

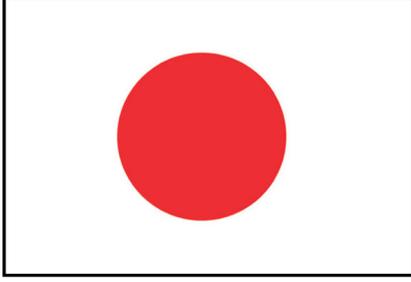
2013

லாீகல லாீலால
ஆண்டறிககை
Annual Report



ஸ்ரீ லலகா ராசல டிஹலடி னிசீலாடல கலகீலால
அரசு ஡ருந்தாக்கற ஡ொருட்கள் ஁ற்பத்திக கூட்டுத்தாபனம்
State Pharmaceuticals Manufacturing Corporation of Sri Lanka





සමරු ඵලකයේ සටහන

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පරිත්‍යාගයකි.

1987

நுழைவாயிலில் இருக்கும் பதாகைப் பலகை

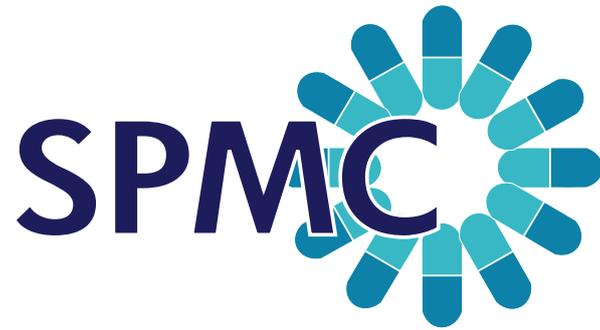
இம் முக்கியமான மருந்துகள் தயாரிக்கும் மருந்தாக்கல் கலைகள் நிலையம் யப்பான்
நாட்டிற்கும் இலங்கை சனநாயக சோசலிசக் குடியரசிற்கும்
இடையே இருக்கும் நட்புறவு மற்றும் ஒருமைப்பாட்டின் அடையாளமாக
யப்பான் நாட்டினால்
இலங்கை சனநாயக சோசலிசக் குடியரசிற்கு வழங்கப்பட்ட நன்கொடையாகும்.

1987

Plaque at the entrance

This Pharmaceuticals Formulation Centre for the essential drugs is an outright gift by the
Government of Japan to the Democratic Socialist Republic of Sri Lanka as a
token of friendship and co-operation between Japan & the
Democratic Socialist Republic of Sri Lanka.

1987



Annual Report - 2013

**State Pharmaceuticals Manufacturing Corporation
of Sri Lanka**

Our Social Responsibility

Having understood its social responsibility, the State Pharmaceuticals Manufacturing Corporation is fulfilling it in a successful manner.

Our manufacturing plant consists of state of the art Japanese, German and Korean machines within a very clean atmosphere.



Donating a school Building

The SPMC, true to its credo of believing that Education is the source of success of any individual, has gone that extra mile to be socially responsible by being conscious of the less privileged school children in the society. So, as part of an education infrastructure development, the SPMC constructed and donated a school building with a canteen to the Hirigalgodalla primary school, in Kalutara in the year 2013.

Donating school shoes and school books

“Education makes a people easy to lead, but difficult to drive: easy to govern, but impossible to enslave”

- Peter Brougham -

In order to diffuse SPMC CSR activities, to permeate the rural towns and villages in Sri Lanka we integrate specially our activities with schools. SPMC was able to donate school exercise books, School library books and shoes for the children of Madawachchiya Maha Vidyalaya, Madawachchiya, Attanakadawela Maha Vidyalaya, Polonnaruwa & Kandawala Vidyalaya, Ratmalana.





Health Education Programme – Dehiattakandiya

Arranging a exhibition stall for SPMC products at the dehiattakandiya Hospital, SPMC supported to make aware general public about the SPMC . This exhibition was held for five days and mainly focused to uplift general health education knowledge.

Our Quality Control

State Pharmaceuticals Manufacturing Corporation carries out its quality inspection on imported raw materials before production and finished goods after production in our laboratory that has modern equipments.



Packaging Manufactured Drugs

The drugs produced by the State Pharmaceuticals Manufacturing Corporation are safely packed using state of the art packaging machines.

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Our Vision

To be an internationally recognized, model manufacturing and marketing organization for pharmaceuticals and health care products in South Asia.

Our Mission

To manufacture safe, effective and affordable medicinal drugs of superior quality up to international standards to the local and international markets.

CORPORATION INFORMATION

NAME OF THE ORGANIZATION

State Pharmaceuticals Manufacturing Corporation of Sri Lanka

LEGAL FORM

Established in 1987 under the State Industrial Corporation Act No. 49 of 1957

DATE OF INCORPORATION

June 04, 1987

REGISTERED OFFICE

11, Sir John Kotelawala Mawatha, Kandawala Estate, Ratmalana, Sri Lanka.

BOARD OF DIRECTORS

Prof. S.D.Jayaratne	-	Chairman
Prof. Ranjani Gamage (up to 16.05.2013)	-	Director
Dr. P.G.Maheepala	-	Director
Rohan Dharmathilake (up to 16.05.2013)	-	Director
Mervin Gunasena (up to 16.05.2013)	-	Director
Lalith Senanayake	-	Director
M.R.R.Abeywickrama	-	Director
Sisira Jinendra Paranagama (from 17.05.2013)	-	Director
Nawaratne Bandara Alahakoon (from 17.05.2013)	-	Director
Miuru Bhashitha Liyanage (from 17.05.2013)	-	Director

AUDITORS

Auditor General, Torrington Square, Colombo 07.

BANKS

Bank of Ceylon
People's Bank
National Savings Bank

MANAGEMENT COMMITTEE

S.W.Jayasundara	-	General Manager
K.D.A.Kuruppu	-	Manager (Quality Control)
M.D.A.R.Gunaratne	-	Manager (Engineering)
H.K.H.H.Perera	-	Manager (Finance)
H.M.L.S.Dharshana	-	Manager (Planning & Procurement)
S.P.Jayaweera	-	Manager (Production)
H.M.Rathnayake	-	Manager (Formulation cum Research & Development)
S.Jayathilake	-	Asst. Mgr. (Engineering)
A.G.De S.Athuraliya	-	Asst. Mgr. (Finance)
V.P.Muthukuda	-	Asst. Mgr. (Production)
V.J.Bandarawatte	-	Internal Auditor
R.Gunaratne	-	Asst. Mgr. (Human Resources)
A.C.P.Anandakumara	-	Asst. Mgr. (Planning & Procurement)
H.K.P.A.Senadheera	-	Asst. Mgr. (Quality Control)
Amila Nuwan Hewagama	-	Asst. Mgr. (Production)
D.H.J.Gunawardena	-	Asst. Mgr. (Engineering)
A.M.T.P.Kulasekara	-	Asst. Mgr. (Sales Promotion)

AUDIT COMMITTEE

M.R.R.Abeywickrama	-	Chairman
Lalith Senanayake	-	Member
Mervin Gunasena	-	Member (up to 11.07.2013)
Miuru Basitha Liyanage	-	Member (from 12.07.2013)
Sisira Jinendra Paranagama	-	Member (from 12.07.2013)

ESTABLISHMENT OF SPMC & KEY OBJECTIVES

SPMC was established in 1987 under the Industrial Corporation Act No. 49 of 1957.

In 2013, State Pharmaceuticals Manufacturing Corporation completed 26 years of commercial production of essential Medicinal Drugs for the Health care of the Sri Lanka population. SPMC product range consists of 63 products of tablets and capsules. Out of these product range 40 product were actively formulated during the year. SPMC is the only State Sector Corporation engaged in manufacturing pharmaceuticals in Sri Lanka.

The main functions are,

- (1) Manufacturing, processing, stocking, packing and re - packing of drugs.
- (2) Provision of technical know how of the above operation.
- (3) Pharmacological and pharmaceutical research and the standardization of drugs.
- (4) Marketing of drugs.

All products released to the market meet with our in-house specifications (SPMC) in addition to the British Pharmacopoeias (BP) / United State Pharmacopoeias (USP) requirements.

Implementation of CGMP (Current Good Manufacturing Practices) regulations and procedures are regularly monitored through internal quality auditing and factory inspection.

CHAIRMAN'S REVIEW



It is with great pleasure that I, on behalf of the Board of Directors present the Annual Report and Audited Financial Statement comprising the Statement of Financial Position, Income Statement, Cash Flow Statement and Auditor General's report for the year ended 31st December 2013.

State Pharmaceuticals Manufacturing Corporation (SPMC) was established in 1987 under the Industrial Corporation Act No. 49 of 1957 with the commitment to manufacture quality, effective and safe drugs at affordable prices to the public. SPMC is the largest and leading state pharmaceutical manufacturer in Sri Lanka.

At present, SPMC manufactures 63 drugs under the generic names covering a wide range of pharmacological products. All products manufactured by SPMC have the required quality as per British Pharmacopeia (BP), United State Pharmacopeia (USP) and SPMC standards. Implementation of current Good Manufacturing Practices (cGMP), regulations and procedures are constantly monitored through internal quality auditing and factory inspection.

The pharmaceuticals manufacturing facility of the SPMC is equipped with modern Japanese, German and Korean machines. The manufacturing facility has an ultra-clean atmosphere and conforms to World Health Organization (WHO) and Good Manufacturing Practice (GMP) requirements.

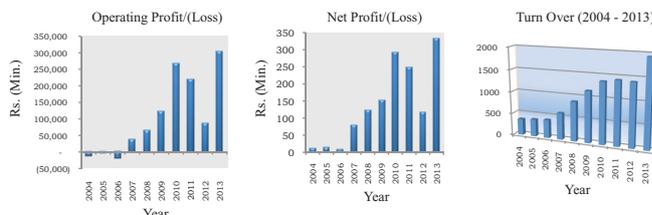
SPMC products are valued and preferred by doctors, pharmacists and other professionals in the health sector. Our reputation as a manufacturer of quality pharmaceutical products is the key to our success.

PERFORMANCE

SPMC has recorded an exceptional operating results in 2013 which are the best ever since its incorporation.

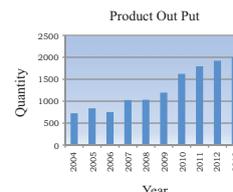
The Operating Profit for the year 2013 amounted to Rest Rs.304 million compared to Rs.85 million in 2012, a growth of 257%.

The Net profit for the year 2013 grew by 113% to post Rs.209 million compared to Rs.98 million in 2012.



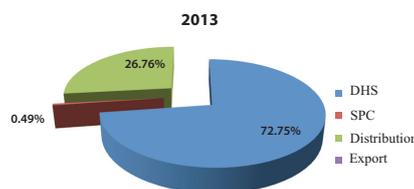
Production Output

The total production for the year 2013, amounted to 2003 tablets/capsules million units, the highest output recorded since its inception.



Turnover

Total turnover for the year 2013 amounted to Rs.1941 million which is the highest turnover since its inception. Out of the total sales, 72.75% of the sales were to Medical Supplies Division (MSD) of the Ministry Health and the balance sales to State Pharamaceutical Corporation (SPC) and Private Pharamcies registered with us.



I am happy to note the SPMC has been well managed with its own resouces to earn profits without the I assisatnce of the treasury . In fact SPMC has paid Rs.20 million to the Treasury as contribution during the year 2013, fullfilling our responsibility as a public corporation.

DEVELOPMENT WORK

Factory Development

A new packing machine was added to the packing line to increase the production. The factory too was modernized with a state of the technology and the technicians were given adequate on the job training to work in the modern environment .

Premises Development

Construction of a building for Administration purpose was completed during the year.

Expansion Project

SPMC has obtained a funding line from JICA for the expansion of the factory which is expected to be completed by 2017. The expected output would increase to 3500 million unit tablets & capsules per annum with the proposed expansion.

Under this expansion programme, SPMC also plans to purchase new machines, refurbish the existing buildings and construct a building for storing raw materials and finished goods .

Quality Improvement

In 2013 , a new Metrohm 915 Karlfisher Moisture Meter was installed in Quality Control department to support speedy production.

Research and Development

During the year 2013, two products were given formulation approval and three products were given production approval. In addition to that, Spironolactone Tablets USP 25mg was manufactured successfully and launched during the year as a new product.

HUMAN RESOURCES DEVELOPMENT & WELFARE

SPMC had 234 employees as at 31.12.2013 including 20 Trainees who are engaged on the job training under the guidance of Senior Management of the SPMC for efficient and smooth operation of two shifts. 105 employees were trained through several programmes conducted by local Institutions and 11 employees were trained abroad.

SPMC continued to provide the basic welfare facilities requested by the employees . They were also encouraged to participate in social and welfare events such as Annual Trip/ Get together, Sinhala New Year Celebrations and Sports Festival etc.

STRATEGY AND PROSPECTS

Our main aim is provide an uninterrupted supply of pharmaceuticals required by the Medical Supplies Division (MSD) of Ministry of Health, State Pharmaceutical Corporations (SPC) Pharmacies and medical Professionals. To facilitate this process we have already expanded the building capacity for production, storing area and administration unit. The extension of highly equipped Laboratory area will ensure supplying of high quality drugs at affordable prices to the needy people in Sri Lanka.

This expansion will support us to improve the production, increase sales revenue, widen the products range and create new employment opportunities, enhance technical knowhow and create a corporate image for SPMC.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I thank the His Excellency the President of the Democratic Socialist Republic of Sri Lanka Mr.Mahinda Rajapaksha, for his continued dedication to the progress of the Pharmaceutical Industries in Sri Lanka. I also extend my appreciation to the Hon. Minister of Health Mr. Maithripala Sirisena for his valuable guidance and support. We also value the guidance provided by the Secretary of the Ministry of Health Dr. Nihal Jayathilake and other officials of the Ministry of Health.

We also appreciate the contribution made by the officials of the various Departments of General Treasury.

It is a pleasure to note with gratitude that we had an excellent relationship with the State Pharmaceuticals Corporation (SPC),

Medical Supplies Division (MSD), Pharmacies and medical professionals who contributed enormously to the success of our Corporation.

The commitment of the General Manager, Senior Managers, Executive Staff and all levels of employees of the SPMC in achieving positive results during the year 2013 is greatly appreciated.

Finally, I must thank the Board of Directors for their valuable contribution and guidance in steering corporation towards success.

Prof. S.D.Jayaratne

Chairman
State Pharmaceuticals Manufacturing Corporation of
Sri Lanka

14th February 2013

DIRECTORS

Prof. S.D.Jayaratne - Chairman

Prof. S.D.Jayaratne is the Professor in medicine department of medicine, University of Sri Jayawardenapura. Honorary consultant Physician, Colombo South Teaching Hospital and Chairman of the State Pharmaceuticals Corporation of Sri Lanka.

He holds F.R.C.P (London), M.D (Sri Lanka), M.R.C.P (UK), M.B.B.S (Ceylon) and the board certified as a specialist in General Medicine by the post Graduate Institute of Medicine Sri Lanka.

He also serves as the member of Ceylon Medical Council (Regd. No.6319), full registration, General Medical Council of UK, Life member of Ceylon Collage of Physicians and member of Gastroenterological and Endoscopic Society of Sri Lanka.

Prof. Ranjanie Gamage - Director (Up to 16.05.2013)

Prof. Ranjanie Gamage currently the visiting professor in medicine department of medicine, University of Colombo. Consultant Neurologist National hospital of Sri Lanka.

She holds F.C.C.P, M.R.C.P (UK), M.D (Sri Lanka) and M.B.B.S (Ceylon).

She also serves as visiting professor of the post Graduate Institute of medicine, University of Colombo and consultant of Neurologist, Teaching hospital Ragama.

Dr. P.G.Mahipala - Director

Dr. P.G.Mahipala currently the Director General - Health Services of Ministry of Health.

He holds F.C.M.A, D.B.S, D.mgt, D.D.M, D.E.D, M.B.A, M.D, M.Sc, and M.B.B.S (Ceylon)

He also serves as Medical Officer of Health of Morawaka. (Matara District) in 1995, District Medical Officer Base Hospital Matara in 1992, Medical Officer (maternal & Child Health) - Galle District in 1995, Regional Director of Health Services - Hambantota RDHS office in 1995 - 1996, Director - Teaching Hospital Colombo North 1997 - 1998, Director - Territory care services - Ministry of Health in 1998, Acting Director of Medical Services - Ministry of Health 1998 - 2003, Acting Director - Mental Health - Ministry of Health in 2004, Acting Director (MSD) - Ministry of Health and Deputy Director General (Public Health Services) Ministry of Health 2006 - 2010.

S.M.N. Lalith Senanayake - Director

Mr. Lalith Senanayake is a Chartered Accountant by Profession. Currently senior partner of the Tudor V. Perera & Co, Chartered Accountants, Director of Financial Consultants & Allied Services (Pvt) Ltd, Director State Pharmaceuticals Corporation of Sri Lanka and Director Central Engineering Consultancy Bureau.

He holds a fellow member of the Institute of Chartered Accountants of Sri Lanka, Bachelor of Science (Public Administration) Special degree - University of Sri Jayawardenapura and Higher National Diploma in Management Studies of the Open University of Sri Lanka.

He had held the post of Director State Timber Corporation, Director Ceylon Fertilizer Company Limited and Director of the Paddy Marketing Board.

**Mervin Gunasena - Director
(Up to 16.05.2013)**

Mr. Mervin Gunasena currently the private secretary to Hon. Minister of Health at Ministry of Health.

He holds a L.L.B (Bachelor of Law), Attorney at Law and M.A (Sociology) pending result.

He had held post of Chairman - Agriculture and Agrarian Insurance Board, Director General - Central Environment Authority, Deputy General Manager (Operation) Social Security Board, working Director Central Engineering Consultancy Bureau and Attorney - at - Law at Colombo and Matera bars.

M.Rukmal R Abeyawickrama - Director

Mrs. M R R Abeyawickrama is presently attached to the Department of National Budget of the Ministry of Finance and Planning in the Capacity of an Additional Director General and handling the health budget in the Department.

She joined the Sri Lanka Planning Service in 1994 and worked in the public service to date and held the post of Assistant Director, Deputy Director and Director in the departments of National Planning, Fiscal Policy and National Budget of the Ministry of Finance & Planning since 1994 - 2013. She has accumulated extensive experience in health financing and planning in the General Treasury.

She holds MSc in Health Economics and Health Policy (UK), Postgraduate Diploma in Economic Development (Colombo), LLB (OUSL) and BCom(Hon) (Colombo).

She serves as a Board of Director of the Wijaya Kumaratunga Memorial Hospital, Ayurveda Medical Council and Institute of Indigenous Medicine.

**Sisira Jinendra Paranagama –
Director
(From 17.05.2013)**

Mr.Sisira Jinendra Paranagama currently the Board of Director of State Pharmaceuticals Manufacturing Corporation.

He holds a Marketing Degree and he serves as a Vice Chairman of Ministry of Re – Settlement, Director of Sri Jayawardenapura Hospital, Member of the Sri Lanka Management Council and currently he is the Basnayake nilame of the Maha Saman Dewalaya Balangoda

**Nawaratne Bandara Alahakoon -
Director
(From 17.05.2013)**

Mr.Nawaratne Bandara Alahakoon is retired Manager at Bank of Ceylon and currently the Chairman of the Local Visiting Committee of the Polonnaruwa district and also Director of the Polonnaruwa District Rural Bank Society of the Ministry of Co-op Development.

He holds BA degree in Ceylon University and Entrepreneurships Diploma in Open University and he has participated Rural poverty elimination training under the Indian bank supervision and special training and experience regarding the credit scheme for the large scale Enterprises & Business development & sales promotion at the Bank of Ceylon (Local & Foreign).

He has 34 years of working experience as an Executive officer, Bank Manager at the Bank of Ceylon He had held the post of Chairman - Polonnaruwa Co-operative society (1983), Chairman - Rajarata Bus Company Limited (2005-2007 Ministry of Transport), Director - Mahaweli Engineering Company Limited (2006-2007 Ministry of Land & Irrigation), Director - Agriculture Insurance Board (2007-2008 Ministry of Agricultural Service), Working Director - Thamankaduwa Fertilizer Company Limited (2007-2008 Ministry of Agriculture & Agricultural service) and Working Director - Ceylon Fertilizer Company Limited (2008-2010 Ministry of Agriculture & Agricultural service).

**Miuru Bhashitha Liyanage - Director
(From 17.05.2013)**

Mr. Miuru Bhashitha Liyanage currently coordinating secretary to the Hon. Minister Maithreepala Sirisena, Chairman & Managing Director of Sarasa Group of Companies, Consultant in Journalism and Consultant in Police and public relation (External).

He holds special degree in Mass Communication, Higher Diploma holder of Fine Arts in Bellwood, Diploma in Business Management at NIBM, Diploma in Writership & Mass Communication at Sri Jayawardenapura University of Sri Lanka, Diploma in Journalism in Colombo University (2012), Certificate course in writership and Mass Communication at Open University of Sri Lanka and at present he is following a post Graduate Diploma in Journalism & Master in Mass Media Studies at Colombo University.

He worked as Journalism and programme presenter at television and Radio.

DIRECTOR'S REPORT

The Directors have pleasure in forwarding their Report and Audited Accounts for the year ended 31st December 2013. The Accounts are set out on pages 155 - 180.

PRINCIPAL ACTIVITIES

The principal activities of the Corporation are,

- The manufacture, processing, stocking, packing & re-packing of drugs
- The provision of technical knowhow for the above operations.
- Pharmacological & Pharmaceutical research & the standardization of drugs; and
- The marketing of drugs so produced.

There were no significant changes in the nature of the activities of the Corporation during the year.

REVIEW OF BUSINESS

The state of affairs of the Corporation at 31st December 2013 is set out in the balance sheet on page 155.

An assessment of the corporation during the financial year is given in the Chairman's Review on pages 143 & 144.

TURNOVER & RESULTS

The Turnover, results for the year and the changes in the equity are set out in the income statement on page 156 and the statement of changes in equity on pages 157 respectively.

FUTURE DEVELOPMENT

Future developments in business are given in the Chairman's Review on pages 143 & 144.

DONATIONS

During the year, no donations have been made by the Corporation.

PROPERTY, PLANT & EQUIPMENT

The movements in property, plant & equipment during the year are set out in Note 1 to the financial statement on page 167.

DIVIDEND / CONTRIBUTION

The Directors recommended and made a payment of Rs.20,000,000.00 by way of dividends to the consolidated Fund of the General Treasury.

RESERVES

Total Reserves of the Corporation and their composition have been given in the statement of changes in equity on page 157 of the financial statement.

DIRECTORS

The Board consists of six Directors, whom are appointed by the Minister of Health. One of the Directors is the Finance Ministry representative and the other is representing Ministry of Health.

New Board Members

New Directors of the Board were appointed from the month of May 2013.

During the period, the Board of Directors had held twelve meeting. The Chairman and the Board of Directors take the responsibility for the affairs of the Corporation for the related period.

Prof. S.D.Jayaratne	-	Chairman	
Dr. P.G.Maheepala	-	Director	- Health Ministry Representative
Lalith Senanayake	-	Director	
M.R.R.Abeywickrama	-	Director	- Finance Ministry Representative
Sisira Jinendra Paranagama (From 17.05.2013)	-	Director	
Nawaratne Bandara Alahakoon (From 17.05.2013)	-	Director	
Miuru Bashitha Liyanage (From 17.05.2013)	-	Director	

Previous Board Members

Previous Board members functioned from May 2010 to May 2013.

Prof. S.D.Jayaratne	-	Chairman/Managing Director	
Prof. Ranjani Gamage (up to 16.05.2013)	-	Director	
Dr. P.G.Maheepala	-	Director	- Health Ministry Representative
Rohan Dharmathilake (up to 16.05.2013)	-	Director	
Mervin Gunasena (up to 16.05.2013)	-	Director	
Lalith Senanayake	-	Director	
M.R.R.Abeywickrama	-	Director	- Finance Ministry Representative

ACCOUNTING POLICIES

The principal accounting policies of the Corporation are set out on pages 160 to 166.

ENVIRONMENTAL PROTECTION

It is the responsibility of the Corporation to operate in a manner that will not have a detrimental effect on the environment and to provide products of the highest quality that have a beneficial effect for our customers and the communities within which we operate.

STATUTORY PAYMENTS

All statutory payments to the government and the employees have been made at the balance sheet date.

EVENTS AFTER BALANCE SHEET DATE

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

GOING CONCERN

The Financial Statements are prepared based on the going concern concept. The Board of Directors are satisfied that the Corporation has adequate resources to continue its operations in the foreseeable future.

APPOINTMENT OF AUDITORS

In terms of the provision of Finance Act 1971, the Auditor General is the Auditor of the Corporation and had carried out his annual audit of the financial activities of the Corporation for the year ended 31st December 2013.

Prof. S.D.Jayaratne
Chairman

REPORT OF THE AUDIT COMMITTEE

The Audit Committee constitutes in accordance with the provisions of the Public Enterprise Circular No. PED 55 of 14.12.2010.

The Audit Committee should assist the Board in the task of overseeing to ensure that financial reporting is done in compliance with relevant Sri Lanka Accounting Standards and other applicable legal requirements, to ensure that all relevant rules and regulations and circulars issued by the government are complied with continuously reviewing and monitoring making recommendations to the board on non-compliance, review the internal /external audit reports, management letters and recommendations of COPE, help the Board to take remedial actions, to introduce and implement adequate internal control system.

The Audit Committee comprises four non - Executive Directors of the Corporation and chaired by the Director representing the Treasury.

Auditor General's Department representative participated as an observer as per the above Circular and Chief Internal Auditor of the Ministry of Health also participated as an observer as appointed by the Ministry of Health.

During the financial year 2013, four (04) Audit Committee meetings were held.

In the year 2013, the Committee

- Paid attention for the issue of Annual Report for the year 2012.
- Considered the Internal Audit reports, covering the nature of the issues, responses by the Departmental Heads and corrective actions that were taken by the Management to overcome the noted deficiencies.
- Reviewed & made suitable recommendations about several internal control systems in the areas of Stores & Inventories, Sales, Production, Material purchasing ,Finance, Human Resource such as interdepartmental transactions in order to ensure the smooth operations of the Corporation.
- Reviewed the follow up actions taken by the respective Manager / Officer on the recommendations of the Committee.
- Reviewed the Monthly Financial reports and made recommendations for amendments & improvements.
- Paid due attention for adaption and implementation of SLFRS/ LKAS for financial reporting from 2012 as required by the Institute of Chartered Accountants of Sri Lanka.
- Considered the comments presented by the Management of the Corporation on the matters raised by the Auditor General.
- Reviewed the 2013 COPE Minutes and reply sent by SPMC.
- Reviewed the Revised Budget and revised capital Budget 2013.
- Reviewed the Budget and capital Budget 2014.
- Reviewed the recommendation made by Sri Lanka Accounting and Auditing Standards Monitoring Board. (SLAASMB)
- The Audit Committee is of the opinion that terms of reference of the Committee cover the subjects in all material aspects.

Audit Committee Members

M R R Abhayawickrama	- Chairperson	- Director - SPMC/Treasury Representative
Lalith Senanayake	- Member	- Director-SPMC
Mervin Gunasena	- Member	- Director-SPMC (up to 11.07.2013)
Miuru Bhashitha Liyanage	- Member	- Director-SPMC (From 12.07.2013)
Sisira Jinendra Paranagama	- Member	- Director-SPMC (From 12.07.2013)

M R R Abhayawickrama

Chairperson - Audit Committee

04.03.2014

CORPORATE GOVERNANCE REPORT

Corporate Governance is the system by which companies are directed & controlled by the Management in the best interest of the stake holders ensuring greater transparency, better and timely Financial reporting.

Board of Directors is responsible for the Governance of the Corporation.

DIRECTORS

The Board comprises professional and experienced persons from Engineering, Management, Financial and administration sectors.

The Board of Directors consists of one Executive Director who is the Chairman and six non-Executive Directors

The Board meets monthly intervals and in addition special meetings are also arranged as required, unless otherwise in the event of parliament has been dissolved or Board has not been appointed by Hon. Minister.

During the period under review, twelve board meetings were held.

MANAGEMENT COMMITTEE

Corporate Management Committee is held by Chairman of the Corporation. The Committee comprises Heads and Deputy Heads of the Departments of the Corporation

Management Committee makes decisions on day to day operations of the Corporation, implements the policy decision and strategic objectives as well as makes recommendations as necessary for Board of Directors to take policy decisions.

Management Committee meets at monthly intervals.

AUDIT COMMITTEE

Audit Committee is constituted in accordance with the 'Public Enterprises Guideline for Good Governance' and Public Finance Circulars.

The Audit Committee is appointed by the Board and comprises three non - executive Directors of the Corporation. Director who represents Ministry of Finance chairs the Committee.

The Audit Committee independently examines and evaluates the activities of the Corporation. Internal Audit function carried out in accordance with "Internal Audit Plan" is approved by the Audit Committee with the notification of the Auditor General.

During the period under review four Audit Committee meetings were held.

Audit Committee Report is set out in page 150

INVESTOR'S RELATIONSHIP & PUBLIC ACCOUNTABILITY

Public Enterprises are established, owned and operated by the Government on behalf of the Public.

Therefore Board of Directors and Managers of the Corporation are responsible for managing the enterprises to the Ministry of Health as line Ministry and the General Treasury of the Finance Ministry.

Annual Report, Annual Accounts, Annual Budgets, Quarterly Performance Reports are forwarded to the same authorities, fulfilling the above responsibility.

Throughout the democratic world, Parliament, consisting of elected representatives of the people, has been accepted as the ultimate authority on public Finance.

Annual Report which embodies the performance of the Corporation, Financial Statements, and Auditor General's Report is tabled in parliament for review by the Members of Parliament.

Being a Public Enterprise, the Corporation is also accountable for the "Committee for Public Enterprises" (COPE) of Parliament.

REMUNERATION POLICY

Corporation's remuneration policy is set out on the recommendations of the Management Services Department of the General Treasury.

Director's allowances and perquisites are decided and paid in accordance with the applicable circulars in relation to allowances and perquisites of directors of Corporations issued by the General Treasury.

Employees' salaries are paid on salary scales prepared, based on Public Administration salary scales with the approval of the Department of Management Services of the General Treasury.

A performance incentive scheme is in place to link rewards directly to the performance.

INTERNAL CONTROL

The Board has responsibility to ensure that Corporation maintains a system of Internal Control, which is designed to provide reasonable assurance that all transaction entered into by the Corporation are properly authorized, recorded & reported.

Functional Organization Structure is in operation, departments are designed with defined activities such as Production, Quality Control, Maintenance, Finance, Planning, and Formulation Research & Development & Marketing.

Heads of each department directly report to General Manager who is the chief operating officer of the Corporation.

General Manager reports to Managing Director, Chairman & Board of Directors.

Internal Control system is augmented by the internal Audit function. The Internal Auditor reports direct to the Chairman of the Corporation and Audit Committee thereby

strengthening the independence of the Internal Auditor.

Competitive Tender procedure for procurement process is followed by the corporation in order to maintain the transparency of the transactions and thereby giving equal opportunities to interested parties.

The Annual Budget which includes the capital expenditure budgeted are approved by the Board and forwarded to Ministries of Health and Finance.

OUR PRODUCT MIX

Item Wise Product Quantity in Million Units of Tablets/Capsules

Products	Quantity In Mn. Units	Products	Quantity In Mn. Units
Aluminium Hydro.Tab. BP 500mg.	1.140	Folic Acid Tab. BP 1mg.	265.500
Amoxicillin Tab. USP 125mg.	7.000	Famotidine Tablets USP 20mg	71.550
Amoxycillin Cap. BP 250mg.	235.234	Frusemide Tab. BP 40mg.	42.000
Amoxycillin Cap. BP 500mg.	34.125	Gliclazide Tablets 80mg	4.227
Ascorbic Acid Tab. BP 100mg.	31.050	Indomethacin Cap. BP 25mg.	30.500
Atenolol Tab. BP 50 mg	11.312	Losartan Potassium Tablets 50mg	0.800
Benzhexol Tab. BP 2mg.	36.000	Mebendazole Tab. USP 500mg.	0.640
Carbamazepine Tab. BP 200mg	42.000	Mebendazole Tab. USP 100mg.	45.000
Chloramphenicol Cap. BP 250mg.	0.302	Metformin Tab. BP 500mg.	85.990
Chloroquine Phos. Tab. BP 250mg.	2.200	Paracetamol Tab. BP 500mg.	206.400
Cimetidine Tab. BP 200mg	4.160	Phenoxymethylpenicillin Tab. BP 250mg.	29.740
Cloxacillin Cap. BP 250mg.	103.600	Phenoxymethylpenicillin Tab. BP 125mg.	4.800
Cloxacillin Cap. BP 500mg.	5.600	Prednisolone Tab. BP 5mg.	224.000
Co-Trimoxazole Tab. BP 480mg. (Adult)	9.750	Propranolol Tab. BP 40mg.	16.000
Clarithromycin Tableets 250mg	0.139	Salbutamol Tab. BP 2mg.	91.200
Diclofenac Sodium Tab.USP 50mg.	88.400	Theophylline Tab. ER USP 125mg.	37.433
Diethylcarbamazine Tab. BP 50mg.	16.200	Trifluoperazine Tab. BP 5mg.	4.500
Diltiazem HCL Tablets 60mg	36.000	Verapamil Tab. BP 40mg.	19.800
Enalapril Maleate Tablets USP 5mg	61.200	Vitamin B Tab. CHF	61.600
Erythromycin Stearate Tab. BP 250mg.	20.800	Vitamin B Complex Strong Tab. BPC	14.000

PRODUCTS TO BE LAUNCHED - 2014

- Levothyroxine Tablets BP 50 micro grams
- Clarithromycine Tablets USP 250mg
- Esomeprozole Tablets BP 20mg
- Metronidazole Tablets USP 200mg
- Losartan Potassium Tablets BP 50mg

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of directors, in relation to the financial statements, differ from responsibilities of the Auditors, which are set out in the Report of the Auditor General on pages 181 - 193.

Under the Financial Act No.38 of 1971, a public corporation shall cause proper accounts of the income and expenditure, assets and liabilities and of all other transactions of the corporation to be kept. A Public corporation shall prepare an annual statement of accounts and statistics relating to the activities of the corporation in such form and containing such particulars.

The Board of Directors has a statutory responsibility in the stewardship of the enterprise on behalf of the Government and stakeholders, they are responsible for ensuring that the corporation keep sufficient accounting records to disclose with reasonable accuracy the financial position of the corporation and for ensuring that the financial statements have been prepared and presented in accordance with Sri Lanka Accounting Standards and provide the information required by the Finance Act No.38 of 1971 and the directors continue to adopt the going concern basis in preparing the financial statements.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the corporation and in this regard to give proper consideration to the establishment of appropriate internal control systems comprising of internal audit, internal checks and financial reviews and detect fraud and irregularities.

Under the financial Act No. 38 of 1971, the Auditor General has examined the financial statements made available by the Board of Directors together with all the financial records and related data and expressed their opinions which appears as reported on page 181 - 193 of this report.

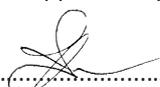
STATEMENT OF FINANCIAL POSITION

As at 31.12.2013

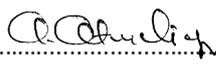
(All amounts in Sri Lankan Rupees)

	Note	As at 31.12.2013	As at 31.12.2012
ASSETS			
Non Current Assets			
Property, Plant and Equipment	01	762,641,198	804,305,166
Intangible Assets	02	1,078,000	398,947
Other Non Current Assets	03	376,105	1,171,882
Work in Progress		935,067	33,827,229
Current Assets			
Inventories	04	561,248,472	647,559,566
Trade and Other Receivables	05	493,222,377	293,373,713
Prepayments	06	36,045,173	5,980,156
Other Financial Assets	07	429,896,526	210,691,094
Cash In Hand & At Bank	08	8,670,818	5,950,745
		1,529,083,367	1,163,555,275
Total Assets		2,294,113,736	2,003,258,498
EQUITY AND LIABILITIES			
Authorised Capital		850,000,000	850,000,000
Stated Capital	09	690,079,000	690,079,000
Retained Earnings		1,247,527,043	1,059,925,592
Total Equity		1,937,606,043	1,750,004,592
Non Current Liabilities			
Employee Benefit Liabilities		22,414,958	17,989,961
Deferred Tax Liability	10	140,956,542	158,766,584
Deferred Liability		-	14,263
		163,371,500	176,770,807
Current Liabilities			
Trade and Other Payables	11	79,693,150	81,327,558
Tax Payable		113,443,043	(4,844,459)
		193,136,193	76,483,099
Contingent Liabilities	12	-	-
Total Equity and Liabilities		2,294,113,736	2,003,258,498

These Financial Statements were approved by the Board of Directors on 2nd October 2014 and were signed on its behalf by :

Chairman :  Director : 

Date : 03.10.2014

DGM Finance : 

STATEMENT OF INCOME

For the Year ended 31st December 2013

(All amounts in Sri Lankan Rupees)

		For the year 2013	Restatement for the year 2012	For the year 2012
	Note			
Revenue	13	1,941,182,950	1,414,546,985	1,414,546,985
Cost of Sales	14	(1,513,899,412)	(1,196,065,869)	(1,220,523,214)
Gross Profit		427,283,538	218,481,116	194,023,771
Other Operating Income	15	5,983,263	6,876,100	6,876,100
Administrative Expenses	16	(106,096,193)	(106,847,406)	(82,390,062)
Selling & Distribution Expenses	17	(21,308,803)	(24,073,920)	(24,073,920)
Other Operating Expenses	18	(1,685,541)	(9,143,696)	(9,143,696)
Operating Profit		304,176,264	85,292,193	85,292,193
Finance Cost	19	(2,266,464)	(2,407,144)	(2,407,144)
Finance Income	20	28,059,081	34,251,670	34,251,670
Profit Before Tax		329,968,881	117,136,719	117,136,719
Tax Expenses	21	(120,814,029)	(18,575,538)	(18,575,538)
Profit for the Year		209,154,852	98,561,181	98,561,181
Statement of Comprehensive Income				
Profit for the Year		209,154,852	98,561,181	98,561,181
(-) Transitional Liability		(486,083)	-	-
(-) Liability Expenses Loss		(1,067,318)	-	-
Income Tax on Other Comprehensive Income		-	-	-
Other Comprehensive Income for the Year, Net of Tax		(1,553,401)	-	-
Total Comprehensive Income for the Year, Net of Tax		207,601,451	98,561,181	98,561,181

CHANGES IN EQUITY STATEMENT

For the Year ended 31st December 2013
(All amounts in Sri Lankan Rupees)

	Stated Capital	Profit & Loss	Total
Balance as at 01.01.2012	690,079,000	668,600,896	1,358,679,896
Profit for the Year	-	98,561,181	98,561,181
Other Comprehensive Income	-	-	-
Total Comprehensive Income	690,079,000	767,162,077	1,457,241,077
SLFRS Adjustments	-	312,763,516	312,763,516
Contribution to Treasury	-	(20,000,000)	(20,000,000)
Balance as at 31.12.2012	690,079,000	1,059,925,592	1,750,004,592
Balance as at 01.01.2013	690,079,000	1,059,925,592	1,750,004,592
Profit for the Year	-	209,154,852	209,154,852
Other Comprehensive Income	-	(1,553,401)	(1,553,401)
Total Comprehensive Income	-	1,267,527,043	1,957,606,043
Contribution to Treasury	-	(20,000,000)	(20,000,000)
Balance as at 31.12.2013	690,079,000	1,247,527,043	1,937,606,043

CASH FLOW STATEMENT

for the Year ended 31.12.2013

(All amounts in Sri Lankan Rupees)

	For the year 2013	For the year 2013
Cash Flows from operating Activities		
Net Profit/(Loss) before taxation & extraordinary items	329,968,881	117,136,719
Adjustments for :		
Depreciation on Fixed Assets	117,542,273	121,234,122
Current Service Cost	1,339,232	(668,654)
Over Provision for Doubtful Debts	-	(189,797)
Profit on Disposal of Vehicle	-	(1,025,000)
Profit / Loss on Disposal	87,463	-
Loss on Tools Written off	68,468	-
Cost of Damaged & Unused	332,154	7,628,787
Deferred Income	(14,263)	(14,263)
Interest Income	(25,314,785)	(31,843,823)
Operating Profit before Working Capital Changes	424,009,423	212,258,091
Changes in items of Working Capital		
(Increase) / Decrease in Inventories	86,311,094	(162,626,615)
(Increase) / Decrease in Debtors & Receivables	(199,848,664)	(93,362,234)
(Increase) / Decrease in Deposits & Prepayments	(30,065,017)	676,835
Increase / (Decrease) in Liabilities	(1,634,409)	23,591,194
Cash generated from operations	278,772,427	(19,462,729)
Gratuity paid	(315,240)	(501,605)
Income Tax paid	(20,336,569)	(44,928,135)
Net cash from operating activities	258,120,618	(64,892,469)
Cash Flows from Investing Activities		
Short term Investments (Note A)	(218,013,466)	123,546,348
Acquisition of Fixed Assets	(44,156,578)	(70,787,470)
Proceeds from the sale of Disposal of Property	3,300	1,400,000
Interest received	24,122,819	34,836,309
Employee Interest Cost	1,847,604	1,869,526
Other Non Current Assets	795,777	(348,552)
Net cash used in investing activities	(235,400,545)	90,516,161
Cash Flows from Financing Activities		
Treasury Contribution	(20,000,000)	(20,000,000)
Net cash used in Financing activities	(20,000,000)	(20,000,000)
Net Increase / (Decrease) in Cash & Cash Equivalents	2,720,073	5,623,692
Cash & Cash Equivalents at the beginning of the period	5,950,745	327,053
Cash & Cash Equivalents at the end of the period (Note B)	8,670,818	5,950,745

Note A - Cash flow from investing activities

Cash Inflows during the period	4,208,107,601	6,316,481,578
Cash Outflows during the period	(4,426,121,067)	(6,192,935,229)
Net Cash Flow	(218,013,466)	123,546,348

Note B**Cash & Cash Equivalents**

Cash & Cash Equivalents	299,207	1,012,942
Bank of Ceylon - Ratmalana Branch	7,869,329	4,812,740
Bank of Ceylon - Corporate Branch	167,870	85,469
Peoples Bank - Ratmalana Branch	297,572	35,858
Peoples Bank - Corporate Branch	26,840	3,385
Cash Balance	10,000	351
Petty Cash	8,670,818	5,950,745

CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

1. CORPORATE INFORMATION

GENERAL

State Pharmaceuticals Manufacturing Corporation is incorporated under Industrial Corporation Act No. 49 of 1957. It is a Government Corporation located at No. 11, Sir John Kotelawala Mawatha, Ratmalana.

The Corporation prepares Financial Statements for the year ended 31st December 2013 and these Financial Statements were authorized by the Board of Directors.

PRINCIPAL ACTIVITIES

The main functions are,

- (a) Manufacturing, processing, stocking, packing and re packing of drugs.
- (b) Provision of technical assistance for the manufacture and processing of drugs.
- (c) Pharmacological and pharmaceutical research and the standardization of drugs.
- (d) Marketing of drugs.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The Financial Statements have been prepared in accordance with Sri Lanka Financial Reporting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka.

2.2 BASIS OF MEASUREMENT

The Financial Statements have been prepared on the historical cost basis. The Corporation financial statements are presented in Sri Lankan Rupees.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 SIGNIFICANT ACCOUNTING POLICIES

The Accounting Policies set out below are consistent with those used in the previous year other than allocation between overheads 5.1.5

3.1.1 PROPERTY, PLANT & EQUIPMENT

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

3.1.2 DEPRECIATION

Full year's depreciation is provided in the year of purchase and no provision is made in the year of disposal on straight line basis. Estimated useful life Property, Plant & Equipment are as follows.

Leasehold Land	Over the period of Lease (99 years)
Landscaping Expenses	Over the period of Lease (99 years)
Buildings	4 to 30 years
Vehicle Shed	4 years
Plant & Machinery	1 to 17 years
Motor Vehicles	3 to 14 years
Motor Bicycle	5 years
Equipment	2 to 10 years
Computer Accessories	1 to 5 years
Computer Software	1 to 5 years
Furniture & Fittings	3 to 10 years
Tools	1 to 11 years
Library Books	5 years

3.1.3 INTANGIBLE ASSETS

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

3.1.4 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The carry value of property, plant and equipment is reviewed for impairment either annually or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognized in the income statement unless it reverses a previous revaluation surplus for the same asset.

3.1.5 IMPAIRMENT OF NON FINANCIAL ASSETS

The Corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

3.1.6 TAXATION

3.1.6.1 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 date of Statement of Financial position.

Accordingly, provision for taxation is made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provision of the Inland Revenue Act No: 38 of 2000 and the Amendments thereto, the rates specified in the act. Provision for the current year taxation made according to the accounting profit subject to the rate specified by act.

3.1.6.2 DEFERRED TAXATION

In respect of each type of temporary differences recognized in the Statement of Financial Position, we considered the Deferred Tax Liabilities and Assets. In our Financial Statements mainly we recognized a Deferred Tax Liability for Book & Tax written down value of Fixed Assets & Deferred Tax Asset for Provision for Retiring Gratuity. Deferred Tax Assets & Liabilities are measured at the Income Tax Rate.

3.2 INVENTORIES

Inventories are recognized at cost and net realizable value which ever is lower after making due allowance for obsolete and slow moving items which are valued at 'First In First Out' basis.

3.2.1 MEASUREMENT OF INVENTORIES**COST OF INVENTORIES****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.

OTHER STOCKS

Cost is arrived at weighted average basis

3.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method less provision for impairment. The Corporation has not provided any impairment for trade debtors as there is no long outstanding as at 31-12-2013

3.2.3 CASH AND CASH EQUIVALANTS

Cash and cash equivalents comprise cash in hand and bank balance and short term investment.

3.2.4 RELATED PARTY TRANSACTIONS**3.2.4.1 COMPENSATION OF BOARD OF DIRECTORS****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 TRANSACTION	2013	2012
TRANSACTION		
Investment in Sri Lanka Government Securities Held by Corporation	429,896,526	210,691,094
Paid Surplus to Government during the year	20,000,000	20,000,000
Sales	529,050,518	412,413,224
OUTSTANDING BALANCE		
Receivable from SPC	1,296,680	54,405,818
Receivable from DHS	404,315,959	217,151,210

3.2.5 CAPITAL

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

3.2.6 EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

All the material events after the date of Statement of Financial Position have been considered and appropriate adjustment and disclosures have been made in to the financial statement, where necessary.

3.2.7 RESEARCH COST

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 OBLIGATION

4.1.1 DEFINED BENEFIT PLAN - RETIREMENT GRATUITY

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

Corporation measures the present value of the promised retirement benefit of gratuity with the advice of the Actuary from the 2013.

The principal assumptions used in the calculations are as follows.

		2013	2012
Expected Annual Average Salary Increment Rate	-	4.00%	3.80%
Discount Rate / Interest Rate	-	10.00%	10.90%
Staff Turnover Factor	-	2.03%	3.13%

The liability is not externally funded. The item is grouped under Non-Current Liabilities in the Statement of Financial Position.]

4.1.2 DEFINED CONTRIBUTION PLANS - EMPLOYEES PROVIDENT FUND & EMPLOYEES TRUST FUND

All employees who are eligible for Employees' Provident Fund Contribution and Employees' Trust Fund Contribution is covered by relevant contribution funds in line with respective regulation.

Obligations for contributions to provident Fund and Trust Fund covering the employees are recognized as an expense in the Income Statement.

4.1.3 TRADE AND OTHER PAYABLES

Trade and other payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method less provision for impairment. The corporation has not provided any subsequent measured cost as there is material effect as at 31-12-2013

4.1.4 PROVISION

GENERAL

Provisions are recognized when the Corporation has a present obligation (legal or Constrictive) as a result of a past event, it is probable that an outflow of resource embodying economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the corporation expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

5. INCOME STATEMENT

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

5.1.1 TURNOVER

The State Pharmaceuticals Manufacturing Corporation turnover comprises sales to Department of Health Service, Distributors and State pharmaceuticals Corporation.

5.1.2 REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue 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 and excluding taxes or duty. The Corporation assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Corporation has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also met before revenue is recognized.

SALE OF GOODS

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

5.1.3 EXPENSES

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

5.1.4 FINANCING EXPENSES

Finance expenses comprise of overdraft interest, letter of credit opening expenses & credit facility agreement charges.

5.1.5 ALLOCATION BETWEEN OVERHEADS

In the Financial Statements, Overheads allocation method as follows.

EXPENSES

- (a) Rates & Taxes, Electricity, Water Charges
- (b) Insurance, Maintenance of Equipment, Maintenance - General, Maintenance - Building, Depreciation.
- (c) Insurance of Health Insurance Scheme, Staff Welfare, Uniform & Shoes, Transport Charges
- (d) Directors Fees, Other Incentives, Repairs & Maintenance of Motor Vehicles, Fuel & Lubricants for Vehicles, Postage & Fax, Telephone Charges, Security Charges, License Fee-Vehicles & Drugs, Printing & Stationery, Office Expenses, Audit Fee, Rent Charges, Advertisements, Trade Subs.& Periodicals, Legal & Inquiry Expenses, Professional Charges, Entertainment, Annual Subscription, Annual Conference & Meetings, Stamp Fee, Stationery Adj.-Stock take.
- (e) Staff Benefits & Other Expenses

ALLOCATION METHOD

- (a) Common Actual cost is apportioned based on percentage 70% & 30% between Production & Administration.
- (b) If the actual cost is directly related to the Production or Administration, apportioned on that basis. Other common actual cost is apportioned based on percentage 70% & 30% between Production & Administration.
- (c) Cost is apportioned based on actual number of employees in each section.
- (d) Actual cost method is used
- (e) Actual Cost method is used

6. FINANCIAL INSTRUMENTS - INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

6.1 FINANCIAL ASSETS

6.1.1 INITIAL RECOGNITION AND MEASUREMENT

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

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

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

6.1.2 SUBSEQUENT MEASUREMENT

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

6.1.3 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

6.1.4 LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance cost.

6.1.5 HELD - TO - MATURITY INVESTMENTS

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to- maturity when the Corporation has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized as finance cost in the income statement in finance cost. The Corporation did not have any held -to- maturity investments during the year ended 31 December 2012, 2011and 2010.

6.1.6 AVAILABLE - FOR - SALE FINANCIAL INVESTMENTS

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

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

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

For a financial assets reclassified out of the available for sale category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the assets are subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement. The Corporation did not have any available for -sale financial investments during the year ended 31 December 2013.

6.1.7 DERECOGNITION

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

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

6.1.8 IMPAIRMENT OF FINANCIAL ASSETS

The Corporation assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

6.1.9 FINANCIAL ASSETS CARRIED AT AMORTIZED COST

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

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

The Corporation is performed specific impairment for each debtor categories.

NOTE - 01
PROPERTY, PLANT & EQUIPMENTS - DEPRECIABLE ASSETS
2013

Cost	Description	Cost as at 01.01.2013	Acquisitions During the Year	Disposals During the Year	Balance As at 31.12.2013	Damaged & Unused Adjustments	Balance after Adj. of Damaged & Unused as at 31.12.2013
	Depreciable Assets						
	Leasehold Land	4,920,845	-	-	4,920,845	-	4,920,845
	Land Scaping Expenses	6,113,388	-	-	6,113,388	-	6,113,388
	Building	343,915,599	41,928,531	-	385,844,130	-	385,844,130
	Vehicle Parking Shed	1,170,063	-	-	1,170,063	-	1,170,063
	Plant & Machinery	647,702,109	19,865,660	(1,231,000)	666,336,769	(16,205,633)	650,131,136
	Motor Vehicles	44,046,800	8,150,000	-	52,196,800	-	52,196,800
	Motor Bicycle	100,000	-	-	100,000	-	100,000
	Equipment	120,892,137	3,292,505	(8,750)	124,175,892	(1,796,329)	122,379,563
	Computer Accessories	8,316,310	512,030	(112,920)	8,715,420	(276,025)	8,439,395
	Furniture Fittings & Equipment	18,507,862	2,316,598	(3,025)	20,821,435	(177,925)	20,643,510
	Bicycle & Carts	31,987	-	-	31,987	-	31,987
	Tools	7,971,054	-	(174,574)	7,796,480	(70,850)	7,725,630
	Library Book	63,069	-	-	63,069	-	63,069
	Fully Depreciated Assets						
	Library Book	2,435,973	-	-	2,435,973	-	2,435,973
	Total Value of Assets	1,206,187,197	76,065,324	(1,530,269)	1,280,722,252	(18,526,762)	1,262,195,490

Depreciation	Description	Accumulated Dep. As at 01.01.2013	Depreciation For the Year	Acc. Dep. Related to Disposals	Damaged & Unused Adjustments	Balance As at 31.12.2013
	Depreciable Assets					
	Leasehold Land	1,292,814	49,706	-	-	1,342,520
	Land Scaping Expenses	1,611,220	61,751	-	-	1,672,971
	Building	74,781,051	32,319,735	-	-	107,100,786
	Vehicle Parking Shed	472,047	277,555	-	-	749,602
	Plant & Machinery	195,565,153	54,463,311	(45,316)	(139,299)	249,843,849
	Motor Vehicles	18,702,852	6,027,676	-	-	24,730,528
	Motor Bicycle	56,666	3,333	-	-	59,999
	Equipment	70,816,308	20,381,013	(3,000)	(217,592)	90,976,729
	Computer Accessories	5,965,077	879,842	(26,146)	(71,160)	6,747,613
	Furniture Fittings & Equipment	6,514,916	2,117,122	(1,170)	(10,035)	8,620,833
	Bicycle & Carts	9,596	4,798	-	-	14,394
	Tools	4,682,984	643,596	(104,806)	(18,600)	5,203,174
	Library Book	46,849	8,473	-	-	55,322
	Fully Depreciated Assets					
	Library Book	2,435,973	-	-	-	2,435,973
	Total	382,953,506	117,237,910	(180,438)	(456,686)	499,554,292

Written Down Value	Description	Cost as at 01.01.2013	Cost as at 01.01.2012
	Depreciable Assets		
	Leasehold Land	3,578,325	3,628,031
	Land Scaping Expenses	4,440,417	4,502,168
	Building	278,743,345	269,134,548
	Vehicle Parking Shed	420,461	698,016
	Plant & Machinery	400,287,287	435,207,322
	Motor Vehicles	27,466,272	25,343,948
	Motor Bicycle	40,001	43,334
	Equipment	31,402,834	48,546,489
	Computer Accessories	1,691,782	2,084,957
	Furniture Fittings & Equipment	12,022,677	11,838,572
	Bicycle & Carts	17,593	22,391
	Tools	2,522,456	3,239,170
	Library Book	7,748	16,220
	Fully Depreciated Assets		
	Library Book	-	-
	Total	762,841,198	804,305,166

2012

Cost	Description	Cost as at 01.01.2012	Acquisitions During the Year	Disposals During the Year	Balance As at 31.12.2012	Damaged & Unused Adjustments	Balance after Adj. of Damaged & Unused as at 31.12.2012
	Depreciable Assets						
	Leasehold Land	4,920,845	-	-	4,920,845	-	4,920,845
	Land Scaping Expenses	6,113,388	-	-	6,113,388	-	6,113,388
	Building	340,956,701	2,958,898	-	343,915,599	-	343,915,599
	Vehicle Parking Shed	1,170,063	571,630	-	1,741,693	-	1,741,693
	Plant & Machinery	598,838,071	48,864,038	-	647,702,109	(16,929,633)	630,772,476
	Motor Vehicles	39,196,800	5,600,000	(750,000)	44,046,800	-	44,046,800
	Motor Bicycle	100,000	-	-	100,000	-	100,000
	Equipment	115,347,221	5,544,916	-	120,892,137	(1,529,339)	119,362,798
	Computer Accessories	6,580,579	1,735,731	-	8,316,310	(266,275)	8,050,035
	Furniture Fittings & Equipment	15,614,894	2,892,968	-	18,507,862	(154,375)	18,353,487
	Bicycle & Carts	31,987	-	-	31,987	-	31,987
	Tools	7,963,554	7,500	-	7,971,054	(48,900)	7,922,154
	Library Book	63,069	-	-	63,069	-	63,069
	Fully Depreciated Assets						
	Library Book	2,435,973	-	-	2,435,973	-	2,435,973
	Total Value of Assets	1,138,761,515	68,175,681	(750,000)	1,206,187,196	(18,928,522)	1,187,258,674

Depreciation	Description	Accumulated Dep. As at 01.01.2012	Depreciation For the Year	Acc. Dep. Related to Disposals	Damaged & Unused Adjustments	Balance As at 31.12.2012
	Depreciable Assets					
	Leasehold Land	1,243,108	49,706	-	-	1,292,814
	Land Scaping Expenses	1,549,469	61,751	-	-	1,611,220
	Building	43,952,982	30,828,069	-	-	74,781,051
	Vehicle Parking Shed	194,492	277,555	-	-	472,047
	Plant & Machinery	146,449,228	51,605,243	(375,000)	(2,489,318)	195,565,153
	Motor Vehicles	15,087,676	3,990,176	-	-	18,702,852
	Motor Bicycle	53,333	3,333	-	-	56,666
	Equipment	51,706,955	19,963,647	-	(854,295)	70,816,307
	Computer Accessories	3,633,407	2,465,380	-	(133,710)	5,965,077
	Furniture Fittings & Equipment	4,683,423	1,867,050	-	(35,558)	6,514,915
	Bicycle & Carts	4,798	4,798	-	-	9,596
	Tools	3,934,264	776,201	-	(27,480)	4,682,985
	Library Book	37,280	9,569	-	-	46,849
	Fully Depreciated Assets					
	Library Book	2,435,973	-	-	-	2,435,973
	Total	274,966,389	111,902,478	(375,000)	(3,540,361)	382,953,507

Written Down Value	Description	Cost as at 01.01.2012
	Depreciable Assets	
	Leasehold Land	3,628,031
	Land Scaping Expenses	4,502,168
	Building	269,134,548
	Vehicle Parking Shed	698,016
	Plant & Machinery	435,207,322
	Motor Vehicles	25,343,948
	Motor Bicycle	43,334
	Equipment	48,546,489
	Computer Accessories	2,084,957
	Furniture Fittings & Equipment	11,838,572
	Bicycle & Carts	22,391
	Tools	3,239,170
	Library Book	16,220
	Fully Depreciated Assets	
	Library Book	-
	Total	804,305,166

NOTE - 02
INTANGIBLE ASSETS

2013

Cost		2013				
Description	Cost As At 01.01.2013	Acquisitions During the Year	Disposals During the Year	Cost as at 31.12.2013	Damaged & Unused Adjustments	Balance after adj. of Damaged & Unused 31.12.2013
Computer Software	14,450,726	983,416	-	15,434,142	(50,000)	15,384,142
Total Value of Assets	14,450,726	983,416	-	15,434,142	(50,000)	15,384,142

Depreciation

Description	Accumulated Dep. As at 01.01.2013	Depreciation For the Year	Acc. Dep. Related to Disposals	Damaged & Unused Adjustments	Balance As at 31.12.2013
Computer Software	14,001,779	304,363	-	-	14,306,142
Total	14,001,779	304,363	-	-	14,306,142

Written Down Value

Description	Balance as at 31.12.2013
Computer Software	1,078,000
Total	1,078,000

2012

Cost		2012				
Description	Cost As At 01.01.2012	Acquisitions During the Year	Disposals During the Year	Cost as at 31.12.2012	Damaged & Unused Adjustments	Balance after adj. of Damaged & Unused 31.12.2012
Computer Software	13,912,326	538,400	-	14,450,726	(50,000)	14,400,726
Total Value of Assets	13,912,326	538,400	-	14,450,726	(50,000)	14,400,726

Depreciation

Description	Accumulated Dep. As at 01.01.2012	Depreciation For the Year	Acc. Dep. Related to Disposals	Damaged & Unused Adjustments	Balance As at 31.12.2012
Computer Software	5,638,119	5,649,289	-	2,714,371	14,001,779
Total	5,638,119	5,649,289	-	2,714,371	14,001,779

Written Down Value

Description	Balance as at 31.12.2012
Computer Software	398,947
Total	398,947

NOTE - 03**OTHER NON CURRENT ASSETS**

	As at 31.12.2013	As at 31.12.2012
Deposits (Note)	114,840	923,330
Security Deposits	261,265	248,552
	376,105	1,171,882

NOTE:**DETAIL OF THE DEPOSITS**

Legal Case - 32/RM/04/2010	9,840	743,330
Fuel Deposit	85,000	160,000
Srilanka Telecom IDD Facility	20,000	20,000
	114,840	923,330

NOTE - 04**INVENTORIES**

	As at 31.12.2013	As at 31.12.2012
Raw Materials	245,457,246	317,474,081
Packing Materials	22,717,688	26,097,773
Finished Goods	134,839,374	123,249,293
Work-in-Progress	61,357,267	73,818,634
Goods in Transits - R/M	12,296,168	28,802,547
Spare Parts - Plant & Machinery	82,674,541	76,382,804
Fuel & Lubricants	1,222,083	1,025,186
Inventory - Stationery	684,106	709,247
	561,248,472	647,559,566

NOTE - 05**TRADE DEBTORS & RECEIVABLES**

	As at 31.12.2013	As at 31.12.2012
Debtors - SPC	1,296,680	54,405,818
Debtors - DHS	404,315,959	217,151,210
Debtors - Distributors	66,498,813	570,257
(-) Provision for Doubtful Debts	(570,257)	(570,257)
Debtors Control - General	3,360	-
Distress Loans	20,854,961	20,379,312
Cycle Loans	104,562	102,959
Staff Loans	95,334	63,333
Festival Advance	340,600	256,000
Import Deposits Refunds	245,000	313,506
Ins.Claim Receivable for Damaged R/M	20,041	55,712
Salary Overpayment Receivables	14,480	627,287
Inventory - Loan Given	2,845	18,576
	493,222,377	293,373,713

NOTE - 06**PRE-PAYMENTS**

	As at 31.12.2013	As at 31.12.2012
Advance Payments	1,695,305	709,995
Advance Payments - Machinery & Spare Parts	26,473,484	-
Prepayments	3,674,090	3,576,924
Prepaid Staff Cost	-	1,693,238
	36,045,173	5,980,156

NOTE - 07**OTHER FINANCIAL ASSETS**

	As at 31.12.2013	As at 31.12.2012
Treasury Bills	404,981,262	187,205,975
Treasury Bills at NSB	8,622,394	7,746,052
Investments in trust fund	16,292,870	15,739,068
	429,896,526	210,691,094

NOTE - 08**CASH IN HAND & AT BANK**

	As at 31.12.2013	As at 31.12.2012
Bank of Ceylon - Ratmalana	299,207	1,012,942
Bank of Ceylon - Corporate	7,869,329	4,812,740
Peoples Bank - Ratmalana	167,870	85,469
Peoples Bank - Corporate	297,572	35,858
Cash in Hand	26,840	3,385
Petty Cash	10,000	351
	8,670,818	5,950,745

NOTE - 09**STATED CAPITAL**

Stated Capital is made up by Grant amounting to JY. 2.564 million converted at the average rate of Rs. 0.186 amounting to Rs. 476,904,000.00 and the funds contributed by the General Treasury amounting to Rs. 208,375,000.00 and the value of land amounting to Rs. 4,800,000.00 transferred from the State Pharmaceuticals Corporation.

NOTE - 10**DEFERRED TAX LIABILITY**

	As at 31.12.2013	As at 31.12.2012
	158,766,584	231,073,453
Balance at the Beginning of the Year	-	(59,556,341)
Net effect to the Opening Balance from SLFRS Adjustments Charge/(Reversal) as Deferred Tax during the year	(17,810,042)	(12,750,528)
	140,956,542	158,766,584

NOTE - 11**TRADE AND OTHER PAYABLES**

	As at 31.12.2013	As at 31.12.2012
Purchase Provision - Imported R/M	(962,378)	(800,662)
Purchase Provision - Packing Materials	(23,007)	-
Creditors Control - Packing Materials	8,090,828	5,984,901
Creditors Control - Raw Materials	4,895,773	10,072,825
Creditors Control - Stationery	168,686	728,197
Creditors Control - Equipment & Machinery	5,728,347	8,668,352
Creditors Control - Chemicals	2,289,768	1,158,088
Creditors Control - Clearing	-	30,162
Creditors Control - Welfare	110,316	131,065
Creditors Control - General	5,787,593	7,420,709
Creditors Control - Bank	18,408,466	16,232,155
Creditors Control - Employees	106,388	1,390,056
Creditors Control - Services	4,355,276	3,561,383
Creditors Control - Other FA	24,637,178	20,955,949
Payables to Depositors - Cashiers	9,716	9,243
Payables to Depositors - Stores Assistant	251,549	239,308
Bid Bonds Payable	4,068,450	4,136,299
VAT 1/3 Payable	633,049	633,048
Stamp Duty Payable	(175)	(25)
E.P.F. & E.T.F. Payables - 25%	107,457	106,790
Sundry Recoveries	-	(6,900)
Salaries Control	1,029,867	676,613
	79,693,150	81,327,558

NOTE - 12**CONTINGENT LIABILITIES****Labour Tribunal case: 32/RM/04/2010**

The senior production assistant has filed a legal case in labour Tribunal at Mount Lavinia for a compensation or reinstatement of his post with areas salary and other benefit. We have provided necessary areas salary and other benefit under the current liabilities in the financial statement. However we have not provide any liability for the compensation. provide any liability for the compensation.

NOTE - 13**REVENUE**

	For the year 2013	For the year 2012
Sales - SPC	9,605,490	412,413,224
Sales - DHS	1,412,132,433	1,000,705,824
Sales - Distribution	519,445,028	-
Sales - Export	-	1,427,937
	1,941,182,950	1,414,546,985

		For the year 2013	Restatement for the year 2012	For the year 2012
NOTE - 14				
COST OF SALES				
Cost of Sales - SPC - New	} Note A	7,836,919	299,874,051	299,874,051
Cost of Sales - SPMC - New		346,531,974	-	-
Cost of Sales - DHS - New		1,009,279,551	745,836,307	745,836,307
Cost of Sales - Export - New		-	821,873	821,873
Cost of Sales - Raw Materials		47,381	181,302	181,302
Cost of Sales Invoice Variance		(314,317)	1,884,902	1,884,902
Finished Goods Adj-Stock take		(1,000,934)	(2,256)	(2,256)
Production Expenses	Note - 22	151,518,838	147,469,690	171,927,035
		1,513,899,412	1,196,065,869	1,220,523,214

NOTE - A	Material cost	Labour cost	Overhead cost	Total
Cost of Sales - SPC - New	7,498,068	94,753	244,098	7,836,919
Cost of Sales - SPMC - New	327,673,398	5,396,527	13,462,050	346,531,974
Cost of Sales - DHS - New	972,099,735	10,530,099	26,649,717	1,009,279,551

NOTE - 15	For the year 2013	For the year 2012
OTHER OPERATING INCOME		
Miscellaneous Income	4,711,151	3,754,275
Finished Goods & Raw Material Sales	62,037	345,520
Exchange Gain	1,297,539	347,108
Over Provisions for Doubtful Debts	-	181,148
Profit or Loss on Disposal	(87,464)	1,025,000
Ins.Claims for Damaged Raw Materials	-	1,223,049
		6,876,100
		5,983,263

NOTE - 16	For the year 2013	Restatement for the year 2012	For the year 2013
ADMINISTRATION EXPENSES			
Salaries & Wages	15,384,253	15,228,079	15,228,079
Casual Salaries	174,875	162,750	162,750
Cost of Living	3,467,886	4,028,310	4,028,310
Travelling Incentive	3,291,137	3,276,004	3,276,004
E.P.F. & E.T.F. - 15%	2,465,855	2,847,853	2,847,853
Overtime	2,322,909	1,873,478	1,873,478
Attendance Incentive	2,556,952	2,346,685	2,346,685
Performance Incentive	5,459,563	5,214,784	5,214,784
Annual Bonus	506,055	390,000	390,000
Current Service Cost	469,173	(269,410)	(269,410)
Shift Incentive	133,400	123,300	123,300
Staff Cost	573,286	488,273	488,273
Staff Medical Expenses	837,495	925,703	925,703
Housing Loan Int.Reimbursement	541,863	507,140	507,140
Special Acting Incentive	84,000	84,000	84,000
PAYE Tax	477,737	356,651	356,651
Telephone Bill Reimbursement	211,414	160,183	160,183
Ins.of Health Insurance Scheme	1,087,624	1,001,955	1,001,955
Staff Welfare	4,539,689	4,365,227	4,365,227
Staff Training	1,035,162	1,753,340	1,753,340
Uniforms & Shoes	346,166	252,637	252,637
Travelling - Overseas	489,727	559,962	559,962
Directors Fees	796,397	619,070	619,070
Other Incentives	1,349,025	1,379,965	1,379,965
Rates & Taxes	276,231	496,114	165,371
Electricity	11,731,003	10,101,028	3,367,009
Water Charges	663,010	502,186	167,395
Insurance	1,128,822	971,014	793,276
Rapairs & Maintenance of Motor Vehicles	2,597,090	2,479,825	2,479,825
Fuel & Lubricants for Vehicles	2,644,272	1,749,357	1,749,357
Maintenance of Equipment	1,126,024	899,119	718,122
Maintenance-Administration	1,305,067	1,227,732	758,123
Maintenance of Building	-	398,145	398,145
Depreciation	22,961,607	21,313,876	5,084,426
Transport Charges	573,615	809,054	809,054
Postage & Fax	181,721	156,150	156,150
Telephone Charges	825,123	797,109	797,109
Security Charges	2,888,591	2,558,980	2,558,980
Donations	1,234,772	-	-
Licence Fee - Vehicles	94,335	39,563	39,563
Licence Fee - Drugs	680,296	645,443	645,443
Licence Fee - Others	1,120	7,214	7,214
Printing & Stationery	3,312,143	1,695,932	1,695,932
Office Expenses	78,432	18,641	18,641
Audit Fee	455,398	312,384	312,384
Rent Charges	836,807	416,247	416,247
Advertisements	874,048	2,027,783	2,027,784
Trade Subs.& Periodicals	131,055	124,770	124,770
Legal & Inquiry Expenses	218,912	153,572	153,572
Professional Charges	129,054	1,510,734	1,510,734
Entertainment	88,008	61,547	61,547
Annual Subscription	59,960	51,636	51,636
Annual Conference & Meetings	31,000	14,300	14,300
Stamp Fee	38,550	3,325	3,325
Cost of Damaged & Unused	332,154	7,628,787	7,628,787
Stationary Adj-Stock take	(3,664)	(100)	(100)
	106,096,193	106,847,406	82,390,062

NOTE - 17**SELLING & DISTRIBUTION EXPENSES**

	For the year 2013	For the year 2012
Promotional Discounts	9,556,014	-
Sales Promotion Expenses	11,752,789	11,111,731
Export Expenses	-	89,741
Cost of Rejected Finished Goods	-	22,414
25th Anniversary Celebration	-	12,850,034
	21,308,803	24,073,920

NOTE - 18**OTHER OPERATING EXPENSES**

	For the year 2013	For the year 2012
Formulation, Research & Dev.	1,685,541	9,143,696
	1,685,541	9,143,696

NOTE - 19**FINANCE COST**

	For the year 2013	For the year 2012
Bank Charges	417,142	531,774
O.D. Interest	1,718	5,845
VAT Charges for Land	-	-
Debit Tax	-	-
Employee Interest Cost	1,847,604	1,869,526
	2,266,464	2,407,144

NOTE - 20**FINANCE INCOME**

	For the year 2013	For the year 2012
Staff Loan Interest	695,662	634,675
Treasury Bill Interest	25,314,785	31,843,823
Deffered Income	14,263	14,263
Interest Income - Staff Loan	2,034,370	1,758,909
	28,059,081	34,251,670

NOTE - 21**INCOME TAX EXPENSE**

	For the year 2013	For the year 2012
Current Tax Expense	101,327,815	31,326,066
Deferred Tax Expense	(17,810,042)	(12,750,528)
Deemed Dividend Tax	37,296,256	-
	120,814,029	18,575,538

NOTE - 21 A**CURRENT TAX EXPENSE**

	For the year 2013	For the year 2012
Income Tax on Profit for the year - Note - 21 A (i)	100,783,856	31,326,066
Over / Under Provision for Income Tax	543,959	-
	101,327,815	31,326,066

NOTE - 21 A (I)**INCOME TAX ON PROFIT FOR THE YEAR**

	For the year 2013	For the year 2012
Profit before Taxation	329,968,880	117,136,719
Disallowable Expenses	123,379,811	125,243,031
Allowable Expenses	(84,938,782)	(121,331,515)
Tax exempt Income	(25,314,785)	(31,843,823)
Tax Income from Treasury Bill Interest	28,127,539	35,382,026
Assessable Income	371,222,663	124,586,437
Qualifying Payments	-	-
Taxable Income	371,222,663	124,586,437
Tax Rate on Taxable Income	28%	28%
Tax Rate on Export Sales Income	12%	12%
Tax on Export Sales Income	-	14,950
Income Tax on Taxable Income	103,596,610	34,849,319
Nortional Tax	(2,812,754)	(3,538,203)
Total Income Tax	<u>100,783,856</u>	<u>31,326,066</u>

NOTE - 21 B**DEFERRED TAX****Charge/(Reversal) as Deferred Tax during the year**

	For the year 2013	For the year 2012
Deferred Tax on Deferred Tax Liabilities	147,232,730	163,803,773
Deferred Tax on Deferred Tax Assets	(6,276,188)	(5,037,189)
Deferred Tax Liability at the end of the year	140,956,542	158,766,584
Deferred Tax Liability at the beginning of the year	158,766,584	171,517,112
Charge/(Reversal) as Deferred Tax during the year	<u>(17,810,042)</u>	<u>(12,750,528)</u>

NOTE - 22	For the year 2013	Sub Note	For the year 2012	For the year 2012
PRODUCTION COST				
Direct Labour (Production)				
Salaries & Wages	337,495	Note 22 A	(329,020)	(329,020)
Casual Salaries	-	Note 22 A	208	208
Cost of Living	96,383	Note 22 A	404,076	404,076
Travelling Incentive	541,600	Note 22 A	322,400	322,400
E.P.F. & E.T.F. - 15%	394,912	Note 22 A	359,691	359,691
Overtime	1,046,075	Note 22 A	2,677,293	2,677,293
Attendance Incentive	3,864,188	Note 22 A	3,510,523	3,510,523
Performance Incentive	6,539,410	Note 22 A	8,489,654	8,489,654
Annual Bonus	70,695	Note 22 A	627,375	627,375
Current Service Cost	496,982	Note 22 A	(350,038)	(350,038)
Shift Incentive	1,498,750		1,440,250	1,440,250
Staff Medical Expenses	446,624	Note 22 A	1,229,132	1,229,132
Housing Loan Int.Reimb.	941,801		915,561	915,561
Staff Cost	887,799		757,386	757,386
	17,162,715		20,054,491	20,054,491
Indirect Manufacturing Cost (QC, FD, Plan, Main)				
Salaries & Wages	5,315,842	Note 22 A	14,758,093	14,758,093
Casual Salaries	287,694	Note 22 A	579,075	579,075
Cost of Living	2,003,711	Note 22 A	3,983,460	3,983,460
Travelling Incentive	1,259,253	Note 22 A	2,357,300	2,357,300
E.P.F. & E.T.F. - 15%	2,050,397	Note 22 A	2,886,363	2,886,363
Overtime	2,296,559	Note 22 A	1,885,472	1,885,472
Attendance Incentive	2,793,442		2,420,146	2,420,146
Performance Incentive	6,708,083	Note 22 A	5,596,077	5,596,077
Annual Bonus	601,180		424,397	424,397
Current Service Cost	373,077		(49,206)	(49,206)
Shift Incentive	347,000		319,000	319,000
Staff Cost	573,286		513,250	513,250
Staff Medical Expenses	990,542		858,646	858,646
Housing Loan Int.Reimbursement	713,216		549,924	549,924
PAYE Tax	540,910		367,823	367,823
Telephone Bill Reimbursement	11,035		10,059	10,059
Insurance of Health Ins.Scheme	2,881,772		2,679,139	2,679,139
Staff Welfare	3,420,898	Note 22 A	10,885,782	10,885,782
Staff Training	1,590,984	Note 22 A	2,046,322	2,046,322
Uniforms & Shoes	503,586	Note 22 A	460,811	460,811
Water Charges	150,178	Note 22 A	(334,791)	-
Rates & Taxes	(513,060)	Note 22 A	41,343	372,085
Electricity	-	Note 22 A	(6,734,019)	-
Insurance	-	Note 22 A	567,366	745,105
Maintenance of Equipment	5,016	Note 22 A	454,474	635,471

Maintenance-Production	284,279	Note 22 A	4,055,757	4,525,366
Maintenance-Building	171,521		9,400	9,400
Depreciation	94,580,667		75,367,053	91,596,503
Transport Charges	792,276	Note 22 A	1,507,135	1,507,135
Compensation	400,000		-	-
Consumption - Spare Parts	-	Note 22 A	-	-
Consumption - Fuel & Lubricants	-	Note 22 A	-	-
Repairs & Maintenance P & M	-	Note 22 A	69,271	69,271
Quality Control Expenses	135,506	Note 22 A	2,048,213	2,048,213
R/M Destruction Charges	606,606		-	-
Cost of Rejected Raw Materials	525,269		13,170	13,170
Cost of Rejected Packing Materials	1,002,480		90,170	90,170
Cost of Rejected Work in Progress	1,196,977		-	-
Cost of Damaged Raw Materials	(24,000)		(24,000)	(24,000)
Raw Material Adj-General Drugs	131,168		19,498	19,498
Raw Material Adj-Penicillin Drugs	(104,977)		-	-
Packing Material Adjustment	13		-	-
Spare Parts Adjustment	-		(443,441)	(443,441)
Raw Material Adj-Stock Take	216,897		(186,537)	(186,537)
Packing Material Adj-Stock Take	4,635		(170,564)	(170,564)
Stock Take Adjustment - Main	(498,750)		(2,535,276)	(2,535,276)
Work-in-Progress Adj-Stock Take	30,958		69,041	69,041
Transfer to the Cost of Sales which were not absorbed to the Product Cost	151,518,838		147,469,690	171,927,035

NOTE 22 A**PRODUCTION COST**

	Unabsorbed Cost	Absorbed Cost to the Cost of Sales	Total 2013	Restatement for the year 2012	Total 2012
Direct Labour(Production)					
Salaries & Wages	337,495	21,083,508	21,421,003	20,491,360	20,491,360
Casual Salaries	-	1,356,191	1,356,191	911,576	911,576
Cost of Living	96,383	6,688,831	6,785,214	5,970,900	5,970,900
Travelling Incentive	541,600	2,749,685	3,291,285	3,284,429	3,284,429
E.P.F. & E.T.F. - 15%	394,912	4,029,362	4,424,275	4,155,658	4,155,658
Overtime	1,046,075	4,474,475	5,520,550	4,515,520	4,515,520
Attendance Incentive	3,864,188	349,283	4,213,472	3,475,028	3,475,028
Performance Incentive	6,539,410	2,392,294	8,931,704	8,455,222	8,455,222
Annual Bonus	70,695	706,700	777,395	627,375	627,375
Current Service Cost	496,982	-	496,982	(350,038)	(350,038)
Shift Incentive	1,498,750	-	1,498,750	1,438,700	1,438,700
Staff Medical Expenses	446,624	831,064	1,277,688	1,217,836	1,217,836
Housing Loan Int.Reimb.	941,801	-	941,801	915,561	915,561
Staff Cost	887,799	-	887,799	-	-
	17,162,715	44,661,394	61,824,109	55,109,126	55,109,126
Indirect Manufacturing Cost (Q/C, F/D, Plan/Main)					
Salaries & Wages	5,315,842	11,721,718	17,037,560	14,651,323	14,651,323
Casual Salaries	287,694	239,009	526,703	579,075	579,075
Cost of Living	2,003,711	3,093,271	5,096,982	3,983,460	3,983,460
Travelling Incentive	1,259,253	1,392,187	2,651,440	2,357,300	2,357,300
E.P.F. & E.T.F. - 15%	2,050,397	1,329,077	3,379,474	2,828,114	2,828,114
Overtime	2,296,559	220,318	2,516,876	1,885,472	1,885,472
Attendance Incentive	2,793,442	-	2,793,442	2,440,790	2,440,790
Performance Incentive	6,708,083	-	6,708,083	5,928,743	5,928,743
Annual Bonus	601,180	-	601,180	424,397	424,397
Current Service Cost	373,077	-	373,077	(49,206)	(49,206)
Shift Incentive	347,000	-	347,000	319,000	319,000
Staff Cost	573,286	-	573,286	-	-
Staff Medical Expenses	990,542	-	990,542	858,646	858,646
Housing Loan Int.Reimbursement	713,216	-	713,216	549,924	549,924
PAYE Tax	540,910	-	540,910	367,823	367,823
Telephone Bill Reimbursement	11,035	-	11,035	10,059	10,059
Insurance of Health Ins.Scheme	2,881,772	-	2,881,772	2,667,097	2,667,097
Staff Welfare	3,420,898	8,271,116	11,692,014	11,205,998	11,205,998
Staff Training	1,590,984	116,940	1,707,924	2,029,832	2,029,832
Uniforms & Shoes	503,586	151,511	655,096	460,811	460,811
Water Charges	150,178	1,396,848	1,547,026	1,222,704	1,557,494
Rates & Taxes	(513,060)	1,157,599	644,539	1,157,599	1,488,341
Electricity	-	27,372,342	27,372,342	23,569,067	30,303,086
Insurance	-	563,063	563,063	1,177,098	1,354,836

Maintenance of Equipment	5,016	1,513,785	1,518,801	2,962,386	3,143,382
Maintenance-Production	284,279	5,436,434	5,720,713	5,793,069	6,262,678
Maintenance-Building	171,521	-	171,521	9,400	9,400
Depreciation	94,580,667	-	94,580,667	99,925,262	116,154,712
Transport Charges	792,276	714,859	1,507,135	1,507,135	1,507,135
Compensation	400,000	-	400,000	-	-
Consumption - Spare Parts	-	14,375,326	14,375,326	15,668,389	15,668,389
Consumption - Fuel & Lubricants	-	22,836,604	22,836,604	20,655,019	20,655,019
Repairs & Maintenance P & M	-	1,845,047	1,845,047	2,232,914	2,232,914
Quality Control Expenses	135,506	273,481	408,986	5,174,387	5,174,387
R/M Destruction Charges	606,606	-	606,606	-	-
Cost of Rejected Raw Materials	525,269	-	525,269	(1,154,168)	(1,154,168)
Cost of Rejected Paking Materials	1,002,480	-	1,002,480	90,170	90,170
Cost of Rejected Work in Progress	1,196,977	-	1,196,977	-	-
Cost of Damaged Raw Materials	(24,000)	-	(24,000)	(24,000)	(24,000)
Raw Material Adj-General Drugs	131,168	-	131,168	31,891	31,891
Raw Material Adj-Penicillin Drugs	(104,977)	-	(104,977)	-	-
Packing Material Adjustment	13	-	13	-	-
Spare Parts Adjustment	-	-	-	(443,441)	(443,441)
Raw Material Adj-Stock Take	216,897	-	216,897	(186,537)	(186,537)
Packing Material Adj-Stock Take	4,635	-	4,635	(170,564)	(170,564)
Stock Take Adjustment - Main	(498,750)	322,960	(175,790)	(2,535,276)	(2,535,276)
Work-in-Progress Adj-Stock Take	30,958	-	30,958	69,041	69,041
	151,518,839	149,004,886	300,523,728	285,339,329	309,796,674

NOTE 23**RETIREMENT BENEFIT OBLIGATION**

The amounts recognized in the Financial Position are as follows.

	31.12.2013	31.12.2012
Net Liability at the beginning of the Year	17,989,961	17,290,694
Transitional Liability	486,083	-
Current Service Cost	1,339,232	(668,654)
Interest Cost	1,847,604	1,869,526
Liability Experience Loss	1,067,318	-
	<u>22,730,198</u>	<u>18,491,566</u>
Less:		
Payment made during the Year	(315,240)	(501,605)
	<u>22,414,958</u>	<u>17,989,961</u>

The Retirement benefit Liability of the Corporation is based on the actuarial valuation carried out by Piyal S Gunathilleke and Associates. The Principal assumptions used in determining the cost of retirement benefit were,

Expected future Salary Increase	4%	3.8%
Discount Rate	10%	10.9%

The amounts recognized in the Income Statement are as follows.

Current Service Cost	1,339,232	(668,654)
Interest Cost	1,847,604	1,869,526

An Actuarial valuation was to assess the present value of the Financial Position date 31st December 2013 to bring their best estimates.

NOTE 24**RELATED PARTY DISCLOSURES**

Details of significant related party disclosures are as follows.

Organization	Relationship	Nature of Transaction	Sales During the year
Medical Suppliers Division	Customer	Sale of Goods	1,412,132,433
State Pharmaceuticals Corporation	Customer	Sale of Goods	9,605,490

NOTE 25**SOLD OF IMPAIRED ASSETS**

During the year sold and writtenoff Assets cost is Rs. 1,530,269. Out of this Rs. 1,190,600 Impaired Assets have been sold during the year 2013.

NOTE 26**CHLORAMPHENICOL RAW MATERIAL & WIP**

It revealed that still it has not been possible to produce Chloramphenicol Capsules amounting to Rs. 8,403,294 due to technical problem in raw material. Formulation & Research are being carried out in this regard.



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



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எனது இல.
My No. }

HM/A/SPMC/1/13/06

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Your No. }

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திகதி
Date }

30 January 2015

The Chairman,
State Pharmaceuticals Manufacturing Corporation of Sri Lanka.

**Report of the Auditor General on the Financial Statements of the State
Pharmaceuticals Manufacturing Corporation of Sri Lanka for the year ended 31
December 2013 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971**

The audit of financial statements of the State Pharmaceuticals Manufacturing Corporation of Sri Lanka for the year ended 31 December 2013 comprising the statement of financial position as at 31 December 2013 and the statement of income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 29 of the State Industrial Corporations Act, No. 49 of 1957. My comments and observations which I consider should be published with the Annual Report of the Corporation in terms of Section 14 (2) (c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was furnished to the Chairman of the Corporation on 06 June 2014.

1.2 Management's Responsibility for the Financial Statements

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



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Auditor General's Department

1.3 Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

2. Financial Statements

2.1 Opinion

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



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2.2 Comments on Financial Statements

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

Non-compliance with the following laws, rules and regulations were observed.

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance
(a) Section 10 of the Value Added Tax Act, No. 14 of 2002	Even though this tax should not be paid to the companies not registered with the Commissioner General of Inland Revenue for the Value Added Tax, a sum of Rs.64,680 had been paid in the year 2013 as Value Added Tax to a company not so registered.
(b) Circular No. PED 57 dated 11 February 2011 of the Department of Public Enterprises	Donations and sponsorships amounting to Rs.1,300,000 had been granted by the Corporation in 03 instances during the year under review to Non-Governmental Institutions without the approval of the Minister of Finance and Planning.
(c) Public Finance Circular No. GF/PE/6 dated 31 January 2000	Contrary to the circular instructions, Pay As You Earn Tax amounting to Rs.1,018,647 in respect of the year under review had been paid from Corporation funds on behalf of the employees. Even though action had not been taken to recover that amount from the employees, action had been taken with effect from August 2014 for the recovery of the tax from the employees.



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(d) Letter No. DMS/E4/10/090/2 dated 09 March 2006 of the Department of Management Services of the General Treasury addressed to the Secretary to the Ministry of Health

(i) Paragraph No. 02-01

Even though the transport allowance determined on the basis of distance should be paid to all Executive and Non-executive employees, monthly transport allowances of Rs.4,700 and Rs.3,000 respectively had been paid to all employees from the year 2009 to the 2013.

(ii) Paragraph No. 02.01(i)

Transport allowance had been paid to the employees residing close to the routes on which vehicles had been deployed for transport facilities.

(iii) Paragraph No. 02-02

A monthly production incentive allowance of Rs.12,000 had been paid with effect from 01 July 2011 to the entire staff except the Chairman without the approval of the Department of Management Services. Even though the maximum production incentive payable in the year under review to the total staff of 218 amounted to Rs.10,464,000 a sum of Rs.18,707,055 had been paid. As such an overpayment of the production incentive amounting to Rs.8,243,055 had been made.



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3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Corporation for the year ended 31 December 2013 had resulted in a pre-tax net profit of Rs.329,968,881 and that as compared with the pre-tax net profit of Rs.117,136,719 for the preceding year indicated an increase of Rs.212,832,162. Nevertheless, the net profit of the Corporation for the year under review before taking into account the non-operating income of Rs.28,059,081 inclusive of the interest income of Rs.25,314,785 on the Treasury Bills, amounted to Rs.301,909,800. The net profit for the preceding year before taking into account the non-operating income of Rs.34,251,670, amounted to Rs.82,885,049. Accordingly, the net profit before taking into account the non-operating income as compared with the net profit for the preceding year before taking into account the non-operating income indicated an increase of Rs.219,024,751 or 264.3 per cent.

3.2 Analytical Financial Review

The following observations are made.

- (a) The gross profit ratio of 22.0 per cent for the year 2013, as compared with the gross profit ratio of 15.4 per cent for the year 2012 indicated an increase of 42.8 per cent.
- (b) The net profit ratio of 10.7 per cent for the year 2013 as compared with the net profit ratio of 7.0 per cent for the preceding year indicated an increase of 52.9 per cent.
- (c) The current ratio of 7.9 per cent and the quick ratio of 5.9 per cent that prevailed in the year indicated that the surplus working capital had not been effectively deployed.
- (d) The debtors turnover ratio for the year under review as compared with the preceding year had deteriorated by 1.1 per cent and the debt collection period had increased by 19 days. Thus it was observed that the debt collection had not been properly managed.



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3.3 Legal Action Instituted against or by the Corporation

The following observations are made.

- (a) Employees of the Corporation had instituted legal action in Courts against the Corporation demanding the reimbursement of interest on the Housing Loans of employees.
- (b) The Corporation had lodged an appeal in the Courts against the judgment of a case filed by an employee of the Corporation demanding compensation.
- (c) The Corporation had instituted legal action for the recovery of a sum of Rs.570,257 receivable from a debtor since the year 2007.

4. Operating Review

4.1 Performance

The following observations are made.

(a) Manufacturing Activities

The comparative information on the drugs manufactured by the Corporation during the year under review and the preceding 04 years had been as follows.

Year	Number Varieties of Drugs Manufactured	Units Manufactured (Millions)
-----	-----	-----
2009	38	1,195.2
2010	38	1,614.1
2011	37	1,796.4
2012	40	1,920.2
2013	40	2,005.1



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The following observations are made in this connection.

- (i) The increase in the ratio of manufacture of Units of drugs in the year 2012 had been 6.8 per cent and that as compared with 4.4 per cent for the year under review, indicated a deterioration of 2.4 per cent.
 - (ii) The total product of 40 varieties of drugs in the year 2012 amounting to 1,920.2 million units as compared with the total product of those 40 varieties in the year under review amounting to 2,005.1 million units indicated an increase of 84.9 million units of drugs manufactured in the year under review.
 - (iii) The contribution of 4 varieties of drugs out of the 40 varieties manufactured in the year under review to the total product amounted to 0.09 per cent, and 1,027.73 million units or 51.24 per cent of the total product represented the contribution of 5 varieties of drugs.
 - (iv) The number of items of drugs under research level from the year 2005 to 2013 had been 07. Even though a sum of Rs.1,186,200 had been spent on those researches during periods ranging from 03 to 08 years, those drugs had not been introduced to the market.
- (b) Marketing and Pricing

The information on the marketing of drugs by the Corporation during the year under review and the preceding year is given below.



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	Marketing of Drugs		Value	
	2013	2012	2013	2012
	Million Units	Million Units	Rs.Millions	Rs.Millions
State Pharmaceuticals Corporation	13.5	492.4	9.6	412.4
Medical Supplies Division	1,507.1	1,203.9	1,412.1	1,000.7
Export	-	3.8	-	1.4
Other Distributors	478.5	-	519.4	-
Total	1,999.1	1,700.1	1,941.1	1,414.5

The following observations are made in this connection.

- (i) The Corporation had sold 75.39 per cent of the total sales of the year under review to the Medical Supplies Division and the sales income earned therefrom represented 72.7 per cent of the total sales income.
- (ii) The sale of drugs through Distributors had been resumed during the year under review and 478.5 million units of drugs had been sold to 45 Distributors for Rs.519.4 million by allowing discounts amounting to Rs.52.8 million.
- (iii) Out of the total sales of units of drugs and the sales value of 45.9 per cent and 38.7 per cent respectively represented 32 varieties of drugs while 54.1 per cent of sales of units of drugs and 61.3 per cent of the sales value represented 08 varieties of drugs.



- (iv) The Corporation could not supply during the year under review an order for 36.50 million units of 05 varieties of drugs valued at Rs.47.27 million due to reasons such as the technical defects in the products and the inability to obtain raw materials conforming to standards.
- (v) The gross profit for the year 2013 as compared with the year 2012 had increased by Rs.208.8 million or 95.56 per cent while the gross profit margin for the year 2013 as compared with the year 2012 had increased by 42.39 per cent.
- (vi) Instead of the State Pharmaceuticals Corporation which functioned as the permanent Distributor of the Corporation during the year 2011 and 2012, the Corporation had commenced the distribution of drugs through Distributors including the State Pharmaceuticals Corporation from the year 2013. In the supply of 23 varieties of drugs to those Distributors, the prices applied to the State Pharmaceuticals Corporation with a low profit margin of 15 per cent had been applied in the year under review without carrying out a market survey or price survey in determining their prices.
- (vii) In view of the bonus issues system implemented by the Corporation with effect from 01 January 2013 for the varieties of drugs, namely Amoxicillin Tab 125mg, Paracetamol Tab 500mg and Amoxicillin Cap. 500mg on which prices had been determined at a low margin 15 per cent on cost, the profit margins of those drugs had reduced to ranges between 8 per cent to 1 per cent.



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4.2 Management Deficiencies

The following observations are made.

- (a) Drugs, raw materials and packing materials costing Rs.2,307,359 had been destroyed during the year under review due to rejection, damage and non-issue.
- (b) Raw materials costing Rs.13,202,663 purchased for manufacture of drugs had not been used for manufacture due to reason such as rejection by machines, prescription defects, non-conformity with specifications, discoloring and expiry of validity.
- (c) Even though the manufacture of the drug Chloramphenicol had been stopped in the year 2011 due to technical weaknesses in the manufacture, out of the Chloramphenicol BP2010 raw materials imported in the years 2011 and 2012, a stock of 1,102.7 kilogrammes valued at Rs.6,107,917 remained in the stores of the Corporation. Out of that, the validity of 984 kilogrammes of raw materials valued at Rs.5,325,210 had expired in July 2014 and the validity of 18.7 kilogrammes of raw materials valued at Rs.78,287 had expired in March 2014. Action had not been taken for the rectification of technical defects in the manufacture and the Corporation had incurred a financial loss of Rs.5,403,497 from the 1,002.7 kilogrammes of raw materials referred to above.

4.3 Operating Inefficiencies

The following observations are made.

- (a) The bid for the supply and installation of 09 work tables for the improvement of the laboratory had been awarded on 25 March 2011 for Rs.1,365,969 inclusive of the Value Added Tax to the bidder who made the lowest price and advances amounting to Rs.1,285,780 had been paid in the years 2012 and 2013. Even though the work tables had been supplied on 19 February 2013, those could not be installed by the supplier as the goods kept in the area selected for installation had not been removed. As such the expenditure incurred remained unproductive and the advances paid remained without being settled.



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- (b) The Performance Bond valued at Rs.8,666,375 in relation to the purchase of the new tablet production machine expired on 26 March 2013 and action had not been taken for extending the validity. In addition the Performance Bond had been misplaced due to lack of an adequate control system.

4.4 Transactions of Contentious Nature

The following observations are made.

- (a) The value of raw materials used in the manufacture and rejected / destroyed raw materials and packing materials amounting to Rs.2,724,726 had been written off against, the profit during the year under review in accordance with the decisions of the Board of Directors No. 35/13 dated 21 March 2013, No. 18/13 of 22 February 2013 and No.116/13 dated 23 October 2013.
- (b) A sum of Rs.25,000 had been paid 17 December 2013 to an Assistant Commissioner of Labour without calling for quotations for checking the legal short-comings in the Manual of Human Resources and Administrative Procedures prepared by an Assistant Manager of the Corporation.

4.5 Idle or underutilized Assets

The following observations are made.

- (a) The test check of the unused assets valued over Rs.1,000 each revealed that 115 units of 62 items of production machines, computers and accessories, furniture, air-conditioners and finger print machines costing Rs.18,606,953 had been remaining in various Divisions of the Corporation since the year 2009 to March 2014 due to damage caused or non-use as at 31 December 2013.



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- (b) Action had not been taken to repair and use 34 items of assets costing over Rs.5,000 totalling Rs.11,501,315 or for their disposal in terms of the Public Finance Circular No. 353(5) of 03 January 2003 if those cannot be made use of.

4.6 Staff Administration

Thirty six vacancies comprising 14 posts in the Staff Grades and 22 posts in the Non-staff Grade had not been filled in the year under review.

5. Accountability and Good Governance

5.1 Internal Audit

The attention of the Internal Audit Unit had not been paid for the purchase of raw materials and unusable machinery due to damage or non-use.

5.2 Budgetary Control

The budget for the year 2013 approved by the Board had been revised on 16 August 2013.

Despite such revision the variances in the budgeted expenditure and the actual expenditure under 03 Heads ranged between 25 per cent to 87 per cent and the variances in assets and liabilities ranged from 17 per cent to 1780 per cent. Thus the budget had not been made use of as an effective instrument of financial control.

5.3 Tabling of Annual Reports

The Annual Report for the year 2012 had not been tabled in Parliament even by the end of August 2014.



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6. Systems and Controls

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

- (a) Budget
- (b) Taxes
- (c) Manufacture and Pricing of Drugs
- (d) Debtors
- (e) Fixed Assets Management
- (f) Stocks
- (g) Human Resources Management

W.P.C.Wickramaratne
Acting Auditor General

CHAIRMAN'S COMMENTS ON THE REPORT OF THE AUDITOR GENERAL FOR THE YEAR 2013

2. Financial Statements

2.2.1 Non-Compliance with Laws, Rules and Regulations and Management Decisions

- a. Discussions were held in this regard with the relevant institution and directions were given to transfer the tax amount to the Inland Revenue.
- b. Although Management Circular No. PED 57 stipulates that approval should be obtained from the Minister of Finance and Planning before granting a concession of this nature, the process takes considerable time. However, as approvals necessary for requests for concessions of this nature have to be given within a very short time, we initially obtain the approval of the Chairman of our Corporation to proceed and subsequently submit such requests for the approval of the Board of Directors as well. At the same time, directions have been received at the Meeting of the Committee on Public Enterprises held in the year 2013 to engage in promotional activities.
- c. Pay As You Earn payments had been paid out of the funds of the Corporation with the approval of the Board of Directors. However, action has been taken to recover PAYE from the employee salaries with effect from August 2014.
- d. (i) Paragraph No. 02-01
(ii) Paragraph No. 02-01 (1)

In order to meet the need for essential drugs at government hospitals, a work shifts scheme has been implemented to function from 06.00 a.m. to 10.00 p.m. and the manufacturing plant is located in a place where public transport facilities are not available. Therefore, it is an essential factor to get workers for duty in time to work the shifts and the workers who live in the close proximity are very important in this regard. In light of this, a transport allowance, which does not take into account the distance to the place of lodging, is paid to all workers with the approval of the Board of Directors.

(iii) Paragraph No. 02-02

Following the increase of production incentive, production has increased considerably. It is without the introduction of any machinery that the production has escalated since 2011.

3. Financial Review

3.2 Analytical Financial Review

- a. This has been taken note of.
- b. This has been taken note of.
- c. Investment plans for the effective use of additional working capital will be implemented in 2015.
- d. Our organization receives the monies due from the Medical Supplies Division through the Treasury. We always make efforts to obtain this money as soon as possible.

3.3 Lawsuits Filed against or Initiated by the Institution

- a. The lawsuit is currently heard at the Court of Appeal in Colombo. However, petitioners do not seem to be interested in pursuing the case.
- b. This case has ended with the Corporation winning it.
- c. As this receivable debtor is uncertain, a provision has been made.

4. Operational Review

4.1 performance

a. Production Operations

- i. As the production of the factory has reached a maximum level, the production growth rate is dwindling. Although the rate decelerated, the volume of production shows an increase compared to that of the previous year.

- ii. We produce only for orders that are placed based on the demand prevailing in the market.
- iii. Certain drugs are produced on orders that are placed basing on the demand prevailing in the market. Certain drugs receive a high demand while some get a low demand. It is based on this factor that the product mix is determine.
- iv. Formulation of a new drug takes around five years as the reaction and stability of the main ingredient of the drug and other material as well as the production process most suitable for it have to be analysed with extreme care. In the absence of methodical analysis processes, the time taken is even longer.

b. Marketing and Pricing

- i. Marketing activities in the open market are conducted within a competitive environment that is different from that in supplying to the Medical Supplies Division and the prices also take high values. Therefore, a discounts system is used as a sales promotion tactic in selling drugs through our distributors competing with other competitors in the open market. Nevertheless, we always act to maintain prices at high levels.
- ii. Production operations were planned centering on the drugs that enjoyed a high demand (especially demand from the state sector) in the year 2013.
- iii. It was not possible to supply the products concerned due to their technical defects.
- iv. A study was conducted on the market prices. The prices of products reducible in price were revised accordingly for distribution.
- v. Bonuses are given as a promotional tactic and the profit margins of several items have gone down slightly due to fair reasons. At the same time, when the demand increases as a result of price reduction, the expected sale income can be reached.
- vi. As the State Pharmaceuticals Corporation (SPC) did not place enough orders with our Corporation, our Corporation commenced sales activities through distributors in the year 2013. As such, a study was undertaken on the prices in the market and prices were determined based on its findings. The prices of certain items were left unchanged, as there was a probability of losing the market share of those drugs.
- vii. Rewards were given in respect of selected products as a promotional tactic and although profit margins had gone down as cited in the audit query, the reasons for this was provided for the audit.

4.2 Management Inefficiencies

- a. Products for this value was destroyed with the total approval of the Administration Division, Formulation Development Division and the Board of Directors due to the products being rejected, expiry and being damaged. These were labels bearing old logos, capsules rejected by machines and spoiled raw materials etc.
- b. Raw materials that have not been put to use from among those purchased was because of the technical defects in the formulation, expiries and use in minimal amounts.
- c. Action will be taken to carry out the production resolving the problems and rectifying the existing errors.

4.3 Operational Inefficiencies

- a. The activities referred to were disrupted due to delay in the work of the new building. Ultimately the remainder of the work has been completed by our Corporation and consequently it will be possible to use the areas allotted for the Chairman and the General Manager and the Conference Hall as the laboratory.
- b. The relevant performance guarantee had been duly obtained and the Corporation took action to recover the bank charges involved with an amount as interest so that the Corporation does not suffer any financial loss.

4.4 Controversial Transactions

- a. A report was submitted to the Board of Directors on the raw materials under production and the rejected raw materials and packaging materials as they are not suitable for use and the amount concerned was written off from the profit on the approval of the Board of Directors.
- b. Action has been taken to have the quality of the service assessed by a person possessing professional qualifications since such activities should be of high quality.

4.5 Non-Performing and Under-Utilized Assets

- a. A board of survey has been appointed with regard to the assets concerned and arrangements have been made to act on the instructions of this board.

- b. Action is being taken in terms of Government Financial Regulation 353 (5) with regard to these assets as well. Accordingly a board of survey has been appointed and arrangements have been made to act on the instructions of this board.

4.6 Staff Administration

Action is being taken to fill this vacancy.

5. Accountability and Good Governance

5.1 Audit reports have been issued with regard to the activities concerned.

5.2 Budgetary Control

The points stated have been taken note of and will be followed in preparing Budgets for the ensuing years.

5.3 Tabling of Annual Reports in Parliament

Annual Reports are Tabled in Parliament by the Ministry of Health. Annual Reports for the year 2012 were handed over to the Ministry of Health on 03 March 2014 and the Ministry has in turn sent the Annual Reports to Parliament Secretariat on 14 September 2014 for Tabling in Parliament.

GRAPHICAL REVIEW

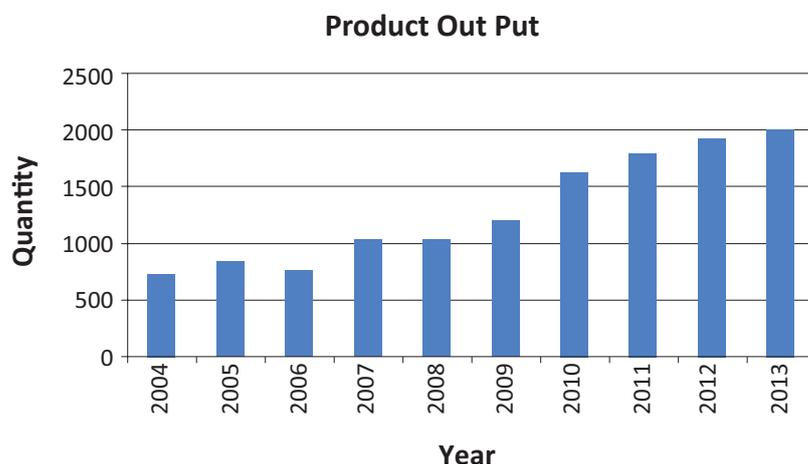
HUMAN RESOURCES

Year	No. of Employees
2004	155
2005	148
2006	171
2007	189
2008	195
2009	209
2010	209
2011	208
2012	199
2013	211



PRODUCTION

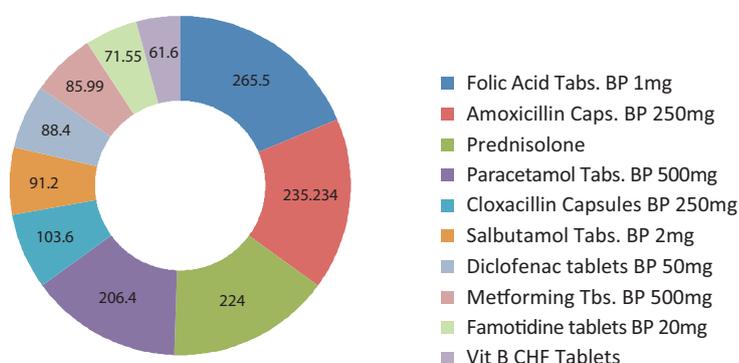
Year	No. of Tablets/ Capsules
2004	724
2005	837
2006	752
2007	1025
2008	1032
2009	1195
2010	1623
2011	1796
2012	1922
2013	2003



MAJOR CONTRIBUTION TO THE PRODUCTION - 2013

Product	Tablets/Capsules (Millions)
Folic Acid Tabs. BP 1mg	265.5
Amoxicillin Caps. BP 250mg	235.234
Prednisolone tablets BP 5mg	224
Paracetamol Tabs. BP 500mg	206.4
Cloxacillin Capsules BP 250mg	103.6
Salbutamol Tabs. BP 2mg	91.2
Diclofenac tablets BP 50mg	88.4
Metformin Tbs. BP 500mg	85.99
Famotidine tablets BP 20mg	71.55
Vit B CHF Tablets	61.6

Major Contribution to the Production

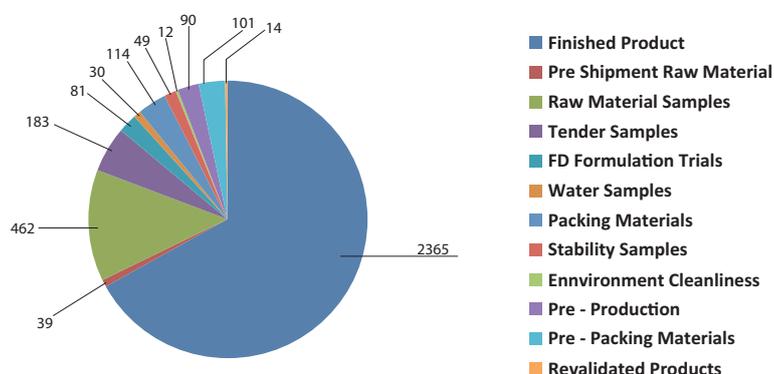


QUALITY CONTROL

Analysis of Performance - 2013

Performance	Nos.
Finished Product	2365
Pre Shipment Raw Material	39
Raw Material Samples	462
Tender Samples	183
FD Formulation Trials	81
Water Samples	30
Packing Materials	114
Stability Samples	49
Environment Cleanliness	12
Pre - Production	90
Pre - Packing Materials	101
Revalidated Products	14
Total	3540

Analysis of Performance - 2013

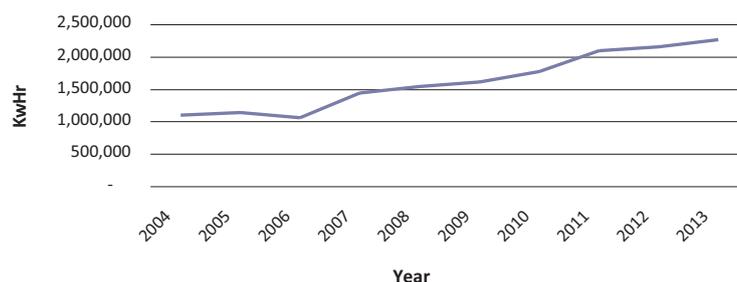


MAINTENANCE

Power Consumption

Year	Power Consumption
2004	1,108,150
2005	1,142,690
2006	1,069,013
2007	1,446,112
2008	1,550,285
2009	1,616,464
2010	1,775,660
2011	2,096,330
2012	2,159,566
2013	2,268,250

Power Consumption



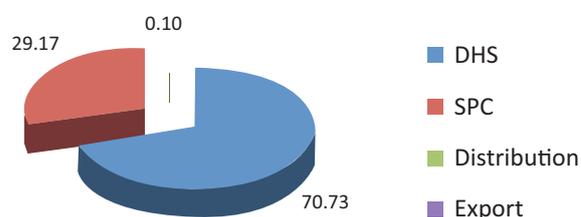
MARKETING

Turnover Segement (Rs. Million)

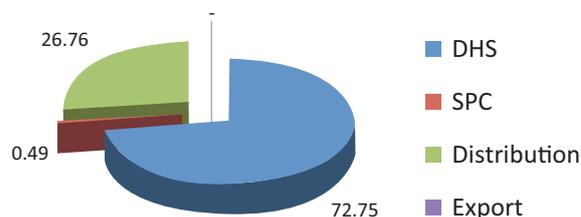
	2013	%
DHS	1,412.13	72.75
SPC	9.60	0.49
Distribution	519.34	26.76
Export	-	-
Total	1,941.07	100.00

	2012	%
DHS	1,000.20	70.73
SPC	412.40	29.17
Distribution	-	-
Export	1.42	0.10
Total	1,414.02	100.00

2012

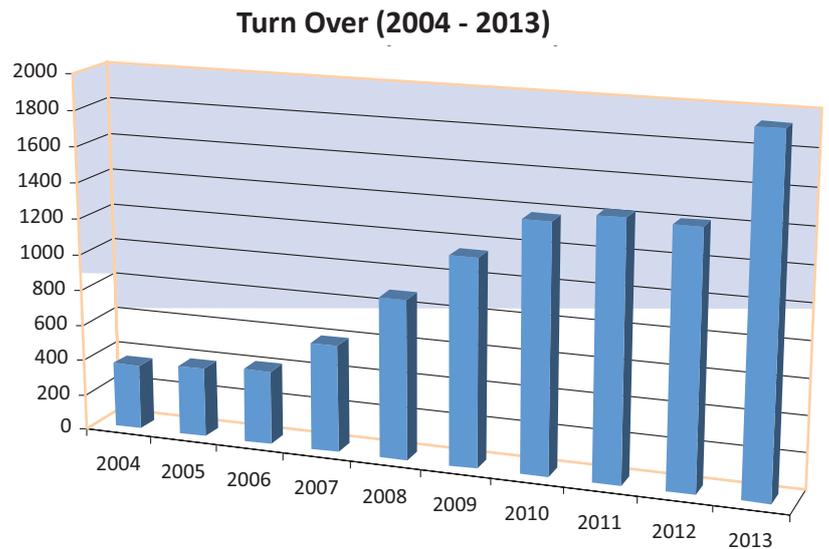


2013



Turnover (2004 - 2013)

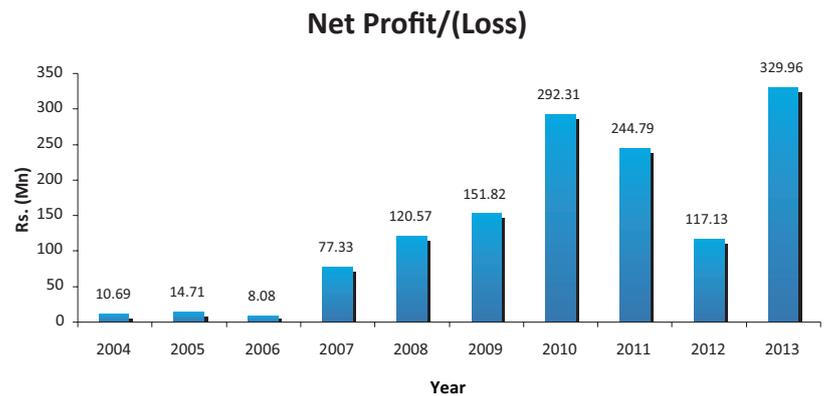
Year	Turnover Rs.(Mn)
2004	363.4
2005	387.69
2006	411.19
2007	599.03
2008	890.24
2009	1152.68
2010	1379.65
2011	1431.65
2012	1414.54
2013	1941.18
Total	3540



FINANCE

Net Profit/ (Loss)

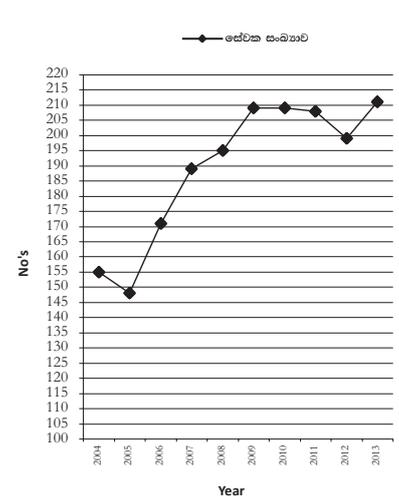
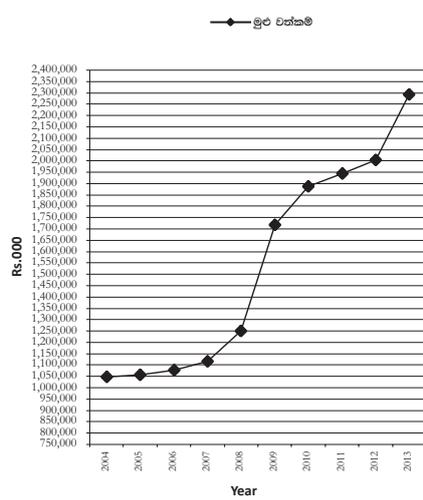
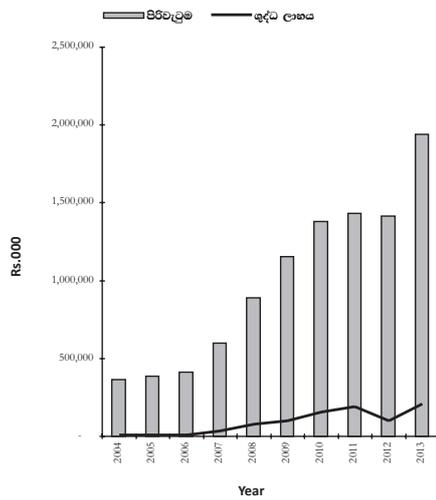
Year	Net Profit/Loss Rs.(Mn)
2004	10.69
2005	14.71
2006	8.08
2007	77.33
2008	120.57
2009	151.82
2010	292.31
2011	244.79
2012	117.13
2013	329.96



FINANCIAL HIGHLIGHTS IN THE PAST 10 YEARS

	(Rs.000)									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Turnover	363,402	387,696	411,194	599,035	890,244	1,152,684	1,379,652	1,431,655	1,414,546	1,941,182
Cost of Sales	321,990	328,536	371,315	500,444	765,247	932,212	1,030,545	1,130,961	1,220,523	1,513,899
Gross Profit	41,412	59,159	39,878	98,590	124,997	220,472	349,107	300,693	194,023	427,283
Operational Profit	(11,379)	(5,398)	(20,469)	37,141	63,403	121,423	266,166	218,593	85,292	304,176
Administration Overhead	34,949	39,719	41,939	53,947	47,162	60,243	62,869	73,062	82,390	106,096
Interest Income	22,005	20,111	30,282	41,462	60,904	33,479	30,752	23,067	31,843	25,314
Net Profit	10,692	14,713	8,087	77,339	120,572	151,827	292,317	244,792	117,136	329,968
Fixed Assets	461,945	547,919	429,144	421,085	408,129	815,342	914,716	855,660	804,305	762,641
Short Term Investment	228,236	250,812	296,905	281,107	265,893	201,529	243,264	337,229	210,691	429,896
Total Assets	1,046,765	1,056,501	1,076,470	1,117,587	1,251,026	1,718,461	1,887,430	1,933,205	2,003,258	2,294,113
No. of Employees	155	148	171	189	195	209	209	208	199	211

Total Assets = Net book value of total non current assets + total current assets



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11, සර් ජෝන් කොතලාවල මාවත,
කදවල වත්ත,
රත්මලාන.

දුර: 2635353, 2637574, 2636967 (ADSL)
ෆැක්ස් : 2634771, 2626621

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වෙබ් අඩවිය : www.spmclanka.lk

සහායක

දුර : 2623238 (සෘජු)
2635353, 2637574 (පොදු)

සාමාන්‍යාධිකාරී

දුර : 3153835 (සෘජු)
2635353, 2637574 (පොදු)

නිෂ්පාදන දෙපාර්තමේන්තුව

නිෂ්පාදන කළමනාකරු
දුර : 2623521 (සෘජු)

සැලසුම් හා ප්‍රසම්පාදන දෙපාර්තමේන්තුව

සැලසුම් හා ප්‍රසම්පාදන කළමනාකරු
දුර: 2623298 (සෘජු)

අලෙවි දෙපාර්තමේන්තුව

සහකාර අලෙවි කළමනාකරුණි
දුර : 3163308 (සෘජු)

තත්ව පාලන දෙපාර්තමේන්තුව

තත්ව පාලන කළමනාකරු
දුර : 5512945 (සෘජු)

විවිධෝපදේශන, පර්යේෂණ හා සංවර්ධන දෙපාර්තමේන්තුව

විවිධෝපදේශන හා සංවර්ධන කළමනාකරුණි
දුර : 5512950 (සෘජු)

මූල්‍ය දෙපාර්තමේන්තුව

කළමනාකරන ගණකාධිකාරී
දුර : 2626630 (සෘජු)

කර්මාන්තශාලා ගණකාධිකාරී

දුර : 2623276 (සෘජු)

නඩිත්තු දෙපාර්තමේන්තුව

නඩිත්තු කළමනාකරු
දුර : 2623246 (සෘජු)

සහකාර නඩිත්තු කළමනාකරු

දුර : 2623239 (සෘජු)

අභ්‍යන්තර විගණක දෙපාර්තමේන්තුව

අභ්‍යන්තර විගණක
දුර : 2626619 (සෘජු)

මානව සම්පත් දෙපාර්තමේන්තුව

සහකාර මානව සම්පත් කළමනාකරුණි
දුර : 2623553 (සෘජු)

ප්‍රධාන සේව්‍යාධිකාරී

11, ජෝන් කොතලාවල මාවත,
කදවල වත්ත,
රත්මලාන

දුර: 2635353, 2637574, 2636966, 2636967 (ADSL)
ෆැක්ස් : 2634771, 2626621
ඊ - තැපෑල : spmclanka@sitnet.lk
වෙබ් අඩවිය : www.spmclanka.lk

තலைවරු

දුර: 2623238 (සෘජු)
2635353, 2637574 (පොදු)
0777-892525 (කයාපිටිය දුරකථන)

පොදු ප්‍රකාශනාධිකාරී

දුර: 060 -2153835 (සෘජු)
2635353, 2637574 (පොදු)

උපදේශන නිලධාරී

උපදේශන ප්‍රකාශනාධිකාරී
දුර: 2623521 (සෘජු)

ප්‍රධාන නිලධාරී, සේවාවල, සේවාවල

ප්‍රධාන නිලධාරී, සේවාවල ප්‍රකාශනාධිකාරී
දුර: 2623298 (සෘජු)

උපදේශන නිලධාරී ප්‍රකාශනාධිකාරී

දුර: 3163308 (සෘජු)

තරු කටයුතු නිලධාරී

තරු කටයුතු ප්‍රකාශනාධිකාරී
දුර: 5512945 (සෘජු)

උපදේශන, උපදේශන, උපදේශන නිලධාරී

උපදේශන, උපදේශන, උපදේශන ප්‍රකාශනාධිකාරී
දුර: 5512950 (සෘජු)

නිලධාරී

ප්‍රකාශන නිලධාරී
දුර: 2626630 (සෘජු)

ප්‍රකාශන නිලධාරී
දුර: 2623276 (සෘජු)

ප්‍රකාශන නිලධාරී.

ප්‍රකාශන ප්‍රකාශනාධිකාරී
දුර: 2623246 (සෘජු)

උපදේශන ප්‍රකාශනාධිකාරී
දුර: 2623239 (සෘජු)

උපදේශන නිලධාරී

උපදේශන නිලධාරී
දුර: 2626619 (සෘජු)

නිලධාරී

නිලධාරී
දුර: 2623553 (සෘජු)

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2635353, 2637574 (General)

General Manager

Tel : 3153835 (Direct)
2635353, 2637574 (General)

Production Dept.

Production Manager

Tel : 2623521 (Direct)

Planning & Procurement Dept.

Planning & Procurement Manager

Tel : 2623298 (Direct)

Marketing Dept.

Assistant Marketing Manager

Tel : 3163308 (Direct)

Quality Control Dept.

Quality Control Manager

Tel : 5512945 (Direct)

Formulation, Research & Development Dept.

Formulation, Research & Development Manager

Tel : 5512950 (Direct)

Finance Dept.

Management Accountant

Tel : 2626630 (Direct)

Factory Accountant

Tel : 2623276 (Direct)

Maintenance Dept.

Maintenance Manager

Tel : 2623246 (Direct)

Assistant Maintenance Manager

Tel : 2623239 (Direct)

Internal Audit Dept.

Internal Auditor

Tel : 2626619 (Direct)

Human Resources Dept.

Assistant Human Resources Manager

Tel : 2623553 (Direct)

