



Forging Ahead



SRI LANKA PORTS AUTHORITY
Annual Report 2016



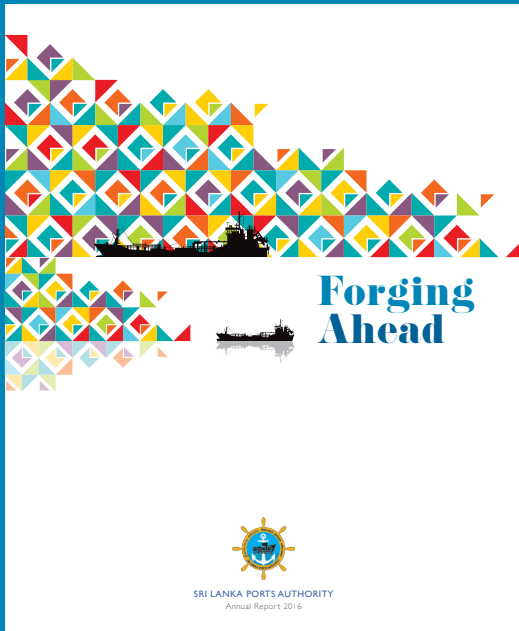
Forging Ahead

Over the past few years, the Sri Lanka Ports Authority (SLPA) has focused on achieving a complete turnaround, in terms of productivity, growth and profitability. Today, we are very confident that this vision is on the way to being realized over the next few years, as the value creating activities described in these pages will show.

The SLPA has had a good year of operations, with year on year growth shown in several key performance indicators, demonstrating that the commitment and hard work of the SLPA team is taking us closer to our aspiration to be the busiest and best port in the region. Future plans include investments into new technologies and equipment, with targets set to increase the number of containers handled through the port as well.

As always, the SLPA has met its challenge head-on, progressing and expanding our operations and developing new strategies for sustainable growth in the years ahead. We are confident that with our long-term plans and strategies, we will forge ahead to our future success.





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Vision

‘Logistic excellence in the silk route.’

Envisioning the future of Sri Lankan Ports, (SLPA) is making a paradigm shift from being a container hub to becoming a global logistics hub, anticipating a boom in international trade that will open up a range of opportunities as well as challenges. The Ports Authority plans to strengthen its complex logistic approaches with a “one touch” information flow of all processes, while benchmarking National and International best practices at every level, in order to improve the overall economic environment of Sri Lanka.

Mission

‘Delivery of world class port services in a sustainable environment’

With a view to create a global logistics hub port in Sri Lanka, the Ports Authority is expected to construct a multi-dimensional logistics system to integrate logistic functions by launching a deep-water sea port with excellent maritime access that will enable Sri Lanka to receive and operate large vessels in sophisticated, specialized terminals.

In anticipation of exponential growth in both the port and the region, the SLPA plans to create and manage a logistics platform serving the biggest players in the ports, maritime, industrial and logistics sectors; a world-class industrial and logistics zone free of urban restrictions, with the potential and capacity for future expansion.

The SLPA will keep its pledge of value to thousands of stakeholders we serve by operating an economically efficient and environmentally sound organization of port facilities and terminals that will benefit all visitors while creating wealth for the nation.



Aspirations



By 2020...

1. To become a centre of maritime excellence.
2. To achieve 200 Million Tonnage in cargo handling.
3. To achieve US\$ 1 Billion in Revenue.
4. To achieve US\$ 10 Billion in port investments (within the Ports).
5. To become a leading contributor to the national economy.
6. To be a 'green' port operator.

Strategies

1. Develop Infrastructure and Super Structure Facilities in Colombo.
2. Consolidate the Port of Colombo's ranking as a Centre of Maritime Excellence.
3. Introduce sector specific Marketing and Business Development Programmes.
4. Develop the Magam Ruhunupura Mahinda Rajapaksa Port (MRMR Port) as an international services, industrial and container handling Port.
5. Enhance safety and security for cargo and port users.
6. Mark our global presence in strategic locations.
7. Restructure and re-design organizational administrative procedures.
8. Implement advanced financial management systems.
9. Reduce our carbon footprint.
10. Develop other regional Ports with regard to their individual strengths and competitive advantages.
11. Diversify our business activities.
12. Provide facilities for oil and gas supply.
13. Deliver efficient Vessel Oriented Services.
14. Increase focus on corporate social responsibility.

Corporate Objectives

1. To develop and maintain state of the art facilities in the commercial Ports of Sri Lanka.
2. To maintain effective and efficient Port Services.
3. To provide a competitive edge to importers and exporters by ensuring a cost effective, efficient and reliable service.
4. To ensure the safety and security of ships, cargo, port users and port infrastructure
5. To provide a conducive working and service environment for all stakeholders.
6. To contribute to the Consolidated Fund of the General Treasury for current and capital expenditure of the government.
7. To maintain high levels of productivity in order to ensure speedy turnaround of vessels.
8. To improve maritime related ancillary services, thus creating more employment opportunities.
9. To maintain a profitable operation of the Commercial Ports and to develop a good reputation as an efficient and reliable Port operator by providing a high quality customer service.
10. To develop port activities to provide a competitive and quality service for container operations with a view to attracting transshipment activities including relay cargo, entrepôt trade and bonded activities.
11. To contribute towards regional development of Sri Lanka by providing necessary Port facilities in order to act as a catalyst in hinterland development.
12. To enhance the administration and organizational aspects of the Sri Lanka Ports Authority including the revision of cadres and assessment of manpower requirements. The practice of staff proceeding on No pay Leave for work overseas will once again be encouraged in view of its benefits to the country's economy. Our Mahapola Training Center will further train and re-train staff to meet the requirements created by this scheme.
13. To diversify into Port related activities such as offshore services, bunkering, fresh water supply, and container repairs, etc.
14. To implement a management orientated financial reform with higher tax efficiency, better Portfolio management and more aggressive cost control.



About the SLPA

The SLPA was established by the SLPA Act, No. 51 of 1979 on the 1st August 1979 and subsequently amended by Act Nos. 7 and 35 of 1984.

Section 6(1) of the SLPA Act defines its objects and responsibilities as follows:

- Provision of efficient and regular service for stevedoring, shipping and transshipping, landing and warehousing, wharfage, the supply of water, fuel and electricity to vessels, handling petroleum, petroleum products and lubricating oils to and from vessels and between bunkers and depots, for pilotage and mooring of vessels, for diving and underwater ship repairs and any other services incidental thereto.
- Provision of efficient and regular tally and protective services.
- Regulation and control of navigation within the limits of and the approaches to the Ports.
- Maintenance of Port installations and promotion of the use, improvement and development of the specified ports.
- Co-ordination and regulation of all activities within any specified port excluding the functions of the Customs Department.
- Establishment and maintenance on and off the coast of Sri Lanka, such lights and other means for the guidance and protection of vessels as necessary for navigation in and out of the specified ports.
- Performing such other duties as imposed on the Ports Authority by the Act.
- Conducting business of the Ports Authority in such manner and to make in accordance with this Act, such charges for services rendered by the Authority will secure that the revenue of the Authority is not less than sufficient for meeting the charges which are proper to be made to the revenue of the Authority, to replace assets, make new investments and to establish and maintain an adequate general reserve and;

- Endeavour to manage the specified ports and each of them as self-supporting enterprise in accordance with the provisions of the Act.

In terms of Section 5 (1) of the SLPA Act, the Ports Authority has a Board of 09 Directors appointed by the Hon. Minister:

The Chairman is the Chief Executive and is in charge of the overall administration of the SLPA.

Operational Highlights

Ship Arrivals (All Ports)

Description	2015	2016	Variance (%)
Port of Colombo	4,197	4,405	5.0
Port of Trincomalee	164	216	31.7
Port of Galle	72	96	33.3
KKS, Myliddy, PP & Karainagar	32	25	-21.9
MRRM Port	295	281	-4.7
Total	4,760	5,023	5.5

Container Throughput (TEUs) of Port of Colombo

Description	2015	2016	Variance (%)
SLPA			
Imports	261,188	255,557	-2.2
Exports	279,964	227,552	-18.7
Transshipment	1,691,267	1,607,792	-4.9
Re-stowing	19,904	9,216	-53.7
Total	2,252,323	2,100,117	-6.8

South Asia Gateway Terminals (SAGT)

Imports	172,957	152,194	-12.0
Exports	154,793	165,513	6.9
Transshipment	1,028,538	1,294,631	25.9
Re-stowing	14,957	19,869	32.8
Total	1,371,245	1,632,207	19.0

Colombo International Container Terminal (CICT)

Imports	174,055	244,217	40.3
Exports	175,014	254,817	45.6
Transshipment	1,168,516	1,452,838	24.3
Re-stowing	44,314	50,727	14.5
Total	1,561,899	2,002,599	28.2

Port of Colombo

Imports	608,200	651,968	7.2
Exports	609,771	647,882	6.3
Transshipment	3,888,321	4,355,261	12.0
Re-stowing	79,175	79,812	0.8
Total	5,185,467	5,734,923	10.6

Cargo Throughput (All Ports)

Total Cargo Throughput (MT Mn)	77.6	86.5	11.5
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Operational Highlights

Description	2015	2016	Variance (%)
Cargo Discharged in Port of Colombo - SLPA (In Thousand Tonnes)			
Containerized	14,913	14,516	-2.7
Break Bulk	1,105	863	-21.9
Dry Bulk	2,344	2,572	9.7
Liquid Bulk	4,333	4,654	7.4
Total	22,695	22,605	-0.4

Cargo Loaded in Port of Colombo - SLPA (In Thousand Tonnes)			
Containerized	13,719	12,459	-9.2
Break Bulk	8	16	100.0
Dry Bulk	0	0	-
Liquid Bulk	246	92	-62.6
Total	13,973	12,567	-10.1

Total Cargo Handled in Port of Colombo - SLPA (In Thousand Tonnes)			
Containerized	28,632	26,975	-5.8
Break Bulk	1,113	879	-21.0
Dry Bulk	2,344	2,572	9.7
Liquid Bulk	4,579	4,746	3.6
Total	36,668	35,172	-4.1

Cargo Handled in Port of Trincomalee (In Thousand Tonnes)			
Discharged	2,649	2,825	6.6
Loaded	379	689	81.8
Total	3,028	3,514	16.1

Cargo Handled in Port of Galle (In Thousand Tonnes)			
Discharged	540	771	42.8
Loaded	2	0	-100.0
Total	542	771	42.3

Cargo Handled in Ports of KKS, Myliddy, PP & Karainagar (In Thousand Tonnes)			
Discharged	32	27	-15.6
Loaded	0	0	-
Total	32	27	-15.6

Magam Ruhunupura Mahinda Rajapaksa Port (In Thousand Tonnes)			
Discharged	195	220	12.8
Loaded	98	135	37.8
Total	293	355	21.2

Total Number of Employees			
Port of Colombo	8,692	8,892	2.3
Port of Trincomalee	417	402	-3.6
Port of Galle	355	348	-2.0
Total	9,464	9,642	1.9

Financial Highlights

All Ports

Description	2015 (Rs. Million)	2016 (Rs. Million)	Variance (%)
Revenue and Expenditure			
Total Revenue	40,805.10	44,080.20	8
Total Expenditure	-31,018.20	-28,704.30	7.5
Profit/(Loss) before Foreign Loan Interest and Foreign Exchange Gain /(Loss)	9,786.90	15,375.90	57.1
Foreign Loan Interest	-3,761.80	-4,301.90	-14.4
Foreign Exchange Gain/(Loss)	-20,193.60	-10,038.30	50.3
Profit/(Loss) Before Tax & After Foreign Exchange Gain /(Loss)	-14,168.60	1,035.70	107.3

Taxes			
Income Tax	-	-	-
Deemed Dividend Tax	-	-	-
Differed Tax	-	-	-
Social Responsibility Levy	-	-	-
Net Profit/(Loss) After Provision for Taxes	-14,168.60	1,035.70	107.3

Balance Sheet			
Non-Current Assets	298,412.80	314,052.30	5.2
Current Assets	36,999.00	35,762.10	-3.3
Current Liabilities	24,349.20	28,068.90	-15.3
Equity and Other Capital	7,591.40	7,591.40	0
Reserves and Provisions	67,246.00	70,428.20	4.7
Non-Current Liabilities	236,225.20	243,725.80	-3.2

Ratios			
Operating Profit to Revenue	22.5	32.5	
Annual Revenue Growth	8.8	8	
Return on Capital Employed	-12.3	18.4	



Chairman's Review



Parakrama Dissanayake
Chairman

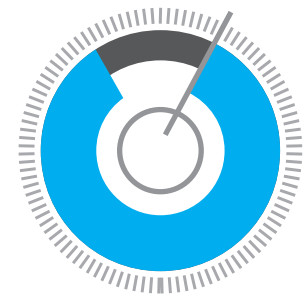
“The Port of Colombo’s 10.6% growth of container handling volume in 2016 was also significant as it was the second highest growth ratio globally, while some of the world’s top container ports such as Singapore, Hong Kong, Shenzhen, Dubai, Busan, Tanjung Pelepas and Bremerhaven showed negative growth.”

I am pleased to present the Annual Report of the SLPA for the year 2016 that ended with positive results. It is significant to note that the Port of Colombo moved up from 26th to 23rd position in the list of the world's top 30 container ports in 2016, according to Alphaliner Rankings.

The Port of Colombo's 10.6% growth of container handling volume in 2016 was also significant as it was the second highest growth ratio globally, while some of the world's top container ports such as Singapore, Hong Kong, Shenzhen, Dubai, Busan, Tanjung Pelepas and Bremerhaven showed negative growth.

Our vision is to develop the Port of Colombo to rank within the top 20 global container ports during the next 3 years. Towards this end we wish to take up very ambitious short-term development measures with the full participation of our team in future.

REVENUE IN 2016



44 Bn
SLPA

Port Operations

SLPA is the gateway operator to the national economy as well as the hub operator for the South Asia region. The SLPA is the only government institution that plays a truly international role competing with other hub ports vying for control of the region.

The Port of Colombo handled 5,734,923 TEUs of containers in 2016, an increase of 10.6% compared to 2015. Container ship arrivals too reported an increase of 4.4% from 3,643 in 2015 to 3,804 ships in 2016. The Jaya Container Terminal (JCT) and the Unity Container Terminal (UCT) played an anchoring role by contributing almost 40% of the revenue of SLPA. The CICT achieved a throughput of 2.0 million TEUs while the SAGT has also made a significant contribution to overall growth in terms of handling volume, while contributing in terms of royalty to revenue of the SLPA.

Domestic volumes handled by Port of Colombo increased by 6.7% and transshipment volumes by 11.8% since 2015. The average crane productivity at JCT of SLPA increased up to 26 moves per hour by end 2016.

As a result of marketing and business development strategies, SLPA entered into 06 TSAs with shipping lines in 2016. Hence, 03 main lines and 04 feeder services were attracted to the JCT, owned and operated by the SLPA.

The total number of ship arrivals at the MRMR Port during the year 2016 experienced a decline of 4.7% against 2015, mainly due to the suspension of bunkering operations, but cargo handling increased by 21.2%. Though Ro/Ro Handling recorded a decline by -2.0% due to domestic volume decline, transshipment volume increased by 29.1% in 2016, compared to 2015.

At the Port of Trincomalee, it is encouraging to note an increase in ship arrivals and cargo handling tonnage by 31.7% and 16.1% respectively in 2016, compared to 2015.

The Port of Galle recorded an increase of 33.3% in ship arrivals and 42.4% in cargo tonnage in 2016, as compared with 2015.

Significantly, the Port of Trincomalee made a profit in 2016 after decades of continued losses, due to an increase of business volumes via the Ashraf jetty.

Development for the Future

The SLPA has launched a number of projects and programmes in all ports to transform them into sustainable profit centres, to generate revenue by being exemplary as a service sector institution.

The SLPA will also take steps to develop superstructure and infrastructure within the Port of Colombo under an expedited programme. Construction of the entire East Container Terminal (ECT), further development and extension of the Phase - V of the JCT, upgrading of handling equipment of JCT, development of a new logistics center for Multi Country Consolidation (MCC) and LCL operations will be priority projects. Improvement of the UCT, Prince Vijaya Quay (PVQ) and Guide Pier (GP) and Bandaranayake Quay to operate conventional cargo, development of the passenger terminal, establishment of a logistic corridor and construction of a shipping and maritime centre building will also be implemented by the SLPA.

Port of Galle, the Port of Trincomalee, the Port of Olivil and KKS will be subjected to rapid development.

These achievements are also important in evaluating the critical role played by the SLPA, not only as a Port Operator but also in a broader context, as the Developer, Owner, Regulator and Operator of all ports in Sri Lanka.

Future Strategies

The SLPA has also initiated a number of innovative e-initiative action plans for improving productivity and to provide uninterrupted services to port users.

CONTAINER THROUGHPUT IN 2016



5.73 Mn

Port of Colombo

Upgrading of the existing Terminal Management System of JCT with cutting-edge technology is one of the major IT initiatives that SLPA has already commenced. The upgrade of the system will enable the SLPA to provide e-payments, enhanced EDI facilities, B2C and B2B transactions, e-billing, e-document transactions, ensuring seamless integration between SLPA and its stakeholders which would significantly improve all SLPA services to port users.

Upgrading the e-business suite of ORACLE Finance and Procurement Management System is another important project that had already commenced in 2016. This introduced a zero based budget for financial activities. This system has now been extended to the Ports of Galle and Trincomalee, in addition to Colombo.

The official web site of SLPA was given a face lift in 2016 in order to make it more responsive and efficient where more customer interactions would be attracted. The mobile application for various important activities will be introduced soon with the new development of the web site.



Chairman's Review

The SLPA has achieved a revenue of Rs. 44 billion in 2016. This is an increase of 8% compared to 2015. However, the SLPA had to absorb additional loan repayments with foreign exchange losses, due to huge investments in the MRMR Port and other infrastructure development Projects.

CCTV surveillance and monitoring systems have also been planned in ports to achieve a wider coverage of port activities in order to ensure the safety and security of all port activities.

The existing Security and Permit Issue Systems will also be upgraded with cutting-edge technology including RFID technology which will improve the efficiency of port access and movement of vehicles.

A modern Warehouse Management System with barcode and with Remote Hand Held Devices (RHDs) has been planned in order to automate all warehouses in the organisation. This would enable customers to enjoy e-payments, e-clearance, e-approval & e-authorization and many other advanced e-features.

Human Resource Development

The management has identified the need to optimize human resources to achieve the objectives of the organisation and a Human Resource Information System (HRIS) is being implemented at all levels.

The Mahapola Training facility at the SLPA provides a wider scope of access for the students of the maritime sector to broaden their expertise in the field. The main auditorium was renamed as the 'Lalith Athulathmudali Auditorium' in recognition of the immense service rendered by late Hon. Lalith Athulathmudali to the port sector.

We are also in the process of upgrading our present Human Resource Management System. We will utilize state of the art technology to provide improved services to all port

employees. Through such initiatives, we hope to introduce the latest implementations like e-attendance, e-leave, e-signature, e-training, and e-documentation, with many other modern features.

Awareness and motivational programs were conducted at the Mahapola Training Institute to explain the actual financial situation and future challenges of the Authority. The main objective of these programs was to motivate employees to achieve organizational objectives and to improve productivity.

Financial Performance

The institution recorded a profit before foreign exchange fluctuation of Rs. 6 billion before tax in 2015. The profit before foreign exchange fluctuation for the year 2016 is Rs. 11 billion.

The SLPA has achieved a revenue of Rs. 44 billion in 2016. This is an increase of 8% compared to 2015. However, the SLPA had to absorb additional loan repayments with foreign exchange losses, due to huge investments in the MRMR Port and other infrastructure development Projects.

The Ports of Trincomalee and Galle recorded profits for the year 2016.

The Management of SLPA has taken the necessary steps to arrest declining trends and to increase profitability and its customer base by providing an excellent service and world-class facilities at the Ports of Sri Lanka.

Conclusion

I am confident that SLPA will produce fruitful results leading to the sustainable growth of the institution in future and thus become the pride of the nation.

I would like to take this opportunity to express my gratitude to the Honourable Minister of Ports and Shipping, the Honourable Deputy Minister, the Secretary to the Ministry Management, Board of Directors, the staff and employees of SLPA, SAGT, CICT as well as all other stakeholders of the local import export and international maritime industry for the guidance and assistance extended to us expressively and collaboratively and for joining hands with us with faith and confidence to drive the commercial port sector of Sri Lanka towards a shining future in the regional maritime business.



Parakrama Dissanayake
Chairman

Our Ministers



Arjuna Ranatunga
Hon. Minister of Ports and Shipping



Nishantha Muthuhettigama
Hon. Deputy Minister of Ports and Shipping



Board of Directors



Mr Dammika Ranatunga
(Chairman)



Prof. W Lalith Prasanna Perera
(Vice Chairman)



Mr H D A S Premachandra
(Managing Director)



Mr Sanjeewa Wijerathne
(Executive Director)



Mrs Mangalika Rohini Adikari
(Director)



Mr H G Sumanasinghe
(Director)



Mr W A Chulananda Perera
(Director)



Mr Athula Bandara Herath
(Director)



Mr D J Gamini Suresh Edirisinghe
(Director)



Board of Directors

Mr Dammika Ranatunga

Chairman

Mr. Dammika Ranatunga commenced his career in Information Technology in 1981, gathering experience in programming and System Analysis and Customer Relationship Management (CRM). Later, he opted to shift into the management sphere, joining Singer Sri Lanka where he was ultimately promoted to middle management.

Due to his wide experience, he was selected to serve as the first Chief Executive of the Board of Control for Cricket in Sri Lanka (BCCSL) from 1996-2001. During his tenure, he spearheaded the development of the Corporate Strategic Plan, which focused on transforming the BCCSL into a result-oriented organization.

He served as a Board Member of the International Cricket Council from 1996 to 1997, as a member of the Cricket Committee – Management of the International Cricket Council from 1996 – 2001 and as a Member of the Special Committee, Asian Cricket Council from 1997 – 2001.

From 2001-2013 while in USA, Mr. Ranatunga shared his knowledge and experience with many companies in the capacity of an internet Sales Consultant, Internet Sales Director and E-Commerce Director and as a Sales & E-Commerce Director.

Mr. Ranatunga is also an all-round sportsman who excelled in cricket and athletics. He has played for the Sri Lanka National Team at Test and One Day levels.

He now leads the process to improve and enhance all aspects of operations of the Sri Lanka Ports Authority, aiming to achieve world-class standards of efficiency and excellence with a view to gaining international recognition for our port to be the 'Hub Port in Asia'.

Prof. W Lalith Prasanna Perera

Vice Chairman

Prof. Prasanna Perera holds a BA (Honours – First Class) in Economics from the University of Peradeniya, as well as a MA and a PhD in Economics. He has nearly 20 years of teaching experience in the University of Peradeniya and currently serves as a Professor in Economics. His research areas include international finance, monetary economics, political economy, macroeconomics and forecasting. He has extensively published research articles and books on international finance, trade and related issues which provide fresh insights using E-views, Minitab and R-studio packages.

Prof. Prasanna Perera is an eminent economist who has received numerous awards including the Commonwealth Doctoral Scholarship, the Kodikara Award, the Gate Mudliyar A. G. Tillekaratne Research Fellowship and the Imai Memorial Scholarship. He is a member of the Board of Study for Economics at the National Institute for Education. He has recently published on a wide range of topics; Tea Smallholders in Sri Lanka, Issues and Challenges in Remote Areas, Political Economy of Post War Sri Lanka, Forecasting Foreign Direct Investment (FDI) in Sri Lanka, Modeling and Forecasting Foreign Direct Investment for SAARC Countries, Tourism Economics in Sri Lanka: An Econometric Analysis and an Analysis on Foreign Direct Investment, External Trade and Economic Growth in Sri Lanka in "indexed journals". He has also published widely on International Economics; the books published by him are Overview of Sri Lanka's Trade Initiatives; Theory and Practice, Background to South Asian Countries, Challenges and Opportunities in the Economy of Sri Lanka and South Asia in the Regional Economic Co-operation.

Presently Prof. Prasanna holds the position of Vice Chairman at the Sri Lanka Ports Authority. He also serves on the Boards of other Associate Companies of the SLPA and the Civil Aviation Authority. He has been the Vice Chairman and the Executive Director of the Civil Aviation Authority prior to assuming duties as the Vice Chairman of SLPA in October 2015.

Mr H D A S Premachandra

Managing Director

Mr H D A S Premachandra, a graduate in Business Administration, also holds a Master's degree with First Class Honours in Port Management and Harbour Administration from the University of Antwerp, Belgium. He joined the SLPA as a Management Trainee in October 1978 and moved up through the ranks to become the Additional Managing Director in January 2001 - a position he held until he left the SLPA in 2004 after clocking 25 years of service.

He also worked at the Port of Fujairah as the Terminal Coordinator from 1991 to 1992 and at Westport of Malaysia as the Technical Advisor and the Head of Container Terminals Department from 1999 to 2000.

He left the SLPA on leave to work as the Regional Manager (Ports and Terminals-Asia) of CMA-CGM SA, the world's third largest shipping line. In August 2004, Mr Premachandra left the SLPA to continue with the same company.

Before rejoining the SLPA as the Managing Director on 1st December 2015, he worked at the CMA-CGM Terminal Link and CMA Terminals, stationed in Kuala Lumpur and Mumbai. During this period, he worked in a multitude of Ports assisting CMA-CGM in investment in Terminals, in designing and developing Container Terminals including fully automated facilities, as well as in improving port performance for their shipping lines in countries around the globe including the Middle East, Africa, USA and Europe.

Mr Sanjeewa Wijerathne

Executive Director

Sanjeewa Wijerathne is the Executive Director of the SLPA. Having worked in Sri Lanka, Middle East and Asia, he has management experience of over 20 years in the areas of Aviation, Air lines, Airports and Hospitality Management. Before joining SLPA, he was the Vice Chairman of Airport and Aviation Services Ltd of Sri Lanka.

He is also a Board member of Lanka Coal Company, Jaya Container Terminal Ltd and Magampura Port Management Company Ltd. He has a Master's Degree in Business Management from the Postgraduate Institute of Management of the University of Sri Jayewardenepura.

Mrs Mangalika Rohini Adikari

Director

Mrs Mangalika Rohini Adikari holds a BA (Hons) Degree in Economics from the University of Kelaniya and also an MA in Development Economics. Mrs. Adikari also has a MBA/HRM from the Postgraduate Institute of Management, University of Sri Jayewardenepura. She earned a Postgraduate Degree in Development Economics from Michigan State University, USA and has been awarded "Service Excellence" for her research work on "Energy".

She worked as Senior Staff Officer in the Public Service with over 30 years of experience in all aspects of Management including Planning, Organizing, Controlling, Directing, Coordinating and Human Resource Management. She currently serves as the Secretary to the Ministry of Fisheries and Aquatic Resource Development.

Mr H G Sumanasinghe

Director

Mr Sumanasinghe possesses a Bachelor's degree in Commerce from the University of Colombo and obtained his post graduate degree from Flinders University of Australia, in the field of Public Policy.

Mr Sumanasinghe was appointed as a Treasury Representative from 2015. He functions as Director General of the Ministry of Finance. Mr. Sumanasinghe who joined the Sri Lanka Administrative Service in 1995, held various posts in the Finance Ministry, working in various Departments in the General Treasury as the Assistant Director of External Resources, Director of Department of Project Management and Monitoring and Additional Director General of Public Finance, since 1996. He has been working as the Director General of Administration and Human Resource Development from 2013 and has gained vast knowledge and experience by working in the public sector for more than 20 years.

Mr W A Chulananda Perera

Director

Mr W A Chulananda Perera is a SLAS Super Grade Officer, with 26 years of experience as an officer of the Sri Lanka Administrative Service.

Mr. Perera initiated his career as the Divisional Secretary at the Uva Province Divisional Secretariat Office- Passara (August 1990- November; 1992), moving on to being appointed as the Assistant Director of the Department of National Planning (November 1992- December; 1994). He was then appointed as the Senior Assistant Secretary to the Livestock and Rural Coconut Development Ministry in December 1994, where he served till April 1995. He then entered the Department of Immigration and Emigration as an Assistant Controller in April 1995, where he served for two years till April 1997. In 1997, he was appointed as the Director

of Administration at the Ministry of Health, where he served for two and a half years, consequently being appointed as the Assistant Director for the Ministry of Social Services in October 1999, where he implemented many innovative initiatives and programs relating to disaster risk reduction.

Mr. Perera re-entered the Department of Immigration and Emigration in August 2002 as an Assistant Controller. Over a period of 8 years, he was promoted to Deputy Controller, Additional Controller and Controller; subsequently being appointed as the Controller General of Immigration and Emigration in 2010. Mr. Perera worked as the Controller General for five years, during which period the Department of Immigration and Emigration reached new heights, emerging as the pioneering government institution with regard to e-governance, productivity and people-oriented service. During his tenure, the Immigration and Emigration Department won many prestigious awards for its service, such as the 'FutureGov' awards for the department's Electronic Travel Authorization visa system, awarded to the best e-government project in the Asian Pacific Region, surpassing 48 other countries and for the Integrated Enquiry Management System (IEMS) in 2013, the Human Rights Organization Award 2013 and also won the National Productivity Award in 2006.

Mr. Perera was consequently promoted as the Additional Secretary for the Ministry of Transport in year 2015, and then as the Additional Secretary to the President of Sri Lanka in August 2015. He currently serves as the Director General of Sri Lanka Customs.

Mr Perera completed his tertiary education at the Sri Jayewardenepura University, where he received his BSC in Estate Management and Evaluation with Special Honours. He has also been recognized for his exemplary government service by the International MACO award for the 'Best Government Servant of the year' and the 'Best Government National Achiever- Public Service' awarded by the Lions Club in 2013.



Board of Directors

Mr Athula Bandara Herath

Director

Mr Herath holds a L.L.B (Sri Lanka) from the University of Colombo and was enrolled as an Attorney-at-Law on 31.10.1986.

He counts over 29 years as a Counsel in active practice in the Supreme Court, Court of Appeal, District Court of Colombo as well as other outstation District Courts of the Country and Magistrate's Courts (In recovery matters under Trust Receipts ordinance).

He is also a Counsel of the panel of Lawyers of the People's Bank, Land Reform Commission and Petroleum Corporation.

In addition, he appears as the Counsel for M/s. The Finance PLC, Ceylinco Insurance Company PLC, Hapugasthenna Plantation PLC, Kanrich Finance PLC and Sri Lanka Petroleum Corporation.

He has also held the positions of Presidential Commissioner of the Commission for investigation of J.T.F. in 1995 and he also was a member of Land Acquisition Board of Review appointed by the Judicial Service Commission from 1995 to 2000. He was the Chairman of the Rent Board Colombo from 2007 to 2013. Whilst serving as Director on the Board of Ports Authority from 2015, he functioned as a member of the Audit Committee. He is also a Visiting Lecturer at the Sri Lanka Police Training School.

Mr D J Gamini Suresh Edirisinghe

Director

Mr Edirisinghe is a Director of Edirisinghe Brother's Ltd., Edirisinghe Transport Services Ltd., D.J.G Edirisinghe & Sons Ltd. and RICH 'N' LANKA Pvt Ltd., He also functioned as a Director of Airport and Aviation Services Ltd.

Mr Edirisinghe graduated in Business Management from the University of California Santa Barbara, California, USA.

He is an action oriented leader with a strong record of performance, in utilizing keen analysis, insights, team approach to drive organizational improvements and implementation of best practices. He also possesses superior interpersonal skills, and is capable of resolving multiple and complex issues and motivating staff to peak performance.

Mr Edirisinghe has expertise in strategic planning and organizational leadership, Corporate & investment finance, Team Building and Performance Improvement, Contract Negotiations & Strategic Alliances and Growth & Expansion Strategies.

Mr Prasad W Sirimanne

Secretary to the Board
Legal Consultant – SLPA

Management Team and Audit Committee

Management Team

Mr Dammika Ranatunga
Chairman

Prof W Lalith Prasanna Perera
Vice Chairman

Mr H D A S Premachandra
Managing Director

Mr Sanjeewa Wijerathne
Executive Director

Mr J K P Kurukulasuriya
Addl. Managing Director

Mrs Shirani Wanniarachchi
Director (Finance)

Mr A D T Gunasekara
Director (Technical)

Mr D U W De Zoysa
Director (Logistics)

Mr P A A Hewagegana
Director (Southern Port Development)

Mr D A J I Perera
Director (Port Operations)

Dr D P S Lokuge
Director (Information Systems)

Major Gen. Nissanka Wijesinghe
Director (Security)

Mrs D G I C Lokuhewage
Chief Engineer (Contract & Design)

Capt. R A Jayawickrama
Harbour Master

Mr L Premasiri De Silva
Chief Internal Auditor

Dr (Mrs) D Rajakanthan
Chief Medical Officer

Mr L H R Sepala
Chief Training Manager

Mr E A T Edirisuriya
Chief Engineer (Mechanical Plant)

Mr A A S R Abesiriwardana
Chief Engineer (Planning & Development)

Mr Upul Jayatissa
Chief Manager
(Marketing & Business Development)

Mr R M A S Rathnayake
Chief Manager (Administration)

Mr H A N S Fernando
Chief Engineer (Electrical - I)

Mr W M D B Wijekoon
Chief Engineer (Electrical - II)

Mr H M U B Galagoda
Chief Manager (Information System)

Mr Vijitha Abeyesundera
Chief Manager (Supplies & MM)

Mr P M S Somaratne
Chief Engineer (Civil)

Mr W N Jayatissa
Chief Manager (Welfare and IR)

Mr I K Gnanathilaka
Chief Manager (Container Operations)

Mr G H D Dharmaratne
Chief Engineer (Mechanical Works)

Mr G V T Nanayakkara
Chief Engineer (Marine)

Mrs Aparna Tilakaratne
Chief Law Officer

Air Cmdr. D C Premaratne
Chief Security Manager

Mr H M Prabath Jayantha
Actg. Chief Manager (Logistics)

Audit Committee

Mr H G Sumanasinghe
Chairman

Mr W A Chulananda Perera
Member

Mr Athula Bandara Herath
Member

Mr K P G Hemaratne
Member

Mrs Shirani Wanniarachchi
Member

Mr A D T Gunasekara
Member

Mr D A J I Perera
Member

Mr L Premasiri De Silva
Secretary

Changes in the Senior Management in 2016

Dr D P S Lokuge
was appointed as the Director (Information Systems)

Major Gen. Nissanka Wijesinghe
was appointed as the Director (Security)

Mr H M Prabath Jayantha
was appointed as the Actg. Chief Manager (Logistics)



Business Development



Overview

In the year 2016, the Port of Colombo increased its volumes by over 10.6% and marked a two-digit growth rate compared to other world ports, which was a positive change. During 2016, the shipping industry faced several uncertainties due to a slow-down in the global economy which lowered the level of support from China, one of the most important drivers of growth in shipping demand in recent times. The SLPA built a world class mega facility to cater to such shipping demand and Colombo has become a mega transshipment hub port in the region.

The SLPA introduced new marketing and business development strategies to capture new market segments. The SLPA also extended 10% volume rebates to Chithogong and Myanmar sectors to capture these markets. The SLPA is further willing to offer an attractive volume rebate scheme to the East African region to attract these markets as well.

In 2016, one Terminal Service Agreement was renewed, and one new Terminal Service Agreement was signed with leading Shipping Lines, to continue business with the SLPA. Three feeder services were attracted to the SLPA Terminals and hence, Herbilan Shipping and Far Shipping commenced the Yangon feeder service while the SCL recommenced their Yangon service.

Meetings with CASA

The Ceylon Association of Ships Agents (CASA) held several meetings with the management of the SLPA during the year to discuss Port related matters and issues of concern to their members. These discussions proved fruitful in sorting out problems, maintaining mutual understanding and a cordial relationship with Port users, thereby improving Port productivity.

SLPA managed terminals reported the following results:

- Transshipment container handling volumes decreased by 4.9 %.
- Domestic container handling volumes decreased by 10.6 %.
- SLPA managed Terminal volumes declined by 6.8 %.

Reasons for the SLPA's decline in volumes included:

- An increase in ship sizes - Ultra Large Container Carriers (ULCC) - Draught/Length/Width.
- The loss of Main Lines to CICT which also led to a decrease in feeder volume and increasing feeder size.
- The JCT's distance from deeper draught terminals when compared with SAGT.

- The formation of new alliances.
- The loss of ECT business and the competitive rates offered by other private terminal operators.

The Port of Colombo reported the following results:

- The overall growth of the Port of Colombo increased by 10.6%.
- Domestic container handling volumes increased by 6.7%.
- Transshipment container handling volumes increased by 11.8 %.
- Total Tonnage handled at the Port of Colombo increased by 11.5 %.
- Total number of ship arrivals increased at the Port of Colombo by 5.0%.

The MRMR Port reported the following results:

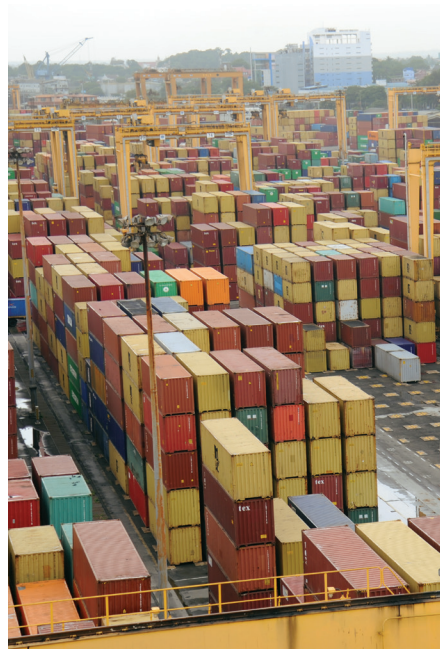
- The total number of ship arrivals at the MRMR Port during 2016 has declined by (-4.7%) when compared to 2015 (The decline in ship arrivals is mainly due to the suspension of bunkering operations and cargo ship arrivals).
- Total Ro-Ro vessels handled was 267 ships, a decline of -3.3 %. (2015 - 276 ships)
- Total No of Vehicle handled was 181,662 units, a decline of -2.0%. (2015 - 185,452 units)
- Total No of Domestic vehicles handled was 31,519 units, a decline of -54.4 %. (2015 - 69,195 units)
- Total No of Transshipment vehicles handled was 150,143 units, an increase of 29.1%. (2015 - 116,257 units)
- Market share Transshipment: 83%.
- Market share Domestic: 17%.

The Port of Trincomalee reported the following results:

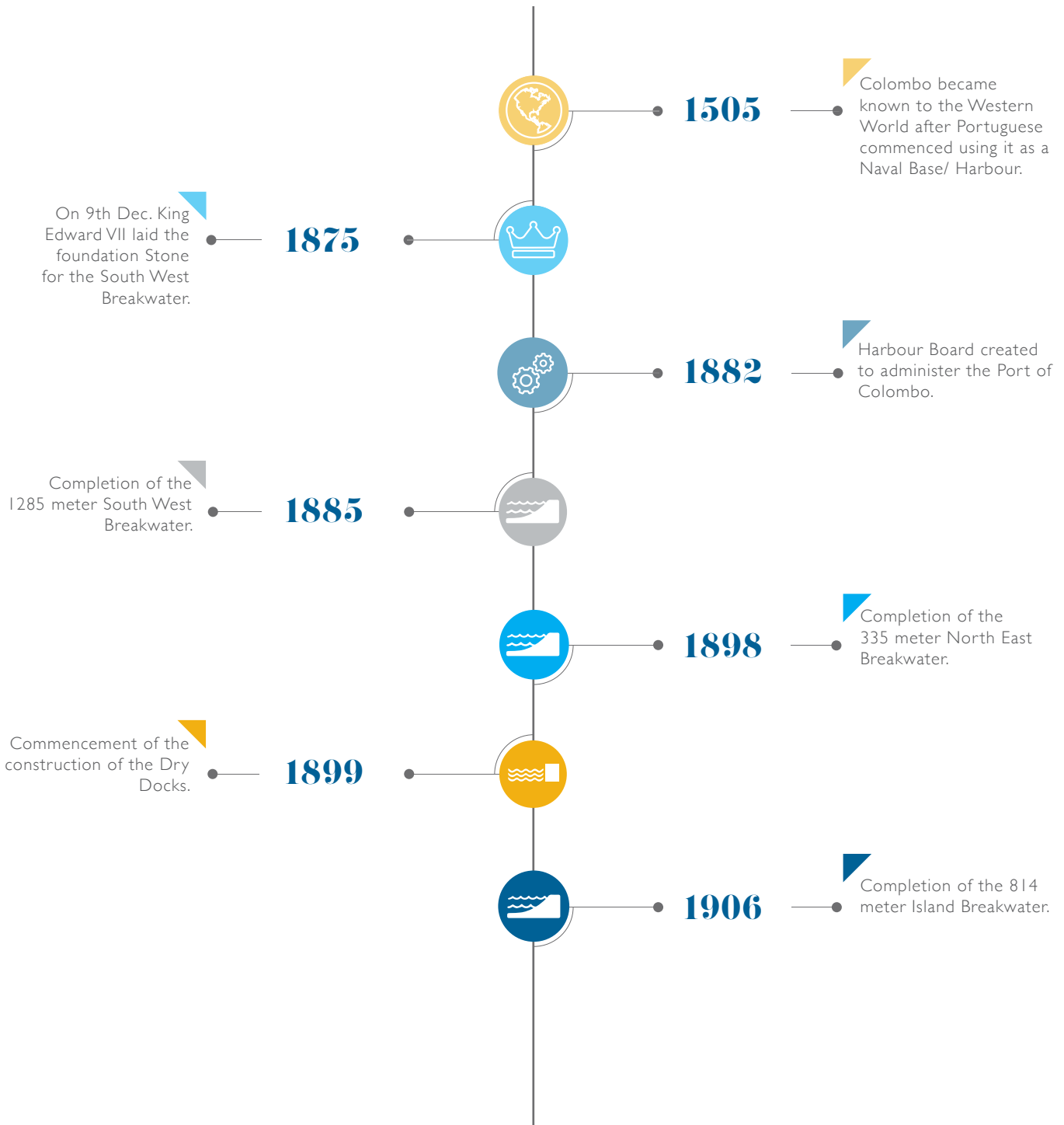
- The total number of ship arrivals increased by 31.7%.
- The total Tonnage handled increased by 16.1 %.

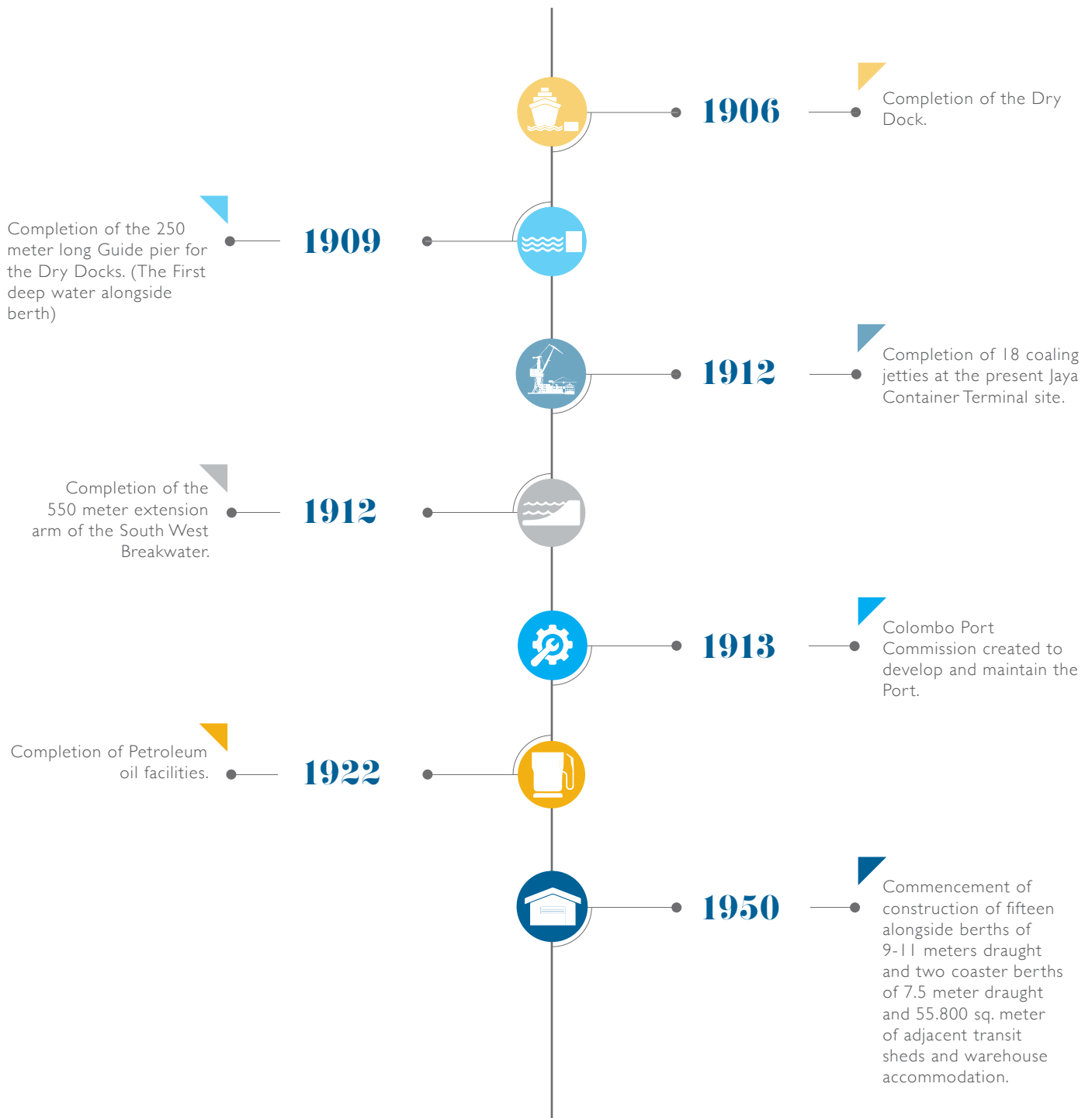
The Port of Galle reported the following results:

- The total number of ship arrivals increased by 33.3%.
- The total Tonnage handled increased by 42.4%.

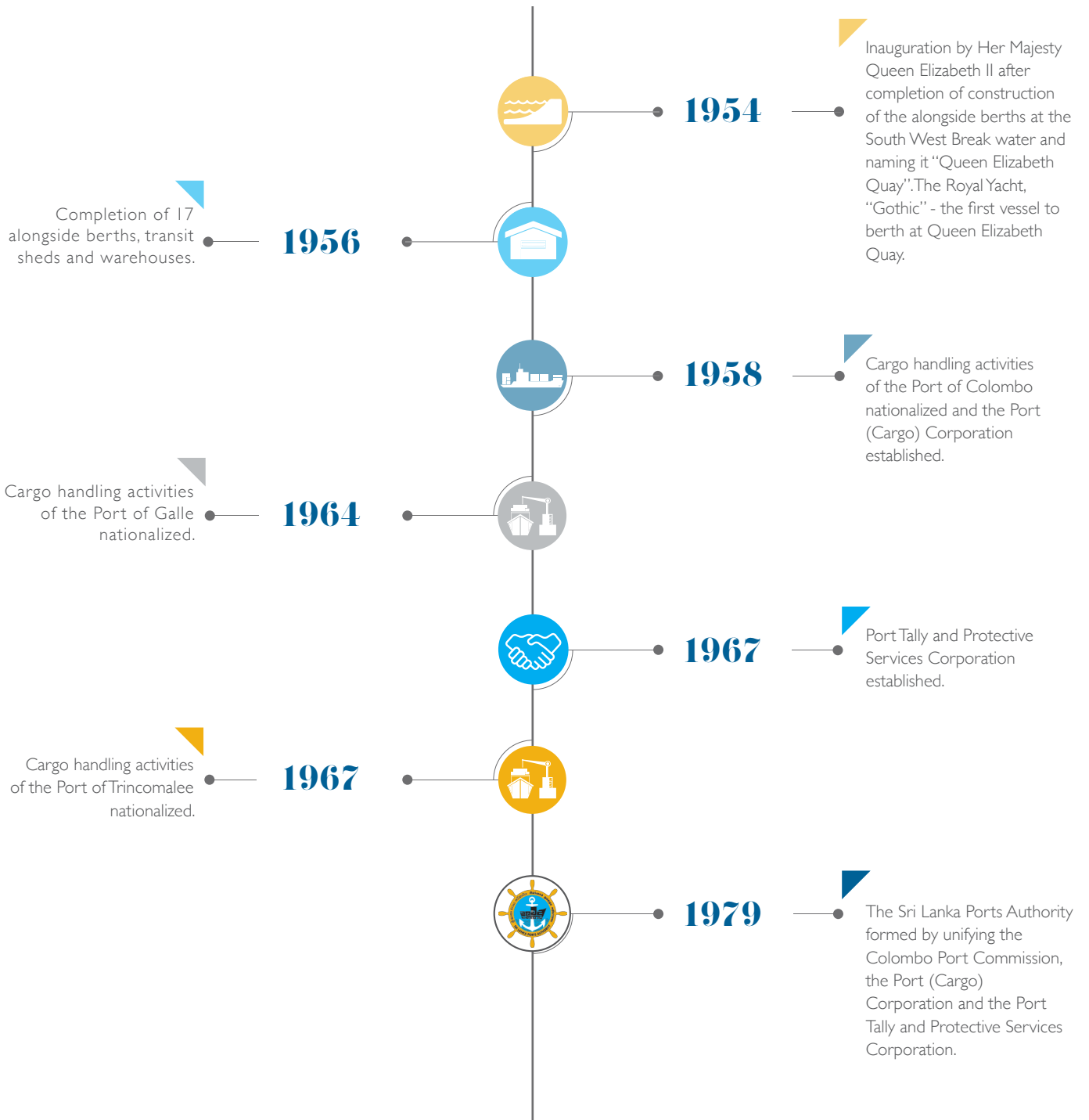


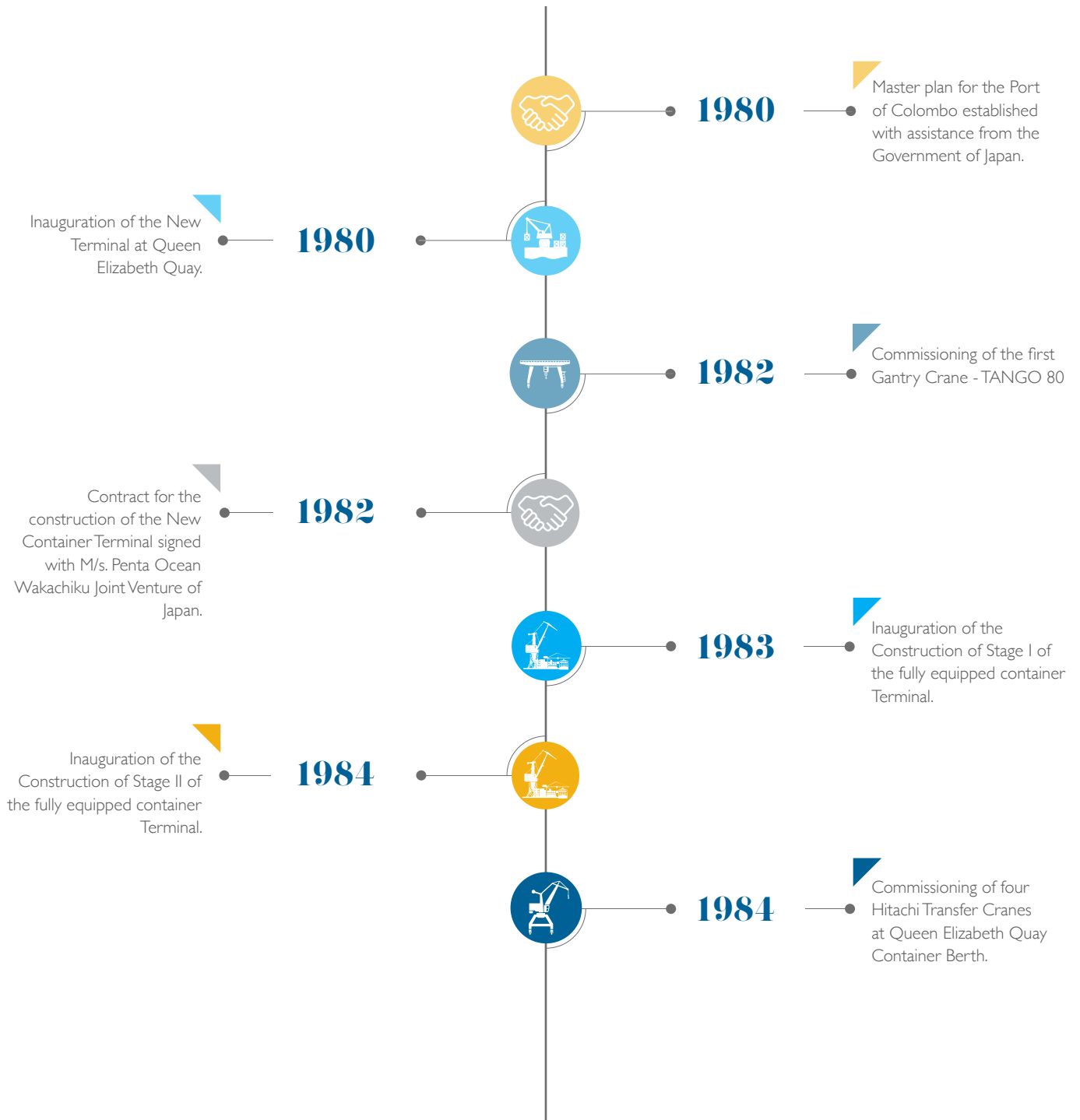
Milestones



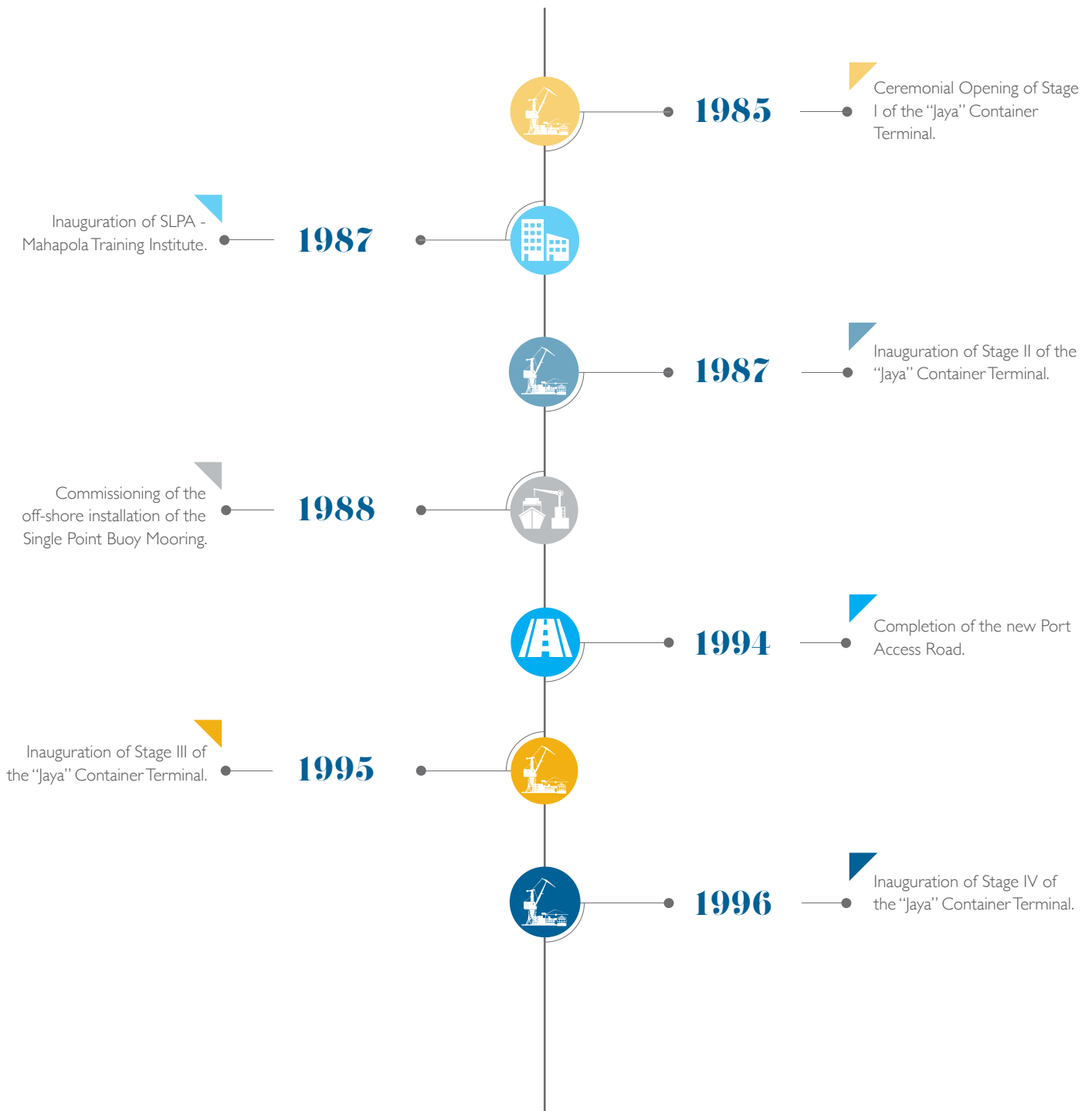


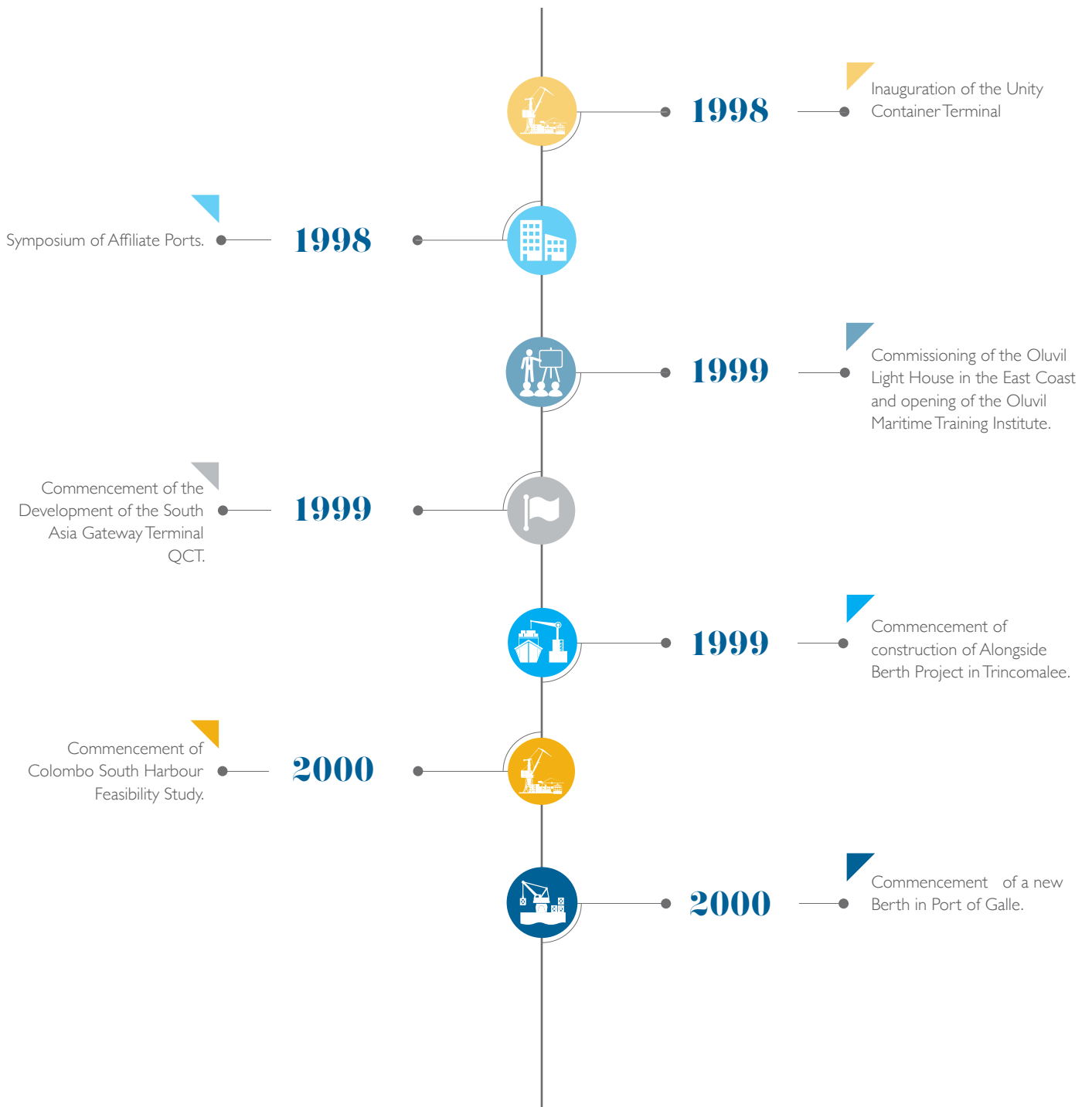
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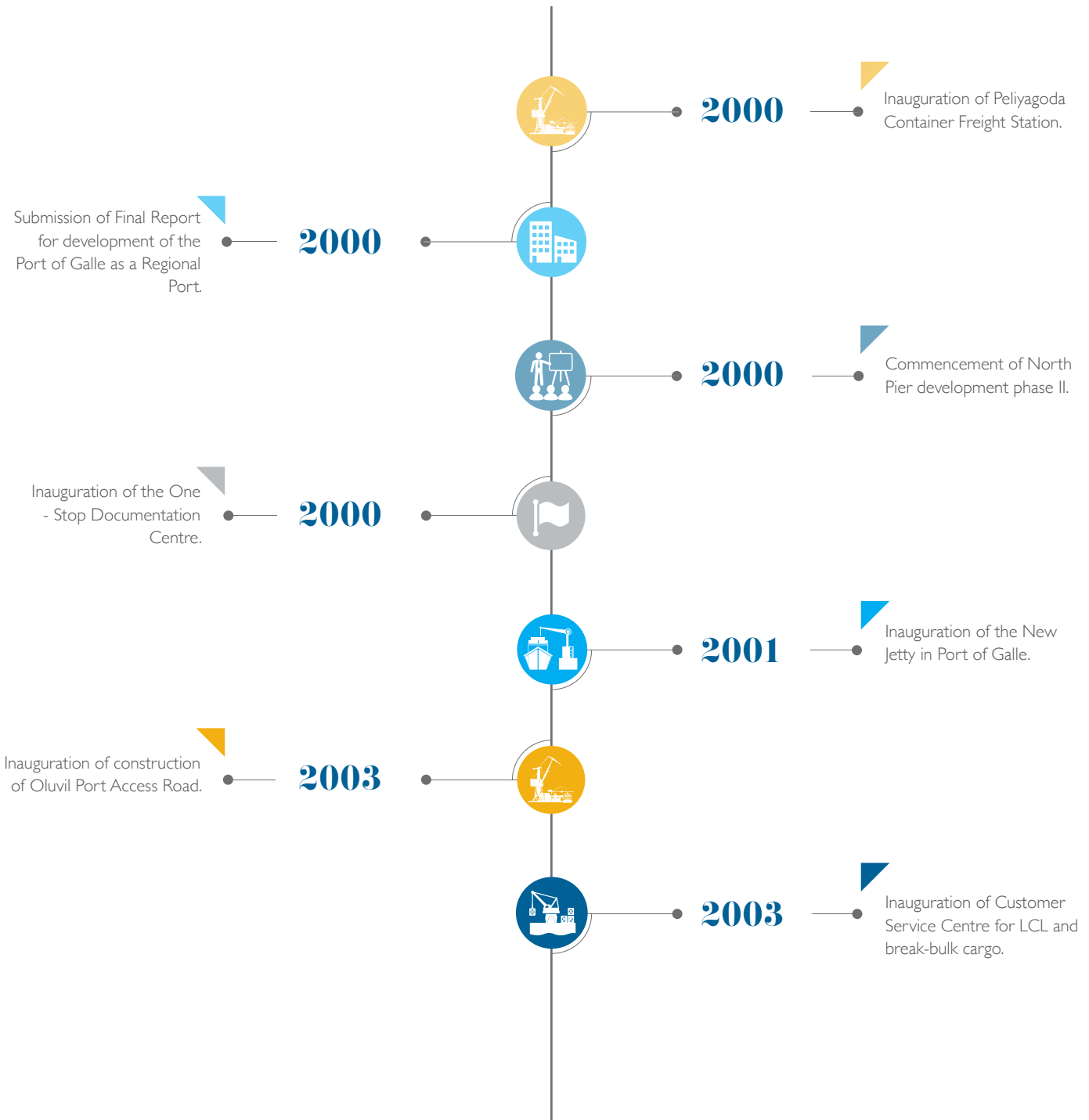


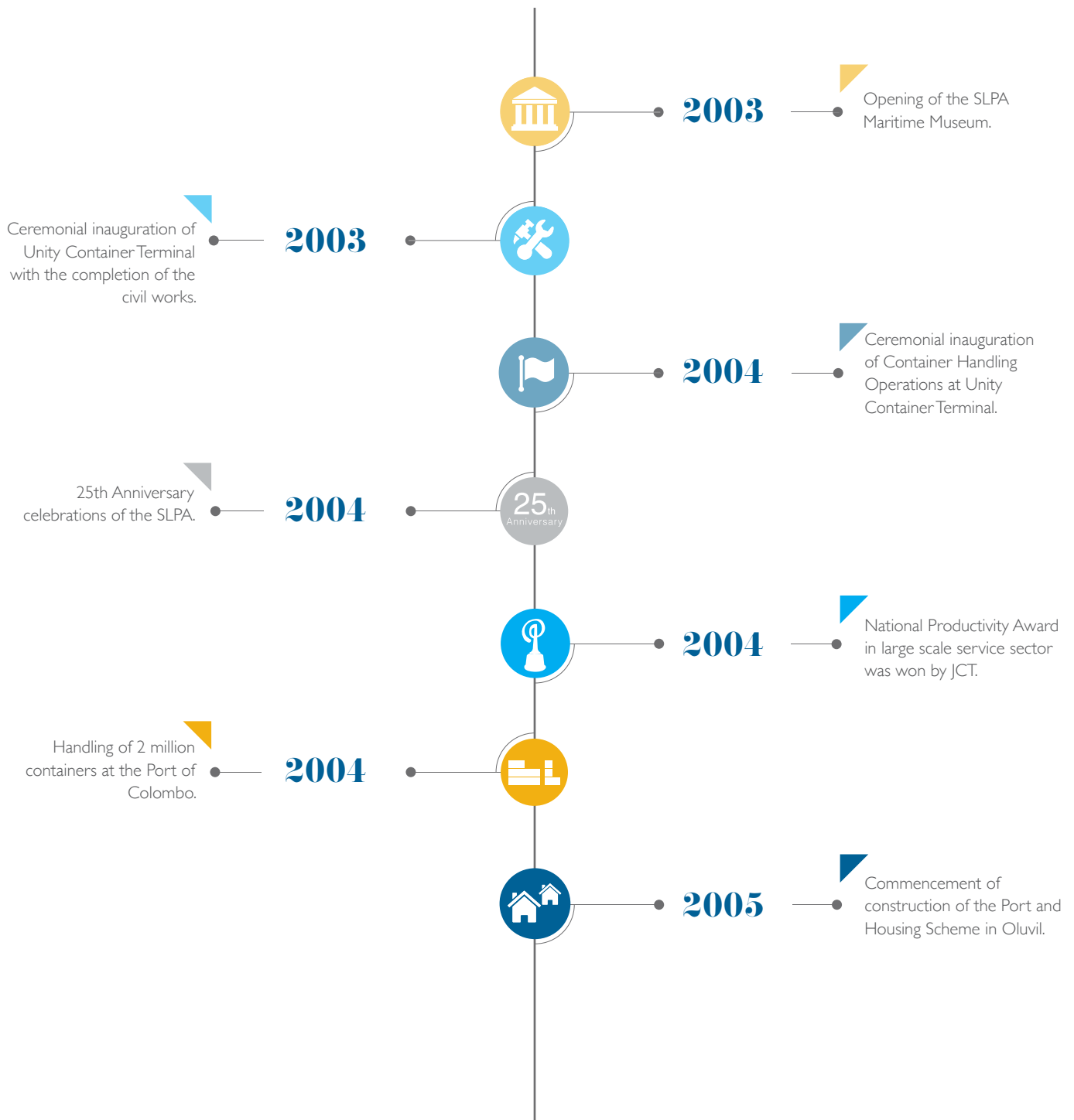
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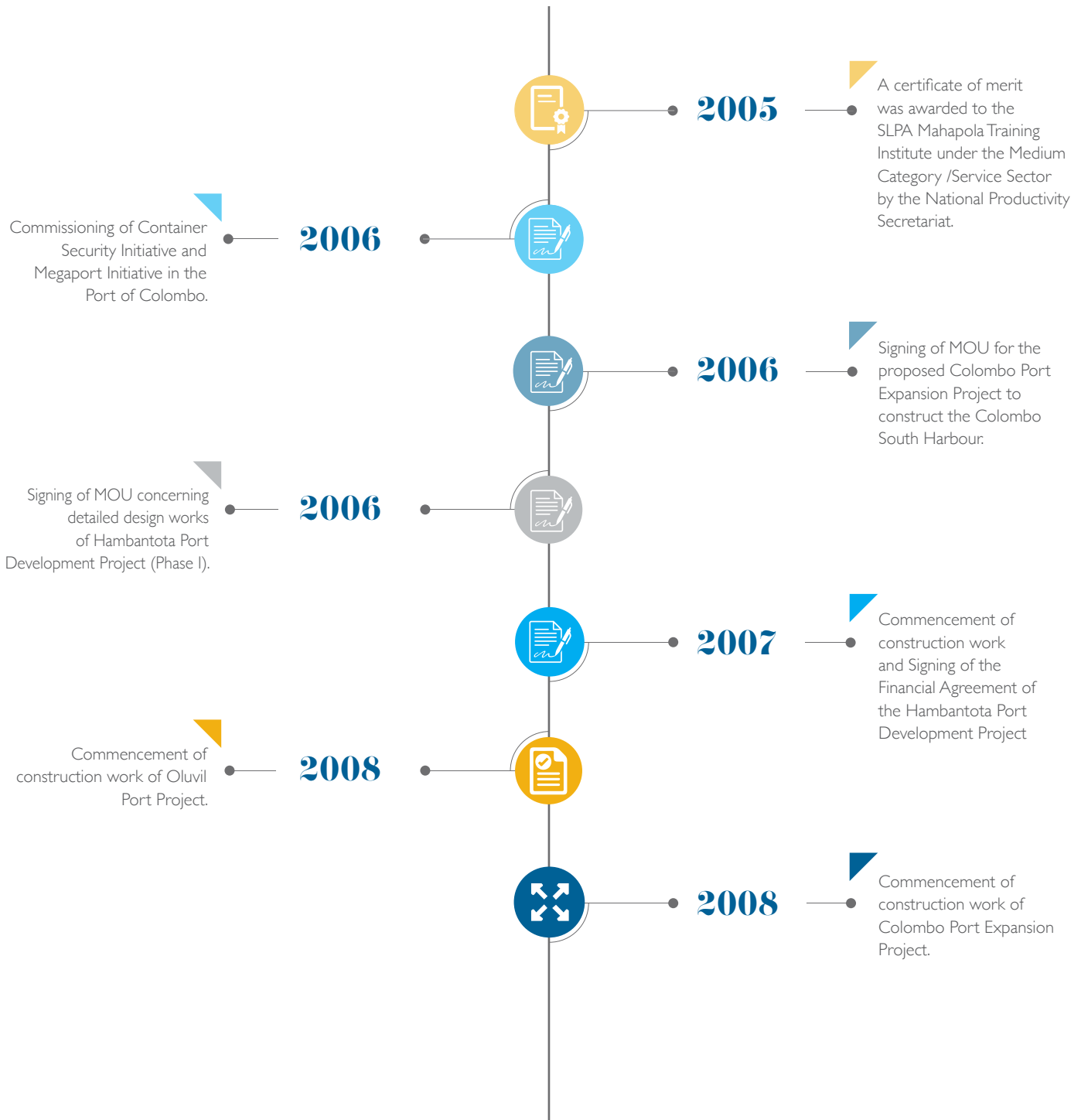


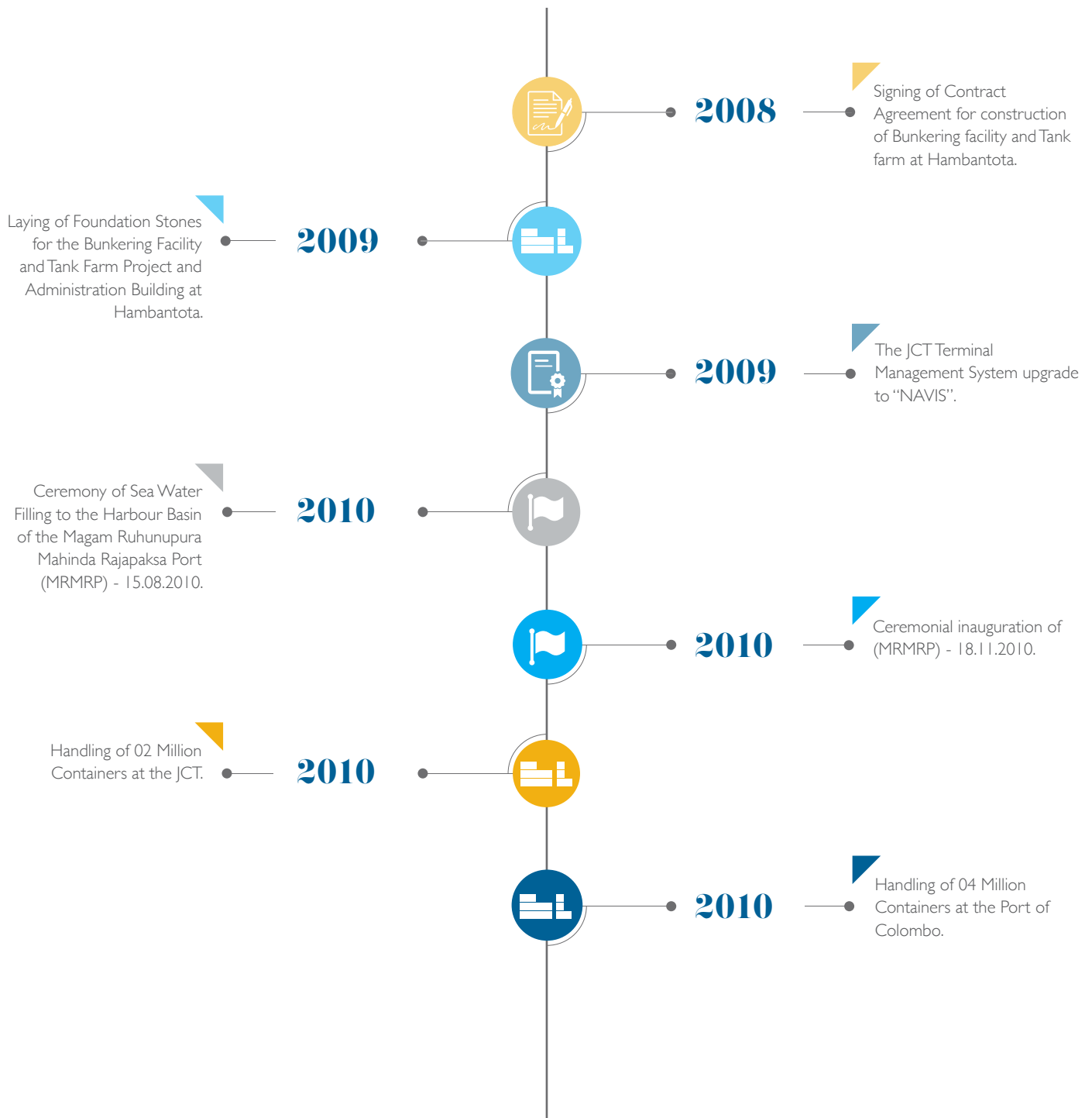
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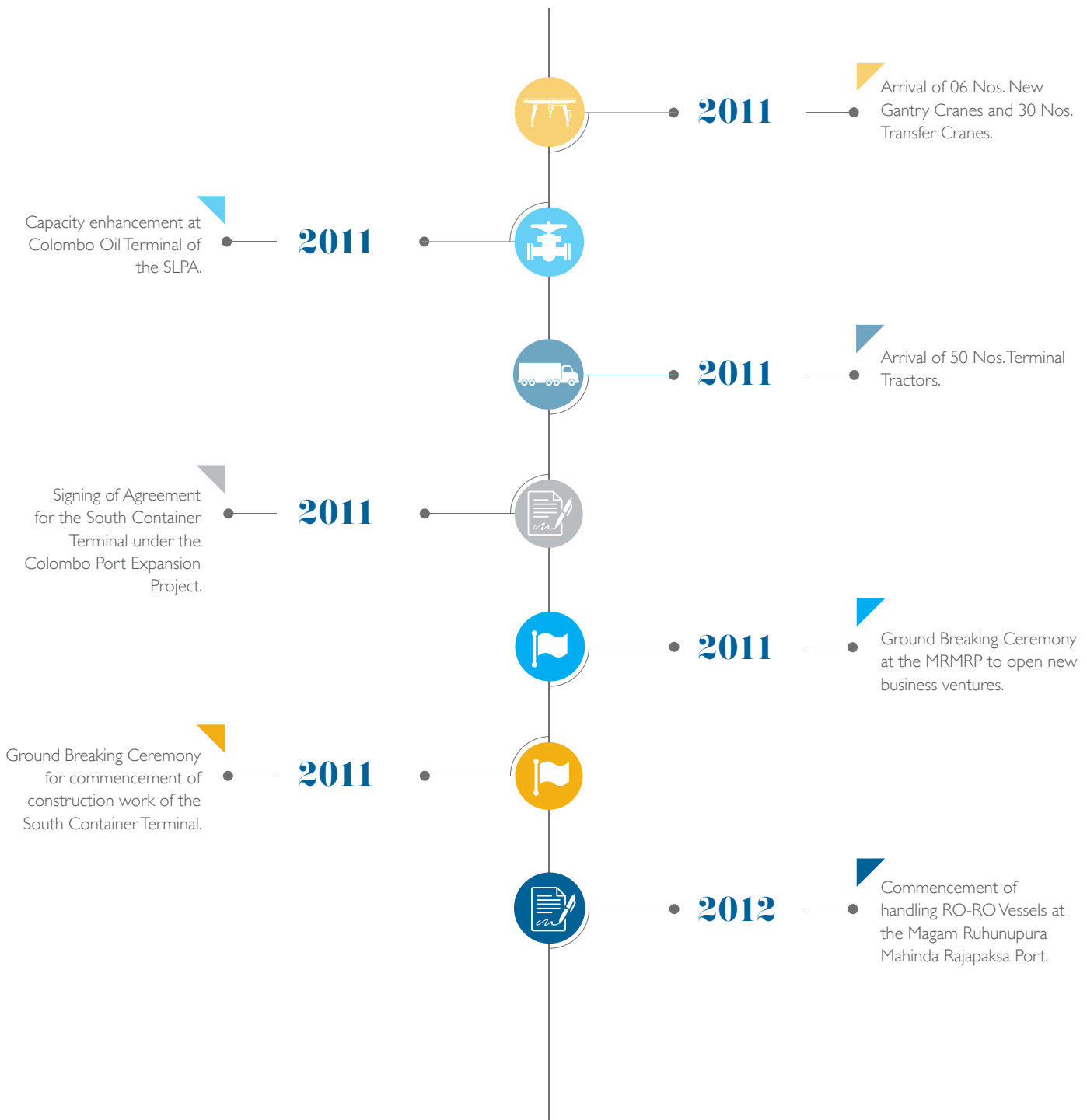


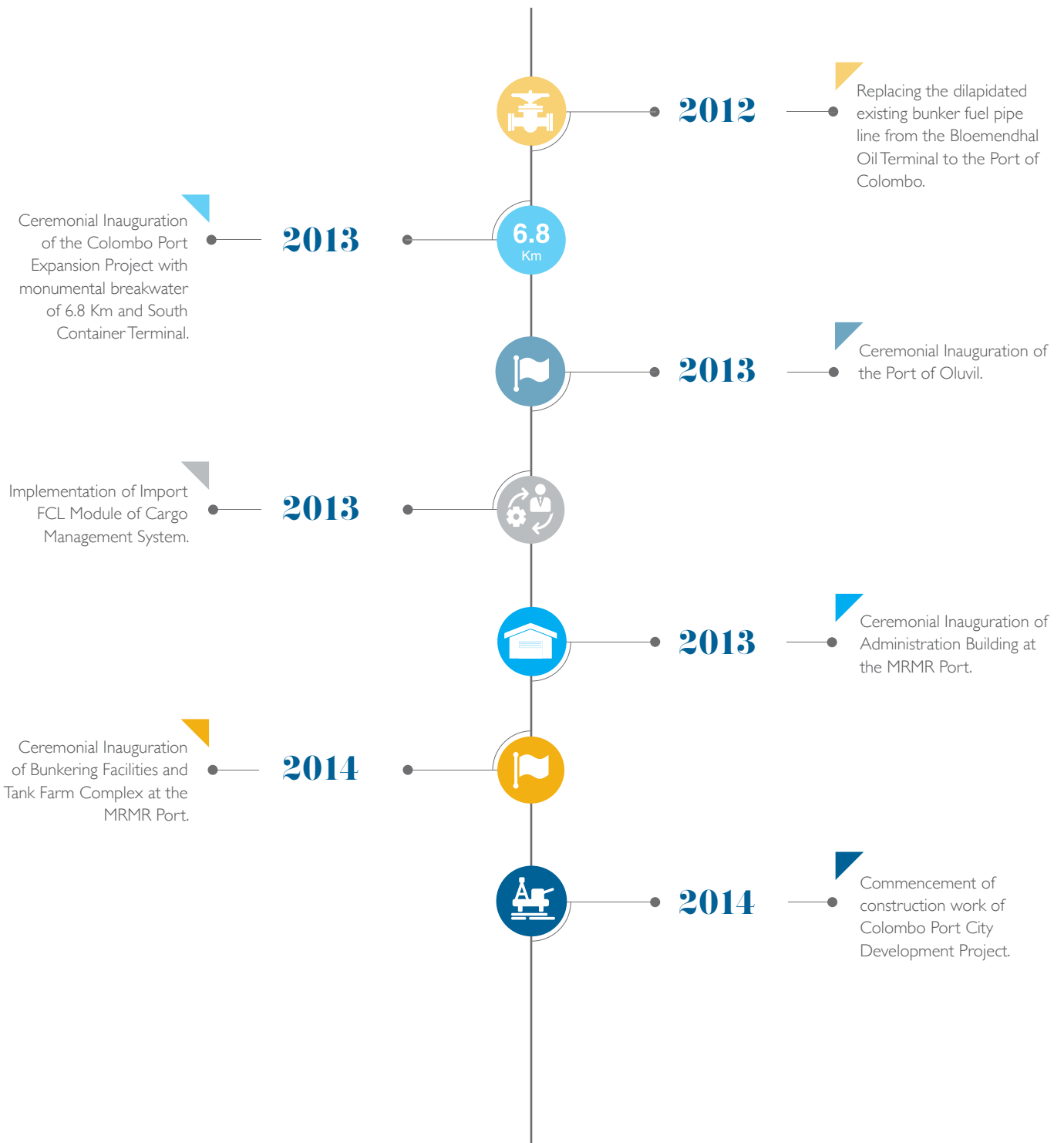
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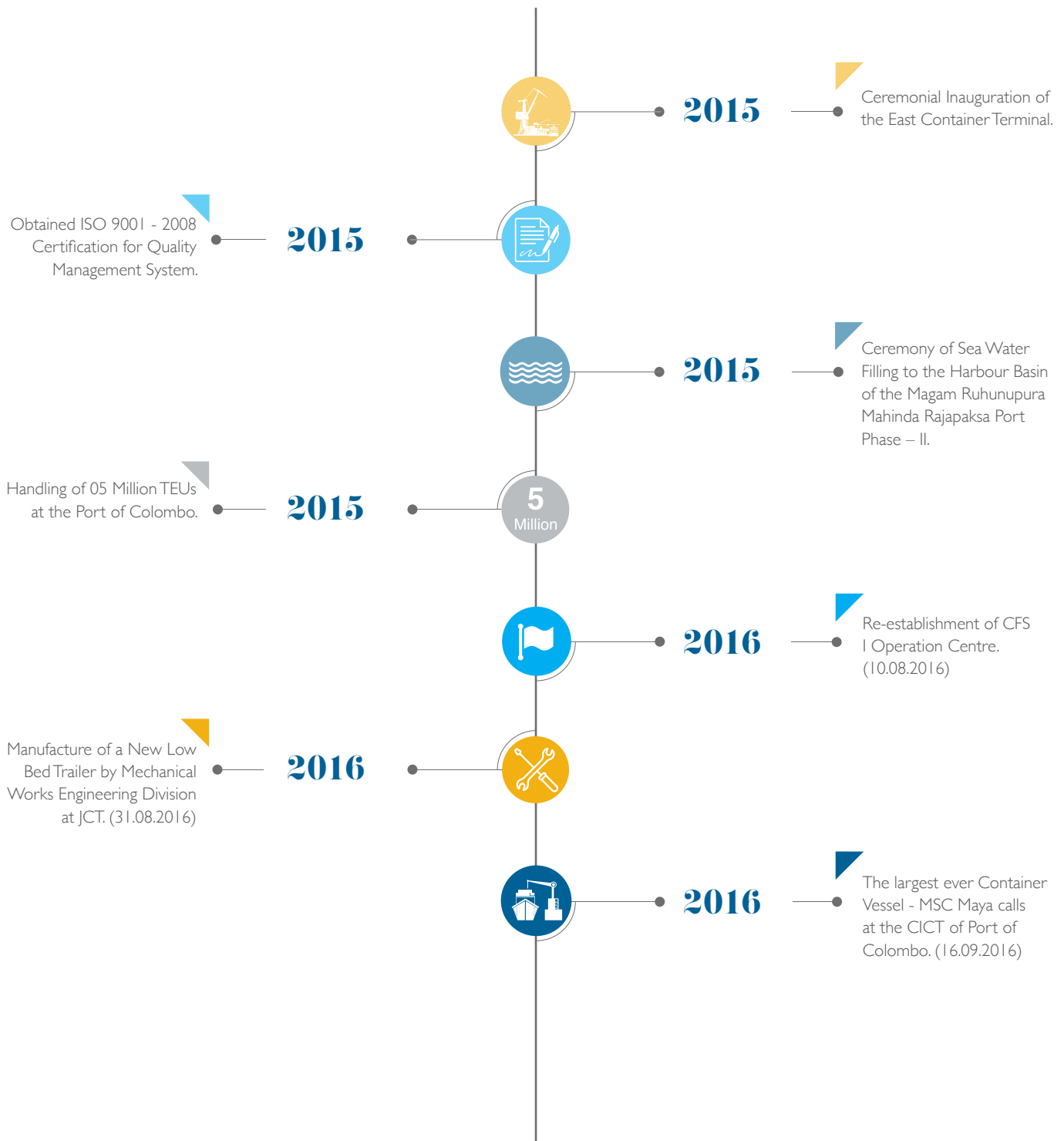


Milestones





Milestones





Operational Review



Operational Review



DIVISIONAL PERFORMANCE: OPERATIONAL SERVICES

THE OPERATIONS DIVISION

The Operation Division of the SLPA activated the following in an effort to improve on productivity levels achieved in 2016, and to further enhance the container throughput handled by the JCT.

- Conducted continuous employee awareness programmes on how to deliver a quality service expected by international shipping lines and how to achieve success in a competitive business environment. The programmes also discussed how we could overcome the challenges faced by the JCT in 2016 and in the years ahead.
- Implemented a process to ensure that the changing of equipment would only occur at the terminal/yard and be undertaken by container handling equipment operators under the direct supervision of the officers.

- This process is continuously monitored and has already helped to increase productivity and throughput.
- Fifty-nine prime mover drivers who were on contract basis were made permanent at the JCT in January, thus resolving a long-standing issue of a shortage of drivers. These drivers were also enrolled at the Mahapola Training Centre to obtain their NVQ certificates. This intervention had a positive impact on JCT performance.
- Several programmes were implemented to improve the sanitary facilities and welfare of JCT employees. These included a dengue prevention programme, air-conditioning the rest-rooms and repairing and painting the rest-rooms.
- The ISO Audit was done on the 28th of September 2016, establishing that the JCT had successfully maintained ISO standards.
- Discussions were held with the officers responsible for regularizing Inter-Terminal

Tracking (ITT), within the 3 main terminals of the Colombo Port, and as a result, the number of ITT per day was reduced from 5,000 to 1,000.

- The total number of containers handled by the SLPA in 2016 was 2,001,812 (2,138,007 in 2015). This is a 6.8% decrease when compared to the previous year.
- Mainline ship productivity was 26.31 in 2016 (23.96 in 2015). This was a 9.8% increase, year on year.
- Feeder line ship productivity was 19.82 container operations per hour (in 2015) increasing to 22.22 in 2016. This was a 12.1% increase, year on year.
- SLPA held several awareness programmes for the terminal's gantry crane signalmen as part of the training programme for container equipment operators, with the aim of maintaining operations continuously and effectively. This programme has been conducted at the Mahapola Training Institute from the beginning of November.

THE LOGISTICS DIVISION

The main function of the Logistics Division is to handle the delivery of all cargo, effectively comprising FCL, LCL Container Break Bulk, Bulk bags and Motor Vehicles, Project Cargo that are discharged to the Port and other cargo related services rendered to the customers.

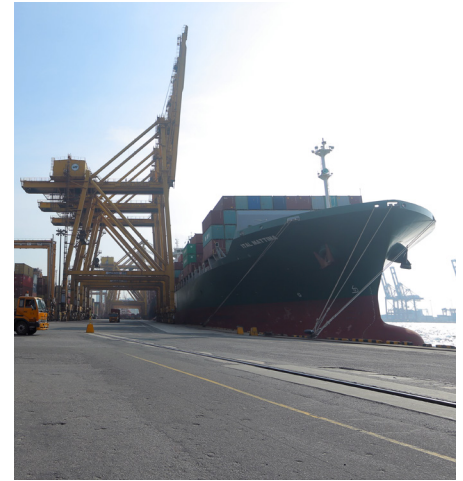
During 2016, 235,260 TEUs of FCL containers were directly delivered and a revenue of Rs. 2,714.5 million was earned from the Customer Service Centre by providing round the clock services as before. The cargo management system was effectively utilized to enhance customer service and minimize the time spent on documentation.

A total of 27,318 TEUs of LCL containers and 4,735 TEUs of transshipment containers were handled at SLPA, out of which, 8,628 TEUs were General/Dangerous cargo and 1,026 TEUs of personal baggages were handled at Peliyagoda CFS for de-stuffing operation, whilst providing the warehouse space inside the Port for Local, Transshipment, Multi Country Consolidation (MCC) operations and special type of cargo. A Revenue of Rs.180.2 million and 158.7 million has been generated from de-stuffing of LCL containers and MCC operations respectively. In

addition, a revenue of Rs.9 million has been made as demurrage on empty containers and charges for change of status of containers.

The renovations to the CFS -V warehouse enhanced the bonded cargo warehouse facilities and saw the demand for bonding trade increase, generating a total revenue of Rs.57.2 million. The total revenue generated by the Logistics Division for services rendered in 2016 amounted to Rs. 3,432.76 million. Revenue of Rs.66.9 million was collected by conducting public tenders and auctions through SLP MCS Ltd., to dispose abandoned cargo, whilst an additional revenue of Rs.10.6 million was generated from the disposal of scrap iron, waste oil and used tires etc.

132 new licenses were issued to clearing agencies during the year. 935 licenses were renewed, making a total of 1,067 licenses handled, generating a revenue of Rs.19.1 million. A total revenue of Rs.6.8 million was collected by issuing and renewing identity cards to wharf clerks of both "A" and "B" categories. The total of "A" passes issued and renewed during the year was recorded at 2,236 while the number of "B" passes handled was 286.



29 applications were received in 2016 for waiver of rent from the consignees through the Ministry of Ports and Shipping, of which 21 applications were recommended and 09 rejected. The balance is pending subject to decisions from the Ministry.

Steps are being taken to extend the electronic delivery of documentation for LCL cargo and direct delivered cargo during 2016. This will be fully implemented in the first quarter of 2017.

Improvements and development during 2016

- BQ I, II, III and IV warehouses were consolidated under the Logistics Division with the aim of providing a more productive and efficient service.
- Re-construction of the first half of CFS - I warehouse was completed and it was re-opened on the 10th of August 2016. The second half of the re-construction is in progress and is expected to be completed by the end of January 2017.
- De-stuffing operations of CFS II warehouse were cancelled, as it would be demolished for road widening.
- The Summer Hill vehicle yard was shifted to the UCT yard for a more cost effective and efficient vehicle container de-stuffing operation.



Operational Review

- A Customer Care section was set-up at canal Yard - Center to address customer complaints and grievances.
- A Navis LCL system was processed for development with the collaboration of the Information System Division and a team from Access Pvt Limited.
- A CCTV System is being installed at the Bandaranayake Quay warehouses to ensure the safety of cargo.

THE NAVIGATION DIVISION

Pilotage

Pilotage of all types of vessels visiting the Port of Colombo was attended 24/7, during the year under review.

Type of Ship	No. of Ships	Purpose of Call	No. of Ships
Container	3,804	Bunkering	29
Conventional	40	Repairs	46
Dry Bulk	194	Passenger	43
Liquid Bulk	191	Other Services	7
Roll on Roll off	51	Roll on Roll off	
Other Cargo	0		
Total			4,405

Master of Tugs Section

The CMT Section functioned satisfactorily, providing an efficient and continuous tug service for vessel manoeuvres during the year under review. In addition, the following tasks were also undertaken;

- Carrying out Deck repairs and conducting maintenance work of tugs.
- Manufacturing rope mats for tugs with discarded mooring ropes and making canvas awnings for tugs and other sections.

Adequate tugs were made available operated daily for ship movements and one stand by tug was always available for contingency requirements.

Total Number of Vessels Attended by Tugs

A total of 20,491 turns were performed by the Berthing Tugs and the details are given below;

Name of Tug	No of turns
MT Raja	1,463
MT Nandimithra (55 BP)	2,320
MT Suranimala (65 BP)	3,919
MT Gotaimbara (65 BP)	3,409
MT Vijayabahu	2,906
MT Barana – II	2,318
MT Airawana	1,897
MT Ocean Enterprise (Hired from 01.03.2016 upto 28.08.2016)	2,259
Total	20,491



Trincomalee

- M/T. Sinhabahu
- M/T. Neelamaha
- M/T. Mahasen

Galle

- M/T. Kanchadewa

KKS

- M/T. Deera

MRMR Port

- M/T. Velusumana
- M/T. Varuna
- M/T. Vasabha

Training

Crew members were sent to Mahapola Training Institute for basic training on firefighting and first aid, whenever the courses were conducted.

Revenue Details – Tug Services (Colombo)

Year	Rs. Million
2015 Actual	872.15
2016 Revised	983.14
2017 Projected	1,020.41

Chief Engineering Officer's Section

This section worked successfully towards maintaining the operational and repair requirements of all tugs and pilot and mooring launches.

Routine maintenance work was carried out by the Section, in addition to the daily routine work required by crafts for towage and pilotage and operations.

On a recommendation made by the management, the Chief Engineering Officer's section is gearing up to attend to more maintenance work of tugs along with their routine work.

Port Fire Brigade (PFB)

An effective emergency service was provided by Port Fire Brigade during the year. This section also implemented and maintained local fire safety standards and acted as the Emergency response team of the SLPA, to combat incidents of Oil Pollution and accidents related to Hazardous Materials.

The following services were rendered by PFB during the year under review;

Fire response	32
Navy rehearsal test calls	07
Emergency calls	159
Stand by duties for oil tankers	175
Stand by duties for gas tankers	50
Stand by duties for hot works on vessels	705
Stand by duties for d/c handling	04
Stand by duties for inspection visits for d/c	153
Supplying water to wash piers/ warehouses etc.	31
Pumping out water	03
Oil pollution control work	17
Inspection visits to oil tankers	675
Combined fire drills	03
Supply water to duty tugs (number of bowser loads)	138

Fire Safety Activities

- Fire safety inspections on all buildings /cranes/ vessels/were carried out.
- Fire equipment installed in Colombo Harbour and Galle Harbour were inspected/ checked twice during the year and fire equipment installed in other ports were done once during the year.
- A total Number of 3621 fire extinguishers were checked during the year.
- A combined fire drill was carried out at SAGT with the collaboration of Colombo fire brigade
- A fire at Oil Bank was controlled with the assistance of Colombo fire brigade
- An oil spill at SPBM was controlled with the assistance of (NOSCOP) MEPA

Training and Allied Services

Staff training work shops	31
Outsiders familiarization visits	03
Coxswain training courses	04
Fire training for deck and engine room rating trainees	01
One day basic firefighting course for management trainees	01
Refresher fire training for Port fire brigade staff	08
Recruit fireman training program for PFB staff	01



Revenue earned by Port Fire Brigade in 2016 is given below;

Description	US \$
Fire calls	53,260
Stand by duties for oil tankers	367,426
Stand by duties for gas tankers	69,360
Stand by duties for dangerous cargo	7,300
Charges for inspection visits	8,100
Charges for hot work	30,934
Charges for oil pollution control	9,084
Emergencies	1,000
Total Income	546,464

Harbour Safety Section

This section keeps track of all types of hazardous cargo handled in the Port and ensures that safe handling practices are observed at all times.

Several chemical spillages and incidents of fire were controlled with the assistance of the Port Fire Brigade. Inspection of warehouses, including dangerous cargo warehouses and containers were carried out periodically.

Site inspections were carried out prior to granting permission for hot work and unauthorized hot work incidents were detected and stopped. Inspections of marine pollution were carried out.



Operational Review

- The Port of Colombo handled 351,974.557 MT of dangerous cargo during the year, 2016.
- 28,602 Nos. of freight containers of transshipment hazardous cargo were handled during the year.
- Safety aspects on Handling, storage and transportation of dangerous cargo in the Port and allied services were introduced during the sessions conducted for employees in Operation Division.
- 76,800 MT of high explosive (GPIE) and 11,053.119 MT of substances with explosive nature (GP IAE/IIIE) were handled.
- Personal safety of employees at JCT and UCT and mooring gangs attached to Navigation Division were monitored with the assistance of Asst. Harbour Inspectors, specially in the use of Personal Protective Equipment.

Three Hundred Sixteen (316) various types of tankers were called at Port of Colombo and discharged cargo of oil/gas etc. as follows;

Types of Cargo	Quantity (MT)
Liquid Petroleum Gas	371,026.969
Gas Oil/Jet Ai/Gasoline/ Kerosene	2,708,140.404
Crude Oil	1,226,676.431
Fuel Oil	510,865.546
Base Oil	22,803.865

Coast Lights Section

Lighthouses along the Southern and Western coast straddling the main international shipping routes were regularly maintained.

Light Buoys in Channels

Light Buoys were regularly checked and maintained.

Revenue – 2015/2016 Light Dues - All Ports

	2015 Actual	2015 Actual	Rs. Million 2016 Projected Revised
Combined	681.32	849.25	976.61

Harbour Craft Section

The Harbour Craft Section duties mainly consist of providing assistance to mooring gangs and crews for pilot launches in order to facilitate safe mooring/unmooring of the vessels that visit the Colombo Harbour; transporting various work gangs to the island breakwater and the South West breakwater; keeping the Harbour waters clean and handling heavy lifts by the floating cranes giraffe. The routine maintenance of pilot launches, and mooring launches was also satisfactorily executed.

Survey Section (Hydrographic and Land)

Surveyors attended to all land survey work when requested by the different Port Divisions and also handled the hydrographic surveys of all the SLPA operated Ports.

Surveying work concluded;

- Approach Channel Soundings
- South Port Soundings
- Main Entrance Sounding
- Inner Harbour Basin & Berths Soundings
- Buoy Position Survey of Approach Channel
- Colombo Port Map Revision Work
- Surveying & Leveling of Port Internal Roads for the Road Widening Project
- Surveying & Plan work required for lease agreement
- Preparing old gazette boundary on scanned old plan rated to SLPA



Port of Galle

- Establishment of the Tidal and metrological data station
- Participation on 'Bimasaviya' and related committee meetings
- Soundings over yacht Marina Excavation area
- Surveys and Plan work for lease agreement.

Port of Trincomalee

- Survey for preparing Leased plan.
- Establishment of tidal and metrological data station.
- Bathymetric Survey for Tokyo jetty and Channel Dredging Project.

Hambanthota Harbour

- Hydrographic Survey over Entrance and Channel after dredging
- Surveys for lease plan preparation for Investors
- Resettlement of stage II, Survey work under supervision of survey Department
- Other related survey work detailed by Project Engineers.

Nautical Section

This section co-ordinated the annual registration and issue of licenses to Ship Chandlers, Launch Operators, Marine Surveyors, minor and major repair workshops, oil and oily water garbage reception facilitators.

Name of the License	No. issued	Revenue
Ship Repair License	129	14,739,174.18
Dockyard License	72	2,808,917.77
Survey License	39	2,725,984.17
Ship Chandlers License	90	7,541,958.42
Boat License	47	4,452,909.21
SAGT and Other License	11	450,065.67
Total		32,719,009.42

DEVELOPMENT PROJECTS THE PLANNING AND DEVELOPMENT DIVISION

East Container Terminal - Phase I - Colombo Port Expansion Project

Project Details and Progress

Foundation dredging, and reclamation dredging was completed. A 600m long quay wall was built, with 440m long berthing facilities consisting of a 30m rail span, a 20m wide back reach area, a two-lane road and a free area with revetments and capping beam. A land side crane

rail and beam was built. A container yard was constructed on reclaimed land, consisting 12 dry stack lanes and one reefer lane, with 30m wide yard peripheral roads, and a terminal tractor parking area corner revetment was built, and services and utilities were completed.

The prequalification process of the project commenced, with the public announcement of Expression of Interest (EOI) on 6th June 2016, which closed on 20th September 2016. Evaluation of EOI applications by a Cabinet Appointed Negotiating Committee (CANC) and a Procurement Committee with the assistance of Asian Development Bank (ADB) is in progress.

The first draft of the Concession Agreement prepared by the ADB has been reviewed by the SLPA and comments have been forwarded to ADB, for necessary amendments.

Galle Port Development Project – Phase – I Project Details and Progress

A Novation agreement was signed with the M/s Oriental Consultant Company (OCC) for the design work. The construction of the breakwater is being planned with available JICA funds and to develop a multipurpose berth on Public Private Partnership in Phase – II. The approved loan amount for the project is 14,495 JPY million.

The JICA loan was extended for a further year, up to May 2017.

Trincomalee Port Development Project

The Trincomalee Port Conceptual Master Plan was prepared based on short term and long-term project proposals. The investment proposals from Oceanpick and Dimo were selected and recommended through a Request for Proposals (RFP) and have been forwarded to the Cabinet Committee on Economic Management (CEM). The proposal for fish farming was approved by the Secretaries Committee.

Present Progress

The rail transportation of coal and clinker from Trincomalee Port was identified as a priority project. The SLPA, the Government Agent, Trincomalee and the Railway Department jointly work to re-lay the railway path. The survey will be carried out by the CGR and once this is developed, the future access road and the resettlement plan will be made by the SLPA. One investor has been identified under the RFP and the agreement is being finalized for signature.

THE SOUTHERN PORT DEVELOPMENT DIVISION

During 2016, the SPD Division was involved in completing major civil construction work which falls under Phase II of the project. RFP schemes to attract qualified operators for the Operation of the Bunkering Facility and business ventures for the Industrial Zone at the Hambantota Port were also launched during this year. The acquisition of land required for the Port Development has also been executed in parallel to the said projects.

Details of each project are given below: Hambantota Port Development Project Phase II

The major civil construction work of this project was completed during 2016. However, delivery of handling equipment is in progress and will be continued up to the 2nd quarter of 2018. However, the date of completion has been extended till the 15th of April 2017.

At present, the Sri Lankan and Chinese Governments are undertaking a study on operating the Hambantota Port on a PPP basis,



Operational Review

as a JV between China Merchant Port Holding Company Limited and the SLPA. Accordingly, the necessary procedures are now in progress.

Bunkering Facilities and Tank Farm Project

Request for Proposals Operation of Bunkering Facility

In order to expand the bunker business, a decision was taken to lease out the bunkering facility, including 3 aviation fuel tanks, to a suitable operator. Accordingly, a Request for Proposals to operate the bunkering facility was launched and 4 proposals were received from prospective investors. As per the instructions given by CCEM, evaluation of proposals is now in progress.

Lease Agreement with Litro Gas Terminals Lanka (Pvt) Ltd. for LPG Facility

Litro gas has made a request to construct a LPG cylinder filling plant, to increase their activities and generate more revenue for both the SLPA and Litro, from the LPG facility at the Hambantota Tank Farm. The SLPA has approved construction of the said plant, subject to the signing of a Supplementary Agreement.

Request for Proposal – 2016 (April)

The request for proposals to attract business ventures for the industrial Zone at Hambantota Port was launched and bids received were opened on 24.08.2016. Six bids were received. However, evaluation was suspended based on instruction from the CCEM.

Coordination with the Laugfs Terminals Limited was further continued in order to assist the establishment of their LPG Terminal Project.

Land Acquisition/Purchasing (Stage – II)

Required lands and alternative resettlement lands have already been identified and surveying and valuation works were completed. Cabinet approval was granted for the same. The total funding requirement for this is approximately Rs. 2,000 million. Referring to the cabinet approval granted to obtain the required funds from the Treasury, the Treasury has already released Rs.

992 million to the District Secretary, Hambantota, to make payments to the beneficiaries up to the end of 2016.

THE CONTRACTS AND DESIGNS DIVISION

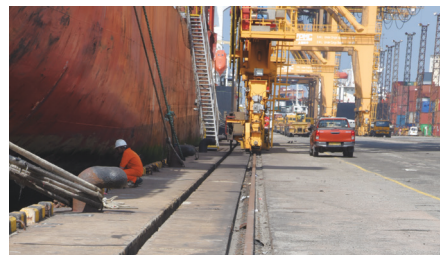
Contracts and Designs Division is mainly responsible for designing structures and the management of Civil Engineering projects implemented by the SLPA. Designing of structures includes Port infrastructure such as berths, piers, civil structures, buildings and roads. The Contracts and Designs Division also undertakes design/drawing work for all maintenance and development requirements of all the divisions of SLPA, including the regional Ports. Management of projects includes tender proceedings, consultancy services, construction supervision, and quality controlling and contract management of such projects.

In addition to the above, this Division also undertakes some minor construction works in the Port of Colombo using direct labour, by utilizing employees attached to Stress Bed Section.

Construction and development work carried out by the Division during 2016 included:

Widening of Internal Port Road in Port of Colombo

It has been recognized that the existing 4 lane Internal Port Road from Ingurukade Junction to Gate 01 needs to be widened to 6 lanes, in order to cater to the traffic volumes anticipated within the Port premises once the South Port development is completed. The 2 existing bridges in the Fort area and the bridge over Bloemendhal Road in the Port Access Road will also be widened.



Existing buildings, offices, workshops and facilities were demolished and relocated in order to widen the road to 6 lanes. Widening of the Internal Port Road was commenced in 2013 and construction work is being carried out in stages in road stretches where all demolition has been completed.

Project Progress

Internal road widening works were carried out in stages phase by phase during 2016 and Rs. 34.13 million worth work have been completed. The total financial value of the project (including Harthal Bridge Widening) is Rs. 701.21 million up to December 2016. This includes asphalt paving, preparation of base layers, base corrections, service drains, and diversion of existing drains etc.

During 2016, 1.4km road stretch was fully completed with service drains, asphalt wearing course, road markings etc and a total of 1.2km road length was completed up to the asphalt binder course and a road stretch of 1.2km not commenced any work yet.

Widening of Port Access Road

Widening of Existing Bridge over Bloemendhal Road

The existing bridge over Bloemendhal Road needs to be widened, as part of the internal Port road widening project.

The Construction of sub structure and super structure works was awarded to the Contractor at a total cost of Rs. 50 million, and the project has been completed. Work to the value of Rs. 8.05 million was completed during 2016. The total expenditure on the project was Rs. 32.37 million, up to December 2016.

Rehabilitation of Terminals/Piers at the Port of Colombo

Paving Works at Guide Pier and Bandaranayake Quay

The existing Guide Pier Yard and Bandaranayake terminal needed improvement and re-surfacing as the entire yard has subsided and this has affected the operational activities at the terminals.



Rehabilitation of JCT 3 Terminal - R & S Lanes

The existing container stacking yard including the roads at JCT 3 needed to be rehabilitated, as most of the container stacking areas and roadways have subsided areas. Rehabilitation will be undertaken in stages, to avoid interruptions to the day to day container operations at the terminal.

Project Progress Summary

Item	Activity / Description	Progress / Cost
1	Paving Works at Guide Pier	Project completed at the total cost of Rs 49.6 million.
2	Paving works at Bandaranayake Quay – Stage I	Project completed at the total cost of Rs 24.73 million.
3	Paving works at Bandaranayake Quay – Stage II	Contract was awarded to successful contractor and project has been started.
4	Rehabilitation of JCT 3 Terminal – R & S Lanes	Project completed and payment made up to date is Rs. 38.04 million.
5	Rehabilitation of JCT 3 Terminal – M & N Lanes	The project has been differed.
6	Paving Works at Prince Vijaya Quay – Phase I	Contract was awarded to successful contractor.

Comprehensive Study on Littoral Drift at Olivil Coastal Areas

Decided upon decision made to undertake remedial work to arrest the problem of coastal erosion presently experienced beyond the northern boundary of the Olivil Port. There is also the problem of huge sand accumulation below the southern boundary, along the south breakwater and sand siltation in and around the Port entrance channel. As a precursor to such works, a comprehensive engineering study was proposed in order to determine the sediment transport and morphological changes in the coastal areas at Olivil, and what remedial measures could be adopted.

The Ministry of Foreign Affairs of Denmark (DANIDA), which is the funding agency for the Olivil Port Development Project, has agreed to provide financial assistance for the study, on a grant basis.

The Secretary, Ministry of Ports and Shipping issued the Letter of Acceptance to the successful consultant, M/s DHI, Denmark and study has commenced. Survey activities, Site inspection and an Assessment Meeting with DHI/SLPA were completed. The Interim Report has been submitted.

Reconstruction of CFS - I Warehouse

The CFS 01 warehouse was damaged by fire in May 2013, and reconstruction commenced in January 2016.

An Action Plan and Time Frame were prepared for the entire project, works were assigned to relevant divisions and the first half of the warehouse was completed on 01.08.2016. Logistic activities commenced on 10.08.2016. Completion of the 2nd half of the warehouse was scheduled for the end of January 2017.

The present progress is as follows;

- Construction of the 1st half of the warehouse, size 45m x 52.5m together with all required facilities, (40m x 52.5m) was completed. It consists of a 2-storied office block, with a floor area of 600m² and warehouse floor area of 1800m² with 2.5m wide apron at both side, and a transformer house for logistic activities.
- 90% of the work has been completed.

Coastal Protection Works at Olivil

Phase I – Revetment construction for 150m length (Circuit Bungalow Area)

It has been observed that the SLPA Circuit Bungalow area has been severely affected by erosion during the South West monsoon period and the coastal line has reached just upto the Bungalow, damaging the Water Tower; Retaining Walls, Septic Tanks and Manholes.

Work includes;

- supply of rock boulders, Quarry material to site.
- supply and laying geotextiles.
- acing quarry material & rock boulders for the revetment Construction.

Urgent renovation work was required to save SLPA properties. Accordingly Phase I – construction of a rock revetment for a length of 150m was completed at a total cost of Rs. 4.3 Million.



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Phase II – Revetment construction for 150m length (from Circuit Bungalow Area to Officer’s Quarters)

Phase II of the project, construction of 150m rock revetment was commenced in November 2016 and 90% of the construction works have been completed.

Completed tender documents and Bill of Quantities;

- Widening of Internal Port Road Project
- Rehabilitation of JCT Container Yard (M & N Lanes) in Port of Colombo
- Rectification work of the foundations of CFS 01 Warehouse in Port of Colombo
- Rehabilitation of Bandaranayake Quay (Phase II) & Prince Vijaya Quay (Phase I) in Port of Colombo

Designs Assignments

Completed the following designing assignments during 2016;

- Widening of Internal Road at Port of Colombo From CH I+260 to CH I+700
- Proposed Paving of Prince Vijaya Quay (PVQ)
- Proposed paving of Bandaranayake Quay (BQ)
- Proposed rehabilitation works at M&N lanes of JCT III Yard
- CFS – 01 Warehouse with Office Block, Fire Wall, Transformer Room & all services
- Overhead Water Tower for CFS – 01
- Weigh Bridge for Port of Galle
- Review of storm water disposal system of Ministry of Finance
- Prepare structural drawings for proposed Transshipment Dangerous Cargo at Bandaranayake Quay (BQ)



- Review method statements and construction works at Beira Lake related to proposed Multi-use Integrated Development Project of John Keels
- Design of Platform Widening and staircase for CFS – 01 Warehouse
- Prepare tender document for Renovation of Roof of Cargo Craft Repair Section in Slipway Building
- Prepare structural drawings for urgent coastal protection work at Oluvil coastal area to save the SLPA lands
- Conducting and co-coordinating of consultancy work: International Consultants for Comprehensive Study on Littoral Drift at Oluvil Coastal Areas



ENGINEERING

THE ELECTRICAL AND ELECTRONICS ENGINEERING DIVISION

The Electrical and Electronics Engineering Division is responsible for the planning, management, implementation and facility maintenance of all engineering projects and facilities in the field of Electrical power and Communication Engineering at all Ports that fall within the purview of the SLPA.

Under the direction of two Chief Engineers and two Deputy Chief Engineers, a team of highly qualified professional Electrical/Communication Engineers worked round the clock to maintain all essential services related to Electrical Power and Communication, to achieve more than 95% availability of all services related to Port activities, which is on par with other international hub Ports.

The Electrical Engineers also contribute their experience and knowledge to the design and construction of the proposed East Container Terminal.

Electrical Power engineering work includes:

- Distribution of electrical power supply from CEB at 11kv, total installed capacity of 18MW.
- Maintenance and upgrading of 11kv substations; installation and commissioning.
- Maintenance of protection systems and switchgears of all LT power applications
- Maintenance of electrical installations in dredgers, tug boats and other floating crafts
- Maintenance of electrical installations in container handling cranes (ship to shore yard cranes)
- Maintenance of ship bulk cargo handling canes
- Repairs to electric motors (AC and DC) and other instruments in container cranes.
- Maintenance of standby power generators of total capacity 0 15.5MW.
- Installation, maintenance and troubleshooting of 11kv electrical underground cable network.
- Planning, installation and maintenance of air conditioning systems.

Electronic and Communication Engineering work includes:

- Planning and maintenance of VHF Radio network (Marine Band)
- Planning and maintenance of 2.4 Wi-Fi data communication network at container terminal
- Maintenance of RFID system at container terminal
- Planning and maintenance of optical fiber network and data network operation centre.
- Planning and maintenance of Port telephone PBX system of capacity 2000 lines
- Maintenance of navigation system including radars, echo sounder, satellite communication, equipment, DGPS based survey systems etc.

- Planning and maintenance of CCTV system.
- Expansion of existing optical fiber network.
- Enhancement of voice communication facility to accommodate VHF duplex channel.

THE MARINE ENGINEERING DIVISION

The Marine Engineering Division is mainly responsible for the maintenance of and repairs to all Floating Crafts of the SLPA, and ensuring that an adequate number of floating crafts are available for the Navigations, operations, Civil Engineering maintenance and security Divisions to execute their operations successfully. The maintenance of outboard motors used by these divisions is also the responsibility of the Marine Engineering Division.

The division is also responsible for providing material handling gear for the handling of bulk cargo to the Operations Division. This Division also undertakes the maintenance of SLPA kitchen equipment including gas burners, rice boilers, aluminum saucepans and other utensils. Maintenance of the SLPA slipways is also carried out by this Division. Due to a shortage of skilled labour in the steel structural repair sections, the Marine division manages its own structural and hull repairs too.

This division consists of two sections and their achievements during the year are as follows;

Marine I Section Refit Engineering Section

The Refit Engineering Section comes under Marine-I section and is mainly responsible for the co-ordination of maintenance and repairs to all Harbour Berthing Tugs, Fire float "Mega", dredgers of the SLPA and all outboard motors. The section was able to meet the operational requirement of five berthing tugs for Colombo, two berthing tugs for Trincomalee, one berthing tug each for Galle, KKS and Hambanthota, while carrying out the machinery repairs including Lloyds Register classification Survey requirements of these floating crafts.

The Section also maintained the Trailing Suction Dredger "Hansakawa" and Grab Hopper Dredger "Diyakowula" at high standards during the year. The Section also carried out the routine repair and maintenance of all the outboard motors used by the Security, Navigation and Civil Engineering Divisions of the SLPA.

Major repairs including dry docking of the tugs, and inwater surveys in lieu of Docking surveys were carried out for the tugs and dredgers with the assistance of the classification society and all required maintenance repairs of their machinery were done. Fire float "Mega" was successfully maintained and kept ready round the clock to deal with any fire event in and around the Port.

Engineer Harbour Craft Section

This section is mainly responsible for the repair and maintenance of pilot launches, mooring launches and other general purpose launches etc., and it was able to meet the operational requirements for the Navigation Division while fulfilling the classification society requirements up to date.

Marine II section Shipwright section

The Shipwright section is mainly responsible for all wood repair work and fiberglass repair work for the floating crafts of the SLPA. Further the section carried out the fender repairs on woodwork and wooden hull repairs and maintenance work of the launches and the diving boats of the SLPA. They also attended to all fiberglass covering repair work of all GRP boats and wooden hull launches. The shipwright section also carried out repairs to wooden furniture, paneling work and the timber fender repair work of the berthing tugs used by the Navigation Division.

During the year several slipping/un-slipping operations were carried out at the 600 ton Patent Slipway and other slipways. Major repairs to berthing tugs and launches were carried out by the Section during the year.



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Cargo Craft Section

The Cargo Craft section is responsible for the repair and maintenance of Towing Tugs, Motor Launches, Water Barges and Deck Barges used by the Operations Division and for carrying out grit blasting and painting work of these crafts as well as the other steel structures. The yard was able to meet the operational requirements of the above mentioned crafts in addition to the major steel blasting and painting done at the CFS-1 warehouse in 2016.

During the year, this section manufactured and supplied over 150 numbers of different sized steel wire rope slings, curtains, canvas covers awnings and tent clothes required by the Operation, Navigation, Security and Engineering Divisions, the Port of Galle and the Port of Trincomalee and also to several external customers.

This Section maintains and operates six slipways at the Port of Colombo, and carried out 10 slipping operations during the year, while attending to repairs to crafts (07 crafts of the SLPA and 03 crafts from the private sector). The section was able to earn revenue of over Rs. 3m for the SLPA by hiring out slipways and providing wire rope slings to outside non - government customers.

Beira Yard

The Beira yard is mainly responsible for maintenance and repairs to the steel cargo lighters used by the Operation division and also handles other structural repairs and blasting work which cannot be carried out at the inner harbour. The yard is now being shifted to the inner harbour.

The SLPA is in the process of acquiring new berthing tugs and new pilot launches to cater to the Galle and Hambanthota Ports. The Marine Engineering Division has successfully provided the required services to all other divisions. Although the Division had limited resources it was able to meet all operational requirements of the Floating Crafts of the SLPA, thanks to the hard work and commitment of all the Division's staff and workers, and we believe that this has been a successful year.

THE MECHANICAL PLANT ENGINEERING DIVISION

The main responsibility of the Mechanical Plant Engineering Division is to plan and carry out proper maintenance programs for the fleet of cargo handling equipment and to make these equipment available without interruption for the containerized and conventional cargo handling operations.



The SLPA's fleet of cargo handling equipment was maintained satisfactorily by the Division during 2016 by carrying out a planned maintenance program in combination with a Quick Response Strategy to attend to all instances of equipment breakdown. The Ship to Shore Cranes (STS), Rail Mounted Gantry Cranes (RMG), Rubber Tyred Gantry Cranes (RTG), Prime Movers, Yard Tractors, Container Trailers, Top lifters, Various type of Fork lifters and all other container handling equipment at JCT/UCT are maintained to attain the above 90% availability - thus meeting the high level of performance required in container handling, during 2016.

All other equipment comprising Top lifters, Fork lift trucks, Trailers and Mobile Cranes at Operation and Logistic Division and all types of construction machinery at the Civil Engineering Division were satisfactorily maintained by the Mechanical Plant Engineering Division. The Mechanical Plant Engineering Division's responsibilities extend to the maintenance of a fleet of motor vehicles (buses, lorries, vans, double cabs, cars, three wheelers and motor cycles) and shunting locomotives of the SLPA.

The bulk oil installation at Summer Hill which is operated and maintained by two operators on lease terms functioned satisfactorily under the supervision of the Mechanical Plant Division. During 2016, one Low bed Trailer was manufactured by this Division, saving the SLPA around Rs.3 Million.

THE MECHANICAL WORKS ENGINEERING DIVISION

The Mechanical Works Engineering Division is responsible for all steel fabrication work of the Sri Lanka Port Authority. This Division plays a crucial role in providing steel repair services to berthing tugs, Pilot launches & Dredgers and handles all structural repairs of container handling cranes, container semi-trailers attached to JCT and UCT. The Division also handles repairs and new construction of other steel structures of the SLPA. The Mechanical Works Engineering Division also engages in machining and fabricating of new spare parts required for cargo handling equipment and marine crafts. The Division is also responsible for testing chains and shackles and maintaining grabs for operational requirements. The Division is also responsible for the Development project at the Colombo Oil Bank.

The Division completed the following work during the year:

- Fabrication of reefer stacks (90% completed), In and Out Gates (25% completed) and fuel shed building, tank installation and piping (40% completed) for the ECT.



- Completion of steel structure, Roof and Cladding of first half and completion of 90% of said works of second half of CFS I.
- Hull and Structural repairs of Tugs Mahasen, Megha, Airawana and Dreger Hansakawa.
- Trolley Rail Replacement of Gantry Crane J-17 and J-18, repair completed within 5 days.
- Steel Repairs of Gantry Cranes J-03, J-06, and J-10 at JCT.
- Steel repairs of Gantry Cranes J-02, J-04, J-11, J-10 and J-13.

In addition to over 30 major steel repair jobs, this Division handled 6 major machining tasks, over a 100 major fitting works and over 2000 different Mechanical Work-related jobs, through the 7 workshops of the Division, serving various Divisions of the SLPA.

HUMAN RESOURCE DEVELOPMENT

THE HUMAN RESOURCE DIVISION

The Human Resource Division plays a vital role in achieving organizational objectives by attracting and hiring skilled and qualified personnel into identified positions in order to achieve the set objectives of the organization. Once the right employees have been hired to the right designations, it is important to retain them by maintaining Human Resource functions at optimum levels.

At the beginning of 2016, the total workforce of the SLPA was 9,550 including executives, non-executives, technical and, non-technical categories. The total workforce as at 31.12.2016 was 9,642. Out of these, the total workforce at the Port of Colombo was 8,892 whilst at the Ports of Galle and Trincomalee the numbers were 348 and 402 respectively.

Details of External Requirements and Internal Promotions within the year 2016

In terms of the Human Resource Plan, most of the vacancies were filled by calling for applications from qualified and eligible candidates



within the organization, as per the approved schemes of recruitment. However, if suitable candidates were not found, outside applications were called.

During the year 2016, five hundred and twenty-one employees were recruited from outside the organization on permanent and contract basis. The following chart depicts the report in detail.

Employees Category	Permanent	Contract Basis	Total
Executive	16	5	21
Non-Executive	254	0	254
Non-Technical	246	0	246
Total	516	5	521

Further to the above, employees were placed on their next eligible immediate salary scale based on the performance, attendance and behaviour in terms of the guidelines stipulated in the new schemes of recruitments in the non-executive category.

Details of Out-going Employees

The total out-going employees for the year 2016 was 430 and details of those are as follows;

Retirement	331
Death	29
Dismissal	03
Resignation	09
Vacation of Post	14
Retirement on Medical Ground	01
Termination	16
Contract to permanent	27
Total	430

Accidents and Compensations

The total number of accidents in the year under review was 67. Of these, two employees died. Workmen's compensation due to be paid was Rs. 1,100,000 against fatal accidents for the year 2016.

Ex-gratia Payments

A sum of Rs. 491,000 was paid as Ex-gratia payments to the dependents of the employees who died due to natural causes and another Rs. 131,000 is due to be paid for the year 2016.



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Awareness And Motivation Programs

A total of eleven Awareness and Motivation programs were held at the Mahapola Training Institute, to explain the financial position and future challenges of the SLPA. The main objective of these programmes was to motivate employees to achieve organizational objectives and to improve productivity.

Awarding Gold Coins

Gold coins were awarded to 281 employees who retired in the year under review, based on their service period;

Weight	No. of Coins
01 Sovereign	91
01 ¼ Sovereign	161
01 ½ Sovereign	29

Transfer and Other Grievances

Three sittings of the Transfer and Other Grievances Committee were held during 2016 and steps were taken to transfer employees and to resolve grievances, based on their terms and references.

Disciplinary Activities

The Human Resource Division carried out 131 inquiries in 2016, in order to maintain a disciplined workforce.

THE WELFARE AND INDUSTRIAL RELATIONS DIVISION

The Welfare and Industrial Relations Division is responsible for providing facilities and opportunities to enhance and provide a better quality of life to the employees of the SLPA.

Administration of the Division

The Welfare and Industrial Relations Division functions in two sections.

- Main office
- Central Kitchen Section

Welfare programs conducted by the Welfare and Industrial Relations Division were as follows.

Meals Supplied Free of Charge to the Staff

The SLPA provides free lunch for the office staff as well as lunch/dinner and tea/snacks free of charge for employees who work on shift basis. In 2016, Rs. 607,070,683 was spent to provide lunch/dinner and tea/snacks. Employees who do not obtain free meals receive Rs. 100 for a day's meal.

Health Insurance Scheme for the Employees

The period of insurance is calculated each year from 01st September of the current year to 31st August of the following year. The insurance scheme was implemented through MBSL Insurance from 2016. The period of insurance for 2015/2016 ended on 31st August 2016 and the Health Insurance Scheme will be implemented for the year 2016/2017 with MBSL Insurance company as before.

Scholarship Scheme

Two categories of scholarships are awarded to the children of employees of the SLPA for their university education and for their studies at GCE (A/L). A monthly sum of Rs.750 is granted for GCE (A/L) studies for a period of 24 months. This amount is granted to the students by the SLPA for a period of 2 years at Rs.9,000 per annum. Accordingly, based on the results of the Ordinary Level Examination held in December 2013 and 2014, a sum of Rs.4,662,000 was paid for 518 students.

Scholarships are also awarded for the children of employees of the SLPA who receive University education, on the basis that they will not claim Mahapola Scholarships or Bursaries from the Universities. These scholarships are granted for a period of 3 to 5 years at 10 months per year and this depends on the duration of the course of study. For a 3 year degree programme, Rs.25,000 is awarded annually for 3 years and in the same manner, for a full time degree program of 4-5 years duration, Rs.25,000 is awarded annually. Accordingly, a sum of Rs.75,000 for students following 3 year degree programs, Rs.100,000 for those following a 4 year basic degree program

and Rs.125,000 for those following a 5 year medical degree are granted, with Rs.25,000 paid annually.

Accordingly, bursary allowances have been granted to 271 students for the academic years of 2010/11, 2011/12, 2012/13 and 2013/14. 84 students were eligible for bursary allowances on scholarships selected through applications for the 2014/2015 academic year.

Ayurvedic Medical Centre

The Ayurvedic Medical Centre was relaunched in January 08th 2016. This Centre is progressing successfully with 1,142 registered patients. Acupuncture healing treatments are also available at this centre, in addition to the Ayurvedic treatments. The Ayurveda Medical Centre was allocated a sum of Rs. 40 lakhs for its Capital Expenditure and Rs.2,351,313 for Recurrent Expenditure during 2016.

Housing Loan Scheme

Permanent employees of the SLPA can make use of a loan scheme, with the assistance of the State Mortgage and Investment Bank (SMIB) to obtain a housing loan to a maximum of Rs.500,000, either to construct a house or add a new section to the house or to purchase land to construct a house. Rs 50 million was allocated per annum to implement this programme. A 6% concessionary rate of interest is levied on this loan. 6 applications were received in 2016 and a total sum of Rs.3,000,000 has been released to the State Mortgage Investment Bank (SMIB), under this programme.

Buses for Welfare activities

Six buses are deployed for the employees of the Authority, to attend funerals of members and to go on pilgrimages and excursions. Three buses were allocated for internal transportation. The buses were deployed on 980 trips during 2016.

The Crèche and the Pre-school

This facility provides care for children between 2 ½ to 05 years. The children are enrolled from January to 30th September and a monthly fee of Rs 1,300 is charged per child.

The amount received as monthly charges from January to December 2016 was Rs.767,000.

Library Facilities

The SLPA provides financial assistance for the libraries maintained by the employees in order to develop reading habits and gain new knowledge to improve their skills. Rs.200,000 was approved for the year 2016 and this was allocated among 17 libraries which are in operation, according to membership.

Payments for Special Leave Entitlement

When an employee has used all his leave entitlements, he is granted leave with pay for a maximum period of 180 days in the event of illness or an accident, until he is fit for duty, subject to medical recommendation. This leave with pay or without pay is approved as a concession, subject to the recommendation of the Chief Medical Officer. From January to December 2016, 103 such applications were received, and approval was granted for leave with pay for 4,227 days and for leave without pay for 57 days.

Maritime Museum

The Maritime Museum is open from 8.00 a.m. to 5.00 p.m. on week days, Sundays and Poya days. The total number of visitors to the museum in 2016 was 55,876.

A variety of replicas, plaques and items illustrating the historical evolution of the Port, objects relating to navigation and items that were used at the old Port premises are exhibited at this Museum. Many schoolchildren, some from distant parts of the island, come to visit the Museum as it has great educational value. Younger children and adults from elders' homes also often visit the Museum.



Rewards to Employees

All employees of the SLPA who have completed 30 years of service are rewarded with valuable souvenirs. Since 2014, there was a complete change in the awarding procedure. Accordingly, the awarding of gifts/souvenirs for employees who have completed 30 years of service, is to be the responsibility of the Welfare and Industrial Relations Division as per information supplied by the Human Resources Division. Accordingly, in 2016, 656 employees qualified for the awards.

Welfare Canteens

Fourteen canteens operate within the Port premises to meet the requirements of the employees of the Authority and other Port Users. Lessees to maintain the canteens are selected by calling for annual tenders. The total revenue collected during 2016 amounted to Rs. 6,751,986.26.

THE MEDICAL DIVISION

The Medical Division functions 24 hours a day, 7 days a week.

Six Doctors, a Dental Surgeon and paramedical staff helped with the functions of the outpatient department, dental surgery, X-ray and ECG facilities, laboratory and 24-hour dispensary,

pharmacy and ambulance service. Accident and emergency services were provided promptly.

Weekly checking for dengue breeding sites was carried out within the Port premises by the dengue control team attached to each division, under the supervision of the divisional head and the committee member of the divisional dengue prevention committee for the SLPA. A monthly report from each division was sent to the Secretary, Ministry of Ports and Shipping, through the Chairman of the SLPA.

The SLPA dengue prevention committee meetings were held monthly to discuss any difficulties encountered and to help take corrective measures.

Educational programmes for the prevention of lifestyle diseases especially Diabetes Mellitus were carried out at Divisional and Sectional levels.

Use of the Medical Division's resources was managed in an optimum manner:

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THE MAHAPOLA TRAINING INSTITUTE

The Mahapola Training Institute (MPTI) is committed to achieve its main objective of providing training facilities to the Port employees, Port users and others in the Maritime Sector. As per the annual training calendar the Centre focused on a series of lectures, seminars, workshops and practical training programmes designed to enhance the knowledge, skills and attitude of targeted groups. Several workshops on productivity improvement, team building, upgrading technical skills, customer services and quality improvement were conducted during 2016.

The MPTI also created pathways for Port employees to upgrade their levels of competency and to specialize their skills in Port Operations, through customer oriented courses that led to certificates.

During 2016, the MPTI trained around 5,205 candidates (excluding on-the-job training) covering up to 566,084 man-hours. The MPTI also provided on the job training for 156 University undergraduates, students from technical colleges and other vocational training institutes.

Provision of eligibility qualification to employees of the SLPA in terms of new Scheme of Promotions

It was observed that several Port employees' careers have stalled and they had no promotional prospects as they lacked the required educational qualifications to move forward. To improve this situation the MPTI designed a structured bridge training programme to qualify these employees in a manner appropriate to the SLPA.

Moreover, a Diploma in Port Operations management, a Diploma in Port Security Management and Human Resource Management were conducted during 2016 for the benefit of executive officers. A new programme designed to enhance shipwright divers' competencies was also launched.

Overall Training Performance during the Year 2016

Stream	No. of Candidates Trained	Total Man Hours
Equipment Operations	1,191	13,591
Cargo Operations	48	1,152
Management	2,271	378,114
Information Systems	487	52,430
Technical (Electrical/Mechanical workshop)	491	35,213
Fire, Safety and Occupational Health	717	30,956
Maritime and Seamanship	1,006	54,628
NAITA Apprentices, VTA and Technical Colleges	104	174,580
University Undergraduates	52	88,900
Total (without OJT)	5,205	566,084
Total (with OJT)	7,128	829,564

Enhancing overall Port productivity

MPTI conducts several skills development Training Programmes in various disciplines of Port activities to enhance overall Port productivity:

- Port Finance/Accounts
- Auditing
- Procurement and Stores Management
- Clerical Skills Development and Administration
- HR Management
- Positive Thinking
- Health and Safety Aspects
- Strategic Port Management
- Engineering Drawing for supervisors and Technicians
- Motor Control Circuits
- Electronics for Electricians
- Welding Course
- Computer Training
- Equipment Training etc.



179 such programmes were conducted for 5,205 participants during 2016. A series of safety awareness programmes were also conducted for about 981 private truck drivers, to improve safety of lives and equipment at container terminals. This programme resulted in reduced truck turnaround time and improved safety in the terminal's activities.

Supports to local and International Maritime Industry

The MPTI makes a significant contribution to the Global Maritime Industry by providing Maritime Related Training Programmes. Thousands of Sri Lankan youths, many of them unemployed and underprivileged, seek employment at international shipping lines after training through these programmes, 47 such programmes were conducted for 1,128 candidates during 2016.

ISO 9001:2008 Certification

The MPTI is a pioneering educational institution in Sri Lanka, obtaining ISO 9001:2008 Certification for its Quality Management System which is a mandatory requirement to conduct IMO/ATCW training programme for seafarers. It has conducted three Management Reviews and four Internal Audits during 2016.

Use of Modern Technology

MPTI has upgraded the quality of its training programmes by introducing advanced technology into its activities. 37 candidates have been trained in the use of the MPTI's Mechatronic Laboratory, and a Container Simulator was used to train 47 Gantry Crane and Transfer Crane Operators for the Port. 12 women were selected as trainee Gantry Crane operators.

Potential Work Force

The MPTI maintains a pool of skilled workers to fulfill future requirements and to serve at newly developed Ports. For this purpose, about 210 Port equipment operators were trained during 2016.

Enhancing Language and IT skills

Since customer satisfaction is a vital factor for a Global Business, the SLPA strongly focuses on

improving the language skills of its employees and strives to empower them with IT skills and knowledge, thereby enhancing customer satisfaction. The MPTI shoulders the responsibility of making this possible and during 2016 the Centre conducted various IT programmes and trained 487 employees. Several language programmes including Sinhala, Tamil and English were conducted for 151 chosen candidates.

Providing Industrial Support

The SLPA supports state universities, technical colleges and vocational training agencies by providing industrial training to their students to complete their courses of studies. In 2016, 52 undergraduates from various universities, 104 Diploma holders and 100 Craftsmen were given opportunities by the SLPA to complete their training.

Revenue Earned

During the period of January to December 2016, the MPTI earned a total sum of Rs. 19,255,113 as revenue for the SLPA from the fee levying programmes conducted for outsiders. The MPTI also earned Rs. 23,391,887 as revenue by conducting training for SLPA employees, to improve the overall efficiency of Port operations. The total revenue earned by the MPTI during 2016 amounted to Rs. 42,647,000.

The total expenses for courses conducted at the MPTI in 2016, was Rs. 9,036,586.

Foreign Training and Scholarship Opportunities

During the year under review, a total of forty-five Officers holding senior and middle management level posts at the Authority were awarded scholarships and given the opportunity to follow training programmes and participate in conferences and seminars conducted by international organizations outside Sri Lanka.

In addition to this, sixteen employees of the SLPA travelled to foreign countries to represent Sri Lanka in sports competitions.

SUPPORT SERVICES

THE INFORMATION SYSTEMS

Information technology is a major strength and catalyst for growth for an organisation working in the maritime business. Therefore, having the appropriate IT systems in place for spurring Port business, coupled with Sri Lanka's strategic geographic location can position the Port of Colombo ahead of its competitors in the region.

The IS Division has concentrated all its strength and competitive edge in deploying innovative e-initiatives and strategic IT Systems to improve productivity and provide uninterrupted services to its clientele. Major projects initiated by the IS Division in 2016 are summarized as follows:

Cargo Management System

The Cargo Management System mainly provides services to enable Importers and Exporters to create service orders, upload manifest files, make on-line payments, thus delivering an efficient service to SLPA customers. This system also supports FCL container Importers of SAGT and CICT to create service orders and make payments to SLPA, using its embedded on-line payment facility.

In addition, the Cargo Management System is expected to expand its services for delivering LCL cargo at Port warehouses in 2017. Plans are afoot to automate all the warehouses in SLPA with a modern Warehouse Management System, working with Barcode and Remote Hand-Held Devices. This would enable customers to enjoy e-payments, e-clearance, e-approval and e-authorization and many other advanced e-features.

The above development was initiated in 2016 and is scheduled to be implemented in the 1st quarter of 2017.



Operational Review

Job Costing System

This system was designed to identify, monitor and maintain the individual costing of every task handled by Engineering Workshops. System development was successfully completed in 2016 according to user requirements and user training was completed with prepared user guidelines. Awaiting User acceptance and development of reports is in progress according to the requirement of Engineering Workshops.

Kitchen Stock Control and Management System

The Stock Control and Management System for the Central Kitchen has been designed, developed and installed at the Central Kitchen and it is now in the testing stage by the system. The system was designed to monitor daily stock balances, re-order levels of stock items and all the other information related to kitchen functions.

ORACLE E-Business Suite

SLPA has implemented the Oracle E-Business Suit ERP solution for the Financial and Inventory Control Management System at the Colombo Port. In 2016, the system was extended to the Port of Galle and the Port of Trincomalee, as requested by the Finance Division. Two VPN connections were set up for the Ports of Galle and Trincomalee in order to provide network facilities for the implementation.



Upgrading the ORACLE Finance and Procurement Management System of E-Business suite was another significant project that commenced in 2016. Up until 2016, the system has been running smoothly and there was a requirement to upgrade the existing system to a newer version with newer hardware in order to get the maximum benefit of the system.

In this project, the Oracle EBIS version and Server Hardware are scheduled to be upgraded. System Requirement Specification has been prepared and quotations have been called for the above system upgrade.

Security Control and Permit Issue System

The current Security Control and Permit Issue System was implemented fifteen years ago and in 2016, the IS Division decided to upgrade the system with a state-of-the-art technology such as RFID. After a detailed system study, the limitations of the current system and the areas that need upgrading to support new RFID-based system were identified. Further, to the RFID, an On-line web access software development requirement was also identified as a requirement to provide more facilities to all SLPA users. In 2016, a proposal in this regard was submitted for Tender Board approval. The existing Security and Permit Issue System will also be upgraded with cutting-edge technology that will include the use of RFID to monitor the movements of vehicles accessing the Port.

Container Terminal Management System (CTMS)-JCT/UCT

Upgrading the existing Container Terminal Management System with cutting-edge technology is one of the major IT initiatives that SLPA commenced in 2016. E-payments, enhanced EDI facilities, B2C and B2B transactions, e-billing, e-document transactions, facilitating seamless integration between SLPA and its stakeholders will be enabled. This would significantly improve all SLPA services to its clientele.

The Orientation and Analysis Report identifying the gaps between the existing version and the proposed version was submitted to SLPA to initiate the upgrade process.

Disaster Recovery Site

The existing DR site at UCT was enhanced after adding two new servers to comply with the production environment. The processor and memory upgrade of the servers and version upgrade of the database were also carried out to provide high performance and smooth operation. Up until 2016, the DR Site was only capable of handling the Terminal Management System. After upgrading, its capability was extended to support the Cargo Management System which is one of the mission-critical systems for Import and Export.

EDI System

Implementation of SOLASVGM

The International Maritime Organization (IMO) has amended the Safety of Life at Sea Conversation (SOLAS) to require, as a condition for loading a packed container onto a ship for export, that the container has a verified weight. The shipper is responsible for the verification of the packed container's weight. This requirement has been legally effected on July 1, 2016.

The EDI Module of Terminal Management System was upgraded to accommodate the SOLASVGM (Verified Gross Mass) compliance changes to handle the new format VERMAS which Agents used to send EDI messages with VGM. The following EDI message formats were modified for posting and extracting the Verified Gross Weight:

BAPLIE Bayplan/Stowage plan occupied and empty location message)	Posting/ Extracting
CODECO (Container Gate IN/Gate Out report message)	Extracting
COARRI (Container Discharge/Local report message)	Extracting
VERMAS (Verification of Mass)	Posting

With the implementation of VGM at SLPA, the frequency of CODECO/COARRI message forwarding process to Agent was increased from twice to five times per day.

Implementation of Virtual Server Hardware

The IS Division is in the process of implementing a virtual server hardware environment, in order to maintain high availability and improve the level of security with disaster recovery (DR) backup services for SLPA systems.

With this proposal, IS Division plans to:

- Implement a Virtual Hardware environment with twenty or more servers including two high capacity servers with two separate storages.
- Implement disaster recovery automation with one high capacity server with one separate storage.
- Install a third-party backup and recovery solution for every system.

Specifications have been prepared and quotations called for the above system and it is scheduled to be completed in the second half of 2017.

SLPA Web Site

The official web site of SLPA was given a face-lift in 2016 to make it more responsive and efficient with more web-based facilities. Mobile applications for various important activities will be introduced soon with the new development of the web site.

The new website (www.slpa.lk) was implemented to provide crucial business information about the SLPA with a more secure, social media-integrated and mobile-ready version. This includes Search Engine Optimization mechanisms to enhance and maximize the number of visitors to the SLPA website by ensuring that the site appears high on the list of result returned by a search engine. An Integrated Dashboard System allows access to all kinds of operational data that shows daily, monthly and yearly container handling, gross crane productivity and berth productivity. This is a Web Based System and it facilitates easy decision making.

CCTV Monitoring System

A CCTV camera solution was initiated in 2016, targeted at improving Port security and access monitoring controlling these efficiently and accurately. A CCTV surveillance and monitoring system has also been planned to offer a wider coverage of Port activities in order to ensure Port safety and security.

An initial study was carried out inside the Port and as the first phase it was decided to monitor all gates within the Colombo Port. Specifications for system requirements were completed and Tender document preparation was started.

Document Management System

The Document Management System Solution was initiated in early December 2016, targeted at improving the efficient and accurate management and sharing of documents. Further, plans have already been made to initiate an Electronics Document Management System and a Work Flow Management System for the Sri Lanka Ports Authority. An E-document management system with OCR (Optical Character Recognitions) facility for the entire Port would improve the confidentiality of documents, security, sharing and help to build an intelligent organization.

An initial study was carried out in several divisions of the SLPA. After studying the current Document Management products available in the market, a request for proposal (RFP) was prepared in mid-December 2016 calling for quotations.

Human Resource Management System

Plans have been made to upgrade the present Human Resource Management System at the Sri Lanka Ports Authority, with state-of-the-art technology designed to provide improved services to Port employees. E-Attendance, e-Leave, e-Signature, e-Training, and e-Documentation with many other modern features have been planned and will be implemented with the new Human Resource Management System.

Maintenance of Existing Systems

Once application systems have been commissioned, maintenance of its software and supporting hardware becomes the foremost responsibility of the IS Division. System maintenance which amounts to almost 60% of the total effort of any IS installation, is the longest on-going phase in the Systems Development Life Cycle. Thus, the maintenance work load entrusted to the IS Division deserves special attention, as it is the responsibility of the IS Division to keep its systems up and running.

The IS Division has implemented timely maintenance for hardware and software and this has helped the SLPA to ensure uninterrupted operation of its IT systems. The Division undertook all maintenance work of the existing systems including server hardware, in the year under review.

THE LEGAL DIVISION

The Law Officers are the Legal Advisors to the specified Ports declared under the Sri Lanka Ports Authority Act No. 51 of 1979 i.e., Port of Colombo, Galle, Trincomalee, Hambantota and KKS/PPD. They also render advice to the Board of Directors, Directors, Heads of Divisions and other sections of the SLPA.

Advice

During the year 2016 advice was given to the Management and Heads of Divisions on over 300 legal matters. In addition, the Legal Division also undertook drafting executing and attending to other matters pertaining to Contracts, Agreements, Bonds, Deeds (Transfers, Leases, Declarations, Mortgages etc.) related to the SLPA.

Contracts, Agreements, Bonds and Deeds

During the year 2016, 18 Lease Agreements, 01 Supplementary Agreement and 10 Agreements/Contracts were executed by the Legal Division. The following Agreements and Bonds were also executed:

- 8 Agreements and Bonds in respect of no-pay leave for employment abroad.



Operational Review

- 8 Agreements and Bonds in respect of training and education in Sri Lanka and abroad.
- 35 Agreements/Bonds were signed in respect of employees who are studying for the Security Diploma/HR Diploma.
- 11 Agreements/Bonds have been signed in respect of the Management Trainees

All matters pertaining to Court Cases, to which SLPA is a party to, are also handled by the Legal Division with the assistance of the Attorney General and Counsels from the Unofficial Bar.

Litigation

62 new cases/complaints/applications were filed against/by SLPA (i.e before the Supreme Court, the Court of Appeal, the High Court, District Court, the Labour Tribunal, the Magistrate Court, the Human Rights Commission, the Labour Commissioner, the Labour Department, Arbitrators and Workmen's Compensation Tribunal and Custom Inquiries, during 2016. Of the total of 405 cases, 35 cases were concluded during the year itself.

370 cases/complaints/applications/inquiries remain pending before the said forums, as at 31.12.2016.

Supreme Court Cases

16 new cases were filed during 2016. Out of all 35 cases, 2 cases were dismissed, 3 cases were decided in favour of the SLPA and 1 case was decided in favour of the Petitioner. As at 31.12.2016, 29 cases were pending before the Supreme Court.

Court of Appeal Cases

16 cases were pending as at 31.12.2016. During the year 2016, 7 new cases were filed against the SLPA. Out of a total of 23 cases, 3 cases were concluded, 2 cases were decided in favour of the SLPA and one case was decided in favour of the Petitioner. As at 31.12.2016, there were 20 cases pending before the Court of Appeal.

High Court Cases

5 new cases have been filed during 2016. Out of total of 20 cases, 8 cases were concluded. 4 cases were decided in favour of the SLPA, 3 cases were decided in favour of the Petitioner and 1 case was withdrawn. As at 31.12.2016, there were 12 cases pending before the High Court.

District Court Cases

During 2016, one new case has been filed by the SLPA. Out of a total of 11 cases, one case was settled. As at 31.12.2016 there were 10 cases pending before the District Court.

Magistrate Court Cases

During 2016, 4 new cases were filed in Magistrates Courts. Out of 16 cases, one case was settled. As at 31.12.2016 there were 15 cases pending before the Magistrate Courts.

Labour Tribunal Cases

During 2016, 3 new cases were filed against the SLPA and out of total of 18 Labour Tribunal cases, 10 were concluded. 7 cases were decided in favour of the SLPA, one case was decided in favour of the Applicant, 2 cases were settled and 1 case was withdrawn. As at 31.12.2016 there were 8 cases pending before the Labour Tribunals.

Applications made to the Human Rights Commission, complaints made to the Labour Department regarding Labour Disputes (Conciliation Cases), complaints made to the Ombudsman and Applications made to the Commissioner for Workmen's Compensation Tribunal

During the year 2016, 6 new Applications were made to the HRC, 15 new Conciliation Complaints were made to the Labour Commissioner and, 1 Complaint was made to the Ombudsman.

One HRC Application, 3 Conciliation Complaints and one Complaint to the Ombudsman were concluded during 2016.

Accordingly, as at 31.12.2016, 163 HRC Applications, 84 Conciliation complaints and 18 Complaints before Ombudsman and one Complaint to the Workmen Compensation Tribunal were pending.

Arbitrations

During the year 2016, one Commercial (International) Arbitration and 1 Industrial Arbitration were filed against the SLPA. one Industrial Arbitration was concluded. Accordingly, as at 31.12.2016, 03 Commercial Arbitration, and 5 Industrial Arbitrations were pending [although concluded, two commercial arbitrations are considered as pending since appeals have been filed by SLPA against the Awards made by the Arbitral Tribunals].

Customs Inquiries

During the year 2016, 2 Inquiries were commenced by Sri Lanka Customs which were pending as at 31.12.2016.

THE SUPPLIES AND MATERIAL MANAGEMENT DIVISION

Functions of this division included purchasing (Foreign and Local), Storage and Issuance of Fuel, Machinery and Equipment, Spare parts and other items required by the SLPA for operations and maintenance of all commercial ports in Sri Lanka.

Number of Tenders Approved During the Year under Review

Description	No. of Tender Board Meeting	No. of Tender Board Approvals
DPC (Rs. 20 million to 100 million)	03	45
MPCA (Rs. 250,000/= to 20 million)	50	1,459
MPCB (Approval limit less than Rs. 250,000/=)	49	3,547

Total Expenditure incurred during the year 2016 on Foreign Purchases (C and F Value)

	Rs
Non Capital Items	301,006,990
Capital Items	99,243,192
No. of Letter of Credit opened (Including D/A and D/P	82
No. of Telegraphic Transfers orders opened	49

Details of the Goods Cleared by the Wharf Section in 2016

	No
Sea Freight	64
Air Freight	61
Parcel Post	04
No. of Telegraphic Transfers orders opened	49

Value of Stocks as at 31.12.2016 Rs. 2,429,396,227.

Main Stores and Stocks Control

	Rs
Value of Goods received at Stores during the year 2016 (Non-Capital)	2,446,562,713
Value of Goods received at stores during the year 2016 (Capital)	321,536,257
Value of Goods issued to User Section (Non-Capital)	2,669,339,491

THE SECURITY DIVISION

The Security Division is responsible for maintaining security for all properties and personnel of the commercial Ports administered by the SLPA and to this end, this Division operates a 24 hour, efficient and comprehensive security service.

The Security Division's activities in 2016 were as follows:

Income earned by issuing entry permits for Port users (including all taxes)

	Rs
Total income earned by issuing entry permits for persons and vehicles	398,552,586
Income earned by imposing fines for re-issuing new permits in lieu of the misplaced Port permits	70,816
Income earned by issuing permits to SAGT, Colombo Dockyard Ltd., and CICT	40,761,228
Income earned by issuing pouches and shoulder belts with annual permits	26,100
Income earned by issuing of permits for persons and vehicles for the purpose of fishing within the Port	70,408
The income earned through payment by vouchers of outstanding balances of annual permits for persons issued before 2016.	96,508
The income earned by issuing permits for new vehicles and replacement of vehicles with the approval of the Ministry.	110,325,000
Total income earned by issuing permits	549,902,648



In addition to earning an income by issuing permits, the number of free entry permits issued in 2016 for persons and vehicles as a service by the Temporary Permit Office was 21,889 and 3,695 respectively.

Motor Traffic Control

In 2016, 130 cases were filed by the SLPA against violation of the traffic rules and the amount earned by the fines imposed was Rs. 212,000.

97 accidents have been reported in 2016 and the amount earned for the losses incurred to the SLPA as a result was Rs.3,623,014

The Division succeeded in deploying all security personnel in training activities representing all Ports while conducting training and development at an optimum level. Action was taken to maintain a high level of security in 2016 by issuing the required items in time granted annually for the relevant personnel.



Operational Review

THE COMMUNICATION AND PUBLIC RELATIONS DIVISION

The Communication and Public Relations Division (CPRD) was established in 2004 with a view to foster better communication between the Management and the Employees and with local and international external organizations, to boost the image of the organization. Every possible step has been taken to give wider publicity to upcoming development Port Projects, both locally and internationally.

The CPRD has successfully continued to publish the 'Theertha' monthly newspaper distributed free of charge among employees of Sri Lanka Ports Authority, to fulfill one of the major objectives of enhancing better communication between the management and employees. It also serves to identify various talents of employees in a number of spheres of social interest such as sports, aesthetic subjects and ideology. It also offers a platform to make employees aware of timely actions, and the rules and regulations of the SLPA towards elevating efficiency and productivity.

The CPRD also maintains an archive and library facilities of both print and electronic data records for institutional reference. The Division stores computerized data and original hard copies of all material related to the SLPA published in local newspapers as well as most magazines

published in Sinhalese, Tamil and English. A state of the art electronic studio also stores video records of past and present SLPA events for future reference and to serve the needs of video documentaries for the SLPA, which are required from time to time. A manual and a computerized library of photographs is also available at the Division.

The SLPA had the opportunity to promote the Maritime Sector of Sri Lanka at several exhibitions held in Colombo during 2016, including the Colombo International Maritime Conference and Exhibition 2016 held from 21st to 23rd September at the Galadari Hotel, Colombo and the Boat Show Sri Lanka Exhibition 2016 held from the 13th to 15th October at Dickowita Fisheries Harbour.

As the CPRD is responsible for the success of Communication and Public Relations activities relating to programmes and events implemented by SLPA, the Division also co-ordinated with a number of national and other recognized television, radio and press institutions to telecast, broadcast and publish several features, documentaries and interviews that increased public awareness about the Port of Hambantota and its role in the nation's socio-economic development. The Communication and Public Relations Division also co-ordinated a number of workshops aimed at making regional journalists aware of these mega-projects.

During the past year, the CPRD carried out several CSR projects together with the Head of CSR. These programmes included the 37th anniversary sports programme, the port visit of the 'Preethipura Children's Home', a disaster management programme for the flood situation and the World Children's Day programme for the children of Port employees.

The CPRD has also helped to create training opportunities for university students as directed by the Mahapola Ports and Maritime Academy, publishing advertisements in the national press on behalf of the SLPA, producing exclusive tele-documentaries and operating live broadcasts from selected functions of the SLPA.

THE INTERNAL AUDIT AND FINANCE DIVISION

Governance (Port Audits)

The activities of the Internal Audit Division were guided by the Annual Audit Programme which is recommended at the Audit Committee Meeting and approved by the Board of Directors. The Audit Committee helps the Board of Directors to discharge their fiduciary responsibilities. The Board of Directors has ensured the implementation of an effective and comprehensive system of Internal Control in the SLPA through Audit Committee. As an important initial internal control measure, the committee adopted the internal plan and the Audit Programme under review and several important activities were carried out with a view to help the authority to improve its governance.

Internal checks and normal Internal Audit functions were carried out in the Revenue and Expenditure areas of the Authority.





Internal Checks

Attendance

Surprise checks of attendance of both labour and non labour grades were carried out regularly by the Flying Squad during the day and night shifts. Employees who were detected being away from work places were reported for disciplinary action. This resulted in improved attendance of employees at their workplaces.

Cash

Surprise checks on cash and petty cash imprests were carried out from time to time and discrepancies were reported.

Audit of Revenue

An Audit of revenue collection for the year was carried out as per the Audit Programme as a special assignment which enabled the detection of under recoveries of Port charges. The debtors Accounts, Disputed Bills and Dishonored cheques were examined and the discrepancies reported. Regular checks were also carried out at the Landing and Delivery Units.

Audit of Expenditure

Test checks were carried out in respect of capital and recurrent expenditure and also on stores payment vouchers. Excess payments and other irregularities were detected. Vehicle running charts and vehicle authorization forms were checked and shortcomings highlighted. A regular check on the preparation of wages and salaries was carried out and discrepancies detected were reported.

Physical Verification of Stores

Continuous verification of stores was carried out in Colombo Port and assistance was also given for the annual stock verification in other Ports.

During the continuous verification of main stores, the non-moving stock items lying in the stores were identified and referred to Supplies Division for suitable action.

Investigations

Special investigations were carried out on the request of the Chairman, during the year.

Final Accounts

The Division is also responsible for examining the final accounts of the Authority with a view to ensuring the financial statements are prepared in conformity with the Sri Lanka Accounting Standards.

Pre-Audit

During the period under review, a Pre-Audit of refunds of deposits and waivers of Port Charges were undertaken.

Ports of Galle and Trincomalee and MRMR Port

An Audit of Accounts for the Ports of Galle, Trincomalee and MRMR Port was carried out on both Revenue and Expenditure, and reports were prepared.



Operational Review



OTHER PORTS

PORT OF TRINCOMALEE

Navigation

STS Operations

STS Operations has been carried out at Port of Trincomalee since April 2015.

Crafts

The available crafts in Trincomalee Port are as follows;

- Tugs – 02 Nos. - Operational and lying at TTA
- Launches – 04 Nos. - Operational – 02 Nos. – Non Operational – 02 Nos.
- Tannac - 01 No. - Operational and lying at TTA

Security Section

ISPS Code

There are many inadequacies pointed out by SL Navy in the implementation of the ISPS code, and most of these are now fulfilled while the others are in progress.

SLPA Lands

As per the instructions of the Resident Manager (Trincomalee), the SLPA properties have been inspected daily by the Security Officer and Security Guard.

PORT OF GALLE

Type of Vessels	Nos.
Clinker	77
Bulk Cement	02
Gypsum	04
Others	79
Anchorage	97
Off Port Limit Vessels	8,075
Sailing Yacht	46



Financial Review



Financial Review

Revenue (All Ports)

Description	2016	2015	Description	2016	2015
	Rs. Million	Rs. Million		Rs. Million	Rs. Million
Revenue from Port Activities	36,799	35,128	Navigation	7,963	6,789
Other Revenue	7,281	5,677	Stevedoring	18,520	18,431
			Wharf Handling	5,066	4,553
			Port Facilities	4,021	4,165
			Other Service Operations	1,230	1,190
Total Revenue	44,080	40,805	Sub Total	36,799	35,128

Operating and Other Expenses (All Ports)

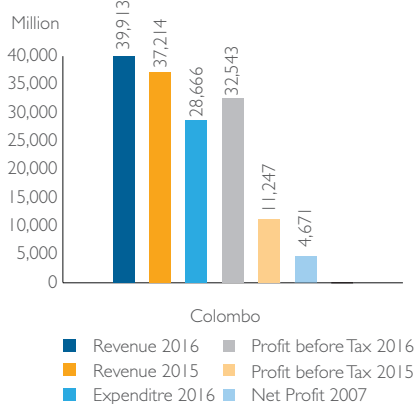
Description	2016	2015	(Increase)	%
	Expenditure	Expenditure	Decrease	
	Rs. Million	Rs. Million		
Maintenance of Assets	1,424	1,131	(293)	(26)
Fuel, Electricity and Water	2,076	1,985	(91)	(5)
Interest on Foreign Loan	4,302	3,762	(540)	(14)
Overtime	3,772	3,810	37	1
Depreciation	5,940	8,614	2,674	31
Wages, Salaries and Allowances	11,952	12,302	349	3
Others	3,539	3,176	(364)	(11)
Expenditure	33,006	34,780	1,774	5
Foreign Exchange (Loss)/Gain	10,038	20,194	10,156	50
Total Expenditure Including FEL	43,044	54,974	11,930	22

Port Wise Performance

Port of Colombo

The Port of Colombo recorded a pre-tax profit of Rs.11,247 million in 2016. The gross revenue for 2016 was Rs.39,913 million as compared to Rs.37,214 million in 2015, which is an increase of Rs.2,699 million. Total expenditure before tax remained at Rs.28,866 million (including FEL Rs.3,533 million) in 2016, whereas 2015 expenditure was Rs.32,543 million (including FEL Rs.6,316 million), which is a decrease of 11%.

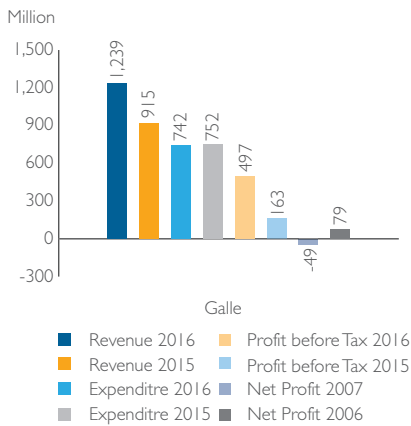
Colombo Performance 2016/2015



Port of Galle

The Port of Galle recorded a pre-tax profit of Rs.497 million in 2016. The gross revenue of 2016 was Rs. 1,239 million as compared to Rs. 915 million in 2015 which is an increase of Rs. 324 million. The total expenditure before tax remained at Rs.742 million (including FEL Rs.44 million) in 2016 whereas 2015 expenditure was Rs. 752 million (including FEL 44 million) which is a decrease of 1%.

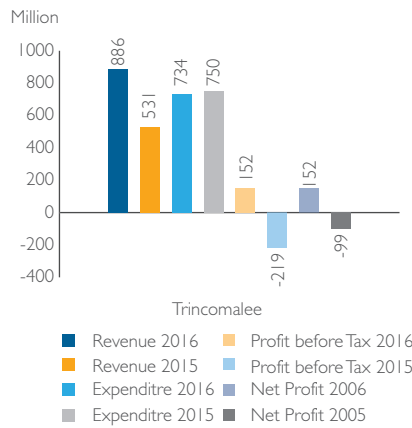
Galle Performance 2016 / 2015



Port of Trincomalee

The Port of Trincomalee recorded a pre-tax profit of Rs.152 million in 2016. The gross revenue of 2016 was Rs. 886 million as compared to Rs. 530 million in 2015, an increase of Rs. 356 million. Total expenditure before tax was Rs. 734 million in 2016 whereas 2015 expenditure was Rs. 750 million, a decrease of 2%.

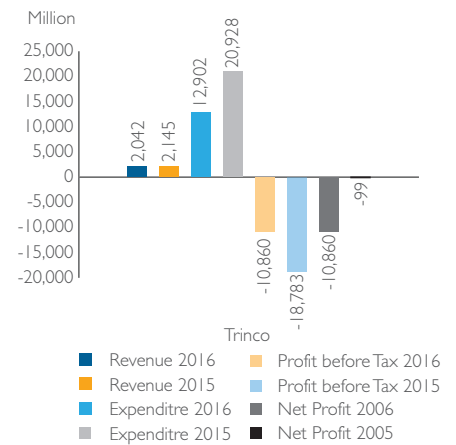
Trincomalee Performance 2016 / 2015



MRMR Port

The MRMR Port recorded a pre-tax loss of Rs. 10,860 million in the year 2016. The gross revenue of 2016 was Rs. 2,042 million as compared to Rs. 2,145 million in 2015 which is a decrease of Rs. 103 million. Total expenditure before tax remained at Rs.12,902 million (including FEL Rs. 6,462 million) in 2016 whereas 2015 expenditure was Rs. 20,928 million (including FEL Rs.13,834 million) which is a decrease of 38%.

MRMR Port Performance 2016 / 2015



Human Capital

Employees are the backbone of an organization and these individuals contribute to its success and productivity. During his or her tenure, every employee acquires skills through experience, exposure and training which eventually helps to increase organizational productivity.

Recruiting the right person for the right position in an organization is the most important task in human resource management. The scheme of recruitment at the SLPA has been revised with this in mind, seeking the best qualified professionals to serve in appropriate and relevant posts.

Induction programs and on the job training are also required to increase human capital. This need is fulfilled by the Mahapola Training Institute of the SLPA which conducts induction programs to improve employees' knowledge of procedures, processes, rules and regulations.

The Mahapola Training Institute is the knowledge center of the Sri Lanka Ports Authority. The Institute conducted a series of lectures, seminars, workshops and practical training programs during the year to enhance knowledge, skills and attitudes of employees, as it has done in the past. Port security management and a Diploma in HR management were also conducted during 2016, along with the Diplomas in port operation management.

Funds were allocated for the purchase of books for libraries maintained by the Divisions to update employees' knowledge, skills and attitudes.

Another important function of the Human Resource Management Division is to evaluate employee performance, which helps to improve human capital. The SLPA conducts performance evaluation for employees once in six months, in order to encourage them with effective procedures for better productivity of the organization.

Executives with professional qualifications are paid a monthly professional allowance. Executive officers are reimbursed the membership

subscriptions paid to their professional bodies as long as they continue to hold membership in such institutions.

As in the past, welfare facilities planned for employees of the SLPA were provided by the Welfare & Industrial Relations Division during 2016. Welfare services in the SLPA including the supply of free meals, housing loan facilities, scholarship grants for education, transport facilities for welfare matters, insurance schemes etc were continued as planned.

The Medical Division of the SLPA provides healthcare services to maintain good health of the employees, thereby maintaining a fit and efficient work force.

Appeal Panels against Disciplinary Orders

Twenty (20) appeals tendered to the Chairman / Board of Directors by Employees against disciplinary orders imposed on them were referred to five Appeal Panels duly constituted in terms of the rules and regulations of the SLPA. Out of these appeals, four were granted and fifteen were rejected and one is to be finalized.

Corporate Social Responsibility

During the year under review, the SLPA continued its Corporate Social Responsibility activities:

- Awarding of scholarships for the children of the Port employees who have excelled at the GCE (O/L) and GCE (A/L) Examinations.
- A fully fledged crèche is managed by the SLPA for well-being of the children of the Port employees.
- The Fire Brigade has assisted the Colombo Municipal Council in firefighting as well as other emergencies within Colombo and suburbs.
- Maintenance of a Ward at the Mental Hospital in Mulleriyawa.

Religious Activities

Sponsorship of a ceremony held on behalf of the Secretary of the Buddhist Association of the SLPA/ the Chief Incumbent of Bodhiraja Vihara, Fort who was appointed as the Chief Prelate of the Colombo District, Asgiriya Chapter.

A Wesak Week was held, including religious activities and other miscellaneous programmes such as pandals, Bakthi Geetha, "Dansal" etc. from 21st to 24th May 2016.

Social Activities

- Provided relief for identified employees who were adversely affected during the last flood season.
- A tour to the port was arranged for around 100 children of the Preethipura children's home for the disabled and transport facilities, snacks and lunch were served.

- Parallel to the 37th anniversary of the SLPA, a walk related to the President's National Kidney Disease Prevention Programme was organized and a contribution from all employees amounting to Rs. 25 lakhs was presented to H.E. the President.
- Parallel to World Children's Day on the 1st of October 2016, SLPA organized a special programme for around 500 children of Port employees and, snacks and lunch were served at this event.

Sport Activities

An Inter - Divisional sports tournament was held from the 1st to 10th August. This included volleyball, netball, cricket, marathon & cycling events.

Cultural activities

Training the SLPA band and contribution to art and cultural activities, as per the request of the employees.



Corporate Governance Report

Corporate Governance is the system by which organizations establish a mechanism for the effective utilization of resources, direction and control of the organization, in the best interests of all its stakeholders. The primary responsibility for good governance lies with the Chairman and the Board of Directors of the Authority. In order to achieve the primary objectives of the organization, they must ensure that effective processes and controls are in place and are facilitated through career officials who in turn are responsible for various functions. In this exercise, the Internal Auditors play a vital role in the examination of the organisation's performance and in reporting any deviations from the approved procedure, and, if any such deviation is found, to recommend as to how they should be revised to achieve the expected performance especially in respect of operational and financial functions; thus contributing towards good governance.

The quality and frequency of financial and other operational reporting, the extent to which the Board of Directors exercises its fiduciary duties, the quality of information shared by the management with the Board and their commitment to managing a transparent organization that maximizes value is of primary importance. The Authority has continued in its commitment to maintain high standards of Corporate Governance.

The Board of Directors is also responsible for the governance of the Authority. The Authority continues to place considerable emphasis on developing rules and regulations, structures and processes to ensure good practices. The Authority has consistently refined its structures of Corporate Governance.

The methods by which the Authority has applied the principles of good Corporate Governance practices during the financial year are enumerated under the following headings:

- Board of Directors and Board Sub-Committees
- Internal Controls
- Internal Audits
- Rules of Discipline
- Relationship with the General Treasury and the Ministry of Ports and Shipping
- Compliance with Statutory and Legal requirements
- Public Enterprises Guidelines for Good Governance

Following the Cabinet decision to grant approval for recommendations made jointly by the Minister of Ports and Highways and Minister of Finance and Planning to deviate from certain identified clauses of the Public Enterprises Guidelines for Good Governance issued by the Director General, Dept. of Public Enterprises of the Ministry of Finance, the SLPA has drafted a "Code of Governance" to be re-adopted by the Authority to ensure adequate flexibility and independence required to be a highly competitive and a viable public sector institution in the industry.

Board of Directors and Board Sub-Committees

The Board consists of a Chairman, Vice Chairman and 7 Directors. Members of the Board of Directors should have the highest professional and personal ethics and values coupled with their experience in the industry sector in which the Authority operates.

The members to the Board are appointed in the following manner:

The Chairman and 4 other Directors are appointed by the Minister from among persons who appear to the Minister to have wide experience in and who have shown capacity in Port development or Port operations or legal or financial matters or shipping, commercial or engineering activities or administration or labour relations.

The Managing Director is appointed by the Minister in terms of Section 13:1 of the Act.

A representative of the General Treasury is nominated by the Minister in charge of the subject of Finance.

The Director General of Customs and a representative of the Ministry, in charge of the Minister to whom the subject of Fisheries has been assigned, nominated by such Minister:

The Hon. Minister may appoint one of the Directors appointed under Sub-Section (1) (a) or Sub-Section (1) (c), other than the Chairman to be the Vice Chairman of the Ports Authority.

The functions of the Chairman, Vice Chairman and Managing Directors are clearly separated and defined. All the Non-Executive Directors provide a considerable depth of knowledge and experience. The names of the Directors of the Authority who held offices as at the dates of this statement and their profiles are given from pages 14 to 18.

The main functions/ responsibilities of the Board of Directors are:

- Setting directions through establishment of strategic objectives, policies, goals and targets.
- Monitoring performance against goals and objectives.

- Ensuring that adequate internal controls and the highest ethical standards are maintained.
- Formulating guidelines and ensuring their effectiveness to achieve objectives.

Ensuring that all key business risks are identified and appropriate and adequate controls, monitoring and reporting mechanisms are in place to address them in a timely manner.

The Board meets regularly, and during the year under review, the Board met on seventeen (17) occasions. The Board has timely access to information it needs to carry out its duties. The Secretary to the Board sets the agenda for the Board Meeting in consultation with the Chairman, and all Board Directors receive a detailed report of information prior to each Board meeting. The matters discussed at the Board meetings include among other items, reviews of operational and financial performance indicators, approval of major capital expenditure projects and proposals within its limits.

The Board has, subject to its final approval of all recommendations, delegated certain of its responsibilities to a number of sub-committees, mainly the Management Committee and the Audit Committee.

Management Committee

Four (04) members of the Board of Directors including the Chairman, Vice Chairman, Managing Director and Executive Director and seven (07) other full time Directors and Harbour Master served as members of the Management Committee.

In decision making for day to day administration, establishment and operational matters, the Management Committee undertook to look into various matter such as the optimum use of resources including human resources, the enhancement of productivity to improve the quality of services to Port users and the interests of other stakeholders as a socially responsible corporate public sector institution while being a commercially viable organization.

At its meetings, the Management Committee carefully perused all policy matters and also the implementation of decisions taken before they were referred to the Board of Directors for approval and concurrence. To enable this process and to avoid any delays, the Management Committee meets twice a month and decisions are taken. The Management Committee had six (06) meetings during the year.

Audit Committee

The Audit Committee consists of the representative of the General Treasury who is on the Board of Directors and two (02) other Directors of the Board. The Audit Committee was re-appointed on 04.12.2015.

The Audit Committee reviews policies and procedures of internal control, ascertains the efficiency of such policies and procedures, reviews the Internal Auditors' reports and letters of Government Audit and follow up of their recommendations are considered by the Board and complied with by the Divisional Heads. It also ensures that with guidance from the Board, the Authority has processes and mechanisms in place to identify risks both financial and operational and that such risks are managed and addressed through a well-defined action plan.

The Committee is responsible to report to the Board regularly to strengthen the present systems and procedures in relation to financial and operational activities, in order to improve efficiency and to enhance the productivity of resources for the benefit of employees and other stakeholders.

Internal Controls

An effective internal control system is an essential part of the efficient management of an organization. The Board has overall responsibility for the Authority's system of internal control and for reviewing the effectiveness of these controls. The Authority has established a comprehensive framework of policies and procedures which are regularly reviewed and updated. The framework is designed to manage risks that may hamper the achievement of business objectives. Therefore, it

provides reasonable assurance for safeguarding the Authority assets against unauthorized using or disposition, the maintenance of proper records and the reliability of information generated.

The system of internal controls is supported by the Authority's commitment to competence, integrity, ethical values and communication of a control conscious environment, through its established policies and guidelines.

Internal Auditors

The Internal Audit Division is headed by a qualified Chartered Accountant. The Division is independent and directly reports to the Chairman and the Audit Committee.

The scope of work is set in consultation with the Chairman and the Audit Committee, and is reviewed regularly to amend the scope, if necessary. Primarily, the overall internal control system is monitored by the Internal Audit Division and supported by the Audit Committee. Internal Audit provides an objective view of the efficiency and effectiveness of the internal control procedures and assesses the action plans in dealing with the internal control issues.

Rules of Discipline

The rules of Discipline are in place to guide all employees on acceptable conduct. The Authority requires that all Directors, Divisional Heads and employees maintain the highest standards of integrity and honesty in the day to day performance of their duties and in any situation where their actions could affect the Authority's reputation and image.

The key elements of the Rules of Discipline are:

- Fairness, honesty and impartiality in all actions
- Being aware of the law and obeying it
- Confidentiality for all matters dealt with
- Avoiding conduct that is likely to reflect or affect badly on the Authority



Corporate Governance Report

Compliance Framework and Compliance with Statutory and Legal Requirements

The Authority has recognized the importance of compliance with all legal and statutory requirements. For this purpose, the Finance Division and the Internal Audit Division make every endeavour and work in tandem to ensure that the authority complies with all statutory and legal requirements. In addition, the Legal Division also ensures that the business and the other affairs of the Authority comply with laws and regulations.

Relationship with the Ministry of Ports and Shipping and the General Treasury of the Ministry of Finance

The Authority has regular dialogue with the Hon. Minister and the Secretary, Ministry of Ports and Shipping and Strategic Enterprise Management Agency (SEMA) who guide the Board to set clear directions and strategic objectives to be achieved. In addition, as required by the General Treasury of the Ministry of Finance, the Authority forwarded a Business Plan for a three-year period and a complete sets of reports on a quarterly basis which includes Financial Reports and other Operational Performance Reports.

Related Party Disclosures

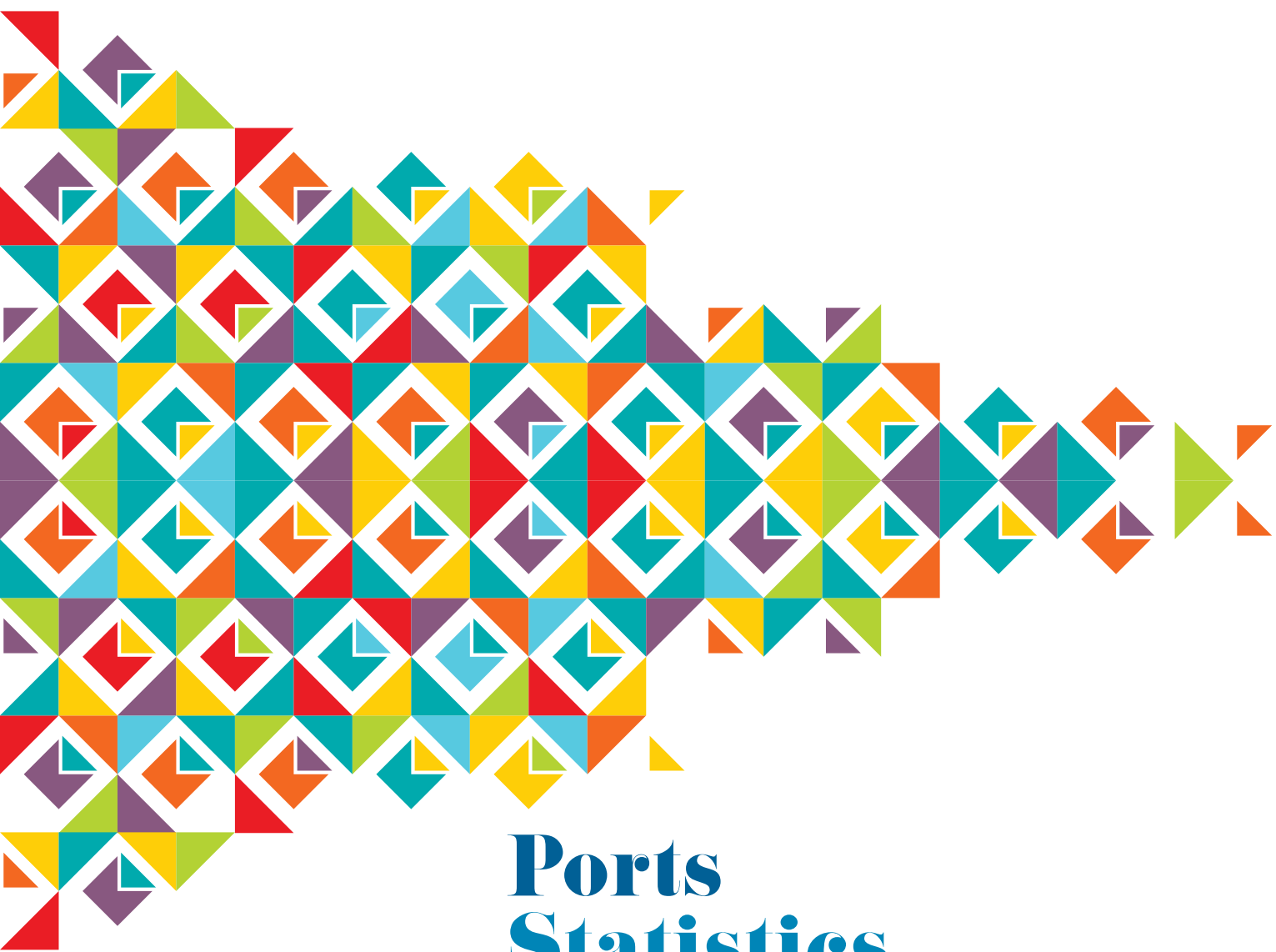
The Directors of the Board confirm and certify that they have no personal interest or relationships with any parties who have transactions with the SLPA.

Accountability

The Directors of the Board are of the view that the financial statements of the Ports Authority reflect a true and fair view of the state of affairs and have been prepared in conformity with accepted requirements.

Future

The Authority believes that the real value of Corporate Governance lies not in blindly following a code of best practice, policies and principles but rather in actually securing the confidence of all stakeholders, thereby conducting its business with utmost integrity and fairness in a transparent manner so that they too support our strategies



Ports Statistics



Ports Statistics

PORT OF COLOMBO

Port Dimensions

Harbour Area

Harbour Basin Area	184.6 Hectares
Length of North-West Breakwater	810 Meter
Length of North-East Breakwater	330 Meter
Western Entrance	230 Meter X 16 Meter
North Entrance	190 Meter X 13Meter

Cargo Throughput by Type of Handling in 2016

Containerized	90.0%
Break Bulk	1.1%
Dry Bulk	3.1%
Liquid Bulk	5.8%

NEW COLOMBO SOUTH PORT

Harbour Area

Harbour Basin Area	192.0 Hectares
Length of South-West Breakwater	5,140 Meter
Length of North-West Breakwater	1,550 Meter
Main Entrance	570 Meter X 18 Meter

PORT OF GALLE

Port Dimensions

Water Area	15.3718 Hectares
Entrance Channel	140 Meter
Land Area	16.4015 Hectares
Permitted LOA	130 Meter
Permitted Draught	7.3 Meter

Deviation Time

From Main East-West Route None

Berthing Facilities

Total Number of Alongside Berths 05

Berth	Total Length (M)	Alongside Draught (M)
Closenburg Jetty	420	8.9
New Pier	162	8.9
New Pier/Cross	84	8.9

Warehouse Facilities

Name	Average Height (Ft.)	Area (Sq. Ft)	Capacity (Cu. Ft.)	Stacking Height (Ft.)
No. 01	23	13,333	306,667	10 High
No. 02	23	40,000	920,000	10 High

PORT OF TRINCOMALEE

Port Dimensions

Harbour Area

Water Area	1,536 Hectares
Entrance Channel (Width (minimum))	500 Meter
Land Area	2,254 Hectares

Berthing Facilities

SLPA Berths

Berth	Total Length (M)	Alongside Draught (M)
Ashraf Jetty	250	12.5
Side Berth-Ashraf Jetty	90 X 2	8.5
Jetty at Mudcove	45	3.5
Jetty at TTA	190	2.0-4.0
Ceylon Jetty	50	2.5
Town Jetty	50	2.5
Muther Jetty	60	3.0
VSO Jetty	25	1.5
Old Town Jetty	60	2.0
Oil Jetty	130	9.75

Other Berths

Berth	Total Length (M)	Alongside Draught (M)
Prima Jetty (Inner)	122	5.9
Prima Jetty (Outer)	227	14.3
Prima Jetty (Multi-Purpose)	170	10.3
Tokyo Cement Jetty	160	9.5

Details of Warehouse – TTA

Warehouse	Dimension (Ft)	Average Height (Ft)	Area in SQ (Ft.)	Stacking Height (Ft.)	Capacity (Cu. Ft.)
No. 01	75 X 34	-	2,550	12	30,600
No. 02 & 03	90 X 70	15	6,300	12	75,600
No. 04	190 X 95	19	18,050	14	252,700
No. 05 A	150 X 110	25	16,500	15	247,500
No. 05 B	150 X 80	15	12,000	12	144,000
No. 06	300 X 110	20	33,000	15	495,000
No. 07	96 X 36	-	3,456	12	41,472



Port Statistics

MAGAM RUHUNUPURA MAHINDA RAJAPAKSA PORT – AT PRESENT

Port Dimensions

Harbour Area

Harbour Water Area	75 Hectares
Length of the West Breakwater	988 Meter
Length of East Breakwater	311 Meter
Approach Channel	210 Meters * 16 Meter
Turning Circle	600 Meter

Quay Lengths

Quay - General Cargo	600 Meter
Service Quay	105 Meter
Oil Berth 1	310 Meter
Oil Berth 2	300 Meter
Depth of Basin	17 Meter
Design Vessel	100,000 DWT

MAGAM RUHUNUPURA MAHINDA RAJAPAKSA PORT – ON COMPLETION OF PHASE – II

Port Dimensions

Harbour Area

Total Water Area at Completion	152 Hectares
Approach Channel	210 Meter * 17 Meter
Turning Circle	600 Meter

Quay Lengths

Main Container Berth	Meter
Feeder Container Terminal	460 Meter
Multi-Purpose Berth	838.5 Meter
Transition Berth	208 Meter
Depth of Basin	17 Meter
Design Vessel	100,000 DWT



Financial Statements



Report of the Board of Directors

The Board of the Directors of the Sri Lanka Ports Authority as at 31.12.2016 are as follows:

Mr Dammika Ranatunga
Chairman

Prof W Lalith Prasanna Perera
Vice Chairman

Mr H D A S Premachandra
Managing Director

Mr Sanjeewa Wijerathne
Executive Director

Mrs W M M R Adikari
Director

Mr H G Sumanasinghe
Director

Mr W A Chulananda Perera
Director

Mr Athula Bandara Herath
Director

Mr D J Gamini Suresh Edirisinghe
Director

The Board had seventeen (17) meetings during the year under review.

The Management Committee which functioned as a Sub-Committee of the Board of Directors had six (06) meetings during the year 2016. The other Sub-Committee of the Board of Directors, viz. the Audit Committee had four (04) meetings during the year 2016. The following Directors of the Board functioned as members of the Audit Committee.

Mr H G Sumanasinghe
Director

Mr W A Chulananda Perera
Director

Mr Athula Bandara Herath
Director

The Port of Colombo reported the highest ever container handling of 5,734,923 TEUs and a total tonnage of 81.87 million tonnes in 2016. The total container and tonnage handling have increased by 10.6 % and 11.1% respectively.

The SLPA Terminals handled 2.10 million TEUs compared to 2015, marking a decline of 152,206 TEUs (-6.8%) due to the increase of ships with higher dimensions, ships shifting from obtaining services and competitive rates and concessions offered by other private terminal operators.

- The Port of Colombo's container handling throughput increased from 5,185,467 TEUs in 2015 to 5,734,923 TEUs in 2016 (increase of 549,456 TEUs or 10.6% as a percentage).
- The Port of Colombo's Domestic container handling throughput increased by 6.7% for the year of 2016 (81,879 TEUs) compared to 2015.
- Transshipment container handling throughput in the Port of Colombo increased by 11.8% (467,577 TEUs) compared to 2015.
- The Port of Colombo's overall tonnage handling increased by 11.1 % (from 73,718 million tonnes in 2015 to 81.879 million tonnes in 2016).
- Overall Domestic automobile import volumes (Colombo and Hambantota Port) declined by 55 % (from 140,933 units in 2015 to 63,407 units in 2016).
- Overall automobile Transshipment volumes (Colombo and MRMR Port) handled increased from 116,270 units in 2015 to 150,921 units in 2016, by 29.8%.

An analysis of ship arrivals in the Port of Colombo in 2016 compared to last year reveals that ship arrivals increased from 4,197 to 4,405 – an increase of 5%. The number of container ship arrivals increased from 3,643 in 2015 to 3,804 in 2016, recording an improvement of 4.4%.

The Board of Directors has given instructions to implement several marketing and business

development strategies in order to retain and attract greater container volumes to SLPA Terminals. Terminal Service Agreements were renewed with leading shipping lines to continue business with SLPA and tie up relationships with them. The SLPA managed to attract two Feeder Services during 2016.

Strategies introduced by the management contributed towards the increase of overall productivity and also managed to address the issue of declining volumes. SLPA container volumes declined due to the increase of ships with higher dimensions ULCC (Draft/Length/width), the loss of services provided to main lines by CICT, the decrease of volumes by feeder lines due to loss of main lines, and the formation of new alliances. The SAGT also recorded a positive growth after several years (19.00%).

The Port of Colombo reached 5.7 million TEUs, which created history at the SLPA. As per the Alphaliner research report, the Port of Colombo has been elevated from 26th to 23rd position in the world, in port container handling.

The SLPA built deep water facilities at the Colombo South Harbour to cater to Ultra Large Container Ships (ULCS). CICT operations achieved 2 million TEUs (28.2 % growth) in 2016, making use of the Mega Facility terminal. The new capacity helped the Port of Colombo achieve a growth of 10.7% during 2016. The Largest Container Ship on earth arrived at the CICT on 16th September 2016. This ship- MSC Maya, is 400m in length and has a capacity of 19,224 TEUs. It was the largest ship to visit the Port of Colombo.

SLPA revenue in 2016 was Rs. 44,080 million, which was an increase of 8% when compared with the previous year. Operating Profit (before Foreign Loan Interest and FEL/FEG) of the SLPA in 2016 increased to Rs. 15,376 million, from Rs. 9,787 million in 2015 - an increase of 57.1%.

Directors' Responsibility for Financial Reporting

Under section (12) & (13.6) of the Finance Act No 38 of 1971, the Directors of the Authority have responsibility for ensuring that the SLPA keeps proper books of accounts of all the transactions and prepare Financial statements that give a true and fair view of the state of affairs and of the profit /loss for the year.

Accordingly, the Directors have directed the Authority to maintain proper books of accounts and reviewed the financial reporting system at their regular meetings and through the Audit Committee.

In preparing the financial statements exhibited in this booklet, the Directors have considered adopting appropriate Accounting Policies on a consistent basis supported by reasonable and prudent judgments and estimates.

The Directors have taken such steps as are reasonably open to them to safeguard the assets of the Authority and to prevent and detect frauds and other irregularities. In this respect the Directors have instituted an effective and comprehensive system of internal controls comprising of internal check, internal audit and financial and other controls required to carry out the business of the SLPA in an orderly manner; to safeguard its assets and secure as far as practicable, the accuracy and reliability of our records.

By order of the Board



Prasad W Sirimanne
Secretary to the Board



Audit Committee Report

The Audit Committee is responsible for assisting the Board of Directors in implementing its oversight responsibility in terms of financial management of the organization. In fulfilling this, the Committee's main responsibilities are as follows;

- Ensuring effective internal controls and internal audit functions.
- Reviewing and monitoring the integrity of the financial statements, financial reporting and the audit process.
- Ensuring compliance with statutory and regulatory requirements.
- Reviewing the systems for ensuring operational efficiency and control.

The Audit Committee is headed by the Treasury Representative/ Board of director of the SLPA and several important activities were carried out with a view to help the authority to improve its governance, in the year under review.

As an important internal control measure, adopted internal plan and the Audit Programme for the year 2016 was reviewed regularly and the effectiveness of its implementation by obtaining monthly progress reports was observed.

The Auditor General's draft report to the Parliament on the accounts of the Authority for the year ended 31st December 2016 was reviewed, together with responses of the Management thereto. Quarterly Financial Statements of the Authority and the Financial Statements for the year ended December 2016 were reviewed continuously with the audit review, and follow up actions were taken on the directions of the Board. Salient issues highlighted at the Committee meetings were brought to the notice of the Board of Directors, with the recommendations of the Audit Committee.

The Audit Committee is of the view that necessary 'Checks and Balances' are in place to provide reasonable assurance that the Authority's assets are safeguarded and that the financial position and compliance and the results disclosed in the audited accounts are free from any material misstatements. During the year, the Committee made a significant contribution to improve governance and to help the authority to carry out its activities in a transparent manner.



H G Sumanasinghe
Chairman – Audit Committee

Statutory Compliance Statement

The status of compliance on statutory requirements is detailed below.

Employees Provident Fund – Authority & Employee contributions

The SLPA contribution of 15% and the employee contribution of 10% on all permanent employees are to be remitted to the Department of Labour before the last date of the succeeding month.

All monies deducted from employees and the respective Authority contribution for employees has been remitted on or before the stipulated date.

Employees Trust Fund

The Authority's monthly contribution of 3% has been remitted on or before the stipulated date.

PAYE (Pay As You Earn)

PAYE Tax has been remitted to the Department of Inland Revenue before the stipulated date.

Income Tax

Income tax payments in relation to income earned have been made quarterly on the due dates whenever there is a taxable income, in terms of Section 113 of the Inland Revenue Act No. 10 of 2006.

The Annual Return

Annual Return in respect of Income Tax of the Authority has been filed annually with the Department of Inland Revenue up to Year ending 31st December 2016. These have been completed and handed over before the due date of November 30, each year.

Annual Reporting

Annual Budget, Accounts & Annual Report have been submitted to the Parliament of Sri Lanka, General Treasury and Ministry



Operational Highlights

For the Year Ended 31 December

	Colombo	Trincomalee	Galle	Hambantota	SLPA 2016	2015
NUMBER OF SHIPS CALLED (NO)						
Cargo Ships	4,305	207	83	273	4,868	4,606
Other Ships	125	9	13	8	155	154
Other Vessels	655	32	66	6	759	690
	5,085	248	162	287	5,782	5,450
TROUGHPUT						
CONTAINER TEU's (SLPA)						
Transhipment	1,607,792	-	-	-	1,607,792	1,691,267
Domestic	483,109	-	-	-	483,109	541,152
Re-Stowing	9,216	-	-	-	9,216	19,904
TOTAL TEU's	2,100,117	-	-	-	2,100,117	2,252,323
CONTAINER TEU's (SAGT)						
Transhipment	1,294,631	-	-	-	1,294,631	1,028,538
Domestic	317,707	-	-	-	317,707	327,750
Re-Stowing	19,869	-	-	-	19,869	14,957
TOTAL TEU's	1,632,207	-	-	-	1,632,207	1,371,245
CONTAINER TEU's (CICT)						
Transhipment	1,452,838	-	-	-	1,452,838	1,168,516
Domestic	499,034	-	-	-	499,034	349,069
Re-Stowing	50,727	-	-	-	50,727	44,314
TOTAL TEU's	2,002,599	-	-	-	2,002,599	1,561,899
CONTAINER TEU's (PORT OF COLOMBO)						
Transhipment	4,355,261	-	-	-	4,355,261	3,888,321
Domestic	1,299,850	-	-	-	1,299,850	1,217,971
Re-Stowing	79,812	-	-	-	79,812	79,175
TOTAL TEU's	5,734,923	-	-	-	5,734,923	5,185,467
Conventional M/T	3,476,984	3,232,788	771,457	329,598	7,810,827	7,155,708
Liquid M/T	4,746,428	281,298	-	25,048	5,052,774	4,773,506
	8,223,412	3,514,086	771,457	354,646	12,863,601	11,929,214
EQU (M/T) - SLPA						
Containerised Cargo	26,975,039	-	-	-	26,975,039	28,632,260
Conventional Cargo	3,476,984	3,232,788	771,457	329,598	7,810,827	7,155,708
Liquid	4,746,428	281,298	-	25,048	5,052,774	4,773,506
TOTAL EQU (M/T)	35,198,451	3,514,086	771,457	354,646	39,838,640	40,561,474
EQU (M/T) - SAGT						
Containerised Cargo	21,195,940	-	-	-	21,195,940	16,892,921
TOTAL EQU (M/T)	21,195,940	-	-	-	21,195,940	16,892,921

For the Year Ended 31 December	Colombo	Trincomalee	Galle	Hambantota	SLPA 2016	2015
EQU (M/T) - CICT						
Containerised Cargo	25,511,052	-	-	-	25,511,052	20,156,677
	25,511,052	-	-	-	25,511,052	20,156,677
EQU (M/T) - PORT OF COLOMBO						
Containerised Cargo	73,682,031	-	-	-	73,682,031	65,681,858
Conventional Cargo	3,476,984	3,232,788	771,457	329,598	7,810,827	7,155,708
Liquid	4,746,428	281,298	-	25,048	5,052,774	4,773,506
TOTAL EQU (M/T)	81,905,443	3,514,086	771,457	354,646	86,545,632	77,611,072
GROSS TONNAGE HANDLED (SLPA)						
Containerised Cargo	59,333,004	-	-	-	59,333,004	58,317,964
Conventional Cargo	9,534,392	3,246,481	588,195	13,549,185	26,918,253	24,850,392
Others	3,266,130	149,181	50,540	237,213	3,703,064	3,258,756
TOTAL TONNAGE	72,133,526	3,395,662	638,735	13,786,398	89,954,321	86,427,112
GROSS TONNAGE HANDLED (SAGT)						
Containerised Cargo	39,513,906	-	-	-	39,513,906	36,960,173
TOTAL TONNAGE	39,513,906	-	-	-	39,513,906	36,960,173
GROSS TONNAGE HANDLED (CICT)						
Containerised Cargo	81,742,402	-	-	-	81,742,402	55,193,333
TOTAL TONNAGE	81,742,402	-	-	-	81,742,402	55,255,005
GROSS TONNAGE HANDLED (PORT OF COLOMBO)						
Containerised Cargo	180,589,312	-	-	-	180,589,312	150,471,470
Conventional Cargo	9,534,392	3,246,481	588,195	13,549,185	26,918,253	24,850,392
Others	3,266,130	149,181	50,540	237,213	3,703,064	3,320,428
TOTAL TONNAGE	193,389,834	3,395,662	638,735	13,786,398	211,210,629	178,642,290
PERSONNEL						
Number of Employees	8,851	402	348	50	9,651	9,464



Statement of Financial Position

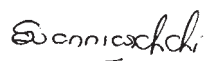
(Expressed in Sri Lankan Rupees)

As at 31 December	Note	Group		SLPA	
		2016	2015	2016	2015
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	3	306,125,425,551	290,321,792,054	306,083,716,729	290,286,280,023
Intangible Assets	4	70,316,518	41,476,110	69,547,232	40,570,965
Investment Properties	5	4,064,444,033	4,068,031,353	4,064,444,037	4,068,031,357
Investment in Subsidiaries	6	-	-	76,000,000	76,000,000
Investment in Associates	7	61,093,443	61,216,547	40,030	40,030
Available-for-Sale (AFS) Financial Assets	9	3,611,120,617	3,767,433,273	3,611,120,617	3,767,433,273
Amount Due From State Mortgage Bank	12.2	147,411,904	174,418,912	147,411,904	174,418,912
Total Non-Current Assets		314,079,812,066	298,434,368,249	314,052,280,548	298,412,774,559
Current Assets					
Inventories	11	2,947,698,209	3,788,282,847	2,461,286,452	2,704,459,124
Trade and Other Receivables	12	10,542,478,553	4,219,374,007	10,443,166,849	4,086,326,318
Deposits and Advances	13	201,127,216	11,956,516,912	201,127,216	11,954,348,448
Prepaid Expenses		56,481,917	63,977,728	51,999,609	63,977,728
Employee Loans	14	4,305,199,594	4,273,590,426	4,278,923,434	4,272,122,216
Other Financial Assets	15	17,814,615,271	13,093,375,135	17,743,408,267	13,056,431,003
Cash and Cash Equivalents	16	1,258,893,810	1,389,560,597	582,143,737	861,345,843
Total Current Assets		37,126,494,569	38,784,677,651	35,762,055,563	36,999,010,679
TOTAL ASSETS		351,206,306,634	337,219,045,900	349,814,336,111	335,411,785,239
EQUITY & LIABILITIES					
Equity					
Capital Employed	17	7,591,379,785	7,591,379,785	7,591,379,785	7,591,379,785
Capital Reserve	18	712,038,233	712,038,233	712,038,233	712,038,233
Other Reserves	40	3,072,587,812	1,673,780,305	3,072,587,813	1,673,780,305
Loan Redemption Reserve	19	4,613,549,887	4,613,549,887	4,613,549,887	4,613,549,887
Revaluation Reserve	20	74,048,089,533	74,093,898,320	74,048,089,533	74,093,898,320
Available-for-Sale Financial Assets Reserve		152,949,462	309,262,118	152,949,462	309,262,119
Retained Earnings (at debit)		(13,662,500,097)	(15,191,429,585)	(12,170,982,559)	(14,156,531,105)
Total Equity		76,528,094,614	73,802,479,064	78,019,612,154	74,837,377,544
Non-Current Liabilities					
Borrowings - Government of Sri Lanka	21.1	214,555,128,086	206,425,156,412	214,555,128,086	206,425,156,412
Borrowings - Financial Institutions	22.1	10,597,931,565	11,866,367,402	10,593,136,571	11,866,367,402
Government Grants	23	2,112,806,647	2,185,849,519	2,112,806,647	2,185,849,519
Deferred Tax Liabilities	24	12,114,566,119	12,114,566,119	12,114,566,119	12,114,566,119
Retirement Benefits Obligation	25	4,361,535,839	3,641,631,561	4,350,188,554	3,633,299,773
Total Non-Current Liabilities		243,741,968,256	236,233,571,013	243,725,825,975	236,225,239,224

As at 31 December	Note	Group		SLPA	
		2016	2015	2016	2015
Current Liabilities					
Trade and Other Creditors	26	1,328,533,167	1,060,826,845	1,429,776,503	1,044,673,363
Borrowings - Government of Sri Lanka	21.2	10,285,274,220	11,834,537,774	10,285,274,220	11,834,537,774
Borrowings - Financial Institutions	22.2	4,845,170,541	5,784,854,826	1,912,413,794	3,022,871,734
Deposits and Advances Received	27	4,256,906,103	5,057,643,439	4,256,906,103	5,057,643,439
Current Tax Payable	28	286,957,687	268,708,756	271,397,419	256,341,416
Provisions and Accrued Expenses	29	9,933,402,042	3,176,424,182	9,913,129,942	3,133,100,745
Total Current Liabilities		30,936,243,761	27,182,995,820	28,068,897,982	24,349,168,470
TOTAL EQUITY & LIABILITIES		351,206,306,634	337,219,045,900	349,814,336,111	335,411,785,239

The Accounting policies on pages 83 to 88 and Notes to the Financial Statements on Pages 89 to 120 form an integral part of these Financial Statements.

These Financial Statements give a true and fair view of the state of affairs of the Authority as at 31/12/2016.



Shirani Wanniarachchi
Director (Finance)

The Board of Directors is responsible for the preparation and presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. These Financial Statements were approved by the Board of Directors and signed on their behalf.



Dammika Ranatunga
Chairman



H D A S Premachandra
Managing Director

Date : 23 February 2017

Figures in brackets indicate deductions.

Statement of Comprehensive Income

(Expressed in Sri Lankan Rupees)

As at 31 December	Note	Group		SLPA	
		2016	2015	2016	2015
Revenue	30	36,822,240,450	35,872,348,044	36,799,110,383	35,128,354,069
Direct Expenses	31	(20,934,955,843)	(23,869,423,565)	(20,201,445,201)	(22,675,486,639)
Gross Profit		15,887,284,607	12,002,924,479	16,597,665,182	12,452,867,431
Other Operating Income	32	6,196,619,861	5,065,097,863	6,194,911,829	5,035,983,343
Administrative Expenses	33	(8,054,578,405)	(7,901,477,348)	(8,458,510,089)	(8,309,248,286)
Operating Profit		14,029,326,063	9,166,544,994	14,334,066,922	9,179,602,488
Net Finance Cost	34	(3,326,160,842)	(3,245,479,816)	(3,260,038,732)	(3,154,521,192)
Foreign Exchange Gain/(Loss)	41	(10,108,178,558)	(20,496,048,025)	(10,038,302,300)	(20,193,637,169)
Share of Profit of Associate	7.1	-	1,244,574	-	-
Profit Before Tax		594,986,663	(14,573,738,273)	1,035,725,890	(14,168,555,873)
Income Tax Expenses	35	(12,447,110)	(7,117,387)	-	-
Profit for the Year		582,539,553	(14,580,855,660)	1,035,725,890	(14,168,555,873)
Attributable to - Equityholders of the Parent		582,539,553	(14,580,855,660)	1,035,725,890	(14,168,555,873)
Other Comprehensive Income					
Remeasurement of retirement benefit obligation		(525,922,090)	(574,766,780)	(526,172,368)	(574,251,073)
Change in Value of Available-for-Sale (AFS) Financial Assets 9.1		(156,312,657)	(93,787,594)	(156,312,657)	(93,787,594)
Total Other Comprehensive Income for the Year		(682,234,747)	(668,554,374)	(682,485,025)	(668,038,668)
Total Comprehensive Income for the year		(99,695,193)	(15,249,410,035)	353,240,866	(14,836,594,541)
Attributable to - Equityholders of the Parent		(99,695,193)	(15,249,410,035)	353,240,866	(14,836,594,541)

Figures in brackets indicate deductions.

The Accounting policies on pages 83 to 88 and Notes to the Financial Statements on Pages 89 to 120 form an integral part of these Financial Statements.

Statement of Changes in Equity

(Expressed in Sri Lankan Rupees)

As at 31 December	Capital Employed	Capital Reserve	Other Reserve	Loan Redemption Reserve	Revaluation Reserve	Available-- for Sale	Reward & Fine Fund	Retained Earnings (at debit)	Total
Balance as at 01 January 2015	7,591,379,785	712,038,233	1,711,023,046	4,613,549,887	74,117,908,816	403,049,712	-	(619,172,985)	88,529,776,495
Profit for the Year	-	-	-	-	-	-	-	(14,580,855,660)	(14,580,855,660)
Other Comprehensive Income	-	-	-	-	-	(93,787,594)	-	(515,707)	(94,303,301)
Total Comprehensive Income	-	-	-	-	-	-	-	(14,675,158,962)	(14,675,158,962)
Adjustment on Revaluation Surplus	-	-	-	-	-	-	-	(2,910,000)	(2,910,000)
Dividends Paid	-	-	-	-	(2,401,049)	-	-	2,401,049	-
Adjustment on Disposals	-	-	-	-	-	-	-	-	-
Adjustment on CPC pipe line	-	-	-	-	-	-	-	-	-
Prior year adjustment	-	-	(53,434,286)	-	-	-	-	(11,985,728)	(11,985,728)
Adjustment on upfront fee paid by CICT	-	-	-	-	-	-	-	(53,434,286)	(53,434,286)
Adjustment on loan redemption	-	-	16,455,184	-	-	-	-	-	16,455,184
Adjustment on Loan Redemption	-	-	(263,639)	-	-	-	-	-	(263,639)
Lump Sum Premium Laughs Terminal Ltd	7,591,379,785	712,038,233	1,673,780,305	4,613,549,887	74,093,898,320	309,262,118	-	(15,191,429,585)	73,802,479,064
Profit for the Year	-	-	-	-	-	-	-	582,539,553	582,539,553
Other Comprehensive Income	-	-	-	-	-	(156,312,657)	-	(156,312,657)	(156,312,657)
Total Comprehensive Income	-	-	-	-	-	-	-	582,539,553	426,226,897
Adjustment on Revaluation Surplus	-	-	-	-	(45,808,787)	-	-	45,808,787	-
Dividends Paid	-	-	-	-	-	-	-	(3,683,000)	(3,683,000)
Adjustment on Disposals	-	-	-	-	-	-	-	152,406,471	152,406,471
Prior year adjustment	-	-	-	-	-	-	-	1,277,779,765	1,277,779,765
Amortization on upfront fee paid by CICT	-	-	(103,534,286)	-	-	-	-	(103,534,286)	(103,534,286)
Reamasurement of retirement benefit obligation	-	-	-	-	-	-	-	(525,922,090)	(525,922,090)
Adjustment on Loan Redemption	-	-	1,503,000,000	-	-	-	-	-	1,503,000,000
Upfront Fee paid by CICT	-	-	(658,207)	-	-	-	-	-	(658,207)
Amortization on Lump Sum Premium Laughs Terminal Ltd	7,591,379,785	712,038,233	3,072,587,812	4,613,549,887	74,048,089,533	152,949,462	-	(13,662,500,097)	76,528,094,614
Balance as at 31 December 2016	7,591,379,785	712,038,233	1,711,023,046	4,613,549,887	74,117,908,816	403,049,713	-	(14,168,555,873)	89,148,949,480
SLPA	7,591,379,785	712,038,233	1,711,023,046	4,613,549,887	74,117,908,816	403,049,713	-	(14,168,555,873)	89,148,949,480
Profit for the Year	-	-	-	-	-	-	-	(93,787,594)	(93,787,594)
Other Comprehensive Income	-	-	-	-	-	(93,787,594)	-	-	(93,787,594)
Total Comprehensive Income	-	-	-	-	-	-	-	-	(14,262,343,468)
Adjustment on Revaluation Surplus	-	-	-	-	-	-	-	-	-
Adjustment on Disposals	-	-	-	-	(2,401,049)	-	-	2,401,049	-
Adjustment on CPC pipe line	-	-	-	-	-	-	-	-	-
Prior year adjustment	-	-	-	-	-	-	-	(11,985,728)	(11,985,728)
Adjustment on upfront fee paid by CICT	-	-	(53,434,286)	-	-	-	-	(53,434,286)	(53,434,286)
Adjustment on Loan Redemption	-	-	16,455,184	-	-	-	-	-	16,455,184
Lump Sum Premium Laughs Terminal Ltd	7,591,379,785	712,038,233	1,673,780,305	4,613,549,887	74,093,898,320	309,262,119	-	(14,156,531,105)	74,837,377,544
Profit for the Year	-	-	-	-	-	-	-	1,035,725,890	1,035,725,890
Other Comprehensive Income	-	-	-	-	-	(156,312,657)	-	(156,312,657)	(156,312,657)
Total Comprehensive Income	-	-	-	-	-	-	-	879,413,234	879,413,234
Adjustment on Revaluation Surplus	-	-	-	-	(45,808,787)	-	-	45,808,787	-
Adjustment on Disposals	-	-	-	-	-	-	-	152,406,471	152,406,471
Prior year adjustment	-	-	-	-	-	-	-	1,277,779,765	1,277,779,765
Amortization on upfront fee paid by CICT	-	-	(103,534,286)	-	-	-	-	(103,534,286)	(103,534,286)
Reamasurement of retirement benefit obligation	-	-	-	-	-	-	-	(526,172,368)	(526,172,368)
Adjustment on Loan Redemption	-	-	1,503,000,000	-	-	-	-	-	1,503,000,000
Upfront fee paid by CICT	-	-	(658,207)	-	-	-	-	-	(658,207)
Amortization on Lump Sum Premium Laughs Terminal Ltd	7,591,379,785	712,038,233	3,072,587,813	4,613,549,887	74,048,089,533	152,949,462	-	(12,170,982,559)	78,019,612,153
Balance as at 31 December 2016	7,591,379,785	712,038,233	3,072,587,813	4,613,549,887	74,048,089,533	152,949,462	-	(12,170,982,559)	78,019,612,153

Figures in brackets indicate deductions.

The Accounting policies on pages 83 to 88 and Notes to the Financial Statements on Pages 89 to 120 form an integral part of these Financial Statements.

Cash Flow Statement

(Expressed in Sri Lankan Rupees)

For the Year Ended 31 December	Group		SLPA	
	2016	2015	2016	2015
Profit Before Tax	594,986,663	(14,573,738,273)	1,035,725,890	(14,168,555,873)
Adjustments for				
Share of Profit of Associate (Net of Dividends)	123,104	(648,328)	-	-
Prior Year Adjustments	-	(11,985,728)	-	(11,985,728)
Depreciation	5,950,743,934	8,622,846,451	5,939,600,253	8,614,448,442
Amortisation of Intangible Assets	56,420,801	11,798,432	55,744,966	11,055,930
Gratuity Charge for the Year and related costs	555,730,238	1,028,615,852	552,156,270	1,025,374,249
Dividend Income	(851,416,512)	(834,586,785)	(851,539,616)	(835,183,032)
Interest Income	(1,139,882,097)	(663,729,771)	(1,086,163,725)	(640,766,413)
Interest Expenses	4,426,312,782	3,909,798,282	4,301,850,044	3,795,287,605
Amortisation of Government Grants	(48,042,872)	(65,079,769)	(48,042,872)	(65,079,769)
Net Exchange Loss	10,107,909,987	20,496,048,025	10,038,302,300	20,193,637,169
Upfront fees by CICT	(103,534,286)	(53,434,286)	(103,534,286)	(53,434,286)
Impairment of Inventories/Trade Debtors	585,800,009	(60,042,675)	-	-
Amortised during the year Laughs terminal Ltd	(658,207)	(263,639)	(658,207)	(263,639,000)
Profit on Disposals of Fixed Assets	(23,939,047)	-	(23,939,047)	-
Operating Profit Before Working Capital Changes	20,110,554,497	17,805,597,791	19,809,501,969	17,864,534,655
Changes in working Capital				
Inventories	255,087,696	836,448,587	243,172,672	(389,035,825)
Trade and Other Receivables	(6,699,121,656)	(805,554,087)	(6,649,830,602)	(1,128,652,000)
Deposits and Advances	11,753,221,232	14,702,379,401	11,753,221,232	14,700,210,937
Prepaid Expenses	11,978,119	73,754,368	11,978,119	73,754,368
Employee Loans / Others	(6,801,218)	44,945,155	(6,801,218)	43,476,945
Trade and Other Creditors	388,029,183	703,681,239	385,103,140	704,003,847
Deposits and Advances	(800,737,331)	(85,725,669)	(800,737,336)	(85,725,669)
Provisions and Accrued Expenses	6,685,515,314	1,155,049,933	6,780,029,198	1,166,085,728
Cash Generated from Operations	31,697,725,836	34,430,576,718	31,525,637,174	32,948,652,986
Interest Paid	(4,422,283,101)	(2,435,530,489)	(4,421,838,077)	(2,321,019,812)
Grant repaid	(25,000,000)	-	(25,000,000)	-
Gratuity Paid	(361,748,050)	(283,930,430)	(361,439,857)	(283,210,185)
Taxes Paid	(153,273,226)	(104,916,107)	(146,015,545)	(101,423,144)
Net Cash from Operating Activities	26,735,421,459	31,606,199,692	26,571,343,696	30,242,999,846
Cash Flows from Investing Activities				
Acquisition of Property, Plant and Equipment	(236,887,628)	(146,221,115)	(219,007,180)	(139,041,442)
Proceeds from Disposal of Fixed Assets	25,156,034	39,171	25,156,034	39,171
Lump sum premium Laughs Terminal Ltd	-	16,455,184	-	16,455,184
Upfront fee paid by CICT	1,503,000,000	-	1,503,000,000	-
Capital Work-in-Progress	(21,540,899,726)	(22,142,579,061)	(21,540,899,726)	(22,142,579,061)
Acquisition of Intangible Assets	(84,721,232)	(4,593,644,24)	(84,721,232)	(4,593,644)
Dividend Received	847,733,512	831,676,785	851,416,512	835,183,032
Interest Received	865,767,501	664,318,466	812,049,130	640,766,413
Held to Maturity Investment	-	1,742,970,000	-	1,742,970,000.00
Amount Due From State Mortgage Bank	27,007,008	29,084,116	27,007,008	29,084,116
Net Proceeds from Other Financial Assets	(4,447,125,540)	(4,294,581,019.51)	(4,412,862,668)	(4,257,636,888)
Net Cash from (used in) investing activities	(23,040,970,071)	(23,303,431,117)	(23,038,862,124)	(23,279,353,119)
Cash Flows from Financing Activities				
Borrowings from Government of Sri Lanka	8,465,254,991	1,961,583,336	8,465,254,991	1,961,583,336
Borrowings from Financial Institution	195,298,783	3,794,006,316	189,133,785	3,679,495,639
Repayment of Borrowings to Government of Sri Lanka	(9,403,339,687)	(10,335,296,866)	(9,403,339,687)	(10,335,296,866)
Repayment of Borrowings to Financial Institution	(3,082,332,262)	(3,334,075,419)	(3,062,732,767)	(2,061,564,846)
Short Term Loans	-	-	-	-
Unrealized Exchange Loss on Valuing Financial Assets & Liabilities	-	(302,410,856)	-	-
Net Cash From (used in) Financing Activities	(3,825,118,175)	(8,216,193,489)	(3,811,683,678)	(6,755,782,737)
Net Changes in Cash & Cash Equivalents	(130,666,787)	86,575,085	(279,202,106)	207,863,990
Cash & cash Equivalents at Beginning of the year	1,389,560,597	1,302,985,512	861,345,843	653,481,853
Cash & Cash Equivalents at End of the Year	1,258,893,810	1,389,560,597	582,143,737	861,345,843

Figures in brackets indicate deductions.

The Accounting policies on pages 83 to 88 and Notes to the Financial Statements on Pages 89 to 120 form an integral part of these Financial Statements.

General Accounting Policies

I CORPORATE INFORMATION

I.1 GENERAL

Sri Lanka Ports Authority was established by the Sri Lanka Ports Authority Act No. 51 of 1979 on 01st August 1979 and subsequently amended by Act Nos. 7 & 35 of 1984.

I.2 Principal Activities and Nature of Operations

Provision of efficient and regular services for stevedoring shipping, and transshipping, landing and warehousing; wharfage, the supply of water, fuel and electricity to vessel for handling petroleum, petroleum products and lubricating oils to and from vessels and between bunkers and depots for pilotage and mooring of vessels for diving and underwater ship repairs and any other services included thereto.

I.3 Financial Year

The Authority's financial reporting period ends on 31st December.

I.4 Registered Office

Registered office of the Authority is at No. 19, Chaitiya Road, Colombo 01, P.O. Box 595.

I.5 Number of Employees

The number of employees of the Authority as at 31 December 2016 was 9,651 (2015-9,464).

I.6 Date of Authorization for Issue

The financial statements of the Authority for the year ended 31 December 2016 were authorized for issue in accordance with a resolution of the board of directors dated 23rd February 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The consolidated financial statements of the Authority have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs). The consolidated Financial Statements have been prepared under the historical cost convention, as modified by the fair value of Financial assets available-for-sale. The preparation of Financial statements, in conformity with Sri Lanka

Accounting Standards (SLFRSs), requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies.

2.2 Consolidation

2.2.1 Subsidiary

Subsidiary is an entity over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiary is fully consolidated from the date on which control is transferred to the group. It is excluded from consolidation from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred to the subsidiary forms fair values of the assets transferred and the liabilities incurred to form the subsidiary. The group does not recognize any non-controlling interest in the acquiree as the subsidiary is wholly-owned by the Authority.

Inter-entity transactions, balances, income and expenses on transactions between group entities are eliminated. Profits and losses resulting from Inter-entity transactions that are recognized in assets are also eliminated. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the group.

2.2.2 Associate

Associate is an entity over which the group has significant influence but not control, generally accompanying a shareholding directly or indirectly 20 per cent or more of the voting rights. An investment in associate is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition.

The group's share of post-acquisition profit or loss is recognized in the statement of

comprehensive income and its share of post-acquisition movements in the investee's other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of profit/(loss) of associates in the statement of comprehensive income.

2.3 Foreign Currency Translation

2.3.1 Functional and Presentation Currency

Transaction and balances included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated Financial Statements are presented in Sri Lanka Rupees (LKR), which is the group's presentation currency.

2.3.2 Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Translation differences related to changes in amortized cost are recognized in the statement of comprehensive income.

2.4.1 Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

General Accounting Policies

Property, plant and equipment are stated at deemed cost less accumulated depreciation and any accumulated impairment losses. Other property, plant and equipment are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as an asset, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated, depreciation on other assets is calculated using the straight-line method to allocate their cost or deemed cost over their estimated useful lives, as follows:

Assets Category	Rates	
Operational Buildings & Structures	5 -50 Years	1% -20%
Floating Equipment	2 -15 Year	6.7% - 50%
Handling Equipment	2 -20 Years	5% - 50%
Plant and Machinery	2 -20 Years	5% - 50%
Office and Welfare Buildings	2 -75 Years	1.3% - 50%
Computer Hardware	2 – 5 Years	20% - 50%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.4.2 Intangible Assets

Acquired computer software and operating systems are capitalized on the basis of the costs incurred to acquire and bring to use the specific software and systems. Intangible assets acquired are stated at cost less accumulated amortization and accumulated impairment losses. These costs are amortized over their estimated useful lives, as follows:

Computer Software	2 – 5 Years	20% - 50%
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Costs associated with maintaining computer software programmes are recognized as an expense as incurred.

2.4.3 Investment Properties

Investment property held to earn rentals is measured initially at its cost.

Investment properties were carried at revalued amount in the statement of financial position prepared in accordance with SLAS prior to 31 December 2011. The Authority has considered revalued amounts of the Investment properties as deemed cost at the date of the revaluation as the sale values of Investment properties were broadly comparable to fair value. Accordingly, the Investment properties are stated at deemed cost less accumulated depreciation and amounts arising any accumulated impairment losses. Other Investment properties are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Land is not depreciated, depreciation on buildings is calculated using the straight-line method to allocate their cost or deemed cost over their estimated useful lives, as follows:

Investment Properties	15 -35 Years	2.9% - 6.7%
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2.4.4 Impairment of Non-Financial Assets

At each end of reporting period, the Group reviews the carrying amounts of its property, plant and equipment, investment properties and intangible assets to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the cash-generating unit and estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income.

2.5 Financial Assets

2.5.1 The group determines the classification of its financial assets at initial recognition and the group classifies its financial assets as follows:

- Held-to- maturity investment (HTM)
- Loans and receivables
- Available for sale (AFS)

a) Held-to- Maturity Investment (HTM)

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the positive intention and ability to hold them until maturity. HTM investments are included in non-current assets unless the investment

matures. The Group currently holds quoted debentures designated into this category.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The group's loans and receivables comprise trade and other receivables, repurchase government securities, fixed deposits prepayments, advances, deposits, loans to employee and cash and cash equivalents in the end of reporting period.

c) Available for sale (AFS)

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Available for sale financial assets comprise of long term quoted equity investments and unquoted equity investments.

2.5.2 Recognition and Initial Measurement

Financial assets classified as loans and receivables are recognized on the date on which the group originates the transaction. Other financial assets are recognized on the trade-date on which the group becomes a party to the contractual provisions of the financial instrument. A financial asset is measured initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership of the financial assets.

2.5.3 Subsequent Measurement

a) Held-to-Maturity Investment (HTM)

HTM investments are measured subsequently at amortized cost using the effective interest method less any impairment losses. Amortized cost is computed taking into account of discount or premium on acquisition and transaction costs.

b) Loans and receivables

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less provision for impairment.

c) Available for sale (AFS)

After initial recognition, quoted equity investment classified as AFS financial asset is measured at fair value. Changes in the fair value of AFS financial asset are recognized in other comprehensive income and presented as available for sale reserve in the statement of changes in equity. Unquoted equity investments, which are group's strategic investments are measured at cost less any Impairment losses, as currently its fair value cannot be estimated reliably.

2.5.4 Impairment of Financial Assets

a) Assets carried at amortized cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For loans and receivables and held-to-maturity investments carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying

amount of the financial assets is reduced and the amount of the loss is recognized in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the statement of comprehensive income.

b) Available-for-Sale (AFS)

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. For quoted equity investments, a significant or prolonged decline in the fair value of the investments below its cost is also evidence that the assets are impaired. If any such evidence exists for the quoted investments, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized in profit or loss is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale are reversed through profit or loss. The amount of reversal is recognized in the other comprehensive income.

For unquoted equity investments, a significant or prolonged decline in the value of the investments below its cost is also evidence that the assets are impaired. If any such evidence exists for the unquoted investments, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

2.6 Inventories

Inventories are stated at cost. Cost is determined using the first-in, first-out (FIFO) method. Inventories comprise of spare parts and



General Accounting Policies

consumables for vessels and cargo handling equipments and fuel and lubricants. Inventories are for consumption not for re-sale.

2.7 Trade Receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. Collection is expected in the normal operating cycle of the business and they are classified as current assets. Trade receivables are recognized initially at fair value, which is the invoice amount and subsequently measured at the original invoice amount less provision for impairment as they are expected to be received within short period, such that the time value of money is not significant.

The group assesses at the end of each reporting period whether there is objective evidence that trade receivables is impaired. Objective evidence of impairment for trade receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the receivable past the maximum credit period of 28 days. Trade receivables are impaired and impairment losses are incurred, only if there is objective evidence of impairment. Significant trade receivables are assessed individually for impairment and Non- significant trade receivables are assessed for impairment on collective basis.

The model and basis used to assess the trade receivables for impairment as follows:

(a) Individual Evaluation Model:

Following types of trade receivables are reviewed individually to measure the impairment loss.

Basis			
i	Sri Lanka Forces	Up to 12 Months After 12 Months	No Provision 50%
ii	Government Institutions	Up to 12 Months After 12 Months	No Provision 100%
iii	Shipping Agents Under Litigation		100%
iv	Shipping Agents - Suspended and Non-operating		100%
v	Shipping Agents –With Significant amounts (Over than one million)	Up to 12 Months After 12 Months	No Provision 1%

(b) Collective Evaluation Model:

Following types of trade receivables are reviewed collectively to measure the impairment loss.

Basis			
i	Shipping Agents – With Non-Significant amounts (Under than one million)	Up to 12 Months After 12 Months	No Provisions 1%

2.8 Cash and Cash Equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.9 Capital Employed

Capital represents all movable and immovable properties including money in the funds and all debts, liabilities and obligations in connection with or appertaining to such properties transferred and vested to Sri Lanka Ports Authority from Colombo Port commission, Port Cargo Corporation and Port Tally and Protective Services Corporation.

2.10 Financial Liabilities

The group classifies financial liabilities into other financial liabilities. The Group's other financial liabilities include borrowings, trade and other payables. The other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

2.11 Trade and Other Payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities as in the normal operating cycle of the business.

Trade and other payables are recognized initially at fair value, which is the transaction price and subsequently measured at the original invoice amount as they are expected to be paid within a short period, such that the time value of money is not significant.

2.12 Borrowings

The Group's borrowings include ports development loans borrowed from the Government of Sri Lanka and financial institutions. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost using the effective interest method. Floating rate borrowings are measured

in each subsequent period at amortized cost using floating interest rate (effective interest rate) prevailing at the end of the reporting period.

Loan arrangement fee, structuring fee, processing fee and management paid on the establishment of borrowing facilities are recognized as transaction costs of the borrowings.

Foreign exchange gains and losses arising from measurement of carrying value of loans at amortized cost at each reporting period end are recognized in the statement of comprehensive income.

2.13 Borrowing Cost

Borrowing costs directly attributable to acquisition, construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognized in the statement of comprehensive income in the period in which they are incurred.

2.14 Government Grants

Grants from the government including non-monetary grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in noncurrent liabilities as deferred government grants and are recognized in the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

Non-monetary grants are measured at fair value of the non-monetary asset and account for both grant and asset at the fair value.

2.15 Current and Deferred Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of comprehensive income statement, except to the extent that it relates to items recognized in other comprehensive income. In this case, the tax is also recognized in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted at the reporting period end applicable for the Authority its subsidiaries operate and generate taxable income. Management establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted at the reporting period end date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

2.16 Employee Benefits

The group has both defined benefit and defined contribution plans.

a) Defined Contribution plan

A defined contribution plan is a post employment benefit plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions. The contributions are recognized as employee benefit expense when they are due.

The group contributes 15% on gross emoluments of employee to Employee Provident Fund (EPF) and 3% on gross emoluments of employee to Employee Trust Fund (ETF).

b) Defined benefit plan

The group obligation in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future benefit that employee have earned in return for their services in the current and prior period.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the statement of comprehensive income in the period in which they arise.

The retirement benefit obligation is not externally funded.

c) Short-term employee benefit

Short-term employee benefit obligations are measured on an undiscounted amount expected to be paid for related services provided by the employee.

2.17 Provisions and Contingent Liabilities

Provisions for volume rebates, legal claim and other expenses are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably.

General Accounting Policies

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

All contingent liabilities are disclosed as a note to the financial statements unless the possibility of an outflow of resources is remote.

2.18 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, stated net of rebates and value added taxes and Nation Building Tax (NBT). The group recognizes revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the group.

The Group applies the revenue recognition criteria set out below to each identifiable major types of services rendered.

a) Landing and Delivery Services

The group renders services such as loading, discharging cargo and stores renting in respect of import and export cargo operations. For these sales of services, revenue is recognized in the period in which the services are rendered based on completion of job or transaction and assessed on the basis of the actual services rendered.

b) Navigation and Related Services

Revenue from light dues, entering dues and over-hour dues and pilotage are recognized at the point in which dues become receivable, which is the point of vessel arrival. Revenue arises from navigation and related services is recognized in the period in which the services are rendered based on completion of job or transaction and assessed on the basis of the actual services rendered.

c) Stevedoring Services

Revenue from stevedoring services in respect of container operation and conventional cargo

operation is recognized in the period in which the services are rendered based on completion of job or transaction and assessed on the basis of the actual services rendered.

d) Royalty Income

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement. Royalties from South Asia Gateway Terminals Ltd (SAGT) determined on the basis that "Total Annual Throughputs" are paid by agreed "TEU Fee" over the period of the agreement.

Royalty of CICT determined based on Minimum Guaranteed Throughput indicated in the BOT agreement.

e) Interest Income

Interest income is recognized using the effective interest method.

f) Dividend Income

Dividend income is recognized when the right to receive payment is established.

g) Lease and Rental Income

Lease and rental income from investment properties is recognized on an accrual basis over the term of lease.

h) Gain and Losses on Disposal of Property, Plant and Equipment

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive income.

2.19 Expenses

All expenditure incurred in the running of the operation has been charged to income in arriving at the profit for the reporting period.

2.20 Events Occurring after the Reporting Period

All material events after the reporting period have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

2.21 Commitments

All material commitments at the reporting period end have been identified and disclosed in the notes to the financial statements.

2.22 Significant Accounting Estimates and Judgments

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

2.22.1 The following are significant judgments in applying the accounting policies that have most significant effect on the financial statements.

(a) Recognition of Deferred Tax Assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

2.22.2 Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below:

(a) Useful life time of Depreciable Assets

Management reviews its estimate of the useful life time of depreciable assets at each reporting date, based on the expected economic utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

(b) Defined benefit plan

The present value of the defined benefit plan obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions are used in determining the net cost and obligation for defined benefit plan including the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit obligation.

Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER 2016

3 PROPERTY, PLANT & EQUIPMENT

Group	As At 01 January 2016	Additions	(Disposals)	Re_Class / Adjustment	As At 31 December 2016
3.1 At Cost					
Land	53,124,564,711	14,671,186	-	-	53,139,235,897
Operational Buildings & Structures	164,093,306,626	11,569,781,543	-	23,410,000	175,686,498,169
Floating Equipment	12,862,179,556	463,680	(2,125,000)	(23,112,000)	12,837,406,236
Handling Equipment	25,169,367,095	178,305,315	-	-	25,347,672,410
Plant & Machinery	608,916,585	21,936,458	(773,281)	(436,264)	629,643,498
Office & Welfare Buildings	981,101,213	4,507,477	-	238,800	985,847,490
Staff Quarters and Other Buildings	481,425,491	-	-	-	481,425,491
Computer Hardware	365,218,075	33,940,754	(30,239,083)	(19,900)	368,899,847
Electric & Electronic Equipment	2,119,436,399	81,265,074	(17,534,182)	422,886	2,183,590,178
Office Furniture & Equipment	150,259,541	17,691,941	(694,052)	(199,500)	167,057,930
Motor Vehicles	1,059,501,544	19,882,901	(45,461,443)	45,117	1,033,968,118
Other Assets	346,551,080	26,105,038	(3,050,295)	(349,139)	369,256,684
	261,361,827,918	11,968,551,367	(99,877,336)	-	273,230,501,949

3.1.1 Depreciation	As At 01 January 2016	Charge for the Year	(Disposals)		As At 31 December 2016
Operational Buildings & Structures	30,553,960,151	4,177,558,957	-	(15,194,206)	34,716,324,903
Floating Equipment	6,670,599,077	507,940,225	(2,122,875)	(5,705,445)	7,170,710,982
Handling Equipment	12,662,037,802	877,245,576	-	1,068,375	13,540,351,753
Plant & Machinery	492,584,691	34,564,713	(772,509)	(238,358)	526,138,537
Office & Welfare Buildings	250,767,597	26,267,673	-	2,285,261	279,320,532
Staff Quarters and Other Buildings	197,264,261	19,339,052	-	117,667	216,720,980
Computer Hardware	337,276,040	14,811,592	(30,208,843)	(14,770)	321,864,018
Electric & Electronic Equipment	1,912,030,740	107,940,717	(17,516,648)	627,204	2,003,082,013
Office Furniture & Equipment	112,918,157	17,144,037	(693,358)	(88,783)	129,280,054
Motor Vehicles	824,107,938	75,681,253	(45,415,982)	561,923	854,935,132
Other Assets	287,636,393	23,252,486	(1,930,135)	(33,779)	308,924,965
	54,301,182,848	5,881,746,281	(98,660,349)	(16,614,911)	60,067,653,868

Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

3.1.2 Net Carrying Values	As At 31 December 2016	As At 31 December 2015
Property, Plant & Equipment		
Land	53,139,235,897	53,124,564,711
Operational Buildings & Structures	140,970,173,267	133,539,346,475
Floating Equipment	5,666,695,254	6,191,580,479
Handling Equipment	11,807,320,657	12,507,329,294
Plant & Machinery	103,504,961	116,331,895
Office & Welfare Buildings	706,526,958	730,333,616
Staff Quarters and Other Buildings	264,704,511	284,161,230
Computer Hardware	47,035,828	27,942,035
Electric & Electronic Equipment	180,508,165	207,405,659
Office Furniture & Equipment	37,777,876	37,341,383
Motor Vehicles	179,032,986	235,393,605
Other Assets	60,331,719	58,914,687
	213,162,848,080	207,060,645,070
Capital Work-in-Progress	(Note 3.2) 92,933,019,680	83,162,522,477
	306,095,867,760	290,223,167,547

Group	As At 31 December 2016	As At 31 December 2015
Property Plant Equipment Clearing accounts	29,557,791	98,624,507
	29,557,791	98,624,507
	306,125,425,551	290,321,792,054

Rs 44,997,418.24 worth of asset are used as religious places

As per the asset register the total value of the fully depreciated assets still in use as at 31.12.2016 Rs. 30,593,407,527.65

The useful life of Computer Hardware & Motor Vehicles were reviewed and depreciation adjusted accordingly. The other asset categories also will be reviewed and going forward this will be undertaken as a continuous process.

3 PROPERTY, PLANT & EQUIPMENT

SLPA	As At 31 December 2016	Additions	(Disposals)	Re_Class / Adjustment	As At 31 December 2016
3.1 Cost					
Land	53,124,564,711	14,671,186	-	-	53,139,235,897
Operational Buildings & Structures	164,198,462,205	11,569,781,543	-	23,410,000	175,791,653,748
Floating Equipment	12,862,179,556	463,680	(2,125,000)	(23,112,000)	12,837,406,236
Handling Equipment	25,158,049,279	177,674,536	-	-	25,335,723,815
Plant & Machinery	595,967,821	18,491,978	(773,281)	(436,264)	613,250,253
Office & Welfare Buildings	875,708,982	4,507,477	-	238,800	880,455,259
Staff Quarters and Other Buildings	480,393,491	-	-	-	480,393,491
Computer Hardware	359,556,493	33,275,654	(30,239,083)	(19,900)	362,573,165
Electrical & Electronic Equipment	2,119,436,399	77,495,074	(17,534,182)	422,886	2,179,820,178
Office Furniture & Equipment	143,115,359	15,727,352	(694,052)	(199,500)	157,949,159
Motor Vehicles	1,041,956,129	13,032,901	(45,461,443)	45,117	1,009,572,704
Other Assets	346,471,180	26,105,038	(3,050,295)	(349,139)	369,176,784
	261,305,861,607	11,951,226,419	(99,877,336)	-	273,157,210,690

3.1.1 Depreciation	As At 01 January 2016	Charge for the Year	(Disposals)		As At 31 December 2016
Operational Buildings & Structures	30,553,960,151	4,177,558,957	-	(15,194,206)	34,716,324,903
Floating Equipment	6,670,599,077	507,940,225	(2,122,875)	(5,705,445)	7,170,710,982
Handling Equipment	12,659,558,259	874,918,554	-	1,068,375	13,535,545,188
Plant & Machinery	486,536,715	32,551,811	(772,509)	(238,358)	518,077,659
Office & Welfare Buildings	250,657,759	26,267,673	-	2,285,261	279,210,693
Staff Quarters and Other Buildings	197,264,260	19,339,052	-	117,667	216,720,979
Computer Hardware	334,429,037	13,678,256	(30,208,843)	(14,770)	317,883,679
Electrical & Electronic Equipment	1,912,030,740	107,820,903	(17,516,648)	627,204	2,002,962,199
Office Furniture & Equipment	110,866,700	15,457,760	(693,358)	(88,783)	125,542,319
Motor Vehicles	817,189,478	71,832,447	(45,415,982)	561,923	844,167,866
Other Assets	287,636,393	23,252,486	(1,930,135)	(33,779)	308,924,965
	54,280,728,569	5,870,618,124	(98,660,349)	(16,614,911)	60,036,071,432

Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

3.1.2 Net Carrying Values	As At	
	31 December 2016	31 December 2015
Property, Plant & Equipment	53,139,235,897	53,124,564,711
Land	141,075,328,846	133,644,502,054
Operational Buildings & Structures	5,666,695,254	6,191,580,479
Floating Equipment	11,800,178,627	12,498,491,021
Handling Equipment	95,172,594	109,431,106
Plant & Machinery	601,244,565	625,051,224
Office & Welfare Buildings	263,672,512	283,129,231
Staff Quarters and Other Buildings	44,689,486	25,127,457
Computer Hardware	176,857,979	207,405,659
Electric & Electronic Equipment	32,406,840	32,248,659
Office Furniture & Equipment	165,404,838	224,766,652
Motor Vehicles	60,251,820	58,834,788
Other Assets	213,121,139,259	207,025,133,039
	92,933,019,680	83,162,522,477
Capital Work-in-Progress	(Note 3.2) 306,054,158,938	290,187,655,517

For the year ended 31st December 2016	As At	
	31 December 2016	31 December 2015
SLPA		
Property Plant Equipment Clearing accounts	29,557,791	98,624,507
	29,557,791	98,624,507
	306,083,716,729	290,286,280,023

Rs 44,997,418.24 worth of asset are used as religious places

As per the asset register the total value of the fully depreciated assets still in use as at 31.12.2016 Rs. 30,593,407,527.65

The useful life of Computer Hardware & Motor Vehicles were reviewed and depreciation adjusted accordingly. The other asset categories also will be reviewed and going forward this will be undertaken as a continuous process.

3.2	Capital Work-in-Progress Group / SLPA	As At 01 January 2016	Incurred During the Year	Transferred	As At 31 December 2016
	Colombo Port Development	795,208,602	270,735,465	(380,274,306)	685,669,761
	Oluvil Port	446,948,311	-	-	446,948,311
	Galle Port	198,960,643	14,891,850	(28,648,636)	185,203,856.96
	Galle Development Project	465,486,910	-	-	465,486,910
	Plant & Machinery	9,714,934	-	-	9,714,934
	Terminal Management System	64,573,572	-	(55,154,753)	9,418,819
	Port City Development	2,339,286	-	-	2,339,286
	Purchasing of Capital Assets (Local)	23,715,405	6,991,350	(15,396,650)	15,310,105
	Port Development Projects Phase II- Hambantota	70,336,768,966	20,738,752,518	-	91,075,521,484
	Upgrading & Expansion of wireless Data Net Work	15,211,600	-	(15,211,600)	-
	Head Office Building	3,218,610	-	-	3,218,610
	Development of East Container Terminal	10,800,375,638	402,278,542	(11,168,466,578)	34,187,602
		83,162,522,477	21,433,649,726	(11,663,152,523)	92,933,019,680

Classification errors adjusted during the year

INTANGIBLE ASSETS

Group	As At 01 January 2016	Additions /	(Disposals)	As At 31 December 2016
4.1 At Cost				
Computer Software	891,160,873	85,276,732	-	976,437,606
Total	891,160,873	85,276,732	-	976,437,606

	As At 01 January 2016	Charge for the Year		As At 31 December 2016
4.2 Amortisation				
Computer Software	849,684,763	56,436,324	-	906,121,088
Total	849,684,763	56,436,324	-	906,121,088

	As At 31 December 2016	As At 31 December 2015
4.3 Net Carrying Values		
Computer Software	70,316,518	41,476,110

Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

4 INTANGIBLE ASSETS

SLPA	As At 01 January 2016	Additions/	(Disposals)	As At 31 December 2016
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4.1 At Cost

Computer Software	888,913,897	84,721,232	-	973,635,130
Total	888,913,897	84,721,232	-	973,635,130

	As At 01 January 2016	Charge for the Year		As At 31 December 2016
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4.2 Amortisation

Computer Software	848,342,932	55,744,966	-	904,087,898
Total	848,342,932	55,744,966	-	904,087,898

	As At 31 December 2016	As At 31 December 2015
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4.3 Net Carrying Values

Computer Software	69,547,232	40,570,965
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5 INVESTMENT PROPERTIES

Group/Authority	As At 01 January 2016	Transferred Adjustment	Additions	(Disposals)	As At 31 December 2016
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5.1 At Cost

Land	3,998,282,561	-	-	-	3,998,282,561
Buildings	134,300,254	-	-	-	134,300,254
Total	4,132,582,815	-	-	-	4,132,582,815

Group/Authority	As At 01 January 2016	Transferred Adjustment	Additions	(Disposals)	As At 31 December 2016
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5.1.1 Depreciation

Buildings	64,551,458	(5,151)	3,592,471	-	68,138,778
Total	64,551,458	(5,151)	3,592,471	-	68,138,778

	As At 31 December 2016	As At 31 December 2015
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5.1.2 Net Carrying Values

Land	3,998,282,561	3,998,282,561
Buildings	66,161,476	69,748,796
Total	4,064,444,037	4,068,031,357

Most properties of the Authority are leased out on operating leases. Rental income derived by properties owned by the Authority during the current period amounts to Rs. 301,363,434.83 (2015: 255,084,293/-).

6 INVESTMENT IN SUBSIDIARIES

Unlisted	No of Shares	% of Holding	SLPA	
			2016	2015
Jaya Container Terminals Limited	100,000	100%	1,000,000	1,000,000
Magampura Port Management Company	7,500,000	100%	75,000,000	75,000,000
			76,000,000	76,000,000

7 INVESTMENT IN ASSOCIATES

Unlisted	Group		SLPA	
	2016	2015	2016	2015
Sri Lanka Port Management & Consultancy Services Ltd (Note 7.1)	61,093,443	61,216,547	40,030	40,030
7.1 Movement of Investments in Associate Companies				
Balance at 01 January	61,216,547	60,568,220	40,030	40,030
Share of Net Results of Associates	-	1,244,574	-	-
Dividends Received	(123,104)	(596,247)	-	-
Balance at 31 December	61,093,443	61,216,547	40,030	40,030

7.2 Summary of Financial Results of Associate, and its aggregated assets and liabilities

Sri Lanka Port Management & Consultancy Services Ltd

	No. of Shares	% of Holding	Assets	Liabilities	Revenue	Net Profit
At 31 December 2016	4,003	39.97%				
At 31 December 2015	4,003	39.97%	166,104,346	29,553,306	10,114,135	3,113,771

Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

8 CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts of financial assets and financial liabilities in each category are as follows:

Group Financial Assets	Available-For- Sale		Loans and Receivables	
	2016	2015	2016	2015
Listed Investments	171,834,613	328,147,269		
Unlisted Investments	3,439,286,004	3,439,286,004		
Investment in Quoted Debentures				
Trade and Other Receivables			10,689,890,457	4,393,792,919
Deposits and Advances			201,127,216	11,956,516,912
Employee Loans			4,305,199,594	4,273,590,426
Investment in Government Securities and Fixed Deposits				
			17,814,615,271	13,093,375,135
Cash and Cash Equivalents			1,258,893,810	1,389,560,597
Total	3,611,120,617	3,767,433,273	34,269,726,348	35,106,835,988

Authority

Listed Investments	171,834,613	328,147,269		
Unlisted Investments	3,439,286,004	3,439,286,004		
Investment in Quoted Debentures				
Trade and Other Receivables			10,590,578,753	4,260,745,230
Deposits and Advances			201,127,216	11,954,348,448
Employee Loans			4,278,923,434	4,272,122,216
Investment in Government Securities and Fixed Deposits				
			17,743,408,267	13,056,431,003
Cash and Cash Equivalents			582,143,737	861,345,843
Total	3,611,120,617	3,767,433,273	33,396,181,407	34,404,992,739

Financial Liabilities	Group		SLPA	
	2016	2015	2016	2015
Other Financial Liabilities				
Non-Current Borrowings				
Government of Sri Lanka	214,555,128,086	206,425,156,412	214,555,128,086	206,425,156,412
Financial Institution	10,597,931,565	11,866,367,402	10,593,136,571	11,866,367,402
Current Borrowings				
Government of Sri Lanka	10,285,274,220	11,834,537,774	10,285,274,220	11,834,537,774
Financial Institution	4,845,170,541	5,784,854,826	1,912,413,794	3,022,871,734
Trade and Other Creditors	1,328,533,167	1,060,826,845	1,429,776,503	1,044,673,363
Deposits and Advances Received	4,256,906,103	5,057,643,439	4,256,906,103	5,057,643,439
Total	245,868,943,682	242,029,386,697	243,032,635,277	239,251,250,124

9 AVAILABLE-FOR-SALE (AFS) FINANCIAL ASSETS

For the year ended 31 December		Group / SLPA	
		2016	2015
Listed Investments	(Note 9.1)	171,834,613	328,147,269
Unlisted Investments	(Note 9.2)	3,439,286,004	3,439,286,004
		3,611,120,617	3,767,433,273
9.1 Listed Investment			
Balance at 01 January		328,147,269	421,934,863
Net Gains / (Losses) Transfer to AFS Reserve		(156,312,657)	(93,787,594)
Balance at 31 December		171,834,613	328,147,269

9.2 Unlisted Investments

AFS Unlisted investments comprise group's strategic investments which are measured at cost less impairment charges since, its fair value cannot be reliably measured.

For the year ended 31 December	No. of Shares	Group / SLPA	
		2016	2015
Lanka Coal Company	200,000	2,000,000	2,000,000
Colombo International Container Terminal Ltd	28,456,515	2,859,913,891	2,859,913,891
South Asian Gateway Terminals Limited (SAGT)	56,827,288	577,372,113	577,372,113
		3,439,286,004	3,439,286,004
Provision for Impairment		-	-
		3,439,286,004	3,439,286,004

11 INVENTORIES

Unlisted	Group		SLPA	
	2016	2015	2016	2015
Goods in Stock	2,444,842,162	2,689,564,310	2,444,842,162	2,689,564,310
Stock in Hand - Admiralty Kitchen	7,344,455	6,745,183	7,344,455	6,745,183
Sawmill - New Beira	3,054,618	2,350,986	3,054,618	2,350,986
Stock in Medical Stores	1,160,868	1,045,327	1,160,868	1,045,327
Obsolete & Slow Moving Stock	552,605	253,182	552,605	253,182
Inventory Material Overhead Value	(162,553)	-	(162,553)	-
Inventory receiving clearing accounts	4,494,297	4,500,136	4,494,297	4,500,136
Bunkering - Oil	1,061,673,191	1,841,036,066	-	-
Inter Lock Blocking	1,761,247	2,040,047	-	-
Cursher - Chips	3,989,926	3,989,926	-	-
Fire Foam	1,770,000	-	-	-
Fuel Stock	2,658,595	-	-	-
Others	55,741	-	-	-
	3,533,195,152	4,551,525,162	2,461,286,452	2,704,459,124
Less : Provision for impairment of inventories	(585,496,943)	(763,242,316)	-	-
	2,947,698,209	3,788,282,847	2,461,286,452	2,704,459,124

In SLPA provision to write-down has not been made for slow moving stocks as the inventories are usable.

Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

12 TRADE AND OTHER RECEIVABLES

	Group		SLPA	
	2016	2015	2016	2015
Trade Receivable	1,646,866,973	1,790,021,491	1,642,569,380	1,780,201,364
Shipping Agents Dispute	30,017,942	115,213,136	30,017,942	115,213,136
Agent Revenue	699,932,392	493,036,541	699,932,392	493,036,541
Consignee Receivables	5,909,410	83,724,817	5,909,410	83,724,817
Other Receivable (Note 12.1)	7,955,706,611	1,788,401,803	7,858,164,140	1,663,136,713
Income Tax Receivable (Note 12.4)	615,622,568	353,189,773	615,622,568	353,189,773
	10,954,055,897	4,623,587,561	10,852,215,833	4,488,502,344
Provision for Impairment	(411,577,344)	(404,213,554)	(409,048,984)	(402,176,027)
	10,542,478,553	4,219,374,008	10,443,166,849	4,086,326,318

Trade and other receivables comprise following receivables from related parties.

Receivables from Related Parties		Group		SLPA	
		2016	2015	2016	2015
	Trade	45,702,892	42,164,376	45,702,892	42,164,376
	Others	253,023,495	227,653,516	273,818,563	248,268,133
		298,726,387	269,817,892	319,521,455	290,432,509

As at 31 December 2016, the Authority's trade receivables amounts to Rs.1,195,259,717 (2015:Rs 1,382,664,861) were past due but not impaired. These relate to a number of significant customers including shipping agents, who are individually reviewed for impairment and for whom there are no reliable evidence for recovery in the reporting year. The age analysis of these trade receivables is as follows:

Ageing of Trade Receivable	Group		SLPA	
	2016	2015	2016	2015
Up to 6 Months	1,043,073,985	1,296,384,480	1,043,073,985	1,296,384,480
6 to 12 Months	152,185,731	86,280,380	152,185,731	86,280,380
	1,195,259,717	1,382,664,861	1,195,259,717	1,382,664,861

Trade receivables have been reviewed for impairment. Certain trade receivables are found to be impaired and provision for impairment has been made on the basis as stated in note 2.7. The impaired trade receivables are mostly due from Government institutions and the shipping agents who are under litigation.

The Details of Provision for Impairment of the Trade Receivables.	Group		SLPA	
	2016	2015	2016	2015
Shipping Agents Under Litigation	368,253,132	361,822,125	368,253,132	361,822,125
Sri Lanka Forces	-	-	-	-
Government Institutions	40,772,342	40,322,855	40,772,342	40,322,855
Shipping Agents	21,662	17,932	21,662	17,932
Others	1,848	14,363	1,848	14,363
	409,048,984	402,177,274	409,048,984	402,177,274

12.1 Other Receivable

	Group		SLPA	
	2016	2015	2016	2015
Royalty_SAGT	79,049,988	55,208,581	79,049,988	55,208,581
Royalty_CICT	69,668,813	49,832,738	69,668,813	49,832,738
Lease Rent-SAGT	32,340,563	30,811,991	32,340,563	30,811,991
Deffered Interest Receivable from CICT	485,399	-	485,399	-
Mahapola Training	600	-	600	-
From Welfare Buses	-	47,571	-	47,571
Receivables from the Ministry	305,158	575,997	305,158	575,997
Supply of Fuel to Ministry	2,516,678	1,653,290	2,516,678	1,653,290
Meals & Tea Supplied to Outside Parties	2,161,241	8,671,824	2,161,241	8,671,824
Receivables from Government Institution	5,838,489,260	-	5,838,489,260	-
Electricity for SLPA Employees	40,940	1,255,738	40,940	1,255,738
Supply of Fuel to SLMPCS	650,219	-	650,219	-
Foreign Purchase Advance- Non Budget	754,995,980	870,766,571	754,995,980	870,766,571
Foreign Purchase Advance_ Budgeted	-	406,002,300	-	406,002,300
Valuation Fees Recoverable	877,418	-	877,418	-
Prepaid Staff Benefit	-	519,877	-	-
Shares Receivable - SAGT (Note 12.3)	141,632,944	141,632,944	141,632,944	141,632,944
Intercompany Receivables	821,983,218	13,148,799	821,983,218	13,148,799
Other Receivables	99,515,977	125,187,546	1,973,506	442,333
Advance payment for Nidahas Sevaka Sangamaya	1,499,972	2,499,980	1,499,972	2,499,980
	7,846,214,366	1,707,815,746	7,748,671,895	1,582,550,656
12.1.1				
Rent Debtors	99,698,620	76,311,422	99,698,620	76,311,422
Electricity Debtors	102,714,013	99,039,571	102,714,013	99,039,571
	202,412,634	175,350,993	202,412,634	175,350,993
Provision for Impairment	(92,920,389)	(94,764,936)	(92,920,389)	(94,764,936)
	109,492,245	80,586,057	109,492,245	80,586,057
	7,955,706,611	1,788,401,803	7,858,164,140	1,663,136,713

12.2 Amount Due from State Mortgage Bank

The balance represents the amount transferred to State Mortgage and Investment Bank to grant housing loan to SLPA employees less recoveries of principal re-payments received from the bank.

12.3 Share Receivable - SAGT

Share receivable from SAGT represents the balance receivable from South Asia Gateway Terminal Ltd (SAGT) arising from the difference between the initial value of cranes given to SAGT and shares issued for in-kind contribution. However, SAGT has resolved on 14 May 2010 that the SLPA will be entitled to be issued an additional "in kind" shares in SAGT to the extent of USD 2,424,285 equivalent to Rs.141,632,943.84 only in the event of further capital call for the phase I facilities. No provision for impairment has been made for the receivable since, the Ministry of Finance and Planning has instructed the Authority to show the balance USD 2,424,285 equivalent to Rs.141,632,943.84 as share receivable from SAGT in the Financial Statements.

Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

12.4 Income Tax Receivable

	Group		SLPA	
	2016	2015	2016	2015
Economic Service Charge				
Balance at 01 January	341,550,220	238,098,020	341,550,220	238,098,020
Incurred During the year	106,167,724	48,548,376	106,167,724	48,548,376
Provide for the 2016	126,450,345	54,903,824	126,450,345	54,903,824
Charge for the year	-	-	-	-
Balance as at 31st December	574,168,289	341,550,220	574,168,289	341,550,220
Withholding Tax				
Balance at 01 January	11,639,553	5,910,561	11,639,553	5,910,561
Incurred During the year	29,814,727	5,728,992	29,814,727	5,728,992
Charge for the year	-	-	-	-
Balance as at 31st December	41,454,280	11,639,553	41,454,280	11,639,553
Income Tax Receivable	-	-	-	-
12.4 Income Tax Receivable	615,622,569	353,189,773	615,622,569	353,189,773

13 DEPOSITS AND ADVANCES

	Group		SLPA	
	2016	2015	2016	2015
Government Deposits	64,558,502	64,558,502	64,558,502	64,558,502
Corporation Deposits	104,905,151	104,892,867	104,905,151	104,892,867
Company Deposits	20,265,137	20,991,773	20,265,137	18,823,309
Advance to Suppliers	8,353,443	105,849,280	8,353,443	105,849,280
Advance to Contractors - Capital Expenditure	3,044,982	11,660,224,490	3,044,982	11,660,224,490
	201,127,216	11,956,516,912	201,127,216	11,954,348,448
	201,127,216	11,956,516,912	201,127,216	11,954,348,448

14 EMPLOYEE LOANS

	Group		SLPA	
	2016	2015	2016	2015
Advances	29,080,487	26,751,790	29,080,487	26,751,790
Receivables from Employees	1,431,451	1,292,515	1,431,451	1,292,515
Vehicle Loan	596,215,426	825,504,740	596,215,426	825,504,740
Loans	3,666,887,860	3,409,781,572	3,641,312,240	3,409,781,572
Mis. Loans Given to Employees	11,584,370	10,259,809	10,883,830	8,791,599
	4,305,199,594	4,273,590,426	4,278,923,434	4,272,122,216

15 OTHER FINANCIAL ASSETS

	Group		SLPA	
	2016	2015	2016	2015
REPO's	916,989,397	2,186,257,527	916,989,397	2,186,257,527
Fixed Deposits - Local	9,398,245,542	5,439,993,522	9,327,038,538	5,403,049,390
Fixed Deposits - Foreign	7,495,308,946	5,462,010,166	7,495,308,946	5,462,010,166
Call Deposits	4,034,550	5,096,148	4,034,550	5,096,148
Savings	36,836	17,773	36,836	17,773
	17,814,615,271	13,093,375,135	17,743,408,267	13,056,431,003

Fixed deposit placed in National Saving Bank represents the fines collected from employees who are charged for misconduct. The deposit is maintained separately as required by No 51 Sri Lanka Ports Authority Act; for rewarding employees.

16 CASH AND CASH EQUIVALENTS

	Group		SLPA	
	2016	2015	2016	2015
Favourable Balances				
Cash and Bank Balances - LKR	1,255,795,958	1,386,597,037	579,045,885	858,382,283
Bank Balances - Foreign Currency	3,097,853	2,963,560	3,097,853	2,963,560
Cash & Cash Equivalents for the Purpose of Cash Flow Statement	1,258,893,810	1,389,560,597	582,143,737	861,345,843

17 CAPITAL EMPLOYED

Capital represents all movable and immovable properties including money in the funds and all debts, liabilities and obligations in connection with or appertaining to such properties transferred and vested to Sri Lanka Ports Authority from Colombo Port commission, Port Cargo Corporation and Port Tally and Protective Services Corporation.

18 CAPITAL RESERVE

This represents the value of the capital assets transferred from Lanka Marine Services Ltd and other institutions.

19 LOAN REDEMPTION RESERVE

Loan Redemption Reserve has been created according to Finance Act Section 10(d) which requires the Authority to transfer to this reserve, when there is cumulative retained earnings

Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

40 OTHER RESERVES

	Group		SLPA	
	2016	2015	2016	2015
40.1 Other Reserves	1,125,903	1,125,903	1,125,903	1,125,903
40.2 Upfront Fee Paid by CICT				
Balance at 01 January	1,656,462,857	1,709,897,143	1,656,462,857	1,709,897,143
Received during the year	1,503,000,000	-	1,503,000,000	
Amortized During the year	(103,534,286)	(53,434,286)	(103,534,286)	(53,434,286)
Balance at 31 December	3,055,928,572	1,656,462,857	3,055,928,572	1,656,462,857
40.3 Lump Sum Premium_ Laughs Terminal Ltd				
Balance at 01 January	16,191,545	-	16,191,545	-
Received during the year	-	16,455,184	-	16,455,184
Amortized During the year	(658,207)	(263,639)	(658,207)	(263,639)
Balance at 31 December	15,533,338	16,191,545	15,533,338	16,191,545
	3,072,587,813	1,673,780,306	3,072,587,813	1,673,780,306

20 REVALUATION RESERVE

The revaluation reserve relates to the revaluation surplus of property, plant and equipment, once the respective revalued assets have been disposed, portion of revalued surplus is transferred to retained earnings.

21 BORROWINGS - GOVERNMENT OF SRI LANKA

	Group / SLPA	
	2016	2015
Carrying Amount at Amortized Cost		
21.1 Settlement Fall Due More than One Year		
Colombo Port Development Project	17,697,357,300	19,637,934,795
Colombo Port Expansion - (South Harbor)	40,220,441,145	39,922,595,104
Hambanthota Port Develop. - (Phase I)	29,602,476,114	32,608,955,808
Hambanthota Port Develop. - (Phase II U\$ 600 Mn)	90,996,000,000	84,631,038,396
Hambanthota Port Develop. - (Phase II Yuan 1 bn)	5,424,953,819	
Hambanthota Port Tank Farm Project	9,872,233,068	9,515,515,165
Terminal Tractors- (EXIM Bank of Malaysia)	-	29,236,000
Ancillary works & Supply of Equipment Proj- Phase I HPDP	21,283,197,677	20,514,162,181
	215,096,659,123	206,859,437,449
Transaction Cost/ Management Fees for Hambanthota Port Develop (P II U\$ 600M)	(381,840,000)	
Transaction Cost/ Management Fees for Hambanthota Port Develop (P II Yuan 1 bn)	(107,250,000)	(381,840,000)
Transaction Cost/ Additional Loan (P I)	(52,441,037)	(52,441,037)
	214,555,128,086	206,425,156,412

21.2 Settlement Fall Due Within One Year	Group / SLPA	
	2016	2015
Colombo Port Development Project	3,589,525,769	3,391,916,037
Colombo Port Expansion - (Southern Harbor)	1,346,921,586	1,200,175,315
Hambanthota Port Develop. - (Phase I)	5,318,296,279	6,605,555,415
Terminal Tractors- (EXIM Bank of Malaysia)	30,530,586	117,661,333
Acquisition of Handling Equipments	-	519,229,674
	10,285,274,220	11,834,537,774
	224,840,402,306	218,259,694,186

The above borrowings were provided by the Government of Sri Lanka for ports expansion projects and development projects under subsidiary loan agreement. The loan granted to procurement of Handling Equipment, Colombo Port Expansion, Terminal Tractors -(EXIM Bank of Malaysia) carries floating rate of interest and others are at fixed rates of interest.

Terms and conditions of borrowing facilities are in page 120.

The carrying amounts of the borrowings are denominated in the following currencies:	Group / SLPA	
	2016	2015
Japan Yen	21,286,883,069	23,029,850,832
United States Dollars	203,553,519,237	195,229,843,354
	224,840,402,306	218,259,694,186

21.3 Movement of the Loans	Group / SLPA	
Balance at 01 January	218,259,694,186	206,270,902,322
Obtained During the Year	8,465,254,991	1,961,583,336
Paid During the Year	(10,930,048,517)	(10,387,737,903)
Accrued interest transferred	(1,348,176,517)	-
Transaction cost	(107,250,000)	-
Exchange (Gain) / Loss on Translation	9,094,207,366	18,888,237,600
Accrued interest under Short Term	1,406,720,797	1,526,708,830
Balance at 31 December	224,840,402,305	218,259,694,186

Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

22 BORROWINGS - FINANCIAL INSTITUTIONS

		Group		SLPA	
		2016	2015	2016	2015
Carrying Amount at Amortized Cost					
22.1	Settlement Fall Due More than One Year				
	Bank of Ceylon -Bunkering Facility	1,833,737,780	2,148,989,001	1,833,737,780	2,148,989,001
	Bank of Ceylon -CPEP Construction of ECT loan	8,759,398,791	9,717,378,401	8,759,398,791	9,717,378,401
	Bank of Ceylon Others	4,794,994	-	-	-
		10,597,931,565	11,866,367,402	10,593,136,571	11,866,367,402
22.2	Settlement Fall Due Within One Year				
	Bank of Ceylon- Handling Equipment	-	1,545,010,353	-	1,545,010,353
	Bank of Ceylon -Bunkering Facility	3,327,199,324	3,143,493,596	395,812,581	381,510,504
	Bank of Ceylon -CPEP Construction of ECT loan	1,516,601,213	1,096,350,877	1,516,601,213	1,096,350,877
	Bank of Ceylon Others	1,370,004	-	-	-
		4,845,170,541	5,784,854,826	1,912,413,794	3,022,871,734
		15,443,102,106	17,651,222,228	12,505,550,365	14,889,239,136

The above Bunkering Facility bank borrowings secured by Fixed Deposit of Rs.2,242,970,000 and ECT loan secured by Negative pledge over assets of East Container Terminal.

Terms and conditions of borrowing facilities are in page I20.

The carrying amounts of the borrowings are denominated in the following currency.

United States Dollars	15,443,102,106	17,651,222,228	12,505,550,365	14,889,239,136
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		Group		SLPA	
		2016	2015	2016	2015
22.3	Movement of the Loans				
	Balance at 01 January	17,651,222,228	15,888,445,066	14,889,239,135	11,968,462,076
	Obtained During the Year	308,529,244	3,794,006,316	189,133,785	3,679,495,639
	Paid During the Year	(3,082,332,262)	(3,648,566,575)	(3,062,732,767)	(2,061,564,846)
	Exchange (Gain) / Loss on Translation	559,517,899	1,617,337,421	489,910,212	1,302,846,266
	Balance at 31 December	15,436,937,109	17,651,222,228	12,505,550,365	14,889,239,135

23 GOVERNMENT GRANTS

	Group		SLPA	
	2016	2015	2016	2015
Balance at 01 January	2,185,849,519	2,250,929,288	2,185,849,519	2,250,929,288
Grants Received During the Year	-	-	-	-
Grants used during the year	-	-	-	-
Refund of Grants(Kankasanturai Break Water Project)	(25,000,000)	-	(25,000,000)	-
Amortisation of Government Grants	(48,042,872)	(65,079,769)	(48,042,872)	(65,079,769)
Balance at 31 December	2,112,806,647	2,185,849,519	2,112,806,647	2,185,849,519

23.1 The Carrying Values

Mega Port Project	95,233,183	104,489,683	95,233,183	104,489,683
Kankasanturai Break Water Project	10,092,049	35,330,699	10,092,049	35,330,699
Hambanthota Port Development Project	96,898,182	101,743,092	96,898,182	101,743,092
Oluvil Port Development Project	19,990,000	19,990,000	19,990,000	19,990,000
Colombo Port Expansion Project	1,510,228,270	1,537,196,632	1,510,228,270	1,537,196,632
Hambantota Bunkering and Tank	2,365,699	2,453,862	2,365,699	2,453,862
Renovation project of UCT Terminal	372,266,667	377,600,000	372,266,667	377,600,000
Motor Vehicle Received as Grant	2,376,667	3,616,667	2,376,667	3,616,667
Galle Yatch Marina Development	3,355,931	3,428,886	3,355,931	3,428,886
	2,112,806,647	2,185,849,519	2,112,806,647	2,185,849,519

The above grants received from the Government of Sri Lanka and International Government Agencies for the development of ports and other constructions. The amounts spent have been capitalised either work-in-progress or under the relevant class of property, plant and equipment respectively. The corresponding grant is being amortised over the useful life of the related assets.

Kankasanturai Break Water Project amounts to Rs.25,000,000 have been refunded to General Treasury since it has not been utilised.

Balance amount of the grant received for Mega Port Project have been utilised to carry out Maintenance Expenses of Mega Port Project since the useful life of the related asset is over by 2015.

24 DEFERRED TAX LIABILITIES

	Group / SLPA	
	2016	2015
Balance at 01 January	12,114,566,119	12,114,566,119
Recognised in Profit or Loss	-	-
Recognised in Equity	-	-
Balance at 31 December	12,114,566,119	12,114,566,119

Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

For the year ended 31 December	Group / SLPA	
	2016	2015
24.1 The Analysis of Deferred Tax Assets and Liabilities		
Deferred Tax Assets		
From Provision for Gratuity	1,671,754,423	1,671,754,423
From Accounting Provisions	527,808,101	527,808,101
From Brought Forward Tax Losses	1,912,449,846	1,912,449,846
	4,112,012,370	4,112,012,370
Deferred Tax Liability		
From Accelerating Depreciation	(16,226,578,489)	(16,226,578,489)
	(16,226,578,489)	(16,226,578,489)
Net Deferred Tax Liability	(12,114,566,119)	(12,114,566,120)

Deferred tax assets are recognized for brought-forward tax losses, accounting provision and provision for defined benefits obligation to the extent that the realization of the related tax benefits through future taxable profits are probable. However, the SLPA did not recognize deferred tax assets for the reporting periods 2012 and 2013, 2014, 2015, 2016 on the basis that there is related tax benefit from future taxable profit due to exemption elected by the SLPA under section 13 (YYYY) and 13 (YYYYY) of the Inland Revenue Act No. 10 of 2006.

Deferred income tax liabilities have not been recognized for accelerating depreciation for the reporting periods 2012 and 2013, 2014, 2015, 2016 due to the said exemption elected by the Authority.

The Subsidiary did not make a provision for deferred tax assets and liabilities due to insignificance of taxable temporary differences.

25 RETIREMENT BENEFITS OBLIGATION

	Group		SLPA	
	2016	2015	2016	2015
Balance at 01 January	3,641,631,561	2,896,430,432	3,633,299,773	2,891,135,708
Expense Recognised in the Statement of Comprehensive Income (Note 25.1)	555,730,238	454,364,779	552,156,270	451,123,176
Benefit Paid During the Year	(361,748,050)	(283,930,430)	(361,439,857)	(283,210,185)
Actuarial (Gain) / Loss on Obligation	525,922,090	574,766,780	526,172,368	574,251,073
Balance at 31 December	4,361,535,839	3,641,631,561	4,350,188,554	3,633,299,773
25.1 Expense Recognised in the statement of comprehensive income				
Interest Cost	363,852,378	289,608,910	363,329,976	289,113,569
Current Service Cost	189,644,578	164,755,869	188,826,294	162,009,607
	555,730,238	454,364,779	552,156,270	451,123,176

These assumptions are developed by independent actuarial consultant is based on the management's best estimates of variables used to measure the retirement benefits obligation

The principal actuarial assumptions used are as follows
For group, assumptions are expressed as range

	Group		SLPA	
	2016	2015	2016	2015
Discount rate [%]	*9-10	11	10	11
Future Salary Increases - Salary [%]	*2-6	6	6	6
' - Allowances [%]	6	5	5	5
Staff Turnover Factor - Up to age 50 Yrs [%]	0.5 - 1.5	0.5	0.5	0.5
- after 50 Yrs	0	0	0	0
Retirement age [Yrs]	55 -57	60	57	60

Discount rate is determined by examining the market rates of interest on short-term corporate bonds/ government bond and the anticipated long-term rate of inflation. Other assumptions such as mortality, staff turnover, disability and promotion are used by the actuarial consultants are based on management's historical experience.

26 TRADE AND OTHER CREDITORS

	Group		SLPA	
	2016	2015	2016	2015
Trade Creditors	1,031,910,244	749,851,106	1,030,403,948	747,651,106
Other Creditors	10,471,759	21,388,832	7,058,660	7,058,660
Jaya Container Terminals Limited	(3,880,510)	(47,807,708)	20,795,068	(20,614,617)
Supply of fuel to MPMCL	(15,619,568)	-	65,867,585	(26,816,401)
Shipping Agents - Credit Balance	216,170,455	276,018,216	216,170,455	276,018,216
Compensation Payments	3,794,000	3,794,000	3,794,000	3,794,000
Salary Abatements	81,272,430	54,425,487	81,272,430	54,425,487
Unclaimed Wages	4,414,357	3,156,912	4,414,357	3,156,912
	1,328,533,167	1,060,826,845	1,429,776,503	1,044,673,363

27 DEPOSITS AND ADVANCES RECEIVED

	Group		SLPA	
	2016	2015	2016	2015
Deposits - Shipping Agents	135,295,272	122,104,252	135,295,272	122,104,252
Deposits for Shipping Charges	-	2,272,253	-	2,272,253
Deposit for Landing & Delivery	39,616,759	37,104,726	39,616,759	37,104,726
Bonding Deposits	6,291,631	10,238,402	6,291,631	10,238,402
Shipping Agents Advance	653,705,094	862,285,093	653,705,094	862,285,093
Deposit from customers	4,837,141	1,446,238	4,837,141	1,446,238
Employers Fidelity Deposits	700,163	695,306	700,163	695,306
Rent Deposit	130,832,625	111,696,711	130,832,625	111,696,711
Trading deposits	297,832,936	249,341,175	297,832,936	249,341,175
Contractor deposits	2,899,074,736	3,577,506,403	2,899,074,736	3,577,506,403
Special Deposits	16,704,786	10,876,701	16,704,786	10,876,701
Miscellaneous Deposits	72,014,960	72,076,177	72,014,960	72,076,177
	4,256,906,103	5,057,643,439	4,256,906,103	5,057,643,439

Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

28 CURRENT TAX PAYABLE

Summary of current tax payable is as follow:

	Group		SLPA	
	2016	2015	2016	2015
Corporate Tax (Note 28.1)	7,689,972	2,500,544	-	-
Value Added Tax	127,605,462	171,270,370	119,735,166	161,403,574
Withholding Tax	6,058,452	6,058,452	6,058,452	6,058,452
Economic Service Charge	126,450,345	54,903,824	126,450,345	54,903,824
Nation Building Tax	19,153,457	33,995,437	19,153,457	33,995,437
Construction Levy (CIGFL)	-	(19,872)	-	(19,872)
	286,957,687	268,708,756	271,397,419	256,341,416
28.1 Corporate Tax				
Balance at 01 January	648,187	648,187	-	-
Provision for the Period			-	-
Charge for the Period	7,041,785		-	-
Set-off Against the Tax Credits / Paid			-	-
Adjustments on Under / (Over) Provision			-	-
Balance at 31 December	7,689,972	648,187	-	-

29 PROVISIONS AND ACCRUED EXPENSES

	Group		SLPA	
	2016	2015	2016	2015
Provision for Volume Rebate	1,239,607,286	1,250,766,898	1,239,607,286	1,250,766,898
Accrued Expenditure	1,046,076,117	974,493,876	1,025,804,017	931,170,439
Provision for Claims	7,647,718,640	951,163,408	7,647,718,640	951,163,408
	9,933,402,042	3,176,424,182	9,913,129,942	3,133,100,745

30 REVENUE

		Group		SLPA	
		2016	2015	2016	2015
Navigation	(Note:30.1)	7,970,605,913	6,808,789,717	7,963,267,730	6,788,945,434
Stevedoring	(Note: 30.2)	18,519,648,016	18,431,056,583	18,519,648,016	18,430,901,593
Wharf Handling		5,065,764,023	4,552,989,791	5,065,764,023	4,552,989,791
Port Facilities	(Note: 30.3)	4,036,381,193	4,889,369,864	4,020,589,309	4,165,375,163
Other Service Operations	(Note: 30.4)	1,229,841,305	1,190,142,089	1,229,841,305	1,190,142,089
		36,822,240,450	35,872,348,044	36,799,110,383	35,128,354,069
(Note:30.1)					
Navigation		8,125,005,069	6,894,557,834	8,125,005,069	6,894,557,834
Less: Rebate on Navigational Charges		(161,737,339)	(105,612,400)	(161,737,339)	(105,612,400)
		7,963,267,730	6,788,945,434	7,963,267,730	6,788,945,434
(Note: 30.2)					
Stevedoring		20,662,015,317	20,484,626,678	20,662,015,317	20,484,626,678
Less : Rebate on Stevedoring Charges		(2,142,367,301)	(2,053,725,086)	(2,142,367,301)	(2,053,725,085)
		18,519,648,016	18,430,901,593	18,519,648,016	18,430,901,593
(Note: 30.3)					
Port Facilities		4,175,705,730	4,188,694,546	4,175,705,730	4,188,694,546
Less: Rebate on Storage		(155,116,421)	(23,319,383)	(155,116,421)	(23,319,383)
		4,020,589,309	4,165,375,163	4,020,589,309	4,165,375,163
(Note: 30.4)					
Other Service Operations		1,295,974,789	1,210,810,528	1,295,974,789	1,210,810,528
Less : Volume Rebate_Inter Terminal Trucking		(66,133,484)	(20,668,439)	(66,133,484)	(20,668,439)
		1,229,841,305	1,190,142,089	1,229,841,305	1,190,142,089

* Rebate on storage and Inter Terminal Trucking included in stevedoring Revenue in the year 2016.

Rebate on stevedoring charges include: Volume rebates on transshipment containers, Volume rebates on domestic containers, rebates on Transshipment Containers (ECL ,2% etc.) Rebates on Domestic Containers 2%, Rebate on Conventional Cargo (15%,20% & Etc.) and charge on carrier rebate.

Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

31 DIRECT EXPENSES

	Group		SLPA	
	2016	2015	2016	2015
Operational Expenses				
Salaries wages & Allowances	5,288,556,015	5,375,043,406	5,222,966,003	5,313,002,988
Overtime	1,950,845,789	1,947,171,636	1,950,845,789	1,947,171,636
Traveling Subsistence & Fuel Allowance	1,303,092	1,980,365	1,303,092	1,980,365
Fuel Electricity & Other Expenses	1,626,866,546	1,576,334,303	1,624,365,546	1,572,218,134
Cost of Water	65,241,400	40,347,936	46,350,382	40,347,936
External Hire Chargers / Contracts	726,642,420	654,498,276	726,642,420	654,498,276
Contract works for Rep. & Main.	112,596,790	55,665,702	112,423,923	54,862,668
Insurance & License	18,125,591	16,980,743	18,125,591	16,980,743
Bunkering	43,255,260	1,079,761,344	-	-
Crusher and Inter Lock Blocking	6,584,625	15,849,516	-	-
Material Issued for Operational activities	2,996,140	2,231,591	2,996,140	2,231,591
Lashing & Unlashing service	5,852,778	7,036,000	-	-
Depreciation	5,623,943,764	8,244,509,873	5,622,649,044	8,243,400,590
	15,472,810,210	19,017,410,692	15,328,667,930	17,846,694,927
Repair and Maintenances Expenses				
Salaries Wages & Allowances	2,705,921,180	2,837,997,335	2,705,921,180	2,837,997,335
Overtime	990,113,089	1,019,124,252	990,113,089	1,019,124,252
Travelling, Subsistence & Fuel Allowances	2,915,899	2,455,929	2,915,899	2,455,929
Fuel Electricity & Other Expenses	70,105,322	79,602,455	70,105,322	61,218,143
External Hire Charges/ Contracts	800	810,723	800	810,723
Contract works for Rep. & Main.	3,293,475	9,358,179	3,293,475	9,358,179
Insurance & License	2,580,682	1,659,326	2,580,682	1,659,326
Material Issued for Operational Activities	1,068,262,840	859,232,756	1,064,391,421	854,395,907
Depreciation	33,455,403	41,771,918	33,455,403	41,771,918
	4,876,648,691	4,852,012,873	4,872,777,272	4,828,791,711
	20,349,458,900	23,869,423,565	20,201,445,201	22,675,486,639

32 OTHER OPERATING INCOME

	Group		SLPA	
	2016	2015	2016	2015
Other Services - Non Operational				
Hire of Equip. & Floating Craft other than Cargo Handling	5,177,342	10,527,052	5,177,342	10,527,052
Supply of water for local consumption	173,266	1,341,462	173,266	1,341,462
Supply of electricity for local consumption	46,898,192	43,728,823	46,898,192	43,728,823
Telephone calls and medical facilities	27,427	29,144	27,427	29,144
Training fees	189,633	-	189,633	-
Special Jobs done for outside parties	1,246,936	512,894	1,246,936	512,894
Income from specialized Activities	2,064,729	3,690,307	2,064,729	(4,177,693)
Recovery of charges on ship wreck	1,145,616	981,348	1,145,616	981,348
	56,923,141	60,811,030	56,923,141	52,943,030
Port Estate				
Lease out lands	1,852,612,109	1,733,606,556	1,852,612,109	1,733,606,556
Royalty	1,983,992,012	1,452,177,047	1,983,992,012	1,452,177,047
Rent on housing scheme	2,325,940	2,216,995	2,325,940	2,216,995
Revenue from circuit bungalows	1,148,557	1,328,193	1,148,557	1,328,193
Rent / lease out buildings / warehouse	65,641,174	83,178,131	65,641,174	83,178,131
Miscellaneous	1,862,578	21,940,492	31,442	97,725
Auditorium & class room hiring charges	54,032	30,018	54,032	30,018
Interest from deferred lease rent of CICT	39,080,786	54,621,844	39,080,786	54,621,844
	3,946,717,187	3,349,099,276	3,944,886,051	3,327,256,509
Miscellaneous				
Dividend Received	851,416,512	834,586,785	851,539,616	835,183,032
Penalty and surcharge on L & D Bills/ Stevedore Billing	59,402,586	49,739,345	59,402,586	49,739,345
Surcharge on overdue bills	8,214,100	6,971,060	8,214,100	6,971,060
Proceed on sale of assets	23,939,047	9,049,503	23,939,047	9,049,503
Surplus of Stores & off charge items	120,187	242,544	120,187	242,544
Tender sales revenue	221,761	18,347,304	221,761	18,347,304
Surcharges on employees	4,585	2,805	4,585	2,805
Charges on dishonoured bonds items & debtors balances	2,231,928	1,460,396	2,231,928	1,460,396
Fines & Insurance Commission	22,484	24,181	22,484	24,181
	945,573,190	920,423,922	945,696,294	921,020,169
Central Division				
Port entry permits	25,035,774	3,588,415	25,035,774	3,588,415
Temporary port permit charges	469,550,122	94,711,923	469,550,122	94,711,923
Annual vehicle permits & casual vehicle permits	9,793,350	2,775,450	9,793,350	2,775,450
Fees on chandler's license & survey fees	26,897,331	24,443,046	26,897,331	24,443,046
Licensing of wharf clearing agencies in three ports	22,291,582	21,328,599	22,291,582	21,328,599
Licensing of harbour craft	441,744	441,858	441,744	441,858
Proceeds on hire of welfare buses	2,183,177	2,367,154	2,183,177	2,367,154
Canteen income	30,200	151,200	30,200	151,200
Miscellaneous	68,171,263	65,356,032	68,171,263	65,356,032
Sale of Books & Publications	409,711	687,175	409,711	687,175
Compensation receipts	15,693,918	15,557,511	15,693,918	15,557,511
Galle face green collection	618,505	6,450,324	618,505	6,450,324
Grant Income	48,042,872	65,079,768	48,042,872	65,079,768
Administration & Infrastructure Fee	453,176,111	377,224,777	453,176,111	377,224,777
Upfront fee paid by CICT	103,534,286	53,434,286	103,534,286	53,434,286
Admission/Monthly/Term fees for SLPA creche	805,476	902,476	805,476	902,476
Hydrographic survey office -Tide data (CPCDP)	72,712	-	72,712	-
Lump Sum Premium_Laugh's Terminal Ltd	658,207	263,639	658,207	263,639
	1,247,406,343	734,763,634	1,247,406,343	734,763,634
	6,196,619,861	5,065,097,863	6,194,911,829	5,035,983,343

Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

33 ADMINISTRATIVE EXPENSES

	Group		SLPA	
	2016	2015	2016	2015
Salaries Wages & Allowances	4,361,222,969	4,482,853,399	4,023,439,589	4,150,785,685
Overtime	831,504,584	843,536,831	831,504,584	843,536,831
Traveling Subsistence & Fuel Allowance	59,074,996	53,031,884	777,113	804,371
Fuel / Electricity & Other Expenses	241,778,183	221,294,101	200,330,024	179,327,972
Cost of Water	136,452,830	135,323,653	135,176,677	131,864,382
External Hire Chargers / Contracts	26,803,104	21,674,509	24,147,360	20,400,193
Contract Works for Rep. & Main.	239,172,642	228,757,843	241,147,766	210,110,552
Communication Expenses	40,776,856	38,030,699	38,878,766	35,990,558
Rent on Premises / Rates & Taxes	43,146,361	41,637,393	40,614,788	38,894,617
Insurance & License Fees / Legal Fees	34,103,703	21,633,639	25,506,185	17,221,783
Office Requisites / Security Charges	113,114,463	115,173,607	40,263,955	56,164,682
Training Expenses	35,004,052	31,001,701	34,620,077	30,962,451
Welfare Expenses	222,431,077	211,443,415	212,464,879	207,065,852
Publicity & Public Relations	12,685,743	9,780,608	12,685,743	9,780,608
Sundry Expenses	914,592,117	766,839,610	910,846,930	763,141,990
Depreciation	286,663,136	329,842,680	276,814,175	322,553,953
Amortisation of Intangible Assets	56,420,801	11,798,432	55,744,966	11,055,930
Business Promotion / Other Charges	11,760,116	(454,092)	11,532,160	(1,054,362)
Miscellaneous Balance A/C Written Off	3,306,873	2,383,038	18,079	312,863
Bad & Doubtful Debt	5,216,176	(7,246,487)	5,028,409	(9,284,014)
Expenses on VAT	55,293,926	43,750,397	55,293,926	43,750,397
Stamp Duty	702,200	772,925	702,450	769,725
NBT Payments	202,515,090	200,471,305	202,515,090	200,471,305
Audit Fees	4,135,002	2,030,500	3,667,022	1,535,000
Unabsorbed Kitchen Expenses	66,014,018	58,805,117	66,014,018	58,805,117
Admin & Infrastructure Fees paid to JCT Ltd	4,161,803	3,464,307	208,090,153	173,215,330
Non Inventory Expense Account	-	482,528	-	482,528
Management Fees paid to MPMC	14,836,099	17,378,828	800,586,926	810,163,243
Invoice Price Variance	(0)	(2,393.0)	(0.1)	(2,393)
Director Fees	4,941,301	3,771,656	-	-
Ro Ro Expense	21,733,618	36,581,907	-	-
Computer Repair & Maintenance	434,252	1,047,285	-	-
NBV-Retirement	98,279	27,560	98,279	27,560
Timber for Production	-	393,574	-	393,574
Secretarial Charges	646,000	270,000	-	-
Retirement Benefit	2,233,282	3,241,603	-	-
Cargo Operating Charges	1,472,303	12,517,419	-	-
Impairment of Inventories	-	(60,042,675)	-	-
Loss on Contaminated Inventory	-	17,949,612	-	-
Bank Charges	130,450	229,426	-	-
	8,054,578,405	7,901,477,348	8,458,510,089	8,309,248,286

34 NET FINANCE COST

	Group		SLPA	
	2016	2015	2016	2015
Interest Income				
Interest on treasury bills & call deposits	878,177,387	310,023,665	878,177,387	310,023,665
Interest on securities / investments	50,964,229	169,144,179	813,000	146,375,643
Interest on loans given to outside parties	4,971,939	243,332	4,971,939	243,332
Interest on loans to employees	205,768,542	184,907,290	202,201,398	184,123,773
	1,139,882,098	664,318,466	1,086,163,725	640,766,413
Interest Expenses				
Interest on Loans	(4,421,690,527)	(3,876,336,282)	(4,301,850,044)	(3,761,825,605)
Other Finance Charges	(44,352,413)	(33,462,000)	(44,352,413)	(33,462,000)
	(4,466,042,940)	(3,909,798,282)	(4,346,202,457)	(3,795,287,605)
	(3,326,160,842)	(3,245,479,816)	(3,260,038,732)	(3,154,521,192)

35 INCOME TAX EXPENSES

The Authority's operational profits arising from port operations are considered as exempt profits as per the exemption given under section 13 (YYY) and 13(YYYYY) of the Inland Revenue Act No.10 of 2006 from the year of assessment 2011/2012. Accordingly, Provision has been made on other sources of income using the current applicable tax rate at 28%.The subsidiary company is liable for the tax at the rate of 10 % on its taxable income.

Major components of income tax are as follows:	Group		SLPA	
	2016	2015	2016	2015
Current Tax Expense for the Year	12,447,110	5,440,601	-	-
Tax on Distributable Profits	-	-	-	-
Dividend Tax	-	-	-	-
Income Tax Over Provision in Previous Year	-	1,676,786	-	-
Deferred Tax Charge / (Reversal)	-	-	-	-
	12,447,110	7,117,387	-	-

Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

For the year ended 31 December	Group		SLPA	
	2016	2015	2016	2015
35.1 Reconciliation Between the Current Tax Expense and the Product of Accounting Profit.				
Accounting Profit Before Taxation - Exempt	594,986,663	(14,573,344,413)	1,035,725,890	(14,168,555,873)
Other Income Liable for Tax - Interest Income	1,139,882,098	438,983,235	1,086,163,725	438,983,235
Taxable Profit Subsidiary	(424,510,654)	(405,542,156)	-	-
Statutory Income	715,371,444	33,441,079	1,086,163,725	438,983,235
Tax Losses Utilized/	(156,919,405)	(156,919,405)	380,157,304	(153,644,132)
Assessable Income / Taxable Income	558,452,038	(123,478,326)	1,466,321,028	285,339,103
Tax Charged at Statutory Tax Rate of 28%	12,447,110	5,440,601	-	-
Current Tax on Ordinary Activities for the Year	12,447,110	5,440,601	-	-
Tax Losses				
Loss Brought Forward	5,475,031,840	5,631,951,245	5,478,307,113	5,631,951,245
Loss Incurred	-	-	-	-
Loss Utilised	(156,919,405)	(156,919,405)	(153,644,132)	(153,644,132)
Loss Carried forward	5,318,112,434	5,475,031,840	5,324,662,980	5,478,307,113

For the years of Assessments 2007/2008, 2008/2009, 2009/2010 and 2010/2011 the Department of Inland Revenue has made assessments disallowing the deduction of foreign loan interest claimed under section 32 of the Inland Revenue Act No. 10 of 2006 instead of under 25 (f) of the same Act and also disallowing the deduction claimed on foreign exchange losses relating to foreign loans under section 25(1) of the Inland Revenue Act.

SLPA referred appeals to the Tax Appeal Commission against the determination of the Commissioner General of Inland Revenue. For year of assessments 2008/2009 and 2010/2011 still the hearing is going on in the Tax Appeals Commission and for the year of assessment 2007/2008 Tax Appeals Commission has given their decision confirming the assessment of disallowing the foreign exchange losses when arriving at the taxable profit. Since SLPA is not agreeable with this decision given by Tax Appeals Commission SLPA referred the matter to the Court of Appeal on questions of law. In the matter 2009/2010, the Tax Appeals Commission held in favour of SLPA (i.e. the assessment is invalid due to the reason it was not signed), the Department of Inland Revenue filed action in the Court of Appeal against the decision of the Tax Appeals Commission.

36 CAPITAL AND OTHER COMMITMENTS

There were no material capital expenditure or other financial commitments approved by the Board of Directors as at the reporting period end.

37 EVENTS OCCURRING AFTER REPORTING PERIOD

Dues on Cable Stayed Bridge at Kuruluduwa

As per the cabinet decision No. 16/2687/737/042 dated 11th January 2017 for the construction of Kuruluduwa Bridge at Matara, SLPA paid a sum of Rs.17,467,351.85 (15,189,001.64+VAT 2,278,350.24) as balance payment to State Engineering Corporation during the month of February 2017.

Legal case-Lloyd Trestine Navigation S.P.A(D.C.Col 30944/MR)

Considering the factual, Legal matters and the opinion provided by the Attorney General, Board of Directors decided to settle this matter by paying US \$ 500,000 as a full and final settlement and further approval of Cabinet of Ministers has also been obtained for the same.

Sooriyawewa Cricket Stadium construction cost

The Board of Directors had given approval to consider Rs. 4,002,420,638.73 as amount payable to China Harbour Engineering Co to settle the arbitration in respect of construction of Sooriyawewa cricket stadium. However Chief Legal Officer is of the view that the official claim should be Rs. 5,838,489,259.62. Hence this amount has been included as payable to China Harbour Engineering Co. and receivable from Sri Lanka Cricket in Financial Statements.

Cases in Tax Appeal Commission and Court of Appeal

For the years of Assessments 2007/2008, 2008/2009, 2009/2010 and 2010/2011 the Department of Inland Revenue has made assessments disallowing the deduction of foreign loan interest claimed under section 32 of the Inland Revenue Act No. 10 of 2006 instead of under 25 (f) of the same Act and also disallowing the deduction claimed on foreign exchange losses relating to foreign loans under section 25(1) of the Inland Revenue Act. SLPA referred appeals to the Tax Appeal Commission against the determination of the Commissioner General of Inland Revenue. For year of assessments 2008/2009 and 2010/2011 still the hearing is going on in the Tax Appeals Commission and for the year of assessment 2007/2008 Tax Appeals Commission has given their decision confirming the assessment of disallowing the foreign exchange losses when arriving at the taxable profit. Since SLPA is not agreeable with this decision given by Tax Appeals Commission SLPA referred the matter to the Court of Appeal on questions of law. In the matter 2009/2010, the Tax Appeals Commission held in favour of SLPA (i.e. the assessment is invalid due to the reason it was not signed), the Department of Inland Revenue filed action in the Court of Appeal against the decision of the Tax Appeals Commission.

38 CONTINGENT LIABILITIES

The Authority has contingent liabilities in respect of legal claims arising in the ordinary course of business. Unless recognised as a provision (Note 29), management considers these claims to be unjustified and possibility of an outflow of resources for their settlement is remote. This evaluation is consistent with legal advices of the Authority's legal division. Accordingly, no provision has been made for legal claims of the following cases.

Case No:	Plaintiff/Petitioner	Claim Amount (Rs.)
SC/FR/ 136/16	Dr.W.V.Dhanushka Dilrukshi	600,000
SC/FR/ 57/16	Capt.Channa Abeygunawardena	20,000,000

39 RESTATEMENT OF COMPARATIVES IN THE GROUP FINANCIAL FIGURES

The following items have been reclassified with the receipt of Audited Financial Statements of Subsidiary companies and associate company after Audited Financial Statements of SLPA were issued for the year 2015.

Impact on the Statement of Financial Position As at 31st December 2015	Note	Group / SLPA	
		2015 with Audited A/C	2015 with Unaudited A/C
Property, Plant & Equipment	3	290,321,792,054	290,317,250,596
Trade and Other Receivables	12	4,086,326,318	4,271,723,172
Other Financial Assets	15	13,093,375,135	13,056,431,004
Cash and Cash Equivalents/Cash flow Statement	16	1,389,560,597	1,426,507,729
Retained Earnings (at debit)		(15,191,429,584)	(15,191,320,216)
Retirement Benefits Obligation	25	3,641,631,561	3,641,630,483
Impact on the Statement of Comprehensive Income As at 31st December 2015			
Direct Expenses	31	23,862,387,565	23,862,350,795
Administrative Expenses	33	28,404,561,373	28,404,309,572

Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

41 FOREIGN EXCHANGE GAIN/LOSS

As per the LKAS 1 permitted additional line item which adjust the foreign exchange gain/loss has added to the Statement of Comprehensive Income, because such presentation is relevant to understanding of SLPA and group Financial Performance effectively as it make high impact to the net profit at the year end.

42 CONSOLIDATED FINANCIAL STATEMENTS 2016

Jaya Container Terminals Ltd (JCT Ltd) and Magampura Port Management Co. Ltd (MPMC Ltd) which are the Subsidiary companies of SLPA has submitted unaudited Financial Statements for year 2016. The associate company of SLPA which is Sri Lanka Port Management and Consultancy Services Ltd (SLPMCS Ltd) has not still submitted their Financial Statements. Therefore the consolidated Financial Statements has been prepared referring draft Financial Statement of JCT Ltd and MPMC Ltd and not considering the profit share of SLPMCS Ltd.

43 PORT OF OLUVIL

The cost of the construction of Olivil Port is still in the working progress. SLPA has incurred expenditure approximately 7% out of the total construction cost. Hence this has not been transferred as assets as the amount incurred does not reflect a fairvalue with compared to total cost of the project. Hence this has been directed to government audit queries and has been conveyed to the Director General of General Treasury by Secretary of the Ministry of Ports and Shipping for a decision

44 CAPITALISATION OF CICT LAND VALUE

Issue of capitalisation of CICT land value will be referred to Auditor General for a directive

39 RELATED PARTY DISCLOSURES

The Authority's related parties includes Treasury of Sri Lanka, Government related institutions, subsidiary, associate and key management personnel.

39.1 Transactions with Key Management Personnel

According to the Sri Lanka Accounting Standards LKAS.24 "Related Party disclosures" key Management personnel are those having responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Accordingly, the Board of Directors including executive and Non-Executive Directors has been classified as key management personnel.

Transactions with Key Management Personnel are given below.	2016	2015
Remuneration and Other Short-Term Employee Benefits	28,575,950	19,411,405
Balance Outstanding - Loans and Advances	699,940	1,366,140

39 RELATED PARTY DISCLOSURES CONTD.

39.2 Related Party Transactions

Details of significant related party transactions that Authority carries out are as follows:

Name of the Institution	Relationship	Name of Directors / Representatives	Nature of Transactions	Transaction Value	Payable	Receivable
Treasury of Sri Lanka	Capital Contributor	Mr. H.G. Sumanasinghe	Loan granted Loan repaid Interest paid	- 5,312,689,562 1,101,943,813	-	-
Government Related Institutions						
Sri Lanka Customs	Related Entities	Mr.Chulananda Perera	-	-	-	-
Ministry of Fisheries and Aquatic Resource Development	Related Entities	Mr/MIR Adikari	-	-	-	-
Shipping and Aviation Information Research Ltd	Related Entities	Mr. Dammika Ranatunga Prof. Prasanna Perera	-	-	-	-
Other Government related Entities	Related Entities	-	Services rendered Settlement for services rendered Supply of fuel Ministry of Ports & Shipping	141,385,609.70 136,841,206.41 1,111,744	4,544,403.29	293,757,830.73
Sri Lanka Port Management & Consultancy Services (Pvt) Ltd	Associate Company	Mr. Dammika Ranatunga Prof. Prasanna Perera Mr/DJ.G Suresh Edirisinghe	Payment for Janitorial Services received Payment of Salaries Payment for services received Dividend receivable	35,631,204 102,036,116 62,148,858 123,104	8,330,122 16,054,805 19,100,211	- - - 123,104
Jaya Container Terminal Ltd	Subsidiary Company	Mr. Dammika Ranatunga Prof. Prasanna Perera Mr. Sanjeeva Wijeratne	Administrative & Infrastructure fee paid Dividend received Supply of fuel Issuance of Medicines Payment for Janitorial Services received	208,090,153 331,4700 856,309 61,218 2,275,071	24,130,894	- - - - 80,251,07
South Asia Gateway Terminal (Pvt) Ltd	Related Company	Mr.Dammika Ranatunga Prof. Prasanna Perera	Rent received Royalties received Dividend received	427,218,477 819,509,127 848,101,812	- - -	32,340,563 79,049,988
Lanka Coal Company (Pvt) Ltd	Related Company	Mr. Sanjeeva Wijeratne	No Transactions are made during the year	-	-	-
Colombo International Container Terminal Ltd	Related Company	Mr.Dammika Ranatunga Prof. Prasanna Perera	Lease/Rent Received Royalty received Differed interest received Lump Sum Premium Income Up front fee paid by CICT	1,173,016,350 1,164,482,785 39,080,786 103,534,286 1,503,000,000	- - - - -	- 69,668,813 485,399 - -
Magapura Port Management Company	Subsidiary Company	Mr.Dammika Ranatunga Prof. Prasanna Perera	Administration Fees Payable * Above fee paid after deducting following expenditure	800,586,926	82,305,009	5,701,989
		Mr. Sanjeeva Wijeratne Mrs.S Wamiarachchi Mr.DA.JI Perera	Salaries Fuel for Vehicles Telephone bills Loan Interest Insurance Charges Charges for hire of equipment Repair and maintenance expenses Legal Fees	2,615,749.55 3,934,926.03 14,259.74 46,366,696.73 1,619,775.49 2,516,833.00 19,369,503.35 500,000.00	-	-

Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

FINANCIAL RISK MANAGEMENT

The Authority has exposure to the following risks from its use of financial instruments:

1. **Credit Risk**
2. **Liquidity Risk**
3. **Market Risk (Currency Risk and Interest Rate Risk)**

The financial instruments of the Authority comprise of equity investments (listed and unlisted), investment in debenture, term deposits, money market investments, and cash. The main purpose of investment in term deposits, money market investments are to raise and maintain liquidity for the operations. Investments in equity and debenture securities are strategic investments and the Authority has other financial instruments such as trade & other receivables and trade & other payables which arise directly from its business activities. Further, the Authority has interest bearing borrowings which were borrowed from the Government of Sri Lanka and financial institutions for ports expansion and development projects.

1. **Credit Risk**

Credit risk is the risk of financial loss to the Authority if a customer fails to meet its contractual Obligations, and arises principally from the receivables from customers including Sri Lanka forces, other Government institutions and investment securities.

Trade Receivables

The Authority trades mainly with shipping agents and Government institutions. The management assesses the credit quality of the shipping agents based on the past experience and other factors such as financial guarantees from shipping agents. In addition, outstanding balances are monitored on an ongoing basis in the management committee and the Board.

The Authority establishes policy for provision for impairment (Refer the note 2.7 to the financial statements) that represents the estimate of incurred losses in respect of trade receivables. The main components of provisions are individual impairment loss that relates to assessing significant customers individually and collective impairment loss for non-significant customers. The collective impairment loss is determined based on historical data of payment behaviour. According to the impairment policy established, Sri Lanka forces, other Government institutions, shipping agents under litigation and significant shipping agents are reviewed individually to measure the impairment loss. Others are reviewed collectively. Please refer note 12 to the financial statements relating to trade receivables and details of provision for impairment losses.

Other Financial Assets

Credit risk arising from other financial assets of the Authority comprises term deposits, cash and cash equivalents and investment in debentures. The authority's exposure to credit risk arises from default in meeting contractual obligation of contractual parties, with a maximum exposure equal to the carrying amount of these financial instruments. The Authority manages its credit risks with regard to these financial instruments by mainly placing its fund with state financial institutions and other government institutions.

2. **Liquidity Risk**

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and unexpected conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

Forecasting of operational cash flows (Recurring Budgets) and Capital Budgets are prepared annually. The finance division monitors the both capital and recurring budgets and liquidity requirements to ensure the Authority has sufficient cash to meet operational needs. At the end of the reporting period, the Authority held term deposits, short-term government securities and other liquid assets amounting to Rs.18,325,552,004 (2015: Rs13,917,776,846).

The following table depicts the Authority's financial liabilities maturity analysis based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Financial Liabilities	31 December 2016			31 December 2015		
	Less than 1 Year	More than 1 Year	Total	Less than 1 Year	More than 1 year	Total
Borrowings - Government	10,285,274,220	214,555,128,086	224,840,402,306	11,834,537,774	206,425,156,412	218,259,694,186
Borrowings -Financial Institutions	1,912,413,794	10,593,136,572	12,505,550,366	3,022,871,734	11,866,367,402	14,889,239,136
Trade and Other Creditors	1,429,776,503	-	1,429,776,503	1,044,673,363	-	1,044,673,363
Total	13,627,464,517	225,148,264,658	238,775,729,174	15,902,082,871	218,291,523,814	234,193,606,685

3. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates which will affect the Authority's income or the carrying value of holdings of financial instruments.

3.1 Currency Risk

The Authority's exposure to currency risk arising from fluctuations in the value of US Dollar (USD) against the Sri Lankan Rupee after Central Bank of Sri Lanka allowed the Sri Lanka Rupees to freely float against US Dollar during the reporting period. The Company's functional currency is Sri Lanka Rupees in which most of the transactions are denominated. However, Interest bearing borrowings in relating to ports expansion and development projects and certain bank balances and a shipping agent receivables (Example "APL Lanka (Pvt) Ltd" etc.) are denominated in foreign currencies (Japan Yen and US Dollars).

As a result of the free floating of US Dollar, depreciation of the Sri Lanka Rupees against the USD had an impact on the operating results for the reporting period 2016 which amounts to Rs. 10,038,302,300 arising from re-payment of borrowings and invoicing of services rendered to shipping agent (example "APL Lanka (Pvt) Ltd" etc.) However, the Authority in order to mitigate the impact of currency movement for repayment of borrowings uses the same currency for repaying through bank deposits maintained in the same currency.

Please refer the note 21 and 22 to the financial statements relating to interest bearing borrowings and details of the borrowings denominated in foreign currencies.

3.2 Interest Risk

The Authority's exposure to interest risk is the changes in market interest rates relate to the interest bearing borrowings with a fixed and floating interest rate and bank deposits and Government securities.

Rs.54,103,443,683.80 (2015: Rs. 56,678,136,562) of the Authority's interest bearing loans and borrowings carried interest at floating rates others amounts to Rs.183,242,508,989.33 (2015: Rs. 176,470,796,760) carried interest at fixed rates.

The Authority has cash and bank balances including deposits placed with the Government and state banks. The Authority monitors interest rate risk by actively monitoring interest rate movements.

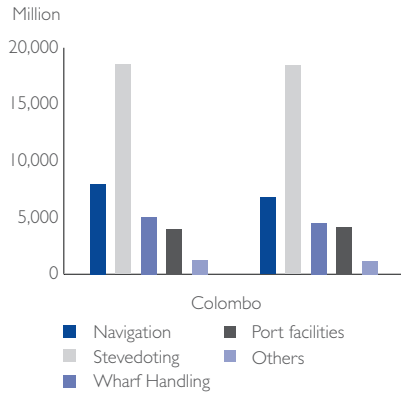
Notes to the Financial Statements

(Expressed in Sri Lankan Rupees)

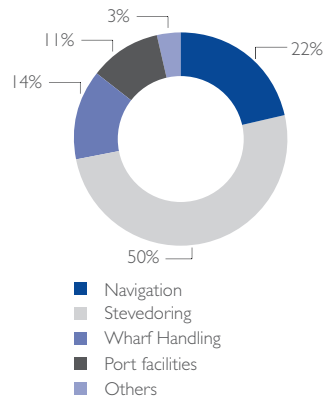
Loan Name	Lending Institution	Currency	Interest Rate	Loan Amount (In Loan currency) 31/12/2016 (Rs)	Out Standing Balance as at	Borrowing cost (Rs)
SLP-08	JBIC	JPY	3.25%	2,578,954,670	-	
SLP-12		JPY	2.75%	1,951,977,748	62,590,571	
SLP-23		JPY	2.50%	5,703,407,055	1,279,010,117	
SLP-27		JPY	2.50%	10,432,338,189	3,007,933,389	
SLP-30		JPY	2.60%	19,962,268,331	7,034,743,474	
SLP-33		JPY	2.60%	6,828,220,432	3,062,522,449	
SLP-41		JPY	2.60%	4,878,185,478	2,500,462,664	
SLP-46		JPY	2.60%	2,644,187,565	2,287,141,069	
SLP-67 i		JPY	1.80%	1,354,512,318	1,295,478,780	
SLP-67 ii		JPY	0.75%	2,174,445,997	587,997,712	
SLP-85	JPY	0.30%	14,495,000,000	41,419,214,486		
ADB-2316	Asian Development Bank	US \$	Libor+0.6%	300,000,000		
HSBC	Hongkong Shanghai Banking Corporation	US \$	6 Months Libor+3.99%	35,000,000		
BOC	Bank of Ceylon	US \$	6 Months Libor+4%	62,512,266		
EXIM - Malaysia	EXIM Bank Malaysia	US \$	1-2 year 3 Mon. Libor+3.3% & 3-5 year 3 Mon. Libor+2%	4,000,000	30,332,000	
Buyer's Credit Loan	Exim Bank of china	US\$	6.30%	306,726,736	33,831,401,272	
Government concessional loan for ancillary works and supply equipment project	Exim Bank of china	RMB	2.00%	960,000,000	21,283,197,677	
Government concessional loan (Phase II)	Exim Bank of china	RMB	2.00%	1,000,000,000	5,424,953,819	113,793,767
Buyer's credit loan	Exim Bank of china	US\$	6.50%	65,094,508	9,872,233,068	
Preferential Buyer's credit loan	Exim Bank of china	US\$	2.00%	600,000,000	90,996,000,000	1,751,858,659
Additional loan bunkering facility tank farm	Bank of ceylon	US\$	Libor+ 7%	20,879,037	2,229,550,361	
East container terminal	Bank of ceylon	US\$	6 Month Libor+ 4.25%	80,000,000	10,276,000,005	131,065,302
Total					236,480,762,913	1,996,717,728
Accrued interest					1,406,720,797	
Transaction Cost/ Management Fees for Hambantota Port Development Phase I					(52,441,037)	
Transaction Cost/ Management Fees for Hambantota Port Development Phase II (Yuan Ibn)					(107,250,000)	
Transaction Cost/ Management Fees for Hambantota Port Development Phase II (Us \$ 600Mn)					(381,840,000)	
Note 21 Borrowings - Government of Sri Lanka					237,345,952,673	
Note 22 Borrowings - Financial Institutions					224,840,402,306	
					12,505,550,367	
					237,345,952,673	

Graphical Review

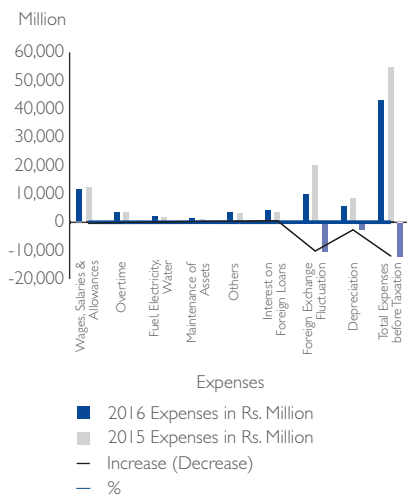
Total Revenue



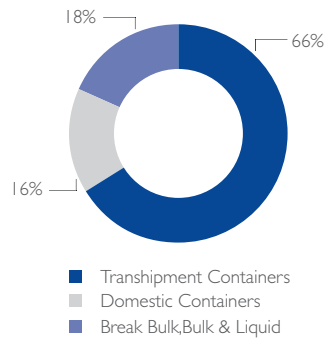
Revenue from Services



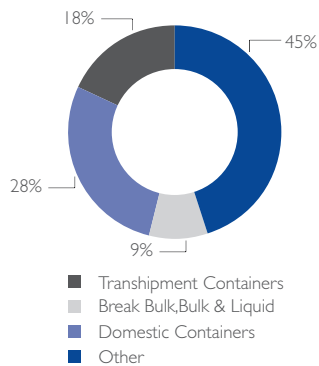
Operational and Other Expenses



Analysis of Cargo Throughput [M/T] - Port of Colombo (SLPA + SAGT+CICT)



Operational Revenue Cargo Wise



Auditor General's Report

POS/A/SLPA/FA/2016

23 August 2017

The Chairman, Sri Lanka Ports Authority

Report of the Auditor General on consolidated Financial Statements of the Sri Lanka Ports Authority and the Subsidiary Companies thereof for the year ended 31 December 2016 in terms of Section 14 (2) (c) of the Finance Act, No. 38 of 1971.

The audit of consolidated financial statements of the Sri Lanka Ports Authority and Its Subsidiaries for the year ended 31 December 2016 comprising the financial position as at 31 December 2016 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with the Section 13 (1) of the Finance Act, No. 38 of 1971 and Section 33 of the Sri Lanka Ports Authority Act No. 51 of 1979. My comments and observations which I consider should be published with the Annual Report if the Authority 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 Authority on 24 July, 2017.

1.2 Management's Responsibility for the Financial Statements

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

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000 – 1810). Those Standards require that I comply with ethical requirements and

plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority'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 Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

1.4 Subsidiary and Associate Companies

The Jaya Container Terminal Company Ltd., and the Magampura Port Management (Pvt.) Ltd., as Subsidiaries and the Port Management and Consultancy Services Company Ltd., as an Associate Company functioned under the Sri Lanka Ports Authority. The ownership on these companies was 100 percent and 39.97 percent for the subsidiaries and the associate company respectively. The audit of these three companies

had been done by three Firms of Chartered Accountants engaged in public accountancy profession.

1.5 Basis for Qualified Opinion

My Opinion is qualified based on the matters described in paragraphs 2.2 and 2.3 of this report.

2. Financial Statements

2.1 Qualified Opinion – Group

In my opinion, except for the effects of the matters described in paragraphs 2.2. and 2.3 of this report, the consolidated financial statements give a true and fair view of the financial position of the Sri Lanka Ports Authority and its Subsidiaries as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Qualified Opinion – Authority

In my opinion, except for the effects of the matters described in paragraph 2.3 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Ports Authority as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2 Comments on the Financial Statements – Group

The following observations are made.

- (a) The consolidated financial statements of the Ports Authority had been prepared without taking into account the audited financial statements of the two subsidiary companies; instead, the draft financial statements had been taken into consideration.

- (b) The cumulative loss sustained by the Magampura Port Management (Pvt.) Ltd., a subsidiary company of the Ports Authority, had amounted to Rs. 1,960,685,373 as at 31 December 2016. Due to that reason, the net assets of the Company had reached a negative value of Rs. 1,885,685,373 as at the said date, and as such, the Company had faced a severe capital scarcity as at that date. Accordingly, the shareholders should have been apprised of the said matter by convening a general meeting within a period of 20 days in terms of Section 220 of the Companies Act, No. 07 of 2007, but the Board of Directors had failed to do so. However, the Company had prepared and presented its financial statements with the assumption that the Company shall continue to operate indefinitely. Nevertheless, a verification to the effect that the financial assistance of the Ports Authority would be provided further in respect of its operations and settlement of liabilities, had not been obtained.
- (c) The stock verification reports and schedules relating to the value of other stocks, except for the stock of bunkering oil, included in the value of the physical stocks of the Magampura Port Management (Pvt) Ltd as at the end of the year under review, had not been made available to audit. Furthermore, the decision of the Board of Directors on the allocations for impairment during the year amounting to Rs. 585,496,943 had not been received; hence, the accuracy thereof could be vouched.
- (d) The loans amounting to Rs. 2,931,386,743 obtained by the Magampura Port Management (Pvt) Ltd., had been shown only under non-current liabilities, instead of being shown in the statement of financial position by classifying as current and non-current liabilities in terms of Sri Lanka Accounting Standard 01. Had it been classified as current liabilities in terms of the Standard, the net current

assets of the Company should have been a minus value. Furthermore, a confirmation of balances in respect of the said loan balance, had not been received from the bank as well.

2.3 Comments on the Financial Statements – Authority

2.3.1 Sri Lanka Financial Reporting Standards

In terms of Section 14 of the Sri Lanka Financial Reporting Standard 07, the carrying amount of the financial assets kept as the security for the liabilities, should be disclosed. Nevertheless, the commitment to the fixed deposit valued at Rs. 315 million relating to the taxed amounting to Rs. 285,437,324 and payable to the Tax Appeal Commission, had not been disclosed in the financial statements.

2.3.2 Sri Lanka Accounting Standards

The following non-compliances are observed.

- (a) **Sri Lanka Accounting Standard 01**
For the fair presentation of the financial statements, additional information should be provided when required in terms of Section 15 of the Standard. However, such a disclosure had not been made with respect to the adjustment on the reclassification done by the Authority in the year under review relating to Property, Plant and Equipment valued at Rs. 16,614,911.
- (b) **Sri Lanka Accounting Standard 08**
In terms of Section 49 of the standard, matters such as, the nature of error of the preceding year; and the amounts to be adjusted with respect to each year; etc. should be disclosed. Those requirements had not been fulfilled with respect to the adjustments amounting to Rs. 1,277,779,765 done in the year under review relating to the preceding years.

(c) Sri Lanka Accounting Standard 16

- (i) According to the Standard, depreciation on the Property, Plant and Equipment should be commenced from the dated that it was made available for use. However, depreciation amounting to Rs. 101,643,600 relating to the preceding years, had been accounted in the year under review instead of being adjusted retrospectively in terms of Section 42 of the Accounting Standard 08. Hence, the operating profit of the year under review had been undercalculated by a sum of Rs. 101,643,600.
- (ii) In terms of Section 51 of the Standard, the residual value and the useful life of an asset shall be reviewed at least at each financial year end, and if expectations differ, the difference should be adjusted to the accounts in accordance with Sri Lanka Accounting Standard 08. However, the fully depreciated assets valued at Rs. 30,593,407,527 had been used by the Authority even by the end of the year under review, but only the motor vehicles and computer accessories therefrom had been reviewed in the year under review. Nevertheless, adjustments had not been made to the accounts in a manner showing the value for which the motor vehicles and computer accessories that had been reviewed, shall be depreciated in the future.

(d) Sri Lanka Accounting Standard 36

In terms of Section 12 (e), (f), and (g) of the Standard, that when the operations remain temporarily halted, or exist as an idle asset, it is indicated that an impairment would be resulted in therefrom. Nevertheless, the operations of the oil



Auditor General's Report

tank complex in Hambanthota valued at Rs. 6,987,638,384 and belonging to the Ports Authority, had temporarily been halted since the year 2015, but action had not been taken to show the fair value in the financial statements by evaluating the impairments in respect of the said assets.

(e) Sri Lanka Accounting Standard 37

The cooperate guarantee for a loan of US \$ 28 million obtained by a subsidiary company from a bank for purchasing bunkering oil, had not been disclosed in the financial statements of the Ports Authority in accordance with the Standard.

(f) Sri Lanka Accounting Standard 40

When it is not possible to evaluate the fair value of the investment properties, reasons thereto should be provided in terms of Section 79 (e) (ii) of the standard. However, the investment properties valued at Rs. 4,064,444,037 belonging to the Ports Authority had been evaluated as per cost system as at 31 December 2016, but reasons for failing to present to the fair value, and not been given.

2.3.3 Accounting Deficiencies

The following observations are made.

- (a) The Oluvil Harbour had been made use of since the year 2013 for the operations of the Ports Authority, but the loan amounting to 46 million Euros obtained by the Treasury in that connection had not been taken over by the Ports Authority either as a loan or a grant. Hence, the value of the said asset had not been included in the financial statements of the Ports Authority. As such, the assets of the Ports Authority had been undercalculated for the year 2016.
- (b) The Authority had conducted the architectural and construction activities of the international cricket stadium in Sooriyawewa on behalf of the Institute of Sri Lanka Cricket. According to the

contract agreement entered into between the contractor and the Authority on the said construction, a sum totalling Rs. 5,838 million inclusive of the interest amounting to Rs. 2,881 million had remained payable to the contractor by the Authority up to 31 December 2016 in respect of the said constructions made under the variation order of the contract for construction of the Hambanthota Harbour. Despite the non-availability of any verification that the said sum would be borne either by the Treasury or the Institute of Sri Lanka Cricket, the sum had been accounted in the financial statements of the Authority as being receivable from a Government institution, but the receipt of that sum remained doubtful.

- (c) A sum of Rs. 4,471,406 had been paid by a subsidiary company to the Ceylon Electricity Board for the electricity consumed by the lessees who had obtained 02 parts of a building at the premises of the Magampura Harbour on lease. As those monies are reimbursed by the lessees to the Authority in terms of the agreement, it should have been shown that the said value would be paid to the subsidiary company by the Authority, but that value had erroneously been credited to the Electricity Income Account.
- (d) Action had not been taken to recover the ground rent of Rs. 197,888,250 recoverable in respect of 243 vehicles that remained uncleared so far at the yard in Magampura Harbour in excess of the grace period by 07 to 746 days, and the ground rent for 532 containers retained at the yard in Colombo Harbour for a period of 21 – 3039 days without being cleared so far thereby without accounting such rents as receivable.
- (e) The financial statements of the year under review comprised the Fixed Assets Account and Motor Vehicle Clearing Account wherein information relating to 2 busses valued at Rs. 13,392,858 had been

included. Hence, the fixed assets of the Authority had been double counted by a sum of Rs. 13,392,858.

- (f) A sum of Rs. 5,885,801 receivables from an associate company to the Authority in the year under review had been omitted from the accounts.
- (g) Due to failure in calculating and accounting the 39 percent share to be owned by the Authority on the profit amounting to Rs. 12,531,823 of the associate company pertaining to the Authority for the year 2016, the profit of the Authority had been under calculated by a sum of Rs. 4,885,865.

2.3.4 Unexplained Differences

According to the financial statements as at 31 December 2016, the balance of the Foreign Exchange Clearance Account amounted to Rs. 754,995,979 whereas, that balance amounted to Rs. 733,955,307 as per the Schedule, thus observing a difference of Rs. 21,040,672.

2.3.5 Lack of Evidence for Audit

The evidence shown against the following items of accounts, had not been made available to audit.

	Item of Account	Value	Evidence not Made Available
(a)	Balances Receivable and Payable	98,568,481	Verification of Balances
(b)	Allocations for Differed Tax	12,114,566,119	Schedules
(c)	Foreign Purchasing Advances	754,995,979	Age Analysis, and Schedules

2.4 Accounts Receivable and Payable

The following observations are made.

- (a) In terms of the Section 9.1.3 of the Financial Procedure of the Authority, the officers who are directly or indirectly responsible for the recovery of money receivable to the Authority should pay attention in every respect to ensure

not to give any room for those money to become outstanding. However, the total debtor balance of the Ports Authority amounting to Rs. 10,236 million recoverable as at 31 December 2016, a balance of Rs. 711 million had exceeded the loan period, and debtor balance of trade shipping agents totalling Rs. 385,548,364 and non-trade debtor balance totalling Rs. 98,993,092 therefrom had remained non-recoverable for a period of more than one year.

(b) As services had been supplied without properly levying fees, provisions for bad and doubtful debts had been made as at 31 December 2016 for loans amounting to Rs. 409,048,984 receivables from shipping agent debtors relating to harbours in Colombo, Trincomalee, and Galle.

(c) Due to failure in properly recovering the expenses borne by the Authority on the electricity consumption and rentals for the premises given for maintaining the properties, welfare activities, and cafeterias shown under the non-trade debtors of the Harbours in Colombo and Trincomalee included in the accounts receivable, provisions amounting to Rs. 92,920,389 had to be made for bad and doubtful debts.

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

The following non-compliances were observed.

Reference to Laws, Rules, Regulations, etc. Non – compliance

Reference to Laws, Rules, Regulations, etc.	Non – compliance
(a) Section 6 (h) of the Sri Lanka Ports Authority Act, No. 51 of 1979	In terms of the provisions of the Act, action had not been taken even up to 31 December 2016 to establish a general reserve for replacing the assets and new investments. As such, the possibility of arising financial issues when replacing the assets to be disposed of, technologically obsolete, and provisions for depreciation had been made upon, could not rule out in audit.
(b) Section II of the Finance Act, No. 38 of 1971, and section 8.2.2 of the Public Enterprises Circular; No. PED/12, dated 02 June 2003.	The concurrence of the Minister of Finance had not been obtained for the investments amounting to Rs. 5,251 million made in the year 2016 in the fixed deposits and the short-term investments.
(c) Public Enterprises Circular No. PED/12, dated 02 June 2003	
(i) Section 4.2.1, 4.2.2, and 4.2.5	The reports that should have been presented in accordance with the Circular; had not been presented monthly to the Board of Directors by the Authority in the year under review.
(ii) Section 4.2.3.	The reports relating to the performance of the subsidiary companies had not been presented to the Board of Directors in a timely manner.
(iii) Section 5.1.2.	In terms of the Circular, Key Performance Indicators had been introduced for 23 divisions in the year under review, but action had not been taken to evaluate the performance based on the actual performance indicators as expected
(iv) Section 7.4.2	Although management meetings had been held in terms of the provisions of the Circular, the decisions taken therein had not been presented for being evaluated by the Board of Directors.
(v) Section 8.5	An insurance cover had not been obtained in order to mitigate the risks associated with the oil tank complex valued at Rs. 9,744,499,541 located in the premises of the Magampura Harbour
(vi) Section 9.3.1.	Although a draft Scheme of Recruitment had been formulated in terms of the Circular; the approval of the relevant parties had not been obtained therein.



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Reference to Laws, Rules, Regulations, etc.	Non – compliance
(vii) Sections 9.3.1. vi, and vii	Contrary to the provisions of the Circular, the Authority had appointed 33 officers on acting basis for a period of over 03 months.
(viii) Section 9.9	Information relating to the overtime payments amounting to Rs. 3,772,463,462 paid to the employees in the year under review, had not been furnished to the Board of Directors.
(vii)	Sections 9.3.1. vi, and vii
(viii)	Section 9.9
(d) Public Enterprises Circular, No. PED/2015, dated 25 May 2015	
(i) Sections 2.3 and 3.1	(i) Contrary to the provisions of the Circular, 92 officers not entitled to monthly fuel allowance had been provided with petrol at 100 litres per month for each of them, whereas 15 more officers not entitled to fuel allowance had also been provided with diesel at 125 litres for each per month.
(ii)	(ii) Contrary to the provisions of the Circular, monthly limit for fuel had been decided for 60 officers of the Authority. According to the audit test check, 2,075 litres of fuel had been provided in the month of October 2016 alone contrary to the Circular.
(e) Section III (a) of the Inland Revenue Act, No. 38 of 2000 and the Public Enterprises Circular No. 03/2016, dated 29 April 2016.	The PAYE tax should be paid from the personal salary, but taxes amounting to Rs. 468 million had been paid from the fund of the Authority on behalf of the employees for the year 2016

3. Financial Review

3.1 Financial Results

According to the consolidated financial statements presented, the profit of the Group for the year ended 31 December of the year under review had amounted to Rs. 583 million, and the profit of the Authority had amounted to Rs. 1,036 million. As the losses sustained by the Group and the Authority for the preceding year had amounted to Rs. 14,581 million and Rs. 14,169 million respectively, the financial results of the Group and the Authority had improved by sums of Rs. 15,164 million and Rs. 15,205 million respectively as against the preceding year. The decrease in the loss on the net foreign exchange adjustment by a sum of Rs. 10,155 million as compared with the preceding year, had mainly attributed to the said improvement in the financial result.

An analysis on the financial results for the year under review and 04 preceding years revealed that profits had been gained in the other years except for the year 2014. However, employee remuneration, taxes paid to the Government, and depreciation had been adjusted to the financial result, the contribution of the Authority had continuously stayed at a positive value. The contribution for the year 2012 amounting to Rs. 25,226 million, had increased up to Rs. 33,091 million in the year under review.

3.2 Analytical Financial Review

Some of the quantitative ratios for the year under review and the preceding year, are as follows,

		2016	2015	2014	2013	2012
(i)	Gross Profit Ratio (%)	45	35	39	33.39	44
(ii)	Operating Profit against the Total Income/(Loss) (%)	33.34	22.86	27.93	20.90	24.69
(iii)	Net Profit/(Loss) Ratio (%)	2.35	(35)	23.73	4.52	6.58
(iv)	Long Term Loans for the Equity Capital	1:2.89	1:2.92	1:2.30	1:2.27	1:2.34
(v)	Current Ratio	1.27:1	1.52:1	2.16:1	2.51:1	2.25:1
(vi)	Quick Ratio	1.19:1	1.41:1	2.05:1	2.42:1	2.13:1

The following observations are made.

- i. The ratio between the long-term loans and the equity capital of the Authority, that had been 1:2.34 in the year 2012, had increased up to 1:2.89 in the year 2016. The balance of Rs. 173,913 million as at 31 December 2016 from the loans obtained for the construction of Hambanthota Harbour and Eastern Container Terminal, had mainly attributed thereto. Accordingly, the increase in the long-term loans had adversely affected the working capital and cost on interest of the Authority.
- ii. The operating profit of 24.69 per cent in the year 2012 as compared with the total income, had reached 33.34 per cent by the year 2016. However, as the financial expenses and the losses from the foreign exchange had adversely affected the Authority, the post-tax net profit ratio of 6.58 per cent for the year 2012, had reached a minus value of 35 percent in the year 2015, and decreased to 2.35 per cent by the year 2016.
- iii. The current ratio and the quick ratio of the year 2012 had been 2.25 and 2.13 respectively, whereas those values had gradually deteriorated to 1.27 and 1.19 respectively by the end of the year under review.

4. Operating Review

4.1 Performance

In terms of Sri Lanka Ports Authority Act. No. 51 of 1979, the main objectives of the Authority were the provision of efficient and regular port operations and protective services, regularization and control of navigation within approaches, improvement and development of ports, co-ordination and regularization of port activities. The following observations are made on the achievement of the above objectives.

- 4.1.1 Four terminals in which containers can be handled, exists in the Colombo Harbour, and 2 of them (Jayabahal Terminal, and Samagi Container Terminal) are fully owned by the Ports Authority, whereas the other Terminals (Colombo International Container Terminal, and South Asia Gateway Terminal) had been leased out to private institutions for a period of 35 years with 85 per cent of the shares under the basis of build, operation and transfer. Information relating to the handling of containers in the years 2016 and 2015 had been as follows.

	SLPA		SAGT		CICT		Total	
	Units		Units		Units		Units	
	2015	2016	2015	2016	2015	2016	2015	2016
Transshipments	1,691,267	1,607,792	1,028,538	1,294,631	1,168,516	1,452,838	3,888,321	4,355,261
Domestic	541,152	483,109	327,750	317,707	349,069	499,034	1,217,971	1,299,850
Re-stowing	19,904	9,216	14,957	19,869	44,314	50,727	79,175	79,812
	2,252,323	2,100,117	1,371,245	1,632,207	1,561,899	2,002,599	5,185,467	5,734,923

The handling of containers at the Colombo Harbour had increased by 11 percent in the year under review as compared with the year 2015 as a whole, by the handling of containers at the Sri Lanka Ports Authority had decreased by 7 percent. The vessels that should have arrived at the terminals belonging to the Authority in accordance with the Terminal Service Agreements entered into between the Sri Lanka Ports Authority and the Shipping Agencies in the year 2016, had arrived at the privately-owned terminals due to the following reasons, had mainly attributed thereto.

- The draft of the terminal belonging to the Authority had not been sufficient.
- Delays in berthing at the terminals, and
- Inadequacy of the width of the Gantry Cranes if the terminals

The following observations are made in this connection.

Auditor General's Report

- (a)
- (i) At present, Shipping Agents show more interest in using large vessels in the transport of cargoes. Similarly, upon the amalgamation and centralization of container vessels companies, about 95 percent of the container capacity in the Asian European Trade Route is handled by four allied shipping companies. This had resulted in creating a sharp competition for obtaining port services. Under such circumstance, the Authority should take appropriate measures to protect and improve its market share, whereas no such step had been taken even by the end of the year under review.
- (ii) The reshipping which is considered as the Foot Loose represents about 70 per cent of the container handlings of the Colombo Port and a great influence had been posed by the competitive ports in acquiring the increasing container transporting capacity. After the Vallarpadam Port of Cochin Town was declared as a reshipping hub by India, this competition had become intensified. There was a preparation to develop the Vizhinjam Port in South India as a reshipment port and the Indian Government had declared that 12 leading ports existed under the custodian model of ports had been converted as consolidated entity units. This implies that the Colombo Port may give to face competitions posed not only by the ports situated outside the South Asia but also by the ports in Indian Subcontinent. However, the East Container Terminal of the Ports Authority could be used for the operational activities in order to face these competitive situations. Nevertheless, its operational activities had not been commenced as yet.
- (iii) Among the terminals presently in operation at the Colombo Port for handling containers, the Colombo International Container Terminal (CICT) is the only terminal capable of accommodating vessels over 14.25

meters of Draft and its capacity had been computed as 2.4 million Twenty Equivalent Units per annum. Two hundred and thirty two vessels over 14.25 meters of the Draft had arrived at the above terminal in the year 2016 and more than 2 million container units had been handled. Accordingly, there was an increase of 28 percent in handling containers as compared with the year 2015 and it was observed that if the above increase further remains unchanged in the year 2017 as well, it would be impossible to prevent from reaching its maximum capacity. Nevertheless, the maximum draft of the terminals and the width of the Gantry Cranes belonging to the Sri Lanka Ports Authority was 14.25 meters and 18 meters respectively and therefore, the Authority did not have a terminal that could accommodate the vessels over 14.25 meters of the Draft.

Accordingly, in taking into consideration the above circumstances, it could not be ruled out in audit that, due to the inefficiency of handling containers and the lack of modern facilities with the terminals, it is not only the Authority but also the Colombo Port as a port was on a operational risk of providing necessary facilities for the vessels arrive at this port surpassing its present capacity.

4.1.2

With the attraction of the container vessels that could have been attracted to the Authority, towards the private terminals and reaching their capacity usage at an optimum level, the following reasons had attributed for the risk of depriving of the increasing reshipment operations of the Colombo Port and failure in facing the competitions posed by other ports.

- (i) According to the requirement of the loan agreement entered into between Sri Lanka Government and the Asian Development Bank relating to the Colombo Port Expansion Project and the Development Alternative Strategies

Review compiled by the U.R.S Scott Wilson Ltd., in August 2011, the operations of first state of the East Container Terminal were scheduled to be commenced in the year 2015. Even though the Cabinet had made proposals and reached concurrences and policy decisions to commence the operations, due to changing the above decisions by the end of the year under review, those had been cancelled and some decisions had not been implemented. Accordingly, by stating that the constructions of the East Container Terminal with a capacity of 800,000 container units carried out at a cost of Rs. 11,168,466,578 had been completed, the Final Completion Certificate had been issued in April 2016. Nevertheless, action had not been taken to use it by arranging it to a suitable level for cargo operations

- (ii) In order to carry out container operations efficiently, although plans had been drawn to make procurements amounting to Rs. 918 million according to the Action Plan of the year 2016, those had been abandoned and postponed during the year under review. However, due to the reasons such as declining the efficiency of the fully depreciated and technically outdated equipment used in the operations over a long period of time, undergoing them for frequent repairs and lack of equipment to cater to the capacity of the vessels arrive at the port at present, the container operations have been hampered. Accordingly, it is emphasized in audit that the above matters may result in declining the operation productivity and tarnishing its reputation.

4.1.3 The following observations are made on the arrival of vessels to the Colombo Port from the year 2012 to the year 2016

Year	2016 No. of vessels	2015 No. of Vessels	2014 No. of Vessels	2013 No. of vessels	2012 No. of vessels
Container Vessels	3,804	3,643	3,239	3,142	3,092
Traditional Ships	40	45	28	38	52
Others	561	509	475	487	726
	4,405	4,197	3,742	3,667	3,870

The details on the container vessels included in the above vessels from the year 2012 up to the year under review are as follows.

Year	2016 No. of vessels	2015 No. of Vessels	2014 No. of Vessels	2013 No. of vessels	2012 No. of vessels
Ports Authority	1,460	1,616	1,926	2,084	1,972
S.A.G.T.	1,087	1,026	855	1,011	1,120
C.I.C.T.	1,257	1,001	458	47	-
	3,804	3,643	3,239	3,142	3,092

According to the above information, arrival of container vessels at the Colombo Port had increased by 4 percent 12 percent in the year 2016 and 2015 respectively as compared with the preceding years. Nevertheless, arrival of container vessels at the Authority had decreased by 10 percent during the year under review. However, the number of vessels arrived at the S.A.G.T. and C.I.C.T. had increased by 6 percent and 26 percent respectively. Accordingly, an increase in the arrival of container vessels at the Colombo Port could be observed, whereas Port Authority had failed to acquire the majority of the market share of the above increase or to maintain the number of vessels arrived in the preceding year at the same level.

4.1.4. Details on the container handlings of the Colombo Port from the year 2012 up to the year under review re given below.

Year	2016		2015		2014		2013		2012	
Ports Authority		%		%		%		%		%
Local	483,109		541,152		643,317		676,937		665,291	
Re-export	1,607,792		1,691,267		1,882,057		1,779,882		1,584,985	
Others	9,216		19,904		33,965		45,044		66,573	
Total	2,100,117	37	2,252,323	43	2,559,339	52	2,501,863	58	2,316,849	55

Year	2016		2015		2014		2013		2012	
S.A.G.T.		%		%		%		%		%
Local	317,707		327,750		337,354		341,510		354,964	
Re-export	1,294,631		1,028,538		1,298,434		1,385,552		1,479,782	
Others	19,869		14,957		26,152		19,740		35,525	
Total	1,632,207	28	1,371,245	27	1,661,940	34	1,746,802	41	1,870,271	45

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Year	2016		2015		2014		2013		2012	
C.I.C.T		%		%		%		%		%
Local	499,034		349,069		146,314		13,530		--	
Re-export	1,452,838		1,168,516		519,219		42,683		--	
Others	50,727		44,314		21,103		1,328			
Total	2,002,599	35	1,561,899	30	686,636	14	57,541	1		
Grand Total										
(Colombo Port)	5,734,923	100	5,185,467	100	4,907,918	100	4,306,206	100	4,187,120	100

The following observations are made.

As compared with the preceding year, an annual improvement in the container handling and reshipping and repackaging of the Colombo Port was observed. Nevertheless, container handlings of the Port Authority had decreased from 2,252,323 to 2,100,117 or by 7 percent by the end of the year under review as compared with the preceding year. However, the Colombo International Container Terminal Ltd., (C.I.C.T.) had improved its market share by rapidly handling containers. Details appear below.

- (i) Through the entire container handling in the year under review, Sri Lanka Ports Authority, South Asian Gateway Terminal (S.A.G.T) and Colombo International Container Terminal (C.I.C.T) had acquired 37 percent, 28 percent and 35 percent market contribution respectively. It is peculiar that the Colombo International Container Terminal (C.I.C.T) had acquired this contribution within a short period as three years.
- (ii) In evaluating container handling efficiency, when the number of container handled per employee (only the employees in the Operating Division) of the Port Authority amounted to 874, it was 6,378 per employee of the Colombo International Container Terminal (C.I.C.T). It had been 7 times higher than the amount of the Port Authority.
- (iii) In considering the Terminal Occupancy Ratio relating to container handling of the Authority, it was 78 percent, 68 percent

and 63 percent respectively from the year 2014 to the year 2016. Accordingly, the Terminal Occupancy Ratio of the Authority showed a gradual decrease.

- (iv) Repairs of the tracks II M, N & T and IV T of the Jaya Container Terminal scheduled to be completed during the first and second quarters of the year 2016 under an estimate of Rs. 140 million according to the Action Plan had not been carried out as expected. As a result, the prime over trucks used for the container transportation may be damaged and the useful life of the tyres may decline since the routes used for prime mover trucks running were not smooth and it could not be ruled out that the above matter may affect the decrease of the efficiency of the container handling.

4.2 Operating activities

The following observations are made.

- (a) Four tanks of the Authority capable of storing 2500 metric tons of oil had been given to a private institution on an annual lease rent of US\$ 150,000 for a period of 5 years. After the expiry of above period of lease, those tanks had been leased out again to the same institution for a period of 3 years on an annual lease rent of US\$ 157,500 by adding 5 percent to the value specified in the previous lease agreement without obtaining a valuation report again and calling for new bids.

- (b) As a component of the Hambanethota Port Development Project, expenditure amounting to Rs. 9,872,233,068 had been incurred for the construction of Hambanethota Oil Tank Complex under No. BLA 0902 of the loan agreement and the relevant loan installments and the interest had been paid by the General Treasury. Although this loan value had been recognized as an asset (Bunkering facilities) and a payable loan amount in the financial statements of the Ports Authority prepared as at 31 December 2016, action had not been taken to transfer this loan amount to the Authority through a sub-loan agreement entered into between the General Treasury and the Ports Authority up to date.
- (c) In connection with 27 cranes imported by the Authority in the year 2011 without informing the Sri Lanka Customs, the Customs had initiated a customs investigation in terms of Sections 33,47 and 107 of the Customs Ordinance during the year under review. Accordingly, a mitigated customs penalty of Rs. 1,580,000,000 had been imposed for those cranes according to Section 163 of the Customs Ordinance and the Ports Authority had made a provision of Rs. 1,577,700,452 for this contingent liability in the final financial statements of the year 2016. However, in terms of Section 165 of the Customs Ordinance, the relevant penalty can be revised by an appeal made to the Finance Minister within a period of one month from the

receipt of the decision of a customs investigation. Nevertheless, attention of the management had not been drawn to settle it by making appeal to the Minister as yet.

4.3 Transactions of Contentious Nature

The following observations are made.

- (a) For the South Asia Gateway Terminal (S.A.G.T) given on long term lease basis to the S.A.G.T institution, the annual rates amounting to Rs. 3,338,000 assessed for the year 2016 had been paid by the Ports Authority.
- (b) In granting rebates according to the agreements entered into with the shipping Agencies engaged in the re-export and other container handling activities as per the capacity, the Authority had granted rebates amounting to Rs. 338,382,368 in controversial manner during the year under review contrary to the tariff prepared relating to the year 2016 under Section 37 (1) of the Sri Lanka Ports Authority Act, No. 51 of 1979.
- (c) As an agreement entered into between an associate company of the Authority with a private institution had been terminated subsequently, that private institution had filed a case against the associate company and the Port Authority had made a provision amounting to Rs. 75.4 million in the financial statements in respect of the payment of compensation that may be incurred relating to the that case.

4.4 Idle and Underutilized Assets

The following observations are made.

- (a) For the construction and development activities of the Hambanthota Port, a sum totalling Rs. 144,170,407,498 comprising Rs. 73,833,638,533 for the first phase and Rs. 70,336,768,965 for the second phase had been spent by 31 December 2016 and a foreign loan amounting to Rs. 129,848,194,161 had been obtained therefor. As the Port

remained underutilized from its inception, it was sustaining continuous losses and the accumulated loss inclusive of foreign currency exchange loss on foreign loan up to the year 2016 had been Rs. 46,699 million. Further, since the Magampura Port Management Company had decided to halt the Bunkering oil operations, 9 oil storage tanks and the relevant drainage system valued at Rs. 6,987,638,384 constructed from the above capital expenditure had remained underutilized from the year 2015

- (b) The period of lease relating to 10 old oil storage tanks of the Authority with the capacity of 6,400 metric tons had expired in the years 2012/2013 and giving them on rent on daily basis for the usage as well had come to end on 13 October 2015. As necessary steps had not been taken to lease out those oil tanks or rent them on daily basis and thereby earn an income to the Authority, those 10 old oil storage tanks had remained as an idle asset during the under review.
- (c) Twenty-two official quarters of the Authority valued at Rs. 25,712,000 and 33 official quarters, the value of which had not been identified and not included in the Register of Fixed Assets had remained idle the end of the year under review.
- (d) The Oluvil Navel and Fisheries Port had been constructed by incurring EURO 46.09 million obtained from Nordea Bank in Denmark and Rs. 531 million of the Port Authority. As the Port had been constructed with a lower depth as 9 meters, only small vessel can arrive at the Port and due to the reasons, such as the erosion taking place at southern coast of the port, accumulation of sand within the breakwater and deposition of sand and silt in the access of the port, it had found difficult to use as a naval port. Under such circumstances, although a period of more than 3 years had elapsed from the opening of this port in the year 2013,

any vessel had not arrived at the port even by the end of the year under review. Accordingly, it had not been possible to carry out any operation activity and as such it had become an idle asset.

4.5 Uneconomic Transactions

The following observations are made.

- (a) Instead of carrying out additional services essential to the Authority directly, those had been carried out through the associate company and an additional expenditure amounting to Rs. 21,047,975 had been incurred thereon as commissions during the year under review.
- (b) No income whatsoever had been earned from the date of stoppage of the oil operating activities of the Hambanthota Port up to 31 December 2016 and due to decrease in the stock value and as maintenance expenses, loan interests and employees' salaries, expenditure totalling Rs. 821,150,819 had been incurred.

4.6 Identified Losses

The following observations are made.

- (a) In the acquisition of lands required to the Authority, the payment of compensations to the land owners had been delayed and as such, the Authority had paid a sum Rs. 801,994 as interests.
- (b) In the purchase of spare parts required for the repairs of cranes in the year 2016, purchasing had been made without considering the recommendations made by the Engineering Division relating to the calling for quotations and as a result, the Authority had sustained a loss of Rs. 4,078,166.

4.7 Delayed Projects

Under the SL-P 85 loan agreement entered into between the Sri Lanka Government and the Japan Bank for International Cooperation (JBIC) on 28 March 2006 with the objective of developing Southern area, it had been agreed



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to grant Yen 14,495 million to the Sri Lanka Government for the construction of a multi-purpose terminal in the Galle Port. According to the agreement, this project should have been completed by June 2014. However, for the creation of comprehensive design and for the completion of all services up to the pre-construction phase including technical and financial evaluation, a sum of Rs. 549,025,990 equivalents to Japan Yen 458.85 million had been paid to a private consultancy company. In addition, a sum Rs. 15,037,267 equivalents to Yen 11,102,120 had been borne as interest as at 31 December 2016. Even though this project had been recognized as an urgent Government project, constructions had not been commended even by 30 April 2017 as the period of loan had not been extended although the approval of the UNESCO had been received.

4.8 Staff Administration

The following observations are made.

- (a) Even though an acute shortage of employees of the divisions directly involved in the operations of the Sri Lanka Ports Authority could be observed, instead of fulfilling the above dearth, an excess cadre of 345 employees had been attached to the other services not directly involved in the operations of the Authority.
- (b) Due to the shortage of employees in the Operation Division, overtime expenditure of Rs. 2,940,958,878 had to be incurred during the year under review and the management had not paid attention to reduce that expenditure and train the excess employees in the divisions on the operations and attach them to those divisions as a remedial measure to the shortage of employees. Further, the post of Chief Human Resources Manager of the Authority had been in vacant from 01 July 2016, whereas action had not been taken to make the relevant recruitment even by the end of the year under review. Hence, the objectives anticipated by the human resources management had not been fulfilled sufficiently.

- (c) The recruitment of 463 Work Assistants, 113 Security Guards, 24 Management Assistant (Accounts), 07 Nursing Aid and 06 Trainee Programmers in the years 2015 and 2016 without publishing advertisements had been controversial. Accordingly, no transparency was observed in the recruitment method of the Authority.

4.9 Market Share

In terms of the Alpha Liner Report issued on the world ports operations for the year 2016, having operated 5,734,923 Twenty Equivalent Units, the Colombo Port stood at its 23rd place and as compare with the year 2015, a growth of 10.6 percent had been achieved. Nevertheless, the container handling of the Sri Lanka Ports Authority had decreased by 7 percent in the year 2016 as compared with the year 2015.

The capacity of container handling of the Colombo Port had rapidly declined from 81 percent to 37 percent during the period from the year 2001 to 2016 as compared with the preceding year. However, the S.A.G.T. and C.I.C.T. companies which are the companies competitively carry out operations in the Colombo Port had achieved a rapid increase from 19 percent to 28 percent and 01 percent to 35 percent respectively during the above period. Details appear below.

Year	S.L.P.A.	Percentage	S.A.G.T.	Percentage	C.I.C.T.	Percentage	Total
2001	1,396,946	81	229,670	19			1,726,616
2002	1,206,694	68	558,025	32			1,764,717
2003	1,334,900	68	624,439	32			1,959,339
2004	1,320,845	59	899,720	41			2,220,565
2005	1,523,794	62	931,526	38			2,455,320
2006	1,743,669	57	1,335,411	43			3,079,080
2007	1,834,734	54	1,546,497	46			3,381,231
2008	1,747,670	50	1,739,668	50			3,487,338
2009	1,714,488	49	1,749,809	51			3,464,297
2010	2,167,173	52	1,970,268	48			4,137,441
2011	2,299,446	54	1,963,441	46			4,262,887
2012	2,316,849	55	1,870,270	45			4,187,120
2013	2,501,863	58	1,746,802	41	57,541	1	4,306,206
2014	2,559,339	52	1,661,940	34	686,636	14	4,907,915
2015	2,252,323	44	1,371,245	26	1,561,899	30	5,185,467
2016	2,100,117	37	1,632,207	28	2,002,599	35	5,734,923

Accordingly, it was observed that the function of container handling, which is the main operation of a port was gradually leaving from the hands of the Authority and it was gradually grasping by the private institutions.

5. Accountability and Good Governance

5.1 Procurement Plan

The Sri Lanka Ports Authority had not prepared a Procurement Plan and a Procurement Time Schedule in terms of Guideline 4.2 of the Government Procurement Guidelines 2006.

5.2 Internal Audit

The Audit Committee should meet at least once in every month and the Annual Internal Audit Plan, internal control system of the institute and internal audit reports and external audit reports etc. should be reviewed. Although external audit reports had been reviewed in the year 2016, the audit observations included in 166 audit reports prepared by the Internal Audit Division of the Authority had not been reviewed.

5.3. Fulfilment of Environmental and Social Responsibilities

The following observations are made.

- (a) The granites and soil removed in the construction of Hambantota Port had been scattered on some locations and potholes had been formed in the Port premises so as to collect water. Further, debris left over by the demolished structures of the lands acquired for the development activities of Port as well could be observed. In this connection, by the Letter No. H.D.S/L.N.D./12/F/1 dated 08 February 2017, the Hambantota Divisional Secretariat had informed the Port Authority that with the rainy condition prevailing in the Hambantota area, the above zone had been recognized as Dengue risk increasing zone by the Public Health Inspectors and necessary steps be taken regarding this problematic situation. Nevertheless, the Authority had failed to take necessary steps even by 30 April 2017.
- (b) It was observed that the Authority had not taken action to dispose of the tyres and tubes which had remained exposed to rain over a long period of time after the removal from the usage and as a result,

there was a risk on spreading the Dengue disease by breeding mosquitoes in water collected in such tyres during the heavy rainy seasons. It was observed that 193 tyres and 1200 tubes thus removed from the usage in the year 2016 had been insecurely heaped up at the port premises even by the date of audit.

5.4 Budgetary Control

In comparing budgeted and actual expenditure, significant variances ranging from 47 percent to 172 percent were observed in 10 out of 18 items of expenditure, thus indicating that the Budget had not been made use of as an effective instrument of management control.

6. Systems and Controls

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

Areas of Systems and Controls.		
(a)	Accounting	Failure to comply with the accounting
(b)	Debtors Control	Existence of outstanding unrecovered
(c)	Staff Administration	Failure to obtain approval for the Scheme of Recruitment
(d)	Stock Control	Use of two codes in respect of one stock item



H.M. Gamini Wijesinghe
Auditor General



Corporate Information

Name

Sri Lanka Ports Authority

Statutory Status

The SLPA was established on the 1st August, 1979 with the amalgamation of the Colombo Port Commission, the Port (Cargo) Corporation, the Port Tally and Protective Services Corporation under the provisions of Parliament Act No. 51 of 1979.

Our Corporate Values

The SLPA is one of the major contributors to the economy of Sri Lanka. As a key revenue earning and service providing agency, the role of the SLPA is linked directly to the excellence of its delivery services. In this regard, the value system of the Authority is the basis for the success of its operational relationship with the stakeholders. These values could be categorized under the following.

- Dependability
- Timeliness & Accuracy
- Accountability for Achievement
- Team Spirit
- Commitment
- Reward & Recognition
- Performance with integrity

It will be the responsibility of the Chairman/Chief Executive Officer, the Managing Director and other Senior Management staff to inculcate the above values at all levels of the Authority.

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