

# READY FOR THE **WORLD**



SRI LANKA PORTS AUTHORITY  
ANNUAL REPORT 2017

READY FOR THE  
**WORLD**





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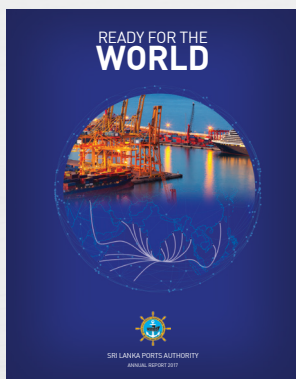
For nearly 40 years, the Sri Lanka Ports Authority has been growing and progressing into a vibrant hub of regional trade and commerce. Today the SLPA is proud to note that it has increased its market share considerably, achieving accelerated growth during the year under review.

The past few years have seen great progress and development for the organisation, as work at the Eastern Container Terminal of the Colombo Port nears completion, while the refurbishment work at the Trincomalee, Kankesanthurai and Galle Ports will soon be finished as well.

The SLPA continues to follow its vision to become a global logistics hub, anticipating significant growth in local and international trade that could deliver a host of new business opportunities and stakeholder partnerships to its door. The SLPA continues to focus on innovation, speed and technical and technological expertise and, most importantly, outstanding services.

We believe that we have the strength, the skills, the location and the resources to keep growing bigger and better each year. For we know we are equipped for business excellence, prepared for the future and ready for the world.

”



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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, specialised 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 organisation of port facilities and terminals that will benefit all visitors while creating wealth for the nation.

# ASPIRATIONS



## By 2020 . . .

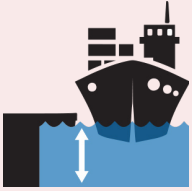
- To become a Centre for Maritime Excellence.
- To achieve 200 Million Tonnage in Cargo Handling.
- To achieve US\$ 1 Billion in Revenue.
- To achieve US\$ 10 Billion in Port Investments (Within the Ports).
- To become a leading contributor to the National Economy.
- To be a 'Green' Port Operator.



## Strategies

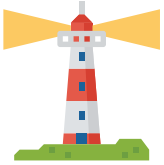
- Develop Infrastructure and Super Structure Facilities in Colombo.
- Consolidate the Port of Colombo ranking as a Centre of Maritime Excellence.
- Introduce Sector Specific Marketing and Business Development Programmes.
- Develop Magam Ruhunupura Mahinda Rajapaksa Port (MRMR Port) as an international services, industrial and container handling Port.
- Enhance Safety and Security for Cargo and Port Users.
- Mark our Global Presence in strategic locations.
- Restructure and re-design Organisational Administrative Procedures.
- Implement advanced Financial Management Systems.
- Reduce our Carbon Footprint.
- Develop other regional ports with regard to their individual strengths and competitive advantages.
- Diversify our business activities.
- Provide facilities for Oil and Gas supply.
- Deliver efficient Vessel-oriented Services.
- Increase focus on Corporate Social Responsibility.

# CORPORATE OBJECTIVES



- To develop and maintain state-of-the-art facilities in the commercial Ports of Sri Lanka.
- To maintain effective and efficient Port Services.
- To provide a competitive edge to importers and exporters by ensuring a cost effective, efficient and reliable service.
- To ensure the safety and security of ships, cargo, Port users and Port infrastructure.
- To provide a conducive working and service environment for all stakeholders.
- To contribute to the Consolidated Fund of the General Treasury for current and capital expenditure of the government.
- To maintain high levels of Productivity in order to ensure speedy turnaround of vessels.
- To improve maritime-related ancillary services, thus creating more employment opportunities.
- 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.
- To develop port activities to provide a competitive and quality service for container operations with a view to attracting transshipment activities including relay cargo, entrepot trade and bonded activities.
- To contribute towards regional development of Sri Lanka by providing necessary Port facilities in order to act as a catalyst in hinterland development.
- To enhance the administration and organisational 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 Centre will further train and re-train staff to meet the requirements created by this scheme.
- To diversify into Port related activities such as offshore services, bunkering, fresh water supply, and container repairs, etc.
- To implement a management orientated financial reform with higher tax efficiency, better Portfolio management and more aggressive cost control.

# ABOUT THE SLPA



**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.**



The SLPA was established by the SLPA Act. No. 51 of 1979 on 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 duties 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 nine 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

## Container Throughput (TEUs) of Port Of Colombo

Description	2016	2017	Variance (%)
<b>Sri Lanka Ports Authority (SLPA)</b>			
Imports	255,557	208,948	-18.2
Exports	227,552	179,334	-21.2
Transshipment	1,607,792	1,609,114	0.1
Re-stowing	9,216	13,306	44.4
<b>Total</b>	<b>2,100,117</b>	<b>2,010,702</b>	<b>-4.3</b>

## South Asia Gateway Terminals (SAGT)

Description	2016	2017	Variance (%)
Imports	152,194	179,321	17.8
Exports	165,513	196,623	18.8
Transshipment	1,294,631	1,406,265	8.6
Re-stowing	19,869	27,626	39.0
<b>Total</b>	<b>1,632,207</b>	<b>1,809,835</b>	<b>19.3</b>

## Colombo International Container Terminal (CICT)

Description	2016	2017	Variance (%)
Imports	244,217	300,903	23.2
Exports	254,817	318,422	25.0
Transshipment	1,452,838	1,726,203	18.8
Re-stowing	50,727	43,003	-15.2
<b>Total</b>	<b>2,002,599</b>	<b>2,388,531</b>	<b>19.3</b>

## Port of Colombo

Description	2016	2017	Variance (%)
Imports	651,968	689,172	5.7
Exports	647,882	694,379	7.2
Transshipment	4,355,261	4,741,582	8.9
Re-stowing	79,812	83,935	5.2
<b>Total</b>	<b>5,734,923</b>	<b>6,209,068</b>	<b>8.3</b>



**4,942**  
Ship Arrivals



**6,209,068**  
Container  
Throughput  
(TEUs)



**93.9 Mt.Mn.**  
Cargo Throughput



**Rs. 45,609 Mn.**  
Total Revenue

## OPERATIONAL HIGHLIGHTS

### Ship Arrivals (All Ports)

Description	2016	2017	Variance (%)
Port of Colombo	4,405	4,329	-1.7
Port of Trincomalee	216	233	7.9
Port of Galle	96	87	-9.4
KKS, Myliddy, PP & Karainagar	25	63	152.0
Hambantota Port	281	230	-18.1
<b>Total</b>	<b>5,023</b>	<b>4,942</b>	<b>-1.6</b>

### Cargo Throughput (All Ports)

Description	2016	2017	Variance (%)
Total Cargo Throughput (MT Mn)	86.5	93.9	8.6

### Cargo Discharged in Port of Colombo - SLPA (In Thousand Tonnes)

Description	2016	2017	Variance (%)
Containerised	14,516	14,167	-2.4
Break Bulk	863	814	-5.7
Dry Bulk	2,572	2,501	-2.8
Liquid Bulk	4,654	5,759	23.7
<b>Total</b>	<b>22,605</b>	<b>23,241</b>	<b>2.8</b>

### Cargo Loaded in Port of Colombo - SLPA (In Thousand Tonnes)

Description	2016	2017	Variance (%)
Containerised	12,459	11,625	-6.7
Break Bulk	16	29	81.3
Dry Bulk	0	0	-
Liquid Bulk	92	106	15.2
<b>Total</b>	<b>12,567</b>	<b>11,760</b>	<b>-6.4</b>

### Total Cargo Handled in Port of Colombo - SLPA (In Thousand Tonnes)

Description	2016	2017	Variance (%)
Containerised	26,975	25,792	-4.4
Break Bulk	879	843	-4.1
Dry Bulk	2,572	2,501	-2.8
Liquid Bulk	4,746	5,865	23.6
<b>Total</b>	<b>35,172</b>	<b>35,001</b>	<b>-0.5</b>

### Cargo Handled in Port of Trincomalee (In Thousand Tonnes)

Description	2016	2017	Variance (%)
Discharged	2,825	3,119	10.4
Loaded	689	778	12.9
Total	3,514	3,897	10.9

### Cargo Handled in Port of Galle (In Thousand Tonnes)

Description	2016	2017	Variance (%)
Discharged	771	712	-7.7
Loaded	0	0	0
Total	771	712	-7.7

### Cargo Handled in Ports of KKS, Myliddy, PP & Karainagar (In Thousand Tonnes)

Description	2016	2017	Variance (%)
Discharged	27	23	-14.8
Loaded	0	0	0
Total	27	23	-14.8

### Hambantota Port (In Thousand Tonnes)

Description	2016	2017	Variance (%)
Discharged	220	156	-29.1
Loaded	135	57	-57.8
Total	355	213	-40.0

### Total Number of Employees

Description	2016	2017	Variance (%)
Port of Colombo	8,892	8,625	-3.0
Port of Trincomalee	402	401	-0.2
Port of Galle	348	351	0.9
Total	9,642	9,377	-2.7



# FINANCIAL HIGHLIGHTS

## All PORTS

Description	2017 (Rs. Million)	2016 (Rs. Million)	Variance (%)
<b>Revenue and Expenditure</b>			
Total Revenue	45,609	44,080	3.5
Expenditure before Foreign Loan Interest and Foreign Exchange Gain/(Loss)	(28,099)	(28,704)	2.1
<b>Profit/(Loss) before Foreign Loan Interest and Foreign Exchange Gain/(Loss)</b>	<b>17,510</b>	<b>15,376</b>	<b>13.9</b>
Foreign Loan Interest	(2,082)	(4,302)	51.6
Foreign Exchange Gain/(Loss)	(2,206)	(10,038)	78.0
<b>Profit/(Loss) Before Tax &amp; After Foreign Exchange Gain/(Loss)</b>	<b>13,222</b>	<b>1,036</b>	<b>1,176.6</b>
<b>Taxes</b>			
Income Tax	-	-	-
Deemed Dividend Tax	-	-	-
Differed Tax	102	-	(100)
Social Responsibility Levy	-	-	-
<b>Net Profit/(Loss) After Provision for Taxes</b>	<b>13,324</b>	<b>1,036</b>	<b>1,186.5</b>
<b>Balance Sheet</b>			
Non-Current Assets	388,452	314,052	23.7
Current Assets	144,978	35,762	305.4
Current Liabilities	119,212	28,069	(324.7)
Equity and Other Capital	7,591	7,591	0.0
Reserves and Provisions	302,655	70,428	329.7
Non-Current Liabilities	103,972	243,726	57.3
<b>Ratios</b>			
Operating Profit to Revenue	36.2	32.5	
Annual Revenue Growth	3.5	8.0	
Return on Capital Employed	5.1	18.4	

# OUR MINISTERS



**Mahinda Samarasinghe**

Hon. Minister of Ports and Shipping



**Nishantha Muthuhettigama**

Hon. Deputy Minister of Ports and Shipping

# CHAIRMAN'S REVIEW



**Our vision to enhance the status of the port reached fruition during the year. The Port of Colombo, whilst holding the position of the best-connected port in South Asia region, moved up from the 18th to the 13th position in the Global Container Connectivity index of Drewry Maritime Research during the year 2017.**

It gives me great pleasure to put forth a detailed account of yet another year of successful operations by SLPA in the 2017 Annual Report. It was a year marked by landmark achievements not only in port operations and financial returns, but also in the international maritime field.

Our vision to enhance the status of the port reached fruition during the year. The Port of Colombo, whilst holding the position of the best-connected port in South Asia region, moved up from the 18th to the 13th position in the Global Container Connectivity index of Drewry Maritime Research during the year 2017.

The Port of Colombo handled 6.2 million TEUs and retained the '23rd in world container port' ranking with a 8.3% growth in container handling volume in 2017 as

Innovative action plans are underway to uplift the productivity of SLPA and provide improved services to users of the port. 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. By upgrading the Terminal Management System, SLPA was able to provide e-payments, enhanced EDI facilities, B2C and B2B transactions, e-billing and e-document transactions to port users, thereby enabling a better service.

8.7% and 10.9% respectively during 2017. By contributing approximately 40% of the revenue of SLPA, the Jaya Container Terminal (JCT) and the Unity Container Terminal (UCT) played an anchor role in the year's success. In terms of handling volumes, the CICT achieved a throughput of 2.3 million TEUs, while the SAGT also made a significant contribution to the overall growth and also to the revenue of the SLPA in terms of royalty.

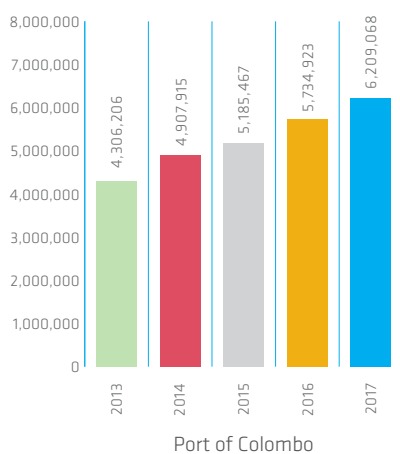
Domestic and transshipment volumes handled in Port of Colombo increased by 6.4% and 8.9% respectively. Since 2016, the average crane, vessel and berth productivity at JCT also increased.

Substantial volume in new business was generated during the year as a result of focused marketing and business development strategies. SLPA was able to enter into four new Terminal Service Agreements (TSAs) with shipping lines in 2017. Thereby, four main line services and three feeder services were attracted to the JCT which is owned and operated by the SLPA.

The total number of ship arrivals at Port of Hambantota during the year 2017 experienced a decline by -18.1% against 2016 and cargo handling tonnage also declined by -39.9%. Though Ro/Ro handling recorded a decline by -40.9% and transshipment volume declined by -56.0% compared to 2016, domestic volume increased by 30.7% in 2017. The Port of Galle recorded a negative growth of -9.4% in ship arrivals and -7.8% in cargo tonnage in 2017.

It is encouraging to note the increase in ship arrivals and cargo handling tonnage at Port of Trincomalee by 10.4% and 7.9% respectively in 2017, compared to 2016.

**Container Throughput (TEUs)  
2013 - 2017**



against 2016. The year under review was significant for SLPA, as the port recorded the fifth highest growth rate among the top 30 container ports worldwide, while major Asian hub ports such as Port Klang reported a negative growth of 9%.

These encouraging achievements during the year further accelerates SLPA's momentum towards realising its vision to develop the Port of Colombo to rank within the top 20 global container ports during the next three years.

**Port Operations and Management**

Significant expansion and growth in operations was achieved during the period under consideration. Total tonnage handled in all ports increased by 8.5% and handling volumes in Colombo and Trincomalee Ports grew significantly by

# CHAIRMAN'S REVIEW



Due to the increase of business volumes in Ashraf Jetty, Port of Trincomalee was profitable in 2017 too for the second consecutive year after several years of continued losses.

With the execution of Hambantota Port Concession Agreement between SLPA and China Merchant Port Holdings Ltd., SLPA was relieved of an annual loan repayment of Rs. 9 billion, thus reinforcing its ability to take up large-scale development projects. A new port management structure was created to manage Hambantota Port under a Public Private Partnership (PPP) model as a long-term management strategy.

## Financial Performance

I am pleased to state that the institution recorded a profit after foreign exchange fluctuation and tax of Rs. 13.2 billion for the year 2017, which is a significant achievement when compared with the profit of Rs. 1 billion in 2016. SLPA achieved a revenue of Rs. 45.6 billion in 2017 which is an increase of 3.5% compared to 2016. As per the Cabinet Decision dated 25/07/2017, the General Treasury has undertaken the repayment of

loans (Capital and Interest) obtained for the construction of Port of Hambantota. SLPA, therefore, will be benefitted from a favourable cash flow position and relieved of a burden of huge yearly foreign exchange losses.

The Ports of Trincomalee and Galle too recorded profits for the year 2017. The Management of SLPA has taken necessary steps to increase profitability and to widen its customer base by providing excellent service and world-class facilities at all ports in Sri Lanka.

## Human Resource Development

One of the cornerstones of success in SLPA's operations has been its skilled human resources. Significant investment has been made in training and upskilling port staff to deliver world-class services. Towards this end, the Human Resource Information System (HRIS) implemented is operating at its optimum to achieve the objectives of the institution.

Furthermore, the Mahapola Port and Maritime Academy continues to

accommodate students from the maritime sector to broaden their knowledge in the field. The service rendered by the late Hon. Lalith Athulathmudali to port sector development is still remembered and recognised although many years have passed.

Going ahead, state-of-the-art technology will be used to provide better facilities to all port employees, thereby e-technology for functions such as attendance, leave, training, documentation will be of immense value in the upgrade of the HR Management System.

In terms of human resource development activities during the year, programmes were conducted for employees at the Mahapola Maritime Academy with the main objective of motivating employees to achieve organisational objectives and to improve productivity.

## Strategies for Improvement

Innovative action plans are underway to uplift the productivity of SLPA and provide improved services to users of the port. 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. By upgrading the Terminal Management System, SLPA was able to provide e-payments, enhanced EDI facilities, B2C and B2B transactions, e-billing and e-document transactions to port users, thereby enabling a better service.

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



“The institution has demonstrated agility and responsiveness to ground realities, thereby helping sustain growth and expansion efforts. The Management of SLPA has taken timely steps to address the competition in the global maritime sector through focused strategies that drive improved services along with state-of-the-art technology, eventually facilitating the ports under its purview.”

The upgraded SLPA website is also becoming more responsive and efficient, attracting more customers. A mobile application for various important systems has been introduced.

An enhanced security system has been planned to be introduced to ports to ensure safety and security of all activities. The use of RFID technology to improve the efficiency of port access and movement of vehicles is now in progress.

In order to establish an automated warehouse chain, a modern Warehouse Management System is planned to be implemented, as a result of which customers would enjoy many advanced e-features.

### Future Developments

Sustaining the growth momentum, a three-year short-term development plan was launched with a view to develop all ports and to convert them into sustainable profit centres. Steps have been taken to develop superstructure and infrastructure facilities within the Port of Colombo under an accelerated programme by SLPA.

Many development programmes that were implemented previously were accelerated in order to provide a better service for the users of Colombo Port:

- Construction of the East Container Terminal (ECT), extension of Phase – V of the JCT, upgrading of equipment of JCT, establishment of new Logistic Centres for MCC and LCL, etc. are underway.
- The UCT, Prince Vijaya Quay (PVQ), Guide Pier (GP) and Bandaranayake Quay are being improved in order to operate conventional cargo.
- Significant development of a cruise terminal, establishment of a multi-modal interchange and a logistics centre and construction of a shipping and maritime centre building are also in progress.

Other ports namely the Port of Galle, Port of Trincomalee, Port of Oluvil and KKS are also in line for further improvements. These developments and improvements would cater to the rapid growth of SLPA and its growth among other competitive ports. These achievements are also important in evaluating the critical role played by 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.

### Conclusion

The institution has demonstrated agility and responsiveness to ground realities, thereby helping sustain growth and expansion efforts. The Management of SLPA has taken timely steps to address the competition in the global maritime sector through focused strategies that drive improved services along with state-of-the-art technology, eventually facilitating the ports under its purview.

I am pleased to state that spurred by positive growth indicators, SLPA is geared to reach higher levels of performance and quality service in the years ahead.

I take this opportunity to express my sincere gratitude to the Honourable Minister of Ports and Shipping, the Honourable Deputy Minister, the Secretary to the Ministry, Management, Board of Directors, staff and employees of SLPA, SAGT, CICT, our clients and all other stakeholders of the local and international maritime industry for the guidance and assistance extended to us expressively and collaboratively. They need to be commended for joining hands with us in achieving these targets with faith and confidence, to drive the commercial ports sector of Sri Lanka towards a brighter future in the regional maritime industry.



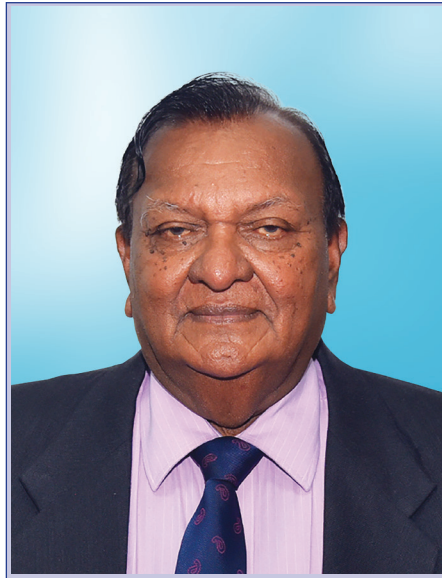
**Dr. Parakrama Dissanayake**

Chairman

# BOARD OF DIRECTORS



**Dr. Parakrama Dissanayake**  
Chairman



**Mr. P G Dassanayake**  
Vice Chairman



**Mr. H D A S Premachandra**  
Managing Director



**Mr. H A Wimalasooriya**  
Executive Director



**Mrs. P S M Charles**  
Director



**Mr. H G Sumanasinghe**  
Director



**Mr. Jagath P Wijeweera**

Director



**Mr. Nilan Wickramasinghe**

Director



**Mr. Suranga P Hidellarachchi**

Director

# BOARD OF DIRECTORS

## Dr. Parakrama Dissanayake

Chairman

Dr. Parakrama Dissanayake, a Maritime Economist, was appointed as Chairman, SLPA, with effect from 1st June 2017.

He was Chairman of SLPA from 2002 January to 2004. During his tenure, Dun & Bradstreet Corporation (UK) ranked SLPA as the most profitable organisation in Sri Lanka amongst State and Public Listed Companies.

He was recently elected as the first Non-British International President of the Institute of Chartered Shipbrokers UK, founded in 1911, Royal Charter conferred in 1913.

Before assuming duties, he was Chairman/ CEO Aitken Spence Maritime, Ports and Logistics and a Main Board Director of Aitken Spence PLC. He gave leadership to Aitken Spence Ports International, the first Sri Lankan Company to venture into Port Management overseas and first Sri Lankan Company to pursue a Public-Private Partnership in Ports overseas.

Some of the industry-related leadership positions he has held include Chairman-Chartered Institute of Logistics & Transport (Sri Lanka), Chairman-Institute of Chartered Shipbrokers (Sri Lanka), Chairman-Sri Lanka Transport Board Advisory Council and Chairman Ceylon Chamber of Commerce (SC) on Ports, Aviation and Logistics.

In addition to his numerous academic qualifications in General and Marketing Management, he has obtained the highest Chartered Qualification in Shipping (FICS) UK, in Logistics/Transport (FCILT) UK, in Marketing, (FCIM) UK and graduated from the Norwegian Shipping Academy (OSLO).

He is a University of Oxford (UK) Business Alumnie, Alumnie of University of Sri Jayawardenapura and a Fellow of Harvard Business School, Boston (USA), Norad and JICA.

## Mr. P G Dassanayake

Vice Chairman

Mr. Dassanayake is the Vice Chairman of SLPA and holds the position of member on the Boards of CICT, SAGT and JCT Limited.

He has vast experience in the Plantations Sector and has held many high positions in most of the reputed Government Plantation Institutions in Sri Lanka, such as Sri Lanka State Plantation Corporation and Janatha Estate Development Board. Further, he had the opportunity to disseminate his knowledge and experience in the industry by working as a Director at the Ministry of the Plantation Industries. Thereafter, he was appointed as the Chairman, Livestock and Agro Company, where he was immensely recognised for the contribution he made to the progress and growth of the Company.

Subsequently, Mr. Dassanayake was appointed as the Chairman of the National Institute of Co-operate Development. He also held the Chairmanships of the German Technical Training Institute and State Printing Corporation, enabling him to transform his knowledge into a different kind of experience.

Thereafter, he joined the Independent Television Network as the Working Director and later as the Vice Chairman of NAITA. He contributed immensely towards the development of the Institution from the experience and knowledge he has gathered throughout his illustrious career. During his tenure, these institutions were made to engage with various other industries thus making a significant contribution to the economy of the country.

## Mr. H D A S Premachandra

Managing Director

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

He also worked at the Port of Fujairah as the Terminal Co-ordinator 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 third-largest Shipping Line globally. 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 CMA-CGM Terminal Link and CMA Terminals, stationed in Kuala Lumpur and Mumbai. During this period, he had 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 Middle East, Africa, USA and Europe.

## Mr. H A Wimalasooriya

Executive Director

Mr. Wimalasooriya, who had his primary education from Polonnaruwa Central College, entered the Vidyarattha College at Horana for higher education and was able to gain university entrance from there. He obtained Bachelor of Arts from the University of Colombo and has also got through the first and second stages of his degree in Law. In addition, he has successfully completed the Diploma in Journalism at the University of Sri Jayawardenapura. Mr. Wimalasooriya has rendered an excellent service to the Sri Lanka Air Force as an Airman of the Volunteer Force, to the Department of Prison as a Welfare Officer attached to its Head Quarters, etc. He has served in Ministerial staff of the Ministries of Disaster Management and Plantations while engaging in government service. Mr. Wimalasooriya has been the Chairman of Tea, Coconut and Rubber Control Boards and also the Chairman of the Skill Development Fund and has contributed immensely towards the improvement of those institutions. He has been serving as the Working Director of the Sri Lanka Foreign Employment Bureau, and as a Director of Shipping Corporation, Coconut Cultivation Board and Coconut Development Authority, using his wide knowledge and experience. Presently Mr. Wimalasooriya is attached to the SLPA as the Executive Director and makes a valuable contribution towards its development. Taking off time from his busy schedule, he has been able to write and publish three books showing his skills in journalism.

## Mrs. P S M Charles

Director

Mrs. Charles is an officer of the Sri Lanka Administrative Service, who presently holds the post of Director General of Customs.

She obtained her first degree in 1983 on BA (Hons.) followed by Post Graduate Diploma in Management, Master of Science and Master of Business Management.

She joined the Sri Lanka Administrative service in 1992 and worked as Government Agent (GA) Vavuniya and Batticaloa.

During her career as GA in Vavuniya, the district was able to achieve the highest rate in eliminating poverty in the country. While she was the GA in Vavuniya district, the district achieved the highest poverty elimination rate in Sri Lanka (2.3%)

Mrs. Charles was a fellow member of Global Disaster Resilience Leadership Network.

She worked as District Administrator, Disaster Risk Manager as well as a Humanitarian Co-ordinator, to fulfil the requirement of internally-displaced people during and after the last phase of the civil conflicts in the North.

She established Family Tracing and Reunification (FTR) with the support of UNICEF for unaccompanied and separated children, leading to number of successful family reunifications after the war.

She had been working on improving the small and medium industries in Batticaloa district and monitoring and guiding and woman Self-Development Centres in Batticaloa district to achieve the goal of improving Women Entrepreneurship in the district.

She had been working on Batticaloa town beautification projects, Fort beautification projects, and various other development projects and also working on mitigating the effects of natural disasters in the Batticaloa District.

Mrs. Charles has also engaged in Tourism Development projects in the Batticaloa district.

She was awarded the 'Inspirational Woman of the year 2012/2013' award at the annual island-wide awarding ceremony organised by Women in Management Institute.

## Mr. H G Sumanasinghe

Director

Mr. Sumanasinghe was appointed as Director General of the Department of Management Services, General Treasury, in 2016. In addition, Mr. Sumanasinghe has also been appointed as a Treasury Representative of SLPA since 2015. Immediately prior to his appointment as the Director General, Department of Management Services, he served as the Director General (HRD) of the Ministry of Finance.

Previously, Mr. Sumanasinghe served as the Import Export Controller General of the Department of Import and Export. Prior to that, he served in various posts at the General Treasury as an Additional Director General of the Department of Public Finance, a Director of the Department of Project Management and Monitoring, an Assistant Director of the Department of External Resources and the Ministry of Finance.

Mr. Sumanasinghe holds a Bachelor's Degree in Commerce from the Faculty of Management Studies and Finance, University of Colombo, and a Masters Degree in Management from the University of Flinders of Australia.

## BOARD OF DIRECTORS

### Mr. Jagath P Wijeweera

Director

Mr. Jagath P. Wijeweera was appointed as a Director in 2017. Presently he is the Secretary to the Ministry of Fisheries and Aquatic Resources Development.

He holds a special Degree in fine Arts from the University of Kelaniya and has obtained two Masters Degrees from University of Colombo in Economics and International Relations.

He was an additional Secretary to the Ministry of Defence from 2006 to 2010. He has served as the Commissioner General of the Department Registration of Persons as well. He has been in the Sri Lanka Administrative Service since 1987.

### Mr. Nilan Wickramasinghe

Director

Mr. Wickramasinghe counts more than 30 years of experience in the hospitality and tourism arena. He created Lion Royal Tourism in 1999 in response to a long-felt need and coined the theme, "More for less". Specialised in French and Japanese inbound tourism, the company today is recognised as an award-winning enterprise under his Chairmanship. He initiated the Lion Royal Resorts and Spas fashioned by "Affordable star class tourism" - revolutionising the conventional notion of leisure vacation.

At recognition of his service and his contribution to the growth of Sri Lanka's tourism economy, he was honoured at national and international level and was appointed as a Member of the Board of Directors in charge of Hospitality and Tourism at Ministry of Skills Development and Vocational Training. During his tenure, he was privileged to attend as a Special Delegate in the Non-Aligned Movement held in the island of Margarita, Bolivarian Republic of Venezuela - 2016.

Mr. Wickramasinghe currently serves as Member of the Board of Directors of SLPA, Member of the Board of Directors of JCT, Member of the Board of Directors of HIPS, member of the Board of Directors of HIPG and Managing Director of MPMC.

### Mr. Suranga P Hidellarachchi

Director

Mr. Hidellarachchi worked for Hon. Mahinda Samarasinghe, MP, since 2002 with executive experience in administration and development sectors in Sri Lanka. He served as a Coordinating Secretary, Media Secretary, Private Secretary, Chairman and Director in Government organisations, which included, the Ministries of Labour and Foreign Employment, Disaster Management and Human Rights, Plantation, Finance, Skills Development and Vocational Training and Ports and Shipping.

Mr Hidellarachchi served as the Chairman of the 'Thuru Saviya' Fund, in the Ministry of Plantation from 2011 to 2012. In that period he was able to produce a loan scheme for Rubber Small Holders for the first time in Sri Lanka and established the Group Processing Centres to increase the price and quality of products. He was the Chairman of the National Institute of Plantation Management (NIPM) and also served as the Director of the National School of Business Management (NSBM).

### Mrs. S A S K Jayasekera

Secretary to the Board

# MANAGEMENT TEAM AND AUDIT COMMITTEE

## Management Team

**Dr. Parakrama Dissanayake**  
Chairman

**Mr. P G Dassanayake**  
Vice Chairman

**Mr. H D A S Premachandra**  
Managing Director

**Mr. H A Wimalasooriya**  
Executive Director

**Mr. A D T Gunasekara**  
Addl. Managing Director

**Mrs. Shirani Wanniarachchi**  
Director (Finance)

**Mr. D U W De Zoysa**  
Director (Logistics)

**Mr. P A A Hewageegana**  
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**  
Director (Technical)

**Mr L Premasiri De Silva**  
Chief Internal Auditor

**Dr. (Mrs) D Rajakanthan**  
Chief Medical Officer

**Mr. A A S R Abeyesiriwardana**  
Chief Engineer (Planning & Development)

**Mr. Upul Jayatissa**  
Chief Manager (Marketing & BD)

**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. W N Jayatissa**  
Chief Manager (Welfare and IR)

**Mr. P Ranatunga**  
Chief Manager (MPMA)

**Mr. I K Gnanathilaka**  
Chief Manager (Container Operations)

**Miss Kanthi Gunawardena**  
Chief Finance Manager

**Mr. G V T Nanayakkara**  
Chief Engineer (Marine)

**Mrs. Aparna Tilakaratne**  
Chief Law Officer

**Capt. A Hewavitharana**  
Harbour Master

**Air Cmdr. D C Premaratne**  
Chief Security Manager

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

**Mr. J A Chandrarathna**  
Chief Engineer (Mechanical Works)

**Mr. M S A Pathirage**  
Chief Engineer (Mechanical Plant)

**Mr. P A R D Pathiraja**  
Chief Manager (Supplies & MM)

**Mr. Nalin Aponso**  
Chief Manager (Comm and PR)

**Mr. D G R M Pathiwila**  
Chief Engineer (Civil)

**Mr. Nirmal de Fonseka**  
Chief Human Resource Manager

## Audit Committee

**Mr. H G Sumanasinghe**  
Chairman

**Mrs. P S M Charles**  
Member

**Mr. Nilan Wickramasinghe**  
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 2017

### Resignations and Retirements

**Mr. J K P Kurukulasuriya**, Additional Managing Director resigned from SLPA.

**Mr. P M S Somarathne**, Chief Manager (Civil) resigned from SLPA.

**Mr. L H R Sepala**, Director (HRD) resigned from SLPA.

**Mr. G H D Dharmaratne**, Chief Engineer (Mechanical Works) retired from SLPA.

**Mr. E A T Edirisuriya**, Chief Engineer (Mechanical Plants) retired from SLPA.

**Mr. Vijitha Abeyesundera**, Chief Manager (Supplies & MM) retired from SLPA.

### Appointments

**Mr. A D T Gunasekara** was appointed as Addl. Managing Director.

**Mrs. D G I C Lokuhewage** was appointed as Director (Technical).

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

**Mr. P Ranatunga** was appointed as Chief Manager (MPMA).

**Mr. J A Chandrarathna** was appointed as Chief Engineer (Mechanical Works).

**Mr. M S A Pathirage** was appointed as Chief Engineer (Mechanical Plant).

**Mr. P A R D Pathiraja** was appointed as Chief Manager (Supplies & MM).

**Mr. Nalin Aponso** was appointed as Chief Manager (Comm and PR).

**Mr. D G R M Pathiwila** was appointed as Chief Engineer (Civil).

**Mr. Nirmal de Fonseka** was appointed as Chief Human Resource Manager.

# BUSINESS DEVELOPMENT



In year 2017, Port of Colombo increased container handling volumes by 8.3% and recorded a remarkable growth rate compared to other world ports, enhancing its reputation. During the year under review, the shipping industry underwent upheaval, with mergers, acquisitions and alliances. As a result, Port of Kelang, one of the transshipment hubs, reported a negative growth. Meanwhile, SLPA built a world-class mega facility to cater to shipping demand and Colombo became the mega transshipment hub port of the region.

In the period under consideration, four Terminal Service Agreements (TSAs) were signed with leading Shipping Lines to continue business with SLPA. four Main Line Services and three feeder services were attracted to SLPA terminals.

The SLPA-managed JCT in the Port of Colombo attracted a new container shipping line (Pendulum Express Line) and common feeder operator (Milaha Line) this year.

Sri Lanka Ports is in the process of preparing a 'Three Year Development Plan' to address the current issues of the port sector in keeping with trends of the global shipping industry.

### The SLPA managed terminals reported the following results:

- Transshipment container handling volumes increased by 0.1%
- Domestic container handling volumes decreased by 19.6%

- SLPA managed Terminal volumes decreased by - 4.3% (which is a positive growth compared to 2016, reducing the negative decreased rate which was - 6.3% in 2016).

SLPA lost volumes due to the increased ship sizes ULCC - draft/length/width, loss of Main Lines to CICT, decrease in feeder volumes due to loss of Main Lines, hot connections from feeders, and because JCT is far away from deeper draft terminals compared with SAGT, formation of new alliances, losing hope of ECT and competitive rates offered by other private terminal operators.

### All ports reported the following results:

- Total number of ship arrivals decreased by 1.6%
- Total tonnage handled increased by 8.6%

### Port of Colombo reported the following results:

- Total number of ship arrivals decreased at Port of Colombo by 1.7%
- Total tonnage handled at Port of Colombo increased by 8.7%
- Port of Colombo overall container growth increased by 8.3%
- Domestic container handling volumes increased by 6.4%
- Transshipment container handling volumes increased by 8.8%



**Port of Hambantota reported the following results:**

- Total number of ship arrivals declined by 18.1%
- Total Ro-Ro vessels handled 217 declined by 18.7%
- Total Number of vehicles handled 107,285 units, declined by 40.9%
- Domestic vehicles handled 41,188 units, increased by 30.7%
- Transshipment vehicles handled 66,097 units, declined by 56%
- Market share - (Transshipment 62% & Domestic 38%)

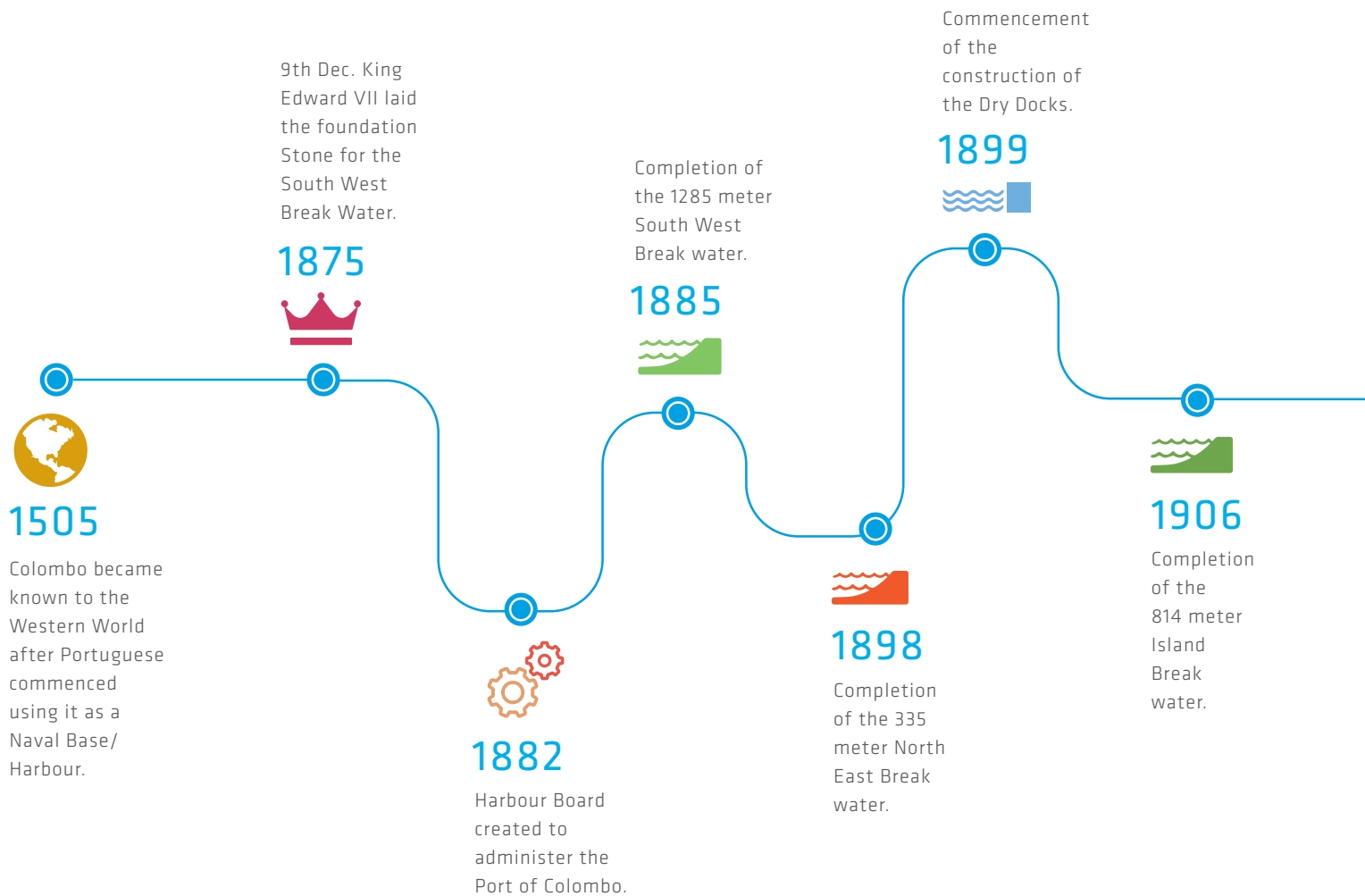
**Port of Trincomalee reported the following results:**

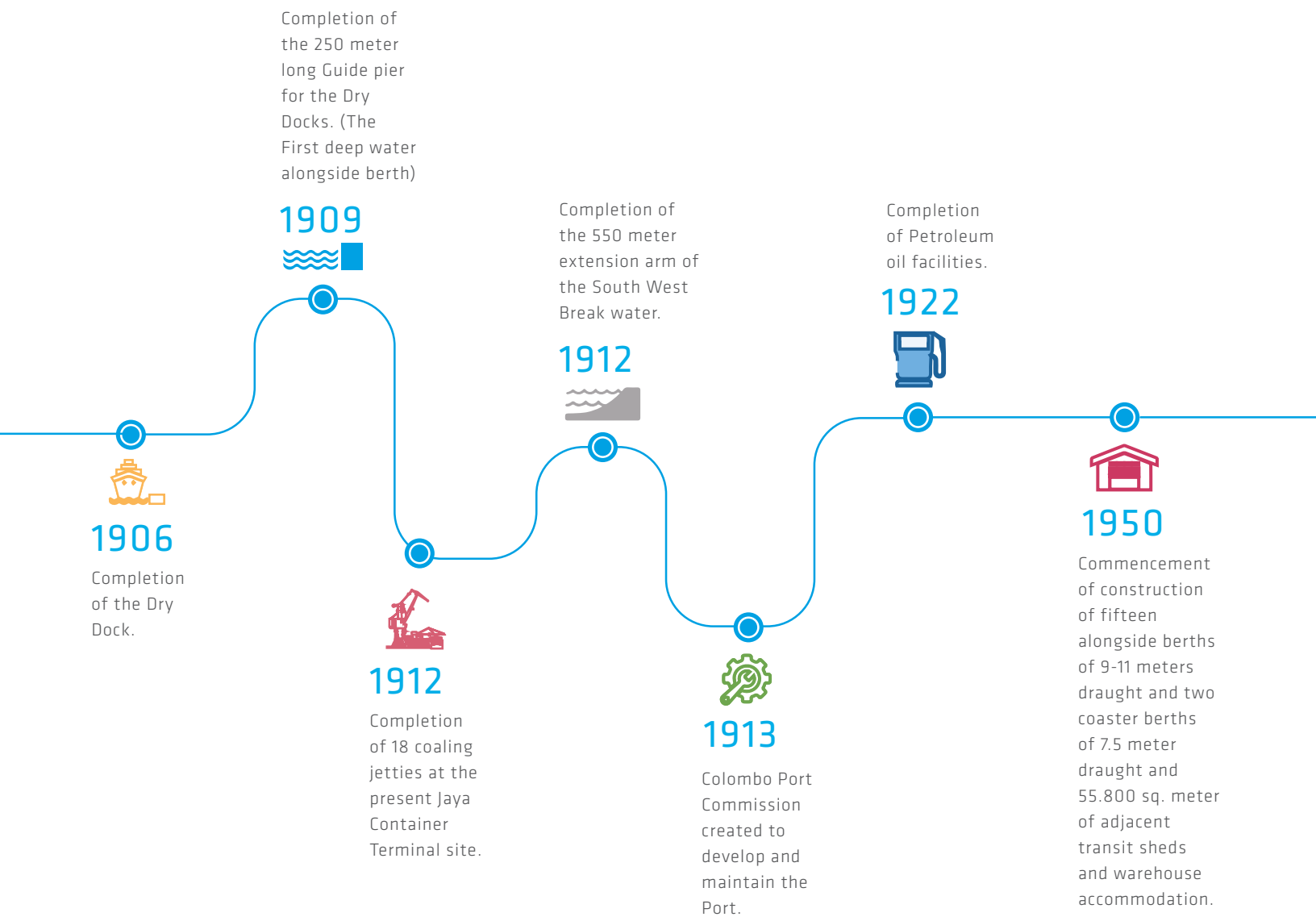
- Total number of ship arrivals increased by 7.9%
- Total tonnage handled increased by 10.9%

**Port of Galle reported the following results:**

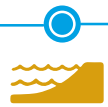
- Total number of ship arrivals declined by 9.4%
- Total tonnage handled at Port of Galle declined by 7.8%.

# MILESTONES





# MILESTONES



1954

Inauguration by Her Majesty Queen Elizabeth II of the completion of construction of the alongside berths at the South West Break water and naming it "Queen Elizabeth Quay" - The Royal Yacht, "Gothic" - the first vessel to berth at Queen Elizabeth Quay.

Completion of 17 alongside berths, transit sheds and warehouses.

1956



1958

Cargo handling activities of the Port of Colombo nationalised and the Port (Cargo) Corporation established.

1964



Cargo handling activities of the Port of Galle nationalised.



1967

Port Tally and Protective Services Corporation established.

Cargo handling activities of the Port of Trincomalee nationalised.

1967



1979

The Sri Lanka Ports Authority formed by unifying the Colombo Port Commission, the Port (Cargo) Corporation and the Port Tally and Protective Services Corporation.



**1980**

Master plan for the Port of Colombo established with assistance from the Government of Japan.

Inauguration of the New Terminal at Queen Elizabeth Quay.

**1980**



Contract for the construction of the New Container Terminal signed with M/s. Penta Ocean Wakachiku - Joint Venture of Japan.

**1982**



**1982**

Commissioning of the first Gantry Crane - TANGO 80.



**1983**

Inauguration of the Construction of Stage I of the fully equipped container Terminal.

Inauguration of the Construction of Stage II of the fully equipped container Terminal.

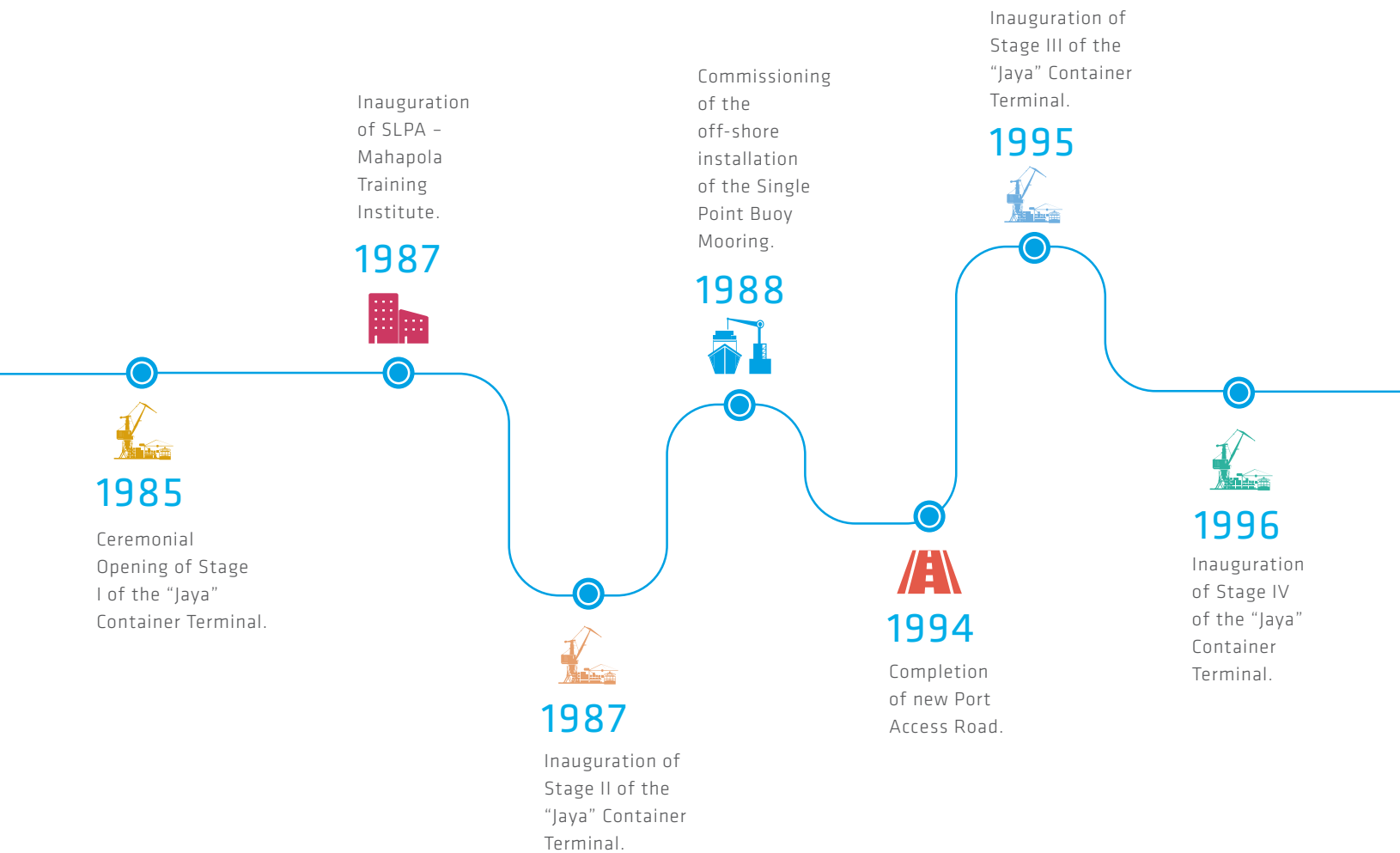
**1984**

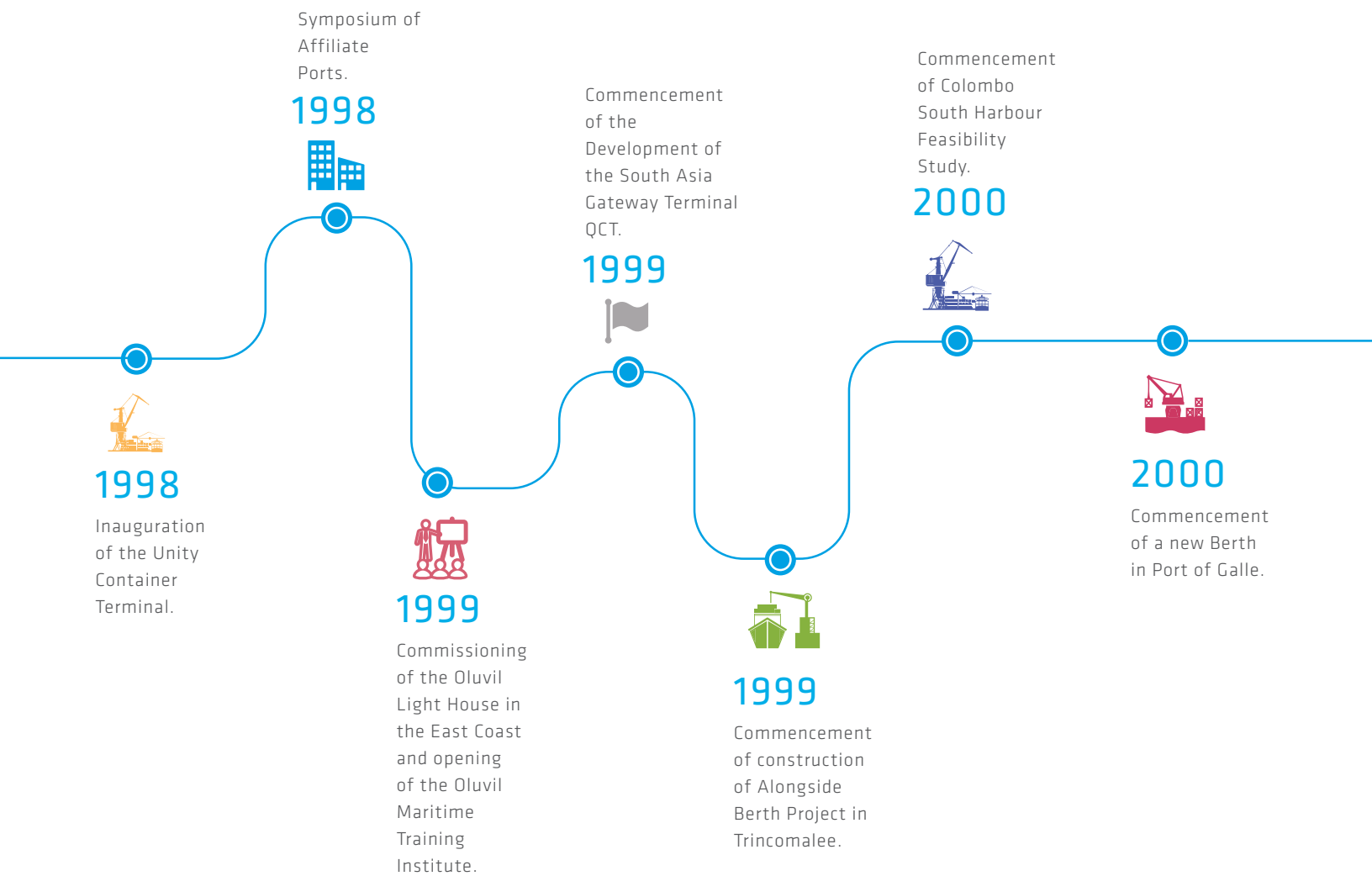


**1984**

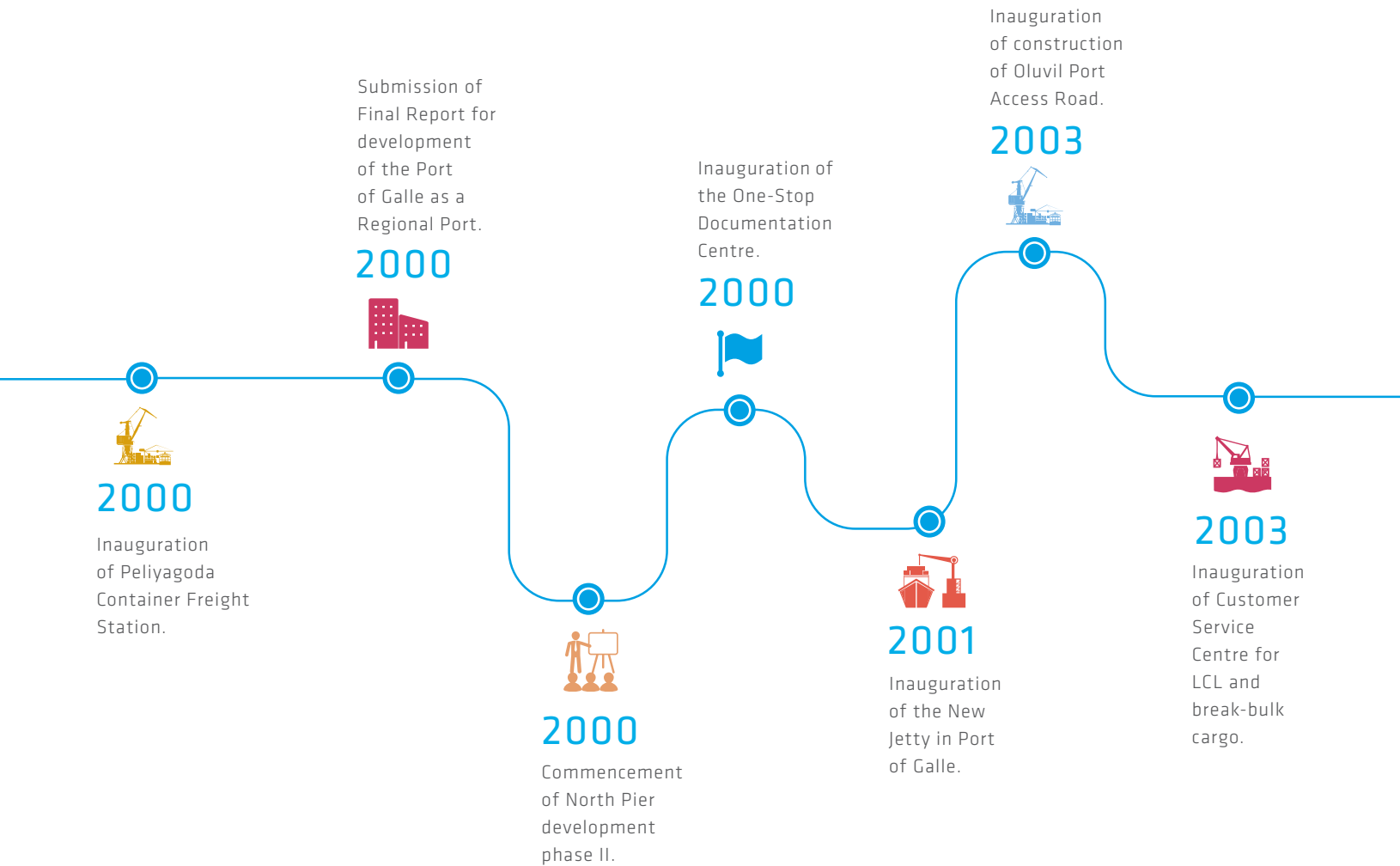
Commissioning of four Hitachi Transfer Cranes at Queen Elizabeth Quay Container Berth.

# MILESTONES

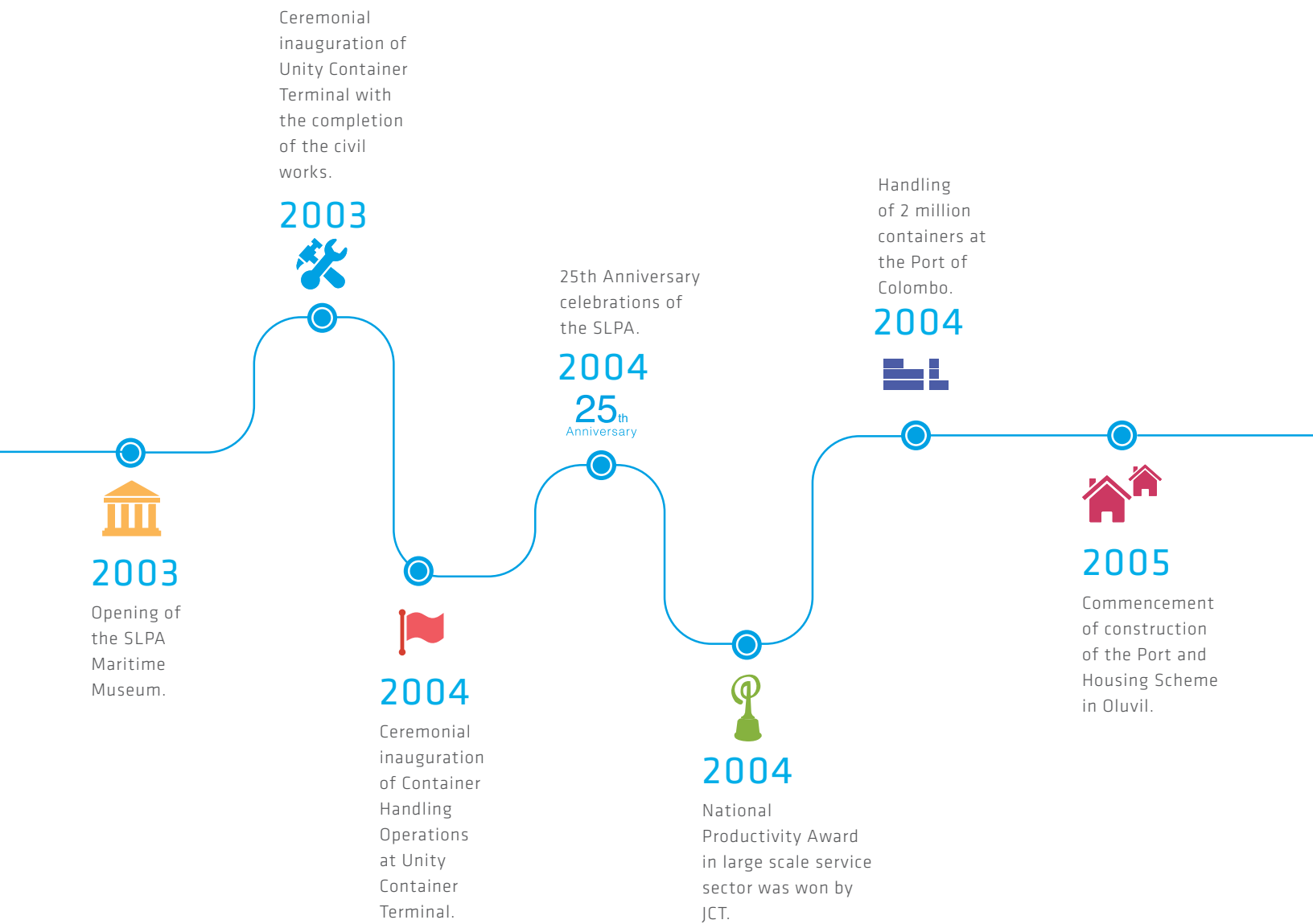




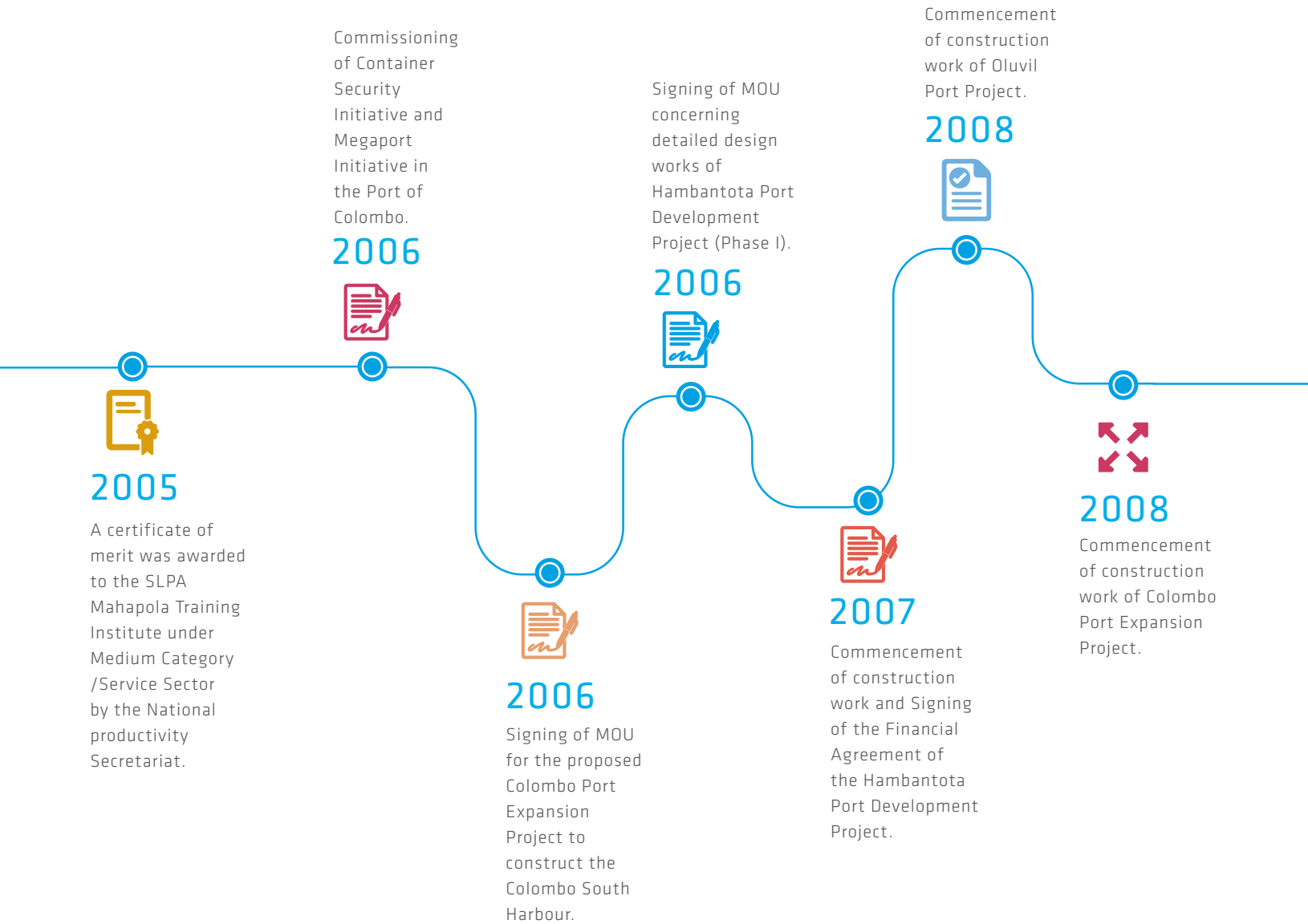
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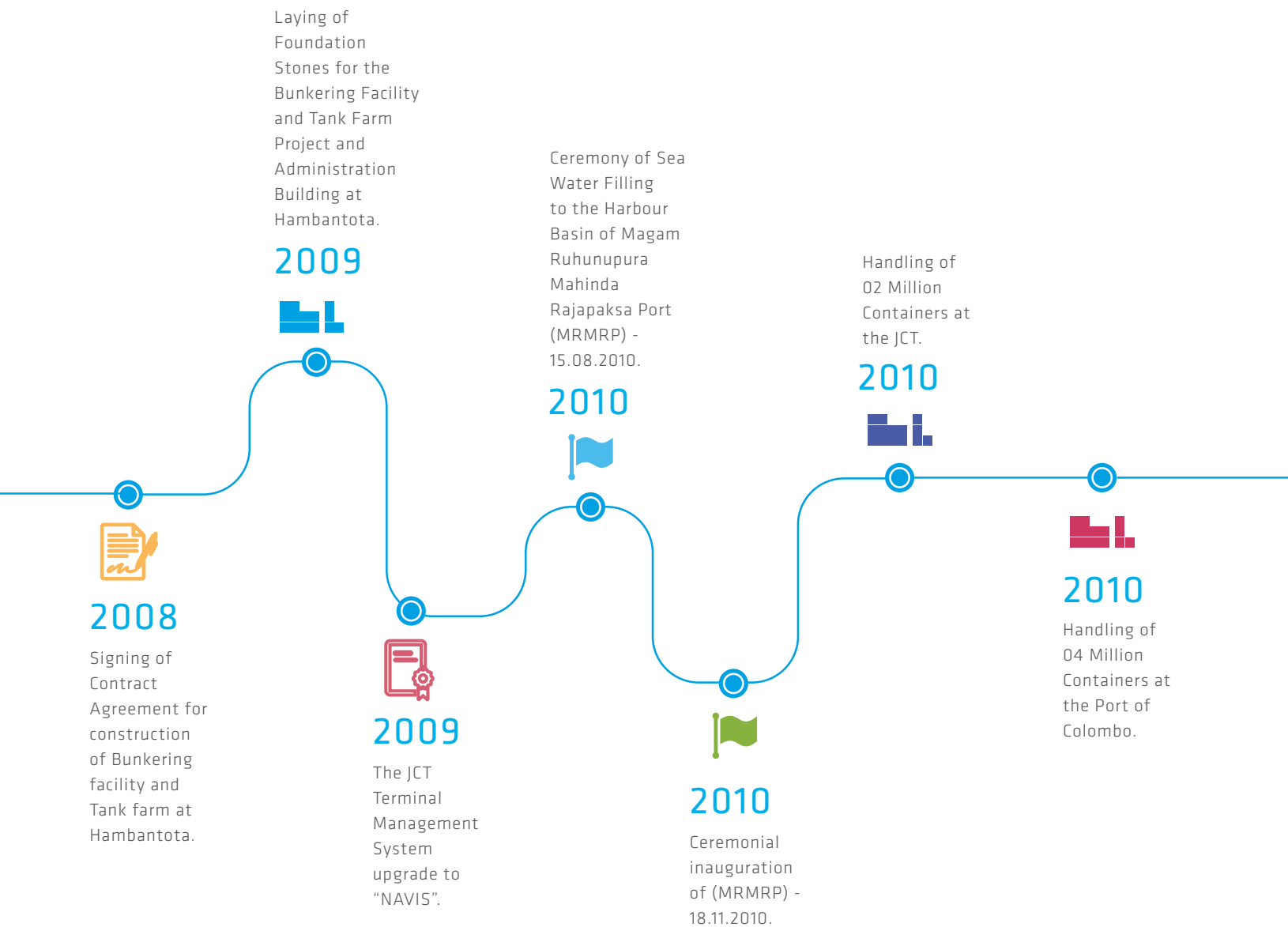




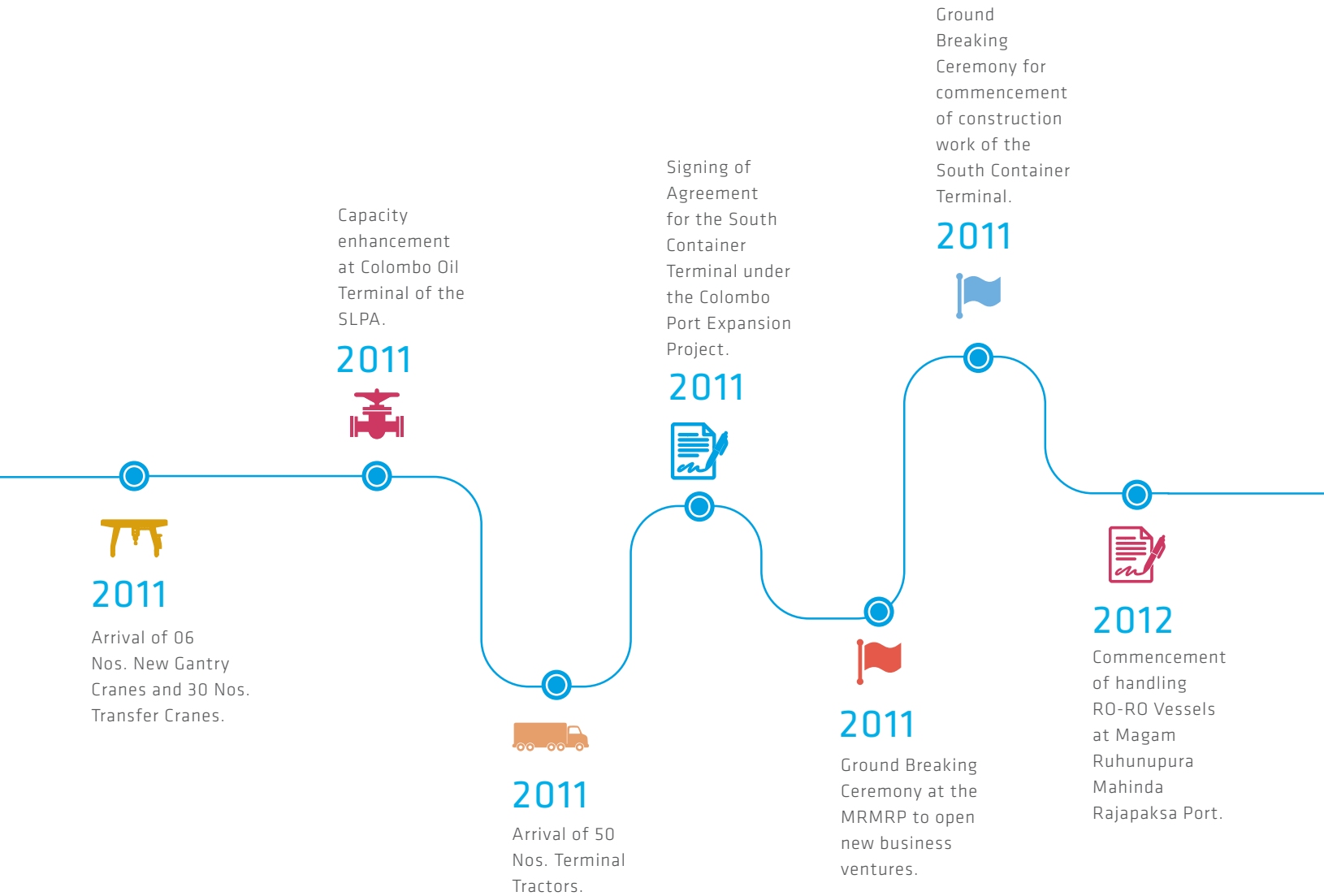


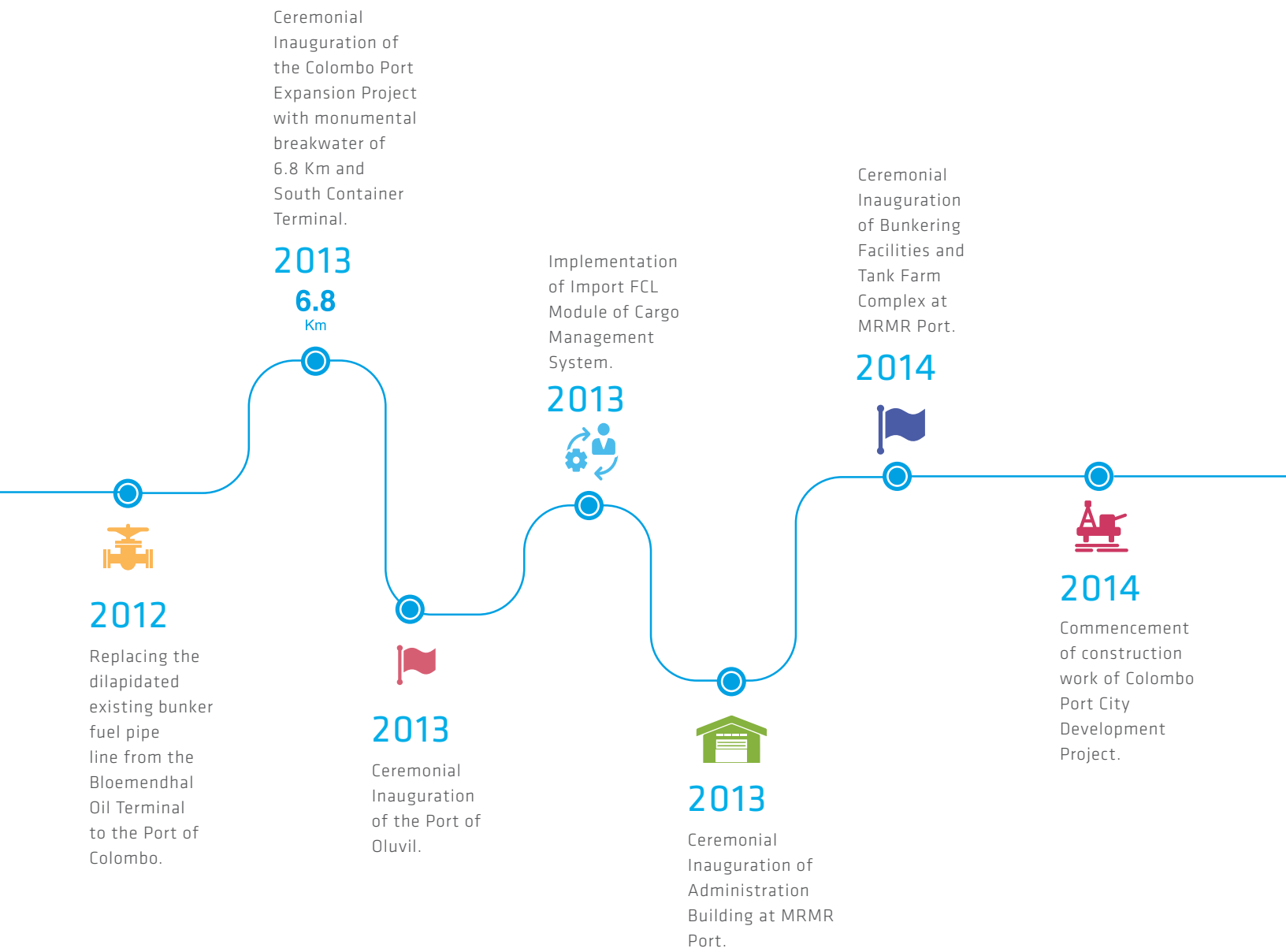
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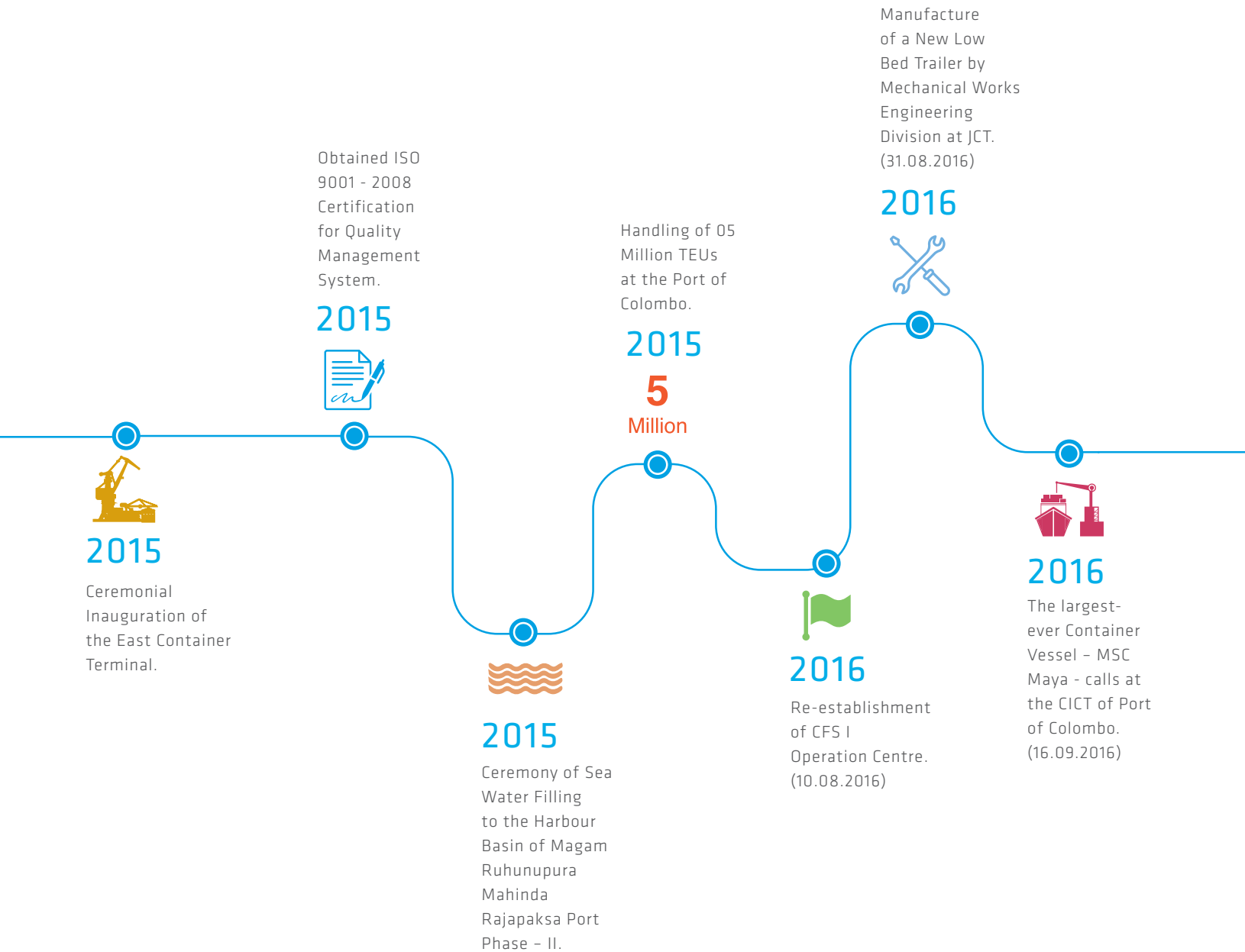


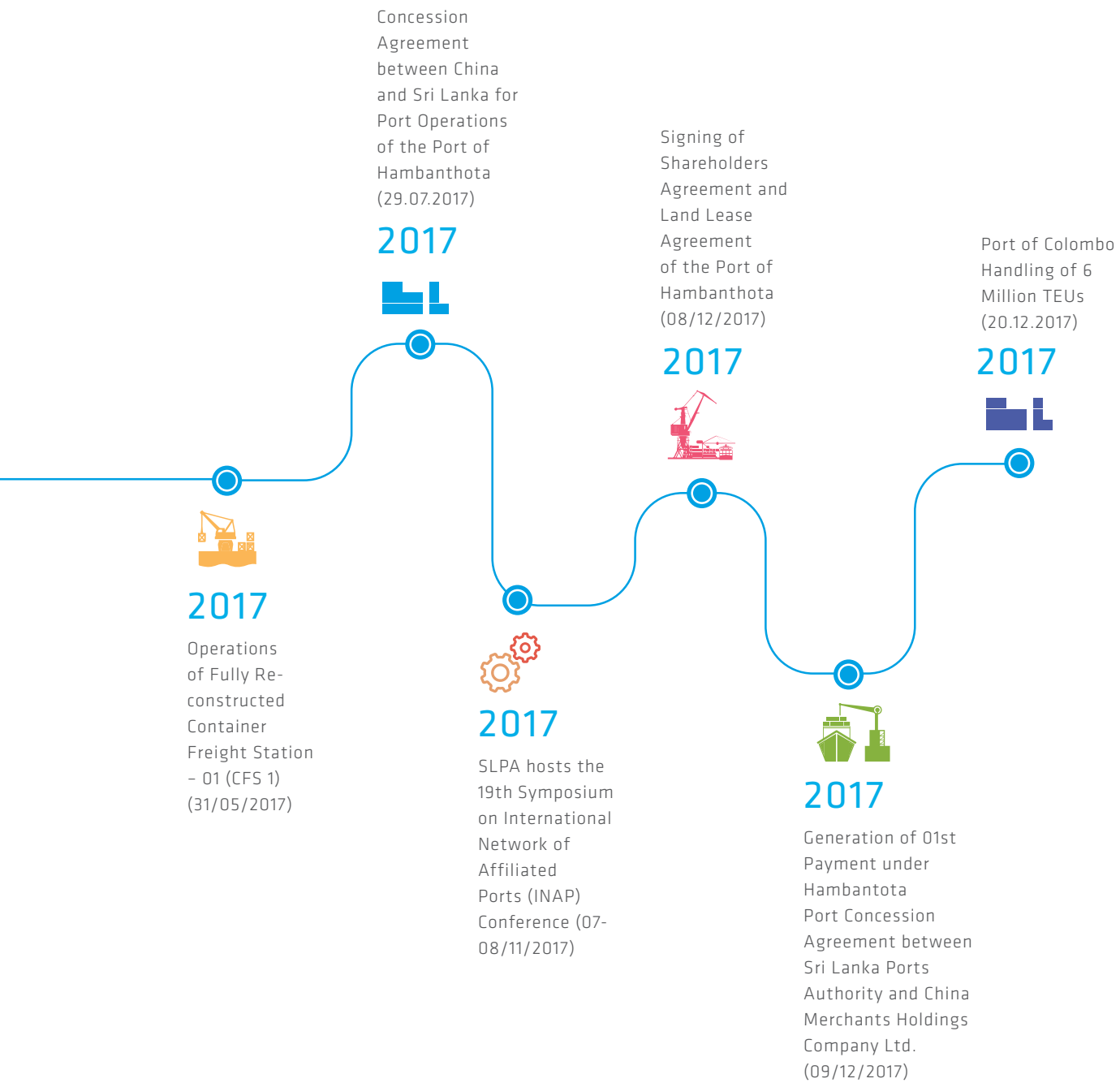
# MILESTONES





# 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 2017 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 JCT in 2017 and in the years ahead.
- JCT held an awareness programs for the Assistant Unit Superintendents, Office Drivers, Yard Assistants and Rubber Tired Gantry (RTG) Operators in view of making them good team players for efficient and effective terminal operations in 2017.
- Implemented a process to ensure that the changing of equipment would only occur at the terminal, quay/yard and be undertaken by container handling equipment operators under the direct supervision of the officers with a view to minimise the idle time. This process is continuously monitored and is continuing in the same manner to increase productivity and throughput during the year.
- Terminal took a dramatic turn on yard planning in the first quarter the year 2017 to ease the ITT (volume) and also to optimise the yard utilisation for transshipment and local cargo, by considering the whole yard as one unit with efficient and effective yard management. Further, just in time deployment of yard cranes also kept the terminal velocity on required levels.
- The quay side, road ways, and lanes (RTG) including the stacking (empty/laden) area of the yard was rehabilitated for smoother operation of the prime movers / RTGs which positively uplifted the terminal efficiency since the second quarter of 2017.
- The crane productivity (container moves per hour) for the main line vessels was 27.20 in 2017 against the year in 2016, which recorded 26.31, making it a 3.4 % increase year on year. Feeder lines recorded 24.28 (container moves per hour) in 2017 against 2016 which recorded 22.21, marking an increase of 9.3% year on year.
- New empty pool operators were introduced in 2017 by the terminal for generating and additional revenue in view of securing efficient connectivity, (volume) from the various sectors through prominent shipping lines (MSC, EMC, ZIM, HHM, KMT)
- Female transfer crane operators were engaged on day time for RTG operations in the terminal yard and successfully conducted an orientation, awareness programmes to improve their skills and quality of service.
- In the conventional terminals, the total discharged bulk cargo tonnage (non-containerised) increased from 8,089,000 tons in 2016 to 9,074,000 tons in 2017 – reflecting a 11% growth year on year.
- In liquid bulk cargo loading, growth was recorded from 92,000 tons in 2016 to 106,000 tons in 2017, marking an increase of 15.2% year on year. Break-bulk cargo loaded also increased up to 29,000 tons in 2017 from 16,000 tons in 2016, an increase of 81.3% year on year.

# OPERATIONAL REVIEW

## 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 2017, 191,966 TEUs of FCL container were directly delivered and a revenue of Rs. 23,411.84 million was earned from the Customer Service Centre by providing round the clock services as practiced earlier. To enhance the services provided to the customer and to minimise the time spent for documentation, the cargo management system was used in an effective manner.

A total of 27,740 TEUs of LCL containers and 740 TEUs of transshipment containers were handled at SLPA. Out of which, 8,164 TEUs were General/Dangerous cargo and 1,086 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.205.1 million and 2,440.5 million has been generated from de-stuffing of LCL containers and landing and delivery charges respectively. Further, a revenue

of 173.82 million was generated from MCC operations. In addition, a revenue of Rs.13 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 saw the demand for bonding trade increase, generating a total revenue of Rs.77.35 million.

By conducting public tenders and auctions to dispose of abandoned cargo, a total of Rs. 131.69 million was collected whilst generating additional revenue of Rs. 8.7 million by disposing of scrap iron, waste oil and used tires etc. through SLPSC Ltd.

During the year, 243 new licenses were issued to clearing agencies and 1,046 licenses were renewed, making up a total of 1,289 licenses, generating a revenue of Rs.25.33 million. A total revenue of Rs.8.67 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 2,631 while the number of "B" passes were 302.

The revenue generated by Logistics Division in 2017 from the services rendered amounting to Rs. 5,691.37 million during the year.

Meanwhile, 59 applications were received in 2017 for waiver of rent from the consignees through the Ministry of Ports and Shipping, of which 22 applications were recommended and 16 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 2017. This will be fully implemented in 2018.

### Improvements and development during 2017

- BQ I, II, III and IV warehouses were brought under a single purview of the Logistics Division with the aim of providing a more productive and efficient service.
- The Summer Hill vehicle yard was shifted to the UCT yard for a more cost-effective and efficient vehicle container de-stuffing operation.
- A Customer Care section was set up at canal Yard - Center to address customer complaints and grievances with the aim of providing better service to SLPA customers.
- 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.
- Official opening of CFS I after completion of entire warehouse constructions.
- Commissioning of warehouse management system at CFS - I.
- Taking initiative to construct a fully-fledged Logistics Centre adjacent to UCT.





#### Total Number of Vessels Attended by Tugs

A total of 18,684 movements were performed by the berthing tugs, details of which are given below:

Name of Tug	No of turns
MT Raja	484
MT Nandimithra (55 BP)	3,217
MT Suranimala (65 BP)	2,983
MT Gotaimbara (65 BP)	2,194
MT Vijayabahu	1,700
MT Barana - II	43
MT Airawana	931
MT Waruna	1,382
MT Ravana	2,893
MT Pandukabhaya	2,857
<b>Total</b>	<b>18,684</b>

#### Revenue Details – Tug Services (Colombo)

Year	Rs. Million
2016 Actual	863
2017 Revised	1,332
2018 Projected	1,236

#### Chief Engineering Officer's Section

Adequate staff was available during 2017 in keeping with the operational and repair requirements of all tugs and pilot and mooring launches.

Routine maintenance was carried out by the section, in addition to the daily running of required crafts for towage and pilotage operations.

#### Port Fire Brigade (PFB)

An effective emergency service was provided by Port Fire Brigade during the year, mitigating adverse effects of fire and other emergencies while implementing and maintaining local fire safety standards.

## 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	3,683	Bunkering	44
Conventional	56	Repairs	58
Dry Bulk	157	Passenger	44
Liquid Bulk	210	Other Services	8
Roll on Roll off	67	Roll on Roll off	
Other Cargo	02		
<b>Total</b>			<b>4,329</b>

### 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:

- Providing operational tugs for berthing as sailing vessels.
- Carrying out deck repairs and conducting maintenance work of tugs as per classification society requirements.
- Manufacturing rope mats for tugs with discarded mooring ropes and making canvas awnings for tugs.

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

## OPERATIONAL REVIEW

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

Fire response	30
Navy rehearsal test calls	02
Emergency calls	23
Stand by duties for oil tankers	191
Stand by duties for gas tankers	44
Stand by duties for hot works on vessels	837
Stand by duties for d/c handling	01
Supplying water to wash piers/ warehouses, etc.	26
Pumping out water	02
Oil pollution control work	14
Inspection visits to oil tankers	690
Supply fire water bowser to tug	126
Emergency evacuation drill	12

### 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 light houses/circuit bungalows were inspected once in the year.
- A total number of 3,206 fire extinguishers were checked during the year.
- Combined fire drill was carried simulating a fire at Colombo Dockyard with Dock Yard fire unit.
- Combined fire drill was carried simulating a fire at Oil Bank with Colombo Fire Brigade.
- Combined Oil pollution drill was carried out, simulating an oil spill at Out Harbour with MEPA activating the NOS COP.
- Combined fire drill was carried simulating a fire at SAGT with SAGT staff.
- Combined fire drill was carried simulating a FIRE on a gas tanker with gas tanker staff.



Revenue earned by Port Fire Brigade in 2017 is given below;

Description	US \$	Rs.
Fire calls	59,424	3,861,500
Stand-by duties for oil tankers	249,597	
Stand-by duties for gas tankers	61,780	
Charges for hot work	50,613	
Stand-by duties for dangerous cargo	38,440	126,000
Charges for inspection visits	8,240	
Charges for oil pollution control	4,680	694,500
Emergencies	1,440	20,000
<b>Total Income</b>	<b>474,214</b>	<b>4,702,000</b>

### 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 always.

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 unauthorised hot work incidents were detected and stopped. Inspections of marine pollution were carried out. The investigations and analysis of accidents involving personnel and marine environment were also done.

- The Port of Colombo handled 347,016.913 MT of dangerous cargo during the year 2017.
- 34,448 Nos. of freight containers of transshipment hazardous cargo were handled.
- Safety aspects on handling, storage and transportation of dangerous cargo in the port and allied services were introduced during the courses and lectures conducted for employees in the Operations Division.
- 14,750 MT of high explosive (GPIE) and 9,604.546 MT of substances with explosive nature (GP IAE/IIIE) were handled.
- Personal safety of employees at JCT and mooring gangs attached to Navigation Division were monitored, especially in using personal protective equipment with the assistance of Asst. Harbour Inspectors.

Three hundred and fourteen (314) various types of tankers called at Port of Colombo and discharged cargo of oil/gas, etc. as follows;

Types of Cargo	Quantity (MT)
Liquid Petroleum Gas	384,912.179
Gas Oil/Jet Ai/Gasoline/Kerosene	3,159,572.857
Crude Oil	1,594,813.000
Fuel Oil	955,500.236
Base Oil	24,203.387

#### 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 – Light Dues - All three Ports

	2015 Actual Rs. Million	2016 Actual Rs. Million	2017 Budget (Revised) Rs. Million
Revenue Light Dues	779	1,009	1,416

#### Harbour Craft Section

The Harbour Craft Section mainly consists of assisting and providing the mooring gangs and crews for pilot launches to facilitate safe mooring/unmooring of the vessels which call at Colombo Harbour, transporting of various work gangs to island breakwater, 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 were also carried out satisfactorily.

#### Hydrographic Survey Section

Surveyors attended to all land survey work whenever requested by the relevant Divisions of the port as well as hydrographic surveys of all the SLPA-operated Ports.

#### Ports of Colombo

- Approach Channel Soundings
- South Port Soundings



- Main Entrance Sounding
- Inner Harbour Basin and Berths Soundings
- Buoy Position Survey of Approach Channel
- Colombo Port Map Revision Work
- Surveying and Levelling of Port Internal Roads for the Road Widening Project
- Surveying and Plan work required for lease agreement

#### 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 Lease plans.
- Observation and Maintaining of Tidal and metrological data station.
- Bathymetric Survey and spot height around whole area of Burma Camp.
- Urgent Survey for Encroachment Lands.
- Longitudinal Section and Cross Section (LSCS) and detailed survey of Proposed Rail Line.
- Levelling work Asroff jetty

#### Hambantota Harbour

- Buoy Position Survey of approach channels.
- Surveys for lease plan preparation for Investors
- Resettlement of stage 11, Survey work under supervision of Survey Department
- Other related survey work detailed by Project Engineers.

#### KKS Harbour

- Identifying Land for Port Operation.
- Hydrographic and Levelling work of New Pier.

# OPERATIONAL REVIEW

## Nautical Section

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, were coordinated by this Section.

Name of the License	No. issued	Revenue
Ship Repair License	145	12,781,742.93
Dockyard License	69	2,872,888.61
Survey License	48	3,343,764.36
Ship Chandlers License	97	8,370,122.74
Boat License	48	4,380,187.64
SAGT and Other License	10	446,056.08
<b>Total</b>	<b>417</b>	<b>32,194,762.36</b>

## DEVELOPMENT PROJECTS

### THE PLANNING AND DEVELOPMENT DIVISION

#### East Container Terminal - Phase 1 - Colombo Port Expansion Project

##### Project Details

East Container Terminal (ECT) will be the second-deep draught container terminal in the South Harbour with annual capacity of 2.4 million TEUs, 1200m quay wall at -18m depth. The Sri Lanka Ports Authority (SLPA) intends to award a BOT concession for the development and operation of ECT. The SLPA has already developed 440m of the quay wall, adjacent yard area and connected facilities at ECT. Asian Development Bank (ADB) has been appointed as the Transaction Advisor to the SLPA to procure the project.

##### Present Progress

Prequalification process of the project was commenced with the public announcement of Expression of Interest (EOI) on 6th June 2016 and closed on 20th September 2016. Evaluation of EOI is completed with the assistance of ADB and forwarded for the decision.

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

A novation agreement was signed with Oriental Consultant Company (OCC) for the design works. Construction of breakwater is being planned with the available JICA fund and to develop multi-purpose berth on Public-Private Partnership (PPP) basis in Phase - II. Approved loan amount for the project is 14,495 JPY million. UNESCO approval has also been obtained for the project.

##### Present Progress

The Government of Sri Lanka (GOSL) is of the view that the partial implementation of the project due to available funds would not draw the expected results of the investment in the medium term. Therefore, the External Resource Department (ERD) and JICA are now working on the closure of the above loan.



#### Trincomalee Port Development Project

##### Project Details

Trincomalee conceptual Master Plan was prepared based on short-term and long-term project proposals. The investment proposals from Oceanpick and Dimo selected and recommending through Request for Proposals (RFP) have been forwarded to Cabinet Committee on Economic Managements (CCEM) and the proposal for fish farming was approved by the Secretaries Committee.

The rail transportation of coal and clinker from Trincomalee Port is identified as a priority project. The SLPA, Government Agent (GA) Trincomalee and Rail Department jointly work to identify the railway path. The survey will be carried out by the Sri Lanka Railway (SLR) and once this is developed, future access road and the resettlement plan will be made by the SLPA.

A construction of a new warehouse has commenced and it is planned to modify and reuse the roof structure and the columns of the CFS - II warehouse of the Port of Colombo which was dismantled recently. The new warehouse will be located at the same location of warehouse 2 and 3 of Port of Trincomalee, and will be utilised to store coal, clinker and general cargo. The construction of the foundation has been completed.



Plans are to install 14 channel buoys with sinkers, chains and self-illuminating solar lights for the port side and starboard side of the navigational channel at Port of Trincomalee. Further, reactivation of lighthouses is to be implemented under this project. The estimated project cost is one billion yen and the project is in progress.

#### Development of Kankesanthurai (KKS)

##### Project Details and Present Position

Approval of the Cabinet of Ministers has been obtained to vest 50 acres land with SLPA for the Port of KKS to commence its operations with the consent of the Ministry of Industry and Commerce. Initially, it is approved for 15 acres land to be fenced for safe and secure port operations with a gate house and warehouse facilities.

The survey map for these areas is to be obtained from the Department of Survey, Jaffna and the SLPA is awaiting the survey map to initiate erecting of the boundary fence and construction of the gate house and warehouse.

#### National Port Master Plan

##### Project Details and Present Position

ADB has provided a Technical Assistance Grant of US\$ 1.5 million to SLPA to prepare its National Port Master Plan. Accordingly, Consultant of ADB, Maritime and Transport Business Solutions (MTBS), is preparing the National Port Master Plan. The project is initiated in November 2016 and to be completed in May 2019.

#### THE SOUTHERN PORT DEVELOPMENT DIVISION

During 2017, the Southern Port Development Division was involved in completing major civil construction work, which falls under Phase II of the Hambantota Port Development Project.

The Major part of the handling equipment has already been delivered during the year under review and balance importations will be continued up to the 2nd quarter 2018. Accordingly, the date of completion of the project is 15th May 2018.

As directed by the Government, the SLPA has accommodated a proposal submitted by a Chinese Company (China Merchant Port Holding Company Limited) to operate the Hambantota Port on Public-Private Partnership. Accordingly, the Concessional Agreement has already been entered into between SLPA/GOSL and CM Port Holdings Ltd/HIPG/HIPS on 29th July 2017.

#### THE CONTRACTS AND DESIGNS DIVISION

The Contracts & Designs (C&D) Division is mainly responsible for designing of Port-related structures and execution of Civil Engineering projects carried out by SLPA. Designing of structures includes port infrastructures such as quay walls, piers, buildings, roads to facilitate the SLPA in its main business. Further, the Division undertakes all designs/drawing work for all maintenance and development requirements of all the divisions of SLPA including all regional ports. Management and execution of projects includes tender proceedings, consultancy services, construction supervision, quality controlling and contract management of such projects.

In addition to the above, the division also undertakes minor construction works in the Port of Colombo, utilising its direct labour force.

Construction and development work carried out by the division during the year 2017 is summarised as below:

#### Widening of Internal Port Road Project at Port of Colombo

It has been identified that the existing four lane Internal Port Road from Ingurukade Junction to Gate 01 needs widening up to 6 lanes to cater to the expected traffic volumes within the port premises with the completion of South Port developments. Together with the road widening, it is a requirement to widen the two existing bridges at Fort area and bridge over Bloemendhal Road in the Port Access Road.



# OPERATIONAL REVIEW



In order to widen the road for six lanes, it was required to demolish and relocate the existing buildings, offices, workshops, facilities etc. Widening of Internal Port Road was commenced in 2013 and the construction works are being carried out in stages in road stretches where all demolitions are completed.

## Project Progress

Internal Port Road (IPR) widening works have been carried out in a phased manner. During 2017, Rs. 54.4 million works (financial progress) have been completed. The total financial progress of the project is Rs. 756.97 million up to December 2017.

The construction work of the road stretch from Ch. 1 + 700 to 2+060 m has been carried out and year-end progress is 68%. Tender of Road Stretch Ch.3+340 to 4+020m) was advertised and awarded. Next road stretch Ch. 0+540 to 0+840m is in planning and designing stage and to be implemented in 2018.

## Widening of Port Access Road

Port Access Road is proposed to widen from four lanes to six lanes. The road stretch is on very weak soil and requires soil improvements prior to commencement of road widening work. Soil investigations were completed in year 2017. Accordingly, a proposal was obtained from Central

Engineering Consultancy Bureau (CECB) for designing of soil improvement and road widening work. The task was assigned to CECB and work is in progress.

## Project Progress

The CECB has submitted the preliminary drawing for soil improvements and requested the final trace of the Port Access Elevated Project to finalise the designs/drawings. Details are to be obtained from Road Development Authority (RDA) and to be carried out along with the proposed Port Access Elevated Project.

## Rehabilitation of Terminals/Piers at Port of Colombo

### Paving Works at Guide Pier and Bandaranayake Quay

It has been identified that the existing Guide Pier Yard and Bandaranayake Quay (BQ) need some improvements and re-surfacing as has entire yard has subsided.

## Project Progress

Paving works at Guide Pier have been completed at the total cost of Rs. 51 million in year -2016. Paving works at Bandaranayake Quay – Stage I, have completed at the total cost of Rs. 25.71 million in year 2017. Paving works at Bandaranayake Quay – Stage II are in progress and 95% works are completed in year 2017.

## Rehabilitation of JCT 3 Terminal (R & S Lanes)

Existing container stacking yard including the roads at JCT 3 need to be rehabilitated as most of the container stacking areas and road ways have experienced settlement. Rehabilitation works have been undertaken in stages to avoid disturbances when container operations at the terminal are ongoing.

## Project Progress

- Stage I -Rehabilitation of JCT 3 Terminal – R & S Lanes have completed, and payment made up to date is Rs. 38.04 million in year 2017.
- Stage II - Rehabilitation of JCT 3 Terminal – M & N Lanes has awarded, and construction work is being carried out.

## Paving Works at Prince Vijaya Quay (PVQ)

Entire yard area of the PVQ area has been damaged and needs improvements of re-surfacing and the storm water drainage system. Improvements have been planned for two phases in order to minimise port operation.

## Project Progress

Contract of Stage – I was awarded in January 2017 at total cost of 37.6 million and work is substantially completed for 4500m<sup>2</sup>. For Stage - II, Planning and Designing works are in progress and scheduled to be completed in 2018.

## Reconstruction of CFS – I Warehouse

Reconstruction of CFS 01 warehouse, which was damaged due to fire in May 2013, was commenced in January 2016 and completed in 2 stages. The first half of the warehouse was completed on 01.08.2016. It consists of a two-storey office block with a floor area of 600m<sup>2</sup> and warehouse with a floor area of 1800m<sup>2</sup> with a 2.5m wide apron on both sides, and transformer house for logistic activities.



#### Project Progress

Construction of the second half of the warehouse was commenced in August 2016 and fully completed in May 2017 and logistic activities were commenced on 02.06.2017. It consists of warehouse size 45m x 60m, (floor area 2250m<sup>2</sup>) and 45m x 22.5m for dangerous cargo handling (floor area 1012.5m<sup>2</sup>).

#### Rehabilitation of Ashraf Jetty at Port of Trincomalee

It has been identified that the existing Ashraf Jetty needs some improvements and re-surfacing as the yard has settled near quay wall and was affected by the operation activities at the terminals.

#### Project Progress

Required designs, Bill of Quantities (BOQs), specifications together with tender documents were prepared and tender awarded in November 2017. Work is scheduled to be commenced in early 2018.

#### Rehabilitation of Closenbergh Jetty at Port of Galle

It has been identified that the existing Jetty at Galle Port needs some improvements and resurfacing as the yard has subsided and has been affected by the operation activities at the terminals.

#### Project Progress

Required designs, BOQs, specifications together with tender documents were prepared and advertised and sent for management approval. Work is scheduled to commence in early 2018.

#### Coastal Protection Works at Oluvil Urgent Shore Protection at Oluvil Circuit Bungalow

It was observed that the SLPA Circuit Bungalow area has been affected severely due to erosion during the North East Monsoon period and that the coast line has reached just up to the bungalow, damaging the water tower, retaining walls, Septic tanks, manholes etc.

Thus, urgent rehabilitation work was carried out in two phases.

Phase I – revetment construction for 150m length (circuit bungalow area), completed work in 2016.

#### Project Progress

Phase II – revetment construction for 160m length (from circuit bungalow area to officer's quarters)

The project, construction of a 160m rock revetment, was commenced in November 2016 and all work was completed in 2017.

#### Comprehensive Study on Littoral Drift at Oluvil Coastal Areas

A decision was taken to undertake remedial work to arrest the problem of coastal erosion presently experienced beyond the Northern boundary of the Oluvil Port and 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 to be carried out to determine the sediment transport and morphological changes in the coastal areas at Oluvil, and the remedial measures to be adopted.

Ministry of Foreign Affairs of Denmark (DANIDA), the funding agency for the Oluvil Port Development Project, provided the financial assistance for the study on grant basis. Secretary, Ministry of Ports and Shipping awarded consultancy services to the successful consultant, M/s DHI, Denmark, to carry out the study.

#### Project Progress

In April 2017, the final draft report of the study was presented by M/s DHI with recommendations to address the issues. Final report was submitted on June 2017 with their recommendations with costs proposals. Finally, it was decided to extend the study and go for low-cost options.



# OPERATIONAL REVIEW

## ENGINEERING

### THE ELECTRICAL AND ELECTRONIC 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.

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 switch gears 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 cranes
- Repairs to electric motors (AC and DC) and other instruments in container cranes
- Maintenance of stand by 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 fibre 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 fibre 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, aluminium 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-1 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 Hambantota, while carrying out the machinery repairs including Lloyds Register classification Survey requirements of these floating crafts.

Dredging of inner port and high speed outboard motor requirement of the Security Division was well supported by the marine Engineering Division.

Major repairs including dry docking of the tugs, in water 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.

#### Engineering 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 of all the ports under the SLPA while fulfilling the classification society requirements to date.



### Marine II Section

#### Shipwright Section

The Shipwright Section is mainly responsible for all wood repair work and fibreglass repair work for the floating craft 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 fibreglass covering repair work of all GRP boats and wooden hull launches. The shipwright section also carried out repairs to wooden furniture, panelling 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-tonne Patent Slipway and other

slipways. Major repairs to berthing tugs and launches were carried out by the Section during the year.

#### 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 craft as well as the other steel structures.

During the year, this section manufactured and supplied over 125 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 other institutions such as Sri Lanka Navy and Colombo Dockyard.

The Marine Engineering Division has provided required services successfully to all other divisions as well as to the other ports who are in anticipation of such services. Due to the untiring commitments of all the staff and workers, along with the limited amount of available resources, this division excelled in serving our customers who are in port serving craft operation. We further believe that this is another successful year aimed at creating and enhancing the quality of our port society.

# OPERATIONAL REVIEW

## THE MECHANICAL PLANT ENGINEERING DIVISION

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

The SLPA's fleet of cargo handling equipment was maintained satisfactorily by the division during 2017 by carrying out a planned maintenance programme 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 2017.

All other equipment comprising Top lifters, fork lift trucks, trailers and mobile cranes at the Operation and Logistics 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 motorcycles) 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.

The heavy lifting 90-tonne mobile crane which was out of service due to fire was

rehabilitated by the Mechanical Plant Engineering Division with modifications, saving over Rs. 20 million.

## THE MECHANICAL WORKS ENGINEERING DIVISION

The Mechanical Works Engineering Division is responsible for all steel fabrication work of the SLPA. This division plays a crucial role in providing steel repair services to berthing tugs, pilot launches, dredgers and all structural repairs of container handling cranes, container semi-trailers attached to JCT and UCT. 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.

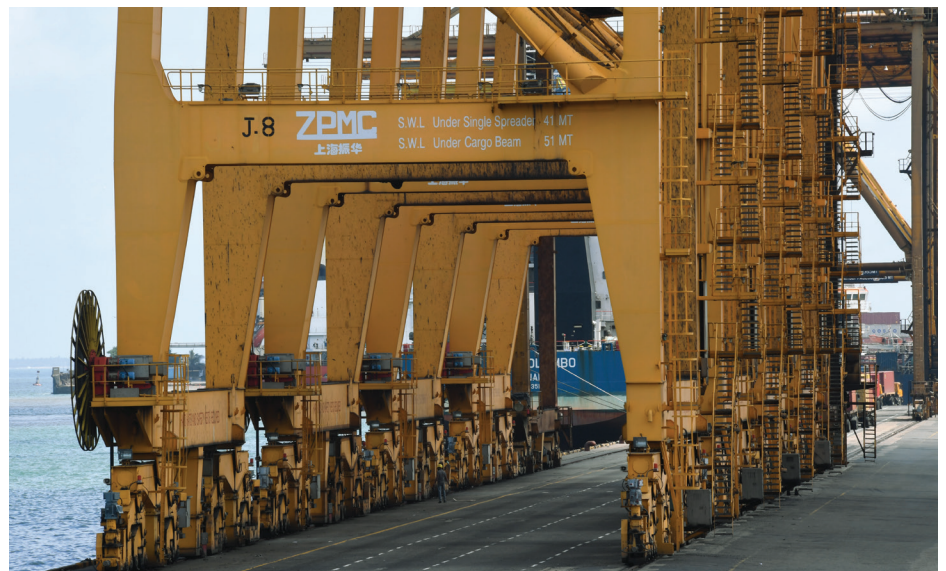
New constructions of steel buildings, warehouses and other structures and removal of old steel buildings and structures are also entrusted with the division.

### The Division completed the following work during the year:

- Steel fabrication of ECT in gate – 90% and ECT out gate – 10% completed
- Construction of ECT fuel shed

- Steel construction of CFS – I warehouse
- Construction of weigh bridge at Port of Galle
- Repairing of J-9, J-15, J-18 gantry cranes trolley rails
- Repairing of J-1, J-2, J-3, J-11, J-16 gantry cranes hand rails
- Construction of a safety fence for the President Office
- Dismantling of CFS – III warehouse (Kochchikade)
- Fabrication and installing of ramp and platform for logistic (container) operation in BQ warehouse
- Constructions of warehouse for Port of Trincomalee – columns, tie beams were completed
- Making of 35 Nos. of coxswain wheels to be gifted for national and international delegations by the Chairman as souvenirs

In addition to the above, anchor chain testing for the Sri Lanka Navy and galvanising work, machining of worn-out spare parts for prime movers, casting of bushes, fitting and repairing of water pumps, lathe machining works were carried out by the seven workshops of this division for the various divisions of SLPA.



## CIVIL ENGINEERING

The prime responsibility of this division is to maintain all port infrastructures and official quarters of the staff and the Civil Engineering Division delivered on its goals during 2017. Apart from its main objectives, some development activities entrusted to the division were also undertaken and completed satisfactorily during this period.

### Maintenance of Port Infrastructure and Official Quarters

The civil engineering maintenance works of office buildings/structures, including colour washing, routine repairing works, minor changes in layouts, changing carpets, etc. were satisfactorily carried out by the Maintenance Section of the division. The team also completed required woodworking for proper upkeep of buildings and quarters, while maintenance of marine structures in Colombo and that of other harbours and all lighthouses was achieved by this section while harbour depths were maintained by the dredging section. Housing Section carried out maintenance of staff quarters at all levels and circuit bungalows in outside locations. Despite many challenges owing to extreme weather conditions/frequent breakage for other purposes, the Roads and Railway Section made its maximum effort to maintain roads at a reasonably acceptable level. The container terminal maintenance work was managed at a reasonable level by the maintenance unit at JCT. Solid waste management with other general cleaning activities was carried out satisfactorily by PHI section and they took on a major role in implementing segregated waste management programmes. Warehouses maintenance and other urgent requirements were handled by the CIW Section. More importantly, despite each section handling specific work, all sections supported each other both in maintenance and in executing development work.



### Development Works

Though the Development Section usually handles new developments, all sections cooperated for the following works:

- Entire re-construction work of CFS I (civil work) and buildings/structures construction of ECT.
- Miscellaneous constructions in KKS and Trincomalee Ports
- Relocation work required by external projects

## HUMAN RESOURCE DEVELOPMENT

### THE HUMAN RESOURCE DIVISION

The Human Resource Division plays a vital role in achieving organisational objectives by appointing required personnel among all the divisions including other ports. This has been expedited by deploying human resource functions in a timely manner to the satisfaction of the management and the employees.

The total workforce in the SLPA at the beginning of the year 2017 was 9651, which includes all the categories of permanent, contract and other as follows:

Executives	591
Non-Executives	5,379
Technical	1,824
Non-Technical	1,857
<b>Total</b>	<b>9,651</b>

The total workforce at the beginning of the year was 9,651 while 9,377 at the end of year 2017 and the port-wise break down is follows:

Port of Colombo	8,625
Port of Galle	351
Port of Trincomalee	401
<b>Total</b>	<b>9,377</b>

### Internal promotions in the port for the year 2017

In accordance with the Human Resource Plan, vacant posts were filled internally with eligible and qualified candidates, as per the Scheme of Recruitment and external recruitment was utilised for posts where there were no suitable candidates for the same.

# OPERATIONAL REVIEW

## Details of External Requirements in 2017

During the year 2017, 125 employees were recruited externally on permanent and contract basis. The following chart depicts the report in detail.

Employees Category	Permanent	Contract Basis	Total
Executive	19	4	23
Non-Executive	50	7	57
Non-Technical	40	1	41
Technical	04	0	4
<b>Total</b>	<b>113</b>	<b>12</b>	<b>125</b>

## Details of Outgoing Employees

The total outgoing employees for the year 2017 was 399 and details are as follows:

Reason for Exit	Number of Employees
Retirement	332
Death	24
Dismissal	07
Resignation	20
Vacation of Post	08
Retirement on Medical Grounds	02
Termination	06
<b>Total</b>	<b>399</b>

## Accidents and Compensations

The total number of accidents in the year under review was 78 including 69 SLPA staff and nine outsiders. Reportedly, there were two outsiders deceased and only one person is due for payments.

## Ex-gratia Payments

A sum of Rs. 529,000 was paid as ex-gratia payments to the dependents of the employees who died due to natural causes and another Rs. 60,000 was due to be paid for the year 2017.



## Awareness and Motivation Programs

A total of four awareness and motivation programs were held at the Mahapola Ports & Maritime Academy. The main objective of these programmes was to motivate employees to achieve organisational objectives and to improve productivity.

## Awarding Gold Coins

Weight	No. of Coins
01 Sovereign	24
01 ¼ Sovereign	43
01 ½ Sovereign	09

## Transfer and Other Grievances

Six sittings of the Transfer and Other Grievances Committee were held during 2017 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 194 inquiries in 2017, in order to maintain a disciplined workforce.

## THE WELFARE AND INDUSTRIAL RELATIONS DIVISION

The Welfare and Industrial Relations Division functions with the objective of providing facilities and opportunities to the employees of the SLPA in order to have a better quality of life.

### Administration of the Division

The Welfare and Industrial Relations Division functions under two sections.

- Main office
- Central Kitchen Section

The welfare programmes which are implemented by the Welfare and Industrial Relations Division are given below:

### Supply of meals free of charge to the staff

The Sri Lanka Ports Authority 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

2017, Rs. 657,343,932 was spent to provide lunch/dinner and tea/snacks. An amount of Rs. 100 is paid in lieu of each free meal for the employees who do not partake of free meals.

### Employees' Health Insurance Scheme

The insurance year commences from 1st September each year and ends on 31st August of the following year. Accordingly, the insurance year relevant to 2016/2017 ended on 31st August 2017. This was implemented by MBSL Insurance Company and insurance year 2017/2018 will be covered up by the National Insurance Trust Fund (NITF). Accordingly, the following changes have been made when implementing the insurance scheme for the year 2017/2018 through the NITF.

01. The hospitalisation cover has been increased from Rs. 100,000 to Rs. 200,000
02. The maximum coverage only for single occasion in case of hospitalisation has been increased from Rs. 75,000 to Rs. 150,000

### Scholarship Scheme

The scholarship programme is operated in two stages for the G.C.E. (A/L) and for University education to award scholarships to the children of the SLPA employees. An amount of Rs.750 is being granted monthly for the GCE (A/L) scholars for a period of 24 months. This amount is granted to the scholars by the SLPA for a period of two years as Rs. 9,000 per annum. Accordingly, based on the results of the Ordinary Level Examination held in December 2014 and 2015, a sum of Rs. 4,626,000 was paid for 514 scholars.

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 three to five years,



and payment is made only for a period of 10 months per year and the payment depends on the duration of the course of study. An amount of Rs. 25,000 is paid annually for three years degree course and Rs. 25,000 is also paid in the same manner for four to five years duration of full-time degree courses. Accordingly, an amount of Rs. 75,000 for scholars who are following three years general degree courses, Rs. 100,000 for those who are following four years basic degree courses and Rs. 125,000 for those who are following five years medical degree and an amount of Rs. 25,000 is paid for each scholar annually.

Bursary allowances amounting to Rs. 8,350,000/- have been granted to 334 students for the academic years of 2011/2012, 2012/2013, 2013/2014 and 2014/2015. Applications were called pertaining to the academic year 2015/2016, and the number of students eligible to receive bursary allowances were 60.

### Ayurvedic Medical Centre

The Ayurvedic Medical Centre which commenced on 8th January 2016 for the benefit of the SLPA employees is functioning successfully. The number of registered patients were 1,885. The number of patients who received treatment in the year 2017 was 8,614. Acupuncture healing treatments are

also available at this centre, in addition to ayurvedic treatments. A sum of Rs. 400,000 was allocated for the Ayurvedic Medical Centre as Capital Expenditure and Rs. 2,000,000 as Recurrent Expenditure during the year 2017.

### Housing Loan Scheme

Housing loan scheme is available for the permanent employees of the SLPA and they are able to make use of this 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 to add a new section to the house or to purchase a 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. five applications were received in 2017 and a total sum of Rs. 1,500,000 has been released to the State Mortgage and Investment Bank (SMIB), under this programme.

### Buses for Welfare activities

This division deployed five buses for pilgrimages, excursions and also to attend funerals of SLPA employees and their family members. Three buses were allocated for internal transportation. The total number of trips was 791 during the year 2017.

# OPERATIONAL REVIEW

## The Crèche and the Pre-school

This facility provides care for children between 2½ to five years. The children are enrolled from 1st January to 30th September and a monthly fee of Rs. 1,300 is charged per child.

The amount received as monthly fees from January to December 2017 was Rs. 679,900.

## Library Facilities

The SLPA provides financial assistance for the libraries maintained by the employees in order to improve reading habits and gain current knowledge to develop their skills. Rs. 200,000 was approved for the year 2017 and this was allocated among 20 libraries which are in operation according to the maximum membership and the amount allocated per library was Rs. 10,900.

## Payments for Special Leave Entitlement

When an employee has used all his leave entitlement, 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, on a medical recommendation. Leave with pay or without pay is approved as a concession, subject to the recommendation of the Chief Medical Officer. From January to December 2017, 92 applications have been received and the approval has been granted for 181 days on approved no pay leave, 3,845 days on approved leave with pay and for seven days no pay leave.

## Maritime Museum

The Maritime Museum is opened from 8.00 a.m. to 5.00 p.m. on weekdays, Sundays and Poya days. The total number of visitors to the museum in 2017 was 52,318.

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, 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 the information supplied by the Human Resources Division. Accordingly, the qualified number of employees for the awards in 2017 were 342.

## Welfare Canteens

Thirteen 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 2017 amounted to Rs. 5,498,418/=

## Circuit bungalow No. 11 at Kataragama

The circuit bungalow No. 11 at Kataragama was handed over to the Welfare and Industrial Relations Division through the Chairman's Circular No. 29/2017 dated 06.10.2017. 321 employees of the SLPA have been provided with accommodation from 06.10.2017 to 31.12.2017.

## THE MEDICAL DIVISION

The Medical Division functions 24 hours a day, seven 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 by our doctors.

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







## THE MAHAPOLA PORTS AND MARITIME ACADEMY

The Mahapola Ports and Maritime Academy (MPMA) is committed to achieve its main objective of providing training facilities to 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 2017. The MPMA also created pathways for port employees to upgrade their levels of competency and to specialise their skills in port operations, through customer-oriented courses that led to certificates.

During 2017, the MPMA trained around 3,305 candidates (excluding on-the-job training) covering up to 342,756 man-hours. The MPMA also provided on-the-job training for 158 university undergraduates, students from technical colleges and other vocational training institutes, etc.

### Overall Training Performance During the Year 2017

Stream	No. of Candidates Trained	Total Man Hours
Equipment Operations	1,252	18,953
Cargo Operations	36	864
Management	1,839	236,322
Information Systems	463	48,093
Technical (Electrical/Mechanical workshop)	575	34,652
Fire, Safety and Occupational Health	993	16,651
Maritime and Seamanship	685	18,880
NAITA Apprentices, VTA and Technical Colleges	101	171,080
University Undergraduates	57	95,760
<b>Total (without OJT)</b>	<b>3,305</b>	<b>196,596</b>
<b>Total (with OJT)</b>	<b>4,349</b>	<b>342,756</b>

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 MPMA 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, Diploma in Accounting and Audit and Diploma in Human Resource Management were conducted during 2017 for the benefit of executive officers. Two new programmes were conducted to enhance shipwright divers' competencies and of women gantry crane operators.

### Enhancing Overall Port productivity

MPMA 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
- Ports management
- Engineering drawing for supervisors and technicians
- Motor control circuits
- Electronics for electricians
- Welding course
- Computer training
- Equipment training etc.

## OPERATIONAL REVIEW

A total of 145 such programmes were conducted for 4,349 participants during 2017. A series of safety awareness programmes was also conducted for 933 private truck drivers, to improve safety of lives and equipment at container terminals. This programme resulted in reducing truck turnaround time and improved safety in the terminal's activities.

### Extending Support to Local and International Maritime Industry

The MPMA 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; 33 such programmes were conducted for 685 candidates during 2017.

### ISO 9001:2008 Certification

The MPMA 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, four internal quality audits, one merchant shipping secretariat audit and IRQS audit during 2017.

### Use of Modern Technology

MPMA has upgraded the quality of its training programmes by introducing modern technology into its activities. There were 33 candidates trained with the use of its own established Mechatronic Laboratory Container Simulator, which is also being used to train 53 gantry crane and transfer crane operators; 12 numbers of selected female trainees have trained on gantry crane.

### Potential Workforce

The MPMA maintains a pool of skilled workers to fulfill future requirements and to serve at newly-developed Ports. For this purpose, about 262 Port equipment operators were trained during 2017.

### Enhancing Language and IT skills

Since customer satisfaction is a vital factor for winning global business, 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 2017 the Centre conducted various IT programmes and trained 463 employees. Several language programmes including Sinhala, Tamil and English were conducted for 192 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 2017, 57 undergraduates from various universities and 101 others were given opportunities by the SLPA to complete their training.

### MPMA providing services to maritime institutes

MPMA is in the progress of providing services to the following institutes.

- Sri Lanka Navy
- Lanka Academy of Technical Studies (Private) Ltd
- CINEC
- Mercantile Seamen Training Institute Ltd
- UNK Global maritime institute
- Merchant Shipping Secretariat
- Ocean University

### Revenue Earned

During the period of January to December 2017, MPMA has earned a total sum of Rs. 25,693,560 as the revenue for the Port Authority from the fee levying programmes conducted for outsiders. The revenue earned from various divisions of SLPA by conducting training for their employees to improve the overall efficiency of port operations was Rs. 22,529,440. Therefore total revenues earned by MPMA during the year 2017 was Rs. 48,223,000.

Total expenses for courses conducted at MPMA was Rs. 11,807,856 during the year 2017.

### Foreign Training and Scholarship Opportunities

During the year under review, a total of one hundred and two 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 organisations outside Sri Lanka.

In addition to this, 50 employees of the SLPA travelled to foreign countries to represent Sri Lanka in sports competitions.

## **SUPPORT SERVICES**

### **THE INFORMATION SYSTEMS DIVISION**

SLPA considers IT as a major underpinning factor and a catalyst for growth of an organisation ably operating in the maritime business. Appropriate IT systems in place for spurring port business, coupled with Sri Lanka's geo-strategic location can position the Port of Colombo in the forefront of its competition and rival ports in the region.

The IS Division has concentrated all its strengths and competitive edges on deploying innovative e-initiatives and strategic IT Systems to improve the productivity and to provide uninterrupted services to its clientele.

The major projects initiated by the IS Division in the year 2017 are summarised under the headings of existing Application Systems as relevant:

#### **Cargo Management System**

The Cargo Management System mainly provides services for Importers and Exporters to create service orders, upload manifest files, make on-line payments and finally deliver 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. 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-authorisation and many other advanced e-features.

The feasibility study with regard to the above has been completed and most of the developments were completed according to SLPA requirements in 2017 and planning to implement the system in year 2018.

#### **Job Costing System**

This system was designed to identify, monitor and maintain individual costing of all tasks handled mainly by engineering workshops.

In 2017, the System was implemented at Electrical Engineering V as a pilot project and was in successful operation and initial discussion was carried out to spread out the system with the cooperation of Civil and Mechanical Engineering Divisions.

#### **Kitchen Stock Control and Management System**

The Stock Control and Management System for Central Kitchen was designed to monitor daily stock balances, re-order levels of stock items and all the other information related to Kitchen functions.

The system was deployed in 2017 and is in operation now. Several customisations were started based on user requirements and project enhancement initiated to integrate the purchasing module.

#### **ORACLE E-Business Suite**

SLPA has implemented the ERP solution, Oracle E-Business Suit for its Financial & Inventory Control Management System in Colombo Port initially and is now extended to the Ports of Galle and Trincomalee.

Upgrading ORACLE Finance and Procurement Management System of

E-Business suite was another significant important project that was commenced by SLPA.

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. Therefore, tender documents (System Requirement Specification) were prepared and forwarded to the supplies division for the tender process in December 2017.

#### **Security Control and e-Permit Issue System**

Current Security Control and Permit Issue System was implemented 16 years ago and 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, it has also identified an online web access software development requirement to provide more facilities to all SLPA users. In 2017, Tender Board approval was received to proceed with the project. Thereafter, its development started and presentations related to online application submission were completed, with plans to implement the system in 2018.

#### **Upgrade the Terminal Management System and the Disaster Recovery Site**

Upgrade the Terminal Management System with state-of-the-art technology to improve productivity, efficiency in handling containers, 24X7 services to port users, internet based and mobile application for port users, gate automation, yard automation, expert decking, prime route, Artificial Intelligence based analytical tools and automated fleet management options for optimising the entire container management operations in SLPA, further, Internet of Things (IoT), OCR (Optical Character Recognition), RFID (Radio Frequency Identification), PDS (Position Detection System), and GPS (Global Positioning Systems) based application

# OPERATIONAL REVIEW

will also be introduced to optimise and improve business excellence in SLPA. With the proposed upgrade, SLPA will be able to provide enhanced online facilities to port users, Customs and other terminals to carry out their business with SLPA in a much easier way.

Cabinet approval has been granted for the above upgrading of the existing Container Terminal Management System.

## Implementation of Virtual Server Hardware

In order to maintain high availability with disaster recovery (DR) and backup services, IS Division implemented virtual server hardware environment for SLPA.

With this project:

- Implemented Virtual Hardware environment to 20 or more number of servers in two high capacity servers with a separate storage
- Implemented disaster recovery automation with one high capacity server with one separate storage
- Installed a third-party backup and recovery solution for every system

The project was completed in the second half of 2017 as scheduled.

## SLPA Website and Android Mobile Applications

New Android mobile applications were implemented to provide crucial Business Information about SLPA with more security in addition to the Sri Lanka Ports Authority official website ([www.slpa.lk](http://www.slpa.lk)).

iCloud supported Mobile applications for iPhone, iPad, iPod touch or Mac machines will be introduced soon with the new development of various important activities.

A new website for Mahapola Maritime Academy (MPMA) with Social Media-Integrated and Mobile-Ready versions was started. This consists of Search Engine

Optimisation mechanisms to enhance and maximise the number of visitors to SLPA website by ensuring that the site appears high on the list of results returned by a search engine.

## CCTV System (Port Monitoring and Surveillance System)

CCTV camera solution was initiated in 2017, targeted at improving port security and access monitoring and controlling 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 safety and security of all port activities.

An initial study was carried out inside the port and as the first phase it was decided to cover all gates within the Colombo port. Specifications for the system requirements was completed and Tender document preparation was completed and submitted for tender board approval.

## e-Docs (Electronic Document Management System)

A Document Management Solution has been initiated, targeting to improve the management and sharing of documents efficiently and accurately. Further, plans have already been made to initiate an Electronic Document Management System and a Work Flow Management System for Sri Lanka Ports Authority. E-document management system with OCR (Optical Character Recognitions) facility for the entire port would help to improve the confidentiality of documents, security and sharing and help to build an intelligent organisation.

An initial study was carried out with several divisions in previous year and after studying the current Document Management products available in the market, tender documents were prepared and submitted to the Supplies Division for the tender process in December 2017.

## New Web-Enabled Payroll and Human Resource Management System

The new Human Resource Management System development was initiated with the help of Human Resource Division and Finance Division to integrate the processes of payroll and HR. This web-enabled system for easy access, high availability, user-friendly interfaces, improve security and controls, inclusion of target bonus & Incentive calculations, more robust engine for automating the payroll activities, E-attendance and e-leave facilities

## Maintenance of existing systems

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

Actions taken by the IS Division by bringing about timely maintenance on hardware and software has helped SLPA ensure uninterrupted operations of its IT systems.

The maintenance work of all the existing systems including server hardware were undertaken by the IS Division in the year under review.

## THE LEGAL DIVISION

The Legal Division is considered to be one of the most prominent divisions in Sri Lanka Ports Authority. It is a specialised sector working jointly with the rest of the divisions in order to achieve SLPA's objectives and ensure SLPA's activities are in conformity with all laws and regulations. The Legal Division provides legal consultation and advice as well as reviewing the rules, contracts and



agreements generated by the other divisions. Further, the Legal Division also drafts, executes and attends to other matters pertaining to contracts, agreements, bonds and deeds (transfers, leases, declarations and mortgages etc.)

Duties of the Legal Division include drafting board papers, cabinet memorandum letters, memos and participating in balanced administrative decision making. The Legal Division is further expresses its Legal opinion to the Board of Directors, Directors, Heads of Divisions and other Sections of the SLPA on issues that are referred to it in addition to pleading all cases of the SLPA with the assistance of the Attorney General's Department and Counsels from unofficial bar. Furthermore, the Legal Division contributes to raising Legal awareness and the orientation of the SLPA staff by coordinating with the other Divisions.

Further, the Legal Division assists the Management by way of preparing orders and regulations to be published under the respective provisions of the SLPA Act and vesting and acquiring lands required for the businesses of SLPA. The Legal Division

also implements the provisions of the State Land (Recovery of Possession) Act and the Government Quarts (Recovery of Possession) Act. The Legal Division is also contributing to the project-related matters and officers attached to the Division serve as members of various committees appointed by the management and the line ministry.

The Legal Division provides more than 300 numbers of opinions per annum to the respective divisions and Sections. When required, it takes appropriate action to obtain opinion from the Attorney General's Department and counsels from unofficial bar.

As at 31.12.2017, 17 Supreme Court cases, 15 Court of Appeals, 08 High Court cases, five District Court cases, five Labour Tribunal Applications, 164 Human Rights Applications, 98 Conciliation Application (Labour Department), four Industrial Arbitration, two Commercial Arbitration, 01 Workmen Compensation Application, 13 Magistrate Court cases and two Custom Inquiry are pending before the respective forums.

## 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)	13	106
MPCA (Rs. 250,000/= to 20 million)	49	2,240
MPCB (Approval limit less than Rs. 250,000/=)	51	4,337

### Total Expenditure Incurred During the year 2017 on Foreign Purchases (C and F Value)

	Rs
Non-Capital Items	Rs. 291,533,098.26
Capital Items	Rs. 52,627,120.33

	No
No. of Letter of Credit opened (Including D/A and D/P)	86
No. of Telegraphic Transfers orders opened	46

### Details of the Goods Cleared by the Wharf Section in 2017

	No
Sea Freight	72
Air Freight	61
Parcel Post	05

Value of Stocks as at 31.12.2017 -  
Rs. 2,443,641,800.00

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## Main Stores and Stocks Control

	Rs
Value of Goods received at Stores during the year 2017 (Non-Capital)	Rs.1,829,712,236.50
Value of Goods received at stores during the year 2017 (Capital)	Rs. 381,504,676.00
Value of Goods issued to User Section (Non-Capital)	Rs.1,864,907,514.76

## THE SECURITY DIVISION

The prime responsibility of the Security Division is to protect the property and human resources of all the ports administered by the SLPA as well as to provide security for all port users, cargo handled and for service-oriented vessels. The Security Division maintains a 24 hour efficient and comprehensive service to achieve these goals.

The day-to-day security services are being maintained efficiently in collaboration with other divisions in order to make future development activities a success, and the progress achieved by this division through the employee motivation and development of human resources in the year 2017 is as follows:

### Issuing of entry permits

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

	Rs
Total income earned by issuing entry permits for persons and vehicles	391,334,340.11
Income earned by imposing fines for re-issuing new permits in lieu of the misplaced Port permits	102,091.89
Income earned by issuing permits to SAGT, Colombo Dockyard Ltd., and CICT on pre-payments	33,750,953.37
Income earned by issuing pouches and shoulder belts with annual permits	48,400.00
Income earned by issuing of permits for persons and vehicles for the purpose of fishing within the Port (Angling)	84,489.84
The income earned through payment by vouchers of outstanding balances of RPU permits issued before 2016 2016	1,196,340.00
The income earned by issuing permits for new vehicles and replacement of vehicles with the approval of the Ministry	107,625,000.00
<b>Total income earned by issuing permits</b>	<b>534,141,615.21</b>

In addition to the income generated by issuing permits, the number of free entry permits issued in 2017 for persons and vehicles as a service was 19,639 and 4,538 respectively.

### New Programmes Implemented with Regard to Issuing of Permits

- Action was taken to issue permits valid only for one year with effect from 2018, with the approval of the higher management, instead of the Regular Port Users' permits issued on the basis of annual renewal of permits effective for five years. Accordingly, those who have not renewed their RPU permits are refused entry to the port premises.
- Action was taken to issue permits printed on 'Media Tag' cards instead of permits printed on 'Biometric' cards from 2017 to 24 institutions which obtained the approval to issue free permits. Accordingly, the cost of issuing free permits has been minimised.

Further, 128 personal permits and 53 vehicle permits have been suspended and 152 and 51 suspensions have been removed respectively.

## Motor Traffic Control

- Traffic within the port road ways was reduced by the implementation of a more efficient motor traffic control plan according to the development activities conducted within the port premises.
- In 2017, 69 accidents were reported to the Motor Traffic Control Section and the income earned by imposing fines for the damages caused to the Sri Lanka Ports Authority amounted to Rs. 3,028,779.40.
- Further, 114 cases were filed for the violation of traffic regulations and the amount earned from imposing fines was Rs. 234,000.00.
- 181 accidents were reported within the port premises and 79 were caused by employees and 102 accidents by outsiders.

## Introduction of New Technology

The ground work for preparing a programme to introduce new technology to monitor port security activities through the introduction of Radio Frequency Identification (RFID) and with "CCTV", scanners and drones was laid in 2017 in collaboration with the relevant Divisions and this programme is to be implemented in 2018.

## Investigation activities

The acts of misconduct committed by port employees of various divisions and outsiders and the investigations carried out by the Security Investigation Unit are as follows.

		No
Fraud	-	15
Being under the influence of liquor	-	29
Bribery		
Violation of permit regulations	-	06
Other misconduct	-	06
<b>Total</b>	<b>-</b>	<b>128</b>

## Training and Development

The Security Training School conducted nine training workshops through 27 sessions to enhance the efficiency of the security officers and their services as well as to provide the knowledge necessary for future promotions; 946 security officers were trained.

Further, security officers from all ports were trained and the division succeeded in conducting training and development at optimum levels.

The Security Division succeeded in providing a high level of security by improving the welfare of all security officers in 2017.

## THE COMMUNICATION AND PUBLIC RELATIONS DIVISION

The Communication and Public Relations Division was established in the year 2004 with a view to foster better communication between the Management and the employees and with the external organisations locally and internationally to boost the image of the organisation. Every possible step has been taken to give wide publicity locally and internationally with regard to upcoming development port projects.

The Communication and Public Relations Division has successfully continued the 'Theertha' monthly newspaper distributed free of charge among employees of SLPA to fulfil 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, ideology, and further provides a gateway to make employees aware of timely actions and rules and regulations of SLPA towards elevating efficiency and productivity.

The Division also maintains archives library facilities of both print and electronic data records for institutional reference.



Computerised data and original hard copies of all matters published related to SLPA in local newspapers and most of the magazines in Sinhalese, Tamil and English are protected at the division, while a state-of-the-art electronic studio protects all video visuals of past and present coverages of SLPA for future reference as well as for production of various video documentaries for SLPA, from time to time. A manual and a computerised library of photography is also available at the division which keeps records of all images of coverage done for SLPA.

In the year 2017, SLPA hosted the 19th symposium on International Network of Affiliated Ports (INAP) under the theme, 'Maritime Co-operation and Economic Prosperity through INAP' at the Kingsbury Hotel Colombo from 7th to 8th November 2017 with the participation of 08 countries in the maritime region. The Communication and Public Relations Division played a pivotal role at this symposium with a collective effort to make it a success story. Accordingly, the live coverage at the venue of the inauguration, coordination of all press and electronic media for maximum publicity and all photography and videography during the function was covered by the Division.

Under instructions of the Management, SLPA marked its presence through the Communication and Public Relations Division at the Second Sri Lanka International Airfreight, Shipping and Logistics Expo at the Sri Lanka Exhibition and Convention Centre (SLECC) in Colombo from 15th to 17th September 2017. The stall by CPRD for SLPA included a line-up of photo essays, video documentaries of maritime development projects initiated by SLPA and also brochures to acknowledge the public who visited the trade fair.

Further to the instructions of the Management, the Communication and Public Relations Division also represented the SLPA at the Coconut, Rubber, Tea Trade Fair - 2017 (CRT 2017) held at the BMICH, Colombo from 11th to 13th August 2017. The exhibition stall constructed by the division for SLPA with staff of CPRD stationed full time at the centre depicted footage that unveiled the developmental journey towards making Sri Lanka the prime maritime hub in the region, video documentaries and brochures to acknowledge the public that included school communities, students of higher studies and maritime enthusiasts who visited the exhibition.

## OPERATIONAL REVIEW

Meanwhile, the Communication and Public Relations Division played a vital role in organising functions and events. The newspaper supplements which were published to mark the various events were designed and organised by this division.

Steps were taken to give publicity for all important events during the year under review through electronic and print media and to effectively counter adverse reports published on SLPA in the press and electronic media time to time. The division is the authorised arm of the Sri Lanka Ports Authority to announce and express itself at various press briefings and to issue video and print information and press releases to all external media institutions for publicity for SLPA towards enhancing its image and productivity.

In line with the tasks vested upon the Communication and Public Relations division, to facilitate the communication and public relations activities to make the programmes and events launched and implemented by SLPA a success, the Division also coordinated with a number of national and other recognised television, radio and press institutions in the country to telecast, broadcast and publish several feature, documentary and interviews that would make the masses well aware of the Port of Hambantota and its benefits to support the future socio-economic development of Sri Lanka. The division also coordinated several workshops to make regional journalists aware of this mega project that in return received a wider publicity of the success of the project to bring future prosperity to the motherland.

### THE PREMISES SECTION

The main responsibility of the Premises section is the management of all immovable properties owned by SLPA. This section is bound to fulfil this responsibility by calling for survey plans, collecting valuation reports, obtaining



Board approval, signing lease agreements, charging lease rentals and all other related activities of land and premises.

There are nearly 10,047 acres of land belonging to the SLPA around the island which are shown in the following table:

Port	Land (acres)
Colombo	966
Galle	94
Trinco	5,571
Oluvil	168
Hambantota	2,935
KKS	300
Other	13
<b>Total</b>	<b>10,047</b>

Out of the total land area of 10,047 Acres, 77 premises in and around Colombo Port, four in and around Galle Port, four in and around Trincomalee Port and three in and around Oluvil Port are leased to external parties/institutions.

In order to widen revenue, the SLPA was able to earn a sum of approximately Rs. 1.5 billion as lease rental during the year 2017.

There are four new lease agreements which have been signed by the Premises Section in 2017. The Premises Section has paid a total value of Rs. 47 million as rates for SLPA premises to Colombo Municipal Council and other Urban Councils.

According to the new Housing Circular No. 26/2017 issued on 20.09.2017, action is being taken to allocate vacant SLPA quarters for employees 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 the 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 day/night shifts. Employees who were detected as being away from workplaces 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 Dishonoured cheques were examined and 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 authorisation 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 the 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 that 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, Trincomalee and Hambantota

An Audit of Accounts for the Ports of Galle, Trincomalee and Hambantota was carried out on both revenue and expenditure and reports were prepared.

### Audit Committee

The Audit Committee consists of the representative of the General Treasury who is on the Board of Directors and two other directors of the Board. In order to ensure those regular meetings could be held, the Board decided to appoint Treasury Representative as a Chairman of the Audit Committee.

The Audit Committee reviews policies and procedures of internal control, ascertains the efficiency of such policies and procedures, reviews of Internal Auditors' reports and letters of Government Audit and follows up on their recommendations



# OPERATIONAL REVIEW

which are actioned through the Board and complied with by the Divisional Heads. It also ensures that with the guidance from the Board, that the Authority has processes and mechanisms in place to identify risks both financial and operational and such risks are managed and addressed through a well-defined action plan.

The committee is responsible to and report to the Board regularly to strengthen the present system and procedures in relation to financial and operations activities in order to improve efficiency and enhance productivity of resources for the benefit of employees and other stake holders.

## OTHER PORTS

### PORT OF TRINCOMALEE

#### Navigation

#### STS Operations

STS operations have been carried out at Port of Trincomalee since April 2015.

#### Crafts

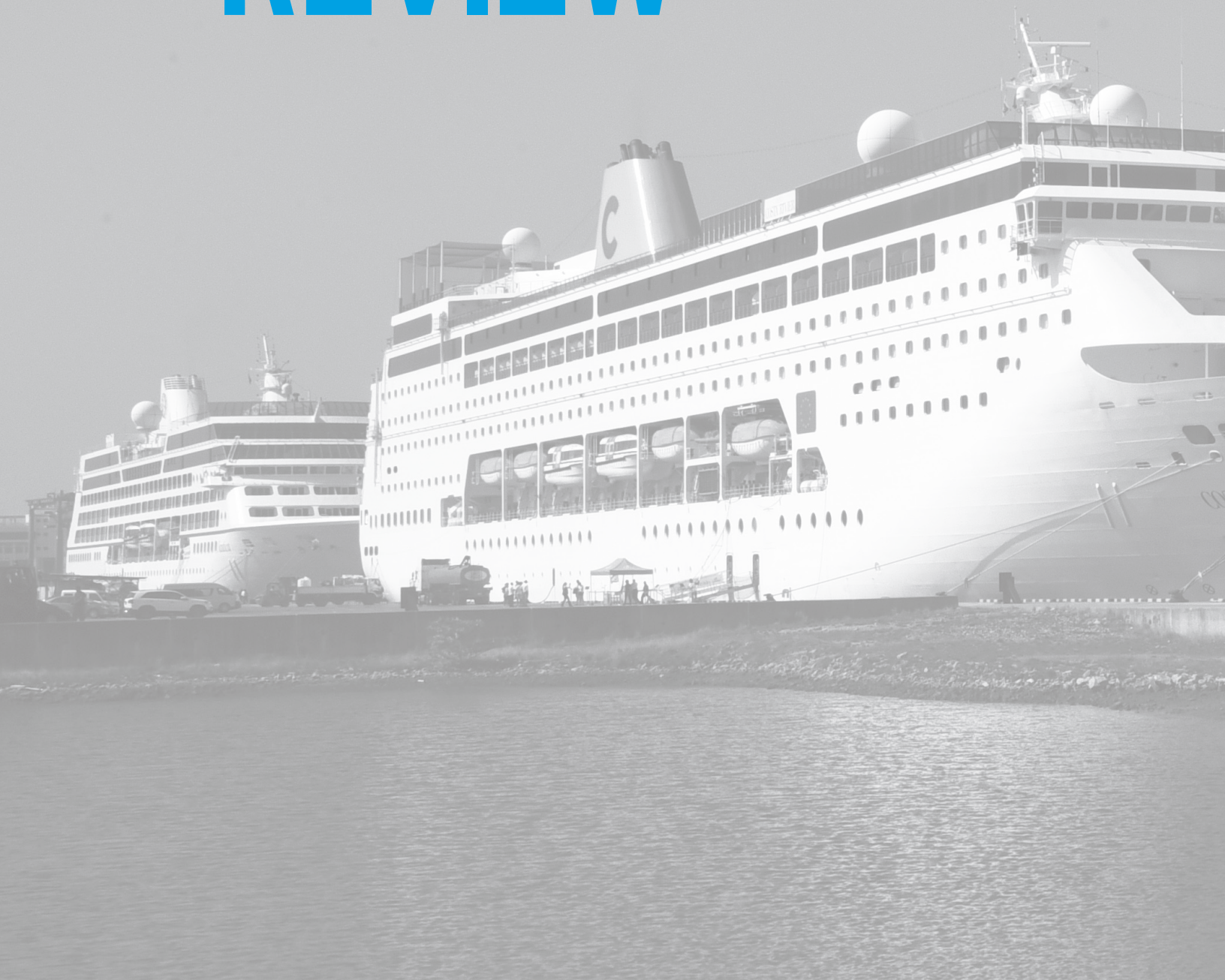
The available crafts in Trincomalee Port are as follows;

- 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

### PORT OF GALLE

Port	Land (acres)
Type of Vessels	Nos.
Clinker	76
Gypsum	04
Slag	01
Passenger (In port anchorage)	04
Passenger (Anchorage)	02
Others	65
Anchorage	76
Off Port Limit Vessels	8,062
Sailing Yacht	68

# FINANCIAL REVIEW



# FINANCIAL REVIEW

## Revenue (All Ports)

### Revenue

(Port Activity Break-up) (Rs. Million)

Description	2017	2016	Description	2017	2016
Revenue from Port Activities	36,914	36,799	Navigation	8,503	7,963
Other Revenue	8,694	7,281	Stevedoring	17,487	18,520
			Wharf Handling	5,419	5,066
			Port Facilities	4,235	4,021
			Other Service Operations	1,270	1,230
<b>Total Revenue</b>	<b>45,609</b>	<b>44,080</b>	<b>Sub Total</b>	<b>36,914</b>	<b>36,799</b>

## Operating and Other Expenses (All Ports)

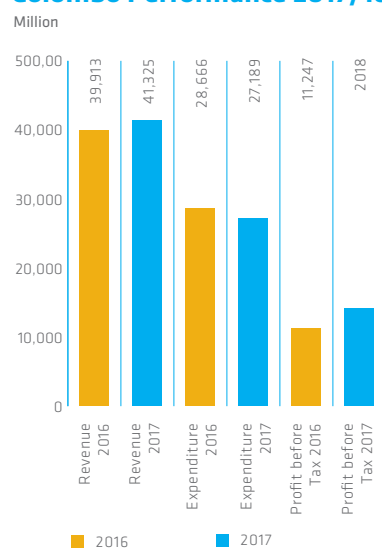
Description	2017 Expenditure	2016 Expenditure	(Increase) / Decrease	%
Maintenance of Assets	1,325	1,424	99	7
Fuel, Electricity and Water	2,149	2,076	(73)	(3)
Interest on Foreign Loan	2,082	4,302	2,220	52
Overtime	3,807	3,772	(35)	(1)
Depreciation (Including Amortisation)	5,572	5,995	423	7
Wages, Salaries and Allowances	12,582	11,952	(629)	(5)
Others	2,664	3,483	818	23
Expenditure	30,181	33,006	2,825	9
Foreign Exchange (Loss)/Gain	2,206	10,038	7,833	78
<b>Total Expenditure Including FEL</b>	<b>32,387</b>	<b>43,044</b>	<b>10,657</b>	<b>25</b>

## Port Wise Performance

### Port of Colombo

The Port of Colombo recorded a pre-tax profit of Rs. 14,136 million in year 2017. The gross revenue of 2017 was Rs. 41,325 million as compared to Rs. 39,913 million in 2016 which is an increase of Rs.1,412 million. Total expenditure before tax remained at Rs. 27,189 million (including FEL Rs. 2,161 million) in 2017 whereas 2016 expenditure was Rs. 28,666 million (including FEL Rs. 3,533 million), which is a decrease of 5%.

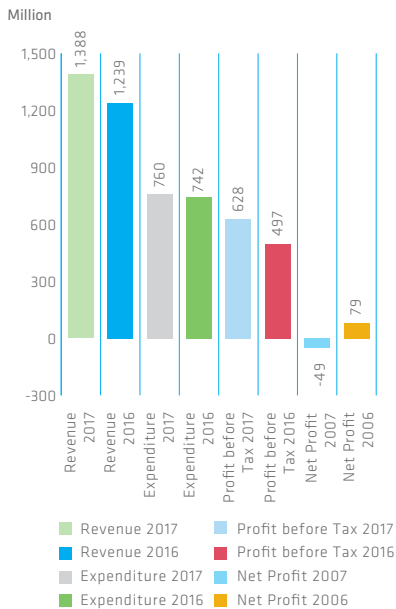
### Colombo Performance 2017/16



### Port of Galle

The Port of Galle recorded a pre-tax profit of Rs. 628 million in 2017. The gross revenue of 2017 was Rs. 1,388 million as compared to Rs. 1,239 million in 2016, which is an increase of Rs. 149 million. Total expenditure before tax remained at Rs. 760 million (including FEL Rs.32 million) in 2017 whereas 2016 expenditure was Rs. 752 million (including FEL 44 million), which is an increase of 2%.

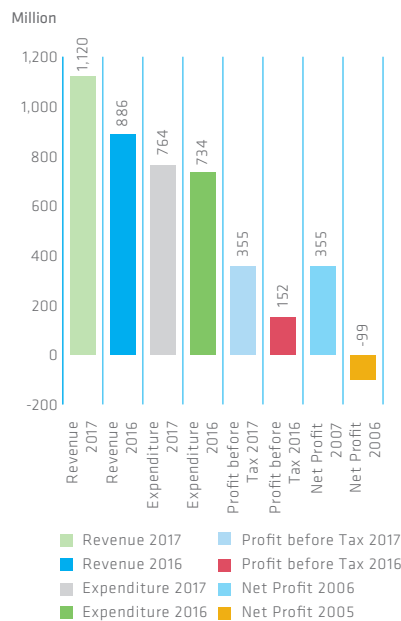
### Galle Performance 2017/2016



### Port of Trincomalee

The Port of Trincomalee recorded a pre-tax profit of Rs. 355 million in 2017. The gross revenue of 2017 was Rs. 1,120 million as compared to Rs. 886 million in 2016, which is an increase of Rs. 234 million. Total expenditure before tax remained at Rs. 764 million in 2017 whereas 2016 expenditure was Rs. 734 million, which is an increase of 4%.

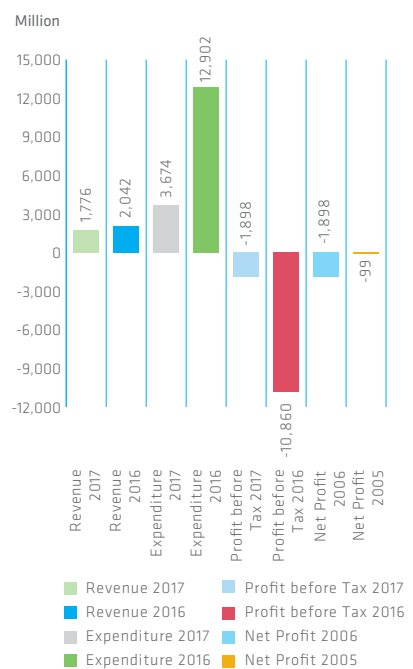
### Trincomalee Performance 2017/2016



### Port of Hambantota

The Port of Hambantota recorded a pre-tax loss of Rs. 1,898 million in the year 2017. The gross revenue of 2017 was Rs. 1,776 million as compared to Rs. 2,042 million in 2016, which is a decrease of Rs. 266 million. Total expenditure before tax remained at Rs. 3,674 million (including FEL Rs. 12 million) in 2017 whereas 2016 expenditure was Rs. 12,901 million (including FEL Rs. 6,462 million), which is a decrease of 72%.

### Hambantota Performance 2017/2016



# HUMAN CAPITAL



The Sri Lanka Ports Authority has recognised Human Capital as the main driving force of the organisation and has taken measures to derive the best outcome from this invaluable resource by introducing a Human Resource Policy that addresses the ways and means of developing the human resource as the competitive advantage of the organisation.

The MPMA is the main training arm of the organisation that focuses on training and development of the human resource. At this academy, various training programmes are conducted, including diploma courses and other workshops, seminars and practical sessions. Further, steps have been taken to conduct practical examinations for the skilled grade categories to enable them to obtain National Vocational Qualification (NVQ).

The Scheme of Recruitment that was introduced during the year 2012 has encouraged employees in all categories to obtain higher qualifications in order to obtain promotions. Thus, the demand for training programs at MPMA has shown a marked increase during the recent years.

The intended human resource policy will revisit the manual of administrative procedure, disciplinary procedure, scheme of recruitment, human resource requirements of different divisions in order to provide the best environment for the human resource to perform their functions freely to achieve corporate goals. Further, this policy will ensure equal opportunity for all categories while maintaining gender balance and non-discrimination in all forms of human resource related activities, especially during promotions.

# 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 fire-fighting as well as other emergencies within Colombo and suburbs.
- Maintenance of a ward at the Mental Hospital in Mulleriyawa.

# CORPORATE GOVERNANCE REPORT

Corporate Governance is the total system by which organisations establish a mechanism for the effective utilisation of resources, direction and control of the organisation in the best interest of all categories of 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 organisation, they have to ensure that processes and controls are in place and effective, which are to be facilitated through the career officials who in turn are responsible for respective functional areas. In this exercise, Internal Auditors play a vital role in the examination of the performance and report whether there are variations from the approved procedure. In case of any deviation, they have to recommend as to how they should be revised to meet the expected performance specially in respect of the operational and financial functions and thus contribute 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 manage a transparent organisation that maximises value is of primary importance. The Authority has continued 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 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 07 Directors. Members of the Board of Directors should have the highest professional and personal ethics and values coupled with their experience in the industry 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 function 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 16 to 20.

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

- Setting directions through establishment of strategic objectives, policies, goals and targets.
- Monitor performance against goals and objectives.
- Ensure that adequate internal controls and the highest ethical standards are maintained.



- Formulating Guidelines and ensuring their effectiveness to achieve objectives.
- Ensure that all key business risks are identified and appropriate and adequate controls, monitoring and reporting mechanism are in place to address them in a timely manner.

The Board meets regularly and during the year under review the Board met on fifteen (15) 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 of day-to-day administration, establishment and operational matters, the Management Committee looked into various aspects such as optimum use of resources including human resources enhancement of productivity to improve the quality of services to the Port users and the interest of other stakeholders as a socially responsible Corporate Public Sector institution while being a commercially viable organisation.

The Management Committee at its meetings carefully perused all policy matters and also 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 were taken. The Management Committee had eight (08) 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 in December, 2017.

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

The Committee is responsible to and reports to the Board regularly to strengthen the present systems and procedures in relation to financial and operational activities in order to improve the 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 organisation. 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 Authority assets against unauthorised suing or disposition, maintenance of proper records and the reliability of information generated.

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

#### **Internal Auditors**

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.

# CORPORATE GOVERNANCE REPORT

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

## **Compliance Framework and Compliance with Statutory and Legal Requirements**

The Authority has recognised 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 Ministry of Ports and Shipping 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 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.

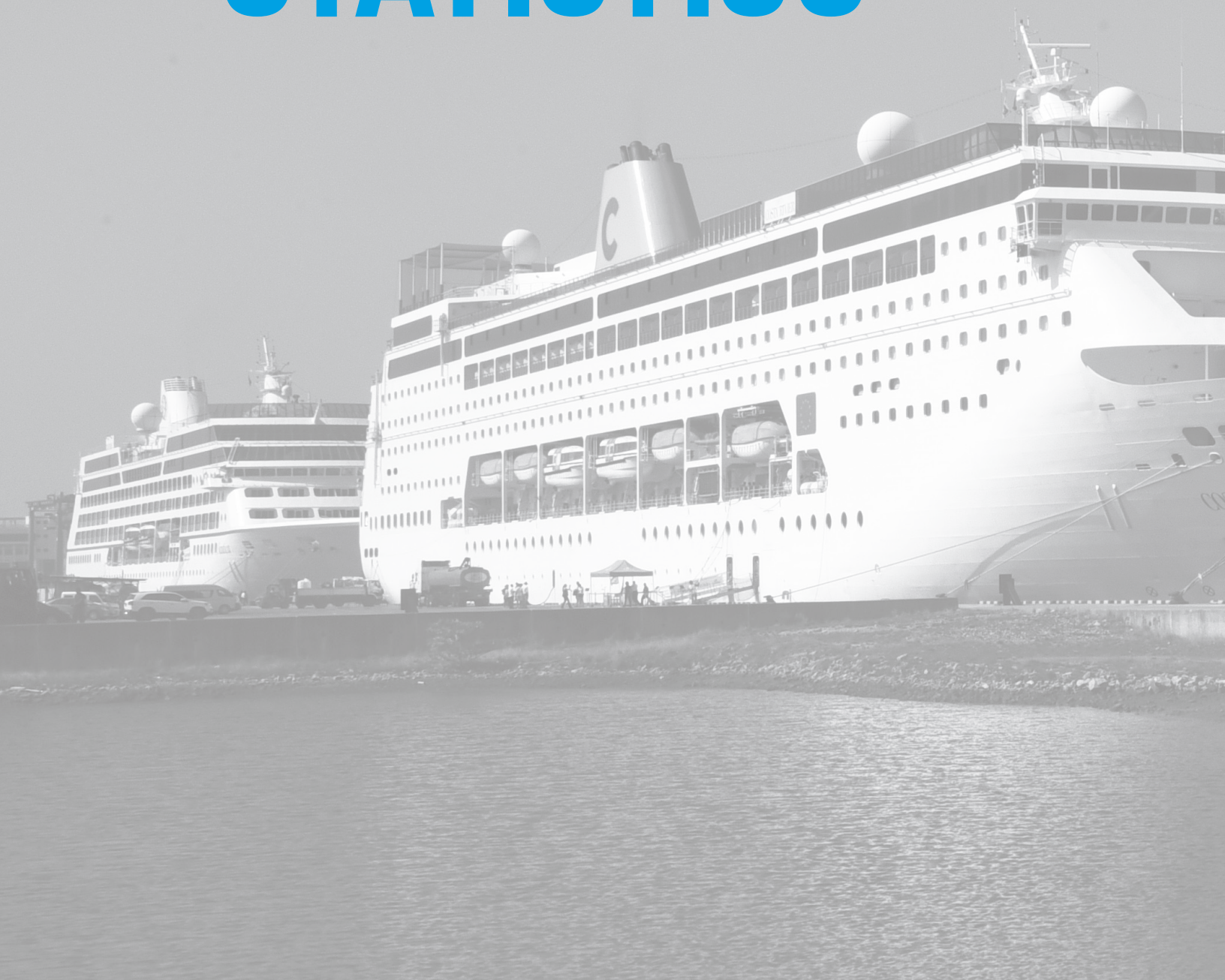
## **Accountability**

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 code of best practice, policies and principles but rather in actually securing the confidence from the all stakeholders and 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

#### Working Hours

The Port of Colombo works on a 24-hour basis, every day of the year.

#### Harbour Area

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

### Cargo Throughput by Type of Handling in 2017

Containerised	89.7%
Break Bulk	0.9%
Dry Bulk	2.8%
Liquid Bulk	6.6%

## NEW COLOMBO SOUTH PORT

### Harbour Area

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

## PORT OF GALLE

### Port Dimensions

#### Working Hours

The Port of Galle works on a 24-hour basis, every day of the year except on May Day, with only daylight navigation.

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

#### 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

##### Working Hours

The Port of Trincomalee works on a 24-hour basis, every day of the year except on May Day, with only daylight navigation.

Water Area	1,536 Hectares
Entrance Channel (Width (minimum))	500 Metres
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
Oil Jetty	130	9.75

##### 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

# PORTS STATISTICS

## MAGAM RUHUNUPURA MAHINDA RAJAPAKSA PORT - AT PRESENT

### Port Dimensions

#### Harbour Area

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

#### Quay Lengths

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

## MAGAM RUHUNUPURA MAHINDA RAJAPAKSA PORT - ON COMPLETION PHASE - II

### Port Dimensions


#### Harbour Area

Total Water Area at Completion	152 Hectares (Including the Phase -I water area)
Approach Channel	210 Metres * 17 Metres
Turning Circle	600 Metres

#### Quay Lengths

Main Container Berth	835.5 Metres
Feeder Container Terminal	460 Metres
Multi-Purpose Berth	838.5 Metres
Transition Berth	208 Metres
Depth of Basin	17 Metres
Design Vessel	100,000 DWT

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# REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of the Sri Lanka Ports Authority as at 31.12.2017 comprises:

**Dr. Parakrama Dissanayake**  
Chairman

**Mr. P G Dassanayake**  
Vice Chairman

**Mr. H D A S Premachandra**  
Managing Director

**Mr. H A Wimalasooriya**  
Executive Director

**Mrs. P S M Charles**  
Director

**Mr. H G Sumanasinghe**  
Director

**Mr. Jagath P Wijeweera**  
Director

**Mr. Nilan Wickramasinghe**  
Director

**Mr. Suranga P Hidellarachchi**  
Director

The Board had 15 meetings during the year under review.

The Management Committee, which functioned as a Sub-Committee of the Board of Directors, had eight meetings during the year 2017. The other Sub-Committee of the Board of Directors, viz. the Audit Committee, had four meetings during the year 2017. The following Directors of the Board functioned as members of the Audit Committee:

**Mr. H G Sumanasinghe**  
Chairman

**Mrs. P S M Charles**  
Member

**Mr. Nilan Wickramasinghe**  
Member

The Port of Colombo reported the highest-ever container handling of 6,209,068 TEUs and a total tonnage of 89.03 million tonnes in 2017.

The total container and tonnage handling have increased by 8.3 % and 8.7% respectively.

The SLPA Terminals handled 2,010,702 TEUs compared to 2016, marking a decline of 89,415 TEUs (-4.3%) due to the increasing ship dimensions, formation of new alliances/mergers/acquisitions, as a result services shifted to CICT, and competitive rates and concessions offered by other private terminal operators. Both the SAGT and CICT recorded positive growth of 10.9% and 19.3% respectively.

- The Port of Colombo's container handling throughput increased from 5,734,923 TEUs in 2016 to 6,209,068 TEUs in 2017 (increase of 474,145 TEUs or 8.3%).
- The Port of Colombo's domestic container handling throughput increased by 6.4% for the year of 2017 (83,701 TEUs) compared to 2016.
- Transshipment container handling throughput in the Port of Colombo increased by 8.9% (386,321 TEUs) compared to 2016.
- The Port of Colombo's overall tonnage handling increased by 8.7 % (from 81,879 million tonnes in 2016 to 89,035 million tonnes in 2017).
- Overall domestic automobile import volumes (Colombo and Hambantota Port) was marginally down from 63,407 units in 2016 to 63,030 units in 2017.
- Overall automobile transshipment volumes (Colombo and Hambantota Port) declined from 150,921 units in 2016 to 83,787 units in 2017, by 44.5%.

A comparison of ship arrivals in the Port of Colombo in 2017 compared to the previous year reflects that ship arrivals declined from 4,405 to 4,329 by 1.7%. The number of container ship arrivals decreased from 3,804 in 2016 to 3,683 in 2017, recording a decline of 3.2%.

The SLPA Management implemented several marketing and business development

strategies in order to retain and attract greater container volumes to SLPA Terminals. Four Terminal Service Agreements were signed with leading shipping lines to continue business with SLPA and tie up with them. The SLPA managed to attract four Main Line Services and three Feeder Services during 2017. The SLPA terminals capture ad hock callers to gain additional volume to the SLPA terminals.

Strategies introduced by the Management contributed towards the increase of overall productivity at JCT and also managed to address the issue of declining volumes. As a result, the 4th quarter volume at JCT recorded a 9.2% growth compared to same period last year and the trend is continuing.

The Port of Colombo reached 6.2 million TEUs, which created history at the Port of Colombo and SLPA. As per the Alphaliner research report, the Port of Colombo has been elevated from 23rd to 22nd position in the world container port ranking.

The SLPA built deep water facilities at the Colombo South Harbour to cater to Ultra Large Container Ships (ULCS). CICT operations achieved 2.3 million TEUs (19.3 % growth) in 2017, almost reaching capacity in four years with the Mega Facility terminal and the new capacity helping the Port of Colombo achieve a growth of 8.3% during 2017.

SLPA revenue in 2017 was Rs. 45,609 million, which was an increase of 3.5% when compared with the previous year. Operating Profit (before Foreign Loan Interest and FEL/FEG) of the SLPA in 2017 increased to Rs. 17,510 million, from Rs. 15,376 million in 2016, which is an increase of 13.9%.



# DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

Under section (12) & (13.6) of the Finance Act No 38 of 1971, Directors of the Authority have responsibility for ensuring that the SLPA keeps proper books of accounts of all the transactions and prepares 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, Directors have considered adopting appropriate Accounting Policies on a consistent basis and supporting 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



Mrs S A S K Jayasekera  
Secretary to the Board

# AUDIT COMMITTEE REPORT

The Audit Committee is responsible to assist the Board of Directors in implementing its oversight responsibility in terms of financial management of the organisation. 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 audit process
- Ensuring compliance with statutory and regulatory requirements
- Reviewing the systems for ensuring operational efficiency and control.

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

As an important initial internal control measure, the committee adopted the internal plan and the Audit Programme for the year 2017 and reviewed regularly the effectiveness of its implementation by obtaining monthly progress reports. 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 action 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	
					2017	2016
<b>NUMBER OF SHIPS CALLED (NO)</b>						
Cargo Ships	4,239	225	81	225	4,770	4,868
Other Ships	153	8	6	5	172	155
Other Vessels	717	38	63	21	839	759
	<b>5,109</b>	<b>271</b>	<b>150</b>	<b>251</b>	<b>5,781</b>	<b>5,782</b>
<b>THROUGHPUT</b>						
<b>CONTAINER TEU's (SLPA)</b>						
Transshipment	1,609,114	-	-	-	1,609,114	1,607,792
Domestic	388,282	-	-	-	388,282	483,109
Re-Stowing	13,306	-	-	-	13,306	9,216
<b>TOTAL TEU's</b>	<b>2,010,702</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,010,702</b>	<b>2,100,117</b>
<b>CONTAINER TEU's ( SAGT)</b>						
Transshipment	1,406,265	-	-	-	1,406,265	1,294,631
Domestic	375,944	-	-	-	375,944	317,707
Re-Stowing	27,626	-	-	-	27,626	19,869
<b>TOTAL TEU's</b>	<b>1,809,835</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,809,835</b>	<b>1,632,207</b>
<b>CONTAINER TEU's ( CICT)</b>						
Transshipment	1,726,203	-	-	-	1,726,203	1,452,838
Domestic	619,325	-	-	-	619,325	499,034
Re-Stowing	43,003	-	-	-	43,003	50,727
<b>TOTAL TEU's</b>	<b>2,388,531</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,388,531</b>	<b>2,002,599</b>
<b>CONTAINER TEU's ( PORT OF COLOMBO)</b>						
Transshipment	4,741,582	-	-	-	4,741,582	4,355,261
Domestic	1,383,551	-	-	-	1,383,551	1,299,850
Re-Stowing	83,935	-	-	-	83,935	79,812
<b>TOTAL TEU's</b>	<b>6,209,068</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,209,068</b>	<b>5,734,923</b>
Conventional M/T	3,367,233	3,443,596	711,511	213,167	7,735,507	7,810,827
Liquid M/T	5,865,240	453,714	-	-	6,318,954	5,052,774
	<b>9,232,473</b>	<b>3,897,310</b>	<b>711,511</b>	<b>213,167</b>	<b>14,054,461</b>	<b>12,863,601</b>
<b>EQU (M/T) - SLPA</b>						
Containerised Cargo	25,791,290	-	-	-	25,791,290	26,975,029
Conventional Cargo	3,367,233	3,443,596	711,511	213,167	7,735,507	7,810,827
Liquid	5,865,240	453,714	-	-	6,318,954	5,052,774
<b>TOTAL EQU (M/T)</b>	<b>35,023,763</b>	<b>3,897,310</b>	<b>711,511</b>	<b>213,167</b>	<b>39,845,751</b>	<b>39,838,630</b>
<b>EQU (M/T) - SAGT</b>						
Containerised Cargo	23,622,195	-	-	-	23,622,195	21,195,940
<b>TOTAL EQU (M/T)</b>	<b>23,622,195</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,622,195</b>	<b>21,195,940</b>

FOR THE YEAR ENDED 31 DECEMBER	Colombo	Trincomalee	Galle	Hambantota	SLPA	
					2017	2016
<b>EQU (M/T) - CICT</b>						
Containerised Cargo	30,411,243	-	-	-	30,411,243	25,511,052
	<b>30,411,243</b>	-	-	-	<b>30,411,243</b>	<b>25,511,052</b>
<b>EQU (M/T) - PORT OF COLOMBO</b>						
Containerised Cargo	79,824,728	-	-	-	79,824,728	73,682,031
Conventional Cargo	3,367,233	3,443,596	711,511	213,167	7,735,507	7,810,827
Liquid	5,865,240	453,714	-	-	6,318,954	5,052,774
<b>TOTAL EQU (M/T)</b>	<b>89,057,201</b>	<b>3,897,310</b>	<b>711,511</b>	<b>213,167</b>	<b>93,879,189</b>	<b>86,545,632</b>
<b>GROSS TONNAGE HANDLED (SLPA)</b>						
Containerised Cargo	54,109,284	-	-	-	54,109,284	59,333,004
Conventional Cargo	10,120,094	3,793,629	559,058	11,659,487	26,132,268	26,918,253
Others	4,591,126	126,146	43,702	199,820	4,960,794	3,703,064
<b>TOTAL TONNAGE</b>	<b>68,820,504</b>	<b>3,919,775</b>	<b>602,760</b>	<b>11,859,307</b>	<b>85,202,346</b>	<b>89,954,321</b>
<b>GROSS TONNAGE HANDLED (SAGT)</b>						
Containerised Cargo	42,569,709	-	-	-	42,569,709	39,513,906
<b>TOTAL TONNAGE</b>	<b>42,569,709</b>	-	-	-	<b>42,569,709</b>	<b>39,513,906</b>
<b>GROSS TONNAGE HANDLED (CICT)</b>						
Containerised Cargo	93,110,002	-	-	-	93,110,002	81,742,402
<b>TOTAL TONNAGE</b>	<b>93,110,002</b>	-	-	-	<b>93,110,002</b>	<b>81,742,402</b>
<b>GROSS TONNAGE HANDLED (PORT OF COLOMBO)</b>						
Containerised Cargo	189,788,995	-	-	-	189,788,995	180,589,312
Conventional Cargo	10,120,094	3,793,629	559,058	11,659,487	26,132,268	26,918,253
Others	4,591,126	126,146	43,702	199,820	4,960,794	3,703,064
<b>TOTAL TONNAGE</b>	<b>204,500,215</b>	<b>3,919,775</b>	<b>602,760</b>	<b>11,859,307</b>	<b>220,882,057</b>	<b>211,210,629</b>
<b>PERSONNEL</b>						
Number of Employees	8,588	401	351	37	9,377	9,651

# STATEMENT OF FINANCIAL POSITION

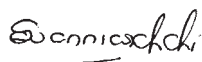
(Expressed in Sri Lankan Rupees)

AS AT 31 DECEMBER	Note	Group		SLPA	
		2017	2016	2017	2016
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant & Equipment	3	149,469,781,120	306,125,425,551	149,426,989,444	306,083,716,729
Intangible Assets	4	57,579,403	70,316,518	57,039,427	69,547,232
Investment Properties	5	173,647,489,750	4,064,444,037	173,647,489,750	4,064,444,037
Investment in Subsidiaries	6	-	-	76,000,000	76,000,000
Investment in Associates	7	39,215,920,136	64,942,056	39,196,120,030	40,030
Available-for-Sale (AFS) Financial Assets	9	21,974,163,908	3,611,120,617	21,974,163,908	3,611,120,617
Amount Due From State Mortgage Bank	12.2	123,179,741	147,411,904	123,179,741	147,411,904
Receivable From General Treasury - PB Loan	41	3,950,858,870	-	3,950,858,870	-
<b>Total Non-Current Assets</b>		<b>388,438,972,926</b>	<b>314,083,660,683</b>	<b>388,451,841,169</b>	<b>314,052,280,548</b>
<b>Current Assets</b>					
Inventories	11	2,971,202,423	2,947,698,209	2,484,790,666	2,461,286,452
Trade and Other Receivables	12	114,635,412,269	10,516,400,758	114,562,457,908	10,443,166,849
Deposits and Advances	13	295,557,929	201,127,216	295,557,929	201,127,216
Prepaid Expenses		108,008,573	56,481,917	105,069,819	51,999,609
Employee Loans	14	4,296,739,607	4,305,199,594	4,270,311,803	4,278,923,434
Other Financial Assets	15	22,345,520,484	17,743,408,267	22,345,520,484	17,743,408,267
Cash and Cash Equivalents	16	1,762,527,731	1,330,100,814	914,764,144	582,143,737
<b>Total Current Assets</b>		<b>146,414,969,015</b>	<b>37,100,416,774</b>	<b>144,978,472,752</b>	<b>35,762,055,563</b>
<b>TOTAL ASSETS</b>		<b>534,853,941,942</b>	<b>351,184,077,452</b>	<b>533,430,313,920</b>	<b>349,814,336,110</b>
<b>EQUITY &amp; LIABILITIES</b>					
<b>Equity</b>					
Capital Employed	17	7,591,379,785	7,591,379,785	7,591,379,785	7,591,379,785
Capital Reserve	18	14,533,969,106	712,038,233	14,533,969,106	712,038,233
Other Reserves	40	173,118,815,356	3,072,587,812	173,118,815,356	3,072,587,812
Loan Redemption Reserve	19	4,613,549,887	4,613,549,887	4,613,549,887	4,613,549,887
Revaluation Reserve	20	75,893,542,157	74,048,089,533	75,893,542,157	74,048,089,533
Available-for-Sale Financial Assets Reserve		174,592,752	152,949,462	174,592,753	152,949,462
Retained Earnings		32,882,966,740	(13,662,508,210)	34,320,307,692	(12,170,982,560)
<b>Total Equity</b>		<b>308,808,815,783</b>	<b>76,528,086,502</b>	<b>310,246,156,735</b>	<b>78,019,612,152</b>
<b>Non-Current Liabilities</b>					
Borrowings - Government of Sri Lanka	21.1	54,924,342,666	214,555,128,086	54,924,342,666	214,555,128,086
Borrowings - Financial Institutions	22.1	14,296,509,447	13,529,318,308	11,360,327,710	10,593,136,571
Government Grants	23	28,764,321,596	2,112,806,647	28,764,321,596	2,112,806,647
Deferred Tax Liabilities	24	4,191,116,180	12,114,566,119	4,191,116,180	12,114,566,119
Retirement Benefits Obligation	25	4,743,019,850	4,361,535,839	4,731,949,905	4,350,188,554
<b>Total Non-Current Liabilities</b>		<b>106,919,309,739</b>	<b>246,673,354,999</b>	<b>103,972,058,057</b>	<b>243,725,825,975</b>

AS AT 31 DECEMBER	Note	Group		SLPA	
		2017	2016	2017	2016
<b>Current Liabilities</b>					
Trade and Other Creditors	26	105,806,896,751	1,306,998,191	105,914,892,043	1,429,776,503
Borrowings - Government of Sri Lanka	21.2	5,198,526,722	10,285,274,220	5,198,526,722	10,285,274,220
Borrowings - Financial Institutions	22.2	1,555,871,084	1,913,783,798	1,555,871,084	1,912,413,794
Deposits and Advances Received	27	2,215,795,483	4,256,906,103	2,215,795,483	4,256,906,103
Current Tax Payable	28	294,334,230	286,271,593	276,768,597	271,397,419
Provisions and Accrued Expenses	29	4,054,392,146	9,933,402,042	4,050,245,199	9,913,129,942
<b>Total Current Liabilities</b>		<b>119,125,816,415</b>	<b>27,982,635,948</b>	<b>119,212,099,127</b>	<b>28,068,897,982</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>534,853,941,942</b>	<b>351,184,077,452</b>	<b>533,430,313,920</b>	<b>349,814,336,110</b>

The Accounting policies on pages 90 to 95 and Notes to the Financial Statements on Pages 96 to 131 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 31/12/2017



**Mrs. 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.



**Dr. Parakrama Dissanayake**  
Chairman



**P.G. Dassanayake**  
Vice Chairman

Date : 05th November 2018

Figures in brackets indicate deductions.

# STATEMENT OF COMPREHENSIVE INCOME

(Expressed in Sri Lankan Rupees)

AS AT 31 DECEMBER	Note	Group		SLPA	
		2017	2016	2017	2016
Revenue	30	36,914,350,371	36,822,240,450	36,914,350,371	36,799,110,383
Direct Expenses	31	(20,129,228,457)	(20,922,237,967)	(20,019,597,180)	(20,201,445,201)
<b>Gross Profit</b>		<b>16,785,121,914</b>	<b>15,900,002,483</b>	<b>16,894,753,191</b>	<b>16,597,665,182</b>
Other Operating Income	32	7,044,597,306	6,196,619,861	7,044,376,955	6,194,911,829
Administrative Expenses	33	(7,844,470,229)	(8,071,153,006)	(8,029,995,485)	(8,458,510,089)
<b>Operating Profit</b>		<b>15,985,248,990</b>	<b>14,025,469,338</b>	<b>15,909,134,660</b>	<b>14,334,066,922</b>
Net Finance Cost	34	(440,111,202)	(3,326,160,842)	(481,061,680)	(3,260,038,732)
Foreign Exchange Gain/(Loss)	43	(2,205,937,060)	(10,108,178,558)	(2,205,937,060)	(10,038,302,300)
Share of Profit of Associate	7.1	(45,101,920)	3,848,613	-	-
<b>Profit Before Tax</b>		<b>13,294,098,808</b>	<b>594,978,551</b>	<b>13,222,135,920</b>	<b>1,035,725,890</b>
Income Tax Expenses	35	(12,328,717)	(12,447,110)	-	-
Deferred Tax Expenses	24	102,008,604	-	102,008,604	-
<b>Profit for the Year</b>		<b>13,383,778,696</b>	<b>582,531,441</b>	<b>13,324,144,525</b>	<b>1,035,725,890</b>
<b>Attributable to - Equity-holders of the Parent</b>		<b>13,383,778,696</b>	<b>582,531,441</b>	<b>13,324,144,525</b>	<b>1,035,725,890</b>
Other Comprehensive Income					
Remeasurement of retirement benefit obligation		(176,382,793)	(525,922,090)	(177,735,321)	(526,172,368)
Change in Value of Available-for-Sale (AFS) Financial Assets	9.1	21,643,291	(156,312,657)	21,643,291	(156,312,657)
<b>Total Other Comprehensive Income for the Year</b>		<b>(154,739,502)</b>	<b>(682,234,747)</b>	<b>(156,092,030)</b>	<b>(682,485,025)</b>
<b>Total Comprehensive Income for the year</b>		<b>13,229,039,193</b>	<b>(99,703,305)</b>	<b>13,168,052,495</b>	<b>353,240,866</b>
<b>Attributable to - Equity-holders of the Parent</b>		<b>13,229,039,193</b>	<b>(99,703,305)</b>	<b>13,168,052,495</b>	<b>353,240,866</b>

Figures in brackets indicate deductions.

The Accounting policies on pages 90 to 95 and Notes to the Financial Statements on Pages 96 to 131 form an integral part of these Financial Statements.



# STATEMENT OF CHANGES IN EQUITY

(Expressed in Sri Lankan Rupees)

Group	Capital Employed	Capital Reserve	Other Reserve	Loan Redemption Reserve	Revaluation Reserve	Available-for-Sale Reserve	Reward & Fine Fund	Retained Earnings (at debit)	Total
<b>AS AT 31 DECEMBER</b>									
<b>Balance as at 01 January 2016</b>	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	-	-	-	-	-	-	582,531,441	582,531,441	
Other Comprehensive Income	-	-	-	-	-	(156,312,657)	-	(156,312,657)	
<b>Total Comprehensive Income</b>	-	-	-	-	-	-	582,531,441	426,218,785	
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 (Note 43)	-	-	-	-	-	-	1,277,779,765	1,277,779,765	
Adjustment on upfront fee paid by CICT	-	-	(103,534,286)	-	-	-	-	(103,534,286)	
Adjustment on loan redemption	-	-	-	-	-	-	-	-	
Re measurement of retirement benefit obligation	-	-	-	-	(525,922,090)	-	-	(525,922,090)	
Upfront fee paid by CICT	-	1,503,000,000	-	-	-	-	-	1,503,000,000	
Amortisation on Lump Sum Premium Laughs Terminals Ltd	-	(658,207)	-	-	-	-	-	(658,207)	
<b>Balance as at 31 December 2016</b>	7,591,379,785	712,038,233	3,072,587,812	4,613,549,887	74,048,089,533	152,949,462	(13,662,508,210)	76,528,086,502	
Profit for the Year	-	-	-	-	-	21,643,291	13,383,778,696	13,383,778,696	
Other Comprehensive Income	-	-	-	-	-	-	-	21,643,291	
<b>Total Comprehensive Income</b>	-	-	-	-	-	-	13,383,778,696	13,405,421,986	
Adjustment on Revaluation Surplus	-	-	-	-	2,157,158,929	-	-	2,157,158,929	
Dividends Paid	-	-	-	-	-	-	(6,802,000)	(6,802,000)	
Adjustment on Disposals	-	-	-	-	(311,706,305)	-	311,706,305	-	
Capital Gain/Loss on investment in HIPS	13,821,930,873	-	-	-	-	-	-	13,821,930,873	
Prior year adjustment (Note 43)	-	-	-	-	-	-	33,033,174,743	33,033,174,743	
Amortisation on upfront fee paid by CICT	-	-	(103,534,286)	-	-	-	-	(103,534,286)	
Re measurement of retirement benefit obligation	-	-	-	-	-	-	(176,382,793)	(176,382,793)	
Adjustment on Loan Redemption	-	-	-	-	-	-	-	-	
Amortisation on Lump Sum Premium Laughs Terminal Ltd	-	(658,207)	-	-	-	-	-	(658,207)	
Amortisation of Lump Sum Premium Distilleries company of Sri Lanka	-	(6,829,041)	-	-	-	-	-	(6,829,041)	
Amortisation of Lump Sum Premium Tokyo Cement Company (Lanka)PLC	-	(596,774)	-	-	-	-	-	(596,774)	
Lump Sum Premium received from Distilleries company of Sri Lanka	-	309,000,000	-	-	-	-	-	309,000,000	
Lump Sum Premium received from Tokyo Cement Company (Lanka)PLC	-	370,000,000	-	-	-	-	-	370,000,000	
Lease hold rights from HIPS acquisition	-	72,388,674,280	-	-	-	-	-	72,388,674,280	
Lease hold rights from HIPC acquisition	-	97,198,113,903	-	-	-	-	-	97,198,113,903	
Amortisation of Leasehold rights-HIPS	-	(46,075,536)	-	-	-	-	-	(46,075,536)	
Amortisation of Leasehold rights-HIPC	-	(61,866,795)	-	-	-	-	-	(61,866,795)	
<b>Balance as at 31 December 2017</b>	7,591,379,785	14,533,969,106	173,118,815,356	4,613,549,887	75,893,542,157	174,592,752	- 32,882,966,740	308,808,815,783	

# STATEMENT OF CHANGES IN EQUITY

(Expressed in Sri Lankan Rupees)

SLPA	AS AT 31 DECEMBER	Capital Employed	Capital Reserve	Other Reserve	Loan Redemption Reserve	Revaluation Reserve	Available-for-Sale Reserve	Reward & Fine Fund	Retained Earnings (at debit)	Total
	<b>Balance as at 01 January 2016</b>	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)	74,837,377,545
	Profit for the Year	-	-	-	-	-	-	-	1,035,725,890	1,035,725,890
	Other Comprehensive Income	-	-	-	-	-	(156,312,657)	-	-	(156,312,657)
	<b>Total Comprehensive Income</b>	-	-	-	-	-	-	-	-	879,413,233
	Adjustment on Revaluation Surplus	-	-	-	-	(45,808,787)	-	-	45,808,787	-
	Adjustment on Disposals	-	-	-	-	-	-	-	152,406,471	152,406,471
	Adjustment on CPC pipe line	-	-	-	-	-	-	-	-	-
	Prior year adjustment (Note 43)	-	-	-	-	-	-	-	1,277,779,765	1,277,779,765
	Adjustment on upfront fee paid by CICT	-	-	(103,534,286)	-	-	-	-	-	(103,534,286)
	Remeasurement of retirement benefit obligation	-	-	-	-	-	-	(526,172,368)	-	(526,172,368)
	Upfront fee paid by CICT	-	1,503,000,000	-	-	-	-	-	-	1,503,000,000
	Amortisation on Lump Sum Premium Laughs Terminal Ltd	-	(658,207)	-	-	-	-	-	-	(658,207)
	<b>Balance as at 31 December 2016</b>	7,591,379,785	712,038,233	3,072,587,812	4,613,549,887	74,048,089,533	152,949,462	-	(12,170,982,560)	78,019,612,153
	Profit for the Year	-	-	-	-	-	-	-	13,324,144,525	13,324,144,525
	Other Comprehensive Income	-	-	-	-	-	21,643,291	-	-	21,643,291
	<b>Total Comprehensive Income</b>	-	-	-	-	-	-	-	-	13,345,787,816
	Adjustment on Revaluation Surplus	-	-	-	-	2,157,158,929	-	-	-	2,157,158,929
	Adjustment on Disposals	-	-	-	-	(311,706,305)	-	-	311,706,305	-
	Capital Gain/Loss on investment in HIPS, HPG	13,821,930,873	-	-	-	-	-	-	-	13,821,930,873
	Prior year adjustment (Note 43)	-	-	-	-	-	-	-	33,033,174,743	33,033,174,743
	Amortisation on upfront fee paid by CICT	-	-	(103,534,286)	-	-	-	-	-	(103,534,286)
	Remeasurement of retirement benefit obligation	-	-	-	-	-	-	(177,735,321)	-	(177,735,321)
	Adjustment on Loan Redemption	-	-	-	-	-	-	-	-	-
	Amortisation on Lump Sum Premium Laughs Terminal Ltd	-	(658,207)	-	-	-	-	-	-	(658,207)
	Amortisation of Lump Sum Premium Distilleries company of Sri Lanka	-	(6,829,041)	-	-	-	-	-	-	(6,829,041)
	Amortisation of Lump Sum Premium Tokyo Cement Company (Lanka)PLC	-	(596,774)	-	-	-	-	-	-	(596,774)
	Lump Sum Premium received from Distilleries company of Sri Lanka	-	309,000,000	-	-	-	-	-	-	309,000,000
	Lump Sum Premium received from Tokyo Cement Company (Lanka)PLC	-	370,000,000	-	-	-	-	-	-	370,000,000
	Lease hold rights from HIPS acquisition	-	72,388,674,280	-	-	-	-	-	-	72,388,674,280
	Lease hold rights from HPG acquisition	-	97,198,113,903	-	-	-	-	-	-	97,198,113,903
	Amortisation of Leasehold rights-HIPS	-	(46,075,536)	-	-	-	-	-	-	(46,075,536)
	Amortisation of Leasehold rights-HPG	-	(61,866,795)	-	-	-	-	-	-	(61,866,795)
	<b>Balance as at 31 December 2017</b>	7,591,379,785	14,533,969,106	173,118,815,356	4,613,549,887	75,893,542,157	174,592,753	-	34,320,307,692	310,246,156,735

Figures in brackets indicate deductions.

The Accounting policies on pages 90 to 95 and Notes to the Financial Statements on Pages 96 to 131 form an integral part of these Financial Statements.

# CASH FLOW STATEMENT

(Expressed in Sri Lankan Rupees)

FOR THE YEAR ENDED 31 DECEMBER	Group		SLPA	
	2017	2016	2017	2016
<b>Profit Before Tax</b>	13,294,098,808	594,978,551	13,222,135,920	1,035,725,890
<b>Adjustments for</b>				
Share of Profit of Associate (Net of Dividends)	45,101,920	(3,725,509)	-	-
Depreciation	5,553,448,576	5,950,743,934	5,547,819,038	5,939,600,253
Amortisation of Intangible Assets	23,924,336	56,420,801	23,695,026	55,744,966
Gratuity Charge for the Year and related costs	633,966,717	555,730,238	632,614,189	552,156,270
Dividend Income	(839,681,509)	(851,416,512)	(839,681,509)	(851,539,616)
Interest Income	(1,691,682,775)	(1,139,882,097)	(1,650,080,928)	(1,086,163,725)
Interest Expenses	2,082,669,764	4,426,312,782	2,082,018,395	4,301,850,044
Amortisation of Government Grants	(61,171,076)	(48,042,872)	(61,171,076)	(48,042,872)
Net Exchange Loss	2,205,937,060	10,107,909,987	2,205,937,060	10,038,302,300
Upfront fees by CICT	(103,534,286)	(103,534,286)	(103,534,286)	(103,534,286)
Impairment of Inventories/Trade Debtors	-	585,800,009	-	-
Amortised during the year Laughs terminal Ltd	(658,207)	(658,207)	(658,207)	(658,207.00)
Amortised during the year Distilleries company of Sri Lanka	(6,829,041)	-	(6,829,041)	-
Amortised during the year Tokyo Cement Company (Lanka)PLC	(596,774)	-	(596,774)	-
Receivable from General Treasury -PB loan	3,950,858,870	-	3,950,858,870	-
Receivable from General Treasury -PB loan	(3,950,858,870)	-	(3,950,858,870)	-
Amortisation of Lease hold rights-HIPG,HIPS	(107,942,330)	-	(107,942,330)	-
Profit on Disposals of Fixed Assets	(18,139,866)	(23,939,047)	(18,139,866)	(23,939,047.00)
CSR Expenses	(17,467,352)	-	(17,467,352)	-
<b>Operating Profit Before Working Capital Changes</b>	<b>20,991,443,966</b>	<b>20,106,697,772</b>	<b>20,908,118,259</b>	<b>19,809,501,969</b>
<b>Changes in working Capital</b>				
Inventories	(23,504,214)	255,087,696	(23,504,214)	243,172,672
Trade and Other Receivables	(103,742,875,590)	(6,701,497,285)	(103,740,921,708)	(6,649,830,602)
Deposits and Advances	(88,758,338)	11,753,221,232	(88,758,338)	11,753,221,232
Prepaid Expenses	(55,549,253)	11,978,119	(53,070,210)	11,978,119
Employee Loans / Others	7,706,118	(6,801,218)	8,611,631	(6,801,218)
Trade and Other Creditors	106,896,579,377	388,029,183	106,897,012,310	385,103,140
Deposits and Advances	(2,041,110,620)	(800,737,331)	(2,041,110,620)	(800,737,336)
Receivable from General Treasury -PB loan	4,369,842	-	4,369,842	-
Provisions and Accrued Expenses	(5,862,884,744)	6,691,747,667	(5,862,884,744)	6,780,029,198
<b>Cash Generated from Operations</b>	<b>16,085,416,543</b>	<b>31,697,725,835</b>	<b>16,007,862,205</b>	<b>31,525,637,174</b>
Interest Paid	(3,192,085,866)	(4,422,283,101)	(3,191,434,497)	(4,421,838,077)
Grant repaid	-	(25,000,000)	-	(25,000,000)
Gratuity Paid	(428,803,093)	(361,748,050)	(428,588,159)	(361,439,857)
Taxes Paid	(308,919,487)	(153,273,226)	(299,155,517)	(146,015,545)
Net Cash from Operating Activities	12,155,608,095	26,735,421,459	12,088,684,032	26,571,343,696
<b>Cash Flows from Investing Activities</b>				
Acquisition of Property, Plant and Equipment	(233,460,153)	(236,887,628)	(226,747,761)	(219,007,180)
Addition of Investment Property	-	-	-	-
Proceeds from Disposal of Fixed Assets	24,107,030	25,156,034	24,107,030	25,156,034
Lump Sum Premium Distilleries company of Sri Lanka	309,000,000	-	309,000,000	-
Lump Sum Premium Tokyo Cement Company (Lanka)PLC	370,000,000	-	370,000,000	-
Upfront fee paid by CICT	-	1,503,000,000	-	1,503,000,000
Capital Work-in-Progress	(13,448,381,643)	(21,540,899,726)	(13,448,381,643)	(21,540,899,726)
Dividend Received	832,879,509	847,733,512	839,681,509	851,416,512
Interest Received	1,140,142,394	865,767,501	1,098,540,547	812,049,130
Amount Due From State Mortgage Bank	24,232,164	27,007,008	24,232,164	27,007,008
Net Proceeds from Other Financial Assets	(4,050,571,836)	(4,412,862,668)	(4,050,571,836)	(4,412,862,668)
Investment in Available-for-Sale Financial Assets	-	-	-	-
<b>Net Cash from (used in) investing activities</b>	<b>(15,043,239,760)</b>	<b>(23,006,707,200)</b>	<b>(15,071,327,214)</b>	<b>(23,038,862,126)</b>
<b>Cash Flows from Financing Activities</b>				
Borrowing from Government of Sri Lanka	12,016,727,822	8,465,254,991	12,016,727,822	8,465,254,991
Borrowing from Financial Institution	4,794,993	195,298,783	-	189,133,785
Repayment of Borrowings to Government of Sri Lanka	(6,959,384,915)	(9,403,339,687)	(6,959,384,915)	(9,403,339,687)
Repayment of Borrowings to Financial Institution	(1,742,079,319)	(3,082,332,262)	(1,742,079,319)	(3,062,732,767)
<b>Net Cash From (used in) Financing Activities</b>	<b>3,320,058,582</b>	<b>(3,825,118,175)</b>	<b>3,315,263,589</b>	<b>(3,811,683,678)</b>
<b>Net Changes in Cash &amp; Cash Equivalents</b>	<b>432,426,917</b>	<b>(96,403,916)</b>	<b>332,620,407</b>	<b>(279,202,107)</b>
Cash & cash Equivalents at Beginning of the year	1,330,100,814	1,426,504,730	582,143,737	861,345,843
<b>Cash &amp; Cash Equivalents at End of the Year (Note 16)</b>	<b>1,762,527,731</b>	<b>1,330,100,814</b>	<b>914,764,144</b>	<b>582,143,737</b>

Figures in brackets indicate deductions.

The Accounting policies on pages 90 to 95 and Notes to the Financial Statements on Pages 96 to 131 form an integral part of these Financial Statements.

# GENERAL ACCOUNTING POLICY

## 1 CORPORATE INFORMATION

### 1.1 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.

### 1.2 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.

### 1.3 Financial Year

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

### 1.4 Registered office

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

### 1.5 Number Of Employees

The number of employees of the Authority as at 31st December 2017 was 9, 377 (2016-9,651)

### 1.6 Date of authorisation for issue

The financial statements of the Authority for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the board of directors dated 23rd February 2018.

## 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 recognise 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 recognised 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 recognised at cost, and the carrying amount is increased or decreased to recognise 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 recognised in the statement of comprehensive income and its share of post-acquisition movements in the investee's other comprehensive income is recognised 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 recognises 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 recognised in the statement of comprehensive income.

Translation differences related to changes in amortised cost are recognised in the statement of comprehensive income.

#### 2.4.1 Property, Plant and Equipment

Property, plant and equipment are initially recognised 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.

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 recognised 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 -100 Years	1% -20%
Floating Equipments	2 -15 Years	6.7% - 50%
Handling Equipments	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 capitalised 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 amortisation and accumulated impairment losses. These costs are amortised 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 recognised 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 -100 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 recognised 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:

- a) Held-to- maturity investment ( HTM)
- b) Loans and receivables
- c) 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

## GENERAL ACCOUNTING POLICY

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 recognised on the date on which the group originates the transaction. Other financial assets are recognised 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 derecognised 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 amortised cost using the effective interest method less any impairment losses. Amortised 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 amortised 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 recognised 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 amortised 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 amortised 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 recognised 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 recognised, the reversal of the previously recognised impairment loss is recognised 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 recognised in profit or loss is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognised 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 recognised 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 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 recognised 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.

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

### (b) Collective Evaluation Model:

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

Assets Category		Rates	
	Shipping Agents - With Non-Significant amounts (Under than one million)	Up to 12 Months	No Provisions
		After 12 Months	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 that 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 recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. The group derecognises 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 recognised 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 recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest method. Floating rate borrowings are measured in each subsequent period at amortised cost using floating interest rate (effective interest rate) prevailing at the end of the reporting period.

# GENERAL ACCOUNTING POLICY

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

Foreign exchange gains and losses arising from measurement of carrying value of loans at amortised cost at each reporting period end are recognised 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 recognised 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 recognised 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 recognised 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 non-current liabilities as deferred government grants and are recognised 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 recognised in the statement of comprehensive income statement, except to the extent that it relates to items recognised in other comprehensive income. In this case, the tax is also recognised 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 recognised 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 realised or the deferred income tax liability is settled.

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

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 recognised 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 recognised 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 recognised 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.



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 recognises 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 recognised 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 recognised at the point in which dues become receivable, which is the point of vessel arrival. Revenue arises from navigation and related services is recognised 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 recognised 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 recognised 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 recognised using the effective interest method.

#### f) Dividend Income

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

#### g) Lease and Rental Income

Lease and rental income from investment properties is recognised 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 recognised 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 recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

#### 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 2017

## 3 PROPERTY, PLANT & EQUIPMENT

Group	As At 01 January 2017	Additions	(Disposals) 2016	Re_Class / Adjustment	As At 31 December 2017
<b>3.1 At Cost</b>					
Land	53,139,235,897	15,768,299	-	(1,286,883,994)	51,868,120,202
Operational Buildings & Structures	175,686,498,169	985,727,338	-	(63,529,707,303)	113,142,518,205
Floating Equipment	12,837,406,236	8,723,923,904	(14,533,432,345)	-	7,027,897,795
Handling Equipment	25,347,672,410	5,547,217,886	(8,670,932,172)	-	22,223,958,125
Plant & Machinery	629,643,498	18,702,563	(2,059,895)	(35,104,362)	611,181,805
Office & Welfare Buildings	985,847,490	-	-	(54,792,930)	931,054,560
Staff Quarters and Other Buildings	481,425,491	-	(25,554,000)	-	455,871,491
Computer Hardware	368,899,847	7,001,435	(25,000)	-	375,876,282
Electric & Electronic Equipment	2,183,590,178	26,531,037	(401,096)	-	2,209,720,119
Office Furniture & Equipment	167,057,930	18,144,872	(16,849,939)	-	168,352,862
Motor Vehicles	1,033,968,118	40,082,835	(185,705,608)	-	888,345,345
Other Assets	369,256,684	3,411,406	(873,763)	-	371,794,327
	<b>273,230,501,949</b>	<b>15,386,511,575</b>	<b>(23,435,833,818)</b>	<b>(64,906,488,589)</b>	<b>200,274,691,117</b>

3.1.1 Depreciation	As At 01 January 2017	Additions	(Disposals) 2016	Re_Class / Adjustment	As At 31 December 2017
Operational Buildings & Structures	34,716,324,903	3,928,781,718	-	(11,658,533,009)	26,986,573,612
Floating Equipment	7,170,710,982	418,820,797	(936,084,911)	-	6,653,446,868
Handling Equipment	13,540,351,753	848,297,107	(512,441,400)	1,389,295	13,877,596,755
Plant & Machinery	526,138,537	32,010,870	(2,057,834)	(22,959,354)	533,132,218
Office & Welfare Buildings	279,320,532	26,186,475	-	(3,437,610)	302,069,397
Staff Quarters and Other Buildings	216,720,980	18,816,424	(20,081,773)	-	215,455,631
Computer Hardware	321,864,018	14,778,110	(24,975)	-	336,617,153
Electric & Electronic Equipment	2,003,082,013	63,911,403	(400,695)	149,805	2,066,742,526
Office Furniture & Equipment	129,280,054	13,200,352	(13,491,949)	30,803	129,019,260
Motor Vehicles	854,935,132	51,909,664	(129,354,324)	13,179,158	790,669,630
Other Assets	308,924,965	21,524,984	(872,889)	59,774	329,636,834
	<b>60,067,653,868</b>	<b>5,438,237,902</b>	<b>(1,614,810,749)</b>	<b>(11,670,121,139)</b>	<b>52,220,959,882</b>

3.1.2	Net Carrying Values	As At	As At
		31 December 2017	31 December 2016

#### Property, Plant & Equipment

Land	51,868,120,202	53,139,235,897
Operational Buildings & Structures	86,155,944,593	140,970,173,267
Floating Equipment	374,450,927	5,666,695,254
Handling Equipment	8,346,361,370	11,807,320,657
Plant & Machinery	78,049,586	103,504,961
Office & Welfare Buildings	628,985,163	706,526,958
Staff Quarters and Other Buildings	240,415,861	264,704,511
Computer Hardware	39,259,129	47,035,828
Electric & Electronic Equipment	142,977,593	180,508,165
Office Furniture & Equipment	39,333,603	37,777,876
Motor Vehicles	97,675,715	179,032,986
Other Assets	42,157,494	60,331,719
	148,053,731,236	213,162,848,080
Capital Work-in-Progress (Note 3.2)	1,067,510,159	92,933,019,680
	149,121,241,395	306,095,867,760

Group	As At	As At
	31 December 2017	31 December 2016
Property Plant Equipment Clearing accounts	348,539,725	29,557,791
	348,539,725	29,557,791
	149,469,781,120	306,125,425,551

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 31.12.2017 is Rs30,427,693,833.72

The useful life of Floating, Handling equipments and Operational Building & Structures were reviewed and Net Book Value has been adjusted accordingly. The other asset categories also will be reviewed as a continuous process.

#### Reclassification Adjustments

##### Investment Property reclassify as Fixed asset (Land) at Colombo Port Rs.150,000

The asset no.1345 belonging to Port of Colombo considered as investment property has now been reclassified as Land

##### Reclassifications of Assets as Investment Property at Port of Hambantota

As per the Cabinet Decision, the immovable assets belonging to Port of Hambantota has been transferred as operating lease. In this context the immovable assets are classified as investment properties Details as follows.

Land reclassify as investment Property at Hambantota Port	Rs1,287,033,993.92
Operational Building and structures reclassify as investment property	Rs63,619,604,594.66

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

## 3 PROPERTY, PLANT & EQUIPMENT

SLPA	As At 01 January 2017	Additions	(Disposals) 2016	Re_Class / Adjustment	As At 31 December 2017
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### 3.1 Cost

Land	53,139,235,897	15,768,299	-	(1,286,883,994)	51,868,120,202
Operational Buildings & Structures	175,791,653,748	985,727,338	-	(63,529,707,303)	113,247,673,784
Floating Equipment	12,837,406,236	8,723,923,904	(14,533,432,345)	-	7,027,897,795
Handling Equipment	25,335,723,815	5,547,217,886	(8,670,932,172)	-	22,212,009,530
Plant & Machinery	613,250,253	16,532,160	(2,059,895)	(35,104,362)	592,618,157
Office & Welfare Buildings	880,455,259	-	-	(54,792,930)	825,662,328
Staff Quarters and Other Buildings	480,393,491	-	(25,554,000)	-	454,839,491
Computer Hardware	362,573,165	6,605,150	(25,000)	-	369,153,315
Electrical & Electronic Equipment	2,179,820,178	26,531,037	(401,096)	-	2,205,950,119
Office Furniture & Equipment	157,949,159	13,999,168	(16,849,939)	-	155,098,387
Motor Vehicles	1,009,572,704	40,082,835	(185,705,608)	-	863,949,931
Other Assets	369,176,784	3,411,406	(873,763)	-	371,714,427
	<b>273,157,210,690</b>	<b>15,379,799,183</b>	<b>(23,435,833,818)</b>	<b>(64,906,488,589)</b>	<b>200,194,687,467</b>

3.1.1 Depreciation	As At 01 January 2017	Additions	(Disposals) 2016	Re_Class / Adjustment	As At 31 December 2017
Operational Buildings & Structures	34,716,324,903	3,928,781,718	-	(11,658,533,009)	26,986,573,612
Floating Equipment	7,170,710,982	418,820,797	(936,084,911)	-	6,653,446,868
Handling Equipment	13,535,545,188	848,297,107	(512,441,400)	1,389,295	13,872,790,190
Plant & Machinery	518,077,659	30,327,279	(2,057,834)	(22,959,354)	523,387,750
Office & Welfare Buildings	279,210,693	26,186,475	-	(3,437,610)	301,959,558
Staff Quarters and Other Buildings	216,720,979	18,816,424	(20,081,773)	-	215,455,630
Computer Hardware	317,883,679	14,633,949	(24,975)	-	332,492,653
Electrical & Electronic Equipment	2,002,962,199	63,911,403	(400,695)	149,805	2,066,622,712
Office Furniture & Equipment	125,542,319	12,723,923	(13,491,949)	30,803	124,805,096
Motor Vehicles	844,167,866	48,584,307	(129,354,324)	13,179,158	776,577,007
Other Assets	308,924,965	21,524,984	(872,889)	59,774	329,636,834
	<b>60,036,071,432</b>	<b>5,432,608,364</b>	<b>(1,614,810,749)</b>	<b>(11,670,121,139)</b>	<b>52,183,747,908</b>

3.1.2	Net Carrying Values	As At	As At
		31 December 2017	31 December 2016
	<b>Property, Plant &amp; Equipment</b>	51,868,120,202	53,139,235,897
	Land	86,261,100,173	141,075,328,846
	Operational Buildings & Structures	374,450,927	5,666,695,254
	Floating Equipment	8,339,219,340	11,800,178,627
	Handling Equipment	69,230,407	95,172,594
	Plant & Machinery	523,702,770	601,244,565
	Office & Welfare Buildings	239,383,862	263,672,512
	Staff Quarters and Other Buildings	36,660,662	44,689,486
	Computer Hardware	139,327,407	176,857,979
	Electric & Electronic Equipment	30,293,292	32,406,840
	Office Furniture & Equipment	87,372,924	165,404,838
	Motor Vehicles	42,077,595	60,251,820
	<b>Other Assets</b>	<b>148,010,939,560</b>	<b>213,121,139,259</b>
		1,067,510,159	92,933,019,680
	<b>Capital Work-in-Progress (Note 3.2)</b>	<b>149,078,449,720</b>	<b>306,054,158,938</b>

SLPA	As At	As At
	31 December 2017	31 December 2016
Property Plant Equipment Clearing accounts	348,539,725	29,557,791
	348,539,725	29,557,791
	<b>149,426,989,444</b>	<b>306,083,716,729</b>

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

As per the asset register the total cost of the fully depreciated assets still in use as at 31.12.2018 is Rs30,427,693,833.72

The useful life of Floating, Handling equipments and Operational Building & Structures were reviewed and Net Book Value has been adjusted accordingly. The other asset categories also will be reviewed as a continuous process.

#### Reclassification Adjustments

##### Investment Property reclassify as Fixed asset (Land) at Colombo Port Rs.150,000

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##### Reclassifications of Assets as Investment Property at Port of Hambantota

As per the Cabinet Decision, the immovable assets belonging to Port of Hambantota has been transferred as operating lease. In this context the immovable assets are classified as investment properties Details as follows.

Land reclassify as investment Property at Hambantota Port	Rs1,287,033,993.92
Operational Building and structures reclassify as investment property	Rs63,619,604,594.66

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

3.2	Capital Work-in-Progress Group / SLPA	As At	Incurred	Transferred	As At
		01 January 2017	During the Year		31 December 2017
	Colombo Port Development	685,669,761	159,508,170	(352,016,549)	493,161,382
	Oluvil Port	446,948,311	-	(446,948,311)	-
	Galle Port	185,203,857	-	(151,238,059)	33,965,797.78
	Galle Development Project	465,486,910	-	(47,458,560)	418,028,350
	Plant & Machinery	9,714,934	-		9,714,934
	Trincomalee Port	-	12,584,690		12,584,690
	Terminal Management System	9,418,819	-		9,418,819
	Port City Development	2,339,286	-		2,339,286
	Purchasing of Capital Assets (Local)	15,310,105	29,745,118	(11,182,820)	33,872,403
	Port Development Projects Phase II- Hambantota	91,075,521,484	13,177,136,742	(104,252,658,226)	(0)
	Head Office Building	3,218,610	217,775		3,436,385
	Development of East Container Terminal	34,187,603	69,189,148	(52,388,639)	50,988,112
		<b>92,933,019,680</b>	<b>13,448,381,643</b>	<b>(105,313,891,164)</b>	<b>1,067,510,159</b>

## INTANGIBLE ASSETS

4.1	At Cost	As At	Charge for the	(Disposals)	As At
		01 January 2017	Year		31 December 2017
	Computer Software	976,437,606	2,439,305	-	978,876,911
	<b>Total</b>	<b>976,437,606</b>	<b>2,439,305</b>	<b>-</b>	<b>978,876,911</b>

4.2	Amortisation	As At	Charge for the	As At
		01 January 2017	Year	31 December 2017
	Computer Software	906,121,088	23,924,337	930,045,424
	<b>Total</b>	<b>906,121,088</b>	<b>23,924,337</b>	<b>930,045,424</b>

4.3	Net Carrying Values	As At	As At
		31 December 2017	31 December 2016
	Computer Software	48,831,486	70,316,518
	Intangible Assets Clearing AC	8,747,917	-

Group	As At	As At
	31 December 2017	31 December 2016
Computer Software	57,579,403	70,316,518

#### 4 INTANGIBLE ASSETS

SLPA	As At 01 January 2017	Additions	(Disposals)	As At 31 December 2017
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##### 4.1 At Cost

Computer Software	973,635,130	2,439,305	-	976,074,435
<b>Total</b>	<b>973,635,130</b>	<b>2,439,305</b>	<b>-</b>	<b>976,074,435</b>

SLPA	As At 01 January 2017	Charge for the Year	(Disposals)	As At 31 December 2017
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##### 4.2 Amortisation

Computer Software	904,087,898	23,695,027	-	927,782,925
<b>Total</b>	<b>904,087,898</b>	<b>23,695,027</b>	<b>-</b>	<b>927,782,925</b>

	As At 31 December 2017	As At 31 December 2016
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##### 4.3 Net Carrying Values

Computer Software	48,291,510	69,547,232
Intangible Assets Clearing AC	8,747,917	-
	<b>57,039,427</b>	<b>69,547,232</b>

#### 5 INVESTMENT PROPERTIES CNT..

Group/Authority	As At 01 January 2017	Transferred/ Adjustment	Additions	(Disposals)	As At 31 December 2017
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##### 5.1 At Cost

Land	3,998,282,561	1,286,883,994	36,970,954,454	-	42,256,121,009
Buildings	134,300,254	63,619,604,595	79,579,538,989	-	143,333,443,837
<b>Total</b>	<b>4,132,582,815</b>	<b>64,906,488,589</b>	<b>116,550,493,443</b>	<b>-</b>	<b>185,589,564,846</b>

Group/Authority	As At 01 January 2017	Transferred/ Adjustment	Charge for the Year	(Disposals)	As At 31 December 2017
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##### 5.1.1 Depreciation

Buildings	68,138,778	11,758,725,645	115,210,674	-	11,942,075,097
<b>Total</b>	<b>68,138,778</b>	<b>11,758,725,645</b>	<b>115,210,674</b>	<b>-</b>	<b>11,942,075,097</b>

Group/Authority	As At 01 January 2017	As At 31 December 2016
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##### 5.1.2 Net Carrying Values

Land	42,256,121,009	3,998,282,561
Buildings	131,391,368,741	66,161,476
	<b>173,647,489,750</b>	<b>4,064,444,037</b>

As the Accounting policy investment properties are value at it cost and not valuing investment property for fair value. SLPA has appointed a committee to review the investment property asset category and as per the committee decisions will adjust accordingly.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

## 6 INVESTMENT IN SUBSIDIARIES

Unlisted	No of Shares	% of Holding	Group		SLPA	
			2017	2016	2017	2016
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	No of Shares	Group		SLPA	
		2017	2016	2017	2016
Sri Lanka Port Management & Consultancy Services Ltd	(Note 7.1)	64,942,056	64,942,056	40,030	40,030
Hambantota International Port Services Ltd	(Note 7.2)	39,150,978,080	-	39,196,080,000	-
		39,215,920,136	64,942,056	39,196,120,030	40,030

### 7.1 Movement of Investments in Associate Companies

Sri Lanka Port Management & Consultancy Services Ltd					
Balance at 01 January		64,942,056	61,216,547	40,030	40,030
Share of Net Results of Associates		-	3,848,613	-	-
Dividends Received			(123,104)	-	-
Balance at 31 December		64,942,056	64,942,056	40,030	40,030

Hambantota International Port Services Ltd					
Balance at 01 January		-	-	-	-
Invest during the year		39,196,080,000			
Share of Net Results of Associates		(45,101,920)	-	-	-
Dividends Received		-	-	-	-
Balance at 31 December		39,150,978,080	-	39,196,080,000	-

### Total

Balance at 01 January		64,942,056	61,216,547	40,030	40,030
Invest during the year		39,196,080,000	-		
Share of Net Results of Associates		(45,101,920)	3,848,613	-	-
Dividends Received		-	(123,104)	-	-
Balance at 31 December		39,215,920,136	64,942,056	39,196,120,030	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 2017	4,003	39.97%				
At 31 December 2016	4,003	39.97%	199,133,140	53,290,590	22,497,731	9,628,755

#### Sri Lanka Port Management & Consultancy Services Ltd

At 31 December 2017	3,919,608,000	42%	93,958,082,294	44,588,586	8,257,689	(107,385,524)
At 31 December 2016	-	-	-	-	-	-

As HIPS Financial Statements are denominated in US \$ balances and all assets and liabilities converted at closing exchange rate as at 31.12.2017 Rs.155.15 and revenue and expenses converted using the Average exchange rate Rs.155.12(July to December) as per LKAS 21 requirement.



## 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	
	2017	2016	2017	2016
Listed Investments	193,477,904	171,834,613	-	-
Unlisted Investments	21,780,686,004	3,439,286,004	-	-
Investment in Quoted Debentures	-	-	-	-
Trade and Other Receivables	-	-	114,758,592,010	10,663,812,663
Deposits and Advances	-	-	295,557,929	201,127,216
Employee Loans	-	-	4,296,739,607	4,305,199,594
Investment in Government Securities and Fixed Deposits	-	-	-	-
			22,345,520,484	17,743,408,267
Cash and Cash Equivalents	-	-	1,762,527,731	1,330,100,814
<b>Total</b>	<b>21,974,163,908</b>	<b>3,611,120,617</b>	<b>143,458,937,761</b>	<b>34,243,648,553</b>

### Authority

Listed Investments	193,477,904	171,834,613	-	-
Unlisted Investments	21,780,686,004	3,439,286,004	-	-
Investment in Quoted Debentures	-	-	-	-
Trade and Other Receivables	-	-	114,685,637,649	10,590,578,754
Deposits and Advances	-	-	295,557,929	201,127,216
Employee Loans	-	-	4,270,311,803	4,278,923,434
Investment in Government Securities and Fixed Deposits	-	-	-	-
			22,345,520,484	17,743,408,267
Cash and Cash Equivalents	-	-	914,764,144	582,143,737
<b>Total</b>	<b>21,974,163,908</b>	<b>3,611,120,617</b>	<b>142,511,792,009</b>	<b>33,396,181,407</b>

### Group

Financial Assets	Group		SLPA	
	2017	2016	2017	2016
<b>Other Financial Liabilities</b>				
<b>Non-Current Borrowings</b>				
Government of Sri Lanka	54,924,342,666	214,555,128,086	54,924,342,666	214,555,128,086
Financial Institution	14,296,509,447	13,529,318,308	11,360,327,710	10,593,136,571
<b>Current Borrowings</b>				
Government of Sri Lanka	5,198,526,722	10,285,274,220	5,198,526,722	10,285,274,220
Financial Institution	1,555,871,084	1,913,783,798	1,555,871,084	1,912,413,794
Trade and Other Creditors	105,806,896,751	1,306,998,191	105,914,892,043	1,429,776,503
Deposits and Advances Received	2,215,795,483	4,256,906,103	2,215,795,483	4,256,906,103
<b>Total</b>	<b>183,997,942,152</b>	<b>245,847,408,706</b>	<b>181,169,755,707</b>	<b>243,032,635,277</b>

\*Trade and other receivable include Rs.5,056,086,436 which is receivable from Treasury Operations and Rs.104,960,332,400 receivable from CM Port

Refer the Note no.48

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

## 9 AVAILABLE-FOR-SALE (AFS) FINANCIAL ASSETS

		Group / SLPA	
		2017	2016
Listed Investments	(Note 9.1)	193,477,904	171,834,613
Unlisted Investments	(Note 9.2)	21,780,686,004	3,439,286,004
		<b>21,974,163,908</b>	<b>3,611,120,617</b>

### 9.1 Listed Investment (Colombo Dockyard PLC)

Balance at 01 January		171,834,613	328,147,269
Net Gains / (Losses) Transfer to AFS Reserve		21,643,291	(156,312,657)
Balance at 31 December		<b>193,477,904</b>	<b>171,834,613</b>

### 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.

		Group / SLPA	
No. of Shares		2017	2016
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
Hambantota International Port Group Ltd	1,834,140,000	18,341,400,000	-
		<b>21,780,686,004</b>	<b>3,439,286,004</b>
		<b>21,780,686,004</b>	<b>3,439,286,004</b>

## 11 INVENTORIES

		Group		SLPA	
		2017	2016	2017	2016
Goods in Stock		2,460,657,496	2,444,842,162	2,460,657,496	2,444,842,162
Stock in Hand - Admiralty Kitchen		7,891,908	7,344,455	7,891,908	7,344,455
Sawmill - New Beira		5,550,232	3,054,618	5,550,232	3,054,618
Stock in Medical Stores		1,189,725	1,160,868	1,189,725	1,160,868
Obsolete & Slow Moving Stock		109,221	552,605	109,221	552,605
Inventory Material Overhead Value		(162,553)	(162,553)	(162,553)	(162,553)
Inventory receiving clearing accounts		9,554,637	4,494,297	9,554,637	4,494,297
Inventory Loading Control Accounts		-	-	-	-
Bunkering - Oil		1,061,673,191	1,061,673,191	-	-
Inter Lock Blocking		1,761,247	1,761,247	-	-
Cursher - Chips		3,989,926	3,989,926	-	-
Fire Foam		1,770,000	1,770,000	-	-
Fuel Stock		2,658,595	2,658,595	-	-
Others		55,741	55,741.00	-	-
		<b>3,556,699,366</b>	<b>3,533,195,152</b>	<b>2,484,790,666</b>	<b>2,461,286,452</b>
Less : Provision for impairment of inventories		(585,496,943)	(585,496,943)	-	-
		<b>2,971,202,423</b>	<b>2,947,698,209</b>	<b>2,484,790,666</b>	<b>2,461,286,452</b>

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

12 TRADE AND OTHER RECEIVABLES

	Group		SLPA	
	2017	2016	2017	2016
Trade Receivable	1,801,567,985	1,646,866,973	1,797,270,392	1,642,569,380
Shipping Agents Dispute	61,532,367	30,017,942	61,532,367	30,017,942
Agent Revenue	929,288,606	699,932,392	929,288,606	699,932,392
Consignee Receivables	6,101,088	5,909,410	6,101,088	5,909,410
Other Receivable (Note 12.1)	111,359,234,218	7,929,628,816	111,290,577,450	7,858,164,140
Income Tax Receivable (Note 12.4)	900,823,810	615,622,569	900,823,810	615,622,569
	115,058,548,074	10,927,978,102	114,985,593,713	10,852,215,833
Provision for Impairment	(423,135,804)	(411,577,344)	(423,135,804)	(409,048,984)
	114,635,412,269	10,516,400,758	114,562,457,908	10,443,166,849

Trade and other receivables comprise following receivables from related parties.

Receivables from Related Parties		Group		SLPA	
		2017	2016	2017	2016
	Trade	-	45,702,892	-	45,702,892
	Others	265,006,833	253,023,495	378,589,370	273,818,563
		265,006,833	298,726,387	378,589,370	319,521,455

Consignee Receivable includes the amount of Rs.5,737,971 which relates to the legal case number 58/2012.SLPA filed against Midland Enterprises for the unsettled bills and a bank guarantee to the value Rs.4,699,000 has been kept with regard to receivable amount.

As at 31 December 2017, the Authority's trade receivables amounts to Rs.1,152,607,935 (2016:Rs 1,195,259,717 ) 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	
	2017	2016	2017	2016
Up to 6 Months	1,114,298,165	1,043,073,985	1,114,298,165	1,043,073,985
6 to 12 Months	50,906,715	152,185,731	50,906,715	152,185,731
	1,165,204,880	1,195,259,717	1,165,204,880	1,195,259,717

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	
	2017	2016	2017	2016
Shipping Agents Under Litigation	386,702,803	368,253,132	386,702,803	368,253,132
Sri Lanka Forces	-	-	-	-
Government Institutions	36,433,002	40,772,342	36,433,002	40,772,342
Shipping Agents	-	21,662	-	21,662
Others	-	1,848	-	1,848
	423,135,804	409,048,984	423,135,804	409,048,984

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

## 12.1 Other Receivable

	Group		SLPA	
	2017	2016	2017	2016
Royalty_SAGT	89,648,157	79,049,988	89,648,157	79,049,988
Royalty_CICT	86,544,609	69,668,813	86,544,609	69,668,813
Lease Rent-SAGT	33,725,732	32,340,563	33,725,732	32,340,563
Deferred Interest Receivable from CICT	-	485,399	-	485,399
Mahapola Training	-	600	-	600
Receivables from the Ministry	577,827	305,158	577,827	305,158
Supply of Fuel to Ministry	3,610,421	2,516,678	3,610,421	2,516,678
Meals & Tea Supplied to Outside Parties	5,510,362	2,161,241	5,510,362	2,161,241
Receivables from Government Institution	-	5,838,489,260	-	5,838,489,260
Jaya Container Terminals Ltd	319,888	-	319,888	-
Supply of fuel to MPMC	1,804,652	-	1,804,652	-
Electricity for SLPA Employees & outside parties	476,993	40,940	476,993	40,940
Supply of Fuel to SLMPCS	-	650,219	-	650,219
Receivable from Treasury Operations	5,056,086,436	-	5,056,086,436	-
Receivable from Treasury Operations - PB Loan	4,369,842	-	4,369,842	-
Receivable from C.M Port	104,960,332,400	-	104,960,332,400	-
Receivable from HIPS	568,354	-	568,354	-
Foreign Purchase Advance- Non Budget	-	754,995,980	-	754,995,979.51
Valuation Fees Recoverable	-	877,418	-	877,418
Shares Receivable - SAGT (Note 12.3)	141,632,944	141,632,944	141,632,944	141,632,944
Intercompany Receivables	825,937,832	821,983,218	825,937,832	821,983,218
Other Receivables	73,550,801	73,438,182	2,553,440	1,973,506
Advance payment for Nidahas Sevaka Sangamaya	499,964	1,499,972	499,964	1,499,972
	<b>111,285,197,215</b>	<b>7,820,136,571</b>	<b>111,214,199,854</b>	<b>7,748,671,895</b>

### 12.1.1

Rent Debtors	72,099,947	99,698,620	72,099,947	99,698,620
Electricity Debtors	67,955,790	102,714,013	67,955,790	102,714,013
	140,055,737	202,412,634	140,055,737	202,412,634
Provision for Impairment	(66,018,734)	(92,920,389)	(63,678,141)	(92,920,389)
	74,037,003	109,492,245	76,377,596	109,492,245
	<b>111,359,234,218</b>	<b>7,929,628,816</b>	<b>111,290,577,450</b>	<b>7,858,164,140</b>

Rs. 5,056,086,436 has been accounted as Receivable from General Treasury for the Repayment of loans from July to December 2017 including Stamp Duty paid for the lease Agreements signed between SLPA and HIPC ,HIPS in line with the Cabinet Decisions taken.

Receivable from CM port is Rs. 104,960,332,400 ( USD 681 Mn ) as at 31/12/2017 .Refer Note 48

## 12.2 Amount Due from State Mortgage Bank

Rs.123,179,741 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 1 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.

#### 12.4 Income Tax Receivable

	Group		SLPA	
	2017	2016	2017	2016
<b>Economic Service Charge</b>				
Balance at 01 January	574,168,289	341,550,220	574,168,289	341,550,220
Incurring During the year	105,200,230	106,167,724	105,200,230	106,167,724
Provide for the 2017	118,789,298	126,450,345	118,789,298	126,450,345
<b>Balance as at 31st December</b>	<b>798,157,817</b>	<b>574,168,289</b>	<b>798,157,817</b>	<b>574,168,289</b>
<b>Withholding Tax</b>				
Balance at 01 January	41,454,280	11,639,553	41,454,280	11,639,553
Incurring During the year	61,211,713	29,814,727	61,211,713	29,814,727
<b>Balance as at 31st December</b>	<b>102,665,993</b>	<b>41,454,280</b>	<b>102,665,993</b>	<b>41,454,280</b>
Income Tax Receivable				
<b>12.4 Income Tax Receivable</b>	<b>900,823,810</b>	<b>615,622,569</b>	<b>900,823,810</b>	<b>615,622,569</b>

#### 13 DEPOSITS AND ADVANCES

	Group		SLPA	
	2017	2016	2017	2016
Government Deposits	64,558,502	64,558,502	64,558,502	64,558,502
Corporation Deposits	114,362,812	104,905,151	114,362,812	104,905,151
Company Deposits	20,265,137	20,265,137	20,265,137	20,265,137
Advance to Suppliers	83,330,559	8,353,443	83,330,559	8,353,443
Advance to Contractors - Capital Expenditure	13,040,919	3,044,982	13,040,919	3,044,982
	295,557,929	201,127,216	295,557,929	201,127,216
	<b>295,557,929</b>	<b>201,127,216</b>	<b>295,557,929</b>	<b>201,127,216</b>

#### 14 EMPLOYEE LOANS

	Group		SLPA	
	2017	2016	2017	2016
Advances	24,391,368	29,080,487	24,391,368	29,080,487
Receivables from Employees	2,552,366	1,431,451	2,552,366	1,431,451
Vehicle Loan	634,274,105	596,215,426	634,274,105	596,215,426
Loans	3,628,530,298	3,666,887,860	3,602,102,494	3,641,312,240
Mis. Loans Given to Employees	6,991,469	11,584,370	6,991,469	10,883,830
	4,296,739,607	4,305,199,594	4,270,311,803	4,278,923,434

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

## 15 OTHER FINANCIAL ASSETS

	Group		SLPA	
	2017	2016	2017	2016
REPO's	1,820,734,376	916,989,397	1,820,734,376	916,989,397
Fixed Deposits - Local	12,118,808,575	9,327,038,538	12,118,808,575	9,327,038,538
Fixed Deposits - Foreign	8,401,937,069	7,495,308,946	8,401,937,069	7,495,308,946
Call Deposits	4,023,462	4,034,550	4,023,462	4,034,550
Savings	17,002	36,836	17,002	36,836
	<b>22,345,520,484</b>	<b>17,743,408,267</b>	<b>22,345,520,484</b>	<b>17,743,408,267</b>

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	
	2017	2016	2017	2016
Favourable Balances				
Cash and Bank Balances - LKR	1,759,335,375	1,327,002,962	911,571,788	579,045,885
Bank Balances - Foreign Currency	3,192,356	3,097,853	3,192,356	3,097,853
Cash & Cash Equivalents for the Purpose of Cash Flow Statement				
	<b>1,762,527,731</b>	<b>1,330,100,814</b>	<b>914,764,144</b>	<b>582,143,737</b>

## 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

#### 40 OTHER RESERVES

	Group		SLPA	
	2017	2016	2017	2016
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	3,055,928,572	1,656,462,857	3,055,928,572	1,656,462,857
Received during the year	-	1,503,000,000	-	1,503,000,000
Amortised During the year	(103,534,286)	(103,534,286)	(103,534,286)	(103,534,286)
Balance at 31 December	2,952,394,286	3,055,928,571	2,952,394,286	3,055,928,572

As per the Royalty agreement between SLPA and CICT a Lump sum premium of US\$ 15 million has been received in the year 2012 and US\$ 10 million has been received in the year 2016. This lump sum premium is amortised over 35 years.

#### 40.3 Lump Sum Premium\_Laugh Terminal Ltd

	Group		SLPA	
	2017	2016	2017	2016
Balance at 01 January	15,533,338	16,191,545	15,533,338	16,191,545
Received during the year	-	-	-	-
Amortised During the year	(658,207)	(658,207)	(658,207)	(658,207)
Balance at 31 December	14,875,131	15,533,338	14,875,131	15,533,338

Lump Sum payment Rs.16,455,184.23 received from M/S Laughs Terminals Ltd for the leased out property (A land called Lewaya Egodaha ,part of reclaimed area by SLPA Hambantota situated at Koholana Village in Hambantota)for the period of 25 years from 07.08.2015 to 06.08.2040.

#### 40.4 Lump Sum Premium\_Distilleries Company of Sri Lanka PLC

	Group		SLPA	
	2017	2016	2017	2016
Balance at 01 January				
Received during the year	309,000,000	-	309,000,000	-
Amortised During the year	(6,829,041)	-	(6,829,041)	-
Balance at 31 December	302,170,959	-	302,170,959	-

Lump Sum payment Rs.309,000,000 received from M/S Distilleries Company Sri Lanka PLC for the leased out property (PVQ Repository Warehouse at Colombo Port) for the period of 30 years from 04.05.2017 to 03.05.2047.

#### 40.5 Lump Sum Premium\_Tokyo Cement Co.Ltd

	Group		SLPA	
	2017	2016	2017	2016
Balance at 01 January				
Received during the year	370,000,000	-	370,000,000	-
Amortised During the year	(596,774)	-	(596,774)	-
Balance at 31 December	369,403,226	-	369,403,226	-

Lump Sum payment Rs.370,000,000 received from M/S Tokyo Cement (Lanka) PLC for the leased out property (No.01 warehouse of Prince Vijaya Quay in Colombo Port) for the period of 30 years from 14.12.2017 to 14.12.2047.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

## 40.6 Lease Hold Rights\_HIPS

	Group		SLPA	
	2017	2016	2017	2016
Leasehold rights	72,388,674,280	-	72,388,674,280	-
Amortised during the year	(46,075,536)	-	(46,075,536)	-
Balance at 31 December	72,342,598,744	-	72,342,598,744	-

## 40.6 Lease Hold Rights\_HIPS

	Group		SLPA	
	2017	2016	2017	2016
Leasehold rights	97,198,113,903	-	97,198,113,903	-
Amortised during the year	(61,866,795)	-	(61,866,795)	-
Balance at 31 December	97,136,247,108	-	97,136,247,108	-
	169,478,845,852	-	169,478,845,852	-
	173,118,815,356	3,072,587,812	173,118,815,356	3,072,587,812

As per the concession agreement lease out the Hambantota Port and all immovable assets transferred for 99 years operating lease and lease hold right also amortised over 99 years.

## 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	
	2017	2016

### Carrying Amount at Amortised Cost

#### 21.1 Settlement Fall Due More than One Year

Colombo Port Development Project	15,135,271,217	17,697,357,300
Colombo Port Expansion - (South Harbour)	39,789,071,449	40,220,441,145
Hambantota Port Develop. - ( Phase I)	-	29,602,476,114
Hambantota Port Develop. - ( Phase II U\$ 600 Mn)	-	90,996,000,000
Hambantota Port Develop. - ( Phase II Yuan 1 bn)	-	5,424,953,819
Hambantota Port Tank Farm Project	-	9,872,233,068
Ancillary works & Supply of Equipment Proj- Phase I HPDP	-	21,283,197,677
	54,924,342,666	215,096,659,123
Transaction Cost/ Management Fees for Hambantheta Port Develop (P II U\$ 600M)	-	(381,840,000)
Transaction Cost/ Management Fees for Hambantheta Port Develop (P II Yuan 1 bn)	-	(107,250,000)
Transaction Cost/ Additional Loan (P I)	-	(52,441,037)
	54,924,342,666	214,555,128,086



## 21.2

Settlement Fall Due Within One Year	Group/ SLPA	
	2017	2016
Colombo Port Development Project	3,694,433,222	3,589,525,769
Colombo Port Expansion - (Southern Harbour)	1,504,093,500	1,346,921,586
Hambanthota Port Develop. - (Phase I)	-	5,318,296,279
Terminal Tractors- (EXIM Bank of Malaysia)	-	30,530,586
	<b>5,198,526,722</b>	<b>10,285,274,220</b>
	<b>60,122,869,388</b>	<b>224,840,402,306</b>

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.

Loans obtained for the development of Hambanthota Port and repayments of those loans obtained for construction of Port of Hambanthota were undertaken by the General Treasury as per the Cabinet Decision dated 25/07/2017

Terms and conditions of borrowing facilities are in page 131.

The carrying amounts of the borrowings are denominated in the following currencies:

	Group/ SLPA	
	2017	2016
Japan Yen loans in Sri Lankan Rupee Terms	18,829,704,439	21,286,883,069
United States Dollars in Sri Lankan Rupee Terms	41,293,164,949	203,553,519,237
	<b>60,122,869,388</b>	<b>224,840,402,306</b>

## 21.3

**Movement of the Loans**

Balance at 01 January	224,840,402,306	218,259,694,186
Obtained During the Year	4,150,165,246	8,465,254,991
Future Disbursements	7,866,562,576	
Paid During the Year	(8,366,105,711)	(10,930,048,517)
Accrued interest transferred	-	(1,348,176,517)
Transaction cost	-	(107,250,000)
Exchange (Gain) / Loss reversed	(27,103,643,638)	-
Exchange (Gain) / Loss on Translation	2,098,412,795	9,094,207,366
Accrued interest under Short Term	297,304,695	1,406,720,797
Transferred to General Treasury	(143,660,228,881)	-
Balance at 31 December	<b>60,122,869,388</b>	<b>224,840,402,305</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

## 22 Borrowings - Financial Institutions

	Group		SLPA	
	2017	2016	2017	2016

### Carrying Amount at Amortised Cost

#### 22.1 Settlement Fall Due More than One Year

Bank of Ceylon -Bunkering Facility	-	1,833,737,780	-	1,833,737,780
Bank of Ceylon -CPEP Construction of ECT loan	7,409,468,840	8,759,398,791	7,409,468,840	8,759,398,791
Bank of Ceylon Others	4,794,994	4,794,994	-	-
HNB-Bunkering Facility (MPMC)	2,931,386,743	2,931,386,743	-	-
Peoples Bank - Construction of Sooriyawewa Stadium	3,950,858,870		3,950,858,870	
	<b>14,296,509,447</b>	<b>13,529,318,308</b>	<b>11,360,327,710</b>	<b>10,593,136,571</b>

#### 22.2 Settlement Fall Due Within One Year

Bank of Ceylon -Bunkering Facility	-	395,812,581	-	395,812,581
Bank of Ceylon -CPEP Construction of ECT loan	1,551,501,241	1,516,601,213	1,551,501,241	1,516,601,213
Bank of Ceylon Others	-	1,370,004	-	-
Peoples Bank - Construction of Sooriyawewa Stadium	4,369,842		4,369,842	
	<b>1,555,871,084</b>	<b>1,913,783,798</b>	<b>1,555,871,084</b>	<b>1,912,413,794</b>
	<b>15,852,380,531</b>	<b>15,443,102,106</b>	<b>12,916,198,794</b>	<b>12,505,550,365</b>

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 131.

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

United States Dollars	15,852,380,531	15,443,102,106	12,916,198,794	12,505,550,365
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	Group		SLPA	
	2017	2016	2017	2016

#### 22.3 Movement of the Loans

Balance at 01 January	15,436,937,109	17,651,222,228	12,505,550,365	14,889,239,135
Obtained During the Year	3,955,653,864	308,529,244	3,950,858,870	189,133,785
Paid During the Year	(1,742,079,319)	(3,082,332,262)	(1,742,079,319)	(3,062,732,767)
Exchange (Gain) / Loss on Translation	226,907,317	559,517,899	226,907,317	489,910,212
Exchange (Gain)/Loss reversed	(355,287,570)	-	(355,287,570)	
Accrued Interest Under Short Term	4,369,842		4,369,842	
Transferred to General Treasury	(1,674,120,714)	-	(1,674,120,714)	
<b>Balance at 31 December</b>	<b>15,852,380,530</b>	<b>15,436,937,109</b>	<b>12,916,198,792</b>	<b>12,505,550,365</b>

## 23 GOVERNMENT GRANTS

	Group		SLPA	
	2017	2016	2017	2016
Balance at 01 January	2,112,806,647	2,185,849,519	2,112,806,647	2,185,849,519
Grants Received During the Year	26,712,686,000	-	26,712,686,000	-
Refund of Grants(Kankesanthurai Break Water Project)	-	(25,000,000)	-	(25,000,000)
Amortisation of Government Grants	(61,171,051)	(48,042,872)	(61,171,051)	(48,042,872)
Balance at 31 December (Note 23.1)	28,764,321,596	2,112,806,647	28,764,321,596	2,112,806,647

### 23.1 The Carrying Values

Mega Port Project	89,851,183	95,233,183	89,851,183	95,233,183
Kankesanthurai Break Water Project	9,853,399	10,092,049	9,853,399	10,092,049
Hambanthota Port Development Project	92,053,273	96,898,182	92,053,273	96,898,182
Oluvil Port Development Project	19,990,000	19,990,000	19,990,000	19,990,000
Colombo Port Expansion Project	1,483,259,908	1,510,228,270	1,483,259,908	1,510,228,270
Hambantota Bunkering and Tank	2,277,536	2,365,699	2,277,536	2,365,699
Renovation project of UCT Terminal	366,933,333	372,266,667	366,933,333	372,266,667
Motor Vehicle Received as Grant	1,136,667	2,376,667	1,136,667	2,376,667
Galle Yacht Marina Development	3,282,976	3,355,931	3,282,976	3,355,931
Crown Land for Hambantota Port Project-HIPS	4,453,721,652	-	4,453,721,652	-
Crown Land for Hambantota Port Project-HIPG	22,241,961,670	-	22,241,961,670	-
	28,764,321,596	2,112,806,647	28,764,321,596	2,112,806,647

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.

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. Estimated Value for the Crown Land is obtained based on the valuation Department letter which will be adjusted after receiving correct values from department of Valuation.

## 24. DEFERRED TAX LIABILITIES

	Group/ SLPA	
	2017	2016
Balance at 01 January	12,114,566,119	12,114,566,119
Recognised in Profit or Loss	(102,008,604)	-
Recognised as Prior period Adjustments	(5,664,282,405)	-
Recognised in Revaluation Reserve	(2,157,158,929)	-
Balance at 31 December	4,191,116,180	12,114,566,119

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

For The Year Ended 31 December 2017	Group/ SLPA	
	2017	2016

## 24.1 The Analysis of Deferred Tax Assets and Liabilities

Deferred Tax Assets		
Opening deferred Tax liability	(12,114,566,120)	
From Provision for Gratuity		1,671,754,423
From Accounting Provisions		527,808,101
From Brought Forward Tax Losses		1,912,449,846
	(12,114,566,120)	4,112,012,370
Deferred Tax Liability		
From Accelerating Depreciation	7,923,449,939	(16,226,578,489)
	7,923,449,939	(16,226,578,489)
Net Deferred Tax Liability		
	(4,191,116,181)	(12,114,566,120)

The Authority and its subsidiary companies' operational profits arising from port operations are considered as exempt profits as per the exemption given under section 13 (YYYY) 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%.

Deferred tax assets and liabilities have not been recognised for accelerating depreciation for the reporting periods 2012 and 2013,2014,2015,2016,2017 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.

From year 2011 to 2017 differed tax and differed tax liability arise on provision and asset addition not considered.

## 25. RETIREMENT BENEFITS OBLIGATION

	Group		SLPA	
	2017	2016	2017	2016
Balance at 01 January	4,361,535,839	3,641,631,561	4,350,188,554	3,633,299,773
Expense Recognised in the Statement of Comprehensive Income (Note 25.1)	633,904,311	555,730,238	632,614,189	552,156,270
Benefit Paid During the Year	(428,803,093)	(361,748,050)	(428,588,159)	(361,439,857)
Actuarial (Gain) / Loss on Obligation	176,382,793	525,922,090	177,735,321	526,172,368
Balance at 31 December	4,743,019,850	4,361,535,839	4,731,949,905	4,350,188,554

	Group		SLPA	
	2017	2016	2017	2016

### 25.1 Expense Recognised in the statement of comprehensive income

Interest Cost	435,619,479	365,973,384	435,018,855	363,329,976
Current Service Cost	198,284,832	189,756,854	197,595,334	188,826,294
	633,904,311	555,730,238	632,614,189	552,156,270

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	
	2017	2016	2017	2016
Discount rate [%]	*9-10	11	10	11
Future Salary Increases - Salary [%]	*2-6	6	6	6
'- Allowances [%]		5	5	5
Staff Turnover Factor - Up to age 50 Yrs [%]	2.2%	0.5	0.5	0.5
- after 50 Yrs	0	0	0	0
Retirement age [Yrs]	60	60	60	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	
	2017	2016	2017	2016
Trade Creditors	510,815,791	1,031,910,244	491,540,742	1,030,403,948
Other Creditors	8,255,400	10,458,639	7,058,660	7,058,660
Payable to General Treasury	104,960,332,400	-	104,960,332,400	-
Jaya Container Terminals Limited	(544,684)	(3,880,510)	24,913,388	20,795,068
Supply of fuel to MPMCL	(31,189,853)	(37,141,424)	71,819,156	65,867,585
Shipping Agents - Credit Balance	247,913,722	216,170,455	247,913,722	216,170,455
Compensation Payments	3,794,000	3,794,000	3,794,000	3,794,000
Salary Abatements	104,213,991	81,272,430	104,213,991	81,272,430
Unclaimed Wages	3,305,985	4,414,357	3,305,985	4,414,357
	<b>105,806,896,751</b>	<b>1,306,998,191</b>	<b>105,914,892,043</b>	<b>1,429,776,503</b>

As per the concession agreement Rs.104,960,332,400 is the payable value to General Treasury for undertaking re-payment of future installments in respect of loans obtained to develop Port of Hambantota.

Compensation payments include the payable value to Morgan Engineering for the period from 21/05/2004 to 31/10/2008.

## 27. DEPOSITS AND ADVANCES RECEIVED

	Group		SLPA	
	2017	2016	2017	2016
Deposits - Shipping Agents	174,429,914	135,295,272	174,429,914	135,295,272
Deposit for Landing & Delivery	30,079,058	39,616,759	30,079,058	39,616,759
Bonding Deposits	6,373,914	6,291,631	6,373,914	6,291,631
Shipping Agents Advance	811,335,752	653,705,094	811,335,752	653,705,094
Deposit from customers	8,984,017	4,837,141	8,984,017	4,837,141
Employers Fidelity Deposits	693,514	700,163	693,514	700,163
Rent Deposit	196,768,743	130,832,625	196,768,743	130,832,625
Trading deposits	324,277,040	297,832,936	324,277,040	297,832,936
Contractor deposits	570,317,131	2,899,074,736	570,317,131	2,899,074,736
Special Deposits	20,149,352	16,704,786	20,149,352	16,704,786
Miscellaneous Deposits	72,387,047	72,014,960	72,387,047	72,014,960
	<b>2,215,795,483</b>	<b>4,256,906,103</b>	<b>2,215,795,483</b>	<b>4,256,906,103</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

## 28 CURRENT TAX PAYABLE

Summary of current tax payable is as follow:

	Group		SLPA	
	2017	2016	2017	2016
Corporate Tax	10,254,719	7,689,972	-	-
Value Added Tax	135,921,611	126,919,368	128,610,697	119,735,166
Withholding Tax	6,058,452	6,058,452	6,058,452	6,058,452
Economic Service Charge	118,379,666	126,450,345	118,379,666	126,450,345
Nation Building Tax	23,719,782	19,153,457	23,719,782	19,153,457
	<b>294,334,230</b>	<b>286,271,593</b>	<b>276,768,597</b>	<b>271,397,419</b>

### 28.1 Corporate Tax

Balance at 01 January	7,689,972	648,187	-	-
Provision for the Period			-	-
Charge for the Period	(1,622,262)	7,041,785	-	-
Set-off Against the Tax Credits / Paid			-	-
Adjustments on Under / (Over) Provision			-	-
<b>Balance at 31 December</b>	<b>6,067,710</b>	<b>7,689,972</b>	<b>-</b>	<b>-</b>

## 29 PROVISIONS AND ACCRUED EXPENSES

	Group		SLPA	
	2017	2016	2017	2016
Provision for Volume Rebate	1,179,323,964	1,239,607,286	1,179,323,964	1,239,607,286
Accrued Expenditure	938,653,522	1,046,076,117	934,506,575	1,025,804,017
Provision for Claims	1,936,414,659	7,647,718,640	1,936,414,659	7,647,718,640
	<b>4,054,392,146</b>	<b>9,933,402,042</b>	<b>4,050,245,199</b>	<b>9,913,129,942</b>

As per the Board Decision (PA/HD/33) on settlement of ICC arbitration (No.21959/CYK/PTA) between 1.China Harbour Engineering Company Limited 2.Sinohydro Corporation Vs. Sri Lanka Ports Authority issued on 13th December 2017 on construction of Sooriyawewa International Cricket Stadium at Hambantota under variation order No.6 of Hambantota Port Development Project (Phase I) SLPA has reversed the provision already made in year 2016.

30 REVENUE

		Group		SLPA	
		2017	2016	2017	2016
Navigation	(Note:30.1)	8,502,785,414	7,970,605,913	8,502,785,414	7,963,267,730
Stevedoring	(Note: 30.2)	17,487,012,831	18,519,648,016	17,487,012,831	18,519,648,016
Wharf Handling		5,419,198,258	5,065,764,023	5,419,198,258	5,065,764,023
Port Facilities	(Note: 30.3)	4,235,007,940	4,036,381,193	4,235,007,940	4,020,589,309
Other Service Operations	(Note: 30.4)	1,270,345,927	1,229,841,305	1,270,345,927	1,229,841,305
		<b>36,914,350,371</b>	<b>36,822,240,450</b>	<b>36,914,350,371</b>	<b>36,799,110,383</b>
<b>(Note:30.1)</b>					
Navigation		8,700,785,414	8,132,343,252	8,700,785,414	8,125,005,069
Less: Rebate on Navigational Charges		(198,000,000)	(161,737,339)	(198,000,000)	(161,737,339)
		<b>8,502,785,414</b>	<b>7,970,605,913</b>	<b>8,502,785,414</b>	<b>7,963,267,730</b>
<b>(Note: 30.2)</b>					
Stevedoring		19,591,467,255	20,662,015,317	19,591,467,255	20,662,015,317
Less : Rebate on Stevedoring Charges		(2,104,454,423)	(2,142,367,301)	(2,104,454,423)	(2,142,367,301)
		<b>17,487,012,831</b>	<b>18,519,648,016</b>	<b>17,487,012,831</b>	<b>18,519,648,016</b>
<b>(Note: 30.3)</b>					
Port Facilities		4,561,695,665	4,191,497,614	4,561,695,665	4,175,705,730
Less: Rebate on Storage		(326,687,725)	(155,116,421)	(326,687,725)	(155,116,421)
		<b>4,235,007,940</b>	<b>4,036,381,193</b>	<b>4,235,007,940</b>	<b>4,020,589,309</b>
<b>(Note: 30.4)</b>					
Other Service Operations		1,326,428,613	1,295,974,789	1,326,428,613	1,295,974,789
Less : Volume Rebate_Inter Terminal Trucking		(56,082,686)	(66,133,484)	(56,082,686)	(66,133,484)
		<b>1,270,345,927</b>	<b>1,229,841,305</b>	<b>1,270,345,927</b>	<b>1,229,841,305</b>

\* Rebate on storage and Inter Terminal Trucking included in stevedoring Revenue in the year 2017.

Rebate on stevedoring charges include: Volume rebates on transshipment containers, Volume rebates on domestic containers, rebates on Transshipment Containers (ECI ,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	
	2017	2016	2017	2016
<b>Operational Expenses</b>				
Salaries wages & Allowances	5,407,099,632	5,288,556,015	5,331,134,603	5,222,966,003
Overtime	1,895,547,232	1,950,845,789	1,895,547,232	1,950,845,789
Traveling Subsistence & Fuel Allowance	523,240	1,303,092	523,240	1,303,092
Fuel Electricity & Other Expenses	1,692,385,977	1,626,866,546	1,669,184,584	1,624,365,546
Cost of Water	44,058,509	65,241,400	43,840,906	46,350,382
External Hire Chargers / Contracts	697,090,816	726,642,420	697,090,816	726,642,420
Contract works for Rep. & Main.	91,330,396	112,596,790	82,766,935	112,423,923
Insurance & License	13,164,958	18,125,591	13,164,958	18,125,591
Bunkering	-	30,537,384	-	-
Crusher and Inter Lock Blocking	-	6,584,625	-	-
Material Issued for Operational activities	1,869,464	2,996,140	1,869,464	2,996,140
Lashing & Unlashing service	-	5,852,778	-	-
Depreciation	5,309,316,500	5,623,943,764	5,307,632,709	5,622,649,044
Impairment of Inventory	-	585,496,943	-	-
	<b>15,152,386,724</b>	<b>16,045,589,277</b>	<b>15,042,755,447</b>	<b>15,328,667,930</b>
<b>Repair and Maintenances Expenses</b>				
Salaries Wages & Allowances	2,870,104,592	2,705,921,180	2,870,104,592	2,705,921,180
Overtime	1,003,497,468	990,113,089	1,003,497,468	990,113,089
Travelling, Subsistence & Fuel Allowances	5,794,696	2,915,899	5,794,696	2,915,899
Fuel Electricity & Other Expenses	115,557,985	70,105,322	115,557,985	70,105,322
External Hire Charges/ Contracts	54,000	800	54,000	800
Contract works for Rep. & Main.	8,292,669	3,293,475	8,292,669	3,293,475
Insurance & License	3,039,320	2,580,682	3,039,320	2,580,682
Material Issued for Operational Activities	940,173,724	1,068,262,840	940,173,724	1,064,391,421
Depreciation	30,327,279	33,455,403	30,327,279	33,455,403
	<b>4,976,841,733</b>	<b>4,876,648,691</b>	<b>4,976,841,733</b>	<b>4,872,777,272</b>
	<b>20,129,228,457</b>	<b>20,922,237,967</b>	<b>20,019,597,180</b>	<b>20,201,445,201</b>



## 32 OTHER OPERATING INCOME

	Group		SLPA	
	2017	2016	2017	2016
<b>Other Services - Non Operational</b>				
Hire of Equip. & Floating Craft other than Cargo Handling	16,105,836	5,177,342	16,105,836	5,177,342
Supply of water for local consumption	707,207	173,266	707,207	173,266
Supply of electricity for local consumption	46,615,383	46,898,192	46,615,383	46,898,192
Telephone calls and medical facilities	46,880	27,427	46,880	27,427
Training fees	58,500	189,633	58,500	189,633
Special Jobs done for outside parties	5,384,449	1,246,936	5,384,449	1,246,936
Income from specialised Activities	2,992,530	2,064,729	2,992,530	2,064,729
Recovery of charges on ship wreck	-	1,145,616	-	1,145,616
	<b>71,910,784</b>	<b>56,923,141</b>	<b>71,910,784</b>	<b>56,923,141</b>
<b>Port Estate</b>				
Lease out lands	1,993,471,542	1,852,612,109	1,993,471,542	1,852,612,109
Royalty	2,489,283,165	1,983,992,012	2,489,283,165	1,983,992,012
Rent on housing scheme	2,152,919	2,325,940	2,152,919	2,325,940
Revenue from circuit bungalows	1,183,222	1,148,557	1,183,222	1,148,557
Rent / lease out buildings / warehouse	59,688,689	65,641,174	59,688,689	65,641,174
Miscellaneous	-	1,862,578	-	31,442
Debit note issued by Ledger & Credit Control	15,000	-	15,000	-
Auditorium & class room hiring charges	17,043	54,032	17,043	54,032
Interest from deferred lease rent of CICT	33,368,539	39,080,786	33,368,539	39,080,786
	<b>4,579,180,119</b>	<b>3,946,717,187</b>	<b>4,579,180,119</b>	<b>3,944,886,051</b>
<b>Miscellaneous</b>				
Dividend Received	839,681,509	851,416,512	839,681,509	851,539,616
Penalty and surcharge on L & D Bills/ Stevedore Billing	22,009,771	59,402,586	22,009,771	59,402,586
Surcharge on overdue bills	6,279,873	8,214,100	6,279,873	8,214,100
Proceed on sale of assets	18,139,866	23,939,047	18,139,866	23,939,047
Surplus of Stores & off charge items	-	120,187	-	120,187
Tender sales revenue	33,549,379	221,761	33,549,379	221,761
Surcharges on employees	61,914	4,585	61,914	4,585
Charges on dishonoured bonds items & debtors balances	1,526,622	2,231,928	1,526,622	2,231,928
Fines & Insurance Commission	19,662	22,484	19,662	22,484
	<b>921,268,595</b>	<b>945,573,190</b>	<b>921,268,595</b>	<b>945,696,294</b>
<b>Central Division</b>				
Port entry permits	19,000,660	25,035,774	19,000,660	25,035,774
Temporary port permit charges	378,437,987	469,550,122	378,437,987	469,550,122
Annual vehicle permits & casual vehicle permits	94,474,783	9,793,350	94,474,783	9,793,350
Fees on chandler's license & survey fees	29,216,507	26,897,331	29,216,507	26,897,331
Licensing of wharf clearing agencies in three ports	29,047,508	22,291,582	29,047,508	22,291,582
Licensing of harbour craft	931,324	441,744	931,324	441,744
Proceeds on hire of welfare buses	3,158,038	2,183,177	3,158,038	2,183,177
Canteen income	6,000	30,200	6,000	30,200
Miscellaneous	79,042,400	68,171,263	78,822,049	68,171,263
Sale of Books & Publications	456,704	409,711	456,704	409,711
Compensation receipts	8,075,260	15,693,918	8,075,260	15,693,918
Galle face green collection	-	618,505	-	618,505
Grant Income	61,171,076	48,042,872	61,171,076	48,042,872
Administration & Infrastructure Fee	548,963,712	453,176,111	548,963,712	453,176,111
Upfront fee paid by CICT	103,534,286	103,534,286	103,534,286	103,534,286
Admission/Monthly/Term fees for SLPA crèche	679,900	805,476	679,900	805,476
Hydrographic survey office -Tide data (CPCDP)	10,030	72,712	10,030	72,712
Lump Sum Premium_Laugh's Terminal Ltd	658,207	658,207	658,207	658,207
Lump Sum Premium Distilleries company of Sri Lanka	6,829,041	-	6,829,041	-
Charges for copies of information	5,280	-	5,280	-
Lump Sum Premium Tokyo Cement Company (Lanka)PLC	596,774	-	596,774	-
Amortisation of Lease hold rights-HIPG,HIPS	107,942,331	-	107,942,331	-
	<b>1,472,237,808</b>	<b>1,247,406,343</b>	<b>1,472,017,457</b>	<b>1,247,406,343</b>
	<b>7,044,597,306</b>	<b>6,196,619,861</b>	<b>7,044,376,955</b>	<b>6,194,911,829</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

## 33. ADMINISTRATIVE EXPENSES

	Group		SLPA	
	2017	2016	2017	2016
Salaries Wages & Allowances	4,401,992,789	4,362,788,349	4,380,550,801	4,023,439,589
Overtime	908,173,301	831,504,584	908,173,301	831,504,584
Traveling Subsistence & Fuel Allowance	801,601	59,074,996	801,601	777,113
Fuel / Electricity & Other Expenses	186,533,594	241,778,183	184,015,632	200,330,024
Cost of Water	136,692,462	136,452,830	136,300,551	135,176,677
External Hire Chargers / Contracts	43,480,139	26,803,104	41,835,613	24,147,360
Contract Works for Rep. & Main.	292,766,477	239,172,642	292,341,917	241,147,766
Communication Expenses	43,793,472	40,776,856	43,396,417	38,878,766
Rent on Premises / Rates & Taxes	49,178,342	43,146,361	48,732,842	40,614,788
Insurance & License Fees / Legal Fees	30,201,332	35,706,978	27,050,313	25,506,185
Office Requisites / Security Charges	65,137,126	113,114,463	48,326,880	40,263,955
Training Expenses	38,909,987	37,177,130	37,183,463	34,620,077
Welfare Expenses	226,830,083	220,244,879	219,454,770	212,464,879
Publicity & Public Relations	20,134,300	12,685,743	20,134,300	12,685,743
Sundry Expenses	214,517,816	927,294,933	216,042,499	910,846,930
Depreciation	213,804,996	286,663,136	209,859,049	276,814,175
Amortisation of Intangible Assets	23,924,336	56,420,801	23,695,026	55,744,966
Business Promotion / Other Charges	404,100	11,760,116	-	11,532,160
Miscellaneous Balance A/C Written Off	-	3,306,873	-	18,079
Bad & Doubtful Debt	22,377,355	5,216,176	22,376,508	5,028,409
Expenses on VAT	67,200,566	55,293,926	67,200,566	55,293,926
Stamp Duty	683,525	702,200	683,275	702,450
NBT Payments	224,903,153	202,515,090	224,903,153	202,515,090
Audit Fees	2,981,587	4,135,002	2,731,785	3,667,022
Unabsorbed Kitchen Expenses	-	66,014,018	-	66,014,018
Admin & Infrastructure Fees paid to JCT Ltd	5,041,504	4,161,803	252,075,174	208,090,153
Management Fees paid to MPMC	616,162,893	14,836,099	616,162,893	800,586,926
Invoice Price Variance	1	(0.1)	0.8	(0)
Director Fees	1,776,988	4,941,301	-	-
Ro Ro Expense	-	21,733,618	-	-
Computer Repair & Maintenance	-	434,252	-	-
NBV-Retirement	5,967,159	98,279	5,967,159	98,279
Secretarial Charges	-	646,000	-	-
Retirement Benefit	-	2,233,282	-	-
Cargo Operating Charges	-	2,188,553	-	-
Bank Charges	99,249	130,450	-	-
	<b>7,844,470,229</b>	<b>8,071,153,006</b>	<b>8,029,995,485</b>	<b>8,458,510,089</b>

#### 34. NET FINANCE COST

	Group		SLPA	
	2017	2016	2017	2016
<b>Interest Income</b>				
Interest on treasury bills & call deposits	1,453,007,179	878,177,387	1,453,007,179	878,177,387
Interest on securities / investments	40,043,674	50,964,229	1,407,620	813,000
Interest on loans given to outside parties	83,331	4,971,939	83,331	4,971,939
Interest on loans to employees	198,548,592	205,768,542	195,582,799	202,201,398
	<b>1,691,682,775</b>	<b>1,139,882,098</b>	<b>1,650,080,928</b>	<b>1,086,163,725</b>
<b>Interest Expenses</b>				
Interest on Loans	(2,082,669,764)	(4,421,690,527)	(2,082,018,395)	(4,301,850,044)
Other Finance Charges	(49,124,213)	(44,352,413)	(49,124,213)	(44,352,413)
	<b>(2,131,793,977)</b>	<b>(4,466,042,940)</b>	<b>(2,131,142,608)</b>	<b>(4,346,202,457)</b>
	<b>(440,111,202)</b>	<b>(3,326,160,842)</b>	<b>(481,061,680)</b>	<b>(3,260,038,732)</b>

#### 35. INCOME TAX EXPENSES

The Authority and its subsidiary companies' operational profits arising from port operations are considered as exempt profits as per the exemption given under section 13 (YYYY) 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%.

Major components of income tax are as follows:	Group		SLPA	
	2017	2016	2017	2016
Current Tax Expense for the Year (Note 35.1)	12,328,717	12,447,110	-	-
Tax on Distributable Profits	-	-	-	-
Dividend Tax	-	-	-	-
Income Tax Over Provision in Previous Year	-	-	-	-
Deferred Tax Charge / (Reversal) (Note 24.1)	-	-	-	-
	<b>12,328,717</b>	<b>12,447,110</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

For The Year Ended 31 December 2017	Group		SLPA	
	2017	2016	2017	2016
<b>35.1 Reconciliation Between the Current Tax Expense and the Product of Accounting Profit.</b>				
Accounting Profit Before Taxation - Exempt	13,236,966,666	594,978,551	13,119,901,858	1,035,725,890
Other Income Liabile for Tax - Interest Income	1,691,682,775	1,139,882,098	1,650,080,928	1,086,163,725
Taxable Profit Subsidiary	(117,716,177)	(424,510,654)	-	-
<b>Statutory Income</b>	<b>1,573,966,598</b>	<b>715,371,444</b>	<b>1,650,080,928</b>	<b>1,086,163,725</b>
Tax Losses Utilised/	(577,528,325)	(156,919,405)	(577,528,325)	(380,157,304)
<b>Assessable Income</b>	<b>996,438,273</b>	<b>558,452,038</b>	<b>1,072,552,603</b>	<b>706,006,421</b>
Less; Qualifying payment	(1,072,552,603)	(706,006,421)	(1,072,552,603)	(706,006,421)
<b>Taxable Income</b>			-	-
Tax Charged at Statutory Tax Rate of 28%	12,328,717	12,447,110	-	-
<b>Current Tax on Ordinary Activities for the Year</b>	<b>12,328,717</b>	<b>12,447,110</b>	-	-
<b>Tax Losses</b>				
<b>Loss Brought Forward</b>	<b>5,318,112,435</b>	<b>5,475,031,840</b>	<b>5,312,973,117</b>	<b>5,693,130,421</b>
Loss Incurred	-	-	-	-
Loss Utilised	(577,528,325)	(156,919,405)	(577,528,325)	(380,157,304)
<b>Loss Carried forward</b>	<b>4,740,584,110</b>	<b>5,318,112,435</b>	<b>4,735,444,793</b>	<b>5,312,973,117</b>

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

As per the concession agreement financial commitments has been approved by the Board of Directors as at the reporting period end.

## 37 SOORIYAWEWA CRICKET STADIUM CONSTRUCTION COST

Following decisions have been informed as per the Board Decision (PA/HD/33) on settlement of ICC arbitration (No.21959/CYK/PTA) between 1.China Harbour Engineering Company Limited 2.Sinohydro Corporation Vs. Sri Lanka Ports Authority issued on 13th December 2017 on construction of Sooriyawewa International Cricket at Hambantota under variation order No.6 of Hambantota Port Development Project (Phase I).

\* To enter into the "Loan Agreement enabling SLPA to obtain the loan amounts to Rs.3,950,858,869.57 directly from People's Bank as per the cabinet decision dated 05.12.2017

\* To amend the settlement Agreement appropriately by a supplementary Agreement/Addendum to the same and execute the same by SLPA As informed by Chief Legal Officer the provision made in 2016 Rs.5,838,489,259.62 has been reversed in 2017.

\* Rs.72 million is retained (Miscellaneous Deposit account) in SLPA if any penalty is raised by Commissioner General of Inland Revenue for delay in payment of taxes.

### 38 SETTLEMENT OF COURT OF APPEAL CASE BEARING NO.CA (PHC) APN 45/2006-MV "JAAMI"

As per the board decision No.PAM/61/2017 dated 23/02/2017 the Board of Directors decided to appropriately share (Proportion to be minimum 50%) the remaining balance in order to settle the above case and legal division forwarded a letter to Managing Director of Sri Lanka Shipping Company Limited on 29/03/2017.Sri Lanka Shipping Company Limited agreed for the said proposal and this matter was mentioned in the Court of Appeal on 29/06/2017 the counsels for the both parties agreed to file the settlement motion. Accordingly SLPA have sent the said motion to the counsel and the settlement terms are not entered in the Court of Appeal and this matter is listed to mention on 01.02.2018 .

### 39 EVENTS OCCURRING AFTER REPORTING PERIOD

Tax Appeal Commission has rejected the appeal made by SLPA for year of assessment 2008/09 and SLPA has decided to appeal against the decision in Court of Appeal

### 40 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. Summary of the cases given as follows.

Year of Assessment	Current Status of the cases	Bank Guarantee Value Rs.	Fixed Deposit value Pledged as security
2007/2008	SLPA is not agree with the decision given by tax appeal Commission and referred the matter to the Court of Appeal.	-	-
2008/2009	Tax appeal commission has rejected the appeal made by SLPA for Y/A 2008/09 and SLPA has decided to appeal against the decision. in Court of Appeal.	310,869,170	Rs.315 millions
2009/2010	Tax appeals Commission held in favour of SLPA. However Department of Inland Revenue filed action in the Court of Appeal against the decision of Tax Appeals Commission	-	-
2010/2011	The case is still hearing at Tax Appeal Commission	749,708,930	Rs.812.10 million

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

## 41 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 contingent Liability has been made for legal claim

## 42 RESTATEMENT OF COMPARATIVES IN THE GROUP FINANCIAL FIGURES

The following items have been restated with the receipt of Audited Financial Statements of Subsidiary companies and associate company after Audited Financial Statements of SLPA were issued for the year 2016.

Impact on the Consolidated Statement of Financial Position As at 31st December 2016	Note	Group	
		2016 with Audited A/C	2016 with Unaudited A/C
Investment in Associates	7	64,942,056	61,093,443
Trade and Other Receivables	12	10,516,400,758	10,542,478,553
Retained Earnings (at debit)		(13,662,508,210)	(13,662,500,097)
Borrowings - Financial Institutions (Non Current Liability)	22.1	13,529,318,308	10,597,931,565
Trade and Other Creditors	26	1,306,998,191	1,328,533,167
Borrowings - Financial Institutions (Current Liability)	22.2	1,913,783,798	4,845,170,541
Current Tax Payable	28	286,271,593	286,957,687
<b>Impact on the Consolidated Statement of Comprehensive Income As at 31st December 2016</b>			
Share of profit of Associate	71	3,848,613	-
Direct Expenses	31	20,922,237,967	20,934,955,843
Administrative Expenses	33	8,071,153,006	8,054,578,405

#### 43 PRIOR YEAR ADJUSTMENTS

The following items have been restated with the receipt of Audited Financial Statements of Subsidiary companies and associate company after Audited Financial Statements of SLPA were issued for the year 2016.

Description	Amount Rs.	Amount Rs.
Profit received from SLPMCS for the Galle face green administration for the year 2016 on 20th November 2017.As this is income relevant to year 2016 accounting done through prior period account	-	5,672,374.89
Due to the changes in the date place services to prior years adjusted the over charged depreciation as follows.		
Operational Building & Structures	13,757,845.98	
Plant & Machinery	211,599.31	
Electrical & Electronic Equipments	148,103.26	14208124.56
Furniture & Office Equipments	30,802.50	
Other Assets	59,773.50	
Due to the changes in the date place services to prior years adjusted the over charged depreciation as follows.		
Handling Equipment-1,389,294.88		
Electrical & Equipments-1,701.96		
Electronic Motor Vehicles	-13,179,157.70	14,570,154.54
Due to the changes in the date place services to prior years adjusted the over charged depreciation as follows.		
Operational Building & Structures-59,826,226.50	-	59,826,226.50
Default VAT payment due to the unavailability valid Cusdec for the Radio Network Equipment which was imported by SLPA in the year 2009.As per the Board Decision PA/HD/28 dated 07th November 2017,made this payment	-	72,876,120.00
Since the M/s Hayleys Advantis Limited who is the lessee was not occupying the office space of the Hambantota Port Premises, the Board of Directors granted approval to charge only 20% from the fixed annual consumption of 3,970 KWH and Rs.2,383,191 for the period of August 2014 to December 2016. Therefore over accounted amount Rs.1,906,552 adjusted through prior period account.	-	1,906,552.00
Reversal of repair cost charged to working progress account in year 2016 and consider this as a prior year expenditure.(Galle Port)	-	4,050,363.37
The FEL/Gain already charged is now reversed as there is no outstanding balances in SLPA books with respect to port of Hambantota.		27,458,931,208
Being accounting for the investment in HIPS by giving Lease hold rights of HIPG , Moveable assets & inventory.		59,951,400
Reversal of Differed Tax Provision provided in year 2010		5,664,282,405.12
Being correction of JE/FD/RND/2017/201, provision for Bad and doubtful debts for Rent and Electricity.	-	29,242,247.70
Balance payment for construction of Kuruluduwa Bridge		17,467,351.85
<b>Total</b>		<b>33,033,174,742.55</b>

#### 44 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.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

## 45 CONSOLIDATED FINANCIAL STATEMENTS 2017

Jaya Container Terminals Ltd (JCT Ltd) which is the Subsidiary company of SLPA and Hambanthota International Port Services Ltd (HIPS) have submitted unaudited Financial Statements for year 2017.

Magampura Port Management Co. Ltd (MPMC Ltd) the Subsidiary company and the associate company of SLPA which is Sri Lanka Port Management and Consultancy Services Ltd (SLPMCS Ltd) have not still submitted their Financial Statements. Therefore the consolidated Financial Statements has been prepared referring draft Financial Statement of JCT Ltd and HIPS Ltd not considering the MPMC Ltd and profit share of SLPMCS Ltd.

## 46 CAPITALISATION OF CICT LAND VALUE

SLPA is awaiting for Attorney General's Department observations on regularisation of transfer of CICT land to register these land in Land Registry. Until such decision is received SLPA is not in a position to capitalise the said land.

## 47 CAPITALISATION OF PORT OF OLUVIL

Cost laying in the Working Progress account as at 31.12.2017 with regard to Port of Oluvil has been capitalised.

## 48 CORPORATE GUARANTEE GIVEN FOR HNB LC FACILITY

The SLPA has given the corporate guarantee to Hatton National Bank for LC facility obtained by MPMC Limited. However the corporate guarantee given is not in par with the offer letter agreed between MPMC Limited and the HNB. Hence liability of SLPA is questionable. Furthermore MPMC is not liable to settle this facility and the cabinet concurrence for same was given on 22.11.2016. Further 03 member committee comprising Secretary Ministry of Port and Shipping, Deputy Secretary nominated by Secretary to the Treasury and Senior Asst. Director (Legal) Central Bank of Sri Lanka was appointed to carry out a study by a Cabinet Decision .

## 49. EXTRA ORDINARY TRANSACTION TAKEN PLACE WITH RESPECT TO PORT OF HAMBANTHOTA

1. With the implementation of the Concession Agreement as approved by the Cabinet of Ministers following transactions are taken place.
  - i. The responsibility of the repayment of loans of Port of Hambantota was under taken by General Treasury by a Cabinet Decision dated 25-07-2017. Accordingly re-payments made from July to December 2017 has been indicated Treasury Receivable together with Stamp Duty incurred for Lease agreement signed between SLPA & HIPG/HIPS as per clause 55.2 of the concession agreement and the Cabinet Decision No. 17/2143/737/018-V dated 03-10-2017.
  - ii. As per the concession agreement 85% of the HIPG Share Capital was purchased by CM Port and an amount of Rs. 104,960,332,400 is receivable as at 31-12-2017
  - iii. Leasehold rights of the immovable property related to the Port of Hambantota were given to HIPG and HIPS Limited as per the conditions of concession agreement.
2. As per the Board Decision No.PA/HD/28 dated 12th December 2017 the board of Directors has granted approval for the following.
  - i. To transfer of inventory items of SLPA to HIPS
  - ii. To transfer immovable assets developed by SLPA under separate contracts but located within the lease area
  - iii. To hand over lease hold rights of the crowned land to HIPG and HIPS on the value obtained using lease rental proposed by Department of valuation.

## 50 BALANCE PAYMENT FOR CONSTRUCTION OF KURULUDUWA BRIDGE

As per the Cabinet Decision No;PED/INFR/PTSP/CM/939 and the decision taken by the Board of Directors at the meeting held on 29.09.2016

(Board Memorandum No:PAM/148/2016 of 28/09/2016) it has been decided to pay the balance payment of Rs.17,467,351.85 for the construction of the Kuruluduwa Bridge at Matara to State Engineering Corporation.



**51 RECONCILIATION OF INVENTORY AP ACCRUAL ACCOUNT**

Account 321010(Foreign) need to be reconciled and rectified due to an error occurred due to input errors to the system

**52 REVIEW OF USEFUL LIFE TIME OF THE ASSETS**

Useful life time of the floating and handling equipment, operational buildings and structures were reviewed during the year and net book value has been adjusted accordingly. Reviewing of assets of SLPA will be done as a continuous process

**53 CUT-OFF DATE OF THE TRANSACTIONS OF PORT OF HAMBANTOTA**

The Financial Statements of Port of Hambantota have been prepared by considering the transactions occurred up to the effective date of the Concession Agreement; (09/12/2017)

**54 LIFETIME OF THE INVESTMENT PROPERTY AT PORT OF HAMBANTOTA**

The estimated life time of the property leased for the 99 years period to HIPG and HIPS were taken as 100 years since the revenue from leasehold rights will be amortised during the same period

**55 COMPENSATION PAID FOR A LAND NOT WITHIN PORT OF HAMBANTOTA PROJECT AREA**

The SLPA has paid a compensation for a land area in Port of Hambantota which is not within the project area handed over to the HIPG Limited.

Since this land belongs to BOI at the moment it has not been capitalised in the books of SLPA.

**56 GALLE PORT DEVELOPMENT PROJECT (SLP-85 LOAN)**

Out of JICA Loan of Yen 14,495 mn, Yen 458 mn has been disbursed and utilised for a feasibility study at Port of Galle has not been capitalised up to now

**57 REASON FOR NOT DETERMINING FAIR VALUE OF INVESTMENT PROPERTIES**

Investment properties are port infrastructure mainly comprising of maritime developments and structures. Whilst recent port development projects of this nature are few if not non-existent, Hambantota port has its unique features as a green-field development. Furthermore port commercialisation was not in full year at the time. In these circumstances there was no basis to obtain a rational estimate of the market value, whereas adequate sources of data were available to apply cost based valuation.

**58 RELATED PARTY DISCLOSURES**

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

**58.1 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.	Group	
	2017	2016
Remuneration and Other Short-Term Employee Benefits	32,138,677	28,575,950
Balance Outstanding - Loans and Advances	499,900	699,940

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

## 58.2 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		Loan granted	-		
			Loan repaid	4,840,274,812		
			Interest paid	1,271,415,919		
Government Related Institutions						
Sri Lanka Customs	Related Entities		Shipping Agency Operations with SLPA	14,717.00	-	1,242,838.40
Ministry of Fisheries and Aquatic Resource Development	Related Entities		-	-	-	-
Shipping and Aviation Information Research Ltd	Related Entities		-	-	-	-
Other Government related Entities	Related Entities		Services rendered	-	-	-
			Settlement for services rendered	-	-	-
			Supply of fuel Ministry of Ports & Shipping	1,287,708		274,211.44
Director General of Merchant of Shipping			Supply of fuel to Merchant Shipping Secretariat	103,796		20,975.22
			Registration fee for Two Bunker Vessel	1,248,310		
Ceylon Petroleum Corporation			Shipping Agency Operations with SLPA	17,049,330		4,443,963.65
Ceylon Fertilizer Company Limited			Shipping Agency Operations with SLPA	11,205,565		98,313.87
Ceylon Shipping Corporation			Shipping Agency Operations with SLPA	35,091,712		36,236,899.32
Sri Lanka Port Management & Consultancy Services (Pvt) Ltd	Associate Company		Payment for Janitorial Services received	39,071,160	11,101,170	-
			Payment of Salaries	119,483,988		21,550,064.05
			Payment for services received	85,375,498	9,780,090	-
			Dividend receivable	-	-	-
Jaya Container Terminal Ltd	Subsidiary Company		Administrative & Infrastructure fee paid	252,075,174	24,913,388	-
			Dividend received	6,121,800	-	-
			Supply of fuel	1,076,596		172,179.01
			Issuance of Medicines	57,948	104,475.26	-
			Telephone Bills	-	523,900	-
South Asia Gateway Terminal (Pvt) Ltd	Related Company		Rent received	450,278,531	-	33,725,732
			Royalties received	944,288,027	-	89,648,157
			Dividend received	833,559,709	-	-
Lanka Coal Company (Pvt) Ltd	Related Company		No Transactions are made during the year	-	-	-
Colombo International Container Terminal Ltd	Related Company		Lease/Rent Received	1,237,230,334	-	-
		Dr Parakrama Dissanayake	Royalty received	1,544,995,138	-	86,544,609
		Mr.PG Dassanayake	Differed interest received	33,368,539	-	-
		Mrs. Shirani Wanniarachchi	Up front fee paid by CICT	103,534,286	-	-
Magampura Port Management Company	Subsidiary Company		Administration Fees Payable	616,162,893	71,819,156	1,804,652
		Mr. Nilan A.S Wickramasinghe	* Above fee paid after deducting following expenditure	-	-	-
		Mrs. Shirani Wanniarachchi	Salaries	9,367,089.52		
			Water	718.06		
			Electricity	42.50		
			Others	15,722,150.96		
Colombo Dockyard PLC	Share Investment		Shipping Agency Operations with SLPA	9,481,712.15		72.11
			Dividend received	-		-
Hambantheta International Port Services Ltd						
		Dr Parakrama Dissanayake				
		Mr. Nilan A.S Wickramasinghe				
Hambantheta International Port Group Ltd						
		Dr Parakrama Dissanayake				
		Mr. Nilan A.S Wickramasinghe				

## 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 2.7to 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. 23,260,284,628.21(2016: Rs. 18,325,552,004).

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Sri Lankan Rupees)

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-Dec-17			31-Dec-16		
	Less than 1 Year	More than 1 Year	Total	Less than 1 Year	More than 1 year	Total
Borrowings - Government	5,198,526,722	54,924,342,666	60,122,869,388	10,285,274,220	214,555,128,086	224,840,402,306
Borrowings -Financial Institutions	1,555,871,084	11,360,327,710	12,916,198,794	1,912,413,794	10,593,136,572	12,505,550,366
Trade and Other Creditors	105,914,892,043	-	105,914,892,043	1,429,776,503	-	1,429,776,503
<b>Total</b>	<b>112,669,289,849</b>	<b>66,284,670,376</b>	<b>178,953,960,225</b>	<b>13,627,464,517</b>	<b>225,148,264,658</b>	<b>238,775,729,175</b>

### 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 2017 which amounts to Rs. 2,205,937,060 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. 54,209,363,742.81 (2016: Rs. 54,103,443,683.80) of the Authority's interest bearing loans and borrowings carried interest at floating rates others amounts to Rs 18,829,704,438.21 (2016: Rs.183,242,508,989.33) carried interest at fixed rates.

The value mentioned as Rs.21,286,883,069 has to be transferred to 2016 column.

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.

Loan	2017 (Rs)	2016 (Rs)
<b>Floating Rate</b>		
Colombo Port Expansion (South Harbour)	41,293,164,949	41,567,362,731
Terminal Tractors- (EXIM Bank of Malaysia)	-	30,530,586
Bank of Ceylon	8,960,970,082	12,505,550,365
People's Bank	3,955,228,712	-
<b>Fixed Rate</b>		
Colombo Port Development Project	18,829,704,439	21,286,883,069
Hambanthota Port Develop. - ( Phase I)	-	34,920,772,393
Hambanthota Port Develop. - ( Phase II US\$ 600 Mn)	-	90,614,160,000
Hambanthota Port Develop. - ( Phase II Yuan 1 bn)	-	5,317,703,819
Hambanthota Port Tank Farm Project	-	9,872,233,068
Ancillary works & Supply of Equipment Proj- Phase I HPDP	-	21,230,756,640

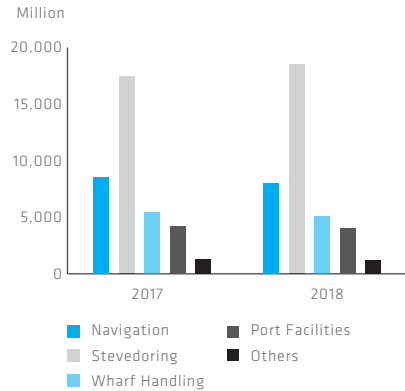
Terms and conditions of borrowing facilities

Loan Name	Lending Institution	Currency	Interest Rate	Loan Amount (In Loan currency)	Out Standing Balance as @ 31/12/2017 (Rs)	Borrowing cost (Rs)
JBIC	JAICA	SLP-23	JPY	2.50%	5,703,407,055	964,282,792
		SLP-27	JPY	2.50%	10,432,338,189	2,469,347,541
		SLP-30	JPY	2.60%	19,962,268,331	6,075,143,798
		SLP-33	JPY	2.60%	6,828,220,432	2,770,709,309
		SLP-41	JPY	2.60%	4,878,185,478	2,309,334,798
		SLP-46	JPY	2.60%	2,644,187,565	2,235,258,060
		SLP-67 i	JPY	1.80%	1,354,512,318	1,265,894,112
		SLP-67 ii	JPY	0.75%	217,445,997	
SLP-85	JPY	0.30%	14,495,000,000	589,600,324		
ADB-2316	Asian Development Bank	US \$	Libor+0.6%	300,000,000	41,145,993,958	
Preferential Buyer's credit loan	Exim Bank of china	US\$	2.00%	600,000,000	931,530,666	
Government concessional loan (Phase II)	Exim Bank of china	RMB	2.00%	1,000,000,000	56,295,274	
Construction of Sooriyawewa Stadium	Peoples Bank	LKR	AWPR+2.5%	3,950,858,870	3,950,858,870	
East Container Terminal	Bank of Ceylon	US \$	6 Months Libor+4.25%	80,000,000	8,960,970,082	
	Total				72,737,393,644	987,825,940
	Accrued Interest				301,674,537	
					73,039,068,181	
	Note 21		Borrowings - Government of Sri Lanka		60,122,869,388	
	Note 22		Borrowings - Financial Institutions		12,916,198,794	
					73,039,068,181	

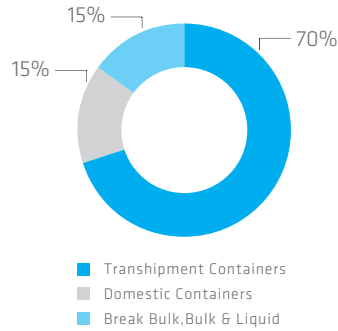
Loans obtained for the development of Hambantota port and repayments of these loans obtained for the construction of port of Hambantota were undertaken by the General Treasury as per the Cabinet Decision dated 25.07.2017. Therefore SLPA has no obligation on that.

# GRAPHICAL REVIEW

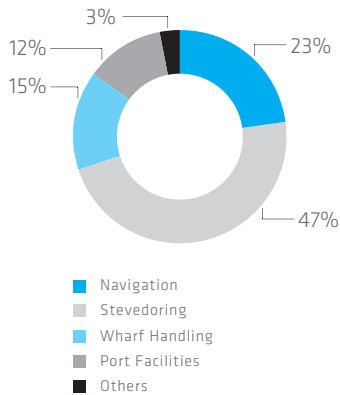
## Total Revenue



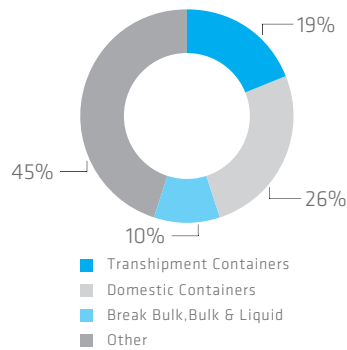
## Analysis of Cargo Throughput [M/T] - Port of Colombo (SLPA + SAGT+CICT)



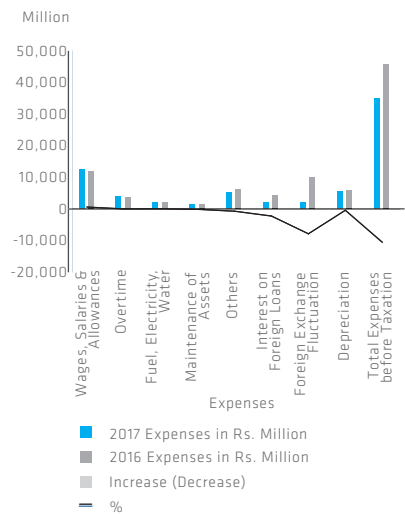
## Revenue from Services 2017 SLPA



## Analysis of Operational Revenue All Ports



## Operational and Other Expenses



# AUDITOR GENERAL'S REPORT

POS/A/SLPA/1/2017/03

14 November 2018

The Chairman  
Sri Lanka Ports Authority,

Report of the Auditor General on the Consolidated Financial Statements of the Sri Lanka Ports Authority and the Subsidiary Companies thereof for the year ended 31 December 2017 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 2017, comprising the financial position as at 31 December 2017 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 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 of the Authority in terms of Section 14(2) (c) of the Finance Act, appear in this report.

## 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, in accordance with Sri Lanka Auditing Standards, consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810).

## 1.4 Basis for Disclaimer of Opinion

As a result of matters described in paragraph 2.2 of this report, I am unable to determine whether any adjustment might have been found necessary in respect of recorded or unrecorded items, and the elements making up the statement of financial position, statement of comprehensive income, statement of changes in equity and cash flow statement.

## 1.5 Subsidiary Companies and Associated Companies

The Sri Lanka Ports Authority belonged two subsidiary companies viz; Jaya Container Terminal Ltd. and Magampura Port Management Services (Pvt) Ltd. and Ports Management and Consultancy Services Ltd. which was an Associated company. The equity of the two subsidiary companies and the Associated Company had been 100 per cent and 39.97 per cent respectively. As the operations of the Magampura Harbour had been entrusted to two other companies since 09 December 2017, it was observed in audit that the going concern of this company would be uncertain.

## 2. FINANCIAL STATEMENTS

### 2.1 Opinion

#### 2.1.1 Disclaimer of Opinion – Group

Because of the matters describe in paragraphs 2.2 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

#### 2.1.2 Disclaimer of Opinion – Authority

Because of the matters described in paragraph 2.2.2 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

### 2.2 Comments of Financial Statements

#### 2.2.1 Comments of Financial Statements – Group

In the preparation of consolidated Financial statement of the Ports Authority, they had been prepared on the basis of draft financial statements of one subsidiary company and the accounts of the other subsidiary company had not been submitted for audit even by May 2018. As such, the audited financial statements of two subsidiary companies had not been in the preparation of Consolidated Financial Statement of the Group.

#### 2.2.2 Comments on the Financial Statements – Authority

##### 2.2.2.1 Accounting Deficiencies

Of the foreign loan received for the construction of Hambantota Port, the

# AUDITOR GENERAL'S REPORT

balance of Rs 147,746 million existed in the accounts of the Authority as at 30 November 2017, had been omitted from the financial statements of the Authority without the sanction of the General Treasury or a decision of the Cabinet of Ministers and as a result that loan balance had not been reflected in any of the government accounts. However, there was uncertainty in what account this loan should be included. In addition due to removal of this loan from accounts, the financial statements of the Authority had been effected as follows.

- (i) The Foreign loan balance has been understated by Rs. 147,746 million.
- (ii) As the foreign exchange conversion loss recognised up to 31 December 2016 amounting to Rs. 27,458.93 million had been adjusted to the opening retained earning balance in the statement of change in equity of the year 2017 in the conversion of the loan balance in to Sri Lanka rupees, the balance of the retained earnings as at the end of the year under review had been overstated by a similar amount.
- (iii) As the foreign exchange conversion loss of Rs. 4,086 million recognised relating to the loan for the period from 01 January 2017 to 30 November 2017 had not been included in the statement of comprehensive income, the net profit of the year under review had been overstated, by that amount.
- (iv) The foreign exchange conversation profit of the loan for the period from 01 December to 31 December 2017 amounted to Rs. 339 million but it had not been considered in the preparation of statement of comprehensive income.

## 2.2.2.2 Unexplained Differences

According to the financial statement of the Authority, the balance receivable from shipping agent as at 31 December 2017 amounted to Rs. 986.08 million, whereas according to the confirmation letter sent by that shipping agent that balance amounted to Rs. 728.14 million thus observing difference of Rs. 257.94 million. However, a reconciliation statement had not been prepared being explained the reasons for the difference.

## 2.3 Accounts Receivable and Payable

The following observation are made.

- a) In terms of the Section 9.1.3 of the Financial Regulations of the Ports Authority, every consideration should be made by the officers directly or indirectly responsible for the recovery of receivable to the Authority in order to make responsibility no to become arrears of debtors. Nevertheless, out of the debtor balances totaling Rs 2,788 million due to the Authority as at 31 December 2017, the total shipping agents debtors balances of the Colombo Port amounting to Rs. 516 million and non-trade debt balances totaling Rs. 63 million had remained unrecovered for more than the period of one year.
- b) Due to supply of services on credit basis, receivable from government entities and shipping agents by which services had been obtained from Colombo, Galle and Trincomalee ports as at 31 December 2017 totalled Rs 423.14 million and a provision for bad and doubtful debts had been made for the entire amount.

c) As the electricity charges incurred by the authority in respect of electricity consumption and the rentals of premises given to operate welfare and canteen, shown under non trade debtors included in the accounts receivable balances of Colombo and Trincomalee ports had not been recovered properly the value of those balances amounted to Rs. 65 million and the provision for bad and doubtful debt for the value of Rs. 63.68 million had been made thereof.

d) Problematic/disputed debtor balances and the unsettled debtor balance referred for re-scrutinise as at 31 December 2017 amounted to Rs. 46.83 million and Rs. 14.70 million, respectively. The final conclusion had not been reached in respect of unsettled debtors lapsed for more than one year amounting to Rs. 3.18 million and the unsettled debtors (Rs-disputed) referred for re-scrutinised amounting to Rs. 4.78 million included in those balances, even by the end of the year under review.

e) Even though the Board of Directors had granted approved to allow a concession (to write off charges) in respect of warehouse and port handing charges bills amounting to Rs. 113.19 million which had not been recovered up to now from a shipping agent lapsed for more than 30 days, the approval of the Treasury had not been obtained. However, a sum of Rs. 112.86 million thereof had been written off on 16 May 2018 as bad debts.



## 2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances were observed.

	Reference to Laws, Rules, Regulations etc.	Non-compliance
(a)	Section 6(h) of the Sri Lanka Ports Authority Act. No. 51 of 1979	Action had not been taken to establish a General Reserve in terms of provisions in the Act even by 31 December 2017.
(b)	Finance Act No. 38 of 1971	
	(i) Section 11 of and paragraph 8.2.2 of Public Enterprises Circular, No. PED/12, dated 02 June 2003	The concurrence of the Minister of Finance had not been obtained for the investments or Rs. 12,674 million made in fixed deposits and short term deposit by the Authority in the year 2017
	(ii) Section 10 (5)	The net Revenue Surplus of a Public Corporation in any year, after the appropriation mentioned in the Act should be credited to the Consolidated Fund. Nevertheless, the net profit of Rs. 1,035.73 million and Rs. 13,324.14 million had been earned in the years 2016 and 2017 respectively by the Authority but those profits had not been credited to the Consolidated Fund. Furthermore, the above profits had included a sum of Rs. 1,993.47 million recovered by the Authority from 2 private companies engaged in operations in 2 Colombo port terminals as commercial lease rental and a sum of Rs. 2,489.28 million recovered as the royalty.
(c)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka Financial Regulations 387 and 156	Even though the paying officer should always ensure that the bank balance is adequate to meet all his payments made by cheques in paying salaries by the Authority, a bank overdraft of Rs. 484,171 million had existed and as such an overdraft interest of Rs. 0.286 million had to be paid.
(d)	Public Enterprises Circular No. PED/12 of 02 June 2003	
	(i) Section 4.2.3	Even though periodical performance reports of subsidiary companies should be reviewed by the Board of Directors, performance reports of one subsidiary company belonging to the Authority had
	(ii) Section 5.1.2	Even though Performance indicators had been introduced relating to the 23 Divisions of the Authority in the year under review, action had not been taken to evaluate the performance ensuring that the actual performance had accomplished as expected based on indicators.
	(iii) Section 9.3.1 (iv)	Even though it was stated that before creation of a new post or increasing the cadre, job evaluation and a study should be precisely carried out, without doing so, recruitments had been made to 6 Divisions of the Authority in the year under review in excess of the approved cadre, as compared with the function.
	(iv) Section 9.3.1 (vi) and (vii)	On the contrary to the Circular instructions, 35 officers had been recruited on acting basis for a period of more than 03 months by the Authority during the year under review.
(e)	Sections 2.3 and 3.1 of Public Enterprises Circular, No PED/2015, dated 25 May 2015	(i) On the Contrary to the Circular instructions, 35 officers had been given to 86 officers in January of the year under review, who were not entitled for the monthly fuel allowance.
		(ii) Contrary to the Circular instructions, monthly fuel limits had been determined for 35 officers of the Authority and according to the audit test check, it was observed that 1459 litres of fuel had been over issued only in the month of January 2017.

# AUDITOR GENERAL'S REPORT

	Reference to Laws, Rules, Regulations etc.	Non-compliance
(f)	Section xiv of the inland Revenue Act, No. 10 of 2006, and the Public Enterprises Circular, No. PED/03 2016 of 29 April 2016	Even though 'PAYE' tax should be paid from the salaries of the respective officers by deducting from their salaries, such money had been paid out of the funds of the Authority. Including a sum of Rs. 479.94 million so paid in the year 2017, 'PAYE' tax totaling Rs. 2,361.62 million had been paid to the Department of Inland Revenue from the assessment year 2011/2012 to December 2017 from the funds of the Authority.
(g)	Section 2 of 'PAYE' tax table 3 of the Inland Revenue Act, No. 10 of 2006, and the letter NO. IRD/PAYE/EG/01 dated 07 March 2011 issued by the Department of Inland Revenue.	Even though, it was stated that PAYE tax should be deducted from the gratuities paid to the employees of government institutions, without being retained 10 per cent of such tax to be recovered in paying gratuities, the Authority had paid gratuities to employees.
(h)	Inland Revenue Act. NO. 10 of 2006, and the letter No.SEC/2015/05 dated 06 July 2015 issued by the Department of Inland Revenue.	When bonuses are paid to the employees of public entities, the PAYE tax should be recovered thereon, but the Authority had paid such taxes from the Authority's funds without being recovered from the employees.
(i)	Treasury Circular No.IAI/2002/02 of 28 November 2002	A separate register of fixed assets had not been maintained by the Authority in respect of computers and computer accessories belonging to the Authority valued at Rs. 369.15 million Similarly the maintenance of that computer register should have been supervised by the Internal Audit Division but that requirement had also not been performed.

## 3. FINANCIAL REVIEW

### 3.1 Financial Results

According to the consolidated financial statements presented, the profit of the Group and the Authority for the year ended 31 December 2017 amounted to Rs. 13,384 million, and Rs.13,324 million respectively, as compared with the profit of Rs. 583 million and Rs. 1, 036 million in the group and the Authority respectively for the preceding year. As compared with the preceding year, the financial results of the Group and the Authority had improved by Rs. 12,801 million and Rs. 12,288 million respectively. Decrease of net foreign exchange adjustment losses by Rs. 7,832 million including the foreign exchange conversion loss of Rs. 4,086 million written off since the write off of loans obtained for Hambantota Port as compared with the preceding year, decrease of loan interest expense by Rs. 2,219 million, increase of royalty income by Rs. 505 million and the increase of interest income on deposits by Rs. 575 million had mainly attributed to improve the above financial results.

In the analysis of financial results of the year under review and the preceding 04 years, the Authority had earned profits in other years, except in the year 2015. However, when readjusted the employees remuneration, taxes paid to the Government, and depreciation on non-current assets to the financial result, the contribution of the Authority amounting to Rs. 24,052 million in the year 2013 continuously indicated a positive value and it had increased up to Rs. 37,839 million in the year under review.

### 3.2 Analytical Financial Review

Certain significant accounting ratios for the year under review and the 4 preceding years are given below.

	2017	2016	2015	2014	2013
(i) Gross Profit Ratio (%)	46	45	35	39	33.39
(ii) Operating Profit (Loss) on Total Income (%)	36.19	33.34	22.86	27.93	13
(iii) Non Profit Ratio (%)	29	2.35	(35)	23.73	4.52
(iv) Long Term Loans to Equity Capital	1:0.20	1:2.89	1:2.92	1:2.30	1:2.27
(v) Current (Loss) Ratio	1.22:1	1.27:1	1.52:1	2.16:1	2.51:1
(vi) Liquidity Ratio	1.19:1	1.19:1	1.41:1	2.05:1	2.42:1
(vii) Cost per employee Rs. Min.	1.78	1.66	1.73	1.42	1.38

The Following observations are made

- (a) Due to write off the long term loan obtained for the construction of Hambanthota port from books, the loans to equity capital ratio of 1:2.27 existed in the year 2013, had decreased to 1:0.20 in the year 2017.
- (b) Operating profit to total income of 13 per cent in the year 2013 had increased to 36.19 per cent in the year 2017 and the after tax net profit ratio of 4.52 per cent in the year 2013 had increased to 29 per cent in the year 2017. Decrease of foreign exchange conversion loss in the year under review by Rs. 7,832 million and decrease of loan interest expense by Rs. 2,219 million as compared with the preceding year had mainly attributed to increase the operating profit and Net profit ratio.
- (c) The current ratio and the liquidity ratio in the year 2013 stood at 2.51:1 and 2.42:1 respectively, and it had gradually deteriorated up to 1.22:1 and 1.19:1 by the end of the year under review. Increase of provision for accrued expenditure had been the reason therefor.

#### 4. OPERATING REVIEW

##### 4.1 Performance

According to the Sri Lanka Ports Authority Act, No.51 of 1979, the main objectives of the Authority consist of the provision of efficient and continuous port operations and the provisions of security services, regularisation and control of navigation in access roads, improvements and development of ports, co-ordination and formalisation of port function. Observations on planning the achievement of such objectives and the performance are given below.

##### 4.1.1 Planning

###### 4.1.1.1 Corporate Plan

The following observation are made.

- (a) A corporate plan had been prepared by the Authority for the period from 2013

to 2020. According to that Corporate Plan, main targets such as to become the centre for supply of excellent oceanic services by the year 2020, 200 million metric tons of cargo handling, earning an income of US\$ one billion, acquisition of investments valued at US\$ 10 billion (between ports), to become a pioneer in contributing to the National economy and to become an eco-friendly green harbour operator had been targeted for achievement. However, how far those targets were reached had not been reviewed annually and the annual action plans, indicating the manner how to reach main targets and not been included in the corporate plan.

- (b) In the preparation of corporate plan strengths as well as weaknesses within the business, opportunities and threats in the business environment to achieve the goals established in the entity had not been evaluated.
- (c) According to the Corporate Plan of the Authority, it was targeted to complete the Construction works of Eastern Container Terminal, 1200 meters in length and operate 2.4 million containers annually therefrom. Even though the construction works of 600 meters in length had been completed in the terminal in the year 2016, container operations had not been commenced and as such the expected targets could not be achieved.

##### 4.1.2 Operation and Review

The following observations are made.

###### 4.1.2.1 Progression of the Activities in the action plan

According to the action plan for the year 2017 and the work done reports, main programs, the estimated value of Rs. 3,079.1 million and 39 projects (131 total activities) had been identified to be executed. However, according to the work done reports, only 9 projects (34 activities)

valued at Rs. 1,195 million had been fully completed during the year under review, representing 23 per cent of the total projects. Thirty projects, the estimated cost of which amounted to Rs. 1,884.1 million in the year 2017 had not been completed and the following observations are made in that connection.

- (a) Even though it was expected to complete 40 per cent of the construction of port and shipping business centre, the estimated cost of which amounted to Rs.250 million, only 15 per cent had been completed in the year under review.
- (b) Even though it was expected to prepare a plan, incurring an expenditure of Rs.100 million for the development of infrastructure facilities under the Trincomalee Harbour Development Project and to complete by the end of March 2017, only 40 per cent had been completed by the end of the year under review.
- (c) Nine projects valued at Rs.795 million included in the Action Plan of the year 2017 and to be completed in the years 2015 and 2016 had not been completed even by the end of the year under review.
- (d) It was expected to prepare and complete a land use master plan by June 2017 but it had not been completed even by the end of the year under review.
- (e) A provision of Rs.15 million had been made for the preparation of a National Port Master plan but the activities relating to that plan such as national port policy direction, Hinterland connectivity project, port access elevated highway phase, expected to be completed before the end of the year 2017 had not been completed.

## AUDITOR GENERAL'S REPORT

### 4.1.2.2 Container handling of Colombo port and the Authority

By the end of the year under review, 04 terminals which operated container handling and other operations within the part of Colombo had existed out of which Jaya Container Terminal and the Samagi Container Terminal were fully owned by the Sri Lanka Port Authority. The balance 2 terminals viz; Colombo International Container Terminal (CICT) and the South Asian Gate Terminal (SAGT) had been leased out on "Built operation and Transfer" (BOT) basis for a period of 35 years to two private entities with an ownership of 85 per cent.

Container handling of the Authority and other Terminals in the years 2016 and 2017 are as follows.

	SLPA Units		SAGT Units		CICT Units		Total Units	
	2016	2017	2016	2017	2016	2017	2016	2017
Transshipment	1,607,792	1,609,114	1,294,631	1,406,265	1,452,838	1,726,203	4,355,261	4,741,582
Domestic	483,109	388,282	317,707	375,944	499,035	619,325	1,299,850	1,383,551
Re-stowing	9,216	13,306	19,869	27,626	50,727	43,003	79,812	83,935
<b>Total</b>	<b>2,100,117</b>	<b>2,010,702</b>	<b>1,632,207</b>	<b>1,809,835</b>	<b>2,002,599</b>	<b>2,388,531</b>	<b>5,734,923</b>	<b>6,209,068</b>

The following observations are made in this connection.

- (a) Even though the container handling of the Colombo Harbour in the year under review had improved by 8 per cent as compared with that of the year 2016, container handlings of the Sri Lanka Port Authority had decreased by 04 per cent as a whole. Direction of certain vessels which should have been arrived at the terminals during the year 2017 belonging to the Authority to the two private terminals in terms of terminal service agreement entered into with the shipping agents by the Sri Lanka Port Authority had mainly attributed to this decrease.
- (b) Currently, the shipping Agents prefer more temptation to use vessels with large capacity in the transportation of and cargo with the objective of getting economic of scale. In addition, as the container shipping companies are integrated and centralised, about 95 per cent of the container capacity volume are controlled by few allied shipping companies within the Asian European trade route. This had caused to create a massive competition in obtaining port services. Under these circumstances the Authority had to prepare a marketing plan, containing appropriated competitive strategies in order to protect and increase its market share but action had not been taken to prepare such a plan even by the end of the year under review.
- (c) Out of the terminal operated for container handling in the port of Colombo at present, the only terminal to which vessels more than 14.25 meters in draft can arrive the Colombo International Container Terminal (CICT) and its annual capacity is 2.4 million TEUS. In the year 2017, 294 vessels, exceeding 14.25 meters in draft had arrived at that terminal and more than 2 million container units (TEUS) had been handled. Accordingly, the container handling in that terminal had improved 16 per cent as compared with that of the year 2016. If this improvement exists at the same level in the year 2018 as well, it was observed that the operating capacity thereof would be reached to its maximum level. Nevertheless it was observed that there would be a requirement of a terminal which can handle vessels, exceeding 14.25 meters in draft and operating equipment as the maximum draft of terminals belonging to the Sri Lanka Ports Authority and the width and air draft of gantry cranes were 14.25 meters and 18 meters respectively. However, the vessels belonging to Nemo, Clg, Fax, Wax companies which could be arrived at the terminals of the Authority had gone to the SAGT in the year under review but the Authority had not prepared and followed competitive market strategies in order to prevent it.
- (d) According to the requirement of the loan agreement entered into with the Asian Development Bank and the Government of Sri Lanka relating to the strengthening of Colombo Port and the Development alternative strategic review provided by the U.R.S. Escort Wilson Ltd. in August 2011, it was scheduled to commence the operations of the first stage of eastern container terminal in the year 2015. Even though the final completion certificate had been issued stating that the construction work of the eastern container terminal with the draft of 18 meters and the length of 600 meters costing Rs. 11,168 million and with the annual capacity of 1,200,000 container units in April 2016, action had not been taken to commence operation even up to 30 September 2018 by supplying gantry cranes including other equipment required for cargo handling.
- (e) The following observations are made in respect of Jaya Container Terminal and Samagi Container Terminal belongs to the Authority.

- An equipment installation plan of the above terminals had been prepared in the year 2017. According to that plan, the efficiency of the equipment had declined as the existing equipment had been 19 to 31 years old. Accordingly, the Technical Evaluation Committee had recommended that 8 Gantry Cranes and 6 yard cranes to be removed and to purchase 3 large size cranes of post Panama type during the year 2017. Accordingly, the approval of the Cabinet Ministers had been granted on 18 July 2017 to appoint the Procurement Committee and the Technical Evaluation Committee for the initiation of organisation function by purchasing 3 cranes valued at US\$ 25 million for harbour civil functions and to purchase container handling equipment valued at US\$ 30 million for the improvement of capacity of the Jaya Container Terminal. Even though the Cabinet approval stated that this task was an expeditious requirement, only the invitation for proposals had been called for by the end of May 2018.
- The approval of the Board of Directors had been granted by its decision No.PAM/148/2017 dated 13 July 2017 for the purchase of 14 new terminal tractors from the capital provision of 2017, in place of 34 existing terminal tractors older than 21 years for the improvement of productivity and efficiency of the Jaya Container terminal. Even though the purchase of new equipment would have been expeditiously effected, due to outdated the old equipment, the Authority had failed to select a suitable supplier and to purchase even up to May 2018. Due to such reasons that the diminution of efficiency of equipment which had technically become obsolete, as a result to of using for operations for a long time as mentioned above, regular repairs and lack of equipment, suitable for the capacity of vessels arrive at the port at present it was a hindrance to the container handling. Accordingly, the risk of declining the efficiency of those terminals cannot be ruled out and it was observed in audit that this might cause to reduce the operating productivity and badly effect the credibility of the Authority. Furthermore, as 2 vessels with the length 330 meters could not be anchored at a time in the Jaya Container Terminal with the length of 600 meters and the draft of 14.25 meters, the Authority had deprived of business opportunities.

#### 4.1.2.3 Analysis of Sailing Vessels

(a) The number of sailing vessels arrived at all parts from 2013 to 2017 appear below.

Name of port	2017	2016	2015	2014	2013
Colombo	4,329	4,405	4,197	3,742	3,667
Trincomalee	233	216	164	127	134
Galle	87	96	72	60	36
Kankesanthurai	63	25	32	34	48
Hambanthota	230	281	295	335	139
<b>Total</b>	<b>4,942</b>	<b>5,023</b>	<b>4,760</b>	<b>4,298</b>	<b>4,024</b>

According to the above information, a decrease of the arrival of vessels were indicated in the ports of Colombo, Galle and Hambanthota in the year 2017 as compared with that of the year 2016.

(b) Information on the arrival of containerised sailing vessels from the year 2013 to the year under review appear below.

Year	2017 No. of Vessels	2016 No. of Vessels	2015 No. of Vessels	2014 No. of Vessels	2013 No. of Vessels
Port Authority	1,352	1,460	1,616	1,926	2,084
S.A.G.T.	1,073	1,087	1,026	855	1,011
C.I.C.T.	1,258	1,257	1,001	458	47
<b>Total</b>	<b>3,683</b>	<b>3,804</b>	<b>3,643</b>	<b>3,239</b>	<b>3,142</b>

## AUDITOR GENERAL'S REPORT

According to the above information, the arrival of containerised sailing vessels in the year 2016 to the Colombo Harbour had increased by 4 per cent as compared with the year 2015 but it had dropped by 3 per cent in the year 2017 as compared with the year 2016. Similarly the number of container handling vessels arrived at the Port of Colombo had decreased by 7 per cent during the year under review. The number of vessels arrived at the C.I.C.T had not increased considerable as well and decrease of arrival of containers vessels at the Port of Colombo was observed. Carrying container by heavy vessels with more draft due to integration of shipping companies had attributed therefore.

### 4.1.2.4 Analysis of Container Handling

(a) Particulars of container handling in all terminals of the Port of Colombo as domestic and re-export from the year 2013 to the year under review are given below.

	2016 Units	%	2016 Units	%	2015 Units	%	2014 Units	%	2013 Units	%
<b>SLPA</b>										
Domestic	388,282		483,109		541,152		643,317		676,937	
Re-export	1,609,114		1,607,792		1,691,267		1,882,057		1,779,882	
Others	13,306		9,216		19,904		33,965		45,044	
<b>Total</b>	<b>2,010,702</b>	<b>32</b>	<b>2,100,117</b>	<b>37</b>	<b>2,252,323</b>	<b>43</b>	<b>2,559,339</b>	<b>52</b>	<b>2,501,863</b>	<b>58</b>
<b>S.A.G.T.</b>										
Domestic	375,944		317,707		327,750		337,354		341,510	
Re-export	1,406,265		1,294,631		1,028,538		1,298,434		1,385,552	
Others	27,626		19,869		14,957		26,152		19,740	
<b>Total</b>	<b>1,809,835</b>	<b>29</b>	<b>1,632,207</b>	<b>28</b>	<b>1,371,245</b>	<b>27</b>	<b>1,661,940</b>	<b>34</b>	<b>1,746,802</b>	<b>41</b>
<b>C.I.C.T.</b>										
Domestic	619,325		499,034		349,069		146,314		13,530	
Re-export	1,726,203		1,452,838		1,168,516		519,219		42,683	
Others	43,003	39	50,727		44,314		21,103		1,328	
<b>Total</b>	<b>2,388,531</b>		<b>2,200,599</b>	<b>35</b>	<b>1,561,899</b>	<b>30</b>	<b>686,636</b>	<b>14</b>	<b>57,541</b>	<b>1</b>
<b>Grand Total</b>	<b>6,209,068</b>	<b>100</b>	<b>5,734,923</b>	<b>100</b>	<b>5,185,467</b>	<b>100</b>	<b>4,907,918</b>	<b>100</b>	<b>4,306,206</b>	<b>100</b>

The following observations are made in this regard

- (i) Development of container handling, transshipment and repacking in the Port of Colombo in the year under review had indicated as compared with that of the previous year. However, the number of Container handling of the ports Authority had dropped from 2,100,117 to 2,010,702 are 4 per cent by the end of the year under review as compared with the previous year. Nevertheless, the Colombo International Container Terminal Company (C.I.C.T.) had improved its mark share by speedy container handling.
- (ii) The Authority South Asian Gate Terminal (S.A.G.T.) and the Colombo International Container Terminal (C.I.C.T.) had acquired market contribution of 32 per cent, 29 per cent and 39 per cent respectively in the year under review through overall container handling. The Colombo International Container Terminal Company (C.I.C.T.) had acquired the highest contribution during the last 3 years and this is one and only terminal located within the part of Colombo now at which vessels with more than 14.25 meters can arrive had caused thereto.
- (iii) In considering the terminal occupancy ratio in respect of the container handling of the Authority, it had been 68 per cent, 63 per cent and 60 per cent in the years from 2015 to 2017 respectively. Accordingly it was observed that the terminal occupancy ratio of the Authority was gradually decreasing since the year 2015

(b) Analysis of Containers operated by terminal within the port Colombo belonging to the Authority.

	2017 Units	2016 Units	2015 Units	2014 Units	2013 Units
<b>Jaya Container Terminal</b>					
JCT - 1	338,434	364,749	405,555	469,831	414,596
JCT - 2	361,561	383,759	369,317	415,781	417,388
JCT - 3	537,963	617,553	568,259	585,145	607,669
JCT - 4	613,447	579,645	580,956	616,228	623,030
JCT - CBN	-	-	-	-	-
JCT - CBS	97,332	22,112	185,204	246,363	237,662
JCT - NFB	-	33,994	28,716	60,251	45,218
<b>Total</b>	<b>1,948,737</b>	<b>2,001,812</b>	<b>2,138,007</b>	<b>2,393,599</b>	<b>2,345,563</b>
<b>Samagi Container Terminal</b>					
UCT-1	2,986	5,449	12,817	27,617	64,687
UCT-2	58,903	92,852	101,494	138,119	91,604
	<b>61,889</b>	<b>98,301</b>	<b>114,311</b>	<b>165,736</b>	<b>156,291</b>
Conventional Quays	76	04	05	04	09
<b>Grand Total</b>	<b>2,010,702</b>	<b>2,100,117</b>	<b>2,252,323</b>	<b>2,559,339</b>	<b>2,501,863</b>

According to the above statistics, it was observed that container operations in the Jaya Container Terminal and the Samagi Container Terminal were continuously decreased since the year 2015.

#### 4.2 Management Activities

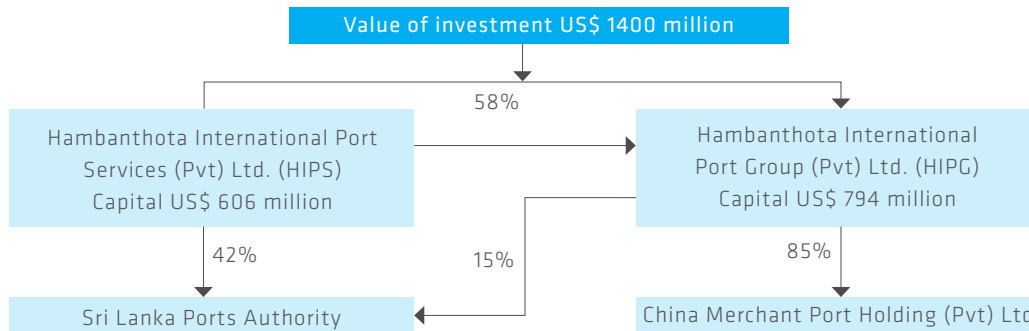
The following observations are made.

(a) Construction works of the stage I of the Hambanthota Harbour had been completed in the year 2009 and the operations had been started while being constructed the work of stage II. The total expenditure including the foreign loans for the construction of stage I and II, Domestic loans, direct contribution of the Ports Authority and indirect cost by 31 July 2018 amounted to US\$ 1,541 million as detailed below.

	US\$ Millions
Foreign loans, Domestic loans and Direct Contribution of SLPA	1,302
Amount further payable for equipment	60
Land acquisitions, payment of Inland tax, project management unit expenses and other expenses	179
<b>Total</b>	<b>1,541</b>

# AUDITOR GENERAL'S REPORT

Operation activities of the Hambantota Harbour had been carried out by the Magampura Port Management Company during the period from 2009 to 2016 and according to the financial records of the Authority, the operating loss of the port up to 31 December 2017 amounted to Rs.21,904 million. According to a policy decision of the Government, assets owned by the Port had been entrusted to two private companies with the state private partnership by the decision No. අමප/16/2592/752/033 dated 16 December 2016 of the Cabinet of Ministers in the year 2017 for 99 year – period at US\$ 1400 million. According to the cabinet decision No. අමප/17/1580/737/018 dated 04 August 2017, the above investment comprised as follows.



Total Share Holding in Two Companies	US\$ (million)	Share Holding %
China Merchant Port Holding (Pvt) Ltd 674.9 +298.758 =	973.658	69.55
Sri Lanka Ports Authority 119.1+307.242 =	426.342	30.45
	<b>1400.000</b>	<b>100.00</b>

Under the above transaction, US\$ 973.658 million had been paid by the China Merchants Port Holding Ltd. to the Sri Lanka Ports Authority by 3 installments as at 30 June 2018 for the purchase of its shares and that money had been remitted to the Treasury by the Authority. The following matters were observed in this connection.

(i) The value of investment had not been determined on the value of properties of the Authority assessed by an accredited valuer and the particulars of the computation of the value of investment amounting to US\$ 1400 million were not made available to audit. Evidence to ensure whether the lease rental to be recovered for the period of 99 years in respect of 1103 hectares of vested land had been considered in the determination of the value of investment was not made available to audit.

(ii) The operations of the Port had been entrusted to the new companies since 09 December 2017. However, most of the employees of the Magampura Ports Management Company had been terminated being pond compensation. However, a plan had not been prepared to terminate the activities of the Company and 7 officers were still in service.

(b) Even though an appeal can be made to the Minister of Finance within a month after receiving a decision of a custom investigation in terms of section 165 of the Customs Ordinance to mitigate the custom penalty of Rs.1,580.00 million imposed by the Sri Lanka Customs in respect of import of 27 crane in the year 2011 without making aware of the Sri Lanka Custom, the Authority had not made such an appeal to the Minister of Finance. However, contingent liabilities of Rs.1577.70 million had been made in the account in this connection and a case in the Court of Appeal was being heard.

(c) Even though the period of leasing agreement signed with private parties by the Authority in respect of 27 plots of land belonging to the Authority had lapsed as at 31 December 2017, action had not been taken to renew the periods of agreements. As a result, lease rent revenue on the updated assessment is not recovered and as such the revenue on the Authority would be under recovered. Therefore, creating a risk of legal problems due to non – availability of a valid agreement could not be ruled out.

(d) According to a test check carried out in respect of official quarters given to officers by the Authority as at 31 December 2017, they should leave after 5 years period in terms of internal circular No.26/2017 issued on 20 September 2017. However, there were 359 instances that officers had not left the official quarters even after the lapse of 6 years and the officers who applied again but not selected.



- (e) Even though the approval for the Cabinet Memorandum submitted under the No.අමප/16/0087/737/007 dated 26 January 2016 had been granted for the sale of lands, about 13 acres in extent, which was the balance of land after being used from lands required by the Sri Lanka Ports Authority in the construction of Oluvil Harbour, by calling for tenders, action had not been taken to sell them even by the end of the year 2017. However, the chairman informed the audit that the compensators had expressed their willingness to obtain lands instead of indemnity.
- (f) Approval of the Board of Directors had granted in terms of decision No.PA/HD/32 dated 05 January 2016 to establish a contract management unit in the Legal Division with the intention of preventing losses and difficulties confronted by the Ports Authority due to various weaknesses existed in the agreements entered in to by the Authority. However, action had not been taken to establish the relevant contract management unit even up to May 2018.
- (g) Even though the approval had been granted under the Board of Directors decision No.PA/HD/26 dated 17 May 2017 to set up a security training unit under the Mahapola Ports and Maritime Academy of the Authority, action had not been taken to execute the decision even during the year under review.
- (h) The land 1.1372 hectares are in extent situated in D.R.Wijewardana Road, Colombo bearing plan No.CO/COL/2012/1047 and the land, 2 acres in extent, bounded to the Olcott Mawatha and Main street, Colombo 01, bearing plan No.S/MIS/344 had been given for the construction of 'Nelum Kuluna' and to construct a building to the Department of Customs but those properties were still shown in the financial statements of the Authority and final agreement had not been reached by both parties in respect of the transfer.
- (i) Since the operations of the Hambanthota Harbour had been acquired by 2 companies, the operations of the Magampura Port Management Services (PVT) Ltd. Which was a subsidiary had been terminated by 31 December 2017. However, the loan of US\$ 24 million obtained for the purchase of bunkering oil had not been settled by that company, and sufficient money was not available with the company up to the date of this report. However, the payable loan balance as at 31 December 2017 amounted to Rs.3,151 million and the Authority had been a guarantor of this loan.
- (j) Operations of the development and construction of Sooriyawewa International Cricket Ground had been carried out by the Ports Authority on behalf of the Sri Lanka Cricket Institute. According to the agreement entered in to with the contractor by the Authority relating to this construction, a total sum of Rs.5,838 million including the interest of Rs.2,881 million had to be paid as at 31 December 2016 by the Ports Authority according to the books of the Authority for the above construction works carried out under the variation order of the contract for the construction of Hambanthota Harbour. According to a decision of an international arbitration both parties had agreed to pay a total sum of Rs. 3,950.8 million on 29 December 2017, comprising a sum of Rs.2,957 million as construction expenses and a sum of Rs.993.8 million as interest as the money had not been paid to the contractor on the due date. Even though the cricket ground had been constructed on behalf of the Sri Lanka Cricket Institute the Sri Lanka Cricket Institute, had not agreed to the construction cost and the interest thereon, as a result of not reaching a formal agreement with that Institute and as such the Treasury had agreed to pay that money.
- (k) Without being properly revised the rebate section of the Tariff prepared for the year 2017 under section 37(1) of the Sri Lanka Ports Authority Act No.51 of 1979, on the contrary to the existing Tariff, rebates totalling Rs.196.266 million had been paid in accordance with the agreements entered into with the shipping agents which engaged in re-export and other container handling by the Ports Authority.
- (l) The Urban Development Authority had destroyed the housing complex situated in lot No.8, Estate 484 and Estate 486 belonged to the Authority and taken over those lands and a flat consisting of 117 houses had been handed over to the Ports Authority instead. However, the handling over the lands belonged to the Ports Authority to the Urban Development Authority and the houses constructed by the UDA had not been legally vested in the Ports Authority.
- (m) Confirmations for the receivable and payable balances totalling Rs.667.31 million were not made available for audit.

#### 4.3 Transactions of Contentious Nature

The following observations are made. A provision of Rs.75.4 million had been in the financial statements of the Ports Authority in respect of compensations which would be payable relating to a court case filed by a private entity against an associated company belonging to the Port Authority due to rescission of an agreement entered into with that private entity by the Associated Company.

# AUDITOR GENERAL'S REPORT

## 4.4 Idle and Underutilised Assets

The following observations are made.

- (a) Ten Bunkering tanks with the capacity of 6,400 metric tons located in the Port of Colombo belonging to the Port Authority had been given to private companies on leasing basis and the relevant leasing period had lapsed in the year 2012/2013. Since then, those tanks had been given for use from time to time on daily basis and those tanks had existed as an under – utilised asset.
- (b) Equipment valued at Rs.6.98 million had been purchased for the new kitchen of the part of Colombo commenced in November 2014. Even though several years had lapsed after operations of the kitchen functions, such equipment had not been used for cooking and being idle.
- (c) Out of the land belonging to the Sri Lanka Ports Authority stated in the register of fixed assets, lands 6.79 hectares in extent, valued at Rs.3,399.11 million had not been used for any purpose even by 31 December 2017.

## 4.5 Personnel Administrations

The following observations are made.

- (a) In addition to the approved cadre of the Authority as at 31 December 2017, 121 employees attached on contract basis through the Ports Management and Consultancy Company Ltd., which was a man power supply Company and 426 persons for 27 posts, exceeding the approval cadre had been employed in service. Furthermore, there was a shortage of 308 employees who directly involved in the operations divisions of the Authority and without filling those vacancies, it was observed that there was an excess of 398 employees in 12 divisions who had not directly involved in operations of the Authority. Similarly, a sum of Rs.533 million had been paid as overtime allowances during the year 2017 for those divisions where excess cadre had existed.

- (b) Even though a scheme of recruitment had been prepared and presented to the Department of Management Services on 19 July 2011 in terms of paragraph 9.3.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003, the approval therefore had not been given even up to 10 August 2018. Similarly, the scheme of recruitment did not state the manner how to recruit for the posts in terms of the Circular.

- (c) Apart from a formal methodology, 110 officers for 9 posts had been recruited during the year 2017. The Management of the Authority had informed the

audit that those recruitments had been made, based on the applications received by the Minister on the people's day. Accordingly, it was observed that recruitments for the non – executive posts were done without transparency.

- (d) Even though the Administrative Procedure Code in use now had been referred to the Department of Public Enterprises on 12 December 2014 for approval such as approval had not been granted even up to the end of the year under review. As a result, it was observed that its validity would be problematic.

- (e) Monthly Salaries and overtime per employee

	2017 Rs.	2016 Rs.	2015 Rs.	2014 Rs.	2013 Rs.
Salaries, Wages and allowance	111,814	103,205	107,345	85,315	84,310
Overtime	33,835	32,574	33,244	29,283	27,297
<b>Total</b>	<b>145,649</b>	<b>135,779</b>	<b>140,589</b>	<b>114,598</b>	<b>111,607</b>

It was observed that overtime allowance is being increased as compared with the year 2013.

- (f) Total cost of personnel

	2017	2016	2015	2014	2013
Cost of Personnel (Rs. million)	16,389	15,725	16,112	13,196	13,114
Cost of Personnel to total expenditure *	51%	36%	47%	47%	40%

\* Foreign exchange profit/ loss had been disregarded in the calculation of total expenditure.

It was observed that the cost of personnel, taken as a percentage of total expenditure is being gradually increased as compared with that of the year 2013.

## 4.6 Market Share

According to the Alpha Liner Report issued in respect of world ports operations for the year 2017, the Colombo Port had detained 23rd place in the world by handling 6,209,068 Twenty Equivalent Units (TEUS), and it had reached to a growth of 8.27 per cent, as compared with the year 2016. Nevertheless, the container handling of the year 2017 of the Sri Lanka Ports Authority had decreased by 4 per cent as compared with the year 2016.

The container handling capacity of the Ports Authority within the Colombo Harbour during the period 2001 to 2017 had drastically dropped from 81 per cent to 32 per cent. However, two companies viz; S.A.G.T. and the C.I.C.T. competitively operated within the Port of Colombo had accomplished a speedy growth from 19 per cent to 29 per cent and 01 per cent to 39 per cent respectively during that period. Particulars are given below.

Year	SLPA		S.A.G.T		C.I.C.T		Total
	Units of Containers	Percentage	Units of Containers	Percentage	Units of Containers	Percentage	Units of Containers
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			2,455,300
2006	1,743,669	57	1,335,411	43			3,079,078
2007	1,834,734	54	1,546,497	46			3,381,231
2008	1,747,670	53	1,739,668	47			3,687,338
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	1,870,271	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
2017	2,010,702	32	1,809,835	29	2,388,531	39	6,209,068

Accordingly, the container handling functions which is the main operation of a port had eluded gradually from the Ports Authority and were being brought under the control of the private sector.

#### 4.7 Uneconomic Transactions

Instead of performing the additional services such as sanitary services, sales of scrap etc. of the Ports Authority directly, those services had got done by Associated Company and as a result, an additional sum of Rs.57.9 million had been incurred as commissions in the year under review.

## 5. SUSTAINABLE DEVELOPMENT

### 5.1 Achievement of Sustainable Development Goals

Every public entity should act in accordance with the '2030 agenda' of the United Nations on Sustainable Development and the letter No. NP/SP/SDG/17 of 14th August 2017 issued by the Ministry of National Policies and Economic Affairs but the Authority was not aware

about how to perform the functions subjected to the scope of the Authority relating to the year under review. As such, Sustainable Development goals, targets and how to reach those targets, indicators to measure the targets had not been identified.

## 6. ACCOUNTABILITY AND GOOD GOVERNANCE

### 6.1 Procurement and Contract Process

#### 6.1.1 Procurements

A detailed Procurement Plan with a Procurement Time table had not prepared by the Sri Lanka Port Authority in terms of Guideline 4.2 of the Government Procurement Guidelines, 2006.

#### 6.1.2 Delayed Projects

The following observations are made.

- Under the loan agreement SL-P 85 entered into with the Japanese Bank for International Cooperation (JBIC) and the Government of Sri Lanka on 28 March

2006 for the construction of multi-purpose terminal in the Galle Harbour with the objective of Development of the Southern Province, it was agreed to grant a sum of Rs.14,495 million to Sri Lanka. According to the agreement, the work of this project had to be finished by June 2014. However, a sum of Rs.549.03 million equivalent to Yen 458.85 million had been paid to a private consultancy firm to complete all services up to pre-construction phase relating to the project including the design of detailed plan and the technical and financial evaluation of tender and a sum of Rs.1.81 million equivalent to Japan Yen 1.33 million as the loan interest as at 31 December 2017 had been incurred. Even though this project had been recognised as an accelerated project of the Government, the approval of the UNESCO should have been obtained as the Galle fort was named as a world heritage and it

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had been taken for more than 3 years. However, the donor had not extended the period of loan and as such it was decided to abandon the project, resulting the consultancy expenditure incurred thereon had become a fruitless expenditure.

- (b) According to the Cabinet Memorandum No.PM&S/2017/43 dated 26 September 2017, it was suggested to hire 3 tugboats for the use of Harbour for 3 years based on such reason that the Authority should use tugs enabling for pulling more than that of the thugs used in the pool. 3 tugs currently used by the Authority had to be handled over back to the company by which operations are carried out at Hambantota Harbour etc. Accordingly, the Cabinet of Ministers had decided at its meeting held on 17 October 2017 to appoint a discussion committee and a project committee appointed by the cabinet and perform the relevant procurement process and to present recommendation thereon to the Cabinet. Even though, it was proposed to obtain those tugs on hire basis under the accelerated procurement process, according to the observations of the Ministry of Finance, procurement functions were being in progress even by 11 May 2018 and the approval was sought from the procurement committee.

## 6.2 Audit Committees

The following observations are made.

- (a) In terms of paragraph 7.4.1 of the Public Enterprises Circular No.PED /12 of 02 June 2003, the Audit Committee should meet at least once in 03 months and review the Annual Internal Audit Plan, the system of internal control of the entity, internal audit reports and external audit reports etc. However, the external audit reports had been

reviewed in the year 2017, but 40 Internal Audit reports of the Authority out of 42 reports had not been reviewed in that year.

- (b) According to the Management Audit Circular No.DMA/2010/(5) dated 26 July 2010, internal audit should be carried out in respect of projects executed under the foreign Aids or local funds, but an internal audit had not been carried out in respect of foreign project implemented under the Ports Authority. Even though this Circular had been issued to ensure that the government resources had been utilised efficiently, effectively and economically, the anticipated objectives were not achieved as an internal audit had not been carried out.

## 6.3 Fulfillment of Environmental and Social Responsibilities

As the used tires removed from use by the Authority had opened to rain and not been disposed of for a long time and it was observed that there was a risk of expanding dengue being infected mosquitoes by congregating rain water inside tyres during the rainy season.

It was observed that 153 used tires so discarded in the year 2017 had been improperly stacked in the Port Premises even by the date of Audit.

## 6.4 Budgetary Control

The following observations are made.

- (a) Even though a sum of Rs.533.43 million for local purchases and Rs.1,150.70 million for foreign purchases of 28 items had been budgeted, only the local purchases valued at Rs.48 million and foreign purchases of 05 items valued at Rs.88.31 million had been made respectively. Similarly, 11 items, the

budget value of Rs.231.70 million had been cancelled whereas the purchasing of 5 items valued at Rs. 571 million had been at the initial stage. Further, the purchasing process of 04 items, the budgeted value of which amounted to Rs.216 million had not been commenced.

- (b) Even though it was planned to install CCTV camera system by incurring a sum of Rs.60 million though the capital budget of the year 2017 for all gates and bonded ware houses in order to establish the security of Port premises which had been declared as a high security zone, implementation of a container terminal management system for the information Technology Division by incurring a sum of Rs.400 million, formulation of the RFID system by incurring an expenditure of Rs.50 million and to make the audio telecommunication system for all divisions by the engineering division by incurring a sum of Rs.20 million, any of those capital works whatsoever had not been commenced during the year under review.

## 7. SYSTEMS AND CONTROLS

Weaknesses 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 attentions in needed in respect of the following arrears of control.

Areas of Systems and Controls	Observations
(a) Accounting	(i) Non – compliance with certain Accounting Standards. (ii) Non – accounting of all liabilities being identified.
(b) Debtors Control	(i) Existence of debtor balances unrecovered for a long period. (ii) There was no formal methodology to grant rebates. (iii) Write off of debtor balances not done under a proper approval.
(c) Personnel Management	(i) Scheme of Recruitment had not got approved. (ii) Excessive recruitments. (iii) Payment of overtime allowances to employees in the divisions where excess staff had existed (iv) Non – compliance with certain circulars.
(d) Procurements	Procurements not performed in accordance with the proper time table.
(e) Performance	Targets had not been set by indicating functions of the Authority in the action plan and not reaching targets



**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.

## Head Office

### Port of Colombo

No. 19, Chaithya Road  
Colombo – 01

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Fax: (+94 11) 2440651

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Cloisenberg Jetty

Magalle

Galle

Tel: (+94 91) 2232213, 2234936

### Port of Trincomalee

New Administrative Building

China Bay

Trincomalee

Tel: (+94 26) 2222460

## Bankers

Bank of Ceylon (Main Bank)

People's Bank

Hatton National Bank

## Auditors

The Auditor General

The Auditor General's Department

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Battaramulla.

## Web

[www.slpa.lk](http://www.slpa.lk)

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