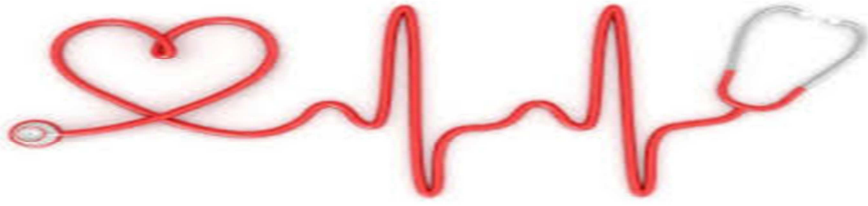


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ஆண்டு அறிக்கை
ANNUAL REPORT

2013



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இலங்கை அரசு மருந்தகக் கூட்டுத்தாபனம்
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	2013 Rs: ' 000 '	2012 Rs: ' 000 '	VARIATION (%)	2011 Rs: ' 000 '
Revenue - SPC	4,320,300	4,283,232	0.87	4,806,170
Supplies to DHS	16,815,666	16,608,492	1.25	12,569,290
Total Revenue	21,135,966	20,891,724	1.17	17,375,460
Gross Trading Profit SPC	1,136,403	991,541	14.61	1,043,453
Gross Surplus DHS	1,185,004	1,193,214	(0.69)	780,735
Gross Surplus	2,321,407	2,184,755	6.25	1,824,188
Other Income	17,537	15,105	16.10	23,231
Administrative Expenses	(772,678)	(670,635)	(15.22)	(614,019)
Other Operating Expenses	(791,794)	(745,230)	(6.25)	(492,631)
Finance Cost	(227)	(17)	(1,235)	(3,661)
Overdraft Interest	(1,384)	(290,877)	100	(419,235)
Finance Income	4,357	3,959	10.05	4,102
Profit Before Tax	777,218	497,060	56.36	321,975
Treasury Levy	(50,000)	-	-	(15,000)
Defined Benefit Plan	(31,573)	(14,281)		
Taxation	(323,992)	(205,282)	57.83	(228,473)
Total Comprehensive Income	371,653	277,497	33.93	78,502
Retained Earnings	4,018,407	3,646,754	10.19	3,377,491
Contributed Capital & Reserve	125,117	125,117	-	125,116
Non Current Assets	1,858,832	1,698,279	9.45	1,605,438
Current Assets	12,504,054	13,320,275	(6.13)	8,722,712
Non Current Liabilities	158,803	124,558	27.49	105,082
Current Liabilities	10,060,559	11,122,124	(9.54)	6,720,461
Net Current Assets	2,443,495	2,198,151	11.16	2,002,251
RATIOS				
Gross Profit Ratio (%) SPC	26.30%	23.15%		21.70%
Gross Profit Ratio (%) DHS	7.05%	7.18%		6.20%
Gross Surplus to Sales (%)	11.0%	10.5%		10.50%
Return on Capital Employed (%)	18.1%	20.2%		21%
Interest Cover (times)	562.6	2.7		2
Equity to total Assets (times)	1:3	1:4		1:3
Turnover to Capital Employed (time)	01:05.1	01:05.7		01:04.8
Current Ratio (time)	01:01.2	01:01.2		1.31:1
Liquidity Ratio (time)	01:01.1	01:01.2		0.86:1
Stock Turnover Ratio -SPC (time)	3.01	4		3.83
OTHER INFORMATION				
Number of Employees	817	785		755
Earning per Employee (Rs.)	951.3	633.2		426.5
Sales per Employee (Rs.)	25,870	26,614		23,014

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. At present 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. Rukmal R Abayawickrama - Director

Ms. Rukmal Abayawickrama holds MSc. in Health Economics and Health Policy (UK), Postgraduate Diploma in Economic Development (Colombo), LLB (OUSL) and BCom (Hon) Colombo. She joined the Sri Lanka Planning Service in 1994 and held the posts of Assistant Director, deputy Director and Director in the Departments of National Planning, Fiscal Policy and National Budget of the Ministry of Finance & Planning since 1994 – 2013. Since 1994 she has accumulated extensive experience in health financing and planning in the General Treasury.

She serves as a Board of Director of the State Pharmaceutical Manufacturing Corporation, Wijaya Kumarathunga Memorial Hospital, Ayurvedha Medical Council, Institute of Indigenous Medicine and Gampaha Wickramarachchi Ayurveda Institute.

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
Mr. H.M. Ajith Chandra	Director (Till 03.05.2013)
Ms. M.R.R. Abayawickrama	Director (From 05.06.2013)

MANAGEMENT TEAM

Mr. K M D R Dassanayake	General Manager
Mr. M P Kuruppu	D G M (Marketing)
Mr. N.Mahinda Gamage	D G M (Finance)
Mrs.W.A.S.D.K. Perera	D G M (Technical, Laboratory & Production)
Mr. H.G.W.Dharmasena	D G M (Human Resources & Administration)
Mrs. P.K.S.S.Kulasuriya	Actg. D G M (Procurement & Imports)

SENIOR MANAGEMENT

Mrs. S.M.A.D.S.H Sammandapperuma	Management Accountant
Mrs. P.D. Gunasekara	Accountant
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 - Imports
Mr. M. A. V. I. Kumarasiri	Field Manager (Monitoring of Distribution Systems)
Mr. W. U. Samaranyake	Manager - Osu Sala, Colombo 7
Mr. P.K.R. Fernando	Manager Wharf
Miss. C.S.Withanage	Manager Sales
Mrs. H.H.Piyadigama	Accountant
Mrs. D.N.Devasurendra	Accountant
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. Jeewakarantna	Manager - Sales
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
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.
Mr. D.R. Kuruppumullage	Manager - Osusala, Colombo 01.
Mrs.L.W.Damayanthi	Accountant (From 11.02.2013)
Mrs.M.A.S. Karunaratne	Accountant (From 01.03.2013)
Mr. D.K.P. Dassanayake	Manager - Administration (From 10.05.2013)

AUDIT COMMITTEE

Ms. M.R.R. Abayawickrama	Chairman
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 21, 1971

REPORT OF THE CHAIRMAN



2013 has been a very busy as well as a successful year for the State Pharmaceuticals Corporation. The demand for pharmaceuticals and surgical devices has continued to increase. DHS supplies were over 16.8 billion Rupees which was 207 million Rupees over the year 2012. Our sales in the private retail trade have also increased to 4.3 billion during 2013. We have appointed 4 new distributors and 11 new Franchise dealers during the year under review.

Procurement of pharmaceuticals is an exacting, complex process as safety; efficacy and quality of medicinal drugs are of paramount importance. We have been continually striving to improve this process. The pre-qualification process that started last year is being contributed with great success. This would enable to improve the quality of products procured by State Pharmaceuticals Corporation.

I would like to thank the Hon. Minister of Health, Hon. Deputy Minister of Health, Secretary to the Ministry of Health and other officials for their support and guidance during the year 2013. Our gratitude is also extended to the Director, Medical Supplies Division and other officials. I would like to thank personally our Board of Directors, the management and all employees of the Corporation for their dedication and commitment towards achieving our goals and objectives. I would also like to extend my thanks to the suppliers, distributors and Franchise holders and general public for their confidence in SPC and their drugs. I fervently hope that the name of SPC would remain in the hearts and minds of all people of Sri Lanka as the leading supplier of quality, efficacious, cost effective drugs and related products.

Professor S D Jayaratne
CHAIRMAN



MANAGING DIRECTOR'S REVIEW

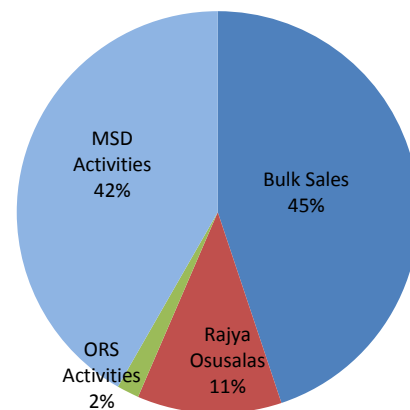
It is with grate pleasure to present the financial result of the corporation for the year ended 31st December 2013, where we recorded highest ever profit before tax during this year.

PROFITABILITY

During the year under review, profit before tax was Rs.777.2 Million which is a significant increase of 56 % over the PBT of Rs. 497 Million recorded during 2013. This increase in profit was mainly due to the improvement in sales coupled with controlling expenditure and reimbursement of overdraft interest by the Treasury.

Segment wise contribution for the above growth of PBT is as follows.

	Rs.
Bulk Sales	348,769,626/-
Rajya Osusalas	90,288,624/-
ORS Activities	13,779,135/-
MSD Activities	324,380,708/-



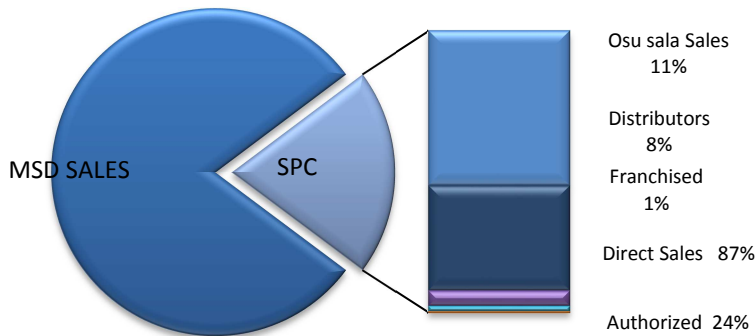
TAXATION AND CONTRIBUTION TO THE GOVERNMENT

SPC contributed total Rs.252.6 Million to the Government coffers by paying 116.2 million as Income Tax Rs.86.4. million as Deemed Dividend Tax Rs. 50 million as Treasury levy (Dividend) .

TECHNICAL & LABORATORY

SPC continued its commitment towards maintaining and upgrading the quality standard of the Quality Assurance Laboratory. All SPC drugs are tested in four stages “Tender Samples”, “Pre Shipment Samples”, “Pre Distribution Samples” and “Post Delivery Samples”, to ensure the quality standards of “SPC” drugs, which are being offered to the people of the country. Also SPC Laboratory tests tender samples of ‘MSD’ supplies.

SALES ANALYSIS 2013 (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.

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. We have invested in training of our staff and continue to seek avenues to empower their capabilities and work commitment. During the year, the corporation has sent 450 employees for local training, and one employee for foreign training.

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 staffs were on strike.

R.L.Dharmatilleke
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 2013.

The Financial Statements of the Corporation was submitted to the Auditor General on 05TH March 2014 in accordance with the Circular No PED/11 of 5th June 2003, 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 18 to 25

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 2013 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 Jeevaneer, 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 2013 were as follows,

Prof. S.D. Jayaratne	- Chairman
Mr. R.L. Dharmatilleke	- Managing Director
Dr. P.G. Maheepala	- Director
Mr. H.M. Ajith Chandra	- Director (Till 03.05.2013)
Prof. Ranjani Gamage	- Director
Mr. Mervin Gunasena	- Director
Mr. Lalith Senanayake	- Director
Ms M.R.R. Abayawickrama	- Director (From 05.06.2013)

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 No.10

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 202.6 million by the way of Income tax and deemed dividend tax to the Government of Sri Lanka.

CORPORATE SOCIAL RESPONSIBILITY

During the year donations amounting to Rs. 2,916,472 were made by the corporation.

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 2013.

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 2013, the followings were the members of the Audit Committee.

Mrs. Rukmal Abeywickrama - Chairman of the Committee
Mr. Mervin Gunasena
Dr. Ranjane Gamage
Mr. Lalith Senanayake

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 2013.
3. Review Internal Auditor's reports, covering the nature of the issues 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, check and minimize the losses and possible instances of frauds and errors.

Meetings

During the year 2013, Nine 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.



.....
Rukmal Abeywickrama
Chairman - Audit Committee

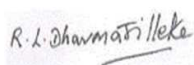
STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2013

	NOTE	2013 RS.	2012 Restated RS.
ASSETS			
Non- Current Assets			
Property Plant and Equipment	16	1,692,890,239	1,657,071,987
Leasehold Land - Ratmalana		10,520,000	10,680,000
Capital Work in Progress		137,991,568	15,578,367
Other non Current Assets		17,429,898	14,948,350
Total Non- Current Assets		1,858,831,704	1,698,278,705
Current Assets			
Inventories	17	1,437,830,745	1,079,938,789
Stock in Transit	18	1,074,854,649	886,881,626
Trade & Other Receivables	19	8,757,753,789	11,113,021,798
Prepayments	20	32,947,548	24,073,487
Cash in Hand and at Bank	21	1,200,666,819	216,358,949
Total Current Assets		12,504,053,551	13,320,274,649
Total Assets		14,362,885,255	15,018,553,354
EQUITY AND LIABILITIES			
Contributed Capital		59,055,258	59,055,258
Retained Earnings		4,018,406,757	3,646,754,166
General Reserves		66,061,447	66,061,447
Total Equity		4,143,523,462	3,771,870,871
Non- Current Liabilities			
Retirement Benefit Obligation	22	133,088,346	94,248,566
Deferred Tax Liability	23	25,714,795	30,309,522
Total Non- Current Liabilities		158,803,141	124,558,088
Current Liabilities			
Trade and Other Payables	24	3,511,287,251	3,032,683,796
Income tax Payable		294,029,099	191,439,644
Deferred Income		889,201	1,291,826
Current Financial Liabilities	25	6,254,353,100	7,896,709,130
Total Current Liabilities		10,060,558,652	11,122,124,395
Total Equity & Liabilities		14,362,885,255	15,018,553,354

The accounting policies and notes on pages 8 to 41 form an integral part of the financial statements.



Sarath Liyanage
Chairman.



Dr.M.H.M Rumie
Managing Director.



K.M.D.R Dasanayake
General Manager.



Mahinda Gamage
Deputy General Manager- Finance

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Contributed Capital RS.	General Reserves RS.	Accumulated Profit RS.	Total RS.
Balance as at 31st December 2010	59,055,258	66,061,447	3,287,663,198	3,412,779,903
Balance as at 01st January 2011	59,055,258	66,061,447	3,287,663,198	3,412,779,903
Treasury Levy Paid			(15,000,000)	(15,000,000)
Gain/Loss on defined benefit plan			11,325,057	11,325,057
Correction of PPE incorrectly duplicated in the previous year			(10,739,549)	(10,739,549)
Correction of EIR valuation of staff loan account			2,505,839	2,505,839
Net profit for the year			93,502,852	93,502,852
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)
Net Profit for the year			453,226,392	453,226,392
Balance as at 31st December 2013	59,055,258	66,061,447	4,018,406,757	4,143,523,462

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2013

	Note	SPC OPERATIONS	DHS OPERATIONS	TOTAL OPERATIONS 2013	TOTAL OPERATIONS 2012 (Restated)
Income	7	4,320,300,044	16,815,666,236	21,135,966,280	20,891,724,000
Add: Transfer to Retail Shops		729,369,306		729,369,306	718,441,193
Less: Direct Expenses - MSD	8		(15,630,662,424)	(15,630,662,424)	(15,415,278,195)
Cost of Sales - SPC	9	3,860,474,128		3,860,474,128	3,959,568,211
Cost of Production - ORS	10	52,791,893		52,791,893	50,563,135
Gross Profit/ Surplus		1,136,403,330	1,185,003,811	2,321,407,141	2,184,755,652
Add: Other Operating Income	11	17,536,523		17,536,523	15,104,844
Less					
Administrative Expenses	12	514,004,459	258,673,748	772,678,208	670,635,189
Other Operating Expenses	13	189,844,629	601,949,355	791,793,984	745,230,027
Operating Profit		450,090,764	324,380,708	774,471,472	783,995,280
Less: Finance Expenses	14	1,610,642	-	1,610,642	290,894,052
Add: Finance Income (Staff Loan)		4,357,263	-	4,357,263	3,959,373
Profit Before Tax		452,837,385	324,380,708	777,218,094	497,060,601
Income Tax Expenses	15	188,770,123	135,221,579	323,991,702	205,282,423
Profit After Tax		264,067,262	189,159,129	453,226,392	291,778,178
Other Comprehensive Income:					
Gain/ Losses on defined benefit plan		(13,892,472)	(17,681,328)	(31,573,801)	(14,281,409)
Treasury Levy /Dividend Paid		(50,000,000)	-	(50,000,000)	-
Total comprehensive income for the year		200,174,790	171,477,801	371,652,591	277,496,769

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
INCOME STATEMENT OF OSUSALA OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2013

	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.
TOTAL SALES & TRANSFERS	569,149,706	320,445,100	101,896,105	158,969,795	66,630,169	39,149,284	72,277,941	25,337,217	60,053,773	92,699,410	59,951,866	71,044,558
COST OF SALES & TRANSFERS	482,468,533	288,722,220	84,162,460	138,318,002	55,073,792	32,905,957	56,304,483	20,842,698	48,123,023	77,078,448	50,458,463	60,438,404
GROSS PROFIT ON												
SALES & TRANSFERS	86,681,174	31,722,881	17,733,645	20,651,793	11,556,377	6,243,328	15,973,458	4,494,519	11,930,750	15,620,961	9,493,403	10,606,154
ADMINISTRATIVE EXPENSES												
Personnel Expenses	30,720,707	12,781,871	6,370,138	10,699,133	8,347,965	5,074,473	8,484,587	4,763,609	7,979,138	9,784,517	7,449,911	6,956,489
Travelling Expenses	8,632	16,999	4,001	33,296	2,202	22,171	17,615	10,435	21,397	710	11,808	2,350
Supplies & Requisites	699,335	128,603	221,586	232,345	64,223	180,788	175,113	127,947	117,705	202,578	215,185	118,197
Repairs & Maintenance	386,300	22,958	15,409	155,416	28,604	63,545	151,525	57,638	56,226	70,860	118,690	47,927
Transportation, Communication	10,565,443	3,740,613	1,591,458	3,979,809	2,755,236	2,260,120	3,107,348	1,927,971	3,113,739	3,610,616	3,165,212	3,290,174
Utilities & Other Services												
OTHER OPERATING EXPENSES												
Selling & Distribution Expenses	1,080,433	356,038	188,680	431,481	155,662	211,057	318,116	137,317	212,606	336,843	114,086	161,777
TOTAL OVERHEADS	43,460,850	17,047,083	8,391,271	15,531,481	11,353,892	7,812,153	12,254,304	7,024,917	11,500,813	14,006,124	11,074,891	10,576,915
NET PROFIT/(LOSS)	43,220,324	14,675,798	9,342,374	5,120,312	202,486	(1,568,825)	3,719,153	(2,530,397)	429,937	1,614,837	(1,581,488)	29,240

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

INCOME STATEMENT OF OSUSALA OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2013

	OSU SALA TRADING AMPARA	OSU SALA TRADING HAMBANTOTA	OSU SALA TRADING MEEGODA	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
	RS.	RS.	RS	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
TOTAL SALES & TRANSFERS	22,503,308	27,350,875	172,085	50,570,410	73,958,964	128,312,883	69,674,307	65,985,834	44,184,781	16,589,394	20,646,290
COST OF SALES & TRANSFERS	18,633,741	23,469,997	161,600	42,282,620	61,415,007	109,976,425	59,348,846	55,748,141	36,552,082	13,669,188	18,072,889
GROSS PROFIT ON											
SALES & TRANSFERS	3,869,567	3,880,878	10,485	8,287,790	12,543,956	18,336,457	10,325,461	10,237,692	7,632,699	2,920,206	2,573,401
ADMINISTRATIVE EXPENSES											
Personnel Expenses	3,641,593	4,004,099	69,756	4,090,167	6,611,105	11,743,171	7,513,671	5,839,417	4,543,097	3,155,067	2,572,115
Travelling Expenses	13,888	3,651	-	2,188	1,376	1,050	38,457	6,415	39,712	11,487	2,910
Supplies & Requisites	109,470	82,853	66,620	116,984	132,750	509,780	168,051	102,791	109,214	159,867	17,576
Repairs & Maintenance	88,842	94,862	484	113,603	59,366	136,224	84,327	29,342	60,148	14,461	14,077
Transportation, Communication	1,781,481	2,123,178	11,002	2,791,849	2,396,669	3,354,098	2,659,270	3,170,283	2,448,446	436,633	4,175,771
Utilities & Other Services											
OTHER OPERATING EXPENSES											
Selling & Distribution Expenses	57,741	192,690	52,362	247,946	136,099	753,647	280,408	285,447	225,153	40,793	147,627
TOTAL OVERHEADS	5,693,015	6,501,333	200,223	7,362,737	9,337,365	16,497,970	10,744,184	9,433,695	7,425,770	3,818,309	6,930,075
NET PROFIT/(LOSS)	(1,823,447)	(2,620,455)	(189,738)	925,053	3,206,591	1,838,487	(418,723)	803,998	206,929	(898,103)	(4,356,674)

Discontinued Operation –

The Rajya Osusala Meegoda and Kalutara retail were closed down in the year 2013, due to continuous losses recorded during the past years. The pharmaceutical stocks were transferred to other Rajaya osusalas, after considering their requirem

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

INCOME STATEMENT OF OSUSALA OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2013

	OSU SALA TRADING POLONNARUWA	SATHOSA OUTLETS RATMALANA	SATHOSA OUTLETS PILIYANDALA	SATHOSA OUTLETS KALUTARA	OSU SALA TRADING TANGALLE	OSU SALA TRADING RAGAMA	OSU SALA TRADING KATUWANA	REGIONAL STORES KANDY	OSUSALA TOTAL TRADING ACTIVITIES
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
TOTAL SALES & TRANSFERS	35,825,924	9,850,332	6,547,742	424,592	23,621,237	37,537,924	2,695,887	86,156,054	2,360,213,745
COST OF SALES & TRANSFERS	30,254,711	8,781,032	5,466,012	352,664	19,293,786	30,680,553	2,082,971	57,572,392	1,988,711,140
GROSS PROFIT ON									-
SALES & TRANSFERS	5,571,213	1,069,299	1,081,730	71,928	4,327,451	6,857,371	612,915	28,583,661	371,502,605
ADMINISTRATIVE EXPENSES									
Personnel Expenses	3,644,267	1,429,697	1,113,869	101,777	4,086,396	3,418,885	826,906	2,338,842	190,156,436
Travelling Expenses	300	3,660	3,752	-	973	1,435	8,900	12,758	304,528
Supplies & Requisites	55,793	9,110	20,145	36,485	33,437	34,314	16,287	12,404	4,277,536
Repairs & Maintenance	26,719	961	20,359	1,125	10,955	11,160	7,856	51,874	2,001,844
Transportation, Communication	2,416,036	188,928	129,110	18,261	2,467,341	2,118,209	506,052	1,758,806	78,059,160
Utilities & Other Services									-
OTHER OPERATING EXPENSES									
Selling & Distribution Expenses	33,230	26,580	48,945	49,632	57,396	23,772	9,455	41,462	6,414,478
TOTAL OVERHEADS	6,176,345	1,658,936	1,336,180	207,279	6,656,497	5,607,775	1,375,456	4,216,146	281,213,981
NET PROFIT/(LOSS)	(605,132)	(589,637)	(254,450)	(135,351)	(2,329,046)	1,249,595	(762,540)	24,367,516	90,288,624

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2013

	2013 Rs.	2012 Rs.
Cash flow from operating activities		
Net profit before taxation,	777,218,094	464,612,012
Adjustments for:		
Depreciation	38,687,951	32,438,191
Gratuity provision for the year	15,594,801	13,396,159
Land lease amortisation - Ratmalana	160,000	160,000
Profit on disposal of fixed assets	(847,790)	-
lease amortisation	(2,481,547)	(1,147,575)
Unrealized profit	-	(3,257,373)
Provision for bad debts	407,751,641	263,926,011
Stock losses	40,584,564	56,338
Provision for damaged & outdated stock - SPC	42,110,540	22,939,226
Provision for damaged & outdated stock DHS	54,202,745	47,472,817
Interest expenses	1,383,954	339,035,117
Operating profit before working capital changes	1,374,364,952	1,179,630,923
Increase/Decrease in trade and other receivable	1,924,158,450	(6,197,661,919)
Increase/Decrease in deposit & prepayments	(8,874,061)	900,023
Increase/Decrease in inventories	(398,476,520)	(212,221,076)
Increase/Decrease in Goods in Transit	(284,286,308)	1,151,914,384
Increase/Decrease in trade payables	478,603,455	1,232,803,185
Increase/Decrease in work in progress	(122,413,200)	615,200
Deferred Income	(402,625)	974,201
Cash generated from operations	2,962,674,142	(2,843,045,079)
Income tax paid	(202,639,056)	(238,451,841)
Gratuity paid	(8,328,821)	(8,323,079)
Interest paid	(1,383,954)	(339,035,117)
Treasury levy/ dividend paid	(50,000,000)	-
Cash flow before extraordinary items	(262,351,831)	(585,810,037)
Net cash from operating activities	2,700,322,311	(3,428,855,116)
Cash flow from investing activities		
Purchase of property, plant and equipments	(77,931,202)	(135,646,541)
Disposal of fixed assets	4,272,790	-
Net cash used in investing activities	(73,658,412)	(135,646,541)
Net increase in cash and cash equivalents	2,626,663,899	(3,564,501,657)
Cash and cash equivalents at beginning of period	(7,680,350,180)	(4,115,848,523)
Cash and cash equivalents at end of period (Note A)	(5,053,686,281)	(7,680,350,180)

Note A : Cash and cash equivalents

	2013 Rs.	2012 Rs.
Cash in hand & at bank	1,165,251,484	185,894,745
Treasury bill investment	35,415,336	30,464,204
Bank overdraft	(6,254,353,100)	(7,896,709,130)
Cash and cash equivalents	(5,053,686,281)	(7,680,350,180)

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 17years
Furniture & Fittings	10 years
Equipments	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: 38 of 2000 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	-	6.45%
Discount Rate / Interest Rate	-	8.29%
Staff Turnover Factor	-	3.04%

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.

Employees' Trust Fund

The Corporation contributes 3% on gross salary 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.

Interest income

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

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 2013.

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 2013.

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 2013

INCOME	NOTE 7	
	2013	2012
Revenue - SPC	RS.	RS.
Bulk trading	1,882,784,365	2,027,462,772
ORS sales	66,571,028	63,867,890
Osusala sales	2,360,213,745	2,185,864,145
Provision for Unrealized Profit	(2,628,995)	(3,257,373)
Credit Insurance	1,980,970	1,506,345
Special Order Imports	11,195	630,730
Claims Received from Suppliers	11,367,736	7,157,040
Total	4,320,300,044	4,283,231,549
Revenue - DHS		
Import supplies	13,966,634,758	14,195,545,611
Local supplies	2,600,640,614	2,401,917,605
CPU supplies	87,023,259	1,008,563
Claims Received from Suppliers	161,367,605	10,020,672
Total	16,815,666,236	16,608,492,451
Total Revenue	21,135,966,280	20,891,724,000

COST OF SALES / DIRECT EXPENSES	NOTE 08	
	2013	2012
DIRECT EXPENSES - DHS	RS.	RS.
Revenue	16,815,666,236	16,608,492,451
DIRECT COST		
C & F value of DHS supplies	12,786,855,259	12,844,532,712
Custom duties & taxes	623,500,732	703,433,976
Cost of local supplies	2,546,809,431	2,361,043,561
CPU purchases to DHS	85,316,920	-
Total	16,042,482,343	15,909,010,249
Clearing charges (Bank charges, Stamp fee , Commi.	235,589,723	147,463,703
Landing charges	27,884,382	26,730,376
Import licenses fee	24,291,115	18,265,097
Total	287,765,221	192,459,176
Total cost	16,330,247,563	16,101,469,425
Less: Stock in transit	(699,585,139)	(686,191,229)
Direct expenses/ Cost of sales	15,630,662,424	15,415,278,195
Gross profit/surplus	1,185,003,811	1,193,214,256

COST OF SALES -SPC	NOTE 09			
	BULK TRADING	OSUSALA TRADING	TOTAL TRADING SPC-2013	TOTAL TRADING SPC-2012 (Restated)
	RS.	RS.	RS.	RS.
Stock In trade at the beginning of the year	633,372,288	441,240,863	1,074,613,152	881,174,998
Add :				
Imported drugs	1,790,503,860	-	1,790,503,860	1,479,670,408
Raw material consumed	-	-	-	-
Consumables for the laboratory	2,489,109	-	2,489,109	802,381
Local purchases (SPC tenders)	399,485,047	-	399,485,047	302,296,729
Laboratory testing chg.	78,891	-	78,891	-
C.P.U - Purchases	92,276,129	-	92,276,129	485,662,165
Local purchases (Osusalas)	-	1,246,859,533	1,246,859,533	1,189,782,058
Transfers	-	729,369,306	729,369,306	718,441,193
TOTAL STOCK AVAILABLE FOR SAL	2,918,205,324	2,417,469,702	5,335,675,026	5,057,829,932
Less : Stock In trade at end of the year	(1,047,706,362)	(427,494,536)	(1,475,200,898)	(1,098,261,721)
COST OF SALES & TRANSFERS	1,870,498,962	1,989,975,166	3,860,474,128	3,959,568,211

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2013

NOTE -09A

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.	RATNA.	MINU.	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	76,303,504	33,519,340	18,208,170	34,129,030	13,018,531	9,889,107	17,494,185	6,712,496	11,501,327	22,426,088	13,967,713	24,343,972
Purchases	371,367,553	247,351,861	50,580,900	91,078,454	29,060,079	11,952,917	31,802,969	7,608,221	29,813,833	44,185,935	20,562,951	23,916,663
Transfers	108,971,176	33,587,034	35,600,027	47,489,364	27,355,867	20,374,683	26,209,274	13,213,962	19,009,073	28,147,300	26,864,365	27,485,656
Stock transferred at end of the period												
STOCKS AVAILABLE FOR SALE	556,642,233	314,458,235	104,389,097	172,696,848	69,434,478	42,216,706	75,506,427	27,534,679	60,324,233	94,759,322	61,395,028	75,746,291
Stock in trade at year end	74,173,700	25,736,015	20,226,637	34,378,846	14,360,686	9,310,749	19,201,944	6,691,982	12,201,210	17,680,874	10,936,565	15,307,887
COST OF SALES & TRANSFERS	482,468,533	288,722,220	84,162,460	138,318,002	55,073,792	32,905,957	56,304,483	20,842,698	48,123,023	77,078,448	50,458,463	60,438,404
TOTAL TRADING												
Sales less Discount	569,149,706	320,445,100	101,896,105	158,969,795	66,630,169	39,149,284	72,277,941	25,337,217	60,053,773	92,699,410	59,951,866	71,044,558
B T T	-	-	-	-	-	-	-	-	-	-	-	-
Sales less Discount	569,149,706	320,445,100	101,896,105	158,969,795	66,630,169	39,149,284	72,277,941	25,337,217	60,053,773	92,699,410	59,951,866	71,044,558
Less: Cost of sales	(482,468,533)	(288,722,220)	(84,162,460)	(138,318,002)	(55,073,792)	(32,905,957)	(56,304,483)	(20,842,698)	(48,123,023)	(77,078,448)	(50,458,463)	(60,438,404)
GROSS TRADING PROFIT	86,681,174	31,722,881	17,733,645	20,651,793	11,556,377	6,243,328	15,973,458	4,494,519	11,930,750	15,620,961	9,493,403	10,606,154

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2013

NOTE -09A

COST OF SALES	OSU SALA	OSUSALA	OSUSALA	OSUSALA	OSUSALA	OSUSALA	OSUSALA	OSU SALA	OSU SALA	OSU SALA	OSU SALA
	TRADING	TRADING	MEEGODA	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING	TRADING
	AMPARA	HAMBANTOTA	AS AT 24.01.13	A'PURA	MAHARAGAMA	J,PURA	KARAPITIYA	NEGOMBO	BADULLA-CWE	DIYATHALAWA	JAFFNA
	RS	RS	Rs	RS	RS	RS	RS	RS	RS	RS	RS
STOCK IN TRADE -											
AT THE BEGINNING OF THE YEAR	6,090,691	9,445,770	569,965	13,229,827	19,563,869	26,227,454	18,787,378	11,735,124	8,974,430	3,727,792	6,295,124
Purchases	5,100,952	10,781,012	1,446	21,423,102	36,558,082	72,062,596	33,223,821	29,528,015	18,864,546	2,178,160	8,059,194
Transfers	14,241,184	9,974,890	-	21,332,865	26,232,927	36,138,582	27,321,811	25,994,507	21,026,428	10,570,118	12,235,820
Stock transferred at end of the period			(409,811)								
STOCK AVAILABLE FOR SALE	25,432,827	30,201,672	161,600	55,985,795	82,354,878	134,428,633	79,333,010	67,257,646	48,865,405	16,476,070	26,590,138
Stock In trade at year end	6,799,087	6,731,675	-	13,703,175	20,939,870	24,452,207	19,984,164	11,509,505	12,313,323	2,806,882	8,517,249
COST OF SALES & TRANSFERS	18,633,741	23,469,997	161,600	42,282,620	61,415,007	109,976,425	59,348,846	55,748,141	36,552,082	13,669,188	18,072,889
TOTAL TRADING											
Sales less Discount	22,503,308	27,350,875	172,085	50,570,410	73,958,964	128,312,883	69,674,307	65,985,834	44,184,781	16,589,394	20,646,290
B T T	-	-	-	-	-	-	-	-	-	-	-
Sales less Discount	22,503,308	27,350,875	172,085	50,570,410	73,958,964	128,312,883	69,674,307	65,985,834	44,184,781	16,589,394	20,646,290
Less: Cost of sales	(18,633,741)	(23,469,997)	(161,600)	(42,282,620)	(61,415,007)	(109,976,425)	(59,348,846)	(55,748,141)	(36,552,082)	(13,669,188)	(18,072,889)
GROSS TRADING PROFIT	3,869,567	3,880,878	10,485	8,287,790	12,543,956	18,336,457	10,325,461	10,237,692	7,632,699	2,920,206	2,573,401

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2013

NOTE -09A

COST OF SALES	OSU SALA	SATHOSA	SATHOSA	SATHOSA	OSU SALA	SATHOSA	SATHOSA	REGIONAL	OSUSALA
	TRADING	OUTLETS	OUTLETS	KALUTARA	TRADING	OUTLETS	OUTLETS	STORES	TOTAL TRADING
	POLONNARUWA	RATMALANA	PILIYANDALA	AS AT 06.02.13	TANGALLE	RAGAMA	KATUWANA	KANDY	ACTIVITIES
	RS	RS	RS	RS	RS	RS	RS	RS	RS
STOCK IN TRADE -									
AT THE BEGINNING OF THE YEAR	9,564,334	1,892,597	1,514,288	799,501	6,947,661	6,350,190	-	8,011,405	441,240,863
Purchases	10,661,717	4,021,069	2,748,254	138,981	9,219,992	20,899,785	2,106,471	-	1,246,859,533
Transfers	16,419,358	4,764,474	2,652,248	268,397	9,301,558	14,018,236	2,572,197	59,995,926	729,369,306
Stock transferred at end of the period				(854,215)					(1,264,026)
STOCK AVAILABLE FOR SALE	36,645,409	10,678,141	6,914,790	352,664	25,469,212	41,268,211	4,678,668	68,007,331	2,416,205,676
Stock In trade at year end	6,390,699	1,897,108	1,448,778	-	6,175,426	10,587,658	2,595,696	10,434,939	427,494,536
COST OF SALES & TRANSFERS	30,254,711	8,781,032	5,466,012	352,664	19,293,786	30,680,553	2,082,971	57,572,392	1,988,711,140
TOTAL TRADING									
Sales less Discount	35,825,924	9,850,332	6,547,742	424,592	23,621,237	37,537,924	2,695,887	86,156,054	2,360,213,745
B T T	-	-	-	-	-	-	-	-	-
Sales less Discount	35,825,924	9,850,332	6,547,742	424,592	23,621,237	37,537,924	2,695,887	86,156,054	2,360,213,745
Less: Cost of sales	(30,254,711)	(8,781,032)	(5,466,012)	(352,664)	(19,293,786)	(30,680,553)	(2,082,971)	(57,572,392)	(1,988,711,140)
GROSS TRADING PROFIT	5,571,213	1,069,299	1,081,730	71,928	4,327,451	6,857,371	612,915	28,583,661	371,502,605

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2013

COST OF MANUFACTURING GLUCOSE, JEEWANEE AND BB CREAM

MANUFACTURING	NOTE 10	
	2013	2012
	RS	RS
Opening stock of raw materials	1,259,183	1,622,578
Add: purchases of raw materials	23,850,426	21,651,980
Less: closing stock of raw materials	(841,275)	(1,259,183)
Cost of raw materials consumed	24,268,334	22,015,375
Add: Manufacturing cost (10a)	28,131,353	25,931,972
Production costs of goods	52,399,687	47,947,346
ORS TRADING	2013	2012
	RS	RS
Opening stock (finished goods)	1,477,837	4,093,626
Add: Production cost of goods	52,399,687	47,947,346
Less: Closing stock (finished goods)	(1,085,631)	(1,477,837)
Cost of sale	52,791,893	50,563,135
Sales less: Discount	66,571,028	63,867,890
Less: Cost of sale	(52,791,893)	(50,563,135)
Gross profit	13,779,135	13,304,755
	2013	2012
	RS	RS
MANUFACTURING COST	2013	2012
	RS	RS
Salaries & wages	8,834,512	7,742,813
Overtime.	1,810,042	1,891,889
Uniforms.	154,987	131,642
Insurance for staff	198,474	128,013
Provident fund (EPF & ETF).	772,335	649,068
Annual bonus	209,000	165,328
Attendance bonus	421,575	284,000
Annual incentive bonus	703,188	354,699
Staff welfare	870,680	719,633
Medical expenses	396,574	352,417
Power	3,040,777	2,901,010
Depreciation	1,005,475	1,604,398
Repairs & maintenance	304,865	183,476
Packing materials used	9,408,869	8,823,586
Total	28,131,353	25,931,972

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2013

OTHER OPERATING INCOME	NOTE - 11	
	2013	2012
	RS.	RS.
Parking fees	-	201,600
Sales of tender forms.	3,569,473	5,818,596
Rent received	907,430	-
Treasury bill interest	3,712,922	2,628,142
Scrap sales	392,883	604,546
Miscellaneous income	2,119,516	1,520,596
Commission on E Channeling	-	400
Holiday bungalow income	1,270,725	764,525
Pre qualification charges	1,138,500	-
Claim received from suppliers - SPC	193,306	-
Bad debt recoveries	-	1,072,728
Supplier Convention	2,351,769	1,146,803
Int. on returned cheques/ delays	1,032,209	1,346,907
Profit on disposal of fixed assets	847,790	-
Total	17,536,523	15,104,844

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2013

	NOTE 12						
ADMINISTRATIVE EXPENSES	OSUSALAS	O.R.S.	BULK	TOTAL TRADING SPC	TOTAL TRADING DHS	TOTAL TRADING 2013	TOTAL TRADING 2012
PERSONNEL EMOLUMENTS	RS.	RS.	RS.	RS.	RS	RS.	RS.
Salaries, Wages & Allowances.	136,381,721	-	91,477,793	227,859,514	116,426,282	344,285,796	307,765,057
Overtime.	17,032,410	-	8,566,357	25,598,766	5,710,904	31,309,670	28,261,301
Staff training expenses.	-	-	1,556,043	1,556,043	1,980,418	3,536,461	1,978,554
Uniforms.	1,801,044	-	610,751	2,411,795	777,320	3,189,115	3,189,277
Insurance for staff	2,030,662	-	3,666,399	5,697,061	4,666,326	10,363,387	8,379,355
Provident fund (EPF & ETF).	11,985,684	-	7,677,317	19,663,001	9,771,131	29,434,132	24,058,814
Annual bonus	2,754,452	-	1,839,559	4,594,011	2,341,256	6,935,267	5,088,496
Monthly attendance bonus.	6,123,525	-	3,590,892	9,714,417	4,570,227	14,284,644	11,850,164
Sports club	-	-	670,251	670,251	853,046	1,523,297	1,988,969
Annual per inc. bonus.	9,822,987	-	7,465,486	17,288,473	9,501,528	26,790,001	12,072,011
Gratuity.	-	-	6,861,712	6,861,712	8,733,088	15,594,801	13,396,159
Land/ Housing loan interest	2,223,952	163,426	1,484,704	3,872,082	1,889,623	5,761,705	7,599,924
Vehicle hiring charges	-	-	675,000	675,000	675,000	1,350,000	690,000
P.A.Y.E.	-	-	288,723	288,723	367,465	656,188	870,261
SPC Anniversary payment	-	-	812,354	812,354	1,033,906	1,846,260	3,292,490
Death gratuity	-	-	127,750	127,750	162,590	290,340	386,881
Total	190,156,436	163,426	137,371,090	327,690,952	169,460,111	497,151,063	430,867,712
TRAVELING EXPENSES							
Overseas travelling expenses- directors.	-	-	5,040	5,040	560	5,600	-
Overseas travelling expenses- others.	-	-	168,576	168,576	18,731	187,307	435,748
Local travelling expenses - others.	304,528	870	3,445,182	3,750,580	382,798	4,133,378	4,582,262
Total	304,528	870	3,618,799	3,924,196	402,089	4,326,285	5,018,010
SUPPLIES & REQUISITES							
Printing & stationery.	4,277,536	268,069	10,498,373	15,043,978	3,499,458	18,543,436	8,666,972
Board meeting expenses.	-	-	168,638	168,638	56,213	224,851	260,304
Entertainment - others.	-	-	161,848	161,848	53,949	215,797	272,022
Repairs to motor vehicles.	-	-	5,861,555	5,861,555	1,953,852	7,815,407	7,117,093
Fuel & lubricants.	-	-	10,084,008	10,084,008	3,361,336	13,445,344	11,895,655
License fees of motor vehicles.	-	-	192,568	192,568	64,189	256,757	154,488
Total	4,277,536	268,069	26,966,990	31,512,594	8,988,997	40,501,591	28,366,533
REPAIRS & MAINTENANCE							
Buildings.	838,159	-	2,973,009	3,811,168	2,973,009	6,784,177	6,328,603
Furniture, fittings & equipment	1,158,415	-	2,753,087	3,911,502	2,753,087	6,664,588	5,463,027
Computer	5,271	-	1,340,124	1,345,395	1,340,124	2,685,520	8,296,202
Total	2,001,844	-	7,066,220	9,068,064	7,066,220	16,134,285	20,087,832
TRANSPORTATION, COMMUNICATION							
UTILITIES & OTHER SERVICES							
Rent.	11,284,689	-	870,800	12,155,489	-	12,155,489	11,269,550
Lease rent	914,161	-	477,029	1,391,190	-	1,391,190	924,143
Rates & taxes.	497,607	13,500	493,233	1,004,340	493,233	1,497,573	1,433,177
Water bills	752,011	115,650	594,158	1,461,820	594,158	2,055,978	1,870,115
Electricity.	16,072,315	-	9,992,951	26,065,266	9,992,951	36,058,217	30,878,573
Postage, Telegrams & Telephones.	3,382,936	38,023	5,107,043	8,528,002	5,107,043	13,635,045	11,615,868
Trade subscriptions, Periodicals & Publications.	293,560	-	210,867	504,427	210,867	715,294	515,716
Professional charges.	-	-	2,856,539	2,856,539	2,856,539	5,713,077	4,503,400
Insurance.	-	-	1,030,025	1,030,025	1,030,025	2,060,050	2,245,472
Press notification.	-	-	2,569,594	2,569,594	5,995,720	8,565,314	11,594,356
Security services.	12,418,907	232,056	3,407,549	16,058,512	3,407,549	19,466,061	17,706,592
Depreciation	13,895,926	-	11,893,275	25,789,201	11,893,275	37,682,476	30,833,797
License fees for drugs.	264,320	-	399,817	664,137	3,598,357	4,262,494	3,212,057
Sundry expenses.	139,873	20,448	420,830	581,151	198,038	779,189	922,261
Directors fees.	-	-	273,375	273,375	273,375	546,750	546,750
Audit fees.	-	-	473,607	473,607	473,607	947,214	676,960
Tender board meeting expenses.	-	-	1,898,610	1,898,610	4,430,089	6,328,698	6,949,168
Staff welfare.	13,484,297	-	12,662,175	26,146,472	16,115,495	42,261,967	34,293,593
Staff medical expenses.	4,658,558	-	3,150,770	7,809,328	4,010,072	11,819,400	11,261,648
Donations	-	-	2,916,472	2,916,472	-	2,916,472	172,376
TB fair valuation	-	-	-	-	-	-	45,454
Holiday bungalow expenses	-	-	1,631,096	1,631,096	2,075,941	3,707,037	2,824,077
Total	78,059,160	419,677	63,329,815	141,808,652	72,756,332	214,564,984	186,295,102
TOTAL ADMINISTRATIVE EXPENSES	274,799,503	852,042	238,352,914	514,004,459	258,673,748	772,678,208	670,635,189

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2013

OSUSALA -OVERHEADS	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
ADMINISTRATIVE COST	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
PERSONNEL EMOLUMENTS											
Salaries, Wages & Allowances.	21,774,022	8,699,470	4,742,243	7,442,334	5,828,442	3,845,587	6,337,742	3,441,829	5,946,660	7,237,927	5,722,866
Overtime.	2,877,559	1,433,766	268,103	1,099,675	926,816	361,012	534,800	369,354	571,305	589,446	356,820
Uniforms.	276,350	156,139	52,836	113,571	75,756	45,611	86,155	38,018	81,039	105,776	78,668
Insurance for staff	253,842	187,875	106,980	301,908	106,963	-	2,395	190,235	4,710	162,295	30,761
Provident fund (E.P.F & E.T.F)	1,875,596	755,183	439,652	671,222	503,258	341,078	555,362	306,445	512,213	667,187	504,448
Annual bonus	486,948	153,916	104,500	154,692	122,992	76,000	108,300	57,000	104,500	142,500	92,150
Annual per inc. bonus.	1,668,206	674,883	366,861	553,626	422,212	262,222	417,597	225,649	451,040	523,240	382,233
Housing loan interest	446,159	340,340	96,413	50,218	82,801	-	40,329	4,942	33,684	47,314	61,459
Attendance bonus	1,062,025	380,300	192,550	311,888	278,725	142,963	401,908	130,138	273,988	308,833	220,506
Total	30,720,707	12,781,871	6,370,138	10,699,133	8,347,965	5,074,473	8,484,587	4,763,609	7,979,138	9,784,517	7,449,911
TRAVELLING EXPENSES											
Local travelling expenses	8,632	16,999	4,001	33,296	2,202	22,171	17,615	10,435	21,397	710	11,808
Total	8,632	16,999	4,001	33,296	2,202	22,171	17,615	10,435	21,397	710	11,808
SUPPLIES & REQUISITES											
Printing & stationery.	699,335	128,603	221,586	232,345	64,223	180,788	175,113	127,947	117,705	202,578	215,185
Total	699,335	128,603	221,586	232,345	64,223	180,788	175,113	127,947	117,705	202,578	215,185
REPAIRS & MAINTENANCE											
Buildings.	266,191	16,220	3,862	82,848	8,603	22,777	54,669	6,047	2,785	17,440	78,305
Furniture, fittings & equipment	120,109	6,738	11,547	72,567	20,001	40,768	96,856	51,590	48,171	53,420	40,385
Computer	-	-	-	-	-	-	-	-	5,271	-	-
Total	386,300	22,958	15,409	155,416	28,604	63,545	151,525	57,638	56,226	70,860	118,690
TRANSPORTATION, COMMUNICATION											
UTILITIES & OTHER SERVICES											
Rent.	-	-	-	-	-	254,610	-	380,496	780,000	570,000	480,000
Lease rent	-	-	-	225,000	294,333	-	185,738	-	-	-	-
Rates & taxes.	235,620	117,810	71,379	32,211	58	-	3,160	-	2,500	13,426	12,631
Water bills	137,643	77,666	16,278	46,371	16,278	29,351	42,661	16,034	28,283	32,449	18,996
Electricity.	3,516,818	896,423	300,000	790,894	640,066	328,636	805,247	143,359	769,522	811,828	680,618
Postage, Telegrams & Telephones.	262,388	195,886	53,949	142,602	147,386	32,119	130,346	60,229	150,595	181,853	139,366
Depreciation	1,585,319	790,381	510,658	823,868	618,903	284,505	751,327	237,631	392,920	493,305	421,546
Trade subscriptions, Periodicals & Publications.	43,680	11,440	-	18,390	16,660	14,650	13,500	8,710	15,870	16,150	15,750
Security services.	1,966,250	648,292	226,533	782,692	207,761	784,241	226,032	554,955	226,537	531,428	557,709
License fees for drugs.	11,200	-	11,200	11,200	11,200	22,400	11,200	-	11,200	11,200	17,920
Sundry expenses.	13,991	2,776	6,250	5,975	10,023	6,446	6,418	3,917	1,725	4,456	14,860
Staff welfare.	2,001,590	656,220	240,036	838,561	586,145	392,286	726,123	401,314	555,310	711,689	633,508
Staff medical expenses.	790,943	343,719	155,176	262,045	206,423	110,876	205,598	121,328	179,277	232,831	172,308
Total	10,565,443	3,740,613	1,591,458	3,979,809	2,755,236	2,260,120	3,107,348	1,927,971	3,113,739	3,610,616	3,165,212
TOTAL ADMINISTRATIVE COST	42,380,417	16,691,045	8,202,591	15,099,999	11,198,230	7,601,096	11,936,189	6,887,600	11,288,206	13,669,281	10,960,805

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2013

NOTE 12 A

OSUSALA -OVERHEADS	OSU SALA TRADING KURUNEGALA	OSU SALA TRADING AMPARA	OSU SALA TRADING HAMBANTOTA	OSU SALA TRADING MEGODA	OSU SALA TRADING ANURADHAPURA	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
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
ADMINISTRATIVE COST											
PERSONNEL EMOLUMENTS											
Salaries, Wages & Allowances.	4,871,807	2,529,682	3,030,012	61,082	2,978,023	4,823,009	8,292,468	5,444,736	4,149,903	3,204,766	2,256,701
Overtime.	641,888	508,376	255,820	-	431,291	419,144	1,224,245	474,349	650,604	371,744	289,757
Uniforms.	64,699	36,502	36,806	200	23,957	61,309	139,535	57,206	49,968	51,953	37,841
Insurance for staff	11,750	-	25,720	-	-	120,997	190,716	166,953	-	9,890	3,450
Provident fund (E.P.F & E.T.F)	424,510	229,203	280,843	4,804	267,051	420,010	721,359	478,868	370,042	272,206	203,195
Annual bonus	104,500	57,000	57,000	-	61,887	95,000	180,500	103,992	80,750	54,625	47,500
Annual per inc. bonus.	349,970	158,117	229,335	170	175,920	333,785	584,413	359,486	287,500	232,356	166,300
Housing loan interest	233,027	-	-	-	-	122,895	136,573	226,176	-	210,445	59,436
Attendance bonus	254,338	122,713	88,563	3,500	152,038	214,956	273,363	201,905	250,650	135,113	90,888
Total	6,956,489	3,641,593	4,004,099	69,756	4,090,167	6,611,105	11,743,171	7,513,671	5,839,417	4,543,097	3,155,067
TRAVELLING EXPENSES											
Local travelling expenses	2,350	13,888	3,651	-	2,188	1,376	1,050	38,457	6,415	39,712	11,487
Total	2,350	13,888	3,651	-	2,188	1,376	1,050	38,457	6,415	39,712	11,487
SUPPLIES & REQUISITES											
Printing & stationery.	118,197	109,470	82,853	66,620	116,984	132,750	509,780	168,051	102,791	109,214	159,867
Total	118,197	109,470	82,853	66,620	116,984	132,750	509,780	168,051	102,791	109,214	159,867
REPAIRS & MAINTENANCE											
Buildings.	9,690	67,769	40,870	484	34,183	11,973	2,748	24,177	10,343	35,465	10,545
Furniture, fittings & equipment	38,237	21,073	53,992	-	79,420	47,393	133,476	60,150	18,999	24,683	3,916
Computer	-	-	-	-	-	-	-	-	-	-	-
Total	47,927	88,842	94,862	484	113,603	59,366	136,224	84,327	29,342	60,148	14,461
TRANSPORTATION, COMMUNICATION											
UTILITIES & OTHER SERVICES											
Rent.	1,340,000	-	540,000	-	929,920	720,000	1,020,000	282,663	740,000	-	-
Lease rent	-	-	-	-	-	-	-	-	-	209,091	-
Rates & taxes.	-	-	5,812	-	-	-	-	-	-	-	-
Water bills	44,555	23,245	8,644	-	21,851	36,683	-	23,594	29,828	29,037	1,454
Electricity.	304,430	448,827	411,405	4,289	659,110	538,454	62,081	719,371	876,133	374,674	83,671
Postage, Telegrams & Telephones.	63,923	180,367	166,333	-	52,341	143,985	191,233	127,634	135,650	164,646	36,977
Depreciation	230,461	552,409	349,409	5,728	407,965	132,292	360,699	434,609	493,969	616,687	16,006
Trade subscriptions, Periodicals & Publications	13,000	-	5,860	-	13,200	13,300	16,230	10,060	6,380	15,500	-
Security services.	557,709	228,776	228,411	-	230,707	223,225	557,709	248,549	223,173	557,709	-
License fees for drugs.	11,200	11,200	11,200	-	11,200	11,200	11,200	11,200	11,200	22,400	-
Sundry expenses.	5,818	2,217	5,618	-	991	1,141	1,580	7,639	3,466	6,668	390
Staff welfare.	559,253	237,843	301,199	986	386,403	426,389	764,495	623,478	515,484	348,339	217,137
Staff medical expenses.	159,826	96,598	89,287	-	78,161	150,000	368,872	170,473	135,000	103,696	80,997
Total	3,290,174	1,781,481	2,123,178	11,002	2,791,849	2,396,669	3,354,098	2,659,270	3,170,283	2,448,446	436,633
TOTAL ADMINISTRATIVE COST	10,415,137	5,635,274	6,308,643	147,861	7,114,791	9,201,266	15,744,323	10,463,776	9,148,248	7,200,617	3,777,516

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2013

NOTE 12 A

OSUSALA -OVERHEADS	OSU SALA TRADING JAFFNA	OSU SALA TRADING POLONNARUWA	SATHOSA OUTLET RATMALANA	SATHOSA OUTLET PILYANDALA	SATHOSA OUTLET KALUTARA	OSU SALA TRADING TAGALLE	OSU SALA TRADING RAGAMA	OSU SALA TRADING KATUWANA	REGIONAL STORES KANDY	OSUSALA TOTAL TRADING ACTIVITIES
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS	RS.
ADMINISTRATIVE COST										
PERSONNEL EMOLUMENTS										
Salaries, Wages & Allowances.	1,807,252	2,522,370	1,110,917	837,997	88,434	2,807,747	2,351,857	559,504	1,634,332	136,381,721
Overtime.	362,298	504,398	72,772	29,057	-	555,988	502,068	95,768	254,184	17,032,410
Uniforms.	14,711	21,661	10,478	8,254	2,127	29,293	12,503	1,000	31,122	1,801,044
Insurance for staff	-	-	-	53,966	-	85,556	-	-	13,700	2,030,662
Provident fund (E.P.F & E.T.F)	151,065	221,707	98,947	67,400	7,216	236,894	213,558	47,965	137,200	11,985,684
Annual bonus	38,000	56,062	19,000	19,000	-	54,799	54,995	28,344	38,000	2,754,452
Annual per inc. bonus.	112,600	194,031	77,334	65,695	-	185,401	169,480	62,700	130,625	9,822,987
Housing loan interest	-	-	-	-	-	-	-	-	31,741	2,223,952
Attendance bonus	86,188	124,038	40,250	32,500	4,000	130,718	114,425	31,625	67,938	6,123,525
Total	2,572,115	3,644,267	1,429,697	1,113,869	101,777	4,086,396	3,418,885	826,906	2,338,842	190,156,436
TRAVELLING EXPENSES										
Local travelling expenses	2,910	300	3,660	3,752	-	973	1,435	8,900	12,758	304,528
Total	2,910	300	3,660	3,752	-	973	1,435	8,900	12,758	304,528
SUPPLIES & REQUISITES										
Printing & stationery.	17,576	55,793	9,110	20,145	36,485	33,437	34,314	16,287	12,404	4,277,536
Total	17,576	55,793	9,110	20,145	36,485	33,437	34,314	16,287	12,404	4,277,536
REPAIRS & MAINTENANCE										
Buildings.	1,414	10,800	191	4,525	232	7,257	3,822	-	1,920	838,159
Furniture, fittings & equipment	12,663	15,919	770	15,834	893	3,698	7,338	7,856	49,954	1,158,415
Computer	-	-	-	-	-	-	-	-	-	5,271
Total	14,077	26,719	961	20,359	1,125	10,955	11,160	7,856	51,874	2,001,844
TRANSPORTATION, COMMUNICATION										
UTILITIES & OTHER SERVICES										
Rent.	1,800,000	-	-	-	-	-	595,000	240,000	612,000	11,284,689
Lease rent	-	-	-	-	-	-	-	-	-	914,161
Rates & taxes.	-	-	-	-	-	-	-	-	3,000	497,607
Water bills	-	15,554	-	2,466	-	19,676	5,303	-	28,111	752,011
Electricity.	569,997	511,946	-	-	-	420,797	188,829	50,598	164,292	16,072,315
Postage, Telegrams & Telephones.	115,161	122,099	289	9,891	5,498	157,796	127,893	37,693	46,809	3,382,936
Depreciation	781,846	847,767	33,832	22,014	2,693	958,974	509,684	126,714	101,805	13,895,926
Trade subscriptions, Periodicals & Publications	14,295	-	-	-	-	-	-	-	10,935	293,560
Security services.	557,709	557,709	53,754	-	-	557,709	365,922	-	557,709	12,418,907
License fees for drugs.	4,480	11,200	-	-	-	11,200	-	-	6,720	264,320
Sundry expenses.	5,630	3,370	297	793	-	8,576	2,480	485	5,878	139,873
Staff welfare.	266,727	256,980	81,448	63,946	10,070	249,257	228,120	37,336	166,628	13,484,297
Staff medical expenses.	59,926	89,412	19,308	30,000	-	83,356	94,978	13,225	54,919	4,658,558
Total	4,175,771	2,416,036	188,928	129,110	18,261	2,467,341	2,118,209	506,052	1,758,806	78,059,160
TOTAL ADMINISTRATIVE COST	6,782,449	6,143,115	1,632,356	1,287,234	157,648	6,599,101	5,584,003	1,366,001	4,174,684	274,799,503

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2013

	NOTE - 13						
OTHER OPERATING EXPENSES	OSUSALAS	O.R.S.	BULK	TOTAL TRADING SPC	TOTAL TRADING DHS	TOTAL TRADING 2013	TOTAL TRADING 2012
SELLING & DISTRIBUTION EXPENSES	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Sales promotion expenses.	-	-	43,500,441	43,500,441	-	43,500,441	54,457,379
Prescriber	-	-	235,125	235,125	-	235,125	2,873,039
Commission for sales rep's.	-	-	-	-	-	-	-
Transport charges.	-	-	5,900,037	5,900,037	-	5,900,037	8,286,338
Provision for bad debts	-	-	15,187,797	15,187,797	392,563,844	407,751,641	263,926,011
Bad debts	-	-	-	-	-	-	-
Defense Levy	-	-	-	-	-	-	-
Discount on osusala sales	-	-	1,910,699	1,910,699	-	1,910,699	1,580,438
Additional discounts	-	-	61,546,650	61,546,650	-	61,546,650	73,697,432
Value Added Tax	-	-	580,439	580,439	42,456,044	43,036,482	10,068,566
NBT paid	-	-	-	-	21,510,409	21,510,409	5,911,147
Dealers convention	-	-	1,597,445	1,597,445	-	1,597,445	1,837,025
Stock losses	-	-	1,020,462	1,020,462	39,564,102	40,584,564	56,338
Pro. for outdated & damaged drugs	2,016,717	-	40,093,822	42,110,540	-	42,110,540	22,939,226
Pro. for outdated & damaged drugs - DHS	-	-	-	-	54,202,745	54,202,745	47,472,817
Stamp fee	-	-	229,899	229,899	-	229,899	248,257
Setting up expenses	-	-	325,516	325,516	-	325,516	452,023
Storage charges	-	-	-	-	3,890,848	3,890,848	2,096,632
Foreign exchange gain/loss	-	-	10,212,542	10,212,542	47,286,474	57,499,016	242,620,918
Cost of destruction	-	-	-	-	-	-	-
Supplier convention	-	-	-	-	-	-	-
Sundry packing materials.	4,397,760	-	833,566	5,231,327	-	5,231,327	5,841,123
Total	6,414,478	-	183,174,442	189,588,920	601,474,466	791,063,386	744,364,711
RESEARCH & DEVELOPMENT EXPENSES							
Drugs for testing	-	-	929	929	1,726	2,655	2,585
Testing charges for samples	-	-	215,251	215,251	399,751	615,002	773,415
Drugs for sample	-	-	39,529	39,529	73,412	112,941	89,316
Total	-	-	255,709	255,709	474,889	730,598	865,316
TOTAL OTHER OPERATING EXPENSES	6,414,478	-	183,430,151	189,844,629	601,949,355	791,793,984	745,230,027

	NOTE - 14						
FINANCE EXPENSES	OSUSALAS	O.R.S.	BULK	TOTAL TRADING SPC	TOTAL TRADING DHS	TOTAL TRADING 2013	TOTAL TRADING 2012
O/D Interest	-	-	1,383,954	1,383,954	-	1,383,954	290,877,030
Bank charges	-	-	226,688	226,688	-	226,688	17,022
Total	-	-	1,610,642	1,610,642	-	1,610,642	290,894,052
TOTAL OVERHEADS	281,213,981	852,042	423,393,707	705,459,730	860,623,103	1,566,082,833	1,706,759,268

**STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2013**

OTHER OPERATING EXPENSES - RAJYA OSUSALA

NOTE - 13 A

OSUSALA -OVERHEADS	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 RAT.	OSU SALA TRADING MINU.	OSU SALA TRADING PANADURA	OSU SALA TRADING GALLE	OSU SALA TRADING MATARA	OSU SALA TRADING KURUNE.	OSU SALA TRADING AMPARA	OSU SALA TRADING H, TOTA	OSU SALA TRADING MEGODA	OSU SALA TRADING A, PURA
(B) OTHER OPEATING EX.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
SELLING & DISTRIBUTION EX																
Outdated & damages	183,640	167,178	57,108	113,204	81,982	41,767	101,034	12,768	26,254	61,699	61,411	64,572	32,479	85,042	-	96,986
Sundry packing materials.	896,792	188,860	131,572	318,277	73,680	169,289	217,081	124,549	186,353	275,143	52,675	97,205	25,262	107,648	52,362	150,960
Total	1,080,433	356,038	188,680	431,481	155,662	211,057	318,116	137,317	212,606	336,843	114,086	161,777	57,741	192,690	52,362	247,946

OSUSALA -OVERHEADS	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	OSU SALA TRADING RATMALANA	SATHOSA OUTLET PILIYANDALA	SATHOSA OUTLET KALUTARA	OSU SALA TRADING TANGALLE	OSU SALA TRADING RAGAMA	OSU SALA TRADING KATUWANA	REGIONAL STORES KANDY	OSUSALA TOTAL TRADING ACTIVITIES
(B) OTHER OPEATING EX.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
SELLING & DISTRIBUTION EX																
Outdated & damages	33,410	348,114	104,828	31,167	45,876	34,273	109,353	14,783	20,224	27,713	-	9,962	10,590	2,369	36,931	2,016,717
Sundry packing materials.	102,689	405,532	175,580	254,280	179,277	6,520	38,273	18,446	6,356	21,232	49,632	47,434	13,183	7,086	4,531	4,397,760
Total	136,099	753,647	280,408	285,447	225,153	40,793	147,627	33,230	26,580	48,945	49,632	57,396	23,772	9,455	41,462	6,414,478

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2013

MAJOR COMPONENT OF TAX EXPENSES	NOTE 15	
	2013	2012
	RS	RS
Current tax expenses	328,586,429	255,490,669
Adj. Deferred tax Income/Expenses relating to the origination and - - reversal of temporary differences	(4,594,727)	121,243
Tax expenses	323,991,702	205,282,423

PROPERTY, PLANT AND EQUIPMENT	NOTE 16									
	Freehold land	Buildings	Motor Vehicles	Delivery Cycles	Furniture & Fittings	Equipments	Plant & Machinery	Computers	Library Books	Total
COST OF VALUATION	RS	RS	RS	RS	RS	RS	RS	RS	RS	RS
At 1 January 2012	1,199,639,630	221,314,373	68,844,399	45,013	21,730,960	126,305,098	9,895,955	88,381,307	5,481,256	1,741,637,991
Additions	-	73,567,338	32,107,000	-	10,439,463	8,182,371	215,000	10,958,891	176,475	135,646,538
Disposals	-	-	-	-	-	-	-	-	-	-
At 31 December 2012	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
DEPRECIATION & IMPAIRMENT										
At 1 January 2012	-	5,102,577	3,073,870	36,919	12,689,630	95,323,337	5,711,417	60,750,697	5,085,906	187,774,353
Depreciation charge for the year	-	7,212,432	3,681,595	2,808	1,797,365	7,144,427	588,244	11,712,927	298,390	32,438,189
Disposals	-	-	-	-	-	-	-	-	-	-
At 31 December 2012	-	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
NET BOOK VALUE										
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
At 31 December 2011	1,199,639,630	216,211,796	65,770,529	8,094	9,041,330	30,981,761	4,184,538	27,630,610	395,350	1,553,863,638

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE PERIOD ENDED 31ST DECEMBER 2013

OSUSALA TRADING STOCK

NOTE 17

Location	2013				2012			
	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.
Bulk Stores	1,047,706,362	158,113,219	-	889,593,143	668,224,747	120,376,238	-	547,848,509
Colombo 07	74,173,700	375,896	2,298,917	71,498,887	76,453,499	192,256	2,593,640	73,667,603
Colombo 04	25,736,015	301,306	971,764	24,462,945	33,621,565	134,128	1,164,445	32,322,992
Colombo 01	20,226,637	150,876	971,699	19,104,062	18,274,284	93,768	421,472	17,759,044
Kandy	34,378,846	639,158	1,834,101	31,905,587	34,275,144	525,954	1,755,159	31,994,031
Nugegoda	14,360,686	120,256	752,747	13,487,683	13,059,586	38,274	584,624	12,436,688
Avissawella	9,310,749	112,574	807,783	8,390,392	9,929,103	70,807	613,952	9,244,344
Rathnapura	19,201,944	179,264	1,142,940	17,879,740	17,539,397	78,230	857,594	16,603,573
Minuwangoda	6,691,982	67,381	506,553	6,118,048	6,735,237	54,613	433,830	6,246,794
Panadura	12,201,210	124,388	405,003	11,671,819	11,538,823	98,134	379,386	11,061,303
Galle	17,680,874	370,897	984,232	16,325,745	22,501,543	309,198	1,167,058	21,025,287
Matara	10,936,565	216,032	876,311	9,844,222	14,005,590	154,621	593,980	13,256,989
Kurunegala	15,307,887	660,396	847,677	13,799,814	24,558,037	595,824	1,180,180	22,782,033
Ampara	6,799,087	468,301	455,162	5,875,624	6,148,468	435,822	494,981	5,217,665
Hambantota	6,731,675	240,700	315,058	6,175,917	9,571,455	155,658	303,673	9,112,124
Meegoda	-	-	-	-	575,065	8,365	37,269	529,431
Anuradhapura	13,703,175	679,793	825,559	12,197,823	13,429,088	582,807	657,526	12,188,755
Maharagama	20,939,870	99,761	1,097,656	19,742,453	19,603,419	66,351	945,634	18,591,434
Jayawardanapura	24,452,207	724,822	978,092	22,749,293	26,462,815	376,707	1,242,937	24,843,171
Karapitiya	19,984,164	222,657	1,123,232	18,638,275	18,883,397	117,829	862,124	17,903,444
Negombo	11,509,505	49,776	663,506	10,796,223	11,753,733	18,609	570,611	11,164,513
Badulla - CWE	12,313,323	114,962	760,530	11,437,831	9,043,516	69,086	521,494	8,452,936
Diyathalawa	2,806,882	68,823	230,041	2,508,018	3,762,524	34,550	286,700	3,441,274
Jaffna	8,517,249	135,985	561,686	7,819,578	6,321,756	26,632	449,724	5,845,400
Polonnaruwa	6,390,699	14,783	385,568	5,990,348	9,564,334	-	451,609	9,112,725
Ratmalana	1,897,108	20,224	130,178	1,746,706	1,906,162	-	143,491	1,762,671
Piliyandala	1,448,778	78,443	72,224	1,298,111	1,565,018	50,730	62,930	1,451,358
Kalutara	-	-	-	-	888,880	89,378	75,408	724,094
Regional Stores Kandy	10,434,939	56,496	1,180,153	9,198,290	8,065,537	19,565	394,137	7,651,835
Thangalla	6,175,426	9,962	351,059	5,814,405				
Ragama	10,587,658	10,590	175,019	10,402,049				
Katuwana	2,595,696	(78,443)	170,116	2,504,023				
Total	1,475,200,898	164,349,278	21,874,566	1,288,977,054	1,098,261,722	124,774,134	19,245,568	954,242,020
ORS UNIT								
Finished Products	979,781	-	-	979,781	1,237,507	-	-	1,237,507
Raw Materials	841,275	-	-	841,275	1,259,183			1,259,183
Chemical & Others	105,850	-	-	105,850	240,330			240,330
Total	1,926,906	-	-	1,926,906	2,737,020			2,737,020
SUNDRY STOCKS								
Printing Stationery	8,088,803			8,088,803	10,417,332			10,417,332
Packing Materials	12,018,385			12,018,385	8,216,889			8,216,889
Miscellaneous Stocks	3,587,948			3,587,948	2,207,058			2,207,058
Total	23,695,136			23,695,136	20,841,279			20,841,279
DISPUTED ITEMS								
Total	123,312,460			123,312,460	102,118,475			102,118,475
Total	1,624,135,400	164,349,278	21,874,566	1,437,830,745	1,223,958,496	124,774,134	19,245,568	1,079,938,789

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2013

STOCKS IN TRANSIT

NOTE 18

	2013	2013	2012	2012
	RS.	RS.	RS.	RS.
Stock in Transit		699,585,139		686,191,229
Disputed Items - DHS				
Disputed stock as at 31.12.13	304,653,383		189,893,482	
Disputed balances as at 31.12.13	39,564,102		-	
Total	344,217,485		189,893,482	
Less: Provision for unsalable	(234,340,371)		(141,121,163)	
Total		109,877,114		48,772,320
Goods in Transit - DHS		809,462,253		734,963,549
Goods in Transit - SPC		265,392,396		151,918,076
Total Transit		1,074,854,649		886,881,626

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2013

TRADE AND OTHER RECEIVABLES	NOTE - 19	
	2013	2012
	RS.	RS.
Total Dues From DHS (19a)	8,745,480,896	10,820,710,490
Trade Debtors (19b)	630,311,911	547,804,109
Staff Loans & Other Staff Advances (19c)	65,394,954	55,900,124
Deposits and Advances (19d)	2,025,041	2,890,113
Other Receivables & Recoverables (19e)	293,895,884	257,384,859
Total	9,737,108,685	11,684,689,694
less: Provision for bad & doubtful debts	979,354,896	571,667,896
Trade and Other Receivables	8,757,753,789	11,113,021,798

TOTAL DUES FROM DHS	NOTE 19a	
	2013	2012
	RS.	RS.
Local Purchase on DHS Tenders	5,822	20,485,348
DHS Turnover Tax & Custom Duty	70,338,936	68,493,952
Purchase Clearing - DHS	266,475,570	246,819,445
Clearance of Tsunami Cargo - DHS	6,138	6,138
Advance Payments to Suppliers	1,388,839	-
Agency Commission	19,740,441	(90,000)
Department of Health Services	8,387,525,152	10,484,995,608
Total	8,745,480,896	10,820,710,490

TRADE DEBTORS	NOTE 19b	
	2013	2012
	RS.	RS.
Distributors	222,849,303	218,842,411
Sales Representatives	505,287	564,258
Private Sector Organizations	6,570,393	4,166,849
Forces	265,912,261	191,074,558
Franchise Osusalas	31,470,604	25,773,269
Authorized retailer	3,723,110	5,158,440
Hospitals- Government	70,799,244	67,639,386
Hospitals- Private	3,978,586	5,224,477
Government Dept. & Corporations	24,184,216	28,996,358
Other Debtors	318,907	364,104
Total	630,311,911	547,804,109

**STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2013**

STAFF LOANS & OTHER STAFF ADVANCES	NOTE 19c	
	2013	2012
	RS.	RS.
Staff Loans	64,191,254	54,656,348
Cycle Loans	88,430	73,854
Festival Advance	1,115,525	997,995
Seva Vanitha	(255)	171,927
Total	65,394,954	55,900,124

DEPOSITS AND ADVANCES	NOTE 19d	
	2013	2012
	RS.	RS.
General Advance	2,025,041	42,840
Marginal Deposit -DHS	-	2,847,274
Total	2,025,041	2,890,113

OTHER RECEIVABLES & RECOVERABLE	NOTE 19e	
	2013	2012
	RS.	RS.
General Treasury - OD Int Reimbursement	399,745,407	295,764,673
Sundry Debtors	6,272,677	6,054,371
Economic Service Charges	-	49,905,593
Insurance Claim Receivables	11,726,967	10,055,770
VAT Recoverable	(123,849,167)	(104,443,277)
With holding VAT control	-	24,300
Withholding Tax	-	23,428
Total	293,895,884	257,384,859

PREPAYMENTS	NOTE - 20	
	2013	2012
	RS.	RS.
Pre- Payments	6,502,384	6,005,296
Employee Security Investments	433,886	430,836
Deposits - Postal Franking Machine	399,829	468,165
Pre paid Staff Expenses	6,261,666	4,579,070
Advance Payments to Port Authority	1,332,320	1,802,683
Miscellaneous Deposits	8,900,462	2,172,333
Container Deposits - SPC	1,589,500	1,362,000
Container Deposits - DHS	7,527,500	7,253,102
Total	32,947,548	24,073,487

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2013

		NOTE 21	
CASH IN HAND AND AT BANK		2013	2012
		RS.	RS.
People's Bank	A/C 90210892	408,748,516	58,385,853
People's Bank	A/C 90210934	17,047,540	17,047,540
Commercial Bank	A/C -10263	896,672	-
Bank of Ceylon	A/C -1438	357,057,456	68,387,946
Bank of Ceylon	A/C -1425	377,368,673	38,353,816
Standard Chartered Bank	A/C 1171968 01	3,076,442	3,368,108
Sampath Bank	A/C 3002 3739	580,750	
People's Bank - Homagama	A/C 0190376	-	34,512
Commercial bank	A/C -50401	23,558	27,558
Credit Insurance Scheme		27,571,746	23,306,859
Supplier Convention		7,843,589	7,157,346
Petty Cash Imprest - Control		451,878	289,412
Total		1,200,666,819	216,358,949

		NOTE 22	
DEFERRED LIABILITIES		2013	2012
EMPLOYEE RETIREMENT GRA'		RS.	RS.
Gratuity opening balance		94,248,566	74,894,076
Gratuity charges for the year		15,594,801	13,396,159
Actuarial Gain /Loss		31,573,801	14,281,409
Benefit paid/ payables during the year		(8,328,821)	(8,323,079)
Total		133,088,346	94,248,566

The principal actuarial assumptions used were as follows,

Discount %	8.29%	11.69%
Future salary increase % (average)	6.45%	7.15%
Retireing age	60 Years	60 Years

The amounts recognized in the Income Statement are as follows,

		NOTE 22 A	
		2013	2012
		RS.	RS.
Current service cost		8,388,347	5,435,271
Interest charges for the year		7,206,453	7,960,888
Gratuity include in the staff cost		15,594,801	13,396,159
Actuarial gain/loss - OCI		31,573,801	14,281,409
Total		47,168,601	27,677,568

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2013

DEFERRED TAX ASSETS/ LIABILITIES	NOTE 23	
	2013	2012
	Rs	Rs
Deferred tax liability	62,979,533	62,273,999
Deferred tax Assets	(37,264,737)	(31,964,477)
Opening SLFRS Deferred Tax Liability	25,714,795	30,309,522

TRADE AND OTHER PAYABLES	NOTE 24	
	2013	2012
	Rs	Rs
Accrued charges & provisions	83,753,587	163,650,954
Creditors control	493,547,865	550,151,404
Special order advance	982,510	2,036,497
Security deposits	505,823	496,123
Salaries control	1,964,344	1,302,947
Bank bills payable - SPC	233,894,775	155,813,563
Bank bills payable - DHS	2,686,075,329	2,111,347,300
Interest on cash security deposits	33,455	17,852
Tender deposits	1,563,009	1,703,875
Loans & other recoveries (staff)	5,869,970	4,468,397
Welfare fund	94,939	532,329
Cash Deposit in lieu of Bank Guaranty	3,027,200	3,008,434
Nation Building Tax	-	38,179,678
E Channeling control A/c	(25,556)	(25,556)
Total	3,511,287,251	3,032,683,796

CURRENT FINANCIAL LIABILITIES	NOTE 25	
	2013	2012
	Rs	Rs
Bank of Ceylon A/C -1435	2,165,969,376	5,358,702,399
Bank of Ceylon A/C -70556680	7,731,462	4,006,200
People's bank A/C -90210929	3,997,385,256	2,437,725,770
Commercial bank A/C -10263		544,204
Commercial bank A/C 150701	83,267,007	95,730,556
Total	6,254,353,100	7,896,709,130

**STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2013**

NOTE -26

CAPITAL

There is no change in the Authorized Capital during the year ended 31st December 2013

CONTRIBUTED CAPITAL

Contributed Capital is made up by government grants amounting to Rs 59,055,258 as at 31 Dec 2013.

NOTE -27

LIABILITIES AND PROVISIONS

The following legal cases are pending as of 31st December 2013, 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

27.1.1The 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 Kayak Sugi Pharma (pvt) Ltd

This case has been filed by Kayak Sugi Pharma (pvt) Ltd against SPC and others for infringement of fundamental rights at the tender awarding process.

27.1.3 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.

27.1.4 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.

27.1.5 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.

27.2.2 Financial Commitments

Document credit established for purchases of pharmaceuticals as at 31.12.2013 amounts to Rs. 18.697m

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.

	2013	2012
SPC	Rs. 630,311,911	Rs. 547,804,109
DHS	Rs. 8,745,480,896	Rs. 10,820,710,490

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 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
Year ended 31 December 2012: (Rs)		
Interest-bearing loans and borrowings	7,896,709,130	OD – Payable on demand
Trade and other payables	3,032,683,796	Usually 03 months
	2013	2012
	Rs	Rs.
Interest-bearing loans and borrowings	6,254,353,100	7,896,709,130
Trade and other payables	3,511,287,251	3,032,683,796
Less: cash and short-term deposits	(1200,666,819)	(216,358,949)
Net debt	8,564,973,532	10,713,033,977
Equity		
Capital and net debt	12,708,496,994	14,484,904,848
Gearing ratio	0.33	0.27

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	2013	2012
Transactions:	RS	RS
Sales -	17,453,284,737	17,173,940,334
Outstanding Balances:		
Receivable from Medical Supplies Division	8,745,480,896	10,820,710,490
Receivable from Forces	265,912,261	191,074,558
Receivable from Government hospitals	70,799,243	67,639,386
Receivable from Other Government Institutions	24,184,215	28,996,358

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.

	2013	2012
	RS	RS
Short term employment benefits	5,155,860	4,132,657

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 அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



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HM/A/SPC/1/13/12

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16 March 2015

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 2013 in terms of the 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 2013 comprising the statement of financial position as at 31 December 2013 and the statement of financial performance 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 furnished to the Chairman of the Corporation on 15 October 2014.

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.



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. Subsections (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 Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.



2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report the financial statements give a true and fair view of the financial position of the State Pharmaceuticals Corporation of Sri Lanka as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Accounting Standards

The employees retirements benefits liability had not been valued by an Actuarial Valuer in terms of Sri Lanka Accounting Standard No. 26.

2.2.2 Accounting Deficiencies

The following observations are made.

- (a) The interest income of Rs.70,687 for the year under review on Treasury Bills had not been brought to account and as such, the interest income for the year under review and the value of investments for the year had been understated by that amount.
- (b) Out of the drugs and surgical consumables supplied to the Medical Supplies Division, a quantity valued at Rs.201,499,316 had been returned as unusable. Even though policy of the Corporation is to make full provision for unusable stocks, provision had been made only for stocks valued at Rs.194,776,269. As such the provision for the year under review had been understated by a sum of Rs.6,723,047.
- (c) Twenty eight Debit Notes relating to drugs and surgical consumables valued at Rs.39,564,102 supplied to the Medical Supplies Division had not been brought to account in the financial statements for the year under review. As such the debtors and sales had been understated by that amount.



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 2013 amounted to Rs.9,375,792,807 and out of that 97.1 per cent or Rs.9,106,376,617 had been debts receivable from the State and the Semi – State Institutions. Out of that a sum of Rs.8,745,480,896 or 93.2 per cent had been due from the Medical Supplies Division.
- (b) Out of the sum of Rs.8,745,480,896 receivable from the Medical Supplies Division, the debtors balance older than one year amounted to Rs.2,557,369,588. That, included a debtors balance of Rs.746,848,430 older than 05 years.
- (c) Out of the sum of Rs.630,311,911 receivable from the private, State and Semi-State institutions except the Medical Supplies Division, the debtors balance older than one year amounted to Rs.23,458,276 and the debtors balance older than 05 years amounted to Rs.2,296,204.
- (d) Out of the debts amounting to Rs.11,837,291 remaining outstanding for more than 02 years from 18 customers in the private and the State Sectors and included in the debtors balance as at 31 December 2013, the Corporation had failed to make any recoveries whatsoever by the end of the year under review.
- (e) Out of the sum of Rs.763,487,280 relating to the period from the year 2003 to 31 December 2013, the payment of which had been rejected by the Medical Supplies Division, only a sum of Rs.46,160,533 out of the sum of Rs.138,502,967 relating to the year 2013 had been recovered from the supplier.
- (f) Without taking action for the recovery of advances amounting to Rs.1,388,839 paid for the import of drugs on 09 Indents during the years 2007 to 2011, those had been brought forward as advances paid to suppliers.



- (g) Even though the customers of the Corporation had been allowed credit facilities up to the value of the Bank Guarantee produced, according to a decision of the Board Directors, additional credit facilities exceeding the value of Bank Guarantees by 50 per cent had been allowed again in two instances to selected customers. Such credit allowed amounted to Rs.10,440,050 given to 3 Distributors, Rs.661,572 given to 05 Agency Osusala, and Rs.306,008,863 given 74 customers of State Osusala outlets. Such credit given in the year under review as compared with preceding year had increased by Rs.299,854,398 or 1738 per cent.
- (h) Out of the value of Bank Bills payable to the suppliers in the purchase of drugs, the sum retained without being paid amounted to Rs.2,919,970,104 as at the end of the year under review. That balance included Rs.10,953,252 older than 05 years, Rs.289,228,814 old between 01 year to 04 years and Rs.2,619,788,038 less than one year old.

2.2.4 Lack of Evidence for Audit

The following observations are made.

- (a) The evidence relating to the confirmation of the debtors balances totaling Rs.74,247,428 of 343 trade debtors and Rs.866,363,958 of the Medical Supplies Division had not been furnished to audit.
- (b) The evidence relating to the confirmation of creditors balance totaling Rs.85,595,103 of 86 trade creditors had not been furnished to audit.



2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

Instances of non-compliance with laws, rules, regulations and management decisions are given below.

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance
(a) Financial Regulation 756 of the Democratic Socialist Republic of Sri Lanka	The fixed assets of the Head Office had not been subjected to physical stock survey during the year under review.
(b) Establishments Code of the Democratic Socialist Republic of Sri Lanka Chapter VIII Section 10.1 and Public Enterprises Circular No. 95 of 04 June 1994	The approval of the General Treasury had not been obtained for the payment of allowances at a minimum of Rs.1,000 and Maximum of Rs.2,800 for officers in Junior Executive and the Executive Grades for working for more than 07 hours on holidays.
(c) Public Finance Circular No. PF/PE/6 of 31 January 2000	Contrary to the circular instructions the Pay As You Earn Tax in respect of the preceding years and up to March of the year under review had been paid from the funds of the Corporation. The payments made up to March of the year under review amounted to Rs.656,188 and action had not been taken for the recovery of that amount from the employees.
(d) Public Enterprises Circular No. PED/12 of 02 June 2003	Contrary to the circular, the draft Annual Report for the year under review had not been presented to the Auditor General even by the date of this report.



(e) Public Enterprises Circular
No. PED/57 of 11 February
2011

Donations and sponsorship exceeding Rs.100,000 in value totaling Rs.10,323,937 had been made in 16 instances to non-Governmental institutions without the approval of the Minister of Finance.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Corporation for the year ended 31 December 2013 had resulted in a pre-tax net profile of Rs.777,218,094 as compared with the corresponding pre-tax net profit of Rs.497,060,601 for the preceding year thus indicating an increase of Rs.280,157,493. Nevertheless, the Corporation had earned an operating profit of Rs.778,828,736 in the year under review, before deducting the financial expenditure amounting to Rs.1,610,642. That as compared with the operating profit of Rs.787,954,653 for the preceding year before deducting the financial expenditure indicated decrease of the operating profit by a sum of Rs.9,125,917. The decrease of the operating profit in the year under review had been due to an increase of the provision for bad debts, the Value Added Tax, the Nation Building Tax and the stock losses by Rs.143,825,630 , Rs.32,967,916 , Rs.15,599,262 and Rs.40,528,226 respectively.

3.2 Analytical Financial Review

A comparison of the stock turnover ratios for the years 2013 and 2012 revealed an increase of 0.9 and decrease of stock turnover period by 05 days. The debtors turnover ratio had decreased by 0.5 and the debt collection period had increased by 34 days. Comparison of the creditors turnover revealed on increase by 1.4 and creditors settlement period had decreased by one day.



3.3 Legal Action instituted against or by the Corporation

Four external institutions / individuals had filed 04 cases in the Courts against the Corporation in connection with the breach of fundamental right relating to award of bids, demotion from post and blacklisting. The compensation claimed in that connection amounted to U.S.\$ 948,759. The Corporation had filed 02 cases in the Courts against 02 external institutions claiming compensation amounting to Rs.4,633,435 for defrauding public funds.

4. Operating Review

4.1 Operating Inefficiencies

The following observations are made.

- (a) The stock of 340 million tablets supplied in June 2010 out of the order made for 650 million units of Paracetamol Tablet BP 500mg under Bill No.DHS/(C)/P/361/2008/09 had been discoloured and as such the total quantity ordered had been cancelled. A Debit Note amounting to Rs.30,885,377 equivalent to U.S.\$ 232,152 had been issued to the supplier on 10 July 2010 on 102.14 million tablets withdrawn from use out of the supply made. The supplier had made a claim of U.S.\$ 944,261 to the Corporation on 19 October 2010 being the cost of 310 million of units manufactured but not taken over. Even though the supplier had made a complaint to the Arbitration Tribunal on 21 April 2011 for the cancellation of the balance supply of 310 million tablets withdrawal of the drug from use and the loss of valid registration. That had not been settled even by 31 December 2013. The Corporation had spent a sum of Rs.967,307 on the Arbitration up to that date.



- (b) Purchase of 750,000 Units of Amoxicillin Oral Suspension (BP) 125mg/5ml valued at Rs.14,529,000 under Indent. No. DHS/P2/267/2004

The bid for the supply of 750,000 units of the above drug for Rs.14,529,000 had been awarded to an Indian supplier who had submitted the lowest quotation without producing samples. The supplier had been informed on 18 April 2008 that the drug was withdrawn from use after the expiry of the shelf life of the drug and the Debit Note No. 095 claiming Rs.6,097,058 for 290,464 quality failed units had been sent him sent on 21 June 2008. The Supplier had not agreed to pay that amount and the irrecoverable sum of Rs.6,097,058 had been written off from the books in terms of the Board Decision No. BP/253/13 taken at the meeting No. 686 of the Board of Directors held on 22 November 2013.

Even though the Corporation had the power under clause 10 of the Bid Documents to stop the supply of balance stocks when failure of quality tests are reported such action had not taken on 250,000 units shipped in March and April 2005.

- (c) The Corporation had been obtaining Bank overdrafts annually and the overdraft interest paid in the year under review amounted to Rs.511,697,230 as compared with the overdraft interest of Rs.654,794,055 paid in the preceding year. In addition the General Treasury had reimbursed a sum of Rs.816,942,256 from the year 2012 and as such the interest on overdrafts for the year under review had been understated.
- (d) A sum of Rs.9,552,240 had been paid in the year under review for 04 buildings taken on rent from Kelaniya and Ratmalana for storing validity expired drugs and the drugs in the validity period. It was observed in audit that the validity expired drugs had been held in the stores over long periods without taking action for their disposal.



- (e) Action had not been taken even by 25 August 2014 for the recovery of the recoverable container deposit amounting to Rs.2,807,500 deposited from the year 2007 to the year 2010 for the containers obtained from private container companies for the transport of drugs from the port to the Corporation and the Ministry of Health.
- (f) Out of 672 items of drugs ordered for the Medical Supplies Division during the year under review, the Corporation had failed to supply 1,507.1 million units of 360 items of drugs and the quantity not supplied in respect of 141 items for which no supplies whatsoever had been made amounted to 342.3 million units.
- (g) Activities of Osusala Outlets
The particulars of the activities of Osusala Outlets during the year under review and the 04 preceding years had been as follows.

	2013	2012	2011	2010	2009
	-----	-----	-----	-----	-----
	Rs.	Rs.	Rs.	Rs.	Rs.
Number of Osusala Outlets in operation	31	28	25	25	23
Turnover Rs.Millions	2,360.2	2,185.9	1,974.8	1,840.2	1,691.4
Purchases – Local Rs.Millions	1,246.9	1,189.8	963.3	918.7	791.7
Purchases – Imported Rs.Millions	729.3	718.4	678.8	683.7	677.7
Profit Earned – Rs.Millions	90.3	134.1	102.6	96.6	97.4
Number of Loss Making Osusala Outlets	15	10	09	06	04
Loss incurred – Rs.Millions	20.7	8.1	7.2	7.0	3.8



The following observations are made.

- (i) The Corporation had 31 Osusala Outlets during the year under review and three Osusala Outlets had been newly opened. The Corporation had earned a profit of Rs.110,952,631 from the working of 16 Osusala outlets during the year under review.
- (ii) Fifteen Osusala Outlets including the 03 newly opened outlets had incurred a loss of Rs.20,664,011 during the year under review. That as compared with the loss of Rs.8,073,076 of 10 Osu Sala outlets for the preceding year indicated an increase of Rs.12,590,935 in the loss. The net profit for the year under review had decreased to Rs.90,288,620 due to the losses incurred by those Osusala Outlets.
- (iii) The Osusala Outlets at Avissawella, Ampara, Hambanthota and Meegoda had incurred losses amounting to Rs.6,202,467 in the year under review and the losses incurred by those in the years 2011 and 2012 amounted to Rs.1,249,415 and Rs.1,311,360 respectively.
- (iv) In addition to the Osusala Outlets referred to in (iii) above, the 05 Osusala Outlets at Karapitiya, Jaffna, Polonnaruwa, Piliyandala and Kalutara had incurred losses in the year 2012 and the year under review and those losses totaled Rs.6,004,788 and Rs.5,770,330 respectively. Out of those, the Osusala Outlet in Jaffna had incurred heavy losses amounting to Rs.4,142,214 and Rs.4,356,674 respectively.

According to the matters referred to in (iii) and (iv) above those Osusala Outlets indicate continuous loss making status and the loss of Rs.11,972,797 incurred by the 09 Osusala Outlets in the year under review represented 58 per cent of the overall loss incurred by the 15 Osusala Outlets.



4.2 Deficiencies in Contract Administration

Construction of a Three Storeyed Building for Nugegoda Osusala

A land 5.9 perches in extent belonging to the Dehiwala Mount Lavinia Municipal Council had been taken on lease basis for a period of 30 years from 01 December 2010 to 30 November 2040 for a sum of Rs.8,804,000 and a three storeyed building had been constructed on the land. The contracts for Rs.12,658,559 excluding the Value Added Tax had been awarded on 18 November 2011 to the contractor who submitted the lowest quotation with the stipulation that the work should be completed and handed over in 06 months. The value had increased to Rs.16,073,677 excluding the Value Added Tax due to additional work of the contract, errors in the bills of quantities and the price fluctuations. A further sum of Rs.72,800 had been paid to the Institute of Constructions Training and Development to determine whether an amount exceeding the agreed contract price could be paid due to the errors in the bills of quantities.

The three storeyed building of 2,210 square feet had been constructed on a land not legally belonging to the Corporation.

4.3 Management Inefficiencies

The following observations are made.

- (a) The favourable balances as at 31 December 2013 amounting to Rs.17,047,540 in a current account opened in a Peoples Bank for the import of specially ordered drugs remained idle for two years up to the end of the year under review.
- (b) The drugs costing Rs.39,564,102 included in the stocks in transit of the Medical Supplier Division amounting to Rs.686,191,229 included in the financial statements for the year 2012, due to the inability to identify whether those had been handed over to the Medical Suppliers Division and the stock shortage amounting to Rs.1,020,462 revealed in the physical verification of stocks, both totaling Rs.40,584,564, had been written off as losses without the approval of the Board of Directors and the Treasury.



- (c) The value of insurance indemnity for damaged drugs from the year 2003 to the year under review amounted to Rs.11,726,967. Out of that the amount recoverable by the Corporation in respect of the years 2003 to 2010 amounted to Rs.4,063,277. Adequate attention had not been paid over a long period for the recovery of the money.
- (d) The delay in taking legal action for the recovery of a sum of Rs.2,368,958, from a Customer of the Corporation who had not made any transactions for more than two years, had been seven months. Even though a letter of demand was issued in the year 2012 for the recovery of another sum of Rs.7,301,267 receivable from another customer, legal action could not be taken as the location of the institution could not be traced. Accordingly, adequate courses of action had not been taken for the recovery of money despite the elapse of about one year.

4.4 Identified Losses

The following observations are made.

(a) Unsaleable Drugs

According to the financial statements, out of the drugs imported by the Corporation from the year 1996 to the year 2012, drugs valued at Rs.123,312,460 and drugs valued at Rs.42,110,540 out of the drugs imported in the year under review had become unsaleable. As such the Corporation had incurred a loss of Rs.165,423,000. The value of the above stock according to the stock verification report produced to the Audit Committee meeting amounted to Rs.125,933,495 (together with the stocks of Osusala Outlets). According to the information produced to audit subsequently, information on Rs.16,011,626 of the difference was revealed, leaving a further difference of Rs.23,477,879 in the stocks.

As such the possibility of unsuitable stocks reaching the market due to the physical non-existence of damaged drugs cannot be ruled out in audit.



- (b) The Corporation had incurred a loss of Rs.201,499,316 being the value of drugs and surgical consumables included in the stocks in transit rejected by the Medical Supplies Division.
- (c) The Corporation had incurred a stock loss of Rs.18,681,006 being the value of sales of the years from 2006 to 2011 not brought to account up to date and the value of 10 Debit Notes rejected by the Medical Supplies Division.
- (d) A stock of 473,500 units of two items of drugs valued at Rs.3,080,334 not taken over by the Medical Supplies Division due to lack of storage facilities and left in the containers in the Ceylon Shipping Lines Yard had been destroyed due to heavy rains. That stock of drugs had been destroyed in accordance with the decision of the Board of Directors taken at the meeting No. 668 dated 01 June 2012.

The following matters were revealed in this connection.

- (i) Even though a Debit Note for Rs.972,418 for the destruction of 53,500 units of Intravenous Cannula Sets valued at Rs.972,418 imported under Indent No. DHS/SWW/02/70E/08-09 had been sent to the Medical Supplies Division, that amount had not been paid by the Medical Supplies Division.
- (ii) The value of the Debit Note No. 000120/2013 for Rs.1,308,804 issued on 01 April 2013 to the foreign supplier of Intravenous Cannula Sets of which 76,000 sets had been withdrawn from use and as notified the supplier by the Corporation on 24 July 2013, had not been paid to the Corporation by the Supplier even by January 2014.



- (e) As the supplier did not agree with the decision of the Technical Evaluation Committee made at the meeting held in the Ministry of Health on the withdrawal from use 14,000 bottles of Lindane Lotion BP/USP2 per cent imported under Indent No.DHS/P8/298/2012 the Corporation had incurred a loss due to the inability to recover the amount from supplier.

4.5 **Staff Administration**

The following observation are made.

- (a) The approved staff as at 31 December 2013 had been 957 and the actual staff as at that date had been 821. Accordingly the vacancies amounted to 136 comprising vacancies in 13 Executive Grades. 99 Non-executive Grades and 24 Minor Grades.
- (b) Four officers of the Corporation had been appointed on acting basis for periods ranging from 01 year to 08 years contrary to the Circular No. 124 dated 24 October 1997 of the Ministry of Finance and Planning.

5. **Accountability and Good Governance**

5.1 **Action Plan**

Five activities due for implementation in the year under review by the Corporation included in the Action Plan had not been implemented.

5.2 **Budgetary Control**

Variances ranging from 17 per cent to 715 per cent were observed between the budget for the year under review and the actual income and expenditure thus indicating that the budget had not been made use of as an effective instrument of management control.

5.3 **Tabling of Annual Reports**

The Annual Report for the year 2012 had not been tabled in Parliament.



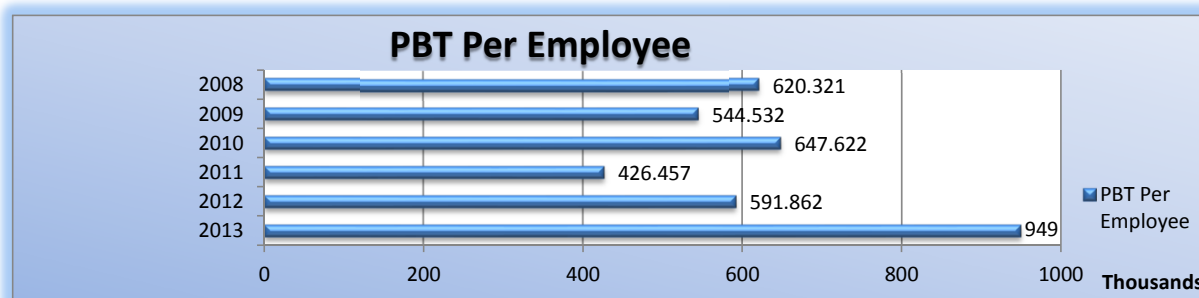
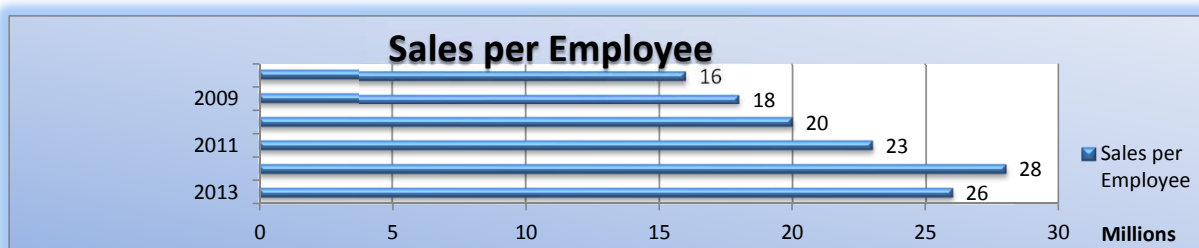
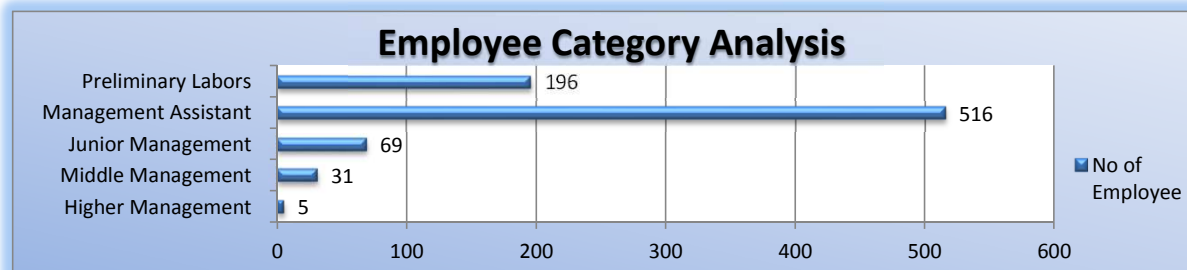
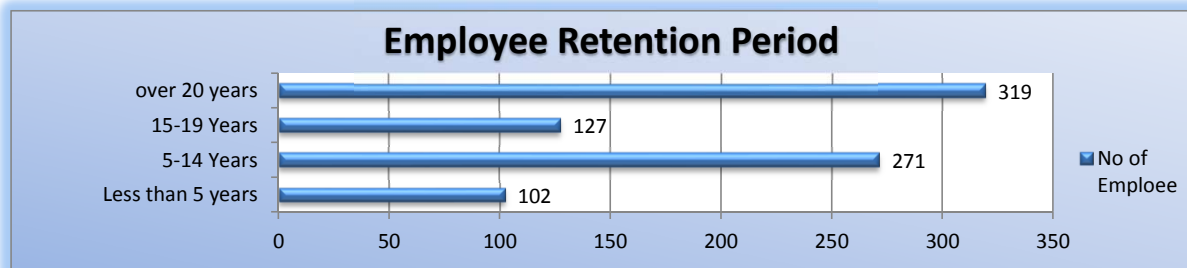
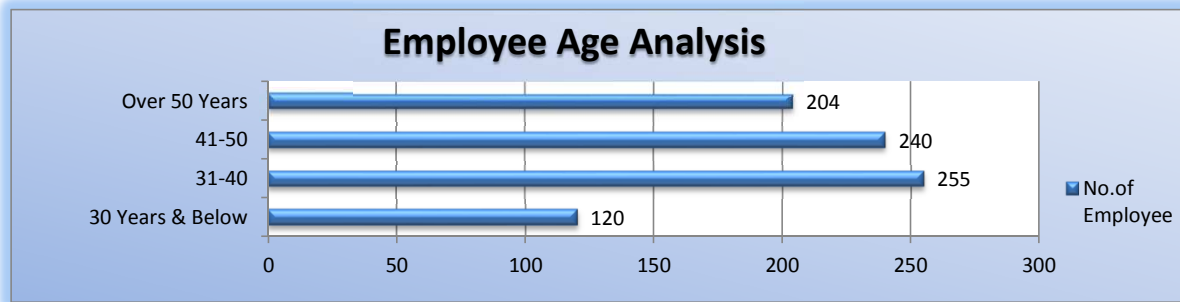
6. **Systems and Controls**

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) Stock Control
- (b) Osusala Outlets Control
- (c) Debtors and Creditors Control
- (d) Creditors
- (e) Human Resources Management
- (f) Budgetary Control

W.P.C.Wickramaratne
Acting Auditor General

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
HUMAN RESOURCES ANALYSIS



STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
TEN YEAR SUMMARY

Description	2013 RS.'000'	2012 RS.'000'	2011 RS.'000'	2010 RS.'000'	2009 RS.'000'	2008 RS.'000'	2007 RS.'000'	2006 RS.'000'	2005 RS.'000'	2004 RS.'000'
Turnover - SPC	5,049,669	5,001,673	4,806,170	4,197,759	4,015,962	3,547,367	3,092,189	2,923,148	2,666,453	2,717,888
Turnover - DHS	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	4,067,138
Total Turnover	21,865,335	21,610,165	17,375,460	15,166,330	14,006,391	12,853,697	11,908,160	8,540,047	8,026,499	6,785,026
Gross Trading Profit - SPC	1,136,403	991,541	1,043,453	995,371	894,232	822,024	699,794	682,256	576,728	455,574
Gross Surplus - DHS	1,185,004	1,193,214	780,735	688,145	622,071	576,308	578,091	389,533	407,187	281,257
Gross Surplus	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	736,831
Other Income	17,537	15,105	23,231	20,414	18,107	22,638	14,177	10,025	12,264	5,807
Administrative Expenses	(772,678)	(670,635)	(614,019)	(605,475)	(573,322)	(535,428)	(483,452)	(434,075)	(348,910)	(295,837)
Other Operating Expenses	(791,794)	(745,230)	(492,631)	(285,777)	(203,520)	(218,987)	(111,390)	(56,397)	(92,470)	(36,099)
Unrecoverable Service Charges								(78,638)		
Operating Profit	774,472	783,995	740,769	812,678	757,568	666,555	697,220	512,704	554,799	410,702
Finance Cost	(227)	(17)	(3,661)	(17,734)	(8,841)	(7,982)	(7,480)	(6,397)	(5,390)	(5,893)
Overdraft Interest	(1,384)	(290,877)	(419,235)	(315,070)	(350,841)	(212,285)	(273,273)	(121,876)	(119,311)	(57,851)
Total Overheads	(1,566,083)	(1,706,759)	(1,529,546)	(1,224,056)	(1,136,524)	(974,682)	(875,595)	(618,745)	(566,081)	(395,680)
Finance Income	4,357	3,959	4,102	3,900	3,302	2,856	2,127	1,432	1,285	1,385
Profit before Tax	777,218	497,060	321,975	483,774	401,188	449,144	418,594	385,863	431,383	348,343
Taxation	323,992	205,282	228,473	243,907	144,883	209,487	232,013	206,427	218,168	165,000
Extra - Ordinary Items								(25)		
Net Profit for the period	453,226	291,778	93,502	239,867	256,305	239,657	186,581	179,411	213,215	183,343
Treasury Levy	(50,000)		(15,000)	(60,000)	(25,000)	(25,000)				
Defined benefits plan	(31,574)	(14,281)	11,325							
Total comprehensive Income	371,652	277,497	89,827	179,867	231,305	214,657	186,581	179,411	213,215	183,343
Contributed Capital & Reserve	125,117	3,747,656	3,502,607	3,412,780	2,418,452	2,217,690	1,960,458	1,744,855	1,591,225	1,136,262
Current Assets										
Inventories - SPC	1,437,830	1,079,939	887,456	874,018	652,167	833,303	726,578	603,455	486,592	418,393
Goods in Transit - DHS	699,585	734,963	1,985,991	2,755,465	1,105,247	1,780,891	710,240			
-SPC	729,369	151,918	100,277	105,297	125,515	170,905	23,596	57,127	31,776	34,472
Trade and other receivables	8,757,754	11,113,022	5,123,702	3,453,354	2,139,755	2,036,168	1,991,061	2,764,958	2,586,782	1,681,518
Deposits & Prepayments	32,948	24,073	24,479	22,369	11,564	12,367	6,928	7,512	8,341	7,613
Cash in Hand & at Bank	1,200,667	216,359	600,807	671,104	263,769	250,660	480,787	192,511	349,191	145,023
Total Current Assets	12,858,153	13,320,274	8,722,712	7,881,607	4,298,017	5,084,294	3,939,190	3,625,563	3,462,682	2,287,019
Current Liabilities										
Trade and other Payables	3,511,287	3,032,684	1,784,156	1,551,401	739,514	544,979	645,448	667,851	456,014	383,839
Income tax payables	294,029	191,440	219,332	232,469	200,169	225,239	252,090	211,415	163,569	119,958
Deferred Income	889	1,292	318	1,559						
Current Financial Liabilities	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	844,561
Total Current Liabilities	10,060,558	11,122,125	6,720,461	5,916,973	2,398,221	3,366,452	2,486,047	2,355,914	2,375,739	1,348,358
Non Current Assets	1,858,832	1,698,279	1,605,438	1,561,496	639,231	595,014	593,907	554,604	556,363	247,424
Non Current Liabilities	158,803	124,558	105,082	113,350	120,575	95,166	86,592	79,398	52,081	49,823
Net Assets	4,497,624	3,771,870	3,502,607	3,412,780	2,418,452	2,217,690	1,960,458	1,744,855	1,591,225	1,136,262
RATIOS										
Gross Profit Ratio - SPC (%)	22.5	19.8	21.7	23.7	22.3	23.2	22.6	23.3	21.6	16.8
Gross Profit Ratio - DHS (%)	7.0	7.2	6.2	6.3	6.2	6.2	6.6	6.9	7.6	6.9
Gross Surplus to Sales (%)	10.6	10.1	10.5	11.1	10.8	10.9	10.7	12.6	12.3	10.9
Assets Turnover (times)	01:01.5	1:1.4	1:1.7	1:1.6	1:2.8	1:2.2	1:2.6	1:2.0	1:2.0	1:2.6
Annual Sales Growth (%)	1.2	24.37	14.57	8.28	8.97	7.94	39.44	6.40	18.30	-6.11
Current Ratio (times)	01:01.2	1.19:1	1.31:1	1.33:1	1.79:1	1.51:1	1.58:1	1.54:1	1.46:1	1.7:1
Liquidity Ratio (times)	01:01.1	1.02:1	0.86:1	0.7:1	1:1	0.68:1	0.99:1	1.26:1	1.24:1	1.36:1
Interest Cover (times)	562.6	2.7	1.8	2.4	2.1	3.0	2.5	4.0	4.4	6.4
Stock Turnover Ratio (times)SP	3.03	4.00	3.83	2.4	3.5	3.11	3.39	3.92	4.45	5.07

SALES NETWORK

HEAD OFFICE

State Pharmaceuticals Corporation of Sri Lanka

75, Sir Baron Jayatillake Mawatha,

Colombo 1, Sri Lanka

Telephone: 2320356 – 9 Fax: 2447118 Website: www.spc.lk Email: spc@spc.lk

SALES UNIT

109, Kandawala Estate,
Ratmalana.
Tel.2632288 Fax: 2632962

STORES

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

ORS UNIT

109, Kandawala Estate,
Ratmalana.
Tel.2622334

KANDY STORES

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

RAJYA OSU SALA OUTLETS

Osus Sala - Colombo 7

255, Dharmapala Mw:
Colombo 7.
Tel.2694716, 2672293

Osus Sala - Nugegoda

145A/1,
S de S Jayasinghe Mw:
Nugegoda.
Tel.2856641

Osus Sala - Panadura

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

New Osus Sala - Badulla

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

Osus Sala - Colombo 4

85, Galle Road,
Colombo 4.
Tel.2587128

Osus Sala - Hambantota

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

Osus Sala - Ampara

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

Osus Sala - Matara

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

Osus Sala - Colombo 1

75,Sir Baron Jayatillake
Mw: Colombo 1.
Tel.2328046

Osus Sala - Avissawella

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

Osus Sala - Galle

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

Osus Sala - Kandy

14A Lamagara Mw:
Kandy.
Tel.081-2225175

Osus Sala - Ratnapura

32 Nanda Ellawala Mw:
Ratnapura.
Tel.045-2223014

Osus Sala - Minuwangoda

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

Osus Sala - Meegoda

Economic Centre,
Meegoda.
Tel.2831920

Osus Sala – Kurunegala

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

Osus Sala - Anuradhapura

Bank Street,
Anuradhapura.
Tel.025-2222181

Osus Sala – Maharagama

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

Osus Sala – Ja'pura

Sri Jayawardhanapura
General Hospital,
Sri Jayawardhanapura.
Tel.2779414

Osus Sala – Karapitiya

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

Osus Sala – Diyathalawa

Main Street,
Diyathalawa.
Tel.055- 3551624

Osus Sala – Negombo

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

Osus Sala – Jaffna

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

Osus Sala – Polonnaruwa

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

Osus Sala – Tangalla

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

Osus Sala – Ragama

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

MARKETING & SALES DEPARTMENT

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