borrowings	78,739,039	6,254,353,100
Trade and other payables	2,235,194,379	3,511,287,251
Less: cash and short-term deposits	(801,716,760)	(1200,666,819)
Net debt	1,512,216,658	8,564,973,532
Equity		
Capital and net debt	5,907,862,276	12,708,496,994
Gearing ratio	0.74	0.33

NOTE 29

RELATED PARTY TRANSACTIONS

29.1 Transactions with State and State Controlled Entities

In the normal course of its operations, the Corporation enters into transactions with related parties. Related parties include the Government of Sri Lanka (State: as the ultimate owner of the Corporation), various government departments, and State controlled entities. Particulars of transactions, and arrangements entered into by the Corporation with the State and State controlled entities which are individually significant and for other transactions that are collectively, but not individually significant are as follows:

Nature of the Transaction	2014	2013
Transactions:	Rs.	Rs.
Sales -	18,052,869,448	17,453,284,737
Outstanding Balances:		
Receivable from Medical Supplies Division	3,082,188,947	8,745,480,896
Receivable from Forces	355,256,541	265,912,261
Receivable from Government hospitals	52,381,041	70,799,243
Receivable from Other Government Institutions	24,015,557	24,184,215

29.2 Key Management Compensation

The Corporation's key management personnel include the Board of Directors, Minister of Health Sri Lanka and the Secretary to the Ministry of Health Sri Lanka.

	2014	2013
	Rs.	Rs.
Short term employment benefits	5,743,870	5,155,860

NOTE 30

EVENTS AFTER THE BALANCE SHEET DATE

All the material events after the balance sheet date have been considered and appropriate adjustment and disclosures have been made in to the financial statement, where necessary.



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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



HM/A/SPC/FA/2014/11

12 November 2015

මගේ අංකය
எனது இல. }
My No. }

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உமது இல. }
Your No. }

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திகதி }
Date }

The Chairman
State Pharmaceuticals Corporation of Sri Lanka

Report of the Auditor General on the Financial Statements of the State Pharmaceuticals Corporation of Sri Lanka for the year ended 31 December 2014 in terms of Section 14(2) (c) of the Finance Act, No. 38 of 1971

The audit of financial statements of the State Pharmaceuticals Corporation of Sri Lanka for the year ended 31 December 2014 comprising the statement of financial position as at 31 December 2014 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 29 of the State Industrial Corporations Act, No. 49 of 1957. My comments and observations which I consider should be published with the Annual Report of the Corporation in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was issued to the Chairman of the Corporation on 08 July 2015.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

අංක 306/72, පොල්දඬු පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව, . - இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை. - No. 306/72, Polduwa Road, Battaramulla, Sri Lanka

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www.auditorgeneral.gov.lk



1.3 Auditor's Responsibility

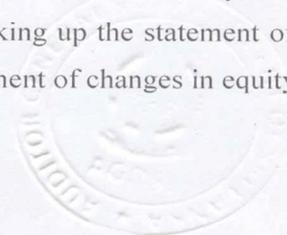
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000 – 1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements 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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.4 Basis for Disclaimer of Opinion

As a result of the matters described in paragraph 2.2 of this report, I am unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded items and the elements making up the statement of financial position, statement of comprehensive income, statement of changes in equity and cash flow statement.





2. Financial Statements

2.1 Disclaimer of Opinion

Because of the significance of the matters described in paragraph 2.2 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Accounting Standards

The employees pensions benefits liability had not been valued by an Actuarial Valuer in terms of Sri Lanka Accounting Standard No. 19 and a Fund had not been established for the provisions made for employees gratuity.

2.2.2 Accounting Deficiencies

The following observations are made.

- (a) A sum of Rs.2,973 relating to the year under review included in the interest income had been understated and a sum of Rs.1,376,490 relating to the ensuing year had been included in the interest income shown in the financial statements. As such, the interest income on investment and the value of other debtors had been overstated by Rs.1,373,517 and Rs.1,376,490 respectively.
- (b) The stock of drugs had been understated by Rs.49,572 and stationery and stocks in transit had been overstated by Rs.240,750 and Rs.2,289,580 respectively as at 31 December of the year under review.



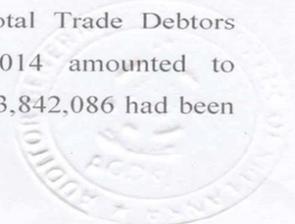


- (c) A stock of equipments belonging to the Corporation had been handed over to the Army in November 2014. However, no action had been taken to identify the cost and accumulated depreciation relating thereto and eliminate from the accounts.
- (d) The value of container deposits and the Value Added Tax payable had been overstated by Rs.739,661 and Rs.566,982 respectively and the value of clearance expenditure had been understated by Rs.172,679 in the financial statements due to a classification error.
- (e) In the computation of the value of sales of drugs issued for the Medical Supplies Division, a sum of Rs.29,103,838 relating to the year under review had not been included in the sales of the year due to non-issuing of debit notes during the year itself relating to customs duty which should be included as the cost. Moreover, a sum of Rs.342,728,037 relating to the year 2013 and preceding years had been shown as sales of the year under review. As such, the value of sales shown in the financial statements had been overstated by Rs.313,624,199. However, action had been taken to issue debit notes relating to customs duty during the year itself from June 2014.
- (f) Even though it had been computed that a damage valued at Rs.30,037,288 had occurred to the Corporation due to a fire that broke out in the ground floor of the Corporation on 6 September 2014, action had not been taken to disclose or make necessary adjustments thereon in the financial statements.

2.2.3 Accounts Receivable and Payable

The following observations are made.

- (a) According to the financial statements presented, the total Trade Debtors balance of the Corporation as at 31 December 2014 amounted to Rs.3,782,708,920 out of which, 92.89 per cent or Rs.3,513,842,086 had been





debts receivable from the Government and the Semi – Government Institutions. Further, out of those Trade Debtors, a sum of Rs.3,082,188,947 or 81.84 per cent had been due from the Medical Supplies Division and out of that, the total loan balances older than 05 years amounted to Rs.604,962,927. The age analysis relating to the balance value had not been made available to audit due to non-reconciliation of the Medical Supplies Division with the debtors balance.

- (b) Even though the cash should be settled within 30 days to 45 days for sales on credit according to the policy of the Corporation, out of the balance of Rs.700,519,973 receivable from the private, Government and Semi-Government institutions except the Medical Supplies Division, the debtors balance older than one year and 05 years amounted to Rs.20,024,110 and Rs.12,380,842 respectively.
- (c) The value of drugs amounting to Rs.867,080,605 of which the payments had been rejected by the Medical Supplies Division relating to the period from the year 2003 to 31 December of the year under review, could not be reimbursed from the relevant supplier.
- (d) The container deposits totalling Rs.4,825,500 recoverable from the year 2007 to the year 2013 had not been recovered even by May 2015.
- (e) Out of the insurance claims for the stocks of damaged drugs totalling Rs.11,121,578 relating to the period from the year 2003 to the year under review, it was observed in audit that there was an uncertainty in recovering balances totalling Rs.5,041,314 relating to the preceding years. This situation had arisen due to failure in identification and settlement of old receivable balances existing in the Insurance Claim Account.





2.2.4 Lack of Evidence for Audit

The evidence relating to the confirmation of the debtors balances totalling Rs.54,454,036 of 262 trade debtors and Rs.3,082,188,947 of the Medical Supplies Division and creditors balance totalling Rs.272,751,718 of 160 trade creditors had not been made available to audit.

2.3 Non-compliance with Laws, Rules and Regulations

A Register of Fixed Assets had not been maintained in terms of the Treasury Circular No.842 of 19 December 1978.

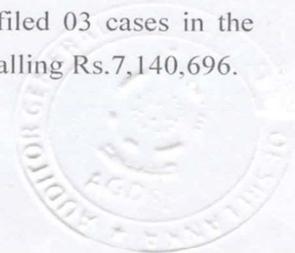
3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Corporation for the year ended 31 December 2014 had resulted in a net profit of Rs.741,553,839 as compared with the corresponding net profit of Rs.762,992,143 for the preceding year thus indicating a decrease of Rs.21,438,304 in the net profit of the year under review as compared with the preceding year. The increase in donations by 143 per cent, overdraft interest by 10713 per cent, foreign travel expenses by 240 per cent and initial expenses by 115 per cent had specially attributed to this decrease.

3.2 Legal Action instituted against or by the Corporation

External institutions and officers had filed 04 cases in the Courts against the Corporation in connection with the breach of fundamental rights relating to award of Tenders, demotion from post and blacklisting etc. The compensation claimed in that connection amounted to U.S.\$ 948,759. The Corporation had filed 03 cases in the Courts against 03 external institutions claiming compensation totalling Rs.7,140,696.



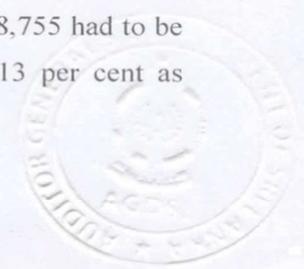


4. Operating Review

4.1 Operating Inefficiencies

The following observations are made.

- (a) It was observed at the audit test check carried out in respect of purchase of drugs that a total of Rs.118,268,280 should have been recovered from suppliers by 31 December of the year under review for drugs rejected due to supply of substandard drugs relating to Indent Nos. DHS/(c)SU/172/194K/08-09, DHS/SU/180/974JP/08-09, DHS/MG/221/12, DHS/SN/153/2014, DHS/RMT/55/2014, DHS/LWW/001/049/MBD/2012, DHS/JA/320/2010, DHS/SKW/62/5/2011, DHS/P6/49/2012, DHS/SH/89/2010.
- (b) A sum of Rs.3,601,920 as rent for stores and a sum of Rs.9,539,227 as expenses on destruction of stocks had been paid in the year under review for 02 buildings taken on rent for storing expired drugs and surgical equipments with problematic labels. It was observed in audit that these expenses had to be incurred due to lapse of a long period for disposal of expired stocks.
- (c) The Corporation had failed to supply 332.02 million units of 103 items of drugs ordered for the year under review by the Medical Supplies Division out of which, the quantity not supplied in respect of 38 items of drugs for which no supplies whatsoever had been made, amounted to 38.96 million units.
- (d) The Corporation had obtained Bank overdrafts facility and as such, the overdraft interest incurred in the year under review amounted to Rs.328,659,292. Even though these overdraft interest incurred from the year 2012 to April 2014 had been reimbursed by the General Treasury, that reimbursement had been stopped from May 2014. As such, the Corporation had to incur the total interest on overdraft from May of the year under review. As a result, out of the expenditure on overdraft interest of the year under review, a sum of Rs.149,658,755 had to be incurred by the Corporation and that was an increase of 10,713 per cent as





compared with the preceding year. Had the Corporation incurred the total expenditure on overdraft interest amounting to Rs.328,659,292 for the year under review, it was observed in audit that the pre-tax profit of the year under review would have decreased up to Rs.562,553,302.

- (e) A stock of 12,700 Tender documents books had existed in the stores as at 31 December 2014 and a large amount of that stock had become unusable due to revision of Conditions of Tenders by the Corporation. Those stocks had existed due to printing of a large number of books at once exceeding the requirement and the value of the unusable books had not been made available to audit.
- (f) According to the age analysis of Goods in Transition Account, stocks valued at Rs.166,748,920 existed as stocks in transit for over a period of six months and out of that, stocks valued at Rs.39,669,119 existed as stocks in transit for over a period of one year. It was observed in audit that those stocks existed as stocks in transit due to delay in issuing relevant debit notes.
- (g) The value of provisions for doubtful debts amounted to Rs.523,933,159 and it was an increase of 28.49 per cent as compared with the preceding year. Provisions for doubtful debts valued at Rs.135,196,742 existing for over a period of 10 years included in the debtors balance of the Medical Supplies Division had been made in the year under review and recovery of these debts was at a weak level.
- (h) The particulars of the activities of Osusala Outlets during the year under review and the 04 preceding years were as follows.

	2014	2013	2012	2011	2010
	-----	-----	-----	-----	-----
Number of Osusala Outlets in operation	33	31	28	25	25
Turnover Rs. Millions	2,594.3	2,360.2	2,185.9	1,974.8	1,840.2

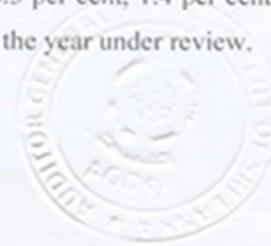




Purchases – Local, Rs.Million	1,355.9	1,246.9	1,189.8	963.3	918.7
Purchases – Imported, Rs.Million	844.8	729.3	718.4	678.8	683.7
Profit Earned - Rs.Million	113.8	110.9	134.1	102.6	96.6
Number of Osusala Outlets Incurred Losses	23	15	10	09	06
Loss Incurred –Rs.Million	41.9	20.7	8.1	7.2	7.0

The following observations are made.

- (i) The corporation had 33 Osusala Outlets including the 03 newly opened outlets during the year under review and 23 Osusala Outlets had sustained losses totalling Rs.41,958,679 and 10 Osusala Outlets had earned profits of Rs.113,887,183. As such, the entire operation of Osusala Outlets had earned net profits of Rs.71,928,504 and as compared with the profit of Rs.90,288,620 received in the preceding year, it was a decrease of Rs.18,360,116 representing 20.3 per cent.
- (ii) The Osusala Outlets at Avissawella, Hambanthota, Ampara, Karapitiya, Jaffna, Polonnaruwa and Piliyandala had sustained losses amounting to Rs.6,233,818 and Rs.11,647,708 continuously in the years 2012 and 2013 respectively. The loss of Rs.12,959,025 sustained by those 07 Osusala Outlets in the year under review represented 30.88 per cent of the overall loss sustained in the year under review and that was an increase of 11.3 per cent than the loss sustained in the year 2013.
- (iii) Nugegoda Osusala Outlet which had been maintained with a profit margin less than even one per cent since the year 2011, had sustained losses amounting to Rs.2,186,964, which was 3 per cent in the year under review. In addition, even though the Osusala Outlets at Rathnapura, Panadura, Galle and Badulla had earned profits of 5.15 per cent, 0.72 per cent, 1.74 per cent and 0.47 per cent respectively in the year 2013, losses of 2.6 per cent, 6.3 per cent, 1.4 per cent and 1.4 per cent had been sustained by those outlets in the year under review.





(iv) The Osusala Outlet at Colombo 01 had granted credit facilities amounting to Rs.17,702,791 to 07 debtors exceeding the approved credit limits.

4.4 Identified Losses

The following observations are made.

- (a) The Corporation had sustained a loss of Rs.30,037,288 due to a fire that broke out in the ground floor of the Corporation on 06 September 2014 and the responsible party thereon had not been identified up to the date of audit. Moreover, the insurance corporation had agreed to pay an advance of Rs.3,000,000 for that loss.
- (b) The Corporation had sustained a loss of stock valued at Rs.62,885,911 in the year under review including drugs valued at Rs.20,591,727 imported for sale of the Corporation and the drugs valued at Rs.42,294,184 imported for sale of the Medical Supplies Division due to reasons such as failure in quality test and expiration of drugs.
- (c) Out of the drugs imported by the Corporation from the year 1996 to the year under year review, drugs valued at Rs.198,999,856 had become unsaleable. The value of the above stock according to the stock verification reports amounted to Rs.134,392,373, thus indicating a difference of Rs.64,607,483. Out of that difference, explanations for the values of Rs.27,851,453 had been made available to audit and a further difference of Rs.36,756,030 existed. As such, the possibility of unsuitable stocks reaching the market again due to the physical non-existence of damaged drugs cannot be ruled out in audit.





4.5 Personnel Administration

The following observations are made.

- (a) The approved cadre as at 31 December 2014 had been 970, comprising 127 in executive grades, 621 in non-executive grades and 222 in minor grades and the total vacancies as at that date amounted to 116 comprising vacancies in 09 executive grades, 88 in non-executive grades and 19 in minor grades.
- (b) Four officers of the Corporation had been appointed on acting basis for periods ranging from 01 year to 05 years contrary to paragraph 13 of Chapter II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka - 2013.

5. Accountability and Good Governance

5.1 Action Plan

In the examination of the progress in respect of fulfilling the activities included in the Action Plan, 03 activities of the Marketing Division, one activity of the Technical Laboratories and Production Division and one activity of the Human Resources Division had not been fulfilled as at the end of the year under review.

5.2 Budgetary Control

Variances ranging from 12 per cent to 75 per cent were observed between the budgeted income and expenditure and the actual income and expenditure for the year under review thus indicating that the budget had not been made use of as an effective instrument of management control.





6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Corporation from time to time. Special attention is needed in respect of the following weaknesses in the areas of control.

- (a) Fixed Assets Control
- (b) Stock Control
- (c) Debtors and Creditors Control
- (d) Procurements
- (e) Human Resources Management
- (f) Budgetary Control

W. P. C. Wickramaratne
Acting Auditor General



Auditor General
Auditor General's Department
No. 306/72 Polduwa Road
Battaramulla

Report of the Auditor General in terms of Section 14 (2) (c) of the Finance Act No. 38 of 1971 on the Financial Statements of the State Pharmaceuticals Corporation for the Year which Ended on 31 December 2014

Replies and Explanations by the State Pharmaceuticals Corporation

2 Financial Statements

2.2 Comments on the Financial Statements

2.2.1 Accounting Standards

I agree with the observation.

It is not compulsory to get an Actuarial Valuer to assess the value of the pension benefits and to create a fund but optional as per Sri Lanka Accounting Standard LKAS 19. It is something for the management to decide. However, the Corporation has had an Actuarial Valuer assess the value of the pension benefits of employees of the Corporation and accounted it since 2015 as per Standard 19.

2.2.2 Accounting Deficiencies

(a) Investments and Interest on Investments

These investments, which amount to Rs. 3,546,035.00, had matured on 26 December 2014. Amount of interest of the Statement of Accounts for 2014 had been accounted under Other Debtors as receivable interests. This has been rectified by re-investing together with the interest for 2015.

(b) Action has been taken in 2015 to rectify this error, which occurred while recording.

(c) These goods are tables, chairs and scrap materials which have accumulated over a long time, have fully depreciated and have no net book value. The Fixed Assets Register is available in detail for the past fifteen years or so and the assets prior to that period appear as an opening balance. Therefore, it is difficult to identify the cost and accumulated depreciation of each item.

As a remedy for this, furniture and office equipment have been revalued as at 31 December 2015 and a new Fixed Assets Register has been prepared for accounting purposes.

(d) This classification error, which has occurred in the Container Deposits Account, has been rectified in March 2015.

(e) This situation had arisen due to the shortcomings that prevailed in the overall process then existed pertaining to the supplies delivered to the Medical Supplies Division. However, this situation has been directed towards a new methodology since June 2014 using the new computer system, which was introduced by the Medical Supplies Division. As such, action will be taken to issue a single debit note to the Medical Supplies Division together with the custom duty, the cost, the cargo charge and the service charge.

(f) The value to the tune of Rs. 30,037,288.00 you had stated was an estimated value of the destroyed goods submitted to the Sri Lanka Insurance Corporation and the net book value of the destroyed goods has been presented as a note to the Financial Statements.

2.2.3 Accounts Receivable and Payable

(a) I agree with this observation.

The debtor balances older than 5 years shown in the information on payments received from the Medical Supplies Division remain as they had been. The Medical Supplies Division has not provided us with information pertaining to the year 2014 in respect of 7.3 billion rupees to date. Because of this, it has not been possible to prepare the time analysis as well.

- (b) The present status of the debtor balance of Rs. 20,024,110.00 older than one year is as follows:
The present balance of debts older than five years contained in the above amount is Rs. 12,275,820.00, of which the value of those referred for legal measures is Rs. 10,440,050.00. The balance of the remaining Rs. 7,476,034.00, which is made up of debts between one and five years old, is Rs. 5,906,004.00. Action is being taken to recover these balances as well.
- (c) The present status of the Rs. 867,080,605.00 which the Medical Supplies Division refused to pay (deducted) is as follows:
Analysis pertaining to Rs. 326,967,458.00 has been completed by now and the amount recovered out of it from suppliers (including re-supplies) stands at Rs. 130,564,112.00. The sum of money which cannot be recovered/ which is due to be recovered is Rs. 159,206,196.00. The sum deducted in excess by the Medical Supplies Division is Rs. 51,766,006.00.
The remaining Rs. 525,544,291.00 is still being analyzed.
Action will be taken to analyze this value further and clear it and to recover the amounts receivable from suppliers.
- (d) Out of the value of Rs. 4,825,500.00 shown by the audit, a sum of Rs. 805,000.00 has been recovered later.
Deposit charges are paid every year in respect of a large number of containers. However, closing down or change of address occur in the case of some shipping agent companies which are supposed to refund the deposits, while deductions from the deposits are effected by some companies stating various reasons. When it comes to medical supplies, empty containers cannot be cleared and surrendered within a very short time as the operation pertaining to the clearing of containers, handing them over to the relevant institutions and get them released is a complex one. It takes long to resolve the issues that crop up due to unexpected incidents stated above during this period.
- (e) I agree with the audit observation.
Insurance claims amounting to Rs. 3,172,188.00 have been recovered by now out of the old claims of Rs. 5,041,314.00 pertaining to the period from 2003 to 2012. Action will be taken to refer the old insurance claims to the Audit Committee and take relevant action.
However, when working with regard to insurance claims, there occur instances when all the referred claims cannot be recovered 100% due to difficulties that arise in tackling various technical matters raised on the part of the insurer. The value shown is the sum of those amounts that remained not settled during the long stretch of time from the year 2003 to the year under review and not cleared due to disputes. Maximum effort is made whenever possible on the part of the Corporation to resolve these disputes.

2.2.4 Lack of Evidence for Auditing

Letters confirming balances have been sent to all debtors through the Government Audit Division. It has been stated in the letter that our balance would be deemed correct if they do not verify the balance before the specified date.

However, the total of the balances remaining out of the Rs. 54,454,036.00, which is the total trade debtors unconfirmed, is Rs. 24,474,902.00. The value pertaining to the debtors, which has been referred for legal measures, is Rs. 10,440,050.00. This includes also the Rs. 9,179,967.00 payable by the Medical Supplies Division for the supplies to Parliament.

Letters confirming balances for all trade creditors have also been sent to creditors through the Government Audit Division.

2.3 Non Compliance with Laws, Rules and Regulations

Although there have been certain shortcomings, we have correct Fixed Assets Registers in our possession.

Freehold lands	Fixed Assets Registers are available.
Buildings	Fixed Assets Registers are available.
Vehicles	Fixed Assets Registers are available.
Motorbikes	Fixed Assets Registers are available.

Machinery and Plant	Fixed Assets Registers are available.
Wooden items and Fixtures	Available in details for about 15 years and as an opening balance for the period before that.
Equipment	Available in details for about 15 years and as an opening balance for the period before that.
Computers	Available in details for about 15 years and as an opening balance for the period before that.

The Wooden items and Fixtures of the Corporation have been given in the Fixed Assets Register in detail for about 15 years in the past while it is given as an opening balance for the period prior to that. Therefore it is difficult to identify their item-wise cost.

As a remedy for this, the furniture and office equipment have been re-valued as at 31 December, 2015 and a new Fixed Assets Register had been prepared.

3. Financial Review

3.1 Financial Outcomes

Reasons for the increase of expenditure in the year under review as against the previous year:

Donations	143%
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Donations have increased this year compared to the previous year as stocks of certain slow-moving essential pharmaceuticals were donated to several government hospitals.

Interest on the Bank Overdraft	10,713%
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The interest of the Corporation's bank overdraft, which the Corporation had to obtain for securing pharmaceuticals supplied to the Medical Supplies Division, was reimbursed by the Treasury 100% and the Treasury stopped this in June 2014. After that the Corporation had to bear the cost for interest on overdrafts. As a result, the interest on bank overdrafts has increased in 2014 by 10,713% compared to that in 2013.

Foreign Travel Expenses

Two officers have made official visits in 2013 while the number of officers who made official foreign visits was five in 2014, resulting in this increase.

Start-Up Expenditure

As Rajya Osusala sales outlets in Fort, Borella and Ambilipitiya were started in the year 2014, the start-up expenditure has increased by 115% compared to the previous year.

3.2 Legal Actions Commenced against or by the Corporation

I agree with the audit observation.

It is not possible to prevent disputes at all times in commercial operations when running an organization. Therefore, suing and being sued occurs in resolving such disputes in law.

4. Operational Review

4.1 Operational Inefficiencies

(a) Action has been taken towards recovery from a supplier in respect of the rejected pharmaceuticals mentioned. Action is being taken as per the advice of the Attorney General to take legal action for the values which could not be recovered. The present status in this regard is as follows:

- Arbitration Notice was sent on 16 May 2016 for the arbitration in respect of Indent No. DHS/(C)SU/172/194K/08-09 to the supplier and the local agent by registered post.

- The documents requested by the State Counsel pertaining to Indent No. DHS/SU/180/974JP/08-09 at the legal discussion has been sent and a reminder has been sent on 1 April 2016.
- The matters relating to the sums of US \$ 220,622.00 and US \$ 89,699.71 payable to the Corporation under Indents No. DHS/MG/221/12 and No. DHS/SN/153/14 respectively will be referred to the Board of Directors to blacklist the suppliers concerned and to take legal action for the recovery of the sums concerned.
- Documents pertaining to Indent No. DHS/RMT/55/2014 have been sent to the Attorney General's Department for legal advice.
- The sum of US \$ 1,320.00 which should be recovered for the Corporation in respect of Indent No. DHS/LWW/001/049MBD/2012 is a late charge that had to be paid to the Sri Lanka Ports Authority. The A. Baur and Company, the local agent of the supplier, has paid that amount from the 10% retained payment pertaining to an order they had delivered.

Further, the Medical Supplies Division has accepted the stock pertaining to the sum of Rs. 1,260,584.04, which is the value of the stock rejected by the Medical Supplies Division, through a re-supply, i.e. one delivered on 16 December 2016.

- The contract agreement pertaining to the transaction requested by the Attorney General's Department on 12 January 2016 pertaining to Indents numbered DHS/SKW/625/2011, DHS/JA/320/2010, DHS/SH/89/2010 and DHS/P6/49/2012 was sent to the Attorney General's Department on 14 January 2016 and a reminder has been sent on 1 April 2016 in order to learn the future action in this regard.

- (b) It has not been possible to complete the disposal within a short time as it takes some time to fulfil the procedural and legal requirements in disposing the stocks of items proved to have been low in quality.

Approval of the Board of Directors has been received to destroy the stocks of the items proved to have been low in quality available in the V.V. Karunaratna Stores and the stocks concerned have been presented to the Geo-Cycle Lanka Limited, which is the only organization operating in Sri Lanka who undertake to do it. In addition, the company accepts the stocks in quantities that they can manage, rather than the whole stock. The Corporation has had to keep these items securely until they are accepted to be destroyed.

The length of time taken in disposing is caused by causes beyond the direct control of the Corporation.

- (c) I agree with the audit observation.

When analyzing each of the items in the list pertaining to the audit observation, it has been noticed that the delay has been caused by:

lack of minimum length of time necessary for purchasing between the date on which the request is made to deliver the order and the date on which the order is delivered; changing the timeframe for the supply of the order as appearing on the original order sent by the Medical Supplies Division or sometimes postponing till the following year (2015); having to call tenders repeatedly at times due to the technical issues that have arisen in procedures for purchasing; having to call tenders repeatedly due to lack of bidders responding to tender invitations and/or absence of any bidder at all; disputes on the part of suppliers; and delay in delivery etc. Having identified these facts, a course of action has been implemented to hold stock review meetings together with the Medical Supplies Division every week in order to prevent such circumstances.

- (d) I agree with this observation.

However, I wish to point out that since bank overdrafts have been necessitated by the non-receipt of payments for supplies made to the Medical Supplies Division, matters consequential to it are also beyond the Corporation's control.

- (e) I agree with the audit observation.

It appears that a large stock of books have been ordered at once considering the cost advantage. However, I wish to inform that proper care will be taken in future as this loss could have been prevented if good care had been taken regarding the need.

- (f) Local agents of suppliers are assigned to label the items for reasons such as shipping some of the pharmaceuticals and instruments without labelling at times. Debit notes are not issued until this process is carried out and items are handed over to the Medical Supplies Division and the items are treated as stocks in transit. This is a situation that is beyond our control to a great extent, which is inevitable in the supply process.
- (g) It is based on accounting principles and Accounting Standards that the provision of Rs. 523,933,159.00 has been allocated for debtors in the medical supplies sector. 95% of these recoverable balances are values due from the Medical Supplies Division.

4 Operational Review

4.1 Operational Inefficiencies

We agree with the audit observations made with regard to the overall net profits and the profits and losses from the Rajya Osusala sales outlets in the year under review and in the year before that. Attention can be focused on several special points in considering the functioning of the Rajya Osusala sales outlets in the year 2014, too. They are as follows:

1. Prices of pharmaceuticals have remained stable. (A new price formula consisting of only a limited value for pharmaceuticals has been introduced.)
 2. Salary revision caused escalation of employee salaries.
 3. Electricity bill has gone up as the Rajya Osusala sales outlets have been renovated with air-conditioning facility to make it more convenient for consumers.
 4. Expenditure has increased because of the start-up expenditure of the Rajya Osusala sales outlets opened at the Fort Railway Station premises, at the premises of the Lady Ridgeway Hospital for Children and in Ambilipitiya in July 2014, August 2014 and September 2014 respectively.
- II. Steps have been taken to establish the branches referred to, inform consumers and identify weaknesses such as inadequacy of facilities and give remedies. A few of the branches cited have turned to a state of profit-making or minimizing the losses with the introduction of such remedies.
- III. I agree with the audit observations.

Arrangements have been made to identify the shortcomings in these Osusala branches and take the necessary remedial actions.

- IV. Efforts have been taken to supply pharmaceuticals to debtors so that the approved credit limits are not surpassed at all times. However, there have been instances in which pharmaceuticals had to be supplied exceeding the credit limits when supply is needed by certain organizations in emergencies.

In our service through Rajya Osusala sales outlets, we have to retain the customers with the Rajya Osusala and cater to their needs acting with trust in order to give them a good service.

As most of the debtors referred to above are state or semi-governmental organizations, the Manager has taken the responsibility and acted with the trust that the amounts due will be duly paid.

Instructions have been issued to the managers of the Rajya Osusala sales outlets in Colombo 01 and Colombo 07 to ensure that when drugs are issued to debtors, it is issued well within the credit limits.

4.4 Identified Losses

- (a) The value to the tune of Rs. 30,037,288.00 is the estimated value of the destroyed goods which was presented to the Sri Lanka Insurance Corporation, of which the Sri Lanka Insurance Corporation has paid an advance payment of Rs. 3,000,000.00 by now. We have been informed to get the damage reimbursed and submit the bill for settling the balance.
- (b) Pharmaceuticals worth 19.5 million rupees imported for selling in the open market in the year 2014 have failed in quality. A sum of fourteen million rupees of this value has already been reimbursed and the supplier has agreed to pay a further sum of Rs. 251,350.00. Accordingly, a sum of Rs. 5,128,399.52 has to be recovered and we are working to do it.

Our Corporation does not have a responsibility in respect of the expiry of pharmaceuticals imported to the Medical Supplies Division. The supplies are delivered according to their requests. Action is taken to recover and settle the losses pertaining to the pharmaceuticals which fail in quality.

- (c) Stocks that have been identified during the annual stock taking as those which have expired, failed in quality or got damaged are accounted as untradeable stocks. If the suspended stocks from among such untradeable stocks are recommended as suitable for sale after the relevant quality inspections, such items are released to the market. At the same time, action is taken to return some items to the suppliers while other items are destroyed.

Once the Accounts Division receives the documents pertaining to the above-mentioned instances, relevant adjustments are made. When looking into the difference in stock which has been pointed out, inspections were carried out as to whether the Accounts Division had not received the document pertaining to the instances referred to. It was found out in this effort that documents have not been received for a value of Rs. 3,049,885.07. At the same time, it was also revealed that stocks worth Rs. 1,621,558.90 have been destroyed while stocks worth Rs. 4,035,412.28 have been accounted twice. Accordingly, after the above adjustments worth Rs. 8,706,856.25, the difference of stock stood at Rs. 28,049,173.70.

The audit query has compared the difference between the ledger balance that has been continuing for a long time and the physical stock currently available. Although it is difficult to find the very old documents pertaining to it, action will be taken to look into it further.

Instructions have been issued to the Internal Auditor to identify the officers responsible for the non-existence of stocks physically and the absence of relevant documents and submit details regarding them.

4.5 Staff Administration

- (a) I agree with the observation.
(b) Appointment to Acting Posts

The post of Deputy General Manager - Procurements and Imports has remained vacant and the lady officer who had been holding the post of Manager - Procurements has been appointed to act in the post. It has not been possible to fill the vacant position so far because a case has been filed by the officer who previously held the post and it is still pending.

Further, the post of Manager - Procurements has been vacant so far and the Assistant Manager (Procurement) was acting in the post till 10/01/2012. The reason for not filling this vacancy was that performance of acting duties in the post of Deputy General Manager - Procurements and Imports is being done by the Manager (Procurement). In addition, the post of Officer-in-Charge at the Rajya osusala sales outlet in Ampara remains vacant and a Senior Pharmacist of the outlet is acting in the post. At present, applications have been called from qualified persons to fill this post.

5. Accountability and Good Governance

5.1 Action Plan

Action will be taken to identify the reasons for the inability to achieve certain activities and to amend as necessary and/or re-plan for the future.

5.2 Budgetary Control

Budgeted and actual incomes and expenditures have shown differences due to variations in trade and economic conditions and hypotheses that have taken place in the year concerned.

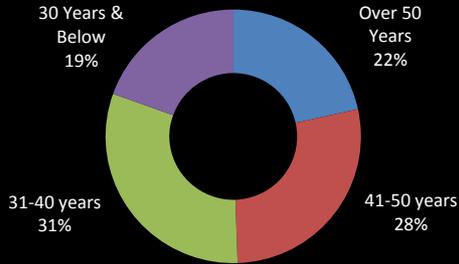
The incomes and expenditures have been analyzed through analyzing variables and reasons for variations were subsequently examined, followed by remedial measures.



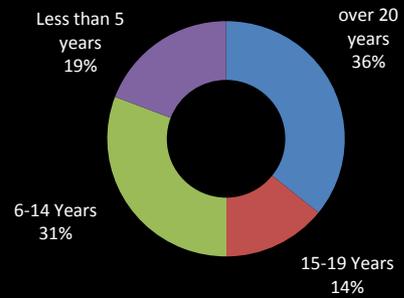
Chairman
State Pharmaceuticals Corporation of Sri Lanka

**STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
HUMAN RESOURCE ANALYSIS FOR THE YEAR 2014**

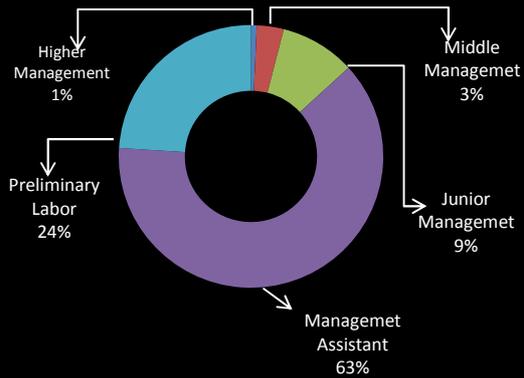
Employee Age Analysis



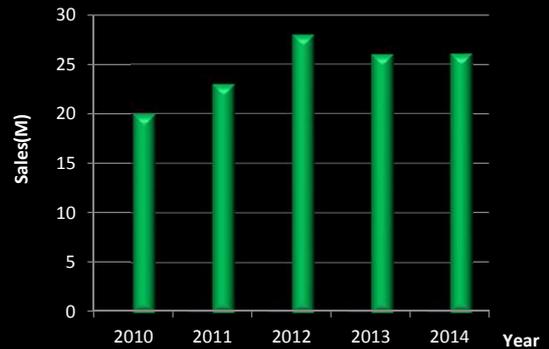
Employee Retention Period



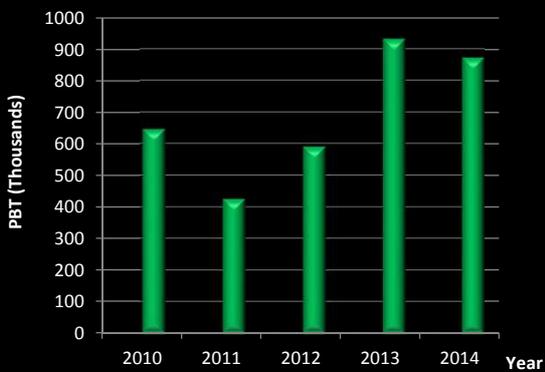
Employee Category Analysis



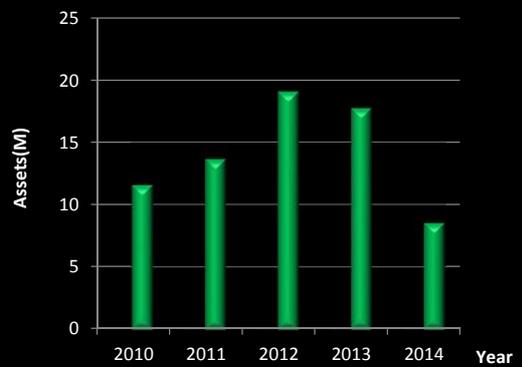
Sales Per Employee



PBT Per Employee



Assets Per Employee



STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
TEN YEAR SUMMARY

Description	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
	RS.'000'	RS.'000'	RS.'000'	RS.'000'	RS.'000'	RS.'000'	RS.'000'	RS.'000'	RS.'000'	RS.'000'
Turnover - SPC	4,865,151	4,320,300	4,283,232	4,806,170	4,197,759	4,015,962	3,547,367	3,092,189	2,923,148	2,666,453
Turnover - DHS	17,269,008	16,815,666	16,608,492	12,569,290	10,968,571	9,990,429	9,306,330	8,815,971	5,616,899	5,360,046
Total Turnover	22,134,159	21,135,966	20,891,724	17,375,460	15,166,330	14,006,391	12,853,697	11,908,160	8,540,047	8,026,499
Gross Trading Profit - SPC	1,247,074	1,136,403	991,541	1,043,453	995,371	894,232	822,024	699,794	682,256	576,728
Gross Surplus - DHS	1,333,198	1,185,004	1,193,214	780,735	688,145	622,071	576,308	578,091	389,533	407,187
Gross Surplus	2,580,272	2,321,407	2,184,755	1,824,188	1,683,516	1,516,303	1,398,332	1,277,885	1,071,789	983,915
Other Income	25,738	17,537	15,105	23,231	20,414	18,107	22,638	14,177	10,025	12,264
Administrative Expenses	(969,744)	(786,904)	(670,635)	(614,019)	(605,475)	(573,322)	(535,428)	(483,452)	(434,075)	(348,910)
Other Operating Expenses	(749,825)	(791,794)	(745,230)	(492,631)	(285,777)	(203,520)	(218,987)	(111,390)	(56,397)	(92,470)
Unrecoverable Service Charges									(78,638)	
Operating Profit	886,441	760,246	783,995	740,769	812,678	757,568	666,555	697,220	512,704	554,799
Finance Cost	(124)	(227)	(17)	(3,661)	(17,734)	(8,841)	(7,982)	(7,480)	(6,397)	(5,390)
Overdraft Interest	(149,659)	(1,384)	(290,877)	(419,235)	(315,070)	(350,841)	(212,285)	(273,273)	(121,876)	(119,311)
Total Overheads	(1,869,352)	(1,580,309)	(1,706,759)	(1,529,546)	(1,224,056)	(1,136,524)	(974,682)	(875,595)	(618,745)	(566,081)
Finance Income	4,896	4,357	3,959	4,102	3,900	3,302	2,856	2,127	1,432	1,285
Profit before Tax	741,554	762,992	497,060	321,975	483,774	401,188	449,144	418,594	385,863	431,383
Taxation	192,145	320,008	205,282	228,473	243,907	144,883	209,487	232,013	206,427	218,168
Extra - Ordinary Items									(25)	
Net Profit for the period	549,409	442,984	291,778	93,502	239,867	256,305	239,657	186,581	179,411	213,215
Treasury Levy	(75,000)	(50,000)		(15,000)	(60,000)	(25,000)	(25,000)			
Defined benefits plan	(212,044)	(31,574)	(14,281)	11,325						
Total comprehensive Income	262,365	361,409	277,497	89,827	179,867	231,305	214,657	186,581	179,411	213,215
Contributed Capital & Reserves	125,117	125,117	125,117	3,502,607	3,412,780	2,418,452	2,217,690	1,960,458	1,744,855	1,591,225
Current Assets										
Inventories - SPC	1,248,178	1,437,830	1,079,939	887,456	874,018	652,167	833,303	726,578	603,455	486,592
Goods in Transit - DHS	528,710	809,462	734,963	1,985,991	2,755,465	1,105,247	1,780,891	710,240		
-SPC	137,299	265,392	151,918	100,277	105,297	125,515	170,905	23,596	57,127	31,776
Trade and other receivables	2,370,323	8,881,602	11,113,022	5,123,702	3,453,354	2,139,755	2,036,168	1,991,061	2,764,958	2,586,782
Deposits & Prepayments	37,964	32,948	24,073	24,479	22,369	11,564	12,367	6,928	7,512	8,341
Cash in Hand & at Bank	801,717	1,200,667	216,359	600,807	671,104	263,769	250,660	480,787	192,511	349,191
Total Current Assets	5,124,191	12,627,901	13,320,274	8,722,712	7,881,607	4,298,017	5,084,294	3,939,190	3,625,563	3,462,682
Current Liabilities										
Trade and other Payables	2,235,195	3,649,362	3,032,684	1,784,156	1,551,401	739,514	544,979	645,448	667,851	456,014
Income tax payables	180,617	290,045	191,440	219,332	232,469	200,169	225,239	252,090	211,415	163,569
Deferred Income	748	889	1,292	318	1,559					
Current Financial Liabilities	78,739	6,254,353	7,896,709	4,716,655	4,131,544	1,458,538	2,596,234	1,588,509	1,476,648	1,756,156
Total Current Liabilities	2,495,299	10,194,649	11,122,125	6,720,461	5,916,973	2,398,221	3,366,452	2,486,047	2,355,914	2,375,739
Non Current Assets	2,138,973	1,858,832	1,698,279	1,605,438	1,561,496	639,231	595,014	593,907	554,604	556,363
Non Current Liabilities	372,219	158,803	124,558	105,082	113,350	120,575	95,166	86,592	79,398	52,081
Net Assets	4,395,646	4,133,281	3,771,870	3,502,607	3,412,780	2,418,452	2,217,690	1,960,458	1,744,855	1,591,225
RATIOS										
Gross Profit Ratio - SPC (%)	25.6	26.3	23.1	21.7	23.7	22.3	23.2	22.6	23.3	21.6
Gross Profit Ratio - DHS (%)	7.7	7.05	7.2	6.2	6.3	6.2	6.2	6.6	6.9	7.6
Gross Surplus to Sales (%)	11.7	11.0	10.5	10.5	11.1	10.8	10.9	10.7	12.6	12.3
Assets Turnover (times)	1:3.04	1:1.45	1:1.4	1:1.7	1:1.6	1:2.8	1:2.2	1:2.6	1:2.0	1:2.0
Annual Sales Growth (%)	4.72	1.2	24.37	14.57	8.28	8.97	7.94	39.44	6.40	18.30
Current Ratio (times)	1:2.05	1:1.23	1:1.9:1	1:31:1	1:33:1	1:79:1	1:51:1	1:58:1	1:54:1	1:46:1
Liquidity Ratio (times)	1:1.5	1:1.07	1:02:1	0.86:1	0.7:1	1:1	0.68:1	0.99:1	1.26:1	1.24:1
Interest Cover (times)	6.0	552.3	2.7	1.8	2.4	2.1	3.0	2.5	4.0	4.4
Stock Turnover Ratio (times)SPC	2.85	2.63	4.00	3.83	2.4	3.5	3.11	3.39	3.92	4.45

SALES NETWORK

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Fax: 011-2632962

STORES

109, Kandawala Estate,
Ratmalana.
Tel.011-2634318
Fax:011-2636715

ORS UNIT

109, Kandawala Estate,
Ratmalana.
Tel.011-2622334

KANDY STORES

10/B/1, Hewaheta Road,
Thennekumbura,
Kandy. Tel. 081-2240274

RAJYA OSU SALA OUTLETS

Osu Sala - Ampara

Temple Junction,
D S Senanayaka Mawatha,
Ampara.Tel.063-2223088

Osu Sala - Anuradhapura

Bank Street,
Anuradhapura.
Tel.025-2222181

Osu Sala - Avissawella

G 33/34/35,
Central Bus Stand,
Avissawella. Tel.036-2222501

New Osu Sala - Badulla

CWE Building,
Bandarawela Road,
Badulla. Tel.055 2229837

Osu Sala – Bandaragama

Hospital Premises,
Horana Road, Bandaragama.
Tel.038-2288671

Osu Sala –Borella

Lady Ridgway Premises,
Borella.
Tel. 011-2697660

Osu Sala - Colombo 1

75,Sir Baron Jayatillake
Mawatha, Colombo 1.
Tel.2328046

Osu Sala - Colombo 4

85, Galle Road,
Colombo 4.
Tel.2587128

Osu Sala - Colombo 7

255, Dharmapala Mawatha,
Colombo 7. Tel.011-2694716,
011-2672293

Osu Sala – Diyathalawa

Main Street,
Diyathalawa.
Tel.055- 3551624

Osu Sala – Embilipitiya

102, Pallegama,
Embilipitiya.
Tel. 047-2261177

Osu Sala – Fort

Fort Railway Station,
Fort.
Tel. 011-2336926

Osu Sala - Galle

61A Wakwella Road,
Galle.
Tel.091-2234726

Osu Sala - Hambantota

No.3 Barrack Street,
Hambantota.
Tel.047-2222163

Osu Sala – Ja’pura

Sri Jayawardhanapura General
Hospital,
Sri Jayawardhanapura.
Tel.011-2779414

Osu Sala – Jaffna

149A, K.K.S Road,
Jaffna.
Tel. 021- 2219262

Osu Sala - Kandy

14A Lamagara Mawatha,
Kandy.
Tel.081-2225175

Osu Sala – Karapitiya

132. Cancer Hospital Rd,
Maitipe, 1st Lane,
Karapitiya.
Tel.091 2226947

Osu Sala – Kurunegala

28. Weerathunga Bldg.
Buddhaloka Mawatha.
Kurunegala. Tel.037-2230840

Osu Sala – Maharagama

71/9 Alwis Building
Old Road, Maharagama.
Tel.011-2745640

Osu Sala - Matara

23B Charikaramaya
Anagarika Dharmapala
Mawatha, Matara.
Tel.041-2231871

Osu Sala - Minuwangoda

24. Old Town hall Bldg,
Colombo Road,
Minuwangoda.
Tel.011-2295120

Osu Sala – Negombo

134, Colombo Road,
Negombo.
Tel.031- 2228599

Osu Sala - Nugegoda

145A/1,
S de S Jayasinghe Mawatha,
Nugegoda.Tel.011-2856641

Osu Sala - Panadura

159, M.P.C.S Bldg,
Galle Road,
Panadura. Tel.038-2234767

Osu Sala – Piliyandala

Lanka Sathosa,
No. 01, Horana Road,
Miriswaththa, Piliyandala.
Tel. 011-3045511

Osu Sala – Polonnaruwa

Hospital Junction,
Kaduruwela Road,
Polonnaruwa.
Tel. 027- 2225465

Osu Sala – Ragama

No.61A, Mahabage Road,
Ragama.
Tel. 011-2955219

Osu Sala – Ratmalana

Mega Sathosa,
Golamadama Junction,
Galle Road, Rathmalana.
Tel. 011-3043789

Osu Sala - Ratnapura

32 Nanda Ellawala Mawatha,
Ratnapura.
Tel.045-2223014

Osu Sala – Tangalla

No.8,Indipokunugoda Road,
Tangalla. Tel. 047-2241221

MARKETING & SALES DEPARTMENT

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