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ஆண்டு அறிக்கை
ANNUAL REPORT

2011

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இலங்கை அரச மருந்தகக் கூட்டுத்தாபனம்
STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

CONTENT

YOUR HEALTH IS OUR CONCERN

OUR VISION

Contribute to Sri Lanka emerging as healthier and vibrant Nation.

OUR MISSION

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

OUR GOALS

Services to the people is foremost

Quality and safety

Integrity never to be compromised

Reliable partner and effective team player

Passion for performance excellence

Innovation, the lifeblood

OUR SLOGAN

Your health is our concern

STATE PHARMACEUTICALS CORPORATION
FINANCIAL HIGHLIGHTS

	2011	2010	VARIATION	2009
	Rs: ' 000 '	Rs: ' 000 '	(%)	Rs: ' 000 '
Supplies to DHS	12,522,785	10,968,571	14.2	9,990,429
Revenue SPC	4,115,253	3,507,654	17.3	3,331,259
Total Revenue	16,638,038	14,476,225	14.9	13,321,687
Gross Trading Profit SPC	1,037,741	962,374	7.8	887,264
Gross Surplus DHS	816,677	688,145	18.7	622,071
Special Order Imports	4,986	9,370	(46.8)	9,975
Claim Received	46,505	-	-	-
Other Income	27,370	23,582	16.1	21,409
Provision for Unrealized Profit	2,679	(3,002)	189.2	(3,008)
Gross Surplus	1,935,958	1,680,469	15.2	1,537,711
Distribution Cost	373,716	272,931	(36.9)	203,084
Administrative Expenses	622,642	590,601	(5.4)	573,322
Other Operating Expenses	860	358	(140.2)	436
Finance Cost	3,661	17,734	79.4	8,840
Overdraft Interest	419,236	315,070	(33.1)	350,840
Profit before Tax	515,843	483,775	6.6	401,187
Treasury Levy	15,000	60,000	(75)	25,000
Taxation	235,500	243,907	3.4	144,883
Net Profit for the Period	265,343	179,868	47.5	231,304
Consolidated Fund	2,317,268	2,051,924	12.9	1,826,261
Share Capital & Reserve	592,190	592,190	-	592,190
Non Current Assets	698,850	675,481	3.5	639,231
Current Assets	8,917,609	7,980,128	11.7	4,298,017
Non Current Liabilities	86,086	87,951	2.1	120,575
Current Liabilities	6,620,915	5,923,543	(11.8)	2,398,221
Net Current Assets	2,296,694	2,056,585	11.7	1,899,796
RATIOS				
Gross Profit Ratio (%) SPC	25.2%	27.4%		26.6%
Gross Profit Ratio (%) DHS	6.5%	6.3%		6.2%
Gross Surplus to Sales (%)	11.6%	11.6%		11.5%
Return on Capital Employed (%)	31.2%	29.2%		29.6%
Interest Cover (times)	2.2	2.5		2.1
Equity to total Assets (times)	1:3.3	1:3.3		1:2.04
Turnover to Capital Employed (time)	5.7:1	5.5:1		5.25:1
Current Ratio (time)	1.35:1	1.35:1		1.79:1
Liquidity Ratio (time)	0.89:1	0.72:1		1.01:1
Stock Turnover Ratio -SPC (time)	3.77	3.64		3.54
OTHER INFORMATION				
Number of Employees	755	747		754
Earning per Employee (Rs.)	683	648		532
Sales per Employee (Rs.)	22,037	19,379		17,668

CORPORATE INFORMATION
BOARD OF DIRECTORS

Professor S D Jayaratne - Chairman

Professor S D Jayaratne is a Specialist Doctor in General Medicine, by profession. He is a professor in Medicine at the Department of Medicine, University Of Sri Jayawardenepura, an Honorary Consultant Physician, Colombo South Teaching Hospital and a Visiting Consultant Physician at the Police Hospital, Colombo.
He was a Director of the State Pharmaceuticals Corporation of Sri Lanka since December 2005 which office he held till 13th may 2010. He was appointed the Chairman of the State Pharmaceuticals Corporation of Sri Lanka with effect from 14th may 2010.
At present he also functions as the Chairman/Managing Director of the State Pharmaceuticals Manufacturing Corporation.

Mr. R L Dharmathilleke - Managing Director

Mr. R L Dharmathilleke is an hotelier with more than 26 years local and foreign experience in hotel management and tourism industry, holding a Diploma in Catering and Hotel Management from Clare mount Hotel School.
He served as the Working Director of State Pharmaceuticals Corporation for one year prior to his appointment as the Managing Director from May 2010.He is also a member of the Board of Directors of the State Pharmaceuticals Manufacturing Corporation. Mr. Dharmatilleke is Justice of Peace (All Island)

Mr. Mervin Gunasena –Director

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

Mr. S.M.N Lalith Senanayake – Director

Mr. Lalith Senanayake is a fellow member of the Institute of Chartered Accountants of Sri Lanka. He holds Special Degree in Public Administration - University of Sri Jayawardanapura, Higher National Diploma in Management Studies - The Open University of Sri Lanka.
Mr. Senanayake was appointed as a Director of SPC in May 2010. He presently functions as Director of Financial Consultants & Allied Services (pvt) Ltd and Central Engineering Consultancy Bureau. He is senior partner of Tudor V Perera & Co, Chartered Accountants.
He has at various times served on the Boards of a number of Statutory Bodies and Corporations including State Timber Corporation, Ceylon Fertilizer Company Limited, and Paddy Marketing Board.

Dr. Ranjani Gamage, - Director

Visiting Professor and Consultant Neurologist, National Hospital of Sri Lanka. Consultant Neurologist and Administrative Head of Institute of Neurology National Hospital of Sri Lanka. Visiting Professor Post Graduate Institute of Medicine University of Colombo. She is the chairperson of the Epilepsy Task Force and President of the Sri Lanka League against Epilepsy. She is the former President of Association of Sri Lankan Neurologists and also a council Member of University of Colombo.
Dr Ranjani Gamage was a Consultant Neurologist Teaching Hospital, Ragama.

Mr. H. M. Ajith Chandra- Director

A senior member of the Sri Lanka Accountants Service having more than 27 years experience, currently working as the Director Foreign Aid Management of the Department of Treasury Operations of the Ministry of Finance and Planning. Mr. Ajith Chandra held the position of the Director Finance and Administration in Public Enterprises Reform Commission of Sri Lanka. He has functioned as the Finance Manager of the Improving Relevance and Quality of Undergraduate Education Project funded by the World Bank during 2003-2006. He has served as the Chief Accountant of the Ministry of Policy Planning & Implementation. Mr. Ajith Chandra has vast experience in the field of Public Financial Management, Procurement Management and Local Government Financial Management. Mr.Ajith Chandra graduated from University of Sri Jayewardenepura and he has obtained his Postgraduate Degree on Business Administration (MBA) from the Postgraduate Institute of Management. He has presented Sri Lanka in international conferences on Project Finance, Treasury Management and Debt Management conducted by UNDP, SAARC and ADB, respectively.
Mr. Ajith Chandra is a visiting consultant of SLIDA, PGIM and Sri Lanka Foundation in the field of Financial Management, Procurement Management and Project Management and he is an Associate Member of the Institute of Public Finance Development Accountancy and AAT, Sri Lanka.

Dr. Palitha Mahipala

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Prof. S.D Jayaratne	-	Chairman	
Mr. R.L. Dharmatilleke	-	Managing Director	
Dr. P.G. Maheepala	-	Director	
Dr. (Mrs.) Ranjani Gamage	-	Director	
Mr. Mervin Gunasena	-	Director	
Mr. Lalith Senanayake	-	Director	
Mr. P.M.P Fernando	-	Director	(Till 29.04.2011)
Mr. H.M. Ajith Chandra	-	Director	(From 10.06.2011)

MANAGEMENT TEAM

Mr. K M D R Dassanayake	General Manager & Secretary to the Board	(Till 31.05.2011)
Mr. K M D R Dassanayake	General Manager	(From 01.06.2011)

DIVISIONAL MANAGEMENT

Mr. W D R Senadeera	D G M (Human Resources & Administration)	(Till 14.06.2011)
Mr. M P Kuruppu	D G M (Marketing)	
Mr. Mahinda Gamage	D G M (Finance)	
Mrs.W.A.S.D.K. Perera	D G M (Technical and Laboratory & Production)	
Mr W A S Wickramarachchi	D G M (Procurement & Imports)	(Till 26.08.2011)
Mr. H G W Dharmasena	D G M (Human Resources & Administration)	(From 15.09.2011)
Mrs. P K S S Kulasuriya	Act. D G M (Procurement & Imports)	(From 30.08.2011)

SENIOR MANAGEMENT

Mrs. S.M.A.D.S.H Sammandapperuma	Management Accountant	
Mrs. P.D. Gunasekara	Accountant	
Mrs. P. Dassanayake	Manager - Imports	
Mrs. K. G. C. Shanthimala	Manager – Technical	
Mr. U. Lokusuriya	Internal Auditor	
Mrs. P. K. Wijeratne	Manager - Quality Assurance Laboratory	
Mr. D. P. Ajith Liyanage	Manager - Management Information Systems	
Mrs. C. K. Jayawardena	Manager Administration	
Mr. M. A. V. I. Kumarasiri	Field Manager (Monitoring of Distribution Systems)	
Mr. W. U. Samaranayake	Manager - Osu Sala, Colombo 7	
Mrs. G.A.S. Jayaratne	Promotional Manager	(Till 29.12.2011)
Mr. P.K.R. Fernando	Manager Wharf	(From 03.01.2011)
Miss. C.S.Withanage	Manager Sales	(From 01.03.2011)
Mrs. H.H.Piyadigama	Accountant	(From 01.06.2011)
Mrs. D.N.Devasurendra	Accountant	(From 01.06.2011)
Mrs. P.A.U.Wijewardana	Legal Officer & Secretary to the Board	(From 01.06.2011)
Mr. P.M.B.R.Somathilaka	Manager – Production	(From 15.07.2011)
Mrs. M.W.Pushpa Jennet	Manager – Human Resources	(From 15.07.2011)
Mrs. A.H. Alwis	Manager – Post Delivery Operation	(From 20.10.2011)

AUDIT COMMITTEE

Mr. H.M. Ajith Chandra	Chairman
Dr. (Mrs.) Ranjani Gamage	Director
Mr. Mervin Gunasena	Director
Mr. Lalith Senanayake	Director

AUDITORS

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

BANKERS

Bank of Ceylon	Corporate Branch, Bank of Ceylon Mawatha, Colombo 1.
People's Bank	International Division, P O Box 437, ANCL. Bldg. D R Wijewardana Mawatha, Colombo 10.
Standard Chartered Grind lays Bank Ltd	P O Box 112, 37 York Street, Colombo 1.
Commercial Bank of Ceylon Ltd.	City Office, 98 York Street, Colombo 1.

REGISTERED OFFICE

No.75 Sir Baron Jayatillake Mawatha, Colombo 1.

DATE OF INCORPORATION

September 21, 1971

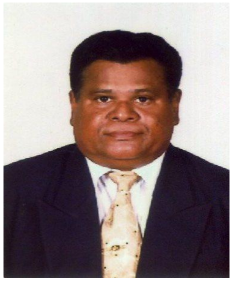
CHAIRMAN'S REPORT

It is with pleasure I wish to mention that 2011 has been a successful year for the State Pharmaceuticals Corporation. We have been able to maintain the momentum of increased trade in pharmaceuticals. Although the budgetary allocation has not been adequate for the burgeoning demand for pharmaceuticals, we have been able to supply essential medicines and surgical devices to all government hospitals and other State institutions without any major disruptions. The Government had supported us whenever there were any budgetary constraints considering the value of free health service to the health of people of Sri Lanka. The demand seen of the newer pharmaceutical molecules, particularly bio-similar drugs have increased tremendously in the past year. As these molecules are complex proteins with high cost of manufacturing, the cost of procuring these drugs impact significantly on our budget. I feel that we need to curtail this *laissez faire* attitude of prescribing by doctors in Sri Lanka and consider evidence based prescribing laid as a regulatory policy by the Ministry of Health as is done even in developed countries like the United Kingdom.

I would like to thank the Hon. Minister of Health, Hon. Deputy Minister of Health, Secretary to the Ministry of Health and other officials for their support and guidance during the year 2011. Our gratitude is also extended to the Director, Medical Supplies Division and other officials. I would like to thank personally our Board of Directors, the management and all employees of the Corporation for their dedication and commitment towards achieving our goals and objectives. I would also like to extend my thanks to the suppliers, distributors and Franchise holders and general public for their confidence in SPC and their drugs. I fervently hope that the name of SPC would remain in the hearts and minds of all people of Sri Lanka as the leading supplier of quality, efficacious, cost effective drugs and related products.

Professor S D Jayaratne
CHAIRMAN

MANAGING DIRECTOR'S FINANCIAL REVIEW



On behalf of the Board of Directors of the State Pharmaceuticals Corporation of Sri Lanka, I am pleased to submit the Annual Report together with the Audited Accounts containing Income Statement, Balance Sheet, Cash Flow statement and the Auditor General's Report for the year 2011.

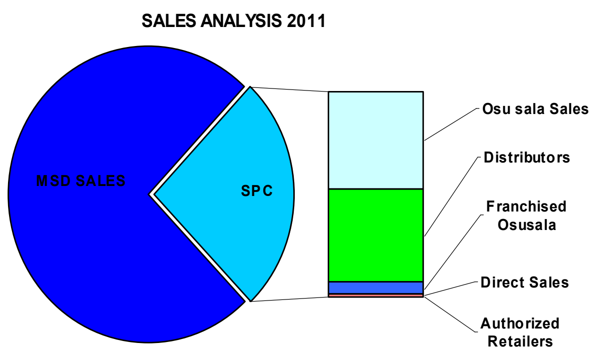
During the period under review, State Pharmaceuticals Corporation completed its 40th anniversary of supplying quality assured Pharmaceuticals and Healthcare items to the Nation.

SPC is the sole importer of Healthcare items to 'Medical Supplies Division' to ensure continuous supply of quality assured Pharmaceuticals and Healthcare items to the Government Hospitals. SPC also imports and sell in the open market through its large and strong distribution network, covering the entire island including the North and East.

As a profit generating Government Corporation, SPC has paid Rs.15 million as dividend to the General Treasury during the year under review. This contribution has been made in addition to the Rs.238.4 million paid to the Dept. of Inland Revenue from the profit generated in 2011.

FINANCIAL PERFORMANCE

The Turnover from the open market operations, has recorded as Rs.4,115 million during the year 2011. It is an increase of 17.32% when compares with the turnover of Rs.3, 507 million recorded in 2010. The increase in sales was mainly due to the expansion of distribution network coupled with the effective promotional activities carried out by SPC.

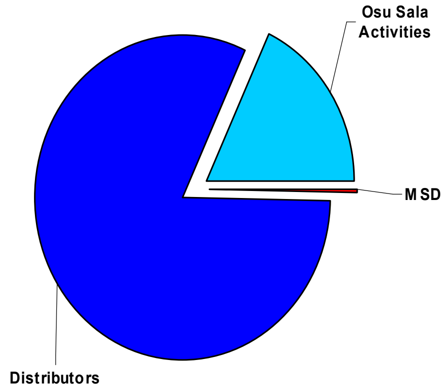


During the year under review, healthcare items to the tune of Rs.12,522 million had been supplied to the Medical Supplies Division, which is a 14% increase against the previous year. However, MSD operations recorded Rs.8,561,536/- loss in 2011 mainly due to high overdraft interest cost.

During the year under review, Rs. 419.2 million paid as overdraft interest on MSD imports. This could be eliminated if Medical Supplies Division settled their dues on time. We are negotiating with the Ministry of Health and the General Treasury regarding the early settlements of balance dues from MSD.

SPC has recorded a Profit before Tax of Rs.515.8 million during 2011. This is an increase of 6.6% as against the previous year figure of Rs.483.7 million. This increase in profit was mainly due to the improvement in sale coupled with controlling expenditure.

PROFIT BEFORE TAX 2011



SALES & TRADE PROMOTIONS
A new Raja Oust Sala was established in Jaffna during the year under review. In addition 5 new Franchise Osu Sala outlets and 3 new Distributors were appointed in order to cover the areas where SPC was not covered earlier. SPC, also tied up with Cargills Retail Outlets to function as Franchised Osu Sala outlets, where they have employed qualified Pharmacists on a full time basis.

At the end of the year, there were altogether 26 Rajya Osusala Outlets, 180 Franchised Osusala Outlets, 48 Distributors and 13 Authorized Retailers are in operation for open market sales.

During the year 2011, SPC sponsored number of medical related events covering the Entire Island with a view of updating the awareness of medicals practitioners and general public about SPC drugs.

SPC sponsored number of medical related events covering the entire inland with the view of upgrading the awareness of medical practitioners and general public about SPC drugs. SPC also sponsored the Ragama medical faculty exhibition in 2011, which was a mega event organized by the Ragama Medical Faculty.

As a tribute to the founder Chairman of SPC Professor Senaka Bibile, we are continuing with the ”Senaka Bibile Commemoration Scholarship Program” to the Medical Students who performed best in the Pharmacology in each of the six Medical Faculties of the Universities in Sri Lanka. SPC organized the “Professor Senaka Bibile Oration Quiz Competition” among the School children to educate them about SPC drugs. Apart from the above, promotional campaigns were conducted in both electronic and print media programs like “Suwapiyasa” “Subarathi”

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

HUMAN RESOURCES DEVELOPMENT
At the end of the year under review total workforce stood at 899 out of this 754 are permanent employees & balance are trainees. Our committed and motivated workforce was the key contributory factor to the success of the Corporation. In order to provide them with a career growth path within the organization and to improve their skills, 75 employees were sent for local training programs, and 2 employees were sent for foreign training programs. All staff welfare benefits that were prevailing in the Corporation prior to 2011 were continued during the year 2011.

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

R.L. Dharmatilleke
MANAGING DIRECTOR

REPORT OF THE DIRECTORS

The directors of the State Pharmaceuticals Corporation present herewith the audited financial statements for the year ended 31 December 2011.

The Financial Statements of the Corporation was submitted to the Auditor General on 29th February 2012 in accordance with the Circular No PED/11 of 5th June 2003, issued by the Director General of the Department of Public Enterprises in the General Treasury.

Formation

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

Results

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

Review of Business

The state of affairs of the Corporation as at 31 December 2011 is set out in the Balance Sheet and assessment of the Corporation during the financial year is given in the Managing Director's Report.

Property, Plant & Equipment

The value of Land & Buildings and Motor Vehicles are based on valuation undertaken by the Government Valuation Department. The movements in Property, Plant & Equipment during the year are set out in Note 9 to the financial statements. The value shown therein is not materially different from its current market value.

Main Activities

Main activities of the Corporation are,

- Import, Purchase, Sales & Distribution of Pharmaceuticals and Health Care Items in the open market.

- Import & Supply Pharmaceuticals and Health Care Items to the Department of Health Services.

- Manufacturing and Marketing Jeevanee, Glucose & Benzyl Bensovate Cream.

- Providing medical tests and laboratory services.

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

Reserves

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

Directors.

Directors of the corporation as at 31st December 2011 were as follows,

Prof. S.D. Jayaratne	-	Chairman
Mr. R.L. Dharmatilleke	-	Managing Director
Dr. P.G. Maheepala	-	Director
Mr. P.M.P. Fernando	-	Director (till 19.05.2011)
Mr. H.M. Ajith Chandra	-	Director (fm 20.05.2011)
Dr. (Mrs.) Ranjani Gamage	-	Director
Mr. Mervin Gunasena	-	Director
Mr. Lalith Senanayake	-	Director

Audit Committee

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

Employment

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

Statutory Payments

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

Fulfillment of Corporate Social Responsibility

During the year, the Corporation contributed Rs. 2,071,042/- for charitable purpose.

Environmental Protection

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

Contribution to the Government

The Corporation has contributed Rs 253 million by the way of Taxes and Levis to the Government of Sri Lanka. This includes Income Tax of Rs.238 million and Treasury Levy of Rs.15 million.

Post Balance Sheet Events

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

Auditors

Auditor General carried out the Audit of the Financial Statement of the State Pharmaceuticals Corporation of Sri Lanka for the financial year ended 31st December 2011.

By Order of the Board,

Anuradha Wijayawardana
Legal Officer /Secretary to the Board

Report of the Audit Committee

Constitution of the Audit Committee

The Audit Committee consists of four Non-Executive Directors of the Board. The Director who represents the General Treasury would function as Chairman of the Committee. During the Financial year ended 31st December 2011, the followings were the members of the Audit Committee.

Mr.H.M Ajith Chandra - Chairman of the Committee
Mr. Mervin Gunasena
Dr. Ranjanee Gamage
Mr. Lalith Senanayake

The Chairman, Managing Director, General Manager and Deputy General Manager (Finance) participate the Committee Meetings as Observers. Deputy General Manager (Human Resources and Administration), Deputy General Manager (Marketing), Deputy General Manager (Technical) and Deputy General Manager (Procurement & Imports) attend the Committee Meetings by invitation. Internal Auditor functions as Secretary to the Committee.

The Functions of the Audit Committee

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

1. Review and evaluate the internal control systems and recommend modifications where necessary.
2. Review and approve Internal Audit Plan for year 2011.
3. Review Internal Auditorôs reports, covering the nature of the issues and take corrective measures to overcome the deficiencies, if any.
4. Review External Auditors Audit Queries and the matters raised by them in the reports in terms of section 13(7) (a) and 14 (2) (c) of the Finance act No. 38 of 1971.
5. Review of implementation of recommendations of the Committee of Public Enterprises (COPE).

Internal Audit Division

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

Meetings

During the year 2011, Six Audit Committee meetings were held. The Committee has submitted its comments on the identified deficiencies to the Management. Accordingly, the remedial measures have been taken to rectify the identified deficiencies.

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Sgd/H.M Ajith Chandra
Chairman, Audit Committee

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
BALANCE SHEET AS AT 31ST DECEMBER 2011

	NOTE	2011 RS.	2011 RS.	2010 (restated) RS.	2010 (restated) RS.
ASSETS					
NON- CURRENT ASSETS					
Property Plant and Equipment	10	665,835,577		646,600,399	
Capital work-in Progress	10	18,393,567		2,764,961	
Deferred Expenditure		12,926,509		12,604,991	
Deferred Tax Assets	11	1,694,576		13,510,356	
			698,850,228		675,480,706
CURRENT ASSETS					
Inventories	12	992,864,514		979,314,420	
Stock in Transit - DHS	13	2,074,279,325		2,752,604,842	
VAT Recoverable		53,691,579		149,858,989	
Trade & Other Receivables	14	5,180,357,410		3,414,157,371	
Deposits & Prepayments	15	15,535,831		13,056,086	
Cash and Cash Equivalents	16	600,880,570		671,135,951	
			8,917,609,227		7,980,127,660
TOTAL ASSETS			9,616,459,455		8,655,608,366
EQUITY AND LIABILITIES					
Capital and Reserves					
Contributed Capital		35,042,000		35,042,000	
Advance received for Share Capital		24,013,258		24,013,258	
Revaluation Reserves		467,073,828		467,073,828	
General Reserves		66,061,447		66,061,447	
Accumulated Profits		2,317,267,619		2,051,923,920	
			2,909,458,152		2,644,114,453
NON- CURRENT LIABILITIES					
Retirement benefit obligation	17	86,085,892		87,950,502	
			86,085,892		87,950,502
CURRENT LIABILITIES					
Trade and Other Payables	18	1,684,928,209		1,559,530,223	
Income tax Payable		219,331,797		232,468,854	
Short-term Loans and Borrowings	19	4,716,655,405		4,131,544,335	
			6,620,915,411		5,923,543,412
TOTAL EQUITY AND LIABILITIES			9,616,459,455		8,655,608,366

PROF : S.D JAYARANTHNA	R.L. DHARMATHILAKA	K.M.D.R DASANAYAKE	N.G. MAHINDA
HAIRMAN	MANAGING DIRECTOR	GENERAL MANAGER	D.G.M. (FINANCE)

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2011

	Note	TOTAL OPERATIONS SPC	TOTAL OPERATIONS DHS	TOTAL OPERATIONS 2011	TOTAL OPERATIONS 2010
Income	**3**	**4,115,253,117**	**12,522,785,476**	**16,638,038,593**	**14,476,225,261**
Add					
Transfer to Retail Shops		678,794,365	-	678,794,365	683,737,994
Less					
Direct Expenses - MSD	**4**		11,706,108,352	11,706,108,352	10,280,425,604
Cost of Sales - SPC	**5**	3,720,507,371		3,720,507,371	3,190,325,599
Cost of production - ORS	**6**	35,798,972		35,798,972	38,692,543
Gross Profit/ Surplus		**1,037,741,139**	**816,677,124**	**1,854,418,263**	**1,650,519,509**
Add.					
Provision for Unrealized Profit		2,679,004	-	2,679,004	(3,002,782)
Special Order Imports		4,985,668	-	4,985,668	9,370,084
Claims Received from Suppliers			46,504,669	46,504,669	-
Other Income	**7**	27,370,314		27,370,314	23,582,400
				-	
Surplus		**1,072,776,124**	**863,181,793**	**1,935,957,917**	**1,680,469,212**
Less					
Distribution Expenses	**8**	144,029,473	229,686,851	373,716,324	272,931,066
Administrative Expenses	**8**	402,992,784	219,649,499	622,642,283	590,601,172
Other Operating Expenses	**8**	329,430	530,920	860,350	358,574
Profit from Operations		**525,424,437**	**413,314,523**	**938,738,960**	**816,578,399**
Less					
Finance Expenses	**8**	1,019,694	421,876,059	422,895,753	332,803,774
Profit Before Tax		**524,404,743**	**(8,561,536)**	**515,843,207**	**483,774,625**
Treasury Levy /Dividend Paid		15,000,000	-	15,000,000	60,000,000
Income Tax Expenses	**9**	235,499,508	-	235,499,508	243,906,940
Profit after Tax		**273,905,235**	**(8,561,536)**	**265,343,699**	**179,867,685**

Interest expenses incurred on MSD imports has shown, after setting off the surplus balances of SPC

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2011

	2011 Rs.	2010 Restated Rs.
Cash flow from operating activities		
Net profit before taxation,	515,843,207	483,774,625
Adjustments for:		
Depreciation	36,579,842	28,412,731
Gratuity provision for the year	11,058,573	8,530,786
Profit on disposal of fixed assets	(2,682,498)	(2,289,247)
Amortization of lease rent	(321,518)	(6,747,826)
Unrealized profit	(2,679,004)	3,002,782
Provision for bad debts	113,667,421	124,227,779
Stock losses	212,629	55,546
Provision for damaged & outdated stock	114,205,069	25,560,896
Interest expenses	419,235,181	315,070,060
Operating profit before working capital changes	1,205,118,902	979,598,133
Increase/Decrease in trade and other receivable	(1,878,284,020)	(1,549,303,696)
Increase/Decrease in deposit & prepayments	(2,479,744)	(1,492,020)
Increase/Decrease in inventories	553,036,732	(1,175,035,639)
Increase/Decrease in trade payables	125,397,986	125,662,893
Increase/Decrease in work in progress	(15,628,606)	(2,621,811)
Input tax recovered	96,167,410	
Cash generated from operations	83,328,661	(1,623,192,140)
Income tax paid	(238,404,225)	(199,921,068)
Gratuity paid	(12,923,183)	(12,517,882)
Interest paid	(419,235,181)	(315,070,060)
Treasury levy/ dividend paid	(15,000,000)	(60,000,000)
Cash flow before extraordinary items	(685,562,590)	(587,509,010)
Net cash from operating activities	(602,233,928)	(2,210,701,150)
Cash flow from investing activities		
Purchase of property, plant and equipments	(55,815,022)	(57,226,956)
Disposal of fixed assets	2,682,498	2,289,247
Net cash used in investing activities	(53,132,524)	(54,937,709)
Net increase in cash and cash equivalents	(655,366,452)	(2,265,638,858)
Cash and cash equivalents at beginning of period	(3,460,408,383)	(1,194,769,525)
Cash and cash equivalents at end of period (Note A)	(4,115,774,835)	(3,460,408,383)

Note A : Cash and cash equivalents

	2011 Rs.	2010 Rs.
Cash in hand & at bank	575,436,414	653,003,729
Treasury bill investment	25,444,156	18,132,222
Bank overdraft	(4,716,655,405)	(4,131,544,335)
	(4,115,774,835)	(3,460,408,383)

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

	Contributed Capital RS.	Adv. Received for Share Capital RS.	Revaluation Reserves RS.	General Reserves RS.	Accumulated Profit RS.	Total RS.
Balance as at 31st December 2008	35,042,000	24,013,258	489,887,358	66,061,447	1,606,966,849	2,221,970,913
Adj.						
Correction of error in the opening Stock prior to 2008. **(Note 20e)**					13,757,323	13,757,323
Correction of error in Packing Materials (**Note 20f)**					3,335,264	3,335,264
Correction of error in the opening Stock- **.(Note 20d)**					28,456,246	28,456,246
Balance as at 01st January 2009	**35,042,000**	**24,013,258**	**489,887,358**	**66,061,447**	**1,652,515,683**	**2,267,519,746**
Adj. Deferred Tax attributable to Revaluation Surplus			(22,813,530)			(22,813,530)
Adj. Changes in accounting policy with respect to the Gratuity Provision (Prior to 2009- Net of Income Tax of Rs.6,214,731)					(12,009,725)	(12,009,725)
Correction of VAT 1/3 incorrectly excluded from the relevant expenses **(Note 20b)**					(17,340,714)	(17,340,714)
Correction of stock losses incorrectly included in to Insurance claim, **(Note 20c)**					(3,488,978)	(3,488,978)
DHS sales erroneously excluded from the previous years , now adjusted to retained earning. **(Note 20h)**					2,162,120	2,162,120
Add:						
Net Profit as per the Financial Report 2009	-		-	-	231,304,043	231,304,043
Balance as at 31st December 2009	**35,042,000**	**24,013,258**	**467,073,828**	**66,061,447**	**1,853,142,429**	**2,445,332,963**
Balance as at 01st January 2010	35,042,000	24,013,258	467,073,828	66,061,447	1,853,142,429	2,445,332,963
Decrease in transitional liability as a result of adopting Project Unit Credit Method in computing gratuity **(Note 20a)**					18,614,268	18,614,268
Correction of erroneously overstated closing stock at ROS - Galle **(Note 20g)**					(1,340,933)	(1,340,933)
DHS sales erroneously excluded from the previous years, now adjusted to retained earning. **(Note 20h)**					1,640,471	1,640,471
Add:						
Net Profit as per the Financial Report 2010	-	-	-	-	179,867,685	179,867,685
Balance as at 31st December 2010	**35,042,000**	**24,013,258**	**467,073,828**	**66,061,447**	**2,051,923,920**	**2,644,114,454**
Balance as at 01st January 2011	35,042,000	24,013,258	467,073,828	66,061,447	2,051,923,920	2,644,114,454
Add:						
Net Profit for the year					265,343,699	265,343,699
Balance as at 31st December 2011	**35,042,000**	**24,013,258**	**467,073,828**	**66,061,447**	**2,317,267,619**	**2,909,458,152**

ACCOUNTING POLICIES
1. Corporate Information

1.1 General

State Pharmaceuticals Corporation (SPC) is a Government Corporation incorporated in 1971 under the State Industrial Corporations Act No. 49 of 1957 and domiciled in Sri Lanka. The Corporation prepares financial statements for the twelve months period ended 31st December each year to be tabled in Parliament.

The registered office of the Corporation is located at No 75, Sir Baron Jayathilake Mawatha, Colombo 01.

1.2 Principal Activities

Principal activities of the Corporation are,

● Import, Purchase, Sales & Distribution of Pharmaceuticals and Health Care Items in the open market.

● Import & Supply Pharmaceuticals and Health Care Items to the Department of Health Services. (DHS)

● Manufacturing and Marketing Jeevanee, Glucose & Benzyl Bensovate Cream. (B.B Cream)

● Providing medical tests and laboratory services.

1.3 No of Sales Outlets

The Corporation's sales network comprises 26 Rajya Osu salas, 49 Distributors, 89 Franchised Osu salas and 13 Authorized Retailers at the end of the year covering the entire island. SPC also tied up with Cargills Food City Super Market Network to operate Franchise Osu Sala Outlets where they employ a full-time Pharmacist.

2. Accounting Policies
2.1 Basis of Preparation

The Financial Statements are prepared in conformity with generally accepted Accounting Principles, and the Accounting Standards lay down by the Institute of Chartered Accountants of Sri Lanka. These are being applied consistently on historical cost basis except for revaluation of Property Plant & Equipment. No adjustments are made for inflationary factors where appropriate significant accounting policies are explained by making notes to the Accounts.

2.1.1 Going Concern

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

2.1.2 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the section 2.5.1 of this:

2.1.3 Adoption of new set of Sri Lanka Accounting Standards

Following the convergence of Sri Lanka Accounting Standards with the International Financial Reporting Standards (IFRS), the ICASL of Sri Lanka has adopted a new set of financial reporting standards that would apply for financial periods beginning on or after 01 January 2012. The application of these financial reporting standards is substantially different to the prevailing standards. The Corporation is in the process of adopting the new Accounting Standards (SLFRSs)

2.2. Assets and bases of their valuation

2.2.1 Property Plant and Equipment

The cost of Property Plant and Equipment is the cost of acquisition or construction together with any expenses incurred in bringing the assets to its working condition for its intended use. The Property Plant and Equipment are stated at cost or re-valuation less accumulated depreciation.

Consequent to a decision of the Board of Directors, during the year 2005, Land & Buildings were re-valued by an independent Valuer of the Government Valuation Department to reflect the market value.

Fleet of Motor vehicles of the Corporation was re-valued by professional Valuers of the Automobile Association of Sri Lanka to reflect the market value in the year 2004.

Total surplus arising out of the Re valuation amounting to Rs 315,580,094/- has been Credited to Revaluation Reserve in accordance with the Sri Lanka Accountancy Standard.

The carrying value of the freehold land & building and motor vehicles if they were carried at cost less accumulated depreciation is as follows,

2010	**Cost** Rs "000"	**Accu Dep.** Rs "000"	**Net Book Value** Rs "000"
Freehold land	44,100	_	44,100
Building	106,498	14,983	91,515
Motor Vehicles	43,538	22,242	21,296
	194,136	**37,225**	**156,911**

2011	**Cost** Rs "000"	**Accu Dep.** Rs "000"	**Net Book Value** Rs "000"
Freehold land	44,100	_	44,100
Building	118,340	17,103	101,237
Motor Vehicles	50,763	32,663	18,100
	213,203	**49,766**	**163,437**

2.2.2 Depreciation

Freehold Land is not depreciated. Depreciation is charged on all other Property, Plant and Equipment on the straight-line basis to write off the cost/valuation over the estimated useful lives as follows.

	RATE %	**YEARS**
Buildings	2.5	40
Motor Vehicles	25	04
Furniture & Fittings	10	10
Equipments	20	05
Plant & Machinery	12.5	08
Bicycles	15	6-7
Computers	25	04
Library Books	20	05

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

2.2.3 Capital work in progress

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

2.2.4 Operating leases

Rentals on operating leases are recognized in the Income Statement in the year to over the lease period.

2.3. Inventories – SPC

Inventories have been valued at the lower of cost or net realizable value, whatever is lower. The cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated selling expenses.

Under normal operations, cost is determined on F.I.F.O. basis. Provision has been made where necessary for obsolete and slow moving stocks. During the year 2011, Pharmaceuticals & Health care items amounting to Rs. 4,218,980/-has been written off to the financial statement as outdated and damage.

2.3.1 Items awaiting clearance - DHS

The Corporation makes 100% provision on all disputed items aging more than one year. During the year Rs. 109,935,365/-has been written off to the financial statement as outdated and damage.

2.3.2 Trade Debtors & Other Receivables

Debtors are stated at their estimated realizable value. Provision has been made for bad and doubtful debts. Trade debtors remaining as outstanding more than one year and receivables from DHS remaining as outstanding more than five years are recognized as doubtful debtors and 100% provisions are made accordingly.

2.3.3 Cash & Cash Equivalents

Cash & Cash Equivalents comprise Cash balance and Treasury bill investments with original maturities of twelve months or less.

2.3.4 Claims Receivable form Suppliers

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

2.4. *Liabilities* and *Provisions*

2.4.1 Liabilities

Current Liabilities in the Balance Sheet are those, which fall due for payment on demand or within one year from the Balance Sheet date. Non-current liabilities are those balances that fall due for payment after one year.

2.4.2 Provisions

Provisions are recognized when the Corporation has a present Legal or Constructive obligation as a result of past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

2.5 *Employee Benefits*

2.5.1 Defined Benefit Plan – Gratuity

During the year, The Corporation adopted Projected Unit Credit Method in computing present value of the retirement benefits of gratuity. This fulfills the requirements of the paragraph 57 of SLAS 16 (Revised 2006).
This change in accounting policy has been accounted for retrospectively, and the comparative statements for 2010 have been restated. The effect of the change on 2010 is tabled in (Note 17)

The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates of the Long term Treasury Bonds that are denominated in the currency in where the benefit will be paid.

Actuarial gains and losses are recognized as income or expenses over the expected average remaining working lives of the participants of the plan.

However, as per the payment of Gratuity Act No. 12 of 1983 this liability only arises upon completion of 5 years of continued service.

The Gratuity liability is not specifically invested.

2.5.2 Defined Contribution Plans- EPF & ETF

Contributions to the following defined contribution plans are recognized as an expense in the Income Statement as incurred.

2.5.3 Employees' Provident Fund

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

4.5.4 Employees' Trust Fund

The Corporation contributes 3% on gross salary to the Employees' Trust Fund.

2.6 Taxation
2.6.1 Income Tax

Income Tax provision for the year 2011 consists of tax liability on taxable income 28% in accordance with the Inland Revenue Act No.10 of 2006 and amendment thereon is applied in determining the taxable income /(loss) of the Corporation.

2.6.2 Deemed Dividend Tax

During the year, provision has been made for deemed dividend tax at a rate of 25% on book profit as specified in Inland Revenue Act No.10 of 2006.

2.6.3 Deferred tax assets/ liabilities

Deferred tax liability is calculated on all temporary differences under the balance sheet method. The net deferred tax assets have been recognized in the financial statement of the corporation as assets as there is certainty of their recoverability with in reasonable period.

2.7 Contingencies

There were no any material contingencies for the Corporation other than those disclosed below: as at 31.12.2011.

2.7.1 Osusala –Negombo Case No.B2666/10
Loss of Rs. 3,863,609.77 reported at Rajya Osusala, Negombo as a result of misappropriation of Cash by the Cashier. Corporation filed legal action for recovery of same, but no contingent asset has been recognized in these financial statements since the case is pending.

2.7.2 SAS Pharmaceuticals Case No. 7078 M
This Case has been filed against S A S Enterprises, one of Distributors who has defaulted in settling claim of Rs 769,825.00 due to the Corporation.

2.7.3 Rainn kumar HC ARB 111/98
A letter of demand has been sent by Mr Senaviratne Attorney – at – law on behalf of Mr Rainn kumar against the decision of black listing Meaars Pharma. The Corporation has referred this matter to the Attorney General's Department.

2.7.4 Mr W.A.S Wickramarachchi DSP 00163/11
Case was filed by Mr Wickramarachchi for interim injunction regarding the interdiction from the post of Deputy General Manager- Commercial.

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

2.8. Revenue Recognition

Revenue is generally accounted on an accrual basis, and is recognized as follows. On sale of goods all significant risk and reward of ownership have been transferred to buyer, which normally occurs with the delivery of goods.

2.8.1 Income Statement
The Profit on ordinary activities before tax as shown in the Income Statement is after making provision for all known Liabilities, and depreciation of Property, Plant and Equipment. All expenditure incurred in running of the business and in maintaining the Capital Assets in a state of efficiency has been charged to revenue in arriving at the Profit/(Loss) for the year. Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on business or for the purpose of increasing the earning capacity of business, has been treated as capital expenditure.

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

2.8.3 Comparative Information
Previous year figures and phrases are rearranged wherever necessary to confirm to the current year presentation.

2.8.4 Foreign Currency Transactions
Foreign exchange transactions are converted at the rate of exchange prevailing at the date of the transaction.

2.9. Cash Flow Statement

Cash flow Statement has been prepared using the "Indirect Method" of SLAS 9.

Bank overdrafts that are payable on demand, are included as component of cash & Cash equivalent for the purpose of the Statement of Cash Flow.

2.10. Post Balance Sheet Events
No circumstance has arisen since the Balance Sheet date which requires adjustment to or disclosure in the accounts.

2.11. Related Party Transaction
A related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. There were no related parties or related party transactions other than disclosed in **Note 21**.

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

INCOME STATEMENT OF OSUSALA OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2011

	OSU SALA TRADING Col.07	OSU SALA TRADING Col.04	OSU SALA TRADING Col .01	OSU SALA TRADING KANDY	OSU SALA TRADING NUGEGODA	OSU SALA TRADING AVISS.	OSU SALA TRADING RATNAPURA	OSU SALA TRADING MINU.	OSU SALA TRADING PANADURA	OSU SALA TRADING GALLE	OSU SALA BADULLA up to 22.11.11	OSU SALA TRADING MATARA	OSU SALA TRADING KURUNEGALA
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	Rs.	RS.	RS.	RS.	RS.
SALES	520,259,924	244,437,051	61,082,465	154,140,441	56,842,658	32,565,133	67,305,471	23,201,689	49,915,465	89,519,795	9,169,963	56,289,357	71,297,635
TOTAL SALES & TRANSFERS	**520,259,924**	**244,437,051**	**61,082,465**	**154,140,441**	**56,842,658**	**32,565,133**	**67,305,471**	**23,201,689**	**49,915,465**	**89,519,795**	**9,169,963**	**56,289,357**	**71,297,635**
COST OF SALES & TRANSFERS	440,331,194	216,269,725	51,052,613	130,092,574	46,991,195	27,046,669	56,212,336	19,494,996	41,758,302	76,650,917	7,696,335	46,813,322	62,633,943
GROSS PROFIT ON SALES & TRANSFERS	**79,928,731**	**28,167,326**	**10,029,853**	**24,047,867**	**9,851,462**	**5,518,464**	**11,093,135**	**3,706,693**	**8,157,163**	**12,868,877**	**1,473,628**	**9,476,035**	**8,663,692**
OVERHEADS													
SELLING & DISTRIBUTION EXPENSES	1,027,672	518,493	409,916	384,052	140,869	178,783	398,993	112,764	226,788	368,553	133,892	317,925	748,725
ADMINISTRATION & ESTABLISHMENT EXPENSES													
Personnel Expenses	27,419,181	11,698,941	6,172,294	7,736,353	6,711,063	3,621,451	6,157,190	3,225,790	6,216,996	8,041,847	2,671,604	5,404,497	4,444,302
Travelling Expenses	7,025	1,816	3,216	11,866	1,072	11,071	18,200	1,490	1,381	650	6,005	3,970	1,690
Supplies & Requisites	556,754	190,382	79,895	172,608	193,640	197,210	340,895	166,236	58,962	227,129	10,667	166,862	175,498
Repairs & Maintenance	376,283	111,926	36,981	177,310	52,580	55,287	97,795	29,483	66,208	72,896	28,355	141,697	74,736
Transportation, Communication Utilities & Other Services	9,303,877	2,547,099	1,559,466	3,155,806	2,369,105	1,800,187	2,526,190	1,156,330	1,969,322	2,443,160	810,998	2,358,670	2,675,740
TOTAL OVERHEADS	**38,690,793**	**15,068,657**	**8,261,767**	**11,637,995**	**9,468,330**	**5,863,989**	**9,539,262**	**4,692,092**	**8,539,657**	**11,154,234**	**3,661,521**	**8,393,621**	**8,120,690**
NET PROFIT/(LOSS)	**41,237,938**	**13,098,668**	**1,768,085**	**12,409,872**	**383,132**	**(345,525)**	**1,553,873**	**(985,400)**	**(382,494)**	**1,714,644**	**(2,187,893)**	**1,082,414**	**543,002**

Discontinued Operation –

The Rajya Osusala retail outlet at Badulla bus-stand was closed down on 22nd November 2011, due to continuous losses recorded during the past years. The pharmaceutical stocks were transferred as given below,

	Rs.
Rajya Osusala - Jaffna	1,117,736.16
Bulk Stores	3,367,137.84
	4,343,218.00

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

INCOME STATEMENT OF OSUSALA OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2011

	OSU SALA TRADING AMPARA	OSU SALA TRADING HAMBANTOTA	OSU SALA TRADING MEEGODA	OSU SALA TRADING A'PURA	OSU SALA TRADING MAHARAGAMA	OSU SALA TRADING J, PURA	OSU SALA TRADING KARAPITIYA	OSU SALA TRADING NEGOMBO	OSU SALA TRADING BADULLA- CWE	OSU SALA TRADING DIYATHALAWA	OSU SALA SATHOSA OUTLETS	REGIONAL STORES KANDY	OSUSALA TOTAL TRADING ACTIVITIES
	RS.	RS.	RS.	RS.	RS.	RS.	RS.					RS.	RS.
SALES	20,846,225	31,117,127	4,054,850	37,782,360	64,578,021	124,906,040	59,762,464	59,617,252	33,684,223	14,909,655	15,591,958	71,946,250	1,974,823,472
													-
TOTAL SALES & TRANSFERS	**20,846,225**	**31,117,127**	**4,054,850**	**37,782,360**	**64,578,021**	**124,906,040**	**59,762,464**	**59,617,252**	**33,684,223**	**14,909,655**	**15,591,958**	**71,946,250**	1,974,823,472
													-
COST OF SALES & TRANSFERS	16,806,217	26,343,171	3,287,753	30,240,084	54,533,252	106,046,660	50,244,538	50,250,477	28,990,176	11,346,101	13,026,257	50,354,378	1,664,513,186
GROSS PROFIT ON SALES & TRANSFERS	**4,040,009**	**4,773,956**	**767,097**	**7,542,275**	**10,044,769**	**18,859,381**	**9,517,926**	**9,366,775**	**4,694,047**	**3,563,554**	**2,565,700**	**21,591,872**	**310,310,286**
OVERHEADS													
SELLING & DISTRIBUTION EXPENSES	199,377	224,096	19,938	175,984	252,134	335,851	327,917	262,559	82,349	84,176	197,676	177,541	7,307,023
ADMINISTRATION & ESTABLISHMENT EXPENSES													
Personnel Expenses	2,942,402	3,003,544	850,125	2,897,164	5,911,134	11,871,468	5,182,431	4,260,782	3,388,759	1,888,876	2,314,791	2,656,919	146,689,903
Travelling Expenses	445	652	1,330	320	1,248	300	5,320	6,780	3,025	-	2,211	6,275	97,358
Supplies & Requisites	116,909	80,165	40,435	60,192	210,843	339,192	36,460	102,030	67,134	82,062	39,119	18,597	3,729,875
Repairs & Maintenance	43,066	34,236	976	138,385	60,154	27,152	84,561	61,905	35,606	22,428	3,131	34,273	1,867,406
Transportation, Communication Utilities & Other Services	1,211,381	1,534,581	181,294	2,218,148	2,022,313	2,880,259	2,329,540	2,660,539	3,299,297	300,642	279,847	1,719,675	55,313,466
TOTAL OVERHEADS	**4,513,580**	**4,877,272**	**1,094,099**	**5,490,194**	**8,457,826**	**15,454,222**	**7,966,229**	**7,354,595**	**6,876,169**	**2,378,184**	**2,836,774**	**4,613,280**	**215,005,031**
NET PROFIT/(LOSS)	**(473,571)**	**(103,316)**	**(327,002)**	**2,052,082**	**1,586,943**	**3,405,159**	**1,551,697**	**2,012,180**	**(2,182,122)**	**1,185,370**	**(271,074)**	**16,978,592**	**95,305,255**

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2011

NOTE 3

INCOME	2011	2011	2010	2010
Revenue - SPC	RS.	RS.	RS.	RS.
Bulk trading	2,091,099,161		1,612,457,769	
ORS sales	49,330,484		55,181,480	
Osusala sales	1,974,823,472		1,840,015,219	
		4,115,253,117		3,507,654,467
Revenue - DHS				
Import supplies	10,710,183,106		9,441,544,555	
Local supplies	1,738,393,445		1,325,840,869	
CPU supplies	74,208,925		201,185,370	
		12,522,785,476		10,968,570,794
Total Revenue		16,638,038,593		14,476,225,261

COST OF SALES / DIRECT EXPENSES

NOTE 04

DIRECT EXPENSES - DHS	2011	2011	2010	2010
	RS.	RS.	RS.	RS.
Revenue		12,522,785,476		10,968,570,794
DIRECT COST				
C & F value of DHS supplies	11,032,012,079		9,950,246,189	
Custom duties & taxes	647,413,989		946,549,509	
Cost of local supplies	1,769,517,093		1,512,141,132	
CPU purchases to DHS	72,753,848		197,240,559	
		13,521,697,008		12,606,177,388
Clearing charges (Bank charges, Stamp fee ,	150,204,476		106,854,882	
Landing charges	25,879,325		32,086,149	
Import licenses fee	17,449,752		14,012,433	
		193,533,553		152,953,463
Less:				
Stock in transit		2,009,122,209		2,478,705,247
Direct expenses/ Cost of sales		11,706,108,352		10,280,425,604
Gross profit/surplus		816,677,124		688,145,190

NOTE 05

COST OF SALES -SPC	BULK TRADING	OSUSALA TRADING	TOTAL TRADING SPC-2011	TOTAL TRADING SPC-2010 restated
	RS.	RS.	RS.	RS.
Stock In trade at the beginning of the year	505,982,682	360,763,138	866,745,819	716,374,327
Add :				
Imported drugs	1,334,193,305		1,334,193,305	1,352,122,937
Raw material consumed			-	-
Consumables for the laboratory	1,047,753		1,047,753	1,557,977
Local purchases (SPC tenders)	284,968,946		284,968,946	259,088,658
Laboratory testing chg.		-	-	-
C.P.U - Purchases	493,679,136		493,679,136	161,176,769
Local purchases (Osusalas)	-	963,339,881	963,339,881	918,676,303
Transfers		678,794,365	678,794,365	683,737,994
TOTAL STOCK AVAILABLE FOR SALES	2,619,871,822	2,002,897,384	4,622,769,206	4,092,734,965
Less :				
Stock In trade at end of the year	563,877,637	338,384,198	902,261,835	902,409,366
COST OF SALES & TRANSFERS	2,055,994,185	1,664,513,186	3,720,507,371	3,190,325,599
TOTAL TRADING				
Sales less: Discount	2,091,099,161	1,974,823,472	4,065,922,633	3,452,669,993
B T T	-	-	-	197,005
	2,091,099,161	1,974,823,472	4,065,922,633	3,452,472,988
COST OF SALES	1,377,199,820	1,664,513,186	3,041,713,006	2,506,587,605
GROSS TRADING PROFIT	713,899,340	310,310,286	1,024,209,626	945,885,383

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

INCOME STATEMENT OF OSUSALA OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2011

NOTE -05A

COST OF SALES	OSU SALA TRADING Col.07	OSU SALA TRADING Col.04	OSU SALA TRADING Col .01	OSU SALA TRADING KANDY	OSU SALA TRADING NUGEGODA	OSU SALA TRADING AVISS.	OSU SALA TRADING RATNA.	OSU SALA TRADING MINU.	OSU SALA TRADING PANADURA	OSU SALA TRADING GALLE	OSU SALA BADULLA up to 22.11.11	OSU SALA TRADING MATARA	OSUSALA TRADING KURUNEGALA
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS
STOCK IN TRADE -													
AT THE BEGINNING OF THE YEAR	66,088,825	32,314,036	11,322,718	34,438,906	7,326,289	8,372,823	12,103,548	5,924,045	8,121,503	23,822,691	4,701,531	12,740,091	19,582,341
Imported drugs									-	-	-	-	-
Local purchases	302,248,069	169,671,307	27,946,683	72,272,740	24,074,286	10,400,532	35,902,472	6,152,252	23,219,335	47,040,028	1,851,473	23,066,498	26,924,726
Transfers	133,262,998	42,347,287	25,490,512	48,427,189	25,822,825	16,909,843	24,682,120	13,345,777	18,442,564	27,641,755	1,143,331	22,840,975	36,186,495
STOCKS AVAILABLE FOR SALE	**501,599,892**	**244,332,630**	**64,759,913**	**155,138,834**	**57,223,399**	**35,683,199**	**72,688,140**	**25,422,073**	**49,783,401**	**98,504,474**	**7,696,335**	**58,647,565**	**82,693,563**
Stock in trade at year end	61,268,698	28,062,905	13,707,300	25,046,261	10,232,203	8,636,529	16,475,803	5,927,077	8,025,100	21,853,557	-	11,834,243	20,059,620
COST OF SALES & TRANSFERS	**440,331,194**	**216,269,725**	**51,052,613**	**130,092,574**	**46,991,195**	**27,046,669**	**56,212,336**	**19,494,996**	**41,758,302**	**76,650,917**	**7,696,335**	**46,813,322**	**62,633,943**
TOTAL TRADING													
Sales less Discount	520,259,924	244,437,051	61,082,465	154,140,441	56,842,658	32,565,133	67,305,471	23,201,689	49,915,465	89,519,795	9,169,963	56,289,357	71,297,635
Less													
Cost of sales	440,331,194	216,269,725	51,052,613	130,092,574	46,991,195	27,046,669	56,212,336	19,494,996	41,758,302	76,650,917	7,696,335	46,813,322	**62,633,943**
GROSS TRADING PROFIT	**79,928,731**	**28,167,326**	**10,029,853**	**24,047,867**	**9,851,462**	**5,518,464**	**11,093,135**	**3,706,693**	**8,157,163**	**12,868,877**	**1,473,628**	**9,476,035**	**8,663,692**

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

INCOME STATEMENT OF OSUSALA OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2011

NOTE -05A

COST OF SALES	OSU SALA TRADING AMPARA	OSUSALA TRADING HAMBANTOTA	OSUSALA TRADING MEEGODA	OSUSALA TRADING A'PURA	OSUSALA TRADING MAHARAGAMA	OSUSALA TRADING J,PURA	OSUSALA TRADING KARAPITIYA	OSU SALA TRADING NEGOMBO	OSU SALA TRADING BADULLA-CWE	OSU SALA TRADING DIYATHALAWA	OSU SALA SATHOSA OUTLETS	REGIONAL STORES KANDY	OSUSALA TOTAL TRADING ACTIVITIES
	RS	RS	RS	RS	RS	RS	RS	RS	RS	RS	RS	RS	RS
STOCK IN TRADE -													
AT THE BEGINNING OF THE YEAR	6,208,674	7,970,985	636,028	7,342,339	19,201,331	23,039,347	15,917,254	11,033,723	9,140,665	2,803,368	4,008,967	6,601,112	360,763,138
Imported drugs	-												
Local purchases	4,185,020	14,637,553	497,228	15,817,391	29,483,099	60,331,819	28,720,757	20,999,133	10,916,190	2,111,501	4,869,790	-	963,339,881
Transfers	13,290,849	11,096,732	2,929,869	18,763,829	24,422,665	41,622,159	23,011,995	28,033,467	14,275,743	9,040,965	7,965,170	47,797,251	678,794,365
STOCK AVAILABLE FOR SALE	**23,684,542**	**33,705,269**	**4,063,125**	**41,923,559**	**73,107,095**	**124,993,326**	**67,650,007**	**60,066,322**	**34,332,598**	**13,955,833**	**16,843,927**	**54,398,363**	**2,002,897,384**
Stock In trade at year end	6,878,326	7,362,098	775,372	11,683,474	18,573,843	18,946,666	17,405,469	9,815,845	5,342,422	2,609,732	3,817,670	4,043,984	338,384,198
COST OF SALES & TRANSFERS	**16,806,217**	**26,343,171**	**3,287,753**	**30,240,084**	**54,533,252**	**106,046,660**	**50,244,538**	**50,250,477**	**28,990,176**	**11,346,101**	**13,026,257**	**50,354,378**	**1,664,513,186**
TOTAL TRADING	-												
Sales less Discount	20,846,225	31,117,127	4,054,850	37,782,360	64,578,021	124,906,040	59,762,464	59,617,252	33,684,223	14,909,655	15,591,958	71,946,250	1,974,823,472
Less													
Cost of sales	16,806,217	26,343,171	3,287,753	30,240,084	54,533,252	106,046,660	50,244,538	50,250,477	28,990,176	11,346,101	13,026,257	50,354,378	1,664,513,186
GROSS TRADING PROFIT	**4,040,009**	**4,773,956**	**767,097**	**7,542,275**	**10,044,769**	**18,859,381**	**9,517,926**	**9,366,775**	**4,694,047**	**3,563,554**	**2,565,700**	**21,591,872**	**310,310,286**

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2011

COST OF MANUFACTURING GLUCOSE, JEEWANEE AND BB CREAM **NOTE 06**

	2011 RS	2011 RS	2010 RS	2010 RS
Opening stock of raw materials		595,984		1,726,818
Add: purchases of raw materials		**11,911,803**		14,406,829
		12,507,786		**16,133,647**
Less: closing stock of raw materials		990,252		595,984
Cost of raw materials consumed		**11,517,534**		**15,537,663**
Manufacturing cost				
Salaries & wages	7,492,697		7,113,351	
Overtime.	1,579,122		1,710,408	
Uniforms.	169,829		7,200	
Insurance for staff	104,982		-	
Provident fund (EPF & ETF).	625,604		643,425	
Annual bonus	150,750		171,375	
Attendance bonus	301,900		339,700	
Annual incentive bonus	708,200		717,403	
Staff welfare	700,533		703,191	
Medical expenses	354,688		358,508	
Power	2,075,360		2,151,136	
Depreciation	948,978		750,700	
Repairs & maintenance	226,101		207,352	
Packing materials used	6,908,103		10,848,852	
		22,346,847		**25,722,601**
Wastage		-		86,047
Production costs of goods		**33,864,381**		**41,346,312**

ORS TRADING	2011 RS	2011 RS	2010 RS	2010 RS
Sales less: Discount		49,330,484		55,181,480
Opening stock (finished goods)	3,652,333		998,564	
add:				
Production cost of goods	33,864,381		41,346,312	
	37,516,714		**42,344,876**	
less:				
Closing stock (finished goods)	1,717,742		3,652,333	
Cost of sale		35,798,972		38,692,543
Gross profit		**13,531,513**		**16,488,937**

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2011

OTHER INCOME **NOTE - 07**

	2011 RS.	2010 RS.
Parking fees	168,000	2,284,800
Interest on staff loans.	4,102,392	3,900,117
Sales of tender forms.	8,523,407	7,277,672
Rent received	771,600	344,248
Treasury bill interest	1,164,919	1,629,776
Scrap sales	60,050	111,876
Fund management income (Money Market)	14,504	65,640
Miscellaneous income	699,057	1,519,503
Commission on E Channeling	6,330	11,795
Holiday bungalow income	657,850	688,290
Pre qualification charges	1,748,760	-
Sample testing income	1,151,984	855,025
Bad debt recoveries	4,877,625	
Supplier Convention	-	1,493,578
Int. on returned cheques/ delays	741,338	1,110,835
Profit on disposal of fixed assets	2,682,498	2,289,247
	27,370,314	**23,582,400**

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2011

NOTE 8

(A) DISTRIBUTION COST	SPC TRADING			TOTAL TRADING SPC	TOTAL TRADING DHS	TOTAL TRADING 2011	TOTAL TRADING 2010
	OSUSALAS	O.R.S.	BULK				
SELLING & DISTRIBUTION EXPENSES	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Sales promotion expenses.	-	-	46,492,651	46,492,651	-	46,492,651	41,619,087
Prescriber	-		1,272,538.57	1,272,539	-	1,272,539	1,151,094
Commission for sales rep's.	-	-	-	-	-	-	-
Transport charges.	-	-	8,233,735	8,233,735	-	8,233,735	6,915,095
Provision for bad debts	-	-	4,698,330	4,698,330	108,969,091	113,667,421	124,227,779
Discount on osusala sales	-	-	1,387,745	1,387,745	-	1,387,745	1,303,045
Additional discounts	-		68,484,917	68,484,917		68,484,917	49,653,535
Value Added Tax	-		572,248	572,248	8,201,807	8,774,055	11,173,823
Dealers convention	-		986,962	986,962	-	986,962	1,387,750
Stock losses	-	-	212,629	212,629	-	212,629	55,546
Pro. for outdated & damaged drugs	1,835,861	-	2,433,843	4,269,703	-	4,269,703	25,560,896
Pro. for outdated & damaged drugs - DHS	-	-	-	-	109,935,365	109,935,365	
Stamp fee	-		161,112	161,112	-	161,112	1,473,052
Setting up expenses	-	-	826,898	826,898	-	826,898	905,851
Storage charges	-		-	-	2,219,796	2,219,796	1,632,176
Cost of destruction	-	-	-	-	360,792	360,792	
Supplier convention			134,292	134,292	-	134,292	-
Sundry packing materials.	5,471,162	-	824,550	6,295,712	-	6,295,712	5,872,339
TOTAL DISTRIBUTION COST	**7,307,023**	**-**	**136,722,450**	**144,029,473**	**229,686,851**	**373,716,324**	**272,931,066**
(B) ADMINISTRATIVE COST	RS.	RS.	RS.	RS.	RS	RS.	RS.
PERSONNEL EMOLUMENTS							
Salaries, Wages & Allowances.	100,560,227	-	73,624,162	174,184,389	93,703,479	267,887,869	258,384,366
Overtime.	15,359,468	-	7,253,757	22,613,225	4,835,838	27,449,063	26,448,978
Staff training expenses.	-	-	660,877	660,877	841,117	1,501,994	1,450,372
Uniforms.	1,698,633	-	637,985	2,336,618	811,980	3,148,598	2,634,957
Insurance for staff	2,754,303	-	2,467,884	5,222,187	3,140,943	8,363,131	8,529,044
Provident fund (EPF & ETF).	8,172,029	-	6,318,738	14,490,767	8,042,030	22,532,797	22,961,916
Annual bonus	1,941,379	-	1,345,704	3,287,083	1,712,715	4,999,798	5,078,664
Monthly attendance bonus.	4,904,500	-	2,705,065	7,609,565	3,442,810	11,052,375	11,352,298
Sports club	-	-	301,582	301,582	383,832	685,413	359,525
Annual per inc. bonus.	9,106,433	-	6,841,230	15,947,663	8,707,020	24,654,683	24,067,026
Gratuity.	-	-	4,865,772	4,865,772	6,192,801	11,058,573	8,530,786
Land/ Housing loan interest	2,192,931	139,738	1,336,497	3,669,166	1,700,996	5,370,162	6,638,546
Vehicle hiring charges	-	-	140,855	140,855	140,855	281,710	360,000
P.A.Y.E.	-	-	1,221,780	1,221,780	1,554,993	2,776,773	4,825,555
SPC Anniversary payment	-	-	639,463	639,463	813,862	1,453,326	1,854,890
Death gratuity	-	-	110,278	110,278	140,354	250,632	245,460
	146,689,903	**139,738**	**110,471,630**	**257,301,271**	**136,165,625**	**393,466,896**	**383,722,382**

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2011 **NOTE - 08 1**

	SPC TRADING			TRADING	TRADING	TRADING	TRADING
	OSUSALAS	O.R.S.	BULK	SPC	DHS	2011	2010
	RS.	RS.	RS.	RS.	RS.	RS.	RS.
TRAVELING EXPENSES							
Overseas travelling expenses- directors.	-	-	-	-	-	-	-
Local travelling expenses - directors.	-	-	69,426	69,426	7,714	77,140	-
Overseas travelling expenses- others.	-	-	123,021	123,021	13,669	136,690	1,890,325
Local travelling expenses - others.	97,358	-	3,271,536	3,368,894	363,504	3,732,398	3,808,499
	97,358	**-**	**3,463,983**	**3,561,341**	**384,887**	**3,946,228**	**5,698,824**
SUPPLIES & REQUISITES							
Printing & stationery.	3,729,875	48,424	6,068,433	9,846,731	2,022,811	11,869,542	9,470,243
Board meeting expenses.	-	-	147,085	147,085	49,028	196,113	267,675
Entertainment - others.	-	-	193,973	193,973	64,658	258,631	334,366
Repairs to motor vehicles.	-	-	4,309,118	4,309,118	1,436,373	5,745,491	5,598,750
Fuel & lubricants.	-	-	6,122,423	6,122,423	2,040,808	8,163,230	6,919,163
License fees of motor vehicles.	-	-	104,566	104,566	34,855	139,422	279,140
	3,729,875	**48,424**	**16,945,598**	**20,723,897**	**5,648,533**	**26,372,429**	**22,869,337**
REPAIRS & MAINTENANCE							
Buildings.	825,751	-	4,011,336	4,837,088	4,011,336	8,848,424	9,339,022
Furniture, fittings & equipment	1,001,538	-	1,856,667	2,858,204	1,856,667	4,714,871	4,490,441
Computer	40,117	-	3,043,795	3,083,912	3,043,795	6,127,707	7,198,171
	1,867,406	**-**	**8,911,798**	**10,779,204**	**8,911,798**	**19,691,002**	**21,027,634**
TRANSPORTATION, COMMUNICATION							
UTILITIES & OTHER SERVICES							
Rent.	8,391,467	-	-	8,391,467	-	8,391,467	8,124,450
Lease rent	806,946	-	331,061	1,138,007	331,061	1,469,067	468,749
Rates & taxes.	531,832	135,000	398,821	1,065,653	398,821	1,464,474	2,226,377
Water bills	1,119,698	82,476	448,348	1,650,522	448,348	2,098,869	2,160,088
Electricity.	9,378,109	-	6,570,386	15,948,495	6,570,386	22,518,880	20,632,824
Postage, Telegrams & Telephones.	1,402,615	6,319	3,975,364	5,384,298	3,975,364	9,359,662	8,860,086
Trade subscriptions, Periodicals	222,050	-	223,381	445,431	223,381	668,813	490,767
& Publications.				-		-	-
Professional charges.	-	-	644,939	644,939	644,939	1,289,879	501,713
Insurance.	-	-	897,634	897,634	897,634	1,795,269	2,124,398
Press notification.	-	-	5,225,475	5,225,475	12,192,776	17,418,252	11,687,466
Security services.	10,007,132	269,572	3,058,740	13,335,444	3,058,740	16,394,184	14,775,934
Depreciation	6,972,039	-	14,329,412	21,301,452	14,329,412	35,630,864	27,662,031
License fees for drugs.	228,480	-	265,726	494,206	2,391,532	2,885,738	3,406,042
Import license fees			-	-	-	-	-
Sundry expenses.	96,688	8,186	329,242	434,116	154,937	589,053	845,907
Directors fees.	-	-	174,375	174,375	174,375	348,750	54,000
Audit fees.	-	-	649,388	649,388	649,388	1,298,776	1,790,215
Tender board meeting expenses.	-	-	2,572,380	2,572,380	6,002,220	8,574,600	6,714,518
Staff welfare.	11,891,278	-	8,621,277	20,512,555	10,972,534	31,485,089	31,806,499
Staff medical expenses.	4,265,131	-	2,797,986	7,063,117	3,561,074	10,624,191	10,898,180
Donations	-	-	2,071,042	2,071,042	-	2,071,042	8,280
Holiday bungalow expenses	-	-	1,227,077	1,227,077	1,561,734	2,788,811	2,044,472
	55,313,466	**501,553**	**54,812,053**	**110,627,072**	**68,538,656**	**179,165,728**	**157,282,996**
				-			
TOTAL ADMINISTRATIVE COST	**207,698,007**	**689,715**	**194,605,062**	**402,992,784**	**219,649,499**	**622,642,283**	**590,601,172**
(C) OTHER OPERATING COST							
RESEARCH & DEVELOPMENT							
Drugs for testing	-	43,550	848	44,398	1,574	45,972	31,264
Testing charges for samples			257,449	257,449	478,119	735,568	136,447
Drugs for sample			27,584	27,584	51,227	78,810	190,863
TOTAL OTHER OPERATING COST	**-**	**43,550**	**285,880**	**329,430**	**530,920**	**860,350**	**358,574**
(D) FINANCE COST				-			
Interest on bank bills	-	-	-	-	-	-	-
O/D Interest	-	-	-	-	419,235,181	419,235,181	315,070,060
Debit tax			1,019,694	1,019,694	2,640,877	3,660,572	13,866,254
Bank charges			-	-	-	-	3,850
Cash loss at Osusala Negombo			-	-	-	-	3,863,610
TOTAL FINANCE COST	**-**	**-**	**1,019,694**	**1,019,694**	**421,876,059**	**422,895,753**	**332,803,774**
TOTAL OVERHEADS	**215,005,031**	**733,265**	**332,633,086**	**548,371,382**	**871,743,329**	**1,420,114,711**	**1,196,694,587**

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2011

NOTE - 08A

OSUSALA -OVERHEADS	OSU SALA TRADING Col.07	OSU SALA TRADING Col.04	OSU SALA TRADING Col .01	OSU SALA TRADING KANDY	OSU SALA TRADING NUGEGODA	OSU SALA TRADING AVISS.	OSU SALA TRADING RAT.	OSU SALA TRADING MINU.	OSU SALA TRADING PANADURA
A. DISTRIBUTION COST	**RS.**	**RS.**	**RS.**	**RS.**	**RS.**	**RS.**	**RS.**	**RS.**	**RS.**
SELLING & DISTRIBUTION EXPENSES									
Transport charges.	-	-	-	-	-	-	-	-	-
Stock losses	-	-	-	-	-	-	-	-	-
Outdated & damages	69,936	227,093	88,969	51,521	15,663	41,830	27,457	9,825	16,132
Sundry packing materials.	957,736	291,400	320,947	332,531	125,206	136,953	371,536	102,939	210,655
	1,027,672	**518,493**	**409,916**	**384,052**	**140,869**	**178,783**	**398,993**	**112,764**	**226,788**
B. ADMINISTRATIVE COST									
PERSONNEL EMOLUMENTS									
Salaries, Wages & Allowances.	18,741,434	7,358,145	4,426,210	5,012,786	4,459,783	2,564,165	4,299,153	2,270,768	4,442,702
Overtime.	3,037,521	1,556,717	423,117	1,121,884	776,034	348,339	536,232	330,248	528,267
Uniforms.	305,042	123,597	70,332	93,035	69,536	45,720	70,639	40,378	79,887
Insurance for staff	486,412	568,066	226,714	183,854	120,979	3,480	90,000	14,732	56,126
Provident fund (E.P.F & E.T.F)	1,534,828	615,353	376,874	412,093	356,846	207,846	343,679	191,082	358,604
Annual bonus	352,083	143,544	66,061	97,500	84,387	47,258	81,375	39,375	82,500
Annual per inc. bonus.	1,598,695	714,400	357,190	461,019	419,580	281,443	432,635	224,630	395,458
Housing loan interest	443,067	293,418	47,196	83,581	198,918	-	70,677	14,478	30,352
Attendance bonus	920,100	325,700	178,600	270,600	225,000	123,200	232,800	100,100	243,100
	27,419,181	**11,698,941**	**6,172,294**	**7,736,353**	**6,711,063**	**3,621,451**	**6,157,190**	**3,225,790**	**6,216,996**
TRAVELLING EXPENSES									
Local travelling expenses	7,025	1,816	3,216	11,866	1,072	11,071	18,200	1,490	1,381
	7,025	**1,816**	**3,216**	**11,866**	**1,072**	**11,071**	**18,200**	**1,490**	**1,381**
SUPPLIES & REQUISITES									
Printing & stationery.	556,754	190,382	79,895	172,608	193,640	197,210	340,895	166,236	58,962
	556,754	**190,382**	**79,895**	**172,608**	**193,640**	**197,210**	**340,895**	**166,236**	**58,962**
REPAIRS & MAINTENANCE									
Buildings.	216,112	68,204	11,993	72,118	2,552	49,202	42,703	9,386	34,256
Furniture, fittings & equipment	143,807	43,722	24,988	105,192	50,028	6,085	37,732	20,096	27,190
Computer	16,363	-	-	-	-	-	17,360	-	4,762
	376,283	**111,926**	**36,981**	**177,310**	**52,580**	**55,287**	**97,795**	**29,483**	**66,208**
TRANSPORTATION, COMMUNICATION									
UTILITIES & OTHER SERVICES									
Rent.	-	-	-	-	960,000	254,610	-	243,800	600,000
Lease rent	-	-	-	225,000	-	-	233,363	-	-
Rates & taxes.	240,120	83,160	71,379	36,453	-	1,100	6,000	-	2,000
Water bills	405,698	72,400	33,753	43,276	39,890	25,248	144,841	12,395	27,483
Electricity.	2,744,674	600,034	232,800	482,889	105,442	89,937	641,203	78,790	296,121
Postage, Telegrams & Telephones.	138,433	118,680	47,629	35,427	53,364	31,212	43,646	44,115	51,572
Depreciation	848,873	474,637	236,174	609,572	13,067	172,985	451,450	5,534	66,250
Trade subscriptions, Periodicals & Publications.	28,080	15,660	-	10,880	14,670	11,800	11,800	8,050	11,790
Security services.	1,875,474	200,583	249,340	770,778	482,872	765,514	221,411	360,146	224,656
License fees for drugs.	11,200	11,200	11,200	11,200	11,200	-	11,200	11,200	11,200
Sundry expenses.	1,867	3,580	7,661	3,575	4,698	1,104	7,245	2,142	1,365
Staff welfare.	2,205,611	677,706	463,250	716,756	509,406	323,805	568,730	296,919	490,321
Staff medical expenses.	803,848	289,459	206,280	210,000	174,498	122,872	185,300	93,240	186,564
	9,303,877	**2,547,099**	**1,559,466**	**3,155,806**	**2,369,105**	**1,800,187**	**2,526,190**	**1,156,330**	**1,969,322**
TOTAL ADMINISTRATIVE COST	**37,663,121**	**14,550,164**	**7,851,851**	**11,253,943**	**9,327,460**	**5,685,206**	**9,140,269**	**4,579,329**	**8,312,869**
TOTAL OVERHEADS	**38,690,793**	**15,068,657**	**8,261,767**	**11,637,995**	**9,468,330**	**5,863,989**	**9,539,262**	**4,692,092**	**8,539,657**

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2011 **Note 8 A**

OSUSALA -OVERHEADS	OSU SALA TRADING GALLE	OSU SALA TRADING BADULLA	OSU SALA TRADING MATARA	OSU SALA TRADING KURUNE.	OSU SALA TRADING AMPARA	OSU SALA TRADING H, TOTA	OSU SALA TRADING MEGODA	OSU SALA TRADING A,PURA	OSU SALA TRADING MAHARAGAMA
A. DISTRIBUTION COST	**RS.**	**RS.**	**RS.**	**RS.**	**RS.**	**RS.**	**RS.**	**RS.**	**RS.**
SELLING & DISTRIBUTION EXPENSES									
Transport charges.	-	-	-	-	-	-	-	-	-
Stock losses	-	-	-	-	-	-	-	-	-
Outdated & damages	69,889	82,616	44,628	328,996	68,670	83,089	3,032	65,528	20,473
Sundry packing materials.	298,664	51,276	273,298	419,728	130,707	141,007	16,907	110,456	231,661
	368,553	**133,892**	**317,925**	**748,725**	**199,377**	**224,096**	**19,938**	**175,984**	**252,134**
B. ADMINISTRATIVE COST									
PERSONNEL EMOLUMENTS									
Salaries, Wages & Allowances.	5,718,328	1,897,862	3,733,489	3,194,955	1,923,842	2,196,390	630,074	2,031,396	4,174,901
Overtime.	597,847	137,970	399,616	393,119	507,805	262,885	8,256	346,640	541,966
Uniforms.	99,367	31,385	58,413	55,673	34,986	39,086	10,167	27,524	76,949
Insurance for staff	136,884	1,500	172,620	27,254	-	4,000	35,171	-	64,322
Provident fund (E.P.F & E.T.F)	469,493	169,128	294,335	250,596	153,847	170,053	50,337	158,597	339,749
Annual bonus	120,000	30,000	75,186	52,500	39,232	44,250	15,000	29,087	75,000
Annual per inc. bonus.	538,450	137,811	369,260	219,230	171,490	192,280	57,820	184,250	322,450
Housing loan interest	76,478	177,447	108,178	78,374	-	-	-	16,971	148,796
Attendance bonus	285,000	88,500	193,400	172,600	111,200	94,600	43,300	102,700	167,000
	8,041,847	**2,671,604**	**5,404,497**	**4,444,302**	**2,942,402**	**3,003,544**	**850,125**	**2,897,164**	**5,911,134**
TRAVELLING EXPENSES									
Local travelling expenses	650	6,005	3,970	1,690	445	652	1,330	320	1,248
	650	**6,005**	**3,970**	**1,690**	**445**	**652**	**1,330**	**320**	**1,248**
SUPPLIES & REQUISITES									
Printing & stationery.	227,129	10,667	166,862	175,498	116,909	80,165	40,435	60,192	210,843
	227,129	**10,667**	**166,862**	**175,498**	**116,909**	**80,165**	**40,435**	**60,192**	**210,843**
REPAIRS & MAINTENANCE									
Buildings.	43,049	16,546	28,431	20,577	8,925	12,065	956	68,330	20,345
Furniture, fittings & equipment	29,847	11,808	113,266	54,159	34,141	22,171	20	70,055	39,809
Computer	-	-	-	-	-	-	-	-	-
	72,896	**28,355**	**141,697**	**74,736**	**43,066**	**34,236**	**976**	**138,385**	**60,154**
TRANSPORTATION, COMMUNICATION									
UTILITIES & OTHER SERVICES									
Rent.	555,000	-	480,000	799,000	-	411,628	33,000	793,000	678,100
Lease rent	-	139,493	-	-	-	-	-	-	-
Rates & taxes.	13,426	10,699	12,640	2,728	1,220	5,294	-	11,603	-
Water bills	23,859	20,891	39,016	33,885	8,706	12,544	-	17,143	47,416
Electricity.	222,079	38,481	533,631	396,917	366,712	257,180	48,384	522,003	292,213
Postage, Telegrams & Telephones.	99,527	39,165	44,851	137,427	29,802	70,564	16,379	39,340	36,174
Depreciation	43,958	32,977	100,483	108,115	260,811	184,499	1,987	273,202	58,291
Trade subscriptions, Periodicals									
& Publications.	12,960	2,990	13,080	9,400	-	5,820	-	11,220	-
Security services.	546,296	225,400	546,296	546,296	222,156	221,411	-	230,398	219,239
License fees for drugs.	11,200	11,200	-	11,200	11,200	11,200	-	-	11,200
Sundry expenses.	18,379	1,192	5,315	9,827	3,363	1,250	495	671	5,431
Staff welfare.	656,796	204,811	433,321	491,985	214,912	263,442	51,568	250,243	505,827
Staff medical expenses.	239,680	83,699	150,037	128,961	92,500	89,749	29,481	69,326	168,422
	2,443,160	**810,998**	**2,358,670**	**2,675,740**	**1,211,381**	**1,534,581**	**181,294**	**2,218,148**	**2,022,313**
TOTAL ADMINISTRATIVE COST	**10,785,681**	**3,527,629**	**8,075,696**	**7,371,965**	**4,314,203**	**4,653,177**	**1,074,160**	**5,314,209**	**8,205,692**
TOTAL OVERHEADS	**11,154,234**	**3,661,521**	**8,393,621**	**8,120,690**	**4,513,580**	**4,877,272**	**1,094,099**	**5,490,194**	**8,457,826**

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA **NOTE - 08A**

ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2011

OSUSALA -OVERHEADS	OSU SALA TRADING J,PURA	OSU SALA TRADING KARAPITIYA	OSU SALA TRADING NEGOMBO	OSU SALA TRADING BADULLA-CWE	OSU SALA TRADING DIYATHALAWA	OSU SALA SATHOSA OUTLETS	REGIONAL STORES KANDY	OSUSALA TOTAL TRADING ACTIVITIES
A. DISTRIBUTION COST	RS.	RS.	RS.	RS.	RS.	RS.	RS	RS.
SELLING & DISTRIBUTION EXPENSES								
	-	-						
Transport charges.	-	-	-	-	-	-	-	-
Stock losses	-	-	-	-	-	-	-	-
Outdated & damages	41,258	73,661	30,559	19,904	26,000	161,362	167,771	1,835,861
Sundry packing materials.	294,593	254,256	232,001	62,444	58,176	36,314	9,771	5,471,162
	335,851	**327,917**	**262,559**	**82,349**	**84,176**	**197,676**	**177,541**	**7,307,023**
B. ADMINISTRATIVE COST								
PERSONNEL EMOLUMENTS								
Salaries, Wages & Allowances.	8,090,004	3,490,167	2,938,817	2,318,528	1,302,115	1,520,000	1,824,213	100,560,227
Overtime.	1,348,742	570,219	495,775	429,347	243,899	219,442	197,580	15,359,468
Uniforms.	152,193	52,867	49,446	42,622	15,627	22,723	31,437	1,698,633
Insurance for staff	193,285	160,000	49,117	72,972	4,200	20,910	61,705	2,754,303
Provident fund (E.P.F & E.T.F)	663,380	273,559	222,186	183,391	102,404	123,820	149,948	8,172,029
Annual bonus	172,500	82,500	54,541	37,500	30,000	45,000	45,000	1,941,379
Annual per inc. bonus.	730,950	349,200	249,170	150,193	115,530	229,860	203,440	9,106,433
Housing loan interest	167,414	44,319	39,629	38,506	-	51,336	63,796	2,192,931
Attendance bonus	353,000	159,600	162,100	115,700	75,100	81,700	79,800	4,904,500
	11,871,468	**5,182,431**	**4,260,782**	**3,388,759**	**1,888,876**	**2,314,791**	**2,656,919**	**146,689,903**
TRAVELLING EXPENSES								
Local travelling expenses - others.	300	5,320	6,780	3,025	-	2,211	6,275	97,358
	300	**5,320**	**6,780**	**3,025**	**-**	**2,211**	**6,275**	**97,358**
SUPPLIES & REQUISITES								
Printing & stationery.	339,192	36,460	102,030	67,134	82,062	39,119	18,597	3,729,875
	339,192	**36,460**	**102,030**	**67,134**	**82,062**	**39,119**	**18,597**	**3,729,875**
REPAIRS & MAINTENANCE								
Buildings.	9,068	42,754	14,314	26,492	160	3,131	4,084	825,751
Furniture, fittings & equipment	18,084	41,807	45,959	9,114	22,268	-	30,188	1,001,538
Computer	-	-	1,632	-	-	-	-	40,117
	27,152	**84,561**	**61,905**	**35,606**	**22,428**	**3,131**	**34,273**	**1,867,406**
TRANSPORTATION, COMMUNICATION								
UTILITIES & OTHER SERVICES								
Rent.	1,020,000	303,329	720,000	-	-	-	540,000	8,391,467
Lease rent	-	-	-	209,091	-	-	-	806,946
Rates & taxes.	-	4,196	3,733	21,679	1,401	-	3,000	531,832
Water bills	-	23,483	31,132	21,417	3,172	-	32,050	1,119,698
Electricity.	-	404,949	560,873	281,555	61,068	-	120,176	9,378,109
Postage, Telegrams & Telephones.	40,242	43,302	60,958	72,546	10,836	34,962	62,463	1,402,615
Depreciation	40,862	589,702	483,261	1,714,525	6,986	48,803	145,036	6,972,039
Trade subscriptions, Periodicals								-
& Publications.	15,930	11,400	5,220	9,820	-	-	11,480	222,050
Security services.	546,296	242,231	217,750	546,296	-	-	546,296	10,007,132
License fees for drugs.	11,200	11,200	11,200	11,200	11,200	8,960	6,720	228,480
Sundry expenses.	826	9,774	2,799	3,840	-	214	75	96,688
Staff welfare.	846,724	550,849	434,639	285,023	140,408	130,667	177,559	11,891,278
Staff medical expenses.	358,178	135,124	128,976	122,306	65,570	56,241	74,820	4,265,131
	2,880,259	**2,329,540**	**2,660,539**	**3,299,297**	**300,642**	**279,847**	**1,719,675**	**55,313,466**
TOTAL ADMINISTRATIVE COST	**15,118,371**	**7,638,312**	**7,092,035**	**6,793,820**	**2,294,007**	**2,639,098**	**4,435,739**	**207,698,007**
TOTAL OVERHEADS	**15,454,222**	**7,966,229**	**7,354,595**	**6,876,169**	**2,378,184**	**2,836,774**	**4,613,280**	**215,005,031**

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2011

MAJOR COMPONENT OF TAX EXPENSES **NOTE 09**

	2011	2010
	RS	RS
Current tax expenses	223,683,728	195,523,613
Adj.		
Over/ under provision in respect of previous year	-	50,317,456
Adjustment relating to correction of error in	-	-
Adjustment to opening deferred tax liability resulting from reduction in tax rate	2,702,071	-
Deferred tax Income/Expenses relating to the origination and -reversal of temporary differences	9,113,709	(1,934,129)
Tax expenses	**235,499,508**	**243,906,940**

PROPERTY PLANT AND EQUIPMENT **NOTE 10**

	COST OR REVALUATION AS AT 1/1/2011	ADDITIONS DURING THE YEAR	DISPOSALS/Tfr. DURING THE YEAR	COST OR REVALUATION AS AT 31.12.2011	AGGREGATE DEPRECIATION AS AT 1/1/2011	DEPRECIATION ON DISPOSAL / Tfr.	DEPRECIATION FOR 2011	AGGREGATE DEPRECIATION AS AT 31.12.2011	NET BOOK VALUE 31.12.2011
	RS	RS	RS	RS	RS	RS	RS	RS	RS
Free Hold Land	413,720,000	-	-	413,720,000	-			-	413,720,000
	-			-					
Buildings	172,639,159	10,739,549		183,378,709	16,696,028		4,422,206	21,118,234	162,260,474
	-			-					
Motor Vehicles	63,869,648	11,924,400	3,878,168	71,915,880	43,375,522	3,878,166	11,707,028	51,204,384	20,711,496
Delivery Cycles	45,013	-		45,013	33,455		3,464	36,919	8,095
Furniture & Fittings	20,283,749	1,447,211		21,730,960	11,358,190		1,331,440	12,689,630	9,041,330
									-
Equipments	115,231,801	14,519,918		129,751,718	88,652,881		9,593,608	98,246,490	31,505,228
Plant & Machinery	7,713,015	-		7,713,015	7,056,188		93,833	7,150,021	562,994
Computers	71,320,879	17,060,428	-	88,381,307	51,761,995	-	8,988,702	60,750,697	27,630,610
Library Books	5,357,740	123,516		5,481,256	4,646,346		439,561	5,085,906	395,349
	870,181,004	**55,815,022**	**3,878,168**	**922,117,858**	**223,580,605**	**3,878,166**	**36,579,842**	**256,282,281**	**665,835,577**
								Capital work in progress	18,393,567
									684,229,143

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2011

DEFERRED TAX ASSETS/ LIABILITIES **NOTE 11**

	2011 Rs	2010 Rs
Balance as at the beginning of the year	13,510,356	15,444,485
Adjustment to opening deferred tax liability resulting from reduction in tax rate	(2,702,071)	
Provision made (released) during the year	(9,113,709)	(1,934,129)
Adj. impact on reversing transitional liability of retirement benefit obligation		-
Balance as at the end of the year	**1,694,576**	**13,510,356**

INVENTORIES **NOTE 12**

STOCK AS AT 31ST DECEMBER	2011 RS.	2011 RS.	2010 RS.	2010 RS.
Goods in Transit		**100,277,434**		**105,296,784**
BULK STORES				
Trading Stock in Hand	**563,873,485**		**541,617,189**	
Stock Excesses	9,715		41,757	
Stock Shortages	5,562		406,640	
	563,877,637		**541,252,306**	
LESS				
Provision for Damaged & Outdated Stock	103,717,363		104,543,828	
Additional Provision for unmarketable	-		-	
		460,160,274		**436,708,478**
OSU SALA - COLOMBO 7				
Trading Stock	**61,364,874**		**66,142,113**	
Stock Excesses	209,783		-	
Stock Shortages	305,958		-	
	61,268,698			
LESS				
Provision for Damaged & Outdated Stock	112,196		95,548	
Provision for Unrealized Profit	2,135,938		2,201,362	
		59,020,564		**63,845,202**
OSU SALA - COLOMBO 4				
Trading Stock	**28,062,905**	`	**32,704,251**	
LESS				
Provision for Damaged & Outdated Stock	258,997		422,122	
Provision for Unrealized Profit	960,851		1,262,618	
		26,843,057		**31,019,511**
OSU SALA - COLOMBO 1				
Trading Stock	**13,544,218**		**11,211,962**	
Stock Excesses	191,446		268,855	
Stock Shortages	28,363		118,352	
LESS	**13,707,300**		**11,362,465**	
Provision for Damaged & Outdated Stock	116,623		67,401	
Provision for Unrealized Profit	654,993		456,921	
		12,935,684		**10,838,143**
OSU SALA - KANDY				
Trading Stock	**25,046,520**		**34,552,494**	
Stock Excesses	69,915		55,919	
Stock Shortages	70,175		50,920	
	25,046,261		**34,557,493**	
LESS				
Provision for Damaged & Outdated Stock	431,361		498,427	
Provision for Unrealized Profit	1,008,721		1,617,870	
		23,606,178		**32,441,196**

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2011 **NOTE 12**

STOCK AS AT 31ST DECEMBER	2011 RS.	2011 RS.	2010 RS.	2010 RS.
OSU SALA - NUGEGODA				
Trading Stock	**10,232,176**		**7,375,007**	
Stock Excesses	27		-	
Stock Shortages	-		-	
	10,232,203		**7,375,007**	
LESS				
Provision for Damaged & Outdated Stock	12,883		45,938	
Provision for Unrealized Profit	543,723		487,687	
		9,675,598		**6,841,382**
OSU SALA - AVISSAWELLA				
Trading Stock	**8,636,643**		**8,388,834**	
Stock Excesses	**-**		**-**	
Stock Shortages	**114**		**-**	
	8,636,529		**8,388,834**	
LESS				
Provision for Damaged & Outdated Stock	72,641		47,081	
Provision for Unrealized Profit	594,886		605,021	
		7,969,002		**7,736,731**
OSU SALA - RATHNAPURA				
Trading Stock	**16,475,803**		**12,135,947**	
LESS				
Provision for Damaged & Outdated Stock	60,475		65,418	
Provision for Unrealized Profit	770,589		747,931	
		15,644,740		**11,322,599**
OSU SALA - MINUWANGODA				
Trading Stock	**5,927,077**		**5,926,156**	
LESS				
Provision for Damaged & Outdated Stock	41,698		39,926	
Provision for Unrealized Profit	491,957		471,710	
		5,393,422		**5,414,520**
OSU SALA - PANADURA				
Trading Stock	**8,038,916**		**8,152,668**	
Stock Excesses	29,137		11,416	
Stock Shortages	42,954		12,386	
	8,025,100		**8,151,698**	
LESS				
Provision for Damaged & Outdated Stock	76,894		90,956	
Provision for Unrealized Profit	327,185	`	387,439	
		7,621,021		**7,673,303**
OSU SALA - GALLE				
Trading Stock	**21,853,466**		**23,853,731**	
Stock Excesses	91		-	
Stock Shortages	-		-	
LESS	**21,853,557**		**23,853,731**	
Provision for Damaged & Outdated Stock	303,631		264,783	
Provision for Unrealized Profit	854,634		1,465,830	
		20,695,291		**22,123,118**
OSU SALA - MATARA				
Trading Stock	**12,090,181**		**12,803,429**	
Stock Excesses	38,479		23,623	
Stock Shortages	294,416		41,839	
LESS	**11,834,243**		**12,785,213**	
Provision for Damaged & Outdated Stock	161,372		161,867	
Provision for Unrealized Profit	696,756		799,179	
		10,976,115		**11,824,168**

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2011

NOTE 12

STOCK AS AT 31ST DECEMBER	2011 RS.	2011 RS.	2010 RS.	2010 RS.
OSU SALA - KURUNEGALA				
Trading Stock	**20,002,053**		**20,344,721**	
Stock Excesses	166,874		150,473	
Stock Shortages	109,308		757,231	
	20,059,620		**19,737,964**	
LESS				
Provision for Damaged & Outdated Stock	702,347		528,973	
Provision for Unrealized Profit	1,133,600		786,233	
		18,223,672		**18,422,757**
OSU SALA - AMPARA				
Trading Stock	**6,878,326**		**6,322,629**	
LESS				
Provision for Damaged & Outdated Stock	446,715		492,001	
Provision for Unrealized Profit	536,595		511,246	
		5,895,015		**5,319,383**
OSU SALA - HAMBANTOTA				
Trading Stock	**7,380,271**		**8,060,754**	
Stock Excesses	22,123		12,130	
Stock Shortages	40,296		46,520	
LESS	**7,362,098**		**8,026,365**	
Provision for Damaged & Outdated Stock	113,062		85,354	
Provision for Unrealized Profit	337,426		385,922	
		6,911,610		**7,555,090**
OSU SALA - MEEGODA				
Trading Stock	**775,372**		**641,101**	
LESS				
Provision for Damaged & Outdated Stock	6,296		8,337	
Provision for Unrealized Profit	69,291		57,495	
		699,785		**575,268**
OSU SALA - ANURADHAPURA				
Trading Stock	**11,781,977**		**7,393,465**	
Stock Excesses	84,462		**31,370**	
Stock Shortages	182,965		23,134	
LESS	**11,683,474**		**7,401,701**	
Provision for Damaged & Outdated Stock	449,074		442,908	
Provision for Unrealized Profit	630,945		561,527	
		10,603,456		**6,397,266**
OSU SALA - MAHARAGAMA				
Trading Stock	**18,573,843**		**19,242,805**	
LESS				
Provision for Damaged & Outdated Stock	47,274		68,275	
Provision for Unrealized Profit	947,599		992,675	
		17,578,969		**18,181,854**
OSU SALA - JAYAWARDANAPURA				
Trading Stock	**18,946,666**		**23,053,667**	
LESS				
Provision for Damaged & Outdated Stock	182,605		155,666	
Provision for Unrealized Profit	803,418		1,236,837	
		17,960,643		**21,661,163**
OSU SALA -KARAPITIYA				
Trading Stock	**17,403,043**		**16,020,792**	
Stock Excesses	34,446		-	
Stock Shortages	32,020		-	
	17,405,469		**16,020,792**	
LESS				
Provision for Damaged & Outdated Stock	95,472		103,538	
Provision for Unrealized Profit	826,917		910,723	
		16,483,081		**15,006,531**

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2011 **NOTE 12**

STOCK AS AT 31ST DECEMBER	2011 RS.	2011 RS.	2010 RS.	2010 RS.
OSU SALA -NEGOMBO				
Trading Stock	**9,831,198**		**11,177,579**	
Stock Excesses	75,138		129,627	
Stock Shortages	90,492		175,764	
	9,815,845		**11,131,442**	
LESS				
Provision for Damaged & Outdated Stock	30,559		97,719	
Provision for Unrealized Profit	464,597		499,506	
		9,320,689		**10,534,217**
OSU SALA -BADULLA - CWE				
Trading Stock	**5,346,680**		**9,163,744**	
Stock Excesses	24,938		**6,066**	
Stock Shortages	29,195		**5,919**	
	5,342,422		**9,163,891**	
LESS				
Provision for Damaged & Outdated Stock	19,904		23,227	
Provision for Unrealized Profit	356,543		699,217	
		4,965,975		**8,441,448**
OSU SALA -DIYATHALAWA				
Trading Stock	**2,609,732**		**2,822,663**	
LESS				
Provision for Damaged & Outdated Stock	26,000		19,295	
Provision for Unrealized Profit	232,577		216,428	
		2,351,155		**2,586,940**
OSU SALA -SATHOSA OUTLETS				
Trading Stock	**3,817,670**		**4,038,561**	
LESS				
Provision for Damaged & Outdated Stock	161,362		29,595	
Provision for Unrealized Profit	201,452		196,864	
		3,454,856		**3,812,103**
REGIONAL STORES - KANDY				
Trading Stock	**4,043,984**		**6,659,078**	
LESS				
Provision for Damaged & Outdated Stock	133,204		23,399	
Provision for Unrealized Profit	407,003		719,746	
		3,503,777		**5,915,933**
ORS UNIT				
Finished Products	1,717,742		3,652,333	
Raw Materials	990,252		595,984	
Chemical & Others	-	**2,707,994**	-	**4,248,317**
		881,479,060		**881,743,406**
SUNDRY STOCKS				
Printing Stationery	8,013,547		12,868,996	
Packing Materials	10,622,556		5,927,107	
Miscellaneous Stocks	2,055,186		1,819,377	
		20,691,289		**20,615,481**
DISPUTED ITEMS				
Un salable stocks remaining for				
- claim of insurance		90,694,165		76,955,534
Inventories SPC		**992,864,514**		**979,314,420**

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2011

STOCKS IN TRANSIT - DHS **NOTE 13**

Inventories DHS	2011 RS.	2011 RS.	2010 RS.	2010 restated RS.
Net transit value		1,039,572,826		1,784,351,922
Bill payable for DHS supplies		969,549,383		**694,353,325**
Goods - in - transit		**2,009,122,209**		**2,478,705,247**
Disputed Items - DHS				
Balance as at 01.01.2011	175,092,481		273,899,595	
Less:-				
Provision for unsalable stock	109,935,365			
		65,157,115		**273,899,595**
Total		**2,074,279,325**		**2,752,604,842**

TRADE AND OTHER RECEIVABLES **NOTE - 14**

	2011 RS.	2010 RS.
Total Dues From DHS	4,927,780,077	3,134,919,278
Trade Debtors	456,523,456	360,312,058
Staff Debtors	54,900,916	55,602,777
Deposits and Advances	115,196	6,220,709
Other Receivables & Recoverable	64,523,236	71,798,225
less	**5,503,842,880**	**3,628,853,046**
Provision for bad & doubtful debts	323,485,471	214,695,675
	5,180,357,410	**3,414,157,371**

DEBTORS ANALYSIS **NOTE 14A**

	2011 RS.	2010 RS.
TOTAL DUES FROM DHS		
Local Purchase on DHS Tenders	35,730,435	25,884,217
DHS Turnover Tax & Custom Duty	68,493,952	68,488,523
Purchase Clearing - DHS	227,804,966	409,020,458
Clearance of Tsunami Cargo - DHS	6,138	6,138
Agency Commission	4,387,970	4,441,622
Department of Health Services	4,591,356,617	2,627,078,320
	4,927,780,077	**3,134,919,278**
TRADE DEBTORS		
Distributors	230,355,689	162,923,045
Sales Representatives	585,995	736,874
Private Sector Organizations	4,246,001	4,815,266
Forces	102,319,370	105,585,704
Franchise Osusalas	23,695,833	17,276,916
Authorized retailer	4,950,139	4,302,043
Hospitals- Government	59,718,442	27,464,821
Hospitals- Private	3,781,843	7,013,253
Sundry Debtors - Osusala	163,655	-
Government Dept. & Corporations	26,455,106	29,813,314
Lab testing - Colombo 07.	-	148,765
Other Debtors	251,385	232,056
	456,523,456	**360,312,058**

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2011

DEBTORS ANALYSIS — **NOTE 14A**

	2011 RS.	2010 RS.
STAFF DEBTORS		
Staff Loans	53,729,449	54,435,852
Cycle Loans	78,287	53,430
Festival Advance	952,995	988,995
Seva Vanitha	177,977	132,352
Interest Free Loans	(39,712)	(7,852)
Cash Shortage (Minuwangoda)	1,920	-
	54,900,916	**55,602,777**
DEPOSITS AND ADVANCES		
General Advance	115,196	6,220,709
	115,196	**6,220,709**
OTHER RECEIVABLES & RECOVERABLE		
Sundry Debtors	5,365,478	8,049,100
Claims Receivable from Suppliers	8,008,878	8,013,878
Economic Service Charges	40,433,112	36,190,563
Insurance Claim Receivables	9,905,667	10,282,387
With holding VAT control	-	8,570,785
Withholding Tax	810,100	691,512
	64,523,236	**71,798,225**
TOTAL DEBTORS AND OTHER RECEIVABLES	**5,503,842,880**	**3,628,853,046**

DEPOSITS AND PREPAYMENTS — **NOTE - 15**

	2011 RS.	2010 RS.
Pre- Payments	3,479,316	3,453,360
Employee Security Investments	433,366	396,725
Deposits - Postal Franking Machine	668,165	523,562
Advance Payments to Port Authority	962,710	1,004,061
Miscellaneous Deposits	1,902,013	
Container Deposits - SPC	1,114,558	910,927
Container Deposits - DHS	6,975,702	6,767,450
	15,535,831	**13,056,086**

CASH IN HAND AND AT BANK — **NOTE 16**

		2011 RS.	2010 RS.
People's Bank	A/C 90210892	92,140,782	232,707,563
People's Bank	A/C 90210934	37,048,662	55,568,155
Bank of Ceylon	A/C -1438	226,595,031	196,404,987
Bank of Ceylon	A/C -1425	216,802,205	163,632,216
Standard Chartered Bank	A/C 1171968 01	2,529,556	4,474,201
People's Bank - Homagama	A/C 0190376	27,395	20,291
Call Deposits - Credit Insurance Scheme		20,165,422	13,209,765
- Supplier Convention		5,278,733	4,922,457
Petty Cash Impress - Control		292,783	196,317
		600,880,570	**671,135,951**

STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2011

DEFERRED LIABILITIES **NOTE 17**

EMPLOYEE RETIREMENT GRATUITY	2011 RS.	2010 RS Restated
Gratuity opening balance	87,950,502	120,574,933
Gratuity charges for the year	11,058,573	8,530,786
Transitional liability		(28,637,336)
Benefit paid/ payables during the year	(12,923,183)	(12,517,881)
	86,085,892	**87,950,502**

The principal actuarial assumptions used were as follows,

Discount %	**9.31%**	**7.55%**
Future salary increase % (average)	**3.54%**	**3.98%**
Retiring age	**60 Years**	**60 Years**

The amounts recognized in the Income Statement are as follows, **NOTE 17 A**

	2011 RS.	2010 RS.
Current service cost	4,106,239	4,976,633
Interest charges for the year	7,124,145	8,178,449
Actuarial gain/loss	(171,811)	(4,624,295)
Total include in the staff cost	**11,058,573**	**8,530,786**

TRADE AND OTHER PAYABLES **NOTE 18**

	Total 2011 RS	Total 2010 RS
Accrued charges & provision	88,459,665	89,019,136
Creditors control	524,841,202	579,601,245
Special order advance	6,520,085	41,008,059
Security deposits	446,123	448,161
Salaries control	1,132,423	4,162,238
Bank bills payable - SPC	72,340,965	117,342,539
Bank bills payable - DHS	969,549,383	694,353,325
Interest on cash security deposits	8,608	25,184
Tender deposits	1,483,175	391,630
Loans & other recoveries (staff)	3,817,205	3,474,525
Credit insurance scheme	15,734,644	12,523,483
Welfare fund	598,045	1,115,086
Miscellaneous deposits	-	16,072,471
E Channeling control A/c	(3,315)	(6,860)
	1,684,928,209	**1,559,530,223**

SHORT-TERM LOANS AND BORROWINGS **NOTE 19**

		Total 2011 RS	Total 2010 RS
Bank of Ceylon	A/C -1435	3,218,178,937	3,114,053,355
Bank of Ceylon	A/C -70556680	5,795,005	4,853,431
People's bank	A/C -90210929	1,438,373,543	976,779,638
Commercial bank	A/C -50401	314,447	306,470
Commercial bank	A/C -10263	391,630	9,588,249
Commercial bank	A/C 150701	53,601,843	25,963,192
		4,716,655,405	**4,131,544,335**

CHANGES IN ACCOUNTING POLICY **Note (20)**

During the financial period the Corporation has changed its accounting policy on determining the liability of retirement benefits of Gratuity. This change in accounting policy has been accounted for retrospectively, and the comparative statemen for 2010 have been restated. The transitional effect is given below.

			Net effect on Profit
		Rs.	**Rs.**
a.	Liability recognized as per previous Accounting policy (01.01.11)	116,587,838	
	Less:		
	Transitional liability as at 01.01.2011	87,950,502	
	Transitional effect	28,637,336	
	Tax effect	(10,023,068)	18,614,268

CORRECTION OF ERRORS

The financial statements of 2010 have been restated to correct the following errors occurred prior to 2009. The effects of restatement on those financial statements are summarized below. There is no effect in 2012

b.	Correction of VAT 1/3 incorrectly excluded from the relevant expenses in the previous years now charged to the retained earnings.	(17,340,714)
c.	Correction of stock losses incorrectly included in to Insurance claim receivable in the previous years now charged to the retained earnings.	(3,488,978)
d.	Correction of damaged and out dated stocks incorrectly included in to opening stocks in the year 2009 , now adjusted to retained earning.	28,456,246
e.	Correction of damaged and out dated stocks incorrectly included in to opening stocks in the year 2008, now adjusted to retained earning.	13,757,323
f.	Correction of Packing Materials erroneously charged to the income statement in the previous years , now adjusted to retained earning.	3,335,264
g.	Correction of erroneously overstated closing stock at Osusala - Galle	(1,340,933)
h.	DHS sales erroneously excluded from the previous years, now adjusted to retained earning.	3,802,591
	Net increase in Profit	**45,795,068**

KEY MANAGEMENT COMPENSATION **Note (21)**

According to Sri Lanka Accountancy Standard 30, key management personnel are those having authority and responsibility for planning, directing and controlling activities of the entity. Accordingly the Board of Directors have been classified as key management personnel of the Corporation.

The compensation paid or payable to key management for their services is shown below.

	2011	**2010**
	Rs.	**Rs.**
Short term employee benefits	2,498,248	1,328,300
Total compensation	**2,498,248**	**1,328,300**

HM/A/SPC/FA/2011 06 December 2012

The Chairman
State Pharmaceuticals Corporation of Sri Lanka.

Report of the Auditor General on the Financial Statements of the State Pharmaceutical's Corporation of Sri Lanka for the year ended 31 December 2011 in terms of Section 14(2) (c) of the Finance Act. No. 38 of 1971.

The audit of Financial Statements of the Pharmaceuticals Corporation of Sri Lanka comprising the balance sheet as at 31 December 2011 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 29 of the State Industrial Corporation Act No 49 of 1957. My comments and observations which I consider should be published with the Annual Report of the Corporation in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed Report in terms of Section 13(7)(a) of the Finance Act was issued to the Chairman of the Corporation on 25 May 2012.

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 designing, & implementing internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

1:3 **Auditor's Responsibility**

My responsibility is to express an opinion based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. 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 misstatements 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 the financial statements. Sub - sections (3) and (4) of the 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 qualified audit opinion.

1:4 **Basis for Qualified Opinion**

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

2. **Financial Statements**

2.1 **Qualified Opinion**

In my Opinion, except for the effects of the matters described in paragraph 2.2 of this report the financial statements give a true and fair view of the financial position of the State Pharmaceuticals Corporation of Sri Lanka as at 31 December 2011 and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting standards.

2.2 **Comments on Financial Statements**

2.2.1 **Accounting Deficiencies**

The following observations are made.

(a) Due to non-accounting of debit notes valued at Rs.208,143,509 relating to the previous 5 years and the year under review in respect of drugs supplied to the Director General of Health Services , the debtors by that amount and credit sales by Rs.19,890,083 had been understated in the accounts.

(b) Stock in transit belonging to the Director General of Health Services had included a stock of Rs.175,092,481 which was in dispute. However, a provision of Rs.109,935,365 had been made for balances identified as non saleable.

2.2.2 **Accounts Receivables and Payable**

The following matters were observed.

(a) The value of recoverable container deposit as at the end of the year under review amounted to Rs.7,226,842 out of which a sum of Rs.3,722,648 was related to the year under review and the balance of Rs.3,504,194 was related to the years 2003-2010

(b) Out of the total value of trade debtors amounting to Rs.4,730,606,130, a sum of Rs.3,937,579,457 had been the debts receivable from the Director General of Health Services. It included a loan balance of Rs.2,348,736,498 remained outstanding for more than 01 year and the balance of Rs.301,065,701 was remained outstanding for more than 5 years.

2.2.3 **Non–compliances with Laws, Rules, Regulations and Management Decisions**

The following non-compliances with laws, rules and regulations were observed.

Reference to Laws, Rules Regulations etc	Non – compliance
(a) Public Finance Circular No.PF/PE/6 dated 31 January 2000	Instead of recovering PAYE Tax from employees, the PAYE tax amounting to Rs.2,776,773 had been paid out of the Corporation's Fund.

(b) Circular No.9 dated 01 March 2006 of the National Procurement Agency Section 2.9.1	The amounts payable to the Chairman of the major procurement committee and the other members are Rs.3,000 and Rs.2,000 respectively but they had been paid at Rs.17,500 and Rs.15,000 respectively. The amount payable to minor procurement committee Chairman and the other members are Rs.500 and Rs.250 respectively but they had been paid at Rs.12,500 and Rs.10,000 respectively.
Section 2.9.1	Procurement committee meetings were held during normal duty hours.
Section 2.2.9	Eventhough the average of salaries of 12 officers had exceeded by Rs.289,913, the overpayments maid to officers remaining in the procurement committee in future is being recovered by installment basis.
Section 6.3.6	The specific forms had not been used for opening bids and the committee members had not signed thereof.
(c) Valued Added tax (Amendment) Act No. 09 of 2011	Instead of deductable Input Tax as at 31 December 2010, the total input tax had been deducted and paid. As such the payment of Valued Added Tax liability amounting to Rs. 28,425,110 for the 1st quarter of the year 2011 had been evaded.
(d) Procurement Guidelines 2.14.1	Before the approvel of the decision of the purchase of cellulose wadding Bp (1998) in 500g rolls valued at Rs.100,909,346 by the Cabinet of Ministers the corporation had ordered the material. The Chairman had informed that the responsible officer for this had been under interdiction and a disciplinary enquiry is being conducted.

2.2.4 **Apparent Discrepancies and Irregular Transaction**

The expenditure of Rs.10,454,080 incurred on Ampicillin Injection BP 250 mg drugs rejected by the Medical Supplies Division due to inferior quality had not been recovered from the relevant supplier or to obtain new stock in place of inferior quality drugs.

3. **Financial Review**

3.1 **Financial Results**

According to the financial statements presented the operation of the Corporation for the year ended 31 December 2011 had resulted in a pre tax net profit of Rs.515,843,207 as Compared with the pre-tax net profit of Rs.483,774,625 for the proceeding year thus showing an increase of Rs.32,068,582 as compared with the preceding year.

Before deducting the finance cost of Rs.422,895,753 in the year under review , the corporation had earned an operating profit of Rs.938,738,960. When it is compared with the operating profit of Rs.816,578,399 before deducting the fiance cost in the preceding year, the increase in operating profit amounted to Rs 122,160,561.

The Gross Profit Ratio of the year under review and the preceding year had been 11.14% and 11.59% respectively. Similarly , the Net Profit Ratio for the year was 1.59% and it was 1.25% for the preceding year.

Increase in sales amounting to Rs.2,161,813,332 and the recovery of Rs.46,504,669 from supplies on account of rejected stock had been the reasons for the increase in net profit for the year under review.

3.2 **Analytical Financial Review**

(a) (i) Significant data about the financial results of the year under review and the corresponding values for the preceding year is given below.

	Year 2011			Year 2010		
	Corporation Rs. million	D.H.S. Rs. million	Total Rs. million	Corporation Rs. million	D..H.S. Rs. million	Total Rs. Million
Turnover /service charges	4,794	12,523	17,317	3,508	10,969	14,476
Cost of sales /direct expenses	3,756	11,706	15,462	3,202	10,280	13,483
Gross profit	1,038	817	1,855	989	688	1,677
Operating profit	525	413	939	466	351	817
Finances cost	1	422	423	7	325	333
Other income	27	46	73	24	-	24
Netprofit (pre tax)	524	(8.5)	516	458	25	484
Tax expenditure	235	-	235	231	13	244
Net profit (after tax)	273	(8.5)	265	170	9	180

(ii) **Financial Review of the Osusalas**

	2011	2010	2009	2008	2007
No. of Osusalas in operation	25	25	23	21	20
Profit earned (Rs.m)	95.31	96.62	97.38	44.21	54.81
No. of Osusales ran at losses	09	06	04	10	08
Loss incurred (Rs.m)	7.25	7.02	3.8	9.16	12.46

(b) Number of Osusalas run at losses had increased from 06 to 09 in the year under review as compared with that of the preceding year, representing 36% of the total number of Osusalas.

(c) The following 3 Osusalas had run at losses in the past 2 years and 3 years and the Osusala at Badulla bus stand had been closed in Number 2011.

	Loss incurred		
	2011	2010	2009
	Rs.	Rs.	Rs.
Bus stand – Badulla	2,187,893	1,419,707	1,893,568
Sathosa – Badulla	2,182,122	3,612,156	-
Hambantota	103,316	616,915	82,867

3.3 Increase in Expenditure

Five expenditure items had increased in the year under review as compared with the preceding year and major reasons for such increase are given below.

Item of Expenditure	2011	2010	Increase Percentage	Reason
	Rs.	Rs.		
Value of leasing	1,469,067	468,749	213%	Commencement of new Osusalas and increase in annual leasing charges
Professional fees	1,289,879	501,713	157%	A monthly profession fee of Rs.100,000 paid to the Consultant in Accounting and Internal Control Systems
Director fees	348,750	54,000	546%	Increase in Directors remuneration and transport allowances
Donations	2,071,042	8,280	24,913%	Purchase of water bottles for Rs.1.5m for the distribution among food victims.
Drugs laboratory fees	735,568	136,447	439%	Testing were done through external drugs laboratories during the year 2011

3.4 Working Capital Management

(a) Liquidity Ratios		2011	2010	Observation
Current Ratio	- Actual	1.35	1.35	Sufficient working capital to settle liabilities was not available in the Corporation
	- Standard	2	2	
Quick Asset Ratio	- Actual	0.88	0.71	
	- Standard	1	1	

(b) Activity Ratios

Debtors turnover radio – times	3	4	Debt collection was not at a satisfactory level
Debtors turnover period - days	113	84	Collection period increased by 29 days
Stock turnover ratio times	5	3	No effective sales as compared with the stock of the Corporation.
Stock turnover period days	72	100	It took 72 days to turn the stock in to sales

4. **Operating Review**

4.1 **Management Inefficiencies**

The following observations are made.

(a) Drugs valued at Rs.153,725,956 supplies to Medical Supplies Division by the Corporation had been rejected out of which drugs valued at Rs.67,906,599 due to quality failures and drugs valued at Rs.72,179,561 due to misspecifications. Action had been taken to re-supply the quality failed stock valued at Rs.9,509,996 and drugs with misspecifications valued at Rs.11,699,811 from the above stocks to the Medical Supplies Division by the date of audit.

(a) The tender for obtaining the service of clearance, transport and storing of drugs had been awarded to the contractor who had submitted a tender for the value of Rs.656,507, more than the previous year's tendered value and a sum of Rs.3,295,481 had been paid as stores rent for holding rejected / obsolete stock for 3 months period of the year under review.

(b) Eventhough lodging of an insurance claim had been shown in the financial statements for stock of Rs.12,869,527 relating to the period 2001-2007 and for damaged/obsolete stock ofRs.19,466,338, Rs.23,241,960 and Rs.16,325,200 relating to the years 2009, 2010 and the year under review, further action had not been taken in this regard.

4.2 **Operating Inefficiencies**

The following matters were observed.

(a) Interest on bank overdraft paid during the year under review amounted to Rs.419.24 million and it had increased by 14% than that of the previous year.

(b) 7,019,807 units of 257 items of obsolete drugs as at 31 December 2010 of which the value was not made available for audit and 19,801 units of 33 obsolete items of drugs during the period January to November 2011 had been stored in the building taken on rent at Ratmalana.

(c) Instead of supplying surgical consumables of Bone Cement Low Viscosity requested by the Medical Supplies Division, the Corporation had supplied the surgical consumables of Bone Cement Medium Viscosity valued at Rs.1,900,976. As such the Medical Supplies Division had rejected to take over them on the ground that they were not in conformity with the requested specification.

(d) At the test examination carried out by the National Drugs Quality Assurance Laboratory based on complaints made by Hospitals on Ampicilling Injection BP 250 mg drugs valued at Rs.10,454,080 supplied to the Medical Supplies Division it was established that the quality of their drugs was failed.

(e) The value of demurrage charges which had been paid by the Corporation but not recovered from suppliers due to non - supply of Sodium Chloride Iintravenous drug on time and due to payment of container demurrage charges as a results of storing in the container of the external parties and non receipt of documents at the specified time amounted to Rs.1,461,064 and Rs.3,758,675 respectively.

(f) As the Corporation had not taken action to establish whether the stock of Closed Wound Suction Drainage System and Thoracic Chest Drainage Catheter drug had been in conformity with specifications and condition in the import of this drug, it had been rejected by the Medical Supplies Division, as a results the loss incurred by the Corporation amounted to Rs.3,332,738.

(g) Eventhough it was revealed that a casual substance had contained in the bottles of Sodium Chloride Intravenous drug bearing part No.306212147 which had been supplied to the Medical Supplies Division valued at Rs.229,233,142, this drugs had been completely used at that time. The effect of the patients there from had not been verified.

(h) A sum of Rs. 119,003,021 had been paid as demurrage charges during the period from 2007 to 2011 due to non clearances of drugs within the specific period from the Port, imported for the Director General of Health services and the marketing purposes of the Cooperation. The Chairman informed that the demurrage charges had been maintained at a stated minimum level.

4.3 **Identified Losses**

The following losses were observed in audit.

(a) Drugs valued at Rs.11,265,891 had been destroyed due to obsolescence, quality failures and breakage.

(b) Due to rejection of acceptance of drugs by the Medical Supplies Division, an additional transport charges of Rs.1,267,656 and the demurrage charges of Rs.743,650 had to be paid.

(c) Action had not been taken to recover the amount paid for surgical consumables or get back the relevant drugs valued at Rs.2,212,573 which had not been accepted by the Medical Supplies Division due to non conformity with the specification relating to the order No.DHS/SU/003/01 G/09.

(d) Due to incorrect adjustment of Notional Tax in the years 2007 to 2010 in terms of Section 138 of the Inland Revenue Act. N.10 of 2006 a financial loss of Rs.447,864 was incurred.

(e) Due to storing 323,500 bottles of drugs relating to order No.DHS/JA/304/10 & 484/10 in a private store which had not been taken over by the Medical Supplies Division on the ground of unavailability of store facilities, 37,325 bottles valued at Rs.1,597,480 had been completely destroyed by rain.

(e) A sales income of Rs.3,863,610 had been defrauded at Negambo Osusala by preparing fraudulent documents as banked.

5. **Accountability and Good Governance**

5.1 **Corporate Plan**

Out of the objectives expected to be archived as stated in the Corporate Plan for the period 2007 to 2011 the Corporation had failed to achieve the establishment of the information and management system, providing laboratory facilities to Colombo 7, new building, construction of the new drugs store at Ratmalana during the year under review.

5.2 **<u>Action plan</u>**

The following activities stated in the Action Plan could not be archived during the specific periods.

	Activity	Expected period of completion as per Action plan
i.	Identification of places in which State Osusalas to be opened in Puttalama, Gampaha, Bactticloa Districts.	At the end of the 1st quarter of 2011
ii.	Recruitment of one Analyst for quality laboratory and 2 Quality Control Assistants.	June 2011
iii.	Transferring a part of quality laboratory activities to the Dangerous Drugs Control Authority.	August 2011

5.3 **<u>Internal Audit</u>**

The Internal Audit Division had paid more attention to audit the Osusalas without being examined in the internal control systems of sales system, procurements, and stock control divisions during the year under review.

5.4 **<u>Procurement Plan</u>**

A Procurement Plan had not been prepared for the year under review and it had been established for the year 2012.

5.5 **<u>Budgetary Control</u>**

Significant variations between the budgeted expenditure and the actuals were observed and as such the budget had not been made use of as an effective instrument of management control.

6. **<u>Systems and Control</u>**

Weaknesses 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) Sales
(b) Stocks
(c) Procurement procedure
(d) Debtors control and collection
(e) Up- dating records
(f) Information technology and communication
(g) Banking of collection in Osusalas

H.A.S. Samaraweera
Auditor General

2010.02.11

Auditor General
Auditor General's Department
Independence Square
Colombo 7

Replies to the issues raised in the audit report of the Auditor General on the Financial Statements of the State Pharmaceuticals Corporation for the year ended 31 December 2011 in terms of section 14 (2) (C) of the Finance Act.No.38 of 1971.

2.2.1 Financial Deficiencies

(a) Most values shown in the year 2012 have been rectified and the balance remaining uncleared by now is 36 million .

(b) As mentioned, the stocks in question are not included in the Stocks in Transit. When the Government Medicine Stores rejects stocks for various reasons, they are shifted from the Stocks in Transit to Stocks in Question.

2.2.2 Accounts Receivable and Payable

(a) Action is being taken to discuss with the institutions concerned and recover the container deposits. The container deposit of Rs.2,561,016/- has been recovered and action has been taken to write off the amount of Rs.603,000/- out of container deposits that remains unrecoverable for various reasons with the approval of the Board of Directors in the year 2012.

(b) Rs.1,687,133,624 has been recovered in the year 2012 out of the value of trade debtors amounting to Rs.4,927,780,077 and discussions led by the Chief Accountant of the Ministry of Health were held with the Government Medicine Stores in order to recover the remainder. The Chief Accountant has directed the Government Medicine Stores **to pay these balances.**

2.2.3 Non-Compliance with Rules, Regulations and Management Decisions

(a) Making of PAYE payments out of the funds of the Corporation is a process carried out on a decision of the Board of Directors. It is not only our Corporation, but also many state institutions make these payments in this manner.

(b) We agree with the observation that meetings of the Procurement Committee should be held outside the normal working hours. However, the reasons for holding the meetings of the Procurement Committee within office hours are as follows:

i. Some part of office hours had to be used, as the amount of files that have to be dealt with at a meeting of the Procurement Committee cannot be covered in a meeting held outside office hours.

ii. Action is taken to hold the minor and major meetings of the Procurement Committee of the State Pharmaceuticals Corporation at present and when the number of pending files cannot be covered, they have had to be covered during an extra meeting of the Procurement Committee.

The allowances for the Procurement Committees that had been obtained over and above the average salary have been calculated and recovered from the officers concerned. The payments have been made with the approval of the Secretary to the Ministry of Health in accordance with the provisions of procurement guidelines after taking into consideration the work load and the functions assigned to the Chairman and the members of the Procurement Committee in calculating the allowances.

(c) Specified forms should be used for opening bids.

Bid opening entries have been duly made in opening bids for the Procurement Committees of the Ministry and the Procurement Committees appointed by the Cabinet of Ministers. However, certain shortcomings have occurred in recording entries due to practical difficulties experienced in opening bids which fall into the category of Departmental Procurement Committees. This matter has been rectified by now.

(d) Value Added Tax Act No. 9 of 2011

This matter has been discussed with the Department of Inland Revenue and the necessary adjustments have been made.

(e) Procurement Guidelines 2.14.1

The Ministry conducted a preliminary investigation into the questionable matters that had occurred in purchasing the item called Cellulosewadding BP (1998) cited in the above Procurement Guidelines and based on its recommendations, the then Deputy General Manager (Procurement and Import) was interdicted. A disciplinary inquiry was conducted and the necessary disciplinary measures have been adopted against him.

2.2.4 Apparent Anomalies and Irregular Transactions

When a complaint is received regarding a drug, it is inquired and the amphicillin BP 250 mg injections in question have failed the post-supply test. We are of the opinion that the procedure to inquire and take action as soon as complaints are received regarding the quality of a drug after the importing and storing and under other conditions deserves appreciation.

4.1 Management Inefficiencies

(a) The Medical Supplies Division has accepted stocks worth Rs.16,074,191 out of a stock that had failed the test of quality worth Rs.67,906,599 that has been cited. Arrangements have been made to recover the remainder from the supplier.

The Medical Supplies Division has accepted on a later occasion stocks worth Rs.36,216,068/- out of stocks worth Rs.72,179,561/- that had been rejected due to specifications errors. A sum of Rs.2,044,864/- has been recovered from the suppliers and action is being taken to recover the remainder from the supplier or to explore the possibility of handing over to the Medical Supplies Division.

(b) At the technical evaluation pertaining to the tender concerned for obtaining manufacturing, transporting and storing services, three of the four tenders that had quoted lowest prices were rejected due to the lapses on the part of the institutions that had presented them in performing the contract on previous occasions and the other tender was rejected as it had not properly furnished the information requested in calling the tender.

In the tender pertaining to the year 2011, prices had been tendered by only one institution, which is the institution that had been continuing to supply the services even at the time of calling the tender. Our need had encompassed five new destinations when calling tenders for the year 2011, and the amount of the tender had increased by Rs.609,016/- together with the prices quoted for the five new destinations. Accordingly, the amount of Rs.9,590,137/- does not tally with our report.

The amount that has been paid for withholding the rejected stocks / expired stocks was Rs.336,000/- including taxes for the first three months of the year. The amount of Rs.3,295,481/- shown in the audit report does not tally with our report. As the stocks concerned have to be kept stored until relevant steps are taken after informing the suppliers of the stocks, and as the Medical Supplies Division did not accept to store the stocks in their warehouses, there is no option but to store it in a private warehouse.

(c) The stocks mentioned comprise a collection of stocks identified as unusable in each year since 2001 and has remained undestroyed for various reasons. As the consignment included stocks for which insurance claims can be made, they were cited as "insurance-claimable stocks".

This has been shown correctly this year.

4.2 Operational Inefficiencies

(a) The value of the supplies to the Medical Supplies Division has increased by 982 million rupees compared to that of the previous year. The bank overdraft obtained for it has also grown proportionate to it. The Corporation's bank overdraft can be cleared if the Medical Supplies Division or other relevant parties pay the money due for supplies provided to the Government Medicine Stores in time.

The whole of the bank overdraft is made up of the facilities obtained for supplying to the Medical Supplies Division of the government and the interest.

(b) When accountability is assigned to the suppliers for items unsalable for various reasons, disposal is delayed until the recoveries are made. They have to be kept until the necessary procedural measures are followed. The steps necessary to expedite these affairs have already been taken.

(c) As the Medical Supplies Division had informed us that the items could be accepted if the Orthopaedists Association accepts the differences in specifications, an attempt has been made in this regard by informing the relevant local representative of the matter. This takes some time. The value pertaining to it has been recovered from the supplier by now.

(d) When a complaint is received regarding a drug, it is subjected to inspection and the amphicillin BP 250 mg injections in question have failed the post-supply test. There are occasions when issues arise pertaining to the quality of a drug after the importing and storing and under other conditions. We are of the opinion that appreciation is due towards the procedure followed as soon as complaints regarding the quality of such drugs are received where it is promptly inquired into and action taken.

Action has already been taken to recover the value for the stock which failed the test.

(e) Delay charges and other charges had to be paid in respect of the item "Sodium Chloride Intravenous" because the stores of the Medical Supplies Division refused to accept it due to shortage of warehouse facilities when the items concerned were taken to the Medical Supplies Division. As such, there is no possibility of recovering their value from the supplier. Although we have informed the Medical Supplies Division to pay the value, they have omitted to pay and therefore, the matter has been referred to the Secretary to the Ministry of Health for intervention. The supplier has paid the late fees for the delay in documents.

(f) Tenders have been called according to the specifications pertaining to the item concerned. The prices and the documents and samples of the items concerned were referred to the specialist doctor who uses the item and technical evaluations were conducted, and based upon the recommendations of this evaluation the Procurement Committee has given its decision. Orders have been placed based on this decision.

(g) Until it is proved that a particular item is contrary to the specified condition, quality or standard, its use cannot be prevented. However, the policy of the Corporation is to remove an item from use as soon as a complaint is received regarding it.

It is difficult to take a step regarding an item if no complaint or information is received to the effect that some adverse effect has been caused by the use of such item.

(h) We agree with the observations made regarding the variations pertaining to the late fees paid as shown. However, we would like to point out that the amount of late fees concerned takes a relatively low figure when taken as a percentage of the total amount of imports. Further, a considerable amount has been recovered from the supplier as late charges and interest on the delay of supplierõs documents, which is the main matter out of those that result in having to pay late charges. As such, the totals of late charges paid for the years 2007, 2008, 2009, 2010 and 2011 are 0.12, 0.22, 0.22, 0.17 and 0.10 percent respectively. As such, amounts paid as late charges have been considerably brought down by the year under review.

As there are occasions when late charges have to be paid even for reasons beyond the control of the importer and therefore, it is practically not possible to be able to carry out clearance without paying a single late charge in 100% of the cases. Accordingly, our submission is that the amount of late charges has been kept at an ideal minimum.

4.3 Identified Losses

(a) In a commercial activity that involves importing, storing and distributing of drugs in large quantities, the damage caused to the drugs in transporting and storing should be treated as an operational loss. Expiry of drugs mostly occurs due to factors beyond our control such as changes in the patterns of prescribing drugs by doctors, drop in demand during periods without epidemic diseases for drugs which are in higher demand during times of epidemic disease conditions, and arrival of higher quality substitute drugs in the market. At the same time, the demand for certain drugs changes according to the stocks available in the Medical Supplies Division. Therefore, selling 100 percent of the drugs before expiry is not something practically attainable. However, the amount of drugs that have expired, taken as a percentage out of the sales, is 0.05%. It shows a drop compared to the previous years as well.

(b) The value of the rates that had to be paid over and above the rates agreed on payment of transport hires was the result of the revision of rates that had been effected as per the agreement that had been reached with regard to the manner in which those rates were to be revised. When the Medical Supplies Division refuses to accept, there is no alternative but to call stocks back. Expenses borne in this regard have to be considered operational expenses.

(c) An explanation has been given in ---- above with regard to the order No. DHS/SU/003/01G/09. Until the issue pertaining to it is resolved, that stock has been stored in a private warehouse, as you have observed. Action will be taken to recover from the supplier the amount that was spent for storage facilities until the resolution of the issue.

(d) Discussions are held with the Department of Inland Revenue in order to recover the taxes of the previous years. Action has been taken to adjust the nominal tax credit on the interest income from Treasury Bills.

(e) There had been no other option apart from storing at the storage facility of Ceylon shipping line until the Medical Supplies Division would be ready to accept the stocks pertaining to order No. DHS/JA/304/10 yd 484/10 as they do not have storage facilities. However, the stock has been caught in the rain and floods unexpectedly. Although steps were taken to claim the loss from Medical Supplies Division as this situation occurred due to non-acceptance on their part, it was disputed and the matter has been referred to the Secretary to the Ministry of Health.

(f) Disciplinary measures have been taken against the female officer concerned and legal action is being taken.

5. Transparency in Accounting and Good Governance

5.1 Combined Plan

(i) and (ii) As the value construction of the building concerned took a high figure, it has fallen under the purview of the tender board appointed by the Cabinet of Ministers and the tender board of the Ministry. Various unexpected procedural requirements had arisen here while recommendations and permission had to be obtained unexpectedly from various institutions. As of now, most of the preliminary requirements have been completed and the project has reached the stage of calling tenders.

5.2 Action Plan

I. As priorities had arisen later in addition to the areas identified by the Action Plan, the three locations Jaffna, Polonnaruwa and Tangalle were identified in 2011.

As such, steps have been taken regarding OSU SALA outlets in three other places as per the priorities that arose later.

II. Action has been taken to duly recruit analysts by publishing advertisements in newspapers on February 2011. However, it has not been possible to fill the vacancy until the objection that surfaced regarding an anomaly between the new salary structure and the salary levels of the analysts already in service is settled. As for the situation with regard to the quality control assistants, the two posts concerned have been incorporated in the Combined Plan to fill the need that will arise once the laboratory is established in the new OSU SALA building in Colombo 7. The need to fill these vacancies does not arise until that task is completed.

III. All the arrangements have been made to allot part of the work of the quality control laboratory and a Memorandum of Understanding has been signed in this regard. It has not been possible to implement it as far as there is no positive response from the National Dangerous Drugs Control Authority to act in this regard.

5.4 Procurement Plan

The Procurement Plan for the year 2011 has been formulated according to the needs of the Medical Supplies Division and submitted to the Ministry of Health.

5.5 Budgetary Control

Although differences occurred between the budgeted incomes and actual incomes due to trade and economic conditions prevailing in year 2011, the monthly account reports conduct an analysis on budgeted incomes and actual incomes. Here, the reasons for the variations concerned are examined and necessary remedial measures are taken.

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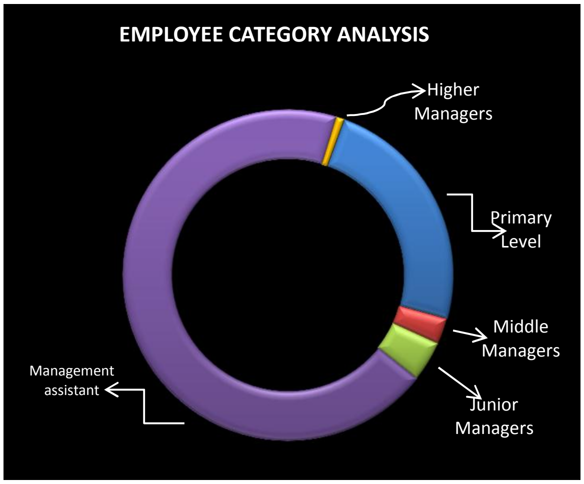
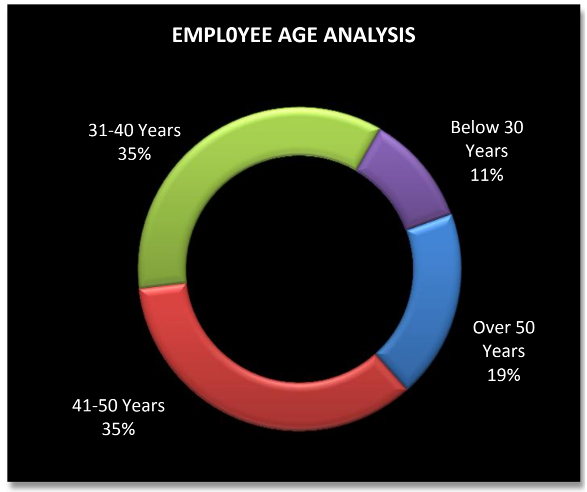
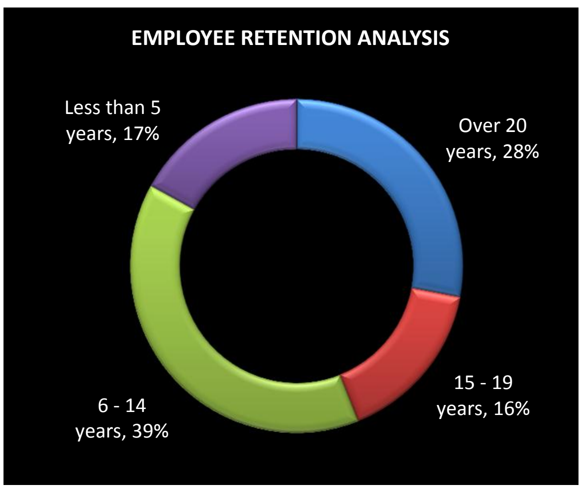
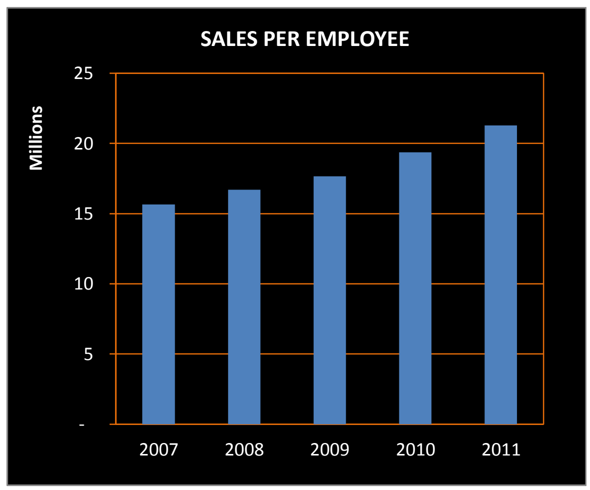
Prof. S.D. Jayarathna
Chairman
State Pharmaceuticals Corporation of Sri Lanka

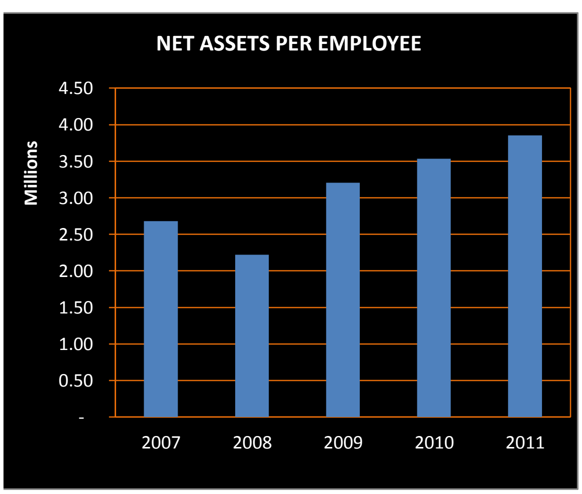
STATE PHARMACEUTICALS CORPORATION OF SRI LANKA
HUMAN RESOURCES ANALYSIS

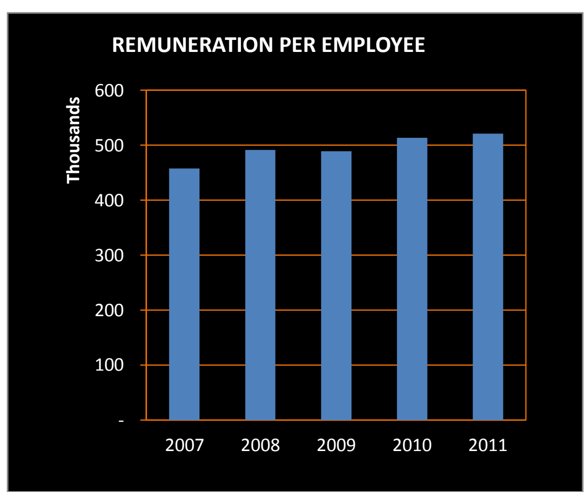












STATE PHARMACEUTICALS CORPORATION OF SRI LANKA

TEN YEAR SUMMARY

Description	2011 RS.'000'	2010 RS.'000'	2009 RS.'000'	2008 RS.'000'	2007 RS.'000'	2006 RS.'000'	2005 RS.'000'	2004 RS.'000'	2003 Rs.' 000 '	2002 Rs.' 000 '
Turnover - SPC	4,115,253	3,507,654	3,331,259	2,934,244	2,621,088	2,484,342	2,276,135	2,299,108	2,160,693	2,007,089
Turnover - DHS	12,522,785	10,968,571	9,990,429	9,306,330	8,815,971	6,078,857	5,360,049	4,067,138	4,770,782	4,965,036
Total Turnover	16,638,038	14,476,225	13,321,688	12,240,574	11,437,059	8,563,199	7,636,184	6,366,246	6,931,475	6,972,125
Gross Trading Profit - SPC	1,037,741	962,375	887,264	803,534	677,744	671,660	567,138	448,353	353,851	308,223
Gross Surplus - DHS	816,677	688,145	622,071	576,308	578,091	389,533	407,187	281,257	405,943	428,468
Surplus	1,854,418	1,650,520	1,509,335	1,379,842	1,255,835	1,061,193	974,325	729,609	759,794	736,691
Special Order Imports	4,986	9,370	9,975	16,949	25,197	11,940	10,988	8,372	-	-
Provision for Unrealized Profit	2,679	(3,003)	(3,008)	1,540	(4,770)	2,036	(1,399)	(1,151)	364	(2,396)
Overhead Reimbursments	-	-	-	-	-	1,527	5,285	-	-	-
Claims Received from Suppliers	46,505	-	-	-	-	-	-	-	-	-
Other Income	27,370	23,582	21,409	25,494	16,379	9,930	8,265	7,192	11,668	9,211
Gross Surplus (DHS+SPC)	1,935,958	1,680,469	1,537,711	1,423,825	1,292,641	1,086,625	997,464	744,023	771,826	743,506
Overhead (DHS+SPC)										
Distribution Cost	(373,716)	(272,931)	(203,084)	(218,533)	(91,219)	(56,226)	(91,866)	(35,787)	(81,280)	(29,641)
Administrative Expenses	(622,642)	(590,601)	(563,761)	(528,841)	(483,452)	(434,075)	(348,910)	(295,837)	(242,215)	(236,938)
Other Operating Expenses	(860)	(359)	(436)	(454)	(246)	(171)	(604)	(312)	(183)	(365)
Finance Cost	(3,661)	(17,734)	(8,841)	(7,981)	(7,479)	(6,397)	(5,390)	(5,893)	(6,526)	(3,904)
Unrecoverable Service Charges	-		-	-	-	(78,638)	-			
Overdraft Interest	(419,236)	(315,070)	(350,840)	(212,285)	(273,273)	(121,876)	(119,311)	(57,851)	(110,454)	(97,718)
Total Overheads	(1,420,115)	(1,196,695)	(1,126,962)	(968,095)	(855,669)	(697,382)	(566,081)	(395,680)	(440,658)	(368,566)
Profit before Tax	515,843	483,775	410,749	455,730	436,972	385,863	431,383	348,343	331,168	374,940
Treasury Levy	15,000	60,000	25,000	25,000	20,000	20,000	74,000	-	-	10,000
Taxation	235,500	243,907	148,229	211,792	158,603	206,427	218,000	165,000	160,000	187,355
Profit after Tax	265,344	179,868	237,519	218,938	258,369	159,436	139,383	183,343	171,168	177,585
Extra - Ordinary Items	-					(25)	-	-		(338)
Net Profit for the period	265,344	179,868	237,519	218,938	258,369	159,412	139,383	183,343	171,168	177,247
Share Capital & Reserves	2,909,458	2,644,114	2,418,450	2,221,971	1,960,458	1,744,855	1,591,225	1,136,262	929,838	756,491
Current Assets										
Inventories- SPC	992,864	979,314	774,395	987,509	718,292	660,582	518,368	452,865	439,026	384,283
Inventories - DHS	2,074,279	2,752,605	1,108,534	1,797,590	742,120					
VAT recoverable	53,692	149,859	154,144							
Trade Debtors	5,180,358	3,414,157	1,985,611	2,036,168	1,991,061	2,764,958	2,586,782	1,681,518	2,444,615	2,124,542
Deposits & Prepayments	15,536	13,056	11,564	12,367	6,928	7,512	8,340	7,613	16,485	12,471
Cash in Hand & at Bank	600,881	671,136	263,769	250,660	480,787	192,511	352,527	145,023	73,081	23,677
Total Current Assets	8,917,610	7,980,127	4,298,017	5,084,294	3,939,188	3,625,563	3,466,018	2,287,019	2,973,207	2,544,973
Current Liabilities										
Trade Payables	1,684,928	1,559,530	739,514	544,979	645,448	667,852	456,014	383,839	647,897	385,262
Tax liability	219,332	232,469	200,169	227,545	252,089	211,414	163,568	119,958	131,363	188,533
Short term loans Borrowings	4,716,655	4,131,544	1,458,539	2,596,234	1,588,509	1,476,648	1,759,492	844,561	1,467,289	1,418,037
Total Current Liabilities	6,620,915	5,923,543	2,398,222	3,368,758	2,486,047	2,355,914	2,379,074	1,348,358	2,246,549	1,991,832
Non Current Assets	698,850	675,481	639,231	595,014	593,906	554,604	556,363	247,424	234,417	232,185
Non Current Liabilities	86,086	87,951	120,575	88,580	86,591	79,398	52,081	49,822	31,237	28,834
Net Assets	784,936	763,432	759,806	2,221,970	1,960,456	1,744,855	1,591,225	1,136,263	929,838	756,492
RATIOS										
Gross Profit Ratio - SPC (%)	25.2	27.4	26.6	27.4	25.9	27.0	24.9	19.5	16.4	15.4
Gross Profit Ratio - DHS (%)	6.5	6.3	6.2	6.2	6.6	6.4	7.6	6.9	8.5	8.6
Gross Surplus to Sales (%)	11.6	11.6	11.3	11.3	11.0	12.3	12.8	11.5	11.0	10.6
Assets Turnover (times)	058:1	0.60:1	0.37:1	0.46:1	0.39:1	0.48:1	0.52:1	0.39:1	0.46:1	0.39:1
Annual Sales Growth (%)	15.0	8.7	8.8	7.0	33.6	12.1	19.9	(8.2)	(0.6)	35.1
Current Ratio (times)	1.34:1	1.34:1	1.79:1	1.51:1	1.58:1	1.54:1	1.46:1	1.7:1	1.32:1	1.28:1
Liquidity Ratio (times)	0.88:1	0.71:1	1.01:1	0.68:1	1.:1	1.26:1	1.24:1	1.36:1	1.13:1	1.08:1
Interest Cover (times)	2.2	2.5	2.2	3.1	2.6	4.2	4.6	7.0	4.0	4.8
Stock Turnover Ratio (times)SPC	3.8	3.7	3.5	3.2	3.5	3.8	4.3	5.1	5.1	5.6

SALES NETWORK

HEAD OFFICE

State Pharmaceuticals Corporation of Sri Lanka
75, Sir Baron Jayatillake Mawatha,
Colombo 1, Sri Lanka

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

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109, Kandawala Estate,
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Tel.2632288 Fax: 2632962

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

ORS UNIT
109, Kandawala Estate,
Ratmalana.
Tel.2622334

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

RAJYA OSU SALA OUTLETS

Osu Sala - Colombo 7
255, Dharmapala Mw:
Colombo 7.
Tel.2694716 2672293

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

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

New Osu Sala - Badulla
CWE Building,
Bandarawela Road,
Badulla.
Tel.055 2223987

Osu Sala - Colombo 4
85, Galle Road,
Colombo 4.
Tel.2587128

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

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

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

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

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

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

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

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

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

Osu Sala - Meegoda
Economic Centre,
Meegoda.
Tel.2831920

Osu Sala – Kurunegala
28. Weerathunga Bldg.
Bauddhaloka Mawatha.
Kurunegala.
Tel.037-2230840

Osu Sala - Anuradhapura
Bank Street,
Anuradhapura.
Tel.025-2222181

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

Osu Sala – Ja'pura
Sri Jayawardhanapura
General Hospital,
Sri Jayawardhanapura.
Tel.2779414

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

Osu Sala – Diyathalawa
Main Street,
Diyathalawa.
Tel.055 3551624

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134, Colombo Road,
Negombo.
Tel.031 2228599

Osu Sala – Jaffna
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Jaffna.
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MARKETING & SALES DEPARTMENT

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