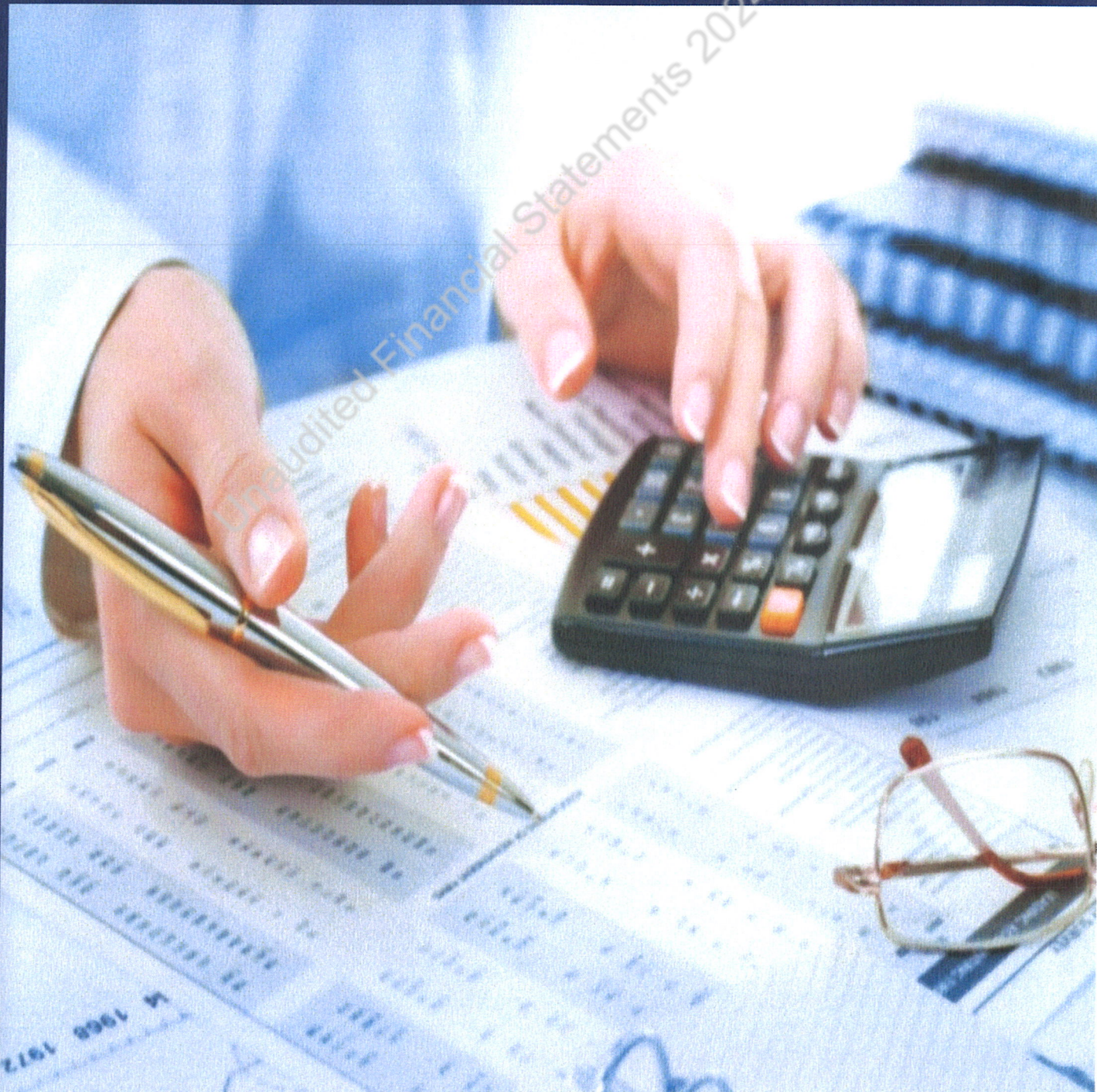


State Pharmaceuticals Manufacturing Corporation



Financial Statements

For the year ended 31.12.2024



State Pharmaceuticals Manufacturing Corporation
Statement of Comprehensive Income
For the Year ended 31st December 2024
(All amounts in Sri Lankan Rupees)

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	Note	<u>2024</u>	<u>2023</u>
Revenue	1	28,202,081,820	29,331,718,691
Cost of Sales	2	(25,198,544,136)	(26,381,969,229)
Gross Profit		3,003,537,684	2,949,749,462
Other Operating Income	3	11,686,256	14,096,336
Administrative Expenses	4	(418,390,261)	(396,275,773)
Selling & Distribution Expenses	5	(82,575,878)	(937,035,896)
Other Operating Expenses	6	(13,526,232)	(22,286,381)
Operating Profit		2,500,731,570	1,608,247,748
Finance Cost	7	(25,757,077)	(57,488,612)
Finance Income	8	606,178,870	622,548,970
Profit Before Tax		3,081,153,362	2,173,308,106
Tax Expenses	9	(927,876,777)	(654,752,799)
Profit for the Year		2,153,276,584	1,518,555,307

Statement of Comprehensive Income

		<u>2024</u>	<u>2023</u>
Profit for the Year		2,153,276,584	1,518,555,307
(+/-) Actuarial Gain / (Loss) on Retirement Benefit Obligation		(23,168,613)	12,513,552
Income Tax on Actuarial Gain / (Loss) on Retirement Benefit Obligation	9 (B) (i)	6,950,584	(3,754,066)
		(16,218,029)	8,759,486
(+) Actuarial Gain on Plan Asset		1,268,505	6,763,352
Income Tax on Actuarial Gain on Plan Asset	9 (A)	(380,552)	(2,029,006)
		887,954	4,734,346
Total Comprehensive Income for the Year, Net of Tax		2,137,946,509	1,532,049,139

State Pharmaceuticals Manufacturing Corporation
Statement of Financial Position
As at 31.12.2024
(All amounts in Sri Lankan Rupees)

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		<u>As at</u> <u>31.12.2024</u>	<u>As at</u> <u>31.12.2023</u>
	Note		
ASSETS			
Non Current Assets			
Property, Plant and Equipment	10	3,868,485,107	4,002,112,062
Intangible Assets	11	4,496,126	5,488,440
Other Non Current Assets	14	6,365,333	6,818,836
Prepaid Lease	13	315,772,340	319,077,961
Work in Progress - Construction		156,344,956	163,346,971
Current Assets			
Inventories	15	4,130,327,919	3,911,381,606
Trade and Other Receivables	16	2,143,205,414	1,622,883,799
Prepayments	17	47,406,275	42,619,403
Other Financial Assets	18	8,193,471,634	5,974,554,359
Cash In Hand & At Bank	19	782,355	468,896,309
		<u>14,515,193,596</u>	<u>12,020,335,476</u>
Total Assets		<u>18,866,657,459</u>	<u>16,517,179,747</u>
EQUITY AND LIABILITIES			
Authorised Capital		850,000,000	850,000,000
Stated Capital	20	3,106,173,044	3,106,173,044
Retained Earnings		9,183,517,745	7,376,658,041
Revaluation Reserve		557,996,541	557,996,541
Grant - World Bank Health System Preparedness Project	21	438,146,336	438,146,336
Total Equity		<u>13,285,833,666</u>	<u>11,478,973,962</u>
Non Current Liabilities			
Net Retirement Benefit Obligation	22	(6,329,471)	(14,557,672)
Deferred Tax Liability	23	355,531,113	389,492,010
		<u>349,201,641</u>	<u>374,934,338</u>
Current Liabilities			
Trade and Other Payables	24	4,690,610,392	4,052,364,854
Tax Payable		541,011,759	610,906,591
		<u>5,231,622,151</u>	<u>4,663,271,446</u>
Total Equity and Liabilities		<u>18,866,657,459</u>	<u>16,517,179,747</u>

The Accounting Policies on Pages 05 to 16 form an integral part of these Financial Statements. The Board of Directors are responsible for the preparation and presentation of these Financial Statements. These Financial Statements are presented to National Audit Office with Board of Directors approval and signed on their behalf.

Chairman : Director :

Acting DGM - Finance :

Date : 27/02/2025

State Pharmaceuticals Manufacturing Corporation
Statement of Changes in Equity
For the Year ended 31st December 2024
(All amounts in Sri Lankan Rupees)

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	<u>Stated Capital</u>	<u>Profit & Loss</u>	<u>Revaluation Reserve</u>	<u>Grant - World Bank Health System Preparedness Project</u>	<u>Total</u>
Balance as at 01.01.2024	3,106,173,044	7,376,658,041	557,996,541	438,146,336	11,478,973,962
Profit for the Year	-	2,153,276,584	-	-	2,153,276,584
Other Comprehensive Income	-	(15,330,076)	-	-	(15,330,076)
Total Comprehensive Income	-	2,137,946,509	557,996,541	438,146,336	3,134,089,386
Treasury Levy	-	(300,000,000)	-	-	(300,000,000)
Prior Year Adjustment	-	(31,086,805)	-	-	(31,086,805)
Balance as at 31.12.2024	<u>3,106,173,044</u>	<u>9,183,517,745</u>	<u>557,996,541</u>	<u>438,146,336</u>	<u>12,289,690,789</u>

	<u>Stated Capital</u>	<u>Profit & Loss</u>	<u>Revaluation Reserve</u>	<u>Grant - World Bank Health System Preparedness Project</u>	<u>Total</u>
Balance as at 01.01.2023	690,079,000	6,145,370,588	557,996,541	-	7,393,446,129
Transfered as Government Capital Investment	2,416,094,044	-	-	-	2,416,094,044
Penicillin Zone Development Project (CERHSP)	-	-	-	438,146,336	438,146,336
Profit for the Year	-	1,518,555,307	-	-	1,518,555,307
Other Comprehensive Income	-	13,493,833	-	-	13,493,833
Total Comprehensive Income	-	1,532,049,139	557,996,541	438,146,336	2,528,192,017
Treasury Levy	-	(300,000,000)	-	-	(300,000,000)
Prior Year Adjustment	-	(761,686)	-	-	(761,686)
Balance as at 31.12.2023	<u>3,106,173,044</u>	<u>7,376,658,041</u>	<u>557,996,541</u>	<u>438,146,336</u>	<u>11,478,973,962</u>

State Pharmaceuticals Manufacturing Corporation
Statement of Cash Flow for the Year ended 31.12.2024
(All amounts in Sri Lankan Rupees)

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	<u>For the year</u> <u>2024</u>	<u>For the year</u> <u>2023</u>
<u>Cash Flows from Operating Activities</u>		
Net Profit/(Loss) before taxation & extraordinary items	3,081,153,362	2,173,308,106
Prior year Adjustment	(31,052,305)	(761,686)
Adjustments for :		
Depreciation on Fixed Assets	287,381,839	258,320,398
Current Service Cost	13,411,030	9,944,092
Employee Interest Cost	23,072,704	29,768,523
Expected Return on Plan Asset	(24,965,201)	(28,262,541)
Provision for Doubtful Debts	-	800,926,792
Unrealized Exchange Loss of Creditors	1,073,175	1,182,184
Profit / (Loss) on Disposal	429,134	167,416
Cost of Damaged & Unused	4,631,273	956,432
Interest Income	(587,396,153)	(611,027,968)
Operating Profit before Working Capital Changes	2,767,738,858	2,634,521,748
<u>Changes in items of Working Capital</u>		
(Increase) / Decrease in Inventories	(218,946,313)	(787,361,785)
(Increase) / Decrease in Debtors & Receivables	(520,321,615)	(18,410,208)
(Increase) / Decrease in Deposits & Prepayments	(4,786,872)	25,746,916
Increase / (Decrease) in Liabilities	637,172,362	182,571,573
Cash generated from operations	2,660,856,421	2,037,068,244
Gratuity paid	(25,190,440)	(15,097,410)
Tax paid	(1,025,162,476)	(674,401,394)
Net cash from operating activities	1,610,503,505	1,347,569,440
<u>Cash Flows from Investing Activities</u>		
Short term Investments (Note A)	(2,356,183,373)	(1,719,245,538)
Acquisition of Fixed Assets	(147,819,472)	(209,443,180)
Proceeds from the sale of Disposal of Property	269,632	172,003
Interest received	724,662,251	596,804,790
Increasing Other Non Current Assets	453,503	(5,456,960)
Net cash used in investing activities	(1,778,617,460)	(1,337,168,885)
<u>Cash Flows from Financing Activities</u>		
Treasury Levy	(300,000,000)	(300,000,000)
Net cash used in Financing activities	(300,000,000)	(300,000,000)
Net Increase / (Decrease) in Cash & Cash Equivalents	(468,113,954)	(289,599,445)
Cash & Cash Equivalents at the beginning of the period	468,896,309	758,495,754
Cash & Cash Equivalents at the end of the period (Note B)	782,355	468,896,309

Note A - Cash flow from investing activities

Cash Inflows during the period	(327,743,972,955)	(250,086,842,213)
Cash Outflows during the period	330,100,156,329	251,806,087,751
Net Cash Flow	2,356,183,373	1,719,245,538

Note B

Cash & Cash Equivalents

Bank of Ceylon - Ratmalana Branch	149,855	18,550
Bank of Ceylon - Corporate Branch	288,586	2,173,504
Peoples Bank - Ratmalana Branch	136,565	136,565
Peoples Bank - Corporate Branch	87,349	48,435
Dollar Margin - BOC Corporate	-	466,399,254
Cash Balance	100,000	100,000
Petty Cash	20,000	20,000
	782,355	468,896,309

CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

1. CORPORATE INFORMATION

GENERAL

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

The Corporation prepares Financial Statements for the year ended 31st December 2024. The Financial Statements were approved by the Board of Directors of the Corporation on 27th February 2025.

PRINCIPAL ACTIVITIES

The main functions are,

- (a) Either by itself or by entering into such Joint Venture, Public-Private Partnership or other such agreement to manufacture, process, stock, pack or repack medicine
- (b) To create subsidiary companies
- (c) To enter into International Agreements with potential investors
- (d) To provide technical assistance for the manufacturing and processing of medicine
- (e) To undertake pharmacological and pharmaceutical research and the standardization of medicine
- (f) To market medicinal products produced by the Corporation or Joint Venture or other such agreements

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

2.2 BASIS OF MEASUREMENT

The Financial Statements have been prepared on the historical cost basis. The financial statements of the Corporation are presented in Sri Lankan Rupees. The Board of Directors of the Corporation acknowledges their responsibilities for the Financial Statements.

2.3 GOING CONCERN

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 SIGNIFICANT ACCOUNTING POLICIES

The Accounting Policies set out below are consistent with those used in the previous year other than following.

3.1.1 PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are stated at fair value based on valuation by external independent valuer, less subsequent depreciation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. When significant parts of property, plant and equipment are required to be replaced at intervals, the Corporation derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the income statement as incurred.

3.1.2 DEPRECIATION

Depreciation is provided according to LKAS 16, depreciation of non-current assets commenced from the date it is made use of, whereas depreciation discontinued from the date an asset decided to be sold in accordance with SLFRS 05, on straight line basis. Estimated useful life Property, Plant & Equipment are as follows.

Leasehold Land	Over the period of Lease (99 years)
Landscaping Expenses	Over the period of Lease (99 years)
Buildings	40 years
Vehicle Shed	12 years
Plant & Machinery	20 to 1 year
Motor Vehicles	8 to 3 years
Motor Bicycle	7 years
Bicycle & Carts	20 to 7 years
Equipment	25 to 1 years
Computer Accessories	5 to 1 year
Computer Software	5 to 1 year
Furniture & Fittings	20 to 3 years
Tools	15 to 1 year

3.1.3 INTANGIBLE ASSETS

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

3.1.4 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

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

3.1.5 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

3.1.6 TAXATION

3.1.6.1 CURRENT TAXATION

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Taxation Authorities in respect of the current as well as prior years. The tax rate and tax laws used to compute the amounts are those that are enacted or substantially enacted by date of Statement of Financial position.

Accordingly, provision for taxation is made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provision of the Inland Revenue Act No: 24 of 2017 and the Amendments thereto, the rates specified in the act. Provision for the current year taxation made according to the accounting profit subject to the rate specified by act.

3.1.6.2 DEFERRED TAXATION

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

3.2 INVENTORIES

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

3.2.1 MEASUREMENT OF INVENTORIES

COST OF INVENTORIES

RAW MATERIALS

Cost of purchases together with any incidental expenses.

WORK IN PROGRESS

Raw material cost and variable manufacturing expenses in full.

FINISHED GOODS

Raw material cost and variable manufacturing expenses in full.

OTHER STOCKS

Cost is arrived at weighted average basis.

3.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method less provision for impairment. The Corporation has provided a Provision of Doubtful Debts for MSD Debtor long outstanding as at 31-12-2023.

3.2.3 CASH AND CASH EQUIVALANTS

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

3.2.4 RELATED PARTY TRANSACTIONS

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL ("KMP")

Key management personnel are those with authority and responsibility for planning and controlling the activities of the Corporation. Accordingly, the Directors of the Corporation (including executive and non-executive Directors) have been classified as KMP of the Corporation.

Compensation to key management personnel (Board of Directors) are follows.

	<u>2024</u>	<u>2023</u>
Short term benefits	2,394,055	2,830,423
Gift Vouchers	215,000	180,000

TRANSACTIONS WITH STATE AND STATE CONTROLLED ENTITIES

In the normal course of its operations, the Corporation enters into transactions with related parties. Related parties include the Government of Sri Lanka (State: as the ultimate owner of the Corporation), various government departments, and State controlled entities. Particulars of transactions, and arrangements entered into by the Corporation with the State and State controlled entities which are individually significant and for other transactions that are collectively, but not individually significant are as follows.

NATURE OF TRANSACTION	<u>2024</u>	<u>2023</u>
TRANSACTION		
Investment in Sri Lanka Government Securities Held by Corporation	8,411,745,348	6,166,594,367
Paid Surplus to Government during the year	300,000,000	300,000,000
Sales to DHS, SPC & Distributors	28,202,081,820	29,331,718,691
OUTSTANDING BALANCE		
Receivable from SPC	11,599,411	8,426,990
Receivable from DHS	2,885,941,368	2,378,686,753

3.2.5 CAPITAL

There is no change in the Authorized Capital during the year ended 31st December 2024.

3.2.6 EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

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

3.2.7 RESEARCH COST

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss when incurred.

4 LIABILITIES AND PROVISIONS

4.1 RETIREMENT BENEFIT OBLIGATION

4.1.1 DEFINED BENEFIT PLAN – RETIREMENT GRATUITY

A Defined Benefit Plan is a Post-Employment Benefit Plan other than a Defined Contribution Plan. The estimation of this liability, determined by an independent, qualified Actuary, necessarily involves long-term assumptions. The Defined Benefit Obligation is calculated annually using the Projected Unit Credit Method. The service of a qualified Actuary is obtained to determine the valuation of the Defined Benefit Obligation for the SPMC that adopted the Actuarial Valuation Method in computing the provision required in accordance with Sri Lanka Accounting Standard (LKAS – 19) – Employee Benefits. This standard also provides actuarial techniques which approximate the actuarial valuation which has been adopted by the company. The Projected Unit Credit method projects the current data using the actuarial assumptions and calculates projected benefits at the participants' assumed retirement date.

The Defined Benefit Obligation recognized in the Statement of Financial Position represents the present value of the Defined Benefit Obligation as reduced by the fair value of Plan Assets. Actuarial gains and losses are recognized as income or expenses in the Statement of Comprehensive Income during the Financial Year in which they arise. The Gratuity Liability of the SPMC is separately identified in part by a Gratuity Fund, with the investment of the fund being mainly in Treasury Bill with a Government Bank. Provision is made for Defined Benefit Plan Liability for all employees from the first year of service in conformity with Sri Lanka Accounting Standard (LKAS – 19) – Employee Benefits.

The actuarial Present Value of the Defined Benefit Obligation (PVDBO) under the PUC method / Accounting Standard is the present value of all benefits accrued to the existing employees of the scheme, based on service up to the valuation date, but with projected final salaries to the probable date of severance from employment [due to ill health, retirement, death, normal retirement or any other reason]. However, under the Payment of Gratuity Act No.12 of 1983, the liability to an employee arises only on completion of five years of continued service.

RECOGNITION OF ACTUARIAL GAINS AND LOSSES

The SPMC recognizes the total Actuarial Gains and Losses in the Other Comprehensive Income during the period in which it occurs.

RECOGNITION OF CURRENT SERVICE COST

Since end of service gratuity defined benefit is a statutory benefit, the recognition of current service cost will arise only if the Payment of Gratuity Act No.12 of 1983 is amended in future to increase the promised benefit in termination of employment. In such event, the SPMC will adopt the accounting policy currently used for defined benefit plans.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS – DEFINED BENEFIT PLANS

Cost of Defined Benefit Plans are determined using actuarial valuations. Actuarial valuation involves making various assumptions, determining discount rates, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and their long – term nature, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, the Management considers the interest rates of Sri Lanka Government Bonds. The mortality rate is based on publicly available mortality tables. Estimate on future salary increases is based on expected future inflation rates and expected future salary increase rate of the SPMC. The investment portfolio of the Plan Assets are exposed to market and credit risks.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The SPMC recognizes gain or loss on the settlement of a defined plan when the settlement occurs.

Retirement Benefit Obligations of State Pharmaceuticals Manufacturing Corporation have been determined based on actuarial valuations carried out by Mr.Munisami Poopalanathan – Actuary of Actuarial and Management Consultants (Pvt) Ltd.

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

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

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

EMPLOYEES PROVIDENT FUND

All Employees of the Corporation are members of the Employees Provident Fund to which the Corporation contributes 15% of the Employees' consolidated salary.

EMPLOYEES TRUST FUND

The Corporation contributes 3% of the Employees' consolidated salary to the Employees Trust Fund.

4.1.3 TRADE AND OTHER PAYABLES

Trade and other payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method less provision for impairment. The corporation has not provided any subsequent measured cost as there is material effect as at 31-12-2024.

4.1.4 PROVISION

GENERAL

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

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

5 INCOME STATEMENT

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

5.1.1 TURNOVER

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

5.1.2 REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Corporation assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Corporation has concluded that it is acting as a principal in all of its revenue arrangements.

SALE OF GOODS

Corporation recognized its revenue by selling Pharmaceuticals to Medical Supplies Division, State Pharmaceuticals Corporation and through Distribution channel.

Revenue from the sale of goods is recognized when the entity has transferred to the buyer the significant risk and rewards of ownership of the goods.

Corporation recognizes revenue from following sources.

- (a) Supplying Pharmaceuticals to Medical Supplies Division. (State Hospitals). Corporation engages in manufacturing, buying pharmaceuticals from Joint Ventures and selling to Medical Supplies Division. The revenue is recognized at the point the products are transferred to the Medical Supplies Division. SPMC supplies Joint Venture products to Medical Supplies Division by adding 6% to purchase price.

Corporation formed following Joint Venture Companies.

<u>Name of the Company</u>	<u>Place of J/Venture Company</u>	<u>Percentage of ownership</u>	<u>Principal Activity</u>
Celogen Lanka (Pvt)Ltd	No.116,Layards Broadway,Colombo 14	10%	Manufacturing,Distributing Pharmaceuticals to MSD through SPMC
Diyatha Pharmaceutical and Healthcare (Pvt)Ltd	No.53/A/1, Batagama North, Ja Ela	10%	Manufacturing,Distributing Pharmaceuticals to MSD through SPMC
Glosante (Pvt)Ltd	No.372, Sir Kudarathwaththe Mawatha,Dodangwala,Kandy	10%	Manufacturing,Distributing Pharmaceuticals to MSD through SPMC
Medicom (Pvt)Ltd	No.20,Vijitha Road,Nadimala,Dehiwala	10%	Manufacturing,Distributing Pharmaceuticals to MSD through SPMC
Yarden Laboratories (Pvt)Ltd	No.67,Norris Canal Road, Colombo 10	10%	Manufacturing,Distributing Pharmaceuticals to MSD through SPMC
Sands Active(Pvt)Ltd	No.36, Abdul Jabbar Mawatha, Colombo 12	10%	Manufacturing,Distributing Pharmaceuticals to MSD through SPMC

Corporation and Joint Venture Company shall execute a shareholder agreement in respect of the aforesaid shareholding in Joint Venture. These Joint Venture Companies will ensure that this proportion of shareholding granted to SPMC shall be maintained throughout the pendency of this agreement. Share holding details are mentioned below.

<u>Share Holding Company</u>	<u>No.of Shares</u>	<u>Issued Date</u>	<u>Value (Rs.)</u>
* Celogen Lanka (Pvt) Ltd	3,000,000	21.10.2020	3,000,000
* Diyatha Pharmaceutical and Healthcare (Pvt) Ltd	1,500,000	21.10.2020	1,500,000
* Premium International Injectable (Pvt)Ltd	16,162	22.12.2020	16,162
* Sands Active (Pvt)Ltd	33	15.11.2019	33
* Yarden Laboratories (Pvt)Ltd	4,111,111	07.06.2021	4,111,111
* Synergy Pharmaceuticals (Pvt)Ltd	10	01.07.2018	10
* Glosante (Pvt)Ltd	10	06.06.2022	10

- (b) Supplying Pharmaceuticals through distributors. Corporation engages in marketing of pharmaceuticals through distributors since 2003.

DESEGREGATION OF REVENUE

Revenue is desegregated by nature of revenue.

		<u>2024</u>	<u>2023</u>
Medical Supplies Division	– SPMC Products	6,365,874,163	6,529,310,266
	– Joint Venture Products	19,922,270,452	20,166,340,889
SPC	– SPMC Products	18,566,907	66,827,524
	– Joint Venture Products	9,299,089	8,647,340
Distribution	– SPMC Products	1,668,560,933	2,365,477,315
	– Joint Venture Products	217,510,274	195,115,357

SALES DISCOUNTS

Discounts are given to Distributors at following rates.

Credit Sales	9%
Cash Sales	10%

Sales to Franchise Osusala

Credit Sales between Rs.50,000 to Rs.100,000	6%
Cash Sales between Rs.50,000 to Rs.100,000	7%
Cash Sales to Doctors	5%

Direct Sales to State Pharmaceuticals Corporation

Credit Sales	10%
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5.1.3 EXPENSES

All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

Repair and renewals are charged to profit and loss in the year in which the expenditure is incurred.

5.1.4 FINANCING EXPENSES

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

5.1.5 ALLOCATION BETWEEN OVERHEADS

In the Financial Statements, Overheads allocation method as follows.

EXPENSES

- (a) Rates & Taxes, Electricity, Water Charges, Security Charges, Insurance, Maintenance of Equipment, Maintenance – General, Maintenance – Building, Depreciation.
- (b) Insurance of Health Insurance Scheme, Staff Welfare, Uniform & Shoes, Transport Charges.

- (c) Directors Fees, Other Incentives, Repairs & Maintenance of Motor Vehicles, Fuel & Lubricants for Vehicles, Postage & Fax, Telephone Charges, Security Charges, License Fee-Vehicles & Drugs, Printing & Stationery, Office Expenses, Audit Fee, Rent Charges, Advertisements, Trade Subs.& Periodicals, Legal & Inquiry Expenses, Professional Charges, Entertainment, Annual Subscription, Annual Conference & Meetings, Stamp Fee, Stationery Adj.-Stock take.
- (d) Staff Benefits & Other Expenses.

ALLOCATION METHOD

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

6. FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

6.1 FINANCIAL ASSETS

6.1.1 INITIAL RECOGNITION AND MEASUREMENT

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

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs. The Corporation financial Assets include cash and short term Treasury bill investment, trade and other receivable, staff loans and other receivable.

6.1.2 SUBSEQUENT MEASUREMENT

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

6.1.3 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

6.1.4 LOANS AND RECEIVABLES

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

6.1.5 HELD – TO – MATURITY INVESTMENTS

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Corporation has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized as finance cost in the income statement in finance cost. The Corporation did not have any held-to-maturity investments during the year ended 31 December 2024.

6.1.6 AVAILABLE – FOR – SALE FINANCIAL INVESTMENTS

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

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

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

For a financial assets reclassified out of the available for sale category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the assets are subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement. The Corporation did not have any available for-sale financial investments during the year ended 31 December 2024.

6.1.7 DERECOGNITION

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

- i). The rights to receive cash flows from the asset have expired.

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

6.1.8 IMPAIRMENT OF FINANCIAL ASSETS

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

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

6.1.9 FINANCIAL ASSETS CARRIED AT AMORTIZED COST

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

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

The Corporation is performed specific impairment for each debtor categories.

7 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

FINANCIAL RISK

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management frame work.

The Corporation risk management process are established to identify and analyze the risks faced by the Corporation to set appropriate risk limit and controls and to monitor risks and adherence to limit.

Note - 1		For the year		For the year	
Revenue		2024		2023	
Sales - MSD	SPMC	6,365,874,163		6,529,310,266	
	Joint Venture	19,922,270,452	26,288,144,615	20,166,340,889	26,695,651,155
Sales - Distribution	SPMC	1 - A 1,687,127,841		2,432,304,839	
	Joint Venture	1 - B 226,809,364	1,913,937,205	203,762,697	2,636,067,536
			28,202,081,820		29,331,718,691

Note - 1 A		For the year		For the year	
Sales - Distribution - SPMC		2024		2023	
Gross Sales		1,862,390,335		2,687,210,197	
(-) Discount - 6%		(51,988)		-	
(-) Discount - 7%		(3,033)		-	
(-) Discount - 9%		(94,176,374)		(122,912,584)	
(-) Discount - 10%		(81,031,099)		(131,992,775)	
Net Sales		1,687,127,841		2,432,304,839	

Note - 1 B		For the year		For the year	
Sales - Distribution - Joint Venture		2024		2023	
Gross Sales		249,932,883		224,545,824	
(-) Discount - 9%		(12,204,174)		(10,568,519)	
(-) Discount - 10%		(10,919,345)		(10,214,609)	
Net Sales		226,809,364		203,762,697	

Note - 2		For the year		For the year	
Cost of Sales		2024		2023	
Cost of Sales - MSD	SPMC	4,394,327,713		4,708,703,823	
	Joint Venture	18,822,743,554	23,217,071,267	19,043,340,361	23,752,044,184
Cost of Sales - SPMC	SPMC	1,147,410,416		1,907,567,989	
	Joint Venture	212,105,750	1,359,516,166	189,765,906	2,097,333,895
Production Expenses		621,956,703		532,591,149	
		25,198,544,136		26,381,969,228	

Note 2 A

Production Cost	Unabsorbed Cost	Absorbed Cost to the Cost of Sales	Total 2024	Total 2023
<u>Direct Labour(Production)</u>				
Salaries & Wages	-	60,503,964	60,503,964	61,502,678
Casual Salaries	1,805,555	367,292	2,172,847	2,071,114
Cost of Living	-	29,349,791	29,349,791	13,424,798
Travelling Incentive	-	10,818,071	10,818,071	10,819,138
E.P.F. & E.T.F. - 18%	4,793,814	13,429,458	18,223,272	14,378,933
Overtime	1,374,984	21,164,829	22,539,812	27,571,565
Attendance Incentive	10,237,209	-	10,237,209	9,924,274
Performance Incentive	49,974,971	3,215,035	53,190,006	57,657,883
Annual Bonus	10,197,160	-	10,197,160	3,499,285
Current & Past Service Cost	5,523,298	-	5,523,298	4,089,983
Employee Interest Cost	(749,713)	-	(749,713)	554,837
Shift Incentive	4,422,700	-	4,422,700	4,888,500
Staff Medical Expenses	6,676,642	-	6,676,642	7,308,208
Housing Loan Int.Reimb.	4,060,473	-	4,060,473	4,487,809
Supervisor Allowance	570,629	-	570,629	612,000
Difficult Working Condition Allowance	5,291,640	-	5,291,640	4,332,780
Professional Allowance	132,000	-	132,000	191,898
Retirement Benefit	276,000	-	276,000	-
Monthly Allowance	4,096,895	4,837,420	8,934,315	9,320,195
Staff Cost	7,431,634	-	7,431,634	4,181,678
	116,115,891	143,685,859	259,801,749	240,817,556
<u>Indirect Manufacturing Cost (Q/C,F/D,Plan/Main)</u>				
Salaries & Wages	40,381,371	2,236,918	42,618,289	41,445,201
Casual Salaries	4,114,255	-	4,114,255	561,036
Cost of Living	18,299,596	-	18,299,596	8,117,678
Travelling Incentive	7,363,991	-	7,363,991	7,183,955
E.P.F. & E.T.F. - 18%	12,537,883	-	12,537,883	9,647,989
Overtime	21,050,119	-	21,050,119	20,711,556
Attendance Incentive	9,304,445	-	9,304,445	7,323,021
Performance Incentive	32,469,004	-	32,469,004	35,035,565
Annual Bonus	6,334,438	-	6,334,438	1,721,544
Current & Past Service Cost	4,039,711	-	4,039,711	2,800,092
Employee Interest Cost	(540,664)	-	(540,664)	459,519
Shift Incentive	1,398,300	-	1,398,300	1,487,113
Staff Medical Expenses	4,683,076	-	4,683,076	4,421,509
Housing Loan Int.Reimbursement	1,909,273	-	1,909,273	2,355,751
Supervisor Allowance	108,000	-	108,000	135,968
Difficult Working Condition Allowance	2,239,235	-	2,239,235	1,846,860
Retirement Benefit	260,000	-	260,000	92,000
Professional Allowance	323,313	-	323,313	252,484
Monthly Allowance	5,753,162	-	5,753,162	5,434,993
Staff Cost	4,691,602	-	4,691,602	2,562,245
Special Acting Allowance	-	-	-	69,042
Communication Allowance	215,292	-	215,292	187,549
Insurance of Health Ins.Scheme	633,566	10,512,360	11,145,925	8,992,905
Staff Welfare	9,710,947	72,869,769	82,580,715	74,971,734
Staff Training	7,995,750	-	7,995,750	2,288,901
Uniforms & Shoes	896,158	3,631,405	4,527,563	5,440,428
Water Charges	-	9,758,618	9,758,618	6,823,329
Rates & Taxes	-	1,275,920	1,275,920	1,267,918
Electricity	6,265,570	84,449,294	90,714,864	108,626,519
Insurance - General	-	5,241,297	5,241,297	4,701,487
Security Charges - Production	7,618,576	-	7,618,576	7,527,444
Maintenance of Equipment	213,668	4,750,289	4,963,956	6,422,620
Maintenance-Production	230,190	22,164,085	22,394,275	37,692,126
Maintenance of Building	4,342,286	7,102,854	11,445,140	5,623,091
Depreciation	244,213,821	-	244,213,821	215,698,863
Transport Charges	525,256	885,735	1,410,991	448,900
Consumption - Spare Parts	465,883	50,058,363	50,524,246	27,968,748
Consumption - Fuel & Lubricants	-	44,482,086	44,482,086	53,313,395
Repairs & Maintenance P & M	9,581,486	15,006,029	24,587,515	18,424,559
Quality Control Expenses	31,455,449	-	31,455,449	32,972,640
R/M Destruction Charges	1,357,161	-	1,357,161	3,285,131
Cost of Rejected Raw Materials	2,352,642	-	2,352,642	1,344,532
Cost of Rejected Packing Materials	1,036,545	-	1,036,545	1,251,655
Cost of Rejected Work in Progress	1,656,167	-	1,656,167	2,087,653
Raw Material Adj-General Drugs	(1,628,638)	-	(1,628,638)	(1,118,496)
Raw Material Adj-Penicillin Drugs	312,397	-	312,397	72,499
Raw Material Adj-Stock Take	(1,498,900)	-	(1,498,900)	(905,325)
Packing Material Adj-Stock Take	(2,441,717)	-	(2,441,717)	(2,537,976)
Packing Material Adj.	248,175	-	248,175	(14,561)
Stock Take Adjustment - Main	81,946	-	81,946	(56,894)
Work-in-Progress Adj-Stock Take	51,489	-	51,489	(22,704)
Cost of Sales Invoice Variance	3,229,540	-	3,229,540	10,019,179
	621,956,703	478,110,879	1,100,067,582	1,027,280,526

Note - 3

Other Operating Income

Miscellaneous Income (Note 3-A)
Raw Material Sales

For the year
2024

	11,353,816
	332,442
	<u>11,686,257</u>

For the year
2023

	13,993,363
	102,973
	<u>14,096,336</u>

Note 3- A

Miscellaneous Income

Scrap Sales
Registration of Suppliers
Tender Document Fee
Creditor's Balance & Bid Bond Payable balance Writeoff
General

For the year
2024

	4,610,222
	883,000
	4,697,350
	-
	<u>1,163,243</u>
	<u>11,353,816</u>

For the year
2023

	7,211,381
	729,000
	3,058,630
	1,972,769
	<u>1,021,583</u>
	<u>13,993,363</u>

Note - 4

Administration Expenses

Salaries & Wages
Casual Salaries
Cost of Living
Travelling Incentive
E.P.F. & E.T.F. - 18%
Overtime
Attendance Incentive
Performance Incentive
Annual Bonus
Current & Past Service Cost
Employee Interest Cost
Shift Incentive
Staff Cost
Staff Medical Expenses
Housing Loan Int.Reimbursement
Supervisor Allowance
Difficult Working Condition Allowance
Professional Allowance
Special Acting Incentive
Monthly Allowance
Retirement Benefit
Communication Allowance
Ins.of Health Insurance Scheme
Staff Welfare
Staff Training
Uniforms & Shoes
Travelling - Overseas
Directors Fees
Other Incentives
Rates & Taxes
Electricity
Water Charges
Insurance - General
Insurance - Vehicles
Repairs & Maintenance of Motor Vehicles
Fuel & Lubricants for Vehicles
Maintenance of Equipment
Maintenance-Administration
Maintenance of Building
Depreciation
Transport Charges
Postage & Fax
Telephone Charges
Security Charges
Donations
Licence Fee - Vehicles
Licence Fee - Drugs
Licence Fee - Others
Printing & Stationery
Office Expenses
Audit Fee
Rent Charges
Advertisements
Trade Subs.& Periodicals
Legal & Inquiry Expenses
Professional Charges
Entertainment
Annual Subscription
Stamp Fee
Cost of Damaged & Unused
Stationary Adj-Stock take

For the year
2024

Salaries & Wages	43,200,362
Casual Salaries	2,526,899
Cost of Living	17,268,252
Travelling Incentive	13,598,224
E.P.F. & E.T.F. - 18%	11,407,027
Overtime	17,412,126
Attendance Incentive	8,387,569
Performance Incentive	31,187,732
Annual Bonus	5,834,500
Current & Past Service Cost	3,848,021
Employee Interest Cost	(602,120)
Shift Incentive	615,400
Staff Cost	4,345,881
Staff Medical Expenses	5,977,738
Housing Loan Int.Reimbursement	3,499,898
Supervisor Allowance	285,968
Difficult Working Condition Allowance	729,285
Professional Allowance	904,782
Special Acting Incentive	1,183,479
Monthly Allowance	5,281,932
Retirement Benefit	360,000
Communication Allowance	456,498
Ins.of Health Insurance Scheme	4,056,913
Staff Welfare	28,296,729
Staff Training	1,545,231
Uniforms & Shoes	1,081,407
Travelling - Overseas	-
Directors Fees	296,000
Other Incentives	5,631,800
Rates & Taxes	545,068
Electricity	28,550,974
Water Charges	3,315,649
Insurance - General	730,041
Insurance - Vehicles	361,911
Repairs & Maintenance of Motor Vehicles	13,698,978
Fuel & Lubricants for Vehicles	13,433,062
Maintenance of Equipment	3,136,818
Maintenance-Administration	7,528,263
Maintenance of Building	2,148,410
Depreciation	43,168,018
Transport Charges	1,718,651
Postage & Fax	1,504,372
Telephone Charges	1,069,521
Security Charges	3,894,395
Donations	709,415
Licence Fee - Vehicles	132,341
Licence Fee - Drugs	7,539,777
Licence Fee - Others	344,628
Printing & Stationery	11,356,947
Office Expenses	2,528,546
Audit Fee	2,300,000
Rent Charges	30,775,599
Advertisements	5,616,165
Trade Subs.& Periodicals	144,920
Legal & Inquiry Expenses	520,000
Professional Charges	5,230,802
Entertainment	2,906,796
Annual Subscription	173,000
Stamp Fee	55,975
Cost of Damaged & Unused	4,631,273
Stationary Adj-Stock take	2,414
	<u>418,390,261</u>

For the year
2023

Salaries & Wages	43,850,364
Casual Salaries	1,351,040
Cost of Living	7,995,465
Travelling Incentive	15,346,579
E.P.F. & E.T.F. - 18%	9,273,844
Overtime	17,499,593
Attendance Incentive	7,097,780
Performance Incentive	33,207,773
Annual Bonus	1,581,025
Current & Past Service Cost	3,054,017
Employee Interest Cost	491,627
Shift Incentive	582,800
Staff Cost	2,462,722
Staff Medical Expenses	4,677,774
Housing Loan Int.Reimbursement	3,767,121
Supervisor Allowance	300,000
Difficult Working Condition Allowance	542,190
Professional Allowance	1,060,073
Special Acting Incentive	1,058,360
Monthly Allowance	5,524,211
Retirement Benefit	472,000
Communication Allowance	523,508
Ins.of Health Insurance Scheme	3,591,617
Staff Welfare	25,983,258
Staff Training	748,156
Uniforms & Shoes	1,432,006
Travelling - Overseas	666,722
Directors Fees	320,000
Other Incentives	7,167,800
Rates & Taxes	545,146
Electricity	32,908,839
Water Charges	2,858,135
Insurance - General	822,547
Insurance - Vehicles	331,248
Repairs & Maintenance of Motor Vehicles	10,425,767
Fuel & Lubricants for Vehicles	15,011,119
Maintenance of Equipment	1,979,551
Maintenance-Administration	6,775,809
Maintenance of Building	294,109
Depreciation	42,621,535
Transport Charges	921,243
Postage & Fax	911,268
Telephone Charges	1,118,724
Security Charges	2,166,244
Donations	392,950
Licence Fee - Vehicles	124,934
Licence Fee - Drugs	7,749,877
Licence Fee - Others	354,568
Printing & Stationery	10,589,662
Office Expenses	2,203,723
Audit Fee	1,955,400
Rent Charges	41,796,482
Advertisements	5,869,241
Trade Subs.& Periodicals	123,420
Legal & Inquiry Expenses	-
Professional Charges	324,129
Entertainment	2,377,011
Annual Subscription	74,635
Stamp Fee	62,600
Cost of Damaged & Unused	956,432
Stationary Adj-Stock take	-
	<u>396,275,773</u>

State Pharmaceuticals Manufacturing Corporation
Notes to the Financial Statements for the year ended 31.12.2024
(All amounts in Sri Lankan Rupees)

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Note - 5

Selling & Distribution Expenses

	<u>For the year</u> <u>2024</u>	<u>For the year</u> <u>2023</u>
Promotional Discounts	78,005,017	132,015,605
Sales Promotion Expenses	4,397,045	4,093,499
Cost of Rejected Finished Goods	2,521,736	-
Doubtful Debt	(2,347,920)	800,926,792
	<u>82,575,878</u>	<u>937,035,896</u>

Note - 6

Other Operating Expenses

	<u>For the year</u> <u>2024</u>	<u>For the year</u> <u>2023</u>
Formulation, Research & Dev.	12,670,936	22,112,506
Stock Take Adjustments - FD	426,163	6,459
Loss on Disposal	429,134	167,416
	<u>13,526,232</u>	<u>22,286,381</u>

Note - 7

Finance Cost

	<u>For the year</u> <u>2024</u>	<u>For the year</u> <u>2023</u>
Bank Charges	714,558	562,502
O.D.Interest	36,970	52,984
Exchange Loss	25,005,550	56,873,126
	<u>25,757,077</u>	<u>57,488,612</u>

Note - 8

Finance Income

	<u>For the year</u> <u>2024</u>	<u>For the year</u> <u>2023</u>
Staff Loan Interest	2,313,600	2,314,357
Treasury Bill Interest	587,396,153	611,027,968
Interest Income - Staff Loan	16,469,116	9,206,645
	<u>606,178,870</u>	<u>622,548,970</u>

Note - 9

Income Tax Expense

Current Tax Expense	Note - 9 A
Deferred Tax Expense	Note - 9 B (i)

For the year

2024

954,887,091
(27,010,313)
927,876,777

For the year

2023

826,482,763
(171,729,964)
654,752,798

Note - 9 A

Current Tax Expense

Income Tax on Profit for the year	Note - 9 A (i)
Over / Under Provision for Income Tax	
Income Tax on Actuarial Gain on Plan Asset	

For the year

2024

955,267,642
-
(380,552)
954,887,091

For the year

2023

828,511,769
-
(2,029,006)
826,482,763

Note - 9 A (i)

Income Tax on Profit for the year

Net Profit before Taxation

For the year

2024

3,081,153,362

For the year

2023

2,173,308,106

(-) Income which does not part of Trading Profit

Interest on Treasury Bills

(612,361,354)

(639,290,509)

Net Profit from Trading Activities

2,468,792,008

1,534,017,597

(+) Disallowable Expenses

330,852,836

1,101,800,822

(-) Allowable Expenses

(229,219,403)

(520,312,387)

(+) Profit on disposal of Property, Plant & Equipment

170,175

146,003

Taxable Income

2,570,595,616

2,115,652,035

Income Tax rate on Operational Income

30%

30%

Income Tax rate on Interest Income

30%

30%

Income Tax on Operational Income

30% 2,570,595,616

771,178,685

30% 2,115,652,035

634,695,611

Income Tax on Interest Income

30% 613,629,859

184,088,958

30% 646,053,861

193,816,158

Total Income Tax

955,267,642

828,511,769

Note - 9 B

For the year

2024

For the year

2023

Deferred Tax

Charge/(Reversal) as Deferred Tax during the year

**Temporary
Difference**

**Temporary
Difference**

Deferred Tax on Deferred Tax Liabilities - Note - 9 B (vi)

2,506,605,841

751,981,752

2,589,133,750

776,740,125

Deferred Tax on Deferred Tax Assets - Note - 9 B (vii)

(1,321,502,129)

(396,450,639)

(1,290,827,046)

(387,248,114)

Deferred Tax Liability at the end of the year

355,531,114

389,492,011

Deferred Tax Liability at the beginning of the year

389,492,011

557,467,909

Charge/(Reversal) as Deferred Tax during the year

(33,960,897)

(167,975,899)

Note - 9 B (i)

Deferred Tax Adjustment

For the year

2024

Charged to P & L - Note - 9 B (ii)

(27,010,313)

(171,729,964)

Charged to OCI - Note - 9 B (iii)

(6,950,584)

3,754,066

(33,960,897)

(167,975,898)

Note - 9 B (ii)

Deferred Tax Adjustment - Charged to P & L

Origination & reversal of Temporary Differences
Adjustment to opening Deferred Tax Liability resulting from
increasing of Tax rate

Note 9 B (iv)

Note 9 B (v)

For the year

2024

(27,010,313)

(27,010,313)

For the year

2023

(171,729,964)

(171,729,964)

Note - 9 B (iii)

Deferred Tax Adjustment - Charged to OCI

Deferred tax attributable to Revaluation Surplus of P,P & E
Tax on Actuarial (Gain)/Loss of Provision for Employee Benefit
Liability

For the year

2024

-

(6,950,584)

(6,950,584)

For the year

2023

-

3,754,066

3,754,066

Total Deferred Tax Adjustment

(33,960,897)

(167,975,898)

Note - 9 B (iv)

**Deferred Tax Expense/ (Income) related to the
origination & reversal of Temporary Differences**

Total Net Deferred Tax for the year
(-) Opening Deferred Tax Liability

For the year

2024

355,531,114

(389,492,011)

For the year

2023

389,492,011

(557,467,909)

Adjustment to opening Deferred Tax Liability resulting from
increasing of tax rate

-

-

Tax on Actuarial (Gain)/Loss of Provision for Employee Benefit
Liability

6,950,584

(27,010,313)

(3,754,066)

(171,729,964)

Note - 9 B (v)

**Adjustment to opening Deferred Tax Liability resulting
from increasing of tax rate**

Net Temporary Difference at the beginning
Adjustment to opening deferred tax liability

For the year

2024

1,298,306,703

-

For the year

2023

2,170,644,282

-

Note - 9 B (vi)

Deferred Tax Liability

Types of Temporary Differences

For the year

2024

Tax effect

30%

751,981,752

751,981,752

For the year

2023

Tax effect

30%

776,740,125

776,740,125

Accelerated Depreciation of P,P & E for Tax purposes
Net Deferred Tax Liability

2,506,605,841

2,589,133,750

Note - 9 B (vii)

Deferred Tax Assets

Types of Temporary Differences

For the year

2024

Tax effect

30%

(63,583,273)

(332,545,413)

(321,953)

(396,450,639)

For the year

2023

Tax effect

30%

(53,244,701)

(334,003,413)

-

(387,248,114)

Employee Benefit Liability that are deducted for Tax purposes only
when paid

(211,944,243)

(177,482,336)

Provision for Doubtful Debts

(1,108,484,710)

(1,113,344,710)

Foreign Exchange Loss - Unrealized

(1,073,175)

Net Deferred Tax Asset

Note - 10
Property, Plant & Equipments - Depreciable Assets

Cost

2024

Description	Cost/Revaluation Value As At 01.01.2024	Acquisitions During the Year	Disposals During the Year	Balance As at 31.12.2024	Damaged & Unused Adjustments (Note - 12)	Balance After Adj. of Damaged & Unused As At 31.12.2024
Depreciable Assets						
Land Scaping Expenses	6,113,388	-	-	6,113,388	-	6,113,388
Land	49,471,918	-	-	49,471,918	-	49,471,918
Buildings	1,391,070,033	18,050,990	-	1,409,121,023	-	1,409,121,023
Plant & Machinery	2,677,578,644	109,961,778	(500,000)	2,787,040,422	(6,288,349)	2,780,752,073
Motor Vehicles	63,450,000	-	-	63,450,000	-	63,450,000
Motor Bicycle	185,000	-	-	185,000	-	185,000
Equipment	257,581,191	9,926,033	(340,500)	267,166,724	(3,920,571)	263,246,153
Computer Accessories	28,008,254	12,286,801	(919,050)	39,376,005	(281,600)	39,094,405
Furniture & Fittings	31,081,453	3,815,510	(2,500)	34,894,463	(495,304)	34,399,159
Bicycle & Carts	3,364,532	-	-	3,364,532	-	3,364,532
Tools	3,458,825	-	-	3,458,825	(6,750)	3,452,075
Vehicle Parking Shed	3,200,000	-	-	3,200,000	-	3,200,000
Total Value of Assets	4,514,563,238	154,041,112	(1,762,050)	4,666,842,300	(10,992,574)	4,655,849,726

Depreciation

Description	Accumulated Dep. As at 01.01.2024	Depreciation For the Year	Acc. Dep. Related to Disposals	Damaged & Unused Adjustments	Balance As at 31.12.2024
Depreciable Assets					
Land Scaping Expenses	2,283,742	60,788	-	-	2,344,530
Land	-	-	-	-	-
Buildings	115,995,325	70,966,135	-	-	186,961,460
Plant & Machinery	294,569,067	164,436,769	(123,858)	(1,286,759)	457,595,219
Motor Vehicles	24,102,619	8,856,865	-	-	32,959,484
Motor Bicycle	52,857	26,429	-	-	79,286
Equipment	51,698,755	27,174,816	(185,913)	(1,413,671)	77,273,987
Computer Accessories	11,673,099	5,870,106	(651,476)	(117,744)	16,773,985
Furniture & Fittings	6,169,124	3,796,367	-	(34,821)	9,930,670
Bicycle & Carts	611,972	327,416	-	-	939,388
Tools	1,163,277	543,333	-	-	1,706,610
Vehicle Parking Shed	533,333	266,667	-	-	800,000
Total	508,853,170	282,325,691	(961,247)	(2,852,995)	787,364,619

Written Down Value

Description	Balance As at 31.12.2024
Depreciable Assets	
Land Scaping Expenses	3,768,858
Land	49,471,918
Buildings	1,222,159,563
Plant & Machinery	2,323,156,854
Motor Vehicles	30,490,516
Motor Bicycle	105,714
Equipment	185,972,166
Computer Accessories	22,320,420
Furniture & Fittings	24,468,489
Bicycle & Carts	2,425,144
Tools	1,745,464
Vehicle Parking Shed	2,400,000
Total	3,868,485,107

Cost

2023

Description	Cost As At 01.01.2023 Restated	Acquisitions During the Year Restated	Disposals During the Year Restated	Balance As at 31.12.2023 Restated	Damaged & Unused Adjustments Restated	Balance After Adj. of Damaged & Unused As At 31.12.2023 Restated
Depreciable Assets						
Land Scaping Expenses	6,113,388	-	-	6,113,388	-	6,113,388
Land	49,471,918	-	-	49,471,918	-	49,471,918
Buildings	1,160,828,144	230,241,889	-	1,391,070,033	-	1,391,070,033
Plant & Machinery	2,379,662,018	297,916,626	-	2,677,578,644	(1,116,600)	2,676,462,044
Motor Vehicles	63,450,000	-	-	63,450,000	-	63,450,000
Motor Bicycle	185,000	0	-	185,000	-	185,000
Equipment	196,048,090	61,533,101	-	257,581,191	(1,853,119)	255,728,072
Computer Accessories	23,222,901	5,318,203	(532,850)	28,008,254	(181,800)	27,826,454
Furniture & Fittings	26,788,750	4,292,703	-	31,081,453	(439,737)	30,641,716
Bicycle & Carts	3,364,532	-	-	3,364,532	-	3,364,532
Tools	3,458,825	-	-	3,458,825	(6,750)	3,452,075
Vehicle Parking Shed	3,200,000	0	-	3,200,000	-	3,200,000
Total Value of Assets	3,915,793,566	599,302,522	(532,850)	4,514,563,238	(3,598,006)	4,510,965,232

Depreciation

Description	Accumulated Dep. As at 01.01.2023	Depreciation For the Year	Acc. Dep. Related to Disposals	Damaged & Unused Adjustments	Balance As at 31.12.2023
Depreciable Assets					
Land Scaping Expenses	2,222,954	60,788	-	-	2,283,742
Land	-	-	-	-	-
Buildings	57,873,263	58,122,062	-	-	115,995,325
Plant & Machinery	150,103,957	144,630,442	-	(165,332)	294,569,067
Motor Vehicles	12,051,310	12,051,309	-	-	24,102,619
Motor Bicycle	26,429	26,428	-	-	52,857
Equipment	25,845,610	26,916,977	-	(1,063,832)	51,698,755
Computer Accessories	6,011,517	6,049,989	(240,606)	(147,801)	11,673,099
Furniture & Fittings	2,905,431	3,327,202	-	(63,509)	6,169,124
Bicycle & Carts	284,556	327,416	-	-	611,972
Tools	599,744	563,533	-	-	1,163,277
Vehicle Parking Shed	266,667	266,666	-	-	533,333
Total	258,191,438	252,342,812	(240,606)	-	508,853,170

Written Down Value

Description	Balance As at 31.12.2023
Depreciable Assets	
Land Scaping Expenses	3,829,646
Land	49,471,918
Buildings	1,275,074,708
Plant & Machinery	2,381,892,977
Motor Vehicles	39,347,381
Motor Bicycle	132,143
Equipment	204,029,317
Computer Accessories	16,153,355
Furniture & Fittings	24,472,592
Bicycle & Carts	2,752,560
Tools	2,288,798
Vehicle Parking Shed	2,666,667
Total	4,002,112,062

Note - 11
Intangible Assets

2024						
Cost						
Description	Cost/Revaluation Value As At 01.01.2024	Acquisitions During the Year	Disposals During the Year	Balance As At 31.12.2024	Damaged & Unused Adjustments (Note - 02 A)	Balance After Adj. of Damaged & Unused As At 31.12.2024
Computer Software	10,777,455	780,375	(71,000)	11,486,830	-	11,486,830
Total Value of Assets	10,777,455	780,375	(71,000)	11,486,830	-	11,486,830

Depreciation

Description	Accumulated Dep. As at 01.01.2024	Depreciation For the Year	Acc. Dep. Related to Disposals	Damaged & Unused Adjustments	Balance As at 31.12.2024
Computer Software	5,289,015	1,750,525	(48,836)	-	6,990,704
Total	5,289,015	1,750,525	(48,836)		6,990,704

Written Down Value

Description	Balance As at 31.12.2024
Computer Software	4,496,126
Total	4,496,126

Note - 12

Damaged & Unused Adjustment

2024				
Description	Balance as at 01.01.2024	Damaged & Unused identified during the year	Disposals During the Year 2024	Balance as at 31.12.2024
Plant & Machinery	1,116,600	5,171,749	-	6,288,349
Equipment	1,853,119	2,094,952	(27,500)	3,920,571
Computer Accessories	181,800	162,000	(62,200)	281,600
Furniture & Fittings	439,737	55,567	-	495,304
Tools	6,750	-	-	6,750
Computer Software	-	-	-	-
	3,598,006	7,484,268	(89,700)	10,992,574

Note - 13

Prepaid Lease

2024				
Cost				
Description	Cost As At 01.01.2024	Acquisitions During the Year	Disposals During the Year	Cost As At 31.12.2024
Leasehold Land	327,327,643	-	-	327,327,643
Total Value of Assets	327,327,643	-	-	327,327,643

Depreciation

Description	Accumulated Dep. As at 01.01.2024	Depreciation For the Year	Acc. Dep. Related to Disposals	Balance As at 31.12.2024
Leasehold Land	8,249,680	3,305,623	-	11,555,303
Total	8,249,680	3,305,623	-	11,555,303

Written Down Value

Description	Balance As at 31.12.2024
Leasehold Land	315,772,340
Total	315,772,340

Lease of Land 99 Years

Land had been acquired from Urban Development Authority on 99 Years lease. Total lease value had been paid at the beginning of the lease period. Lease amount has been accounted for on straight line basis over the lease period of 99 years.

Cost

2023						
Cost						
Description	Cost As At 01.01.2023	Acquisitions During the Year	Disposals During the Year	Balance As at 31.12.2023	Damaged & Unused Adjustments	Balance After Adj. of Damaged & Unused As At 31.12.2023
Computer Software	8,935,842	1,949,113	(107,500)	10,777,455	-	10,777,455
Total Value of Assets	8,935,842	1,949,113	(107,500)	10,777,455	-	10,777,455

Depreciation

Description	Accumulated Dep. As at 01.01.2023	Depreciation For the Year	Acc. Dep. Related to Disposals	Damaged & Unused Adjustments	Balance As at 31.12.2023
Computer Software	2,677,379	2,671,961	(60,325)	-	5,289,015
Total	2,677,379	2,671,961	(60,325)	-	5,289,015

Written Down Value

Description	Balance As at 31.12.2023
Computer Software	5,488,440
Total	5,488,440

Damaged & Unused Adjustment

2023					
Description	Balance as at 01.01.2023	Damaged & Unused identified during the year	Disposals during the year	Reuse during the year	Balance as at 31.12.2023
Plant & Machinery	724,250	392,350	-	-	1,116,600
Equipment	388,117	1,465,002	-	-	1,853,119
Computer Accessories	14,600	167,200	-	-	181,800
Furniture & Fittings	67,382	372,355	-	-	439,737
Tools	6,750	-	-	-	6,750
Computer Software	-	-	-	-	-
	1,201,099	2,396,907	-	-	3,598,006

Cost

2023				
Description	Cost As At 01.01.2023	Acquisitions During the Year	Disposals During the Year	Balance As at 31.12.2023
Leasehold Land	327,327,643	-	-	327,327,643
Total Value of Assets	327,327,643	-	-	327,327,643

Depreciation

Description	Accumulated Dep. As at 01.01.2023	Depreciation For the Year	Acc. Dep. Related to Disposals	Balance As at 31.12.2023
Leasehold Land	4,944,057	3,305,623	-	8,249,680
Total	4,944,057	3,305,623	-	8,249,680

Written Down Value

Description	Balance As at 31.12.2023
Leasehold Land	319,077,963
Total	319,077,963

Notes to the Financial Statements for the year ended 31.12.2024

(All amounts in Sri Lankan Rupees)

Note - 14**Other Non Current Assets**

	As at 31.12.2024	As at 31.12.2023
Deposits	5,906,360	6,397,360
Security Deposits	458,973	421,476
	<u>6,365,333</u>	<u>6,818,836</u>

Note - 15**Inventories**

	As at 31.12.2024	As at 31.12.2023
Raw Materials	1,856,288,021	2,267,953,484
Packing Materials	265,337,767	247,821,565
Finished Goods	1,319,226,722	975,563,478
Work-in-Progress	271,306,785	140,495,164
Goods in Transits - R/M	124,328,349	6,870,851
Inventory - Formulation, Research & Dev.	23,348,477	26,414,306
Spare Parts - Plant & Machinery & Consumables	247,419,422	216,624,072
Fuel & Lubricants	4,610,371	4,931,857
Inventory - Stationery	4,478,607	4,014,966
Inv.Control - Loan Given	13,983,400	20,691,867
	<u>4,130,327,919</u>	<u>3,911,381,608</u>

256,508,399

Note - 16**Trade Debtors & Receivables**

	As at 31.12.2024	As at 31.12.2023
Debtors - SPC	2,030,400	3,780,000
(-) Provision for Doubtful Debts	-	(3,780,000)
Debtors - MSD	2,885,941,368	2,378,686,753
(-) Provision for Doubtful Debts	(1,108,484,710)	(1,108,484,710)
Debtors - Distributors	166,710,560	166,083,051
(-) Provision for Doubtful Debts	-	(1,080,000)
Distress Loans	57,235,143	55,245,938
Receivables	125,753,390	118,741,956
Cycle Loans	10,742,191	10,456,982
Paye Tax	1,133,073	979,329
Festival Advance	1,499,000	1,492,500
Import Deposits Refunds	645,000	762,000
	<u>2,143,205,414</u>	<u>1,622,883,799</u>

Note - 17

Pre-Payments

	<u>As at 31.12.2024</u>	<u>As at 31.12.2023</u>
Advance Payments	1,422,044	3,822,429
Advance Payments - Machinery & Spare Parts	32,078,710	19,444,864
Prepayments	6,607,683	7,818,969
Prepaid Staff Cost	7,297,838	11,533,141
	<u>47,406,275</u>	<u>42,619,403</u>

Note - 18

Other Financial Assets

	<u>As at 31.12.2024</u>	<u>As at 31.12.2023</u>
Treasury Bills	8,193,471,634	5,974,554,359
	<u>8,193,471,634</u>	<u>5,974,554,359</u>

Investment in Treasury Bills

REPO are classified as current assets measured at amortised cost. The Corporation limits its exposure to credit risk by investing only in REPOs with Government Banks (Bank of Ceylon , People's Bank and National Saving Bank) with Board Approval.

Note - 19

Cash In Hand & at Bank

	<u>As at 31.12.2024</u>	<u>As at 31.12.2023</u>
Bank of Ceylon - Ratmalana	149,855	18,550
Bank of Ceylon - Corporate	288,586	2,173,504
Peoples Bank - Ratmalana	136,565	136,565
Peoples Bank - Corporate	87,349	48,435
Dollar Margin - BOC Corporate	-	466,399,254
Cash in Hand	100,000	100,000
Petty Cash	20,000	20,000
	<u>782,355</u>	<u>468,896,309</u>

Note - 20

Stated Capital

Stated Capital is made up by Grant amounting to JY. 2,564 million converted at the average rate of Rs. 0.186 amounting to Rs. 476,904,000.00 and the funds contributed by the General Treasury amounting to Rs. 208,375,000.00 & Rs.2,416,094,044 as a Government Capital Investment and also the value of land amounting to Rs. 4,800,000.00 transferred from the State Pharmaceuticals Corporation.

Note 21

World Bank Health System Preparedness Project

This project, approved on 7th May 2023, has been implemented through two separate procurements. The first tender focused on acquiring pharmaceutical manufacturing machinery, while the second tender was dedicated to expanding the existing Penicillin Zone. SPMC capitalized the following categories with their respective amounts for the year 2023.

	<u>Amount (Rs.)</u>
Mixing Machine	17,510,835.00
Capsule Filling Machine	53,961,607.42
Bulk Packing Line for small bottles	77,421,689.19
Tablet Compression Machine	56,357,729.64
Blister Packing Machine with Carton Packing	35,897,384.10
Penicillin Zone Refurbishment	196,997,090.56
	<u>438,146,335.91</u>

Notes to the Financial Statements for the year ended 31.12.2024

(All amounts in Sri Lankan Rupees)

Note - 22**Net Retirement Benefit Obligation**

	As at 31.12.2024	As at 31.12.2023
Present value of Defined Benefit Obligation	211,944,243	177,482,336
Fair value of Plan Asset	(192,040,008)	(192,040,008)
Net Retirement Benefit Obligation	<u>19,904,235</u>	<u>(14,557,672)</u>

Movement of the Retirement Benefit Obligation

	As at 31.12.2024	As at 31.12.2023
Balance as at 01st of January	177,482,336	165,380,683
Interest Cost for the period	23,072,704	29,768,523
Current Service Cost for the period	13,411,030	9,944,092
Gratuity paid during the period	(25,190,440)	(15,097,410)
Actuarial (Gain) / Loss on PV-DBO	23,168,613	(12,513,552)
Balance as at 31st December	<u>211,944,243</u>	<u>177,482,336</u>

Movement of the Plan Asset

	As at 31.12.2024	As at 31.12.2023
Value of Plan Asset as at 01st of January	192,040,008	157,014,115
Expected Return on Plan Asset	24,965,201	28,262,541
Contribution paid in to Plan Asset	-	-
Benefits paid out by the Plan Asset	-	-
Actuarial Gain / (Loss) on Plan Asset	1,268,505	6,763,352
Value of Plan Asset as at 31st December	<u>218,273,714</u>	<u>192,040,008</u>

Plan Asset consist of the following

	As at 31.12.2024	As at 31.12.2023
Investment in Treasury Bill at NSB	218,273,714	192,040,008
	<u>218,273,714</u>	<u>192,040,008</u>

Amounts recognised in the Income Statement

	As at 31.12.2024	As at 31.12.2023
Current and Past Service Cost	13,411,030	9,944,092
Interest Cost	23,072,704	29,768,523
Expected Return on Plan Asset	(24,965,201)	(28,262,541)
Net Amount	<u>11,518,533</u>	<u>11,450,074</u>

Amounts recognised in the Other Comprehensive Income

	As at 31.12.2024	As at 31.12.2023
Actuarial Gain / (Loss) on PV - DBO	(23,168,613)	12,513,552
Actuarial Gain / (Loss) on Plan Asset	1,268,505	6,763,352
Total	<u>(21,900,108)</u>	<u>19,276,904</u>

Details of actuarial assumptions of the SPMC is as follows

Actuarial Assumptions

	As at 31.12.2024	As at 31.12.2023
Discount Rate	11.00 %	13.00 %
Future Salary Increases	9.00 %	11.00 %
Staff Turnover Rate	4.00 %	2.00 %

The changes in Actuarial assumptions are due to the changes in market rates and changes in expected salary increases. There are no changes to the method and assumptions used in the sensitivity analysis performed in 2024 and 2023.

Note - 22Contd**Mortality & Disability**

Mortality and Disability									
Mortality	Age	20	25	30	35	40	45	50	55
Rates	Rate	0.00089	0.00069	0.00065	0.00086	0.00144	0.00264	0.00479	0.00844
Disability	Age	20	25	30	35	40	45	50	55
Rates	Rate	0.000089	0.000069	0.000065	0.000086	0.000144	0.000264	0.000479	0.000844

Sensitivity of assumptions employed in Gratuity Liability Valuation

The following table demonstrates the impact on the Defined Benefit Obligation and Statement of Comprehensive Income of the changes in the significant actuarial assumptions employed with all other variables held constant in the Employee Benefit Liability measurement.

Variable changed (while all other assumptions remain unchanged)	Present Value of Defined Benefit Obligation Rs.
One Percentage Point Increase (+1%) in Discount Rate	197,118,475
One Percentage Point Decrease (-1%) in Discount Rate	228,860,464
One Percentage Point Increase (+1%) in Salary Escalation Rate (including allowance)	229,062,753
One Percentage Point Decrease (-1%) in Salary Escalation Rate (including allowance)	196,693,888

Employee Data

Summary of the active Employee data is set out below

Age Group	No. of Employees	Total Monthly Salaries Rs	Average Past Service yrs **	Average Future Working Life Time as per the assumptions made yrs**
20 to 24	21	815,060	0.6	18.8
25 to 29	51	2,357,855	2.9	17.6
30 to 34	66	3,232,515	5.6	16.4
35 to 39	69	3,541,890	10.6	14.4
40 to 44	37	2,026,355	12.9	12.3
45 to 49	27	1,623,350	17.4	10.3
50 to 54	46	3,199,885	24.4	6.7
> 55	24	1,779,235	28.5	2.9
Total	341	18,576,145	11.8	13.1

State Pharmaceuticals Manufacturing Corporation
Notes to the Financial Statements for the year ended 31.12.2024
(All amounts in Sri Lankan Rupees)

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Deferred Tax Liability

	<u>As at 31.12.2024</u>	<u>As at 31.12.2023</u>
Balance at the Beginning of the Year	389,492,010	557,467,909
Charge/(Reversal) as Deferred Tax during the year	(33,960,897)	(167,975,898)
	<u>355,531,113</u>	<u>389,492,010</u>

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Trade and Other Payables

	<u>As at 31.12.2024</u>	<u>As at 31.12.2023</u>
Creditors Control - Packing Materials	12,123,396	48,943,051
Creditors Control - Raw Materials	49,222,192	44,383,924
Creditors Control - Stationery	1,464,522	4,058,194
Creditors Control - Equipment & Machinery	3,324,887	4,893,920
Creditors Control - Chemicals	2,423,081	-
Creditors Control - General	504,300,492	409,031,466
Creditors Control - Bank	103,359,305	92,353,154
Creditors Control - Employees	5,700,062	4,413,901
Creditors Control - Services	10,447,358	11,348,245
Creditors Control - Joint Ventures	3,961,173,602	3,397,477,435
Employee Security Guarantee - Finance	11,490	11,194
Employee Security Guarantee - Stores	447,483	410,282
Bid Bonds Payable	36,487,144	34,311,367
EPF & ETF Payables - 28%	-	(2,432)
Salaries Control	-	46,355
Inventory Control - Loan taken	125,375	684,802
	<u>4,690,610,389</u>	<u>4,052,364,858</u>

Note 25

Related Party Disclosures

Details of significant related party disclosures are as follows.

<u>Organization</u>	<u>Relationship</u>	<u>Nature of Transaction</u>	<u>Sales During the year</u>
Medical Suppliers Division	Customer	Sale of Goods	26,288,144,615
State Pharmaceuticals Corporation - Through Distribution	Customer	Sale of Goods	27,865,997
- Through Tenders	Customer	Sale of Goods	-
Distribution			1,886,071,208
			<u>28,202,081,820</u>