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இலங்கை அரசு மருந்தகக் கூட்டுத்தாபனம்
State Pharmaceuticals Corporation of Sri Lanka

2021

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ஆண்டு அறிக்கை
Annual Report

ANNUAL REPORT 2021



STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

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YOUR HEALTH IS OUR CONCERN



OUR VISION

To become the prime partner in developing a healthier Nation

OUR MISSION

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

OUR GOALS

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

OUR SLOGAN

Your health is our concern

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

FINANCIAL HIGHLIGHTS

| DESCRIPTION | 2021 Rs: ' 000 ' | 2020 Rs: ' 000 ' | Variation (%) | 2019 Rs: ' 000 ' |
|-------------------------------------|---------------------|---------------------|------------------|---------------------|
| Revenue - SPC | 9,446,822 | 8,798,047 | 7.4 | 8,924,850 |
| Supplies to DHS | 70,811,344 | 54,323,565 | 30.4 | 42,959,659 |
| Total Revenue | 80,258,166 | 63,121,612 | 27.1 | 51,884,510 |
| Gross Trading Profit SPC | 2,224,536 | 2,249,676 | (1.1) | 2,279,155 |
| Gross Surplus DHS | 4,542,116 | 3,415,073 | 33.0 | 2,717,507 |
| Gross Surplus | 6,766,652 | 5,664,749 | 19.5 | 4,996,662 |
| Other Income | 88,531 | 287,363 | (69.2) | 91,441 |
| Administrative Expenses | (1,967,159) | (1,753,834) | (12.2) | (1,619,555) |
| Other Operating Expenses | (1,158,051) | (962,078) | (20.4) | (971,096) |
| Finance Cost | (10,555) | (10,588) | 0.3 | (10,763) |
| Overdraft Interest | (569,624) | (686,878) | 17.1 | (317,470) |
| Finance Income | 6,943 | 6,890 | (0.8) | 6,875 |
| Profit Before Tax | 3,156,737 | 2,545,624 | (24.0) | 2,176,094 |
| Defined Benefit Plan | 57,438 | (191,755) | 130.0 | (1,926) |
| Taxation | (772,172) | (576,401) | (34.0) | (512,224) |
| Total Comprehensive Income | 2,442,003 | 1,777,468 | (37.4) | 1,661,944 |
| Retained Earnings | 14,650,681 | 12,208,679 | 20.0 | 10,431,211 |
| Contributed Capital & Reserve | 125,117 | 125,117 | - | 125,117 |
| Non Current Assets | 2,351,604 | 2,329,488 | 0.9 | 2,277,480 |
| Current Assets | 56,585,320 | 39,087,956 | 44.8 | 31,550,527 |
| Non Current Liabilities | 9,904,471 | 11,908,162 | 16.8 | 294,459 |
| Current Liabilities | 34,256,654 | 17,175,486 | (99.5) | 22,977,220 |
| Net Current Assets | 22,328,666 | 21,912,470 | 1.9 | 8,573,307 |
| Ratios | | | | |
| Gross Profit Ratio (%) SPC | 23.5 | 25.6 | | 25.5 |
| Gross Profit Ratio (%) DHS | 6.4 | 6.3 | | 6.3 |
| Gross Surplus to Sales (%) | 8.4 | 9.0 | | 9.6 |
| Return on Capital Employed (%) | 10.5 | 7.7 | | 23.0 |
| Interest Cover (times) | 6.5 | 4.7 | | 7.9 |
| Equity to total Assets (times) | 1:4.02 | 1:3.3 | | 1:3.2 |
| Turnover to Capital Employed (time) | 3.25:1 | 2.6:1 | | 4.8:1 |
| Current Ratio (time) | 1:1.6 | 1:2.7 | | 1:1.3 |
| Liquidity Ratio (time) | 1:1.6 | 1:2.1 | | 1:1.2 |
| Stock Turnover Ratio -SPC (time) | 2.75 | 2.32 | | 2.35 |
| OTHER INFORMATION | | | | |
| Number of Employees | 948 | 956 | | 971 |
| Earning per Employee (Rs.) | 3,329 | 2,663 | | 2,241 |
| Sales per Employee (Rs.) | 84,660 | 66,027 | | 53,434 |

Board of Directors & Corporate Information

Board of Directors

Dr. D.S. Samarasinghe - Acting Chairman

Dr. D.S. Samarasinghe holds an MBBS degree from the University of Peradeniya and L.L.B (Bachelor of Law) Degree from the Open University of Sri Lanka. He joined the Government Medical Service of Sri Lanka in 2010 and served as a Medical Officer in the Base Hospital-Karawanella, Base Hospital-Mawanella and National Hospital-Kandy.

He joined the State Ministry of Production, Supply & Regulation of Pharmaceuticals in December 2020 and served as the Head of the Research & Procurement Division.

He was a member of the Board of Directors of the State Pharmaceuticals Manufacturing Corporation in 2021.

Dr. Samarasinghe was appointed as the Managing Director of the State Pharmaceuticals Corporation with effect from 15th November 2021. He has been serving as the Acting Chairman of the State Pharmaceuticals Corporation since December 2021.

Dr A.K.S.B. de Alwis - Director

Dr. Sunil De Alwis, the Additional Secretary Medical Services of Ministry of Health since July 2018, is involved with policy making, strategic planning, and act as a technical advisor pertaining to the medical services in the Ministry of Health, Sri Lanka.

He has obtained his first degree from Lvov, State Medical Institute of Republic of Ukraine (former Soviet Union) in 1987. Then he joined the Government Medical Service of Sri Lanka as a Medical Officer. Later he obtained his Master degree in Community Medicine (1996) and Doctorate in Medical Administration (2006) from Post Graduate Institute of Medicine, University of Colombo.

Dr. De Alwis has also served a Director of Provincial General Hospital-Rathnapura, Provincial Director of Health Services of North Western Province and the Director of the National Program for Tuberculosis Control and Chest Diseases, the Deputy Director General of Health Services (Education, Training and Research) in the Ministry of Health.

He is also a member of Board of Management of the Post Graduate School of Medical Sciences, University of Peradeniya and the chairperson of the examination board of MD (Medical Administration) in Post Graduate Institute of Medicine, Acting Chairman of the prestigious Ceylon Medical College Council and member of Committee on Medical Education in University Grant Commission of Sri Lanka. He serves as the focal point for Policy and Coordination Committee of the UNDP/UNFPA/UNICEF/WHO/World Bank Special Program of Research, Development and Research Training in Human Reproduction.

Dr. Alwis also has enormous experience working with Health related International Agencies. He has obtained several awards as an appreciation from Sri Lankan and International agencies for his contribution for the health service, including national awards for productivity in several occasions and award from Asia Pacific Action Alliance on Human Resources for Health (AAAH) in 2018 and 2020.

Mr Hirenya de Mel- Director

Mr Hirenya de Mel is a senior finance professional with extensive experience in diversified business industry domains over 25 years and holds a Post Graduate Diploma in Business Administration & Financial Management from the Institute of Chartered Accountants and Certified Accountants membership. Having started his career at B. R. de Silva & Company (Chartered Accountants) in which he gained the exposure of auditing key Business Industry domains, he went to hold the position of Group Manager Commercial & Financial Affairs in a private establishment for nearly a decade. Currently, he is holding a senior position in Market Development and Expansion related to Government Enterprise Business Strategy at a leading listed Telecom operator in Sri Lanka and His experience with the current employer spans over 15 years. He is passionate and possesses extensive multiple expertise in Financial Management, Financial Services initiatives Corporate Planning and Reporting in particular including Corporate Governance, Risk Management, Sustainability, Capital Management and Compliance.

M.R.V.R.Meepura- Director

FCA, MF&BE (University of Adelaide), MBS (University of Colombo), BSc HRM (USJ).

Mr. Meepura, Additional Director General to the Department of Fiscal Policy counts over 23 years of experience in the public sector. He is currently serving as a director of the Ceylon Electricity Board and LTL Holdings (Pvt) Ltd. Previously he had been serving as a director/Treasury representative to the Chilaw Plantations Limited, Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB), Sugar Cane Research Institute, Hector Kobbekaduwa Agrarian Research and Training Institute and National youth Crop.

Prof. Bawantha Gamage

MBBS,Dip in Lap Surgery(Strasbourg),FAMASI,MS,FCSSL,FRCS(Eng)

Prof. Bawantha Gamage is a professor in Surgery, Faculty of Medical Sciences University of Sri Jayewardenepura and a Consultant Surgeon, Colombo South Teaching Hospital. He is the Secretary General SAARC Surgical Care Society and the President Sri Lanka Association of Minimal Access & Digital Surgeons

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

CORPORATE INFORMATION

Board of Directors

| | | |
|-------------------------|-------------------|-------------------|
| Dr. Prasanna Gunasena | Chairman | (Till 02.12.2021) |
| Mr. L.R. Jayakody | Managing Director | (Till 15.11.2021) |
| Dr. U.D.S. Samarasinghe | Actg.Chairman | (From 03.12.2021) |
| Dr. U.D.S. Samarasinghe | Managing Director | (From 15.11.2021) |
| Dr. A.K.S.B De Alwis | Director | |
| Prof. B.D. Gamage | Director | |
| Mr. B. Gunaratne | Director | |
| Mr. Hiranya De Mel | Director | |
| Mrs. D.C.W. Hapugoda | Director | (Till 01.03.2021) |
| Mr. M.R.V.R Meepura | Director | (From 02.03.2021) |

Audit Committee

| | |
|---------------------|----------|
| Mr. M.R.V.R Meepura | Chairman |
| Mr. Hiranya De Mel | Director |
| Dr. Sunil De Alwis | Director |

Auditors

Auditor General,
National Audit Office,
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 College and an Accredited Commercial Mediator.

Mr Suneth Sudasinghe - Deputy General Manager (Marketing)



Mr. Sudasinghe is a capable, results oriented performer who has proven records in the corporate world. He is a professional Marketer having more than twenty two years of experience in various Industries. He is a dynamic character in the corporate world and has contributed to turn around and built many conglomerates. Commencing his carrier in 1997 as a Trainee Sales Executive, he has held several positions in the industry including Sales Manager, Marketing Manager, Assistant General Manager, General Manager, Chief Commercial officer up to now.

Mr. Sudasinghe possess BSc. Marketing Management (Special) Degree from the University of Sri-Jayawardenepura, Master of Business Administration (MBA) from the University of Rajarata, and Financial Qualification of Certified Management Accountants (CMA) Australia from Institute of Certified Management Accountants. He is a Fellow member of the Association of Business Executives (ABE) in the United Kingdom, Associated member of Sri-Lanka Institute of Marketing and Member of Institute of Management of Sri-Lanka.

Mr.W.A.K.P. Warna Kumara - Deputy General Manager (Procurement & Imports- Surgical & Laboratory)



Commander (Ret.) WAKP Warna Kumara joined SPC on the 02nd of August 2021 as Deputy General Manager Procurement & Imports (Surgical & Laboratory). Over the last 21 years, he has held various roles in procurement, logistics, and supply chain management for the Sri Lanka Navy. He holds a BCom degree and MBA in Logistics Management from Kotelawala Defence University and a MSc in Procurement Logistics & Supply Chain Management from University of Bedfordshire, U.K. Also he has followed Long Logistics & Management Course and Command & Staff Course. He is currently a member of the Chartered Institute of Logistics & Transport, Institute of Supplies and Material Management and humanitarian Logistics Association -UK.

MANAGEMENT TEAM- Cont.

Mrs. Nimmika Thusari - Deputy General Manager (Human Resources & Administration)



Mrs. M.R. Nimmika Thushari joined the SPC as Deputy General Manager (HR & Administration) with effect from 01.08.2018 She holds a Bachelor of Science (Human Resources) Special Degree from the University of Sri Jayawardanapura, Post Graduate Diploma in Human Resources Advancement and Master of Human Resources Management from the University of Colombo. She has more than 20 years' experience in the field of Human Resources Management and Administration.

Mrs. Ayanthi Alwis –



Deputy General Manager (Procurement & Imports - Pharmaceuticals)

Mrs. A H Alwis the Deputy General Manager Procurement & Import Pharmaceuticals, holds a Bachelor of Science Management Degree (General) and Master of Business Administration from the University of Sri Jayawardanapura. She is further a Diploma holder in Public Procurement and Contract Administration from SLIDA.

She coordinates and manage procurement activities of the four units falls under her purview meeting challenging time frames.

Ms. Hiranya Sammandapperuma - Deputy General Manager (Finance)



Mrs Hiranya Sammandapperuma joined the SPC as the Management Accountant on 01st July 2007. She has more than 23 years' experience in the field of financial management, Management Accounting & Auditing. She is an Associate Member of Institute of Chartered Accountants of Sri Lanka. (ICASL) & Certified Management Accountants of Sri Lanka (CMA) & awaiting Membership of Association of Chartered Certified Accountants (ACCA- UK).

She obtains Bachelor of Business Administration with honors, specialization in finance, from University of Colombo in 2001. She is holder of MBA from University of Colombo.

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

MANAGEMENT TEAM - Senior Management

| | | |
|-----------------------------|----------------------------------------------------|-------------------|
| Mrs. W.A.S.D.K Perera | D G M – Marketing | (Till 05.05.2021) |
| Mrs. P Dasanayake | D G M – Procurement & Imports (Surgical) | (Till 05.05.2021) |
| Mrs. K.G.C Shanthimala | D G M – Tech, Lab & Production | (Till 02.11.2021) |
| Mrs. A.H. Alwis | Manager – Post Delivery Operation | (Till 01.06.2021) |
| Mrs. P.K. Wijeratne | Manager - Quality Assurance Laboratory | |
| Mr. M.A.V.I. Kumarasiri | Field Manager (Monitoring of Distribution Systems) | |
| Mr. D.P. Ajith Liyanage | Manager - Management Information Systems | |
| Mr. P.K.R. Fernando | Manager Wharf | |
| Miss. C.S.Withanage | Manager -Sales | (Till 06.06.2021) |
| Miss. C.S.Withanage | Manager -CPU | (From 07.06.2021) |
| Mrs. D.N.Devasurendra | Accountant – Revenue /Actg, D G M – Finance | |
| Mrs. P.A.U.Wijewardana | Legal Officer & Secretary to the Board | |
| Mr. P.M.B.R.Somathilaka | Manager – Production | |
| Mr. A.P. Hapangama | Accountant - Financial Accounting | |
| Ms. M.K.A.P. Gunathilake | Manager – Promotion & Publicity | (Till 04.03.2021) |
| Mr. D.G. D. J. Pushpakumara | Manager – Stores & Inventory Control | |
| Mrs.L.W.Damayanthi | Accountant – Salaries | |
| Mrs.M.A.S. Karunaratne | Accountant - Rajya Osusala | |
| Mr. D.K.A.P. Dassanayake | Manager – Administration | |
| Mr. K.D.F.N.Perera | Manager – Sales | |
| Mr.B.A.K. Madusanka | Manager – Human Resources | |
| Mrs. D.D.S. Tharangamala | Manager – Procurement | |
| Mrs. R. P. Withanage | Manager – Procurement | |
| Mrs. K.G.S. Perera | Accountant – Payment | |
| Mr. M.A.D.S.S. Munasinghe | Manager – Imports | |
| Mr. C.U.M.M. Bandara | Manager- Stores & Inventory Control | |
| Mr. M.K.C. Krishantha | Manager – Rajya Osusala | |
| Mr.W. Jayantha | Manager – R.O.S Colombo 07. | |
| Miss.B.D.K. Fernando | Manager – CPU | (Till 31.05.2021) |
| Mr.M.R.M. Rifkhan | Manager – Imports | (Till 16.12.2021) |
| Mr.M.R.M. Rifkhan | Manager – Rajya Osusala | (From 17.12.2021) |
| Mrs.E.M.H.N.T.K. Ekanayake | Manager – Technical | |
| Mr. H.N.J.Indunil | Internal Auditor | |
| Mr. W.A.T Premawardhane | Manager – Rajya Osusala | |
| Ms. I.G.W.S Wimalasena | Manager- Research & New Projects | (From 22.02.2021) |
| Mr. P.A.S. Pathirana | Accountant – Stock & Pricing | (From 01.04.2021) |
| Mrs. E.K.P.A. Priyadarshani | Manager – Promotion & Publicity | (From 15.07.2021) |

CHAIRMAN'S MESSAGE - 2021



It is a great privilege for me to present the Annual Report of the State Pharmaceuticals Corporation (SPC) for the year 2021. During the period under review, SPC, being 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, has completed its 50th year successfully.

The year 2021 was immensely challenging as we have to combat the challenges thrown at us by the Covid-19 pandemic. We faced operational challenges due to restricted movement and disrupted supply lines during the whole period of the pandemic in 2021. Being at the forefront of the pharmaceutical sector, SPC has been contributing in its capacity to fight the pandemic since day one and we continued to do our main focus in operation “service to the nation” by offering vaccines and quality assured pharmaceuticals and healthcare items at affordable prices to the people of the country.

The operational activities of “SPC” are two pronged as supply of medicines and healthcare items to Medical Supplies Division and to sell in the open market through our Rajya Osusala outlets and distributor channel. During the year, the open market operation has recorded sales increase of 7.4% and supply to Medical Supplies Division was enhanced by 30.04% over 2020 amidst limited allocations for Medical Supplies. Profit before Tax was Rs.3.1billion which is a growth of 24% as against the year 2020.

Due to the long term impacts of global pandemic, the role of SPC in years to come will be more challenging with new initiatives to moving towards local manufacturing and economical slow-downs which can be seen from both global and local perspectives.

I sincerely pay my gratitude to the Hon. State Minister of State Ministry of Supply and Regulation of Pharmaceuticals, Secretary to the State Minister, Officials of the State Ministry, Officials of Ministry of Finance for their assistance and support. I would also like to extend my gratitude to my Board Members, Management Team and all the staff members of SPC for their support and hard work during these difficult time that has enabled us to come this far.

A handwritten signature in blue ink, appearing to read 'D.S.', located above the printed name of the Chairman.

Dr. D.S. Samarasinghe
Actg. Chairman

FINANCIAL AND OPERATIONAL REVIEW

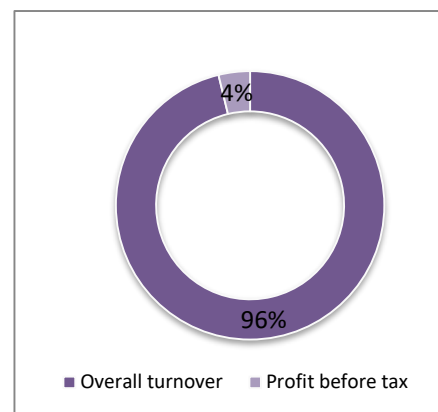
SPC is the key importer of Healthcare items to the 'Medical Supplies Division' to ensure the continuous supply of quality-assured Pharmaceuticals and Healthcare items to Government Hospitals. SPC also imports and sell in the open market through, our own Rajya Osusala Outlets, Franchised Osusala outlets & Distributors, to cover the entire island. SPC has delivered satisfactory performance during the year under review, in spite of emergency measures taken across the country to control the spread of the COVID-19 pandemic from March 2020 onwards.

FINANCIAL PERFORMANCE

Overall Performance

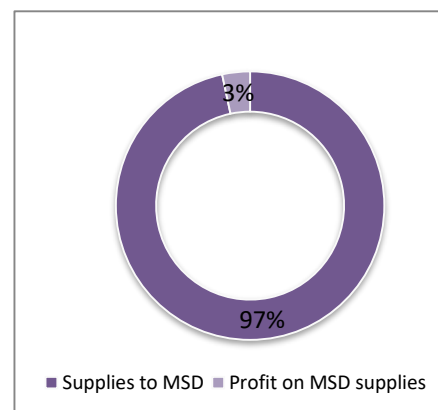
During the year under review, SPC has recorded the highest ever turnover of Rs.80,258 million including a turnover on Covid Vaccine amounting to Rs.13,887 million. This is an increase of 27% as against the previous year turnover of Rs.63,121 million.

Profit before Tax was Rs. 3,156 million in the year 2021. This is an increase of 24% as against the previous year figure of Rs. 2,545 million. This increase in profit was mainly due to an increase in supplies to the Medical Supplies Division upon their order requirements.



Supplies to Medical Supplies Division

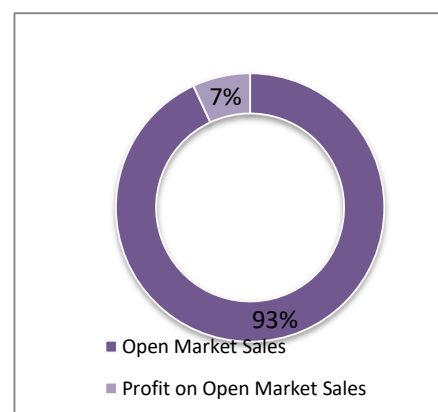
Healthcare items supplied to the 'Medical Supplies Division' was Rs.70,811 million during the year, as against Rs.54,323 million in the year 2020. This is an increase of 30%. The above value includes Rs. 13,887 million worth of Covid 19 Vaccines imported and supplied to the Medical Supplies Division. During the year under review, profit before tax was Rs.2,450 Million which is a significant increase of 51 % over the PBT of Rs. 1,615 Million recorded in 2020. However, it is to emphasize that we charged a special service charge on the supply of Vaccines only to meet the relevant expenses.

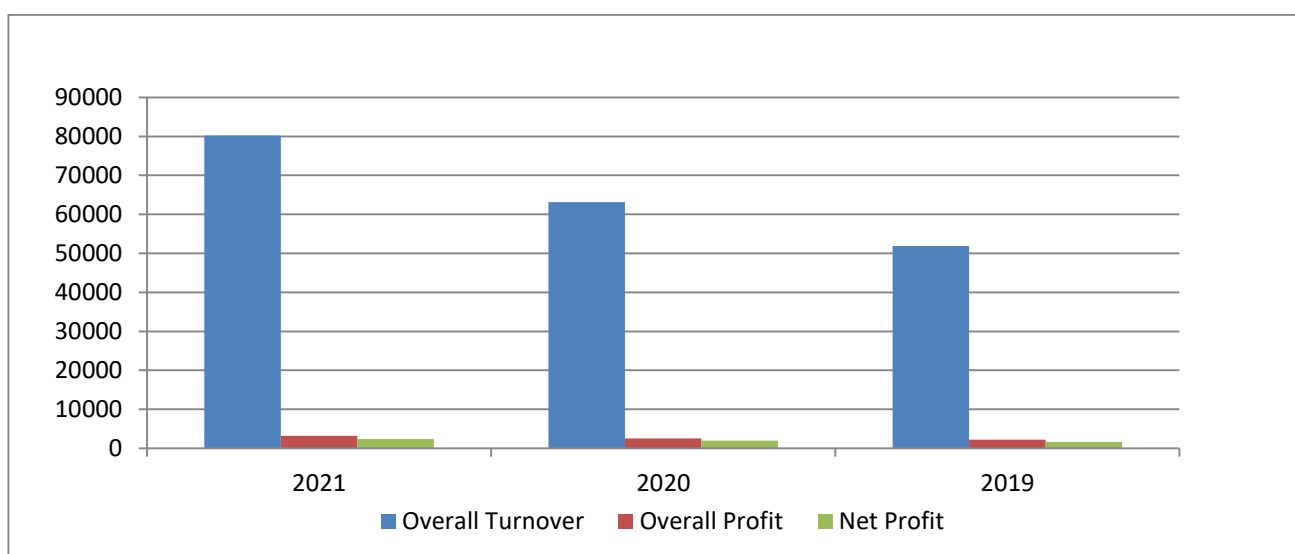


Open Market Operation

The COVID-19 pandemic has significantly changed the demand for pharmaceuticals and health care items. SPC successfully met this challenge and ensured the availability of Pharmaceuticals and Health care items in the market.

The Turnover of Open Market Operation has been recorded as Rs.9,446 million during the year 2021. It is an increase of 7% in comparison with the Turnover of Rs. 8,798 million recorded in 2020. The main reasons were increasing the demand for pharmaceuticals and health care items and expanding SPC distribution channel by establishing three new Rajya Osusala outlets. Profit before Tax was Rs.705 million in the year 2021. This is a decrease of (24%) as against the previous year figure of Rs. 929 million.





TAXATION

The Corporation has paid Rs.698.6 million as Income tax to the Government Treasury.

SALES & TRADE PROMOTIONS

SPC established three new Rajya Osusala Outlets at Madawachchiya, Pitakotte, and Horana during the year 2021. At the end of the year, there were altogether 50 Rajya Osusala Outlets, 51 Distributors 107 Franchised and Authorized Retailers covering the entire island, to ensure the availability of SPC drugs, in all corners of the country. In order to provide effective and efficient service to the general public during curfew, The Corporation continued the mechanism of home-delivery essential drugs through Rajya Osusala Outlets during the year 2021.

TECHNICAL & LABORATORY

SPC continued its commitment to 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

During the year under review total workforce was 1085, out of which 137 are trainees in order to provide better and safer working conditions for employees, the Corporation provides them with a transport facility during the lockdown. Although some of the Annual events were given up, staff welfare benefits, which prevailed in the Corporation before 2020, were continued during the year 2021 too.

CORPORATE SOCIAL RESPONSIBILITY

As part of our Corporate Social Responsibility SPC continues to offer a 5% discount on Pharmaceuticals purchased for Children under 05 years of age, Pregnant Mothers and Senior Citizens (Over 55 Years).

FUTURE

SPC continue to successfully fulfill its prime objective of “serving the nation with a wide range of safe, effective and quality assured health care products at reasonable prices” and at the same time, operates this Corporation as a profit earning entity.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The directors of the State Pharmaceuticals Corporation present herewith the audited financial statements for the year ended 31 December 2021.

The Financial Statements of the Corporation was submitted to the Auditor General in accordance with 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 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. The initial capital of the corporation was Rupees one million.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements are given on the pages 18 to 30. There were no changes to the accounting policies adopted by the Corporation during the year under review.

RESULTS

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

REVIEW OF BUSINESS

The state of affairs of the Corporation as at 31 December 2021 is set out in the Statement of Financial Position and assessment of the Corporation during the financial year is given in the Financial & Operational Review of the Annual Report.

PROPERTY, PLANT & EQUIPMENT

The movements in Property, Plant & Equipment during the year are set out in Note No.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 2021 were as follows,

| | | |
|-------------------------|-------------------|-------------------|
| Dr. U.D.S. Samarasinghe | Actg. Chairman/MD | (From 03.12.2021) |
| Dr. U.D.S. Samarasinghe | Managing Director | (From 15.11.2021) |
| Prof. B.D. Gamage | Director | |
| Dr. A.K.S.B De Alwis | Director | |
| Mr. Hiranya De Mel | Director | |
| Mr. B. Gunaratne | Director | |
| Mr. M.R.V.R Meepura | Director | (From 02.03.2021) |

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 No13

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.698.6 million by the way of Income tax to the Government Treasury.

CORPORATE SOCIAL RESPONSIBILITY

During the year the Corporation contributed Rs. 1,066,944/- for charitable 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 2021.

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 2021, followings members attended to the Meetings of the Audit Committee.

| | |
|-----------------------------|-------------------|
| Mr. M. R.V.R Meepura | - Chairman |
| Mr. Hiranya De Mel | - Member |
| Dr. Sunil De Alwis | - Member |

Chief Accountant of the State Ministry of Production Supply and Regulations of Pharmaceuticals 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 2021.
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 2021, two 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.



.....
Mr. M. R.V.R Meepura
Chairman of the Audit Committee


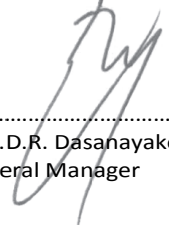
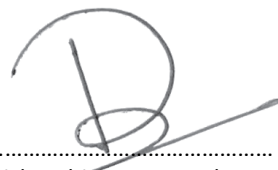
STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

STATEMENT OF FINANCIAL POSITION

| As at 31st December | NOTE | 2021 Rs. | 2020 Rs. |
|---------------------------------------|------|-----------------------|-----------------------|
| ASSETS | | | |
| Property Plant and Equipment | 16 | 2,084,196,680 | 2,008,431,794 |
| Right-of-use Assets | 17 | 44,133,149 | 41,966,690 |
| Lease Assets paid in Advance | 18 | 22,064,222 | 22,841,696 |
| Capital Work in Progress | | 38,311,359 | 120,667,085 |
| Intangible Assets -Software | 19 | 2,567,274 | 2,800,662 |
| Deferred Tax Assets | 20 | 160,331,877 | 132,780,568 |
| Total Non- Current Assets | | 2,351,604,561 | 2,329,488,495 |
| Current Assets | | | |
| Inventories - SPC | 21 | 2,396,405,789 | 2,751,097,855 |
| Stock in Transit - DHS | 22 | 936,743,053 | 1,314,756,504 |
| Trade & Other Receivables | 23 | 52,098,808,812 | 33,695,827,140 |
| Prepayments | 24 | 41,905,706 | 100,917,075 |
| Cash and Cash Equivalents | 25 | 1,111,456,668 | 1,225,357,866 |
| Total Current Assets | | 56,585,320,029 | 39,087,956,440 |
| Total Assets | | 58,936,924,589 | 41,417,444,935 |
| EQUITY AND LIABILITIES | | | |
| Contributed Capital | 31 | 59,055,258 | 59,055,258 |
| Retained Earnings | | 14,650,681,709 | 12,208,679,398 |
| General Reserves | 32 | 66,061,447 | 66,061,447 |
| Total Equity | | 14,775,798,414 | 12,333,796,103 |
| Non- Current Liabilities | | | |
| Retirement Benefit Obligation | 26 | 470,173,261 | 495,666,216 |
| Lease Liabilities | 17.1 | 28,587,360 | 27,851,418 |
| Long Term Loan | 27 | 9,405,711,108 | 11,384,644,444 |
| Total Non- Current Liabilities | | 9,904,471,729 | 11,908,162,078 |
| Current Liabilities | | | |
| Trade and Other Payables | 28 | 16,164,216,448 | 16,131,036,325 |
| Income tax Payable | | 576,606,572 | 475,495,889 |
| Deferred Income | | 1,471,313 | 1,799,766 |
| Lease Liabilities | 17.1 | 21,759,130 | 19,870,218 |
| Current Financial Liabilities | 29 | 15,432,056,540 | 55,929,000 |
| Long Term Loans | 27 | 2,060,544,444 | 491,355,556 |
| Total Current Liabilities | | 34,256,654,446 | 17,175,486,753 |
| Total Equity & Liabilities | | 58,936,924,589 | 41,417,444,935 |

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,

| | | |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
|  |  |  |
| Dr. U.D.S. Samarasinghe Actg. Chairman | K.M.D.R. Dasanayake General Manager | Nishanthi Devasurendra Actg. Deputy General Manager - Finance |

The accounting policies and notes on pages 5 to 49 form an integral part of the financial statements.

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

STATEMENT OF CHANGES IN EQUITY

| | Contributed Capital Rs. | General Reserves Rs. | Accumulated Profit Rs. | Total Rs. |
|---------------------------------------------------|-------------------------------|----------------------------|------------------------------|-----------------------|
| Balance as at 01st January 2019 | 59,055,258 | 66,061,447 | 8,769,268,475 | 8,894,385,180 |
| Total Comprehensive Income for the year | | | | |
| Net Profit for the year | | | 1,663,869,219 | 1,663,869,219 |
| Gain/ losses on defined benefit plan (Note 26.3) | | | (1,926,328) | (1,926,328) |
| Balance as at 31st December 2019 | 59,055,258 | 66,061,447 | 10,431,211,366 | 10,556,328,071 |
| Balance as at 01st January 2020 | 59,055,258 | 66,061,447 | 10,431,211,366 | 10,556,328,071 |
| Total Comprehensive Income for the year | | | | |
| Net Profit for the year | | | 1,969,223,517 | 1,969,223,517 |
| Gain/ losses on defined benefit plan (Note 26.3) | | | (191,755,485) | (191,755,485) |
| Balance as at 31st December 2020 | 59,055,258 | 66,061,447 | 12,208,679,398 | 12,333,796,103 |
| Balance as at 01st January 2021 | 59,055,258 | 66,061,447 | 12,208,679,398 | 12,333,796,103 |
| Total Comprehensive Income for the year | | | | |
| Net Profit for the year | | | 2,384,563,878 | 2,384,563,878 |
| Gain/ losses on defined benefit plan (Note 26.3) | | | 57,438,433 | 57,438,433 |
| Balance as at 31st December 2021 | 59,055,258 | 66,061,447 | 14,650,681,709 | 14,775,798,414 |

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

STATEMENT OF COMPREHENSIVE INCOME

| For the year ended 31st December | Note | SPC OPERATIONS 2021 Rs. | DHS OPERATIONS 2021 Rs. | TOTAL OPERATIONS 2021 Rs. | TOTAL OPERATIONS 2020 Rs. |
|------------------------------------------------|-----------|----------------------------------|----------------------------------|------------------------------------|------------------------------------|
| Income | 7 | 9,446,822,118 | 70,811,344,509 | 80,258,166,627 | 63,121,611,706 |
| Less | | | | | |
| Direct Expenses - MSD | 8 | | 66,269,228,066 | 66,269,228,066 | 50,908,491,858 |
| Cost of Sales - SPC | 9 | 7,085,466,342 | | 7,085,466,342 | 6,435,740,565 |
| Cost of Production - ORS | 10 | 136,819,315 | | 136,819,315 | 112,630,601 |
| Gross Profit/ Surplus | | 2,224,536,461 | 4,542,116,443 | 6,766,652,904 | 5,664,748,681 |
| Add: Other Operating Income | 11 | 88,531,203 | - | 88,531,203 | 287,363,124 |
| Less | | | | | |
| Administrative Expenses | 12 | 1,321,886,163 | 645,273,292 | 1,967,159,456 | 1,753,833,505 |
| Other Operating Expenses | 13 | 281,495,234 | 876,556,403 | 1,158,051,637 | 962,078,319 |
| Operating Profit | | 709,686,266 | 3,020,286,748 | 3,729,973,014 | 3,236,199,981 |
| Less: Finance Expenses | 14 | 10,685,438 | 569,494,709 | 580,180,147 | 697,466,041 |
| Add: Finance Income (Staff Loan) | | 6,943,197 | - | 6,943,197 | 6,890,528 |
| Profit Before Tax | | 705,944,024 | 2,450,792,039 | 3,156,736,063 | 2,545,624,468 |
| Income Tax Expenses | 15 | 172,681,633 | 599,490,551 | 772,172,185 | 576,400,951 |
| Profit After Tax | | 533,262,391 | 1,851,301,488 | 2,384,563,878 | 1,969,223,517 |
| Other Comprehensive Income: | | | | | |
| Gain/ Losses on defined benefit plan | 26 | 25,272,911 | 32,165,522 | 57,438,433 | (191,755,485) |
| Total comprehensive income for the year | | 558,535,301 | 1,883,467,010 | 2,442,002,311 | 1,777,468,032 |

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

STATEMENT OF CASH FLOW

| For the year ended 31st December | NOTE | 2021 | 2020 |
|------------------------------------------------------------|------|-------------------------|------------------------|
| | | Rs. | Rs. |
| Cash flow from operating activities | | | |
| Net profit before taxation, | | 3,156,736,063 | 2,545,624,468 |
| Adjustments for: | | | |
| Depreciation | 16 | 81,750,446 | 91,262,460 |
| Impairment/ adjustment for P.P.E | 16 | 6,640,642 | |
| Gratuity provision for the year | 26.3 | 73,805,510 | 64,645,469 |
| Lease amortisation | 18 | 777,474 | 777,474 |
| Profit/loss on disposal of fixed assets | | (1,854,296) | - |
| Amortisation charges (software) | 19 | 816,860 | 700,166 |
| Unrealized profit | 7 | (9,068,148) | (1,125,679) |
| Lease Interest (Osusala) | | 8,455,972 | 8,326,647 |
| Amortisation of (ROU) Assets | | 26,149,892 | 23,400,940 |
| Bad debt recoveries -SPC | 11 | (15,654,623) | |
| Provision for bad debts -DHS | 13 | 493,742,965 | 597,927,077 |
| Stock losses | 13 | 319,034 | 1,137,164 |
| Provision for damaged & outdated stock - SPC | 13 | 128,932,861 | 103,644,268 |
| Provision for damaged & outdated stock DHS | 13 | 28,505,210 | 93,389,052 |
| Interest expenses | 14 | 569,624,426 | 695,204,980 |
| Operating profit before working capital changes | | 4,549,680,288 | 4,224,914,486 |
| Increase/Decrease in trade and other receivable | 23 | (18,896,724,637) | (6,994,123,808) |
| Increase/Decrease in deposit & prepayments | 24 | 59,011,369 | (46,985,921) |
| Increase/Decrease in inventories | | 234,508,319 | (52,733,861) |
| Increase/Decrease in Goods in Transit | 22 | 349,508,241 | (1,127,422,755) |
| Increase/Decrease in trade & Other payables | 28 | 33,180,124 | (162,702,829) |
| Increase/Decrease in Deferred Income | | (328,453) | 338,297 |
| Cash generated from operations | | (13,655,510,128) | (4,158,716,390) |
| Income tax paid | | (698,612,812) | (553,746,299) |
| Gratuity paid | 26 | (41,860,032) | (15,687,456) |
| Interest paid | 14 | (569,624,426) | (695,204,980) |
| Cash flow before extraordinary items | | (1,310,097,270) | (1,264,638,735) |
| Net cash from operating activities | | (14,965,607,397) | (5,423,355,125) |
| Cash flow from investing activities | | | |
| Purchase of property, plant and equipment | 16 | (167,278,573) | (30,493,744) |
| Increase/Decrease in work in progress | | 82,355,726 | (22,735,539) |
| Computer Software | 19 | (583,471) | (3,500,828) |
| Disposal of fixed assets | | 4,976,896 | - |
| Net cash used in investing activities | | (80,529,422) | (56,730,111) |
| Cash flow from financing activities | | | |
| Proceeds from long-term borrowing | 27 | - | 11,876,000,000 |
| Repayment of long term loan | | (409,744,448) | - |
| Payments of Lease rent | | (34,147,469) | (29,993,739) |
| Net cash used in financing activities | | (443,891,917) | 11,846,006,261 |
| Net increase in cash and cash equivalents | | (15,490,028,737) | 6,365,921,025 |
| Cash and cash equivalents at beginning of period | | 1,169,428,866 | (5,196,492,160) |
| Cash and cash equivalents at end of period (Note A) | | (14,320,599,871) | 1,169,428,866 |
| Note A : Cash and cash equivalents | | 2021 | 2020 |
| | | Rs. | Rs. |
| Cash in hand & at bank | 25 | 1,007,854,541 | 1,128,932,855 |
| Treasury bill investment | 25 | 103,602,127 | 96,425,011 |
| Bank overdraft | 29 | (15,432,056,540) | (55,929,000) |
| Cash and cash equivalents | | (14,320,599,871) | 1,169,428,866 |

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

01.REPORTING ENTITY

1.1 Domicile & Legal Form

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.

1.2.Financial period

The financial period of the Corporation represents a twelve month period from 1 January 2021 to 31 December 2021.

1.3. Principal activities and nature of operations

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 Jeevane, Glucose & Benzyl Benzoate Cream
- d) Providing sample tests and laboratory services

2. BASIS OF PREPARATION

2.1. Statement of compliance

The principle accounting policies adopted in preparation of Financial Statements are given under the Note 3-6 & such policies have been consistently applied, unless otherwise stated. The financial statements of the Corporation have been prepared in accordance with Sri Lanka Accounting Standards (commonly referred as “SLFRS”/ “LKAS”) laid down by the Institute of Chartered Accountants of Sri Lanka. These financial statements comprise of the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto.

2.2. Responsibility for financial statements

The Board of Directors of the Corporation acknowledges their responsibility for the financial statements. Any amendment to Financial Statements after issue lies with Board of Directors.

2.3 Approval of financial statements

The financial Statements were approved by the Board of Directors of the Corporation and authorized for issue onApril 2022.

2.4. Basis of measurement

The Financial Statements of the Corporation have been prepared on the historical cost basis and applied consistently except for the following material items stated in the Statement of Financial Position.

- Furniture, Equipment and Computers which are measured at revalued amounts being the fair value of revaluation.
- Retirement benefit obligations measured based on actuarial valuation.

Where appropriate, the specific policies are explained in the succeeding notes.

2.5 Functional and Presentation Currency

The Corporation’s financial statements are presented in Sri Lankan Rupees which is the organization’s functional and presentation currency.

2.6. Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements, in order to enhance the understanding of the financial statements of the current period and to improve comparability. The comparative information has been reclassified where ever necessary to conform with the current year's classification in order to provide a better presentation.

2.7. Statement of Cash flows

The Statement of Cash Flows has been prepared by using the direct method in accordance with the Sri Lanka Accounting Standard – LKAS 7 (Statement of Cash Flows), whereby gross cash receipts and gross cash payments of operating activities, financing activities and investing activities have been recognized.

2.8. Significant Accounting Judgments, Estimates and Assumptions.

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Corporation accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods effected.

Information about assumptions and estimation uncertainties that have significant effect on the amounts recognized in the financial statements is included in following notes;

Note 25 - Recognition of deferred tax assets/liabilities

Note 21 - Provisions for impairment.

Note 24 - Measurement of retirement benefit obligations; key actuarial assumptions.

Note 18 - Leases

Provisions: Provisions are recognized when Corporation has present legal or constructive obligation as a result of past event considering probability & based on reliable estimation.

2.9. Measurement of Fair Values

A number of the Corporation's accounting policies and disclosures require the measurement of fair value for both financial and non-financial assets and liabilities. The COVID-19 pandemic has resulted in significant volatility in the financial markets. However the corporation did not require reclassifying any of its financial assets as a result of the significant volatility created by the pandemic.

The Corporation regularly reviews significant unobservable inputs and valuation adjustments when applicable. If third party information is used to Measure fair values, The Corporation assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRSs/LKASs, including the level in the fair value hierarchy in which such valuations should be classified.

Further, the external valuers are involved for valuation of significant assets; Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The Corporation decides, after discussions with the external valuers, which valuation techniques and inputs to use for individual assets.

Significant valuation issues are reported to the Audit Committee. When measuring the fair value of an asset or liability, the Corporation uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices)
- Level 3: Inputs for the asset or liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement. Transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. The Corporation does not hold any assets require fair value through P&L or fair value through OCI at present.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

3.2 Going Concern

In determining the basis of preparing the financial statements for the year ended 31 December 2021, based on available information, the management has assessed the existing and anticipated effects of COVID-19 on the Corporation and the appropriateness of the use of the going concern basis.

After evaluating wide range of factors such as Disruptions in the Pharmaceutical supply, significant changes in demand and their effects for the working capital and resulting liquidity issues that affect the going concern in the operations and The Directors were satisfied that the Corporation has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

In determining the above significant management judgments, estimates and assumptions the impact of the COVID 19 pandemic has been considered as of reporting date and specific considerations have been disclosed under the relevant notes.

3.3. New Accounting Standards issued during the year/Changes to already existing Accounting Standards

There were no new accounting standards issued by the Institute of Chartered Accountants of Sri Lanka during the year ended 31st December 2021. The amendments to the following existing Sri Lanka Accounting Standards which were effective from 01st January 2022 did not have a material impact on the Financial Statements.

- Onerous Contracts - (Amendments to IAS 37)
- The IASB issued "Annual Improvements to IFRS Standards 2018–2020"
- Property, Plant and Equipment — (Amendments to IAS 16)

3.4. Property Plant and Equipment

3.4.1 Basis of recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Corporation and the cost of the asset can be measured reliably.

3.4.2. Basis of measurement

Property, Plant and Equipment other than equipment, furniture and computers 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 derecognize the replaced parts, 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.

Equipment, Furniture and Computers are measured at fair value. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation reserve in equity.

3.4.3. Depreciation

Depreciation is recognized in the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of an item of property, plant & equipment, in reflecting the expected pattern of consumption of the future economic benefits embodied in the asset.

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

| | | | |
|----------------------|---------------|-------------------|--------------|
| Buildings | 20- 40 years | Plant & Machinery | 8 years |
| Motor Vehicles | 3 to 17 years | Bicycles | 6 to 7 years |
| Furniture & Fittings | 10 years | Computers | 4 years |
| Equipment | 5 years | | |

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognized. The asset's residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end and adjusted in accordance with LKAS 8.

3.4.4. De-recognition

An item of property, plant & equipment is de-recognized upon disposal of or when no future economic benefits are expected from its use or disposal. Gains and losses arising on de-recognition of assets are determined by comparing the proceeds from the disposal with the carrying amount of property, plant & equipment and are recognized net within "Other Income" in profit or loss.

3.4.5 Impairment of non-financial assets

The Corporation continues its operations through alternate working arrangements, whilst strictly adhering to and supporting government directives. Property, Plant and Equipment (PPE) is not significantly under-utilised. The Management believes that it has adequate liquidity and business plans to continue to its operation whilst mitigating the risks associated with COVID-19 and concluded that no impairment is required on Plant and Equipment at the reporting date.

3.5 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.

3.6 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.

The Corporation's intangible assets are amortized using the straight-line method to write down the cost over its estimated useful economic lives.

3.7 Leases

Leases are recognized as right-of-use ('ROU') asset and a corresponding liability at the date on which the leased asset is available for use by the Corporation. The Corporation has leases for the Osusala buildings, Stores facilities and some IT equipment. With the exception of short term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

(a) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(b) Lease liabilities

In accordance with provisions of SLFRS 16, lease liabilities were recognised and measured at the present value of the remaining lease payments, discounted using the lessee's increment borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, Security and conditions.

The Corporation presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in comprehensive income.

(c) Re-measurement of lease liabilities

The Corporation is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rates take effect, the lease liability is re measured and adjusted against the ROU assets.

(d) Lease payments not recognized as a liability

The Corporation has elected not to recognize a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

3.8 Taxation

3.8.1 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: 24 of 2017 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.

3.8.2 Deferred taxation

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The management has decided that no adjustment is required on deferred tax assets as response to expected reduction of tax expenses due to COVID-19 pandemic.

3.9 Inventories

Inventories are recognized at cost or 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.

3.9.1 Measurement of inventories

Cost of Inventories - ORS

Raw Materials

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.

3.10 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.

3.11 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 2021. The assumptions based on which the results of the actuarial valuation were determined, are included in note 26 to the financial statements.

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 Revenue Recognition

The Corporation recognizes and measures revenue under five step approach as per SLFRS 15- Revenue from Contracts with customers. Measurement of revenue is based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Corporation recognizes revenue when the performance obligations are satisfied.

In the comparative period, 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.

5.1.1 Nature of goods and service

The following is a description of the principal activities from which the Corporation generates its revenue and the respective revenue recognition policies.

i. Revenue from importing and trading pharmaceutical and health care items

The Corporation recognizes revenue from following sources;

| Customer | Nature, Timing of satisfaction of performance obligation and significant payment terms |
|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Distributors/ Franchises | <p>The Corporation recognized revenue monthly at the point the customer takes possession of the products. The products are sold to the Distributors at prices determined by the Corporation will be notified to the Distributor from time to time.</p> <p>The products once sold to the Distributor will not be taken back by the Corporation or exchanged for other products unless they are spoilt or discolored at the time of issue or where the wrong products were issued to the Distributor by an error.</p> <p>An irrevocable unconditional Bank Guarantee for a sum equivalent to the value of products intended to purchase should be provided in favour of the State Pharmaceuticals Corporation. The Bank Guarantee should be valid from the date of commencement of the agreement and it should be in full force during the continuance of this agreement.</p> |
| Forces/ Government Hospitals/ Private Hospitals | <p>The Corporation recognized revenue monthly at the point the customer is delivered with the products. The products are sold at prices determined by the Corporation which will be notified to the customer from time to time.</p> <p>The products once sold will not be taken back by the Corporation or exchanged for other products unless they are spoilt or discolored at the time of issue or where the wrong products were issued by an error.</p> |

ii. Revenue from supply of Pharmaceuticals and health care items to the Department of Health services.

The revenue is recognized at the point the products are transferred to the Department of Health Services. The products once sold will not be taken back by the Corporation or exchanged for other products unless they are spoilt or discolored at the time of issue or where the wrong products were issued by an error.

iii. Production of Pharmaceuticals and health care items

The Corporation engages in manufacturing and marketing of pharmaceuticals items namely,

- Jeevani
- Glucose
- Benzyl Bensovate Cream

The sales of manufacture goods are recognized at the point the products are transferred to the customers. The products once sold will not be taken back by the Corporation or exchanged for other products unless they are spoilt or discolored at the time of issue or where the wrong products were issued by an error.

The following specific recognition criteria are also evaluated by the Corporation before revenue is recognized:

5.1.2 Sale with a right of return

The Corporation transfer the control of the product to customers with the right to return if:

- The products sold are close to expiry
- Products are spoilt or discolored at the time of issue
- Issue of wrong products due to an error

Such sale of products with a right to return shall be recognized by the Corporation as;

- Revenue for the transferred products in the amount of consideration to which the Corporation expects to be entitled
- A refund liability; and
- An asset (and corresponding adjustment to cost of sales) for its right to recover products from customers on settling the refund liability.

At the end of each reporting period, the Corporation shall update its assessment of amounts for which it expects to be entitled in exchange for the transferred products and a corresponding change is made to the transaction price if necessary.

The Corporation shall update the measurement of the refund liability at the end of each reporting period for changes in expectations about the amount of refunds. The Corporation recognizes corresponding adjustments as revenue (or reductions of revenue).

An asset recognized for the Corporation's right to recover products from a customer on settling a refund liability shall initially be measured by reference to the former carrying amount of the less any expected costs to recover those products. At the end of each reporting period, the Corporation shall update the measurement of the asset arising from changes in expectations about products to be returned.

5.2 Other Income

Other income is recognized on an accrual basis.

5.3 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.

There were pending supplier claims worth Rs 1984.2 million at the end of the year 2021. (From 01.01.2017 to 31.12.2021)

5.4 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.

5.4.1 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.

5.4.2 Allocation between overheads

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

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

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

6 FINANCIAL INSTRUMENTS- INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

6.1 Initial Recognition and Measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provision of the instrument. Regular way purchases and sales of financial assets are recognized on trade- date, the date on which the Corporation commits to purchase or sell the asset.

At initial recognition, the Corporation measures a financial asset or financial liability at its fair value plus or minus in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability.

6.1.1 Financial Assets

6.1.1.1 Classification and subsequent measurement

The Corporation classifies its financial assets in the following measurement categories

- Fair Value through Profit and Loss (FVPL)
- Fair Value through Other Comprehensive Income (FVOCI); or
- Amortized cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective. Classification and subsequent measurement of debt instruments depend on:

- i. The Corporation's business model for managing the asset; and
- ii. The cash flow characteristics of the asset.

Based on these factors, the Corporation classifies its debt instruments into one of the following three measurement categories:

6.1.1.1.1 Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortized cost. Interest income from these financial assets is included in the "Other Operating Income" using the effective interest rate method. The Corporation currently holds cash in hand and bank, staff loans, trade receivables and short term treasury bills under this category.

6.1.1.1.2 Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amounts are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in the profit or loss statement. Interest income from these financial assets is included in "Other Operating income" using effective interest rate method. Currently the Corporation does not hold any financial asset under this category.

6.1.1.1.3 Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not a part of a hedging relationship is recognized in profit or loss presented in the profit or loss statement in the period which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in the profit and loss statement. Interest income from these financial assets is included in “Other Operating income” using effective interest rate method. Currently the Corporation does not hold any financial asset under this category.

- **Business model:**

The business model reflects how the Corporation manages the assets in order to generate cash flows. That is, whether the Corporation’s objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of ‘other’ business model and measured at FVPL. Factors considered by the Corporation in determining the business model for a group of assets include past experience on how cash flows for these assets were collected, how the asset’s performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

- **Solely Payments of Principal and Interest (SPPI):**

Where the business model is to hold assets to collect contractual cash flow or to collect contractual cash flows and sell, the Corporation assesses whether the financial instruments cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment, the Corporation considers whether the contractual cash flows are consistent with the basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Corporation reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

6.1.1.2 Impairment

The Corporation assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortized cost and FVOCI. The Corporation recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating range of possible outcomes
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Due to the impact of COVID 19 Pandemic situation, Probability of Default (PD), Loss Given Default (LGD) computed as at 31.12.2021 & Economic Factor Adjustment (EFA) considered in the computation of “provision for impairment on trade receivables” for the Corporation as at 31st December 2021 have led to increase the such provision significantly. This disclosure is based on the “COVID - 19 Pandemic: Guidance Notes on the Implications on Financial Reporting” issued by the institute of chartered accountants of Sri Lanka

Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially in profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge an accounting mismatch in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss. The Corporation's financial liabilities include trade and other payables, bank overdrafts.

6.1.2.2 De-recognition

A financial liability is de-recognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

6.2 Measurement methods

Amortized cost and Effective Interest Rate

The amortized cost is the amount at which the financial asset or financial liability is measure at initial recognition less the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability

NOTES TO THE FINANCIAL STATEMENTS

7 REVENUE

| For the year ended 31st December | 2021 | 2020 |
|----------------------------------|-----------------------|-----------------------|
| | Rs. | Rs. |
| Revenue - SPC | | |
| Bulk trading | 2,952,076,633 | 2,981,077,812 |
| ORS sales | 159,003,516 | 134,564,549 |
| Osusala sales (Note 30) | 6,270,536,152 | 5,615,646,408 |
| Provision for Unrealized Profit | (9,068,148) | (1,125,679) |
| Credit Insurance | 2,850,703 | 2,880,235 |
| Claims Received from Suppliers | 71,423,261 | 65,003,766 |
| Total | 9,446,822,118 | 8,798,047,091 |
| Revenue - DHS | | |
| Import supplies | 24,299,943,685 | 29,313,911,102 |
| Local supplies | 29,156,290,884 | 18,510,516,508 |
| Import of vaccines (Note 7.1) | 13,887,481,786 | - |
| CPU supplies | 2,765,069,155 | 5,952,835,591 |
| Claims Received from Suppliers | 570,472,023 | 398,088,092 |
| Penalties on delayed Supplies | 132,086,976 | 148,213,322 |
| Total | 70,811,344,509 | 54,323,564,615 |
| Total Revenue | 80,258,166,627 | 63,121,611,706 |

7.1 IMPORT AND SUPPLY OF COVID 19 VACCINES BY THE CORPORATION

| Vaccine | Cost and Freight Charges | Service Charges (4%) | Total |
|------------------------------------------------|--------------------------|----------------------|-----------------------|
| | Rs. | Rs. | Rs. |
| Importaion of Vaccines - Funded by GOSL | | | |
| Service charges on Imports handling | | | |
| Sinopharm | - | 1,128,184,292 | 1,128,184,292 |
| Pfizer | - | 129,131,934 | 129,131,934 |
| | - | 1,257,316,226 | 1,257,316,226 |
| Importaion of Vaccines - Funded by SPC | | | |
| Sinopharm | 10,957,247,800 | 438,289,912 | 11,395,537,713 |
| Sputnik V | 665,869,661 | 26,634,786 | 692,504,447 |
| Covidshield | 521,272,500 | 20,850,900 | 542,123,400 |
| Total | 12,144,389,961 | 485,775,598 | 12,630,165,560 |
| Total | 12,144,389,961 | 1,743,091,824 | 13,887,481,786 |

7.2 SALE WITH A RIGHT OF RETURN

The Sales returns experienced by the Corporation are immaterial in comparison to sales generated. However, the Corporation shall monitor the probability of occurrence of sales returns and the requirement to adjust any material impact of such.

NOTES TO THE FINANCIAL STATEMENTS

8 COST OF SALES / DIRECT EXPENSES - DHS

| For the year ended 31st December | 2021 | 2020 |
|-------------------------------------------------------------------|-----------------------|-----------------------|
| | Rs. | Rs. |
| Revenue | 70,811,344,509 | 54,323,564,615 |
| DIRECT COST | | |
| C & F value of DHS supplies | 21,964,064,214 | 27,265,309,832 |
| Custom duties & taxes | 752,126,279 | 631,465,369 |
| Cost of local supplies | 28,171,554,257 | 17,799,064,813 |
| CPU purchases to DHS | 2,658,720,341 | 5,723,880,376 |
| Import of vaccine (Note 7.1) | 12,144,389,961 | |
| Total | 65,690,855,053 | 51,419,720,390 |
| OTHER DIRECT COST | | |
| Clearing charges (Bank charges, Stamp fee , Commission & LC chg. | 987,060,371 | 485,821,427 |
| Landing charges | 97,182,364 | 60,287,195 |
| Import licenses fee | 191,506,861 | 126,640,396 |
| Deductions on supplies - CPU | - | 12,393,755 |
| Total | 1,275,749,596 | 685,142,773 |
| TOTAL COST | 66,966,604,648 | 52,104,863,163 |
| Less: Stock in transit | 697,376,583 | 1,196,371,305 |
| Direct expenses/ Cost of sales | 66,269,228,066 | 50,908,491,858 |
| Gross profit/surplus | 4,542,116,443 | 3,415,072,757 |

9 COST OF SALES -SPC

| For the year ended 31st December | BULK TRADING Rs. | OSUSALA TRADING Rs. | TOTAL TRADING SPC-2021 Rs. | TOTAL TRADING SPC-2020 Rs. |
|---------------------------------------------|------------------------|---------------------------|-------------------------------------|-------------------------------------|
| Stock In trade at the beginning of the year | 1,432,873,377 | 1,280,058,686 | 2,712,932,063 | 2,707,619,897 |
| Add : | | | | |
| Imported drugs | 2,399,883,034 | | 2,399,883,034 | 2,577,032,563 |
| Consumables for the laboratory | 3,297,618 | | 3,297,618 | 4,481,303 |
| Local purchases (SPC tenders) | 1,893,636,859 | | 1,893,636,859 | 1,425,224,619 |
| C.P.U - Purchases | 247,218,409 | | 247,218,409 | 331,857,819 |
| Local purchases (Osusalas) (Note 30.1) | - | 2,270,752,265 | 2,270,752,265 | 2,206,092,540 |
| Transfers (Note 30.1) | (3,007,962,686) | 3,007,962,686 | - | - |
| STOCK AVAILABLE FOR SALES | 2,968,946,611 | 6,558,773,637 | 9,527,720,248 | 9,252,308,742 |
| Less: Stock In trade at end of the year | 1,139,665,189 | 1,302,588,718 | 2,442,253,906 | 2,816,568,177 |
| COST OF SALES & TRANSFERS | 1,829,281,422 | 5,256,184,920 | 7,085,466,342 | 6,435,740,565 |

NOTES TO THE FINANCIAL STATEMENTS

10 COST OF MANUFACTURING GLUCOSE, JEEWANEE AND BB CREAM

| For the year ended 31st December | 2021 | 2020 |
|---------------------------------------|--------------------|--------------------|
| | Rs. | Rs. |
| Opening stock of raw materials | 1,148,181 | 2,056,396 |
| Add: purchases of raw materials | 55,319,722 | 35,333,552 |
| Less: closing stock of raw materials | 854,087 | 1,148,181 |
| Cost of raw materials consumed | 55,613,816 | 36,241,767 |
| Add: Manufacturing cost (Note 10.1) | 80,145,514 | 77,017,327 |
| Production cost of goods | 135,759,330 | 113,259,094 |

ORS TRADING

| For the year ended 31st December | 2021 | 2020 |
|---------------------------------------|--------------------|--------------------|
| | Rs. | Rs. |
| Opening stock (finished goods) | 1,059,986 | 431,493 |
| Add: Production cost of goods | 135,759,330 | 113,259,094 |
| Less: Closing stock (finished goods) | - | 1,059,986 |
| Cost of sale | 136,819,315 | 112,630,601 |
| Sales | 159,003,516 | 134,564,549 |
| Less: Cost of sale | 136,819,315 | 112,630,601 |
| Gross profit | 22,184,201 | 21,933,948 |

10.1 MANUFACTURING COST

| For the year ended 31st December | 2021 | 2020 |
|----------------------------------|-------------------|-------------------|
| | Rs. | Rs. |
| Salaries & wages | 34,793,626 | 29,856,247 |
| Overtime. | 3,686,724 | 3,012,006 |
| Uniforms. | 20,400 | 618,556 |
| Insurance for staff | 551,461 | 367,197 |
| Provident fund (EPF & ETF). | 4,115,649 | 3,531,798 |
| Annual bonus | 432,000 | 432,000 |
| Attendance bonus | 797,250 | 890,400 |
| Annual incentive bonus | 2,293,866 | 2,274,321 |
| Staff welfare | 1,409,532 | 1,271,183 |
| Medical expenses | 459,359 | 479,352 |
| Power | 4,184,953 | 4,208,003 |
| Depreciation | 10,763,486 | 12,708,553 |
| Repairs & maintenance | 3,988,416 | 1,629,287 |
| Packing materials used | 12,648,792 | 15,738,424 |
| Total | 80,145,514 | 77,017,327 |

NOTES TO THE FINANCIAL STATEMENTS

11 OTHER OPERATING INCOME

| For the year ended 31st December | 2021 Rs. | 2020 Rs. |
|------------------------------------|-------------------|--------------------|
| SPC | | |
| Sales of tender forms. | 68,321,136 | 79,922,549 |
| Rent received | 53,336 | 678,122 |
| Treasury bill interest | 4,787,139 | 6,234,105 |
| Scrap sales | 54,385 | 106,836 |
| Fund management income | 4,438,930 | 33,616,653 |
| Miscellaneous income | 4,193,070 | 10,533,743 |
| Holiday bungalow income | 149,425 | 343,125 |
| Pre qualification charges | - | 1,268,250 |
| Sample testing income | 2,149,560 | 2,414,553 |
| Foreign exchange gain/loss | - | 20,929,804 |
| Prescriber | 12,125 | |
| Supplier Convention | - | 175,000 |
| Int. on returned cheques/ delays | 2,517,801 | 2,444,472 |
| Profit on disposal of fixed assets | 1,854,296 | - |
| Total | 88,531,203 | 158,667,212 |
| DHS | | |
| Foreign exchange gain/loss | - | 128,695,911 |
| Total | - | 128,695,911 |
| Grand Total | 88,531,203 | 287,363,124 |

NOTES TO THE FINANCIAL STATEMENTS

12 ADMINISTRATIVE EXPENSES

| For the year ended 31st December | SPC TRADING | | | TOTAL | TOTAL | TOTAL | TOTAL |
|---------------------------------------|--------------------|----------------|--------------------|--------------------|--------------------|----------------------|----------------------|
| | OSUSALAS | O.R.S. | BULK | TRADING SPC | TRADING DHS | TRADING 2021 | TRADING 2020 |
| PERSONNEL EMOLUMENTS | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Salaries, Wages & Allowances. | 463,353,737 | - | 277,887,788 | 741,241,525 | 353,675,366 | 1,094,916,891 | 956,389,952 |
| Overtime. | 31,588,344 | - | 9,587,663 | 41,176,008 | 6,391,775 | 47,567,783 | 57,056,172 |
| Staff training expenses. | - | - | 248,820 | 248,820 | 316,680 | 565,500 | 570,460 |
| Uniforms. | 3,127,759 | - | 764,026 | 3,891,784 | 972,396 | 4,864,180 | 5,187,027 |
| Insurance for staff | 6,337,994 | - | 5,594,174 | 11,932,168 | 7,119,858 | 19,052,026 | 12,818,910 |
| Provident fund (EPF & ETF). | 54,341,008 | - | 33,126,387 | 87,467,395 | 42,160,856 | 129,628,252 | 112,123,647 |
| Annual bonus | 5,076,113 | - | 3,144,661 | 8,220,774 | 4,002,296 | 12,223,070 | 12,147,515 |
| Monthly attendance bonus. | 10,164,850 | - | 5,320,260 | 15,485,110 | 6,771,240 | 22,256,350 | 25,303,270 |
| Sports club expenses | - | - | 355,281 | 355,281 | 452,176 | 807,457 | 422,730 |
| Annual per inc. bonus. | 29,234,692 | - | 17,923,863 | 47,158,554 | 22,812,189 | 69,970,743 | 67,071,626 |
| Gratuity. (Note 26.3) | - | - | 32,474,424 | 32,474,424 | 41,331,086 | 73,805,510 | 64,645,469 |
| Land/ Housing loan interest | 3,836,663 | 74,503 | 2,264,951 | 6,176,117 | 2,882,665 | 9,058,782 | 8,608,338 |
| SPC Anniversary payment | - | - | 668,536 | 668,536 | 850,864 | 1,519,400 | 3,508,258 |
| Death gratuity | - | - | - | - | - | - | 748,394 |
| Total | 607,061,160 | 74,503 | 389,360,834 | 996,496,497 | 489,739,448 | 1,486,235,945 | 1,326,601,769 |
| TRAVELING EXPENSES | | | | | | | |
| Overseas travelling expenses- others. | - | - | - | - | - | - | 104,375 |
| Local travelling expenses - others. | 716,128 | 650 | 5,833,133 | 6,549,912 | 648,126 | 7,198,038 | 18,214,056 |
| Total | 716,128 | 650 | 5,833,133 | 6,549,912 | 648,126 | 7,198,038 | 18,318,431 |
| SUPPLIES & REQUISITES | | | | | | | |
| Printing & stationery. | 8,012,594 | 571,274 | 12,120,737 | 20,704,604 | 4,040,246 | 24,744,850 | 23,476,387 |
| Board meeting expenses. | - | - | 20,291 | 20,291 | 6,764 | 27,055 | 33,945 |
| Entertainment - others. | - | - | 199,466 | 199,466 | 66,489 | 265,955 | 280,646 |
| Repairs to motor vehicles. | - | - | 8,840,453 | 8,840,453 | 2,946,818 | 11,787,271 | 10,609,224 |
| Fuel & lubricants. | - | - | 10,802,811 | 10,802,811 | 3,600,937 | 14,403,748 | 15,383,858 |
| License fees of motor vehicles. | - | - | 152,519 | 152,519 | 50,840 | 203,359 | 212,466 |
| Total | 8,012,594 | 571,274 | 32,136,278 | 40,720,145 | 10,712,093 | 51,432,238 | 49,996,525 |
| REPAIRS & MAINTENANCE | | | | | | | |
| Buildings. | 2,315,515 | - | 4,072,282 | 6,387,798 | 4,072,282 | 10,460,080 | 8,679,314 |
| Furniture, fittings & equipment | 3,363,382 | - | 1,523,095 | 4,886,477 | 1,523,095 | 6,409,572 | 11,849,634 |
| Computer | 148,328 | - | 4,747,124 | 4,895,452 | 4,747,124 | 9,642,576 | 7,947,938 |
| Total | 5,827,225 | - | 10,342,502 | 16,169,726 | 10,342,502 | 26,512,228 | 28,476,886 |

NOTES TO THE FINANCIAL STATEMENTS

12 ADMINISTRATIVE EXPENSES

| For the year ended 31st December | SPC TRADING | | | TOTAL | TOTAL | TOTAL | TOTAL |
|---------------------------------------------------------------------|--------------------|------------------|--------------------|----------------------|--------------------|----------------------|----------------------|
| | OSUSALAS | O.R.S. | BULK | TRADING | TRADING | TRADING | TRADING |
| | SPC | DHS | 2021 | 2020 | | | |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| TRANSPORTATION, COMMUNICATION UTILITIES & OTHER SERVICES | | | | | | | |
| Rent/Amortization of ROU Assets (Note 17.2) | 28,561,831 | - | 2,265,981 | 30,827,812 | - | 30,827,812 | 27,699,588 |
| Rent - "Mehewarapiyasa" | - | - | 4,200,000 | 4,200,000 | 4,200,000 | 8,400,000 | - |
| Lease rent amortization | 617,474 | - | 160,000 | 777,474 | - | 777,474 | 778,474 |
| Rates & taxes. | 893,113 | - | 582,890 | 1,476,002 | 582,890 | 2,058,892 | 2,132,183 |
| Water bills | 944,834 | 103,896 | 563,900 | 1,612,629 | 563,900 | 2,176,529 | 2,106,552 |
| Electricity. | 21,162,940 | - | 13,976,573 | 35,139,514 | 13,976,573 | 49,116,087 | 48,408,501 |
| Postage, Telegrams & Telephones. | 2,456,142 | 46,058 | 6,652,597 | 9,154,797 | 6,652,597 | 15,807,395 | 16,770,636 |
| Trade subscriptions, Periodicals & Publications. | 234,890 | - | 153,910 | 388,800 | 153,910 | 542,710 | 500,420 |
| Professional charges. | - | - | 5,330,160 | 5,330,160 | 5,330,160 | 10,660,320 | 976,783 |
| Insurance. | - | - | 1,732,344 | 1,732,344 | 1,732,344 | 3,464,687 | 4,813,542 |
| Press notification. | - | - | 5,585,342 | 5,585,342 | 13,032,464 | 18,617,805 | 14,653,743 |
| Security services. | 24,047,983 | 605,722 | 6,163,984 | 30,817,689 | 6,163,984 | 36,981,673 | 36,112,345 |
| Depreciation | 28,972,932 | - | 21,007,014 | 49,979,946 | 21,007,014 | 70,986,959 | 78,553,908 |
| Amortisation- Computer Software | 816,860 | - | - | 816,860 | - | 816,860 | 700,166 |
| License fees for drugs. | 1,222,524 | - | 9,762,633 | 10,985,156 | - | 10,985,156 | 16,401,049 |
| Sundry expenses. | 96,277 | - | 210,234 | 306,511 | 98,934 | 405,444 | 431,922 |
| Directors fees. | - | - | 330,000 | 330,000 | 330,000 | 660,000 | 620,000 |
| Audit fees. | - | - | 663,203 | 663,203 | 663,203 | 1,326,405 | 2,570,595 |
| Tender board expenses. | - | - | 7,211,424 | 7,211,424 | 16,826,656 | 24,038,080 | 11,310,200 |
| Staff welfare. | 23,080,972 | - | 24,209,006 | 47,289,979 | 30,811,463 | 78,101,442 | 46,830,337 |
| Staff medical expenses. | 5,745,410 | - | 3,550,769 | 9,296,179 | 4,519,160 | 13,815,339 | 13,417,244 |
| Donations | - | - | 1,066,944 | 1,066,944 | - | 1,066,944 | 3,683,694 |
| Holiday bungalow expenses | - | - | 824,098 | 824,098 | 1,048,852 | 1,872,950 | 968,016 |
| Head office shifting expenses | - | - | 6,137,023 | 6,137,023 | 6,137,023 | 12,274,045 | - |
| Total | 138,854,182 | 755,675 | 122,340,026 | 261,949,883 | 133,831,124 | 395,781,008 | 330,439,895 |
| TOTAL ADMINISTRATIVE Ex | 760,471,288 | 1,402,102 | 560,012,774 | 1,321,886,163 | 645,273,292 | 1,967,159,456 | 1,753,833,505 |

NOTES TO THE FINANCIAL STATEMENTS

13 OTHER OPERATING EXPENSES

| For the year ended 31st December | SPC TRADING | | | TOTAL | TOTAL | TOTAL | TOTAL |
|--------------------------------------------|-------------------|----------|--------------------|--------------------|--------------------|----------------------|--------------------|
| | OSUSALAS | O.R.S. | BULK | TRADING SPC | TRADING DHS | TRADING 2021 | TRADING 2020 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| SELLING & DISTRIBUTION EXPENSES | | | | | | | |
| Sales promotion expenses. | - | - | 12,265,573 | 12,265,573 | - | 12,265,573 | 6,866,117 |
| Prescriber | - | - | - | - | - | - | 1,324,509 |
| Transport charges. | - | - | 9,702,181 | 9,702,181 | - | 9,702,181 | 13,189,923 |
| Provision for bad debts | - | - | (15,654,623) | (15,654,623) | 493,742,965 | 478,088,341 | 597,927,077 |
| Discount on osusala sales | - | - | 12,655,394 | 12,655,394 | - | 12,655,394 | 9,391,436 |
| Additional discounts | - | - | 90,007,660 | 90,007,660 | - | 90,007,660 | 106,742,654 |
| Value Added Tax | - | - | 2,371,449 | 2,371,449 | 7,114,348 | 9,485,797 | 10,295,700 |
| Stock losses | - | - | 319,034 | 319,034 | - | 319,034 | 1,137,164 |
| Stock adj. (Excess/Shortage) | 558,069 | - | (13,991) | 544,078 | - | 544,078 | (8,154) |
| Pro. for outdated & damaged drugs | 13,186,667 | - | 115,746,194 | 128,932,861 | - | 128,932,861 | 103,644,268 |
| Pro. for outdated & damaged drugs - DHS | - | - | - | - | 28,505,210 | 28,505,210 | 93,389,052 |
| Stamp fee | - | - | 420,275 | 420,275 | - | 420,275 | 460,200 |
| Setting up expenses | - | - | 3,545,499 | 3,545,499 | - | 3,545,499 | 318,630 |
| Storage charges | - | - | - | - | 12,098,013 | 12,098,013 | 4,741,451 |
| Foreign exchange gain/loss | - | - | 22,963,591 | 22,963,591 | 333,365,043 | 356,328,633 | - |
| Sundry packing materials. | 12,444,986 | - | 45,293 | 12,490,279 | - | 12,490,279 | 11,685,156 |
| TOTAL | 26,189,722 | - | 254,373,529 | 280,563,252 | 874,825,579 | 1,155,388,830 | 961,105,182 |
| RESEARCH & DEVELOPMENT | | | | | | | |
| Drugs for testing | - | - | 5,516 | 5,516 | 10,245 | 15,761 | 20,759 |
| Testing charges for samples | - | - | 922,525 | 922,525 | 1,713,262 | 2,635,787 | 934,342 |
| Drugs for sample | - | - | 3,941 | 3,941 | 7,318 | 11,259 | 18,036 |
| TOTAL | - | - | 931,982 | 931,982 | 1,730,825 | 2,662,807 | 973,137 |
| TOTAL OTHER OPERATING EXPENSES | 26,189,722 | - | 255,305,512 | 281,495,234 | 876,556,403 | 1,158,051,637 | 962,078,319 |

14 FINANCE EXPENSES

| For the year ended 31st December | SPC TRADING | | | TOTAL | TOTAL | TOTAL | TOTAL |
|-------------------------------------------------|-------------|----------|-------------------|-------------------|--------------------|--------------------|--------------------|
| | OSUSALAS | O.R.S. | BULK | TRADING SPC | TRADING DHS | TRADING 2021 | TRADING 2020 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| O/D interest | - | - | 129,717 | 129,717 | 569,494,709 | 569,624,426 | 686,878,333 |
| Lease interest charge for the year (Note 17.2) | - | - | 8,455,972 | 8,455,972 | - | 8,455,972 | 8,326,647 |
| Bank charges | - | - | 2,099,749 | 2,099,749 | - | 2,099,749 | 2,261,061 |
| TOTAL FINANCE COST | - | - | 10,685,438 | 10,685,438 | 569,494,709 | 580,180,147 | 697,466,041 |

NOTES TO THE FINANCIAL STATEMENTS

15 MAJOR COMPONENT OF TAX EXPENSES

| For the year ended 31st December | 2021 | 2020 |
|-----------------------------------------------------------------|--------------------|--------------------|
| | Rs. | Rs. |
| Current tax expenses (Note 15.1) | 799,307,372 | 664,702,039 |
| Over/Under provision in respect of previous years | 416,123 | 12,423,221 |
| Adj. Deferred tax Income/Expenses relating to the origination - | (27,551,310) | (100,724,309) |
| - and reversal of temporary differences (Note 20) | | |
| Tax expenses | 772,172,185 | 576,400,951 |

15.1 RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSES

| For the year ended 31st December | 2021 | 2020 |
|-----------------------------------------------------------------|----------------------|----------------------|
| | RS. | RS. |
| Profit Before Tax | 3,156,736,063 | 2,545,624,468 |
| Disallowable expenses | 350,131,154 | 382,266,378 |
| Qualifying payments | (176,419,835) | (158,299,018) |
| Taxable Income | 3,330,447,382 | 2,769,591,828 |
| Income Tax @ 24% | 799,307,372 | 664,702,039 |
| Tax on Distributable Profit 25% (net) | - | - |
| Income tax on current year profit | 799,307,372 | 664,702,039 |
| Over/Under provision in respect of previous years | 416,123 | 12,423,221 |
| Adj. Deferred tax Income/Expenses relating to the origination - | | |
| and reversal of temporary differences (Note 20) | (27,551,310) | (100,724,309) |
| Tax expenses | 772,172,185 | 576,400,951 |
| Effective Tax Rate % | 24.5 | 22.6 |

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NOTES TO THE FINANCIAL STATEMENTS

16 PROPERTY, PLANT AND EQUIPMENT

| | Freehold land | Buildings | Motor Vehicles | Delivery Cycles | Furniture & Fittings | Equipment | Plant & Machinery | Computers | Total |
|--------------------------------------|----------------------|--------------------|--------------------|-----------------|----------------------|--------------------|-------------------|--------------------|----------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| COST OF DEEMED COST | | | | | | | | | |
| At 1 January 2020 | 1,199,639,630 | 624,417,636 | 172,047,731 | 39,150 | 93,034,323 | 177,762,629 | 46,454,370 | 93,247,720 | 2,406,643,189 |
| Additions | - | - | - | - | 8,680,980 | 8,508,713 | - | 13,304,052 | 30,493,744 |
| Disposals | - | - | - | - | - | - | - | - | - |
| At 31 December 2020 | 1,199,639,630 | 624,417,636 | 172,047,731 | 39,150 | 101,715,303 | 186,271,342 | 46,454,370 | 106,551,772 | 2,437,136,933 |
| Additions | - | 127,007,450 | - | - | 11,420,277 | 12,882,138 | - | 15,968,708 | 167,278,573 |
| Adjustments | | (6,640,642) | | | | | | | (6,640,642) |
| Disposals | - | - | (6,100,000) | (5,050) | (199,250) | (1,335,913) | - | - | (7,640,213) |
| At 31 December 2021 | 1,199,639,630 | 744,784,444 | 165,947,731 | 34,100 | 112,936,330 | 197,817,567 | 46,454,370 | 122,520,480 | 2,590,134,651 |
| | | | | | | | | | |
| DEPRECIATION & IMPAIRMENT | | | | | | | | | |
| At 1 January 2020 | - | 108,000,216 | 49,392,973 | 36,751 | 25,817,130 | 89,054,761 | 23,371,804 | 41,769,043 | 337,442,678 |
| Depreciation charge for the year | - | 16,556,083 | 8,082,440 | 2,342 | 9,780,263 | 35,618,156 | 5,218,554 | 16,004,622 | 91,262,460 |
| Disposals | - | - | - | - | - | - | - | - | - |
| At 31 December 2020 | - | 124,556,299 | 57,475,413 | 39,092 | 35,597,393 | 124,672,917 | 28,590,358 | 57,773,665 | 428,705,139 |
| Depreciation charge for the year | - | 18,046,318 | 7,936,885 | 58 | 10,646,557 | 23,298,089 | 5,199,202 | 16,623,337 | 81,750,446 |
| Disposals | - | - | (3,100,000) | (5,050) | (119,386) | (1,293,177) | - | - | (4,517,613) |
| At 31 December 2021 | - | 142,602,617 | 62,312,298 | 34,100 | 46,124,564 | 146,677,829 | 33,789,560 | 74,397,002 | 505,937,971 |
| | | | | | | | | | |
| NET BOOK VALUE | | | | | | | | | |
| At 31 December 2021 | 1,199,639,630 | 602,181,826 | 103,635,433 | - | 66,811,766 | 51,139,738 | 12,664,810 | 48,123,477 | 2,084,196,680 |
| At 31 December 2020 | 1,199,639,630 | 499,861,336 | 114,572,318 | 58 | 66,117,909 | 61,598,425 | 17,864,011 | 48,778,106 | 2,008,431,794 |
| At 31 December 2019 | 1,199,639,630 | 516,417,420 | 122,654,758 | 2,399 | 67,217,193 | 88,707,869 | 23,082,565 | 51,478,677 | 2,069,200,510 |

Fully Depreciated but still in Use -

The cost of fully-depreciated property, plant and equipment of the Corporation which are still in use amounted to Rs.128.8 million as at 31st December 2021.

NOTES TO THE FINANCIAL STATEMENTS

17 Right-of -use Assets

| As at 31st December | Land and Building 2021 RS. | Land and Building 2020 RS. |
|----------------------------------------------|-------------------------------|-------------------------------|
| Carrying amount at the beginning of the year | 41,966,690 | 54,672,686 |
| Contracts terminated during the year | (5,001,564) | - |
| Additions during the year | 33,317,914 | 10,694,945 |
| Amortization during the year (Note No 17.2) | (26,149,892) | (23,400,940) |
| Carrying amount at the end of the year | 44,133,149 | 41,966,690 |

17.1 Lease Liability

Obligation to Make the Lease Payments

| As at 31st December | 2021 RS. | 2020 RS. |
|--------------------------------------------------|-------------------|-------------------|
| Gross Lease Liabilities - Minimum Lease Payments | 65,275,719 | 60,500,961 |
| Obligations under Lease | | |
| No later than One Year | 27,800,709 | 25,596,815 |
| Later than one year but no later than five years | 31,691,489 | 31,854,496 |
| Later than five years | 5,783,521 | 3,049,650 |
| | 65,275,719 | 60,500,961 |
| Future Finance Charges on Leases | (14,929,229) | (12,779,325) |
| The present value of lease liabilities | 50,346,490 | 47,721,636 |

The present value of lease liabilities is classified as:

| | | |
|-------------------------|------------|------------|
| Current Liabilities | 21,759,130 | 19,870,218 |
| Non-current Liabilities | 28,587,360 | 27,851,418 |

17.2 Amounts recognized in profit & loss

| | 2021 Rs. | 2020 Rs. |
|----------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Amortization of "Right-of-Use" (ROU) Assets for the Year | 26,149,892 | 23,400,940 |
| Expenses not included in the measurement of lease liabilities - short-term lease, variable lease payments, low-value assets etc. | 4,677,920 | 4,298,647 |
| Administration Expenses (Note 12) | 30,827,812 | 27,699,588 |
| Interest paid/payable for lease liabilities (Note 14) | 8,455,972 | 8,326,647 |

NOTES TO THE FINANCIAL STATEMENTS

18 Lease Assets paid in advance

| As at 31st December | | 2021 | 2020 |
|-----------------------------------|---------|-------------------|-------------------|
| | | RS. | RS. |
| Ratmalana Land | 99 year | 9,240,000 | 9,400,000 |
| Osusala Badulla (Bus Stand) | 50 year | 3,336,450 | 3,451,500 |
| Osusala Badulla (CWE) | 33 year | 3,937,879 | 4,146,970 |
| Osusala Nugegoda | 30 year | 5,549,893 | 5,843,226 |
| Total rent paid in advance | | 22,064,222 | 22,841,696 |

Lease rentals paid in advance represents operating leases stated at cost/revaluation less accumulated amortisation. Such carrying amounts are amortised over the remaining lease period or useful life of the leasehold property whichever is shorter.

19 Intangible Assets - Computer Software

| | 2021 | 2020 |
|--------------------------------------|-----------|-----------|
| | Rs. | Rs. |
| Cost | | |
| As at the beginning of the year | 2,800,662 | - |
| Acquisition/Incurred during the year | 583,471 | 3,500,828 |
| As at the end of the year | 3,384,134 | 3,500,828 |
| Amortisation | | |
| Amortisation charge for the year | 816,860 | 700,166 |
| Carrying Amount | | |
| As at the end of the year | 2,567,274 | 2,800,662 |

20 DEFERRED TAX ASSETS/ LIABILITIES

| | Balance 1st January 2021 | Recognised in profit & loss | Balance 31st December 2021 | Balance 1st January 2020 | Recognised in profit & loss | Balance 31st December 2020 |
|-------------------------------------------|-----------------------------|--------------------------------|----------------------------------|-----------------------------|--------------------------------|----------------------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| On Property plant & equipment | 101,411,527 | 4,204,800 | 105,616,327 | 120,005,219 | (18,593,692) | 101,411,527 |
| Deferred tax liability | 101,411,527 | 4,204,800 | 105,616,327 | 120,005,219 | (18,593,692) | 101,411,527 |
| On Retirement benefit obligation | (118,959,892) | 6,118,309 | (112,841,583) | (71,386,761) | (47,573,131) | (118,959,892) |
| Provision for disputed items | (115,232,203) | (37,874,419) | (153,106,622) | (80,674,717) | (34,557,486) | (115,232,203) |
| Deferred tax Assets | (234,192,095) | (31,756,110) | (265,948,204) | (152,061,478) | (82,130,617) | (234,192,095) |
| Net Deferred Tax Assets/ Liability | (132,780,568) | (27,551,309) | (160,331,877) | (32,056,259) | (100,724,309) | (132,780,568) |

Deferred income tax is provided using a principal tax rate of 24%

NOTES TO THE FINANCIAL STATEMENTS

21 TRADING STOCK

2021

2020

| As at 31st December | 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 Dec) |
|------------------------------------|----------------------|----------------|-----------------------|------------------------------------|-----------------------------|------------------------|----------------------|----------------|-----------------------|------------------------------------|-----------------------------|------------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Stock in Transit | 92,976,346 | - | 92,976,346 | - | - | 92,976,346 | 34,321,694 | - | 34,321,694 | - | - | 34,321,694 |
| Bulk Stores | 1,139,665,189 | (13,991) | 1,139,679,180 | 331,367,239 | - | 808,311,941 | 1,531,716,016 | (1,966) | 1,531,717,983 | 206,719,236 | - | 1,324,998,747 |
| Trading Stock Osusala (NOTE 30.4) | 1,302,588,718 | 558,069 | 1,302,030,649 | 13,421,353 | 57,999,630 | 1,230,609,666 | 1,284,852,160 | (6,188) | 1,284,858,348 | 8,764,486 | 48,931,482 | 1,227,162,381 |
| Finished Products- ORS | - | - | - | - | - | - | 1,059,986 | - | 1,059,986 | - | - | 1,059,986 |
| Raw Materials -ORS | 854,087 | - | 854,087 | - | - | 854,087 | 1,148,181 | - | 1,148,181 | - | - | 1,148,181 |
| Total | 2,536,084,339 | 544,078 | 2,535,540,262 | 344,788,592 | 57,999,630 | 2,132,752,040 | 2,853,098,037 | (8,154) | 2,853,106,191 | 215,483,721 | 48,931,482 | 2,588,690,988 |
| SUNDRY STOCKS | | | | | | | | | | | | |
| Printing Stationery | 13,583,130 | - | 13,583,130 | - | - | 13,583,130 | 19,511,265 | - | 19,511,265 | - | - | 19,511,265 |
| Packing Materials | 32,179,317 | - | 32,179,317 | - | - | 32,179,317 | 29,450,479 | - | 29,450,479 | - | - | 29,450,479 |
| Miscellaneous Stocks | 2,410,257 | - | 2,410,257 | - | - | 2,410,257 | 1,605,671 | - | 1,605,671 | - | - | 1,605,671 |
| Total | 48,172,704 | - | 48,172,704 | - | - | 48,172,704 | 50,567,414 | - | 50,567,414 | - | - | 50,567,414 |
| Disputed items | 215,481,045 | | 215,481,045 | | | 215,481,045 | 111,839,453 | | 111,839,453 | | | 111,839,453 |
| Total | 2,799,738,089 | 544,078 | 2,799,194,011 | 344,788,592 | 57,999,630 | 2,396,405,789 | 3,015,504,905 | (8,154) | 3,015,513,059 | 215,483,721 | 48,931,482 | 2,751,097,855 |

NOTES TO THE FINANCIAL STATEMENTS

22 STOCKS IN TRANSIT - DHS

| As at 31st December | 2021 | 2020 |
|----------------------------------|--------------------|----------------------|
| | Rs. | Rs. |
| Stock in Transit | 697,376,583 | 1,196,371,305 |
| Add: Disputed Items - DHS | | |
| Disputed stock as at 31.12.21 | 532,522,137 | 383,035,656 |
| Disputed balances as at 31.12.21 | 14,603,745 | 14,603,745 |
| Less: Provision for unsalable | 307,759,412 | 279,254,202 |
| Goods in Transit - DHS | 936,743,053 | 1,314,756,504 |

23 TRADE AND OTHER RECEIVABLES

| As at 31st December | 2021 | 2020 |
|-----------------------------------------------------|-----------------------|-----------------------|
| | Rs. | Rs. |
| Total Dues From DHS (Note 23.1) | 52,850,871,522 | 34,424,918,066 |
| Trade Debtors (Note 23.1) | 1,311,824,059 | 1,426,074,422 |
| Staff Loans (Note 23.1) | 102,539,049 | 98,557,382 |
| Other Staff Advances (Note 23.1) | 168,362 | 133,318 |
| Deposits and Advances (Note 23.1) | 930,423,705 | 378,600,914 |
| Other Receivables & Recoverable (Note 23.1) | 49,486,746 | 53,789,554 |
| Total | 55,245,313,443 | 36,382,073,656 |
| Less: Provision for bad & doubtful debts | 3,146,504,631 | 2,686,246,516 |
| Trade and Other Receivables | 52,098,808,812 | 33,695,827,140 |

23.1 DEBTORS ANALYSIS

| As at 31st December | 2021 | 2020 |
|---------------------------------|-----------------------|-----------------------|
| | Rs. | Rs. |
| TOTAL DUES FROM DHS | | |
| Local Purchase on DHS Tenders | 920,317 | 920,317 |
| DHS Turnover Tax & Custom Duty | 51,927,472 | 51,927,472 |
| Purchase Clearing - DHS | 158,744,103 | 158,744,103 |
| Department of Health Services * | 52,639,279,630 | 34,213,326,174 |
| Total | 52,850,871,522 | 34,424,918,066 |

* This amount includes dues on vaccines supplies of Rs. 8,287,488,935

NOTES TO THE FINANCIAL STATEMENTS

23.1 DEBTORS ANALYSIS - Cont.

| As at 31st December | 2021 Rs. | 2020 Rs. |
|--------------------------------------------|-----------------------|-----------------------|
| TRADE DEBTORS | | |
| Distributors | 306,034,520 | 307,968,435 |
| Sales Representatives | 1,801,066 | 49,470 |
| Private Sector Organizations | 108,352,167 | 77,885,618 |
| Forces | 650,306,321 | 706,184,859 |
| Franchise Osusalas | 38,186,325 | 35,616,110 |
| Authorized retailer | 1,355,947 | 1,973,725 |
| Hospitals- Government | 92,390,446 | 140,042,955 |
| Hospitals- Private | 13,701,955 | 21,072,070 |
| Government Dept. & Corporations | 69,938,268 | 105,330,015 |
| Disputed Debtors - Government Sector | 17,018,470 | 17,042,441 |
| Disputed Debtors - Private Sector | 2,298,524 | 2,468,674 |
| Debtors under litigation | 10,440,050 | 10,440,050 |
| Total | 1,311,824,059 | 1,426,074,422 |
| STAFF LOANS | | |
| Staff Loan | 102,539,049 | 98,557,382 |
| Total | 102,539,049 | 98,557,382 |
| OTHER STAFF ADVANCES | | |
| Cycle Loans | 1,092 | 6,048 |
| Festival Advance | 167,270 | 127,270 |
| Total | 168,362 | 133,318 |
| DEPOSITS AND ADVANCES | | |
| Advance Payments to Suppliers | 928,520,613 | 378,322,305 |
| General Advance | 1,903,092 | 278,609 |
| Total | 930,423,705 | 378,600,914 |
| OTHER RECEIVABLES & RECOVERABLE | | |
| Sundry Debtors | 7,661,127 | 7,659,459 |
| E Channeling control A/c | 25,556 | 25,556 |
| Insurance Claim Receivables | 427,850 | 376,131 |
| Claim receivable from supplier | 27,445,979 | 32,353,085 |
| Agency Commission Receivable | 13,926,234 | 13,375,322 |
| Total | 49,486,746 | 53,789,554 |
| TOTAL DEBTORS AND OTHER RECEIVABLES | 55,245,313,443 | 36,382,073,656 |

NOTES TO THE FINANCIAL STATEMENTS

23.2 DEBTORS ANALYSIS - Cont.

(Rs.Million)

Age Analysis -DHS

| | Over 5 Years | 4 to 5 Years | 3 to 4 Years | 2 to 3 Years | 1 to 2 Years | Less Than 1 Year | Total |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|---------------|
| DHS - Outstanding | 2,814 | 440 | 2,259 | 7,323 | 2,725 | 35,587 | 51,148 |
| Deductions -Claim from Suppliers | 771 | 3 | 33 | 267 | 323 | 94 | 1,491 |
| Import, Local & Custom duty | 211 | - | - | - | - | - | 211 |
| | 3,796 | 443 | 2,292 | 7,590 | 3,048 | 35,681 | 52,850 |

Age Analysis -SPC

| | OVER 5 YEARS | 1 TO 5 YEARS | 184 - 365 Days | 93 - 184 Days | 32 - 92 Days | 0 - 31 Days | Grand Total |
|---------------|-----------------|-----------------|-------------------|------------------|-----------------|----------------|----------------|
| Trade Debtors | 22 | 75 | 30 | 437 | 322 | 426 | 1,312 |

NOTES TO THE FINANCIAL STATEMENTS**24 PREPAYMENTS**

| | 2021 | 2020 |
|------------------------------------|-------------------|--------------------|
| As at 31st December | Rs. | Rs. |
| Pre- Payments | 8,710,858 | 57,883,654 |
| Employee Security Investments | 441,636 | 441,636 |
| Deposits - Postal Franking Machine | 642,867 | 645,982 |
| Pre paid Staff Expenses | 1,461,832 | 4,927,979 |
| Advance Payments to Port Authority | 2,087,016 | 9,840,446 |
| Miscellaneous Deposits | 9,937,671 | 10,689,571 |
| Container Deposits - SPC | 2,992,840 | 2,231,340 |
| Container Deposits - DHS | 15,630,986 | 14,256,467 |
| Total | 41,905,706 | 100,917,075 |

25 CASH AND CASH EQUIVALENTS

| | | 2021 | 2020 |
|-----------------------------------------|----------------|----------------------|----------------------|
| As at 31st December | | Rs. | Rs. |
| People's Bank | A/C 90210892 | 194,123,584 | 504,465,182 |
| People's Bank | A/C -90210929 | | 319,835,973 |
| Bank of Ceylon | A/C -1438 | 700,446,327 | 101,103,104 |
| Bank of Ceylon | A/C -1425 | 73,426,324 | - |
| Bank of Ceylon | A/C -1435 | - | 179,977,132 |
| Bank of Ceylon | A/C -70556680 | 14,015,325 | 5,422,167 |
| Bank of Ceylon | A/C -84740710 | 9,487,002 | 8,781,842 |
| Standard Chartered Bank | A/C 1171968 01 | 12,009,435 | 7,985,743 |
| Commercial bank | A/C -50401 | 55,007 | 55,007 |
| Sampath Sanhida | A/C 10218 | 3,458,937 | 558,082 |
| Investments | | | |
| Treasury Bill - Credit Insurance Scheme | | 71,107,605 | 67,866,844 |
| Treasury Bill - Supplier Convention | | 32,494,522 | 28,558,167 |
| Petty Cash Impress - Control | | 832,600 | 748,622 |
| Total | | 1,111,456,668 | 1,225,357,866 |

26 EMPLOYEE RETIREMENT GRATUITY

| | 2021 | 2020 |
|----------------------------------------|--------------------|--------------------|
| As at 31st December | Rs. | Rs. |
| Gratuity opening balance | 495,666,216 | 254,952,718 |
| Interest Cost (Note 26.3) | 39,653,297 | 26,770,035 |
| Current Service Cost (Note 26.3) | 34,152,213 | 37,875,434 |
| Actuarial Gain /Loss (Note 26.3) | (57,438,433) | 191,755,485 |
| Benefit paid/ payables during the year | (41,860,032) | (15,687,456) |
| Total | 470,173,261 | 495,666,216 |

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 2021.

NOTES TO THE FINANCIAL STATEMENTS

26.1 The principal actuarial valuation assumptions used are as follows:

| As at 31st December | 2021 | 2020 |
|--------------------------|------------|----------|
| Discount % | 11.5% p.a. | 8% p.a. |
| Future salary increase % | 8% p.a. | 5% p.a. |
| Allowance increase % | 13% p.a. | 10% p.a. |
| Retiring age | 62 Years | 60 Years |
| Staff Turnover Factor | 1.0% | 1.2% |

26.2 Sensitivity Analysis

A one percentage change in the assumptions would have the following effects to employee defined benefit plan - gratuity

| As at 31 December | Present Value of Defined Benefit Obligation 2021 | Present Value of Defined Benefit Obligation 2020 |
|-------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Discount Rate: | | |
| 1% Increase | 418,380,223 | 447,062,131 |
| 1% Decrease | 531,831,152 | 553,340,453 |
| Salary Escalation Rate (Including Allowances): | | |
| 1% Increase | 531,073,139 | 552,247,284 |
| 1% Decrease | 418,068,189 | 447,040,772 |

26.3 The amounts recognized in the Income Statement are as follows,

| As at 31st December | 2021 Rs. | 2020 Rs. |
|-----------------------------------------------------|-------------------|--------------------|
| Current service cost | 34,152,213 | 37,875,434 |
| Interest charges for the year | 39,653,297 | 26,770,035 |
| Actuarial gain/loss charged | - | - |
| Gratuity include in the staff cost (Note 12) | 73,805,510 | 64,645,469 |
| Actuarial gain/loss - OCI | (57,438,433) | 191,755,485 |
| Total | 16,367,077 | 256,400,954 |

27 LONG TERM LOANS

| As at 31st December | Bank of Ceylon Rs. | People's Bank Rs. | Total value Rs. |
|---------------------------|-----------------------|----------------------|-----------------------|
| Loan amount | 5,876,000,000 | 6,000,000,000 | 11,876,000,000 |
| Balance as at 01.01.2021 | 5,876,000,000 | 6,000,000,000 | 11,876,000,000 |
| Total Paid | 326,444,448 | 83,300,000 | 409,744,448 |
| Balance as at 31.12.2021 | 5,549,555,552 | 5,916,700,000 | 11,466,255,552 |
| Balance to be paid | | | |
| Not later than one year | 1,060,944,444 | 999,600,000 | 2,060,544,444 |
| Later than one year | 4,488,611,108 | 4,917,100,000 | 9,405,711,108 |

The Government Treasury has arranged the above Term loans in enabling SPC to maintain its liquidity within the already approved overdraft facility limits and undertake to settle the same with interest. The Corporation repaid the loan as the settlements received from the Treasury.

NOTES TO THE FINANCIAL STATEMENTS

28 TRADE AND OTHER PAYABLES

| As at 31st December | 2021 | 2020 |
|----------------------------------------------------|-----------------------|-----------------------|
| | Rs. | Rs. |
| Accrued charges & provision | 258,664,030 | 265,336,649 |
| Interest received in advance - Government Treasury | 10,539,637 | 3,338,346 |
| Creditors control | 1,234,484,964 | 1,806,608,220 |
| Special order advance | 21,134,366 | 21,134,366 |
| Customer advance | 1,786,212 | 423,915 |
| Security deposits | 632,319 | 595,319 |
| Salaries control | 10,826,943 | 9,172,466 |
| Bank bills payable - SPC | 158,322,166 | 193,274,287 |
| Bank bills payable - DHS | 14,331,273,201 | 13,694,107,219 |
| Interest on cash security deposits | 93,753 | 79,311 |
| Tender deposits | 4,714,939 | 3,898,039 |
| Loans & other recoveries (staff) | 17,344,694 | 40,286,215 |
| Gratuity payable | 76,247 | 76,247 |
| Seva Vanitha | 103,280 | 103,280 |
| Welfare fund | 67,772 | 553,993 |
| MD/Chairman's contribution to Staff welfare | 7,485,436 | 3,447,151 |
| Fund for Evaluation of Sinopharm Vaccine * | 7,500,000 | - |
| Fund for Covid 19 relief assistance** | 8,027,301 | |
| Cash Deposit in lieu of Bank Guarantee | 6,578,234 | 12,476,419 |
| Agency commission | 47,482,819 | 42,272,275 |
| Value added tax | 37,078,134 | 33,852,607 |
| Total | 16,164,216,448 | 16,131,036,325 |

* Ceyoka Pvt Ltd granted 7.5 million to conduct Sinopharm post-marketing surveillance research and related activities. Surveillance research and related activities have been commenced in December 2021, but no payments have been released.

**The Government of Pakistan granted Rs. 8 million to utilize as relief assistance for Covid 19. This fund will be utilized for the requirements related to Covid -19 pandemic in the year 2022.

29 CURRENT FINANCIAL LIABILITIES

| As at 31st December | 2021 | 2020 |
|-----------------------------|-----------------------|-------------------|
| | Rs. | Rs. |
| Bank of Ceylon A/C -1435 | 7,307,382,123 | |
| Bank of Ceylon A/C -1425 | - | 20,333,562 |
| People's bank A/C -90210929 | 8,104,710,269 | - |
| Commercial bank A/C -150701 | 19,964,147 | 35,595,438 |
| Total | 15,432,056,540 | 55,929,000 |

NOTES TO THE FINANCIAL STATEMENTS

30 OSUSALA INCOME

| For the year ended 31st December 2021 | 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 | OSU SALA TRADING AMPARA | OSU SALA TRADING HAMBANTOTA |
|--------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------|---------------------------------|-------------------------------|----------------------------------|------------------------------|---------------------------------|------------------------------|-------------------------------|-----------------------------------|-------------------------------|-----------------------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Sales | 1,067,216,865 | 645,261,911 | 248,855,014 | 300,003,713 | 142,180,186 | 78,261,180 | 100,493,737 | 53,154,108 | 146,769,852 | 128,755,232 | 105,991,228 | 253,298,217 | 150,159,625 | 77,451,629 |
| Cost of Sales (Note 30.1) | 890,751,365 | 558,526,653 | 206,567,879 | 249,778,760 | 121,271,363 | 64,632,505 | 85,981,033 | 42,270,125 | 121,112,922 | 107,993,564 | 87,830,291 | 221,643,914 | 122,369,543 | 66,903,664 |
| Gross Profit on Sales & Transfers | 176,465,500 | 86,735,258 | 42,287,135 | 50,224,953 | 20,908,823 | 13,628,675 | 14,512,704 | 10,883,984 | 25,656,930 | 20,761,668 | 18,160,938 | 31,654,303 | 27,790,082 | 10,547,965 |
| ADMINISTRATIVE EXPENSES (Note 30.2) | | | | | | | | | | | | | | |
| Personnel Expenses | 83,496,548 | 20,383,831 | 16,573,027 | 30,793,078 | 18,159,071 | 11,806,090 | 13,971,730 | 8,214,079 | 15,399,846 | 17,603,580 | 17,664,936 | 18,519,122 | 8,987,789 | 8,213,969 |
| Travelling Expenses | 11,767 | 28,071 | 25,280 | 14,450 | 882 | 19,850 | 41,000 | 59,265 | 28,700 | 25,444 | 2,520 | 6,000 | 3,370 | 1,530 |
| Supplies & Requisites | 970,045 | 292,290 | 256,767 | 300,873 | 226,292 | 139,665 | 204,956 | 133,986 | 216,164 | 259,750 | 119,758 | 241,331 | 104,619 | 45,959 |
| Repairs & Maintenance | 1,065,677 | 169,451 | 215,112 | 179,571 | 131,642 | 144,097 | 171,276 | 97,868 | 88,544 | 88,279 | 149,822 | 234,479 | 338,388 | 51,863 |
| Transportation, Communication, Utilities & Other | 14,061,414 | 3,838,039 | 2,384,237 | 4,617,708 | 3,517,360 | 2,820,558 | 2,959,992 | 2,426,325 | 3,500,867 | 3,338,421 | 3,217,316 | 5,552,658 | 2,234,278 | 2,102,039 |
| OTHER OPERATING EXPENSES (Note 30.3) | | | | | | | | | | | | | | |
| Selling & Distribution Expenses | 3,245,028 | 844,059 | 1,393,610 | 2,156,400 | 643,987 | 222,722 | 383,719 | 200,406 | 409,293 | 385,252 | 220,164 | 1,329,141 | 162,954 | 118,340 |
| TOTAL OVERHEADS | 102,850,479 | 25,555,742 | 20,848,033 | 38,062,079 | 22,679,234 | 15,152,983 | 17,732,673 | 11,131,930 | 19,643,413 | 21,700,726 | 21,374,515 | 25,882,731 | 11,831,398 | 10,533,700 |
| NET PROFIT/(LOSS) | 73,615,021 | 61,179,517 | 21,439,103 | 12,162,874 | (1,770,411) | (1,524,308) | (3,219,969) | (247,946) | 6,013,517 | (939,058) | (3,213,578) | 5,771,572 | 15,958,684 | 14,265 |

30.1 COST OF SALES

| | | | | | | | | | | | | | | |
|-----------------------------------------------|----------------------|--------------------|--------------------|--------------------|--------------------|-------------------|--------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| Stock in Trade - at the beginning of the year | 178,292,044 | 104,776,498 | 73,941,272 | 69,491,056 | 35,520,195 | 15,821,935 | 22,798,776 | 13,892,443 | 38,037,742 | 21,067,569 | 15,947,490 | 63,389,880 | 29,129,484 | 24,535,342 |
| Local purchases | 683,113,147 | 406,594,827 | 125,219,302 | 71,547,365 | 52,478,196 | 14,564,848 | 30,208,000 | 9,552,372 | 51,182,256 | 37,369,046 | 37,348,501 | 56,101,696 | 14,619,349 | 20,561,168 |
| Transfers | 203,165,900 | 152,452,923 | 69,827,525 | 168,959,422 | 62,998,771 | 49,081,966 | 55,812,210 | 37,331,834 | 70,120,130 | 73,789,588 | 64,647,600 | 158,617,095 | 101,765,350 | 46,208,827 |
| STOCKS AVAILABLE FOR SALE | 1,064,571,091 | 663,824,247 | 268,988,099 | 309,997,843 | 150,997,162 | 79,468,749 | 108,818,987 | 60,776,649 | 159,340,127 | 132,226,202 | 117,943,591 | 278,108,671 | 145,514,182 | 91,305,337 |
| Stock in trade at year end (Note 30.4) | 173,819,726 | 105,297,595 | 62,420,220 | 60,219,083 | 29,725,799 | 14,836,244 | 22,837,954 | 18,506,524 | 38,227,205 | 24,232,638 | 30,113,300 | 56,464,757 | 23,144,640 | 24,401,673 |
| COST OF SALES & TRANSFERS | 890,751,365 | 558,526,653 | 206,567,879 | 249,778,760 | 121,271,363 | 64,632,505 | 85,981,033 | 42,270,125 | 121,112,922 | 107,993,564 | 87,830,291 | 221,643,914 | 122,369,543 | 66,903,664 |

NOTES TO THE FINANCIAL STATEMENTS

30 OSUSALA INCOME

| | OSU SALA | OSU SALA | OSU SALA | OSU SALA | OSU SALA | OSU SALA | OSU SALA | OSU SALA | OSU SALA | SATHOSA | OSU SALA | OSU SALA | OSU SALA | OSU SALA |
|--------------------------------------------------|-------------------|-------------------|--------------------|--------------------|-------------------|-------------------|------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|--------------------|
| For the year ended 31st December 2021 | TRADING | TRADING | TRADING | TRADING | TRADING | TRADING | TRADING | TRADING | TRADING | OUTLETS | TRADING | TRADING | TRADING | TRADING |
| | A'PURA | MAHARAGAMA | J. PURA | KARAPITIYA | NEGOMBO | BADULLA- CWE | DIYATHALAWA | JAFFNA | POLONNARUWA | RATMALANA | TANGALLE | RAGAMA | BANDARAGAMA | FORT |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Sales | 122,173,713 | 130,242,167 | 209,533,959 | 123,100,426 | 103,662,253 | 105,097,535 | 44,779,214 | 88,432,666 | 133,142,514 | 15,886,513 | 164,583,733 | 143,035,745 | 53,685,364 | 54,346,598 |
| Cost of Sales (Note 30.1) | 101,329,294 | 109,468,475 | 172,946,605 | 104,971,896 | 87,855,423 | 86,130,274 | 37,477,544 | 76,438,241 | 112,734,586 | 12,553,093 | 139,874,229 | 121,096,819 | 43,933,225 | 45,228,271 |
| Gross Profit on Sales & Trnsfers | 20,844,419 | 20,773,691 | 36,587,354 | 18,128,530 | 15,806,830 | 18,967,261 | 7,301,670 | 11,994,424 | 20,407,929 | 3,333,420 | 24,709,504 | 21,938,926 | 9,752,139 | 9,118,327 |
| ADMINISTRATIVE EXPENSES (Note 30.2) | | | | | | | | | | | | | | |
| Personnel Expenses | 11,716,164 | 15,536,700 | 34,249,681 | 16,241,967 | 12,018,078 | 12,131,809 | 7,209,177 | 8,653,722 | 11,139,185 | 4,110,520 | 11,990,769 | 12,921,054 | 8,580,826 | 9,051,667 |
| Travelling Expenses | 1,100 | 670 | 350 | 7,150 | - | 8,526 | - | 9,510 | 4,000 | 3,170 | 7,240 | 47,850 | 11,640 | 18,600 |
| Supplies & Requisites | 149,063 | 285,807 | 616,888 | 105,792 | 141,693 | 263,683 | 84,522 | 169,504 | 126,326 | 23,328 | 119,361 | 105,153 | 125,569 | 115,416 |
| Repairs & Maintenance | 108,268 | 103,342 | 50,889 | 160,539 | 144,920 | 245,212 | 7,680 | 86,391 | 65,852 | 625 | 171,160 | 150,609 | 113,529 | 46,488 |
| Transportation, Communication, Utilities & Other | 3,298,614 | 3,648,610 | 5,780,229 | 3,854,625 | 3,012,250 | 2,795,226 | 916,996 | 1,321,668 | 2,565,224 | 440,212 | 2,448,918 | 3,074,845 | 1,265,749 | 2,339,366 |
| OTHER OPERATING EXPENSES (Note 30.3) | | | | | | | | | | | | | | |
| Selling & Distribution Expenses | 676,497 | 162,524 | 637,148 | 312,293 | 291,991 | 190,872 | 36,337 | 120,934 | 235,288 | 167,203 | 291,737 | 393,952 | 66,252 | 130,538 |
| TOTAL OVERHEADS | 15,949,706 | 19,737,653 | 41,335,186 | 20,682,365 | 15,608,933 | 15,635,329 | 8,254,711 | 10,361,729 | 14,135,875 | 4,745,057 | 15,029,185 | 16,693,462 | 10,163,564 | 11,702,074 |
| NET PROFIT/(LOSS) | 4,894,713 | 1,036,038 | (4,747,832) | (2,553,836) | 197,897 | 3,331,933 | (953,041) | 1,632,696 | 6,272,054 | (1,411,637) | 9,680,319 | 5,245,464 | (411,425) | (2,583,747) |

30.1 COST OF SALES

| | | | | | | | | | | | | | | |
|----------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|-------------------|-------------------|
| Stock in Trade - at the bigining of the year | 17,448,608 | 41,167,471 | 46,425,423 | 27,915,467 | 15,964,335 | 19,006,230 | 8,185,859 | 23,602,936 | 25,844,362 | 3,183,178 | 26,546,185 | 23,252,740 | 9,859,348 | 13,070,853 |
| Local purchases | 30,619,863 | 49,140,271 | 89,848,156 | 27,212,176 | 34,246,659 | 26,741,775 | 12,823,198 | 29,229,278 | 24,447,804 | 3,550,314 | 16,259,294 | 33,256,979 | 15,608,062 | 11,384,092 |
| Transfers | 72,536,185 | 53,625,738 | 75,429,567 | 75,702,969 | 50,959,037 | 62,863,840 | 29,152,490 | 52,747,157 | 87,530,181 | 9,498,640 | 126,652,035 | 89,631,856 | 28,533,785 | 32,166,395 |
| STOCK AVAILABLE FOR SALE | 120,604,656 | 143,933,480 | 211,703,145 | 130,830,612 | 101,170,031 | 108,611,846 | 50,161,547 | 105,579,371 | 137,822,348 | 16,232,131 | 169,457,514 | 146,141,575 | 54,001,194 | 56,621,341 |
| Stock In trade at year end (Note 30.4) | 19,275,362 | 34,465,005 | 38,756,540 | 25,858,716 | 13,314,608 | 22,481,572 | 12,684,003 | 29,141,130 | 25,087,762 | 3,679,039 | 29,583,284 | 25,044,756 | 10,067,969 | 11,393,070 |
| COST OF SALES & TRANSFERS | 101,329,294 | 109,468,475 | 172,946,605 | 104,971,896 | 87,855,423 | 86,130,274 | 37,477,544 | 76,438,241 | 112,734,586 | 12,553,093 | 139,874,229 | 121,096,819 | 43,933,225 | 45,228,271 |

NOTES TO THE FINANCIAL STATEMENTS

30 OSUSALA INCOME

| | OSU SALA | OSU SALA | OSU SALA | OSU SALA | OSU SALA | OSU SALA | OSU SALA | OSU SALA | OSU SALA | OSU SALA | OSU SALA | OSU SALA | OSU SALA | OSU SALA |
|--------------------------------------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|-------------------|-------------------|--------------------|------------------|--------------------|
| For the year ended 31st December 2021 | TRADING | TRADING | TRADING | TRADING | TRADING | TRADING | TRADING | TRADING | TRADING | TRADING | TRADING | TRADING | TRADING | TRADING |
| | BORELLA | EMBILIPITIYA | KDY-RAILWAY | GAMPAHA | NAGODA | BERUWALA | PILIYANDALA | NINTHAVUR | AKKARAIPATTU | MONARAGALA | PERADENIYA | ANAMADUWA | KDU | DAMBULLA |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Sales | 47,484,739 | 42,135,586 | 73,382,192 | 109,362,274 | 84,670,438 | 66,725,769 | 55,967,655 | 31,606,039 | 46,017,520 | 72,690,057 | 116,719,222 | 22,882,110 | 46,122,717 | 58,773,597 |
| Cost of Sales (Note 30.1) | 39,657,482 | 35,411,223 | 61,866,094 | 92,009,124 | 72,963,256 | 54,881,047 | 46,713,558 | 26,256,653 | 39,154,391 | 61,957,309 | 97,908,623 | 19,266,091 | 39,483,851 | 47,755,203 |
| Gross Profit on Sales & Trnsfers | 7,827,257 | 6,724,362 | 11,516,099 | 17,353,151 | 11,707,182 | 11,844,722 | 9,254,098 | 5,349,386 | 6,863,129 | 10,732,748 | 18,810,600 | 3,616,019 | 6,638,866 | 11,018,394 |
| ADMINISTRATIVE EXPENSES (Note 30.2) | | | | | | | | | | | | | | |
| Personnel Expenses | 7,626,068 | 8,103,314 | 8,171,462 | 11,021,395 | 8,015,600 | 7,852,240 | 9,023,120 | 6,339,200 | 5,442,351 | 7,870,622 | 9,711,503 | 3,537,206 | 5,892,758 | 8,989,080 |
| Travelling Expenses | 910 | 76,330 | 2,000 | 44,290 | 2,750 | 840 | 3,200 | 500 | - | 19,550 | 2,166 | 4,140 | 50,280 | 27,600 |
| Supplies & Requisites | 78,468 | 16,657 | 87,647 | 131,647 | 73,544 | 119,444 | 97,617 | 21,010 | 64,974 | 152,514 | 220,882 | 106,229 | 110,768 | 201,543 |
| Repairs & Maintenance | 141,121 | 136,362 | 28,379 | 55,959 | 28,419 | 78,292 | 63,496 | 8,615 | 29,499 | 52,323 | 53,372 | 40,024 | 12,921 | 124,921 |
| Transportation, Communication, Utilities & Other | 1,040,010 | 2,089,889 | 2,025,244 | 3,010,084 | 2,274,374 | 2,885,571 | 3,221,646 | 2,248,981 | 2,238,939 | 2,596,689 | 2,317,395 | 2,265,110 | 886,615 | 3,002,594 |
| OTHER OPERATING EXPENSES (Note 30.3) | | | | | | | | | | | | | | |
| Selling & Distribution Expenses | 160,295 | 503,428 | 235,258 | 610,354 | 136,054 | 169,251 | 156,474 | 223,753 | 469,533 | 292,981 | 384,865 | 588,561 | 295,804 | 4,575,640 |
| TOTAL OVERHEADS | 9,046,871 | 10,925,980 | 10,549,989 | 14,873,729 | 10,530,741 | 11,105,639 | 12,565,553 | 8,842,059 | 8,245,297 | 10,984,679 | 12,690,183 | 6,541,270 | 7,249,146 | 16,921,379 |
| NET PROFIT/(LOSS) | (1,219,614) | (4,201,618) | 966,109 | 2,479,421 | 1,176,440 | 739,083 | (3,311,455) | (3,492,672) | (1,382,168) | (251,931) | 6,120,417 | (2,925,251) | (610,281) | (5,902,985) |

30.1 COST OF SALES

| | | | | | | | | | | | | | | |
|----------------------------------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|
| Stock in Trade - at the bigining of the year | 6,747,395 | 13,774,732 | 13,004,237 | 23,415,647 | 22,279,065 | 9,604,574 | 21,619,828 | 6,133,645 | 10,728,375 | 15,334,542 | 15,915,144 | 6,851,252 | 12,328,083 | 24,863,487 |
| Local purchases | 12,096,479 | 9,405,491 | 11,079,456 | 20,130,427 | 12,043,071 | 12,788,319 | 13,348,959 | 4,355,969 | 6,203,775 | 10,229,322 | 26,073,378 | 5,993,747 | 31,963,209 | 9,764,257 |
| Transfers | 30,142,293 | 22,809,859 | 49,111,337 | 81,232,094 | 59,995,833 | 44,110,890 | 27,836,639 | 22,573,991 | 32,975,267 | 52,488,156 | 70,624,657 | 12,258,625 | 14,050,832 | 38,043,288 |
| STOCK AVAILABLE FOR SALE | 48,986,166 | 45,990,082 | 73,195,029 | 124,778,167 | 94,317,970 | 66,503,783 | 62,805,427 | 33,063,605 | 49,907,416 | 78,052,021 | 112,613,179 | 25,103,623 | 58,342,124 | 72,671,032 |
| Stock In trade at year end (Note 30.4) | 9,328,684 | 10,578,859 | 11,328,935 | 32,769,043 | 21,354,714 | 11,622,736 | 16,091,869 | 6,806,953 | 10,753,025 | 16,094,712 | 14,704,556 | 5,837,532 | 18,858,273 | 24,915,829 |
| COST OF SALES & TRANSFERS | 39,657,482 | 35,411,223 | 61,866,094 | 92,009,124 | 72,963,256 | 54,881,047 | 46,713,558 | 26,256,653 | 39,154,391 | 61,957,309 | 97,908,623 | 19,266,091 | 39,483,851 | 47,755,203 |

NOTES TO THE FINANCIAL STATEMENTS

30 OSUSALA INCOME

| For the year ended 31st December 2021 | OSU SALA TRADING MATALE | OSU SALA TRADING B.S.BADULLA | OSU SALA TRADING MATHUGAMA | OSU SALA TRADING NARAHENPITA | OSU SALA TRADING MADAWACHCHIYA | OSU SALA TRADING PITAKOTTE | OSU SALA TRADING HORANA | REGIONAL STORES KANDY | OSUSALA TOTAL TRADING ACTIVITIES |
|--------------------------------------------------|-------------------------------|------------------------------------|----------------------------------|------------------------------------|--------------------------------------|----------------------------------|-------------------------------|-----------------------------|----------------------------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Sales | 89,597,369 | 23,536,860 | 52,994,079 | 11,188,736 | 5,547,831 | 11,735,006 | 4,791,553 | 207,049,905 | 6,270,536,152 |
| Cost of Sales (Note 30.1) | 74,680,330 | 18,304,174 | 43,246,024 | 8,599,277 | 4,844,724 | 10,065,379 | 3,804,313 | 157,685,240 | 5,256,184,920 |
| Gross Profit on Sales & Trnsfers | 14,917,039 | 5,232,686 | 9,748,055 | 2,589,459 | 703,107 | 1,669,627 | 987,241 | 49,364,665 | 1,014,351,232 |
| ADMINISTRATIVE EXPENSES (Note 30.2) | | | | | | | | | |
| Personnel Expenses | 6,985,117 | 5,435,319 | 5,716,727 | 2,276,322 | 1,200,213 | 2,149,499 | 1,158,484 | 9,205,545 | 607,061,160 |
| Travelling Expenses | 2,170 | 9,282 | 4,470 | 10,400 | 690 | 1,080 | 4,000 | 61,545 | 716,128 |
| Supplies & Requisites | 259,082 | 30,010 | 83,645 | 27,428 | 7,623 | 10,843 | - | 166,460 | 8,012,594 |
| Repairs & Maintenance | 78,696 | 25,252 | 40,231 | 12,234 | 9,108 | 3,750 | 6,720 | 215,957 | 5,827,225 |
| Transportation, Communication, Utilities & Other | 2,740,069 | 1,630,318 | 2,316,565 | 821,782 | 600,722 | 839,890 | 393,968 | 4,073,984 | 138,854,182 |
| OTHER OPERATING EXPENSES (Note 30.3) | | | | | | | | | |
| Selling & Distribution Expenses | 413,279 | 694,991 | 330,794 | 131,459 | 8,981 | 46,891 | - | 332,437 | 26,189,722 |
| TOTAL OVERHEADS | 10,478,413 | 7,825,171 | 8,492,433 | 3,279,624 | 1,827,337 | 3,051,953 | 1,563,171 | 14,055,929 | 786,661,010 |
| NET PROFIT/(LOSS) | 4,438,626 | (2,592,485) | 1,255,622 | (690,165) | (1,124,230) | (1,382,326) | (575,931) | 35,308,736 | 227,690,221 |

30.1 COST OF SALES

| | | | | | | | | | |
|----------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|----------------------|
| Stock in Trade - at the bigining of the year | 16,117,465 | 8,150,102 | 15,119,320 | 3,964,823 | - | - | - | 25,992,250 | 1,280,058,686 |
| Local purchases | 21,030,074 | 5,267,630 | 17,711,557 | 2,488,376 | 4,447,820 | 12,672,464 | 6,830,493 | - | 2,270,752,265 |
| Transfers | 51,835,224 | 13,944,212 | 27,407,330 | 6,470,991 | 13,291,496 | 11,184,267 | 7,825,620 | 155,940,772 | 3,007,962,686 |
| STOCK AVAILABLE FOR SALE | 88,982,763 | 27,361,943 | 60,238,206 | 12,924,190 | 17,739,316 | 23,856,731 | 14,656,113 | 181,933,022 | 6,558,773,637 |
| Stock In trade at year end (Note 30.4) | 14,302,433 | 9,057,769 | 16,992,183 | 4,324,913 | 12,894,591 | 13,791,352 | 10,851,800 | 24,247,782 | 1,302,588,718 |
| COST OF SALES & TRANSFERS | 74,680,330 | 18,304,174 | 43,246,024 | 8,599,277 | 4,844,724 | 10,065,379 | 3,804,313 | 157,685,240 | 5,256,184,920 |

NOTES TO THE FINANCIAL STATEMENTS

30.2 OSUSALA -OVERHEADS

| For the year ended 31st December 2021 | 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 AVISSAWELLA. | OSU SALA TRADING RATNAPURA | OSU SALA TRADING MINUWANGODA | OSU SALA TRADING PANADURA | OSU SALA TRADING GALLE | OSU SALA TRADING MATARA | OSU SALA TRADING KURUNEGALA | OSU SALA TRADING AMPARA | OSU SALA TRADING H. TOTA |
|---------------------------------------------------------------------|-------------------------------|-------------------------------|--------------------------------|------------------------------|---------------------------------|-------------------------------------|----------------------------------|------------------------------------|---------------------------------|------------------------------|-------------------------------|-----------------------------------|-------------------------------|--------------------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| A. ADMINISTRATIVE Ex | | | | | | | | | | | | | | |
| PERSONNEL EMOLUMENTS | | | | | | | | | | | | | | |
| Salaries, Wages & Allowances. | 62,696,442 | 15,223,929 | 12,950,525 | 23,252,047 | 13,690,854 | 9,151,556 | 11,088,530 | 6,492,395 | 12,027,181 | 13,993,907 | 13,821,070 | 14,194,364 | 6,696,032 | 6,080,316 |
| Overtime. | 5,466,878 | 1,165,154 | 611,262 | 1,469,580 | 1,086,413 | 370,457 | 333,454 | 270,810 | 511,847 | 410,055 | 312,746 | 991,543 | 803,937 | 734,729 |
| Uniforms. | 464,920 | 117,688 | 92,786 | 158,075 | 102,186 | 65,024 | 66,621 | 35,149 | 71,018 | 88,584 | 88,857 | 94,541 | 41,465 | 48,160 |
| Insurance for staff | 1,028,675 | 389,821 | 114,025 | 433,343 | 288,332 | 91,643 | 160,506 | 20,748 | 202,811 | 178,390 | 385,769 | 199,264 | - | 21,332 |
| Provident fund (E.P.F & E.T.F) | 7,508,119 | 1,804,307 | 1,563,207 | 2,788,317 | 1,629,024 | 1,078,974 | 1,315,786 | 748,155 | 1,368,524 | 1,641,076 | 1,592,900 | 1,644,021 | 783,917 | 735,597 |
| Annual bonus | 732,994 | 162,000 | 148,500 | 255,150 | 157,500 | 94,500 | 108,000 | 63,338 | 121,500 | 135,000 | 148,500 | 162,000 | 66,431 | 67,500 |
| Annual per inc. bonus. | 4,190,216 | 928,322 | 830,972 | 1,470,813 | 885,062 | 565,717 | 653,892 | 396,565 | 723,332 | 813,074 | 868,789 | 915,314 | 428,007 | 374,685 |
| Housing loan interest | 160,754 | 260,960 | - | 476,754 | - | 176,570 | 4,941 | 61,820 | 83,982 | 3,544 | 146,605 | 8,926 | - | - |
| Attendance bonus | 1,247,550 | 331,650 | 261,750 | 489,000 | 319,700 | 211,650 | 240,000 | 125,100 | 289,650 | 339,950 | 299,700 | 309,150 | 168,000 | 151,650 |
| Total | 83,496,548 | 20,383,831 | 16,573,027 | 30,793,078 | 18,159,071 | 11,806,090 | 13,971,730 | 8,214,079 | 15,399,846 | 17,603,580 | 17,664,936 | 18,519,122 | 8,987,789 | 8,213,969 |
| TRAVELLING EXPENSES | | | | | | | | | | | | | | |
| Local travelling expenses | 11,767 | 28,071 | 25,280 | 14,450 | 882 | 19,850 | 41,000 | 59,265 | 28,700 | 25,444 | 2,520 | 6,000 | 3,370 | 1,530 |
| Total | 11,767 | 28,071 | 25,280 | 14,450 | 882 | 19,850 | 41,000 | 59,265 | 28,700 | 25,444 | 2,520 | 6,000 | 3,370 | 1,530 |
| SUPPLIES & REQUISITES | | | | | | | | | | | | | | |
| Printing & stationery. | 970,045 | 292,290 | 256,767 | 300,873 | 226,292 | 139,665 | 204,956 | 133,986 | 216,164 | 259,750 | 119,758 | 241,331 | 104,619 | 45,959 |
| Total | 970,045 | 292,290 | 256,767 | 300,873 | 226,292 | 139,665 | 204,956 | 133,986 | 216,164 | 259,750 | 119,758 | 241,331 | 104,619 | 45,959 |
| REPAIRS & MAINTENANCE | | | | | | | | | | | | | | |
| Buildings. | 934,774 | 129,696 | 175,092 | 146,990 | 75,949 | 25,516 | 13,388 | 13,860 | 31,005 | 59,515 | 21,399 | 43,820 | 2,836 | 7,938 |
| Furniture, fittings & equipment | 45,856 | 38,605 | 40,020 | 32,581 | 55,693 | 118,581 | 157,888 | 83,758 | 56,539 | 24,660 | 127,973 | 190,659 | 333,902 | 43,925 |
| Computer | 85,048 | 1,150 | - | - | - | - | - | 250 | 1,000 | 4,104 | 450 | - | 1,650 | - |
| Total | 1,065,677 | 169,451 | 215,112 | 179,571 | 131,642 | 144,097 | 171,276 | 97,868 | 88,544 | 88,279 | 149,822 | 234,479 | 338,388 | 51,863 |
| TRANSPORTATION, COMMUNICATION UTILITIES & OTHER SERVICES | | | | | | | | | | | | | | |
| Rent/Amortization of ROU Assets | - | - | - | 337,818 | - | 410,500 | 184,986 | 453,420 | 1,453,142 | 1,025,000 | 1,125,574 | 1,898,012 | - | 602,173 |
| Lease rent amortization | - | - | - | - | 293,333 | - | - | - | - | - | - | - | - | - |
| Rates & taxes. | 358,164 | 152,460 | 138,600 | 69,375 | 59 | 3,300 | 9,350 | 1,000 | 5,800 | 32,388 | 18,935 | - | 3,000 | 11,638 |
| Water bills | 109,200 | 37,045 | 24,067 | 57,187 | 24,067 | 20,410 | 122,092 | 3,614 | 17,133 | 25,682 | 22,379 | 50,840 | 20,054 | 13,324 |
| Electricity. | 3,078,924 | 884,319 | 450,000 | 635,711 | 889,483 | 397,500 | 811,130 | 249,750 | 447,538 | 494,455 | 421,583 | 761,084 | 609,239 | 376,774 |
| Postage, Telegrams & Telephones. | 241,114 | 52,593 | 91,512 | 39,277 | 74,154 | 38,284 | 33,312 | 57,579 | 47,871 | 50,390 | 44,847 | 60,565 | 71,460 | 43,398 |
| Depreciation | 2,991,323 | 908,281 | 566,373 | 669,873 | 765,431 | 860,650 | 656,596 | 181,825 | 667,858 | 293,779 | 408,473 | 617,309 | 666,866 | 246,848 |
| Amortisation- Computer Software | - | - | - | - | 38,898 | 38,898 | - | - | - | - | - | - | - | - |
| Trade subscriptions, Periodicals & Publications. | - | - | 2,520 | 14,910 | 19,020 | 11,750 | 13,620 | 8,500 | 13,830 | 14,490 | 13,170 | - | - | 7,320 |
| Security services. | 3,780,817 | 963,798 | 393,032 | 1,300,530 | 390,741 | 374,128 | 354,168 | 927,198 | 391,049 | 411,892 | 386,113 | 938,636 | 356,901 | 354,168 |
| License fees for drugs. | 25,289 | 26,682 | 28,437 | 26,682 | 27,745 | 26,763 | 25,289 | 25,779 | 24,092 | 26,270 | 24,866 | 25,205 | 23,902 | 26,270 |
| Sundry expenses. | 24,500 | 9,340 | 9,032 | 3,230 | 110 | 22,654 | 5,954 | - | - | 5,648 | 320 | - | 1,014 | 434 |
| Staff welfare. | 2,599,066 | 596,145 | 481,796 | 1,178,883 | 799,565 | 510,720 | 623,495 | 446,027 | 297,554 | 808,428 | 565,165 | 1,060,205 | 394,341 | 343,398 |
| Staff medical expenses. | 853,018 | 207,376 | 198,868 | 284,232 | 194,754 | 105,000 | 120,000 | 71,632 | 135,000 | 150,000 | 185,891 | 140,803 | 87,500 | 76,294 |
| Total | 14,061,414 | 3,838,039 | 2,384,237 | 4,617,708 | 3,517,360 | 2,820,558 | 2,959,992 | 2,426,325 | 3,500,867 | 3,338,421 | 3,217,316 | 5,552,658 | 2,234,278 | 2,102,039 |
| TOTAL ADMINISTRATIVE COST | 99,605,451 | 24,711,683 | 19,454,422 | 35,905,679 | 22,035,247 | 14,930,260 | 17,348,953 | 10,931,524 | 19,234,120 | 21,315,473 | 21,154,352 | 24,553,590 | 11,668,444 | 10,415,361 |

NOTES TO THE FINANCIAL STATEMENTS

30.2 OSUSALA -OVERHEADS

| For the year ended 31st December 2021 | OSU SALA TRADING A,PURA | OSU SALA TRADING MAHARAGAMA | OSU SALA TRADING J,PURA | OSU SALA TRADING KARAPITIYA | OSU SALA TRADING NEGOMBO | OSU SALA TRADING BADULLA-CWE | OSU SALA TRADING DIYATHALAWA | OSU SALA TRADING JAFFNA | OSU SALA TRADING POLONNARUWA | SATHOSA OUTLET RATMALANA | OSU SALA TRADING TAGALLE | OSU SALA TRADING RAGAMA | OSU SALA TRADING BANDARAGAMA | OSU SALA TRADING FORT |
|----------------------------------------------------------------------|-------------------------------|-----------------------------------|-------------------------------|-----------------------------------|--------------------------------|------------------------------------|------------------------------------|-------------------------------|------------------------------------|--------------------------------|--------------------------------|-------------------------------|------------------------------------|-----------------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| A. ADMINISTRATIVE COST | | | | | | | | | | | | | | |
| PERSONNEL EMOLUMENTS | | | | | | | | | | | | | | |
| Salaries, Wages & Allowances. | 8,611,203 | 12,158,238 | 24,521,493 | 12,590,337 | 9,279,728 | 9,046,079 | 5,447,487 | 6,737,574 | 8,451,821 | 3,102,904 | 9,027,568 | 9,832,140 | 6,754,340 | 7,314,241 |
| Overtime. | 847,221 | 557,567 | 2,903,413 | 759,149 | 686,885 | 859,032 | 523,372 | 408,820 | 694,025 | 124,999 | 358,402 | 633,354 | 358,857 | 100,100 |
| Uniforms. | 65,341 | 81,660 | 169,461 | 72,707 | 54,138 | 55,842 | 35,021 | 49,805 | 63,583 | 14,979 | 60,439 | 66,692 | 40,290 | 51,943 |
| Insurance for staff | - | 120,795 | 507,095 | 192,875 | 109,319 | 101,669 | - | - | 71,756 | 184,833 | 255,012 | 202,589 | 31,674 | 25,298 |
| Provident fund (E.P.F & E.T.F) | 1,025,090 | 1,409,694 | 2,966,443 | 1,462,397 | 1,054,586 | 1,049,877 | 640,316 | 789,461 | 991,597 | 364,559 | 1,065,153 | 1,152,130 | 746,194 | 847,867 |
| Annual bonus | 94,500 | 135,000 | 295,538 | 121,500 | 94,500 | 94,500 | 59,850 | 81,000 | 95,006 | 40,500 | 103,838 | 108,000 | 67,500 | 81,000 |
| Annual per inc. bonus. | 512,673 | 762,346 | 1,716,640 | 732,112 | 558,322 | 541,911 | 373,082 | 439,613 | 565,597 | 232,446 | 599,397 | 610,183 | 405,319 | 460,705 |
| Housing loan interest | 350,286 | - | 620,149 | 30,540 | - | 191,500 | - | - | - | - | 326,560 | 73,117 | 1,452 | 30,713 |
| Attendance bonus | 209,850 | 311,400 | 549,450 | 280,350 | 180,600 | 191,400 | 130,050 | 147,450 | 205,800 | 45,300 | 194,400 | 242,850 | 175,200 | 139,800 |
| Total | 11,716,164 | 15,536,700 | 34,249,681 | 16,241,967 | 12,018,078 | 12,131,809 | 7,209,177 | 8,653,722 | 11,139,185 | 4,110,520 | 11,990,769 | 12,921,054 | 8,580,826 | 9,051,667 |
| TRAVELLING EXPENSES | | | | | | | | | | | | | | |
| Local travelling expenses | 1,100 | 670 | 350 | 7,150 | - | 8,526 | - | 9,510 | 4,000 | 3,170 | 7,240 | 47,850 | 11,640 | 18,600 |
| Total | 1,100 | 670 | 350 | 7,150 | - | 8,526 | - | 9,510 | 4,000 | 3,170 | 7,240 | 47,850 | 11,640 | 18,600 |
| SUPPLIES & REQUISITES | | | | | | | | | | | | | | |
| Printing & stationery. | 149,063 | 285,807 | 616,888 | 105,792 | 141,693 | 263,683 | 84,522 | 169,504 | 126,326 | 23,328 | 119,361 | 105,153 | 125,569 | 115,416 |
| Total | 149,063 | 285,807 | 616,888 | 105,792 | 141,693 | 263,683 | 84,522 | 169,504 | 126,326 | 23,328 | 119,361 | 105,153 | 125,569 | 115,416 |
| REPAIRS & MAINTENANCE | | | | | | | | | | | | | | |
| Buildings. | 1,650 | 23,102 | 2,752 | 89,707 | 29,570 | 90,493 | 7,680 | 12,826 | 19,436 | 625 | 47,460 | 13,472 | 20,974 | 9,380 |
| Furniture, fittings & equipment | 106,618 | 79,940 | 48,137 | 62,256 | 115,351 | 154,719 | - | 73,565 | 44,416 | - | 123,700 | 137,137 | 92,555 | 36,708 |
| Computer | - | 300 | - | 8,576 | - | - | - | - | 2,000 | - | - | - | - | 400 |
| Total | 108,268 | 103,342 | 50,889 | 160,539 | 144,920 | 245,212 | 7,680 | 86,391 | 65,852 | 625 | 171,160 | 150,609 | 113,529 | 46,488 |
| TRANSPORTATION, COMMUNICATION, UTILITIES & OTHER SERVICES | | | | | | | | | | | | | | |
| Rent. | 777,399 | 1,779,194 | 1,790,000 | 1,419,643 | 1,143,048 | - | 456,314 | - | - | - | - | 475,327 | - | 996,000 |
| Lease rent amortization | - | - | - | - | - | 209,091 | - | - | - | - | - | - | - | - |
| Rates & taxes. | 9,146 | - | - | 13,703 | 9,900 | 5,500 | - | 5,500 | - | - | 10,273 | - | - | - |
| Water bills | 14,290 | 7,508 | - | 19,097 | 32,529 | 24,757 | 7,761 | - | 18,840 | - | 21,696 | 17,802 | 19,332 | 12,030 |
| Electricity. | 560,968 | 544,219 | 876,674 | 707,589 | 465,981 | 403,189 | 29,594 | 288,003 | 605,594 | - | 600,098 | 475,143 | 221,874 | 247,763 |
| Postage, Telegrams & Telephones. | 64,853 | 37,871 | 46,362 | 62,852 | 55,050 | 63,637 | 22,881 | 39,974 | 68,704 | 16,389 | 63,687 | 47,099 | 53,704 | 41,343 |
| Depreciation | 807,673 | 414,694 | 492,591 | 505,810 | 216,887 | 949,762 | 17,687 | 177,383 | 599,870 | 221,226 | 771,365 | 238,599 | 186,831 | 317,825 |
| Amortisation- Computer Software | 38,898 | - | - | - | - | - | - | - | - | 38,898 | - | - | - | - |
| Trade subscriptions, Periodicals & Publications. | - | 13,020 | 27,280 | 14,100 | 4,140 | - | - | 14,530 | - | - | 3,930 | - | 6,900 | - |
| Security services. | 354,447 | 388,332 | 963,798 | 371,154 | 375,903 | 466,483 | - | 350,068 | 878,402 | - | 353,888 | 963,798 | 357,152 | 361,757 |
| License fees for drugs. | 29,604 | 25,033 | 26,763 | 28,806 | 26,328 | 26,763 | 25,033 | 23,689 | 24,739 | 10,728 | 29,502 | 23,902 | 26,328 | 26,270 |
| Sundry expenses. | 450 | 686 | - | 2,240 | - | 1,000 | 100 | 500 | 230 | - | 440 | - | - | - |
| Staff welfare. | 547,252 | 288,269 | 1,246,834 | 574,582 | 580,374 | 530,944 | 291,283 | 332,022 | 263,845 | 127,970 | 477,740 | 698,175 | 318,627 | 226,377 |
| Staff medical expenses. | 93,635 | 149,783 | 309,928 | 135,049 | 102,111 | 114,100 | 66,344 | 90,000 | 105,000 | 25,000 | 116,298 | 135,000 | 75,000 | 110,000 |
| Total | 3,298,614 | 3,648,610 | 5,780,229 | 3,854,625 | 3,012,250 | 2,795,226 | 916,996 | 1,321,668 | 2,565,224 | 440,212 | 2,448,918 | 3,074,845 | 1,265,749 | 2,339,366 |
| TOTAL ADMINISTRATIVE COST | 15,273,209 | 19,575,129 | 40,698,038 | 20,370,073 | 15,316,942 | 15,444,457 | 8,218,375 | 10,240,795 | 13,900,587 | 4,577,855 | 14,737,448 | 16,299,510 | 10,097,312 | 11,571,536 |

NOTES TO THE FINANCIAL STATEMENTS

30.2 OSUSALA -OVERHEADS

| For the year ended 31st December 2021 | OSU SALA TRADING BORELLA | OSU SALA TRADING EMBILIPITIYA | OSU SALA TRADING KDY- RAILWAY | OSU SALA TRADING GAMPAHA | OSU SALA TRADING NAGODA | OSU SALA TRADING BERUWALA | OSU SALA TRADING PILIYANDALA | OSU SALA TRADING NINTHAVUR | OSU SALA TRADING AKKARAIPATTU | OSU SALA TRADING MONARAGALA | OSU SALA TRADING PERADENIYA | OSU SALA TRADING ANAMADUWA | OSU SALA TRADING KDU | OSU SALA TRADING DAMBULLA |
|----------------------------------------------------------------------|--------------------------------|-------------------------------------|-------------------------------------|--------------------------------|-------------------------------|---------------------------------|------------------------------------|----------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|----------------------------------|----------------------------|---------------------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | | | |
| A. ADMINISTRATIVE COST | | | | | | | | | | | | | | |
| PERSONNEL EMOLUMENTS | | | | | | | | | | | | | | |
| Salaries, Wages & Allowances. | 5,988,963 | 6,426,913 | 6,090,243 | 8,527,543 | 6,348,429 | 5,749,197 | 6,919,590 | 4,833,772 | 4,094,481 | 6,143,011 | 7,447,674 | 2,587,666 | 4,429,630 | 6,956,609 |
| Overtime. | 248,028 | 239,954 | 580,218 | 556,151 | 260,108 | 699,830 | 275,610 | 497,542 | 367,059 | 451,021 | 467,364 | 304,415 | 179,558 | 414,108 |
| Uniforms. | 40,161 | 38,560 | 50,064 | 65,499 | 40,211 | 41,560 | 46,702 | 35,461 | 29,970 | 43,960 | 52,046 | 20,367 | 24,819 | 47,055 |
| Insurance for staff | 95,889 | 61,360 | 75,671 | 10,757 | 25,436 | 90,000 | 288,041 | - | 32,508 | 5,845 | - | 8,250 | 118,437 | - |
| Provident fund (E.P.F & E.T.F) | 690,957 | 745,599 | 724,197 | 958,444 | 718,424 | 690,655 | 832,072 | 536,193 | 481,738 | 682,425 | 876,647 | 293,660 | 528,647 | 831,960 |
| Annual bonus | 67,500 | 67,500 | 67,500 | 81,000 | 67,500 | 67,500 | 78,750 | 54,000 | 54,000 | 67,500 | 80,888 | 36,000 | 47,250 | 77,513 |
| Annual per inc. bonus. | 377,871 | 389,541 | 379,931 | 496,056 | 378,916 | 353,899 | 418,705 | 287,733 | 266,946 | 363,911 | 509,890 | 224,898 | 280,450 | 417,755 |
| Housing loan interest | - | 24,387 | 49,888 | 136,496 | 22,077 | - | - | - | - | - | 94,145 | - | 186,767 | 134,582 |
| Attendance bonus | 116,700 | 109,500 | 153,750 | 189,450 | 154,500 | 159,600 | 163,650 | 94,500 | 115,650 | 112,950 | 182,850 | 61,950 | 97,200 | 109,500 |
| Total | 7,626,068 | 8,103,314 | 8,171,462 | 11,021,395 | 8,015,600 | 7,852,240 | 9,023,120 | 6,339,200 | 5,442,351 | 7,870,622 | 9,711,503 | 3,537,206 | 5,892,758 | 8,989,080 |
| TRAVELLING EXPENSES | | | | | | | | | | | | | | |
| Local travelling expenses | 910 | 76,330 | 2,000 | 44,290 | 2,750 | 840 | 3,200 | 500 | - | 19,550 | 2,166 | 4,140 | 50,280 | 27,600 |
| Total | 910 | 76,330 | 2,000 | 44,290 | 2,750 | 840 | 3,200 | 500 | - | 19,550 | 2,166 | 4,140 | 50,280 | 27,600 |
| SUPPLIES & REQUISITES | | | | | | | | | | | | | | |
| Printing & stationery. | 78,468 | 16,657 | 87,647 | 131,647 | 73,544 | 119,444 | 97,617 | 21,010 | 64,974 | 152,514 | 220,882 | 106,229 | 110,768 | 201,543 |
| Total | 78,468 | 16,657 | 87,647 | 131,647 | 73,544 | 119,444 | 97,617 | 21,010 | 64,974 | 152,514 | 220,882 | 106,229 | 110,768 | 201,543 |
| REPAIRS & MAINTENANCE | | | | | | | | | | | | | | |
| Buildings. | 19,534 | 29,922 | 10,321 | 8,190 | 6,604 | 8,865 | 10,588 | 2,810 | 10,605 | 11,375 | 3,532 | 2,680 | 5,490 | 38,960 |
| Furniture, fittings & equipment | 121,587 | 106,440 | 11,038 | 47,769 | 21,815 | 69,427 | 52,908 | 5,805 | 17,904 | 40,948 | 49,840 | 6,129 | 7,431 | 85,961 |
| Computer | - | - | 7,020 | - | - | - | - | - | 990 | - | - | 31,215 | - | - |
| Total | 141,121 | 136,362 | 28,379 | 55,959 | 28,419 | 78,292 | 63,496 | 8,615 | 29,499 | 52,323 | 53,372 | 40,024 | 12,921 | 124,921 |
| TRANSPORTATION, COMMUNICATION, UTILITIES & OTHER SERVICES | | | | | | | | | | | | | | |
| Rent. | - | 634,122 | 209,611 | 1,077,841 | 677,310 | 829,990 | 1,230,560 | 555,213 | 554,827 | 584,212 | 526,984 | 582,887 | - | 766,694 |
| Lease rent amortization | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Rates & taxes. | - | 3,000 | 6,440 | 5,000 | - | - | - | - | - | - | 6,182 | - | - | 5,500 |
| Water bills | - | 10,648 | 5,968 | - | 13,223 | 17,254 | 33,132 | 15,619 | - | 6,235 | - | 14,409 | - | 19,484 |
| Electricity. | - | 240,984 | 223,977 | 326,848 | 281,422 | 293,189 | 389,457 | 268,780 | 204,986 | 264,764 | 139,048 | 258,596 | 165,000 | 332,855 |
| Postage, Telegrams & Telephones. | 30,810 | 41,451 | 66,867 | 35,624 | 54,342 | 23,858 | 38,152 | 41,215 | 40,558 | 61,840 | 26,374 | 39,340 | 22,034 | 59,993 |
| Depreciation | 335,250 | 371,289 | 659,759 | 511,555 | 518,070 | 809,500 | 735,962 | 590,474 | 733,086 | 786,786 | 1,041,946 | 662,236 | 347,821 | 995,307 |
| Amortisation- Computer Software | - | - | 38,898 | 38,898 | 38,898 | 38,898 | 38,898 | 38,898 | 38,898 | 38,898 | 38,898 | 38,898 | 38,898 | 38,898 |
| Trade subscriptions, Periodicals & Publications. | - | 1,190 | 1,060 | - | - | - | - | - | - | - | - | 6,780 | - | - |
| Security services. | 354,132 | 357,518 | 376,995 | 375,312 | 353,330 | 352,801 | 374,091 | 354,168 | 352,743 | 354,168 | - | 355,936 | - | 358,634 |
| License fees for drugs. | 24,246 | 23,360 | 26,682 | 25,289 | 25,263 | 20,229 | 25,955 | 24,056 | 22,468 | 20,670 | 25,376 | 23,902 | 23,902 | 25,244 |
| Sundry expenses. | - | - | 1,500 | 375 | - | - | - | 914 | - | - | - | - | 55 | 465 |
| Staff welfare. | 205,572 | 323,808 | 332,488 | 532,395 | 222,517 | 427,852 | 270,655 | 299,646 | 236,074 | 404,117 | 422,896 | 252,127 | 251,038 | 293,990 |
| Staff medical expenses. | 90,000 | 82,520 | 75,000 | 80,949 | 90,000 | 72,000 | 84,784 | 60,000 | 55,300 | 75,000 | 89,691 | 30,000 | 37,867 | 105,531 |
| Total | 1,040,010 | 2,089,889 | 2,025,244 | 3,010,084 | 2,274,374 | 2,885,571 | 3,221,646 | 2,248,981 | 2,238,939 | 2,596,689 | 2,317,395 | 2,265,110 | 886,615 | 3,002,594 |
| TOTAL ADMINISTRATIVE COST | 8,886,577 | 10,422,552 | 10,314,732 | 14,263,375 | 10,394,687 | 10,936,388 | 12,409,079 | 8,618,306 | 7,775,764 | 10,691,698 | 12,305,318 | 5,952,709 | 6,953,342 | 12,345,739 |

NOTES TO THE FINANCIAL STATEMENTS

30.2 OSUSALA -OVERHEADS

| For the year ended 31st December 2021 | OSU SALA TRADING MATALE | OSU SALA TRADING B.S.BADULLA | OSU SALA TRADING MATHUGAMA | OSU SALA TRADING NARAHENPITA | OSU SALA TRADING MADAWACHCHIYA | OSU SALA TRADING PITAKOTTE | OSU SALA TRADING HORANA | REGIONAL STORES KANDY | OSUSALA TOTAL TRADING ACTIVITIES |
|----------------------------------------------------------------------|-------------------------------|------------------------------------|----------------------------------|------------------------------------|--------------------------------------|----------------------------------|-------------------------------|-----------------------------|----------------------------------------|
| A. ADMINISTRATIVE COST | | | | | | | | Rs. | Rs. |
| PERSONNEL EMOLUMENTS | | | | | | | | | |
| Salaries, Wages & Allowances. | 5,598,492 | 4,355,503 | 4,442,081 | 1,673,020 | 911,573 | 1,594,946 | 909,568 | 7,090,534 | 463,353,737 |
| Overtime. | 246,815 | 173,278 | 279,350 | 169,808 | 112,347 | 249,707 | 100,295 | 361,721 | 31,588,344 |
| Uniforms. | 25,259 | 26,817 | 25,970 | 5,700 | 800 | 2,800 | 800 | 46,211 | 3,127,759 |
| Insurance for staff | 31,393 | 20,298 | 13,637 | 2,575 | - | - | 3,200 | 137,123 | 6,337,994 |
| Provident fund (E.P.F & E.T.F) | 632,622 | 492,999 | 483,012 | 201,269 | 94,513 | 156,640 | 76,128 | 844,918 | 54,341,008 |
| Annual bonus | 54,000 | 40,500 | 40,500 | 18,000 | 10,069 | 15,750 | 6,750 | 81,000 | 5,076,113 |
| Annual per inc. bonus. | 300,836 | 247,325 | 238,146 | 119,880 | 52,161 | 84,956 | 37,742 | 452,041 | 29,234,692 |
| Housing loan interest | - | - | 104,632 | 42,869 | - | - | - | 31,647 | 3,836,663 |
| Attendance bonus | 95,700 | 78,600 | 89,400 | 43,200 | 18,750 | 44,700 | 24,000 | 160,350 | 10,164,850 |
| Total | 6,985,117 | 5,435,319 | 5,716,727 | 2,276,322 | 1,200,213 | 2,149,499 | 1,158,484 | 9,205,545 | 607,061,160 |
| TRAVELLING EXPENSES | | | | | | | | | |
| Local travelling expenses | 2,170 | 9,282 | 4,470 | 10,400 | 690 | 1,080 | 4,000 | 61,545 | 716,128 |
| Total | 2,170 | 9,282 | 4,470 | 10,400 | 690 | 1,080 | 4,000 | 61,545 | 716,128 |
| SUPPLIES & REQUISITES | | | | | | | | | |
| Printing & stationery. | 259,082 | 30,010 | 83,645 | 27,428 | 7,623 | 10,843 | - | 166,460 | 8,012,594 |
| Total | 259,082 | 30,010 | 83,645 | 27,428 | 7,623 | 10,843 | - | 166,460 | 8,012,594 |
| REPAIRS & MAINTENANCE | | | | | | | | | |
| Buildings. | 7,827 | 4,865 | 8,886 | 1,164 | 7,608 | 3,750 | 5,325 | 55,712 | 2,315,515 |
| Furniture, fittings & equipment | 70,869 | 20,387 | 31,345 | 10,370 | 1,500 | - | 1,395 | 156,770 | 3,363,382 |
| Computer | - | - | - | 700 | - | - | - | 3,475 | 148,328 |
| Total | 78,696 | 25,252 | 40,231 | 12,234 | 9,108 | 3,750 | 6,720 | 215,957 | 5,827,225 |
| TRANSPORTATION, COMMUNICATION, UTILITIES & OTHER SERVICES | | | | | | | | | |
| Rent. | 902,655 | - | 512,494 | 409,349 | 172,478 | 377,252 | 88,353 | 1,541,450 | 28,561,831 |
| Lease rent amortization | - | 115,050 | - | - | - | - | - | - | 617,474 |
| Rates & taxes. | 5,900 | - | - | - | - | - | - | 3,000 | 893,113 |
| Water bills | 12,175 | 8,350 | - | - | - | 3,254 | 1,152 | 41,197 | 944,834 |
| Electricity. | 193,952 | 133,673 | 318,484 | - | 122,451 | 96,229 | 27,001 | 347,064 | 21,162,940 |
| Postage, Telegrams & Telephones. | 47,181 | 47,261 | 29,015 | 44,151 | 6,874 | 3,971 | 9,125 | 55,339 | 2,456,142 |
| Depreciation | 769,988 | 640,160 | 738,595 | 210,711 | 131,048 | 198,547 | 126,187 | 638,969 | 28,972,932 |
| Amortisation- Computer Software | 38,898 | 38,898 | 38,898 | 38,898 | - | - | - | 38,898 | 816,860 |
| Trade subscriptions, Periodicals & Publications. | 13,560 | - | - | - | - | - | - | 9,270 | 234,890 |
| Security services. | 355,284 | 361,616 | 360,157 | - | 68,334 | 72,683 | 74,533 | 927,198 | 24,047,983 |
| License fees for drugs. | 24,056 | 23,902 | 23,902 | 10,244 | 23,902 | 23,902 | 23,902 | 15,321 | 1,222,524 |
| Sundry expenses. | 1,130 | - | - | - | 1,570 | 256 | 2,130 | - | 96,277 |
| Staff welfare. | 317,081 | 240,716 | 250,020 | 78,428 | 69,065 | 63,795 | 41,585 | 336,028 | 23,080,972 |
| Staff medical expenses. | 58,209 | 20,692 | 45,000 | 30,000 | 5,000 | - | - | 120,251 | 5,745,410 |
| Total | 2,740,069 | 1,630,318 | 2,316,565 | 821,782 | 600,722 | 839,890 | 393,968 | 4,073,984 | 138,854,182 |
| TOTAL ADMINISTRATIVE COST | 10,065,135 | 7,130,181 | 8,161,639 | 3,148,165 | 1,818,356 | 3,005,062 | 1,563,171 | 13,723,491 | 760,471,288 |

NOTES TO THE FINANCIAL STATEMENTS

30.3 OTHER OPERATING EXPENSES

| For the year ended 31st December 2021 | 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 | OSU SALA TRADING AMPARA | OSU SALA TRADING HAMBANTOTA |
|-------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------|---------------------------------|-------------------------------|----------------------------------|------------------------------|---------------------------------|------------------------------|-------------------------------|-----------------------------------|-------------------------------|-----------------------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Stock adj. (Excess/ Shortage)- Note 30.4 | (149,189) | (187,927) | 868,325 | 4,608 | (952) | (7,183) | 24,786 | 8,278 | (58,063) | (39,981) | (25,875) | 556 | (5,601) | 4,754 |
| Outdated & damages Note 30.4 | 1,214,847 | 565,302 | 494,442 | 1,413,748 | 339,866 | 110,746 | 144,510 | 29,843 | 17,160 | 79,348 | 10,544 | 635,101 | 37,052 | 59,747 |
| Sundry packing materials. | 2,179,369 | 466,683 | 30,843 | 738,043 | 305,072 | 119,159 | 214,423 | 162,285 | 450,196 | 345,886 | 235,495 | 693,485 | 131,503 | 53,839 |
| Total | 3,245,028 | 844,059 | 1,393,610 | 2,156,400 | 643,987 | 222,722 | 383,719 | 200,406 | 409,293 | 385,252 | 220,164 | 1,329,141 | 162,954 | 118,340 |

| For the year ended 31st December 2021 | OSU SALA TRADING A'PURA | OSU SALA TRADING MAHARAGAMA | OSU SALA TRADING J. PURA | OSU SALA TRADING KARAPITIYA | OSU SALA TRADING NEGOMBO | OSU SALA TRADING BADULLA- CWE | OSU SALA TRADING DIYATHALAWA | OSU SALA TRADING JAFFNA | OSU SALA TRADING POLONNARUWA | SATHOSA OUTLETS RATMALANA | OSU SALA TRADING TANGALLE | OSU SALA TRADING RAGAMA | OSU SALA TRADING BANDARAGAMA | OSU SALA TRADING FORT |
|-----------------------------------------|-------------------------------|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|-------------------------------------|------------------------------------|-------------------------------|------------------------------------|---------------------------------|---------------------------------|-------------------------------|------------------------------------|-----------------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Stock adj. (Excess/ Shortage) Note 30.4 | (271) | (39,895) | 23,781 | (13,247) | (33,102) | 30,667 | - | (2,153) | 321 | 21,980 | (4,948) | (8,451) | (9,053) | (13,068) |
| Outdated & damages Note 30.4 | 15,149 | 15,839 | 211,046 | 117,725 | 40,681 | 99,119 | 3,788 | - | 14,342 | 86,589 | 177,080 | - | 6,021 | 5,780 |
| Sundry packing materials. | 661,619 | 186,581 | 402,320 | 207,814 | 284,411 | 61,086 | 32,549 | 123,087 | 220,625 | 58,634 | 119,606 | 402,402 | 69,284 | 137,826 |
| Total | 676,497 | 162,524 | 637,148 | 312,293 | 291,991 | 190,872 | 36,337 | 120,934 | 235,288 | 167,203 | 291,737 | 393,952 | 66,252 | 130,538 |

| For the year ended 31st December 2021 | OSU SALA TRADING BORELLA | OSU SALA TRADING EMBILIPITIYA | OSU SALA TRADING KDY-RAILWAY | OSU SALA TRADING GAMPAHA | OSU SALA TRADING NAGODA | OSU SALA TRADING BERUWALA | OSU SALA TRADING PILIYANDALA | OSU SALA TRADING NINTHAVUR | OSU SALA TRADING AKKARAIPATTU | OSU SALA TRADING MONARAGALA | OSU SALA TRADING PERADENIYA | OSU SALA TRADING ANAMADUWA | OSU SALA TRADING KDU | OSU SALA TRADING DAMBULLA |
|-----------------------------------------|--------------------------------|-------------------------------------|------------------------------------|--------------------------------|-------------------------------|---------------------------------|------------------------------------|----------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|----------------------------------|----------------------------|---------------------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Stock adj. (Excess/ Shortage) Note 30.4 | (8,830) | 26,393 | 47,284 | 156,835 | (71,187) | (6,693) | 50,019 | 19,193 | 31,587 | (12,056) | (1,475) | (8,613) | 4,544 | (55,550) |
| Outdated & damages Note 30.4 | 94,456 | 271,591 | 127,331 | 98,510 | 73,419 | 7,976 | 28,941 | 140,282 | 140,125 | 71,669 | 8,395 | 392,124 | 113,449 | 4,412,492 |
| Sundry packing materials. | 74,669 | 205,445 | 60,643 | 355,009 | 133,822 | 167,967 | 77,515 | 64,277 | 297,822 | 233,368 | 377,944 | 205,049 | 177,811 | 218,698 |
| Total | 160,295 | 503,428 | 235,258 | 610,354 | 136,054 | 169,251 | 156,474 | 223,753 | 469,533 | 292,981 | 384,865 | 588,561 | 295,804 | 4,575,640 |

| For the year ended 31st December 2021 | OSU SALA TRADING MATALE | OSU SALA TRADING B.S.BADULLA | OSU SALA TRADING MATHUGAMA | OSU SALA TRADING NARAHENPITA | OSU SALA TRADING MADAWACHCHIYA | OSU SALA TRADING PITAKOTTE | OSU SALA TRADING HORANA | REGIONAL STORES KANDY | OSUSALA TOTAL TRADING ACTIVITIES |
|-----------------------------------------|-------------------------------|------------------------------------|----------------------------------|------------------------------------|--------------------------------------|----------------------------------|-------------------------------|-----------------------------|----------------------------------------|
| | Rs. | Rs. | Rs. | | | | | Rs. | Rs. |
| Stock adj. (Excess/ Shortage) Note 30.4 | (4,573) | 5,169 | (4,251) | 741 | 465 | 9,995 | - | (10,028) | 558,069 |
| Outdated & damages Note 30.4 | 64,480 | 609,633 | 148,791 | 94,554 | - | 1,748 | - | 341,285 | 13,186,667 |
| Sundry packing materials. | 353,372 | 80,188 | 186,254 | 36,165 | 8,516 | 35,148 | - | 1,180 | 12,444,986 |
| Total | 413,279 | 694,991 | 330,794 | 131,459 | 8,981 | 46,891 | - | 332,437 | 26,189,722 |

NOTES TO THE FINANCIAL STATEMENTS

30.4 OSUSALA TRADING STOCK

2021

| As at 31st December | Bin Balance | Stock Adj. | Trading Stock in Hand | Prov. for Damaged & Outdated Stock | Prov. for Unrealized Profit | Stock |
|---------------------|-------------|------------|-----------------------|------------------------------------|-----------------------------|--------------------|
| Location | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Colombo 07 | 173,819,726 | (149,189) | 173,968,914 | 1,214,847 | 3,689,263 | 169,064,805 |
| Colombo 04 | 105,297,595 | (187,927) | 105,485,521 | 784,236 | 3,819,129 | 100,882,156 |
| Colombo 01 | 62,420,220 | 868,325 | 61,551,895 | 510,194 | 2,192,022 | 58,849,678 |
| Kandy | 60,219,083 | 4,608 | 60,214,475 | 1,413,748 | 2,497,779 | 56,302,948 |
| Nugegoda | 29,725,799 | (952) | 29,726,751 | 339,866 | 1,220,942 | 28,165,943 |
| Avissawella | 14,836,244 | (7,183) | 14,843,427 | 110,746 | 833,048 | 13,899,633 |
| Rathnapura | 22,837,954 | 24,786 | 22,813,168 | 144,510 | 1,189,906 | 21,478,752 |
| Minuwangoda | 18,506,524 | 8,278 | 18,498,246 | 29,843 | 1,233,535 | 17,234,869 |
| Panadura | 38,227,205 | (58,063) | 38,285,268 | 17,160 | 2,015,366 | 36,252,743 |
| Galle | 24,232,638 | (39,981) | 24,272,619 | 79,348 | 1,362,158 | 22,831,113 |
| Matara | 30,113,300 | (25,875) | 30,139,176 | 10,544 | 1,164,637 | 28,963,994 |
| Kurunegala | 56,464,757 | 556 | 56,464,201 | 635,101 | 3,300,175 | 52,528,925 |
| Ampara | 23,144,640 | (5,601) | 23,150,240 | 37,052 | 1,470,893 | 21,642,296 |
| Hambantota | 24,401,673 | 4,754 | 24,396,920 | 59,747 | 1,277,794 | 23,059,378 |
| Anuradhapura | 19,275,362 | (271) | 19,275,633 | 15,149 | 1,104,512 | 18,155,972 |
| Maharagama | 34,465,005 | (39,895) | 34,504,900 | 15,839 | 1,491,651 | 32,997,410 |
| Jayawardanapura | 38,756,540 | 23,781 | 38,732,759 | 211,046 | 1,153,729 | 37,367,983 |
| Karapitiya | 25,858,716 | (13,247) | 25,871,963 | 117,725 | 1,298,017 | 24,456,220 |
| Negombo | 13,314,608 | (33,102) | 13,347,710 | 40,681 | 576,772 | 12,730,257 |
| Badulla - CWE | 22,481,572 | 30,667 | 22,450,905 | 99,119 | 1,047,162 | 21,304,623 |
| Diyathalawa | 12,684,003 | - | 12,684,003 | 3,788 | 655,560 | 12,024,656 |
| Jaffna | 29,141,130 | (2,153) | 29,143,283 | - | 1,535,604 | 27,607,679 |
| Polonnaruwa | 25,087,762 | 321 | 25,087,441 | 14,342 | 1,668,689 | 23,404,410 |
| Ratmalana | 3,679,039 | 21,980 | 3,657,059 | 86,589 | 193,967 | 3,376,503 |
| Tangalle | 29,583,284 | (4,948) | 29,588,233 | 177,080 | 1,799,959 | 27,611,194 |
| Ragama | 25,044,756 | (8,451) | 25,053,207 | - | 1,462,915 | 23,590,292 |

2020

| Bin Balance | Stock Adj. | Trading Stock in Hand | Prov. for Damaged & Outdated Stock | Prov. for Unrealized Profit | Stock |
|-------------|------------|-----------------------|------------------------------------|-----------------------------|--------------------|
| Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| 179,397,981 | (288,054) | 179,686,035 | 354,010 | 3,797,646 | 175,534,380 |
| 104,829,274 | (20,773) | 104,850,047 | 73,550 | 2,922,044 | 101,854,453 |
| 74,189,314 | (103,324) | 74,292,638 | 351,366 | 2,502,055 | 71,439,218 |
| 70,084,407 | (11,279) | 70,095,686 | 604,630 | 2,751,029 | 66,740,027 |
| 35,874,185 | 89,891 | 35,784,294 | 264,099 | 1,085,603 | 34,434,593 |
| 15,920,941 | (2,124) | 15,923,065 | 101,130 | 656,198 | 15,165,737 |
| 21,990,164 | 135,102 | 21,855,062 | 96,267 | 1,093,140 | 20,665,656 |
| 13,735,057 | (159,772) | 13,894,829 | 2,386 | 783,322 | 13,109,120 |
| 38,102,748 | 5,614 | 38,097,134 | 59,393 | 1,729,868 | 36,307,874 |
| 21,136,337 | 11,625 | 21,124,712 | 57,143 | 971,811 | 20,095,758 |
| 16,017,282 | 41,092 | 15,976,189 | 28,699 | 863,846 | 15,083,644 |
| 63,597,482 | 3,513 | 63,593,969 | 204,089 | 2,650,712 | 60,739,168 |
| 29,154,452 | (6,122) | 29,160,573 | 31,090 | 1,683,546 | 27,445,937 |
| 24,537,812 | (16,670) | 24,554,482 | 19,140 | 1,113,264 | 23,422,078 |
| 17,579,492 | (19,822) | 17,599,314 | 150,706 | 1,009,629 | 16,438,979 |
| 41,211,822 | (10,572) | 41,222,394 | 54,922 | 1,470,386 | 39,697,085 |
| 46,560,343 | (14,507) | 46,574,850 | 149,427 | 1,274,480 | 45,150,943 |
| 27,965,381 | (4,591) | 27,969,972 | 54,505 | 1,190,877 | 26,724,591 |
| 15,917,021 | (51,351) | 15,968,372 | 4,036 | 545,446 | 15,418,890 |
| 19,171,106 | 46,103 | 19,125,003 | 118,773 | 754,040 | 18,252,190 |
| 8,241,244 | - | 8,241,244 | 55,385 | 497,702 | 7,688,158 |
| 23,598,955 | (5,195) | 23,604,150 | 1,214 | 915,910 | 22,687,026 |
| 25,857,082 | (5,547) | 25,862,629 | 18,267 | 1,315,021 | 24,529,341 |
| 3,249,408 | - | 3,249,408 | 66,230 | 159,538 | 3,023,640 |
| 26,690,501 | (8,093) | 26,698,594 | 152,409 | 1,488,774 | 25,057,411 |
| 23,250,249 | (2,491) | 23,252,740 | - | 1,144,448 | 22,108,292 |

NOTES TO THE FINANCIAL STATEMENTS

30.4 OSUSALA TRADING STOCK

2021

| As at 31st December | Bin Balance | Stock Adj. | Trading Stock in Hand | Prov. for Damaged & Outdated Stock | Prov. for Unrealized Profit | Stock |
|----------------------------|----------------------|----------------|-------------------------|------------------------------------|-----------------------------|----------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Bandaragama | 10,067,969 | (9,053) | 10,077,021 | 6,021 | 595,806 | 9,475,195 |
| Fort - Station | 11,393,070 | (13,068) | 11,406,138 | 5,780 | 542,888 | 10,857,470 |
| Borella | 9,328,684 | (8,830) | 9,337,515 | 94,456 | 440,191 | 8,802,869 |
| Embilipitiya | 10,578,859 | 26,393 | 10,552,466 | 271,591 | 542,311 | 9,738,564 |
| KDY-Railway | 11,328,935 | 47,284 | 11,281,651 | 127,331 | 610,899 | 10,543,421 |
| Gampaha | 32,769,043 | 156,835 | 32,612,208 | 98,510 | 2,145,813 | 30,367,884 |
| Nagoda | 21,354,714 | (71,187) | 21,425,901 | 73,419 | 1,368,416 | 19,984,065 |
| Beruwala | 11,622,736 | (6,693) | 11,629,428 | 7,976 | 698,045 | 10,923,407 |
| Piliyandala | 16,091,869 | 50,019 | 16,041,850 | 28,941 | 1,018,742 | 14,994,168 |
| Ninthavur | 6,806,953 | 19,193 | 6,787,760 | 140,282 | 413,224 | 6,234,253 |
| Akkaraipattu | 10,753,025 | 31,587 | 10,721,439 | 140,125 | 636,730 | 9,944,584 |
| Monaragala | 16,094,712 | (12,056) | 16,106,768 | 71,669 | 1,014,271 | 15,020,828 |
| Peradeniya | 14,704,556 | (1,475) | 14,706,031 | 8,395 | 778,640 | 13,918,996 |
| Anamaduwa | 5,837,532 | (8,613) | 5,846,145 | 392,124 | 248,958 | 5,205,062 |
| Kotalawala defence Academy | 18,858,273 | 4,544 | 18,853,729 | 113,449 | 477,417 | 18,262,863 |
| Dambulla | 24,915,829 | (55,550) | 24,971,378 | 4,412,492 | 1,124,726 | 19,434,160 |
| Matale | 14,302,433 | (4,573) | 14,307,006 | 64,480 | 756,686 | 13,485,841 |
| Badulla Bus stand | 9,057,769 | 5,169 | 9,052,600 | 609,633 | 417,499 | 8,025,468 |
| Mathugama | 16,992,183 | (4,251) | 16,996,434 | 148,791 | 827,986 | 16,019,656 |
| Narahenpita | 4,324,913 | 741 | 4,324,172 | 94,554 | 226,582 | 4,003,036 |
| Medawachchiya | 12,894,591 | 465 | 12,894,126 | - | 814,311 | 12,079,815 |
| Pitakotte | 13,791,352 | 9,995 | 13,781,357 | 1,748 | 558,363 | 13,221,245 |
| Horana | 10,851,800 | - | 10,851,800 | - | 485,942 | 10,365,859 |
| Regional Stores Kandy | 24,247,782 | (10,028) | 24,257,810 | 341,285 | - | 23,916,525 |
| Total | 1,302,588,718 | 558,069 | 1,302,030,648.71 | 13,421,353 | 57,999,630 | 1,230,609,666 |

2020

| Bin Balance | Stock Adj. | Trading Stock in Hand | Prov. for Damaged & Outdated Stock | Prov. for Unrealized Profit | Stock |
|----------------------|----------------|-----------------------|------------------------------------|-----------------------------|----------------------|
| Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| 9,865,180 | (1,127) | 9,866,307 | 6,959 | 496,608 | 9,362,739 |
| 13,063,743 | (15,843) | 13,079,586 | 8,733 | 448,830 | 12,622,023 |
| 6,847,881 | 14,185 | 6,833,696 | 86,302 | 301,096 | 6,446,298 |
| 13,974,916 | 60,793 | 13,914,123 | 139,391 | 656,100 | 13,118,631 |
| 13,177,368 | 18,947 | 13,158,421 | 154,184 | 596,011 | 12,408,226 |
| 23,694,031 | 201,687 | 23,492,344 | 76,698 | 1,304,702 | 22,110,945 |
| 22,314,724 | (9,040) | 22,323,764 | 44,698 | 1,187,447 | 21,091,618 |
| 9,602,194 | (5,287) | 9,607,482 | 2,907 | 437,784 | 9,166,790 |
| 21,723,102 | 28,875 | 21,694,227 | 74,399 | 1,052,737 | 20,567,091 |
| 6,370,501 | 31,067 | 6,339,434 | 205,789 | 375,415 | 5,758,230 |
| 10,835,246 | 2,378 | 10,832,868 | 104,493 | 523,037 | 10,205,338 |
| 15,379,663 | (23,741) | 15,403,404 | 68,862 | 885,447 | 14,449,095 |
| 15,924,667 | (16,210) | 15,940,878 | 25,734 | 749,939 | 15,165,204 |
| 7,609,073 | 6,897 | 7,602,176 | 750,925 | 277,823 | 6,573,428 |
| 12,394,991 | 18,223 | 12,376,768 | 48,685 | 398,282 | 11,929,802 |
| 28,391,630 | 67,145 | 28,324,485 | 3,460,998 | 1,097,763 | 23,765,723 |
| 16,080,995 | (38,261) | 16,119,255 | 1,791 | 664,501 | 15,452,963 |
| 8,384,840 | 37,739 | 8,347,101 | 196,999 | 430,008 | 7,720,094 |
| 15,149,487 | 15,908 | 15,133,579 | 14,259 | 677,617 | 14,441,702 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 26,207,886 | (3,177) | 26,211,063 | 218,814 | - | 25,992,250 |
| 1,284,852,160 | (6,188) | 1,284,858,348 | 8,764,486 | 48,931,482 | 1,227,162,381 |

NOTES TO THE FINANCIAL STATEMENTS

31. CAPITAL

There is no change in the Authorized Capital during the year ended 31st December 2021

CONTRIBUTED CAPITAL

Contributed Capital is made up by government grants amounting to Rs 59,055,258 as at 31 Dec 2021.

32. GENERAL RESERVE

| General Reserve | 2021 | 2020 |
|-----------------------------------------|------------------|------------------|
| Balance as at 31 st December | Rs. 66,061,447/- | Rs. 66,061,447/- |

General Reserve of the Corporation has been created out of the profits prior to year 1992, so as to meet future contingencies and not create for any specific purpose.

33. LIABILITIES AND PROVISIONS

The following legal cases are pending as of 31st December 2021, 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.

33.1. Contingent liabilities

The Corporation is a defendant in twelve cases where legal actions instituted by stakeholders of entities involved, claiming Rs.13, 443,391/- and Rs. 4,791,767/- (interest for delay payment). These cases are being contested by the corporation and no provision has been made in the financial statements.

33.1.1 LT Application No. LT4/G/28/2016 (Labour Tribunal Galle – Mr. H.C.R Pieris)

A case was filed in Labour Tribunal by an employee against the dismissal of his employment and the case was laid by due to the pending Magistrate Court case regarding the same matter.

33.1.2 LT Application No. 13/59/2017 (Labour Tribunal No 13. – Mr. M.N. Nayanajith)

The case was filed in Labour Tribunal Colombo by an employee against the dismissal of his employment.

33.1.3 Consumer Affairs Authority (Galle) Vs SPC –45913

The Case has been filed in the Magistrate Courts, Galle against SPC by the Consumer Affairs Authority for a labelling issue.

33.1.4 Kopran Limited India Vs SPC

The above-mentioned supplier has initiated arbitration against SPC to recover the withheld amount from the supplier from ongoing other contracts signed between SPC and the Supplier.

33.1.5 Court of Appeal (Writ) Application No.400/2018- Markss HCL (Pvt) Ltd vs SPC & Others

The Case has been filed by supplier Markss HCL pvt Ltd, Colombo 5 (The bidder) against the decision of the tender board.

33.1.6 Sadaleka Amila Bashini Senanayaka Vs SPC and Others – 4/2017/Writ

Above mentioned Petitioner has filed a writ application to quash the procedure followed and all decisions made by the Seethawaka Urban Council, re-enact all written and verbal agreements and contracts that has made with the petitioner and issue a writ to make all necessary arrangements to handover the possession of the premises given to the petitioner by the Urban Council.

33.1.7 Mr G H Chanaka Vs SPC

An application was filed by Management Assistant (Pharmacist) Mr. G H Chanaka against the vacation of the post of the application.

33.1.8 Yaden International (Pvt) Ltd vs SPC

The above-mentioned supplier has initiated Arbitration against SPC to recover the withheld amount from the supplier from ongoing other contracts signed between SPC and the Supplier.

33.1.9 Steps Construction (Pvt) Ltd vs SPC

Steps Construction (Pvt) Ltd has initiated Arbitration against SPC to recover Rs. 13,443,391.23 (with VAT) and Rs. 4,791,767.50 (Interest for delay payment) due to them for the construction of proposed Oral Rehydration Sault (ORS) Factory.

NOTES TO THE FINANCIAL STATEMENTS

33.1.10 Case No. CA/WRIT/181/2021 – Fresenius Medical Care (Pvt) Ltd. vs SPC

The case has been filed by the supplier Fresenius Medical Care (Pvt) Ltd to challenge the award given to the successful bidder.

33.1.11 Case No. CA/WRIT/264/2021 – LK Pharmaceuticals (Pvt) Ltd vs SPC

The case has been filed by the supplier L K Pharmaceuticals (Pvt) Ltd to mandamus and prohibition seeking writs of certiorari.

33.1.12 Case No. CA/WRIT/589/2021 – CIC Holding (Pvt) Ltd vs SPC

The case has been filed by the supplier CIC Holding (Pvt) Ltd to challenge the award given to the successful bidder.

33.2 The corporation is the plaintiff in four Cases claiming Rs 12,253,965.64 with legal interest for the damages.

33.2.1 Osusala – Negombo - Case No. L 30202

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.

33.2.2 SPC Vs Nestor Pharmaceuticals Limited, India

A case has been filed by SPC against the M/S Nestor Pharmaceuticals Limited, India for not settling the Debit Note value USD 41,896 (LKR 4,813,512/-) against quality failures reported in their supplies.

33.2.3 SPC Vs Unibios Laboratories Ltd, India and Others

This case has been filed by SPC against the above-mentioned supplier for not settling the Debit Note value USD 10,604.80 (LKR 1,207,885.59) against quality failures reported in their supplies.

33.2.4 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. 2,368,958.28.

33.3 Financial Commitments

Document credit established for purchases of pharmaceuticals as at 31.12.2021 amounts to Rs.15,572 million

34. 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.

| | 2021 | 2020 |
|-----|--------------------|--------------------|
| SPC | Rs. 1,311,824,059 | Rs. 1,426,074,422 |
| DHS | Rs. 52,639,279,630 | Rs. 34,213,326,174 |

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 for distributors, Franchised Osusalas & Authorized Retailers. In addition, a premium is charged from clients who wish to buy on credit in excess of the bank guarantee limit.

NOTES TO THE FINANCIAL STATEMENTS

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 Corporation's financial liabilities based on contractual undiscounted payments.

| Year ended 31 December 2021: | (Rs) | Maturity |
|---------------------------------------|----------------|----------------------------|
| Interest-bearing loans and borrowings | 569,624,426 | OD – Payable on demand |
| Long Term Loans | 11,466,255,552 | Repayable within 72 months |
| Trade and other payables | 16,164,216,448 | Usually 03 months |

| Year ended 31 December 2020: | (Rs) | Maturity |
|---------------------------------------|----------------|----------------------------|
| Interest-bearing loans and borrowings | 55,929,000 | OD – Payable on demand |
| Long Term Loans | 11,876,000,000 | Repayable within 84 months |
| Trade and other payables | 16,131,036,325 | Usually 03 months |

| | 2021 Rs | 2020 Rs |
|---------------------------------------|--------------------|--------------------|
| Interest-bearing loans and borrowings | 569,624,426 | 55,929,000 |
| Long Term Loans | 11,466,255,552 | 11,876,000,000 |
| Trade and other payables | 16,164,216,448 | 16,131,036,325 |
| Less: cash and short-term deposits | (1,111,456,668) | (1,225,357,866) |
| Net debt | 27,088,639,758 | 26,837,607,459 |
| Equity | | |
| Capital and net debt | 41,864,438,172 | 39,171,403,562 |

35. RELATED PARTY TRANSACTIONS

35.1 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 | 2021 RS | 2020 RS |
|-----------------------------------------------|--------------------|--------------------|
| Transactions: | | |
| Sales - | 70,811,344,509 | 54,323,564,615 |
| Outstanding Balances: | | |
| Receivable from Medical Supplies Division | 52,639,279,630 | 34,213,326,174 |
| Receivable from Forces | 650,306,321 | 706,184,859 |
| Receivable from Government hospitals | 92,390,446 | 140,042,955 |
| Receivable from Other Government Institutions | 69,938,268 | 105,330,015 |

35.2 Key Management Compensation

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

| | 2021 RS | 2020 RS |
|--------------------------------|--------------------|--------------------|
| Short term employment benefits | 4,653,785 | 4,038,290 |

36. 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.

My No.- MSU/A/SPC/1/21/56/21/56

Date : 29 August 2022

Chairman,

State Pharmaceuticals Corporation of Sri Lanka

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the State Pharmaceuticals Corporation of Sri Lanka for the year ended 31 December 2021 in terms of Section 12 of the National Audit Act No. 19 of 2018.

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the State Pharmaceuticals Corporation of Sri Lanka for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Corporation as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

- (a) According to paragraph 69 of Sri Lanka Accounting Standard 1, 03 fund accounts established for 03 specific purposes total amounting to Rs. 23,012,737 as at 31 December 2021 were disclosed as current liabilities instead of being disclosed as non-current liabilities.
- (b) Although the accounting policies used in the measurement of stocks, including the cost formula used, are required to be disclosed in the financial statements in accordance with Sri Lanka Accounting Standard 2, that disclosures were not made regarding the remaining stocks in pharmacies.
- (c) Fixed assets which cost Rs. 128,816,986 have been fully depreciated due to non-review of residual value and useful life for non-current assets annually as per paragraph 51 of Sri Lanka Accounting Standard 16, but those were continued to be used. Accordingly, the estimated error had not been revised in accordance with Sri Lanka Accounting Standard 8.
- (d) Although Rs. 28,505,210 was reserved for the year under review according to the policy of making an allocation equal to the total value of the stocks that have not been resolved for more than a year, the required disclosures in the financial statements according to paragraph 84 of Sri Lanka Accounting Standard 37 had not been made in that regard.
- (e) Although the difference between the cost of the remaining stocks of the pharmacies and the exchange value of those stocks as at 31 December 2021 should be adjusted as unearned income, only Rs. 57,999,630 equal to 7.8 percent of the stock exchange value was allocated as unearned profits without identifying the cost of the remaining stocks.
- (f) Accrued expenses of Rs. 372,590 had not been accounted as at 31 December 2021.
- (g) The non-accounted value of purchases and sales was Rs. 4,844,109 as at 15 June 2022, which was the date of audit due to that the invoices along with the good receiving notes for the medical supplies purchased from 02 suppliers and supplied to the Medical Supplies Division in the previous year and the year under review have not been

received by the corporation and as a result, the related service fee income of Rs. 193,764 was not accounted.

- (h) According to the information submitted for the audit, it was not disclosed about the receivable additional cost of Rs. 122,150,821 which had to be spent for the medical supplies that had to be purchased from local markets due to the delay of the main order issued to the suppliers from the Medical Supplies Division during the period from the year 2016 to 2021 was collected from the relevant suppliers. Further, the information about the additional cost incurred by the surgical division for that period was not submitted for the audit.
- (i) 95.6 percent of the total debtors or Rs. 52,850,871,522 should have been received from the Medical Supplies Division as at 31 December 2021 according to the financial statements, but the balance on that day was Rs. 25,514,277,913 according to the accounts of the Ministry of Pharmaceutical products, supply and regulation and according to the balance confirmation sent by that State ministry, the balance was Rs. 47,166,179,357. No reasons were given for the difference of Rs. 27,336,593,609 and Rs. 5,684,692,165 respectively.
- (j) According to the accounts of 06 trade creditors who had submitted balance confirmations as at 31 December 2021, the balance was Rs. 47,401,353 and the confirmed balance was Rs. 158,249,299 and due to that there was a net difference of Rs. 110,847,946.
- (k) Although the cost of defective, expired and damaged medical supplies as at 31 December 2021 from medical supplies purchased for sale by pharmacies during the period from the year 1996 to 2021 was Rs. 215,481,045 according to the financial statements, the cost was only Rs. 195,248,445 according to the physical stock verification report on that day and due to that there was a difference of Rs. 20,232,600. The reason for the change was identified as a stock shortage, but the necessary adjustments were not made in the financial statements.
- (l) Although the book value of fixed assets of computers, equipment, furniture and fittings was Rs. 269,710,414 as at 31 December 2021 according to the financial statements, the value was only Rs. 263,538,233 on that day according to the fixed assets

register and due to that, there was a difference of Rs. 6,172,181. No reasons were given for the difference.

- (m) The total sales income in the year under review was Rs. 79,490,401,811 according to the financial statements, but that figure was Rs. 79,284,922,368 according to the performance reports submitted for audit by the marketing division and due to that, there was a difference of Rs. 205,479,443. No reasons were given for the difference.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Other information included in the Corporation's 2021 Annual Report.

The other information comprises the information included in the Corporation's 2021 Annual Report but does not include the financial statements and my auditor's report thereon, which I have obtained prior to the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work I have performed on the other information that I have obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the corporation's financial reporting process.

As per Sub Section 16(1) of the National Audit Act No. 19 of 2018, the fund is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the corporation.

1.5 Auditor's Responsibility for the Audit of the Financial Statements

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

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

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

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 The specific provisions were included about the following requirements in the National Audit Act, No. 19 of 2018.

2.1.1 Except for the effects of the matters described in the basis for Qualified Opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Corporation as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year except the audit observations of 1.2(b),(c) and (e) described in the basis for Qualified Opinion section of my report as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained was limited to matters that are material, nothing has come to my attention.

2.2.1 Whether that any member of the governing body of the Corporation has any direct or indirect interest in any contract entered into by the Corporation which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 Whether that the Corporation has not complied with any applicable written law, general and special directions issued by the governing body of the corporation as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018.

| Reference to Laws, Rules and Regulations | Observation |
|--------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Finance Act No. 38 of 1971 | |
| (i) Section 10(5) of the Public Enterprises Letter No. PED/A/REV/1/15(ii) dated 16 December 2021 | The net surplus income remaining after the appropriations mentioned in the Act shall be credited to the consolidated fund in each year and the Corporation should credit Rs. 350 million to the consolidated fund during the year under review according to the letter of the Department of Public Enterprises. However, only Rs. 128 million had been sent to the treasury for credit to the consolidated fund for the year under review until 20 July 2022 and the remaining amount to be sent was not disclosed in the financial statements. |
| (ii) Section 14(3) | Although the annual report prepared for a particular year should be submitted to the parliament before more than 10 months from the beginning of the following year, along with other related documents, the annual reports for the 03 years of 2018, 2019 and 2020 have not been prepared and submitted to the parliament as at the date of this report. |
| (b) Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka | |
| (i) Financial Regulations 103,104 and 105 | The cost of Rs. 191,865,426 expired stock in the previous year and the year under review as at 31 |

- December 2021 and expired stock in the year under review and the cost of Rs. 40,711,703 quality failure stock in the previous year and the year under review as at that date had not been act in accordance with the financial regulations.
- (ii) Financial Regulations 395 (c) and (f) Although a bank reconciliation statement should be prepared before the 15th day of the following month in relation to the status of the transaction at the end of each month, bank reconciliations related to Bank of Ceylon current account were prepared after a delay of 02 months and bank reconciliation statements for the last 9 months from December 2021 were not prepared in relation to Sampath Bank current account. Also delays in preparation of bank reconciliations were not informed to the Accounting Officer.
- (iii) Financial Regulations 571 The sum of Rs. 349,926, which was more than 02 years from the date of deposit, had not been settled or credit as at 31 December 2021.
- (iv) Financial Regulations 756 and 757 (2) Although the fixed assets should be surveyed annually and copies of the survey reports submitted to the Auditor General, the survey reports for the year under review had not been submitted for audit even as at 05 June 2022.
- (c) Public Enterprises Circular No. 95 dated 14 June 1994 Rs. 70,631,972 for remaining annual leave and Rs. 70,917,585 as performance incentives per

employee per month during the year under review were paid to the staff without obtaining treasury approval.

- | | | |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (d) | Public Enterprises circulars No. PED/03/2018 dated 07 December 2018 and No. PED/03/2021 dated 15 December 2021. | Although the provisions of this circular are not applicable to the corporation having a collective agreement, bonus allowances of Rs. 12,472,594 were paid to each employee at Rs. 13,500 for the year under review according to the provisions of this circular. |
| (e) | Paragraph 4.3 of the Guidelines on Corporative Governance of the Public Enterprises Department Circular No. 01/2021 dated 16 November 2021 | Although the corporation shall appoint a risk management committee to calculate the impact of financial and non-financial risks on the business operations on the institution and take appropriate measures to mitigate the risks affecting the functioning of the institution, the said committee had not been appointed until 31 May 2022. |
| (f) | Treasury Circular No. IAI/2002/02 dated 28 November 2022 | A fixed assets register according to the circular provisions was not maintained for the computer accessories and software with a cost of Rs. 122,520,480 as at 31 December 2021. |

2.2.3 That the powers, duties and functions of the corporation have not been acted upon as per the requirement mentioned in Section 12 (g) of the National Audit Act No. 19 of 2018.

2.2.4 According to the requirement mentioned in Section 12 (h) of the National Audit Act No. 19 of 2018, apart from the following observations, the corporation's resources have not been procured and used in accordance with the relevant rules in a timely manner, efficiently and effectively.

- (a) The contract registration certificate under the Public Contracts Act was not obtained from the supplier in 03 instances of purchase of medicines at a cost of

Rs. 373,196,150 during the year under review and regarding the appointment of Technical Evaluation Committees, a technical evaluation committee consisting of only three people was appointed instead of 05 member technical evaluation committee to evaluate procurements exceeding Rs. 50 million.

- (b) Recognizing it as an urgent caused by the Covid-19 epidemic, the procurement was carried out based on the price quote by one supplier following the direct purchase method and without any technical evaluation and Rs. 14,270,000 was spent for the purchasing of 10,000 Safety Goggles at Rs. 1,400 per each and 200 Safety Goggles at Rs. 1,350 each in the year 2020 for the sale of the Corporation. An advance of 20 percent of the total value of the contract can be paid as per Guideline 5.4.4 of the Government Procurement Guidelines, but on the contrary, Rs. 07 million was paid to the supplier as an advance of 50 percent. Although Seals Safety Goggles should have been supplied as per the quotation, purchase order and goods receiving note submitted by the supplier, instead, a physical audit inspection revealed that 10,200 Swimming Goggles had been provided. Only 54 out of 10,200 Swimming Goggles were sold at Rs. 1,610 each due to purchase without proper identification of need and without proper sales forecast and physical inspections conducted on 9 November and 24 November 2021 revealed that 9,945 Swimming Goggles with a total cost of Rs. 13,915,700 were remained and there was a shortage of 201 Goggles with a total cost of Rs. 281,400.
- (c) 5,000 sets of Personal Protective Equipment (PPE) with a cost of Rs. 21,492,357 had been purchased in the year 2020 for the need of the Medical Supplies Division. The Medical Supplies Division or the corporation had not prepared requirement specifications for PPE kits and the purchase of was made on the Profoma invoice submitted by one supplier without any kind of quotation and technical evaluation. Out of the 5,000 PPE sets that were ordered, a stock of 2,000 sets had been received by the corporation and sent to the Medical Supplies Division, but the relevant stock receiving was refused by stating that only “Isolation Gown” was supplied and the order submitted by the Medical Supplies Division was mentioned as “PPE Set”. Despite that, the second stock consisting of Rs. 3,000 sets of PPE was also received from the supplier and sent to the Medical Supplies Division, but the same stock was rejected for the same reason as mentioned earlier. The Corporation had incurred a loss of Rs. 29,621,717 due to the inability to recover Rs. 21,492,357 and service fee of Rs. 8,129,360 from the Medical Supplies Division. It was observed

that 4,997 sets of PPE were in stock and there was a shortage of 03 sets during the year under review.

- (d) The Medical Supplies Division had purchased 1,560 units of Papaverine HCL vaccine 60mg/2ml at a cost of Rs. 68,595,384 which was identified as the requirement of the year 2021. As only one bidder had submitted bids according to the international open competitive bids made by the corporation for this procurement and the bid for one unit was Rs. 40,868.98 even though the estimated price of a vaccine unit was Rs. 255.07, the prices should have been called again, but the procurement committee of the department had approved the purchase of 3,125 vaccine units for Rs. 127,715,569 at Rs. 40,868.98 per unit without doing that. Although a technical evaluation committee of 05 members should be appointed by the Ministry of health to evaluate procurements exceeding Rs. 50 million according to the procedure followed by the corporation regarding the appointment of technical evaluation committees, a technical evaluation committee appointed by the corporation consisting of only 03 members had evaluated the bids. Although the Medical Supplies Division had informed that the order should be placed after considering the existing stock level before opening the letters of credit or after obtaining the approval of the Medical Supplies Division, the Corporation had not done accordingly. Also, due to the annual use is 650 vaccine units according to the decision of the departmental procurement committee, letters of credit should have been opened only for 40 percent of the total amount of vaccine units or 1,250 vaccine units, but letters of credit of Rs. 68,727,298 had been opened for 1,563 vaccine units beyond the approval of the departmental procurement committee. Out of 1,560 vaccine units purchased on 18 July 2021, 1,421 vaccine units were remained by 20 August 2022 and it was observed that they will expire in February 2023. The contract had not been registered under the General contracts Act No. 03 of 1987 and the registration certificate had not been obtained to the corporation.

2.3 Other Matters

- (a) Standard operating procedures were not prepared for the marketing process of the corporation.

- (b) Although it had expected a sales target of Rs. 10,673,503,000 through corporation sales for the year under review, a sales target of Rs. 1,242,551,008, which was 11 percent of the expected target, could not be achieved due to the actual sales, were only Rs. 9,430,951,992. Also, a sales target of Rs. 127,913,984,000 was expected for the Medical Supplies Division, but a sales target of Rs. 57,803,549,737, which was 45 percent of the expected target, had not been achieved due to the actual sales were only Rs. 70,110,434,263. The Chairman informed that the reasons for this were the Covid 19 epidemic situation as well as the postponement of some orders to the next years and the fully cancellation of some orders by the Medical Supplies Division.
- (c) The Corporation had purchased 90,000 units of Famotidine tablets USP (40 mg) in size (10*10) packs at a cost of Rs. 12,483,155 during the year under review. It was confirmed that the expiry date of 02 batches of drugs received at the warehouse had been changed with a pen. According to the recommendation given by the Quality Deficiency Committee on 27 October 2021, all categories of this medicine were not rejected and withdrawn. As there were only 9,376 packaging units saved with a cost of Rs. 1,300,467 which is expiry date had been changed by 05 January 2022, it was observed that expired medicines had been sold even on the date of receiving the supply. The late charges of Rs. 914,057 to be charged for the 22 days delay related to this supply had not been recovered until the date of this report.
- (d) Due to the average monthly sales requirement was 1,159 packing units, the annual sales requirement was 13,908 packing units, but despite that, although 40,000 packaging units were to be received to the corporation from a previous order, regardless of that, 72,000 packaging units of Levofloxacin tablets (500 mg) in size (3*10) were ordered and 36,000 packaging units were purchased at Rs. 5,522,480 for the sale of the corporation in the year 2019. 9,902 packaging units that had been procured from a previous order and 22,357 packaging units out of 36,000 packaging units had failed to be sold by 28 February 2022 and at that time, a loss of Rs. 5,242,790 had been incurred due to that the 45,092 packaging units had been expired. But the responsible parties were not identified and necessary steps were not taken.
- (e) 09 items of medicines which had been purchased for sale by the corporation, but retained without issuing for sale due to deficiencies in the conditions, with a total cost of Rs. 4,938,039 had already expired on 22 April 2022. The Corporation had incurred

a loss of Rs. 4,938,039 due to not taking proper measures at the right time regarding those stocks.

- (f) Due to that the stocks of medical supplies which had been purchased for the Medical Supplies Division during the period of 17 years from the year 2005 to the year 2021, but retained due to the refusal of acceptance by that division and the stocks of medical supplies which had a total cost of Rs. 345,248,597 were stored in private warehouses, the total additional storage cost incurred by the corporation during that period was Rs. 19,805,997. It was also observed that storage cost is increasing day by day due to that no arrangements have been made for proper disposal of those stocks.
- (g) Due to the lack of sufficient storage facilities in the storage complex of the Medical Supplies Division, 28 folders related to 28 indents imported by the corporation in the years 2021 and 2022 were retained in a private warehouse for a period of 06 months from 20 august 2021 to 21 February 2022 and the Corporation had paid Rs. 48,278,583 as storage cost for those 06 months. But, this additional cost which had to be incurred by the corporation was not recovered from the Medical Supplies Division.
- (h) Due to supply of quality failure and damaged drugs and under supply of drugs to Medical Supplies Division, it had failed to charge the money until 30 June 2022 for the debit notes of Rs. 943,753,927 that had been issued by 31 December 2021 to recover the cost, administrative fees and the cost of destroying the stock from the suppliers. Out of that, Rs. 71,031,227 was to be recovered from blacklisted suppliers and due to that, recovery was in an uncertain situation.
- (i) According to the financial statements, the total cost of drugs that had been purchased for sale by the corporation but failed, expired and damaged as at 01 January 2021 was Rs. 215,481,045 and the total cost of failed, expired and damaged drugs was Rs. 128,932,861 during the year under review. Out of the total cost of Rs. 40,711,703, Rs. 25,043,872 in the previous year and the year under review had not been collected from the suppliers even on 01 June 2022. Also, the total loss incurred by the corporation due to the expiry and damage of drugs in the previous year and the year under review was Rs. 191,865,426.
- (j) Out of 50 pharmacies owned by the corporation, 26 pharmacies had incurred losses of Rs. 53,239,900 during the year under review. The loss of 10 pharmacies had increased

from 15 percent to 175 percent compared to last year. Furthermore, 04 pharmacies of Rathnapura, Sri Jayawardhanapura hospital, Bandaragama and Monaragala which had earned profits in the previous year, had made losses in the year under review. It was also observed that the profit received in the reviewed year had decreased from 5.7 percent to 7,411 percent of 09 pharmacies in comparison with the profit received in the previous year. The Chairman informed that the cause of this was the Covid 19 epidemic.

- (k) Dambulla pharmacy, which had the highest loss of Rs. 5,902,985 in the year under review, had a loss of Rs. 4,896,404 in the last year. Damage or expiration of medical supplies of Rs. 3,460,998 and Rs. 4,412,492 respectively in the years 2020 and 2021 was the main cause for such loss. This situation was caused by that the sales forecasts of the drugs did not correctly identify the annual requirement and did not focus on the high stock levels of drugs with low sales percentage and transfer them to the pharmacies with high sales.
- (l) There was no numerical change in pharmacy staff during the year under review as compared to the previous year, but staff expenses in 32 pharmacies had increased in the range of 10 percent to 32 percent. 12 pharmacies were losses incurred during the year under review. Also, the staff expenses of the Sri Jayawardhanapura hospital pharmacy had increased by Rs. 4,760,913 in the reviewed year compared to the previous year and it had directly affected the loss of that pharmacy. The Chairman was informed that, according to the collective agreement, the increase in staff salaries during the year under review and the decrease in income due to the Covid 19 epidemic situation was the reason for this.
- (m) Due to the stock of oxygen purchased for the Medical Supplies Division was directly supplied to the hospitals by the relevant supplier during the year under review, as the invoices with the stamp certifying that they were delivered to the Medical Supplies Division were not received from the Corporation, the Corporation had failed to issue the relevant debit notes. Due to this, the advance of Rs. 169,260,160 paid to the supplier had not been settled by 31 May 2022.
- (n) According to the physical stock survey reports of pharmacies as at 31 December 2021, the stock surplus was Rs. 4,850,246 and the stock shortage was Rs. 5,408,315 and it

was Rs. 5,943,386 and Rs. 5,937,198 respectively in previous year. Although errors in the preparation of sales invoices and stock packaging, errors in the computer system, deficiencies from the staff, inconsistencies with the amount contained in the label due to the release of small quantities of pills and capsules in stock packaging and issuing were recognized as the reasons for the stock shortages and surpluses, steps were not taken to identify the necessary measures to reduce those errors and act according to the Financial Regulations.

- (o) According to the physical stock survey reports of the Rathmalana warehouse premises and 50 pharmacies as at 31 December 2021, it was observed that due to that a large number of unsalable goods were kept in the warehouse premises without being destroyed, it was not possible to use the warehouse space efficiently. It was also observed that there are differences between the unit value of the data system and the physical unit value due to unsalable drug items that were identified in the previous year are seen in the stock report of the reviewed year, some drug stock items as well as unsalable drug stock items have not been updated in the data system, inability to identify slow-moving, expired and obsolete stocks as pharmacies do not conduct time analysis of drug items, inability to identify existing stocks as pharmacies do not maintain stock records regularly, the warehouse premises were not used efficiently when storing stock in pharmacies due to the insufficient storage facilities of Narahenpita pharmacy and Colombo 01 pharmacy, a large amount of stock was kept outside the warehouse, the stock kept outside was not covered securely, and the access of outsiders to the area was not restricted and some items of the Colombo 01 pharmacy were sold without issuing invoices. But, appropriate measures were not taken to correct the deficiencies.
- (p) According to time analysis of remaining stock available for sale in Rathmalana warehouse as at 31 December 2021, 98 items with a total cost of Rs. 79,233,418 were items that would expire in the year 2022 with a very short shelf life. Out of that 74 items costing Rs. 43,502,964 were unsold stock for more than a year.
- (q) Due to the cost of 10 indents imported by the Corporation and handed over to the Medical Supplies Division during the period from 2016 to 11 February 2022 was Rs. 35,759,829 due to non-completion of stock bulk containers, low consignment load was rejected by the Medical Supplies Division. It had to incur a storage cost of Rs.

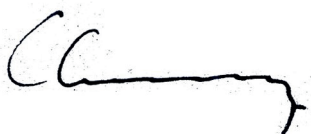
1,171,122 only for a period of one year for storing the stock folders related to those 10 items due to that the Corporation did not act immediately to complete these deficiencies.

- (r) It was observed that the Medical Supply Management System (MSMIS), which was introduced since the year 2015 for the management of medical supplies, was not utilized properly and the computer system provided the facility to update the status of each step from ordering the medicine to the time of receiving the stock, but the information related to the order was not entered into the system due to a technical problem that existed from 07 years. Also, since the information related to the order was stored by the Corporation through other computer spreadsheets (Excel), the date of technical evaluation of a tender, the date of procurement committee decisions, the date of opening of letters of credit etc. were not easily available to check who is responsible for the delay in the procurement and it was observed that it takes more time to make decisions as well as to know the information regarding the current progress of the order. Although the Medical Supplies Division submits the order lists related to the respective year to the Corporation through this computer system with a lead time of 11 months, it was observed that the Corporation had not immediately started the procurement activities related to those orders, delayed in the initiation of the procurement activities until the written copies of the order list were received by the Corporation and it took more than 18 days to send the written copies of the orders issued to the Corporation through the computer system to the import division of the corporation and only after that the procurement activities were initiated and due to that, process of issuing and receiving orders had been spent a considerable time out of the supply period of 11 months.
- (s) The Corporation use 14 Management Information Systems (MIS) for its operational and administrative functions and a contract agreement had been entered with the expectation of implementing a new enterprise resource planning system in order to fulfill the tasks performed by 12 systems through one system, but the contract was terminated on 20 February 2020 due to poor performance as failure to select a suitable contractor. 497 units of 09 computer accessories were purchased at a cost of Rs. 32,360,230 in the years 2018 and 2019 for the implementation of this project and out of that, 375 units of 09 items whose unused cost was Rs. 26,107,265 for project work had been released for use in other functions of the corporation. Also, 122 units of 06

items of computer and accessories which were purchased for this project costing Rs. 6,252,965 remained unused in the warehouse even on the audited date of 09 June 2022. Although the number of users using the 12 systems currently used is 324, the number of users expected to use the new system was 1,399 and due to that, the inability to implement this project had severely affected the activities of the all departments of the Corporation.

- (t) In the year 2015, Rs. 724,936 was paid for the installation of an elevator for Colombo 07 pharmacy and it is still indicated under unfinished work until 31 December 2021, but even after a period of 07 years, the installation work of the elevator has not been completed.
- (u) Accrued expenses as at 31 December 2021 were Rs. 258,664,030 and out of that, Rs. 132,073,302 had not been settled by 31 May 2022 and out of that, Rs. 9,941,920 were unsettled balances from 02 to 04 years old.
- (v) The cost of disputed goods in transit for the years 2007, 2008, 2009 and 2012 was Rs. 2,000,577 and custom fee of Rs. 12,603,168 were not recovered from the relevant parties.
- (w) The container deposits were Rs. 18,623,825 as at 31 December 2021 and out of that, Rs. 6,972,805 had failed to be recovered between 02 and 14 years. Out of these, from the deposits of Rs. 5,738,822 related to the period from the year 2007 to 2015, no amount had been recovered in the year 2021.
- (x) Although the sale amount should be recovered from the respective trade debtors within a period of 30 to 45 days from the date of sale as per the policy of the corporation, Rs. 22,379,496 to be received from private, public and semi government institutions for more than 05 years and Rs. 26,871,871 for between 01 and 05 years included in the trade debtor balance of Rs. 1,311,824,058 as at 31 December 2021 have failed to be collected. Legal actions were taken only to recover the loan balance of Rs. 10,440,050, which was more than 05 years old out of that, only Rs. 2,368,958 were disclosed in the financial statements.

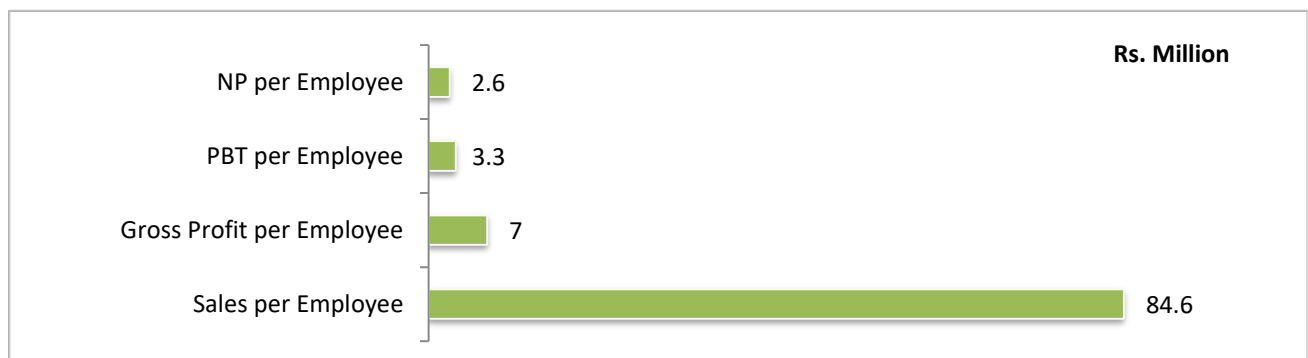
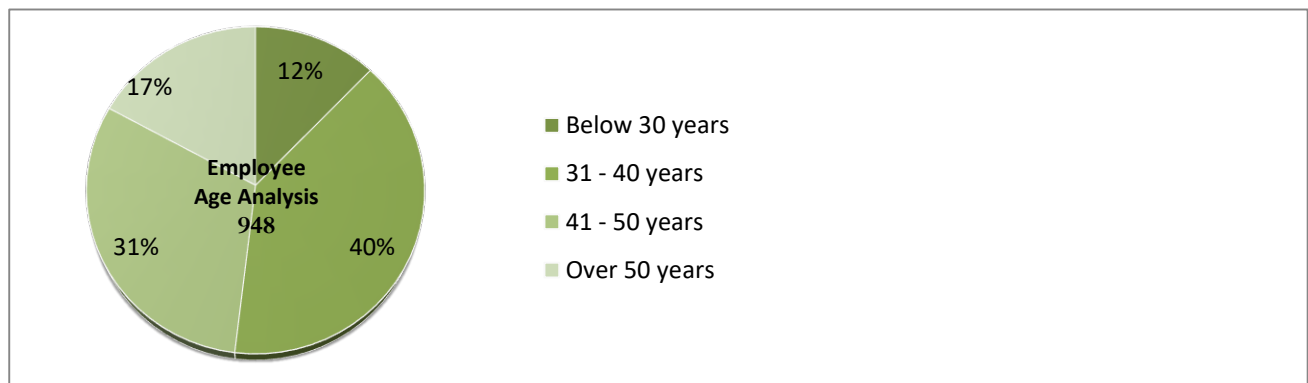
- (y) Out of Rs. 52,850,871,522 to be received from the Medical Supplies Division as at 31 December 2021, Rs. 211,591,892 between years 12 and 23 and Rs. 3,585,361,405 between 6 and 14 years had failed to be recovered.
- (z) Out of Rs. 14,621,370 to be charged from the parliament complex as at 31 December 2021, Rs. 9,044,298 had failed to be collected for more than 05 years.
- (aa) Out of Rs. 1,217,075,558 to be paid to trade creditors as at 31 December 2021, Rs. 115,005,985 had not been settled for more than a year.
- (bb) Out of the balance of the bank bill account payable on 31 December 2021 was Rs. 14,489,595,367, Rs. 708,416,751 consisted of 100 percent letter of credit value and retained money that had not been paid to suppliers for more than 02 years, but action was not taken to settle that.
- (cc) Out of Rs. 21,134,366 special order advances as at 31 December 2021, Rs. 982,510 is an unsettled balance of more than 10 years from the Family Health Bureau and the rest consisted of a balance of Rs. 20,151,856 received from UNICEF, more than 2 years old, but it had not been settled.
- (dd) Out of various debtors amounting to Rs. 7,661,127 as at 31 December 2021, Rs. 5,678,711 had failed to be recovered from between 24 and 05 years.
- (ee) Out of Rs. 928,520,614 receivable advances from the suppliers as at 31 December 2021, Rs. 3,495,102 had failed to be charged from between 06 and 14 years.
- (ff) Although agent commission is payable only to the relevant agent, when Rs. 550,912 was paid as agent commission to the respective agent during the year under review, it was also paid to the respective supplier.



Sgd: W.P.C. Wickramaratne

Auditor General

Human Resources Analysis



STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
TEN YEAR SUMMARY - INCOME STATEMENT

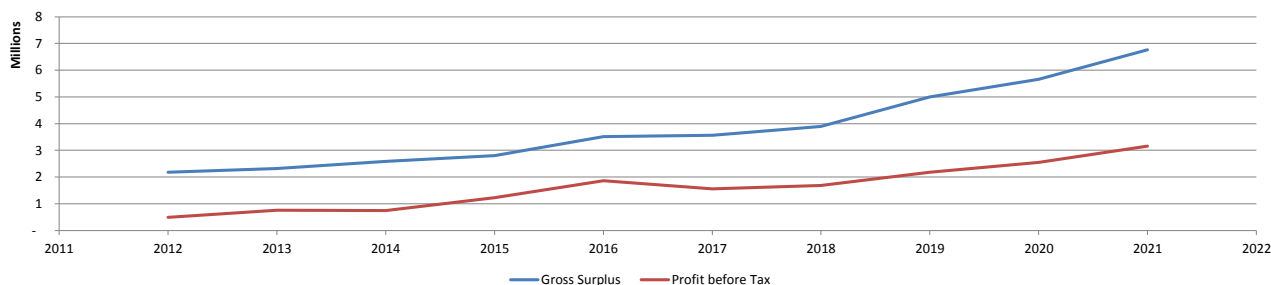
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Turnover

| Description | 2021 RS. | 2020 RS. | 2019 RS. | 2018 RS. | 2017 RS. | 2016 RS. | 2015 RS. | 2014 RS. | 2013 RS. | 2012 RS. |
|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Turnover - SPC | 9,446,822 | 8,798,047 | 8,924,850 | 7,458,320 | 6,593,401 | 6,127,478 | 5,286,876 | 4,865,151 | 4,320,300 | 4,283,232 |
| Turnover - DHS | 70,811,345 | 54,323,565 | 42,959,660 | 31,436,986 | 25,970,290 | 26,127,912 | 19,176,807 | 17,269,008 | 16,815,666 | 16,608,492 |
| Total Turnover | 80,258,167 | 63,121,612 | 51,884,510 | 38,895,306 | 32,563,691 | 32,255,390 | 24,463,683 | 22,134,159 | 21,135,966 | 20,891,724 |
| Gross Trading Profit - SPC | 2,224,536 | 2,249,676 | 2,279,155 | 1,772,559 | 1,680,368 | 1,656,938 | 1,410,722 | 1,247,074 | 1,136,403 | 991,541 |
| Gross Surplus - DHS | 4,542,116 | 3,415,072 | 2,717,507 | 2,125,052 | 1,887,026 | 1,850,650 | 1,386,731 | 1,333,198 | 1,185,004 | 1,193,214 |
| Gross Surplus | 6,766,653 | 5,664,749 | 4,996,662 | 3,897,611 | 3,567,394 | 3,507,588 | 2,797,453 | 2,580,272 | 2,321,407 | 2,184,755 |

Overheads

| | | | | | | | | | | |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Other Income | 88,531 | 287,363 | 91,441 | 73,072 | 53,004 | 43,085 | 51,259 | 25,738 | 17,537 | 15,105 |
| Administrative Expenses | (1,967,159) | (1,753,834) | (1,619,555) | (1,532,485) | (1,288,183) | (1,101,435) | (1,057,970) | (969,744) | (786,904) | (670,635) |
| Other Operating Expenses | (1,158,052) | (962,078) | (971,096) | (691,967) | (741,459) | (580,843) | (563,357) | (749,825) | (791,794) | (745,230) |
| Operating Profit | 3,729,973 | 3,236,200 | 2,497,452 | 1,746,231 | 1,590,756 | 1,868,392 | 1,227,385 | 886,441 | 760,246 | 783,995 |
| Finance Cost | (10,556) | (10,588) | (10,763) | (1,512) | (1,295) | (1,071) | (1,599) | (124) | (227) | (17) |
| Overdraft Interest | (569,624) | (686,878) | (317,470) | (67,406) | (35,199) | (5,434) | (734) | (149,659) | (1,384) | (290,877) |
| Total Overheads | (3,705,391) | (3,413,378) | (2,918,884) | (2,293,370) | (2,066,136) | (1,688,783) | (1,623,660) | (1,869,352) | (1,580,309) | (1,706,759) |
| Finance Income | 6,943 | 6891 | 6,875 | 7,436 | 5,765 | 5,721 | 5,086 | 4,896 | 4,357 | 3,959 |
| Profit before Tax | 3,156,736 | 2,545,624 | 2,176,094 | 1,684,749 | 1,560,027 | 1,867,608 | 1,230,137 | 741,554 | 762,992 | 497,060 |
| Taxation | 772,172 | 576,401 | 512,225 | 756,823 | 470,595 | 625,863 | 610,539 | 192,145 | 320,008 | 205,282 |
| Net Profit for the period | 2,384,564 | 1,969,224 | 1,663,869 | 927,926 | 1,089,432 | 1,241,744 | 619,598 | 549,409 | 442,984 | 291,778 |
| Defined benefits plan | 57,438 | 191,755 | (1,926) | 30,453 | (59,575) | 10,049 | 239,887 | (212,044) | (31,574) | (14,281) |
| Total comprehensive Income | 2,442,002 | 2,160,979 | 1,661,943 | 958,380 | 1,029,856 | 1,251,794 | 859,485 | 337,365 | 411,410 | 277,497 |

**RATIOS**

| | | | | | | | | | | |
|--------------------------------|-------|--------|-------|-------|--------|-------|-------|-------|-------|---------|
| Gross Profit Ratio - SPC (%) | 23.55 | 25.57 | 25.5 | 23.8 | 25.5 | 27.04 | 26.68 | 25.63 | 26.3 | 23.15 |
| Gross Profit Ratio - DHS (%) | 6.41 | 6.29 | 6.33 | 6.76 | 7.27 | 7.08 | 7.23 | 7.72 | 7.05 | 7.18 |
| Gross Surplus to Sales (%) | 8.43 | 8.97 | 9.63 | 10.02 | 10.96 | 10.87 | 11.44 | 11.66 | 10.98 | 10.46 |
| Annual Sales Growth (%) -SPC | 7.37 | (1.42) | 19.66 | 13.12 | 7.60 | 15.90 | 8.67 | 12.61 | 0.9 | (10.88) |
| Annual Sales Growth (%) -DHS | 30.35 | 26.45 | 36.65 | 21.05 | (0.60) | 36.25 | 11.05 | 2.6 | 1.2 | 32.1 |
| Total Sales Growth (%) | 27.15 | 21.66 | 33.40 | 19.44 | 0.96 | 31.85 | 10.52 | 4.72 | 1.17 | 20.24 |

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
TEN YEAR SUMMARY - STATEMENT OF FINANCIAL POSITION

Rs. "000"

| Description | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|-------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|-------------------|-------------------|
| | RS. | RS. | RS. | RS. | RS. | RS. | RS. | RS. | RS. | RS. |
| Contributed Capital & Reserves | 125,117 | 125,117 | 125,117 | 125,117 | 125,117 | 125,117 | 125,117 | 125,117 | 125,117 | 125,117 |
| Current Assets | | | | | | | | | | |
| Inventories - SPC | 2,396,406 | 2,751,098 | 2,802,020 | 2,754,287 | 1,798,403 | 2,009,502 | 2,364,091 | 1,385,477 | 1,703,222 | 1,231,857 |
| Stocks in Transit - DHS | 936,743 | 1,314,756 | 280,723 | 286,587 | 630,130 | 540,693 | 788,342 | 528,710 | 809,462 | 734,963 |
| Trade and other receivables | 52,098,809 | 33,682,452 | 27,299,630 | 16,319,413 | 7,901,244 | 4,521,175 | 3,051,445 | 2,370,323 | 8,881,602 | 11,113,022 |
| Deposits & Prepayments | 41,906 | 100,917 | 53,931 | 61,219 | 57,979 | 37,614 | 33,046 | 37,964 | 32,948 | 24,073 |
| Cash in Hand & at Bank | 1,111,457 | 1,225,358 | 1,114,223 | 1,021,185 | 312,050 | 244,947 | 790,525 | 801,717 | 1,200,667 | 216,359 |
| Total Current Assets | 56,585,320 | 39,074,581 | 31,550,527 | 20,442,691 | 10,699,807 | 7,353,931 | 7,027,449 | 5,124,191 | 12,627,901 | 13,320,274 |
| Current Liabilities | | | | | | | | | | |
| Trade and other Payables | 16,164,216 | 16,117,661 | 16,293,739 | 10,423,896 | 3,996,134 | 2,657,620 | 3,347,410 | 2,235,194 | 3,649,362 | 3,032,684 |
| Income tax payables | 576,607 | 475,496 | 352,117 | 438,060 | 337,976 | 519,770 | 397,758 | 180,617 | 290,045 | 191,440 |
| Deferred Income | 1,471 | 1,800 | 1,461 | 1,345 | 927 | 1,103 | 1,005 | 748 | 889 | 1,292 |
| Lease Liabilities | 21,759 | 19,870 | 19,187 | | | | | | | |
| Current Financial Liabilities | 15,432,057 | 55,929 | 6,310,716 | 2,639,033 | 1,361,444 | 39,703 | 56,689 | 78,739 | 6,254,353 | 7,896,709 |
| Long Term Loans | 2,060,544 | 491,355 | | | | | | | | |
| Total Current Liabilities | 34,256,654 | 17,162,111 | 22,977,220 | 13,502,334 | 5,696,481 | 3,218,196 | 3,802,862 | 2,495,298 | 10,194,649 | 11,122,125 |
| Non Current Assets | 2,351,605 | 2,329,488 | 2,277,480 | 2,225,337 | 2,179,335 | 2,166,630 | 2,156,615 | 2,138,973 | 1,858,832 | 1,698,279 |
| Non Current Liabilities | 9,904,472 | 11,908,162 | 294,459 | 271,308 | 264,651 | 192,213 | 233,394 | 372,220 | 158,803 | 124,558 |
| Net Assets | 14,775,798 | 12,333,796 | 10,556,328 | 8,894,386 | 6,918,010 | 6,110,152 | 5,147,807 | 4,395,646 | 4,133,281 | 3,771,870 |

RATIOS

| | | | | | | | | | | |
|------------------------------------|--------|--------|---------|---------|---------|---------|---------|---------|---------|--------|
| Fixed Assets Turnover (times) | 1:34.3 | 1:27.1 | 1:22.78 | 1:17.48 | 1:14.94 | 1:14.89 | 1:11.34 | 1:10.35 | 1:11.37 | 1:12.3 |
| Current Ratio (times) | 1.65 | 2.28 | 1:1.37 | 1:1.51 | 1:1.88 | 1:2.29 | 1:1.85 | 1:2.05 | 1:1.24 | 1:1.2 |
| Liquidity Ratio (times) | 0.96 | 2.11 | 1:1.24 | 1:1.29 | 1:1.45 | 1:1.49 | 1:1.02 | 1:1.29 | 1:0.99 | 1:1.02 |
| Interest Cover (times) | 6.45 | 4.66 | 7.85 | 25.99 | 45.32 | 344.69 | 1676.94 | 5.95 | 552.29 | 2.71 |
| Stock Turnover Ratio (times) SPC | 2.75 | 2.36 | 2.39 | 2.5 | 2.58 | 2.04 | 2.07 | 2.34 | 2.17 | 2.97 |

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 | MARKETING & SALES DEPARTMENT 26 th floor, “Mehewarapiyasa” Kirula Road, Narahenpita. Tel.011-2430778, 011- 2328507, 011-2320356-9 |
|--------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

RAJYA OSU SALA OUTLETS

| | | | | |
|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| Osusala – Akkaripattu No.74, T.D.02 Main Street, Akkaripattu. Tel.067-2057625 | Osusala – Ampara Temple Junction, D. S. Senanayaka Mawatha, Ampara. Tel.063-2223088 | Osusala – Anamaduwa Opposite Bus Stand, Uswawa Road, Anamaduwa Tel. 032- 2263999 | Osusala – Anuradhapura Bank Street, Anuradhapura. Tel.025-2222181 | Osusala – Avissawella G 33/34/35, Central Bus Stand, Avisawella. Tel.036-2222501 |
| New Osusala - Badulla CWE Building, Bandarawela Road, Badulla. Tel.055- 2229837 | Osusala – Badulla (II) Bus- stand, Badulla. Tel.055- 2224700 | Osusala – Bandaragama Hospital Premises, Horana Road, Bandaragama. Tel.038-2288671 | Osusala – Beruwala MPCS Building, Galle Road, Beruwala. Tel.034- 2278578 | Osusala –Borella Lady Ridgway Premises, Borella. Tel.011-2697660 |
| Osusala - Colombo 1 75, Sir Baron Jayatillake Mawatha, Colombo 1. Tel.011-2328046 | Osusala - Colombo 4 85, Galle Road, Colombo 4. Tel.011-2587128 | Osusala - Colombo 7 255, Dharmapala Mawatha, Colombo 7. Tel.011-2694716, 011-2672293 | Osusala – Dambulla 46/A, Kurunegala Junction, Dambulla Tel.066- 2285133 | Osusala –Diyathalawa Main Street, Diyathalawa. Tel.055- 3551624 |
| Osusala – Embilipitiya 102, Pallegama, Embilipitiya. Tel. 047-2261177 | Osusala – Fort Fort Railway Station, Fort. Tel. 011-2336926 | Osusala - Galle 61A Wakwella Road, Galle. Tel.091-2234726 | Osusala – Gamapaha 266, Colombo Road Gampaha. Tel.033-2234516 | Osusala - Hambantota No.3 Barrack Street, Hambantota. Tel.047-2222163 |
| Osusala – Horana Shop No 1,2nd Stage, Central Bus Stand, Horana. Tel. 034-2205333 | Osusala – Ja’pura Sri Jayawardhanapura General Hospital, Sri Jayawardhanapura. Tel.011-2779414 | Osusala – Jaffna 149A, K.K.S Road, Jaffna. Tel. 021- 2219262 | Osusala - Kandy 14A Lamagara Mawatha, Kandy. Tel.081-2225175 | Osusala – (Kandy Railway) Kandy Railway Station, Kandy. Tel.081-2225176 |
| Osusala – Karapitiya 175,Hiribura Road, Karapitiya. Tel.091- 2226947 | Osusala – K.D.U Kothalawala Difence Univercity Hospital Premises, Werahara. Tel.011-2044595 | Osusala – Kurunegala 28. Weerathunga Bldg. Bauddhaloka Mawatha. Kurunegala. Tel.037-2230840 | Osusala – Madawachchiya No.50,Kandy Road,Medawachchiya. Tel.025-2121040 | Osusala – Maharagama 71/9 Alwis Building Old Road, Maharagama. Tel.011-2745640 |
| Osusala – Matale No 110, Darmapala Mawatha, Mathale. Tel.066- 2220126 | Osusala - Matara 23B Charikaramaya Anagarika Dharmapala Mawatha, Matara. Tel.041-2231871 | Osusala – Mathugama No 126, Kaluthara Road, Mathugama. Tel.034-2248861 | Osusala-Minuwangoda 24. Old Town hall Bldg, Colombo Road, Minuwangoda. Tel.011-2295120 | Osusala - Monaragala 31, Pothuwil Road, Monaragala. Tel.055-2277712 |
| Osusala – Nagoda 313, Mathugama Road, Nagoda, Kalutara. Tel.034-2222818 | Osusala – Narahenpita No. 44, Economic Center, Narahenpita Tel. 011-2055284 | Osusala – Negombo 134, Colombo Road, Negombo. Tel.031-2228599 | Osusala – Nintavur No. 40, Main Street, Nintavur. Tel.067- 2058208 | Osusala - Nugegoda 145A/1, S de S Jayasinghe Mawatha, Nugegoda. Tel.011-2856641 |
| Osusala - Panadura 159, M.P.C.S Bldg, Galle Road, Pananura. Tel.038-2234767 | Osusala - Peradeniya 1157,Gatambe, Peradeniya. Tel.081-2386045 | Osusala - Piliyandala 1A/21, Vidyala Mawatha, Piliyandala. Tel. 011- 2613640 | Osusala – Pitakotte 326,Kotte Road, Pitakotte. Tel.011-2099444 | Osusala – Polonnaruwa Hospital Junction, Kaduruwela Road, Polonnaruwa. Tel.027-2225465 |
| Osusala – Ragama No.61A, Mahabage Road, Ragama. Tel. 011-2955219 | Osusala – Ratmalana Mega Sathosa, Golumadama Junction, Galle Road, Rathmalana. Tel. 011-3043789 | Osusala - Ratnapura 32 Nanda Ellawala Mawatha, Ratnapura. Tel.045-2223014 | Osusala – Tangalla No.8, Indipokunugoda Road, Tangalla. Tel. 047-2241221 | |



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