

2015

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ஆண்டு அறிக்கை
ANNUAL REPORT



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இலங்கை அரசு மருந்தகக் கூட்டுத்தாபனம்
STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

ANNUAL REPORT - 2015



CONTENT

• Our Vision, Mission, Goals and Slogan	01
• Financial Highlights	02
• Board of Directors & Corporate Information	03-05
• Management Team	06-08
• Chairman's Message	09
• Managing Director's Report	10-12
• Report of the Directors	13-14
• Report of the Audit Committee	15
• Statement of Financial Position	16
• Statement of Changes in Equity	17
• Statement of Comprehensive Income	18
• Income Statement of Osusala Operations	19-21
• Cash Flow Statement	22
• Accounting Policies	23-28
• Notes for the Accounts	29-52
• Auditor General's Report	53-65
• Chairman's Comments on AG's Report	66-76
• Human Resources Analysis	77
• Ten Year Summary- Income Statement	78
• Ten Year Summary- Statement of Financial Position	79
• Sales Network	80



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	2015	2014	Variation (%)	2013
	Rs: '000'	Rs: '000'		Rs: '000'
Revenue - SPC	5,286,876	4,865,151	8.7	4,320,300
Supplies to DHS	19,176,807	17,269,008	11.0	16,815,666
Total Revenue	24,463,683	22,134,159	10.5	21,135,966
Gross Trading Profit SPC	1,410,722	1,247,074	13.1	1,136,403
Gross Surplus DHS	1,386,731	1,333,198	4	1,185,004
Gross Surplus	2,797,453	2,580,272	8.4	2,321,407
Other Income	51,259	25,738	99.2	17,537
Administrative Expenses	(1,057,970)	(969,744)	(9.1)	(786,904)
Other Operating Expenses	(563,357)	(749,825)	24.9	(791,794)
Finance Cost	(1,600)	(124)	(1,190.3)	(227)
Overdraft Interest	(734)	(149,659)	99.5	(1,384)
Finance Income	5,086	4,896	3.9	4,357
Profit Before Tax	1,230,137	741,554	65.9	762,993
Defined Benefit Plan	239,887	(212,044)	213.1	(31,573)
Taxation	(610,539)	(192,145)	217.7	(320,008)
Total Comprehensive Income	859,485	337,365	154.8	411,412
Treasury Levy/Dividend paid	(100,000)	(75,000)	(33.3)	(50,000)
Retained Earnings	5,022,870	4,263,205	17.8	4,008,164
Contributed Capital & Reserve	125,117	125,117	-	125,117
Non Current Assets	2,156,615	2,138,973	0.8	1,858,832
Current Assets	7,027,468	5,129,323	37	12,627,902
Non Current Liabilities	233,394	372,219	37.3	158,803
Current Liabilities	3,802,703	2,507,754	(51.6)	10,194,650
Net Current Assets	3,224,765	2,621,569	23	2,433,252
RATIOS				
Gross Profit Ratio (%) SPC	26.7	25.6		26.3
Gross Profit Ratio (%) DHS	7.2	7.7		7.1
Gross Surplus to Sales (%)	11.4	11.7		11
Return on Capital Employed (%)	22.9	18.7		17.8
Interest Cover (times)	1,677	5.95		552.3
Equity to Total Assets (times)	1:1.7	1:1.6		1:3.5
Turnover to Capital Employed (time)	4.55:1	4.65:1		4.92:1
Current Ratio (time)	1:1.85	1:2.05		1:1.2
Liquidity Ratio (time)	1:1.23	1:1.5		1:1.07
Stock Turnover Ratio -SPC (time)	2.68	2.85		2.6
OTHER INFORMATION				
Number of Employees	-	862	849	817
Earning per Employee (Rs.)	-	1,427	873	951
Sales per Employee (Rs.)	-	28,380	26,071	25,870

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
BOARD OF DIRECTORS

Mr. Sarath Liyanage - Chairman

Attorney - at - Law and Commissioner for Oaths with over 30 years of experience in practice appeared in all courts up to the Supreme Court. Appeared throughout the Special Presidential Commission re-explosion in Kayts where Generals Kobbekaduwa and Wimalaratne were killed. Appeared throughout in international Commission consisting of two Chief Justices and a Knight which held sittings in Common Wealth Hall, London. Experience in state Institutions as the Executive Director and the Chairman. Consultant (Legal) for a prominent Group of Companies and also a Company Director. Being the President of the P.M.E Trust for the needy in Sri Lanka, a non-political organization, has rendered and continue to serve the needy people in Sri Lanka. He has been serving as the Chairman of State Pharmaceuticals Corporation since January 2015.

Dr. M.H.M Rumie - Managing Director

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

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

(pvt) Ltd, and as a Managing Partner at Skill Enterprise. He is also well experienced in trading and has participated in more than 50 exhibitions on behalf of Ceylon Tea Land (pvt) Ltd for promotion of Ceylon Tea, organized by Sri Lanka Tea Board and Export Development Board of Sri Lanka. He has been serving as the Managing Director of State Pharmaceuticals Corporation since January 2015.

Mr. Mukthar Marikkar

Mr. Mukthar Marikkar is an Engineer by profession. He is a fellow Member of the Institute of Marketing UK, He has Professional Memberships and Business Council Memberships in various institutions. Including The Ceylon Chamber of commerce, Refrigeration Service Engineers Society, American society of Heating, Refrigerating and Air conditioning Engineers Inc. Mr. Mukthar Marikkar was appointed as a director of State Pharmaceuticals Corporation in March 2015. He is the founder Chairman of Frostaire Group of Companies since 1980 to date. He is also the board member in the director boards of Frostaire Panels (pvt) Ltd, Malwana Springs (pvt) Ltd, Regional Development Bank and Pan Asia Banking Corporation Ltd. He has at various times served on the Boards of a number of Private sector Institutions and Government Corporations including Rupavahini Corporation, Broadcasting Corporation.

Mr. Mukthar Marikkar is the Hon. Consul General for the Republic of Tunisia in Sri Lanka since 2001.

Ms. R. M. Damitha Kumari Ratnayake

Ms. Ratnayake holds Degree in B.Sc. in Business Administration - University of Sri Jayawardanapura, and Diploma in Economic Development in University of Colombo. Ms. Ratnayake currently working as a Director of the Department of Treasury Operations of the Ministry of Finance. She was appointed as a director of State Pharmaceuticals Corporation in April 2015. She is also the board member in the Director Boards of Ceylon Petroleum Storage Terminals Ltd and Agricultural and Agrarian Insurance Board. She has at various times served on the Boards of a number of Statutory Institutions including Wayamba Development Bank, State Engineering Corporation and Sri Lanka Carbon Fund.

Dr R. R. M. L. R. Siyambalagoda

Apart from his MBBS Medical Degree from the University of Peradeniya, Dr. Siyambalagoda has a Masters in Medical Administration from the University of Colombo and a M.Phil. in Community Nutrition from the University of Peradeniya. Presently, he is the Additional Secretary (Medical Services) and the DDG (PHS II), Ministry of health, Nutrition & Indigenous Medicine. He served as Medical officer for the General Hospital in Kurunegala and Maternal and Child Health in Polonnaruwa District In addition to this, he was also the Medical Officer of Health for Gampola, Higurakgoda and Polonnaruwa whilst also assuming the role of Regional Director of Health Services in the district of Polonnaruwa.

In a directorial capacity, Dr. Siyambalagoda was the Deputy Director of the Teaching Hospital in Peradeniya, the Director of the Anti-Malaria Campaign.

Dr. B. G. N Ratnasena

Dr. B.G.N Ratnasena is Consultant Surgeon National Hospital of Sri Lanka. He holds F.R.C.S England, MS(Surgery), and M.B.B.S (Ceylon). He holds a fellow member of the Royal College of Surgeons of England, Past President, Association of General Surgeons, President Association of Medical Specialists, Committee member Board of Study in General Surgery and Committee member Academic accreditation Education and Disciplinary Committee of the PGIM and Committee member of the NMRA. Dr. B.G.N Ratnasena was awarded Presidential Research Award 2014 January for conducting outstanding research.

Mr. R. Pushpa Kumara de Zoysa

Mr. R. Pushpa Kumara de Zoysa was a Southern Provincial Councilor for 14 years from 1988 to 2004. He is a Diploma holder in Business Management (ICBT) and Human Resources Management (IPM) Mr. R. Pushpa Kumara de Zoysa was the Chairman South Gate College International, Managing Director of Reef Garden Hotel, Akurala, He was also a member of the Board of Directors of the Mathugama Plantation (pvt) Ltd. He was appointed as a director of State Pharmaceuticals Corporation in April 2015.

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
CORPORATE INFORMATION

Board of Directors

Mr. Sarath Liyanage	Chairman	(From 27.01.2015)
Prof. S. D Jayaratne	Chairman	(Till 09.01.2015)
Dr. M. H. M. Rumie	Managing Director	(From 27.01.2015)
Mr. R. L. Dharmatilleke	Managing Director	(Till 09.01.2015)
Dr. R. R. M. L. R. Siyabalagoda	Director	(From 29.04.2015)
Mr. Mukthar Marikkar	Director	(From 02.03.2015)
Dr. B. G. N. Ratnasena	Director	(From 29.04.2015)
Mr. R. Pushpa Kumara de Zoysa	Director	(From 29.04.2015)
Mrs. Damitha Ratnayake	Director	(From 15.04.2015 to 30.12.2015)
Dr. P. G. Maheepala	Director	(Till 09.01.2015)
Prof. Ranjanie Gamage	Director	(Till 09.01.2015)
Mr. Mervin Gunasena	Director	(Till 09.01.2015)
Mr. Lalith Senanayake	Director	(Till 09.01.2015)

Audit Committee

Mrs. Damitha Ratnayake	Chairman	(Till 30.12.2015)
Dr. R. R. M. L. R. Siyabalagoda	Director	(From 29.04.2015)
Mr. Mukthar Mrikkar	Director	(From 02.03.2015)

AUDITORS

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

BANKERS

Bank of Ceylon

Corporate Branch, Bank of Ceylon Mawatha, Colombo 1.

People's Bank

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

Standard Chartered Bank

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

Commercial Bank of Ceylon Ltd.

City Office, 98 York Street, Colombo 1.

Registered Office

No.75 Sir Baron Jayatillake Mawatha, Colombo 1.

Date of Incorporation

September 22, 1971

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA MANAGEMENT TEAM

Mr. K M D R Dassanayake - General Manager



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

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



Mr. Madura Kuruppu joined the SPC as the Manager (Technical & Laboratory Division) in 1997 & presently holds the Deputy General Manager -Technical, Laboratory & Production position. He functioned as the Deputy General Manager (Marketing) from 2006 – 2014 before reverting back to Technical, Laboratory & Production Division as the Divisional Head in 2014. He counts 36 years of experience in production, Quality Control, Administration & Marketing in the state & private sector organizations. He holds BSc degree from University of Colombo & also possesses the post Graduate Diploma in Industrial Engineering from NIBM and Post Graduate Diploma in Analytical Chemistry from University of Colombo.

Mr. Mahinda Gamage - Deputy General Manager (Finance)



Mr. Gamage joined the SPC as the Deputy General Manager (Finance) on 01/02/2001. He has 37 years' experience in the field of Accounting, Finance, Costing, Management Accounting and Financial Management. He is a fellow of CIMA London and also Member of CMA Australia. He is a holder of MBA from University of Colombo and Associate Member of SLIM Sri Lanka. He is a member of Chartered Institute of Ship Brokers London.

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



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

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



Mr. H G W Dharmasena joined the SPC in February 1982 and presently holds the position of Deputy General Manager (Human Resources & Administration).

He has a BLE Degree and a Masters Degree in Business Studies from the University of Colombo. He also has a Diploma in Purchasing & Material Management from the Institute of Supply and Material Management and has over 15 years of experience in management of stores operations too.

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



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

Mrs. Priyanthi Dassanayake - Actg. Deputy General Manager (Procurement & Imports- Surgical)



Mrs. Priyanthi Dassanayake joined the SPC as a Management Trainee in 1987 and held the position of Acting Deputy General Manager (Procurement & Imports) from July 2015. She has obtained her BSc degree Business Administration from University of Sri Jayawardenepura and Masters Degree in Business Studies from the University of Colombo. She has also obtained a Diploma in Purchasing & Material Management from the Institute of Supplies & Materials. She is a Corporate Member of the Institute of Supply & Materials Management.

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
MANAGEMENT TEAM - Senior Management

Mrs. S.M.A.D.S.H. Sammandapperuma	Management Accountant	
Mrs. P.D. Gunasekara	Accountant - Payments	
Mrs. 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	
Mr. M.A.V.I. Kumarasiri	Field Manager (Monitoring of Distribution Systems)	
Mr. W.U. Samaranayake	Manager - OsuSala, Colombo 7	
Mr. P.K.R. Fernando	Manager Wharf	
Miss. C.S. Withanage	Manager Sales	
Mrs. H.H. Piyadigama	Accountant - Stock & Pricing	
Mrs. D.N. Devasurendra	Accountant - Revenue	
Mrs. P.A.U. Wijewardana	Legal Officer & Secretary to the Board	
Mr. P.M.B.R. Somathilaka	Manager - Production	
Mrs. M.W. Pushpa Jennet	Manager - Administration	(from 01.04.2015)
Mrs. A.H. Alwis	Manager - Post Delivery Operation	
Miss. M.K.A.P. Gunathilake	Manager - Promotion & Publicity	
Mr. D.G.D.J. Pushpakumara	Manager - Stores & Inventory Control	
Mr. W.A.S. Wickramarachchi	Manager - Research & New Project	
Mr. A.P. Hapangama	Accountant - Financial Accounting	
Mrs. M.B. Jayawardana	Manager - Stores & Inventory Control	
Mr. H.D.N.R. Gunasekara	Manager - Osusala, Colombo 04.	
Mr. D.R. Kuruppumullage	Manager - Osusala, Colombo 01.	
Mrs. L.W. Damayanthi	Accountant - Salaries	
Mr. D.K.A.P. Dassanayake	Manager - Human Resources	(from 01.04.2015)
Mrs. M.A.S. Karunaratne	Accountant - RajyaOsusala	
Mr. K.D.F.N. Perera	Manager - Sales	
Mr. W. Jayantha	Manager - CPU	(from 02.11.2015)
Mr. U.V. Piyasena	Manager - Imports	(from 02.11.2015)

CHAIRMAN'S MESSAGE

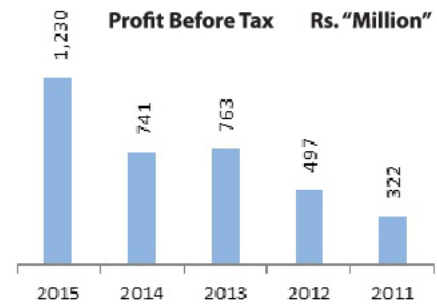
It is a great privilege for me to present the Annual Report of State Pharmaceuticals Corporation for the year 2015.

Year 2015 was the very first year of operation under my stewardship, and has produced commendable performances.

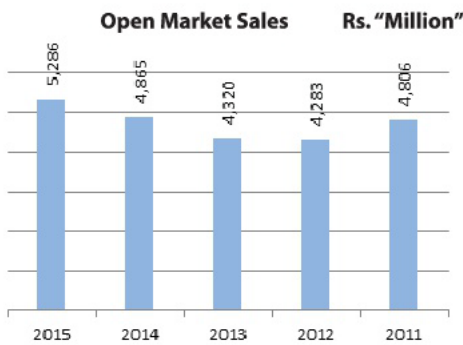
In the history of "SPC" for the first time, Profit before Tax has surpassed Billion Rupee mark during the year under review. Profit Before Tax has recorded as Rs.1,230 Million which is a growth of 66% as against Rs.741 Million recorded in 2014.



The operational activities of "SPC" are two pronged; Supply of Medicines & Healthcare Items to Medical Supplies Division, which in turn distribute those to all the Government Hospitals, and to sell in the open market through our own Rajya OsuSala Outlets, Franchised Outlets and through Distributors. Both the Sectors have recorded reasonable growth during the year under review.



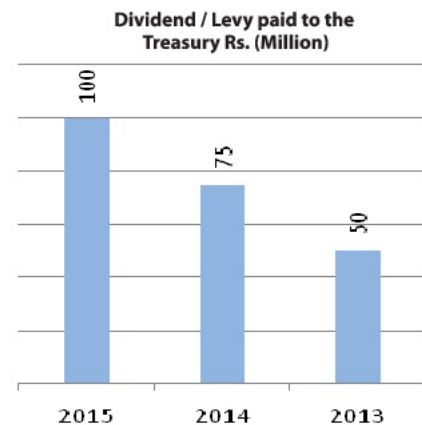
Our main focus in operation is the "Service to the Nation" by offering Quality Assured Healthcare Products at Affordable prices to the people of the Country.



"SPC" being the Largest Importer of Drugs in the Private Market and maintaining a reasonable low prices, have been able to regulate the prices of the Drugs in the entire Country to a great extent.

While operating as a Financially Viable Entity under the State Ownership, we were being able to pay Rs.100 Million to the General Treasury as Dividend and also paid Rs.268 Million as Income Tax on Profit, during the year under review.

The guidance & assistance received from the Hon. Minister of Health Nutrition & Indigenous Medicine, Secretary to the Ministry of Health, Officials of Ministry of Health, Auditor General and his Staff, the Officials of Ministry of Finance, my Managing Director and other Board Members, Management & all the Staff Members at SPC, was immense in achieving the above results.



With the introduction of the "New Drug Policy" to the country, "SPC" has to play a vital role in implementing controlled drug prices in the country.

Hope & wish that we will be able to contribute more to the motherland, in the years to come.



Sarath Liyanage
 CHAIRMAN

MANAGING DIRECTORS REPORT

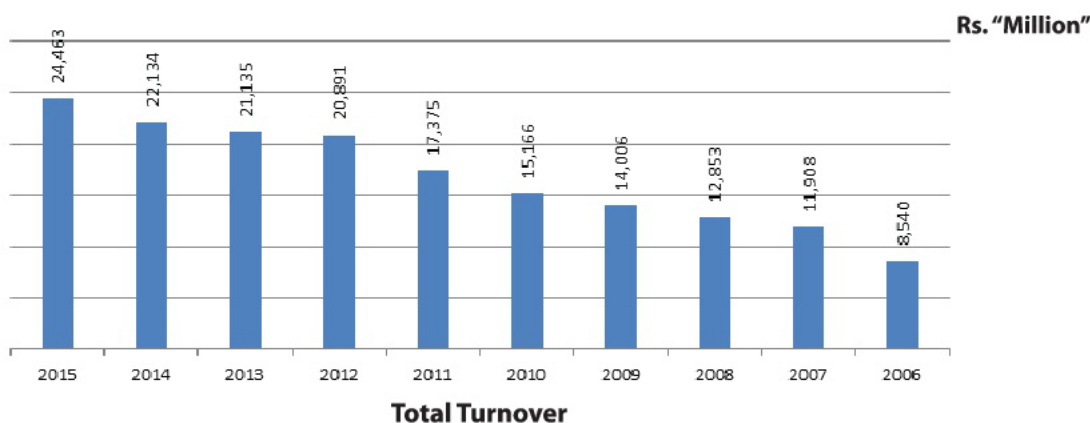
It's with great pleasure that I am presenting the Managing Director's Report with regard to the performance for the year 2015. During the period under review, State Pharmaceuticals Corporation completed its 44th year of supplying quality assured Pharmaceuticals and Healthcare items to the Nation.

SPC is also the sole importer of Pharmaceuticals and Healthcare items for the Department of Health Services, to ensure timely and continuous supply of quality assured Pharmaceuticals and Healthcare items to the Government Hospitals.



FINANCIAL PERFORMANCE

During the year under review, SPC has recorded highest ever turnover of Rs.24,463 million. This is an increase of 10.5% as against previous year turnover of Rs.22,134 million. Healthcare items supplied to the 'Medical Supplies Division' was Rs.19,176 million during the year, as against Rs.17,269 million in the year 2014. This is an increase of 11%.



Private market operation through Rajya Osusala Outlets, Franchises and Distributors has recorded a turnover of as Rs.5,286 million during the year 2015. It is an increase of 8.6% in comparison with the Turnover Rs. 4,865 million recorded in 2014.

For the first time in the history profit before tax of 'SPC' surpass the billion rupee mark. The profit before Tax was Rs.1230 million in the year 2015. This is an increase of 66% as a gainst the previous year figure of Rs.741 million. This increase in profit was mainly due to the improvement in Turnover coupled with controlling the expenditure.

As a profit generating Government Corporation, SPC has paid Rs.100 million as dividend to the General Treasury during the year under review. This contribution has been made in addition to the tax payment of Rs.268 million (cash basis) for the year 2015.

SALES & TRADE PROMOTIONS

SPC participated in Medical and Trade exhibitions, by having promotional and trade stalls to educate the general public with regard to the benefits of using generic drugs under the theme of "Rational use of Medicine".

At the end of the year, there are altogether 31 Rajya Osusala Outlets, 105 Franchised Osusala Outlets, 47 Distributors and 10 Authorized Retailers covering the entire island, to ensure availability of SPC drugs, all corners in the country.

Awareness Programme



Dealer's Convention 2015



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 "Market complaints", to maintain the quality standards of the pharmaceuticals supplied by the SPC, all the time.



HUMAN RESOURCES DEVELOPMENT

We maintain cordial relations with our staff and have constant dialogue with them. Employee training on various topics is conducted by internal and external resource personnel. Annual events held are Sinhala Avurudu celebrations, Annual Get together, Annual Trip, Blood donation Campaign, Vesak Bana etc. Out bound Training Program for Junior Manager's and above was conducted by the Corporation. These O.B.T programs are appreciated by the management team.



Blood donation Campaign



Annual Get Together



Out- Bound Training Kithulgala

During the year under review total workforce was 1006, out of which 144 are trainees. In order to provide them with a career growth plan within the organization and to improve their skills, 312 employees were sent for local training programmes and 08 employees were sent for overseas training programmes.

Type of Training	No.of Trainings	No.of Employees
Local Trainings	29	60
Group Trainings	5	252
Foreign Trainings	5	8
Total	39	320

All staff welfare benefits which were prevailed in the Corporation prior to 2014, were continued during the year 2015 too.

CORPORATE SOCIAL RESPONSIBILITY

Medical Camp - Karainagar



Senaka Bibile Commemoration Scholarship Programme



As part of our Corporate Social Responsibility, SPC continues to offer 5% discount on Pharmaceuticals purchased for Children under 05 years of age, Pregnant Mothers, Senior Citizens (Over 55 Years). We also sponsored number of health camps in various parts of the country. As a tribute to the founder Chairman of SPC, Professor SenakaBibile, we are continuing with the "SenakaBibile Commemoration Scholarship Programme" to the Medical Students who perform best in the Pharmacology in each of the six Medical Faculties of the Universities in Sri Lanka.

ACKNOWLEDGEMENT

I take this opportunity to thank our management team and the staff in all categories for their dedicated service rendered to the Corporation, to achieve the growth and profit that has been recorded.

Dr. M. H. M. Rumie
MANAGING DIRECTOR

REPORT OF THE DIRECTORS

The directors of the State Pharmaceuticals Corporation present herewith the audited financial statements for the year ended 31 December 2015.

The Financial Statements of the Corporation was submitted to the Auditor General on 01st March 2016 in accordance with the Section 6.5.1 of Public Enterprises Guidelines, issued by the Director General of the Department of Public Enterprises in the General Treasury.

Formation

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

Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on the pages 23 to 28.

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 2015 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 Jeevanee, 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 2015 were as follows,

Mr. Sarath Liyanage	Chairman
Dr. Mohamed Hashim Mohamed Rumie	Managing Director
Dr. R. R. M. L. R Siyabalagoda	Director
Mr. Mukthar Mrikkar	Director
Dr. B. G. N. Rathnasena	Director
Mr. R. Pushpa Kumara De Zoysa	Director
Mrs. Damitha Ratnayake	Director (to 30.12.2015)

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 15.

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

Corporate Social Responsibility

During the year the Corporation contributed Rs. 2,771,230/- for charitable purpose. This includes Rs. 618,750/- Government approved charity for taxation purpose.

Post Balance Sheet Events

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

Auditors

Auditor General carried out the Audit of the Financial Statement of the State Pharmaceuticals Corporation of Sri Lanka for the financial year ended 31st December 2015.

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 Three 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 2015, followings members attended to the Meetings of the Audit Committee.

Ms. Damitha Rathnayake - Chairman of the Audit Committee

Mr. Mukthar Marikkar

Mr. R. R. M Siyambalagoda

Chief Accountant of the Ministry of Health and Audit Superintendent of Government Audit Branch of SPC participated the Committee Meetings as Observers. Board Secretary and the Internal Auditor functioned as the Secretary to the Committee and Convener respectively.

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.

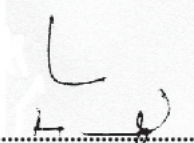
1. Review and evaluate the internal control systems and recommend modifications where necessary.
2. Review and approve Internal Audit Plan for the year 2015.
3. Review Internal Auditor's reports, and monitor management's responsiveness to the findings and recommendations of the Internal Auditor.
4. Review External Auditors Audit Queries and the matters raised by them in the reports in terms of section 13(7) (a) and 14 (2) (c) of the Finance Act No. 38 of 1971.
5. Review of implementation of recommendations of the Committee of Public Enterprises (COPE).

Internal Audit Division

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

Meetings

During the year 2015, three 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.



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Dr. R. R. M. L. R Siyambalagoda - Member
for Chairman - Audit Committee

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2015

	NOTE	2015 Rs.	2014 (restated) Rs.
ASSETS			
Property Plant and Equipment	16	1,981,695,566	1,762,626,535
Leasehold Land - Ratmalana		10,200,000	10,360,000
Capital Work in Progress		148,598,345	309,456,400
Other non Current Assets	16A	16,120,702	16,775,300
Deferred Tax Assets	23	-	39,754,570
Total Non- Current Assets		2,156,614,613	2,138,972,804
Current Assets			
Inventories - SPC	17	2,364,090,551	1,390,608,593
Stock in Transit - DHS	18	788,342,127	528,709,760
Trade & Other Receivables	19	3,051,444,605	2,370,348,830
Prepayments	20	33,046,449	37,964,434
Cash in Hand and at Bank	21	790,525,341	801,716,760
Total Current Assets		7,027,449,074	5,129,348,377
Total Assets		9,184,063,687	7,268,321,180
EQUITY AND LIABILITIES			
Contributed Capital		59,055,258	59,055,258
Retained Earnings		5,022,690,364	4,263,205,140
General Reserves		66,061,447	66,061,447
Total Equity		5,147,807,069	4,388,321,845
Non- Current Liabilities			
Retirement Benefit Obligation	22	150,917,657	372,219,796
Deferred Tax Liability	23	82,475,966	-
Total Non- Current Liabilities		233,393,624	372,219,796
Current Liabilities			
Trade and Other Payables	24	3,347,409,968	2,250,523,019
Income tax Payable		397,758,426	177,769,252
Deferred Income		1,005,157	748,229
Current Financial Liabilities	25	56,689,443	78,739,039
Total Current Liabilities		3,802,862,994	2,507,779,538
Total Equity & Liabilities		9,184,063,687	7,268,321,180

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Approved and signed for and on behalf of the Board by,


 Sarath Liyanage
 Chairman


 Dr. M. H. M. Rumie
 Managing Director


 K. M. D. R. Dasanayake
 General Manager


 Mahinda Gamage
 Deputy General Manager - Finance

The accounting policies and notes on pages 16 to 52 form an integral part of the financial statements.

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Contributed Capital Rs.	General Reserves Rs.	Accumulated Profit Rs.	Total Rs.
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)
a. Correction of erroneously understated packing material purchases 2011 (net)			3,694,447	3,694,447
b. Correction of incorrectly understated payment of contribution to the employees' trust fund (net)			(11,018,220)	(11,018,220)
Reported profit for the year			453,226,391	453,226,391
Adjustment on error correction net balance (Note a)			10,242,685	10,242,685
Restated profit for the year			442,983,706	442,983,706
Balance as at 31st December 2013	59,055,258	66,061,447	4,000,840,298	4,125,957,003
Balance as at 01st January 2014	59,055,258	66,061,447	4,000,840,298	4,125,957,003
Total Comprehensive Income for the year				-
Net Profit for the year			549,409,084	549,409,084
Gain/ losses on defined benefit plan			(212,044,242)	(212,044,242)
Transaction with Government Treasury				
Treasury levy paid			(75,000,000)	(75,000,000)
Balance as at 31st December 2014	59,055,258	66,061,447	4,263,205,140	4,388,321,845
Balance as at 01st January 2015	59,055,258	66,061,447	4,263,205,140	4,388,321,845
Total Comprehensive Income for the year				-
Net Profit for the year			619,598,174	619,598,174
Gain/ losses on defined benefit plan			239,887,050	239,887,050
Transaction with Government Treasury				-
Treasury levy/Dividend paid			(100,000,000)	(100,000,000)
Balance as at 31st December 2015	59,055,258	66,061,447	5,022,690,364	5,147,807,069

Note (a)

Following errors have been rectified by restating the financial statement 2014 as given below:

	Rs
(a) Correction of erroneously understated packing material purchases 2011	(5,131,177)
(b) Correction of incorrectly understated payment of contribution to the employees' trust fund	<u>15,303,084</u>
	10,171,907
Tax effect @ 28%	<u>(2,848,134)</u>
Net off balance	<u><u>7,323,773</u></u>

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2015

	Note	SPC OPERATIONS Rs.	DHS OPERATIONS Rs.	TOTAL OPERATIONS 2015 Rs.	TOTAL OPERATIONS 2014 Rs.
Income	7	5,286,876,339	19,176,806,790	24,463,683,130	22,134,159,628
Add : Transfer to Retail Shops		1,162,217,857		1,162,217,857	844,836,472
Less					
Direct Expenses - MSD	8		17,790,075,832	17,790,075,832	15,935,810,448
Cost of Sales - SPC	9	4,971,740,542		4,971,740,542	4,403,253,321
Cost of Production - ORS	10	66,631,913		66,631,913	59,193,747
Gross Profit/ Surplus		1,410,721,742	1,386,730,958	2,797,452,700	2,580,738,585
Add : Other Operating Income	11	51,259,458		51,259,458	25,737,839
Less					
Administrative Expenses	12	694,267,382	363,702,839	1,057,970,222	969,744,111
Other Operating Expenses	13	191,564,842	371,792,358	563,357,200	750,291,586
Operating Profit		576,148,976	651,235,761	1,227,384,737	886,440,727
Less : Finance Expenses	14	2,333,916	-	2,333,916	149,783,225
Add : Finance Income (Staff Loan)		5,086,500	-	5,086,500	4,896,338
Profit Before Tax		578,901,560	651,235,761	1,230,137,320	741,553,839
Income Tax Expenses	15	287,319,194	323,219,952	610,539,146	192,144,755
Profit After Tax		291,582,365	328,015,809	619,598,174	549,409,084
Other Comprehensive Income :					
Gain/ Losses on defined benefit plan		105,550,302	134,336,748	239,887,050	(212,044,242)
Total comprehensive income for the year		397,132,667	462,352,557	859,485,224	337,364,842

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA INCOME STATEMENT OF OSUSALA OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2015

	OSU SALA TRADING Col.07	OSU SALA TRADING Col.04	OSU SALA TRADING Col.01	OSU SALA TRADING KANDY	OSU SALA TRADING NUGEGODA	OSU SALA TRADING AVISS.	OSU SALA TRADING RATNAPURA	OSU SALA TRADING MINU.	OSU SALA TRADING PANADURA	OSU SALA TRADING GALLE	OSU SALA TRADING MATARA	OSU SALA TRADING KURUNEGALA
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
SALES	636,383,562	434,111,192	184,802,317	150,869,114	88,664,839	35,763,541	69,346,034	26,904,760	69,874,323	87,750,170	65,714,716	86,340,111
COST OF SALES & TRANSFERS	532,482,077	384,479,649	154,026,533	121,702,512	70,738,513	29,265,669	56,621,727	21,446,787	58,252,952	71,022,171	52,433,658	71,950,085
GROSS PROFIT ON												
SALES & TRANSFERS	103,901,485	49,631,543	30,775,785	29,166,602	17,926,327	6,497,872	12,724,307	5,457,972	11,621,371	16,727,999	13,281,058	14,390,026
ADMINISTRATIVE EXPENSES												
Personnel Expenses	41,804,328	16,640,847	7,911,089	14,819,814	11,433,583	6,723,750	10,971,046	5,327,747	9,337,296	12,009,528	9,548,802	9,523,288
Travelling Expenses	9,987	16,804	15,296	31,991	2,380	18,458	22,810	14,246	604	5,290	8,185	6,714
Supplies & Requisites	341,018	184,666	242,174	96,886	163,336	364,646	132,705	99,472	138,972	88,868	192,929	144,273
Repairs & Maintenance	652,278	874,114	55,301	185,804	179,859	160,289	143,638	19,107	138,879	213,685	81,547	116,878
Transportation, Communication	12,297,643	4,067,141	2,515,276	4,388,169	3,235,986	2,197,886	3,248,552	2,135,186	2,901,793	3,759,310	3,548,253	4,525,825
Utilities & Other Services												
OTHER OPERATING EXPENSES												
Selling & Distribution Expenses	2,454,282	388,479	116,815	714,136	480,285	158,624	670,414	174,678	231,459	339,240	307,626	215,097
TOTAL OVERHEADS	57,559,536	22,172,050	10,855,951	20,236,800	15,495,430	9,623,653	15,189,165	7,770,436	12,749,003	16,415,921	13,687,343	14,532,075
NET PROFIT/(LOSS)	46,341,949	27,459,493	19,919,834	8,929,802	2,430,897	(3,125,781)	(2,464,858)	(2,312,463)	(1,127,632)	312,078	(406,284)	(142,049)

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

INCOME STATEMENT OF OSUSALA OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2015

	OSU SALA TRADING AMPARA	OSU SALA TRADING HAMBANTOTA	OSU SALA TRADING APURA	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
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
SALES	26,793,056	24,578,019	66,182,828	78,198,083	138,794,324	72,645,133	60,067,515	60,949,573	18,592,962	25,230,102	53,566,943	9,767,769
COST OF SALES & TRANSFERS	21,973,508	18,896,359	53,195,629	64,608,255	115,643,323	59,485,724	49,580,182	50,672,270	14,998,293	21,374,088	43,308,131	7,630,296
GROSS PROFIT ON												
SALES & TRANSFERS	4,819,549	5,681,660	12,987,199	13,589,828	23,151,000	13,159,409	10,487,333	10,277,303	3,594,670	3,856,013	10,258,813	2,137,473
ADMINISTRATIVE EXPENSES												
Personnel Expenses	5,179,004	5,071,502	6,184,339	8,444,615	18,895,873	9,757,376	6,869,442	6,064,337	3,532,804	3,544,315	4,945,574	1,915,441
Travelling Expenses	550	6,455	2,760	160	1,585	6,307	8,500	13,716	8,778	28,690	1,911	5,500
Supplies & Requisites	162,235	53,859	92,882	52,752	207,459	92,530	136,835	177,207	98,940	29,107	81,714	29,173
Repairs & Maintenance	91,266	59,675	76,983	162,995	123,652	123,671	150,989	105,674	54,904	110,170	72,023	12,761
Transportation, Communication	1,897,356	2,101,594	3,227,489	2,515,430	4,501,247	2,835,522	2,914,611	2,014,367	390,208	4,355,162	2,760,223	185,540
Utilities & Other Services												
OTHER OPERATING EXPENSES												
Selling & Distribution Expenses	108,836	161,649	213,633	294,794	654,278	316,306	185,030	219,407	29,263	210,164	163,244	62,750
TOTAL OVERHEADS	7,439,247	7,454,734	9,798,086	11,470,745	24,384,094	13,131,711	10,265,406	8,594,708	4,114,897	8,277,608	8,024,689	2,211,165
NET PROFIT/(LOSS)	(2,619,698)	(1,773,074)	3,189,113	2,119,083	(1,233,094)	27,699	221,927	1,682,595	(520,227)	(4,421,595)	2,234,123	(73,693)

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

INCOME STATEMENT OF OSUSALA OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2015

	RS.	OSU SALA TRADING TANGALLE	OSU SALA TRADING RAGAMA	OSU SALA TRADING BANDARAGAMA	OSU SALA TRADING FORT	OSU SALA TRADING BORELLA	OSU SALA TRADING EMBILIPITTA	REGIONAL STORES KANDY	OSUSALA TOTAL TRADING ACTIVITIES
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
SALES	6,613,210	26,410,382	58,220,595	28,022,594	27,797,116	40,955,284	31,216,330	101,797,792	2,892,924,290
COST OF SALES & TRANSFERS	5,309,598	21,166,646	47,031,608	22,660,232	22,529,969	33,659,699	24,470,005	69,606,664	2,392,222,810
GROSS PROFIT ON SALES & TRANSFERS	1,303,613	5,243,735	11,188,987	5,362,362	5,267,147	7,295,585	6,746,325	32,191,128	500,701,479
ADMINISTRATIVE EXPENSES									
Personnel Expenses	1,579,322	5,311,202	6,339,769	5,227,547	3,486,687	4,300,301	4,660,708	4,403,660	271,764,932
Travelling Expenses	3,156	3,264	15,560	2,105	7,688	2,645	2,670	9,480	284,245
Supplies & Requisites	31,433	82,573	59,829	68,045	37,650	33,372	27,843	12,725	3,758,108
Repairs & Maintenance	6,648	36,634	169,203	50,018	28,002	27,275	14,576	33,430	4,331,929
Transportation, Communication	161,434	2,598,470	2,858,151	1,812,353	2,060,358	1,519,278	2,448,778	2,329,202	94,307,794
Utilities & Other Services									
OTHER OPERATING EXPENSES									
Selling & Distribution Expenses	45,076	134,547	373,369	122,921	79,641	99,633	189,944	232,290	10,147,908
TOTAL OVERHEADS	1,827,070	8,166,690	9,815,880	7,282,990	5,700,027	5,982,504	7,344,518	7,020,787	384,594,916
NET PROFIT/(LOSS)	(523,457)	(2,922,955)	1,373,107	(1,920,628)	(432,880)	1,313,081	(598,193)	25,170,341	116,106,563

Discontinued Operation :

The Rajya Osusala Piliyandala retail outlet was closed down in the year 2015, due to continuous losses recorded during the past years. The pharmaceutical stocks were transferred to Rajaya osusala - Jayawardanapura on 01 January 2016.

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2015

	2015 Rs.	2014 Rs.
Cash flow from operating activities		
Net profit before taxation,	1,230,137,320	741,553,839
Adjustments for:		
Depreciation	59,027,447	43,804,131
Gratuity provision for the year	32,623,953	39,848,088
Land lease amortisation - Ratmalana	160,000	160,000
Profit/loss on disposal of fixed assets	(597,667)	-
lease amortisation	654,598	654,598
Unrealized profit	(6,631,956)	4,203,495
Provision for bad debts	327,293,694	523,933,159
Stock losses	5,481,653	22,648,579
Provision for damaged & outdated stock - SPC	46,836,966	31,649,548
Provision for damaged & outdated stock DHS	(10,262,566)	8,587,784
Interest expenses	734,134	149,658,755
Operating profit before working capital changes	1,685,457,576	1,566,701,976
Increase/Decrease in trade and other receivable	(1,008,389,469)	5,987,346,524
Increase/Decrease in deposit & prepayments	4,917,986	(5,016,886)
Increase/Decrease in inventories	(1,019,168,622)	281,892,681
Increase/Decrease in Goods in Transit	(249,369,801)	249,516,130
Increase/Decrease in trade payables	1,096,886,949	(1,414,167,990)
Deferred Income	256,927	(140,972)
Cash generated from operations	510,591,546	6,666,131,462
Income tax paid	(268,319,436)	(367,042,567)
Gratuity paid	(14,039,042)	(12,760,880)
Interest paid	(734,134)	(149,658,755)
Treasury levy/ dividend paid	(100,000,000)	(75,000,000)
Cash flow before extraordinary items	(383,092,612)	(604,462,202)
Net cash from operating activities	127,498,934	6,061,669,260
Purchase of property, plant and equipment	(285,129,811)	(119,042,761)
Increase/Decrease in work in progress	160,858,055	(171,464,832)
Disposal of fixed assets	7,631,000	5,502,336
Net cash used in investing activities	(116,640,756)	(285,005,257)
Net increase in cash and cash equivalents	10,858,177	5,776,664,003
Cash and cash equivalents at beginning of period	722,977,721	(5,053,686,282)
Cash and cash equivalents at end of period (Note A)	733,835,898	722,977,721
Note A : Cash and cash equivalents	2015 Rs.	2014 Rs.
Cash in hand & at bank	67,955,492	159,164,442
Repurchase Agreements - B.O.C & P.B	675,000,000	600,000,000
Treasury bill investment	47,569,848	42,552,318
Bank overdraft	(56,689,443)	(78,739,039)
Cash and cash equivalents	733,835,898	722,977,721

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.

2.3 Going Concern

Financial Statements of the Corporation have been prepared on the basis of going concern.

2.4 Changes in Accounting Policies

The corporation uses the projected unit credit method to determine the present value of the defined benefit obligation. In the year 2015, the Corporation obtained the service of the qualified actuary for the first time to determine the present value of the defined benefit obligation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1.1 Significant Accounting Policies

The Accounting Policies applied by the Corporation are, unless otherwise stated, consistent with those used in the previous year. Previous year's figures and phrases have been rearranged, wherever necessary, to conform to the current year's presentation.

3.1.2 Property Plant and Equipment

Property, Plant and Equipment is stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Corporation derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the income statement as incurred.

3.1.2.1 Lease Hold Property

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

3.1.3 Depreciation

Depreciation is provided on a pro-rata basis on the Property, Plant and Equipment acquired and disposed during the year.

The estimated useful lives of Property, Plant and Equipment are as follows.

Buildings	40 years
Motor Vehicles	3 to 17 years
Furniture & Fittings	10 years
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: 10 of 2006 and the Amendments thereto, the rates specified in the act. Provision for the current year taxation made according to the accounting profit subject to the rate specified by act.

3.1.7.2 Deferred Taxation

In respective 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. This Liability recognized in the balance sheet represents the present value of the defined benefit obligations at the balance sheet date estimated using the projected unit credit method. These benefits are not externally funded.

The Corporation recognizes all actuarial gains and losses arising from defined benefit plans immediately in the other comprehensive income.

An actuarial valuation was carried out by Mr. M. Poopalanathan, AIA, of Messrs. Actuarial and Management Consultants (Pvt) Ltd., a firm of professional actuaries as at 31st December 2015. The following assumptions and data were used in valuing the defined benefit obligation by the actuarial valuer.

Expected Annual Average

Salary Increment Rate	-	5 %
Allowance increment Rate	-	10 %
Discount Rate / Interest Rate	-	10 %
Staff Turnover Factor	-	4 %
Retirement Age	-	60 years

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

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

Employees' Provident Fund

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

Employees' Trust Fund

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

5. INCOME STATEMENT

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

5.1.1 Revenue Recognition

Revenue is recognized on an accrual basis when it is probable that the economic benefits will flow to the Corporation and the revenue and associated costs incurred or to be incurred can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

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

Sale of goods

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

Other Income

Other income is recognized on an accrual basis.

Claims Receivable from Suppliers

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

5.1.2 Expenses

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

5.1.3 Financial Expenses

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. The corporation's finance expenses comprise of overdraft interest, letter of credit opening expenses & credit facility agreement charges.

5.1.4 Allocation between overheads

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

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

	DHS	SPC
(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	Actual	Actual

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 2015.

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.

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 2015.

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

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 2015

INCOME	NOTE - 07	
	2015 Rs.	2014 Rs.
Revenue - SPC		
Bulk trading	2,292,028,469	2,176,786,129
ORS sales	84,476,828	76,516,369
Osusala sales	2,892,924,290	2,594,326,479
Provision for Unrealized Profit	(6,631,956)	(4,161,440)
Credit Insurance	1,466,198	1,936,722
Claims Received from Suppliers	22,612,511	19,746,921
Total	5,286,876,339	4,865,151,179
Revenue - DHS		
Import supplies	14,927,370,007	13,879,926,133
Local supplies	4,108,061,775	3,054,596,124
CPU supplies	-	9,401,740
Claims Received from Suppliers	141,375,008	325,084,452
Total	19,176,806,790	17,269,008,449
Total Revenue	24,463,683,130	22,134,159,628

COST OF SALES / DIRECT EXPENSES DIRECT EXPENSES - DHS	NOTE - 08	
	2015 Rs.	2014 Rs.
Revenue	19,176,806,790	17,269,008,449
DIRECT COST		
C & F value of DHS supplies	14,006,017,038	12,620,327,228
Custom duties & taxes	338,971,781	387,274,966
Cost of local supplies	4,003,983,567	3,142,431,655
CPU purchases to DHS	-	9,217,392
Total	18,348,972,385	16,159,251,241
Clearing charges (Bank charges, Stamp fee , Commission & LC chg.	166,555,664	224,215,042
Landing charges	16,975,277	22,162,241
Import licenses fee	31,397,021	29,083,234
Total	214,927,962	275,460,517
Less : Stock in transit	773,824,515	498,901,310
Direct expenses/ Cost of sales	17,790,075,832	15,935,810,448
Gross profit/surplus	1,386,730,958	1,333,198,002

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2015

NOTE - 09

COST OF SALES - SPC	BULK TRADING Rs.	OSUSALA TRADING Rs.	TOTAL TRADING SPC-2015 Rs.	TOTAL TRADING SPC-2014 Rs.
Stock In trade at the beginning of the year	794,906,092	454,731,831	1,249,637,923	1,433,090,000
Add :				
Imported drugs	2,239,398,908		2,239,398,908	1,492,001,486
Consumables for the laboratory	2,361,626		2,361,626	1,318,616
Local purchases (SPC tenders)	693,290,601		693,290,601	441,454,220
C.P.U - Purchases	254,701,024		254,701,024	116,307,750
Local purchases (Osusalas)	-	1,430,262,012	1,430,262,012	1,355,998,311
Transfers		1,162,217,857	1,162,217,857	844,836,472
STOCK AVAILABLE FOR SALES	3,984,658,251	3,047,211,700	7,031,869,951	5,685,006,855
Less : Stock In trade at end of the year	1,405,140,519	654,988,890	2,060,129,409	1,281,753,534
COST OF SALES & TRANSFERS	2,579,517,731	2,392,222,810	4,971,740,542	4,403,253,321

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE - 09 A

COST OF SALES	OSU SALA TRADING Col.7	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 MINUWANGODA	OSU SALA TRADING PANADURA	OSU SALA TRADING GALLE	OSU SALA TRADING MATARA	OSU SALA TRADING KURUNEGALA
Stock in Trade -	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
at the beginning of the year	79,997,416	21,862,220	32,289,921	25,383,386	13,702,318	8,855,842	18,643,999	6,109,583	12,510,444	16,378,336	11,846,411	20,381,500
Local purchases	390,715,172	317,314,512	97,498,534	62,957,127	41,511,905	9,645,714	28,460,077	8,331,368	34,529,589	39,615,658	25,562,843	32,583,760
Transfers	164,031,715	70,119,726	78,125,323	80,164,838	43,632,990	21,559,642	34,153,339	13,933,421	25,793,526	43,106,015	35,069,115	41,368,252
STOCKS AVAILABLE FOR SALE	634,744,303	409,296,458	207,913,778	168,505,351	98,847,212	40,061,198	81,257,414	28,374,373	72,833,559	99,100,009	72,478,369	94,333,513
Stock in trade at year end	102,262,226	24,816,808	53,887,245	46,802,839	28,108,700	10,795,529	24,635,688	6,927,585	14,580,608	28,077,838	20,044,710	22,383,427
COST OF SALES & TRANSFERS	532,482,077	384,479,649	154,026,533	121,702,512	70,738,513	29,265,669	56,621,727	21,446,787	58,252,952	71,022,171	52,433,658	71,950,085
TOTAL TRADING												
Sales	636,383,562	434,111,192	184,802,317	150,869,114	88,664,839	35,763,541	69,346,034	26,904,760	69,874,323	87,750,170	65,714,716	86,340,111
Less : Cost of sales	532,482,077	384,479,649	154,026,533	121,702,512	70,738,513	29,265,669	56,621,727	21,446,787	58,252,952	71,022,171	52,433,658	71,950,085
GROSS TRADING PROFIT	103,901,485	49,631,543	30,775,785	29,166,602	17,926,327	6,497,872	12,724,307	5,457,972	11,621,371	16,727,999	13,281,058	14,390,026

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE - 09 A

COST OF SALES	OSUSALA TRADING											SATHOSA OUTLETS RATMALANA
	AMPARA	HAMBANTOTA	A'PURA	MAHARAGAMA	J'PURA	KARAPITTYA	NEGOMBO	BADULLA-CWE	DIYATHALAWA	JAFFNA	POLONNARUWA	
Stock in Trade -	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
at the beginning of the year	6,300,868	7,626,397	10,921,292	22,099,401	23,365,316	16,819,087	12,639,015	8,891,189	3,774,111	9,268,066	5,113,024	1,511,131
Local purchases	3,592,766	9,160,499	23,669,419	32,495,434	80,523,133	30,726,304	24,203,212	24,815,133	4,086,823	7,232,007	14,686,932	2,344,159
Transfers	25,188,837	10,466,327	33,267,508	36,060,119	51,045,612	42,623,636	25,801,484	34,445,478	12,478,465	17,293,944	36,328,832	5,622,238
STOCK AVAILABLE FOR SALE	35,082,471	27,253,223	67,858,219	90,654,954	154,934,062	90,169,026	62,643,712	68,151,801	20,339,399	33,794,017	56,128,788	9,477,528
Stock in trade at year end	13,108,963	8,356,864	14,662,590	26,046,699	39,290,739	30,683,302	13,063,530	17,479,531	5,341,106	12,419,929	12,820,657	1,847,231
COST OF SALES & TRANSFERS	21,973,508	18,896,359	53,195,629	64,608,255	115,643,323	59,485,724	49,580,182	50,672,270	14,998,293	21,374,088	43,308,131	7,630,296
TOTAL TRADING												
Sales	26,793,056	24,578,019	66,182,828	78,198,083	138,794,324	72,645,133	60,067,515	60,949,573	18,592,962	25,230,102	53,566,943	9,767,769
Less: Cost of sales	21,973,508	18,896,359	53,195,629	64,608,255	115,643,323	59,485,724	49,580,182	50,672,270	14,998,293	21,374,088	43,308,131	7,630,296
GROSS TRADING PROFIT	4,819,549	5,681,660	12,987,199	13,589,828	23,151,000	13,159,409	10,487,333	10,277,303	3,594,670	3,856,013	10,258,813	2,137,473

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE - 09A

	COST OF SALES							OSUSALA TOTAL TRADING ACTIVITIES	
	SATHOSA OUTLETS PILIYANDALA	OSU SALA TRADING TANGALLE	OSU SALA TRADING RAGAMA	OSU SALA TRADING BANDARAGAMA	OSU SALA TRADING FORT	OSU SALA TRADING BORELLA	OSU SALA TRADING EMBILIPITTYA		REGIONAL STORES KANDY
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Stock in Trade -									
at the bigining of the year	1,535,500	7,848,247	11,074,174	5,167,318	7,467,006	10,084,376	6,177,610	9,087,328	454,731,831
Local purchases	2,480,238	8,156,585	20,517,265	9,644,500	14,322,199	19,147,094	9,732,050	-	1,430,262,012
Transfers	2,863,609	15,430,704	32,382,545	13,967,733	11,566,607	14,710,542	17,997,922	71,617,812	1,162,217,857
STOCK AVAILABLE FOR SALE	6,879,347	31,435,537	63,973,984	28,779,551	33,355,812	43,942,012	33,907,582	80,705,140	3,047,211,700
Stock in trade at year end	1,569,749	10,268,890	16,942,376	6,119,319	10,825,843	10,282,313	9,437,577	11,098,476	654,988,890
COST OF SALES & TRANSFERS	5,309,598	21,166,646	47,031,608	22,660,232	22,529,969	33,659,699	24,470,005	69,606,664	2,392,222,810
TOTAL TRADING									
Sales	6,613,210	26,410,382	58,220,595	28,022,594	27,797,116	40,955,284	31,216,330	101,797,792	2,892,924,290
Less : Cost of sales	5,309,598	21,166,646	47,031,608	22,660,232	22,529,969	33,659,699	24,470,005	69,606,664	2,392,222,810
GROSS TRADING PROFIT	1,303,613	5,243,735	11,188,987	5,362,362	5,267,147	7,295,585	6,746,325	32,191,128	500,701,479

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2015

COST OF MANUFACTURING GLUCOSE, JEEWANEE AND BB CREAM

NOTE 10

	2015 Rs.	2014 Rs.
Opening stock of raw materials	762,869	947,125
Add : purchases of raw materials	26,290,347	24,688,891
Less : closing stock of raw materials	904,691	762,869
Cost of raw materials consumed	26,148,526	24,873,147
Add : Manufacturing cost (10a)	42,713,331	33,598,884
Production cost of goods	68,861,856	58,472,031

ORS TRADING

	2015 Rs.	2014 Rs.
Opening stock (finished goods)	258,064	979,781
Add : Production cost of goods	68,861,856	58,472,031
Less : Closing stock (finished goods)	2,488,008	258,064
Cost of sale	66,631,913	59,193,747
Sales	84,476,828	76,516,369
Less : Cost of sale	66,631,913	59,193,747
Gross profit	17,844,915	17,322,622

MANUFACTURING COST

NOTE 10 A

	2015 Rs.	2014 Rs.
Salaries & wages	14,602,198	10,971,726
Overtime	2,330,421	1,790,831
Uniforms	133,141	372,850
Insurance for staff	131,059	70,894
Provident fund (EPF & ETF)	1,695,607	1,275,975
Annual bonus	398,813	316,210
Attendance bonus	711,650	331,475
Annual incentive bonus	2,648,956	1,802,538
Staff welfare	1,488,596	1,236,769
Medical expenses	467,773	326,145
Power	3,744,480	3,439,554
Depreciation	2,758,272	1,356,266
Repairs & maintenance	708,958	357,549
Packing materials used	10,893,407	9,950,102
Total	42,713,331	33,598,884

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2015

NOTE 11

OTHER OPERATING INCOME	2015 Rs.	2014 Rs.
Sales of tender forms	5,937,263	5,249,831
Rent received	1,894,880	521,560
Treasury bill interest	1,377,796	4,698,229
Scrap sales	79,288	231,720
Fund management income	31,853,969	3,708,493
Miscellaneous income	3,940,483	4,723,147
Holiday bungalow income	1,203,333	1,047,926
Pre qualification charges	2,502,500	1,925,250
Bad debt recoveries	218,325	2,524,926
Supplier Convention	(321,623)	439,961
Int. on returned cheques/ delays	1,975,578	666,796
Profit on disposal of fixed assets	597,667	-
Total	51,259,458	25,737,839

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2015

NOTE 12

(A) ADMINISTRATIVE EXPENSES	SPC TRADING			TOTAL TRADING SPC	TOTAL TRADING DHS	TOTAL TRADING 2015	TOTAL TRADING 2014
	OSUSALAS	O. R. S.	BULK				
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
PERSONNEL EMOLUMENTS							
Salaries, Wages & Allowances	182,132,203	-	129,238,789	311,370,992	164,485,732	475,856,724	424,700,177
Overtime	22,376,754	-	10,662,411	33,039,166	7,108,274	40,147,440	31,572,743
Staff training expenses	-	-	1,859,153	1,859,153	2,366,194	4,225,347	3,598,576
Uniforms	2,021,425	-	829,768	2,851,194	1,056,069	3,907,262	3,920,481
Insurance for staff	3,105,905	-	3,469,666	6,575,571	4,415,939	10,991,510	9,430,191
Provident fund (EPF & ETF)	20,228,369	-	14,521,824	34,750,193	18,482,322	53,232,515	47,590,958
Annual bonus	3,978,506	-	2,883,852	6,862,358	3,670,357	10,532,715	10,438,410
Monthly attendance bonus	8,498,875	-	5,084,142	13,583,017	6,470,726	20,053,743	17,990,384
Sports club	-	-	661,177	661,177	841,499	1,502,676	1,029,948
Annual per inc. bonus	26,792,614	-	19,259,702	46,052,316	24,512,348	70,564,664	57,065,601
Gratuity	-	-	14,354,539	14,354,539	18,269,414	32,623,953	39,848,088
Land/ Housing loan interest	2,630,280	53,188	2,236,474	4,919,942	2,846,421	7,766,363	7,082,008
Vehicle hiring charges	-	-	776,160	776,160	-	776,160	870,000
SPC Anniversary payment	-	-	1,288,163	1,288,163	1,639,480	2,927,643	1,169,400
Death gratuity	-	-	-	-	-	-	1,205,874
Total	271,764,932	53,188	207,125,821	478,943,941	256,164,774	735,108,715	657,512,838
TRAVELING EXPENSES							
Overseas travelling expenses - directors	-	-	-	-	-	-	66,534
Overseas travelling expenses - others	-	-	397,126	397,126	44,125	441,251	637,536
Local travelling expenses - others	284,245	-	3,416,693	3,700,938	379,633	4,080,570	4,024,683
Total	284,245	-	3,813,818	4,098,063	423,758	4,521,821	4,728,754
SUPPLIES & REQUISITES							
Printing & stationery	3,758,108	23,395	10,195,347	13,976,850	3,398,449	17,375,299	16,104,298
Board meeting expenses	-	-	17,145	17,145	5,715	22,860	187,963
Entertainment - others	-	-	435,870	435,870	145,290	581,161	310,927
Repairs to motor vehicles	-	-	4,501,003	4,501,003	1,500,334	6,001,337	9,803,535
Fuel & lubricants	-	-	8,427,248	8,427,248	2,809,083	11,236,331	14,042,236
License fees of motor vehicles	-	-	165,393	165,393	55,131	220,524	205,824
Total	3,758,108	23,395	23,742,007	27,523,510	7,914,002	35,437,513	40,654,783
REPAIRS & MAINTENANCE							
Buildings	1,658,263	-	3,191,539	4,849,802	3,191,539	8,041,342	5,541,442
Furniture, fittings & equipment	2,603,773	-	2,781,513	5,385,286	2,781,513	8,166,799	8,584,146
Computer	69,893	-	1,072,830	1,142,723	1,072,830	2,215,552	3,978,242
Total	4,331,929	-	7,045,882	11,377,811	7,045,882	18,423,693	18,103,830

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2015

NOTE 12

(A) ADMINISTRATIVE EXPENSES	SPC TRADING			TOTAL TRADING SPC	TOTAL TRADING DHS	TOTAL TRADING 2015	TOTAL TRADING 2014
	OSUSALAS	O. R. S.	BULK				
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
TRANSPORTATION, COMMUNICATION UTILITIES & OTHER SERVICES							
Rent	13,358,978	-	-	13,358,978	-	13,358,978	12,165,090
Lease rent	1,012,374	-	1,331,331	2,343,705	-	2,343,705	1,324,548
Rates & taxes	710,906	-	924,614	1,635,521	924,614	2,560,135	1,506,165
Water bills	917,547	110,624	356,380	1,384,551	356,380	1,740,931	2,399,367
Electricity	17,206,880	-	12,728,839	29,935,719	12,728,839	42,664,558	43,146,174
Postage, Telegrams & Telephones	1,502,404	74,573	6,782,801	8,359,778	6,782,801	15,142,579	14,939,582
Trade subscriptions, Periodicals & Publications	343,845	-	196,687	540,532	196,687	737,219	720,292
Professional charges	-	-	670,950	670,950	670,950	1,341,900	2,302,353
Insurance	-	-	1,447,520	1,447,520	1,447,520	2,895,039	2,949,437
Press notification	-	-	5,038,021	5,038,021	11,755,382	16,793,403	15,387,626
Security services	16,955,643	451,479	4,846,526	22,253,648	4,846,526	27,100,175	28,078,311
Depreciation	18,058,538	-	19,105,318	37,163,856	19,105,318	56,269,174	42,447,866
License fees for drugs	405,193	-	608,720	1,013,912	5,478,477	6,492,390	5,835,086
Sundry expenses	100,619	4,890	310,748	416,256	146,234	562,490	839,928
Directors fees	-	-	392,375	392,375	392,375	784,750	577,634
Audit fees	-	-	455,398	455,398	455,398	910,795	910,795
Tender board meeting expenses	-	-	2,042,982	2,042,982	4,766,958	6,809,940	6,413,178
Staff welfare	19,125,810	-	12,167,127	31,292,936	15,485,434	46,778,370	43,818,267
Staff medical expenses	4,609,058	-	3,415,558	8,024,616	4,347,073	12,371,689	12,177,599
Donations	-	-	2,771,230	2,771,230	-	2,771,230	7,099,455
Holiday bungalow expenses	-	-	1,781,574	1,781,574	2,267,457	4,049,031	3,705,155
Total	94,307,794	641,566	77,374,697	172,324,057	92,154,424	264,478,481	248,743,907
Total Administrative Expenses	374,447,008	718,149	319,102,225	694,267,382	363,702,839	1,057,970,222	969,744,111

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2015

NOTE 12 A

OSUSALA - OVERHEADS	Rs.	OSU SALA TRADING Col.07	Rs.	OSU SALA TRADING Col.01	Rs.	OSU SALA TRADING KANDY	Rs.	OSU SALA TRADING NUGEGODA	Rs.	OSU SALA TRADING AVISSAWELLA	Rs.	OSU SALA TRADING RATNAPURA	Rs.	OSU SALA TRADING MINUWANGODA	Rs.	OSU SALA TRADING PANADURA	Rs.	OSU SALA TRADING GALLE	Rs.	OSU SALA TRADING MATARA	Rs.	OSU SALA TRADING KURUNEGALA	
A. ADMINISTRATIVE EXPENSES																							
PERSONNEL EMOLUMENTS																							
Salaries, Wages & Allowances	27,423,587	10,950,474	5,470,929	9,926,612	7,487,015	4,689,756	7,685,147	3,583,174	6,462,057	8,440,768	6,759,262	6,420,502											
Overtime	3,951,808	1,555,406	349,163	1,292,357	1,267,274	511,476	527,021	332,836	663,890	629,512	441,404	736,247											
Uniforms	256,511	115,612	51,116	117,569	94,711	47,938	90,583	40,432	71,732	98,158	58,423	74,817											
Insurance for staff	476,372	221,673	237,919	128,071	261,345	-	121,921	214,016	5,600	115,794	51,547	112,434											
Provident fund (E.P.F & E.T.F)	3,145,719	1,195,910	618,247	1,132,245	839,607	528,928	846,987	373,731	707,316	932,025	759,345	714,182											
Annual bonus	609,525	235,969	110,250	216,000	162,000	94,500	162,000	69,750	135,000	175,500	148,500	135,000											
Annual per inc. bonus	4,241,803	1,849,908	763,741	1,450,843	1,032,819	618,755	1,071,880	537,449	907,024	1,178,329	942,042	846,692											
Housing loan interest	341,241	95,808	91,636	74,742	18,513	30,472	38,332	4,020	64,690	47,180	35,191	170,752											
Attendance bonus	1,357,763	420,088	218,088	481,375	270,300	201,925	427,175	172,338	319,988	392,263	353,088	312,663											
Total	41,804,328	16,640,847	7,911,089	14,819,814	11,433,583	6,723,750	10,971,046	5,327,747	9,337,296	12,009,528	9,546,802	9,523,288											
TRAVELLING EXPENSES																							
Local travelling expenses	9,987	16,804	15,296	31,991	2,380	18,458	22,810	14,246	604	5,290	8,185	6,714											
Total	9,987	16,804	15,296	31,991	2,380	18,458	22,810	14,246	604	5,290	8,185	6,714											
SUPPLIES & REQUISITES																							
Printing & stationery	341,018	184,666	242,174	96,886	163,336	364,646	132,705	99,472	138,972	88,868	192,929	144,273											
Total	341,018	184,666	242,174	96,886	163,336	364,646	132,705	99,472	138,972	88,868	192,929	144,273											
REPAIRS & MAINTENANCE																							
Buildings	319,706	663,657	36,106	33,977	31,068	52,424	24,328	9,376	12,283	59,797	21,585	44,191											
Furniture, fittings & equipment	332,572	207,657	19,194	151,827	148,791	89,766	109,710	9,731	117,396	153,888	59,963	67,814											
Computer	-	2,800	-	-	-	18,100	9,600	-	9,200	-	-	4,873											
Total	652,278	874,114	55,301	185,804	179,859	160,289	143,638	19,107	138,879	213,685	81,547	116,878											
TRANSPORTATION, COMMUNICATION UTILITIES & OTHER SERVICES																							
Rent	-	-	-	-	-	383,378	-	-	840,000	570,000	780,000	1,440,000											
Lease rent	-	-	-	337,500	294,333	-	171,450	-	-	-	-	-											
Rates & taxes	318,472	117,810	71,379	74,368	6,000	-	3,000	20,544	18,539	20,544	18,539	12,610											
Water bills	257,889	61,755	20,133	47,152	20,133	22,526	92,378	14,945	19,097	36,900	18,620	41,540											
Electricity	3,589,304	864,543	450,000	767,285	747,221	380,781	771,282	192,288	573,255	695,311	551,369	664,377											
Postage, Telegrams & Telephones	192,999	75,327	56,746	41,738	69,204	35,444	39,362	55,402	37,592	68,875	42,551	39,194											
Depreciation	1,691,269	732,708	827,736	743,891	820,381	188,785	893,377	288,874	424,123	640,935	571,819	608,852											
Trade subscriptions, Periodicals & Publications	34,220	11,660	-	14,600	17,120	14,550	14,600	7,980	14,640	14,880	14,550	14,910											
Security services	2,646,633	958,189	287,924	925,254	277,925	582,293	267,278	693,820	279,874	658,894	658,894	659,294											
License fees for drugs	11,120	33,600	12,210	11,200	22,400	11,100	11,200	11,100	13,967	13,320	-	13,440											
Sundry expenses	6,610	1,530	3,412	180	6,315	190	7,626	2,089	2,035	7,392	6,374	12,521											
Staff welfare	2,833,384	960,930	647,783	1,168,024	761,589	458,858	778,780	415,276	536,850	852,560	705,579	858,086											
Staff medical expenses	715,744	249,090	137,954	256,977	199,365	119,981	195,219	88,413	157,360	179,700	179,959	161,000											
Total	12,297,643	4,067,141	2,515,276	4,388,169	3,235,986	2,197,886	3,248,552	2,135,186	2,901,793	3,759,310	3,546,253	4,525,825											
TOTAL ADMINISTRATIVE COST	55,105,254	21,783,571	10,739,136	19,522,664	15,015,145	9,465,029	14,518,751	7,595,758	12,517,544	16,076,681	13,379,717	14,316,978											

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2015

NOTE - 12A

	OSUSALA -OVERHEADS											
	OSU SALA TRADING AMPARA	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 DIVYATHALAWA	OSU SALA TRADING JAFFNA	OSU SALA TRADING POLONNARUWA	SATHOSA OUTLET RATMALANA	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
A. ADMINISTRATIVE COST												
PERSONNEL EMOLUMENTS												
Salaries, Wages & Allowances	3,235,412	3,605,159	5,757,849	12,011,687	6,676,529	4,560,307	3,791,151	2,372,122	2,365,794	3,317,212	1,292,114	
Overtime	709,984	393,798	649,635	1,723,741	509,961	716,920	478,505	268,796	339,927	461,510	219,839	
Uniforms	40,040	48,198	76,400	123,529	75,711	42,974	61,105	29,016	24,866	39,470	13,857	
Insurance for staff	-	11,979	6,050	371,329	155,232	90,000	110,081	-	90,000	77,887	-	
Provident fund (E.P.F & E.T.F)	371,519	392,982	440,850	635,978	1,372,122	763,984	402,385	276,952	247,441	363,388	135,294	
Annual bonus	83,869	67,500	83,869	123,750	148,500	94,500	108,000	54,000	40,500	58,500	27,000	
Annual per inc. bonus	549,906	432,711	543,629	839,346	945,948	680,240	582,488	354,811	328,951	474,771	177,837	
Housing loan interest	-	-	139,006	103,944	572,070	179,886	317,136	66,369	-	-	-	
Attendance bonus	188,275	119,175	210,788	516,325	301,625	202,450	213,488	108,738	106,838	152,838	49,500	
Total	5,179,004	5,071,502	6,184,339	18,895,873	9,757,376	6,869,442	6,064,337	3,532,804	3,544,315	4,945,574	1,915,441	
TRAVELLING EXPENSES												
Local travelling expenses	550	6,455	2,760	160	6,307	8,500	13,716	8,778	28,690	1,911	5,500	
Total	550	6,455	2,760	160	6,307	8,500	13,716	8,778	28,690	1,911	5,500	
SUPPLIES & REQUISITES												
Printing & stationery	162,235	53,859	92,882	52,752	207,459	92,530	136,835	98,940	29,107	81,714	29,173	
Total	162,235	53,859	92,882	52,752	207,459	92,530	136,835	98,940	29,107	81,714	29,173	
REPAIRS & MAINTENANCE												
Buildings	9,838	12,475	8,600	57,866	8,329	36,476	12,625	82,212	6,018	39,308	13,348	
Furniture, fittings & equipment	70,878	47,200	68,383	105,129	105,823	87,194	135,344	48,886	70,862	58,675	12,529	
Computer	10,550	-	-	9,500	-	-	3,020	-	-	-	-	
Total	91,266	59,675	76,983	162,995	123,652	123,671	150,989	54,904	110,170	72,023	12,761	
TRANSPORTATION, COMMUNICATION, UTILITIES & OTHER SERVICES												
Rent	-	540,000	1,082,400	780,000	1,020,000	620,000	980,000	-	1,800,000	-	-	
Lease rent	-	-	-	-	-	-	209,091	-	-	-	-	
Rates & taxes	-	8,783	20,600	-	15,656	-	10,995	-	6,150	-	-	
Water bills	22,430	13,253	23,630	23,896	22,615	26,773	26,763	3,863	-	15,335	-	
Electricity	426,814	371,790	621,848	562,326	530,605	582,054	390,857	48,978	553,266	486,295	-	
Postage, Telegrams & Telephones	44,877	71,234	56,160	35,496	47,138	55,101	58,666	26,112	22,384	42,995	1,080	
Depreciation	744,862	334,594	450,485	165,672	611,967	409,294	243,648	344,162	877,535	1,085,660	29,822	
Trade subscriptions, Periodicals & Publications	-	5,880	13,450	6,850	21,710	15,080	5,820	-	13,740	-	-	
Security services	261,907	266,308	265,458	275,977	694,860	273,635	390,068	-	658,894	658,893	-	
License fees for drugs	11,200	31,200	22,300	11,100	11,200	11,200	11,100	11,200	26,880	11,100	-	
Sundry expenses	460	1,627	1,315	2,250	2,465	700	4,623	2,350	2,000	1,080	-	
Staff welfare	284,649	366,324	559,530	533,133	667,244	595,063	478,137	203,002	341,820	383,865	124,638	
Staff medical expenses	100,158	90,602	110,314	118,730	344,768	164,662	84,555	61,964	52,494	75,000	30,000	
Total	1,897,356	2,101,594	3,227,489	2,515,430	4,501,247	2,835,522	2,914,611	390,208	4,355,162	2,760,223	185,540	
TOTAL ADMINISTRATIVE COST	7,330,411	7,293,085	9,584,453	11,175,951	23,729,816	12,815,405	8,375,300	4,085,634	8,067,444	7,861,445	2,148,415	

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2015

NOTE 12 A

	SATHOSA OUTLET PILIYANDALA		OSU SALA TRADING TAGALLE		OSU SALA TRADING RAGAMA		OSU SALA TRADING BANDARAGAMA		OSU SALA TRADING FORT		OSU SALA TRADING BORELLA		OSU SALA TRADING EMBILIPITTA		REGIONAL STORES KANDY		OSUSALA TOTAL TRADING ACTIVITIES		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
A. ADMINISTRATIVE COST																			
PERSONNEL EMOLUMENTS																			
Salaries, Wages & Allowances	1,063,137		3,489,763		4,175,914		3,631,076		2,485,247		2,916,321		3,291,216		2,819,346			182,132,203	
Overtime	73,902		495,407		579,033		444,589		208,729		412,589		328,122		364,503			22,376,754	
Uniforms	11,546		40,595		50,307		34,894		24,472		38,364		34,294		42,428			2,021,425	
Insurance for staff	-		48,949		180,000		-		-		-		-		17,708			3,105,905	
Provident fund (E.P.F & E.T.F)	125,492		381,700		440,949		375,673		258,145		304,630		343,510		317,082			20,228,369	
Annual bonus	27,000		81,000		94,500		67,500		54,000		67,500		67,500		81,000			3,978,506	
Annual per inc. bonus	171,383		583,400		571,458		446,296		340,781		402,247		418,451		596,130			26,792,614	
Housing loan interest	57,613				34,934		63,682		-		-		41,251		41,812			2,630,280	
Attendance bonus	49,250		190,388		212,675		163,838		115,313		158,650		136,363		123,650			8,498,875	
Total	1,579,322		5,311,202		6,339,769		5,227,547		3,486,687		4,300,301		4,660,708		4,403,660			271,764,932	
TRAVELLING EXPENSES																			
Local travelling expenses	3,156		3,264		15,560		2,105		7,688		2,645		2,670		9,480			284,245	
Total	3,156		3,264		15,560		2,105		7,688		2,645		2,670		9,480			284,245	
SUPPLIES & REQUISITES																			
Printing & stationery	31,433		82,573		59,829		68,045		37,650		33,372		27,843		12,725			3,758,108	
Total	31,433		82,573		59,829		68,045		37,650		33,372		27,843		12,725			3,758,108	
REPAIRS & MAINTENANCE																			
Buildings	757		3,300		12,066		24,722		3,341		4,820		11,301		2,131			1,658,263	
Furniture, fittings & equipment	5,891		31,234		156,986		25,297		24,661		22,455		3,275		31,299			2,603,773	
Computer	-		2,100		150		-		-		-		-		-			69,893	
Total	6,648		36,634		169,203		50,018		28,002		27,275		14,576		33,430			4,331,929	
TRANSPORTATION, COMMUNICATION, UTILITIES & OTHER SERVICES																			
Rent	-		-		420,000		-		-		-		810,000		928,200			13,358,978	
Lease rent	-		-		-		-		-		-		-		-			1,012,374	
Rates & taxes	-		3,000		-		-		-		-		3,000		-			710,906	
Water bills	-		14,993		3,551		20,751		6,020		-		16,652		23,955			917,547	
Electricity	-		349,542		355,837		268,642		341,967		-		265,353		178,677			17,206,880	
Postage, Telegrams & Telephones	12,175		22,793		36,497		26,707		20,120		15,047		34,419		61,652			1,502,404	
Depreciation	20,644		1,043,218		773,580		443,310		687,483		681,385		549,857		95,873			18,058,538	
Trade subscriptions, Periodicals & Publications	-		6,740		12,040		5,760		5,860		29,330		5,500		17,025			343,845	
Security services	-		658,894		683,197		658,894		694,860		426,511		265,832		658,894			16,955,643	
License fees for drugs	-		11,200		22,300		11,100		4,106		11,150		11,100		-			405,193	
Sundry expenses	-		2,430		2,700		520		4,445		3,005		3,280		2,150			100,619	
Staff welfare	98,615		396,134		444,341		286,670		220,497		277,850		408,787		271,360			19,125,810	
Staff medical expenses	30,000		89,526		104,107		90,000		75,000		75,000		74,999		91,417			4,609,058	
Total	161,434		2,598,470		2,858,151		1,812,353		2,060,358		1,519,278		2,448,778		2,329,202			94,307,794	
TOTAL ADMINISTRATIVE COST	1,781,994		8,033,143		9,442,511		7,160,069		5,620,386		5,882,871		7,154,574		6,788,497			374,447,008	

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2015

NOTE - 13

(b) OTHER OPERATING EXPENSES	SPC TRADING			TOTAL TRADING SPC	TOTAL TRADING DHS	TOTAL TRADING 2015	TOTAL TRADING 2014
	OSUSALAS	O.R.S.	BULK				
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
SELLING & DISTRIBUTION EXPENSES							
Sales promotion expenses	-	-	28,387,230	28,387,230	-	28,387,230	57,930,655
Prescriber	-	-	1,056,542	1,056,542	-	1,056,542	519,300
Transport charges	-	-	6,790,696	6,790,696	-	6,790,696	3,584,604
Provision for bad debts	-	-	1,433,791	1,433,791	325,859,904	327,293,694	523,933,159
Discount on osusala sales	-	-	2,663,745	2,663,745	-	2,663,745	2,186,614
Additional discounts	-	-	64,261,384	64,261,384	-	64,261,384	75,218,589
Value Added Tax	-	-	781,232	781,232	11,378,383	12,159,615	10,371,195
Dealers convention	-	-	2,322,590	2,322,590	-	2,322,590	1,569,035
Stock losses	-	-	4,439,118	4,439,118	1,042,535	5,481,653	22,648,579
Stock adj. (Excess/Shortage)	(158,789)	-	(686,271)	(845,061)	-	(845,061)	466,062
Pro. for outdated & damaged drugs	2,491,318	-	44,345,648	46,836,966	-	46,836,966	31,649,548
Pro. for outdated & damaged drugs - DHS	-	-	-	-	(10,262,566)	(10,262,566)	8,587,784
Stamp fee	-	-	222,240	222,240	-	222,240	161,774
Setting up expenses	-	-	132,969	132,969	-	132,969	700,498
Storage charges	-	-	-	-	3,328,530	3,328,530	6,179,650
Foreign exchange gain/loss	-	-	23,857,629	23,857,629	40,095,159	63,952,788	(3,475,988)
Disposal of fixed assets	-	-	-	-	-	-	406,823
Sundry packing materials	7,815,379	-	1,219,707	9,035,086	-	9,035,086	4,939,997
TOTAL	10,147,908	-	181,228,250	191,376,158	371,441,945	562,818,103	747,577,878
RESEARCH & DEVELOPMENT							
Drugs for testing	-	-	-	-	-	-	155,115
Testing charges for samples	-	-	162,962	162,962	302,645	465,607	442,780
Drugs for sample	-	-	25,722	25,722	47,769	73,490	63,982
TOTAL	-	-	188,684	188,684	350,413	539,097	661,877
(c) DAMAGE DUE TO FIRE *	-	-	-	-	-	-	2,051,831
TOTAL OTHER OPERATING EXPENSES	10,147,908	-	181,416,934	191,564,842	371,792,358	563,357,200	750,291,586

NOTE - 14

(D) FINANCE EXPENSES	SPC TRADING			TOTAL TRADING SPC	TOTAL TRADING DHS	TOTAL TRADING 2015	TOTAL TRADING 2014
	OSUSALAS	O. R. S.	BULK				
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
O/D Interest	-	-	734,134	734,134	-	734,134	149,658,755
Bank charges	-	-	1,599,782	1,599,782	-	1,599,782	124,470
TOTAL FINANCE COST	-	-	2,333,916	2,333,916	-	2,333,916	149,783,225
TOTAL OVERHEADS	384,594,916	718,149	502,853,076	888,166,141	735,495,197	1,623,661,338	1,869,352,860

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2015

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 NUWEGODA	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 KURUNE.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(B) OTHER OPERATING EXPENSES												
SELLING & DISTRIBUTION EXPENSES												
Transport charges												
Stock adj. (Excess/Shortage)	(176,327)	15,773	(111,237)	(24,346)	88,540	-	85,537	(1,779)	(40,298)	54,494	31,118	(10,822)
Outdated & damages	391,127	94,681	28,766	331,928	48,715	74,332	280,577	37,249	14,069	60,838	33,543	12,698
Sundry packing materials	2,239,482	278,024	199,286	406,554	343,029	84,291	304,300	139,208	257,688	223,908	242,965	213,221
Total	2,454,282	388,479	116,815	714,136	480,285	158,624	670,414	174,678	231,459	339,240	307,626	215,097
OTHER OPERATING EXPENSES - RAJYA OSUSALA												
OSUSALA -OVERHEADS												
(B) OTHER OPERATING EXPENSES	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
SELLING & DISTRIBUTION EXPENSES												
Transport charges												
Stock adj. (Excess/Shortage)	21,952	2,367	(15,116)	764	35,537	(15,964)	(63,539)	(3,049)	-	976	6,289	-
Outdated & damages	39,043	73,799	23,927	49,898	173,969	72,000	22,234	28,669	9,947	141,774	8,702	15,569
Sundry packing materials	47,842	85,483	204,822	244,133	444,772	260,270	226,336	193,787	19,316	67,415	148,254	47,181
Total	108,836	161,649	213,633	294,794	654,278	316,306	185,030	219,407	29,263	210,164	163,244	62,750

OTHER OPERATING EXPENSES - RAJYA OSUSALA

OSUSALA -OVERHEADS	SATHOSA OUTLET PILIYANDALA	OSU SALA TRADING TANGALLE	OSU SALA TRADING RAGAMA	OSU SALA TRADING BANDARAGAMA	OSU SALA TRADING FORT	OSU SALA TRADING BORELLA	OSU SALA TRADING NEGOMBO	OSU SALA TRADING BADULLA-CWE	OSU SALA TRADING DIYATHALAWA	OSU SALA TRADING JAFFNA	OSU SALA TRADING POLONNARUWA	OSUSALA TOTAL TRADING ACTIVITIES
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(B) OTHER OPERATING EXPENSES												
SELLING & DISTRIBUTION EXPENSES												
Transport charges												
Stock adj. (Excess/Shortage)	-	3,442	(23,498)	(8,965)	(13,461)	(2,987)	5,811	-	(158,790)			
Outdated & damages	24,301	12,738	28,925	20,470	22,911	29,242	57,691	226,988	2,491,318			
Sundry packing materials	20,775	118,367	367,942	111,416	70,191	73,378	126,442	5,302	7,815,379			
Total	45,076	134,547	373,369	122,921	79,641	99,633	189,944	232,290	10,147,908			

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2015

MAJOR COMPONENT OF TAX EXPENSES	NOTE - 15	
	2015 Rs.	2014 Rs.
Current tax expenses		257,614,120
Over/Under provision in respect of previous years	22,702,050	
Adj. Deferred tax Income/Expenses relating to the origination - and reversal of temporary differences		(65,469,365)
Tax expenses	610,539,146	192,144,755

RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSES	NOTE - 15 A	
	2015 Rs.	2014 Rs.
Profit Before Tax	1,230,137,320	741,553,839
Disallowable expenses	(603,189)	(37,377,745)
Qualifying payments	(618,750)	(3,101,522)
Taxable Income	1,228,915,382	701,074,572
Income Tax @ 28%	344,096,307	196,300,880
Tax on Distributable Profit 25% (net)	121,510,253	61,313,240
Income tax on current year profit	465,606,560	257,614,120
Over/Under provision in respect of previous years	22,702,050	
Adj. Deferred tax Income/Expenses relating to the origination and reversal of temporary differences	122,230,536	(65,469,365)
Tax expenses	610,539,146	192,144,755
Effective Tax Rate %	49.4	25.9

OTHER NON CURRENT ASSETS	NOTE 16 A	
	2015 Rs.	2014 Rs.
Deferred expenses/Lease hold Buildings		
Badulla Bus Stand	3,618,387	3,770,561
Osusala Badulla (CWE Building)	5,192,424	5,401,515
Osusala Nugegoda	7,309,891	7,603,224
Other non Current Assets	16,120,702	16,775,300

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2015

NOTE - 16

PROPERTY, PLANT AND EQUIPMENT	Freehold land	Buildings	Motor Vehicles	Delivery Cycles	Furniture & Fittings	Equipment	Plant & Machinery	Computers	Library Books	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
COST OF VALUATION										
At 1 January 2014	1,199,639,630	328,348,547	97,151,399	45,013	40,514,396	142,403,891	10,143,726	127,017,690	6,151,439	1,951,415,731
Additions	-	10,997,750	66,622,752	-	10,037,888	11,478,243	5,229,292	14,676,836	-	119,042,762
Disposals	-	-	(3,940,700)	-	(1,180,363)	(1,629,658)	-	(1,527,290)	(6,151,439)	(14,429,450)
At 31 December 2014	1,199,639,630	339,346,297	159,833,451	45,013	49,371,922	152,252,475	15,373,018	140,167,236	-	2,056,029,043
Additions	-	193,120,919	-	14,050	46,230,777	42,825,554	124,000	2,814,512	-	285,129,811
Disposals	-	-	-	-	-	-	-	-	-	9,900,000
At 31 December 2015	1,199,639,630	532,467,216	149,933,451	59,063	95,602,699	195,078,029	15,497,018	142,981,748	-	2,331,258,854
DEPRECIATION & IMPAIRMENT										
At 1 January 2014	-	20,906,649	10,228,407	41,225	17,175,226	110,524,411	6,907,254	87,065,150	5,677,171	258,525,492
Depreciation charge for the year	-	9,020,032	4,860,348	1,499	3,521,072	8,593,469	849,317	16,826,106	132,289	43,804,131
Disposals	-	-	(732,844)	-	(656,936)	(1,423,083)	-	(304,792)	(5,809,460)	(8,927,115)
At 31 December 2014	-	29,926,681	14,355,911	42,724	20,039,361	117,694,796	7,756,571	103,586,465	-	293,402,508
Depreciation charge for the year	-	14,121,052	7,882,365	2,025	6,750,876	12,605,588	1,263,184	16,402,357	-	59,027,447
Disposals	-	-	(2,866,667)	-	-	-	-	-	-	(2,866,667)
At 31 December 2015	-	44,047,732	19,371,609	44,749	26,790,237	130,300,385	9,019,755	119,988,821	-	349,563,288
NET BOOK VALUE										
At 31 December 2015	1,199,639,630	488,419,484	130,561,842	14,314	68,812,461	64,777,644	6,477,264	22,992,926	-	1,981,695,566
At 31 December 2014	1,199,639,630	309,419,617	145,477,540	2,290	29,332,560	34,557,679	7,616,447	36,580,771	-	1,762,626,534
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

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

ACCOUNTS FOR THE PERIOD ENDED 31ST DECEMBER 2015

TRADING STOCK

2015

2014

NOTE - 17

Location	2015				2014				NOTE - 17			
	Bin Balance	Stock Adj.	Trading Stock in Hand	Prov. for Damaged & Outdated Stock	Prov. for Unrealized Profit	Stock (as at 31st Dec)	Bin Balance	Stock Adj.	Trading Stock in Hand	Prov. for Damaged & Outdated Stock	Prov. for Unrealized Profit	Stock (as at 31st December)
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Stock in Transit	349,485,600	-	349,485,600	-	-	349,485,600	137,299,805	-	137,299,805	-	-	137,299,805
Bulk Stores	1,405,140,519	686,271	1,405,826,790	179,816,255	-	1,226,010,535	824,111,067	-	824,111,067	191,033,871	-	633,077,197
Colombo 07	102,262,226	176,327	102,438,552	829,810	3,528,084	98,080,658	80,345,154	(61,603)	80,283,551	622,324	2,407,070	77,254,157
Colombo 04	24,816,808	(15,773)	24,801,035	418,447	1,647,757	22,734,831	22,129,571	23,671	22,153,242	490,944	1,110,424	20,551,875
Colombo 01	53,887,245	111,237	53,998,483	149,074	1,974,865	51,874,544	31,976,105	406,470	32,382,575	177,415	1,272,677	30,932,483
Kandy	46,802,839	24,346	46,827,185	1,090,791	2,867,108	42,869,286	25,749,156	13,253	25,762,409	872,067	1,763,762	23,126,580
Nugegoda	28,108,700	(88,540)	28,020,160	124,512	1,492,162	26,403,486	13,816,911	(49,615)	13,767,296	157,778	810,044	12,799,473
Avissawella	10,795,529	-	10,795,529	132,396	763,992	9,899,141	8,883,095	-	8,883,095	99,831	783,713	7,999,551
Rathnapura	24,635,688	(85,537)	24,550,150	477,341	1,331,870	22,740,939	18,939,754	(173,476)	18,766,278	297,798	1,088,427	17,380,052
Minuwangoda	6,927,585	1,779	6,929,365	93,160	388,058	6,448,147	6,161,116	(27,496)	6,133,621	68,679	515,794	5,549,148
Panadura	14,580,608	40,298	14,620,906	106,611	683,140	13,831,155	12,519,441	22,872	12,542,312	118,796	557,517	11,866,000
Galle	28,077,838	(54,494)	28,023,344	345,962	1,577,629	26,099,754	16,451,099	(21,642)	16,429,457	346,823	1,040,845	15,041,789
Matara	20,044,710	(31,118)	20,013,592	203,958	1,146,156	18,663,478	11,925,198	(30,284)	11,894,914	231,826	1,004,548	10,658,540
Kurunegala	22,383,427	10,822	22,394,249	436,479	1,247,926	20,709,844	20,442,968	(19,446)	20,423,522	488,353	1,473,536	18,461,633
Ampara	13,108,963	(21,952)	13,087,011	485,969	1,110,063	11,490,979	6,364,572	5,177	6,369,749	479,405	444,186	5,446,158
Hambantota	8,356,864	(2,367)	8,354,497	163,446	461,190	7,729,861	7,654,310	31,761	7,686,072	174,689	376,562	7,134,820
Anuradhapura	14,662,590	15,116	14,677,706	492,660	791,228	13,393,819	11,000,605	5,874	11,006,480	565,719	777,976	9,662,785
Maharagama	26,046,699	(764)	26,045,935	119,070	1,342,052	24,584,814	22,136,743	3,721	22,140,464	102,582	1,118,929	20,918,953
Jayawardanapura	39,290,739	(35,537)	39,255,202	562,315	1,128,936	37,563,951	24,096,474	(484,159)	23,612,315	736,460	1,009,321	21,866,534
Karapitiya	30,683,302	15,964	30,699,266	188,236	1,898,840	28,612,189	16,930,517	(24,491)	16,906,026	221,065	1,526,458	15,158,503
Negombo	13,063,530	63,539	13,127,070	37,692	554,733	12,534,644	12,642,514	11,946	12,654,460	46,625	623,746	11,984,089
Badulla - CWE	17,479,531	3,049	17,482,579	57,386	1,069,112	16,356,081	8,942,086	(22,179)	8,919,907	74,594	630,714	8,214,599
Diyathalawa	5,341,106	-	5,341,106	16,824	395,605	4,928,678	3,781,170	-	3,781,170	41,150	327,096	3,412,925
Jaffna	12,419,929	(976)	12,418,953	263,487	831,834	11,323,632	9,400,366	(35,084)	9,365,282	233,201	776,392	8,355,689
Polonnaruwa	12,820,657	(6,289)	12,814,369	49,082	750,660	12,014,627	5,147,769	5,634	5,153,403	55,163	334,131	4,764,109

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

ACCOUNTS FOR THE PERIOD ENDED 31ST DECEMBER 2015

TRADING STOCK - Cont....

2015

2014

NOTE - 17

Location	Bin Balance		Stock Adj.		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.	Rs.	Rs.	Rs.	Rs.
Ratmalana	1,847,231	-	1,847,231	18,411	131,397	1,697,424	1,521,508	23,065	116,877	1,381,566		
Piliyandala	1,569,749	-	1,569,749	56,116	84,450	1,429,183	1,567,316	59,529	96,505	1,411,282		
Tangalle	10,268,890	(3,442)	10,265,448	64,833	727,056	9,473,559	7,905,659	62,056	677,272	7,161,013		
Ragama	16,942,376	23,498	16,965,875	56,319	932,307	15,977,249	11,122,119	37,983	565,152	10,498,433		
Bandaragama	6,119,319	8,965	6,128,284	27,374	404,546	5,696,365	5,174,222	6,904	359,726	4,807,591		
Fort - Station	10,825,843	13,461	10,839,304	25,236	454,245	10,359,823	7,466,891	2,325	311,620	7,155,385		
Borella	10,282,313	2,987	10,285,301	30,480	312,024	9,942,797	10,109,223	1,238	440,773	9,643,602		
Embilipitiya	9,437,577	(5,811)	9,431,767	118,575	638,937	8,674,254	6,236,422	60,884	559,541	5,618,069		
Regional Stores Kandy	11,098,476	-	11,098,476	205,505	-	10,892,971	9,100,412	15,448	1,134,668	7,950,296		
Total	2,409,615,009	845,061	2,410,460,069	187,263,810	32,667,961	2,190,528,298	1,419,053,339	(466,062)	198,006,590	1,194,544,682		
ORS UNIT												
Finished Products	2,488,008	-	2,488,008	-	-	2,488,008	258,064	-	-	258,064		258,064
Raw Materials	904,691	-	904,691	-	-	904,691	762,869	-	-	762,869		762,869
Chemical & Others	44,845	-	44,845	-	-	44,845	-	-	-	-		-
Total	3,437,544	-	3,437,544	-	-	3,437,544	1,020,933	-	-	1,020,933		1,020,933
SUNDRY STOCKS												
Printing & Stationery	12,269,371	-	12,269,371	-	-	12,269,371	9,877,652	-	-	9,877,652		9,877,652
Packing Materials	14,479,834	-	14,479,834	-	-	14,479,834	13,869,992	-	-	13,869,992		13,869,992
Miscellaneous Stocks	1,955,396	-	1,955,396	-	-	1,955,396	3,945,026	-	-	3,945,026		3,945,026
Total	28,704,600	-	28,704,600	-	-	28,704,600	27,692,670	-	-	27,692,670		27,692,670
Disputed Items	141,420,110	-	141,420,110	-	-	141,420,110	167,350,308	-	-	167,350,308		167,350,308
Total	2,583,177,262	845,061	2,584,022,323	187,263,810	32,667,961	2,364,090,551	1,615,117,249	(466,062)	198,006,590	1,194,608,593		1,390,608,593

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2015

STOCKS IN TRANSIT - DHS	NOTE - 18	
	2015 Rs.	2014 Rs.
Stock in Transit	773,824,515	498,901,310
Add : Disputed Items - DHS		
Disputed stock as at 31.12.15	166,736,562	182,241,838
Disputed balances as at 31.12.15	14,603,745	29,918,102
Less : Provision for unsalable	166,822,695	182,351,491
Goods in Transit - DHS	788,342,127	528,709,760

TRADE AND OTHER RECEIVABLES	NOTE - 19	
	2015 Rs.	2014 Rs.
Total Dues From DHS	4,176,881,984	3,077,016,667
Trade Debtors	602,087,573	700,519,973
Staff Loans	77,467,750	65,061,019
Other Staff Advances	1,022,791	1,079,857
Deposits and Advances	11,310,913	9,153,947
Other Receivables & Recoverable	10,730,418	18,280,496
Total	4,879,501,429	3,871,111,959
Less : Provision for bad & doubtful debts	1,828,056,823	1,500,763,129
Trade and Other Receivables	3,051,444,605	2,370,348,830

DEBTORS ANALYSIS	NOTE - 19 A	
	2015 Rs.	2014 Rs.
TOTAL DUES FROM DHS		
Local Purchase on DHS Tenders	920,317	13,066,376
DHS Turnover Tax & Custom Duty	52,984,512	56,554,211
Purchase Clearing - DHS	156,950,371	262,230,029
Agency Commission	(7,880,886)	16,710,247
Department of Health Services	3,973,907,670	2,728,455,804
Total	4,176,881,984	3,077,016,667

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2015

DEBTORS ANALYSIS - Cont.	NOTE 19 A	
	2015 Rs.	2014 Rs.
TRADE DEBTORS		
Distributors	229,581,766	215,008,538
Sales Representatives	503,417	213,429
Private Sector Organizations	13,159,071	6,476,051
Forces	189,797,045	355,256,541
Franchise Osusalas	37,772,458	27,135,345
Authorized retailer	1,776,294	5,614,227
Hospitals- Government	69,809,704	52,381,041
Hospitals- Private	5,498,104	3,755,308
Government Dept. & Corporations	38,353,680	24,015,557
Other Debtors	1,139,054	223,884
Disputed Debtors - Government Sector	3,816,512	-
Disputed Debtors - Private Sector	440,418	-
Debtors under litigation	10,440,050	10,440,050
Total	602,087,573	700,519,973
STAFF LOANS		
Staff Loan	77,467,750	65,061,019
Total	77,467,750	65,061,019
OTHER STAFF ADVANCES		
Cycle Loans	35,401	54,617
Festival Advance	993,495	1,025,495
Seva Vanitha	(6,105)	(255)
Total	1,022,791	1,079,857
DEPOSITS AND ADVANCES		
Advance Payments to Suppliers	4,749,631	5,172,281
General Advance	6,561,282	3,981,666
Total	11,310,913	9,153,947
OTHER RECEIVABLES & RECOVERABLE		
Sundry Debtors	5,657,972	7,133,397
E Channeling control A/C	25,556	25,556
Insurance Claim Receivables	5,046,889	11,121,543
Total	10,730,418	18,280,496
TOTAL DEBTORS AND OTHER RECEIVABLES	4,879,501,429	3,871,111,959

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2015

NOTE - 20

PREPAYMENTS	2015 Rs.	2014 Rs.
Pre- Payments	4,332,849	7,210,727
Employee Security Investments	440,336	437,486
Deposits - Postal Franking Machine	564,367	683,807
Pre paid Staff Expenses	1,544,376	3,869,306
Advance Payments to Port Authority	6,634,937	1,238,779
Miscellaneous Deposits	9,305,760	12,696,255
Container Deposits - SPC	1,585,840	1,608,929
Container Deposits - DHS	8,637,984	10,219,145
Total	33,046,449	37,964,434

NOTE 21

CASH IN HAND AND AT BANK	2015 Rs.	2014 Rs.
People's Bank A/C 90210892	27,459,687	6,189,726
People's Bank A/C 90210934	-	25,000
Commercial Bank A/C -10263	-	1,072
Bank of Ceylon A/C -1438	5,515,013	8,973,059
Bank of Ceylon A/C -1425	3,938,979	7,653,261
Bank of Ceylon A/C -1435	14,222,735	41,417,608
Standard Chartered Bank A/C 1171968 01	6,101,636	2,978,023
People's bank A/C -90210929	10,186,016	91,469,960
Commercial bank A/C -50401	78,508	8,183
Repurchase Agreements - B.O.C & P.B	675,000,000	600,000,000
Treasury Bill - Credit Insurance Scheme	38,054,396	34,041,405
Treasury Bill - Supplier Convention	9,515,453	8,510,913
Petty Cash Impress - Control	452,918	448,550
Total	790,525,341	801,716,760

DEFERRED LIABILITIES

NOTE 22

EMPLOYEE RETIREMENT GRATUITY	2015 Rs	2014 Rs
Gratuity opening balance	372,219,796	133,088,346
Interest Cost	22,333,188	7,295,570
Current Service Cost	10,290,765	32,552,518
Actuarial Gain /Loss	(239,887,050)	212,044,242
Benefit paid/ payables during the year	(14,039,042)	(12,760,880)
Total	150,917,657	372,219,796

An actuarial valuation was carried out by Mr. M. Poopalanathan, AIA, of Messrs. Actuarial Management Consultants (Pvt) Ltd., a firm of professional actuaries as at 31st December 2015. The following assumptions and data were used in valuing the defined benefit obligation by the actuarial valuer.

Discount %	10% p.a.
Future salary increase %	5% p.a.
Allowance increase %	10% p.a.
Retiring age	60 Years

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2015

The amounts recognized in the Income Statement are as follows,

	NOTE - 22 A	
	2015 Rs.	2014 Rs.
Current service cost	10,290,765	32,552,518
Interest charges for the year	22,333,188	7,295,570
Gratuity include in the staff cost	32,623,953	39,848,088
Actuarial gain/loss - OCI	(239,887,050)	212,044,242
Total	(207,263,097)	251,892,331
DEFERRED TAX ASSETS/ LIABILITIES	NOTE - 23	
	2015 Rs.	2014 Rs.
Differed tax liability	74,265,780	64,466,973
Differed tax Assets	(42,256,944)	(104,221,543)
Opening SLFRS Deferred Tax Assets/ Liability	82,475,966	(39,754,570)
TRADE AND OTHER PAYABLES	NOTE - 24	
	2015 Rs.	2014 Rs.
Accrued charges & provision	175,206,998	3 122,616,882
Creditors control	557,900,134	576,882,678
Special order advance	982,510	982,510
Security deposits	544,973	534,423
Salaries control	1,792,980	3,851,011
Bank bills payable - SPC	295,604,482	148,221,763
Bank bills payable - DHS	2,116,385,387	1,233,140,594
Interest on cash security deposits	49,518	18,130
Tender deposits	368,000	509,550
Loans & other recoveries (staff)	7,932,232	29,910,280
P.A.Y.E	103,139	102,465
Welfare fund	1,484,808	725,553
Cash Deposit in lieu of Bank Guaranty	11,767,611	4,407,250
Value added tax	177,287,197	128,619,929
Total	3,347,409,968	2,250,523,019
CURRENT FINANCIAL LIABILITIES	NOTE - 25	
	2015 Rs.	2014 Rs.
Bank of Ceylon A/C -70556680	1,914,693	28,238,340
Commercial Bank A/C -150701	54,774,750	50,500,698
Total	56,689,443	78,739,039

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2015

CAPITAL

There is no change in the Authorized Capital during the year ended 31st December 2015

CONTRIBUTED CAPITAL

Contributed Capital is made up by government grants amounting to Rs 59,055,258 as at 31 Dec 2015.

LIABILITIES AND PROVISIONS

The following legal cases are pending as of 31st December 2015, and the Corporation has been advised by the legal council that it is only possible, but not probable that the action will succeed. Accordingly no provision has been made in these financial statements.

27.1. Contingent liabilities

27.1.1 The Corporation is a defendant in five Cases where legal actions instituted by stakeholders of entities involved, claiming Rs 94.8 million (USD 948,758.75) with legal interest. These cases are being contested by the corporation and no provision has been made in the financial statements.

27.1.2 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.

27.1.3 W.A.S Wickramarachchi - CA/WRIT/105/2013

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

27.1.4 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 for claiming Rs 94.8 million (USD 948,758.75) and the arbitration was fixed.

27.1.5 Medi Textiles (Pvt) Ltd

Case No. S. C (FR) Application No. 237/2015

Petitioner filed a fundamental rights case against SPC regarding the awarded Tenders.

27.1.6 Pharma Associates – Case No. CA WRIT 511/2015

Petitioner filed a case to quash the decision of the awarded Tender.

NOTE -26

27.2 The corporation is a plaintiff in three Cases claiming Rs 7,862,551.47 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 SAS Pharmaceuticals - Case No. 7078 M

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

27.2.3 Lloyed Pharmaceuticals - Case No. 6799 M

SPC filed a case in district Court Kalutara against the distributor Lloyed Pharmaceuticals to recover the outstanding dues of Rs. 3,229,116.70.

27.3 Financial Commitments

Document credit established for purchases of pharmaceuticals as at 31.12.2015 amounts to Rs.7.425.6 m

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.

	2015	2014
SPC	Rs. 602,087,573	Rs. 700,519,973
DHS	Rs. 4,176,881,984	Rs. 3,077,016,666

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 2015:	(Rs)	Maturity
Interest-bearing loans and borrowings	56,689,443	OD - Payable on demand
Trade and other payables	3,347,384,412	Usually 03 months
Year ended 31 December 2014 :	(Rs)	Maturity
Interest-bearing loans and borrowings	78,739,039	OD - Payable on demand
Trade and other payables	2,250,497,463	Usually 03 months

	2015 Rs.	2014 Rs.
Interest-bearing loans and borrowings	56,689,443	78,739,039
Trade and other payables	3,347,384,412	2,250,497,463
Less: cash and short-term deposits	(790,525,341)	(801,716,760)
Net debt	2,613,548,514	1,527,519,742
Equity		
Capital and net debt	7,761,534,881	5,915,841,587

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	2015	2014
Transactions:	RS	RS
Sales	24,494,830,688	18,052,869,448
Outstanding Balances :		
Receivable from Medical Supplies Division	4,176,881,984	3,077,016,666
Receivable from Forces	191,638,951	355,256,541
Receivable from Government hospitals	68,575,470	52,381,041
Receivable from Other Government Institutions	38,351,486	24,015,557

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.

	2015 RS	2014 RS
Short term employment benefits	4,586,725	5,743,870

NOTE -30

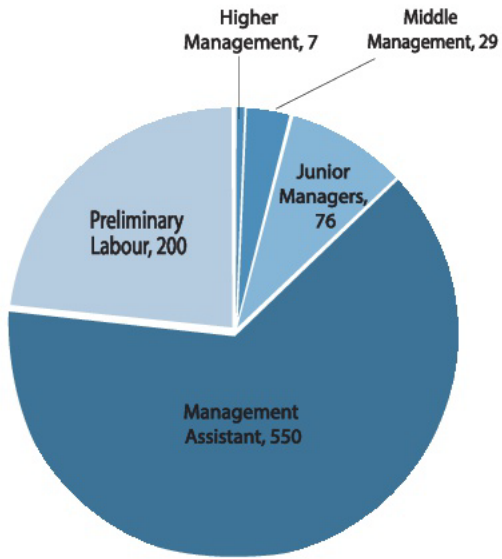
EVENTS AFTER THE BALANCE SHEET DATE

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.

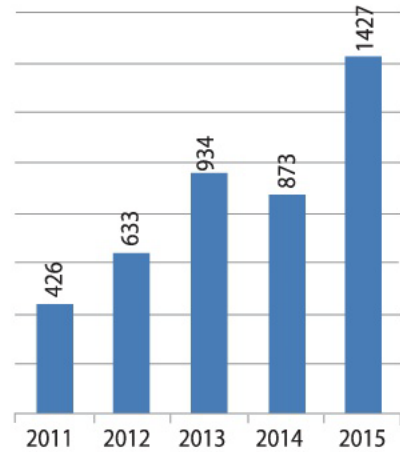
STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

HUMAN RESOURCES ANALYSIS

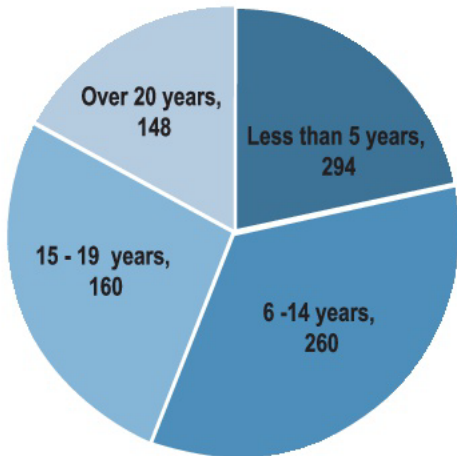
Employee Category Analysis



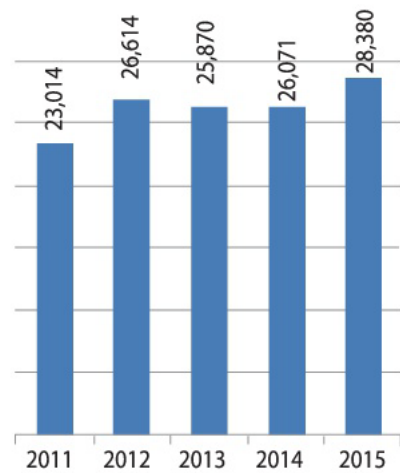
P.B.T. Per Employee "000"



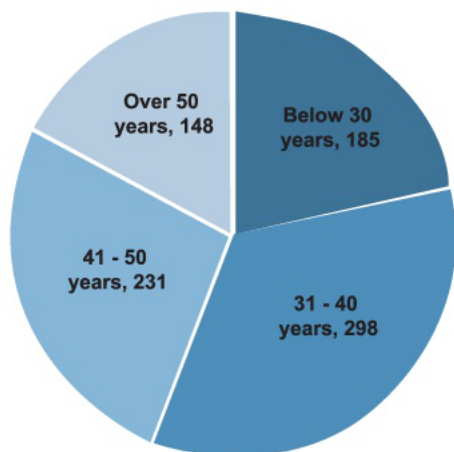
Employee Retention Period



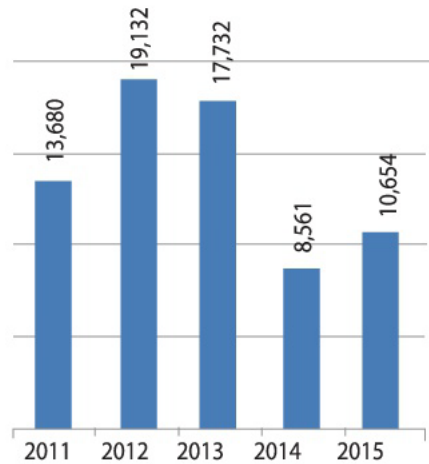
Sales Per Employee "000"



Employee Age Analysis



Assets Per Employee "000"



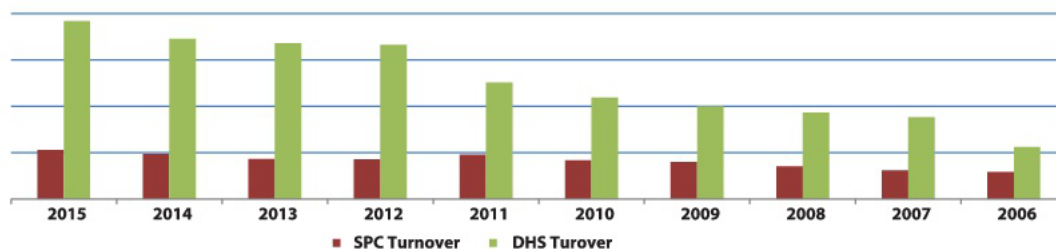
STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

TEN YEAR SUMMARY - INCOME STATEMENT

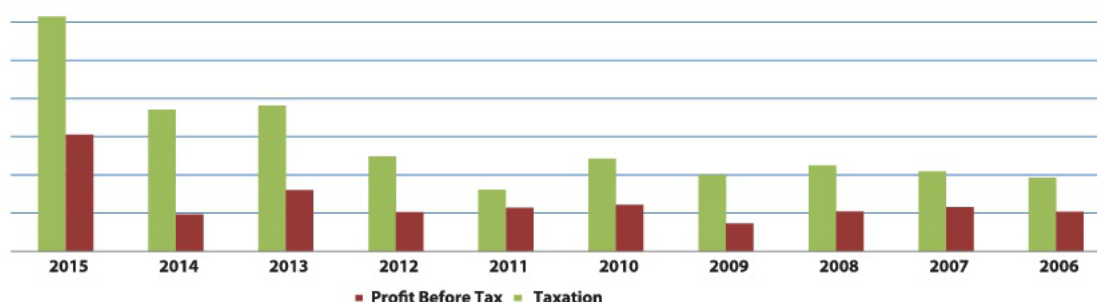
Turnover

Rs. "000"

Description	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Turnover - SPC	5,286,876	4,865,151	4,320,300	4,283,232	4,806,170	4,197,759	4,015,962	3,547,367	3,092,189	2,923,148
Turnover - DHS	19,176,807	17,269,008	16,815,666	16,608,492	12,569,290	10,968,571	9,990,429	9,306,330	8,815,971	5,616,899
Total Turnover	24,463,683	22,134,159	21,135,966	20,891,724	17,375,460	15,166,330	14,006,391	12,853,697	11,908,160	8,540,047
Gross Trading Profit - SPC	1,410,722	1,247,074	1,136,403	991,541	1,043,453	995,371	894,232	822,024	699,794	682,256
Gross Surplus - DHS	1,386,731	1,333,198	1,185,004	1,193,214	780,735	688,145	622,071	576,308	578,091	389,533
Gross Surplus	2,797,453	2,580,272	2,321,407	2,184,755	1,824,188	1,683,516	1,516,303	1,398,332	1,277,885	1,071,789



Overheads	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Other Income	51,259	25,738	17,537	15,105	23,231	20,414	18,107	22,638	14,177	10,025
Administrative Expenses	(1,057,970)	(969,744)	(786,904)	(670,635)	(614,019)	(605,475)	(573,322)	(535,428)	(483,452)	(434,075)
Other Operating Expenses	(563,357)	(749,825)	(791,794)	(745,230)	(492,631)	(285,777)	(203,520)	(218,987)	(111,390)	(135,035)
Operating Profit	1,227,385	886,441	760,246	783,995	740,769	812,678	757,568	666,555	697,220	512,704
Finance Cost	(1,599)	(124)	(227)	(17)	(3,661)	(17,734)	(8,841)	(7,982)	(7,480)	(6,397)
Overdraft Interest	(734)	(149,659)	(1,384)	(290,877)	(419,235)	(315,070)	(350,841)	(212,285)	(273,273)	(121,876)
Total Overheads	(1,623,660)	(1,869,352)	(1,580,309)	(1,706,759)	(1,529,546)	(1,224,056)	(1,136,524)	(974,682)	(875,595)	(618,745)
Finance Income	5,086	4,896	4,357	3,959	4,102	3,900	3,302	2,856	2,127	1,432
Profit before Tax	1,230,137	741,554	762,992	497,060	321,975	483,774	401,188	449,144	418,594	385,863
Taxation	610,539	192,145	320,008	205,282	228,473	243,907	144,883	209,487	232,013	206,452
Net Profit for the period	619,598	549,409	442,984	291,778	93,502	239,867	256,305	239,657	186,581	179,411
Defined benefits plan	239,887	(212,044)	(31,574)	(14,281)	11,325					
Total Comprehensive Income	859,485	337,365	411,410	277,497	104,827	239,867	256,305	239,657	186,581	179,411



RATIOS

Gross Profit Ratio - SPC (%)	26.7	25.6	26.3	23.1	21.7	23.7	22.3	23.2	22.6	23.3
Gross Profit Ratio - DHS (%)	7.2	7.7	7.05	7.2	6.2	6.3	6.2	6.2	6.6	6.9
Gross Surplus to Sales (%)	11.4	11.7	11.0	10.5	10.5	11.1	10.8	10.9	10.7	12.6
Annual Sales Growth (%)	10.54	4.72	1.2	20.2	14.57	8.28	8.97	7.94	39.44	6.40

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

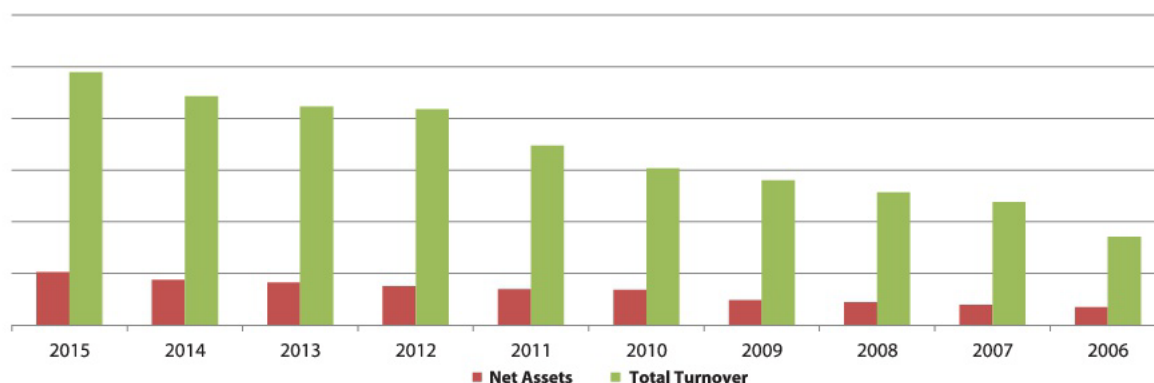
TEN YEAR SUMMARY - STATEMENT OF FINANCIAL POSITION

Rs. "000"

Description	2015 Rs	2014 Rs	2013 Rs	2012 Rs	2011 Rs	2010 Rs	2009 Rs	2008 Rs	2007 Rs	2006 Rs
Contributed Capital & Reserves	125,117	125,117	125,117	125,117	3,502,607	3,412,780	2,418,452	2,217,690	1,960,458	1,744,855
Current Assets										
Inventories - SPC	2,364,091	1,390,608	1,703,222	1,231,857	987,733	979,315	777,682	1,004,208	750,174	660,582
Goods in Transit - DHS	788,342	528,710	809,462	734,963	1,985,991	2,755,465	1,105,247	1,780,891	710,240	
Trade and other receivables	3,051,445	2,370,323	8,881,602	11,113,022	5,123,702	3,453,354	2,139,755	2,036,168	1,991,061	2,764,958
Deposits & Prepayments	33,046	37,964	32,948	24,073	24,479	22,369	11,564	12,367	6,928	7,512
Cash in Hand & at Bank	790,525	801,717	1,200,667	216,359	600,807	671,104	263,769	250,660	480,787	192,511
Total Current Assets	7,027,449	5,129,322	12,627,901	13,320,274	8,722,712	7,881,607	4,298,017	5,084,294	3,939,190	3,625,563

Current Liabilities

Trade and other Payables	3,347,411	2,250,497	3,649,362	3,032,684	1,784,156	1,551,401	739,514	544,979	645,448	667,851
Income tax payables	397,758	177,769	290,045	191,440	219,332	232,469	200,169	225,239	252,090	211,415
Deferred Income	1,005	748	889	1,292	318	1,559				
Current Financial Liabilities	56,689	78,739	6,254,353	7,896,709	4,716,655	4,131,544	1,458,538	2,596,234	1,588,509	1,476,648
Total Current Liabilities	3,802,863	2,507,753	10,194,649	11,122,125	6,720,461	5,916,973	2,398,221	3,366,452	2,486,047	2,355,914
Non Current Assets	2,156,614	2,138,973	1,858,832	1,698,279	1,605,438	1,561,496	639,231	595,014	593,907	554,604
Non Current Liabilities	233,393	372,219	158,803	124,558	105,082	113,350	120,575	95,166	86,592	79,398
Net Assets	5,147,807	4,395,646	4,133,281	3,771,870	3,502,607	3,412,780	2,418,452	2,217,690	1,960,458	1,744,855



RATIOS

Assets Turnover (times)	1:2.66	1:3.04	1:1.45	1:1.4	1:1.7	1:1.6	1:2.8	1:2.2	1:2.6	1:2.0
Current Ratio (times)	1:1.85	1:2.05	1:1.23	1.19:1	1.31:1	1.33:1	1.79:1	1.51:1	1.58:1	1.54:1
Liquidity Ratio (times)	1:1.23	1:1.5	1:1.07	1.02:1	0.86:1	0.7:1	1:1	0.68:1	0.99:1	1.26:1
Interest Cover (times)	1677	5.95	552.3	2.7	1.8	2.4	2.1	3.0	2.5	4.0
Stock Turnover Ratio (times) SPC	2.68	2.85	2.63	4.00	3.83	2.4	3.5	3.11	3.39	3.92

SALES NETWORK HEAD OFFICE

State Pharmaceuticals Corporation of Sri Lanka

75, Sir Baron Jayatillake Mawatha, Colombo 1, Sri Lanka

Telephone: 011-2320356 – 9 Fax: 011-2447118 Website: www.spc.lk Email: spc@spc.lk

SALES UNIT

109, Kandawala Estate,
Ratmalana.

Tel. : 011-2632288

Fax : 011-2632962

STORES

109, Kandawala Estate,
Ratmalana.

Tel. : 011-2634318

Fax : 011-2636715

ORS UNIT

109, Kandawala Estate,
Ratmalana.

Tel. : 011-2622334

KANDY STORES

10/B/1, Hewaheta Road,
Thennekumbura,
Kandy.

Tel. : 081-2240274

RAJYA OSU SALA OUTLETS

Osu Sala - Ampara

Temple Junction,
D S Senanayaka Mawatha,
Ampara.

Tel. : 063-2223088

Osu Sala - Anuradhapura

Bank Street,
Anuradhapura.

Tel. : 025-2222181

Osu Sala - Avissawella

G 33/34/35,
Central Bus Stand,
Avissawella.

Tel. : 036-2222501

New Osu Sala - Badulla

CWE Building,
Bandarawela Road,
Badulla.

Tel. : 055 2229837

Osu Sala - Bandaragama

Hospital Premises,
Horana Road, Bandaragama.

Tel. : 038-2288671

Osu Sala - Borella

Lady Ridgway Premises,
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Tel. : 011-2697660

Osu Sala - Colombo 1

75, Sir Baron Jayatillake Mawatha,
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Tel. : 2328046

Osu Sala - Colombo 4

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Tel. : 2587128

Osu Sala - Colombo 7

255, Dharmapala Mawatha,
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Tel. : 011-2694716,

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Osu Sala - Diyathalawa

Main Street,
Diyathalawa.

Tel. : 055- 3551624

Osu Sala - Embilipitiya

102, Pallegama,
Embilipitiya.

Tel. : 047-2261177

Osu Sala - Fort

Fort Railway Station,
Fort.

Tel. : 011-2336926

Osu Sala - Galle

61A Wakwella Road,
Galle.

Tel. : 091-2234726

Osu Sala - Hambantota

No.3 Barrack Street,
Hambantota.

Tel. : 047-2222163

Osu Sala - Ja'pura

Sri Jayawardhanapura General Hospital,
Sri Jayawardhanapura.

Tel. : 011-2779414

Osu Sala - Jaffna

149A, K.K.S Road,
Jaffna.

Tel. : 021- 2219262

Osu Sala - Kandy

14A Lamagara Mawatha,
Kandy.

Tel. : 081-2225175

Osu Sala - Karapitiya

132, Cancer Hospital Rd,
Maitipe, 1st Lane,
Karapitiya.

Tel. : 091 2226947

Osu Sala - Kurunegala

28, Weerathunga Bldg.
Baudhaloka Mawatha.

Kurunegala.

Tel. : 037-2230840

Osu Sala - Maharagama

71/9 Alwis Building
Old Road,
Maharagama.

Tel.011-2745640

Osu Sala - Matara

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

Osu Sala - Minuwangoda

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

Osu Sala - Negombo

134, Colombo Road,
Negombo.

Tel. : 031- 2228599

Osu Sala - Nugegoda

145A/1,
S. De S. Jayasinghe Mawatha,
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Tel. : 011-2856641

Osu Sala - Panadura

159, M.P.C.S Bldg,
Galle Road,
Pananadura.

Tel. : 038-2234767

Osu Sala - Piliyandala

Lanka Sathosa,
No. 01, Horana Road, Miriswaththa,
Piliyandala.

Tel. : 011-3045511

Osu Sala - Polonnaruwa

Hospital Junction,
Kaduruwela Road,
Polonnaruwa.

Tel. : 027- 2225465

Osu Sala - Ragama

No.61A, Mahabage Road,
Ragama.

Tel. : 011-2955219

Osu Sala - Ratmalana

Mega Sathosa,
Golomadama Junction,
Galle Road, Rathmalana.

Tel. : 011-3043789

Osu Sala - Ratnapura

32, Nanda Ellawala Mawatha,
Ratnapura.

Tel. : 045-2223014

Osu Sala - Tangalla

No. 8, Indipokunugoda Road,
Tangalla.

Tel. : 047-2241221

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