



SRI LANKA PORTS AUTHORITY



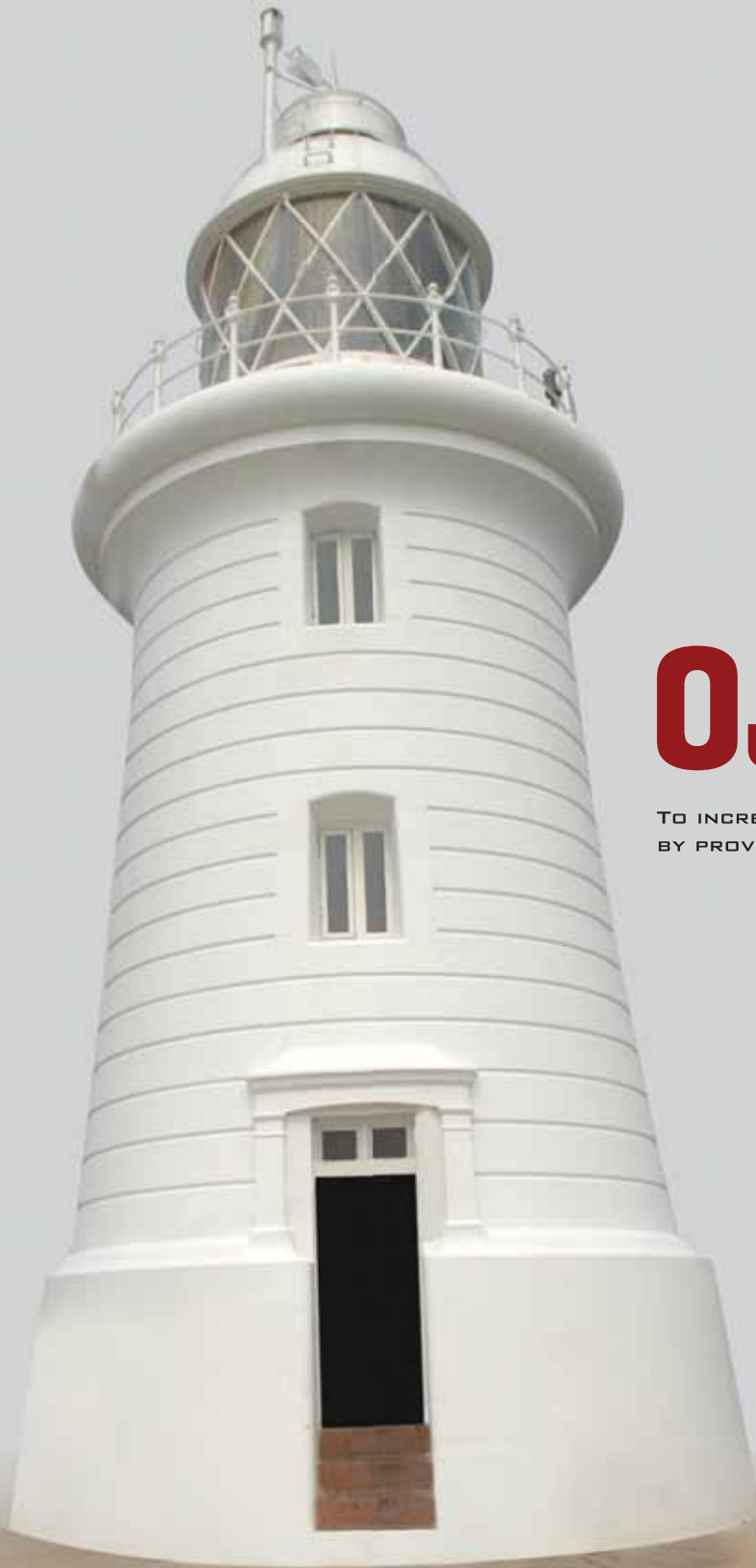
A N N U A L R E P O R T 2 0 1 1

Our Vision

TO CONSOLIDATE SRI LANKA'S POSITION AS THE PREMIER MARITIME LOGISTICS CENTRE OF THE ASIAN REGION.

Our Mission

TO INCREASE OUR PROFITABILITY AND CUSTOMER BASE BY PROVIDING EXCELLENT SERVICE AND WORLD CLASS FACILITIES.





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OUR GOALS

- To establish Sri Lanka as a Maritime Hub.
- To consolidate the position of the Port of Colombo as an international mega hub port for container operations and as a logistics centre in the South Asian Region.
- To project the Port of Galle as a preferred cruise vessel destination whilst offering commercial port services.
- To expand and develop the Magam Ruhunupura Mahinda Rajapaksa Port in Hambantota as an international Free Zone/Port and logistics hub whilst offering total services to the maritime industry.
- To develop the Port of Trincomalee as a Green Port with enhanced facilities for leisure and expanded facilities for industrial development.
- To develop Ports of Oluvil, Point Pedro and Kankasanthurai as a gateway for the regional development.

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 stake holders.
- 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 reputations 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.



CORPORATE OBJECTIVES

- To enhance the administration and organizational aspects of the Sri Lanka Ports Authority including the revision of cadres and assessment of manpower requirements. The practice of staff proceeding on No pay Leave for work over seas will once again be encouraged in view of its benefits to the country's economy. Our Mahapola Training Center will further train and re-train staff to meet the requirements created by this scheme.
- 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.



OPERATIONAL HIGHLIGHTS



OPERATIONAL HIGHLIGHTS

Description	2010	2011	Variance (%)
SHIPS ARRIVAL (ALL PORTS)			
Port of Colombo	3,910	4,124	5.5
Port of Trincomalee	109	126	15.6
Port of Galle	48	73	52.1
KKS, Myliddy, PP & Karainagar	8	26	225.0
MRMR Port in Hambantota	0	9	-
Total	4,075	4,358	6.9

CARGO THROUGHPUT OF PORT OF COLOMBO			
Total Cargo Throughput (MT Mn)	61.3	65.1	6.2

CONTAINER THROUGHPUT (TEUs) OF PORT OF COLOMBO			
SRI LANKA PORTS AUTHORITY (SLPA)			
Imports	278,893	323,712	16.1
Exports	284,456	323,770	13.8
Transshipment	1,533,845	1,583,195	3.2
Re-stowing	69,979	68,769	-1.7
Total	2,167,173	2,299,446	6.1

SOUTH ASIA GATEWAY TERMINAL (SAGT)			
Imports	182,755	200,078	9.5
Exports	186,140	199,326	7.1
Transshipment	1,561,744	1,540,633	-1.4
Re-stowing	39,629	23,404	-40.9
Total	1,970,268	1,963,441	-0.3

PORT OF COLOMBO			
Imports	461,648	523,790	13.5
Exports	470,596	523,096	11.2
Transshipment	3,095,589	3,123,828	0.9
Re-stowing	109,608	92,173	-15.9
Total	4,137,441	4,262,887	3.0

CARGO DISCHARGED IN PORT OF COLOMBO (IN THOUSAND TONNES)			
Containerized	14,106	15,317	8.6
Break Bulk	605	692	14.4
Dry Bulk	2,551	2,618	2.6
Liquid Bulk	4,130	4,499	8.9
Total	21,392	23,126	8.1

CARGO LOADED IN PORT OF COLOMBO (IN THOUSAND TONNES)			
Containerized	12,328	12,795	3.8
Break Bulk	22	30	36.4
Dry Bulk	4	2	-50.0
Liquid Bulk	28	66	132.1
Total	12,382	12,893	4.1

Description	2010	2011	Variance (%)
TOTAL CARGO HANDLED IN PORT OF COLOMBO (IN THOUSAND TONNES)			
Containerized	26,434	28,112	6.3
Break Bulk	627	722	15.2
Dry Bulk	2,555	2,620	2.5
Liquid Bulk	4,158	4,565	9.8
Total	33,774	36,019	6.6
CARGO HANDLED IN PORT OF TRINCOMALEE (IN THOUSAND TONNES)			
Discharged	1,960	2,337	19.2
Loaded	194	237	22.2
Total	2,154	2,574	19.5
CARGO HANDLED IN PORT OF GALLE (IN THOUSAND TONNES)			
Discharged	317	464	46.1
Loaded	1	0	-100
Total	318	464	45.9
CARGO HANDLED IN PORTS OF KKS, MYLIDY, PP & KARAINAGAR (IN THOUSAND TONNES)			
Discharged	11	28	154.5
Loaded	0	0	0.0
Total	11	28	154.5
CARGO HANDLED IN MAGAM RUHUNUPURA MAHINDA RAJAPAKSA PORT IN HAMBANTOTA (IN THOUSAND TONNES)			
Discharged	-	5	-
Loaded	-	10	-
Total	-	15	-
TOTAL NUMBER OF EMPLOYEES			
Port of Colombo	11,726	10,083	
Port of Trincomalee	598	466	
Port of Galle	500	433	
Total	12,824	10,982	

FINANCIAL HIGHLIGHTS



F INANCIAL HIGHLIGHTS

ALL PORTS (RS. MN)

Description	2010	2011	Variance (%)
Revenue and Expenditure			
Total Revenue	28,279.3	31,250.5	10.5
Total Expenditure	(23,892.4)	(22,958.6)	3.9
Operating Profit	4,386.9	8,291.8	89.0
Foreign Loan Interest	(1,225.2)	(1,371.8)	(12.0)
Foreign Exchange (Loss)/Gain	(4,409.8)	(3,543.2)	19.7
VRS Expenses	-	(2,594.6)	(100.0)
Profit Before Tax & After Foreign Exchange (Loss)/Gain	(1,248.1)	782.2	162.7
Taxes			
Income Tax	(156.9)	(24.0)	84.7
Deemed Dividend Tax	-	(175.6)	(100.0)
Differed Tax	342.9	-	100.0
Social Responsibility Levy	(2.4)	-	100.0
Net Profit/Loss After Provision for Taxes	(1,064.5)	582.6	154.7
Balance Sheet			
Non Current Assets	185,834.0	208,962.5	12.4
Current Assets	17,784.2	13,563.3	(23.7)
Current Liabilities	13,328.6	14,720.7	(10.4)
Equity and Other Capital	7,591.4	7,591.4	(0.0)
Reserves & Provisions	78,795.1	79,325.7	(0.7)
Non Current Liabilities	103,903.1	120,888.0	(16.3)
Ratios			
Operating Profit to Revenue	15.5	26.5	
Annual Revenue Growth	21.2	10.5	
Return on Capital Employed	2.3	4.0	

OUR MINISTERS



His Excellency Mahinda Rajapaksa
President of Sri Lanka and
Minister of Ports and Highways



Hon. Rohitha Abeygunawardena
Deputy Minister of Ports and Highways



Hon. Nirmala Kothalawela
Deputy Minister of Ports and Highways



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HAIRMAN'S REVIEW



In putting pen to paper to share with you my thoughts on 2011, I am pleased to observe that the Sri Lanka Ports Authority (SLPA) has recorded another landmark year in 2011 in terms of productivity, asset growth, implementation of development projects, human resource development, revitalization of existing infrastructure, control of wastage and control of finances etc. In fact, we were able to achieve a number of milestones on several fronts such as development of port infrastructure, expansion of the fleet of Container Handling Equipment (CHE) and improvement of the quality of service at customer interfaces. Although the attention of the SLPA was mainly focused on development and expansion of Port of Colombo, Magam Ruhunupura Mahinda Rajapaksa Port (MRMRP), Ports of Oluvil and Kankasanthurai, several initiatives were launched with a view to upgrading a number of services to enhance efficiency and productivity of all port activities to the satisfaction of our customers. I am highly optimistic that the SLPA will continue to drive forward with a consistent growth in cargo and container volumes and increased revenues generated from providing ports and logistics services in the coming years.

PERFORMANCE

We successfully carried forward the Three Year Development Plan (TYDP) introduced in 2008 and the benefits reaped through the plan are being enjoyed by our stakeholders. The SLPA encountered several challenges in the past few years, due to changes in maritime transport and developments which took place in the region. The ripple effects of the world economic crisis also, though not as seriously as were felt by the western countries, came in our way. I am pleased to record that the measures introduced by the TYDP worked quite well towards bracing ourselves against possible fallout effects of the above trying times. Whilst thanking the SLPA workforce and customers for their understanding and commitment for the successful implementation of the TYDP, I am happy to state the launch of SLPA's Five Year Development Plan (FYDP), the second initiative for good governance in my tenure as Chairman, covering the period from 2012 to 2017 in December 2011.

We have demonstrated to our valued customers, our management efficiency and operational capabilities and won their loyalty. This has been evidenced by the five (05) Terminal Service Agreements (TSA) entered into by the SLPA, the five (05) main shipping lines and the feeder service attracted to the Jaya Container Terminal (JCT) in 2011.

This apart, we strengthened the Container Handling Equipment (CHE) fleet by adding six (06) Nos. of modern Gantry Cranes, Thirty (30) Nos. of Transfer Cranes, fifty (50) Nos. of Terminal Tractors with thirty (30) Nos. of Terminal Trailers. This has helped improve efficiency and productivity of the services, to a greater extent, at container terminals and container freight stations managed and operated by the SLPA.

The container throughput handled by the container terminals of the SLPA had registered an increase in both domestic and transshipment volumes. A 14.9% growth had been recorded in domestic container volumes from 563,349 TEUs in 2010 to 647,482 TEUs in 2011. The volume of transshipment containers handled at the SLPA container terminals had shown a 3.2% increase from 1,533,845 TEUs in year 2010 to 1,583,195 TEUs in year 2011. The total 2,299,446 TEUs

handled in 2011, the highest-ever throughput in the history of SLPA, shows up an overall increase of 6.1% when compared to 2,167,173 TEUs handled in 2010. Overall, the SLPA stands at a 53.9 % market share of the total 4,262,887 TEUs handled at the Port of Colombo in 2011 as against the 46.1 % market share of SAGT.

FINANCE

Charged with the responsibility of providing port services with efficiency, cost effectiveness and proper utilization of resources, the SLPA is one of the most stable public enterprises in Sri Lanka in terms of financial stability. This has been made possible mainly by the strong financial discipline maintained in SLPA complemented by effective implementation and monitoring of process improvements for the convenience of customers and maintaining a high quality of services. The revenue of the SLPA in year 2011 had been Rs. 31 billion, a 10.41% increase when compared with the revenue of Rs.28 billion in the year 2010.

The SLPA has invested in long term port expansion projects such as Colombo South Terminal, Hambantota, Oluvil etc., with reserved funds with a view to meeting the growing needs of the business.

DEVELOPMENT PROJECTS

The SLPA has identified that the importance of developing, promoting and maintaining modern and well-organized sea ports is an indispensable prerequisite for socio-economic development of Sri Lanka. The SLPA has successfully, preceded with the construction work of phase I of the MRMRP in Hambantota at a cost of approximately US\$ 800 million. Construction of a fully-fledged bunkering facility with a tank farm of fourteen (14) tanks having a total storage capacity of over 80,000m³ MT for petroleum products was completed during the year 2011. Construction work of breakwaters under Colombo Port Expansion Project (CPEP) has also made great progress during the year. In 2011, the construction of the first terminal of CPEP was awarded to the consortium named, Colombo International Container Terminal (CICT) in which M/s. China Merchant Holdings (International) Co., Ltd., M/s. Aitken Spence PLC. and the SLPA are shareholders holding stakes of 55%, 30% and 15% respectively. Development Projects for Ports of Galle, Trincomalee and Oluvil too, were also continued in the year under review.

HUMAN RESOURCE DEVELOPMENT

We have continued to develop human resource as a team to ensure efficient and productive employee performance. Towards achieving this objective, the SLPA has planned setting up of centralized locations to supplant the existing customer service centers scattered all around the port. During the year 2011, we successfully, completed the phase I of rightsizing of our workforce, which is a part of an ongoing process, with favorable outcomes.

Enormous opportunities were made available for Employee Development (ED) targeting at using new technologies, improving communication skills and inducing attitudinal changes for the betterment of their careers. Employees' Committees were set up in all functional divisions, with a view to letting employees identify, among other things, the needs of employees in terms of desired or required performance levels and select appropriate strategies to enhance the well being of employees such as medical insurance schemes etc.,

CONCLUSION

In conclusion, I thank His Excellency the President, Hon. Deputy Ministers, Secretary and the staff of the Ministry, Board of Directors of the SLPA and Management for their valuable guidance. I also thank our customers, employees and specially trade unions for their unstinted co-operation and support extended to achieve desired performance levels in the SLPA, during the year 2011.



Dr. Priyath B Wickrama
CHAIRMAN

BOARD OF DIRECTORS



Dr. Priyath B Wickrama



Mr. Indika Karunajeewa



Capt. Nihal Keppetipola



Dr. Sanjaya Sedara Senarath



Mr. Anura Jayawickrama



Mr. S R Attygalle



Mrs. W Sudharma Karunaratne



Mr. Eshana De Silva



Dr. (Mrs.) Damitha De Zoysa

BOARD OF DIRECTORS



Dr. Priyath B Wickrama **Chairman**

PhD (UK), PG (Dip), B. Sc. Engineering (Hons), CEng, MIE (SL)

Dr. Priyath Bandu Wickrama has been the Chairman of the SLPA since 2008. The SLPA was established in 1979 by an Act of Parliament among other things to develop, maintain, operate and provide port and other services in the sea ports of Sri Lanka. As the Chairman of the SLPA he is responsible for conducting of business of the establishment and managing ports in Sri Lanka and ensures that each of them is a self supporting enterprise in order to facilitate the enhancement of Sri Lanka's image as a major maritime nation.

Dr. Wickrama graduated from the University of Moratuwa, Sri Lanka with B.Sc. Honours in Mechanical Engineering. He was conferred with a Doctorate in Operation Management by the International University of America in the United Kingdom.

Dr. Wickrama joined the SLPA as a Mechanical Engineer in 2001. He was appointed as the Executive Director (Technical & Human Resources Development) in 2004. After serving 1 ½ years as the Executive Director, he was appointed as the Vice Chairman of the SLPA in 2005. Dr. Wickrama took over the office as the Chairman of the SLPA in November 2008.

He, in his capacity as the Chairman of the SLPA is spearheading the construction of two mega port development projects in the country. The first being the Greenfield Port of Magam Ruhunupura Mahinda Rajapaksa Port in the Southern region which was made operational on the 18th November 2010. The second is the Colombo Port Expansion Project. The phase I of the port project will be completed by early 2014 to enhance the container handling capacity by a further 2.4 million TEUs. The SLPA will construct 450m long 18m draught berth in the East Container Terminal securing the working area used for the infrastructure development contract as the container yard. The work is scheduled to be completed in 2013.

He is the Chairman of Jaya Container Terminal Ltd., which was incorporated in the year 2002 as a 100% SLPA owned public company with limited liability.

He is also the Chairman of Sri Lanka Port Management & Consultancy Services (Pvt) Ltd., (SLPMCS) which is the main supporting service provider of the SLPA. In addition, he functions as a Director of several other state organizations such as National Paper Company Ltd., Urban Development Authority of Sri Lanka. Also he performs as a Director of Colombo International Container Terminal Ltd (CICT).

He is a member of Port Planning and Development Committee of International Association of Ports & Harbours (IAPH).

In recognition of his all round performance in economic accomplishment, he was selected as the most outstanding young person of Sri Lanka in 2010 by the HSBC. His contribution to the development and advancement of construction industry was also recognized by the International Association of Lions Club 2011. Dr. Wickrama was the winner of the Young Person of the Sea Trade Middle East and Indian Subcontinent Award 2011.



Mr. Indika Karunajeewa **Vice Chairman**

**Solicitor (UK), LLM (Warwick),
Attorney-at-Law**

Mr. Karunajeewa was appointed as the Vice Chairman of the SLPA in June 2010. Mr. Karunajeewa is also serving as a Senior Assistant Secretary to His Excellency the President of Sri Lanka.

Mr. Karunajeewa completed his early education at Royal College Colombo 07. He completed his legal studies at Sri Lanka Law College and enrolled as an Attorney-at-Law of the Supreme Court of Sri Lanka in the year 2000.

Mr. Karunajeewa read for a Masters Degree in Public International

Law at the University of Warwick, UK and graduated with honours in 2003. He practiced in the Law Courts of Sri Lanka specializing in Criminal and Intellectual Property Law.

He is also a Solicitor of England and Wales.

Mr. Karunajeewa was posted overseas as a Minister Counselor to the Sri Lanka High Commission in the United Kingdom from July 2006 to May 2010.



Capt. Nihal Keppetipola **Managing Director**

Master Mariner, MBA, MNI, MCILT

An old boy of Dharmaraja College, Kandy. Capt. Nihal Keppetipola joined the Ceylon Shipping Corporation as an officer cadet where he sailed on various types of ships such as container, general cargo, bulk, oil and gas tankers.

He obtained his Masters in Maritime Science and Navigation in 1985 at Melbourne, Australia. After sailing for several years as a Captain with many shipping lines such as Chepstow & Shipping – UK, V Ships – Monte Carlo, Ahrenkiel – Germany, Pan Ocean – Korea and Ceylon Shipping Corporation, he joined the SLPA as a Harbour Pilot in 1990.

After working as a Pilot in all ports in Sri Lanka, i.e. Colombo, Trincomalee, Galle etc., he rose to the position of Harbour Master of all ports in 1999.

Due to various requests by senior management at different periods, in addition to the portfolio as Harbour Master, he carried out specialized jobs such as handling operations, security and logistics connected with the maritime industry. Soon after, he obtained a promotion to Director (Port Operations) in 2005 and to Additional Managing Director in 2006. Currently he is the Managing Director of the SLPA.

Capt. Keppetipola is also a Board Director of Jaya Container Terminals Ltd., [JCT Ltd.], South Asia Gateway Terminals [Pvt] Ltd., [SAGT] and the Colombo International Container Terminals Ltd., [CICT]. He is the Past President of Nautical Institute of UK (Sri Lanka Branch) and also a Member of the Chartered Institute of Logistics & Transport.

Capt. Keppetipola is also attached to the Ministry of Ports & Highways as an Examiner of Deck Officers.



Dr. Sanjaya Sedara Senarath

Executive Director

Initial Education at Rahula College Matara. His journey at school which is the very foundation of the adult life was remarkable because of his achievements as the Head Prefect, President Scout and winner of School Colours and National Colours. This very foundation itself paved the way for him to get to the President position of Old Boys Association of Rahula College Colombo Branch.

After Advance Level examination he has entered the Law College. While studying at the Law College he has been granted a Scholarship to People's Friendship University, Moscow, Russia and obtained the Medical Degree and another Degree in "Russian Language Teaching" from the same University.

After the graduation he worked as a Doctor (Medical Officer) in the General Hospital of Matara..

Subsequently He has obtained a Post Graduate Diploma in Business Management and Finance Control from the School of Business Management, Moscow, Russia.

Other Achievements

Secretary of International Student Council and most outstanding student (Overseas category – 1995) Peoples Friendship University, Moscow.

He has wide International exposure in Business Management. Instigated several foreign exchange investments in Sri Lanka.

Steered a Group of Companies successfully involved in a number of social welfare projects mainly in the South of Sri Lanka.

In April 2007 He was appointed to the board of Directors of the SLPA thereafter appointed as an Executive Director of the SLPA. Subsequently he has been actively functioning as Director Observations of the Port of Galle and the Chairman of the Colombo Port Integrated Land Development Project.

Actively engaged in further exploring the opportunities available world wide in terms of the strategic location of Sri Lanka towards the development of SLPA.



Mr. Anura Jayawickrama **Director**

Additional Secretary to the Ministry of Ports and Highways

Mr Anura Jayawickrama graduated from the University of Peradeniya in 1982 and joined the Sri Lanka Administrative Service (SLAS) in 1984. Prior to joining the Ministry of Ports and Aviation in 2006 as an Additional Secretary, he has held several administrative positions of the Ministry of Trade and Commerce, Ministry of Industrial Development, Ministry of Agriculture and Ministry of Education.

He has also obtained a Masters Degree in Policy and Administration from the University of Flinders in South Australia.

He has a solid working experience as a Senior SLAS Special Grade officer with strong administrative skills and presently functions as an Additional Secretary of the Ministry of Ports and Highways.

Mr. Anura Jayawickrama also serves as a Member of the Board of Directors of the Export Development Board and the National Aquatic Resources Research & Development Agency.



Mr. S R Attygalle **Director**

Deputy Secretary to the General Treasury

Mr. Attygalle holds a Bachelor of Science (B.Sc.) Degree in Mathematics from the University of Colombo, Sri Lanka and a Master's Degree in Economics from Warwick University, United Kingdom.

He was a Senior Economist of the Central Bank of Sri Lanka for a number of years and has also served as a Director and Acting Chairman of National Savings Bank and a Director of Shell Gas Lanka Limited.

He presently serves as the Deputy Secretary to the Treasury.

He is a Director of the Bank of Ceylon and a Member of the Securities and Exchange Commission of Sri Lanka, the Insurance Board of Sri Lanka and the Board of Management of the Postgraduate Institute of Science, University of Peradeniya. He is also an Observer of the Board of Investment of Sri Lanka.



Mrs. W Sudharma Karunaratne **Director**

MA (Pub. Admin) Carlton University, Canada,
BA (Special) Degree in Geography (1st Class)

Director General of Customs

Mrs. Karunaratne joined the Sri Lanka Administrative Service in 1984 and served in the capacities of Assistant Director, Assistant Controller, Deputy Director, Director and Director General in various Government Departments and Ministries. Since 2005, Mrs. Karunaratne has served as Director General of Management Services and Director General of National Budget in the Ministry of Finance and Planning. Presently, she is working in the Sri Lanka Customs as the Director General. Also Mrs. Karunaratne has served as a Member of many official committees appointed by the Cabinet of Ministers in various fields, such as, Administration, Establishment, Human Resource Development, Salaries & Cadre, Re-

structure and Reforms etc. Mrs. Karunaratne has also rendered her services as a Member of Cabinet Appointed Tender Boards and as a Director of several Boards of Management, such as, State Mortgage and Investment Bank, Kothalawala Defense University, and Child Protection Authority. Presently, she is serving as a Director of Board of Management in SLPA, BOI, National Dangerous Drugs Control Board and Precursor Control Authority.

Mrs. Karunaratne followed several professional seminars/courses conducted by ADB, IMF, World Bank, OECD, Commonwealth, JICA, SLIDA, etc.



Mr. Eshana De Silva **Director**

Educated at Royal College, Colombo 7. He is a Member of the Institute of Certified Professional Managers (MCPM) and is also an Associate Member of the 'AUKAP (UK)' United Kingdom Association of Professionals. He holds a number of senior positions in both the private and public sectors. At present he is the Chairman of Esna Holdings (Pvt) Ltd., Chairman of Shermans Logistics (Pvt) Ltd., Chairman of Shermans Transport (Pvt) Ltd., Deputy Chairman/Managing Director of Esna (Pvt) Limited, Chairman of Esna Technologies (Pvt) Limited, Director of Esna Villas (Pvt) Ltd., Director of Esna Power (Pvt) Ltd., Director of Esna Ventures (Pvt) Ltd., Director of Pan Asia Banking Corporation PLC (PABC), Board Member of Board of Investment of Sri Lanka (BOI), Board Member

of Mountbatten Lands (Pvt) Ltd., Director of Mc Marine (Pvt) Ltd., Director of Lanka Shipping & Logistics, Director of Simatech Agency Lanka, Director of Shermans Sons (Pvt) Ltd., Director of Sherman De Silva & Co. (Pvt) Ltd., and Director of Dimension X (Pvt) Ltd.

He has also been appointed as the Honorary Consul of the Consulate of the Republic of Kazakhstan in Sri Lanka.

Mr. Eshana De Silva has been the past Chairman of the Sri Lanka Agri Business Corporation (SLABCO) and also has been a member of the Special Advisory Group of the Ministry of Foreign Affairs. In addition, he serves as a Consultant for Foreign Companies.



Dr. (Mrs.) Damitha De Zoysa **Director**

Secretary to the Ministry of Fisheries and Aquatic Resources Development

Dr. de Zoysa is a graduate from the University of Peradeniya with a B.A. (Hons) in Economics (Statistics). She has obtained a M.Sc. in Agricultural Development Economics from the Australian National University in Canberra, Australia. She holds a M.A in Economics and a Ph.D. in Agricultural Economics from the Ohio State University, Columbus, Ohio, USA.

She was appointed the Secretary, Ministry of Fisheries and Aquatic Resources Development with effect from 25th April 2010 and re-appointed to the same position on 25th November 2010. As the Secretary of the Ministry, currently serving on the Boards of the SLPA, Sri Lanka Export Development Board, National Aquatic Resources and Development Agency (NARA). She is a Member of the Petroleum Resources Development Committee appointed by the Secretary to the President. She has been appointed as the Chairperson of the Cabinet Appointed Standing Procurement Planning Committee for Fertilizer.

Dr. de Zoysa belongs to the Sri Lanka Planning Service and had her initial period of career at the National Planning Department of the Ministry of Finance & Planning where she served in different

capacities after leaving the University as Planning Officer; Assistant Director; Deputy Director; and Additional Director. In 1999 she was promoted as Director in the same Department. In the year 2005 she was promoted as Director General, Department of Fiscal Policy of the same Ministry. Prior to her current position, she also functioned as the Director General of the Development Finance Department of the Ministry of Finance & Planning.

While being at the Ministry of Finance & Planning, she served as the Chairman of the Plantation Trust Fund, Member of the Boards of the Sri Lanka Institute of Nano Technology (SLINTec) and, Sri Lanka Institute of Nano Technology (NANCO) (Pvt) Ltd. She was the Board Member of the National Enterprise Development Authority, Paddy Marketing Board, Advanced Construction Training Academy and the Sri Lanka Savings Bank. She was also a Board member of the National Water Supply and Drainage Board (NWS&DB) and the Lanka Puthra Development Bank. She resigned from the Board of DFCC Bank upon assuming duties as the Secretary of the Ministry of Fisheries & Aquatic Resources Development.

Mr. Kapila Liyanagamage **Secretary to the Board**

Legal Consultant – SLPA

MANAGEMENT TEAM & AUDIT COMMITTEE

MANAGEMENT TEAM

Chairman

Dr. Priyath B Wickrama

Vice Chairman

Mr. Indika Karunajeewa

Managing Director

Capt. Nihal Keppetipola

Executive Director

Dr. Sanjaya Sedara Senerath

Addl. Managing Director

Mr. Norman Weeraratne

Director (Finance)

Mrs. Shirani Wanniarachchi

Director (Southern Port Development)

Mr. J K P Kurukulasuriya

Director (Port Operations)

Mr. G A Thalagala

Director (Technical)

Mr. A D T Gunasekara

Director (Logistics)

Mr. D W Atapattu

Director (Security)

Major Gen. S G Karunaratne

Chief Engineer (Civil)

Mr. M P S S Peiris

Chief Training Manager

Mr. K A Ansar

Chief Engineer (Contract & Design)

Mrs. D G I C Lokuhewage

Harbour Master

Capt. R A Jayawickrama

Chief Internal Auditor

Mr. L Premasiri De Silva

Chief Medical Officer

Dr. (Mrs.) D Rajakanthan

Chief Engineer (Marine)

Mr. H D H Samarasinghe

Chief Human Resource Manager

Mr. L H R Sepala

Chief Engineer (Mechanical Works)

Mr. P W Waduge

Chief Manager (Logistics)

Mr. D U W De Zoysa

Chief Engineer (Southern Port Development)

Mr. P A A Hewageegana

Chief Engineer (Mechanical Plant)

Mr. E A T Edirisuriya

Chief Engineer (Planning & Development)

Mr. A A S R Abey Siriwardana

Chief Manager (Welfare & Industrial Relations)

Mr. W N Alson

Chief Manager (Container Operations)

Mr. D A J I Perera

Chief Manager (Marketing & Business Development)

Mr. Upul Jayatissa

Chief Manager (Conventional Cargo)

Mr. P Ranathunga

Chief Manager (Administration)

Mr. R M A S Rathnayake

Chief Engineer (Electrical)

Mr. W M D B Wijekoon

Actg. Chief Manager (Supplies & MM)

Mr. H A N S Fernando

Actg. Chief Manager (Information System)

Mr. H M U B Galagoda

AUDIT COMMITTEE

Chairman

Mr. S R Attygalle

Members

Mrs. W Sudharma Karunaratne

Mrs. Shirani Wanniarachchi

Mr. G A Thalagala

Mr. A D T Gunasekara

Secretary

Mr. L Premasiri De Silva



BUSINESS DEVELOPMENT

Activities and the Major achievements of the year 2011 are given below.

Following New Main Line Services & Feeder Services were attracted in 2011;

Five Mainline Services

- Evergreen & Simatech – CIX – 2 China ISC
- MSC – South Africa Service
- RCI / CIS – Regional Container Line (RCL) & Hapag Lloyd
- PIL – East Africa / Far East Service – EA2 W/B
- PIL – East Africa / Far East Service – EA2 E

One Feeder Service

- Ceylon Shipping Corporation (CSC) – Viz/Karikal

Entered into Terminal Services Agreements (TSA's) with five Shipping Lines which are given below;

- CMAS – CGM
- Wan Hai Line
- Evergreen
- APL
- ZIM/GSL Line

The SLPA Managed Terminals Reported Following Results;

- Domestic container handling volumes increased by 14.9%
- Transshipment container handling volumes increased by 3.2%
- The SLPA managed Terminal volumes increased by 6.1%
- Increased the SLPA market share to 53.9%
- Highest ever SLPA total container handled throughput 2,299,446 TEUs

Port of Colombo Reported Following Results;

- Domestic container handling volumes increased by 12.3%
- Transshipment container handling volumes increased by 0.9%
- Port of Colombo overall growth by 3%
- Port of Colombo Terminals achieved highest ever container handling throughput of 4,262,887 TEUs

GENERAL ADMINISTRATION

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

Section 6(I) 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, 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 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 are necessary for navigation in and out of the specified ports.
- Performing such other duties as are imposed on the Ports Authority by the Act.
- Conducting the business of the Ports Authority in such manner and to make in accordance with this Act such charges for services rendered by the Authority will secure that the revenue of the Authority is not less than sufficient for meeting the charges which are proper to be made to the revenue of the Authority, to replace assets, make new investments and to establish and maintain an adequate general reserve and
- Endeavour to manage the specified ports and each of them as self-supporting enterprise in accordance with the provisions of the Act.

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

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

Changes in the Senior Management in 2011

Mr. Norman Weeraratne

was appointed as the Additional Managing Director.

Mr. D W Atapattu

was appointed as the Director (Logistics).

Major General S G Karunaratne

was appointed as the Director (Security).

Mr. D Upali W de Zoysa

was appointed as the Chief Manager (Logistics).

Mr. W N Alson

was appointed as the Chief Manager (Welfare and Industrial Relations).

Mr. P Ranatunga

was appointed as the Chief Manager (Conventional Cargo).

Mr. R M A S Rathnayake

was appointed as the Chief Manager (Administration).

Mr. Galagoda

was appointed as the Acting Chief Manager (Information System).

Retirement in the Senior Management in 2011

Miss I Pathmaperuma, Chief Law Officer retired from the SLPA.

CASA

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

Appeal Panels against Disciplinary Orders

There were Seventy (70) appeals tendered to the Chairman / Board of Directors by the Employees against disciplinary orders imposed on them which were referred to five Appeal Panels duly constituted in terms of the rules and regulations of the SLPA.

Out of these appeals, five (05) were granted and fifty four (54) were rejected and eleven (11) to be finalized.

Foreign Training and Scholarship Opportunities

During the year under review, a total of seventy one (71) Officers holding senior and middle management level posts in the Authority were awarded scholarships and given opportunity to follow training programmes and participate in the conferences and seminars conducted by International Organizations outside Sri Lanka.

In addition to this, eighteen (18) employees of the SLPA traveled to foreign countries to represent Sri Lanka in sports competitions.

Communication & Public Relations

Communication & Public Relations Division (CPRD) has been established to foster better communication between the management, the employees and the external parties. As the SLPA has continued to take innovative steps to promote the overall image of the institutions, the process has been strongly supported by the CPRD through electronic and print media while participating at local and international exhibitions.

Within the spectrum of duties vested upon CPRD by the SLPA, the Division actively deals with the external organizations locally and internationally to boost the image of the SLPA. Every possible step has been taken to extend a wider publicity, locally and internationally with regard to upcoming developments of Port Projects.

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

The CPRD also maintains archives library facilities of both print and electronic data records for institutional reference. The computerized data and original hard copies of all matters published, related to

the SLPA in local newspapers and most of the magazines in Sinhala, Tamil and English are secured at the Division, whilst a state of the art electronic studio protects all video visuals of past and present video coverage footage visuals of the SLPA for future reference as well as for the need of production of various video documentaries for the SLPA. A manual and a computerized library of photography are also available in the Division which keeps records of all images of photography coverage done for the SLPA.

The SLPA had the opportunity to promote and raise awareness of the Port of Colombo as the leading Hub Port in South Asia and Sri Lanka as a Maritime Centre at a number of exhibitions held in Sri Lanka and other countries; i.e., "Deyata Kirula" National Exhibition, held in Buttala – Monaragala and in Vietnam & Bangladesh. The SLPA won the Silver Award for the Best Demonstration at the Techno Exhibition.

The Division played a vital role in organizing the functions and events of the SLPA, including INAP conference. The newspaper supplements which were published to mark the various events were designed and organized by this Division.

The CPRD is the authorized arm of the SLPA to announce and express itself at various press briefing and to issue video and print information and press releases to all out – media institutions for publicity on SLPA towards enhancing its image and productivity.

Further the Division also coordinated competitions such as "Isuru Genena Nev Thota" a competition of art, essay, poetry, stage drama script writing, and photography, models of MRMRP, stamps and lyrics with parallel to the ceremonial inauguration of Magam Ruhunupura Mahinda Rajapaksa Port in coordination with Sri Lanka Rupavahini Corporation.

The CPRD also worked in close hands in coordination with Sri Lanka Philatelic Bureau in process of designing the inaugural stamp of the inauguration of MRMRP and issuing the first day cover at the inaugural function on the 18th November 2011.

In line with the tasks vested upon the CPRD, to facilitate the communication and public relations activities to make the programmes and events launched and implemented by the SLPA a success, the Division also coordinates with a number of national and other recognized television, radio and press institutions in the country to telecast, broadcast and public several feature, documentary and interviews that would make the masses well aware of the Sri Lanka Port projects and their benefits to support the future socio-economic development of Sri Lanka. The CPRD has also coordinated

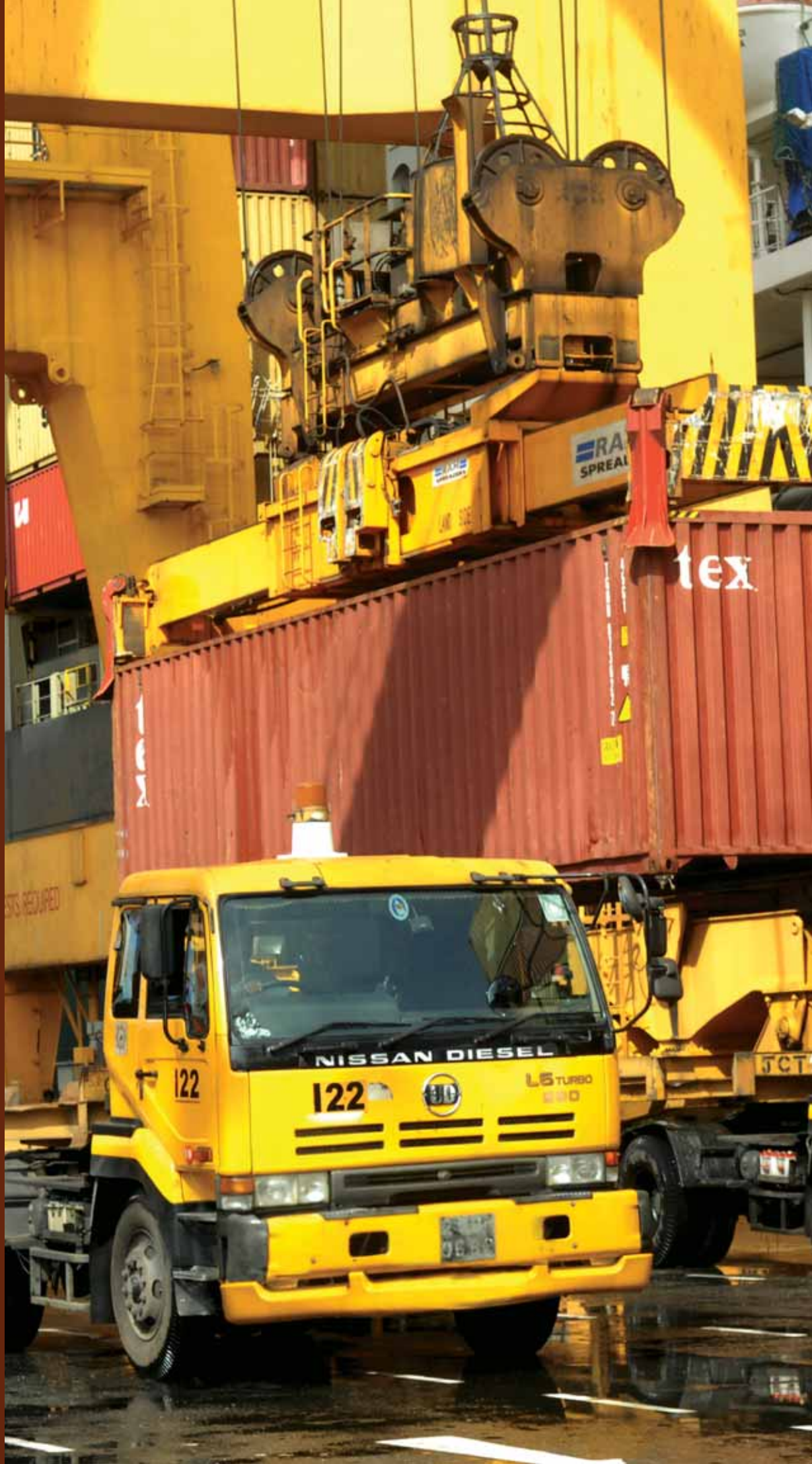
a number of workshops to make the regional journalists aware of these mega projects.

With the coordination of the CPRD a new code of payments has also been introduced for the utilizations of the SLPA premises according to the importance of the locations for temporary commercial purposes such as photo shooting, film making and tele-advertising by our side parties.

Meanwhile, a well adopted procedure has been continued by the Division, up to date, to offer the most accurate and realistic feed backs through special media releases to counter adverse articles published and broadcast against the image and developmental implementations of the SLPA.



OPERATIONAL REVIEW



OPERATIONAL REVIEW

OPERATIONS

Port of Colombo has recorded the highest ever annual container throughput in the history during 2011. The number of containers handled by 31st December 2011 was 4,262,887 TEUs making an increase of 3%.

Overall Port of Colombo container handling throughput, no of ship arrivals & total cargo handled have increased compared to 2010. The SLPA managed Container Terminals market share has increased by 3% compared with 2010 against the SAGT. Terminal performance has improved with the gradual implementation of bio metric attendance system which encouraged operational staff at the container terminals to be punctual.

Measures have also been taken to increase the supervision to optimize existing resources. Measures are being taken to reduce non operational time at the container terminals Superstructure facilities at the terminals have been enhanced by procuring new equipment comprising 06 gantry cranes, 30 RTGs (Rubber Tyred Gantry Cranes) and 50 yard tractors. Domestic container stacking area was enhanced by demolishing old buildings adjacent to JCT adding 8000 yard slots.

It should be noted that the Port of Colombo has achieved the above progress in container handling in 2011 when there was a global economic recession due to monetary and economic crisis in EURO monetary zone, existing set back in American economy, repercussion caused to Japanese economy as a result of natural disasters and mishaps and warring situation which prevailed in Middle East Zone.

LOGISTICS

The main function of the Logistics Division is to effect the delivery of all cargo comprising FCL, LCL, Break Bulk, Bags and Motor Vehicles discharged to the port and other shipping cargo related services pertaining to the customers.

During the year 2011, 278,956 TEUs of FCL containers were directly delivered from the Customer Services Centre by providing round the clock service. To enhance the services provided to the customers and minimize the time spent for documentation, action is being taken to introduce Cargo Module Navis Programme for the year.

Most of the LCL containers (7,926 TEUs) were transferred to Peliyagoda CFS for de-stuffing operations whilst providing the warehouse space inside the port for local, Transshipment (TS), Multi Country Consolidation (MCC) operation and special type of cargo. A revenue of Rs. 185.3 million has been generated from de-stuffing of LCL containers. A revenue from the MCC was Rs. 94.2 million. In addition, a revenue of Rs. 5.6 million has been earned as rent income for storage of empty containers.

During the year, 82 new licenses have been issued to the clearing agencies and 817 licenses were renewed making a total of 899 licensees generating a revenue of Rs. 11.8 million. By issuing and renewing wharf identity cards to wharf clerks of both categories A and B a total revenue of Rs. 5.3 million has been collected. The total A passes issued and renewed during the year has been recorded as 1,934 while B passes were 287.

With the enhancement of bonding and entrepot cargo, warehouse facilities by renovating CFS V warehouse demand for bonding and entrepot trade was increased and a total revenue of Rs. 33.2 million has been collected. The total revenue generated by Logistics division in 2011 from the services rendered amount to Rs. 335.6 million compared to Rs. 303.1 million generated in 2010.

By conducting public tender sales and auction to dispose of abandoned cargo a total of Rs. 101 million was collected whilst generating additional revenue of Rs. 15 million by disposing of scrap iron, waste oil and used tyres etc., through the SLPMCS Ltd. In addition Rs. 7.9 million has been generated by disposing of discarded surplus items of the SLPA through public tenders. In addition to that a revenue of Rs. 845,000/= earned from forfeiture of non clearance of awarded items.

In 2011, 53 applications have been received for waiver of rent from the consignees through the Ministry of Ports & Highways, out of them 21 applications was recommended and 03 were rejected. The balance is pending decisions from the Ministry of Ports & Highways.

With the aim of improving the quality of the services rendered by Logistics Division, cargo module delivery system (NAVIS) is being introduced ensuring efficient and productive services to our customers in 2012. In addition Port Development Programme were

conducted at the Mahapola Training Institute by the Chief Manager (Logistics) to enhance practical and theoretical knowledge of the operational and warehouse staff of the Logistics Division with the aim of providing quality and reliable service to our customers.

NAVIGATION

Pilotage

Pilotage to all types of vessels calling in the Port of Colombo was provided 24x7 during the year under review;

Type of Ship	No. of Ships	Purpose of call	No. of Ships
Container	3,187	Bunkering	65
Conventional	68	Repairs	30
Dry Bulk	202	Passenger	72
Oil Tanker	284	Other Services	22
Roll on Roll off	149		
Other Cargo	45		
Total			4,124

Chief Master of Tugs (CEMT) Section

The CMT Section functioned satisfactorily, by providing an efficient and continuous tug service for berthing and sailing vessels during the year under review. In addition, the following tasks were also executed.

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

Four to five tugs were operated daily for ship movements and a standby tug was always available for contingency requirements.

Total Number of Vessels Attended by Tugs

A total of 12,563 movements were performed by the SLPA Berthing Tugs and the details are given below;

Name of Tug	Total
MT Raja	672
MT Nandimithra	1,517
MT Suranimala	3,408
MT Gotaimbara	2,945
MT Vijayabahu	1,942
MT Barana – II	1,966
MT Velusumana	113

During the year under review, the SLPA chartered two brand new 60T bollard pull tugs for a period of 06 months in order to release own tugs for major repairs. These two crafts have attended to a total of 3,460 movements up to end of December 2011.

Tugs Stationed at Out Ports

Trincomalee

- M/T. Mahasen
- M/T. Neelamaha
- M/T. Vasaba (With Sri Lanka Navy)
- M/T. Nandimitra (20BP)

Galle

- M/T. Therapuththahabaya

KKS

- M/T. Kanchadewa
- M/T. Deera

MRMRP

Required tugs were deployed from Galle as and when necessary. Training

Officers and crew were encouraged to upgrade their knowledge and follow courses in Advanced Fire Fighting, Basic Fire Fighting, Elementary First Aid, Personal Safety and Social Responsibility, Personal Survival techniques conducted by the Mahapola Training Institute.

Revenue Earned

2010	Actual	-	Rs. 308.822 Million
2011	Revised	-	Rs. 345.680 Million
2012	Projected	-	Rs. 368.437 Million

Chief Engineering Officer's Section

Staff

Adequate staff was available during the year 2011 in keeping with the operational and repair requirements of all tugs, light house vessel and pilot and mooring launches.

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

On a recommendation made by the management of the Chief Engineering Officer section is gearing up to attend to more routine maintenance of tugs whilst equipping a workshop.

Port Fire Brigade (PFB)

An effective emergency service was provided by Port Fire Brigade during the year; 2011 mitigating adverse effects of fire and other emergencies while implementing and maintaining local fire safety standards.

The Port Fire Brigade is also the Emergency response team of the SLPA combating incidents of Oil Pollution and accidents related to Hazardous Materials. The PFB attended to almost 1800 calls which included the following;

Fire response	15
Navy rehearsal test calls	02
Emergency calls	25
Stand by duties for Oil Tankers	121
Stand by duties for Gas Tankers	23
Stand by duties for Hot works on vessels	1,486
Stand by duties for D/C Handling	03
Stand by duties for D/C Stand by	27
Wash piers/warehouses etc.	56
Pumping out water	33
Oil pollution control work	02
Inspection visits to oil tankers	807
VIP visits	01

Fire Safety Activities

Fire Safety Inspection of all the SLPA buildings/cranes/floating crafts were carried out including those in the Ports of Galle, Trincomalee and MRMRP.

3,773 Nos. of fire extinguishers were checked during the year 2011.

Training

Staff training work shops	26
Outsiders familiarization visits	04
Coxswain Training courses	04
Fire Training for Deck Rating Trainees	03
Refresher fire train for Fire Brigade Staff	06

Combined fire drills were carried out with the Fire Units of the Ceylon Petroleum Storage Terminals, Colombo Dock Yard and Colombo Power Plant.

Revenue

Revenue earned by Port Fire Brigade in 2011.

Description	US \$	Rs.
Fire calls	2,550	
Stand by duties for oil tankers	176,762	
Stand by duties for gas tankers	26,060	
Stand by duties for hot works	28,938	
Stand by duties for dangerous cargo	8,300	
Charges for training courses	119	
Charges for inspection visits	8,700	
Charges for oil pollution control		375,000
Total Income	251,429	375,000

Total Income is Rs. 28,535,048/=.

Harbour Safety Section

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

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

Site inspection prior to granting hot work permission were carried out and unauthorized hot work incidents were detected and stopped. Inspections of marine pollution were carried out. Investigations and analyzing of accidents involving personnel and marine were carried out.

- Port of Colombo handled 280,256.825 MT of hazardous cargo during the year, 2011.
- 29,053 Nos. of freight containers of transshipment hazardous cargo were handled.
- Handling, storage and transportation of dangerous cargo in the Port and allied safety aspects were introduced at the course of lectures for employees in Operation Division.
- 142,813MT of high explosive (GPIE) and 9,652.693 MT of explosive nature substances (GP IAE/IIIE) were handled.
- Personal safety of employees at JCT, and mooring gangs attached to Navigation Division were monitored, especially in using of PPE with the assistance of Asst. Harbour Safety Inspectors.

215 Tankers called at Port of Colombo and discharged cargo as follows;

Types of Cargo	Quantity (MT)
Liquid Petroleum Gas	183,038.118
Gas Oil/Jet A1/Gasoline/Kerosene	2,338,191.164
Crude Oil	1,256,861.943
Fuel Oil	725,768.280
Base Oil	22,628.199

Coast Lights Section

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

Light Buoys in Channels

Light Buoys were regularly checked and maintained. The alignment of the main South West Channel of the Port of Colombo was changed frequently to facilitate dredging and submarine oil pipeline re-laying works associated with the Colombo Port Expansion Project. Mariners were duly warned by way of Circulars to CASA, SLAVO, LASO and the UK Hydrographic Division.

Revenue – 2010/2011 Light Dues

	Rs. Million			
	2009	2010	2011 Estimated	2011 Projected
Combined	299.39	534.93	511.761	545.573

Harbour Craft Section

The work of the Harbour Craft Section mainly consists of assisting and providing mooring gangs and crews for pilot launches to facilitate safe mooring/unmooring of vessels which call at Colombo harbour; transporting of various work gangs to island breakwater; South West breakwater; keeping harbour waters clean and handling heavy lifts by floating cranes giraffe. The routine maintenance of pilot launches and mooring launches were also carried out satisfactorily.

Boat crews were encouraged to upgrade skills and knowledge by attending to various programmes carried out by the Mahapola Training Institute.

Hydrographic Survey Section

Surveyors attended to all land and hydrographic survey works as required by the SLPA in all Ports.

- Approach Channel Soundings
- Colombo Port Expansion Project Soundings
- Main Entrance Soundings
- Inner Harbour Basin & Berths Sounding
- Colombo Port Map Revision Work
- Control Point Survey (Continuous)
- Bloemendhal Survey (CPILD)
- Surveying & Leveling Of Port Internal Road Widening Project
- Survey at Container Yard (JCT-4) Extension
- JCT 1-4 Re-Railing Project
- Peliyagoda Detail Survey

Port of Galle

- Hydrographic Survey Inner Harbour & Approach Channel
- Road Trace Level For Yacht Project
- Rumassala SLPA Boundary Setting Out
- Galle Plan Update
- Acquisition Land Surveys

Port of Trincomalee

- Land Surveys for Encroachments
- Investigation work of Port Land

MRMRP

- Survey, setting-out & boundaries pointed out to claimants at resettlement area of MRMRP.
- Stage-II, Land acquisition surveys at Target Road, Arabokka Road, Sooriyawewa Road, Mahaweli area & Private lands under Survey Department supervision.
- Complete Six (06) Survey Requisitions under Survey Department Supervision (Approx 500 Lots).
- Beach Profile Survey between breakwater, 1.5 KM to westward & eastward along the coast for environment analysis (Twice a month).
- Checking Vertical & Horizontal Control of Proposed Administrative Building.
- Checking Vertical & Horizontal Control of International Stadium at Meegahajandura, Sooriyawewa.
- Setting out work for monument.
- Setting out work for Government Building site.
- Setting out work for investors' land and road network.
- Check the location & elevation data for tanks & buildings.
- Hydrographic survey at main berth entrance channel & setting out buoy positions.
- Control network re-established around tank farm, stage-I constructed area, Administration Complex & breakwater.

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 co-ordinated by this section.

Revenue Earned – 2011

Name of the License	No. issued	Revenue
Ship Repair License	119	3,068,703
Dockyard License	73	1,151,085
Survey License	39	695,130
Ship Chandlers License	76	2,529,817
Boat License	33	876,784
Total		8,321,519

PLANNING AND DEVELOPMENT

Colombo Port Expansion Project (CPEP)

Government of Sri Lanka (GOSL) has identified the expansion of Port of Colombo to cater to the increasing demands of services in the International Shipping Industry. After very comprehensive study of the Port of Colombo the proposed development in South of Port of Colombo area was identified as essential. This entire port project is called "Colombo Port Expansion Project (CPEP)" which comes under two phases as below;

1. Harbour Infrastructure works comprising construction of breakwater; dredging for new harbour basin and navigation channel and re-routing of crude oil pipe line.
2. Construction of Terminals and other related services.

Harbour Infrastructure Works

The harbour infrastructure works was initiated with a total estimated construction cost of US \$ 330 million. The Asian Development Bank (ADB) and the SLPA jointly finance the project of infrastructure works, as ADB finance US \$ 300 million which is 81.7% of the total cost and remaining 18.3% will be financed by the SLPA.

The Construction work of the CPEP project was officially commenced on 11th April 2008 and scheduled to be completed within 48 months. The main Contractor of the CPEP is M/s. Hyundai Engineering Construction & Co Ltd and the Consultant is M/s. Scott Wilson Ltd.,

Progress of Colombo Port Expansion Project as at December 2011

The Overall physical progress of the project is assessed about 83% and overall financial progress of the project is assessed about 89%.

Breakwaters

Main Breakwater (5.14 km length)

- Reclamation of Main Breakwaters and Contractor's Working Area
- Reclaimed volume: 17.65 Mm³ out of 18.42 Mm³

Construction of the Main Breakwater (up to +3.5m LWOST and up to +5m (LWOST)

- Quarry Run Placing - 5120m
- Secondary armor placing - 5090m
- Primary armor (Core Locs) placing - Ch 4810m
- Concrete armor production
- 29,318 units out of 31,655 units

Bedding layer placing & geo textile sheet laying

- up to +0m LWOST: 4860M
- above +0m LWOST: 4790M

Wave Wall Construction

- First lift of the wave wall (Ch 1520m onwards):4550 (83.7%)
- Second lift of the wave wall (Ch 1520m onward):4170 (73.2%)
- Final Lift: 4000 (68.51%)

Secondary Breakwater (1,094 km length) –The 100m length of wave wall is completed and 80m length of key 2 is completed. Overall progress is 58%.

Dredging and Reclamation

Dredging work is in progress and 9.67 million cubic meters of material was dredged in the access channel and approximately 450,000m³ has to be completed to complete the entire channel dredging works.

Supply of Quarry Materials

Rock transportation by sea from Load Out Point (Small Harbour) located at Wadduwa, Kalutara is successfully continued during calm weather and out of 5.2 million cubic metres of total requirement, and about 4.86 million cubic metres of rock have been transported to Colombo up to date.

Submarine Crude Oil Pipeline

Submarine crude oil pipeline to the SPBM runs across the port access channel at a shallow depth. Laying of new pipeline at –26m from Main Sea Level was successfully completed. Removing abandoned pipe line is 100% completed. Landfall Area Pipeline protection works completed.

Building

Control Tower Building – 26m height is completed.

Crew accommodation building - ground beam and slab work has been completed.

Internal Roads

Approximately 4.0km length of internal roads is comprised with the development in 6, 4 and 2 lane roads. (Lane width 3.7m) At present 53% of Road and Utilities work have been completed.

Expected date of completion – 10th April 2012

South Container Terminal (SCT)

Berths	03 Nos. (Total 1200m long)
Draught	18m
Capacity	2.4 million TEUs
Estimated Project Cost	US \$ 500 million
Signing of BOT Agreement	12 th August 2011
Effective Date	1 st December 2011
Expected Year of Operations	May, 2014

The first terminal of the Colombo South Harbour, namely the South Container Terminal (SCT) will be built and operated by the Colombo International Container Terminal (CICT) Ltd. comprising M/s. China Merchants Holdings (International) Company Ltd., M/s. Aitken Spence PLC and the SLPA as shareholders. The first 600m of the terminal is planned to be opened for operations by May 2014 and the entire terminal by December 2016. At the end of 35 years of BOT concession period the terminal infrastructures will be transferred to the SLPA.

Present Progress

- BOT agreement has been signed between SLPA and CICT on 12th August 2011 in China.
- Site investigation works have been completed.
- M/s. AECOM of China has been appointed as the Consultant to the project.
- All conditions precedent mentioned in the BOT Agreement were fulfilled on 9th November 2011 including the signing of Site Lease Agreement, Shareholders' Agreement and Lenders Direct Agreement.
- M/s. China Harbour Engineering Company Limited has been appointed as the main civil contractor for the project.
- Bathymetric survey has been completed.
- Construction works were ceremonially inaugurated on 16th December 2011 on the auspices of His Excellency the President Mahinda Rajapaksa.
- Dredging and reclamation works are in progress now.

East Container Terminal (ECT)

The Port of Colombo has outperformed against the original traffic projections despite of the global financial crisis. As per the recent Report of Strategic Review of Development option in Port of Colombo, it is emphasized Port of Colombo will continue to face capacity shortfalls even after SCT becomes operational. Further, Port of Colombo will still face challenges on deep water berths to accommodate mega container vessels. Hence, it is indicated that there is an urgent demand for a berth to be developed as soon as possible by the SLPA in addition to the SCT.

Meanwhile it is very important that SLPA will also have facilities to cater to deep draught mega vessels which are now not able to access the Port of Colombo, other than feeders to sustain the growth and to be the main hub in the Indian Ocean which transform Sri Lanka into a strategically important economic centre of the world. Then this would enable to maintain revenue streams to meet loan commitments of the SLPA.

Considering the above facts and the responsibility towards the National interest as the state owned Port Operator, the SLPA is planning to construct a Quay wall of 450m in length of the East Container Terminal (ECT) to accommodate larger container vessels with a limited yard capacity to be established in the working area used for the construction of infrastructure works.

The above limited development work of the ECT is planned to be completed in early 2013. According to the recent demand forecast predictions, The ECT is required to be completed by 2020.

The West Container Terminal (WCT) is planned to be completed in 2024. However, this decision will be evaluated based on demand forecast.

Trincomalee Port Development Project

Introduction

The SLPA in its Port Development Policy spells out the redevelopment & expansion of the Port of Trincomalee. It is to be redeveloped as a Metropolitan Growth Center for North Eastern Part of Sri Lanka by strengthening the economic base and resource base. This center would act as a Counter Magnet to the City of Colombo.

The port land will be developed under the theme "Industrial Zone". The total area of the land identified for industrial zone is 3000 Acres. This area is connected with roads and rail links and it has the potential to develop a variety of industries including tourism and agriculture beside port related industries, import export activities, industrial development activities and ship building, ship repair facilities etc.

Present Progress

Request for proposal prepared for Industrial Zone is being issued to the potential investors at present. Infrastructure developments will be done at the expense of the SLPA and allocation as per the budget 2011 is Rs.60 million.

Proposed Colombo Port City Development Project

Introduction

Construction of the proposed Port City adjacent to Port of Colombo has been taken in to consideration by the SLPA. Proposed Port City will consist of luxury hotels, apartment complexes, shopping malls,

space for modern offices for corporate sector, leisure and recreational activities such as yacht marinas, racing tracks etc.

Project Summary

Phase I

- Construction of Breakwater
- Reclamation of 200 Hec
- Providing of infrastructure such as Road Network, Water Supply, Sewerage System, Electricity, Telecommunication and Data connection.
- Project duration : 3 years
- Cost of the project: US \$ 700 Million (approximately)

Phase II

Development of the reclaimed land including space for modern high-rise office and residential buildings, hotels, shopping complexes, restaurants and leisure/recreational facilities such as yacht marinas, formula tracks and etc.

Current Activities

The initial technical feasibility study was undertaken by the University of Moratuwa to proceed with the project and presented a recommended layout plan for the reclaimed area. The Environmental Impact Assessment (EIA) study was completed by the University of Moratuwa. This EIA report was submitted to the Coast Conservation Department and approval was granted for the project, subject to conditions.

An unsolicited proposal for this project has been received from an Investor to construct the reclaimed land using their own funds. The Standing Cabinet Appointed Review Committee (SCARC) reviewed this proposal and decided to call for a detailed proposal from them after signing a non-committal Memorandum of Understanding (MoU).

For the creation of approximately 500 Acres of land, around 30 million cubic meters of sand is required and this quantity has to be extracted from seabed in the deep sea. Geological Survey and Mining Bureau (GSMB) has allocated an area of sea for this purpose and requisite studies are being conducted to receive the approval for extraction of sand.

In addition, the Archeological Department is conducting an Archeological Impact Assessment study of the proposed site to grant clearance for the proposed site.

SOUTHERN PORTS DEVELOPMENT

Southern Ports Development division has continued the works of the several projects including Hambantota Port Development Project (HPDP) and Hambantota Bunkering & Tank Farm Project that had been undertaken from the beginning. These projects have achieved satisfactory progress during the year 2011.

Construction of the MRMRP Project Phase -I is substantially completed within this year and small scale port operation is being done. As per the SLPA decision to establish port related businesses within the port premises, Southern Ports Development Division (SPD) successfully floated a Requested For Proposals (RFP) scheme this year. Accordingly 14 investors have already been short listed and approvals of the Cabinet of Ministers have been obtained for setting up of Sugar, Petro Chemical, Fertilizer and Cement Grinding & Bagging plants. However owing to the high demand raised from the investors, SPD division is planning to call for another RFP soon.

Almost all lands required for the Phase I & Phase II of the project have already been purchased/ acquired by the SLPA under land acquisition stage I. for future development work, land survey under the Stage II has been completed and SPD Division is going ahead with purchasing / acquiring proceedings. It has nearly 500 Hec & resettlement has to be done for nearly 600 families.

Under Bunkering Facilities & Tank Farm Project, construction of fourteen tanks with a total capacity of 80,000m³ for storing/ blending of marine fuel, aviation fuel and LPG were nearing completion and commissioning will be done in near future. Action is being undertaken to construct some infrastructure facilities both in tank farm and in the terminal area for proper functioning of the bunkering works.

Contract Agreement of MRMRP Project Phase II has been signed. Contractor has commenced preparatory works at site for commencement of Phase II construction. The main activities of Phase II are construction of 2000m long quay wall, an artificial island, drainage system, basin excavation, deepening of the entrance channel & installation of the handling equipment.

Apart from the above major activities, SPD division during the year 2011 continued the other miscellaneous activities including ILB manufacturing & facilitating the major works.

CIVIL

Civil Engineering Division includes effective maintenance of buildings, warehouses, quays, jetties, container freight stations, slipways, light houses, circuit bungalows, roads, railways, container yards and other civil engineering structures in the Port of Colombo. In addition to maintenance of the SLPA quarters colour washing and painting of quarters are also carried out on a regular basis.

Dredging of the harbour basins, approach channels and turning basin are carried out throughout the year by using dredger "Hansakawa". The dredging of alongside berths is carried out by using dredger "Diya-Kowulla". The dredging of the Beira Lake is carried out by using dredger "Boowalla". The dredging work on other ports is also carried out where necessary.

The cleanliness of the port premises is maintained by disposing waste (Garbage) and maintenance of storm water & sewer system is also carried out by the Civil Engineering Division.

Civil Engineering Division is also responsible for uninterrupted water supply in the port area.

During this period following major activities were carried out.

- Renovation of Harbour Master Building
- Extension to JCT Yard IV
- Renovation to building of main stores
- Renovation to Oil Bank at Bloemendhal
- Renovation to the Ministry Building
- Renovation to the Japanese Warehouse
- Renovation to Passenger Terminal Building
- Renovation to Oluvil Circuit Bungalow & Oluvil Training Center
- Demolition of Buildings due to Port Road Widening Project
- Renovation to BQ 3 Warehouse

In addition to above, hydrographic survey, removal of ten Nos. of wrecks located at KKS harbour basin and access channel were completed under the grant given by the Government of India. The Government of India has further given a grant for the study of development programme for KKS harbour

Similarly, office building for KKS harbour has been completed under the SLPA funding.

ELECTRICAL AND ELECTRONICS

Electrical & Electronic Engineering Division is responsible for planning, management, implementation & facility maintenance of all Engineering projects & facilities in the fields of Electrical Power & Communication Engineering in all Ports within the purview of the SLPA.

A team of highly qualified professional Electrical/Communication Engineers under the direction of a Chief Engineer and two Deputy Chief Engineers are working round the clock to maintain all essential services related to Electrical Power & Communication fields to achieve more than 95% availability of all services related to Port activities, which is on par with other International Hub Ports in the world.

Areas covered under Electrical Power Engineering field Distribution of Electrical power supply from CEB, total installed capacity of 18MW

- Maintenances of protection & switchgear for all LT Power installations Maintenance of Electrical installations in dredgers, tug boats & other floating crafts
- Maintenance of Electrical installations in container handling cranes (ship to shore yard cranes)
- Maintenances of ship bulk cargo handling cranes
- Repairs to Electric Motors (AC & DC), & other instruments in container cranes
- Maintenance of standby power generators of total capacity of 15.5 MW-
- Installation, maintenance & troubleshooting of 11KV electrical underground cable network
- Planning, installation & maintenance of air-conditioning systems
- Height enhancement of lamp posts at JCT to accommodate new RTGs

Areas covered under Electronic & Communication Engineering fields

- Planning & Maintenance of VHF Radio network (Marine Band)
- Planning & Maintenance of 2.4GHz Wi-Fi Data communication network at container terminal
- Maintenance of GPS satellite based container positioning system at container terminal
- Maintenance of RFID system at container terminal.
- Planning & Maintenance of optical fibre network & data network operation centre
- Planning & Maintenance of Port telephone PABX system of capacity 2000 lines
- Maintenance of Navigation systems including Radars, Echo sounder, Satellite Comm. Equipment, DGPS based survey systems etc
- Planning & maintenance of CCTV systems
- Enhancement of voice communication facility to accommodate VHF duplex channel

CONTRACTS AND DESIGNS

Contracts and Designs Division is mainly responsible for designing of structures and management of Civil Engineering projects implemented by the SLPA. Designing of structures includes port infrastructure such as berths, piers, civil structures, buildings and roads to facilitate the SLPA in its main business. Further Contracts & Designs Division undertakes all design / drawing work for all maintenance and development requirements of all the divisions of SLPA including all regional ports. Management of projects includes

tender proceedings, construction activities, supervision and contract management of such projects.

In addition to the above, Division also undertakes some minor construction projects on direct labour utilizing the employees attached to Stress Bed. Further the Division has involved in the Olivil Port Development Project as a special project.

Major works carried out by the Division during the year 2011 are as follows:

Olivil Port Project

The Project consists of construction of two rubble mound breakwaters as the Northern breakwater of length 550 m and the South Breakwater of length 773 m, which enclose total water area around 16 hec for the first stage. Around 06 hec of water area would be used for fisheries activities. The Stage I basin of commercial harbor would be dredged to -8m to cater 5000 DWT vessels.

DANIDA is the funding agency for this project and the total estimated cost is approximately Euro 46.1 Million. Construction work was awarded to the lowest successful bidder at the total project cost of Euro 46,095,369.49. Due to the unforeseen weather conditions & some design / technical issues, it has been planned to complete the project in mid 2012.

All required consultancy services and construction supervision are provided by Contracts & Designs Division.

Project Progress

- Loan agreement has been signed between Nordea Bank and Ministry of Finance and Planning of Sri Lanka on 23rd May, 2008.
- Contract Agreement between the SLPA and MTHojgaard a/s, has been signed on 20th June, 2008.
- Commencement order was issued to the Contractor effective from 1st July, 2008.
- Construction works are in progress, 93% of the works have been completed (Buildings & Road constructions, land developments, breakwater & jetty constructions and dredging works).

Coastal Protection Works at Olivil

The SLPA initiated a study to identify the possible remedial solutions for the beach erosion in Olivil area by Lanka Hydraulic Institute (LHI).

With the approval of DANIDA for utilizing the funds, work has been awarded and scheduled to be completed by mid 2012. It has been planned to construct 03 nos. of off-shore breakwaters, each 100m in length at the water depth of -4.0m MSL and will cover 2.5 Km stretch of coastal line.

Galle Port Developments

- Construction of Yacht Repair Workshop Building is in progress for a total cost of Rs. 21 million.
- Designing and preparation of tender documents for proposed Yacht Marina. Land acquisitions are in progress.
- Designing of proposed facility building to provide the supporting facilities required for the yacht marina.
- Designing & preparation of tender documents and awarding the contractor for refurbishment works at Rumassala Circuit Bungalow in Galle.
- Designing & preparation of tender documents and awarding the Contract for construction of Proposed Gabion Construction in Port of Galle.

Other Works

- Designing and Construction of Widening of Port Internal Road in Port of Colombo is in progress.
- Construction of Widening of Harthal Bridge – Sub structure in Port of Colombo is in progress for a total cost of Rs. 90 Million.
- Preparation of bidding documents and awarding of contract for Urgent Renovation Works at UCT for a total cost of Rs. 420 Million.
- Surveying of lands owned by the SLPA in Port of Trincomalee is in progress.
- Preparation of Bidding Documents and calling bids from eligible Contractors for proposed widening of Hardhal Bridge – Super Structure in Port of Colombo.
- Designing of steel structure for T & GO section.
- Designing of structures for all required relocations to be carried out due to the widening of internal port road.

Urgent Renovation of Unity Container Terminal (URUCT)

Background and Requirement

Construction of New North Pier was completed with JBIC funds under the loan No. SL – P41 in the year 2003. This terminal is presently named as Unity Container Terminal (UCT).

The UCT with 387m in length and 127m in width was constructed to accommodate general cargo vessels at South Berth and North

Berth. The west end portion of the UCT has experienced an overall structural movement which results in visible inclination and displacement of the structural components with cracking and sinking of the pavement along the west quay wall and the 20m length of north quay wall in the few years after its construction.

The continuous deterioration of the structure has severely affected operations at the UCT as use of the Terminal No. 02 has been restricted due to the present condition. Further any collapse of the West Quay wall will wash away all filling materials in the yard which would result in disturbing operations of the harbour basin and finally this would be a huge catastrophe to the Port of Colombo.

Renovations Identified

It has been planned to undertake necessary urgent renovations works to restore the failures incurred in the 127m long West Quay wall, North Quay wall (20 m portion) and yard rehabilitation approximately 50m from the far west end of the UCT (127m x 50m), to make the Terminal fully functional.

The work Comprises;

- Dredging and construction of a Rubble mound embankment to protect the quay settlement along west quay wall of 127m length and anchor the existing quay wall with tie rods / anchor blocks to rectify the settlement.
- Providing tie Rod for the North end of the North quay, 20 m in length with Anchor.
- Removing of existing graded rock mound in the yard side along the existing quay wall and reconstruct with geo-textile layer.
- Restoration and repaving of yard area (approx. 127mx50m).

Source of Funding

Rs. 400 million for the project was approved by the Japanese Government under the Non-Project Grant Aid Counterpart Funds.

Work Progress

Work has been awarded to the Contractor, M/s. Access Engineering (Pvt) Ltd. in December 2011.

Proposed Head Office Building for the SLPA

Sri Lanka Ports Authority intends to construct a Head Office Building at the Canal Yard area, Colombo-I to accommodate all the staff under a single roof, who are not directly involved in operation and maintenance. In this regard, a tentative total space requirement for the SLPA staff has been calculated.

An unsolicited project proposal was received from M/s. Sierra Construction (Pvt.) Ltd. for design, construct and finance for the construction of proposed SLPA Head Office Building for SLPA. The proposal was evaluated by SLPA and forwarded the evaluation report to the Ministry of Ports and Highways to be sent to the Standing Cabinet Appointed Review Committee (SCARC). After obtaining the permission from SCARC, a MOU was signed on 14th Jan. 2011 with M/s. Sierra Construction (Pvt.) Ltd.

Preliminary Planning Clearance was obtained from CMC for building with 25 floors. M/s. Sierra has submitted the detailed project proposal to SCARC. Consequently, a Technical Evaluation Committee (TEC) was appointed by the Department of Public Finance to assist SCAPC for the procurement. TEC meetings are in progress now.

Features of the proposed buildings area are as follows;

- Number of Floors : 25
- Total Area of the building : 31,000 m²
- Estimated Project Cost : Rs. 4.5 Billion
- Proposed Commencement Date : January 2012
- Estimated Construction Period : 30 months

Premises and Geographic Information System Section

The management of all immovable properties / land and buildings owned by the SLPA in Colombo, Galle, Trincomalee and Oluvil are carried out by the Premises Section whilst computerizing and mapping of assets are done by the Geographic Information System.

Almost 8,000 Acres of land around the island are owned by the SLPA and about 75 premises out of them are leased to outside parties / institutions. Premises Section is able to earn Rs. 143.54 million rupees net as a result of special method of recovery adopted by this section. Furthermore a sum of Rs. 9.899 million has been recovered as arrears in rentals, owing to the action taken during this year.

Twenty six (26) trade stalls put up at the Passenger Terminal has been leased out on the basis that Rs. 5,000/= to be recovered per month as rental.

Action has been taken to enter into a Lease Agreement between the SLPA and Cinnamon Lakeside Hotel to open a Floating Restaurant called "The Pantoon" in the Beira Lake falling in line with the Government Policy to improve the tourist related activities around Beira Lake.

Premises Section is administrating nearly 606 Houses and a Bachelors Quarters having 354 beds for the welfare of the employees of different grades.

Payments of rates and taxes for the Municipal Authorities are handled by the Premises Section. It was easy to identify the premises by the

introduction of Geographic Information System and it was able to minimize the differences when paying rates and taxes. A sum of Rs. 29,166,761/= has been paid as rates and taxes during 2011.

Premises Section is taking every effort to secure the properties belonging to the SLPA to prevent any encroachments and monitor its position with the support of the Geographic Information System.

MECHANICAL PLANT

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

The fleet of cargo handling equipment of the SLPA comprising the following was maintained satisfactorily by the Division during the year 2011 by carrying out a planned Preventive Maintenance Programme in combination with a Quick Response Strategy to attend to sudden or accidental breakdown of equipment.

- 23 Nos. Ship to Shore Container Cranes (STS)
- 67 Nos. Rubber Tyred Gantry Cranes (RTG)
- 04 Nos. Rail Mounted Gantry Crane (RMG)
- 19 Nos. Container Handling Lift Trucks
- 112 Nos. Fork Lift Trucks (2.5 Ton to 15 Ton)
- 144 Nos. Prime Movers / Terminal Tractors
- 193 Nos. Trailers (Bomb Cart & Others)
- 04 Nos. Draw Bar Tractors
- 67 Nos. Mobile Cranes, Wharf Electric, Floating & Overhead Cranes and Elevators
- 07 Nos. Standby Generators Required for Un-Interrupted Power Supply for the Cargo Handling Operations.
- 03 Nos. Shunting Locomotives
- 591 Motor Vehicles (Buses, Lorries, Vans, Double Cabs, Cars, Three Wheelers and Motor Cycles)

The SLPA was able to handle a total of 2.3 million TEUs during the year and one of the reasons for reaching this level of performance is the equipment availability rate of over 90% which is a direct result of the planned equipment maintenance.

The following work has been completed during the year 2011 by the sections of Mechanical Plant Engineering Division.

Gantry Crane Maintenance Unit – JCT Stage I & II

Completed major repairs to Ship to Shore Cranes, Rail Mounted Gantry Cranes and Transfer Cranes. Preventive maintenance works were completed including wire rope replacements, trolley rail and wheel replacements. Accident repairs also completed. Painting and touchup jobs were completed. In addition, 02 Nos. of Cabin replacements were completed during the period.

Cargo Handling Plant – JCT III & IV

Completed 44 engine and transmission replacement of Prime Movers and Top Lifters with the assistance of Diesel Engine Repair Section. In addition completed 10 Preventive Maintenance repairs, of Prime movers and Top lifters. During this period involved in Preventive Maintenance of 38 Trailers. 17 Nos. Accident repairs of Prime Movers and Trailers were completed.

Crane Shop

Completed 27 Nos. Major repairs & overhauls of all cranes consist of mobile cranes of capacities ranging for 7 to 90 Ton, IHI Jib Tower, Ship Simulator at Mahapola Training Institute. Preventive maintenance jobs were completed. Repairs & maintenance works of 20 Nos. overhead cranes were completed.

Construction Equipment Maintenance Section

Completed 16 Nos. Major repairs & overhauls of Loaders, Tug Tractor & Farm Tractors. In addition to these major overhauls completed the 35 Nos. of Preventive Maintenance jobs of Farm Tractors, Tug Tractors, Road Rollers, Air Compressor and other equipments.

Diesel Engine Repair Section

Completed the overhaul of 21 Nos. Cummins engines of Transfer Cranes. According to the maintenance schedule, completed the overhaul of 05 Nos. Prime Mover engines and 14 Nos. Terminal Tractors. In addition, 04 Nos. Top Lifter engines and 02 Nos. fork Lift engines been overhauled during the year. Also contributed to the Motor Garage activities by completing the overhauling of 05 engines of double cabs, buses and lorries.

Completed the overhauling of 25 Nos. Transmissions of Prime Movers and Top Lifters.

Motor Garage

All repairs and maintenance works of light vehicles and heavy vehicles repairs were completed. In addition, Tinkering & Painting jobs were completed during the year.

Cargo Handling Plant Repair Section

The 10 Nos. of Overhauls and Preventive Maintenance works of Top Lifters and fork lift Trucks were completed.

The Bulk Oil Installation at Summer Hill area which is operated and maintained by two operators on lease terms functioned satisfactorily under the supervision of this Division during the year.

MECHANICAL WORKS

Mechanical Works Engineering Division is responsible for all steel fabrication work of the SLPA which includes new steel fabrication work and repair and maintenance of existing steel structures, marine crafts and port equipment.

Mechanical Works Engineering Division plays a crucial role in keeping operations running smoothly by maintaining the essential work such as replacement trolley rails for all ships to shore cranes at JCT, laying of new crane rails, maintaining and repairing all steel work of marine crafts, berthing tugs, etc., maintenance of grabs required for operations of bulk cargo, repairs and maintenance of warehouse doors for general cargo storage warehouses, repairs to all steel structures of container cranes at JCT, manufacture of component by machining, testing of specially anchor chains, fabrication of new shackles, required for other divisions of the SLPA. New fabrications & maintenance of existing gratings in Container terminal and conventional cargo operational berths, planning, scheduling and carrying out of development projects at Colombo Oil Bank under JCT Ltd.,

This division while attending the routine maintenance works has completed major structural repairs to 12 Nos. container trailers at JCT, 20 Nos. prime mover heads, 02 Nos. low bed trailers, 10 Nos. Cell fenders, Fabrication of 200 Nos. gratings for JCT 3 & 4 expansion project, 165 Nos. grating to BQ jetty, Height extension of 28 Nos. of lamp post at JCT 3 & 4, one water tank tower, and replacement of damaged trolley rails and structural members of J1 to J14, 03 nos. air compressors, 12 nos. warehouse doors. Refurbishment of 03 Nos. lathes, 01 no. CNC machine and 01 no shearing machine, and also attended major hull repairs to Berthing Tugs M/V Sinhabahu and Pilot Launch Pilot 10 & 13, 03 Nos. 4.5 Cu. meter capacity grabs for Port of Trincomalee for the use of bulk handling of cement and coal, Major repairs to ILB plant and construction of new warehouse at MRMR Port.

Under the infrastructure development projects at the Colombo oil bank, we have completed the construction of 5780 cu. meters capacity new Petroleum Oil storage tank and installation of 3 MT boilers for storage of marine heavy oil thus enhancing the revenue from bunkering business at Colombo Oil Bank.

MARINE

The Marine Engineering Division is mainly responsible for the maintenance and repairs to all Floating Crafts of the SLPA and to ensure that the adequate number of Floating Crafts required by the Navigations, Operations Civil Engineering Maintenance and Security Divisions for their operational activities, be made available. The maintenance of Outboard motors used by the Navigation, Civil Engineering Maintenance and Security Divisions are also the responsibility of the Marine Engineering Division.

The division is responsible for providing material handling gear requirement for handling of bulk cargo to Operations Division too. Further, the maintenance of kitchen equipment of the SLPA such as gas burners, rice boilers, aluminum saucepans and other utensils is done by the Marine Engineering Division. Maintenance and operations of the SLPA Slipways is also carried out by the Division.

Marine Engineering Division consists of two sections and their achievements during the year are as follows.

Marine I section

Refit Engineering Section

Refit Engineering Section that comes under Marine I section, is responsible for co-ordination of maintenance and repairs to all Harbour Berthing Tugs, Fire Float "Mega" Lighthouse service Vessel "Pradeepa II", Passenger Launch "Seruwila II", the 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 for Galle, One berthing tug for KKS port, while carrying out the machinery repairs including Lloyds Register Classification Survey Requirements of these floating crafts.

The section maintained the two dredgers namely "Trailing Section Dredger "Hansakawa" and Grab Hopper Dredger "Diyakowula" in good operational condition during the year. All structural and hull repairs including painting of the Cutter Section Dredger "Boowalla" has been completed by the Division. The section also carried out the routine repair and maintenance of all the outboard motors used by Security, Navigations and Civil Engineering Divisions of the SLPA.

Major repairs to the Aquamaster propulsion systems including dry docking of the Tugs "Gotaimbara" and "Nandimithra" were satisfactorily carried out during the year. Further the docking repairs along with other major repairs were done to the tugs "Raja", "Velusumana", "Therapthabaya" and to both dredgers "Diyakowula" and "Hansakawa". Both main engines and two generator engines of tug "Vijayabahu" were overhauled and maintenance repairs to propulsion system were also done.

All complete engine, propulsion & machinery repairs to the tug "Neelamaha" as well as blast cleaning & complete painting was

successfully carried out with the use of SLPA owned staff and with the use of Patent Slipway instead of using the dry docks.

The year 2011 marks in the history of refit section as the most remarkable year by handing a maximum of major jobs and docking repairs in a year and completing those very successfully and providing the maximum availability of berthing tugs for operations.

Harbour Craft Section

Harbour craft section is mainly responsible for repair and maintenance of Pilot Launches, Mooring Launches etc. and was able to meet the operational requirement for the Navigation Division.

The mooring launches "No. 1", "Ranger", "Balaya", "Ruhunu", survey boat "Echo 3" and Pilot Launch 9 were taken to slipways and all underwater repairs were carried out during the year. Major overhauls to both engines and all other machinery and fittings of Pilot Launch "Pilot 10" were also done. Lloyd's classification surveys to Pilot Launches 11,12,13,14,15 and mooring Launches 2,3 and Echo 3 were also satisfactorily carried out. Further all the routine maintenance & repairs of all pilot, mooring and other launches of SLPA were attended in addition to above.

Marine II section

Shipwright Section

Shipwright section which is mainly responsible for all wooden repair work and fiberglass repair work of floating crafts of the SLPA. Further it carried out the fender repairs, woodwork and wooden hull repair and maintenance work of these launches and the diving boats of SLPA. It was also able to attend to all fiber glasses covering repair work of all GRP boats and of wooden hull launches. The shipwright section also carried out repairs to wooden furniture, paneling work and the timber fender repair work of the berthing tugs used by the Navigation Division. Four slipping operations were carried out at the 600 ton Patent Slipway and 06 slipping operations were done in the slips no. 01 to 03. Major repairs to 07 launches were carried out by the section. During the year maintenance and repair work to 04 pilot launches, 04 mooring launches, several small crafts, 06 berthing tugs and 10 nos. other vessels were attended to.

Cargo Craft repair yard

Above yard is responsible for the maintenance and repairs to Towing Tugs, Motor launches, Water Barges, Deck Barges used by the Operations Division and carrying out Grit blasting and painting work of these crafts. The yard was able to meet the operational requirements of above mentioned crafts by the Operations Division.

During the year, this section manufactured and supplied different sizes of wire & manila rope slings (697 Nos.) different sizes of curtains (220 nos.) different sizes of Canvas covers awnings (44 nos.) and 35

cushion covers required for the Operations, Navigation Security & Engineering Divisions, Port of Galle and Port of Trincomalee and also to the other outside institutions.

Seventeen wheel barrows and hand carts were produced while attending the repairs to carts of various types such as hand carts, garbage carts, wheel barrows, several pipe manufacturing and repair works were carried out by the yard. In addition, manufacturing and repairs done to kitchen utensils, aluminium products and hand tools required by various divisions of the SLPA totaling over 1500 various components.

The Tannac tug "Weligowwa" and Water barge WB 12 were fully overhauled along with complete steel repairs and fender works. This section which maintains and operates six slipways of Port of Colombo, carried out 13 slipping operations during the year for attending repairs of crafts (10 crafts of the SLPA and 03 crafts from Private party).

Beira Yard

The yard is mainly responsible for the maintenance and repairs to the Steel Cargo Lighters used by the Operations Division. Steel frame works for 03 lorry bodies were fabricated and major repairs to water barge WB 07 have been done during the year.

The Marine Engineering Division has provided its' services to all divisions successfully and was able to earn a revenue of Rs. 8,967,263/= for the SLPA during the year by providing slipping services & hiring out of slipways to private parties and by manufacturing of wire slings etc.

Due to the commitment made by all the available resources along with the staff and workers, this division was able to meet all operational requirements of Floating Crafts of the SLPA.

SUPPLIES AND MATERIAL MANAGEMENT

Functions

Functions of this Division included purchasing (Foreign and Local), storage and issue of fuel, machinery and equipment, spare parts and other items required by the SLPA for operation 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
Cabinet Appointed Tender Board (Approval limit over 100 million)	Nil	Nil
Board of Directors (Departmental Tender Board No. 1) (Rs. 20 million to 100 million)	12	07
Central Tender Board (Departmental Tender Board No. 2) (Rs. 250,000/= to 20 million)	48	1,412
"B" Tender Board (Departmental Tender Board No. 3) (Approval limit less than Rs. 250,000/=)	51	3,401

Total Expenditure incurred during the year 2011 on Local Purchases

Non Capital Items	Rs. 694,476,269/=
Capital Items	Rs. 79,868,330/=

Total Expenditure incurred during the year 2011 on Foreign Purchases (C & F Value)

Non Capital Items	Rs. 416,809,725/=
Capital Items	Rs. 235,055,961/=

No. of Letter of Credit opened	146
No. of Telegraphic Transfers orders opened	13

Details of the Goods cleared by the Wharf Section in 2011

Sea Freight	-	89
Air Freight	-	105
Parcel Post	-	09

Value of Stock as at 31.12.2011 is Rs. 1,669,620,237

Main Stores and Stock Control

Value of Goods received at Stores during the year 2011 (Capital & Non Capital)	Rs. 1,854,217,263/=
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Value of Goods issued to User Section (Capital & Non Capital)	Rs. 2,409,676,069/=
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INFORMATION SYSTEMS

The Information System (IS) Division is very much aware and concerned about the SLPA's development pursuits and has always been the architect in deploying state-of-the-art IT systems to enable and facilitate smooth operation of the systems and the roll-out of the front-to-back office systems in the most efficient manner. The potential for IT in spurring port development is immense and this potential can place SLPA in the forefront in its competition with the rival ports in the region. IS Division has always been the driving force in the SLPA's success stories when it comes to IT-driven projects. Projects that were handled in the past and the projects that are currently being handled by the IS Division bears ample testimony to the contribution made by the IS Division towards achieving the business goals of the SLPA.

Container Terminal Management System (CTMS)– JCT / UCT

After the implementation of the Navis Terminal Management System, many of the problems that were encountered subsequently due to new / changing business requirements were fixed to ensure the integrity of the application. Steps were taken to spread the Web Access Module facility to more number of users. With the completion of this exercise, the requirement for port visits by the Agents can be minimized, thus speeding up the information transfer and reducing the volume of paper work. An impending barrier to the system was the ever increasing data volume which was likely to use up a major portion of the available storage relating to the EXPRESS database. A Purging Module was purchased to overcome this issue and it was successfully implemented with the test system and now the implementation in the production system is in progress.

Cargo Management System

Cargo Module of the Navis system was purchased during the year 2011 in order to provide an efficient service to SLPA customers. The module is being tested with the user departments and with the implementation of this module it is expected to boost the productivity in the Logistics Division. Among the many advantages that accrue to the cargo clearing industry are initiating service request forms from the client's office, generation of draft invoices at SLPA, facility to make payments through cash over the counter at any BOC branch or through internet money transfer for BOC account holders or using internet payment gateway using the credit / debit cards of any bank. After implementation, gates and warehouses will be connected electronically and clearing functions will be simplified and enhanced reducing the waiting times at various service points.

It has been planned to implement the module in two phases and in the first phase Export process will be implemented and in the second phase Import process will be implemented.

ORACLE Finance System

As a major improvement to the existing system, finance system was migrated to a new ORACLE-BIZ server with the General Ledger, Accounts Receivable and Cash Management modules. Having implemented, most of the functions that were done manually eg. Cheque writing was automated and procedures in the Finance Division were simplified and streamlined, thus bringing in efficiency and accuracy to the work. The previous server was converted to a test environment. Data collection and testing of the Accounts Payable and Fixed Asset modules were started with the participation of the DMS personnel.

Employees Healthcare Management System (EHMS) – Medical System

Development of a system for the computerization of the activities of the Medical Division was completed last year. An IBM server x3850 M2 with four (4) 146 GB hard disks was obtained and Linux Red Hat Operating system was installed. The system runs on Oracle 10g database. Network cabling of the sites have already been completed and electrical cabling and client machine upgrades are now in progress. Software development was done using VB.NET and final testing of software is in progress.

Inventory Control and Procurement Management System

An option to meet the requirements of the Supplies and Materials Management Division was a long felt need as it came to light that the existing system is not able to meet all the functionalities of the Division. The Inventory and Procurement Management Module of the eBusiness suite was considered as a suitable solution capable of meeting all our requirements and the two modules were purchased and a system study has been undertaken with a view to customizing the software to suit our environment. Once implemented, all inventory management, purchasing (Foreign / Local) and requisition functions will be automated.

Time Attendance and Physical Access Control System (TAPAC)

The project is to be implemented in two phases in the first phase, the main function is to capture the attendance details of employees and the module has been successfully implemented and successfully in operation in Colombo, Galle, Hambantota and Oluvil. All Administration Managers have been provided with the facility to maintain employee attendance records and to generate reports. It is planned to link this module with the new payroll system and the HR system in mid 2012. After the completion of this integration, the system will facilitate automated leave and overtime maintenance.

In the phase II, it is expected to monitor the movement of employees through the Gates. As a pilot project, two gates have already been installed with machines. Testing is in progress.

New Payroll System

Requirement gathering, system study, analysis, development stages have already been completed and implementation of the system was started in the latter part of 2011. The system will mainly cater to the requirements of the Finance Division and in the final stages it will be connected to all the administration sections of the SLPA. The new payroll system will be integrated with the HR system and once the system is fully implemented, it will be possible to automate leave / overtime maintenance and on line loan processing.

Contingency System to Imports Billing

A system was developed as a contingency measure to be used in the event of a failure in the main cargo clearing systems i.e. FCL / LCL / CSC and it has been tested and ready for implementation on demand. In house developed; this system also runs on Oracle Database and use the port wide network for data transfer.

Hardware Management System

A system was developed to streamline and monitor the movement of hardware items such PCs, Printers so that all items under repair can be monitored by the IS Division. The inventory of items and locating the items is now a result of a simple inquiry facility. This has made the process of monitoring hardware items a very simple exercise.

Bills Reconciliation System

Enhanced the system as per new user requirements and development was done using VB.NET to suit Oracle database environment.

Maintenance of Information Systems

FCL / LCL / Landing & Delivery System

The above systems are running in the IBM mainframe machine and steps have been taken to ensure the smooth running of the systems by taking necessary precautionary measure to provide an uninterrupted service to the customers. BOI, Katunayake, Pettah Documentation Center still depend on the mainframe machine.

CFS / Peliyagoda

System Support, Training, Ad-hoc reports were provided to the users. Server maintenance and data backup procedures were monitored and implemented successfully.

Security Control & Permit Issue System

Support, Training, Ad-hoc reports were provided to the users. Server maintenance and data backup procedures were monitored and implemented successfully. Additionally, the server machine was updated to a new series of System P with a higher version of OS and a database version upgrade was done from Oracle 8i to 10g successfully.

After the systems have been placed into operation, maintenance of both hardware and software become the foremost aspect of systems and IS Division cannot neglect the fact that maintenance is the longest on-going operation in the systems life cycle. Maintenance work load upon the IS Division deserves special attention as it has kept the systems in operation and will continue to do so in the future also. Prompt action taken by the IS Division by timely maintenance of hardware and software has helped SLPA to ensure an uninterrupted operation of the systems.

HUMAN RESOURCE DEVELOPMENT

Human Resource Division is responsible to attract qualified, skilled and dynamic work force and retain them to achieve organizational vision, mission and objectives effectively and efficiently. All activities of the employees from the recruitment up to retirement are performed by the Human Resource Division and it includes wages and salaries management, providing benefits and incentives, performance appraisal, grievances handling, human capital management, and human resource planning.

Approved Human Resource Plan helps for smooth functioning of the SLPA activities that is 12,987, all together in Colombo, Galle, Trincomalee and Oluvil. In terms of the human resource plan most of the vacancies were filled by calling applications from qualified and eligible candidates within the organization as per the new approved schemes of recruitments and the new marking scheme. However, if suitable candidate were not found, action was taken to recruit externally after obtaining the approval of the Department of Management Services.

The total workforce at the beginning of the year 2011 was 12,824 including executives, non- executives technical and non-technical categories. The total strength at the Port of Colombo was 11,726 whilst at the Port of Galle and Port of Trincomalee was 500 and 598 respectively.

During the recent past, the SLPA was able to implement new computer systems, new machineries and equipment, in order to conduct the container operational process and affiliated services, replacing the conventional methods. As a result of that an excess cadre was created within the operational and other services. Hence, Voluntary Retirement Scheme (VRS) was implemented w.e.f. 04.04.2011, to encourage less productive employees to leave the services. Accordingly, 1,439 employees were retired by the SLPA, under VRS.

During the year 2011, twelve (12) employees were recruited externally within the approved cadre on permanent basis. The total reduction for the year were 1855 out of which 331 were on retirement, 1,439 on voluntary retirement 29 on dismissal and 56 due to death and others.

Based on the above details, the total workforce of all ports managed by SLPA was 10,982 as at 31.12.2011 out of which 10,083 in the Port of Colombo, 433 in the Port of Galle and 466 employees in the Port of Trincomalee. According to the categories, there were 667 Executives, 5,989 Non-Executives 2,192 Technical and 2,134 Non-Technical grades.

Total numbers of accidents for the year 2011 were 79 and Rs. 550,000/= had been paid against fatal accidents.

During the year 2011 Rs. 9,782,000/= had been paid as cash rewards to employees who retired/resigned.

Rs. 608,000/= had been paid as ex-gratia payments to the dependents of the employees who died due to natural causes during the year.

Based on the Salary Structure, implemented in 2006 all the Schemes of Recruitment (SOR) in Non-Executive categories were revised on common template and the New Marking Scheme was prepared considering the New Schemes of Recruitment to attract qualified workforce. In terms of the new schemes of recruitment, action was taken to place on higher salary categories w.e.f. 01.11.2011 based on the work, attendance and behavior of the employees.

Evaluation of Performance was implemented every six months in an effective manner by assigning tasks to each employee to achieve organizational set targets. Based on the outcome of the performance evaluation, action was taken to enhance skills, knowledge and attitudes of the employees compatible to the current requirement.

Human Resource Information System (HRIS) was introduced within all the Divisions and action is being taken to implement Documentary Management System and to aggregate Payroll System with HRIS for

the smooth functioning of Human Resource activities and maintain user-friendly system.

SECURITY

The responsibility concerning the security of all commercial ports fall within the purview of SLPA is entrusted to the Security Division. In order to provide this service, the security Division is maintaining an efficient security service round the clock. The Security Division in order to reach this objective is dedicated to provide a commendable service, utilizing innovative measures new technological apparatus and strategies with a view to protect properties and human lives as Colombo Port is located within a High Security Zone.

The revenue earned by our Division while maintaining a good security service with a view to contribute to the future development of the Colombo Port is given below.

The revenue generated by way of issuing permits for the Port users is as follows;

Description	Rs.
Revenue earned by issuing personal and vehicle permits	78,348,362
Revenue collected by re-issuing permits by way of fines imposed for misplaced permits	31,455
Revenue collected by issuing permits for SAGT & Colombo Dock Yard	4,469,591
Revenue collected by way of issuing of pouches and lanyard along with permits	142,100
Revenue collected by issuing annual permits for angling	102,928
TOTAL	83,034,436



In addition to above following income has been earned;

Description	Rs.
Fines collected during the year 2011, by initiating legal action for violating traffic rules	137,500
Amount collected in respect of damages caused to the Authority by accidents	2,064,419
TOTAL	2,201,919

The types and quantities of permits issued by the Permits Office during this year, in addition to the revenue earned above as supply of services are given below:

Office of the issuing of Photo Identity Cards for Port employees

The number of Photo Identity Cards issued to Port employees during the year 2011.

Description	Nos.
New recruits	30
Re-issues due to change of data	1,028
Number of permits issued for vehicles of the Pool of the Authority during the year 2011	517
Number of permits issued to the private vehicles of the Port employees	3,710
Number of RPU permits printed during the period during the year 2011	1,948

This Division provided dedicated services of a higher standard by conducting training courses for the ranks from Security Guard to superintendent and to the Special Investigation Unit and by conducting seminars. Accordingly following training courses are being conducted annually in respect of Security officers.

Training Courses conducted for all ranks of Security Division

The following practical Training Course and seminars have been conducted in respect of all unformed members of all grades of the Division during the year 2011.

- The workshops conducted to create an awareness of the duties, among the members of the Security Division and affiliated institutions of the SLPA.

Two training session have already been conducted in connection with the above subject and the third session had commenced on 12.01.2011 and ended on 20.07.2011, having conducted 19 workshops. 1037 officers belonging to all ranks of the Security Division, had participated at these 19 workshops. Officers of the senior management level, attached to other Divisions had participated as instructors at these workshops.

- Firearms, Practical Training and Shooting

Training in multiple shooting practice was provide for Security officers who are under the age of 45 years, in the Security Division, Pistol training practice for Security officers selected on exigencies of service, 9mm pistol shooting training practice and multiple shooting practice for relevant executive officers select on service requirements. Accordingly 88 security officers were provided with 9mm pistol shooting practice during annual shooting practice training for which 981 live bullets were used.

The above stated ranks numbering 571 were engaged in shooting practice training using HK 512 and M3 super 90 firearm, for which SG brand 5705 live bullets were utilized (shooting practice are being conducted for selected security categories of the Security Division, annually.)

This Division has been able to provide facilities for training practice to all security personnel representing all the ports, at a commendable level and action has been taken to provide items and materials specially required by respective officials, annually. Action has been taken to maintain these services at a higher level.

WELFARE AND INDUSTRIAL RELATIONS

There are numerous facilities, both financial as well as non-financial, provided for the staff of the Authority by the Welfare and Industrial Relations Division. These facilitates have been continued to be provided for the well being of the staff making additions and improvements intermittently. By the year 2011, it has provided a numerous welfare facilities which are detailed below:

Supply of Meals for the Staff Free of Charge

The lunch and dinner as well as refreshments such as tea and short eats are being provided for the staff employees of the Port Authority who are on shift basis. The office employees are being provided with lunch, free of charge. During the year 2011, a sum of Rs. 405,824,992/= has been spent on this. Besides, the employees who do not obtain the free lunch provided by the Authority during the year 2011, were paid Rs. 40/= per month. This was increased to Rs. 80/= w.e.f. 01.10.2011.

Accidents and Insurance Scheme for the Employees

The Medical scheme, which was in operation since beginning of the year, has been suspended w.e.f. 31.08.2011. A new medical insurance scheme with more benefits in collaboration with the National Insurance Trust Fund, has been implemented w.e.f. 01.09.2011, in place of the old scheme. In term of this scheme, the employee will get more benefits when compared with the old scheme. In case of an accident an employee is entitled to receive an insurance cover up to Rs. 1,000,000/= and in case of a natural death he is entitled to

an insurance cover of Rs. 100,000/=. Apart from this in respect of outdoor treatment, a sum of Rs. 7,500/= will be reimbursed. Besides an employee is entitled to insurance cover up to, Rs. 100,000/= in case of hospital charges, as an inpatient. A special feature of this is that an employee is eligible to bring the members of his family voluntarily under this scheme.

Accordingly, the spouse can be brought under this scheme with an annual contribution Rs. 1,500/= and in respect of a child the annual contribution of Rs. 720/=. The payment for spectacles and as ex-gratia payment in case of a death which were covered by the old scheme were also brought under the new scheme.

The total amount paid by the Authority under the Insurance benefits to the employees and their dependants during the period 01.09.2011 - 31.12.2011 was Rs. 18,998,770/=

Insurance Scheme for Pilots

In addition to the Insurance Scheme stated above, a special insurance scheme is being implemented for the pilot in the Navigation Division of the Authority. Under this insurance scheme, the pilots are eligible to obtain an insurance cover of Rs. 3,000,000/=: and 50% of the premium is borne by the Authority. The balance is borne by the pilot.

Housing Loan Scheme

A loan scheme programme is being implemented, with the assistance of the State Mortgage and Investment Bank (SMIB) under which employees of the Authority are eligible to obtain a housing loan up to 500,000/= for the purchase of house or construction of a house or annex, or purchase of a plot of land to construct a house. A concessionary rate of interest is levied and a sum of Rs. 50,000,000/= is allocated under the programme. In regard to this housing loan programme, a sum of Rs. 20,127,000/= has been released to the SMIB during the year 2011.

Scholarship Scheme

Two categories of scholarships are being awarded to the children of the employees of the Authority for the university education and study for the GCE (A/L) examination. In accordance with this scheme, scholarships are being awarded for GCE (A/L) studies for a period of 24 months at the rate of Rs.750/= per month. During the year under review 2011, a sum of Rs. 2,277,500/= has been granted to 474 students under this programme.

The children of the employees of the Authority who are been selected for the University education are been awarded Rs.25,0-00/= per annum and according to their period of studies for maximum period of 05 years. Under this scholarship scheme a sum of Rs.5,927,500/= has been awarded to 236 students in the year 2011.

Welfare Buses

Buses are provided on concessionary rates to the employees of the Authority and their family members when they are going on pilgrimages and picnics. A bus is been provided free of charge to the employees to participate at a funeral of an employees subject to a specific period of time. If a bus cannot be provided on such an occasion, expenditure incurred will be reimbursed subject to a maximum of Rs.6500/=. Furthermore a bus service has been in operation continuously free of charge during the period under review for the continuous use of the employees to travel within the port premises. During the year 2011 the Authority has earned an income of Rs.4, 601,279/= by providing busses for welfare work.

Payments for Special Leave Entitlement

In case of illness or an accident when an employee has exhausted all his leave entitlement, he is given leave with approved pay for a maximum period of 6 months until he becomes fit for a service on the medical advice. During the year 2011, 141 such applications have been considered and approval was granted to award no pay leave for 465 days and leave with pay for 1,910 days.

Welfare Canteens

Sixteen canteens are been operated within the port premises in order to provide required facilities to the employees of the Authority and port users as well. These canteens provide meals at concessionary rates. Lessees are selected by calling for tenders annually and total revenue collected was Rs.1,152,761/= in the year 2011.

Providing Holiday Bungalow Facilities

Under this scheme the rooms and halls at Pilgrimage Rest No. 02 located at Kataragama are being provided for the employees at a concessionary rate of Rs.150/= per day. An employee can obtain two rooms at a time for more than two rooms, an additional charge has to be paid. Facilities are provided at 19 rooms in this Rest and two halls. During the year 2011 this holiday Rest had generated an income of Rs.92,282,060/=:.

Awarding Gifts to the Employees

All the employees, who have completed 30 years service with the Authority, are being awarded a valuable gift and a replica of the Port pagoda, and a souvenir is being presented to the employees who have completed 40 years service. During the year 2011, 207 employees who have completed 30 years and 26 employees who are completed 40 years have been presented with a gift under the scheme..

Maritime Museum

The replicas and variety of plaques showcasing the historical evolution of the Port, and navigation field and the items that had been used in the old Port premises are being exhibited the Museum.

This has become and extremely popular among school children and a useful centre for those who are interested in port and Navigational activities. During the year 2011, special exhibition plates have been installed with the collaboration of the Department of National Museum. It is open from 10.00 am to 07.00 pm and no entry fee is charged. This center has earned Rs. 358,370/= by selling publications, books, booklets and picture cards.

Welfare and Sport Pavilion Facilities

Each welfare center has been provided with a pavilion by the Authority. Subject to a maximum Rs. 712,000/= is being provided annually to the Sport Association of the Authority for the purpose of development of sports activities, in addition to the above.

Library Facilities

Subject to a maximum of Rs. 45,000/= is being provided annually to every library established and maintained by the society members in order to develop the reading habit among the employees of the Authority. There are 16 such libraries operating within the port premises. During the year 2011, a sum Rs.300,000/= has been granted in respect of 16 libraries, for the purchase of books for the libraries

Other Welfare Facilities

Seva Vanitha Unit (SVU) - A free lunch is being provided to the children of employees in the Day Care Center, maintained by the SVU and other facilities were provided whenever requests have been made for them.

• Facilities for Pavilion

Steps have been taken to maintain the equipment installed at the pavilions located at welfare centers during the period under review.

• Promotional Programme for Welfare of Employees

Steps have been taken without delay to provide requested items and materials required for the welfare during the last quarter of the year, taking into consideration the employee responses.

• Supply of Equipment

Action has been taken continuously to provide TV sets and other equipments as and when requested by the employees to promote their welfare to make best use of their leisure time.

LEGAL

The Law Officers are the Legal Advisors to the Ports of Colombo, Galle and Trincomalee and also render advices to the Board of Directors, Heads of Divisions and other Sections of the SLPA.

Advices

During the year 2011 more than 144 Advices have been given to the Management.

In addition, drafting execution and attending to other matters pertaining to Contracts, Agreements, Bonds, Deeds, Leases etc., which the SLPA is a party to, also comes under the duties of the Legal Division.

Deeds, Agreements and Contracts

During the year 2011, 05 give on Deeds of Leases, 01 take on Deed of Lease and 02 Agreements / Contracts / Addendum to the Agreements have been executed by the Legal Division. In addition to those Instruments, following Agreements and Bonds have been executed.

Four Agreements and Bonds in respect of No-Pay Leave for Employment Abroad.

- Four Agreements and Bonds in respect of Training and Education in Sri Lanka and Abroad.
- Two Agreements / Bonds have been signed in respect of the Management Trainees.
- Thirty six Agreements / Bonds have been signed in respect of the employees who follow Human Resources Diploma / English Diploma.
- One thousand four hundred and fifty four Agreements / Bonds have been signed in respect of employees who have retired under the Voluntary Retirement Scheme.
- All matters pertaining to Court Cases, to which the SLPA is a party to, are also handled by the Legal Division with the assistance of the Attorney General and Counsel from Unofficial Bar.

By end of December, 2010, altogether 250 Cases / Complaints / Applications were pending before Courts. (i.e. Supreme Court (SC), Court of Appeal (CA), High Courts (HC), District Courts (DC), Labour Tribunals (LT), Magistrate Courts (MC), Human Rights Commission (HRC), Arbitration Centres (AC), Labour Courts (LC), Labour Department (LD) and Ombudsman).

During the year 2011, 59 new Cases / Complaints / Applications have been filed against SLPA (i.e. before SC, CA, HC, DC, LT, MC, HRC, LC, LD and Ombudsman) out of which 03 Cases were filed by the SLPA. 52 Cases have been concluded from the total 309 Cases during the year 2011. 21 Cases were decided in favour of the SLPA while 12 Cases were withdrawn by the parties, 12 Cases were settled and 07 Cases were not decided in favour of SLPA.

As at 31st December, 2011, 257 Cases / Complaints / Applications were pending before the said Forums.

Supreme Court Cases

At the end of year 31.12.2010, 05 Cases were pending. During the year of 2011, 06 new Cases have been filed, out of which 05 Cases were filed against the SLPA and 01 Case was filed by the SLPA. Out of 11 Cases, 04 Cases were concluded. 03 Cases were withdrawn / dismissed in favour of the SLPA and Leave to Proceed was refused in respect of 01 Case filed by the SLPA. As at 31.12.2011, 07 Cases were pending.

Court of Appeal Cases

Twenty Cases were pending as at 31.12.2010. During the year 2011, 04 new Cases have been filed against the SLPA. 07 Cases were concluded during the year 2011, out of which 01 Case was decided in favour of the SLPA while 06 Cases were withdrawn by the Petitioner. As at 31.12.2011, 17 Cases were pending.

High Court Cases

As at 31st December, 2010, 11 Cases were pending at the High Court. 02 new Cases have been filed during the year 2011 by the SLPA. Out of 13 Cases, 03 Cases were concluded during 2011. Out of which, 01 Case was decided in favour of SLPA and 02 were not decided in favour SLPA. As at 31.12.2011, 11 Cases were pending.

District Court Cases

Thirteen Cases were pending as at 31st December, 2010. During the year 2011, 02 new Cases have been filed against the SLPA. Out of 15 Cases, 03 Cases were concluded. Out of 03, 02 Cases were settled and 01 was decided in favour of the SLPA. As at 31.12.2011, 12 Cases were pending.

Magistrate Court Cases

As at 31st December, 2010, 02 Cases were pending at Magistrate Courts. During the year 2011, 12 new cases have been filed in Magistrates Courts to evict the unlawful occupants from the SLPA quarters under the Government Quarters (Recovery of Possession) Act and applications have been filed under the State Lands (Recovery of Possession) Act. 06 Cases were concluded during the year 2011. In addition to the said MC Cases, Legal Division attends MC Cases as and when receiving summons from MCs in various parts of the Country where the SLPA employees are a party. Presently 08 Cases were pending in the Magistrates Courts.

Labour Tribunal Cases

As at 31st December, 2010, 16 Cases were pending in Labour Tribunal. During the year 2011, 08 new Cases have been filed against the SLPA and out of 24 Cases, 06 Cases were concluded; out of which 01 Case was decided in favour of the SLPA while 03 Cases were settled and 02 Cases were withdrawn. As at 31.12.2011, 18 Cases were pending before the Labour Tribunals.

Applications made in Human Rights Commission, Complaints made to the Labour Department regarding Labour Disputes (Conciliation Cases) and Complaints made to the Ombudsman

As at 31.12.2010, 30 Complaints were pending before the Labour Department in respect of Labour Disputes (Conciliation matters), 133 Human Rights Applications and 16 Complaints to the Ombudsman were pending.

During the year 2011, 21 Complaints were made to the Labour Department in respect of Labour Disputes (Conciliation matters), 03 Human Rights Applications were filed against the SLPA and 01 Complaint was made to the Ombudsman against the SLPA. Nineteen Labour Department Conciliation matters and 04 Human Rights Applications were concluded during the year 2011.

Accordingly, 32 Labour Department Complaints, 132 Human Rights Applications and 17 Complaints before Ombudsman were pending as at 31.12.2011.

Arbitrations

As at 31.12. 2010, 03 Commercial Arbitration matters and 01 Industrial Arbitration matter were pending. During the year 2011, 01 Commercial (Foreign) Arbitration was settled and concluded. Accordingly, as at 31.12.2011, 01 Industrial Arbitration and 02 Commercial Arbitrations were pending.

MEDICAL

A healthy environment was maintained at work place by conducting awareness programmes to maintain good mental and physical health, safety whilst at work and prevent smoking, alcohol and drug addiction, enhancing the productivity.

- Accidents & Emergencies and medical conditions are treated promptly.
- Those with lifestyle diseases were monitored regularly with each having got to discuss his/her ailment on a one to one basis with the dedicated and experienced panel of doctors who along with their medical team maintained a 24 hour service.
- X' ray & ECG facility, laboratory facility and dental facility have been upgraded.
- A 24 hr. Ambulance service is also available.
- Patients, who requested for general medical check-ups from major hospitals, were able to obtain special discounts on specific packages.
- Dengue Prevention inside the Port premises was carried out

with the support of MRI in addition to the regular inspections by the Medical Division and have been able to minimize the dengue vector breeding sites within Port Premises.

- The regular counseling programmes on alcohol and smoking and the breathalyzer testing also contributed to their well being and helped to minimize accidents whilst on duty.
- Computerization of the division is underway in association with the Information Systems Division.

MAHAPOLA TRAINING INSTITUTE

General

The nerve centre of the SLPA, the Mahapola Training Institute (MPTI) is committed to its main objective of providing training opportunities to the port employees, port users and others especially on Maritime Sector. The Institute conducted its annual programmes in 2011 as per its annual training calendar focusing series of lectures, seminars, workshops and practical training programmes to enhance knowledge, skills and attitude of employees of the SLPA and Maritime Sector. Several workshops on productivity improvement, team building, upgrading technical skills, and customer services and quality improvements were conducted for the port employees during the year 2011. MPTI provides a structured pathway for port employees to upgrade their skills and to specialize in selected areas of Port Operations through courses that lead on to recognized certificates.

During the year 2011, the MPTI has trained about 3,621 candidates (without the on-the-job training) covering up to 432,912 Man-Hours. This is about 30% increase when compared with the previous year. In addition to this MPTI has provided on the Job Training for University Undergraduate and Students of Technical Colleges & other similar vocational study Institutes for 244 candidates.

Overall Training Performance during the Year 2011

Stream	No. of candidates Trained	Total Man Hours
Equipment Operations	260	18,225
Cargo Operations	61	22,880
Management	1,319	212,452
Information Systems	325	31,041
Technical	331	106,020
Fire, Safety & Occupational Health	760	9,057
Maritime & Seamanship	565	33,237
NAITA Apprentices, VTA & Technical Colleges	203	140,300
University Undergraduates	41	21,280
Total (With On the Job Training)	3,865	594,492
Total (Without on the Job Training)	3,621	432,912

New Training Programmes

When we look at the corporate vision of the MPTI there is a gap between now and achieving the full vision of the Institution. To bridge this we have developed and conducted several new mega scale training activities at MPTI.

Port related skill development programme

Port is an organization which contains several divisions handling various disciplines, which are inter connected in the whole port supply chain but it is not understood by an average port employee. Due to this reason it was the timely need of the Training Institute to address this issue to find a long lasting solution. The basic fact is that employees of the SLPA shall understand the activities of other division and feel that employees attached in various other divisions are their customers. On this basis courses on port skill development that comprise the following port related disciplines were conducted.

- Port Management
- Port Operations
- Port Logistic
- Port engineering
- Port Security
- Port Marketing
- Port Economics
- E.D.P Support on Port Affairs
- Maritime Administration
- e-Business
- Port Transport

The course on foundation level was conducted for 28 candidates during the year 2011. Special feature of this programme is that the entire faculty members are the in-house experts from the SLPA on various disciplines by ports investment on training senior officials were reaped.

Strategic Port Development

Port industry plays a major role in today's global economy. It facilitates trade and acts as a key interface between Sea and Land based transportation. It is a part of international supply chain network. This sector is very competitive and rapidly changes step wise. In the face of these rapid changes to the industry, the managements of various agencies are experiencing challenges that have not been encountered before, and would need strategic changes with innovative solutions. On this basis Strategic Port Management Programme was developed & conducted for the SLPA executive officials during the year 2011.

Training of Engineering Cadets (Diploma in Marine Engineering) Programme

Sri Lanka has a strong potential to cater to the International Maritime Labour Pool by training its educated unemployed youths in the Maritime field and provide them with employment opportunities on ships operated by International Shipping Companies.

Taking advantage of scarcity of professionals, this is high time to increase the output of existing local Maritime Training Institutions which provides training for seafarers.

According to shipping forecast currently there is a huge shortage of crew especially officers rank in the Maritime Sector. Recent studies have predicted that the shortage would be about 28,000 for officers' rank by the year 2015.

In line with this the Cadet Training Programme was commenced since January 2009 at the MPTI of the SLPA in collaboration with Ceylon Shipping Corporation, according to STCW of IMO recommended course module and approved curriculum by the Director General Merchant Shipping, Ministry of Ports and Highways. The first batch has completed the course and obtaining on board training and second batch (20 candidates) is continuing its academic programme.

Gantry Crane Simulator Training

The MPTI is the pioneer Port and Maritime Institution in the South Asia region to have installed a sophisticated Container Crane Simulator to train Gantry Crane and Yard Crane Operators in the port. We were able to train 139 port employees during the year 2011 and planning to offer this training facility to outsiders on fee levying basis in the future.

Course on Maritime English

According to STCW/IMO requirement it is essential to conduct a course in Maritime English for the seafarers to obtain their CDC (Continuous Discharging Certificate) from the designated authorities. The MPTI was the pioneer institution to commence this programme in the island. Five similar programmes at support level were conducted during the year 2011 for a total number of 127 participants. The curriculum was developed for Operational Level was approved by DGMS and one program conducted for 20 participants.

Diploma Programme Human Resource, Advance English, Port Security & Information Technology

As per new SOR, approved by the SLPA, candidates who do not have a degree/diploma in the specific field will face severe hardship in their promotional prospects in the near future. Due to this, under the 03 year development programme, it was suggested to conduct a diploma programme in HR Management and Advanced English at the MPTI with the utilization of qualified resource personnel that will be equivalent to diploma offered by other recognized Institutes such as NIBM, IPM, and University of Colombo & Jayewardenepura etc.

We had several panel meetings with the resource personnel from University of Sri Jayewardenepura & University of Colombo and prepared the detailed curricula for the Diploma in Human Resource Management and Advanced English. The diploma in HR Management

Course was commenced in October, 2010 with 70 participants on fee levy basis which would generate income to SLPA. The Diploma in Advanced English also commenced in 2011 for two batches consisting 35 participants each.

It is proposed to commence the detailed curriculum for Diploma in Port Security in collaboration Kothalawala Defense Academy and Diploma in IT in collaboration with UOC during the 1st quarter of 2012.

Improving the efficiency of Maintenance Skill

During the year 2011, the following technical programmes were developed & conducted for SLPA employees to improve the maintenance skill of the workers

- Motor Control Circuits
- Course on Engineering Drawing
- Orientation Programme for Supervisors
- Maintenance & Repair of Radio & TV
- Mechatronics Training Programme

First stage of the Mechatronics Laboratory was established and about 45 Supervisory grades belonging to Technical Directorate were trained.

Fee Levying Courses

With a view of making the maximum use of the SLPA and the MPTI's available resources, capacity and the skills of trainers, several fee Levy courses were conducted for outsiders/outside institutions during the year 2010. These courses covered areas such as Maritime and Seamanship, Technical, Equipment Operation, Port Logistics, Port Finance and Information Systems.

Port Operations and Logistics

- Prime Mover Operator Training
- Fork Lift Operator Training
- Mobile Crane Training
- Top Lift Operator
- Wharf Clerks Training Programme
- Programme for Operation Assistants

Making use of equipment and facilities such as Fork Loaders, Cranes, Prime Movers, Fire Simulators and ship simulators available at the MPTI, the Training Institute is looking forward to extend the training to meet the increasing demands for this type of training programmes for outsiders

Maritime and Safety

- Coxswain Training
- Ships Deck Rating Course
- Ships Engine Room Rating Course
- Personal Survival Techniques
- Personal Safety and Social Responsibilities
- Which man Training Course
- Rigging Work Training for SLNS personnel
- Elementary first Aid
- Advanced Fire Fighting

Training of Children of Port Employees under Piyaputhu Foundation

During the year 2011, the MPTI has continued the training for the second batch of focusing on employment opportunities for children of the SLPA employees, who are supposed to retire within 03 years and already retired. This was one of the long lasting demands of the major Trade Unions of the SLPA. Under this program there were 98 candidates obtaining training in various disciplines on the following Category.

Category	Nos.
Accounts Clerk	39
Typist Clerk	21
Machinist	08
Marine Carpenters	03
Welders	10
Mason	05
Fitter	12

Participation in Seminars and Training Programmes at Outside Institutions and at MPTI

During the year 2011 training arrangements at outside institutions were made with a view to updating and improving skills and knowledge of the port employees in the field of Management, Finance, Engineering, Security, Law, Health and Safety, Ports Management, Information Systems, Human Resource Management etc. During the year 2011, seventy five employees participated in training programmes conducted by following organization.

- Sri Lanka Law College
- Bar Association of Sri Lanka
- Arbitration Center
- Board of Investment,
- Central Bank
- Chamber of Commerce
- Institute of Engineers Sri Lanka
- Sri Lanka Standard Institute

- Institute of Chartered Accountants
- Institute of Personal Management
- University of Moratuwa
- Indian Registrar of Shipping
- Computer Society of Sri Lanka
- Tertiary of Vocational Education Center Sri Lanka
- National Institute of Labour Studies
- Sri Lanka Library Association
- AAT Sri Lanka
- CIMA Sri Lanka Division
- Sari Lanka Foundation Institute
- Employees Federation of Sri Lanka
- Center for Studies in Disciplinary Management
- Director General of Merchant Shipping
- National Apprentice and Industrial Training Authority
- Institute for Construction Training and Development etc.,

The amount of Rs. 894,330/= has been spent for the training of employees in the above organizations and whereas Rs. 3,001,150/= spent on in-door training activities.

ISO 9001: 2008 certification

The MPTI obtained ISO 9001:2000 Certification in July 2004 from the Indian Registrar of Quality Systems to Conduct the IMO/STCW Training Programmes for Sea farers. Surveillance Audits were carried out by the Indian Register of Quality systems in 2005 to 2009 and ISO Certification was confirmed. the Certificate given in 2004 is valid only up to 2010 and it is mandatory to migrate to ISO 9001/2008 quality Management System by November 2010. On this basis it was necessary to prepare documents such as Quality Manual, Procedure Manual, Process Manual, work Instruction and Standard forms etc, to be compatible with ISO 9001/2008 QM system. The most important fact is that these documents were prepared by the MPTI in-house Officials without any assistance from Out Side Consultants. We were able to continue to maintain this certification during the year 2011. Moreover the MPTI is the pioneer educational institution in Sri Lanka that was offered ISO 9001: 2008 Certification to conduct IMO/STCW training programmes for seafarers.

Training of Trainers

During the year 2011, the MPTI was able to train 15 of its trainers on Training of Trainers programme to improve quality of training output of the institution.

Performance of Regional Training Centers

The following training programme was conducted at the under mentioned regional training centers.

Olivil Training Centre

Course Title	Duration	No. of programmes	Participants
Fork Lift			
Operator Training	2 Weeks	01	05

The response from public is very poor for fee levying courses since the government institutions such as VTA, Technical Colleges, NAITA and NGO's conduct training courses free of charge and pay stipend to the trainees.

Revenue Earned

During the year 2011, the MPTI has earned a total sum of Rs. 14,445,263/= as revenue for the SLPA from the fee levying programmes conducted for the outsiders. The revenue earned from various divisions of the SLPA by conducting training courses, workshops and Seminars on various disciplines to update the knowledge, skills and attitudes of various categories on SLPA employees to improve the overall efficiency of port operations was Rs.9,509,294/=.

Therefore total revenue earned by the MPTI during the year 2011 was Rs. 23,954,557/=.

In addition, other regional centers have earned the following amounts as revenue for the SLPA.

Maritime Training Institute	(Olivil)	Rs 169,506/=
Training Institute	(Badulla)	Rs 98,750/=

Total expenses for courses conducted at the MPTI and regional centers was Rs. 4,820,106/= during the year 2011.

INTERNAL AUDIT

The activities of the Internal Audit Division were guided by the Annual Audit Programme and it is recommended by the Audit.

Internal checks and normal Internal Audit functions had been carried out in the revenue & expenditure areas of the Authority.

Internal Checks

Attendance

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

Cash

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

Audit of Revenue

Audit of revenue collections for the year was carried out as per Audit Programme as special assignments enabling detection of under recoveries of Port charges.

The debtors' accounts, disputed bills and dishonored cheques were examined and the discrepancies reported. Regular checks were carried out at the Katunayake and Biyagama Landing & Delivery Units too.

Audit of Expenditure

Test checks were carried out in respect of capital and recurrent expenditure and also on stores payments vouchers. Vehicle running charts and vehicle authorization forms were checked and shortcomings pointed out.

A regular check on preparation of wages and salaries were 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 Ports of Galle and Trincomalee.

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

Computers and Printers, Vehicles and Mobile Equipment

As per the Chairman's instruction physical verification of all the computers and printers, vehicles and mobile equipment in the SLPA were carried out by staff of Internal Audit, Information System and Mechanical Plant Divisions in order to ascertain running condition repairable equipment.

Investigations

Special investigations on the request of the Chairman/Managing Director were carried out during the year.

Final Accounts

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

Pre-Audit

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

Ports of Galle and Trincomalee

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

PORT OF TRINCOMALEE

Administration report on the activities of the Port of Trincomalee during year 2011.

Navigation

No. of vessels called at Trincomalee Port

Description	2010	2011
General Cargo & Break Bulk	136	150
Passenger Vessels	11	13
Total	147	163

Cargo handling

Handling of General Cargo & Dry Break Bulk Cargo

Description	Loading (MT)	Unloading (MT)
General Cargo & Dry Break Bulk Cargo	36,078	241,787
Liquid Bulk	1,620	113,034

Navigation

There are 03 Nos. of Tugs, and 04 Nos. of Launches and a Tannac available in Trincomalee Port, and many of them have been found non operational. Among these crafts, Tugs Sinhabahu was sent to Colombo for repairs, and received Tug Neelamaha as a replacement.

Infrastructure Development

250 Tones Bollard was constructed at Clappenburg by the Colombo Dock Yard PLC during the year 2011 for Bollard pull testing.

M/F Seruwila II- Passenger Service

It was under the management of Sri Lanka Nidhas Servaka Waraya (Pvt) Ltd., and due to major repair works, all crew members were terminated from service w.e.f. 30.06.2011, and the repairs in main engine is being carried-out.

Security Section

ISPS

To implement the code, S.L. Navy has pointed out many shortcomings, and most of them are fulfilled. The remaining is being performed by the relevant Sections.

Fire Fighting Programme

As done in past, the Demonstration classes in Fire Fighting were carried out by the Officers who came from Port of Colombo during the period from 2011.12.05 to 2011.12.09 unit wise.

Work Carried Out In Engineering Division

Civil

- Re-construction of Security Guard room at Burma Camp, construction of Curtain Wall of D-Hall of Burma Camp, repair works in Ware House No-06, providing additional water lines to Sump tank in C.B.I-Orr's Hill were executed.
- Renovation & painting work in Circuit Bungalows, Orr's Hill, C.B.-11, and all Buddhist Shrine Temples at 03 units. Cement work on supply office hood, partitioning the cabin in Berthing Tug were carried out.
- Repair & maintenance works in Rifle Green Quarters-08 and 16, New Administration Building and carpentry work in Vessels/ Mooring Launches/Vehicles were carried out as per request.

Mechanical Engineering

- Tinkering and painting work, renovations of floor board & seats and other repairs in Rosa Bus overhaul engine repairs and body tinkering & painting in Mitsubishi van, Renovating of corroded portions by replacing with Aluminum sheets and painting in Leyland Bus, repairs in Gear Box, Tinkering & Painting Electrical works in rear portion of IZUSU Pick up were carried out.
- Renovation work in wheel room & hull and fabricating the fenders hook of Launch Pilot III. Replacing the corroded portion on Deck of water barges and pipe line of berthing tugs, Replacing and renovated 06 Nos. of marker buoys were carried out.
- Assisting to Colombo – The SLPA Team to repair the Shaft of Maya Launch and repairs in Main Engine of M/F. Seruwila II Launch and assisting the operational section during Coal/ Gypsum unloading time, by repairing the grabs and other connected equipments.

PORT OF GALLE

Commodity	No. of Vessels	Discharged (MT)	Loaded (MT)
Clinker	45	392,179	-
Bulk Cement	09	62,801	-
Gypsum	01	8,500	-
TS Cargo	-	29	253
Total	55	463,509	253

Total Tonnage Handled	463,762 MT
Total Cargo Vessels	55
Other Vessels (Passenger; Naval, Bunkering, Repairs etc)	104
Total Vessels Berthed in 2011	159
Anchorage	53
Off Port Limit Vessels	5,788
Sailing Yacht	119

FINANCIAL REVIEW



F INANCIAL REVIEW

Revenue (All Ports) (Rs. Mn)

(Port Activity Break-up)

Description	2010	2011	Description	2010	2011
Revenue from Port Activities	25,046	27,542	Petroleum Products	617	587
Other Revenue	3,233	3,708	Conventional Transshipment Cargo	29	41
			Dockage and Anchorage	657	689
			Navigation, Harbour, Pilotage & Tugs	3,141	3,407
			Storage	1,837	2,160
			Conventional Domestic Cargo	2,505	3,085
			Containerized Transshipment Cargo	5,708	5,655
			Containerized Domestic Cargo	9,908	11,149
			Other Services (Operational)	643	770
Total Revenue	28,279	31,250	Total Revenue (Port Activities Only)	25,046	27,542

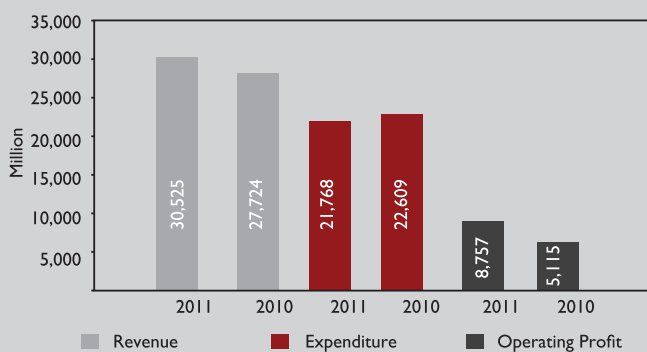
Operating and Other Expenses (All Ports) (Rs. Mn)

Description	2010	2011	Increase/Decrease	%
Payment for Volume Rebate	918	1,123	(205)	(22)
Maintenance of Assets	1,137	1,373	(236)	(21)
Fuel, Electricity and Water	1,828	2,201	(373)	(20)
Interest on Foreign Loan	1,225	1,372	(147)	(12)
Overtime	3,323	3,177	146	4
Depreciation	4,682	4,118	564	12
Wages, Salaries and Allowances	10,011	9,307	704	7
Others	1,997	1,659	338	17
Total Expenditure	25,120	24,330	790	3
Foreign Exchange (Loss)/Gain	(4,410)	(3,543)	867	20
VRS Expenses	-	2,595	(2,595)	(100)
Total Expenditure Including FEL	29,530	30,468	(938)	(3)

Port – wise Performance

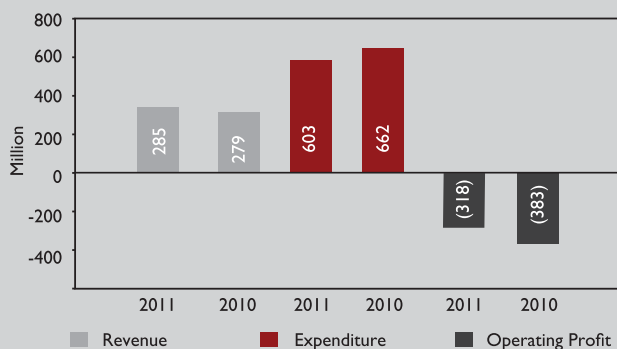
Port of Colombo

The Port of Colombo generated Operating Profit of Rs. 8,757 Million in year 2011. The Gross revenue of 2011 was Rs. 30,525 Million as compared to Rs. 27,724 Million in 2010 an increase of Rs. 2,801 Million. Total expenditure (Including VRS) before Tax remained at Rs. 22,609 Million whereas 2010 expenditure was Rs. 22,244 Million an increase of 3%.



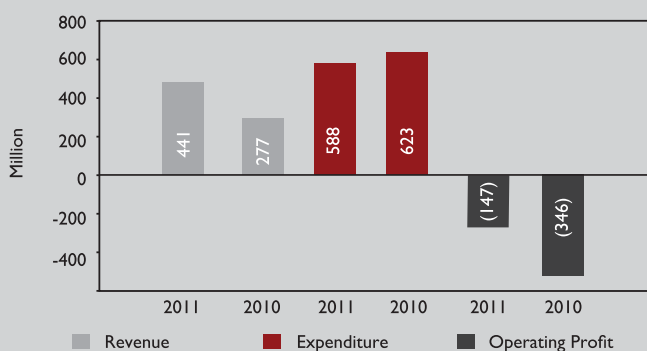
Port of Trincomalee

The Port of Trincomalee recorded a Pre Tax loss of Rs. 318 Million in year 2011. The gross revenue of 2011 was Rs. 285 Million as Compared to Rs. 279 Million in 2010 an increase of Rs. 6 Million. Total expenditure (Including VRS) before tax remained at Rs. 817 Million whereas 2010 expenditure was Rs. 662 Million and increase of 23%.



Port of Galle

The Port of Galle recorded a Pre Tax loss of Rs. 147 Million in year 2011. The gross revenue of 2011 was Rs. 441 Million as Compared to Rs. 277 Million in 2010 an increase of Rs. 164 Million. Total expenditure (Including VRS) before tax remained at Rs. 673 Million whereas 2010 expenditure was Rs. 623 Million an increase of 8%.



Corporate Social Responsibility

During the year under review, the SLPA has continued its Corporate Social Responsibility.



Receiving the Award for the Sri Lanka Ports Authority for renovating of Destict Hospital in Kataragama in Parallel to “Deyata Kirula” Exhibition held in Buttala, Monaragala



SLPA has participated at several exhibitions including “Deyata Kirula National Exhibition” giving an opportunity to the school children and general public to be familiarized with the existing Port facilities and activities in addition to the Port Development project undertaken by the SLPA



A fully fledged crèche is managed by the SLPA for well being of the children of the Port employees.



Mulleriyawa Mental Hospital - The SLPA has been maintaining ward 20 for more than 25 years. A monthly “dana” is given to the inmates of the ward as well as, their monthly requirements are looked into and provided.



The fully equipped fire brigade has assisted the Colombo Municipal Council in fire fighting as well as other emergencies within Colombo and suburbs.

HUMAN CAPITAL

Human Capital is the economic value that an employee provides to an employer. The assessment of this value is related to the body of skill, knowledge, and experience that the employee possesses. Factors such as formal education and participation in ongoing training related to the workplace also help to enhance the human capital that the employee represents.

Human capital can be considered as core component in any organization. Deploying employees who possess the necessary skills, knowledge and ability to function within their assigned roles allows the organization to perform at maximum efficiency. This leads to increase earning of profit and remaining successful for many years.

With the identification of the importance of the Human capital, organizations make investments in Human Capital. This allows the organization to have access to wider skill set without the need to hire additional employees. Hence Human Capital of the organization can be considered as a factor that both parties are benefited.

The main divisions directly involved to enhance human capital of the SLPA employees are Human Resource Division, Medical Division, Welfare Industrial Relations Division and Mahapola Training Institute.

Human Resource Division plays a key role to achieve vision, mission, and objectives of the SLPA by absorbing productive workforce to the permanent cadre. With the intention of that, the Schemes of Recruitment (SOR) of all categories have been revised by including relevant professional and educational qualifications to attract most qualified workforce and retain them.

The total workforce of the SLPA at the end of the year 2011 was 10,982 including Executives, Non-Executives, Technical and Non-Technical categories. Out of them 43 are Post Graduate Degree holders, 39 are Port Graduate Diploma holders, 457 are Degree holders and 299 are Diploma holders.

Much attention of Human Resource Division was focused towards the employee performance evaluations in order to get them involved in effective manner for the purpose of better productivity in the organization.

Each and every employee of the SLPA are assigned specific task to complete in every six months and evaluate them after reaching the pre defined time period. Based on the outcome of the evaluation, Human Resource Division enable to identify strengths and weakness of the employees, which lead to provide relevant training programmes to compatible to the current requirement.

Professional allowances are paid monthly to the executive officers of SLPA to give value addition for their performance by achieving special qualifications in the relevant stream, which leads to motivate others to achieve special qualifications in their fields to perform their duties in a professional manner. Further, the executive officers can reimburse the amount paid for their membership subscription fees, if they are relevant to their profession.

The Human Resource Plan is one of the most important documents in any organization to achieve organizational objectives effectively and efficiently. Based on Voluntary Retirement Scheme (VRS) implemented in year 2011 and considering the future requirements, Human

Resource Plan has been revised to enable for maximum utilization of Human Capital.

The Human Resource Information System (HRIS) has been in operation since the year 2009 for smooth functioning of the human resource activities. Awareness programmes on HRIS have been conducted continuously amongst the relevant employees to become user friendly. At present, basic requirements have been completed to aggregate payroll system and time attendance system with HRIS. Further, Documentary Management system will be implemented soon to minimize paperwork and to facilitate day to day human resource activities.

As in the previous years, the training arm of the SLPA the Mahapola Training Institute conducted its annual programmes in year 2011 with the introduction of new series of lectures in different fields. With the intention of enhancing the professional knowledge and for better promotional prospects of employees of the SLPA, the MPTI has started the Diploma in Human Resource Management and Diploma in English in collaboration with University of Sri Jayawardhanapura and University of Colombo respectively compatible to the new schemes of recruitments of executive categories. Further, action is being taken to commence Diploma in Port Security and Diploma in IT in collaboration with Kothalawala Defence Academy and University of Colombo respectively.

Training programmes on port related activities and development were held by Mahapola Training Institute for the employees those who had not minimum educational qualifications to enable them to apply for the

higher grades based on the new SOR of Non Executive categories.

More than these, fee levying courses in different streams were handled by the MPTI to facilitate those who wish to enhance their knowledge and skills, on concession rates. Executive officers of the SLPA were sent to participate in seminars and workshops in foreign countries to update their knowledge and skills compatible to the global scenario. Total expenses for courses conducted at the MPTI and regional centers were Rs. 4,820,106/= during the year 2011.

As in the past, welfare facilities were continued by Welfare & Industrial Relations Division for well-being of the SLPA employees. Some of the welfare facilities conducted by Welfare

& Industrial Relations Division are supply of free meals, housing loan schemes, transport facilities, insurance scheme, sports facilities, welfare canteens and holiday resort facilities etc.

Allocation of funds for purchasing of library books was provided to libraries maintained by divisions enabling employees to update their knowledge, skills, and attitudes. Medical Insurance Scheme has been introduced amongst all employees of the SLPA to cater to well-being of the employees and to their family members' w.e.f. 01.09.2011.

The Medical Division plays a key role to maintain a good health condition of the employees of the SLPA. In order to achieve this, while looking after the sick and injured,

Doctors paid attention towards preventive aspects to maintain not only the physical health but also the mental and social well being of the employees which will increase the efficiency of workers.

A comfortable and healthy environment had been created in work places to perform their duties in a friendly manner. All these facilities led to a positively active and productive workforce.



CORPORATE GOVERNANCE REPORT

Corporate Governance is the total system by which organizations establish a mechanism for the effective utilization of resources, direction and control of the organization 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 organization 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 have to play a vital role in the examination of the performance and report whether there are variations from the approved procedure. If any deviation 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 organization that maximizes 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 Highways
- 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 & Highways and Minister of Finance & 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 18-23.

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 fourteen (14) 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 today administration, establishment and operational matters, the Management Committee undertook to look 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 stake holders as a socially responsible Corporate Public Sector institution while being a commercially viable organization.

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, Management Committee meets twice a month and decisions were taken.

The Management Committee had ten (10) meetings during the year.

AUDIT COMMITTEE

The Audit Committee consists of the representative of the General Treasury who is on the Board of Directors and two (02) other Directors of the Board. The Audit Committee was re-appointed on 25.01.2011.

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 and report 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 stake holders.

INTERNAL CONTROLS

An effective internal control system is an essential part of the efficient management of an organization. The Board has overall responsibility for the Authority's system of internal control and for reviewing the effectiveness of these controls. The Authority has established a comprehensive framework of policies and procedures, which are regularly reviewed and updated. The framework is designed to manage risks that may hamper the achievement of business objectives. Therefore, it provides reasonable assurance for safeguarding the Authority assets against unauthorized 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. At present the Internal Audit Division consists of 80 employees who are trained on their duties and responsibilities for the objectives of the organization. 33 Project Development / Investigation Officers in executive grade had been attached to the Audit Division. 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 reputation and image.

The key elements of the Rules of Discipline are:-

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

COMPLIANCE FRAMEWORK AND COMPLIANCE WITH STATUTORY AND LEGAL REQUIREMENTS

The Authority has recognized the importance of compliance with all legal and statutory requirements. For this purpose, the Finance Division and the Internal Audit Division make every endeavor 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 & HIGHWAYS AND THE GENERAL TREASURY OF THE MINISTRY OF FINANCE

The Authority has regular dialogue with the Hon. Minister and the Secretary, Ministry of Ports & Highways 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.



PORT STATISTICS







P

ORT STATISTICS

PORT OF COLOMBO

Port Dimensions (Harbour Area)

Harbour Area

Water	184.6 Hectares
Length of South-West Breakwater	1,570 Meters
Length of North-West Breakwater	810 Meters
Length of North-East Breakwater	330 Meters
Western Entrance	230M X 16M
North Entrance	190M X 13M

Working Hours

The Port of Colombo works on a 24 hours basis every day of the year.

Cargo Throughput by Type Of Handling in 2011

Containerized	87.3%
Break Bulk	1.2%
Dry Bulk	4.2%
Liquid Bulk	7.3%

Deviation Time

From Main East-West Route – 1.5 Hours



PORT OF GALLE

Port Dimensions (Harbour Area)

Harbour Area

Water Area	15,3593 Hectares
Entrance Channel	140 Meters
Land Area	16,2264 Hectares
Permitted LOA	130 Meters
Permitted Draught	7.3 Meters

Working Hours

The Port of Galle works on a 24 hours basis every day of the year except on May Day with only day light navigation.

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.)	Staking Height (Ft.)
No. 01	23	13,333	306,667	10 High
No. 02	23	40,000	920,000	10 High

PORT OF TRINCOMALEE

Port Dimensions (Harbour Area)

Water Area	1,630 Hectares
Entrance Channel	500 Meters

Working Hours

The Port of Trincomalee works on a 24 hours basis every day of the year except on May Day with only day light navigation.

Berthing Facilities

Berth	Total Length (M)	Alongside Draught (M) Break Bulk
Prima Jetty (Inner)	122	5.9
Prima Jetty (Outer)	240	14.2
Prima Jetty (Multi Purpose)	179	10.3
Ashraff Jetty	250	12.5
Side Berths	90 X 2	8.5
Tokyo Cement Jetty	155	9.3
Oil Jetty (Petroleum)	200	9.75
Jetty at Mudcove	45	3.5
Jetty at TTA	190	2.0-4.0
Celon Jetty	50	2.5
Town Jetty	50	2.5
Mutthur Jetty	60	3.0
VSO Jetty	25	1.5
Old Town Jetty	50	2.0

Details of Warehouse – TTA

Warehouse	Dimension (Ft)	Average Height (Ft)	Area in SQ (Ft.)	Stacking Height (Ft.)	Capacity (Cu. Ft.)
No. 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



MAGAM RUHUNUPURA MAHINDA RAJAPAKSA PORT - Phase I

Port Dimensions (Harbour Area)

Basin Area	55.5 Hectares
Length of West Breakwater	988 Meter
Length of East Breakwater	310 Meter
Approach Channel	210 Meter * 16 Meter
Turning Circle	600 Meter

Depth of Basin	17 Meter
Design Vessel	100,000 DWT

Quay Lengths

Quay General Cargo	600 Meter
Service Quay	105 Meter
Oil Quay	610 Meter



MILESTONES

- 1505 Colombo became known to the Western World after Portuguese commenced using it as a Naval Base/ Harbour.
- 1875 9th Dec. King Edward VII laid the foundation Stone for the South West Break Water.
- 1882 Harbour Board created to administer the Port of Colombo.
- 1885 Completion of the 1285 meter South West Break water.
- 1898 Completion of the 335 meter North East Break water.
- 1899 Commencement of the construction of the Dry Docks.
- 1906 Completion of the 814 meter Island Break water.
- 1906 Completion of the Dry Dock.
- 1909 Completion of the 250 meter long Guide pier for the Dry Docks. (The First deep water alongside berth)
- 1912 Completion of 18 coaling jetties at the present Jaya Container Terminal site.
- 1912 Completion of the 550 meter extension arm of the South West Break water.
- 1913 Colombo Port Commission created to develop and maintain the Port.
- 1922 Completion of Petroleum oil facilities.
- 1950 Commencement of construction of fifteen alongside berths of 9-11 meters draught and two coaster berths of 7.5 meter draught and 55,800 sq. meter of adjacent transit sheds and warehouse accommodation.
- 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.
- 1956 Completion of 17 alongside berths, transit sheds and warehouses.
- 1958 Cargo handling activities of the Port of Colombo nationalized and the Port (Cargo) Corporation established.
- 1964 Cargo handling activities of the Port of Galle nationalized.
- 1967 Port Tally and Protective Services Corporation established.
- 1967 Cargo handling activities of the Port of Trincomalee nationalized.
- 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.
- 1980 Inauguration of the New Terminal at Queen Elizabeth Quay.
- 982 Commissioning of the first Gantry Crane – TANGO 80.

- 1982 Contract for the construction of the New Container Terminal signed with M/s. Penta Ocean Wakachiku Joint Venture of Japan.
- 1983 Inauguration of the Construction of Stage I of the fully equipped container Terminal.
- 1984 Inauguration of the Construction of Stage II of the fully equipped container Terminal.
- 1984 Commissioning of four Hitachi Transfer Cranes at Queen Elizabeth Quay Container Berth.
- 1985 Ceremonial Opening of Stage I of the "Jaya" Container Terminal.
- 1987 Inauguration of SLPA – Mahapola Training Institute.
- 1987 Inauguration of Stage II of the "Jaya" Container Terminal.
- 1988 Commissioning of the off-shore installation of the Single Point Buoy Mooring.
- 1994 Completion of new Port Access Road.
- 1995 Inauguration of Stage III of the "Jaya" Container Terminal.
- 1996 Inauguration of Stage IV of the "Jaya" Container Terminal.
- 1998 Inauguration of the Unity Container Terminal.
- 1998 Symposium of Affiliate Ports.
- 1999 Commissioning of the Oluvil Light House in the East Coast and opening of the Oluvil Maritime Training Institute.
- 1999 Commencement of the Development of the South Asia Gateway Terminal QCT.
- 1999 Commencement of construction of Alongside Berth Project in Trincomalee.
- 2000 Commencement of Colombo South Harbour Feasibility Study.
- 2000 Commencement of a new Berth in Port of Galle.
- 2000 Inauguration of Peliyagoda Container Freight Station.
- 2000 Submission of Final Report for development of the Port of Galle as a Regional Port.
- 2000 Commencement of North Pier development phase II.
- 2000 Inauguration of the One – Stop Documentation Centre.
- 2001 Inauguration of the New Jetty in Port of Galle.
- 2003 Inauguration of construction of Oluvil Port Access Road.
- 2003 Inauguration of Customer Service Centre for LCL and break-bulk cargo.
- 2003 Opening of the SLPA Maritime Museum.

- 2003 Ceremonial inauguration of Unity Container Terminal with the completion of the civil works.
- 2004 Ceremonial inauguration of Container Handling Operations at Unity Container Terminal.
- 2004 25th Anniversary celebrations of the SLPA.
- 2004 National Productivity Award in large scale service sector was won by JCT.
- 2004 Handling of 2 million containers at the Port of Colombo.
- 2005 Commencement of construction of the Port and Housing Scheme in Oluvil.
- 2005 A certificate of merit was awarded to the SLPA Mahapola Training Institute under Medium Category /Service Sector by the National productivity Secretariat.
- 2006 Commissioning of Container Security Initiative and Megaport Initiative in the Port of Colombo.
- 2006 Signing of MOU for the proposed Colombo Port Expansion Project to construct the Colombo South Harbour.
- 2006 Signing of MOU concerning detailed design works of Hambantota Port Development Project (Phase I).
- 2007 Commencement of construction work and Signing of the Financial Agreement of the Hambantota Port Development Project
- 2008 Commencement of construction work of Oluvil Port Project.
- 2008 Commencement of construction work of Colombo Port Expansion Project.
- 2008 Signing of Contract Agreement for construction of Bunkering facility and Tank farm at Hambantota.
- 2009 Laying of Foundation Stones for the Bunkering Facility and Tank Farm Project and Administration Building at Hambantota.
- 2009 The JCT Terminal Management System upgrade to "NAVIS".
- 2010 Ceremony of Sea Water Filling to the Harbour Basin of Magam Ruhunupura Mahinda Rajapaksa Port (MRMRP) - 15.08.2010.
- 2010 Ceremonial inauguration of (MRMRP) - 18.11.2010.
- 2010 Handling of 02 Million Containers at the JCT.
- 2010 Handling of 04 Million Containers at the Port of Colombo.
- 2011 Arrival of 06 Nos. New Gantry Cranes and 30 Nos. Transfer Cranes.**
- 2011 Capacity enhancement at Colombo Oil Terminal of the SLPA.**
- 2011 Arrival of 50 Nos. Terminal Tractors.**
- 2011 Signing of Agreement for the South Container Terminal under the Colombo Port Expansion Project.**
- 2011 Ground Breaking Ceremony at the MRMRP to open new business ventures.**
- 2011 Ground Breaking Ceremony for commencement of construction work of the South Container Terminal.**



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REPORT OF THE BOARD OF DIRECTORS

The Directors of the Board of Sri Lanka Ports Authority as at 31.12.2011 were as follows.

Dr. Priyath B Wickrama
Chairman

Mr. Indika Karunajeewa
Vice Chairman

Capt. Nihal Keppetipola
Managing Director

Dr. Sanjaya Sedara Senarath
Executive Director

Mr. Anura Jayawickrama
Director

Mr. S R Attygalle
Director

Mrs. W Sudharma Karunaratne
Director

Mr. Eshana De Silva
Director

Dr. (Mrs.) Damitha De Zoysa
Director

The Board had fourteen (14) meetings during the year under review. The Management Committee which functioned as a Sub-Committee of the Board of Directors had ten (10) meetings during the year 2011. The other Sub-Committee of the Board of Directors, viz. the Audit Committee had four (04) meetings during the year 2011. The following Directors of the Board functioned as members of the Audit Committee.

Mr. S R Attygalle

Mrs. W Sudharma Karunaratne

The Port of Colombo set a new record by handling 4,262,887 TEUs in 2011. With handling of 4.26 million TEUs, the Port of Colombo demonstrates an increase of 3.0% compared to the same period of the previous year 2010.

The JCT alone reached a record throughput of 2.29 million TEUs by contributing the lion's share to the overall volume of 4.26 million TEUs. The JCT volume increased by 6.1% compared to SAGT's negative growth of -0.3%.

- Port of Colombo container handling throughput increased from 4.13 million TEUs in 2010 to 4.26 million TEUs in 2011 (increased 125,446 TEUs or 3.0%).
- Port of Colombo has increased Domestic container handling throughput by 12.3% in 2011 (114,642 TEUs) compared with 2010.
- Overall tonnage handled in the Port of Colombo increased to 62.0 million tons (5.5%) compared to 58.7 million tons in 2010.

- Port of Colombo has increased Transshipment container handling throughput only by 0.9% (28,239 TEUs) compared with 2010.
- Automobile domestic volumes too reported a strong growth in 2011 by 98.4% by handling 90,824 units compared to 48,234 units in 2010.

A comparison of ship arrivals in the Port of Colombo during the year 2011 with the year 2010 reflects that the ship arrivals have increased from 3,910 to 4,124 by 5.5%. Number of container ships too has increased from 3,076 in 2010 to 3,187 recording an increase of 3.6%.

To enhance productivity & capacity six new ship to shore gantry cranes, thirty Transfer cranes and fifty terminal tractors were introduced.

The Board of Directors approved several market strategies in order to attract additional container throughput to the Jaya Container Terminal and several Terminal Service Agreements were signed with leading Shipping Lines.

The Shipping Lines that have Terminal Services Agreements with the SLPA contributed immensely to the volume increase in the Port of Colombo particularly the Jaya Container Terminal. JCT managed to attract five new Main Line Services and one Feeder Service during 2011.

Aggressive marketing, operational, human resources & upgrading of the Terminal Management System by the management has contributed immensely to the above mentioned achievements. The Terminal Operating System at the JCT/UCT replaced with NAVIS SPARCS / EXPRESS has helped to integrate the entire terminal operation, plan and optimize rapid movement of container between the gate and the quay, thus reducing dwell times for containers and turnaround time of vessels.

Due to the current economic slowdown, over ship supply, less demand will have a very big impact to container trade. There is a decline in the profits of most of the container shipping lines due to the lower freight rates & increase in bunker oil prices. To overcome further losses shipping lines are using different strategies including operating shipping services with partners until 2013.

Most of the top world ports have reported a single digit volume growth in 2011 due to the economic slowdown experienced in the latter part of 2011.

The revenue of the SLPA in year 2011 has been Rs. 31,250.5 million, which is an increase of 10.5% compared with the year 2010. Operating Profit of the SLPA in 2011 has been increased to Rs. 8,291.8 million from 4,386.9 million of 2010 which is an increase of 89%.

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 prepare Financial statements that give a true and fair view of the state of affairs and of the profit /loss for the year.

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

In preparing the financial statements exhibited in this booklet, 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



Kapila Liyanagamage
Secretary to the Board





AUDIT COMMITTEE REPORT

The Audit Committee is responsible to assist the Board of Directors in implementing its oversight responsibility. 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 cost control.

The Audit Committee is headed by the Treasury Representative/ Director SLPA and the year under review and carried out several important activities which help the Authority to improve its governance.

As an important initial internal control measure the Committee adopted the internal Audit Plan and the Audit programme for the year 2011 and reviewed regularly the effectiveness of its implementation by obtaining monthly progress reports. Auditor General's draft report to the Parliament on the accounts of the Authority for the year ended 31st December 2010 was reviewed together with the responses of the Management thereto. Quarterly Financial Statements of the Authority and the Financial Statements for the year ended 31st December 2010 were reviewed and recommendations were made on the corrective measures. Internal Control Systems

were reviewed continuously with the Audit reviews and follow up action was 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. During the year under review, the Audit Committee had four meeting.

The Audit Committee is of the view that necessary "Checks & Balance" are in place to provide reasonable assurance that the Authority's assets are safeguarded and that the financial position and the results disclosed in the audited accounts are free from any material mis-statements. During the year, the committee made a significant contribution to the improvement of governance and to help the Authority to carry out its activities in a transparent manner.

S R Attygalle
Chairman – Audit Committee

STATUTORY COMPLIANCE STATEMENT

The status of compliance on statutory requirements is detailed below.

Employees Provident Fund – Authority & Employee contributions

The Sri Lanka Ports Authority 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 31 December 2011. 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 & Ministry.

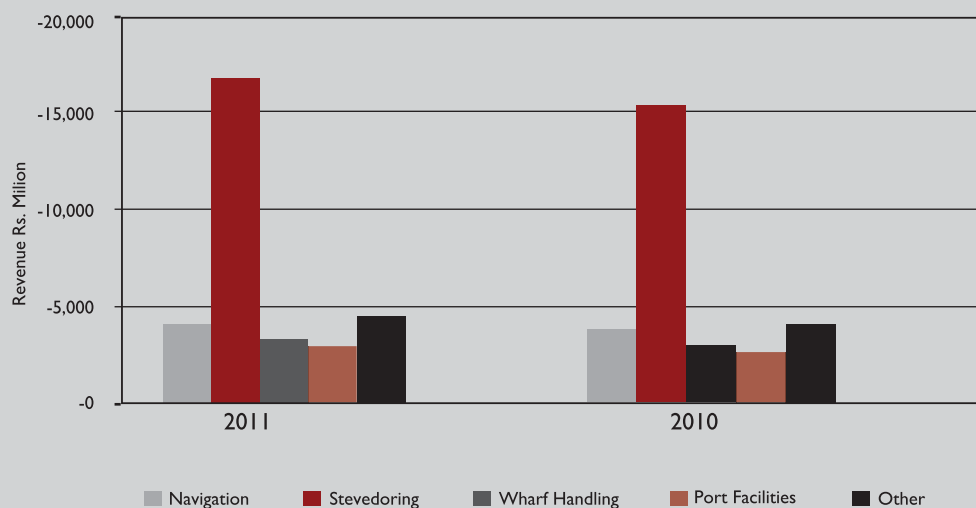


OPERATIONAL & FINANCIAL HIGHLIGHTS

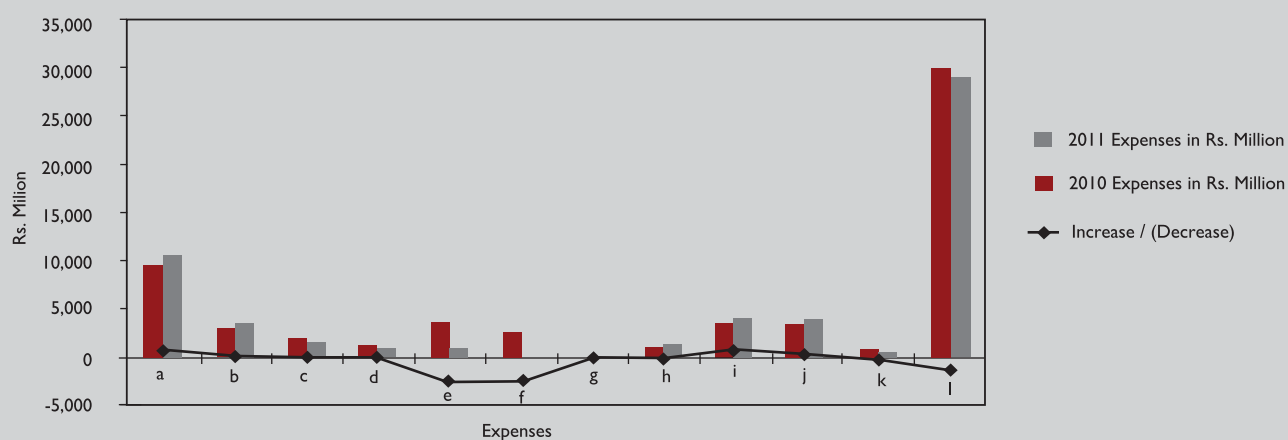
DESCRIPTION	PORT OF COLOMBO	PORT OF TRINCOMALEE	PORT OF GALLE	2011	2010
NUMBER OF SHIPS CALLED (NO)					
Cargo Ships	3,935	114	52	4,101	3,879
Other Ships	189	12	21	222	188
Sailling Vessels	-	-	-	-	-
Other Vessels	648	35	147	830	590
	4,772	161	220	5,153	4,657
TROUGHPUT					
CONTAINER TEU's (SLPA)					
Transhipment	1,583,195			1,583,195	1,533,845
Domestic	647,482			647,482	563,349
Re-Stowing	68,769			68,769	69,979
TOTAL TEU's	2,299,446			2,299,446	2,167,173
CONTAINER TEU's (SAGT)					
Transhipment	1,540,633			1,540,633	1,561,744
Domestic	399,404			399,404	368,895
Re-Stowing	23,404			23,404	39,629
TOTAL TEU's	1,963,441			1,963,441	1,970,268
CONTAINER TEU's (PORT OF COLOMBO)					
Transhipment	3,123,828			3,123,828	3,095,589
Domestic	1,046,886			1,046,886	932,244
Re-Stowing	92,173			92,173	109,608
TOTAL TEU's	4,262,887			4,262,887	4,137,441
Conventional M/T	3,341,819	2,459,797	463,772	6,265,388	5,463,238
Liquid M/T	4,564,550	113,854	-	4,678,404	4,349,830
	7,906,369	2,573,651	463,772	10,943,792	9,813,068
EQU (M/T) - SLPA					
Containerised Cargo	28,112,186	-	-	28,112,186	26,433,676
Conventional Cargo	3,341,819	2,459,797	463,772	6,265,388	5,463,238
Liquid	4,564,550	113,854	-	4,678,404	4,349,830
TOTAL EQU (M/T)	36,018,555	2,573,651	463,772	39,055,978	36,246,744
EQU (M/T) - SAGT					
Containerised Cargo	25,996,790	-	-	25,996,790	24,992,648
Conventional Cargo	-	-	-	-	-
Liquid	-	-	-	-	-
TOTAL EQU (M/T)	25,996,790	-	-	25,996,790	24,992,648
EQU (M/T) - PORT OF COLOMBO					
Containerised Cargo	54,108,976	-	-	54,108,976	51,426,324
Conventional Cargo	3,341,819	2,459,797	463,772	6,265,388	5,463,238
Liquid	4,564,550	113,854	-	4,678,404	4,349,830
TOTAL EQU (M/T)	62,015,345	2,573,651	463,772	65,052,768	61,239,392
GROSS TONNAGE HANDLED (SLPA)					
Containerised Cargo	71,488,979	-	-	71,488,979	70,054,498
Conventional Cargo	12,799,645	1,848,270	303,227	14,951,142	13,112,399
Others	2,434,403	160,153	80,812	2,675,368	2,281,121
TOTAL TONNAGE	86,723,027	2,008,423	384,039	89,115,489	85,448,018
GROSS TONNAGE HANDLED (SAGT)					
Containerised Cargo	40,805,183	-	-	40,805,183	35,487,925
Conventional Cargo	-	-	-	-	-
Others	-	-	-	-	-
TOTAL TONNAGE	40,805,183	-	-	40,805,183	35,487,925
GROSS TONNAGE HANDLED (PORT OF COLOMBO)					
Containerised Cargo	112,294,162	-	-	112,294,162	105,542,423
Conventional Cargo	12,799,645	1,848,270	303,227	14,951,142	13,112,399
Others	2,434,403	160,153	80,812	2,675,368	2,281,121
TOTAL TONNAGE	127,528,210	2,008,423	384,039	129,920,672	120,935,943
PERSONNEL					
Number of Employees	10,083	466	433	10,982	12,824

DESCRIPTION	PORT OF COLOMBO	2011 PORT OF TRINCOMALEE FINANCE (Rs. Million)	PORT OF GALLE	2011	2010	
Operational Revenue	26,877	266	399	27,542	25,046	
Other Revenue	3,648	19	42	3,708	3,233	
TOTAL REVENUE	30,525	285	441	31,250	28,279	
Operational & Other Expenses	(23,140)	(603)	(588)	(24,330)	(25,118)	
Net profit/(loss) before VRS, Tax & FEG/(FEL)	7,385	(318)	(147)	6,920	3,162	
Net profit/(loss) before Tax	1,548	(532)	(233)	782	(1,248)	
Net Profit / (Loss) After Tax	1,348	(532)	(233)	583	(1,065)	
Prior Period Adjustment	(1,163)	(1.09)	(9)	(1,173)	982	
Estimated Foreign Earning	22,195	217	337	22,749	20,858	
UNIT			RATIOS			
PERTONNE OF CARGO						
Operational & Other Revenue	Rs.	847	111	950	800	780
Operational & Other Expenses	Rs.	(642)	(234)	(1,268)	(623)	(693)
Net Profit Per Tonne	Rs.	205	(124)	(317)	177	87
Expenses on Payroll	Rs.	11,999	500	408	12,907	14,088
PAYROLL TO						
Total Expenses	%	(52)	(83)	(69)	(53)	(56)
Total Revenue	%	39	175	93	41	50

Revenue from Port Activities

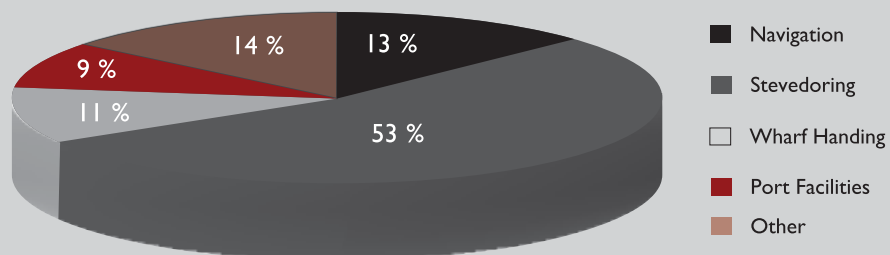


Operational & Other Expenses

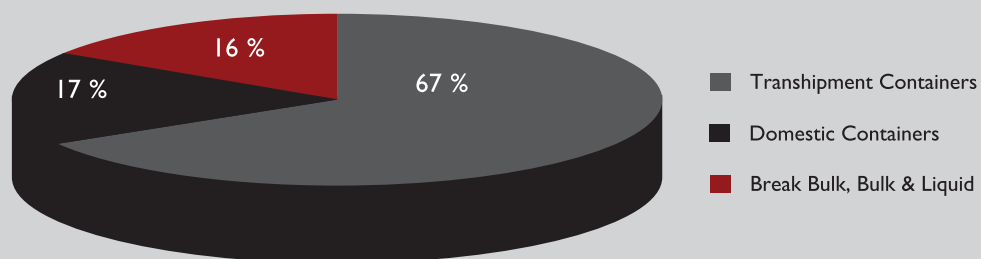


- | | | |
|---------------------------------|------------------------------|-----------------------------------|
| a. Wages, Salaries & Allowances | e. Others | i. Foreign Exchange Fluctuation |
| b. Overtime | f. VRP Expenses | j. Depreciation |
| c. Fuel, Electricity, Water | g. Social Responsibility | k. Payment for Volume Rebate |
| d. Maintenance of Assets | h. Interest on Foreign Loans | l. Total Expenses before Taxation |

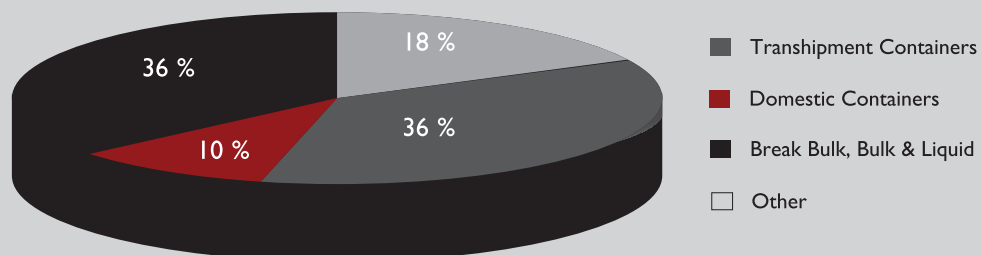
Revenue from Services 2011 (All three Ports)



Analysis of Cargo Throughput (M/T) Port of Colombo (SLPA + SAGT)



Analysis of Operational Revenue All three Ports



BALANCE SHEET

			SLPA		CONSOLIDATED	
DESCRIPTION	PAGE NO	NOTE	2011	2010	2011	2010
NON CURRENT ASSETS						
Property, Plant & Equipment	103-104	3.1.1	106,919,647,386	110,192,856,624	106,932,109,911	110,207,307,140
Capital Work in Progress	105	3.1.2	95,887,852,555	69,900,930,976	95,887,852,555	69,900,930,976
INVESTMENT	105	3.1.3			-	-
Investment in Company Shares	105	3.1.3.1	21,386,650	21,385,150	21,386,650	21,385,150
Investment in Subsidiaries	105	3.1.3.2	1,000,000	1,000,000	-	-
Investment in Associates	105	3.1.3.3	40,030	40,030	41,671,220	33,901,831
Investment in SAGT	105	3.1.3.4	577,372,113	577,372,113	577,372,113	577,372,113
Investment in Other Financial Assets	106	3.1.4	5,555,215,255	5,140,432,577	5,555,215,255	5,140,432,577
TOTAL NON CURRENT ASSETS			208,962,513,989	185,834,017,470	209,015,607,704	185,881,329,787
CURRENT ASSETS						
Inventories	106	3.2.1	1,694,585,948	2,543,913,808	1,694,585,948	2,543,913,808
Goods in Transit	106	3.2.2	330,744,796	148,575,016	330,744,796	148,575,016
Trade Debtors & Accrued Revenue	107	3.2.3	1,828,681,531	1,797,815,747	1,761,749,871	1,765,284,140
Non Trade Debtors & Advance Payments	107	3.2.4	726,303,538	4,327,694,893	726,303,538	4,327,694,893
Prepayments	107	3.2.5	108,403,249	64,479,492	108,403,249	64,479,492
Loans & Advances to Employees	108	3.2.6	3,990,643,148	4,902,598,162	4,021,538,773	4,944,099,135
Loans Accounts	108	3.2.7	573,081	1,412,449	573,081	1,412,449
Short-term Investment	108	3.2.8	3,800,646,450	3,114,458,315	3,800,646,450	3,114,458,315
Deposits & Other Receivables	109	3.2.9	393,625,584	385,907,578	393,811,987	386,521,178
Cash and Cash Equivalents	109	3.2.10	689,123,726	497,324,681	855,129,877	581,351,691
			13,563,331,051	17,784,180,143	13,693,487,570	17,877,790,119
TOTAL ASSETS			222,525,845,041	203,618,197,613	222,709,095,275	203,759,119,906
EQUITY & LIABILITIES						
CAPITAL EMPLOYED						
Equity Capital	109	4.1.1	470,551,932	470,551,932	470,551,932	470,551,932
Other Capital	109	4.1.2	7,120,827,853	7,120,827,853	7,120,827,853	7,120,827,853
			7,591,379,785	7,591,379,785	7,591,379,785	7,591,379,785
RESERVES & PROVISIONS						
Reserve	109	4.2.1	2,583,814,576	1,468,079,717	2,583,814,576	1,468,079,717
Reward & Fine Fund	109	4.2.2	75,430,976	70,047,575	75,430,976	70,047,575
Loan Redemption Reserve	110	4.2.3	3,828,973,373	3,828,973,373	3,828,973,373	3,828,973,373
Revaluation Reserve	110	4.2.4	76,429,013,944	76,480,827,873	76,429,013,944	76,480,827,873
Deferred Tax	110	4.2.5	12,114,566,119	12,114,566,119	12,114,566,119	12,114,566,119
Retained Profit	110	4.2.6	(15,706,122,495)	(15,167,380,909)	(15,510,244,469)	(15,034,926,191)
			79,325,676,493	78,795,113,748	79,521,554,519	78,927,568,466
NON CURRENT LIABILITIES						
Port Development Loans (Japanese Loan)	110	4.3.1	40,802,618,894	42,143,127,127	40,802,618,894	42,143,127,127
Colombo Port Expansion Project (ADB Loan)	110	4.3.2	26,858,872,434	17,128,178,587	26,858,872,434	17,128,178,587
Hambanthota Port Dev.Project	110	4.3.3	33,624,094,097	30,552,495,737	33,624,094,097	30,552,495,737
Other Port Development Loans	110	4.3.4	15,466,185,786	10,378,949,563	15,466,185,786	10,378,949,563
Long Term Provision of Gratuity	110	4.3.5	4,136,276,103	3,700,367,289	4,136,276,103	3,700,367,289
			120,888,047,315	103,903,118,302	120,888,047,315	103,903,118,302
CURRENT LIABILITIES						
Creditors and Accrued Charges	110	5.1	1,319,219,830	1,120,865,306	1,292,653,206	1,112,698,427
Current portion of long term borrowings	111	5.2	6,011,404,338	4,596,138,975	6,011,404,338	4,596,138,975
Deposits and Advance Payments	111	5.3	5,073,320,460	4,622,349,707	5,075,870,532	4,625,165,202
Short-term Provision	111	5.4	1,816,067,577	2,541,260,367	1,824,326,964	2,548,153,755
Current Tax Provision	112	5.5	255,454,157	159,286,861	258,583,529	166,212,434
Provision for Claims	112	5.6	245,275,087	288,684,561	245,275,087	288,684,561
			14,720,741,449	13,328,585,778	14,708,113,656	13,337,053,354
TOTAL EQUITY & LIABILITIES			222,525,845,041	203,618,197,613	222,709,095,275	203,759,119,906

"The Accounting Policies on pages 90-93 and Notes on Pages 94-117 form an integral part of these Financial Statement. The Board of Directors are responsible for the preparation and presentation of these Financial Statements accordance with Sri Lanka Accounting Standards. These Financial statements were approved by the Board Of Directors and signed on their behalf,"

Dr. Priyath B. Wickrama
CHAIRMAN

Capt. Nihal Keppetipola
MANAGING DIRECTOR

Mrs. Shirani Wanniarachchi
DIRECTOR (FINANCE)

INCOME STATEMENT

DESCRIPTION	NOTE	SLPA		CONSOLIDATED	
		2011	2010	2011	2010
Operational Revenue from Port Activities	1.1&1.2	27,542,063,756	25,045,913,526	27,804,686,742	25,303,761,920
Operational Expenses	2.1	(11,430,116,072)	(12,059,622,067)	(11,439,269,784)	(12,061,775,668)
Repair & Maintenance Expenses	2.2	(4,457,881,213)	(4,481,907,431)	(4,457,881,213)	(4,481,907,431)
Profit from operations		11,654,066,471	8,504,384,028	11,907,535,745	8,760,078,821
Other Revenue from Port Activities	1.3	3,708,409,988	3,233,386,323	3,675,026,853	3,202,799,567
Administrative Expenses	2.3	(7,070,643,125)	(7,350,921,213)	(7,226,815,626)	(7,523,750,004)
Operating Profit		8,291,833,334	4,386,849,138	8,355,746,972	4,439,128,384
Interest on Foreign Loans		(1,371,750,365)	(1,225,174,176)	(1,371,750,365)	(1,225,174,176)
Foreign Exchange Gain /(Loss)	2.5	(3,543,239,055)	(4,409,809,021)	(3,543,239,055)	(4,409,809,021)
Profit Before VRS & Tax		3,376,843,914	(1,248,134,059)	3,440,757,552	(1,195,854,813)
VRS Expenses		(2,594,613,057)	-	(2,594,613,057)	-
Profit Before Tax & After VRS		782,230,857	(1,248,134,059)	846,144,495	(1,195,854,813)
Income Tax , Deemed Dividend Tax & Social Responsibility Levy	2.6	(199,634,813)	(159,286,861)	(206,894,530)	(185,056,463)
Deferred Tax	2.7	-	342,904,325	-	342,904,325
				-	
Share of Profit /(Loss) before tax of Associate Company				7,769,388	5,666,526
Profit/ (Loss) for the year		582,596,044	(1,064,516,595)	647,019,353	(1,032,340,424)
Accumulated Profit (Loss) B/F		(15,167,380,909)	(15,412,487,623)	(15,034,926,191)	(15,312,209,077)
Revaluation Reserve Realized on Assets Disposed		51,813,929	327,998,925	51,813,929	327,998,925
		-			
Prior Period Adjustments	2.8	(1,173,151,560)	981,624,385	(1,173,151,560)	981,624,385
Dividend Declared				(1,000,000)	-
Accumulated Profit /(Loss) C/F		(15,706,122,495)	(15,167,380,909)	(15,510,244,469)	(15,034,926,191)

The Accounting policies and Notes to the Financial Statement on Pages 90 to 117 form an integral part of these Financial Statement.

Consolidated includes following.

Name of the Subsidiary /Associate	Financial year ended	States of the Accounts
Sri Lanka Ports Authority	31st December	Un Audited
Jaya Container Terminals Ltd.	31st December	Audited
Sri Lanka Port Management & Consultancy Services Ltd.	31st December	Audited

Method of Consolidation for

Jaya Container Terminals Ltd. Is Line - by - Line basis.

Sri Lanka Port management & Consultancy Services Ltd. is Equity Method

S STATEMENTS OF CHANGES IN EQUITY

PARTICULARS	CAPITAL EMPLOYED			RESERVES & PROVISIONS			Total
	Equity Capital	Other Capital	Reserve & Deferred Tax	Loan Redemption Reserve	Revaluation Reserve	Accumulated Profit	
SLPA							
Balance as at 01 January 2010	470,551,932	7,120,827,853	13,343,447,038	3,828,973,373	76,406,190,142	(15,412,487,623)	85,757,502,715
Net Profit for the year						(1,248,134,059)	(1,248,134,059)
Income Tax & Deemed Dividend Tax						(159,286,861)	(159,286,861)
Deferred Tax						342,904,325	342,904,325
Received / Transfers During the Year			309,246,372			981,624,385	1,290,870,757
Assets Revaluation Reserve					74,637,731	327,998,925	402,636,656
Balance as at 31st December 2010	470,551,932	7,120,827,853	13,652,693,410	3,828,973,373	76,480,827,873	(15,167,380,908)	86,386,493,533
Balance as at 01 January 2011	470,551,932	7,120,827,853	13,652,693,410	3,828,973,373	76,480,827,873	(15,167,380,908)	86,386,493,533
Net Profit/Loss for the year						782,230,857	782,230,857
Income Tax & Deemed Dividend Tax						(199,634,813)	(199,634,813)
Received / Transfers During the Year			1,121,118,261			(1,173,151,560)	(52,033,299)
Assets Revaluation Reserve					(51,813,929)	51,813,929	-
Balance as at 31st December 2011	470,551,932	7,120,827,853	14,773,811,671	3,828,973,373	76,429,013,944	(15,706,122,496)	86,917,056,278
CONSOLIDATED							
Balance as at 01 January 2010	470,551,932	7,120,827,853	13,343,447,038	3,828,973,373	76,406,190,142	(15,312,209,077)	85,857,781,261
Net Profit for the year						(1,190,188,287)	(1,190,188,287)
Income Tax & Deemed Dividend Tax						(185,056,463)	(185,056,463)
Deferred Tax						342,904,325	342,904,325
Received / Transfers During the Year			309,246,372			981,624,385	1,290,870,757
Assets Revaluation Reserve					74,637,731	327,998,925	402,636,656
Balance as at 31st December 2010	470,551,932	7,120,827,853	13,652,693,410	3,828,973,373	76,480,827,873	(15,034,926,191)	86,518,948,250
Balance as at 01 January 2011	470,551,932	7,120,827,853	13,652,693,410	3,828,973,373	76,480,827,873	(15,034,926,191)	86,518,948,250
Net Profit for the year						853,913,883	853,913,883
Income Tax & Deemed Dividend Tax						(206,894,530)	(206,894,530)
Dividend						(1,000,000)	(1,000,000)
							-
Received / Transfers During the Year			1,121,118,261	-		(1,173,151,560)	(52,033,299)
Assets Revaluation Reserve					(51,813,929)	51,813,929	-
Balance as at 31st December 2011	470,551,932	7,120,827,853	14,773,811,671	3,828,973,373	76,429,013,944	(15,510,244,469)	87,112,934,304

CASH FLOW STATEMENT

DESCRIPTION	PAGE NO.	NOTE	SLPA		CONSOLIDATED	
			2011	2010	2011	2010
Net Profit before Income Tax & after VRS	12		782,230,857	(1,248,134,059)	846,144,495	(1,195,854,813)
Adjustments for						
Share of Profit/Loss of Associate Company			-	-	7,769,389	5,666,526
Previous year Adjustment	101		(1,173,151,560)	327,059,756	(1,173,151,560)	327,059,756
Deprecation of non current assets	103	3.1.1	4,230,474,308	4,683,438,453	4,233,508,663	4,685,605,720
Investment Income - Dividend	98	1.3.3	(754,586,596)	(595,172,163)	(754,586,596)	(595,172,163)
Interest Received	97	1.3.1	(708,968,562)	(682,889,098)	(714,832,445)	(686,349,139)
Intrest payable - Foreign loans	101		1,371,750,365	1,225,174,176	1,371,750,365	1,225,174,176
Profit / Loss on sale of non current assets	97	1.3.1	(8,727,600)	(17,554,912)	(8,727,600)	(17,554,912)
Foreign Exchange Gain / Loss	101		3,543,239,055	4,409,809,021	3,543,239,055	4,409,809,021
Operating Profit / (Loss) before Working capital changes			7,282,260,267	8,101,731,174	7,351,113,766	8,158,384,172
Changes in working Capital						
(Increase)/Decrease in inventories	106	3.2.1/3.2.2	667,158,080	329,929,731	667,158,080	329,929,731
(Increase)/Decrease in Trade debtors & other Receivables	107	3.2.3	3,526,601,814	8,747,957,660	3,561,001,867	8,817,597,904
(Increase)/Decrease in Loans & Advance to employee	107	3.2.5	911,955,014	211,804,739	922,560,362	207,705,114
(Increase)/Decrease in Short-term Investment	108	3.2.7	(686,188,135)	(2,679,044,939)	(686,188,135)	(2,679,044,939)
(Increase)/Decrease in Deposit & Other Receivable	108	3.2.8	(7,718,006)	(21,641,138)	(7,290,809)	(21,714,738)
(Increase)/Decrease in Creditors and Accrued Charges	110	5.1	198,354,524	106,772,098	179,954,779	74,012,762
(Increase)/Decrease in Current portion of long term borrowings	111	5.2	1,415,265,363	(218,205,454)	1,415,265,363	(218,205,454)
(Increase)/Decrease in Deposit & advance payment	111	5.3	450,970,753	1,885,698,515	450,705,330	1,886,227,748
(Increase)/Decrease in short-Term provision	111	5.4	(725,192,790)	(3,071,421,952)	(723,826,791)	(3,071,985,645)
(Increase)/Decrease in Provision for claim	112	5.6	(43,409,474)	(51,597,866)	(43,409,474)	(51,597,866)
Cash Generated from Operating Activities			12,990,057,410	13,341,982,567	13,087,044,338	13,431,308,789
Income tax paid	112	5.5.1	(103,467,511)	(140,171,902)	(114,523,427)	(200,516,385)
Net Cash from Operating Activities			12,886,589,899	13,201,810,665	12,972,520,911	13,230,792,404
CASH FLOW FROM INVESTING ACTIVITIES						
Acquisition of non current assets	104		(957,914,205)	(635,978,302)	(958,960,569)	(649,583,287)
Proceeds from sale of non current assets			9,376,735	26,531,885	9,376,735	26,531,885
Capital Work in progress	105	3.1.2	(25,986,921,579)	(41,236,936,555)	(25,986,921,579)	(41,236,936,555)
Investment Income - Dividend	98	1.3.3	754,586,596	595,172,163	754,586,596	595,172,163
Dividend Paid			-	-	(1,000,000)	-
Interest Received	97	1.3.1	708,968,562	682,889,098	714,832,445	686,349,139
Intrest payable - Foreign loans	101		(1,371,750,365)	(1,225,174,176)	(1,371,750,365)	(1,225,174,176)
Investment	105-106	3.1.3/3.1.4	(414,784,178)	(483,893,196)	(414,784,178)	(483,893,196)
Investment in Associate			-	-	(7,769,389)	(5,666,526)
Net Cash from (used in) investing activities			(27,258,438,434)	(42,277,389,083)	(27,262,390,304)	(42,293,200,553)
			(14,371,848,535)	(29,075,578,418)	(14,289,869,393)	(29,062,408,149)
CASH FLOW FROM FINANCING ACTIVITIES						
Repayment on Port Development Loan (Japanese Loan)	110	4.3.1	(4,883,747,288)	(4,308,553,909)	(4,883,747,288)	(4,308,553,909)
Loan Accounts	108	3.2.6	839,368	11,799,565	839,368	11,799,565
Colombo Port expansion project ADB Loan - Disbursements	110	4.3.2	9,730,693,847	6,887,360,755	9,730,693,847	6,887,360,755
Hambantota Port Development Project Loan-Disbursements	110	4.3.3	3,071,598,360	11,456,531,531	3,071,598,360	11,456,531,531
Other Port Development Loans - Disbursement	110	4.3.4	2,003,447,414	(21,868,140)	5,087,236,223	(21,868,140)
Other Port Development Loans - Repayment	110	4.3.4	3,083,788,809	-	-	-
Other projects loans	110	4.3.4	-	10,378,949,563	-	10,378,949,563
Long term provision of grativity	110	4.3.5	435,908,814	3,700,367,289	435,908,814	3,700,367,289
Reward & fine funds	109	4.2.2	5,383,401	5,710,521	5,383,401	5,710,521
Reserve & other Provision	109	4.2.1	1,115,734,859	1,049,076,833	1,115,734,859	1,049,076,833
Net Cash From (used in) Financing Activities			14,563,647,584	29,159,374,008	14,563,647,584	29,159,374,008
Net (Increase)/Decrease in cash Equivalents			191,799,045	83,795,588	273,778,191	96,965,859
Cash & cash Equivalents at Beginning of the year	109	3.2.9	497,324,681	413,529,093	581,351,691	484,385,835
			689,123,726	497,324,681	855,129,877	581,351,691
Cash & cash Equivalents at end of the year	109	3.2.9	689,123,726	497,324,681	855,129,877	581,351,691

G ENERAL ACCOUNTING POLICIES

CORPO RATE INFORMATION GENERAL

The SLPA 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.

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 there to

FINANCIAL YEAR

The Authority's financial year ends on 31st December.

REGISTERED OFFICE

Registered Office of the SLPA is at No. 19, Chaithya Road, Colombo 01, P.O. Box 595.

Number of Employees

The number of Employees as at 31 December 2011 was 10,982 (2010-12,824)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The Balance sheet, Profit & Loss Accounts, Statements of changes in Equity, Cash Flow Statements, Accounting policies & notes have been prepared in conformity with the generally accepted accounting principles and the accounting standards laid down by the Institute of Chartered Accountants of Sri Lanka and have been applied consistently on a historical cost basis, No adjustments being made for inflationary factors affecting the financial statements.

All Foreign exchange transactions other than loans granted by Government of Japan through OCEF are converted to Sri Lankan Rupees at the rate of exchange prevailing at the time transactions are effected.

Consolidation

The SLPA includes the combined Financial Statement of Port of Colombo, Port of Galle and Port of Trincomalee.

Consolidated Financial Statements include the consolidated Result, Assets and Liabilities of the SLPA and its 100% owned subsidiary of

JCT (Pvt.) Ltd. made up to the financial year end.

In the Consolidated Financial Statements, investment in Sri Lanka Ports Management & Consultancy Services Ltd Which is an associate is being accounted for under the equity Method of accounting. The consolidated Share of profit of the associate company made up to their respective year-end is accounted for in the Consolidated Income Statement for the year.

In the SLPA Financial statement investment in Subsidiary and Associate are accounted for; at cost. Income is recognized only to the extent that dividends are received.

Comparative Information.

The Authority has consistently applied the Accounting policies and is consistent with those used in the previous year. Wherever it differs is explained in notes to the accounts. Previous year's figures and phrases have been rearranged wherever necessary to conform to the current year's presentation.

Segment Information

Segment is a distinguishable component of the Authority representing major geographical areas where Ports are located viz. Colombo, Galle and Trincomalee. Further activities of these segments are subdivided in revenue collection as type of services provided, In analysis of expenditure identified segments are divisions.

FIXED ASSETS & VALUATION

Fixed Assets

Fixed Assets are stated at re valued amounts less accumulated depreciation to date. Items which have a purchase value of Rs 5000/= and above have been taken to the Assets Register.

(a) Fixed Assets are stated at cost or valuation less accumulated depreciation to date.

(b) Subsequent Expenditure

Subsequent Expenditure is capitalized when it increases the future economic benefit embodied in the item of property, plant and equipment. All other expenditure is recognized in the income statement as an expense as incurred.

Depreciation

Depreciation is provided on a straight line basis, to write off cost/ valuation of fixed assets over the expected useful lives of assets concerned less residual value estimated at 0.1% based on the rates given below.

Type of Asset (Category)	Depreciation rates (range %)
Operational Buildings & Structures	2% - 20% 2% Store Yard. 2.5% Permanent structures. 2.9% Permanent buildings 4. % other build. & structures 10% Coconut Oil Pipe Line. 5% - 20% Railway Tracking
Floating Equipment	6.7% - 12.5% 6.7% - 12.5% Steel Lighters. 10% - 50% Boats & Launches. 10% - 12.5% Pumps for Boats.
Handling Equipment	8.3% - 50% 8.3% - 50% Gantry & Other cranes. 12.5%-50%Trainers & Weighing
Machines	10% - 20% Folk lift & Prime movers.
Plant and Machinery	10% - 50% 10% - 50% Accessories 12.5%-50% Equipment (Electric Power). 5% - 20% Machinery
Office & Wel. Buildings Etc.)	1.3% - 50% 1.3% - 50% Permanent office buildings. 2.9% - 50% other buildings (Garage
Rented property	2.9% - 6.7% 2.9% - 6.7% Permanent buildings
Computer Hardware & Software	20% - 50%
Electric & Electronic	
Equipment	5% - 50% 5% Lighting Towers. 5% - 50% Telephone & other equipment. 12.5%- 50% Equipment (Electric power)
Office furniture & Equip.	6.7% - 50% 6.7% - 50% Furniture (Wooden) 16.6%-50% Furniture & Equipment (Steel) 33.3% Library Books.
Motor vehicles	20% - 50%
Other assets	5% - 50% 5% - 50% miscellaneous equipment 5% - 50 % Misc. items (Elec. Power). 5% - 50% Kitchen Equipment.

Depreciation is calculated on all fixed assets other than freehold land from the month of acquisition of use whilst no depreciation is provided in the year of disposal.

INVESTMENTS IN COMPANY SHARES

Investment in Subsidiary Companies

Investment in Subsidiary Companies are treated as non- current assets and stated at cost in the Financial Statements of the Company. The Name of the subsidiary is Jaya Container Terminals Limited.

Investments in Associate Company

Investment in Associate Company is treated as non-current assets and accounted under the equity basis of accounting to reflect SLPA share of retained assets in the entity. Dividends declared by the Associate and recognized against the equity value of Group's investment.

In the SLPA Financial Statements the investments are stated at cost. Dividend Income is recognized on a cash basis. Name of the Associate Company is M/S Sri Lanka Port Management & Consultancy Services Ltd.

Investments in Financial Assets

All investments are stated at face value.

VALUATION OF INVENTORIES

Inventories have been valued at the lower of cost and net realizable value. Inventories of the SLPA are consists of Spare parts for vessels and cargo handling equipments, Fuel for vehicles and other items like stationeries for the SLPA use. All above items are for consumption and not for re- sale.

Issues of all three ports are done at first in first out method.

DEBTORS AND RECEIVABLES

Trade debtors are stated at amounts after providing for bad and doubtful debts.

Bad & Doubt Full Debt Provision

Bad & Doubt-full debt is calculated according the age analysis as at 31st December 2011. Percentages are given below.

Type of Debtors	Percentage
Shipping Agents in Services	5%
Shipping Agents Non-Operating	100%
Shipping Agents under litigation	100%
Sri Lanka Forces	
Dec-July	-
Jan – June 2011	5%
2010	5%
Shipping Agents Suspended	100%
Government Dept./ Institutions	10%

CASH, CASH EQUIVALENTS & CASH FLOWS

Cash & Cash Equivalents are defined as cash in hand at bank and demand deposits and other highly liquid investments readily convertible to identified amounts of cash and subject to insignificant risk of changes in value.

The Cash Flow Statement has been prepared using indirect method.

LIABILITIES AND PROVISIONS

Liabilities

All liabilities which are Material & significant, as at the balance sheet date have been included in the accounts and adequate provision has been made for liabilities.

Provisions

Sri Lanka Ports Authority recognizes following provisions.

Retirement Benefits - Gratuity.

Provision has been made in the accounts for retiring gratuities. It is provided for every employee who have completed one year of service in the Authority.

Volume Rebate

These are the rebates given to shipping agents/lines based on 2011 volumes handled.

Accrued Expenditure

Based on expenditure incurred in 2011 but payable in 2012.

Provision for taxes

Based on National Budget guide lines for the year and estimation where applicable.

Provision for Claims

Provision has been made as a percentage of probable claims made against the Authority.

Port Development Loans (Japanese Loans)

Loans granted from the Government of Japan have been rescheduled at a "Fixed-Rate" with effect from 1 January 1995 whereby loss or gains in Foreign Exchange with regard to repayment has to be borne by SLPA. The repayment of loans would be, however, at the spot rate of exchange prevailing at the date of repayment. The difference in such spot rate and the fixed rate is treated as loss/ gain in exchange, in the profit and loss account.

GOVERNMENT GRANTS

The Grants has been treated as deferred income and credited to the

Income statement on a systematic and rational basis over the useful life of the asset.

TAXATION

Liability for taxation on the profits for the year comprises current and deferred tax and is recognized in the Profit & Loss Statement. Current tax is the expected tax payable on the taxable income for the year using tax rates enacted at the Balance Sheet date and any adjustments to tax payable in respect of previous years.

Deferred tax is provided using the Balance Sheet Liability Method, providing from timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes Reported in the Financial Statements and computed in accordance with the provisions for the Inland Revenue Act. No 38 of 2000 & 10 of 2006.

FOREIGN EXCHANGE RECEIPTS

For the purpose of information Foreign Exchange calculation is estimated 100% of Transshipment and Navigational revenue together with 73% of other operational revenue.

Revenue	% taken for calculation
Transshipment	100
Navigation	100
Other Operational Revenue	73

INCOME STATEMENT

Revenue Recognition

Revenue is recognized on an accrual basis. Revenue from services rendered to ships which arrived in January 01st to 31st December of each year is recognized as the revenue of that particular year.

Income Recognition

Dividend Income is recognized on a cash basis.

Rental Income

Rental Income is recognized on accrual basis.

Lease Rental Income

Lease Rental Income is recognized on accrual basis

Interest Income

Interest income from financial instruments is recognized as an accrual basis.

Royalty Income

Royalty Income is recognized on accrual basis.

RETIREMENT BENEFITS

Defined Contribution Plans-Employees' Provident Fund & Employees' Trust Fund..

All employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective statutes and regulations. The Authority contributes 15% of gross emoluments of employees to an Employees Provident Fund, and 3% of gross emoluments of employees to the Employees' Trust Fund. Contributions to the above fund are recognized as an expense

EXPENDITURE

All expenditure incurred in the running of the business and in maintaining the Assets has been charged to revenue in arriving at the profit of the year:

Borrowing Costs

Borrowing costs are recognized as an expense in the year in which they are incurred, except to the extent where borrowing costs are directly attributable and integral to the construction, acquisition or production of an asset is capitalized at the end of the project.

Research & Development Costs and Deferred Expenditure

All expenses incurred by the Planning and Development Division including salaries are regarded as a part of a continuing operation and therefore treated as recurrent expenditure.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to Sri Lankan Rupees at the exchange rates that prevailed at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated to Sri Lankan Rupees using the closing rate that prevailed at the balance sheet date. Foreign exchange differences arising on translation are recognized in Income Statement.

The exchange rates applicable as at the balance sheet date were as follows.

US\$	111.44
Yen	1.49

RELATED PARTY TRANSACTION

Transaction with related parties conducted under normal commercial terms. The relevant disclosed is made in note 6.2.1 to the Financial Statement.

Comparative presentation of current assets and current liabilities has been changed for the purpose of fair presentation.

NOTES TO THE FINANCIAL STATEMENTS

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010
I.1.1 REVENUE FROM PORT ACTIVITIES				
Seaward Navigation				
Outer Anchorage	61,467,408	74,871,501	61,467,408	74,871,501
Light dues	498,052,661	457,065,048	498,052,661	457,065,048
Harbour				
Entering dues and over-hour dues	699,377,265	636,735,484	699,377,265	636,735,484
Harbour tonnage dues	362,495,726	324,793,721	362,495,726	324,793,721
Pilotage				
Pilotage & pilot detention fee	700,040,954	649,345,496	700,040,954	649,345,496
Professional Pilotage & detention fee	-	-	-	-
Pilot Launch Charges	96,361,755	17,536,543	96,361,755	17,536,543
Tug Services				
Tug services	338,687,450	329,607,660	338,687,450	329,607,660
NAVIGATION, HARBOUR, PILOTAGE & TUGS (A)	2,756,483,218	2,489,955,453	2,756,483,218	2,489,955,453
Port Infrastructure				
Stream anchorage	18,959,817	18,521,175	18,959,817	18,521,175
Dockage	669,750,584	635,451,540	669,750,584	635,451,540
Crude oil petroleum products through pipe line - SPBM	423,366,630	354,818,587	423,366,630	354,818,587
Petroleum products at Dolphin berth - Imports/Exports	163,205,859	262,408,418	163,205,859	262,408,418
Occupational Chargers for				
Domestic Containerized Cargo				
Storage on laden/empty containers (agent billing)	5,080,919	4,349,384	5,080,919	4,349,384
Storage on FCL containers (consignee billing) - Imports	1,105,328,256	1,113,262,068	1,105,328,256	1,113,262,068
Storage on FCL containers (consignee billing) - Exports	20,886	25,885	20,886	25,885
Storage on FCL containers -bonding & entrepot charges	1,300	-	1,300	-
Storage on LCL containers (consignee billing) - Imports	222,805,309	153,556,825	222,805,309	153,556,825
Storage on LCL containers (consignee billing) - Exports	-	-	-	-
Storage on LCL containers -bonding & entrepot charges	20,035,294	18,847,931	20,035,294	18,847,931
Occupational Chargers for				
Break Bulk Cargo				
Storage on break-bulk cargo (consignee billing) - Imports	555,683,941	373,468,344	555,683,941	373,468,344
Occupational Chargers for				
Transshipment Containerized Cargo				
Storage on transshipment containerized cargo - empty/laden	39,144,940	2,087,720	39,144,940	2,087,720
Occupational Chargers for				
Transshipment Break Bulk Cargo				
Storage on transshipment break-bulk cargo	16,043,701	4,095,295	16,043,701	4,095,295
Multi Country Consolidation				
Storage rent for M.C.C. containers	-	7,207	-	7,207
Charges for canal locks	-	1,716	-	1,716
Embarkation/disembarkation fees	135,747	-	135,747	-
PORT INFRASTRUCTURE (B)	3,239,563,183	2,940,902,096	3,239,563,183	2,940,902,096
Cargo Handling				
Containerized Cargo - Domestic				
Stevedoring Functions				
Containerized cargo (discharged/loaded)	146,953,843	73,472,250	146,953,843	73,472,250
Movement of containers	4,281,904	2,152,560	4,281,904	2,152,560
Mounting / de-mounting of containers	797,069	1,673,708	797,069	1,673,708
Stuffing & de-stuffing Acontainers	3,231,712	20,182,387	3,231,712	20,182,387
Shut out charges on containers	1,148,608	955,343	1,148,608	955,343
Other container services	51,692,911	35,724,492	51,692,911	35,724,492
Hire of equipments - stevedoring functions	212,798	2,400,000	212,798	2,400,000
Containers in lash barges	1,326	1,928	1,326	1,928
Wharf Handling Functions				
Landing & delivery charges - FCL	4,576,022	2,113,663	4,576,022	2,113,663
Landing & delivery charges - LCL	106,787,742	69,517,846	106,787,742	69,517,846
Shipping charges - FCL	274,780,957	(501,878)	274,780,957	(501,878)
Shipping charges - LCL	85,395	-	85,395	-
Hire of equipment for landing delivery service	3,849,405	4,354,593	3,849,405	4,354,593
Landing & delivery charges -bonding & entrepot	6,090,147	5,142,517	6,090,147	5,142,517
Landing & delivery Mounting/de-mounting/stuffing/de-stuffing	3,203,626	3,864,354	3,203,626	3,864,354
Ancillary services	3,604,858	3,951,386	3,604,858	3,951,386
Containerized Cargo - Transshipment				
Stevedoring Functions				
Transshipment containers discharging / loading/re-stowing	300,082,781	83,500,173	300,082,781	83,500,173
Transshipment special operations	2,254,412	1,412,701	2,254,412	1,412,701

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010
Multi Country Consolidation - Containerized				
M.C.C. Container operations in/out	620,783	1,279,835	620,783	1,279,835
M.C.C. Container operations (in side)	4,063,470	8,147,426	4,063,470	8,147,426
Transshipment Break Bulk Cargo				
Stevedoring Functions				
Discharging /loading transshipment break-bulk cargo	23,579,169	12,621,541	23,579,169	12,621,541
Motor/Vehicles	6,930,845	16,644,087	6,930,845	16,644,087
Conventional Cargo Bulk & Break Bulk Cargo				
Stevedoring Functions				
Bag & general cargo (discharged/loaded/shifting)	363,041,579	339,876,994	363,041,579	339,876,994
Bulk cargo (discharged / loaded / shifting)	1,077,133,250	973,425,594	1,077,133,250	973,425,594
Special cargo discharged / loaded / shifting	172,414	802,901	172,414	802,901
Motor vehicles	748,125,506	422,947,795	748,125,506	422,947,795
Detentions & gangs and cancelled (normal / shift)	19,705,314	15,604,398	19,705,314	15,604,398
Hire of Equipment	29,597,124	35,299,591	29,597,124	35,299,591
Wharf Handling Functions				
Landing & delivery charges	776,276,677	599,105,340	776,276,677	599,105,340
Shipping charges	307,145	353,442	307,145	353,442
Hire of equipment for landing delivery service	2,052,354	493,839	2,052,354	493,839
Ancillary services	8,290,832	8,287,297	8,290,832	8,287,297
Bulk liquid cargo through pipe line & other forms	-	27,696,635	-	27,696,635
Pumping of Coconut oil - Collection By Engineering	14,756,574	-	14,756,574	-
STEVEDORING & WHARF FUNCTION (C)	3,988,288,554	2,775,685,719	3,988,288,554	2,775,685,719
Other Services - Operational				
Supply of fresh water to ships	136,681,591	134,988,608	136,681,591	134,988,608
Supply of electricity for reefer containers	87,256,806	51,052,172	87,256,806	51,052,172
Railway facilities	927,274	1,106,014	927,274	1,106,014
Fire fighting	24,078,568	25,737,457	24,078,568	25,737,457
Charges for ship Wright divers	1,132,098	-	1,132,098	-
Hire of floating craft	26,611	2,831	26,611	2,831
Sundry services	16,175,219	11,594,241	16,175,219	11,594,241
System Purpose AC from 610389-610391	-	3,602,651	-	3,602,651
Revenue liable for NBT	137,126,143	148,697,998	137,126,143	148,697,998
OTHER SERVICES (D)	403,404,310	376,781,973	403,404,310	376,781,973
REVENUE FROM PORT ACTIVITIES E=(A+B+C+D)	10,387,739,265	8,583,325,241	10,387,739,265	8,583,325,241
REVENUE FROM PORT ACTIVITIES JCT				
Seaward Navigation				
Light dues	-	11,275,826	-	11,275,826
Habour				
Entering dues and over-hour dues	-	15,817,081	-	15,817,081
Harbour tonnage dues	389,873,743	349,467,323	389,873,743	349,467,323
Pilotage				
Pilotage & pilot detention fee	-	15,086,572	-	15,086,572
Tug Services				
Tug services	54,048	2,224,956	54,048	2,224,956
NAVIGATION, HABOUR, PILOTAGE & TUGS (F)	389,927,791	393,871,757	389,927,791	393,871,757
Port Infrastructure				
Stream anchorage	-	308,738	-	308,738
Dockage	-	2,460,203	-	2,460,203
Occupational Chargers for				
Domestic Containerized Cargo				
Storage on laden/empty containers (agent billing)	38,112,892	33,716,345	38,112,892	33,716,345
Storage on FCL containers (consignee billing) - Imports	3,341,757	6,304,441	3,341,757	6,304,441
Storage on LCL containers (consignee billing) - Imports	-	205,523	-	205,523
Storage on LCL containers -bonding & entrepot charges	718,573	1,206,152	718,573	1,206,152
Occupational Chargers for				
Break Bulk Cargo				
Storage on break-bulk cargo (consignee billing) - Imports	679,510	-	679,510	-
Occupational Chargers for				
Transshipment Containerized Cargo				
Storage on transshipment containerized cargo - empty/laden	150,506,554	108,147,556	150,506,554	108,147,556
Occupational Chargers for				
Transshipment Break Bulk Cargo				
Storage on transshipment break-bulk cargo	134,517	296,512	134,517	296,512
PORT INFRASTRUCTURE (G)	193,493,803	152,645,470	193,493,803	152,645,470
Cargo Handling				
Containerized Cargo - Domestic				
Stevedoring Functions				
Containerized cargo (discharged/loaded)	8,002,051,133	7,234,711,100	8,002,051,133	7,234,711,100
Movement of containers	20,588,706	14,901,972	20,588,706	14,901,972
Mounting / de-mounting of containers	59,226,582	30,688,748	59,226,582	30,688,748
Stuffing & de-stuffing containers	110,343,652	72,180,984	110,343,652	72,180,984
Shut out charges on containers	13,879,483	13,210,083	13,879,483	13,210,083
Other container services	183,649,568	170,246,982	183,649,568	170,246,982
Hire of equipments - stevedoring functions	28,819	6,117	28,819	6,117
Wharf Handling Functions				
Landing & delivery charges - FCL	967,188,463	845,867,917	967,188,463	845,867,917
Landing & delivery charges - LCL	54,094,643	58,924,528	54,094,643	58,924,528
Shipping charges - FCL	212,851,694	469,341,903	212,851,694	469,341,903
Shipping charges - LCL	89,732,816	53,398,490	89,732,816	53,398,490
Hire of equipment for landing delivery service	(60,554)	-	(60,554)	-
Landing & delivery Mounting/de-mounting/stuffing/de-stuffing	10,420,832	10,730,114	10,420,832	10,730,114
Ancillary services	31,313	40,746	31,313	40,746

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010
Containerized Cargo - Transshipment				
Stevedoring Functions				
Transshipment containers discharging / loading/re-stowing	5,299,015,391	5,550,859,939	5,299,015,391	5,550,859,939
Transshipment Containers mounting / de-mounting	-	4,386	-	4,386
Transshipment special operations	503,147	775,446	503,147	775,446
Multi Country Consolidation - Containerized				
M.C.C. Container operations in/out	5,625,173	7,526,352	5,625,173	7,526,352
M.C.C. Container operations (in side)	20,633,097	32,794,698	20,633,097	32,794,698
Transshipment Break Bulk Cargo				
Stevedoring Functions				
Discharging /loading transshipment break-bulk cargo	200,689	162,269	200,689	162,269
Motor Vehicles	2,638	4,066	2,638	4,066
Conventional Cargo Bulk & Break Bulk Cargo				
Stevedoring Functions				
Bag & general cargo (discharged/loaded/shifting)	19,901,623	42,968,045	19,901,623	42,968,045
Detentions & gangs and cancelled (normal / shift)	2,114,631	4,485,548	2,114,631	4,485,548
Shut-out charges	2,589	3,765	2,589	3,765
Hire of Equipment	50,338	344,161	50,338	344,161
Wharf Handling Functions				
Landing & delivery charges	9,527	6,089	9,527	6,089
Ancillary services	112	7,459	112	7,459
Bulk liquid cargo through pipe line & other forms	10,170	34,979	242,579,034	251,618,420
STEVEDORING & WHARF FUNCTION (H)	15,072,096,273	14,614,226,886	15,314,665,137	14,865,810,327
I.2.2 Other Services - Operational				
Supply of fresh water to ships	17,392,165	19,489,503	17,392,165	19,489,503
Supply of electricity for reefer containers	334,998,014	236,054,419	334,998,014	236,054,419
Fire fighting	-	(4,631)	-	(4,631)
Sundry services	283,900	-	20,338,022	-
OTHER SERVICES (I)	352,674,079	255,539,291	372,728,201	261,804,244
REVENUE FROM PORT ACTIVITIES JCT J = (F+G+H+I)	16,008,191,946	15,416,283,404	16,270,814,932	15,674,131,798
I.1.3 REVENUE RECEIVED FROM SAGT				
Seaward Navigation				
Light dues	32,542	7,289,368	32,542	7,289,368
Habour				
Entering dues and over-hour dues	43,548	63,319	43,548	63,319
Harbour tonnage dues	258,973,771	238,491,034	258,973,771	238,491,034
Pilotage				
Pilotage & pilot detention fee	44,116	9,748,453	44,116	9,748,453
Tug Services				
Tug services	18,906	1,214,474	18,906	1,214,474
NAVIGATION, HABOUR, PILOTAGE & TUGS (K)	259,112,882	256,806,648	259,112,882	256,806,648
Occupational Chargers for				
Domestic Containerized Cargo				
Storage on laden/empty containers (agent billing)	555,335	2,845,165	555,335	2,845,165
Storage on FCL containers (consignee billing) - Imports	100,143	211,081	100,143	211,081
Storage on LCL containers (consignee billing) - Imports	709,609	894,246	709,609	894,246
Occupational Chargers for				
Break Bulk Cargo				
Storage on break-bulk cargo (consignee billing) - Imports	111,491	3,841,103	111,491	3,841,103
Occupational Chargers for				
Transshipment Containerized Cargo				
Storage on transshipment containerized cargo - empty/laden	535,940	127,135	535,940	127,135
Multi Country Consolidation				
Storage rent for M.C.C. containers	-	9,738,555	-	9,738,555
PORT INFRASTRUCTURE (L)	2,012,518	17,657,286	2,012,518	17,657,286
Cargo Handling				
Containerized Cargo - Domestic				
Stevedoring Functions				
Containerized cargo (discharged/loaded)	-	13,251	-	13,251
Movement of containers	376,803	930,613	376,803	930,613
Mounting / de-mounting of containers	7,232,170	5,197,139	7,232,170	5,197,139
Stuffing & de-stuffing containers	58,227,379	21,509,928	58,227,379	21,509,928
Other container services	-	9,214	-	9,214

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010
Wharf Handling Functions				
Landing & delivery charges - FCL	602,437,883	530,991,111	602,437,883	530,991,111
Landing & delivery charges - LCL	2,057,757	3,259,088	2,057,757	3,259,088
Shipping charges - FCL	119,853,808	119,624,076	119,853,808	119,624,076
Shipping charges - LCL	19,445,228	20,078,570	19,445,228	20,078,570
Landing & delivery Mounting/de-mounting/stuffing/de-stuffing	4,522,074	4,472,513	4,522,074	4,472,513
Ancillary services	280	8,274	280	8,274
Containerized Cargo - Transshipment				
Stevedoring Functions				
Transshipment containers discharging / loading/re-stowing	920	124,200	920	124,200
Transshipment special operations	1,126,655	1,167,267	1,126,655	1,167,267
Multi Country Consolidation - Containerized				
M.C.C. Container operations in/out	1,773,522	1,734,481	1,773,522	1,734,481
M.C.C. Container operations (in side)	19,067,080	18,936,399	19,067,080	18,936,399
Conventional Cargo Bulk & Break Bulk Cargo				
Stevedoring Functions				
Bag & general cargo (discharged/loaded/shifting)	11,883,767	24,108,566	11,883,767	24,108,566
Bulk cargo (discharged / loaded / shifting)	-	307,585	-	307,585
Hire of Equipment	1,550	5,162	1,550	5,162
Wharf Handling Functions				
Landing & delivery charges	10,545	1,650,449	10,545	1,650,449
Shut-out charges for exports	55,202	-	55,202	-
Ancillary services	4,805	4,279	4,805	4,279
STEVEDORING & WHARF FUNCTION (M)	848,077,428	754,132,164	848,077,428	754,132,164
I.2.3 Other Services - Operational				
Supply of fresh water to ships	14,399,970	11,142,007	14,399,970	11,142,007
OTHER SERVICES (N)	14,399,970	11,142,007	14,399,970	11,142,007
I.1.4 REVENUE FROM PORT ACTIVITIES (SAGT) O = (K+L+M+N)	1,123,602,799	1,039,738,105	1,123,602,799	1,039,738,105
Habour				
Entering dues and over-hour dues	-	23,610	-	23,610
Harbour tonnage dues	714,446	17,986	714,446	17,986
NAVIGATION, HABOUR, PILOTAGE & TUGS (P)	714,446	41,596	714,446	41,596
Port Infrastructure				
Stream anchorage	-	17,485	-	17,485
PORT INFRASTRUCTURE (Q)	-	17,485	-	17,485
Cargo Handling				
Containerized Cargo - Domestic				
Stevedoring Functions				
Containerized cargo (discharged/loaded)	-	2,483,864	-	2,483,864
Conventional Cargo Bulk & Break Bulk Cargo				
Stevedoring Functions				
Bag & general cargo (discharged/loaded/shifting)	8,707,351	508,035	8,707,351	508,035
Wharf handling function	-	-	-	-
Shipping charges	-	3,515,796	-	3,515,796
STEVEDORING & WHARF FUNCTION (R)	8,707,351	6,507,695	8,707,351	6,507,695
REVENUE FROM PORT ACTIVITIES (KKS) S = (P+Q+R)	9,421,797	6,566,776	9,421,797	6,566,776
I.1.5 REVENUE RECEIVED FROM MAGAMPURA MAHINDA				
RAJAPAKSHE PORT				
Seaward Navigation				
Outer anchorage	4,024	-	4,024	-
Habour				
Harbour tonnage dues	397,226	-	397,226	-
NAVIGATION, HABOUR, PILOTAGE & TUGS (T)	401,250	-	401,250	-
Transshipment Break Bulk Cargo				
Stevedoring Functions				
Discharging /loading transshipment break-bulk cargo	10,044,664	-	10,044,664	-
Motor Vehicles	883	-	883	-
Conventional Cargo Bulk & Break Bulk Cargo				
Stevedoring Functions				
Bag & general cargo (discharged/loaded/shifting)	2,661,152	-	2,661,152	-
STEVEDORING & WHARF FUNCTION (U)	12,706,699	-	12,706,699	-
REVENUE FROM PORT ACTIVITIES (MMRP) V=T+U	13,107,949	-	13,107,949	-
I.3.1 OTHER REVENUE				
Other Services - Non Operational				
Hire of equip. & Floating Craft for purposes other than cargo handling	5,675,096	37,871,436	5,675,096	37,871,436
Supply of water for local consumption	429,183	358,443	429,183	358,443
Supply of electricity for local consumption	379,413,937	304,526,086	379,413,937	304,526,086
Telephone calls and medical facilities	21,377	18,469	21,377	18,469
Training fees	58,159	11,083	58,159	11,083
Special Jobs done for outside parties	5,523,183	145,993	5,523,183	145,993
Income from specialized Activities	3,956,133	(594,868)	3,956,133	(594,868)
Passenger Transport	1,803,000	18,783,965	1,803,000	18,783,965
I.3.1.1 Port Estate				
Lease out lands	122,003,558	116,133,671	122,003,558	116,133,671
Royalty (B)	1,344	30,662	1,344	30,662
Rent on housing scheme	2,358,247	2,517,082	2,358,247	2,517,082
Revenue from circuit bungalows	1,208,649	1,139,354	1,208,649	1,139,354
Rent / lease out buildings / warehouse	71,996,393	57,767,929	71,996,393	57,767,929
I.3.1.2 Miscellaneous	8,483,730	196,230	8,483,730	196,230
Debit note issued by Ledger & Credit Control	8,481,294	-	8,481,294	-

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010
Financing				
Interest on treasury bills & call deposits	302,825,740	462,479,126	308,296,177	465,593,683
Interest on securities / investments	191,425,923	368,949	191,425,923	368,949
Interest on loans given to outside parties	542,959	1,335,793	542,959	1,335,793
Dividend received (A)	16,942,825	15,011,014	16,942,825	15,011,014
Penalty and surcharge on L & D Bills/ Stevedore Billing	61,775,099	33,888,682	61,775,099	33,888,682
Surcharge on overdue bills	5,737,441	291,943	5,737,441	291,943
Gains from foreign exchange	153,129,348	-	153,129,348	-
Tender sales revenue	14,472,413	43,106,451	14,472,413	43,106,451
Interest on loans to employees	214,173,940	218,705,230	214,173,940	218,705,230
Surcharges on employees	19,353	63,317	19,353	63,317
" Charges on dishonored bonds items & debtors balances "	1,372,433	1,114,600	1,372,433	1,114,600
Fines & Insurance Commission	1,980,550	1,702,354	1,980,550	1,702,354
Central Division				
Port entry permits	1,618,258	1,155,467	1,618,258	1,155,467
Temporary port permit charges	72,283,289	61,636,141	72,283,289	61,636,141
Annual vehicle permits & casual vehicle permits	1,819,775	1,323,360	1,819,775	1,323,360
Fees on chandler's license & survey fees	8,015,252	7,051,855	8,015,252	7,051,855
Licensing of wharf clearing agencies in three ports	16,617,977	15,168,757	16,617,977	15,168,757
Licensing of harbour craft	61,836	274,791	61,836	274,791
Profit / loss on assets sold	8,727,600	17,554,912	8,727,600	17,554,912
Proceeds on hire of welfare buses	4,621,233	5,070,839	4,621,233	5,070,839
Canteen income	-	6,500	-	6,500
Miscellaneous	171,404,720	50,420,651	171,404,720	50,420,651
Sale of Books & Publications	1,011,950	1,056,079	1,011,950	1,056,079
Compensation receipts	13,185,864	9,408,616	13,185,864	9,408,616
Notional income from transferable jobs	-	-	-	-
Galle face green collection	1,885,938	11,280	1,885,938	11,280
Grant Income	17,275,546	17,275,546	17,275,546	17,275,546
Administration & Infrastructure Fee	60,654,497	63,957,411	24,205,496	32,683,810
TOTAL OTHER REVENUE NON OPERATIONAL	1,954,995,042	1,568,345,199	1,924,016,478	1,540,186,155
I.3.2 OTHER REVENUE RECEIVED FROM JCT				
Other Services - Non Operational				
Hire of equip. & Floating Craft for purposes other than cargo handling	22,647	14,269	22,647	14,269
Telephone calls and medical facilities	662	-	662	-
Financing				
Penalty and surcharge on L & D Bills/ Stevedore Billing	8,934,286	81,608,301	8,934,286	81,608,301
Central Division				
Miscellaneous	309	685	309	685
OTHER REVENUE RECEIVED FROM JCT	8,957,904	81,623,255	8,957,904	81,623,255
I.3.3 OTHER REVENUE RECEIVED FROM SAGT				
Port Estate				
Lease out lands	296,740,209	291,691,886	294,335,638	289,264,174
Royalty (B)	710,073,062	711,542,092	710,073,062	711,542,092
Rent / lease out buildings / warehouse	-	20,453	-	20,453
Financing				
Dividend received (A)	737,643,771	580,161,149	737,643,771	580,161,149
Penalty and surcharge on L & D Bills/ Stevedore Billing	-	2,289	-	2,289
OTHER REVENUE RECEIVED FROM SAGT	1,744,457,042	1,583,417,869	1,742,052,471	1,580,990,157
TOTAL REVENUE FROM PORT ACTIVITIES (E+J+O+S+V)	27,542,063,756	25,045,913,526	27,804,686,742	25,303,761,920
TOTAL OTHER REVENUE	3,708,409,988	3,233,386,323	3,675,026,853	3,202,799,567
TOTAL REVENUE	31,250,473,744	28,279,299,849	31,479,713,595	28,506,561,487
(A) Total Dividend received during the year is as follows.				
M/S Colombo Dockyard Ltd	15,005,247	15,011,014		
Port Management Consultancy Services Ltd.	1,037,578	-		
JCT (Pvt) Ltd	900,000	-		
South Asia Gateway Terminal (Pvt) Ltd.	737,643,771	580,161,149		
Total Dividend Received	754,586,595	595,172,163		
(B) Total Royalties Received				
Heyleys Advertising Ltd.	1,344	30,662		
South Asia Gateway Terminal (Pvt) Ltd.	710,073,062	711,542,092		
	710,074,406	711,572,754		

Expenditure incurred for three main items, Operation, Repair & Maintenance and Administration according to Divisions under each type of expenditure

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010
2.1 OPERATIONAL EXPENSES (ANALYSIS)				
NAVIGATION DIVISION				
Salaries wages & Allowances	874,042,406	938,628,479	874,042,406	938,628,479
Overtime	250,611,429	254,535,333	250,611,429	254,535,333
Traveling Subsistence & Fuel Allowance	775,929	404,519	775,929	404,519
Fuel Electricity & Other Expenses	570,843,874	372,846,937	570,843,874	372,846,937
Cost of Water	42,780	-	42,780	-
External Hire Chargers / Contracts	67,000	5,000	67,000	5,000
Contract works for Rep. & Main.	874,989	12,554,355	874,989	12,554,355
Insurance & License	1,813,691	-	1,813,691	-
Material Issued for Operational activities	-	421,692	8,251,156	2,213,083
Depreciation	458,064,633	500,561,693	458,967,188	500,923,903
	2,157,136,730	2,079,958,008	2,166,290,442	2,082,111,609
OPERATION DIVISION OTHERS				
Salaries wages & Allowances	1,460,504,595	1,700,031,821	1,460,504,595	1,700,031,821
Overtime	479,997,874	512,471,984	479,997,874	512,471,984
Traveling Subsistence & Fuel Allowance	585,478	1,301,111	585,478	1,301,111
Fuel Electricity & Other Expenses	93,301,928	41,221,858	93,301,928	41,221,858
Cost of Water	67,902,877	70,684,379	67,902,877	70,684,379
External Hire Chargers / Contracts	18,812,550	8,075,375	18,812,550	8,075,375
Material Issued for Operational activities	964,964	5,195,951	964,964	5,195,951
Depreciation	359,635,168	470,374,783	359,635,168	470,374,783
	2,481,705,433	2,809,357,261	2,481,705,433	2,809,357,261
CIVIL ENGINEERING DIVISION				
Salaries wages & Allowances	9,094,506	7,009,857	9,094,506	7,009,857
Overtime	5,614,852	2,135,566	5,614,852	2,135,566
Traveling Subsistence & Fuel Allowance	-	3,200	-	3,200
Fuel Electricity & Other Expenses	29,911,434	20,309,317	29,911,434	20,309,317
External Hire Chargers / Contracts	-	103,800	-	103,800
Material Issued for Operational activities	280	16,743	280	16,743
Depreciation	1,721,803,560	2,038,811,900	1,721,803,560	2,038,811,900
	1,766,424,631	2,068,390,383	1,766,424,631	2,068,390,383
LOGISTICS DIVISION				
Salaries wages & Allowances	394,531,273	411,573,949	394,531,273	411,573,949
Overtime	176,928,598	180,884,237	176,928,598	180,884,237
Traveling Subsistence & Fuel Allowance	2,400	41,200	2,400	41,200
Fuel Electricity & Other Expenses	27,164,120	23,105,720	27,164,120	23,105,720
External Hire Chargers / Contracts	10,360,326	10,762,026	10,360,326	10,762,026
Depreciation	18,727,626	18,850,045	18,727,626	18,850,045
	627,714,342	645,217,177	627,714,342	645,217,177
OPERATION DIVISION - JCT				
Salaries wages & Allowances	1,411,021,328	1,541,790,123	1,411,021,328	1,541,790,123
Overtime	678,232,033	709,504,360	678,232,033	709,504,360
Traveling Subsistence & Fuel Allowance	28,750	105,523	28,750	105,523
Fuel Electricity & Other Expenses	749,618,161	730,730,708	749,618,161	730,730,708
External Hire Chargers / Contracts	561,756,117	414,290,336	561,756,117	414,290,336
Contract works for Rep. & Main.	61,283,082	55,323,144	61,283,082	55,323,144
Depreciation	871,022,535	937,209,492	871,022,535	937,209,492
	4,332,962,007	4,388,953,687	4,332,962,007	4,388,953,687
PORT OF KKS				
Salaries wages & Allowances	24,385,646	31,022,855	24,385,646	31,022,855
Traveling Subsistence & Fuel Allowance	-	413,271	-	413,271
Fuel Electricity & Other Expenses	8,268,430	8,760,218	8,268,430	8,760,218
External Hire Chargers / Contracts	10,226,574	5,567,562	10,226,574	5,567,562
Contract works for Rep. & Main.	-	580	-	580
Depreciation	4,405,479	4,405,479	4,405,479	4,405,479
	47,286,129	50,169,965	47,286,129	50,169,965
POINT PEDRO				
Salaries wages & Allowances	16,327,361	17,016,146	16,327,361	17,016,146
Depreciation	559,440	559,440	559,440	559,440
	16,886,801	17,575,586	16,886,801	17,575,586
TOTAL OPERATIONAL EXPENSES	11,430,116,072	12,059,622,067	11,439,269,784	12,061,775,668

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010
2.2 REPAIR & MAINTENANCES EXPENSES				
NAVIGATION DIVISION				
Salaries Wages & Allowances	32,716	-	32,716	-
Fuel Electricity & Other Expenses	23,817	23,354	23,817	23,354
Contract works for Rep. & Main.	9,210	-	9,210	-
Material Issued for Operational Activities	30,537,352	38,228,725	30,537,352	38,228,725
Depreciation	29,818	45,999	29,818	45,999
	30,632,913	38,298,079	30,632,913	38,298,079
MECHANICAL PLANT ENGINEERING DIVISION				
Salaries Wages & Allowances	283,789,490	320,027,228	283,789,490	320,027,228
Overtime	116,776,612	124,733,633	116,776,612	124,733,633
Travelling, Subsistence & Fuel Allowances	935,418	1,242,147	935,418	1,242,147
Fuel Electricity & Other Expenses	17,668,251	14,142,443	17,668,251	14,142,443
Contract works for Rep. & Main.	35,953,529	16,353,774	35,953,529	16,353,774
Material Issued for Operational Activities	127,479,353	107,915,779	127,479,353	107,915,779
Depreciation	5,444,880	8,015,322	5,444,880	8,015,322
	588,047,534	592,430,327	588,047,534	592,430,327
MARINE ENGINEERING DIVISION				
Salaries Wages & Allowances	286,101,877	323,748,613	286,101,877	323,748,613
Overtime	86,457,112	86,797,921	86,457,112	86,797,921
Travelling, Subsistence & Fuel Allowances	65,665	148,257	65,665	148,257
Fuel Electricity & Other Expenses	9,309,118	7,179,341	9,309,118	7,179,341
External Hire Charges/ Contracts	2,849,251	60,408	2,849,251	60,408
Contract works for Rep. & Main.	165,600,839	61,291,292	165,600,839	61,291,292
Insurance & License	5,600	5,650	5,600	5,650
Material Issued for Operational Activities	129,899,954	71,544,370	129,899,954	71,544,370
Depreciation	715,571	2,802,626	715,571	2,802,626
	681,004,987	553,578,478	681,004,987	553,578,478
MECHANICAL WORKS ENGINEERING DIVISION				
Salaries Wages & Allowances	255,467,309	290,980,199	255,467,309	290,980,199
Overtime	93,975,357	93,211,492	93,975,357	93,211,492
Travelling, Subsistence & Fuel Allowances	660,131	1,350,548	660,131	1,350,548
Fuel Electricity & Other Expenses	12,602,296	8,932,745	12,602,296	8,932,745
Contract works for Rep. & Main.	409,064	1,573,947	409,064	1,573,947
Material Issued for Operational Activities	56,142,566	70,759,408	56,142,566	70,759,408
Depreciation	5,030,647	5,079,916	5,030,647	5,079,916
	424,287,370	471,888,255	424,287,370	471,888,255
CIVIL ENGINEERING DIVISION				
Salaries Wages & Allowances	712,470,326	801,686,853	712,470,326	801,686,853
Overtime	297,335,318	312,064,568	297,335,318	312,064,568
Travelling, Subsistence & Fuel Allowances	3,521,973	6,562,517	3,521,973	6,562,517
Fuel Electricity & Other Expenses	2,981,242	1,989,927	2,981,242	1,989,927
External Hire Charges/ Contracts	1,751,510	1,897,649	1,751,510	1,897,649
Contract works for Rep. & Main.	2,086,475	2,730,905	2,086,475	2,730,905
Material Issued for Operational Activities	156,183,334	79,897,257	156,183,334	79,897,257
Depreciation	7,156,040	9,621,682	7,156,040	9,621,682
	1,183,486,218	1,216,451,359	1,183,486,218	1,216,451,359
ELECTRICAL & ELECTRONICS ENGINEERING DIVISION				
Salaries Wages & Allowances	229,903,689	251,941,911	229,903,689	251,941,911
Overtime	93,141,930	92,882,156	93,141,930	92,882,156
Travelling, Subsistence & Fuel Allowances	277,504	484,542	277,504	484,542
Fuel Electricity & Other Expenses	53,308,347	47,863,581	53,308,347	47,863,581
External Hire Charges/ Contracts	-	15,800	-	15,800
Contract works for Rep. & Main.	10,657,617	9,255,724	10,657,617	9,255,724
Insurance & License	4,170,124	-	4,170,124	-
Material Issued for Operational Activities	123,697,550	97,401,685	123,697,550	97,401,685
Depreciation	29,481,229	29,743,320	29,481,229	29,743,320
	544,637,990	529,588,719	544,637,990	529,588,719
CONTRACT & DESIGN DIVISION				
Salaries Wages & Allowances	37,586,718	39,249,950	37,586,718	39,249,950
Overtime	20,618,106	20,020,242	20,618,106	20,020,242
Travelling, Subsistence & Fuel Allowances	611,090	819,315	611,090	819,315
Fuel Electricity & Other Expenses	295,650	195,496	295,650	195,496
Contract works for Rep. & Main.	539,599	7,230	539,599	7,230
Material Issued for Operational Activities	2,070,867	2,793,865	2,070,867	2,793,865
	61,722,030	63,086,098	61,722,030	63,086,098
MECHANICAL PLANT ENGINEERING DIVISION - JCT				
Salaries Wages & Allowances	215,856,672	229,209,594	215,856,672	229,209,594
Overtime	95,178,029	88,591,425	95,178,029	88,591,425
Travelling, Subsistence & Fuel Allowances	49,516	228,840	49,516	228,840
Fuel Electricity & Other Expenses	269,479	259,610	269,479	259,610
Contract works for Rep. & Main.	-	4,500	-	4,500
Material Issued for Operational Activities	314,787,270	412,136,409	314,787,270	412,136,409
Depreciation	600,882	592,830	600,882	592,830
	626,741,848	731,023,208	626,741,848	731,023,208

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010
CIVIL ENGINEERING DIVISION - JCT				
Salaries Wages & Allowances	43,294,697	44,659,783	43,294,697	44,659,783
Overtime	19,986,813	19,651,424	19,986,813	19,651,424
Travelling, Subsistence & Fuel Allowances	23,104	46,400	23,104	46,400
Depreciation	45,494	45,494	45,494	45,494
	63,350,109	64,403,101	63,350,109	64,403,101
ELECTRICAL & ELECTRONICS ENGINEERING DIVISION - JCT				
Salaries Wages & Allowances	100,718,360	103,422,622	100,718,360	103,422,622
Overtime	47,450,559	46,337,917	47,450,559	46,337,917
Travelling, Subsistence & Fuel Allowances	800	6,390	800	6,390
Fuel Electricity & Other Expenses	3,496,122	5,082,553	3,496,122	5,082,553
Material Issued for Operational Activities	91,949,436	49,817,916	91,949,436	49,817,916
Depreciation	825,565	756,607	825,565	756,607
	244,440,842	205,424,005	244,440,842	205,424,005
SOUTHERN PORT DEVELOPMENT DIVISION				
Salaries Wages & Allowances	5,085,648	4,689,627	5,085,648	4,689,627
Overtime	2,689,930	2,502,901	2,689,930	2,502,901
Travelling, Subsistence & Fuel Allowances	3,994	4,899	3,994	4,899
Fuel Electricity & Other Expenses	1,150	65,541	1,150	65,541
Contract works for Rep. & Main.	42,565	4,713,329	42,565	4,713,329
Material Issued for Operational Activities	1,570,704	3,624,123	1,570,704	3,624,123
Depreciation	135,382	135,382	135,382	135,382
	9,529,373	15,735,803	9,529,373	15,735,803
TOTAL REPAIR & MAINTAINS EXPENSES	4,457,881,213	4,481,907,431	4,457,881,213	4,481,907,432
2.3 ADMINISTRATIVE EXPENSES				
Salaries Wages & Allowances	3,370,303,204	3,708,457,878	3,466,965,651	3,810,244,912
Overtime	711,986,559	776,278,710	711,986,559	776,278,710
Traveling Subsistence & Fuel Allowance	1,338,791	1,965,844	1,338,791	1,965,844
Fuel Electricity & Other Expenses	448,559,081	375,627,836	462,358,419	388,311,086
Cost of Water	105,295,027	98,527,694	106,315,289	99,804,523
External Hire Chargers / Contracts	20,454,533	20,993,831	20,454,533	20,993,831
Contract works for Rep. & Main.	60,364,491	33,429,927	60,696,041	33,314,424
Communication Expenses	32,580,088	30,902,087	33,643,865	32,244,300
Rates & Taxes	26,825,901	25,720,864	28,881,002	28,622,144
Insurance & License fees	16,348,426	15,513,426	17,202,322	16,028,315
Office Requisites	73,475,759	62,863,270	73,909,937	63,360,278
Training Expenses	29,080,817	11,779,966	29,080,817	11,779,966
Welfare Expenses	150,516,365	104,681,865	154,083,893	108,395,326
Publicity & Public Relations	31,430,641	70,058,357	32,150,276	70,398,782
Sundry Expenses	77,689,604	97,051,491	80,229,798	100,220,757
Depreciation	634,562,735	654,530,699	636,694,533	656,335,756
Other Charges	22,087,258	805,461	46,290,754	30,841,376
Miscellaneous Balance A/C Written Off	9,487,573	-	9,487,573	-
Bad & Doubtful Debt	(80,279,169)	109,739,677	(79,668,393)	111,955,936
Expenses on VAT	35,491,891	35,417,441	35,318,060	35,633,315
Stamp Duty	917,349	722,375	956,790	722,375
NBT Payments	137,126,143	148,697,998	142,299,708	157,688,541
Finance Charges	26,275,993	38,859,187	27,023,409	39,680,632
Audit Fees	1,434,158	1,508,078	1,769,158	1,813,078
Capital Loss /Profit due to Bills Discount,TB & etc	-	-	-	-
Unabsorbed Kitchen Expenses	4,349,604	8,979,358	4,349,604	8,979,358
Corporate Social Responsibility Projects	-	-	56,934	328,545
Volume Rebate	1,122,939,591	917,807,895	1,122,939,591	917,807,895
Cents Adjustment from Debt Collection	715	-	715	-
TOTAL ADMINISTRATIVE EXPENSES	7,070,643,125	7,350,921,213	7,226,815,626	7,523,750,004
2.4 INTEREST ON FOREIGN LOANS				
Interest on foreign loans	1,371,750,365	1,225,174,176	1,371,750,365	1,225,174,176
2.5 Foreign Exchange (Gain) / Loss	3,543,239,055	4,409,809,021	3,543,239,055	4,409,809,021
VRS Expenses	2,594,613,057	-	2,594,613,057	-
2.6 PROVISION FOR TAXATION				
2.6.1 Taxable Income (adjust Interest Income)	285,221,157	448,379,622	285,221,157	448,379,622
Income Tax 28% of Adjust Profit	79,861,924	156,932,868	87,121,641	182,702,470
Adjustments (over provision)	(55,819,344)	-	(55,819,344)	-
Differed Tax	-	-	-	-
Deemed Dividend Tax 25% of Balance Profit Adjustments	175,592,233	-	175,592,233	-
TAX FOR THE YEAR	199,634,813	156,932,868	206,894,530	182,702,470
2.6.2 Social Responsibility Levy	-	2,353,993	-	2,353,993
2.7 Deferred Tax	-	342,904,325	-	342,904,325
2.8 Prior Period Adjustment	1,173,151,560	(981,624,385)	1,173,151,560	(981,624,385)

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010
2.5 Foreign Exchange Fluctuation A/C				
The Exchange difference charged/credited to the income statement are included as follows				
	2011	2010		
	Rs.	Rs.		
Gain/(Loss) from Payment of Japan's Loan	(3,306,963,443)	(4,367,785,512)		
Fluctuation of Foreign Currency Savings Account	(17,572,465)	(39,524,988)		
Fluctuation of Shipping Agents Foreign Currency Transactions	(20,890,350)	(2,498,521)		
Fluctuation of BOC & HSBC Loans	(197,812,797)	-		
	<u>(3,543,239,055)</u>	<u>(4,409,809,021)</u>		
2.8 Prior Period Adjustments are made up as follows				
Transfer from Ministry re-imbusement account	(43,005)			
Transfer interest on land acquired	(50,662,672)			
Write off debts due from Security Forces	(118,269,387)			
Transfer of Sub Stores Issues	(875,095,838)			
Depreciation of Assets of Colombo 01.08.2008-31.12.2010	(111,815,023)			
Transfer of Revenue	(17,145,711)			
Destroyed non moving Stocks @ Port of Trincomalee	(119,924)			
	<u>(1,173,151,560)</u>			

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010
NON CURRENT ASSETS				
3.1.1 PROPERTY, PLANT & EQUIPMENT				
Land	57,765,316,159	57,765,316,159	57,765,316,159	57,765,316,159
Operational Buildings & Structures	53,233,018,811	52,527,086,417	53,233,018,811	52,527,086,417
Floating Equipment	7,361,083,816	7,361,083,816	7,361,083,816	7,361,083,816
Handling Equipment	10,021,749,729	10,024,243,496	10,021,749,729	10,024,243,496
Plant & Machinery	445,276,603	414,976,225	452,591,709	421,731,595
Office & Welfare buildings	843,392,305	843,392,305	843,392,305	843,392,305
Staff Quarters and Other Buildings	483,088,258	483,304,054	483,088,258	483,304,054
Computer Hard/Soft ware	1,263,740,902	1,196,251,651	1,265,259,587	1,197,716,685
Electric & Electronic equipment	1,860,038,648	1,759,963,141	1,860,038,648	1,759,963,141
Office Furniture & Equipment	130,754,854	127,040,729	132,420,032	128,272,926
Motor Vehicles	751,095,371	756,833,025	758,745,704	764,483,358
Other assets	301,467,953	297,350,966	301,467,953	297,350,966
	134,460,023,412	133,556,841,984	134,478,172,713	133,573,944,918
Cumulative Depreciation				
Operational Buildings & Structures	13,407,297,735	11,323,806,315	13,407,297,735	11,323,806,315
Floating Equipment	4,016,897,934	3,381,280,908	4,016,897,934	3,381,280,908
Handling Equipment	6,634,777,770	5,838,287,284	6,634,777,770	5,838,287,284
Plant & Machinery	319,352,669	275,403,483	318,072,547	275,025,919
Office & Welfare Buildings	183,363,299	155,023,140	183,363,299	155,023,140
Staff Quarters and Other Buildings	123,921,145	104,330,399	123,921,145	104,330,399
Computer Hard/Soft ware	742,946,867	492,870,022	742,095,319	492,390,712
Electric & Electronic Equipment	1,188,410,299	972,359,687	1,188,410,299	972,359,687
Office Furniture & Equipment	89,255,511	75,400,413	88,801,580	75,175,978
Motor Vehicles	667,162,795	618,412,908	664,061,620	616,841,799
Other assets	166,990,001	126,810,802	166,990,001	126,810,802
	27,540,376,026	23,363,985,361	27,534,689,250	23,361,332,943
Written Down Value				
Land	57,765,316,159	57,765,316,159	57,765,316,159	57,765,316,159
Operational Buildings & Structures	39,825,721,077	41,203,280,102	39,825,721,077	41,203,280,102
Floating Equipment	3,344,185,882	3,979,802,908	3,344,185,882	3,979,802,908
Handling Equipment	3,386,971,958	4,185,956,212	3,386,971,958	4,185,956,212
Plant & Machinery	125,923,935	139,572,742	131,958,919	145,950,548
Office & Welfare buildings	660,029,006	688,369,165	660,029,006	688,369,165
Staff Quarters and Other Buildings	359,167,114	378,973,655	359,167,114	378,973,655
Computer Hard/Soft ware	520,794,035	703,381,629	521,461,173	704,367,353
Electric & Electronic Equipment	671,628,349	787,603,454	671,628,349	787,603,454
Office Furniture & Equipment	41,499,343	51,640,316	42,710,589	52,648,078
Motor Vehicles	83,932,576	138,420,117	88,481,734	144,499,341
Other assets	134,477,952	170,540,165	134,477,952	170,540,165
TOTAL FIXED ASSETS	106,919,647,386	110,192,856,624	106,932,109,911	110,207,307,140

DESCRIPTION	Cost/Revalue as at		2011			Cost	
	1.1.2011 Rs.	Disposal Rs.	Reserve & Deferred Tax	Addition Rs.	Adjustment Rs.	31.12.2011 Rs.	31.12.2010 Rs.
NON CURRENT ASSETS (ALL THREE PORTS)							
3.1.1 PROPERTY, PLANT & EQUIPMENT							
Land	57,765,316,159		-	-		57,765,316,159	57,765,316,159
Operational buildings & structures	52,527,086,416		-	705,932,395		53,233,018,811	52,527,086,416
Floating equipment	7,361,083,817		-	-		7,361,083,817	7,361,083,817
Handling equipment	10,024,243,496		(33,993,767)	31,500,000		10,021,749,729	10,024,243,496
Plant & machinery	414,976,225		(5,536,505)	35,836,884	-	445,276,604	414,976,225
Office & Welfare buildings	843,392,306		-	-		843,392,306	843,392,306
Staff Quarters and Other Buildings	483,304,054		(215,796)	-		483,088,258	483,304,054
Computer hard/soft ware	1,196,251,650		(165,575)	67,654,827	-	1,263,740,902	1,196,251,650
Electric & Electronic equipment	1,759,963,141		(2,470,666)	102,546,173		1,860,038,648	1,759,963,141
Office furniture & equipment	127,040,728		(712,186)	4,426,312		130,754,854	127,040,728
Motor vehicles	756,833,025		(7,274,069)	1,536,416	-	751,095,371	756,833,025
Other assets	297,350,966		(4,364,213)	8,481,200	-	301,467,953	297,350,966
	133,556,841,982		(54,732,777)	957,914,205	-	134,460,023,411	133,556,841,983
Depreciation	Cumulative Depreciation 01.01.2011	Disposal	Charge for the Year	Adjustment	Cumulative Depreciation		
Operational buildings & structures	11,323,806,315	-	2,080,614,403	2,877,017	13,407,297,735	11,323,806,315	
Floating equipment	3,381,280,908	-	634,174,030	1,442,997	4,016,897,935	3,381,280,908	
Handling equipment	5,838,287,285	(33,959,774)	830,450,260		6,634,777,771	5,838,287,285	
Plant & machinery	275,403,483	(5,516,122)	49,465,308		319,352,669	275,403,483	
Office & Welfare buildings	155,023,141	-	31,217,176	(2,877,017)	183,363,300	155,023,141	
Staff Quarters and Other Buildings	104,330,399	(121,061)	19,711,806		123,921,144	104,330,399	
Computer hard/soft ware	492,870,022	(163,314)	250,240,159		742,946,867	492,870,022	
Electric & Electronic equipment	972,359,687	(2,126,047)	218,176,659		1,188,410,299	972,359,687	
Office furniture & equipment	75,400,412	(675,517)	14,530,616		89,255,511	75,400,412	
Motor vehicles	618,412,907	(7,267,587)	56,017,475		667,162,795	618,412,907	
Other assets	126,810,802	(4,254,220)	45,876,417	(1,442,997)	166,990,001	126,810,802	
	23,363,985,362	(54,083,642)	4,230,474,307	-	27,540,376,027	23,363,985,361	
Written Down Value							
Written Down Value							
Land						57,765,316,159	57,765,316,159
Operational buildings & structures						39,825,721,076	41,203,280,102
Floating equipment						3,344,185,882	3,979,802,908
Handling equipment						3,386,971,958	4,185,956,211
Plant & machinery						125,923,934	139,572,742
Office & Welfare buildings						660,029,006	688,369,165
Staff Quarters and Other Buildings						359,167,114	378,973,655
Computer hard/soft ware						520,794,035	703,381,629
Electric & Electronic equipment						671,628,349	787,603,454
Office furniture & equipment						41,499,344	51,640,317
Motor vehicles						83,932,575	138,420,116
Other assets						134,477,952	170,540,165
TOTAL FIXED ASSETS						106,919,647,386	110,192,856,623

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010
3.1.2 WORK IN PROGRESS				
Constructions	42,387,327,038	37,992,805,759	42,387,327,038	37,992,805,759
Plant & machinery	10,441,378,375	7,563,262,607	10,441,378,375	7,563,262,607
Expansion Project (Local)	6,110,214,833	3,541,797,736	6,110,214,833	3,541,797,736
Expansion Project (Foreign)	28,666,832,552	16,822,728,200	28,666,832,552	16,822,728,200
Purchasing of capital assets (Local)	14,045,403	12,578,403	14,045,403	12,578,403
Construction of Partly completed Oil No petroleum Oil tank	559,392	23,175,600	559,392	23,175,600
Laying of New Oil Pipe line System Oil Bank	11,137,959	-	11,137,959	-
WIP AC for Bunkering Fac & Tank farm Proj Hambantot	8,256,357,003	3,944,582,671	8,256,357,003	3,944,582,671
	95,887,852,555	69,900,930,976	95,887,852,555	69,900,930,976
3.1.3 INVESTMENTS				
3.1.3.1 Investments in company shares	21,386,650	21,385,150	21,386,650	21,385,150
3.1.3.2 Investment in Subsidiaries	1,000,000	1,000,000	-	-
3.1.3.3 Investment in Associates	40,030	40,030	41,671,220	33,901,831
3.1.3.4 S.A.G.T. - Investment	577,372,113	577,372,113	577,372,113	577,372,113
	599,798,793	599,797,293	640,429,983	632,659,094

3.1.3 INVESTMENTS

3.1.3.1 Investments in Company Shares

Name of the Company	No of Shares	Market Value of the Shares	% of Holdings the Shares	Total Value At Par
Colombo Dockyard Ltd	Investment	1,888,515	238.80	18,885,150
	Bonus Issue in 2007	94,425		
	Bonus Issue in 2008	99,147		

Market Value of SLPA shares of Colombo Dockyard Ltd is Rs. 497,202,375.60/= as at 31-12-2011.

* EDI Network Services Ltd.				500,000
Lanka Coal Company	200,000	10		2,000,000
Colombo International Container Terminal Ltd	100	15		1,500
				<u>21,386,650</u>

3.1.3.2 Investment in Subsidiaries

Jaya Container Terminals Ltd.	100,000	Shares are not quoted	100%	<u>1,000,000</u>
100,000 Ordinary Shares of Rs.10/= each fully paid	1,000,000	1,000,000	-	-

3.1.3.3 Investment in Associates

Sri Lanka Port Management & Consultancy Services Ltd.	4,003	10	Shares are not quoted	39.97%	<u>40,030</u>
4,003 Ordinary Shares of Rs.10/= each fully paid	40,030	40,030	40,030	40,030	40,030
Balance at the beginning of the year	-	-	33,861,801	28,195,275	
Current year's share of Profit/(Loss) after tax	-	-	7,769,389	5,666,526	
Less Dividend received during the year	-	-			
Current year retained Profit/(Loss)	<u>40,030</u>	<u>40,030</u>	<u>41,671,220</u>	<u>33,901,831</u>	

All the above investments are stated at cost.No impairment indicators has been noticed.

3.1.3.4 S.A.G.T. Investment

Us \$ Million in Cash	In-kind 3No. Cranes	Total
7.5%	7.5%	15%
SLPA "Share Investments" in SAGT Certificate Issued by SAGT		
From 1999 to 2001	2329	2329
	1289	1289
	3618	3618
Balance No of shares	<u>3618</u>	<u>3618</u>

Total no of Shares received as at 31.12.2011 is 56,827,288.00.

*This will be removed after obtaining treasury approval

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010
3.1.4 Investments in Other Financial Assets				
3.1.4.1 Invest for Gratuity Commitments	5,154,099,150	4,779,962,000	5,154,099,150	4,779,962,000
Fines Funds -Savings Account - N. S. B.	239,178	69,623,903	239,178	69,623,903
Reward Fund People's Bank	132,743	132,743	132,743	132,743
Employee Security Deposits	744,185	713,931	744,185	713,931
3.1.4.2 Commitments for Claim (Court Cases)	400,000,000	290,000,000	400,000,000	290,000,000
	5,555,215,255	5,140,432,577	5,555,215,255	5,140,432,577
Total Non Current Assets	208,962,513,989	185,834,017,470	209,015,607,704	185,881,329,787
3.1.4.1 Gratuity Commitments		2011	2010	
(a) Debentures (UDA)		1,742,970,000	1,742,970,000	
(b) Repo	People's Bank	-	1,760,000,000	
	N.S.B	-	510,000,000	
	BOC (USD)	2,646,129,150	766,992,000	
(c) Fixed Deposits	Bank of Ceylon	200,000,000	-	
	Hatton National Bank	565,000,000	-	
		5,154,099,150	4,779,962,000	
3.1.4.2 Commitment for Claims				
(a) Fixed Deposit	People's Bank	-	290,000,000	
	Hatton National Bank	400,000,000	-	
		400,000,000	290,000,000	
		-		
CURRENT ASSETS			-	-
3.2.1 INVENTORIES			-	-
Goods in stock	1,684,417,897	2,534,439,644	1,684,417,897	2,534,439,644
Stock in hand - Admiralty kitchen	5,856,059	7,017,721	5,856,059	7,017,721
Sawmill - New Beira	2,671,301	865,091	2,671,301	865,091
Stock in Medical Stores	873,708	1,032,179	873,708	1,032,179
Obsolete & slow moving stock	766,982	559,173	766,982	559,173
	1,694,585,948	2,543,913,808	1,694,585,948	2,543,913,808
3.2.2 GOODS IN TRANSIT				
Purchasing of capital assets (Foreign)	76,315,048	25,760,698	76,315,048	25,760,698
Foreign purchases clearing Account	185,052,081	93,687,319	185,052,081	93,687,319
Custom Duty Expenses on Budget Items	46,196,781	19,443,641	46,196,781	19,443,641
Custom Duty Expenses on Non Budget Items	23,180,887	9,683,358	23,180,887	9,683,358
	330,744,796	148,575,016	330,744,796	148,575,016

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010
3.2.3 TRADE DEBTORS & RECEIVABLE REVENUE				
3.2.3.1 Shipping Agents Debtors A/C in Rs- Debit Balance	1,437,994,417	1,427,332,271	1,437,994,417	1,427,332,271
Shipping Agents Dispute A/C in Rs.	22,592,394	86,284,269	22,592,394	86,284,269
Return Cheques - Trade Debtors	29,070	-	29,070	-
Shipping Agents re dispute A/C	6,320,142	21,234,756	6,320,142	21,234,756
3.2.3.2 Receivable Revenue	717,802,687	678,158,033	650,871,027	645,626,426
	2,184,738,710	2,213,009,330	2,117,807,050	2,180,477,723
Bad & doubtful debt reserve	(356,057,179)	(415,193,583)	(356,057,179)	(415,193,583)
	1,828,681,531	1,797,815,747	1,761,749,871	1,765,284,140
3.2.3.2 Receivable Revenue				
Receivable Revenue is consists of	2011	2010		
Type of Revenue	Amount	Amount	Basis	
1 Royalty Receivable	66,989,226	57,236,936	As per concession Agreement	
2 Lease Rent Receivable	23,185,189	21,712,292	As per concession Agreement	
3 Agent Revenue	590,405,031	567,171,296	Basis given below	
4 Mahapola Training	1,600	-		
5 Administration & Infrastructure Fee	36,449,001	31,273,601	As per JCT Accounts	
6 Revenue Receivable from Welfare Buses	507,639	763,908		
7 Lease Rent Receivable from Stole(Premises)	265,000	-	As per Agreement	
	717,802,687	678,158,033		

Port of Colombo

Accrued revenue provision for the year 2011 is estimated based on the actual revenue of 2011, which invoiced from 01st January to 18th January 2012
Estimated Accrued revenue for the year 2011, classified among the section as follows

Estimated Accrued Revenue Rs 579,416,513

Provision for : JCT	$\frac{387,269,032.31 \times 579,416,513.00}{565,521,045.59}$	= 396,784,653.79
: SLPA	$\frac{158,087,489.86 \times 579,416,513.00}{565,521,045.59}$	= 161,971,871.49
: SAGT	$\frac{20,164,523.42 \times 579,416,513.00}{565,521,045.59}$	= 20,659,987.71
		579,416,512.99

Port of Trincomalee

These are bills raised in year 2012 for the vessels serviced during the month of December 2011

3,699,933.30

Port of Galle

These are bills raised in year 2012 for the vessels serviced during the month of December 2011

7,288,585.00

The basis of preparation of Bad & doubtful debt reserve is given on page no 19 under General Accounting Policies.

3.2.4 NON TRADE DEBTORS & ADVANCE PAYMENTS

Receivable Interest(Refer note 3.2.4.1)	104,378,006	103,544,086	104,378,006	103,544,086
Supply of Fuel to Ministries, Govt. Dept., State Corp. & Others	564,260	320,177	564,260	320,177
Meals & Tea Supplied to Outside Parties	3,068,540	1,407,010	3,068,540	1,407,010
Rent & Electricity Debtors	118,359,001	143,187,070	118,359,001	143,187,070
Receivables from the Ministry	1,622,563	5,861,135	1,622,563	5,861,135
Supply of Goods, Stationary & Fuel to JCT Ltd.	2,223,546	(3,800,823)	2,223,546	(3,800,823)
Receivables from temple trees for construction o	25,566,522	25,566,522	25,566,522	25,566,522
Job done for outside parties	-	423,782	-	423,782
Valuation fees recoverable	22,322	354,405	22,322	354,405
Advance payments for services rendered & /or goods supplied	7,930,906	27,399,666	7,930,906	27,399,666
Advance payments to contractors - capital expenditure	493,283,349	4,076,794,701	493,283,349	4,076,794,701
	757,019,016	4,381,057,730	757,019,016	4,381,057,730
Less: Bad & doubtful debt reserve	(30,715,477)	(53,362,837)	(30,715,477)	(53,362,837)
	726,303,538	4,327,694,893	726,303,538	4,327,694,893
3.2.5 Prepayments	108,403,249	64,479,492	108,403,249	64,479,492

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010
3.2.4.1 Receivable Interest - SLPA		2011/SLPA	2010/SLPA	
Receivable Interest is made up as follows				
(a) Repo	Bank of Ceylon	696,442	1,317,529	
	Peoples' Bank	156,842	142,021	
	Hatton National Bank	362,521	45,797	
(b) Call Deposit	Bank of Ceylon	13,819	14,562	
	Peoples' Bank	26,137	28,493	
(c) Fixed Deposit Rs.	Peoples' Bank	599,571	15263.12	
	National Savings Bank	-	1,171,726.02	
	Bank of Ceylon	2,167,741	202467.29	
	Hatton National Bank	-	5077746.57	
Fixed Deposit US\$	Bank of Ceylon	-	23,533,381	
(d) Treasury Bill	Bank of Ceylon	7,343	4,409	
(e) Loan Deposit	Mortgage Bank	2,502,637	2,834,330	
(f) Investment in Gratuity Commitment				
Debentures	Bank of Ceylon	45,173,962	45,699,241	
Fixed Deposits	Bank of Ceylon	3,813,699	-	
US\$ fixed Deposit	Hatton National Bank	12,781,438	-	
	Bank of Ceylon	29,171,744		
	Peoples' Bank	-	17,432,984	
	National Savings Bank	-	2138136.99	
(g) Commitment for Claims	Peoples' Bank	-	3,886,000	
	Hatton National Bank	6,904,110	-	
		104,378,006	103,544,086	
3.2.6 LOANS & ADVANCES TO EMPLOYEES				
Advance given to employees	32,281,310	38,470,910	63,176,935	79,971,883
Mortgage Bank Loan	260,298,454	292,152,191	260,298,454	292,152,191
Receivables from Staff	2,202,505	1,767,392	2,202,505	1,767,392
Vehicle Loan	622,560,075	1,009,423,785	622,560,075	1,009,423,785
Loans given to employees	3,060,986,687	3,560,783,885	3,060,986,687	3,560,783,885
Mis Loans given to employees	12,314,118	-	12,314,118	-
	3,990,643,148	4,902,598,162	4,021,538,773	4,944,099,135
	3,990,643,148	4,902,598,162	4,021,538,773	4,944,099,135
3.2.7 LOAN ACCOUNTS				
3.2.7.1 Loan to Catholic association	163,871	477,261	163,871	477,261
3.2.7.2 Sri Lanka Nidahas Union Loan Account	409,211	935,189	409,211	935,189
	573,081	1,412,449	573,081	1,412,449
3.2.8 SHORT TERM INVESTMENT				
Treasury bills re-purchase a/c	1,052,500,000	523,850,000	1,052,500,000	523,850,000
Call deposit	6,500,000	11,000,000	6,500,000	11,000,000
Fixed Deposits	75,127,780	800,127,780	75,127,780	800,127,780
Fixed deposit - Foreign Currency	2,193,528,881	1,404,735,930	2,193,528,881	1,404,735,930
Fixed Deposits (US\$) Lt-Greet	397,866,550	374,677,721	397,866,550	374,677,721
Fixed Deposits (Disaster Relief Fund)	73,238	66,884	73,238	66,884
NSB Investment Control Ac	75,050,000		75,050,000	-
	3,800,646,450	3,114,458,315	3,800,646,450	3,114,458,315
Short term Investment - SLPA		2011/SLPA	2010/SLPA	
Short Term Investment is made up as follows				
(a) Repo	Bank of Ceylon	24,500,000	381,850,000	
	Peoples' Bank	460,000,000	105,000,000	
	Hatton National Bank	568,000,000	37,000,000	
(b) Call Deposit	Peoples' Bank	6,500,000	11,000,000	
(c) Fixed Deposit	Peoples' Bank	50,558,500	558,500	
	National Savings Bank	75,050,000	140,000,000	
	Bank of Ceylon	24,569,280	24,569,280	
	Hatton National Bank		635,000,000	
(d) Fixed Deposit -Disaster Relief Fund	Bank of Ceylon	73,238	66,884	
(e) Fixed Deposits- Foreign Currency	Bank of Ceylon	2,193,528,881	1,404,735,930	
(f) Fixed Deposits (US\$) Lt-Greet	Bank of Ceylon	397,866,550	374,677,721	
		3,800,646,450	3,114,458,315	

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010
3.2.9 DEPOSITS & OTHER RECEIVABLES				
Government Deposits	62,806,704	62,806,704	62,806,704	62,806,704
Corporation Deposits	83,768,650	49,138,650	83,768,650	49,138,650
Company Deposits	2,760,137	2,546,408	2,760,137	2,546,408
Shares Receivable from SAGT	227,222,309	227,222,309	227,222,309	227,222,309
Other Receivable	679,099	(328,752)	679,099	(328,752)
Receivable for Taxes	-	24,642,655	186,403	25,256,255
Landing & Delivery Cash A/C	16,388,684	19,879,604	16,388,684	19,879,604
	393,625,584	385,907,578	393,811,987	386,521,178
	393,625,584	385,907,578	393,811,987	386,521,178
3.2.10 CASH AND CASH EQUIVALENTS				
Cash In Hand & at Bank	686,899,435	495,172,826	852,905,586	579,199,836
Foreign Currency (Dollar)	2,224,291	2,151,856	2,224,291	2,151,856
	689,123,726	497,324,681	855,129,877	581,351,691
4.1 CAPITAL EMPLOYED				
4.1.1 Equity Capital	470,551,932	470,551,932	470,551,932	470,551,932
4.1.2 Other Capital	7,120,827,853	7,120,827,853	7,120,827,853	7,120,827,853
	7,591,379,785	7,591,379,785	7,591,379,785	7,591,379,785
Equity Capital				
Equity Capital is the Assets originally transferred from the former Colombo Port Commission and forming the part of the investment by Government to the Authority.				
Other Capital				
Other Capital is the Other Assets which are not required to be counted as Equity capital.				
4.2.1 RESERVES				
4.2.1.1 Capital Reserve	712,038,233	112,538,233	712,038,233	112,538,233
4.2.1.2 Amount Received as Government Grants	1,870,650,441	1,354,415,581	1,870,650,441	1,354,415,581
4.2.1.3 Insurance Reserves	625,000	625,000	625,000	625,000
4.2.1.4 General Reserve	500,903	500,903	500,903	500,903
	2,583,814,576	1,468,079,717	2,583,814,576	1,468,079,717
4.2.1.2 Amount Received as Government Grants	Total	Total		
Balance As at 01/01/2011	1,354,415,581	305,338,748		
Grants Received during the year	533,510,405	1,066,352,379		
Grants transferred to Income during the year	(17,275,546)	(17,275,546)		
Balance As at 31/12/2011	1,870,650,441	1,354,415,581		
Grants				
Mega Port Project	189,512,356	206,549,252		
Kankasanturai Break Water	36,285,300	11,523,950		
Hambanthota Port Development Project	121,122,728	121,122,728		
Oluvil Port Development Project	19,990,000	19,990,000		
Colombo Port Expansion Project	1,404,066,738	992,584,770		
Bunkering facility & tank hambantota proj	2,644,881	2,644,881		
Government Grant for Renovation of UCT	80,000,000	-		
Galle Yatch Marina Development	17,028,437	-		
	1,870,650,441	1,354,415,581		
General Reserve				
This is brought forward balance from 1980.				
4.2.2 FUNDS				
Reward Fund	132,743	132,743	132,743	132,743
Fine Fund	75,298,232	69,914,832	75,298,232	69,914,832
	75,430,976	70,047,575	75,430,976	70,047,575

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010
4.2.3 Loan Redemption Reserve				
Balance at the beginning of the year	3,828,973,373	3,828,973,373	3,828,973,373	3,828,973,373
Balance at the year end	3,828,973,373	3,828,973,373	3,828,973,373	3,828,973,373
4.2.4 Assets Revaluation Reserve				
Balance at the beginning of the year	76,480,827,874	76,406,190,143	76,480,827,874	76,406,190,143
Add/(Less)	(51,813,930)	74,637,730	(51,813,930)	74,637,730
Balance at the end of the year	76,429,013,944	76,480,827,873	76,429,013,944	76,480,827,873
4.2.5 Deferred Tax				
Balance at the beginning of the year	12,114,566,119	12,860,107,100	12,114,566,119	12,860,107,100
Less: Charge Against the Provision	-	(745,540,981)	-	(745,540,981)
Balance at the year end	12,114,566,119	12,114,566,119	12,114,566,119	12,114,566,119
<i>The Revaluation surplus included in equity may be transferred directly to retained earnings when the surplus is realised. The surplus may be realised on retirement or disposal of the assets.</i>				
4.2.6 Retained Profit	(15,706,122,495)	(15,167,380,909)	(15,510,244,469)	(15,034,926,192)
4.3 NON CURRENT LIABILITIES				
4.3.1 Port Development Loan				
Japanese Loans				
Balance at the beginning of the year	46,739,266,101	46,856,216,444	46,739,266,101	46,856,216,444
Less: Repayment of Loans	(4,668,488,136)	(4,595,706,482)	(4,668,488,136)	(4,595,706,482)
Loan to tally with the General Treasury 31.12.2011	3,306,963,443	4,478,756,140	3,306,963,443	4,478,756,140
	45,377,741,408	46,739,266,102	45,377,741,408	46,739,266,102
Short term liabilities Payable in 2012	(4,575,122,514)	(4,596,138,975)	(4,575,122,514)	(4,596,138,975)
Balance at end of year	40,802,618,894	42,143,127,127	40,802,618,894	42,143,127,127
<i>The Balance shown in the Port Development (Japanese Loan) account as at 31.12.2011 has been increased by Rs. 3,306,963,442.67 to agree with the balances shown in the books of General Treasury.</i>				
4.3.2 Colombo port expansion project (ADB Loan 2319-SRI)				
Balance at the beginning of the year	17,128,178,587	10,240,817,832	17,128,178,587	10,240,817,832
Add: Loan disbursed during the year	7,652,105,412	6,536,788,748	7,652,105,412	6,536,788,748
Paid to Contractor not accounted by treasury yet	2,078,588,436	350,572,007	2,078,588,436	350,572,007
Balance at end of year	26,858,872,434	17,128,178,587	26,858,872,434	17,128,178,587
4.3.3 Hambanthota Port Dev.Project (EXIM Bank of China)				
Balance at the beginning of the year	-	-	-	-
Add: Loan disbursed during the year	30,552,495,737	19,095,964,206	30,552,495,737	19,095,964,206
Paid to Contractor not accounted by treasury yet	389,959,169	11,456,531,531	389,959,169	11,456,531,531
Balance at end of year	33,624,094,097	30,552,495,737	33,624,094,097	30,552,495,737
4.3.4 Other Port Development Loans				
4.3.4.1 Export Import Bank of China				
Balance at the beginning of the year	2,968,201,087	-	2,968,201,087	-
Add: Loan disbursed during the year	2,781,951,538	1,375,227,758	2,781,951,538	1,375,227,758
Paid to Contractor not accounted by treasury yet	847,782,006	1,592,973,329	847,782,006	1,592,973,329
Balance at end of year	6,597,934,632	2,968,201,087	6,597,934,632	2,968,201,087
4.3.4.2 Bank of Ceylon Loan				
Balance at the beginning of the year	3,495,998,476	-	3,495,998,476	-
Add: Loan disbursed during the year	2,872,563,647	-	2,872,563,647	-
Less: Repayment of loans	(176,591,942)	-	(176,591,942)	-
Adjustment- Exchange Loss	91,762,797	-	91,762,797	-
Short term liabilities Payable in 2012	(1,436,281,824)	-	(1,436,281,824)	-
Balance at end of year	4,847,451,155	3,495,998,476	4,847,451,155	3,495,998,476
4.3.4.3 HSBC Loan AC				
Balance at the beginning of the year	3,914,750,000	-	3,914,750,000	-
Add: Loan Disbursed during the year	-	-	-	-
Less: Repayment of loans	-	-	-	-
Adjustment- Exchange Loss	106,050,000	-	106,050,000	-
Short term liabilities Payable in 2012	-	-	-	-
Balance at end of year	4,020,800,000	3,914,750,000	4,020,800,000	3,914,750,000
4.3.4.4 Other Loans				
Other Port Development Loans	15,466,185,786	10,378,949,563	15,466,185,786	10,400,817,702
Total loans	116,751,771,212	100,202,751,014	116,751,771,212	100,202,751,014
4.3.5 Long Term Provision of Gratuity				
The carrying amount at the beginning of the year	3,700,367,289	-	3,700,367,289	-
Add : Transferred from Short Term Gratuity Provision	754,919,608	-	754,919,608	-
Additional Provision made in the period	185,721,614	-	185,721,614	-
Less : Incurred and Charged against the Provision	(504,732,408)	-	(504,732,408)	-
The carrying amount at the end of the year	4,136,276,103	3,700,367,289	4,136,276,103	3,700,367,289
5 CURRENT LIABILITIES				
5.1 CREDITORS & ACCRUED CHARGES				
Trade Creditors & Sundry Creditors	35,644,161	106,003,509	23,072,518	109,016,760
Shipping Agents Advance A/C in Rs.	452,559,080	392,135,144	438,564,099	380,955,013
Shipping Agents -Credit Balance	665,840,588	414,969,937	665,840,588	414,969,937
Compensation Payments	3,794,000	3,794,000	3,794,000	3,794,000
Salary Abatments	23,386,265	50,449,398	23,386,265	50,449,398
Unclaimed Wages	4,406,197	5,435,473	4,406,197	5,435,473
EPF	119,276,374	132,212,363	119,276,374	132,212,363
ETF	14,313,165	15,865,484	14,313,165	15,865,484
	1,319,219,830	1,120,865,307	1,292,653,206	1,112,698,427
Bad & Doubtful Debt Reserve	-	-	-	-
	1,319,219,830	1,120,865,307	1,292,653,206	1,112,698,427

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010

5.2	Current portion of long term borrowings	6,011,404,338	4,596,138,975	6,011,404,338	4,596,138,975
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Short Term Loan Payments are amount payable during the year 2012. The details are as follows.

Loan References	Capital Re-payable in 2012		Accrued Interest Payable	
	Yen.	Rs.	Yen.	Rs.
SLP-07	309,888,000.00	462,569,818	5,035,758.00	7,516,876.00
SLP-08	125,800,000.00	187,781,660	1,646,601.37	2,457,882.00
SLP-12	95,216,000.00	142,128,923	2,880,524.61	4,299,759.00
SLP-23	278,212,000.00	415,287,052	16,683,192.19	24,903,001.00
SLP-27	508,892,000.00	759,623,088	34,106,220.68	50,910,356.00
SLP-30	973,768,000.00	1,453,543,494	75,017,486.01	111,978,601.00
SLP-33	333,082,000.00	497,191,501	38,152,033.58	56,949,541.00
SLP-41	237,958,000.00	355,199,907	36,358,678.52	54,272,599.00
SLP-46	128,982,000.00	192,531,431	28,045,634.05	41,863,718.00
SLP-67 I	66,072,000.00	98,625,674	684,252.49	1,021,384.00
SLP-67 II	7,128,000.00	10,639,966	48,333.70	72,148.00
SLP-85	-	-	553,700.79	826,509.00
Total	3,064,998,000.00	4,575,122,514	239,212,415.99	357,072,374.00
	US\$	Rs.	US\$	Rs.
BOC Loan No 71091263	12,502,453.20	1,436,281,824	-	-
Grand Total		6,011,404,338	-	-

5.3 DEPOSITS & ADVANCE PAYMENT

Deposits - Shipping Agents	3,414,516	3,260,476	3,414,516	3,260,476
Deposits for Shipping Charges current A/C	8,945,213	8,464,649	8,945,213	8,464,649
Deposit for Landing & Delivery C/A	74,113,326	68,714,641	74,113,326	68,714,641
Bonding Deposits	12,731,595	11,611,690	12,731,595	11,611,690
Deposit from customers	1,056,369	1,084,826	1,056,369	1,084,826
Employers Fidelity Deposits	936,400	870,379	936,400	870,379
Rent deposit	43,733,164	34,298,997	43,733,164	34,298,997
Trading deposits	265,087,322	280,281,474	265,087,322	280,281,474
Contractor deposits	4,501,249,576	4,100,280,367	4,501,249,576	4,100,280,367
Special Deposits	1,326,588	3,221,938	1,326,588	3,221,938
Miscellaneous Deposits	71,934,709	(31,194,711)	71,934,709	(31,194,711)
Taxes to be Paid	88,791,683	141,454,980	91,341,755	144,270,475
	5,073,320,460	4,622,349,707	5,075,870,532	4,625,165,202

These deposits are made by various port users as Consignees, Contractors, Shipping Agents, Canteen Tenders etc.

5.4 SHORT TERM PROVISIONS

5.4.1	Provision for Gratuity				
	The carrying amount at the beginning of the year	1,076,073,919	4,250,368,473	1,079,031,495	4,251,945,700
	Add : Additional Provision made in the period	243,423,882	767,893,607	244,415,985	769,273,956
	Less : Incurred and Charged against the Provision	(250,439,468)	(241,820,870)	(250,439,468)	(241,820,870)
	Transferred to Long Term Gratuity Provision	(754,919,608)	(3,700,367,289)	(754,919,608)	(3,700,367,289)
	Current Portion of Gratuity Liability	314,138,725	1,076,073,921	318,088,404	1,079,031,495
	Basis :- Based on half a month salary for one year of service				
5.4.2	Provision for Volume Rebate				
	The carrying amount at the beginning of the year	750,782,164	626,088,152	750,782,164	626,088,152
	Add : Additional Provision made in the period	866,014,834	730,872,833	866,014,834	730,872,833
	Adjustment	(30,340,161)	-	(30,340,161)	-
	Less : Incurred / Charged against the Provision	(754,006,998)	(606,178,821)	(754,006,998)	(606,178,821)
	The carrying amount at the end of the year	832,449,839	750,782,164	832,449,839	750,782,164
	Basis :- Based on Tariff/Individual agreements with Shipping Lines/Agents				
5.4.3	Provision for Accrued Expenditure				
	The carrying amount at the beginning of the year	714,404,284	736,225,696	718,340,096	736,225,696
	Add : Additional Provision made in the period	666,678,936	642,509,162	670,988,644	646,444,974
	Less : Incurred and Charged against the Provision	(711,604,206)	(664,330,575)	(711,604,206)	(664,330,575)
	The carrying amount at the end of the year	669,479,013	714,404,283	673,788,721	718,340,096
	Basis :- Based on Services / Products obtained by SLPA during the year and for which payment had not been made yet.				
	Total Short-term Provision	1,816,067,577	2,541,260,367	1,824,326,964	2,548,153,755

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010

5.5 CURRENT TAX PROVISION

5.5.1 Income Tax

The carrying amount at the beginning of the year	159,286,861	621,675,737	166,067,381	643,578,748
Add : Additional Provision made in the period	79,861,924	159,286,861	79,861,924	159,286,861
Adjustments	-	(481,503,835)	479,197	(477,637,244)
Less : Incurred and Charged against the Provision	(103,467,517)	(140,171,902)	(107,597,862)	(140,171,902)
Adjustment (over provision)	(55,819,344)	-	(55,819,344)	-
The carrying amount at the end of the year	79,861,924	159,286,861	82,991,296	166,212,435

Basis :- Based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act.

5.5.2 Deemed dividend Tax

The carrying amount at the beginning of the year	-	190,942,165	-	190,942,165
Add : Additional Provision made in the period	175,592,233	-	175,592,233	-
Less : Incurred and Charged against the Provision	-	(190,942,165)	-	(190,942,165)
The carrying amount at the end of the year	175,592,233	-	175,592,233	-
Total Current Tax Provision	255,454,157	159,286,861	258,583,530	166,212,435

Basis : As explained in Income Tax

5.6 PROVISION FOR CLAIMS

Reserve for claims against SLPA

The carrying amount at the beginning of the year	288,684,561	340,282,427	288,684,561	340,282,427
Adjustments				
Over Provision	(43,409,474)	(51,597,866)	(43,409,474)	(51,597,866)
The carrying amount at the end of the year	245,275,087	288,684,561	245,275,087	288,684,561

Provision for Claims

Provision for claims is based on the 30% of total estimated liability on all cases against S.L.P.A plus Provision expected for cases where compensation have not been specified and the full amount ordered by Court of which are due to be paid.

	Total	Provision	Total	Provision
Allocate 30% of total amount of the value sought as compensation damages and cost in Sri Lankan Rupees in the Cases	286,888,461	86,066,538	419,945,376	125,983,613
Allocate 30% of the Foreign Currency (US\$ 4,732,249 x 111.44)	527,361,829	158,208,549	539,003,161	161,700,948
Provision expected for Cases where amount claimed as compensation damages and cost have not been specified	1,000,000	1,000,000	1,000,000	1,000,000
The total amount to be allocated for year 2011	815,250,290	245,275,087	959,948,537	288,684,561

6.1 Directors Interest in Contracts

Directors of the authority have confirmed that they do not have any personal interest or relationships with any parties those have transactions with the Sri Lanka Ports Authority, than those disclosed below under related party transaction.

6.2.1 Related Party Transactions

COMPANY	Name of the Directors	Nature of Transaction	Terms	Value
Jaya Container Terminal Ltd	Dr R M P B Wickrama			
	Mr. Indika Karunajeewa	Reimbursement of wages	Monthly	1,585,371
	Capt. Nihal Keppetipola	Rental (Without Taxes)	Annually	2,400,000
	Mrs. Shirani Wanniarachchi	Supply of Fuel	01.01.2011 - 31.12.2011	1,678,739
South Asia Getway Terminal (Pvt) Ltd.	Capt. Nihal Keppetipola	Lease Rent	Quarterly	296,740,209
	Dr. Sanjaya Sedara Senarath	Royalty	Monthly	710,073,062
		Dividend	Interim & Final	737,643,771
		Rental (Without Taxes)	Annually	1,440,000
Sri Lanka Port Management & Consultancy Services Ltd	Dr R M P B Wickrama	Salaries	Monthly	147,133,143
		Lashing & Unlashing	Monthly	91,802,184
		Reefer Monitoring	Monthly	8,599,239
		Equipment Interchange	Monthly	70,015,178
		Seal Checking	Monthly	2,440,028
		Mahapola Training Charges	Monthly	510,928
		Consultancy charges	Monthly	452,000
		Ship & Ship side Surver	Monthly	371,032
		Paper Advertisement	Monthly	1,366,543
Lanka Coal Company (Pvt) Ltd		Sales of Discarded Items	Monthly	1,022,308
		Capt. R.A Jayawickrama		
Sri Lanka Nidahas Sevaka Sangamaya	Mr Presanna Kalutharage (Up to 09.12.2011)			409,211

	2011	2010
	Rs.	Rs.
6.2.2. Key Management Compensation		
Salaries & Other Short-term employee benefits	18,870,202	12,457,968
Loan Balances	1,000,000	1,530,356
	<u>19,870,202</u>	<u>13,988,324</u>

7	Bad & Doubtful Debt Provision		
	The total bad debt provision is made up as follows.		
	Trade Debtors (Agents)	355,522,349	413,154,158
	Trade Debtors (Consignees)	534,830	2,039,425
	Non Trade Debtors	30,715,477	53,362,837
		<u>386,772,656</u>	<u>468,556,420</u>

7 SEGMENTAL INFORMATION

REVENUE - ACTIVITY WISE RECEIVED FROM VARIOUS CARGO HANDLING OPERATIONS ACCORDING TO GEOGRAPHICAL REGIONS ARE GIVEN BELOW.

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010
I.1 REVENUE FROM PORT ACTIVITIES				
I.1.1 REVENUE FROM PORT ACTIVITIES	9,984,334,955	8,206,543,268	9,984,334,955	8,206,543,268
I.1.2 REVENUE FROM PORT ACTIVITIES - JCT	15,655,517,867	15,160,744,113	15,918,140,853	15,418,592,507
I.1.3 REVENUE FROM PORT ACTIVITIES - SAGT	1,109,202,828	1,028,596,097	1,109,202,828	1,028,596,097
I.1.4 REVENUE FROM PORT ACTIVITIES - KKS	9,421,797	6,566,776	9,421,797	6,566,776
I.1.5 REVENUE FROM PORT ACTIVITIES- MMRP	13,107,949			
TOTAL OPERATIONAL REVENUE	26,771,585,397	24,402,450,254	27,021,100,434	24,660,298,648
I.2 OTHER SERVICES OPERATIONAL				
I.2.1 OTHER SERVICES OPERATIONAL	403,404,310	376,781,973	403,404,310	376,781,973
I.2.2 OTHER SERVICES OPERATIONAL - JCT	352,674,079	255,539,291	352,674,079	255,539,291
I.2.3 OTHER SERVICES OPERATIONAL - SAGT	14,399,970	11,142,007	14,399,970	11,142,007
TOTAL OTHER SERVICES OPERATIONAL	770,478,359	643,463,272	770,478,359	643,463,272
I.3 OTHER REVENUE FROM PORT ACTIVITIES				
I.3.1 OTHER REVENUE NON OPERATIONAL	1,954,995,042.48	1,568,345,199	1,924,016,478	1,540,186,155
I.3.2 OTHER REVENUE RECEIVED FROM - JCT	8,957,903.93	81,623,255	8,957,904	81,623,255
I.3.3 OTHER REVENUE RECEIVED FROM - SAGT	1,744,457,041.52	1,583,417,869	1,742,052,471	1,580,990,157
TOTAL NON OPERATIONAL REVENUE	3,708,409,988	3,233,386,323	3,675,026,853	3,202,799,567
TOTAL REVENUE	31,250,473,744	28,279,299,849	31,466,605,645	28,506,561,487

NOTES TO THE FINANCIAL STATEMENTS

REVENUE - (SERVICES WISE) RECEIVED FROM VARIOUS CARGO HANDLING OPERATIONS ACCORDING TO GEOGRAPHICAL SERVICES ARE GIVEN BELOW.

Navigation Revenue	3,406,639,588	3,140,675,454	3,406,639,588	3,140,675,454
Stream Anchorage	18,959,817	18,847,398	18,959,817	18,847,398
Dockage	669,750,584	637,911,743	669,750,584	637,911,743
Stevedoring Revenue				
Containerised				
Domestic	8,663,924,467	7,702,652,663	8,663,924,467	7,702,652,663
Transshipment	5,654,766,431	5,708,263,303	5,654,766,431	5,708,263,303
Break Bulk				
Domestic	2,283,098,188	1,860,688,139	2,283,098,188	1,860,688,139
Transshipment	40,758,888	29,431,963	40,758,888	29,431,963
Wharf Handling Functions				-
Containerized Cargo - Domestic	2,485,554,389	2,205,179,811	2,485,554,389	2,205,179,811
Conventional Cargo Bulk & Break Bulk Cargo	787,007,199	616,604,969	787,007,199	616,604,969
Port Infrastructure	2,746,359,103	2,454,463,196	2,746,359,103	2,454,463,196
Liquid Cargo	14,766,743	27,731,615	277,389,729	285,580,009
Other Revenue - Operational	770,478,359	643,463,272	770,478,359	643,463,272
Other Revenue - Non Operational	3,708,409,988	3,233,386,323	3,675,026,853	3,202,799,567
	31,250,473,744	28,279,299,849	31,479,713,595	28,506,561,487

8 SEGMENTAL INFORMATION

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010
(a) Revenue				
Navigation	4,095,349,989	3,797,434,595	4,095,349,989	3,797,434,595
Stevedoring	16,642,547,974	15,301,036,069	16,642,547,974	15,301,036,069
Wharf Handling	3,272,561,588	2,821,784,780	3,272,561,588	2,821,784,780
Port Facilities	2,761,125,846	2,482,194,810	3,023,748,832	2,740,043,204
Other	4,478,888,347	3,876,849,595	4,445,505,212	3,846,262,839
	31,250,473,744	28,279,299,849	31,479,713,595	28,506,561,487
(b) Revenue from Regions				
Port of Colombo	30,502,420,088	27,717,117,369		
Port of Galle	440,614,627	276,833,751		
Port of Trincomalee	284,909,282	278,781,953		
Port of KKS	9,421,797	6,566,776		
Port of Magampura Mahinda Rajapaksha	13,107,949	-		
	31,250,473,744	28,279,299,849		
(c) Operational Revenue				
Transshipment Containers	5,654,766,431	5,708,263,303		
Domestic Containers	11,149,478,856	9,907,832,475		
Break Bulk, Bulk & Liquid	3,125,631,019	2,534,456,686		
Other	11,320,597,439	10,128,747,385		
	31,250,473,744	28,279,299,849		
(d) Expenses Excluding VRS & Taxes				
Port of Colombo	26,682,903,079	28,243,702,320		
Port of Galle	587,854,145	622,009,992		
Port of Trincomalee	602,872,605	661,721,597		
SLPA Total Expenditure	27,873,629,830	29,527,433,908		
JCT Ltd.	156,172,502	172,828,790		
Total Expenditure	28,029,802,331	29,700,262,699		
(e) Profit Before VRS , Tax & Foreign Exchange Gain				
Port of Colombo	7,385,285,811	3,889,790,846		
Port of Trincomalee	(317,963,323)	(382,939,643)		
Port of Galle	(147,239,519)	(345,176,241)		
JCT Ltd.	63,913,638	52,279,246		
SLPMCS	7,769,388	5,666,526		
	6,991,765,995	3,219,620,734		
(f) Assets & Liabilities				
Non Current Assets	208,963,087,071	185,835,429,920	209,016,180,786	185,882,742,237
Current Assets	13,563,331,051	17,784,180,143	13,693,487,570	17,877,790,119
Total Assets	222,525,845,041	203,618,197,613	222,709,668,356	203,760,532,355
Assets Details are given at page 30.				
Current liabilities	14,720,741,449	13,328,585,778	14,708,113,656	13,337,053,354
Non Current Liabilities	120,888,047,315	103,903,118,302	120,888,047,315	103,903,118,302
(g) Cash Flow				
Operating Cash Flows	12,886,589,899	13,201,810,665	12,972,520,911	13,230,792,404
Investing Cash Flows	(27,258,438,434)	(42,277,389,083)	(27,262,390,304)	(42,293,200,553)
Financing Cash Flows	14,563,647,584	29,159,374,008	14,563,647,584	29,159,374,008

9 Contingencies

The total claims against SLPA at the end of the year 2011 is Rs 815,250,290 /=. SLPA has provided a sum of Rs. 245,275,087/= against the profit of the year with the advice of the Chief Law Officer. SLPA do not have any other liability than those disclosed above.

10 Comparative Figures

To facilitate comparison ,relevant balances pertaining to the previous year, have been reclassified to confirm to current year classification and presentation.

11 Post Balance Sheet Events

A bank guarantee for Rs 763,911,439/= has been obtained from Bank of Ceylon in favour of the Tax Appeal Commission in order to make an appeal to the Tax Appeals Commission with respect to the Determination of Appeal-Income Tax given by the Commissioner of General of Inland Revenue in respect of the appeal made against the assessment issued for the year of assessment 2007/08. The value of the bank guarantee was 25% of the sum assessed (i.e Rs.3,055,645,755) by the Commissioner General of Inland Revenue.

The sum of Rs. 192,271,057/- being the rupee equivalent of the sum of US\$ 1,193,715 plus interest at LIBOR+2% from 31st August 2003 to 11th January 2012 has been received from South Asia Gateway Terminals(PVT)Ltd, in respect of the difference between the Government valuation of US\$ 4.811 million for the SLPA cranes and US\$ 3.618 million being the value of the "In-kind" shares issued by SAGT to SLPA to date.

SLPA will be entitled to be issued additional "In-kind" shares in SAGT, for US\$ 2.425 million will be applied for the issuance of shares in respect of the "In-kind" contribution, on a pari passu basis to the cash contribution will be made by SLPA in the event of a further capital call for the phase I facilities.

An amount of Rs 921.874 million is estimated for the payment of VRS for applicants who have less than five years and more than two years of future Service.

12 FINANCIAL RISK MANAGEMENT

Significant Risk Management measures have not been adopted by SLPA during the year 2011.

a Foreign Exchange Risk

No specific risk management.

b Trade Debtors Risk

Trade Debtors Risk is only covered up to a Bank Guarantee for Rs.250,000/= for conventional cargo agents and Rs.500,000/= for a shipping line.

13 ACCOUNTING ESTIMATES & JUDGMENTS

Estimates & Judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a Critical Accounting Estimates and Assumptions

SLPA makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, rarely equal the related actual results. The estimates and assumption that have a significant risk of causing a material adjustment is outlined below.

b Income Tax

Where the final tax outcome is different than the assumption such difference will impact the income tax provision in the year.

c Revenue Recognition

Revenue was recognized as Receivables to Rs 717,802,687/= for Services rendered, but not billed yet. SLPA believes that based in past experience these revenue will be received.

d Commitment for Claims

Though during last three years no reasonable economic out flow has been occurred, considering the nature of unpredictability a sum of Rs245,275,087/= has been provided.

EXPENSES ACCORDING TO SUBJECTS

DESCRIPTION	SLPA		CONSOLIDATED	
	2011	2010	2011	2010
EMPLOYEE EMOLUMENTS				
Salaries Wages & Allowances	9,306,793,162	10,011,012,969	9,403,455,609	10,112,800,003
Overtime	3,176,981,109	3,322,603,870	3,176,981,109	3,322,603,870
	12,483,774,271	13,333,616,839	12,580,436,718	13,435,403,873
PROVISION FOR STAFF RETIREMENT BENEFIT	423,724,658	754,134,518	423,724,658	754,134,518
DEPRECIATION	4,118,246,682	4,682,142,711	4,121,115,836	4,684,128,596
MAINTENANCE OF ASSETS				
Contract works for Rep. & Main.	337,821,461	197,238,708	338,153,011	197,123,205
Material Issued for Rep. & Main.	1,035,283,632	939,753,924	1,043,534,788	941,545,315
	1,373,105,093	1,136,992,631	1,381,687,799	1,138,668,519
FUEL, ELECTRICITY & WATER				
Fuel Electricity & Other Expenses	2,027,622,501	1,658,337,186	1,946,067,126	1,587,259,703
Cost of Water	173,240,683	169,212,073	174,260,946	170,488,902
	2,200,863,184	1,827,549,259	2,120,328,072	1,757,748,605
INTEREST ON FOREIGN LOANS	1,371,750,365	1,225,174,176	1,371,750,365	1,225,174,176
VRS Expenses	2,594,613,057	-	2,594,613,057	-
REBATE	1,122,939,591	917,807,895	1,122,939,591	917,807,895
OTHER EXPENSES				
Traveling Subsistence & Fuel Allowance	8,880,542	15,128,522	8,880,542	15,128,522
External Hire Chargers / Contacts	626,277,860	461,771,787	626,277,860	461,771,787
Communication Expenses	32,580,088	30,902,087	33,643,865	32,244,300
Rate & Taxes	26,825,901	25,720,864	28,881,002	28,622,144
Insurance & License	22,337,841	15,519,076	23,191,737	16,033,965
Office Requisites	73,475,759	62,863,270	73,909,937	63,360,278
Training Expenses	29,080,817	11,779,966	29,080,817	11,779,966
Welfare Expenses	150,516,365	104,681,865	154,083,893	108,395,326
Publicity & Public Relations	31,430,641	70,058,357	32,150,276	70,398,782
Sundry Expenses	77,689,604	97,051,491	80,229,798	100,220,757
Other Charges	22,087,258	805,461	46,290,754	30,841,376
Miscellaneous Balance A/C Written Off	9,487,573	-	9,487,573	-
Bad & Doubtful Debtors	(80,279,169)	109,739,677	(79,668,393)	111,955,936
Expenses on GST & VAT	35,491,891	35,417,441	35,318,060	35,633,315
Stamp Duty	917,349	722,375	956,790	722,375
N.B.T Payments	137,126,143	148,697,998	142,299,708	157,688,541
Finance Charges	26,275,993	38,859,187	27,023,409	39,680,632
Audit Fees	1,434,158	1,508,078	1,769,158	1,813,078
Unabsorbed Kitchen Expenses	4,349,604	8,979,358	4,349,604	8,979,358
Corporate Social Responsibility Projects	-	-	56,934	328,545
Foreign Exchange Loss / (Gain)	3,543,239,055	4,409,809,021	3,543,239,055	4,409,809,021
Social Responsibility Levy	-	2,353,993	-	2,353,993
Cents Adjustment from Debt Collection	715	-	715	-
	4,779,225,986	5,652,369,873	4,821,453,092	5,707,761,996
TOTAL EXPENSES	30,468,242,887	29,529,787,901	30,538,049,187	29,620,828,178

STATEMENT OF EMPLOYEE EARNING

DESCRIPTION		Port of Colombo Rs.	2011 Port of Trincomalee Rs.	Port of Galle Rs.	SLAP	
					2011 Rs.	2010 Rs.
Employees		10,083	466	433	10,982	12,824
Salaries Wages, Allowances & Gratuity	Rs. Mn.	9,102	398	352	9,852	10,902
Overtime	Rs. Mn.	3,087	102	56	3,245	3,396
Total	Rs. Mn.	12,188	500	408	13,097	14,298
Per Employee						
Average Annual						
Salaries Wages, Allowances & Gratuity	Rs.	902,689	854,067	812,986	897,089	850,104
Overtime	Rs.	306,126	218,806	129,872	295,471	264,840
Total	Rs.	1,208,816	1,072,873	942,858	1,192,561	1,114,945
Average Monthly						
Salaries Wages, Allowances & Gratuity	Rs.	75,224	71,172	67,749	74,757	70,842
Overtime	Rs.	25,511	18,234	10,823	24,623	22,070
Total	Rs.	100,735	89,406	78,572	99,380	92,912

NOTE :

Wages, Salaries, Gratuity, Allowances and Overtime include Wages, salaries, Gratuity, allowances & Overtime of Kitchen Employees as follows :

	2011	2010
Salaries, Wages & Allowances (Rs.Mn)	122.32	137.59
Overtime (Rs.Mn)	68.89	74.71
	191.20	212.30

TEN YEAR SUMMARY

PARTICULARS	2011 Rs.	2010	2009	2008	2007	2006	2005	2004	2003* Re-Styled	2002
				Balance Sheet						
Total Revenue	31,250	28,279	23,331	25,142	25,913	23,004	20,550	17,861	16,356	15,667
Net Revenue	31,250	28,279	23,331	25,142	25,913	23,004	20,550	17,861	16,356	15,667
Op., Rep. & Main. & Admin Expenses	(22,959)	(23,892)	(21,390)	(22,201)	(22,415)	(17,101)	(13,183)	(11,111)	(10,149)	(11,736)
Operating Profit	8,292	4,387	1,942	2,941	3,498	5,903	7,367	6,750	6,207	3,931
Gain on sale of Revaluation	-	-	-	-	7	-	-	-	-	-
Interest on Foreign Loans	(1,372)	(1,225)	(1,159)	(1,211)	(1,147)	(1,116)	(1,186)	(1,356)	(1,111)	(1,134)
Profit before Foreign Exchange Fluc.	6,920	3,162	782	1,729	2,357	4,787	6,181	5,394	5,096	2,797
Foreign Exchange Fluctuation	(3,543)	(4,410)	591	(11,791)	(3,945)	(1,168)	7,059	(5,666)	(4,766)	-
Profit After Foreign Exchange Fluc.	3,377	(1,248)	1,373	(10,062)	(1,588)	3,619	13,239	(272)	330	-
V.R.S. Expenses	(2,595)	-	-	-	-	-	-	(1)	(2,524)	-
Net Profit before Tax	782	(1,248)	1,373	(10,062)	(1,588)	3,619	13,239	(273)	(2,193)	-
Less: Income, Deemed dividend tax & Surcharge	(200)	(159)	(510)	(508)	(1,063)	(3,253)	(3,051)	(2,701)	-	(1,814)
Deferred Tax	0	343	1250							
Net Profit After Tax	583	(1,065)	2,114	(10,570)	(2,651)	366	10,189	(2,973)	(2,193)	983
Special Levy	-	-	-	-	(115)	(115)	(115)	(95)	-	-
	583	(1,065)	2,114	(10,570)	(2,766)	251	10,074	(3,068)	(2,193)	983
Provision for Tsunami affected Assets	-	-	-	-	-	-	(2)	(162)	-	-
Net Profit After Extra-ordinary Items & After Tax	583	(1,065)	2,114	(10,570)	(2,766)	251	10,072	(3,230)	(2,193)	-
Adjustment in respect of previous year	(1,173)	982	140	145	(4,755)		-	-	(3)	(2)
Opening retained profit as previously reported	(15,167)	(15,412)	(17,678)	(7,270)	-		-	-	(1,766)	(2,747)
Correction of Fundamental error	-	-	-	-	-		-	-	2,361	-
(Special Levy Recovered)										
Revaluation Reserve Realized on Assets Disposal	52	328	11	17						
Opening retained earning as Re-stated	(15,116)	(15,084)	(17,667)	(7,253)	-		-	(3,416)	595	-
Net Profit for the year	(591)	(83)	2,254	(10,425)	(7,520)	251	10,072	(3,230)	(2,196)	981
Cumulative Profit B/F	(15,116)	(15,084)	(17,667)	(7,253)	251	-	(6,646)	-	-	-
Retained Profit/Loss	(15,706)	(15,167)	(15,412)	(17,678)	(7,270)	251	3,426	(6,646)	(1,601)	(1,766)
Amount transferred to loan Redemption Reserve	-	-	-	-	-		(3,426)	-	(1,815)	-
Balance Profit/Loss c/f	(15,706)	(15,167)	(15,412)	(17,678)	(7,270)	251	-	(6,646)	(3,416)	(1,766)

PARTICULARS	2011	2010	2009	2008	2007	2006	2005	2004	2003* Re-Styled	2002
Balance Sheet										
Non Current Assets	202,807	180,094	142,962	124,752	122,651	126,064	42,920	44,420	43,354	44,497
Investments	6,155	5,740	5,256	5,135	4,480	3,849	3,190	3,750	2,415	2,260
Sub total	208,963	185,834	148,218	129,887	127,131	129,914	46,110	48,170	45,769	46,757
Deferred Rev./Foreign Ex: Fluc. Prov:	-	-	-	-	-	-	-	-	-	9,590
Total Non Current Assets	208,963	185,834	148,218	129,887	127,131	129,914	46,110	48,170	45,769	56,347
Current Assets	13,564	17,371	23,514	18,371	18,586	18,192	17,690	14,347	13,659	22,470
Current Liabilities	(14,721)	(12,914)	(14,574)	(12,345)	(11,273)	(10,723)	(11,365)	(10,776)	(8,730)	(9,729)
Working Capital	(1,157)	4,457	8,940	6,025	7,313	7,469	6,324	3,571	4,929	12,741
	207,806	190,291	157,158	135,913	134,444	137,383	52,434	51,741	50,698	69,088
Capital Employed	7,591	7,591	7,591	7,591	7,591	7,591	7,591	7,591	7,591	7,591
Reserves & Provisions	95,032	93,962	91,026	78,865	77,765	90,996	4,573	1,223	517	20,080
Retained Profit	(15,706)	(15,167)	(15,412)	(17,678)	(7,270)	251	-	(6,646)	(3,416)	(1,766)
Non Current Liabilities	120,888	103,903	84,261	67,134	56,357	38,545	40,270	49,574	46,006	43,183
	207,805	190,290	157,158	135,913	134,443	137,383	52,434	51,741	50,698	69,088
Operational & Financial Highlights										
Number of Ships called (Nos)	5,153	4,657	5,162	5,430	5,366	5,117	5,092	4,932	4,976	4,789
Throughput										
Transshipment	3,216,001	3,205,197	2,712,305	2,874,067	2,578,166	2,330,189	1,716,045	1,531,103	1,370,119	1,197,277
Domestic	1,046,886	932,244	751,992	813,271	803,076	748,896	739,252	689,422	589,217	567,417
TOTAL TEU's	4,262,887	4,137,441	3,464,297	3,687,338	3,381,242	3,079,085	2,455,297	2,220,525	1,959,336	1,764,694
Container TEU's (Excluding S.A.G.T.)	2,299,446	2,167,173	1,714,488	1,960,898	1,834,734	1,743,669	1,523,794	1,320,845	1,334,900	1,206,694
Conventional M/T	6,265,388	5,463,238	4,984,390	5,863,920	5,977,546	6,286,583	5,893,669	5,150,067	5,295,937	4,959,561
Liquid M/T	4,678,404	4,349,830	4,192,148	4,228,839	4,432,070	4,427,376	4,062,599	4,270,425	3,639,726	3,943,602
Total	10,943,792	9,813,068	9,176,538	10,092,759	10,409,616	10,713,959	9,956,268	9,420,492	8,935,663	8,903,163
Personnel										
Number of employees	10,982	12,824	13,367	13,658	12,824	13,691	13,527	13,233	13,443	17,909
Foreign Exchange Earning (Rs.M)	22,749	20,858	16,897	17,921	18,216	16,198	14,986	12,806	11,791	11,218
Per Tone of Cargo										
Operational & Other Revenue	800	780	786	749	814	746	743	526	536	552
Operational & Other Expenses	(623)	(693)	(760)	(698)	(740)	(591)	(520)	537	525	454
Net profit per tone	177	87	26	52	74	155	223	(11)	11	99
Expenses on Payroll	12,907	14,088	12,592	13,388	14,013	8,936	6,503	5,426	4,825	5,695
Payroll / Total Expenses	53%	56%	56%	57%	59%	49%	45%	30%	38%	44%
Payroll / Total Revenue	41%	50%	54%	53%	54%	39%	32%	30%	29%	36%

KEY RESULTS AT A GLANCE

PARTICULARS		2011	2010	2009	2008	2007	2006	2005	2004	2003*	2002
		Balance Sheet						Re-Styled			
Profitability Ratios											
Operating Profit to Revenue	%	26.53	15.51	8.32	11.70	13.50	25.66	35.84	37.79	37.95	25.09
Net Profit Before Tax & Foreign Ex. Gain/(Loss) to Revenue	%	22.14	11.18	3.35	6.88	9.07	20.81	30.07	30.19	15.73	24.86
Net Profit After Tax to Revenue	%	1.86	(3.76)	9.06	(42.04)	(10.67)	1.09	49.01	(17.18)	(13.41)	(29.09)
Annual Revenue Growth	%	10.51	21.21	(7.20)	(2.97)	12.65	11.94	15.05	9.20	4.40	(4.40)
Return on Capital Employed	%	3.99	2.31	1.24	2.16	2.60	4.29	14.05	13.05	12.24	5.69
Debt Equity Ratio		1.34	1.16	0.91	0.60	0.41	0.39	3.31	22.87	9.8	1.67
Liquidity Ratios											
Current Ratio	Times	0.9	1.3	1.6	1.5	1.3	1.7	1.5	1.4	1.6	2.3
Quick Ratio	Times	0.8	1.1	1.4	1.3	1.5	1.6	1.4	1.3	1.4	2.2
Interest Cover	Times	6.0	3.6	1.7	2.4	3.0	5.3	6.2	5.0	3.3	4.4
Productivity Ratios											
Total Revenue per TEU's	Rs.	13,590	13,049	13,608	12,822	16,756	17,226	13,486	13,522	12,253	12,983
Operational Expenses per TEU's	Rs.	6,909	7,633	8,787	8,124	10,065	8,871	5,762	4,877	5,288	6,012
Total Expenses per TEU's	Rs.	12,122	13,625	12,807	17,953	17,861	13,727	9,507	13,923	12,005	15,257
Total Revenue per Tonnage	Rs.	800	780	786	749	814	746	743	727	687	700
Operational Expenses per Tonnage	Rs.	407	456	508	475	489	384	317	262	297	324
Total Expenses per Tonnage	Rs.	714	815	740	1,049	868	633	624	748	673	822
Net Profit Before Tax & Foreign Ex. Gain/(Loss) per Tonnage	Rs.	177	87	26	52	74	155	223	219	108	174
Cargo Handling per Employee	Tonne	3,556	2,826	2,221	2,456	2,329	2,256	2,045	1,858	1,771	1,250
Cargo Handling per Rs. 1 million Fixed Capital	Tonne	5,145	4,775	3,910	4,419	4,192	4,060	3,644	3,238	3,136	2,949
Cargo Handling per Rs. 1 million Capital Employed	Tonne	188	190	189	247	237	224	528	475	470	324
Tonnage per Employee	Tonne	3,556	2,826	2,221	2,456	2,329	2,256	2,045	1,858	1,771	1,250
TEU's per Employee	TEU's	209	169	128	144	113	128	113	100	99	67

SAGT Tonnage is Excluding above Ratios.

Total Revenue is including Operational Revenue & Other revenue

GLOSSARY OF FINANCIAL TERMS

Accounting Policies: Specific Principles, Bases, Conventions, Rules and Practices adopted by an enterprise in preparing and presenting Financial Statements.

Accrual Basis: Method of accounting that recognizes revenue when earned, rather than when collected. Expenses are recognized when incurred rather than when paid.

Assets: Economic resources owned by a business.

Bad Debt: All or portion of an accounts, loan, or note receivable considered being un-collectible

Capital Employed: Total assets short term Liabilities and other provisions.

Cash Basis: Method of bookkeeping by which revenues and expenditures are recorded when they are received and paid

Cash and Cash Equivalent: Short-term highly liquid investments that is readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Consolidated Financial Statements: Combined financial statements of a parent company and one or more of its subsidiaries as one economic unit.

Current Asset: Assets that one can reasonably expect to convert into cash, sell, or consume in operations within a single operating cycle, or within a year if more than one cycle is completed each year.

Current Liability: Obligation whose liquidation is expected to require the use of existing resources classified as current assets, or the creation of other current liabilities.

Current Ratio: Current Assets divided by current liabilities. A measure of Liquidity.

Deferred Taxation: Sum set aside for tax in the accounts of SLPA that will become payable due to timing or measurement differences between tax and accounting principle in a period other than that under review.

Extraordinary Items: Events and transactions distinguished by their unusual nature and by the infrequency of their occurrence. Extraordinary items are reported separately, less applicable income taxes, in the entity's statement of income or operations.

Equity Method: An accounting method under which an investment is modified at every balance sheet date in proportion with changes

in the portion of the net assets of the invested company that are attributed to the parent.

Face Value: Amount due at maturity from a bond or note

Foreign Exchange Gain/Loss: The difference in the spot rate and the fixed rate is treated as loss / gain in exchange.

The realized gain / loss recorded when Assets or Liability denominated in foreign currencies are translated into Sri Lankan rupees and the Balance sheet date.

Income Statement: Summary of the effect of revenues and expenses over a period of time.

Leases: A Lease is an agreement whereby the lesser conveys to the Lessee in return for a payment, or series of payments the right to use an asset for an agreed period of time.

Long-term Liabilities: All interest bearing borrowings.

Pre-payments: One or more accounts set up to account for money paid in advance (eg, insurance, where part of the premium applies to the current financial year, and the remainder to the following year).

Provisions: One or more accounts set up to account for expected future payments (eg, where a business is expecting a bill, but hasn't yet received it).

Related parties: Parties those who could control or significantly influence the financial and operating policies of the business.

Repurchase Agreement (Repos): Agreement whereby an institution purchases securities under a stipulation that the seller will repurchase the securities within a certain time period at a certain price

Reserve: Accounts used to earmark a portion of equity or fund balance to indicate that it is not available for expenditure.

Taxable Income: Taxable income is generally equal to a taxpayer's adjusted gross income during the tax year less any allowable exemptions and deductions.

Value Added: The quantum of wealth generated by the activities of the SLPA

Working Capital (Net Current Assets): Capital required to finance the day to day operations computed as the excess of current assets over current liabilities.

Work in Progress: Inventory account consisting of partially completed goods awaiting completion and transfer to finished inventory.

AUDITOR GENERAL'S REPORT

TC/B/SLPA/FA/11

08 January 2013

**The Chairman
Sri Lanka Ports Authority**

Report of the Auditor General on the Financial Statements of the Sri Lanka Ports Authority for the year ended 31 December 2011 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971

The audit of Financial Statements of the Sri Lanka Ports Authority for the year ended 31 December 2011 comprising the balance sheet as at 31 December 2011 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act No.38 of 1971 and Section 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. A detailed report in terms of Section 13(7) (a) of the Finance Act was furnished to the Chairman of the Authority in due course.

1.2 Management's Responsibility for the Financial Statements

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

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud

or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Sub-sections (3) and (4) of the Section 13 of the Finance Act, No 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the Audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

1.4 Basis for Qualified Opinion

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

2. Financial Statements

2.1 Qualified Opinion

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

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Accounting Standards

The under mentioned non compliances were observed.

- a) According to Sri Lanka Accounting Standard No.09, although when the cash flow statement is prepared the provision for gratuity had to be deducted from net profit / loss as transaction not involving movement of cash under cash generated from operating activities and the actual payment of gratuity to be deducted from the cash generated from operating activities, action had not been taken accordingly.
- b) Action had not been taken to charge the transaction of the previous year amounting to Rs. 1,173,151,560 against the revenue of the year under review or / and show in the financial

statements as prior period items according to Sri Lanka Accounting Standard 10.

- c) The date authorized for the issue of the financial statements prepared for the accounting period had not been disclosed according to Sri Lanka Accounting Standard 12.
- d) Although the differed tax liability should be shown under non-current liabilities according to Sri Lanka Accounting Standard 14, the liability had been shown under reserves and provisions.

2.2.2 Accounting Deficiencies

The following deficiencies were observed.

- a) The assessment tax amounting to Rs. 2,054,052 paid during the year under review on behalf of an associated company of the Authority had been charged against the revenue.
- b) Although an operational building having the insured value of Rs.597,854,000 and electrical and scientific equipment amounting to Rs. 1,646,000 had been entrusted to the Authority by a private service company from July 2008, these had been accounted for during the year under review without accounting for during the years 2008 to 2010. However, these assets had been accounted based on insured amount not a revaluated amount done by an accredited valuer.
- c) Two plots of lands not belonging to the Authority and having the revaluation of Rs.700 million had been accounted for as assets.

2.2.3 Accounts Receivable and Payable

The balances in the accounts receivable and payable of the Authority as at 31 December 2011 had been Rs. 2,554,985,069 and Rs. 6,392,540,290 respectively. In this respect the following observations were made.

- a) The net balance of Rs. 703,394,718 had been shown after adjusting the balances receivable and payable from or by the Shipping Agent Organizations as at 31 December 2011 aggregating Rs. 1,356,456,543 and Rs. 653,061,825 respectively. However, in these balances, the balances outstanding for over one year had amounted to Rs. 315,949,594 and the balances outstanding for over 5 years had amounted to Rs. 9,354,510.
- b) In the balances receivable amounting to Rs. 74,642,387 in respect of the cost of electricity consumed in the premises given by the Authority to maintain properties and welfare canteens and the amount of Rs. 40,657,163 receivable in respect of giving the premises for rent and hire, which were shown under non-trade debtors as at 31 December 2011,

a sum of Rs.1,790,016 and Rs.36,069,403 respectively had been over 05 years.

- c) Out of the expenditure to be reimbursed by the Ministry as at the end of the year under review, a sum of Rs. 1,477,418 had been receivable over a period of 05 years.

2.2.4 Lack of Evidence for Audit

The following evidences indicated against each item had not been rendered to audit.

Item	Amount (Rs.)	Evidence not Rendered
Lands	693,925,000	The details of rent received and the usage.
Current Assets	1,928,430,391	Confirmation of balances
Current Liabilities	643,220,982	- do -
Penalty and surcharge on landing and delivery/ Stevedore billing	17,123,199	Detailed schedules

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

Under mentioned non-compliances were revealed.

Reference to Laws, Rules, Regulations etc;	Non-compliance
a) Sub – section 6(a) of the Sri Lanka Ports Authority Act No.51 of 1979 amended by the Sri Lanka Ports Authority Act No. 2 of 1992 (Amended)	Although each port should operate as self-sufficient enterprise, the Trincomalee and Galle ports had incurred losses before tax amounting to Rs.317,963,323 and Rs. 147,239,519 respectively during the year under review.
b) Section 111(a) of Inland Revenue Act No.38 of 2000	Pay-as-You-Earn Tax amounting to Rs. 514,567,075 and Rs. 323,656,476 during the years 2010 and 2011 respectively had been paid out of the funds of the Authority instead of recovering from the employees.

2.2.6 Transactions in Contentious Nature

An opportunity had been given to a private company connected with the trade union to maintain 'Haritha' Development Project at the Galle Face grounds which belongs to the Urban Development Authority.

Following observations were made.

- i) Revenue amounting to Rs. 70 million at Galle Face grounds as rent of shops, vehicle parking charges and renting the grounds for various ceremonies had been collected from the year 2009 till the end of the year under review by the Company by printing tickets using the official emblem of the Authority

irregularly and without permanent approval. However, this revenue had not been utilized for any maintenance of the Galle Face grounds by that Company.

- ii) Seruwawila 2 vessel belonging to the Authority had been engaged in transport of passengers in the Trincomalee harbor engaging the staff of the Authority. Although the revenue earned by this had amounted to more than one million, the Company had been allowed to receive the revenue.
- iii) This Company had collected money amounting to Rs. 5.5 million by giving the sole distributorship to a private company by an agreement with them to sell cool drinks in the Galle Face grounds without the proper approval and notice of the Authority.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the results of the operations for the year under review had been a profit amounting to Rs. 8,291.833 million and it was 26.53 per cent of the total turnover of the year amounting to Rs. 31,250.474 million. The corresponding operational profit for the previous year had been Rs. 4,386.849 million and it was 15.51 per cent of the total turnover amounting to Rs. 28,279.239 million for that year. Accordingly, the operational profit for the year under review compared to the previous year had increased by Rs. 3,904.984 or 89.02 per cent. However, if the adjustments shown in paragraph 2.2.1(b) of this report had been made to the financial results for the year under review, the profit amounting to Rs. 8,291.833 might be reduced up to Rs. 7,118.681 million.

3.2. Analytical Financial Review

- a) The figures for the year under review and for the previous two years are shown below.

	2011	Year 2010	2009
Total Revenue (Rs. Million)	31,250	28,279	23,331
Total Expenditure (Rs. Million)	26,926	25,118	22,549
Net profit / loss before tax (Rs. Million)	782	(1,248)	1,373
Net profit / loss after tax (Rs. Million)	583	(1,065)	2,114
Movement of cargo (Metric Ton)	39,055,978	36,246,744	29,685,685
Net profit per Metric Ton (Rs)	177	87	26
No. of employees	10,982	12,824	13,667

- b) The ratio analysis for the year under review and for the previous two years are shown below.

	Year		
	2011	2010	2009
Operational profit for Turnover	26.53%	15.51%	8.32%
Cost of employees for Turnover	41.30%	49.81%	53.97%
Current ratio	0.92:1	1.33:1	1.61:1
Quick ratio	0.78:1	1.13:1	1.41:1
Loan: Equity ratio	1.41:1	1.21:1	0.89:1

Following were observed.

- i) Although the current ratio should be approximately 2:1, as this was very less as 0.92:1 for the year under review, the Authority did not have sufficient current assets to settle the current liabilities
- ii) Although the quick assets ratio should be approximately 1:1, this figure was 0.78:1 for the year under review. Therefore, it was observed that the quick assets were not sufficient to settle the current liabilities.
- iii) Although the Authority should have own capital more than the borrowed capital, as the loan equity ratio was 1.14:1 during the year under review, the liability over the equity (ownership) had been shown. This is not a preferable indication of an organization.

4. Operational Review

4.1 Performance

According to the information furnished to audit, the matters observed during the analysis of statistics and reports relating to the operational activities are shown below.

a) Port of Colombo

(i) Arrival of naval vessels

Type of Vessels	Year			Variance Favorable / (Adverse)	
	2011	2010	2009	2010/11 %	2009/10 %
Containers	3,187	3076	3304	3.6	(6.9)
Traditional	68	56	140	21.4	(60)
Others	869	778	670	11.7	16.1
	4124	391	4114	5.5	(4.9)
Total increase /(decrease) relating to previous year	214	(204)	(310)		

When compared with the year 2009 the arrival of ships to Colombo Port during the year 2010 had a decrease of 204 or the decline of 5 per cent and when compared with the year 2010 the arrival of ships had an increase of 214 or the growth of 5.5 per cent during the year 2011.

(ii) Containers Operations (TEUs)

	Year			Variance Favorable / (Adverse)	
	2011	2010	2009	2010/11 %	2009/10 %
Colombo Port National	1,046,886	932,244	751,992	12.29	23.97
Transshipments and Re-packing	3,216,001	3,205,197	2,712,305	0.34	18.17
Total	4,262,887	4,137,441	3,464,297	3.03	19.43
Total increase relating to previous year	125,446	673,144	(223,041)		
Total increase / (decrease) of Re-shipping relating to previous year	10,804	492,892	(161,762)		

Following observations were made.

When compared with the year 2009 although the container operations TEU at Colombo Port during the year 2010 had increased by 673,144 that is, by 19.43 per cent, it had shown only an increase of 125,446 or 3.03 per cent during the year 2011 when compared with the year 2010.

Excessive income had been received by the Authority through recovering charges for Transshipments and re-packing. Although more attention should be paid at receiving more re-shipping at Colombo Port, the Transshipments had increased by only a small amount such as 0.33 per cent during the year under review.

The container operation capacity of the Authority in Colombo Port had rapidly declined from 81 per cent to 54 per cent in a percentage of the total container movement during the ten year period from the year 2001 to 2011.

b) Port of Trincomalee

When compared with the year 2009 the arrival of vessels at Trincomalee Harbor during the year 2010 had decreased by 201 that is, by 64.84 per cent and it had increased by 17 or 15.59 per cent during the year 2011 when compared with the year 2010.

c) Port of Galle

When compared with the year 2009 the arrival of vessels at Galle Harbor during the year 2010 had increased by 16 that is, by 50 per cent and it had increased by 25 or 52 per cent during the year 2011 when compared with the year 2010.

d) All Ports (Colombo, Trincomalee and Galle)

When compared with the year 2009 the movement of goods TEU increase at all Harbors had been 12,461,925 that is 25.54 per cent during the year 2010 and it had increased by 3,813,376 or 6.22 per cent during the year 2011 when compared with the year 2010.

e) Magam Ruhunupura Mahinda Rajapaksha Port

According to the information furnished to audit, 3 ships for the opening ceremony of the Harbor; 3 training ships of Navy captains, one sand- transport ship, one book exhibition ship, 3 Cargo ships and 2 Yacht ships totaling 13 vessels had arrived up to the end of the year under review. Although more than one year had passed since the opening of this Harbour in November 2010 up to the end of the year under review and a very less number of vessels had arrived to this Harbor the attention of the Authority has to be paid on the necessity of taking effective action to bring more ships to the Harbor while attention also had been invited on the necessity of fixing grand cranes very quickly to speed up the operational activities of the Harbor.

4.2 Management Inefficiencies

Following observations were made

- Two Level Line Portal cranes had been purchased spending Rs.444 million without proper study for the necessity when purchasing 02 cranes during the year 2008. These 2 cranes had been utilized for less than 50 hours for a period of more than 4 years.
- According to the age analysis of the stock furnished by the Authority, the stock over 5 years had amounted to Rs.959,252,462 and it was 57.45 per cent of the total stock. Therefore, the limited spaces in the stores of the Authority could not be utilized efficiently and the control of the stock also had been in a weak condition.
- A sum of Rs. 8.339 million had been spent for the construction of a training centre in a land in Matara without obtaining the ownership of the land and it had been shown as on-going work from the year 2006. However, this expenditure had been charged as recurrent expenditure during the year under review.
- Thirteen motor cycles had been remaining ruined for many years in the motor garage and action had not been taken to sell the bicycles on auction or remove from the books.
- A sum of Rs. 4,045,416 had been paid as salaries and allowances to a Project Development Review Assistant appointed to the motor garage from 11 November 2005 without assigning duties.

- f) Out of the lands belonging to the Authority to the total value of Rs. 474.5 million some lands had been given for rent on rent agreements for very less amounts such as Rs. 300 to Rs. 2,000 per perch for a long time up to the year under review. Due to this the Authority had been losing a large amount of income annually.
- g) Lands belonging to the Authority situated outside the Colombo Harbour and having a revaluation value of Rs. 546 million had been idling and as action had not been taken to give these lands on rent, the Authority had lost a large sum of income of rent annually that could have been received.
- h) Although the rent agreement with a private company for renting the premises and lands belonging to the Authority having the revaluation value of Rs. 6 million had lapsed in the year 2000, action had not been taken to clear the possession of the properties up to now. Due to this, the Authority had lost the income of rent that could have been received for more than 11 years.
- i) Approximately 720 sq.m. of the China Bridge in the Colombo Harbour could not be utilized as the Diyakawa vessel had been lost in the sea.

4.3 Operational Inefficiencies

Following observations were made

- a) The operational activities at Trincomalee Harbour had been at a weak position and continuously incurring losses as shown below.

Year	Loss (Rs. Million)
2007	405
2008	379
2009	319
2010	383
2011	318

- b) As the operational activities at Galle Harbour was at a weak position due to the number of vessels arriving decreased, losses had been incurred continuously in the following years.

Year	Loss (Rs. Million)
2007	275
2008	279
2009	399
2010	345
2011	147

4.4 Idle and Underutilized Assets

Although a food supplying centre and public healthcare building complex had been constructed and completed during the year 2008 under Galle Face Green Development Project spending Rs. 17,199,371 million, action had not been taken up to now to give them on rent or open for the use of the public.

4.5 Uneconomic Transactions

Following observations were made

- a) Oluvil Naval Practical Training Institute
- i) Although the Oluvil Naval Practical Training Centre had been maintained spending more than Rs. 54 million per year, the number of students who completed the courses per year was at a very low level. The number of students completed the courses up to August 2011 was 05. Accordingly, the cost per student had been very high. The expenditure made per student during the year 2010 had been more than Rs. 4 million and it was Rs. 8.4 million in 2011.
- ii) Further, this Institute had been maintained without carrying on these courses for more periods in a year making them short courses by limiting a course for 15 days.
- iii) The valuable machinery bought for the courses had been idling from the year 2004 without utilizing for any purpose.
- b) Three premises of the Authority had been given to 2 banks for banking activities recovering very lower nominal rent than the market value.
- c) Investments amounting to Rs. 500,000 and Rs. 2,000,000 had been made by the Authority during the years 2000 and 2008 respectively in two private companies no benefits had been received up to the end of the year under review.

4.6 Identified Losses

Following observations were made

- a) As action had not been taken to get the loss reimbursed by insurance which was incurred 4 ½ years ago when a vehicle given to the use of the staff of a Minister of the Ministry of Line met with accident, the loss incurred by the Authority had been more than Rs.2 million.

- b) An additional expenditure on commissions amounting to Rs. 31,151,474 had been incurred due to taking action to get even very small services from the Sri Lanka Port Management and Consultancy Services Company, deviating the procurement procedures.
- c) If the operational activities are to be successfully carried out as the central harbour of South Asia, the Authority should have adequate number of permanent tug vessels that are appropriately maintained. But, as this action had not been taken a sum of Rs. 271,850,955 during the year under review and Rs. 54,785,298 during the previous year had been paid as hire charges for taking 02 tug vessels on hire at the rate of 4000 dollars per day.
- d) A sum of Rs. 8,897,600 had been paid to the contractor as delay charges as the dredging of the main entrance of the Colombo Harbour project had been delayed due to jam of ships.
- e) As the compensation had not been paid on the due date when acquiring the land Lot No.05 of the Preliminary Colombo Plan 7180, a sum of Rs. 50,662,672 had been paid as interest in addition to the compensation.
- f) Although it had been decided during 2006 to sell 6 old floating vessels based on revaluation report, 3 floating vessels had been sold after some years for Rs. 11,645,866 which had been revalued for Rs.95,150,000. The loss incurred by the Authority due to this had been Rs. 83,504,134. Although over 5 years had passed since the decision that the other 3 floating vessels were suitable for sale, action had not been taken to sell up to now.
- g) Although the highest price was Rs. 17,884,800 according to the letter sent to the Chairman by the Deputy General Manager (Supplies) to sell the Diyakawa vessel, the money received by selling for scrap had been Rs.9,578,710 and the loss sustained by the Authority had been Rs. 8,306,090.

4.7 Deficiencies in Contract Administration.

Following observations were made

- a) A sum of Rs. 455.5 million had been spent on constructing a break-water in the Galle Harbour by a construction contract for Rs. 6,000 million under Japan Bank for International Co-operation (JBIC) assistance project and the contract had been

suspended on 31 December 2008.

- b) The Asian Development Bank and the Sri Lanka Ports Authority had jointly spent a sum of Rs. 1,175.20 million for a contract of consultancy services for the Colombo Harbour Efficiency and Harbour widening under the Asian Development Bank assistance. In that, only Rs. 391 million had been spent up to now on the development of the efficiency of Colombo Harbour and due to abandoning the proposal in between without implementing, the sum of Rs. 391 million spent up to now had become fruitless expenditure.

4.8 Resources of the Authority given to other State Institutions

A sum of Rs. 1,615,658 had been spent up to the year under review as supplies services, security expenditure, administration and salaries of the line Ministry contrary to Section 8.3.9 Treasury circular No. PED 12 dated 02 June 2003.

5. Accountability and Good Governance

5.1 Budgetary Control

Although the estimated income and expenditure for the year 2011 had been prepared by the Authority a considerable amount of variances were observed between the income and expenditure actually incurred. Therefore, the management had been unable to utilize the budget as an effective tool of control.

6. Systems and Controls

The deficiencies observed during the audit were brought to the notice of the Chairman from time to time. Special attention is needed in the following areas of control.

- a) Accounting
- b) Budgetary Control
- c) Procurement Procedures
- d) Utilization of Vehicles
- e) Investments
- f) Stock Control
- g) Debtors and Creditors



H.A.S Samaraweera
Auditor General

RESPONSES TO THE AUDITOR GENERAL'S REPORT

TC/B/SLPA/FA/11

FD/FA/C/82-XV/2011/14(2)(C)

15 March 2013

The Auditor General
Auditor General's Department

Report of the Auditor General on the Financial Statements of the Sri Lanka Ports Authority for the year ended 31 December 2011 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971

2.2 Comments on the Financial Statement

2.2.1 Sri Lanka Accounting Standards

- a) Action has been taken to rectify from the year 2012.
- b) We have taken action to set-off transactions relating to the past years against the income of year under review.
- c) Action has been taken to rectify from the year 2012.
- d) Action has been taken to rectify from the year 2012.

2.2.2 Accounting Deficiencies

- a) The rates paid on behalf of the JCT Company have been recovered in the year 2012.
- b) Financial Statements of the year 2012 have been prepared by the SLPA from the year 2012 according to new Accounting Standards on the cost model in respect of the identification of property, plants and equipment. There is no necessity to re-value the assets mentioned in the Audit Report as of now the fair value of property, plants and equipment is reflected in the books because the revalued amount of property, plants and equipment has been the deemed cost.
- c) Out of these two lots of lands, the land valued at Rs. 300 Million (Ingreen Ltd) does not belong to SLPA and therefore action has been taken to remove this from the assets register during the year 2012. The other lot which is valued at Rs. 400 Million had been acquired by the government in terms of Business Undertaking (Acquisition) Act No. 35 of 1971 by the Gazette Extraordinary bearing No. 356/19 dated 05.07.1985. It is required to get the confirmation whether the formal Parliament approval has been obtained subsequent to the Gazette Notification for the purpose of taking measures in respect of this land. Therefore this has been referred to Parliament in order to get the confirmation.

2.2.3 Accounts Receivable and Payable

- a) Out of the debtors balance, more than one year old as at 31.12.2011 the total sum outstanding from the private shipping agents have been recovered during the year 2012. Still there remains a balance sum of Rs. 228,780,867 as debtors balances in respect of the government institutions and to those referred to legal action. Besides, out of the balance in respect of more than 5 years, Rs. 13,706 is in respect of balance due from private shipping agents which has been recovered in 2012. The rest is due from the Government Institutions.
- b) Out of the balance of Rs. 74,642,387/= in respect of the electricity consumption as of 31.12.2011, Rs. 43,385,730/= had been recovered by now. Out of the balance of Rs. 30,060,933/=, Rs. 28,900,099/= is recoverable from Sri Lanka Customs. That organization had been requested to pay this amount.

Out of the outstanding, balance for more than 5 years Rs. 1,790,016/=, Rs. 54,645/= has been recovered by now. Out of the balance amount of Rs. 1,195,991/= as of 01.11.2004, relates to 10 lease holders who have maintained 19 canteens. Action is being taken now in order to recover the amount by instituting legal action. Besides action has also been taken by making those ineligible for applying for lease for canteens at present and in future.

Out of the balance of Rs. 40,657,163/= in respect of balance of rent lease as at 31.12.2011 Rs. 4,587,760/= is related to the period of less than 5 years. Out of this, except Rs. 1,350,203/= the rest has been recovered by now. Out of the rent lease income of period of more than 5 years a sum of Rs. 3,101,681/= has been recovered by now. Out of further rent lease income of Rs. 15,411,732/= has been referred to institute for legal action and out of this amount a sum of Rs. 2,656,871/= relate to two government institutions. Attorney General has informed that no legal action can be instituted against these two organizations. Negotiations are underway to recover this balance for which legal action cannot be taken.

- c) Action is being taken to write off from books during the year 2013.

2.2.4 Lack of Evidence for Audit

Lands Rs. 693,925,000/=

We have also responded to your audit query No. SC/A/SLPA/2012/08/01 of 12.01.2012 with regard to these lands. As informed by that letter the land leased out to the Teamwork Organization has been used by the Urban Development Authority and set a part for the construction of Lotus Tower and it is expected to obtain compensation for this in future. All other premises stated in the letter are belonging to the SLPA and they are preserved for the future Port development projects without utilizing for construction of buildings and other purposes.

Current Assets and Current Liabilities

The correspondence in order to confirm balances are being carried out and intimation of confirmation of balances does not fall within the purview of our administration and therefore practically they are beyond our control.

Fines on Navigation Unloading and Wharf Operation Rs. 17,123,199

Since this is an income, no schedules are submitted.

We are submitting schedules, time analysis and confirmation of balances only in respect of control accounts and in respect of other accounts relevant information is provided only when there is a request by you.

2.2.5 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

a) Port of Galle

A loss has been occurred as there was a decrease in operational income. A decrease has been indicated when compared with previous years. However an increase of income of Rs. 164 Million has been indicated over the year 2010 and expenditure has decreased by Rs. 34 Million.

Steps have been taken to initiate port related Tourist industries aiming at further increase of income. Action is to be taken during this year in order to establish a Yacht Marina and a yard for repairing small crafts.

Port of Trincomalee

Receipt of income for the SLPA has been restricted by granting permissions to Prima and Tokyo Cement Companies for the operation activities of Jetties, stevedoring, harbour tonnage, dockage and landing and delivery extra operations, as per a decision taken by Government. As a remedial measure

Requests for Proposals from the investors have been called, for the purpose of leasing out and renting out premises belonging to ports in order to earn an additional income with a view to build an industrial city with port related industries, agriculture industries and value added industries. These proposals are being evaluated at present. Besides every attempt would be made to control the expenditure and to minimize the losses.

- b) The payee tax of the employees of the SLPA is borne by Ports Authority. This has been stated in the letter No. PA/HD/28 issued by incorporating the decision with the approval dated 09.01.1997 of the Board of Directors of the Authority.

2.2.6 Transactions in Contentious Nature

- i) A preliminary investigation has been concluded with regard to these transactions as per the Rules of Discipline of the SLPA. Action has already been taken to obtain a ruling from Attorney General in order to recover the relevant money by.

A request has been made to the Secretary of the Ministry of Ports & Highways seeking instructions in order to consider the recommendation of the preliminary investigation report prepared by a senior Manager of the SLPA and to proceed with future course of action with regard to this matter.

- ii) While an average gross monthly profit of Rs. 650,000/= has been able to earn by Seruwavila II ferry during the period January to August 2010 when considering the income and expenditure in 2010, during ferry was in operation and no income was generated from August to December as ferry was anchored for repairs. This situation has remained unchanged during the past years, and considering this fact Seruwavila II and Mahaweli Dewi Ferries along with their crew have been handed over to the Sri Lanka Nidahas Sewaka Sangamaya (Pvt) Company by the Management Committee at its meetings held on 4.8.2010 and 03.11.2010. Accordingly Seruwavila II ferry has commenced operation since 06.01.2011 and stopped operations on 05.04.2011, due to a mechanical defect.

The Management Committee has decided that a sum of Rs. 600,000/= should be paid to the Port Authority in respect of Seruwavila II ferry. In addition, it has also been decided that the Company should pay the salaries of the crew and bear the expenses on fuel and minor repairs.

At present to the engine of this vessel is being repaired by the Navigational Engineering Division. However, the land route up to Mutur has now been concluded, and the SLPA may not be able to generate the desired financial income by further continuing this service after the completion of repairs. Since it was also visible that this would not be economically viable,

repairs was not effected to the Mutur jetty, though the Navy has requested the repairs to be entrusted to them.

- iii) Answer to (i) of 2.2.6 is relevant.

3. Financial Review

3.1 Financial Results

The statistics and data stated in the first paragraph are compatible except the words "if adjustment has been made as described in paragraph 2.2.1. (b) of the Audit Report.

In computing the operational profit in the year under review transactions relating to past years have never been adjusted and if an adjustment has been made the operational profit of the year under review would be incorrect. It is due to this reason that the operational profit or operational loss is caused upon the result of adjusting operational income and operational expenditure in that year. Therefore after ascertaining the operational profit adjustments have been made with regard to the transactions in the past years.

3.2 Analytical Financial Review

- a) The statistical information stated are correct.
b) The analysis of ratio stated are correct.

(i) / (ii) / (iii)

The main reason for decrease of current assets in the year 2011 when compared with the past years is the settlement of advances made to the contractors. The advances are being settled on the basis of percentage of completion of contracted work. This means that their projects for this year are being efficiently completed. This has affected for decrease of current assets but on the other hand caused an increase of non-current assets. As such this has been a favorable trend.

Although increase of obtaining of loans for various projects has been indicated, when considering the responsibilities this has been made essential for the port development activities. Since it is required to continue port activities, efficiently in the face of international competition we are also required to establish the state-of-the art features available in modern International Ports, although it may take a longer period to accrue the benefits. This loan has been obtained for the purpose of construction of new Port in Hambantota with the latest features as a necessary step towards establishment of infrastructure facilities for handling of mega ships and includes

the expansion of Port, dredging, purchasing modern cranes and other equipment and to ease the traffic congestion in Port of Colombo in order to work more efficiently.

Although, current ratio and quick ratio had indicated a decrease with loan equity ratio registering an upward trend, every effort will be made to maintain these ratio at a favorable level as SLPA has followed long term strategies.

4. Operational Review

4.1 Performance

a) Port of Colombo

i) Arrival of Naval Vessels

The statistical details stated are correct.

Although number of vessels arrived in 2010, when compared with the year 2009 had shown a decrease, the reasons attributable are arrival of mega size vessels and the bigger quantity of cargo (tonnage/number of containers) transported had recorded an increase. The gross tonnage of a ship arrived in 2009 was 29,217 tons and gross tonnage of a ship arrived in 2010 was 30,412 tons. Another reason for the decrease of number of vessels arrived in 2010 was the global economic downturn.

When compared with the year 2010 the number of vessels arrived in 2011 had registered an increase up to 214 and this indicates a growth of 5.5%. Simultaneously with the end of global economic slump a lesser increase is indicated in the international navigational field in 2011.

ii) Container Operations (TEUs)

The statistical details stated are correct.

- (i), (ii) Number of TEUs handled by Colombo Port was 673,144 TEUs and indicates a growth of 19.43% as a growth has been registered in the international navigational field along with the end of global economic downturn in 2010. However in spite of the financial economic downturn in America, economic crisis in Euro Zone decrease of power generation in view of the Tsunami condition in Japan and war situation in Middle-East a downturn of the International Navigational field has caused the number of container handled by Port of Colombo registered as 125,446 TEUs which indicates a growth of 3.03%. This progress made by the Port of Colombo deserves praise.

- iii) The SAGT has the ability as a private sector container terminal to implement commercial decisions which the SLPA cannot implement as a state organization. The SAGT has the ability to attract customers and thereby to increase the operations through such strategies. In the year 2006 the P & O Shipping Company has purchased Mearsk Shipping Company, which has handled 18% of the global container handling capacity at that time. Since the P & O Shipping Company Ltd., owned 26% of SAGT Company the latter has the ability to implement the plans jointly under taken by a Port and the Shipping Company. It is therefore evident that in view of the above reason the handling quantity by the SAGT had increased.

Accordingly during the early period the market share of the Port Authority has decreased while the market share of the SAGT has increased. However even earlier reasons adduced to prove that this situation would not prevail continuously. Confirming this matter the market share of the Port Authority is in progress at present and it is evident from the facts that the market share in 2010 and 2011 was 52.4% and 53.94% respectively while the market share in the year 2012 was 55.3%.

b) **Port of Trincomalee**

The statistical details are correct.

The vessels arrived and quantity handled at Port of Trincomalee in the year 2010 had decreased when compared with the year 2009. The reason for the decrease of the number of vessels in this manner was the humanitarian operation in the Northern Province during which period the transportation of refugees and coastal cargo stopped.

While the number of Navigational vessels operated in 2010 was 147, it has been able to increase it up to 163 in 2011. One reason attributable for this was an increase of vessels that had imported cement for Tokyo Company and importing wheat for Prima Company. The arrival of foreign import, export vessels has been another reason. In addition there was still another reason that vessels sailing on international sea route calling at Port of Trincomalee for emergency maintenance work and to obtain water, fuel and food. One more factor that could be pointed out is the increase of arrival of ships at the Ashraff Jetty for the purpose of unloading gypsum in the year 2011 when compared with the year 2010.

c) **Port of Galle**

The number of vessels arrived and quantity operated at Port of Galle in the year 2010 has registered a decrease when compared with the arrival of number of ships and quantity operated in the year 2009. The main item transported to the Port of Galle has been raw materials required for the

manufacturing of cement. In 2010 the import of raw materials for cement decreased. They were the reasons for the decrease of quantity operated and arrival of ships.

Increase of demand for cement within the country has indicated an increase in the year 2011 when compared with the year 2010. In view of this the import of raw materials had increased. This was a special reason for the increase of quantity operated and arrival of ships.

d) **All Ports (Colombo, Trincomalee and Galle)**

The statement given should be corrected as follows:

When compared with the year 2009 the cargo handled at all ports has increased by 12,461,925 MT in the year 2010 (25.54%). When compared with the year 2010 the cargo handled increased by 3,813,376 MT (6.22%) in the year 2011.

e) **Magam Ruhunupura Mahinda Rajapaksa Port**

By November 2010 the main construction works such as construction of Break water, construction of berth and dredging of harbour basin and dredging of access channel have been finalized. However other infrastructure facilities required for the arrival of ships have not been completed. They are the construction of internal road network and the buildings required for the employees of the organization providing other feeder services had not been finalized. The additional loan required for the stage I in connection with the purchasing of gantry cranes is being finalized. As other infrastructure facilities have been completed to a considerable extent, the vehicle operational activities and transshipment activities which do not require gantry crane are being successfully carried out. Action will be taken to perform all operational activities efficiently after awarding the additional loan for the stage I with purchase of gantry cranes immediately.

In addition cabinet approval has been obtained to initiate selected seven (07) industries after calling for Request for Proposals for the stage I, from the investors for the purpose of port related industries. Arrangements are being made to sign the agreement with these investors. The Request For Proposals for the port related industries have been called for, from the investors for stage II (RFP II) taking into consideration the high demand from the investors after completion of stage I. This is being implemented at present.

4.2 **Managerial Inefficiencies**

- a) Although cranes were installed new tracks used to move them were not in a suitable condition. Accordingly they were constructed again and it took nearly one year to complete this work. In addition to the rate per hour charge for old cranes

which was only US\$ 6 per hour; this was not adequate for the new cranes. Another reason for delay in utilizing these cranes for service activities was the delay in obtaining the approval for enhanced rate. However these two cranes have been successfully used for operational activities now charging US\$ 40 per hour (with the approval of the Treasury.)

- b) The stock account of the stores comprises the aggregate of balances of 13 store units and one fuel store. Spare parts are stored in 6 of these stores. The stock value of these spares, represent more than 90% of the total value of the stocks. Spares available in these stores are kept for a period of 10 to 15 years or more as the relevant machineries are used for longer periods. Similarly when purchasing of equipment of higher financial value the spares are also provided on many occasions. Generally when purchasing machineries with higher financial value the accessories worth 1% of the value of the machineries are provided free of charge. The value of such spare parts is also included in the stock account.

Certain spare parts are required for the machineries after a lapse of around 10 or 15 years. Similarly many of these spare parts are not readily available in the open market; hence they cannot be purchased immediately. Certain spare parts will have to be obtained from foreign countries after placing necessary orders. These spare parts are required to be kept in stock in this manner as they are not readily available in the market when they are needed for maintenance of machinery or emergency repairs.

Action will be taken to carry out a Board of Survey annually by a Committee comprising of Engineers, work superintendents and officers of Internal Audit who have gained a sound knowledge of relevant stocks and remove the stocks no longer require, following the due procedure.

- c) This has been written off with the approval of the Board of Directors, as an item of recurrent expenditure.
- d) All the bicycles mentioned in the Audit report were found to be beyond economic repairs. Many of these bicycles are more than 15 years old. Majority of them have already been disposed off by calling for tenders and removed from the motor garage.
- e) Since the time he had been attached to the motor garage, he was engaged in the work in connection with preparation of documents in placing orders for spare parts required for repair of motor vehicles and computation of costs. He had since been transferred to the Logistics Division w.e.f. 01.06.2012.

- f) When leasing out lands belonging to the Authority the lease rent is determined in accordance with the assessments of Chief Government Valuer.
- g) There is a limited number of such plots of land belonging to the Port Authority, which are reserved to be utilized for future port expansion activities and city development work without granting permission for construction of buildings and other purposes. Action is being taken jointly with the Urban Development Authority for a proposed Mega scale city development project.
- h) This premises has been leased out to the Paranthan Chemicals Company Limited for a period of 25 years since 1975. Subsequently action has been taken by them to acquire this plot of land and depending on the situation that had arisen in the process; no decision has been arrived at, on the question of payment of lease rent. Although on several occasions attempts have been made to reacquire the premises, a grace period was granted to vacate this office as this Company is fully government owned one. Steps will be taken in future to make available other premises on lease and reacquire these premises by the Authority.
- i) This sunken part is retained at present in a shallow water area which is not used for berthing of ships and this is an area where only small vessels are operated. It would not be an economically viable venture, as this area is targeted to be reclaimed in order to enlarge the terminal as per our future plans and also due to the high cost that would be involved in salvaging and removing.

4.3 Operational Inefficiencies

a) Port of Trincomalee

The revenue of SLPA has been restricted due to granting permission to Prima and Tokyo Companies for operational activities of jetties, Stevedore, harbour tonnage, dockage, and landing and delivery extra operations as per the decision of the government. As a remedial measure, Requests For Proposals (RFP) have been called for; from the investors and evaluation activities are being carried out in order to earn an income by leasing out and renting out the premises belonging to the Port for an industrial city comprising port related industries, agricultural, industries and value added industries etc. Besides every attempt will be made to minimize the loss, by controlling the expenditure.

b) Port of Galle

Losses have been occurred continuously since 2007, as operational income has decreased as a result of dwindling

imports of cement related raw materials. However the losses have indicated a downward trend in 2010 relative to previous years, due to increase in income and annual expenditure experienced a decrease due to dwindling cadre of employees. While initial steps have been taken to establish port related tourist industries, aiming at further increasing the income, work is to be initiated to set up a Yacht Marina and a yard for repairing small vessels.

4.4 Idle and Underutilized Assets

Plans are afoot to establish food supply centers and sanitary facilities on a fast track basis.

4.5 Un-economic Transactions

- a) i) Machinery and work sections have appropriately been set up at the navigational training institute, mainly for the purpose of conducting training courses in the navigational field. Therefore, its main objective is to conduct training courses in the navigational field. However, no training programs relating to the navigational field commenced so far. Currently only vocational courses for Fitters/Electricians/Machinists are being conducted. This is merely a sub component of training courses in the navigational field. As this has not been recognized on par with the National Vocational Qualifications (NVQ) certificate number of students participating had become minimum.

Besides, the courses conducted at this institute are required to be followed on fee-levying basis. Initially Non-Governmental Organizations (NGO) were intervened and borne out the expenditure on behalf of students. The number of students participated at this course had dwindled to minimum due to difficulties encountered in transport/ vocational courses and three years requirement of driving license for forklift operators.

Moreover, the lion share of cost of the organization is set apart for other maintenance work rather than for student training activities.

- ii) The number of courses conducted at present has decreased to the minimum due to its inability to award certificate on par with NVQ qualification and the courses to fulfill the objectives of the organization have not been achieved so far.

In addition to the courses conducted at present, plans are on track to initiate training courses for fishing boatmen, Coxswain training course, CDC course and Diploma in Marine Engineering course in the future.

- iii) The machinery and equipment utilized for conducting the courses have not been remained idling since the year 2004 and they were made use of whenever a need had arisen. These machineries and equipment have been purchased merely for conducting courses in the navigational field and for vocational training.

- b) Three premises had been made available, rent free to the Bank of Ceylon (BOC) with the approval of management, as necessitated by the Port Authority to maintain Cash Collecting Centers for the purpose of payment of dues to the Port Authority. These premises have been located at the permit office, Canal Yard and the stores complex at Peliyagoda. The routine bank activities are not conducted at these centers, and are exclusively used to receive money from the port users as dues payable to the Authority.

Out of the three premises made available to the Hatton National Bank (HNB) a lease rent is being levied in respect of the premises used for their office in accordance with the assessment of Chief Government Valuer. The ATM machines are maintained for the benefit of the Ports employees and they are exclusively utilized by port users and employees of the Authority. In taking these matters into consideration, only two premises, which maintain ATM machines of HNB are levied a nominal rent.

c) i) EDI Network (Private) Company - (Rs. 500,000)

A letter has been dispatched seeking the approval of the General Treasury for the purpose of writing off from the books, after obtaining the approval of the Board of Directors. In response to this the General Treasury had indicated the approval of Secretary, Ministry of Port and Highways would suffice to write-off, as the Secretary of the Ministry is functioning as the Chief Accounting Officer as well.

A letter has already been dispatched to the Secretary Ministry of Ports and Highways seeking his approval to write-off the amount referred to above.

ii) M/s. Lanka Coal Private Company – (Rs. 2,000,000/-)

2011 was its first year of the commercial operations of this company. However profit earned was not sufficient to declare dividends. However it is expected to earn profit in the near future.

4.6 Identified Losses

- a) In connection with this a court case is pending at the Thambuttegama Courts. Action will be taken after the final judgment is delivered.

- b) A huge expenditure has to be incurred if the employees of the Authority are deployed in connection with certain type of work provided by the Sri Lanka Ports Management and Consultancy Services Ltd., (SLPMCS), (the support services that should be provided by Jaya Container Terminal in shipping Operational activities) such as locking and unlocking of containers and monitoring of the temperature of freezer containers. In these circumstances action has been taken to obtain these services through the SLPMCS paying a minimum daily wage, based on a lower daily wage rate available in the labour market at present.
- c) While SLPA does not possess a sufficient number of tugs and certain tugs are old and need constant repairs. In view of this reason that a huge cost has to be incurred in order to purchase new tugs and to attend to tugs which need repairs would take a considerable length of time and involve a large expenditure. Owing to the lack of sufficient number of tugs, the delays caused in operating of ships leading to inefficiency, would create an adverse effect among the ship owners and upon the image of Colombo Port. As an appropriate measure, the Port Authority had hired these two tugs on rent, with the approval of the Board of Directors aiming at maintaining operations continuously and efficiently, with the objectives of protecting Colombo Port in the midst of competitiveness among international Ports. As the repairs had not been carried out to these tugs and are not maintained by the Port Authority, there has been no financial loss.
- d) As the dredging project of the main access channel of the Colombo Port has commenced in 2001, due to the congestion of the shipping movement at the channel the dredging work had to be abandoned half way, and therefore contractors were unable to complete the work within the stipulated period. A period of two years was taken for this work and therefore the contractors have requested that they be paid an additional amount of Rs. 88,633,481/= in respect of machinery and equipment used and cost of labour deployed during this additional period. In order to arrive at a settlement a request has been made to the Sri Lanka Institute of Engineers (SLIE) by the SLPA and the then Ministry of Ports and Aviation, the arbitrator appointed for this purpose by SLIE has advised the payment of the amount and get it released.
- e) Since a case was pending in the Colombo District Court, with regard to plot of land No.5 as depicted in the plan 7180 (MPK) compensation had not been paid when the land was acquired. The Attorney General has intimated that compensation for the land and interest thereon be paid. Based on this intimation the District Secretary of Colombo by his letter dated 14.06.2010 has informed the Sri Lanka Ports Authority to deposit the compensation and interest thereon for the relevant land, with District Court of Colombo. Accordingly, with the approval of the Board of Directors the compensation has been deposited with the District Court of Colombo on 12.10.2010. In terms of Section 35 of the Land Acquisition Act, action has been taken to deposit with the District Court of Colombo, with an interest calculated at 7% in respect of the period, commencing 03.01.1991 (i.e. date on which land was acquired) and ending 12.10.2010 (i.e. date on which compensation was deposited)
- f) The procedure that is being currently followed by the SLPA is, that if it is economically unviable to repair old tug and use it, to get the present value assessed by a special Board of Survey, appointed by Sri Lanka Ports Authority to dispose of it for an amount, not less than value of the vessel or dispose of it for scrap value, through the SLPMCS., in accordance with a decision of the Management Committee.

Three floating vessels that had been disposed of

A special Board of Survey has assessed the Market value of Tug T/T Waruna at Rs. 2,000,000/= on 05.04.2005. Subsequently Tenders have been called for the sale of this tug on 23.07.2005 and M/s. Master (Private) Ltd., has submitted a bid for Rs. 6,025,000/= As this price was much higher than recommended sale price, it was sold to the M/s. Master (Private) Company for that amount (6,025,000 + VAT 903,750 = 6,928,750) as determined by the Management Committee as per its decision 30/05, dated 24.09.2005.

Similarly a special Board of Survey has assessed the value of vessel M/v. Kakuluwa at Rs. 18.2 Million on 08.03.2006. Later action was taken to dispose of it by Tender process having submitted to the Central Tender Board on 03.05.2006 and obtained the approval. The SLPMCS Ltd has submitted a bid for Rs. 5,760,000/= under the Tender No. 296. As this is lower than the recommended sale price the Management Committee has disapproved the sale at that price.

However a policy decision has been taken by the Management Committee to dispose of the scrap iron within the Port, through the SLPMCS Ltd., at the approved price. Accordingly action was taken again to dispose of the vessel through that Company for scrap value.

The project Engineer in his report dated 28.02.2005, stated that Project Adviser had assured an additional sum of Rs. 8,897,600/= Consequently this long outstanding amount has been settled with the approval of the Board of Directors of the Ports Authority in respect of the completed dredging activities that had earlier been abandoned half way due to navigational congestion at the port, which was beyond their control.

A Special Board of Survey had assessed the value of T/T Asoka, too, at Rs. 2,000,000/= on 10.11.2005. However, later, action was taken on 24.03.2007, to dispose of this vessel through the Tender Process. Subsequently it was taken off the tender process and handed over to the SLPMCS to dispose of, as scrap iron.

Three floating vessels recommended for sale

Vessel James Donan – This vessel was 68 years old as of year 2005, and the recommendation made by the Board of Survey appointed for the purpose was that this engine - less vessel could no longer be used and therefore removing the timber component for carpentry work and destroy the rest. Action had been taken accordingly and arrangements have been made to write off this vessel from the Inventory.

Dhaliya Marrin – This was recommended for sale, by the Board of Survey in the year 2005, however there has been no buyer even by Oct. 2010. Therefore it was again referred to a Board of Survey seeking advice to write off this engine - fewer vessels from the Inventory, before it gets sunk and displaced. The recommendation of this Board of Survey was that when there is no buyer, to dispose of these items. Accordingly the relevant vessel would be removed from the Inventory, in the future.

M/L Manel - This vessel too has been condemned by the special Board of survey appointed in 2005 and recommended for disposal. Action would be taken to write- off this vessel accordingly.

- g) Asha Lanka Enterprises (Pvt) company has instituted legal action against SLPA challenging the approval granted to dispose of "Diyakawa" vessel for scrap iron through the SLPMCS Limited and has obtained an interim order to that effect. Subsequent to the settlement of this case this vessel has been referred to the SLPMCS Limited to dispose of it for scrap iron value. Although during this period condition of this vessel has been deteriorated, it has been acquired by the SL Navy. However repairs have not been effected during this period and due to the time taken for the case with Asha Lanka Company for litigation the condition of the vessel had further deteriorated. Therefore it was not in a position to move about the vessel in the sea.

In addition to this, it is a difficult task to obtain the permission of the Department of Coast Conservation and Environment Authority for the purpose of breaking to pieces of iron in a different location, as it would lead to an environmental degradation. Therefore it may be pointed out that the above matters too also attributed for sinking of this vessel.

4.7 Deficiencies in Contract Administration

- a) The Galle Port development project has been established, aiming at developing this as a regional commercial Port. In 2007 the Pacific Consultant International Company has completed a comprehensive plan to construct a terminal for cargo handling with multipurpose objectives, construction of break water, dredging of port access channel and harbor bed, establishment other facilities for which tenders have also been called for. However when tenders were being called for it has been revealed that the value of bids received has been three times higher than the engineering assessments, and therefore financially unviable. Based on the facts such as Colombo Port expansion, construction of Hambantota as a new Port minimum number of requests received for the purpose of obtaining commercial service for the Galle Port, minimum requests for handling commercial cargo and minimum number of requests for developing Galle Port as a commercial Port there had been protests against the implementing of this by environmental activists and Government Institution of Environment fearing that implementation would adversely affect the environmental heritage. The Government of Sri Lanka has considered all these factors and drawn its attention towards development of Galle port, as a tourist port.

Accordingly new appropriate alternative projects are being identified at present. As action has been taken to utilize counseling services obtained earlier by the SLPA with minor changes, the expenditure incurred in connection with the consultancy services cannot be considered as a complete wastage.

- b) Out of the funds received as financial aid from Asian Development Bank (ADB) an expenditure of Rs. 391 million has been incurred for the purpose of preparing business plan for JCT and UCT of SLPA by the M/s Scott Wilson Kirkpatrick on behalf of SLPA and ADB

The business plan of the above company was to convert JCT and UCT as an independent co-operation outside the purview of SLPA. Although financial aid was received from ADB towards the implementation of proposals there would have been a possibility of emerging an unfavorable situation since these Institutions fall outside the scope and control of the SLPA. This would create a severe impact upon the state policy of the present Government. Therefore without implementing this proposal action has been taken to utilize the balance amount of these funds for following objectives.

- i) Colombo Port Expansion Project
- ii) The improvement of efficiency in the existing terminals and purchasing required equipment, computerization, regularization of operational activities and activities connected to the financial management. Therefore the expenditure incurred for this purpose cannot be considered as wastage when the above matters are taken in to consideration.

4.8 The Resources of the Authority Given to other State Institutions

By this time the expenditure incurred on behalf of the Ministry has been restricted. If such expenditure has been incurred action is being taken to reimburse, the amount then and there.

The expenditure of Rs. 1,615,658 as indicated in Audit Report as an expenditure incurred on behalf of the Ministry. Out of this amount Rs. 1,477,418 has been continuing as a balance since 1997. This amount is being identified as the expenditure incurred in connection with the purchasing of office equipment and consumable articles on behalf of the Ministry. According to the physical verification carried out these items were not physically available. Though the legal action should be taken on this matter it has not been possible to reimburse the amount as Good Received Notes (GRN), Purchasing Orders (PO), and Invoices cannot be traced. Therefore arrangements are being made to write - off this amount from the books.

The balance amount, i.e. Rs. 138,240 is related to the expenditure incurred in connection with newspaper advertisements published on behalf of the then Ministry of Port and Aviation, and that Ministry has never responded to the requests to reimburse in spite of several reminders. At present the Ministry of Ports and Aviation is defunct. The Ministry of Ports and Highways is in its place. Therefore, a request has been made to the Ministry of Ports and Highways to settle the amount. In response the Secretary, Ministry of Ports and Highways has sent a letter stating that they are unable to obtain an allocation on behalf of the then Ministry of Ports and Aviation and have no objection to write off this amount from books. Accordingly it has been referred to the Board of Directors seeking approval to write off.

5. Accountability and Good Governance

5.1 Budgetary Control

When considering the annual anticipated income, the income estimates have been prepared based on the actual operational capacity, during the previous year. However it is a positive trend that operational capacity has been increased and income

shows an upward trend. When considered the anticipated estimated expenditure, it's a positive outcome that decrease of actual expenditure is due to management of expenditure by the SLPA.

Therefore it does reflect that budgetary control is carried out by the SLPA with good governance.

6. Systems and Control

Even at present, positive internal control systems are being followed with regard to the fields that are mentioned in the Audit Report. Under this policy the tender procedures are being followed and in regard to the debtors, oracle computer system has been introduced. Letters are being duly dispatched, in order to get the balances confirmed, however acknowledgments falls outside our administrative purview, resulting an inconvenience. Investments are directed to fields that would accrue enhanced benefits as far as investment activities are concerned. In preparation of financial statements, the work has been computerized. Since year 2012 new financial standards (SLFRS) are being followed. Therefore it could be stated, that proper attention has been paid concerning the fields referred to above. Moreover much better regular internal control systems would be in place in the future after establishment of computer systems with regard to the stock control, purchasing and cargo operations.



Dr. Priyath B Wickrama
CHAIRMAN

CORPORATE INFORMATION

Name

Sri Lanka Ports Authority

Statutory Status

The SLPA was established on the 1st August, 1979 with the amalgamation of the Colombo Port Commission, the Port (Cargo) Corporation, the Port Tally and Protective Services Corporation under the provisions of Parliament Act No. 51 of 1979.

Our Corporate Values

The SLPA is one of the major contributors to the economy of Sri Lanka. As a key revenue earning and service providing agency, the role of the SLPA is linked directly to the excellence of its delivery services. In this regard, the value system of the Authority is the basis for the success of its operational relationship with the stakeholders. These values could be categorized under the following.

- Dependability
- Timeliness & Accuracy
- Accountability for Achievement
- Team Spirit
- Commitment
- Reward & Recognition
- Performance with integrity

It will be the responsibility of the Chairman/Chief Executive Officer, the Managing Director and other Senior Management staff to inculcate the above values at all levels of the Authority.

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People's Bank

Hatton National Bank

Auditors

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