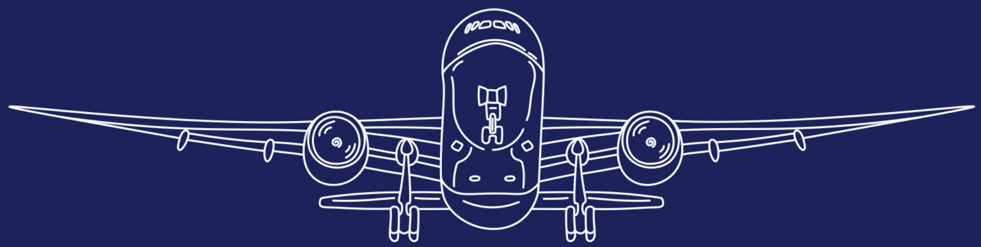
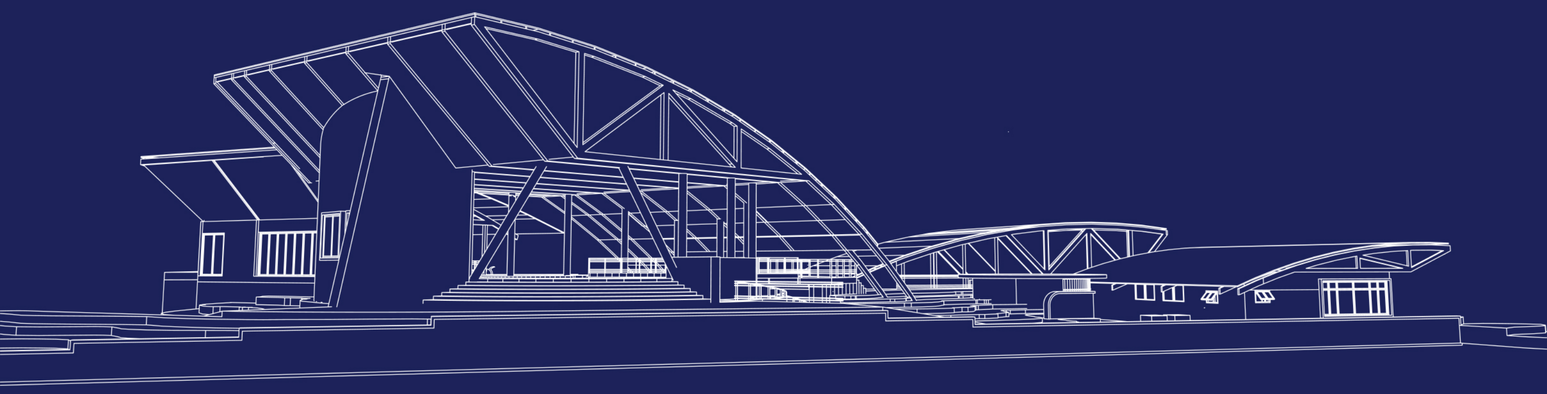
Airport & Aviation Services (Sri Lanka)(Private) Limited

FOUNDATION TO FLOURISH

ANNUAL REPORT 2024





Airport & Aviation Services (Sri Lanka) (Private) Limited

FOUNDATION TO FLOURISH

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A year of remarkable recovery and growth towards new pinnacles...

In a testament to resilience and strategic vision, Airport and Aviation Services (Sri Lanka) (Private) Limited (AASL) has successfully laid the groundwork for sustainable growth while delivering exceptional performance across all operational and financial metrics. The year exemplifies our theme “Foundation to Flourish” as we built upon core strengths to achieve remarkable results that position Sri Lanka as an emerging aviation hub in South Asia.

The year 2024 marked a significant milestone in our post-pandemic recovery journey, with passenger movements reaching 8.9 Mn, representing a robust 18% increase over 2023 and continuing our steady climb toward our pre-pandemic peak of 10.9 Mn in 2018. This impressive growth trajectory reflects not only the resilience of global air travel but also the effectiveness of AASL’s strategic initiatives to enhance connectivity and service excellence.

The airspace above us grew busier, livelier and more vital. International flight movements surged by 21%, reaching 56,289, while air cargo operations expanded by 21%, totaling 192,498 metric tons (MT). These figures reflect the comprehensive nature of our recovery not in isolated achievements, but in a symphony of progress across every touchpoint in aviation. Backed by this performance, AASL achieved a Profit after Taxation of LKR 21,108 Mn, a powerful indicator of financial health that reinforces our ability to reinvest, reimagine and rise.

Our success was built in the skies but rooted in collaboration. In 2024, 50 international airlines chose to fly with us; 41 through Bandaranaike International Airport (BIA), 10 via Mattala Rajapaksa International Airport (MRIA) and 2 through Jaffna International Airport (JIA). These partnerships are more than operational and they are bridges between cultures, economies and future. As a result, Sri Lanka welcomed 2.02 Mn tourists, a vibrant 39% increase over the previous year. Each arrival echoed our mission: to open the world to Sri Lanka and Sri Lanka to the world.

And as our skies grew, so did our infrastructure. With pride and ambition, we commenced the Phase II Stage 2- expansion of BIA’s Terminal 2, powered by the trusted partnership of JICA. This transformative project, now underway, will double our existing capacity, ushering in a new era of modern, spacious and sustainable facilities that mirror the energy and elegance of the new Sri Lanka. This is not just a construction it is a creation. A building up of dreams and possibilities, of a nation ready to host the world.

As the sun sets on this remarkable year, it is clear: AASL is not merely recovering; we are reaching. With our foundations strengthened and our eyes lifted to the horizon, we are flourishing turning every challenge into a chance, every milestone into momentum.

Contents

Vision

"Friendliest aviation partner in global connectivity towards a sustainable economy."

Mission

"To provide competitive, safe aviation services and superlative guest experience with best practices and latest technology to ensure stakeholder satisfaction."

Values

Go-Green - Pursue knowledge and practices that can lead to more environmentally friendly and ecologically responsible decisions and lifestyles.

Innovativeness - Looks for ways to improve effectiveness by implementing new ideas and more efficient approaches.

Friendliness - Exceed expectations by going beyond the formal frameworks and ensure a world-class customer experience through our staff.

Team Spirit - Believe in the strength of people and competencies coming together to achieve greatness.

Transparency - Have a valid reason and therefore are explainable as our actions are supported by facts.

Openness - Open for new possibilities, being able to listen to criticism with tolerance, curiosity, listening and communication.

Professionalism - Achieve high standards consistently in the work we do and the way we behave.

Our Historical Milestones

AASL traces its origins back to 1932, with the establishment of an airway service in then "Ceylon." Over the past 93 years, the aviation hub has undergone remarkable transformation, evolving with each decade to meet new developments and challenges that have paved the way for the future. Guided by the vision of being the "friendliest aviation partner in global connectivity towards a sustainable economy," AASL has made significant strides in its pursuit of excellence. Today, AASL provides enhanced services to its stakeholders around the world.

In 1983, AASL commenced operations as the statutory service provider responsible for the development, maintenance, administration and service delivery of all airports in Sri Lanka. Following its incorporation, AASL was appointed as the Government's agent and took on its responsibilities as a member of the International Civil Aviation Organization (ICAO).

AASL's journey of excellence entails following milestones:

1930
- The Governor of Ceylon negotiates to extend the airmail service between the United Kingdom and India via Ceylon.

1934
- The State Council of Ceylon decides to construct an aerodrome at Ratmalana.

1936
- The Aerodrome at Ratmalana was completed.
- The Aero Club of Ceylon provides flight opportunities to the public.

1937
- The First Air Navigation Regulations are published.
- The first three aircrafts bearing "The Ceylon" registration mark are entered into the aircraft register.

1938
- Inauguration of the Ratmalana Airport on 28th February.
- Director of Public Works was appointed as Director of Civil Aviation.

1939
- An emergency landing was conducted in Puttalam.

1942
- With the outbreak of World War II, the Royal Air Force took control of functions of the Ratmalana Airport.

1945
- The United Kingdom - Australia -'LANCASTRIAN' service commenced operations via Ceylon.

1946
- The Department of Civil Aviation was established under the Ministry of Transport.
- The Ratmalana aerodrome was taken over from Royal Air Force for civil flying.

1947
- Air Ceylon - the National Carrier was set up under the Ministry of Communication and Works.
- International flights from Colombo to Madras via Jaffna commenced.

1948
- Sri Lanka was appointed as a member of the International Civil Aviation Organization (ICAO).

1950
- The Navigation Act No. 15 of 1950 was promulgated.
- A training academy for pilots was established.

1955
- Air Ceylon entered into an agreement with KLM Royal Dutch Airlines.

1959
- International flight operations were shifted to Katunayake.

1963
- Development program of Katunayake Airport commenced.
- The RAF Runway was extended from 1,840 to 3,350 meters with assistance from the Government of Canada.
- A Terminal building to hold 150,000 passengers per year was constructed.

1967
- Inauguration of Bandaranaike International Airport, (BIA) Katunayake.

1968
- Construction of a larger terminal building, apron and taxiway.

1979
- Inauguration of the National Carrier – Air Lanka.
- The Airports Authority Act of 1979 promulgated and the Airport Authority established.

1980
- The Airport Authority took over civil operations from the Department of Civil Aviation.

1981
- The Government decided to establish a Government-owned company to handle civil aviation in Sri Lanka.

1982
- Amendments were made to the Air Navigation Act.

1983
- Establishment of AASL to oversee the overall development, maintenance, administration and service delivery of the airports.

1984
- A development programme was launched to construct a new runway, passenger terminal building, cargo complex, control tower and navigation services and maintenance complex.

1987 / 88
- The new runway and passenger terminal building was commissioned with an annual handling capacity of 3.5 Mn passengers.

1992
- The Air Cargo Village was inaugurated.

1998
- Air Lanka was re-branded as “Sri Lankan Airlines” following its partial acquisition by Dubai based Emirates Group.

2005
- The Airport embraced a new outlook with the construction of a finger pier with eight aerobridges, expanded terminal, lounges and other facilities.

2008
- AASL celebrates its Silver Jubilee.

2010
- The Civil Aviation Act No.14 of 2010 was passed in Parliament.
- The Civil Aviation Authority of Sri Lanka issued the certificate and license to AASL to operate the Civil aerodromes in Sri Lanka as the statutory service provider.

2012
- The civil aviation sector completed 100 years of service beginning with the first plane performing its successful flight at the Racecourse Grounds in Colombo on 7 December 1912.

2013
- Sri Lanka’s second international airport Mattala Rajapakse International Airport (MRIA) was declared open at Hambantota.

2015
- With a view to promoting MRIA, the Government declared a full “Open Skies Policy” at MRIA with all nine freedoms of air available to airlines.

2017
- The runway of BIA was extended from 60 meters to 75 meters and upgraded to “code F” and enabling the accommodation of A380 aircrafts.

2018
- The Batticaloa International Airport (BTIA) was declared reopened for civil operations.

2019
- Jaffna International Airport (JIA) was declared open.

2020
- Ground breaking ceremony of the BIA Terminal 2.

2021
- Newly refurbished “ Araliya Lounge” opened for Business class passengers.
- Google Indoor Maps were launched at BIA, creating history as the first indoor facility to enable this feature in Sri Lanka.

2022
- The ‘Gold Route’ was launched, availing High End Passengers to a ‘Premium Airport Experience’.

2023
- The “New Arrival Electronic Shopping Mall” at BIA declared open for new passenger experience at BIA.

2024
- **AASL signed a contract for amendment of Design & Post Design Consultancy under BIADP Phase II Stage 2 and commenced re-bidding for Terminal 2 project.**

Financial Highlights

	2024 LKR Mn	2023 LKR Mn	2024/2023 +/- %	2022 LKR Mn	2023/2022 +/- %
Profit & Loss					
Turnover	**43,897**	38,376	14%	27,577	39%
Operating Expenses before Depreciation	**20,484**	16,940	21%	12,575	35%
EBITDA	**23,340**	21,382	9%	14,953	43%
Depreciation of Fixed Assets	**3,834**	2,121	81%	2,367	-10%
Net Finance Costs / (Income)	**(9,091)**	(14,324)	-37%	6,202	+100%
Profit Before Taxation	**28,671**	33,639	-15%	6,433	+100%
Income Tax	**7, 564**	5,517	37%	1,630	+100%
Profit After Taxation	**21,108**	28,122	-25%	4,803	+100%
Profit/(Loss) attributable to Equity Shareholders	**21,108**	28,122	-25%	4,803	+100%
Cash Flows					
Dividends	**1,286**	5,500	-77%	500	+100%
Cash and Cash Equivalents as at 31 December	**4,520**	3,171	43%	642	+100%
Total Capital Expenditure for the year	**26,514**	5,032	+100%	7,032	-28%
Financial Position					
Shareholders Fund as at 31 December	**90,293**	67,611	34%	45,257	49%
Total Carrying Amount of Non-Current Assets as at 31 December	**111,352**	84,533	32%	88,491	-4%
Total Current Assets as at 31 December	**111,029**	107,014	4%	91,039	18%
Total Current Liabilities as at 31 December	**36,002**	32,425	11%	21,195	53%

Prior year figures have been re-arranged whenever necessary to conform to the current year's presentation.
-100% or +100% indicates the variances more than 100%.
All figures are subject to rounding differences.

Performance Highlights

		2024	2023	2022	2021	2020
Operating Highlights						
International Flight Movements	Nos.	**56,289**	46,639	37,641	21,204	20,881
Passenger Movements*	Nos.	**8,884,010**	7,548,646	5,503,198	1,505,479	2,375,056
Cargo Movements**	M.T.	**192,498**	158,911	173,597	200,179	150,075
Overflying Movements	Nos.	**40,057**	35,506	23,846	9,339	16,370
Total number of Employees as at 31 December	Nos.	**4,031**	3,940	3,854	3,985	4,098
Highlights in Ratios						
Return on Equity	%	**27**	50	11	(5)	(7)
Profit before tax to Total Net Revenue	%	**65**	88	23	(12)	(47)
Profit before tax to Shareholder's Fund	%	**36**	60	15	(2)	(10)
Total Revenue to Total Assets	Times	**0.20**	0.20	0.15	0.06	0.08
Total Assets per Employee	LKR'000	**55,168**	48,616	46,583	31,830	25,187
Total Staff cost per Employee - per annum	LKR'000	**3,546**	2,789	2,594	1,881	1,811
Total Cost per Flight Movement	LKR'000	**408**	325	727	574	738
Revenue per Passenger Movement	LKR	**4,941**	5,084	5,011	5,234	3,373
Profit after tax per Passenger Movement	LKR	**2,376**	3,725	873	(1,384)	(1,054)
Aircraft Movements per Employee	Nos.	**14**	12	10	5	5
Passengers per Aircraft	Nos.	**158**	162	146	71	114
Passengers per Employee	Nos.	**2,204**	1,916	1,428	378	580
Gearing Ratio	%	**2**	3	40	39	19
Return on Total Assets	%	**9**	15	3	(2)	(2)
Net Profit Ratio	%	**48**	73	17	(26)	(31)
Capital Productivity Index	Times	**0.22**	0.22	0.17	0.08	0.10
Earnings per Share	LKR	**105,537**	140,607	24,013	(10,417)	(12,522)
Current Ratio	Times	**3.08**	3.30	4.30	5.98	7.68
Total Income to Total Expenditure	Times	**2.25**	3.22	1.24	0.92	0.76

* Passenger movements include Arrival, Departure, Transfer and Transit excluding Domestic passengers.
** Cargo movements include Export, Import and Transshipment excluding Domestic Cargo & Air mails.

Organizational Structure

- Board of Directors
  - Executive Chairman
    - Executive Vice Chairman
      - Supply Chain Management Division
      - Information Technology Division
      - Finance Division
      - Security, Fire & Rescue Services Division
      - Commercial & Properties Division
      - Legal Division
      - Air Navigation Services Division
      - Electronics & Air Navigation Engineering Division
      - Civil Engineering (Planning & Design) Division
      - Projects Division
      - Electrical Engineering Division
      - Architecture, Landscaping & Interior Design Division
      - Mechanical Engineering Division
      - Civil Engineering (Maintenance) Division
      - Safety, Investigations & Special Projects Division
      - Airport Management Division
      - Human Resources Division
      - Cargo & Air Freight Management Division
      - Civil Aviation Training Division
      - Strategic Management Division
      - Marketing & Corporate Communications Division
      - Aeronautical Information Management Unit
      - Project Management Unit BIADP Phase II -Stage 2
  - Audit Committee
    - *Internal Audit Division

"Internal Audit Division" reports to the Executive Chairman on administrative affairs.
"Medical Services Unit" has been placed under the Airport Management Division.

Year at a Glance 2024

8,884,010
International Passenger Movements

56,289
International Aircraft Movements

40,057
Overflying Movements

192,498 MT
Cargo Movements

LKR 43,897Mn
Turnover

LKR 21,108Mn
Net Profit after tax

LKR 222,381Mn
Total Assets

4,031
No.of Employees

Chairman’s Message

Opening a New Chapter
Laying the Foundation to Flourish

The year ended 31 December 2024 was transformative for AASL. During the final quarter, we established a strong foundation for future growth with a paradigm shift across virtually all internal operations following new Government elected through the Presidential Election in September 2024 and the General Election in November 2024.

This Governmental transition has enabled AASL to adopt a more customer-focused approach with greater flexibility to respond and innovate in our rapidly evolving aviation environment. Now, more than ever, we can leverage the Sri Lanka airport brand to expand our international presence while attracting and retaining top talent to better compete with global airport operators.

As we reflect on 2024, the theme “Foundation to Flourish” aptly describes our position today as an organization. The year 2025 will mark a defining moment in our journey, where the solid foundation we have carefully built over the years now empowers us to embrace opportunities for growth, innovation and enhanced service delivery. As an organization, we have overcome significant challenges, strengthened our core and remain fully committed to addressing the evolving needs of our passengers, stakeholders and the communities we serve. As a leading state owned enterprise, we are committed to excel across all these areas.

Growing the Air Hub

The global and South Asian aviation industry has faced unprecedented challenges in recent years from the impact of the COVID-19 pandemic to rising fuel costs, labor shortages and geopolitical tensions disrupting supply chains and travel demand. These challenges, coupled with rising inflation and environmental pressures, have tested the industry’s resilience. Yet, despite these adversities, the aviation sector has shown remarkable recovery and we have worked tirelessly to adapt while maintaining our high service standards.

2024 was marked by several strategic initiatives that have positioned us for future success. A significant milestone was secure approval from our funder-JICA, to recommence the loan for Terminal 2 construction. This approval represents a pivotal moment in our infrastructure development, ensuring we can meet growing air travel demand. In 2024, we welcomed 8.9 Mn travelers, far exceeding Terminal 1’s annual capacity of 6 Mn passengers. Terminal 2 will enhance our capacity and operational efficiency, enabling us to handle increased passenger traffic while delivering a seamless experience. This project’s recommencement is vital to our continued growth and regional leadership.

Improving global economic conditions during the year contributed to more positive sentiments in the aviation sector. After several challenging years, AASL saw a steady growth from 2023 and registered 8.9 Mn passenger movements for the year ended 31 December 2024 representing an increase of 18% compared to the previous year. This optimistic trend extended to flight and cargo movements, which recorded growth of 21% and 21% year-on-year respectively.

Creating the First Class Experience

Sri Lanka has been recognized globally as a premier tourist destination known for its “Lavish Hospitality.” As the main international gateway, BIA plays a vital role in this reputation. Throughout 2024, we continued to refresh our retail and dining offerings to ensure a comprehensive array of stores and restaurants providing diverse products and cuisines. We believe in creating a conducive retail environment for our concessionaires and working closely with them to enhance BIA’s appeal as a shopping destination.

At the heart of all our efforts remains a steadfast commitment to customer satisfaction. We recognize that our organization’s success hinges on the satisfaction and trust of the people we serve. In our competitive and rapidly changing industry, merely meeting expectations is insufficient and we need to exceed them. We have focused significantly on addressing passenger concerns and improving every aspect of the passenger experience. From reducing wait times to enhancing terminal facilities, improving communication and providing superior services at every touchpoint, we have carefully considered passenger feedback and acted decisively. This customer centric approach has been instrumental in building lasting relationships with our travelers and will remain central to our strategy moving forward.

Delivering Sustainable Results

AASL performed commendably for the financial period ended 31 December 2024. Revenue for the financial period amounted to LKR 43.9 Bn, primarily from non aeronautical revenue categories mainly comprising of Embarkation levy and Turnover payment income. Expenses totaled LKR 24 Bn included Personnel expenses, Depreciation and other Administration and Establishment expenses. To maintain AASL's competitive edge, the Board and Management will continue to prioritize effective cost and expenditure management culture at AASL. We are pleased to report that AASL has delivered a profit after tax of LKR 21.1 Bn for this financial period.

In terms of financial performance, we proudly report an operational profit of LKR 19.6 Bn for the year. This strong result reflects our ability to navigate a challenging operating environment, our commitment to financial discipline and our continuous focus on driving efficiency across all areas of the business. Despite the challenges, we have maintained a healthy financial position, enabling further investment in infrastructure, service improvements and technology to ensure we remain at the forefront of the aviation industry. Our robust financial outcome testifies to our team's resilience and the soundness of our strategic direction.

Looking Ahead
Yesterday, Today and Tomorrow

While the aviation climate has improved over the past year, AASL remains prepared for the unexpected. From health concerns to security issues and market volatility, conditions can change rapidly and we must remain agile. AASL must continue to innovate to stay ahead in the competitive aviation environment and successfully capture new growth opportunities. Our commitment to our vision of becoming the "Friendliest aviation partner in global connectivity towards a sustainable economy" is unwavering. We will strive to deliver value for our partners and stakeholders, particularly for all passengers traveling through our five international airports.

Although we are a relatively young company, we recognize that our people make the difference. AASL is not just about operating and managing airports; it's about providing exceptional service that goes beyond a smile. To build a world-class team to achieve these aims, we will develop people at all levels. Our aim is to create an innovative company where talent can flourish and opportunities abound for personal growth and advancement. In 2024, we established a solid foundation for this vision.

Looking ahead, I am confident we are on the right path to achieving sustainable growth and success. The approval to recommence the Terminal 2 project, our continued focus on enhancing customer satisfaction and our strong financial performance position us well for the future. As we build upon the solid foundation we have laid, we are excited about the opportunities ahead and remain committed to providing exceptional service to our passengers, supporting our staff and delivering value to our stakeholders.

Connecting Together

AASL has achieved numerous successes since its inception in 1983, including many awards and accolades over the years. This would not have been possible without the excellent support of our many stakeholders and individual contributors.

Having assumed the role of Chairman on 9 October 2024, I would like to express my sincere gratitude to the former Management team. Their leadership, vision and commitment to excellence have been instrumental in building the strong foundation upon which we now stand. I would like to extend my heartfelt thanks to the Vice Chairman, the Board of Directors, the Division Heads and all our dedicated staff members. Their unwavering support, hard work and dedication have been crucial in achieving the milestones we celebrate today. While thanking to their efforts we can now pursue to the next phase of growth with confidence. Together, we have overcome challenges and through our collective efforts, we are well-positioned to continue flourishing in the years ahead.

We look forward to partnering with you on our journey to serve millions of people and enrich millions of lives.

Air Chief Marshal (Rtd) H D Abeywickrema
RWP RSP VSV USP MSc MA (Lon) rcds psc qfi
Chairman

28 May 2025

Leadership Team

1. H T Chaminda - Non Executive Director
2. T S Wickramathunga - Non Executive Director
3. Primal De Silva - Non Executive Director
4. P M K Hettiarachchi - Non Executive Director / Treasury Representative
5. Air Chief Marshal (Rtd) H D Abeywickrema - Chairman
   RWP RSP VSV USP MSc MA (Lon) rcds psc qfi

6. Cyril Wannigama - Vice Chairman
7. M M N Somathilaka - Ministry Observer
8. K M P N Karunarathna - Non Executive Director
9. L Senarathna - Non Executive Director
10. M M Renuka P Gunasekara (Ms) - Company Secretary

Leadership Team

Air Chief Marshal (Rtd) H D Abeywickrema
RWP RSP VSV USP MSc MA (Lon) rcds psc qfi
Chairman

Air Chief Marshal Harsha Duminda Abeywickrema, RWP RSP VSV USP MSc MA (Lon) rcds psc qfi, a distinguished leader and decorated combat pilot with an illustrious career spanning over three decades, was appointed Chairman of AASL on 9 October 2024. An alumnus of Royal College, Colombo, he joined the Sri Lanka Air Force (SLAF) in 1980 and was commissioned as a Pilot Officer in 1982. Throughout his career, he has held numerous command and operational roles, leaving a lasting impact on both the SLAF and the nation.

Air Chief Marshal Abeywickrema's operational expertise was developed through key assignments in the North and East of Sri Lanka. Notable positions he has held include Commanding Officer of the No. 5 Jet Squadron, Commandant of the prestigious No. 1 Flying Training Wing and Base Commander at SLAF Bases China Bay, Anuradhapura and Ratmalana. His leadership during these crucial periods was instrumental in strengthening the SLAF's operational capabilities. A pioneer in aviation, he was among the first Sri Lankan pilots to train in fighter jets in the late 1980s and the first to fly supersonic jet aircraft. He played a central role in establishing the SLAF's first Fighter Jet Squadron, which included subsonic FT-5 and supersonic F7 jets. Furthermore, he became the first Sri Lankan pilot to test Kfir jets during a visit to Israel, later overseeing their induction into the SLAF. Additionally, he contributed to establishing the Air Wing of the Defence Services Command and Staff College, which he eventually headed.

In 2006, Air Chief Marshal Abeywickrema was appointed to the Air Force Board of Management as Director of Operations, where he revolutionized SLAF operations. He established a Battle Management Centre that integrated UAVs, radar systems and airborne observation platforms for real-time intelligence. His innovative strategies, such as target to weapon matching and centralized command of air attacks, greatly enhanced the SLAF's air defense capabilities. He also served as Deputy Chief of Staff and oversaw logistics, further solidifying his reputation as a multifaceted leader.

Appointed as the 13th Commander of the SLAF in 2011, Air Chief Marshal Abeywickrema led the organization through a period of transformative growth. Under his leadership, the SLAF embarked on nation-building projects and revenue-generating initiatives, including the revitalization of the Heli-Tours operation and the introduction of commercial ventures such as Marble Beach Resort, Eagles Lagoon View and Eagles Lakeside Banquet and Convention Hall. His tenure also saw the construction of a new runway at SLAF Station Iranamadu and the establishment of world-class golf courses, including Eagles Golf Links and Eagles Heritage Golf Club. These initiatives enhanced both the SLAF's operational infrastructure and its public image. Additionally, Air Chief Marshal Abeywickrema implemented critical administrative reforms that improved managerial efficiency, nurtured in-house talent and expanded welfare facilities for SLAF personnel and civil staff. Under his leadership, the SLAF's Civil Engineering Unit achieved self-sufficiency in construction projects, while events such as the Commanders Cup Open Golf Tournament showcased the SLAF's commitment to excellence. After relinquishing command on 1 March 2014, Air Chief Marshal Abeywickrema was appointed Chairman of the Bank of Ceylon (BOC). During his tenure from 2014 to 2015, he introduced transformative initiatives to solidify BOC's position as Sri Lanka's leading commercial bank. His efforts included a comprehensive restructuring, brand revitalization and the adoption of advanced technology facilitated services. He prioritized employee welfare, staff development and pension rights for non-pensionable employees. His vision also led to the creation of the BOC Sky Lounge, a premier corporate entertainment facility. Additionally, he served as Chairman of BOC subsidiaries, including Property Development PLC and Koladeniya Hydropower (Private) Limited.

Beyond his military and banking careers, Air Chief Marshal Abeywickrema has held several prominent corporate positions. He served as a Director on the Board of Sunshine Holdings PLC from 2015 to 2023 and Brandix Lanka Limited from 2015 to 2022, where he oversaw administration, health and safety and transport solutions. Currently, he is a Board Director at Watawala Plantations PLC and Capitol Towers of the Sanken Group.

A distinguished graduate of the Air Command and Staff College at Air University, Maxwell Air Force Base, Alabama-USA and the Royal College of Defence Studies-London- UK. Air Chief Marshal Abeywickrema holds a Master

Leadership Team

of Arts in International Studies from King's College-University of London and a Master of Science in Management from Kotelawala Defence University - Sri Lanka. As a highly skilled aviator, he is an A2-graded qualified Flying Instructor from the Central Flying School of the Royal Air Force and holds a Commercial Pilot's License with an Instrument Rating. His exceptional service has been recognized with numerous accolades, including two Rana Wickrama Padakkamas (Combat Gallantry Medals), a Rana Sura Padakkama (Combat Excellence Medal), the Uttama Seva Padakkama (Meritorious Service Medal) and the Vishishta Seva Vibhushanaya (Distinguished Service Order).

An avid golfer, Air Chief Marshal Abeywickrema served as President of Sri Lanka Golf from 2018 to 2022 and is currently the Captain of the Nuwara Eliya Golf Club. His other interests include music and philosophy, reflecting his well-rounded personality and commitment to lifelong learning.

Cyril Wannigama
Vice Chairman

Mr. Cyril Wannigama successfully completed the University entrance exam and joined a four-year full-time course at the University of Sri Jayewardenepura in 1980. He graduated in 1984 with a BSc (Business Administration) degree. After receiving appropriate training, he accepted a Government teaching post at the University Entrance Level in 1985 and served as a Teacher until 1987.

Mr. Wannigama, having passed three competitive exams, chose the Sri Lanka Audit Service in 1987 and worked as a Superintendent of Audit at the Auditor General's Department until 1992. In 1992, he joined Airport & Aviation Services (Sri Lanka) (Private) Limited as a Senior Executive in Internal Audit and became the Head of the Division in 1995. He served in this role until his retirement in 2021, overseeing airport business for 29 years. On 1 November 2024, he was appointed Vice Chairman of AASL.

Mr. Wannigama passed Chartered Accountancy in 1994 and became a member in 1995. He also successfully completed a Master's Degree in Business Administration from the University of Southern Queensland in 2009 and a Post Graduate Diploma in Strategic Finance from the Institute of Chartered Accountants of Sri Lanka. Additionally, he obtained Membership from the Institute of Certified Management Accountants of Australia.

L Senarathna
Non-Executive Director

Mr. Lal Senarathna was appointed as a member of the Board of Directors of AASL on 1 November 2024. He also served as a member of the Audit and Management Committee of the company. With nearly 42 years of extensive experience in the Ceylon Electricity Board and the Petroleum Termination Company, Mr. Senarathna has held various positions in the fields of accounting, auditing and special investigations. Additionally, he has contributed to the development of future professionals by serving as a Visiting Lecturer at the training center affiliated with the Ceylon Electricity Board.

Currently, Mr. Senarathna is the Chairman of SEN Electrical Technologies (Pvt.) Ltd, where he continues to apply his wealth of knowledge and expertise. He holds a Bachelor's degree from the University of Kelaniya, along with several qualifications in accounting, auditing and investigation from both local and international institutions.

T S Wickramathunga
Non-Executive Director

Mr. Wickramathunga is an experienced aviation professional with over a decade of experience as a licensed Commercial Pilot. He holds an Airline Transport Pilot License (ATPL) from the Civil Aviation Authority of Sri Lanka. Renowned for his commitment to safety, operational excellence and regulatory compliance, he brings a wealth of expertise in flight operations, aviation safety and international relations. On 4 November 2024, he was appointed as a Director of the AASL.

In addition to his aviation career, Mr. Wickramathunga served as a Director at the Sri Lanka Atomic Energy Regulatory Council and the Fisheries Corporation of Sri Lanka, showcasing his leadership in the regulatory and corporate sectors. With a blend of technical expertise, regulatory leadership and international exposure, he is committed to advancing Sri Lanka's aviation sector and enhancing its global presence.

Mr. Wickramathunga's academic credentials include a Bachelor of Science in Physics and Mathematics from the University of Colombo, alongside postgraduate qualifications such as a Master of Arts in International Relations and a Master of Human Rights from the University of Colombo. He also holds a UK Bachelor of Laws (LLB), highlighting his multidisciplinary expertise.

Leadership Team

Primal De Silva
Non-Executive Director

Mr. Primal De Silva, with over three decades of experience in the aviation industry, was appointed as a Director of AASL on 4 November 2024. His career began in 1988 as a cabin crew member with Air Lanka, which later became SriLankan Airlines, where he demonstrated exceptional leadership across various facets of the aviation sector.

During his tenure, Mr. De Silva held various critical roles, including General Manager of the internationally renowned SriLankan Aviation College from 2014 to 2024. He also served as the Accountable Manager of the National Carrier for the Aircraft Maintenance & Engineering Training Organisation, under the certification of the European Aviation Safety Agency (EASA). From 2019 to 2024, he was also the Director of Emergency Response for SriLankan Airlines, overseeing the organization's preparedness and compliance in emergency situations.

In his other previous responsibilities at the national carrier, Mr. De Silva led inflight services as Manager of In-flight Services Training Standards & Operations, ensuring service delivery met international benchmarks. As Head of Corporate Social Responsibility, he played a key role in aligning the company's social and environmental initiatives with corporate goals. Additionally, as the Cabin Safety Manager, he pioneered the implementation of the Safety Management System (SMS) for in-flight cabin operations, emphasizing his advocacy for safety. Mr. De Silva holds an Executive Master's in Business Administration from the University of Sri Jayewardenepura's Post Graduate Institute of Management, a Master's in Labour Relations and Human Resources Management from the University of Colombo and a National Diploma in Training and Development from the Sri Lanka Institute of Training and Development.

In 2024, after almost 36 years in aviation at SriLankan Airlines, Mr. De Silva chose to retire prematurely and follow his passion for the agriculture and plantation sector.

K M P N Karunarathna
Non-Executive Director

Mr. Karunarathna, an Information Technology professional with over 25 years of experience, was appointed as a Director of AASL on 11 December 2024. He specializes in Program Management, SaaS operations, business operations, corporate strategy, MIS and cross-functional team management within large multinational information technology organizations. A results driven leader, he has in-depth, hands-on experience in leading globally distributed, multicultural teams to deliver technology solutions for large enterprise software and digital enablement change programs across industries such as Financial Market Infrastructure (FMI), mobile media and messaging, telecommunications and insurance.

Currently, Mr. Karunarathna heads the business operations function for the Market Infrastructure Technology division within the London Stock Exchange Group (LSEG). In this role, he oversees change management, strategic planning, risk management and MIS functions. He has previously held the roles of Head of Project Management and Project Director within the same organization. His wealth of experience also includes Program Management roles at Syniverse Technologies LLC (USA) and Verisign Inc (USA), where he managed mobile media and messaging program deliverables for multiple wireless carriers across the USA, Canada and Mexico.

Additionally, Mr. Karunarathna serves as a volunteer General Council Member of the Sri Lanka Association of Software Services Companies (SLASSCOM), primarily involved in the technology forum to drive various programs aimed at uplifting the software industry in Sri Lanka.

Mr. Karunarathna holds an MBA from the University of Sri Jayawardenepura, a BSc Eng (Hons) degree from the University of Moratuwa specializing in Electronics and Telecommunications Engineering and is a Certified Project Management Professional (PMP) from the Project Management Institute (PMI) USA.

H T Chaminda
Non-Executive Director

Thushara Hettithantrige is an accomplished corporate leader with over 28 years of experience at the Senior Management level in leading companies in Sri Lanka. He was appointed as a Director of AASL on 4 November 2024. Specializing in human resource management and operations, he has held senior leadership roles in various large scale private sector companies, including Richard Pieris and Company PLC, CEAT Kelani Holdings and Ocean Lanka (Pvt) Limited. In addition, Mr. Thushara has served as a Visiting Lecturer for professional

Leadership Team

accounting studies at various private institutes.

With academic credentials including a Bachelor of Economics (Hons) from Monash University - Australia and a Master of Business Administration from Manchester Metropolitan University, he has a strong foundation in strategic business management, human resource management, finance and economics. Currently, Mr. Thushara is a PhD candidate at the University of Colombo, demonstrating his commitment to continuous learning and research. In addition to his corporate roles, Mr. Thushara holds a Directorship on the Board of the Export Development Board of Sri Lanka. He also serves as a Member of the Board of Governors at the National Institute of Labour Studies and is a Member of the National Labour Advisory Council of the Labour Department. His wealth of experience makes him a highly respected leader and expert in corporate governance, strategic business management and operations.

P M K Hettiarachchi
Non-Executive Director/Treasury Representative

Mr. Manjula Hettiarachchi, Director General of the Department of Development Finance at the Ministry of Finance, Planning and Economic Development, Sri Lanka, has served in the public sector for over twenty years. He was appointed as a Director of AASL on 27 January 2025. Mr. Hettiarachchi began his career in 2002 as an Assistant Director of the Sri Lanka Planning Service and has since held various significant positions, including Additional Director General of the Department of Development Finance and performing the duties of the Chief Executive Officer of the National Insurance Trust Fund Board. He has also served as the Project Director for the ADB-funded Small and Medium-sized Enterprises Line of Credit (SMELoC) project.

Mr. Hettiarachchi holds a Master's degree in International Development Economics from the International University of Japan and a Bachelor's degree (B.Sc.) in Management from Sri Jayawardenepura University in Sri Lanka. Additionally, he has obtained two Post Graduate Diplomas in Development Economics one from the University of Colombo in Sri Lanka and the other from the Institute of Development Economics in Chiba, Japan. He also holds a Certificate of Intermediate Banking Studies from the Institute of Banking Studies.

M M N Somathilaka
Ministry Observer

Mr. Nandana Somathilaka serves as the Senior Assistant Secretary at the Ministry of Transport, Highways, Ports and Civil Aviation and was appointed as a Ministry Observer from the line Ministry on 30 January 2024. With extensive experience in senior administrative positions, he brings a deep understanding of divisional administration and local governance to his current role.

Before his current appointment, Mr. Nandana dedicated over a decade to serving as a Divisional Secretary across various Divisional Secretariats in the Puttalam District. Throughout his 15 year career, he has developed his skills in roles such as Assistant Commissioner of Local Government and Secretary of the Puttalam Urban Council, with a strong focus on enhancing both administrative expertise and development oriented initiatives.

Mr. Nandana holds a degree in Economics from the University of Kelaniya, which provides a solid academic foundation for his work. In his role at Ministry of Transport, Highways, Ports and Civil Aviation he oversees the Division of Aviation, which includes the Civil Aviation Authority of Sri Lanka (CAASL), the Airport and Aviation Services (Sri Lanka) (Private) Limited (AASL) and SriLankan Airlines Limited. Additionally, he is responsible for overseeing SriLankan Catering, demonstrating his comprehensive understanding of the aviation sector.

Senior Management Team

A Rajapaksha
Head of Airport Management

J A M D S S Abeywardena
Head of Finance

A I B Karunaratne
Head of Projects

M Ratnasinghe (Ms)
Head of Legal

H P L Sirimanne
Head of Supply Chain Management

K D Y Chandanie (Ms)
Head of Strategic Management

U M Weerawardena
Head of Electrical Engineering

J M De Croos Rubin
Head of Architecture,
Landscaping & Interior Design

U J Lokuarachchi
Head of Information Technology

T M N S Cooray
Head of Civil Engineering Maintenance (Oversee)

Wing Cdr. (Rtd.) S M D Wijesooriya
Head of Safety, Investigations & Special Projects

DR S S De Silva
Head of Marketing & Corporate Communications

M K P Tennage (Ms)
Head of Internal Audit

J K Rathninda
Head of Electronics & Air Navigation Engineering

R W L B Medawewa
Head of Cargo & Air Freight Management

D J U Purasinghe
Head of Commercial & Properties

Maj. Gen. (Rtd.) A P Pallawela RWP RSP
Head of Security, Fire & Rescue Services

S P Palagama
Head of Mechanical Engineering

R Weerasri (Ms)
Head of Civil Engineering
(Planning & Design)

K A R Kodikara
Head of Human Resources

G A K Nimalaratne
Head of Civil Aviation Training

S D A S Nishantha
Company Medical Officer

S C Disapathige
Head of Air Navigation Services

Report of the Board of Directors on the Affairs of the Company

We are pleased to present our report together with the audited financial statements for the year ended 31 December 2024. The details set out herein, provide the pertinent information required by the Companies Act No.7 of 2007 and are guided by best Accounting Practices. Through the concise presentation of this report, we have ensured the material disclosures are well addressed to the shareholders to have an appreciation of the state of the company's affairs and any changes during the accounting period.

1. ABOUT THE COMPANY

Airport and Aviation Services (Sri Lanka) (Private) Limited (AASL) is a company fully owned by the Government of Sri Lanka, with statutory powers to manage and develop civil airports in Sri Lanka.

2. PRINCIPAL ACTIVITIES

The principal operational activities of AASL continued to accomplish its role as the sole statutory service provider of the following aeronautical services under the powers vested through Civil Aviation Act No. 14 of 2010, Gazette on 04 November 2010:

2.1 The development, operation and maintenance of the Bandaranaike International Airport (BIA), Mattala Rajapaksa International Airport (MRIA), Colombo International Airport Ratmalana (CIAR), Batticaloa International Airport (BTIA) and Jaffna International Airport (JIA).

2.2 The provision and maintenance of search, rescue and firefighting services and aviation security services at the above aerodromes.

2.3 The provision of air traffic services, aeronautical information services, aeronautical communication services and provision of aeronautical aids for communication, navigation, surveillance, ensuring the safety and security of all aircraft and passengers within the Colombo FIR.

3. REVIEW OF OPERATIONS

A review of financial and operational performance, during the year ended 31 December 2024 and future business development of the AASL is illustrated in the Chairman's Message (Page 13 to 14), Management Discussion and Analysis (Page 36 to 47) and the Financial Review (Page 50 to 55) of the Annual Report. These reports together with the audited financial statements of the company reflect the respective state of affairs which form an integral part of the Annual Report of the Board of Directors.

The Board of Directors continuously monitors operational performance by implementing key performance indicators with the view of achieving the AASL's vision, "Friendliest aviation partner in global connectivity towards a sustainable economy".

4. FINANCIAL STATEMENTS

The Financial Statements of the Company, duly signed by two Directors on behalf of the Board are given on pages 94 to 127.

5. ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The company prepared the financial statements in compliance with Sri Lanka Accounting Standards (SLFRSs/LKASs). Significant accounting policies adopted in preparation of financial statements of the company are given on pages 98 to 108. The Board of Directors wishes to confirm that there were no changes to the accounting policies adopted by the company during the period under review.

6. DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Companies Act No. 7 of 2007 requires the Directors to prepare and present financial statements for each financial year to reflect true and fair view of its state of affairs. The Directors are of the view that these financial statements appearing on pages 94 to 127 have been prepared in compliance with the requirements of Sri Lanka Accounting Standards, Companies Act, Accounting and Auditing Standards Act No. 15 of 1995 and other financial reporting regulatory requirements.

7. INDEPENDENT AUDITORS, AUDITOR'S REPORT AND REMUNERATION

As per the 19th amendment enacted on 15 May 2015 to the article 154 of the Constitution, Auditor General is empowered to carry out audits of all Government enterprises registered under any written law and the Companies Act No.7 of 2007. In compliance with this direction audit of AASL for the year 2024 was carried out by the Auditor General. The Independent Auditors' Report on the financial statements of the company is given on pages 82 to 93 of this report. The audit fee for the year ended 31 December 2024 was LKR 1,850,000 (2023: LKR 1,254,000) and there were no other fees paid to the Auditors for audit related services and non-audit services. As far as the Directors are aware the Auditors do not have any relationship other than that of an auditor with the company.

8. INTERNAL CONTROLS AND KEY INTERNAL CONTROL PROCESSES

The Board of Directors of the Company has taken reasonable steps to safeguard its assets to prevent and detect frauds and any other irregularities. For this purpose, the

Directors have instituted effective and comprehensive systems of internal controls for identifying, recording, evaluating and managing significant risks faced by the company throughout the year and it is being regularly reviewed by the Board of Directors.

This comprises of internal reviews, internal audit and the whole system of financial and other controls required to carry on the operations in an orderly manner, safeguard the assets, prevent and detect frauds and other irregularities and secure, as far as practicable, the accuracy and reliability of the records. The Audit and Management Committee (AMC) regularly review internal control issues identified by the company's Internal Auditors, the Government Auditors and regulatory authorities. The Management evaluates the adequacy of the internal control system.

9. INCOME STATEMENT AND THE FINANCIAL POSITION OF THE COMPANY

9.1 Revenue

Revenue generated by the Company for the year 2024 was LKR 43.9 Bn (2023: LKR 38.4 Bn) which is a significant increase equivalent to 14% when compared to the previous year. An analysis of Company revenue based on business segments is disclosed in note 5 to the financial statements on page 109.

9.2 Operating Results

The Company reported an operating profit amounting to LKR 19.6 Bn for the year ended 2024. This is 1% improvement when compared to the operating profit of LKR 19.3 Bn recorded a year ago.

The company recorded a net profit of LKR 21.1 Bn for the year 2024 compared to the net profit of LKR 28.1 Bn in 2023.

9.3 Reserves

The reserves of the company which comprised of stated capital, other reserves and retained earnings. Company's reserves reported an increment due to profit during the year and revaluation of fixed assets. Accordingly, total reserves recorded being LKR 90.3 Bn as of 31 December 2024 as against LKR 67.6 Bn recorded a year ago. The movement in reserves of the company is shown in the Statement of Changes in Equity on page 96.

9.4 Dividends

The company has paid an interim dividend of LKR 1,286 Mn for the financial year 2024 in December 2024. A final dividend of LKR 5,000 Mn was declared and paid for the year 2023.

9.5 Donation

In the year 2024 the Company made donations worth of LKR 2,350,000 (2023: LKR 228,000).

9.6 Capital Expenditure

During the year under review, Company incurred LKR 26.5 Bn as capital expenditure compared with LKR 5 Bn in 2023. Investment on Property Plant and Equipment and Intangible assets are illustrated in notes number 11 and 12 of Notes to the Financial Statements.

9.7 Contribution To The Government

AASL continued to provide infrastructure and other necessary facilities required for other Government Authorities such as Sri Lanka Air Force, Sri Lanka Customs & Srilankan Airlines, etc. for them to provide related services within the airport. These transactions and account balances are disclosed under Related Party transactions in note 33 of Notes to the Financial Statements on page 126.

The contribution to the Government indirectly through the payment of taxes during the past 4 years is illustrated in below table;

Year	LKR Mn				
	Dividend	VAT	Income Tax	SSCL	APIT
2021	-	117	15	-	6
2022	1,000	1,281	117	70	15
2023	5,000	2,216	3,772	800	430
2024	1,286	3,305	5,933	931	962

9.8 Investments

Rupee value of investment portfolio increased by LKR 10.4 Bn at the end of the year, of which details are tabulated below:

Investment	LKR Mn	
	As at 31.12.2024	As at 31.12.2023
Treasury Bills /Bonds	166	24
Short term Bank Deposits	95,829	89,890
Investments in Debentures	2,199	2,999
Long term bank deposits	5,141	-
Total	**103,335**	**92,913**

9.9 Stated Capital

The share capital of the Company appeared in the financial statements comprised of Ordinary Shares of LKR 100/- each. The shareholding as of 31 December 2024 was as follows;

Held by	No of Shares	Value (LKR)
Secretary to the Treasury	200,000	20,000,000
Secretary - Ministry of Transport, Highways, Ports and Civil Aviation	1	100
Director General of Civil Aviation	1	100
Total	**200,002**	**20,000,200**

9.10 Events After Reporting Period

Material events occurring after the Statement of Financial Position date that requires adjustments to or disclosure in the financial statements as mentioned in note 34 to the financial statements on page 127

9.11 Going Concern

After making diligent inquiries, embracing the normal forecasting process and considering future prospects and risk potential, the Directors consider that AASL has adequate resources and committed borrowing facilities to continue in operational existence for the foreseeable future. Consequently, all Financial Statements have been prepared based on Going Concern basis.

9.12 Contingencies and Commitments

The details of contingent liabilities are disclosed in note 30 to the financial statements on page 123.

10. INFORMATION OF THE BOARD OF DIRECTORS AND BOARD SUB COMMITTEES

10.1 Directorate

The appointment of the Chairman (Article 79) and Non-Executive Directors (Article 82) have been done as per the terms shown in above mentioned clauses of the Articles of Association of AASL.

10.2 Details of the Present Directors who held Office as at 31 December 2024

Board of Directors	Position	Date of Appointment	Independent
Air Chief Marshal (Rtd) H D Abeywickrema RWP RSP VSV USP Msc MA (Lon) rcds psc qfi	Chairman	09.10.2024	No
Cyril Wannigama	Vice Chairman	01.11.2024	No
L Senarathna	Non-Executive Director	01.11.2024	Yes
T S Wickramathunga	Non-Executive Director	04.11.2024	Yes
Primal De Silva	Non-Executive Director	04.11.2024	Yes
K M P N Karunarathna	Non-Executive Director	11.12.2024	Yes
H T Chaminda	Non-Executive Director	04.11.2024	Yes
G A A Priyantha *	Non-Executive Director / Treasury Representative	11.06.2021	No
M M N Somathilaka	The Observer from Ministry of Transport, Highways, Ports and Civil Aviation	30.01.2024	No

* G A A Priyantha – Non-Executive Director / Treasury Representative, resigned on 03 December 2024 and P M K Hettiarachchi was appointed as Non-Executive Director / Treasury Representative on 27 January 2025.

10.3 Details of the Directors who resigned During the Year 2024

Board of Directors	Position	Date of Appointment	Date of Resignation
Eng. A Galketiya	Chairman	11.12.2023	27.09.2024
M S A Senarathne (Ms)	Vice Chairman	10.01.2024	08.10.2024
G U K Algewattage	Non-Executive Director	15.06.2022	01.10.2024
A S C Warushahennadige	Non-Executive Director	12.12.2019	19.06.2024
S N Sumanasekera	Non-Executive Director	12.12.2019	14.06.2024
Capt. Milinda Ratnayake	Non-Executive Director	20.06.2022	19.06.2024
W A A Wijayasuriya	Non-Executive Director	13.09.2022	12.09.2024
A A Randeniya	Non-Executive Director	30.11.2022	27.09.2024
W S D De Silva	Non-Executive Director	30.11.2022	27.09.2024
Capt. S Fernando	Non-Executive Director	16.06.2024	02.10.2024
P Lokuyaddehige	Non-Executive Director	21.06.2024	30.09.2024
S R Jayaneththi	Non-Executive Director	10.07.2024	01.10.2024
P A Jayakantha	Non-Executive Director	04.11.2024	11.12.2024
G A A Priyantha	Non-Executive Director / Treasury Representative	11.06.2021	03.12.2024

10.4 Board Sub-Committees

Sub Committee	Composition as at 31 December 2024
Audit and Management Committee	G A A Priyantha - Chairman
	Capt. Milinda Ratnayake - Member
	W S D De Silva - Member
	W A A Wijayasuriya-Member
	L Senarathna - Member
	P A Jayakantha - Member
	Head of IA & QA - Convener
	M M Renuka P Gunasekara (Ms) - Secretary
	H A I Perera - Observer - Chief Internal Auditor - Ministry of Transport, Highways, Ports and Civil Aviation
	N D N C Kumari (Ms) - Observer- (Former K A A Kulathunga) Superintendent of Government Audit
Human Resources and Remuneration Committee	Cyril Wannigama - Chairman *
	M S A Senarathne (Ms) - Chairman (Former)
	Capt. Milinda Ratnayake - Member
	T S Wickramathunga - Member **
	W S D De Silva - Member
	G U K Algewattage - Member
	W A A Wijayasuriya - Member
	Head of HR - Convener and / or Secretary
Financial Management and Revenue Generation Committee	Eng. A Galketiya - Chairman
	M S A Senarathne (Ms) - Member
	S N Sumanasekera - Member
	W S D De Silva - Member
	Head of Finance - Convener and /or Secretary
Risk Management Committee	Cyril Wannigama - Chairman *
	Capt. Milinda Ratnayake - Chairman (Former)
	Primal De Silva - Member **
	T S Wickramathunga - Member **
	A S C Warushahennadige - Member
	A A Randeniya - Member
	Capt. S Fernando - Member
	W S D De Silva - Member
	Head of SM - Convener and / or Secretary
All Airports Way Forward Committee	Eng. A Galketiya - Chairman
	M S A Senarathne (Ms) - Member
	A S C Warushahennadige - Member
	A A Randeniya - Member
	Head of AM - Convener and / or Secretary

Sub Committee	Composition as at 31 December 2024
Project Management Sub-Committee	W A A Wijayasuriya - Chairman
	Eng. A Galketiya - Member
	M S A Senarathne (Ms) - Member
	A S C Warushahennadige - Member
	Head of Projects - Convener and /or Secretary

* Cyril Wannigama chaired Human Resources and Remuneration Committee & Risk Management Committee since December 2024.
** Primal De Silva and T S Wickramathunga were members of Sub Committees since December 2024.

10.5 Disclosure of Directors Dealing in Shares or Debentures

No shares or Debentures are held by any of the Directors.

10.6 Directors' Interest in Contracts and Proposed Contracts

No Director was directly or indirectly interested in contracts or proposed contracts connected to the Company's business during the year under review.

10.7 Directors' Remuneration and Other Benefits

The Company has paid LKR 12.3 Mn as Directors' emoluments for the year 2024 (2023 – LKR 12.4 Mn). There were two Executive Directors at the end of the year who were paid LKR 4.5 Mn during the year as remuneration. This included all financial benefits namely Directors' Salary, Fees, Allowances, reimbursement of Entertainment expenses, medical, telephone and other allowances. Non-Executive Directors were paid an amount of LKR 7.8 Mn during the year, being the cost of traveling and Directors' fees for attending Board meetings.

11. CORPORATE GOVERNANCE

The Board of Directors are committed to maintaining an effective Corporate Governance Framework and implementing systems and structures required to ensure best practices in Corporate Governance and their effective implementation.

12. STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and all other known statutory dues as were due and payable by the company at the Statement of Financial Position date have been paid or, where relevant provided for.

13. COMPLIANCE WITH LAWS AND REGULATIONS

To the best of knowledge and belief of the Board of Directors, the Company has not engaged in any activity, which contravenes laws and regulations of the country.

14. ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the Board Room of AASL, on 30 June 2025 at 09:30 a.m.

15. ACKNOWLEDGEMENT

The Board of Directors takes great pride in congratulating the Management team for successfully completing another financial year amidst numerous challenges. The year 2024 presented significant obstacles for the aviation sector, including rising fuel costs, supply chain disruptions and fluctuating demand. Despite these challenges, the Company demonstrated resilience and continued to deliver strong performance. We also wish to express our heartfelt gratitude to the Ministry of Transport, Highways, Ports and Civil Aviation, along with other stakeholders and regulatory bodies, for their ongoing support and collaboration during this crucial period.

Further, we would like to express our sincere appreciation and gratitude to all stakeholders involved and contributed towards continued operations of the company, including our customers for the continuous trust placed on us. Last but not least, our gratitude goes to all AASL staff for their continued commitment, integrity and hard work extended during this unprecedented challenging year.

BY ORDER OF THE BOARD

Air Chief Marshal (Rtd) H D Abeywickrema
RWP RSP VSV USP MSc MA (Lon) rcds psc qfi
Chairman

28 May 2025

Report of the Audit and Management Committee (AMC)

PURPOSE OF THE AUDIT AND MANAGEMENT COMMITTEE

The Audit and Management Committee is a Sub Committee of the Board of Directors, established to support the Board in fulfilling its oversight responsibilities. It is appointed by the Board and reports its findings and recommendations to facilitate the implementation of corrective measures and the achievement of organization objectives. The powers and responsibilities of the Audit and Management Committee are governed by the guidelines on Corporate Governance for State Owned Enterprises, issued by the Department of Public Enterprises, General Treasury.

ROLE OF THE COMMITTEE

The Audit and Management Committee's main responsibility is to assist the Board in carrying out its oversight duties in areas such as the risk management process, effectiveness of the prevailing internal control system, regulatory and statutory compliance and integrity of financial reporting of the authority.

The Committee evaluates and discusses the comments and observations on the External Auditor's reports and queries. The Committee also assesses the adequacy and performance of the internal audit functions. Further to that evaluate the reports and queries issued by Internal Audit Division.

COMPOSITION

The AMC comprises of three (03) Non-Executive Directors, who conduct Committee proceedings in accordance with the Audit Committee Charter, which clearly defines the Terms of Reference (TOR) of the Committee. The composition of the AMC for the year under review was as follows;

AMC Composition			
Name of the Director	Tenure		Position
	From	To	
G A A Priyantha	29.06.2021	02.12.2024*	Chairman
Capt. Milinda Ratnayake	20.06.2022	13.06.2024*	Member
W S D De Silva	30.11.2022	06.09.2024*	Member
W A A Wijayasuriya	25.06.2024	06.09.2024*	Member
L Senarathna	19.11.2024	02.12.2024*	Member
P A Jayakantha	19.11.2024	02.12.2024*	Member

*The last AMC attended.

The representatives of the Auditor General from the National Audit Office and Chief Internal Auditor of the Ministry of Transport, Highways, Ports and Civil Aviation attended AMC meetings as independent Observers.

MEETINGS

The AMC had ten (10) meetings during the year 2024. The attendance of the members to the meetings is set out in the table below.

Name of the Director	Number of Meetings scheduled to be attended out of the total AMC's	Attendance
G A A Priyantha	10	10
Capt. Milinda Ratnayake	5	5
W S D De Silva	9	9
W A A Wijayasuriya	3	3
L Senarathna	1	1
P A Jayakantha	1	0

The Head of IA & QA convened the Audit and Management Committee in line with the provision provided under the guidelines on Corporate Governance for State Owned Enterprises. The proceedings of the AMC meetings were recorded by the Company Secretary, functioning as the Secretary to the AMC and minutes of AMC meetings were circulated to the Board of Directors at the next most practicable meeting.

CHARTER OF THE COMMITTEE

The Board approved AMC Charter clearly defines Terms of Reference (TOR) of the Committee and regulates the purpose, composition, scope, duties and responsibilities of the AMC.

KEY RESPONSIBILITIES OF THE COMMITTEE

The key responsibilities include;

- To review significant accounting and reporting issues, including complex or unusual transactions, highly judgmental areas and recent professional and regulatory pronouncements and understand their impact on the financial statements.

- To examine the outcomes of the audit in collaboration with Management and External Auditors, addressing any encountered challenges.

- To review the annual financial statements and consider whether they are complete and consistent with information known to committee members and ensure that the information is presented in accordance with the appropriate accounting standards and policies.

- To review other sections of the annual report and related regulatory filings before the release and consider the accuracy and completeness of the information.

- To ensure that all pertinent matters needing communication with the Audit Committee have been effectively conveyed to both Management and External Auditors.

- To review interim financial statements with Management and if required with the Superintendent of Audit representing the Auditor General and consider whether they are complete and consistent with the information known to Committee members.

- To review reports prepared by Management and/or the Independent Auditor setting forth significant financial reporting issues, judgments made and key audit matters in connection with the preparation of the financial statements.

- To approve the annual audit plan and any significant modifications to it and assess the performance of the internal audit activity in comparison to its plan.

- To coordinate with External Auditors and monitor the response to the Auditor General's (AG's) Management Letter, along with Management's corresponding actions.

- To interact with the Internal Auditors and Superintendent of Audit representing the Auditor General.

- To assess the efficiency of the system in monitoring compliance with laws, regulations and directives and to review the outcomes of Management's investigations and subsequent actions (including disciplinary measures) regarding any instances of non-compliance.

ACTIVITIES IN 2024

Throughout the year, the AMC diligently carried out its responsibilities beyond routine activities. It extensively reviewed the mechanism adopted to regular monitoring of operational procedures across all divisions and their associated controls. Furthermore, the Committee conducted a thorough examination of the organization's financial procedures, aligning them with the Enterprise Resource Planning (ERP) system.

Additionally, AMC critically reviewed the useful life of the assets and also duly addressed the concerns related to the Fixed Assets Master Record (FAMR). This comprehensive review led to the formulation of effective Assets Management System and aimed at overcoming FAMR related challenges ensuring operational efficiency.

The following include other key routine activities carried out by the AMC during 2024.

FINANCIAL REPORTING

The Committee reviewed the effectiveness of the Financial Reporting System in place in order to ensure reliability of information provided to the stakeholders during the reporting period.

The Committee aided the Board of Directors in fulfilling their responsibility for the preparation of true and fair financial statements in accordance with the Sri Lanka Accounting Standards and the company's books of account. It assessed the adequacy and effectiveness of the internal control system and procedures to ensure that all transactions are accurately and completely recorded in the books of account. Additionally, the Committee reviewed monthly interim financial statements along with pertinent supporting information, including significant assumptions and judgments applied in the preparation and presentation of financial statements.

Having assessed the prevailing Internal Control systems and procedures, the committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the financial position of the company is well monitored and accurately reported.

INTERNAL CONTROLS

The AMC assessed the effectiveness of Internal Controls over financial reporting for the year ended 31 December 2024. This process assessed the adequacy and effectiveness of the Internal Controls in order to mitigate various risks and to ensure compliance with laws and regulations. The AMC ensures that appropriate action is taken by the Management on the recommendations of the Head of Internal Audit and Quality Assurance (IA&QA), to improve the effectiveness of the Internal Control systems of AASL. The basis of Internal Control framework enables the Board of Directors to pursue its functions and take necessary measures.

INTERNAL AUDIT

The Internal Audit (IA) function is an independent and objective assurance function which supports AASL in improving its overall control framework. The IA function contributes to the maintenance of systematic and disciplined approach to evaluate and improve the design and effectiveness of AASL's Risk Management, Control and Governance processes.

The AMC ensured that Internal Audit function is independent of the control of those who are responsible for actually carrying out the financial and accounting operations of AASL, as well as those who are engaged in the execution of schemes and projects or performance of works and services rendered by AASL in line with good corporate governance practices and that it is performed with impartiality, proficiency and due professional care. The AMC monitored and reviewed the scope, resources, extent and effectiveness of the activities of IA&QA Division.

The AMC reviewed, assessed and approved the Annual Internal Audit Plan for the year 2025. The AMC also reviewed and monitored Management's responsiveness to the significant audit findings and recommendations of the Internal Audit.

EXTERNAL AUDIT

As per the Article 154 of the Constitution of the country, the Auditor General (AG) has been empowered to carry out the External Audit of AASL. Accordingly, the AG acts as the External Auditor of the Company for the year ended 31 December 2024. AMC closely liaises with External Auditor who is responsible for expressing an opinion on the conformity of the financial statements with the Sri Lanka Accounting Standards.

The External Auditor as an independent Observer was invited for all AMC meetings, which enabled the Committee to bear their views and discuss their insights on regulatory and compliance requirements and control or procedural weaknesses if any.

GOOD GOVERNANCE

The AMC has the potential to significantly enhance Good Governance and foster a proactive culture within AASL by emphasizing the importance and necessity of adhering to regulatory requirements, including Government Circulars.

CONCLUSION

In its efforts, the AMC has aimed to strike a balance between providing independent oversight of AASL's operations while offering support and guidance to the Board of Directors in fulfilling their obligations concerning financial reporting processes, internal control systems adequacy and effectiveness, External Audit and AASL's compliance monitoring processes. The Committee is confident that it has fulfilled its duties effectively and to a high standard throughout the year, thereby enhancing the value of the Company.

G A A Priyantha
Chairman - Audit and Management Committee (AMC)

Management Discussion and Analysis (MDA)

FOUNDATION TO FLOURISH LOCAL OVERVIEW

As the statutory aviation services provider in Sri Lanka, AASL plays a pivotal role in managing and delivering a wide range of airport and aviation services. The year 2024 marked a period of continued recovery and growth for AASL, as we navigated the complexities of a dynamic global aviation landscape. Our performance was influenced by the broader recovery of the aviation industry, alongside a series of strategic initiatives aimed at diversifying revenue streams, enhancing operational efficiency and strengthening our financial position.

Backed by 56,289 international flight movements, 8,884,010 international passenger movements and 192,498 metric tons of cargo, AASL generated total revenue of LKR 43.9Bn in 2024 reflecting a 14% increase compared to the previous year's revenue of LKR 38.4Bn. This growth was primarily driven by positive developments across our operations, particularly the rise in passenger, aircraft and cargo movements.

FOUNDATION TO FLOURISH GLOBAL AVIATION PERSPECTIVE

In 2024, airlines offered 5.85Bn seats on scheduled flights worldwide, surpassing the previous record of 5.72Bn seats set in 2019 by 2%. Global seat capacity also increased by 6% year-on-year, fueled by surging demand for air travel and the deployment of larger aircraft to accommodate this growth.

Despite the increase in seat availability, the total number of scheduled flights in 2024 at 36.4Mn remained 5% below 2019 levels. This highlights a strategic industry shift toward operating larger aircraft with higher seating capacities. Overall, the data reflects a clear upward trajectory in air travel demand, with airlines responding by offering a record-breaking number of seats of 5.85Bn globally.

The fact that the industry has exceeded pre-pandemic heights just a few years after COVID-19 underscores the enduring strength of air travel in today's world whether by connecting families and friends, enabling essential business travel or supporting global tourism and exploration.

According to Cirium's analysis, American Airlines led the global market in passenger seat offerings, followed by Delta Airlines, United Airlines and Southwest Airlines. European low-cost carrier Ryanair ranked fifth, standing out as the only non-U.S. airline in the top five.

Atlanta's Hartsfield-Jackson International Airport was identified as the world's busiest airport in 2024, with over 62.7Mn departing seats. Dubai International ranked second with 59.7Mn, followed by Tokyo-Haneda, London-Heathrow and Dallas-Fort Worth, which reported over 55Mn, 52.4Mn and 51.4Mn departing seats respectively.

Asia emerged as a dominant force in the world's busiest air routes, accounting for eight of the top ten. The Seoul-Gimpo to Jeju route was ranked the busiest, with over 15Mn annual seats. The remaining busiest routes included one in the Middle East and one in Australia.

Airline profitability is also on an upward trend. According to the International Air Transport Association (IATA), a combined net profit of US $30.5Bn is expected for 2024, alongside a record number of passengers. For 2025, revenue is forecasted to surpass US $1Tn for the first time. Long-term growth projections through 2050 remain bullish, particularly in emerging markets like China and India.

Some industry stakeholders challenge the notion that Sustainable Aviation Fuel (SAF) is either too scarce or too expensive, arguing instead that the current lack of demand is hindering wider adoption. However, given the sector's traditionally low margins projected at an average net profit of US $7 per passenger in 2025, there is general consensus that greater investment and risk-mitigation mechanisms are essential to scaling up SAF usage.

Passenger traffic continued its upward momentum in 2024, with IATA reporting a 10% year-on-year increase, driven by strong demand across both international and domestic travel segments.

On the regulatory front, the industry is seeing increased emphasis on environmental sustainability and security. Airports around the world, including those in the Asia-Pacific region, are under growing pressure to comply with stricter environmental standards. These include efforts to reduce carbon emissions, boost energy efficiency and invest in green technologies and sustainable infrastructure. In parallel, passenger safety and security remain top priorities, prompting airports to adopt advanced screening technologies and strengthen operational protocols. Furthermore, improving the overall passenger experience has become a focal point, with regulations encouraging digitalization, operational efficiency and upgraded customer service amenities.

A surge in domestic travel demand was felt across all major markets during 2023, with total domestic traffic surpassing the 2019 record. International traffic also rose steadily worldwide. As 2024 began, the industry's growth momentum remained resilient, despite various economic and geopolitical headwinds pressuring airlines and consumers.

Looking ahead, the global aviation

sector faces a delicate balancing act, recovering from the pandemic's long-term impacts, managing ongoing economic pressures and adapting to evolving regulatory standards. Organizations like AASL will play a vital role in this journey, serving not only as service providers but also as strategic partners in the broader aviation eco system, driving sustainable growth and operational excellence in the years to come.

FOUNDATION TO FLOURISH TRULY IN THE PASSENGER FOCUS

Passenger satisfaction or rather, passenger fascination is largely shaped by the quality of the service platform provided at the airport. Airports serve as unique environments where travelers interact with a blend of tangible and intangible services within what is often described as a "Complex Servicescape." Therefore, delivering a high level of passenger satisfaction is essential for any airport seeking a competitive edge.

Airports function as revenue generators through two primary streams: aeronautical and non-aeronautical services. The success of both categories heavily rely on passenger volumes and aircraft movements. Much like any other customer-centric business, airports must regard passengers and airlines as their core customers. Since customers are considered the "kings" of service delivery, their satisfaction is imperative. Numerous airport-related studies stress the importance of Aviation Executives recognizing the critical role of customer satisfaction in driving airport performance.

Aviation marketing practices increasingly focus on assessing customer satisfaction as a way to enhance revenue from concessionaires such as cafés, shopping outlets, leisure facilities and commercial spaces. Academic research frequently uses passenger feedback as a metric of airport service excellence, providing direct insight into potential areas for growth and service refinement. These insights are often drawn from the very "tone" of passenger sentiment, highlighting trends that help airports avoid stagnation or decline in air travel demand.

In today's digital age, nearly all airports are rapidly evolving to assess customer satisfaction across the "five senses" by delivering an enriched guest experience throughout the airport journey. With the influence of social media, even a single dissatisfied customer can negatively impact not just the airport, but also the associated airline. One widely known example of this is the case involving United Airlines, which highlighted the reputational risks of poor customer service.

Retaining customer loyalty continues to be a significant challenge in the aviation industry. Since the late 1990s, many aviation service providers have invested heavily in sophisticated marketing initiatives to attract and retain passengers. Within this context, service excellence has become a strategic priority for long-term business sustainability. Aviation authorities, service providers and experts have all emphasized the importance of tracking and improving service quality to ensure customer satisfaction at airports. A notable initiative in this area is the "Passenger Happiness Study" conducted by AETRA-a joint research mission by Airports Council International (ACI) and the International Air Transport Association (IATA).

Measuring guest experience has now become a benchmark practice in aviation service delivery. According to AETRA, the data collected through these studies is vital in assessing airport performance and identifying areas for improvement, all while maintaining a customer-centric corporate strategy (AETRA, 2005). These assessments are based on passenger surveys conducted at exit gates, capturing diverse aspects of the daily airport experience including navigation, facilities, safety and immigration procedures, airport ambiance and airline service quality.

It is clear that customer satisfaction in the airport environment is not limited to what occurs inside the terminal. Rather, it involves a combination of tangible and intangible factors that collectively influence a passenger's overall impression. To ensure a high level of customer satisfaction through service quality, airports must focus on engaging all stakeholders involved in creating "touch-points" across the service delivery journey.

The airport is often the first and last impression of a country's service standards, especially for international travelers. It is the space where aviation staff and passengers engage to provide and receive essential services. The overall guest experience includes elements such as passenger and cargo handling, wait times, ease of navigation within the airport and value-added services such as retail and leisure offerings.

Key operational elements such as airport facilities, systems and signage play a crucial role in enhancing service quality. Flight Information Display Systems (FIDS) must be accurate and clearly communicated, while aviation signboards should function as intuitive guides to help passengers navigate the next steps in their journey.

Establishing service benchmarks is essential for maintaining and improving aviation service standards. Benchmarks introduced by IATA decades ago have significantly influenced how service quality decisions are made. Canada's "Level of Service Requirements for Passenger Processing Facilities at Airport Terminals" further advanced these frameworks. Today, aviation service delivery is recognized as a critical frontier in service quality management. It affects passengers' perceptions in two key ways: their waiting experience and their interaction with airport services and personnel.

Air passengers are, in turn, exposed to various aviation amenities, staff services and other facilities available within the terminal. Recognizing the limited research in the area of aviation service quality, Fodness and Murray (2007) introduced a comprehensive model that encompasses the entire spectrum of passenger experience from the moment they enter the terminal. In this context, it is both relevant and valuable to examine, through this Management Discussion and Analysis, how AASL has aligned with and contributed to this model in 2024 particularly in the areas of Servicescape, service staff and overall service delivery.

Relentless Pursuit of Excellence in 2024: Enhancing Servicescape, Service Staff and Service Delivery through optimal passenger environments

SERVICESCAPE

Foundation to Flourish through Servicescape Excellence

Under the pillar of Servicescape, AASL placed significant emphasis on improving both physical and digital environments where services are delivered. This initiative encompasses the strategic design and modernization of both customer-facing facilities and digital touch-points, with a focus on ensuring they are not only functional but also engaging, intuitive and supportive of a seamless customer experience. The objective is to create a welcoming, efficient and visually appealing atmosphere that enhances service interactions, elevates customer satisfaction and strengthens brand loyalty.

A thoughtfully designed Servicescape is instrumental in shaping customer perceptions and elevating the overall service experience. Recognizing this, AASL has made targeted investments to upgrade infrastructure at BIA.

As part of its long-term vision, on 27 April 2024, AASL awarded a significant contract to one of Sri Lanka's leading ISO-certified baggage service providers to upgrade the departure baggage makeup facility at BIA. This project, aligned with the Servicescape pillar, addresses the increasing demand and rising passenger volumes at Sri Lanka's primary international gateway.

The initiative includes the refurbishment and extension of the existing departure baggage makeup carousel, along with the execution of critical civil works. Once completed in 2025, the project is expected to boost the departure baggage handling capacity by approximately 45%, substantially enhancing operational efficiency and contributing to a smoother and more comfortable travel experience for all departing passengers.

Advancing the Bandaranaike International Airport Development Project (BIADP) Phase II Stage 2

AASL signed a contract agreement for amendment of BIADP-Phase II Stage 2 project

On 5 November 2024, AASL signed a contract agreement for the amendment of ongoing Design and Post Design Consultancy Services for the Bandaranaike International Airport Development Project (BIADP) Phase II Stage 2. The agreement, formalized with the joint venture of Japan Airport Consultants, Inc. and Nippon Koei Co., Ltd., marks a significant milestone in the JICA-funded project, with the procurement process now underway to initiate construction of the remaining scope of the passenger terminal building and associated works. This strategic initiative underscores AASL's continued commitment to strengthening BIA's infrastructure to meet the growing demands of air travel and enhance the overall passenger experience.

On 8 April 2024, AASL took decisive action to complete the substructure works for the halted Bandaranaike International Airport Development Project (BIADP) Phase II, following the termination of the Terminal 2 project in December 2022. A comprehensive strategic plan was devised to finish the partially completed substructure works left by the previous contractor. This plan includes the installation of 68 remaining piles, the construction of pile caps and ground beams at the Main Terminal Building (MTB), as well as Pier 2 and Pier 3 and partial completion of the Underground Utility Tunnel at Piers 2 and 3. These tasks were awarded to a local construction contractor, with funding provided by AASL and technical supervision managed by the consulting joint venture of Japan Airport Consultants, Inc. and Nippon Koei Co., Ltd.

Furthermore, AASL secured concurrence from the Japan International Cooperation Agency (JICA) for the execution of these works, as well as the reimbursement of Consultancy Services costs under the JICA loan. The completion of these substructure works is expected to address issues of deteriorating steel reinforcements, mitigate risks associated with deep excavations and reduce both time and costs when a new contractor is mobilized for the remaining project scope. Ultimately, this strategic move will contribute to significant cost savings on insurance, ensuring a more efficient and seamless continuation of the BIADP Phase II.

Preparing for the Next Generation of Aircraft Operations

In April 2024, AASL hosted technical awareness sessions at BIA in collaboration with The Boeing Company, focusing on the operations of the B777-9, which is scheduled to enter service in mid 2025. The B777-9 is currently undergoing flight tests and the session, led by Richard Vaisvila, Lead Engineer of Airport Operations at Boeing Airport Operations Engineering, provided essential insights into the operational considerations of this advanced aircraft. This initiative underscores AASL's proactive approach in staying ahead of evolving aviation technologies, ensuring that both the airport's infrastructure and operational teams are fully equipped to accommodate the latest advancements in aircraft operations, thereby enhancing the overall passenger experience and operational efficiency at BIA.

Enhancing Passenger Comfort

In November 2024, AASL initiated the replacement of floor carpets in the Pier Gate Lounges at BIA, covering an approximate floor area of 2,650m² across 8 lounges. This upgrade aims to enhance the passenger experience by providing a refreshed, modern aesthetic to the Gate Lounges, creating a more inviting and comfortable environment for travelers. The installation of new carpets is part of AASL's ongoing efforts to continually improve the airport's facilities, ensuring that BIA remains a state-of-the-art, passenger friendly hub.

During August 2024, AASL completed the refurbishment of six existing washrooms within the Terminal and Pier Buildings at BIA, covering an approximate area of 245m². The scope of work included a complete renovation of the washrooms while ensuring that airport operations continued without disruption. The objective of this project was to enhance the overall passenger experience by creating a more pleasant and comfortable environment. The upgraded washrooms not only improve the aesthetic appearance of the Terminal but also increase the capacity, further contributing to the airport's commitment to providing high quality facilities for its passengers.

During November 2024, the Government of Japan donated two fully equipped ambulances to BIA as part of the ongoing Border Health Project. These ambulances, were valued at approximately USD 100,000 each. The ambulances were equipped with advanced medical equipment, including cardiac monitors, oxygen supply systems and life support apparatus, ensuring enhanced emergency health preparedness at BIA in line with International Health Regulations (2005). Additionally, the donation included a turnkey digital signage system, featuring twenty centrally controlled screens designed to improve passenger experience by displaying critical information such as public health advisories and flight details. The project, supported by the International Organization for Migration (IOM), highlights Japan's continued commitment to enhancing health resilience and ensuring a safe and efficient environment for passengers and staff at BIA.

Donation of two Ambulances by the Government of Japan

Milestones in Airline Operations with Growth in Tourism

Resumption of Cathay Pacific Flight Operations

On February 1, 2024, AASL proudly welcomed the return of Cathay Pacific Airways to Sri Lanka with the resumption of scheduled passenger flight operations. The inaugural flight, CX 611, arrived at BIA aboard an Airbus 330-300, marking a significant milestone in the recovery of global air travel. To mark the occasion, the 220 passengers aboard the inaugural flight were warmly welcomed with a cultural dance performance organized by Sri Lanka Tourism, adding a special touch to the arrival. As Cathay Pacific now reconnects Sri Lanka to its global network of around 80 destinations, AASL is proud to support the growth and renewal of international air travel, ensuring an optimal passenger environment at BIA that caters to both comfort and safety. The resumption of such prestigious airline services reflects AASL's commitment to maintaining and enhancing the quality of passenger experiences within Sri Lanka's aviation eco system.

Etihad Airways, the national carrier of the United Arab Emirates, expanded its service to Colombo with an increase in flight frequencies, effective from 1 May, 2024. The airline, which previously operated ten weekly flights, will boost this to thirteen flights per week starting in May, with a further increase to twenty flights per week by 15 June 2024. This move is a significant boost to Sri Lanka's tourism industry and enhances connectivity to the Middle East and other key destinations worldwide. The expansion is part of Etihad's broader strategy to increase its global footprint and offer passengers more flexible travel options, with seamless connections through its hub in Abu Dhabi. This development underscores the commitment to enhancing the passenger experience by ensuring convenience, accessibility and a smooth travel environment, which aligns with AASL's ongoing efforts to optimize the Servicescape and create an exceptional passenger experience at BIA.

Turkish Airlines has announced a significant enhancement in its flight operations, increasing the frequency of its flights between Istanbul and Colombo. Starting 14 May 2024, the airline will add a sixth weekly flight, offering passengers even greater flexibility and convenience when traveling between these two key destinations. This increase reflects Turkish Airlines' ongoing commitment to meeting the rising demand for air travel to Sri Lanka, while providing an optimal connection to Istanbul and beyond. Known for its exceptional service quality, Turkish Airlines continues to provide a premium travel experience, with full-flat bed seats in its business class and outstanding culinary offerings for all passengers on board its wide-body aircraft. Since launching direct flights from Istanbul to Colombo on October 30, 2023, after 10 years of operations with a stopover in Male, the airline has made strides in strengthening connectivity and enhancing passenger experiences. This strategic growth aligns with AASL's goal of optimizing the Servicescape at BIA by supporting an evolving global network and ensuring a seamless and comfortable environment for international travelers.

Thai Airways, the flag carrier of Thailand, has resumed daily flight operations between Bangkok and Colombo, marking a significant boost to Sri Lanka's tourism industry. The first flight arrived at BIA on 1 April 2024 and passengers were warmly welcomed with Sri Lanka Tea Board-sponsored gift packs and a traditional Kandyan dance performance organized by Sri Lanka Tourism. This marks a major milestone for both Thai Airways and Sri Lanka's aviation sector, enhancing connectivity between the two nations. Passengers will enjoy seamless access to over 60 cities across 28 countries from Bangkok, with Thai Airways offering a premium travel experience that includes world-class service.

Maldivian Airlines, the flag carrier of the Maldives, commenced its new flight route between Male and Colombo, Sri Lanka, on 25 April 2024. The airline now operates two weekly flights, departing every Thursday and Saturday, offering greater flexibility for both leisure and business travelers. The inaugural flight, carrying 138 passengers, was warmly welcomed at BIA with a cultural dance performance organized by Sri Lanka Tourism and complimentary tea gifts for the passengers. This addition to the growing network of international airlines at BIA highlights the airport's commitment to enhancing the passenger experience by offering more travel options and a welcoming atmosphere for visitors to Sri Lanka. Maldivian Airlines' service expansion is expected to further strengthen the tourism industry, providing convenient connections between Sri Lanka and the Maldives.

On 29 June 2024, Sri Lanka's tourism industry reached a significant milestone with the arrival of its one millionth tourist, marking a strong recovery following the challenges of the COVID-19 pandemic and economic downturn. The Sri Lanka Tourism Promotion Bureau, in collaboration with AASL, celebrated this achievement at BIA, symbolizing the country's resurgence as a sought-after travel destination. With its captivating landscapes, rich cultural heritage and warm hospitality, Sri Lanka continues to attract travelers from around the world. This milestone not only highlights the growing appeal of the island but also underscores AASL's commitment to providing an exceptional travel experience, ensuring a welcoming and seamless environment for all passengers arriving to Sri Lanka.

Air India marked a significant milestone on 1 July 2024, by introducing the Boeing 787 Dreamliner to Sri Lanka, becoming the first airline to operate this aircraft from Sri Lanka to India. The inaugural flight was greeted with a ceremonial water salute at BIA, highlighting the importance of this new service. Air India now operates 10 weekly flights on the Colombo-Chennai route and 7 weekly flights on the Colombo-Delhi route, offering more flexibility and enhanced comfort for travelers. The introduction of the Dreamliner provides passengers with a premium travel experience, thanks to its modern features and improved efficiency. AASL congratulates Air India on this valuable addition, reaffirming its commitment to facilitating high-quality services at BIA. Hayleys PLC, as the appointed General Sales Agent (GSA) for Air India in Sri Lanka, plays a key role in supporting this new development and strengthening connectivity between Sri Lanka and India.

Warm welcome of Edelweiss Air

On 1 November 2024, Edelweiss Air resumed its scheduled seasonal flight operations to Sri Lanka, marking a significant boost to both tourism and connectivity. The inaugural flight, carrying 221 passengers, was ceremoniously welcomed at BIA with a water salute by AASL. As a wholly owned subsidiary of Swiss International Airlines and part of the Lufthansa Group, Edelweiss offers a premium onboard experience with its A340-300 aircraft, featuring 314 seats across business, premium economy and economy classes. The airline's return provides travelers with a convenient direct link from Colombo to Zurich, a key gateway to Europe, North America and beyond, with numerous onward connections available via Swiss International Airlines. Operating from 31 October 2024 to 9 May 2025, Edelweiss' seasonal service further enhances Sri Lanka's global connectivity, offering more options for travelers to explore the heart of Europe. AASL expresses gratitude to Swiss International Airlines for its continued contribution to Sri Lanka's aviation and tourism sectors and acknowledges the support of United Ventures (Pvt) Ltd., the General Sales Agent (GSA) for the Lufthansa Group in Sri Lanka.

Enter Air, a leading Polish charter airline, resumed its operations to Sri Lanka with the commencement of charter flights between Poland and Sri Lanka on 30 October 2024. The inaugural flight was warmly welcomed at BIA with a celebratory water cannon salute, followed by a traditional Kandyan dance performance, reflecting the vibrant cultural hospitality of Sri Lanka. This new connection enhances the range of options for travelers from Poland and strengthens Sri Lanka's position as a sought-after destination for international tourism. With this resumption, Enter Air contributes to the growth of tourism and the broader aviation network between Europe and Sri Lanka. AASL remains committed to ensuring an exceptional and welcoming travel experience for all passengers arriving at BIA, enhancing connectivity and providing a seamless journey for visitors to Sri Lanka.

Azur Air resumed its seasonal flight operations to Sri Lanka with direct flights starting 6 November 2024. The inaugural flight, carrying 332 passengers, was warmly welcomed at BIA with a celebratory water cannon salute and a traditional Kandyan dance performance, reflecting the rich cultural heritage of Sri Lanka. This season, Azur Air operates a Boeing 767-300, with a seating capacity of 336, offering five weekly flights from five major cities in Russia: Venukovo (VKO), Tolmachev (OVB), Krasnoyarsk (KJA), St. Petersburg (LED), and Sochi (AER). With expectations of approximately 40,000 Russian tourists visiting Sri Lanka, Azur Air's return strengthens the country's tourism industry and enhances connectivity with Russia. AASL remains dedicated to providing a welcoming and efficient environment at BIA, ensuring an exceptional travel experience for all passengers arriving for a memorable visit to Sri Lanka.

Resumption of Enter Air Operations

Jetstar Asia launched scheduled flight operations between Singapore and Colombo on 21 November 2024, offering five return flights per week with its Airbus A320 fleet. The inaugural flight, carrying 179 passengers, was ceremonially welcomed at BIA with a water salute organized by AASL, followed by a traditional Kandyan dance performance, sponsored by the Sri Lanka Tourism Promotion Bureau. Additionally, passengers were presented with tea gift packs, sponsored by the Sri Lanka Tea Board, enhancing their experience from the moment they arrived. This new route strengthens the connectivity between Sri Lanka and Singapore, contributing to the continued growth of Sri Lanka's tourism industry and offering passengers more travel options with a seamless and welcoming environment at BIA.

SERVICE STAFF

Foundation to Flourish through Professionalism, Expertise through Training and Customer Engagement

In 2024, AASL has continued its investment in staff training and development to ensure that all employees at touch-points from information counters to the boarding gates - uphold the highest standards of professionalism and service quality.

AASL staff are a critical part of the customer service encounter and are often the face of our organization. To enhance their capabilities in customer service, we introduced advanced training programs focusing on communication skills, emotional intelligence and problem solving. Our service teams are well-prepared to manage the complexities of an increasingly diverse customer base, addressing unique passenger needs with efficiency and empathy.

Additionally, AASL's focus on staff well-being has been strengthened in 2024 with the introduction of wellness programs designed to ensure that our staff can provide the best service possible. Employee satisfaction has been linked to positive customer interactions and we believe that happy, engaged staff are pivotal to delivering outstanding service experiences.

In the Human Resource Management Review of this report highlighted its continued focus on staff training and employee recognition as key components of its commitment to professionalism and service excellence. AASL emphasizes the importance of comprehensive training programs that equip employees with the skills and knowledge required to deliver high-quality service in a dynamic airport environment. These programs are designed to enhance staff expertise and ensure that they meet international standards. In addition to training, AASL has also implemented a robust employee reward system to recognize outstanding performance, fostering a culture of motivation and dedication. This dual focus on continuous development and recognition not only enhances employee engagement but also directly contributes to the superior service levels that AASL strives to offer its passengers and stakeholders.

Enhancing Frontline Excellence through Comprehensive Training

AASL has played a pivotal role in driving the enhancement of customer service quality through the implementation of targeted frontline training programmes. These programmes are designed to equip staff with the necessary skills to engage passengers in a professional and efficient manner. Key areas of focus include effective communication, grooming and etiquette, customer service and first aid. Through effective communication training, frontline staff are empowered to convey information clearly, manage inquiries with confidence, and resolve conflicts professionally and empathetically. Grooming and etiquette sessions ensure that staff members present themselves in alignment with AASL's brand values, fostering an approachable and polished image. Customer service training refines staff responsiveness, patience and problem solving skills, ensuring seamless interactions with passengers across all touch-points. Furthermore, first aid training equips staff to handle medical emergencies with swift and competent responses, ensuring passenger safety and well-being. Collectively, these training initiatives enhance staff professionalism and create a positive and memorable experience for passengers, reinforcing AASL's commitment to customer satisfaction and operational excellence.

Implementation of frontline training programme

Service Excellence in Airport Rescue Operations

Airport Rescue Services play a crucial role in ensuring the safety and operational integrity of the airport, safeguarding passengers, infrastructure and facilities. This specialized team, equipped with a unique skill set for emergency situations, forms the backbone of the airport's safety protocols. The responsibilities extend beyond emergency management to encompass all aspects of rescue and response, particularly during aircraft accidents or other unforeseen events. AASL emphasizes the importance of a highly trained rescue service team in maintaining a secure and efficient operational environment. The team's unwavering commitment to maintaining constant readiness enables them to meet stringent response time targets, underscoring their crucial role in managing immediate crises. Their proactive prevention efforts, including the careful upkeep of emergency systems across terminals and auxiliary facilities, reflect their dedication to safety.

Additionally, the integration of the Water Rescue Unit broadens the scope of services, ensuring comprehensive coverage for water-related incidents. Through exceptional service, the team not only fulfills their life-saving mission but also enhances the airport's reputation as a safe, reliable hub for both passengers and airlines.

A robust framework has been established to address challenging situations, focusing on professionalism, expertise and customer engagement. Daily training and drills, including hot fire drills, smoke room drills, response time exercises, and equipment drills, are designed to enhance the team's preparedness and response efficiency. Adherence to Standard Operating Procedures (SOPs) ensures smooth operations and effective handling of emergencies without unnecessary delays. Comprehensive management through efficient resource allocation and real-time decision-making further strengthens the team's ability to tackle critical situations.

The future outlook for Airport Rescue Services is focused on enhancing operational capacity and safety coverage across key locations. The expansion of the fire station with a newly approved sub-station at the 04 end will improve response time and overall effectiveness in emergency situations. Additionally, the establishment of stations at JIA and BTIA, pending approval, will extend the team's reach and bolster safety at regional airports. Specific targets include conducting scheduled emergency exercises, enhancing training and awareness programs for AASL staff and external stakeholders and maintaining water rescue capabilities at the 18th Mile Post lagoon Rescue Unit.

Sri Lanka Airport and Aviation Academy (SLAAA) launched its first International Air Traffic Control training course since rebranding as an academy

First ATC training after re-branding as SLAAA

Throughout the year 2024, SLAAA continues to solidify its role as a key player in shaping the future of aviation by offering high-quality, internationally recognized training programs. AASL can further leverage the impact of SLAAA's success to highlight the institution's critical contribution to both internal staff development and the broader regional aviation community. By offering specialized courses such as the Aerodrome Control Course for Bhutan and the Approach/Area Surveillance Control Course for Bangladesh; SLAAA emphasizes its global reach and expertise. The recent launch of an International Air Traffic Control training course for Bhutanese controllers' positions SLAAA as a leading aviation academy in South Asia, supporting the region's efforts to ensure safe skies. AASL can highlight SLAAA's capacity to cater to diverse training needs, underscoring its state-of-the-art simulators, ICAO membership and its ability to deliver tailored training solutions for both local and international stakeholders. This further strengthens AASL's commitment to maintaining the highest standards of professionalism, which is pivotal in achieving long-term growth and ensuring safe and efficient air travel.

Additionally, AASL can emphasize its commitment to fostering a culture of excellence and continuous learning through a wide array of training programs designed to enhance employee expertise and customer engagement. The training offerings span various domains, from specialized aviation programs such as Radio Telephony Communications for Student Pilots and Air Traffic Control On-the-Job Training, to courses focused on customer care and frontline staff competency. By promoting these initiatives AASL can showcase its dedication to empowering employees with the skills needed to meet both operational demands and high customer service expectations. AASL's robust training infrastructure ensures that employees are not only well-versed in safety and operational procedures but are also equipped to deliver top-notch customer service. This commitment to continuous professional development through SLAAA is a key differentiator for AASL in the competitive global aviation industry, highlighting its focus on developing a skilled workforce that can meet the evolving needs of stakeholders and passengers alike.

Instrument Landing System (ILS) maintenance course and on-the-job training program

In the fourth quarter of 2024, the successful completion of the ILS maintenance training program marked an important milestone in ensuring that the workforce's skills and competencies are continually upheld. The ILS is a critical system that provides pilots with the necessary visual guidance for safely landing aircraft, ensuring a smooth glide path and alignment with the runway. Given the importance of the accuracy and serviceability of ILS equipment in safeguarding Sri Lanka's airspace, AASL has installed three fully redundant INDRA NORMARC ILS systems at key locations, including BIA and MRIA. These systems serve critical flight paths and must be maintained to the highest standards, with zero tolerance for error.

The maintenance and operation of these systems rely on a team of highly skilled and factory-trained professionals, including Electronics Engineers and Air Traffic Safety Electronics Personnel (ATSEP). The successful completion of the ILS maintenance training has equipped the team with the specialized knowledge and practical experience required to manage and service these essential systems. By enhancing the skill levels of its workforce, AASL has ensured that its human resources the most valuable asset are empowered to maintain the highest safety standards in Sri Lanka's airspace, thereby contributing to seamless air traffic management and improved customer satisfaction.

Workforce development and training initiatives

Under the broader theme of workforce development and capacity building, AASL continues its commitment to providing valuable training opportunities that equip students and young professionals with the essential skills needed for success in the engineering and technology sectors. This initiative is part of AASL's strategy to nurture the next generation of Engineers by exposing them to real-world applications and challenges, thereby enhancing their technical expertise and improving employability. By fostering talent and investing in professional development, AASL plays a critical role in supporting both the local and global engineering industries.

SERVICES

CORE AND ANCILLARY OFFERINGS TO FLOURISH

Foundation to Flourish through Enhancing Core and Ancillary Services to elevate the Passenger Experience

In line with the framework established by Fodness and Murray (2007), the services provided by AASL can be categorized into core and ancillary offerings, each playing a crucial role in the seamless operation of the airport.

The core services provided by AASL focus on the foundational infrastructure and operational elements necessary for the effective functioning of the airport. These services include the maintenance and management of airport facilities such as terminals, runways, taxiways and parking areas. AASL's responsibility lies in ensuring that the infrastructure is robust, well-maintained and capable of supporting airlines, passengers and other stakeholders. This extends to providing utilities, airfield lighting and passenger handling areas, all of which are vital to supporting the airport's overall operations. AASL also offers services related to air traffic control facilities and aviation safety. Additionally, AASL oversees the management and upkeep of critical systems like the airport's security infrastructure and firefighting units, ensuring that these services are always operational and meet regulatory safety standards.

Ancillary services, while not directly related to the airport's core operations, are equally essential in enhancing the overall airport experience for passengers and airlines. AASL contributes to the provision of auxiliary infrastructure, such as retail spaces, food and beverage outlets, lounges and other passenger amenities. These services support the airport's function by improving passenger comfort and satisfaction while they wait for their flights. Ancillary offerings also include non-core services such as shuttle transportation, parking management and other support services that make the airport a more convenient and accessible place for travelers and visitors. The infrastructure it develops and manages provides the necessary support to facilitate airline operations, including passenger check-in kiosks and counters operated by individual airlines.

In summary, AASL's core services focus on the critical infrastructure and operational elements required to run the airport safely and efficiently, while its ancillary offerings enhance the passenger experience, contributing to a comprehensive and functional airport environment. A well prepared National plan always ensures smooth and timely delivery of services related Key Performance Indicators (KPIs) as well as Key Performance Actions (KPAs). AASL laid its' foundation to flourish in that perspective with a giant step during the year 2024 via formulating the National Civil Aviation Master Plan (NCAMP).

AASL contributed to the National Civil Aviation Master Plan (NCAMP)

In the year under review, AASL being the airport sole operator of the Country played a significant role in the development of the long-awaited National Civil Aviation Master Plan (NCAMP), spearheaded by the CAASL. This critical document, currently under Government's review, outlines a comprehensive 10-year strategic vision for the growth and modernization of the aviation sector in Sri Lanka. A cross-functional team, comprising relevant divisions from AASL, was formed to identify NCAMP elements to be incorporated into the company's strategic plans. The team's collaborative efforts were pivotal in ensuring that AASL's strategic objectives and priorities aligned with the broader vision of the country's national plan for the aviation industry.

The NCAMP includes seven key development frameworks, which outline the strategic pillars for the advancement of Sri Lanka's aviation sector, namely:

- Strengthening regulatory frameworks
- Expanding and modernizing airports & aviation infrastructure
- Enhancing air navigation services

- Implementing comprehensive aviation programs: focused initiatives on safety, security, environmental sustainability and passenger facilitation to create a safe and seamless aviation experience
- Supporting airline and aviation business growth
- Developing and investing in aviation human resources
- Leveraging cutting-edge technologies

AASL's involvement in the NCAMP preparation reflects the organization's commitment to shaping a sustainable, efficient and globally competitive aviation sector for Sri Lanka. The plan is poised to guide the development of the industry, ensuring long-term growth and the continued success of the nation's aviation infrastructure.

Completion of Annual Flight Inspection and Flight Validation for the Year 2024

Annual Flight Inspection & Flight Validation at key airports

As part of its core responsibilities, being the Air Navigation Service Provider (ANSP) for Sri Lanka successfully completed the annual flight inspection and validation of radio and visual navigational aids at all international airports in the country, as mandated by the ICAO Standards and Recommended Practices (SARPs) and the CAASL regulations. The flight calibration, conducted from 14 - 18 March 2024, covered key airports including BIA, MRIA, CIAR, and JIA. The inspection included the calibration of various systems such as the DVOR, DME, ILS, PAPI lights and ADS-B (for low-level coverage), ensuring that all navigational aids are operating at their optimum levels. This essential process guarantees the continued safety and efficiency of air traffic in Sri Lanka's airspace, underscoring the commitment to upholding the highest standards of air navigation safety.

Commissioning of the Automated Weather Observation System (AWOS) and Automatic Terminal Information Service (ATIS) system Project

On 15 October 2024, the integration of the Automated Weather Observation System (AWOS) and the Automatic Terminal Information Service (ATIS) system was successfully commissioned at BIA, marking a significant enhancement in the reliability and coverage of weather-related information for aviation operations. This project, valued at approximately LKR 300 Mn, replaced outdated systems that had been in operation for over 20 years and had become obsolete due to the discontinuation of critical components and unreliable sensor communication networks. The new AWOS and ATIS systems are vital for providing accurate, real-time weather data, ensuring safer and more efficient flight operations. Upon successful completion, the system was fully integrated and sensors were calibrated at various locations across the BIA aerodrome, including DVOR, Middle Marker and Runway sites. Comprehensive training was also provided to AASL's technical personnel for maintenance and calibration, along with operational training for Meteorological Department and Air Traffic Control (ATC) operators. This upgrade is a critical step in ensuring that BIA remains equipped with state-of-the-art technology for optimal aviation safety and operational efficiency.

Air Traffic Management system upgrade

In response to evolving technological and operational demands, a major upgrade was undertaken to modernize the Air Traffic Management (ATM) system with a Total Cost of LKR 91 Mn, aligning it with ICAO standards. The ATM system, which had been in operation for over 13 years, faced challenges due to the unavailability of replacement hardware components, particularly those required for the system's redundancy functions. This issue was addressed by replacing four hardware changeover cards with software solutions, ensuring seamless redundancy and uninterrupted service. The system upgrade also incorporated the Air Traffic Services Inter-Facility Data Communication (AIDC), a critical ICAO-mandated technology that replaced the outdated voice-based communication with a more efficient, text-based data exchange system between air traffic control centers. This advancement significantly enhances communication speed and accuracy, while also reducing the workload of air traffic controllers. Furthermore, the upgrade implemented new Controller-Pilot Data Link Communication (CPDLC) messages, designed to improve communication between controllers and pilots, reducing operational pressures.

The automation of performance analysis for Automatic Dependent Surveillance-Contract (ADS-C) data and CPDLC data now allows for daily performance reviews, improving accuracy and operational efficiency. Automated reporting, previously a manual task, provides valuable insights into surveillance and communication system performance, enabling more precise air traffic control. Additionally, the integration of Performance-Based Communication and Surveillance (PBCS) operations has facilitated a reduction in aircraft separation, optimizing air traffic flow and increasing capacity within the Colombo Flight Information Region (FIR). These significant system enhancements have streamlined operations, increased capacity and alleviated the workload of air traffic controllers, demonstrating our ongoing commitment to safety, operational excellence and compliance with global aviation standards. By embracing these advanced technologies, we continue to provide world-class service, ensuring safe, efficient and reliable air traffic management for the future.

Migration of Common aeRonautical Virtual Private Network (CRV)

The migration to the Common aeRonautical Virtual Private Network (CRV) represents a significant advancement in Sri Lanka's aviation communication infrastructure, aimed at overcoming the limitations of legacy point-to-point connections. These legacy systems, which were constrained by issues such as bandwidth, reliability and integrity, became increasingly inadequate as the industry transitioned to IP-based technologies. The CRV, developed as part of a regional initiative involving several pioneering states, addresses these challenges by offering a more reliable, efficient and seamless network platform for Air Traffic Management (ATM) functions. Launched commercially in 2017, CRV became an essential component of regional projects like Air Traffic Flow Management (ATFM) and seamless ATM. Sri Lanka, as one of the pioneer states, played a crucial role in adopting and promoting CRV within the region. As part of its commitment, Sri Lanka initiated its migration to CRV with Package D, which involved the installation of a router at the Ratmalana AASL premises. This router connects to the CRV network via an IPsec gateway, facilitated by internet connectivity. To ensure redundancy and uninterrupted service, separate backhaul technologies fiber and 4G-were employed. Managed by PCCW Global, the router and IPsec gateway offer 99.5% availability, while local internet providers manage the internet connectivity. The successful completion of CRV migration with Mumbai and Singapore in April and July 2024 respectively marked a significant milestone in this transition, with the Maldives migration set to follow. Additionally, Sri Lanka and India collaborated to implement a contingency connection through a Point-to-Point VPN, ensuring the continuity of operations in case of any issues with the CRV network. This migration not only enhances the reliability and efficiency of Sri Lanka's air traffic management but also strengthens its commitment to regional collaboration and technological advancement in aviation communication.

Implementation of 50kWp Solar Pv project at Canteen & Grocery Building at BIA

The implementation of the 50kWp Solar Photovoltaic (PV) project at the Canteen and Grocery Building at BIA with a total cost of LKR 6 Mn marks a significant step towards enhancing sustainability and reducing the airport's carbon footprint. Completed by the in-house team, the project involved the installation of solar panels on the rooftop of the building located at the Public Carpark. The system is expected to generate approximately 90,000 kWh of energy annually, contributing to the airport's efforts to reduce reliance on non-renewable energy sources. This addition brings the total solar capacity implemented by the in-house staff to 160kWp across the airport. By leveraging renewable energy solutions, this initiative aligns with global sustainability goals and supports BIA's commitment to environmental stewardship, while also providing long-term operational cost savings.

90kWp Solar Pv development at Jaffna International Airport

During the year, the development of a 90kWp Solar Photovoltaic (PV) system at JIA with a total cost of LKR 19.75 Mn was successfully completed across three key projects. The installation included three separate 30kWp solar plants on the rooftops of the office building, airside canopy and gate lounge. These solar systems are expected to generate a total of approximately 130,000 kWh of energy annually, further contributing to the airport's sustainable energy goals. With these additions, the total solar PV capacity at JIA now stands at 90kWp, complementing the 260kWp capacity BIA. This initiative supports AASL's commitment to renewable energy, reducing reliance on conventional power sources and promoting environmental sustainability across its facilities.

Power system stability improvement

Power system stability is a critical component of ensuring the safe and efficient operation of an international airport. As per aviation regulations, it is essential to have dual power sources from the national grid (provided by the Ceylon Electricity Board - CEB) and standby power supplies to support essential operations, particularly those directly linked to aircraft safety and airside services. Recognizing the importance of uninterrupted power supply, AASL has proactively strengthened its power infrastructure by adding additional backup sources for critical operational stations. These improvements ensure a reliable and stable power system, safeguarding the seamless functioning of services at BIA, and contributing to the safety and comfort of all passengers and aviation operations.

Implementation of third backup source to the critical station of the BIA

In order to further enhance the reliability and safety of operations at BIA, a third backup power source was implemented to support the most critical stations, including Navigational Aids, Visual Aids, Airport Operations, Cargo Operations and essential utilities. This additional backup source ensures that in the event of a power disruption, critical systems continue to function seamlessly, maintaining uninterrupted operations across key areas of the airport. The implementation of this third backup source reinforces AASL's commitment to providing a safe, reliable and efficient operational environment, ensuring the continuity of services for airlines, passengers and all stakeholders. AASL investments therein was approximately LKR 17 Mn.

Implementation of second standby source for Piduruthalagala Radar station

To enhance the reliability and availability of radar services, a second standby power source was implemented at the Piduruthalagala Radar Station with a total cost of approximately LKR 2.8 Mn. This additional power backup significantly boosts the operational confidence and ensures uninterrupted radar services, which are critical for air traffic management in the region. By strengthening the power supply infrastructure at this key station, AASL has reinforced its commitment to maintaining a high standard of air traffic safety and operational efficiency, thereby supporting the seamless functioning of radar-based services essential for aviation operations.

Implementation of third backup source for Area Control Center, Ratmalana

The implementation of a third backup power source for the Area Control Center (ACC) at Ratmalana with a total cost of LKR 12 Mn was a critical step in ensuring the uninterrupted operation of one of the most important elements of the country's air traffic management. The ACC plays a vital role in the overall safety and efficiency of aviation operations, and this additional backup power source provides enhanced reliability and operational confidence. Along with this, a full overhaul of the automatic tap changers for the main transformers at BIA was successfully completed after 10 years of continuous operation. These tap changers are essential for maintaining voltage stability across the airport's power system. Given the crucial nature of these units, the overhaul process required a temporary shutdown of the relevant power sources. AASL worked closely with the manufacturer's representatives to complete this complex maintenance task, ensuring the continued stability and safety of the entire power system at the airport.

Laying of dedicated water supply line from Water Board storage to BIA 04 end storage tank

The laying of a dedicated water supply line from the Water Board storage to the BIA 04 End storage tank with a total cost of LKR 76 Mn marks a significant improvement in the airport's water management system. This direct and reliable water connection ensures a consistent and uninterrupted water supply for airport operations, reducing the risks associated with disruptions in external water networks. By reducing reliance on external sources, such as the Board of Investment (BOI) supply, the airport enhances its self sufficiency and operational stability. This upgrade not only ensures a more secure and tailored water supply system but also leads to potential savings of approximately LKR 1 Mn per month, making it an efficient and cost effective enhancement to the airport's infrastructure.

Repair of Chiller No. 04 in Pier Building

The repair of Chiller No. 04 in the Pier Building was a significant achievement, as the 450 ton unit had been out of service for over two years due to a major breakdown. Despite initial challenges with the local agent's reluctance, the in-house team took charge and successfully carried out a comprehensive repair process. This included the complete restoration of the compressor, motor rewinding, condenser tube plugging and control panel repairs. As a result, the chiller is now fully operational, ensuring efficient cooling for the Pier Building. This repair has contributed to the overall operational effectiveness of the building, providing reliable cooling and enhancing comfort for both passengers and staff. AASL invested LKR 8.5 Mn in this project.

Conclusion

Applying Fodness and Murray's (2007) framework allows AASL to remain adaptable to the changing dynamics of the aviation industry in 2024. By continuously improving the Servicescape, investing in service staff excellence and enhancing our core and ancillary services, we strive to create seamless, memorable first best impressions for every passenger.

In 2024, AASL remains committed to delivering exceptional service through thoughtful design, professional staff and a comprehensive service offering that exceeds customer expectations. These efforts are designed not only to boost customer satisfaction but also to position AASL as a leader in the global aviation sector during the decades to arrive.


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Financial Review

Revenue
LKR 43,897 Mn
(2023 LKR 38,376 Mn)

Profit After Tax
LKR 21,108 Mn
(2023 LKR 28,122 Mn)

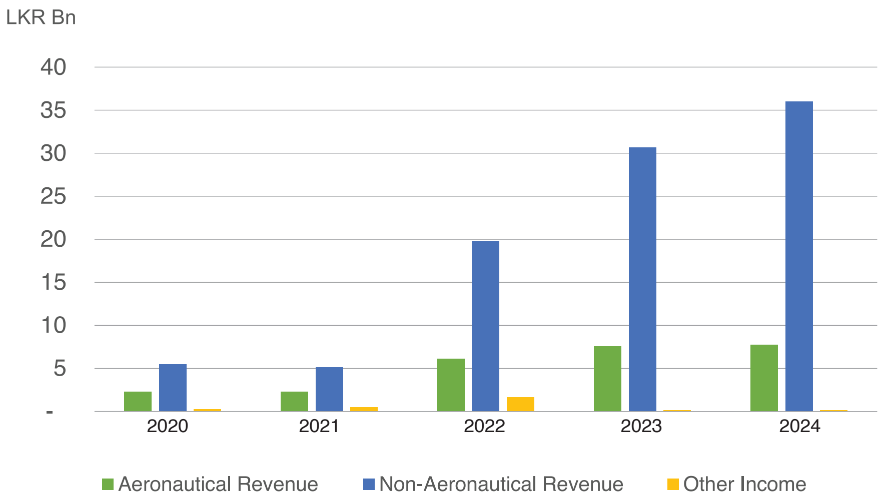
Operational Profit
LKR 19,580 Mn
(2023 LKR 19,315 Mn)

Assets
LKR 222,381 Mn
(2023 LKR 191,546 Mn)

Overview

Throughout the financial year 2024, AASL continued to navigate dynamic and challenging aviation landscape. Despite various external factors influencing the industry, we maintained a strong focus on optimizing our financial operations, enhancing revenue streams and controlling costs effectively. This has allowed us to achieve solid financial performance while positioning ourselves for sustainable growth in the years to come.

Total Revenue Composition



Revenue Performance

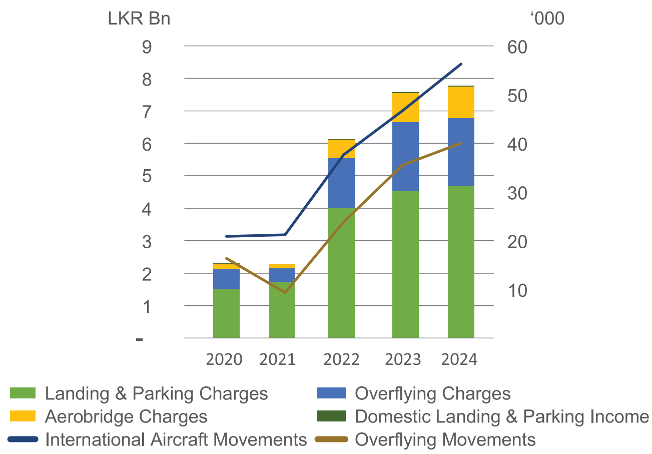
AASL generated a total revenue of LKR 43.9 Bn during the year 2024, reflecting a 14% increase compared to the previous year's revenue of LKR 38.4 Bn. This growth was primarily driven by the positive trends in the overall business, driven by increased passenger, aircraft and cargo movements. Despite ongoing challenges with combination of economic, political and operational factors, compounded by the ongoing recovery from the global pandemic, our diversified revenue streams and strategic initiatives have supported robust financial results.

Snapshot of Revenue

Aeronautical Revenue

The aeronautical income in the aviation industry remains a crucial revenue stream for AASL. The primary sources of this income include landing and parking charges, overflying charges and aerobridge usage fees. Landing and parking fees are typically charged to airlines based on the weight of the aircraft and the time spent on ground, enabling airports offset operational costs. Overflying income is generated from airlines paying charges for the right to pass through a country's flight information region (FIR), while contributing to national aviation authorities. Additionally, aerobridge usage fees are levied on airlines for the use of jet bridges, ensuring a smooth transition for passengers between the aircraft and terminal. Together, these income sources form a significant composition of airports' revenue, supporting infrastructure maintenance and operational sustainability while accommodating increasing global air traffic. As air travel demand grew, so did our aeronautical revenue, primarily driven by landing & parking, overflying and aerobridge income. Depicting an upward shift of 3% in aeronautical revenue compared to preceding year. The aero revenue performance over the last five year span could be depicted as follows:

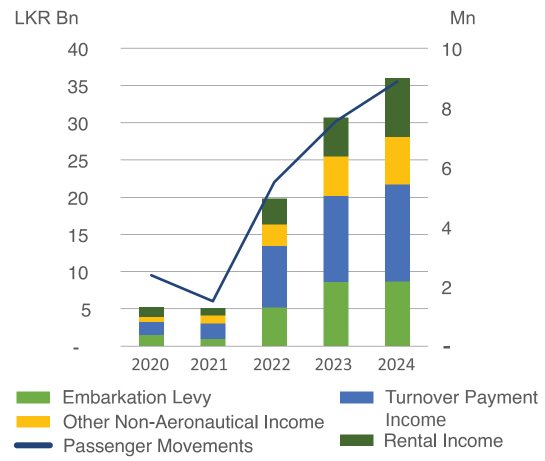
Aeronautical Revenue & International Aircraft & Overflying Movements



Non-Aeronautical Revenue

During the year under review, non-aeronautical revenue experienced a notable 17% increase relative to the previous year, which was predominantly driven by the growth of several key income sources contributing 82% of overall revenues. It continued to be the key driving force of unparalleled financial performance for AASL. Further this growth was endorsed by the recovery in retail sales, expanded commercial partnerships and the introduction of new services such as premium lounge facilities and enhanced food & beverage offerings. Non-aeronautical revenue refers to income generated from activities indirectly related to the provision of flight services but instead from commercial operations, retail, food and beverage sales, entry fees, advertising and other services. Embarkation fees, which are levied on passengers departing from airports, have risen due to augmented passenger traffic following the recovery from pandemic. Turnover payments from retail and duty-free operations have also surged, reflecting a rebound in consumer spending and travel activity. Rental income from commercial spaces, including shops and offices within airport terminals, has showcased a steady rise as demand for retail space continues to grow. Similarly, entry permit fees for visitors, staff and contractors working within airport premises have contributed to an uptick in non-aeronautical earnings. Franchise fees, derived from partnerships with ground handling operator, food and beverage outlets, have grown in tandem with an expanding range of services offered to passengers. Other non-aeronautical income sources, such as advertising revenue and vehicle parking fees, have shown incremental growth compared to year 2023. Overall, the increase in non-aeronautical revenue reflects the ongoing speedy recovery of the aviation sector and its diversification of income streams, which has helped airports to mitigate the challenges posed by volatile aviation traffic in the preceding years. The non-aeronautical revenue performance over the last five year span could be depicted as follows:

Non Aeronautical Income & International Passenger Movements

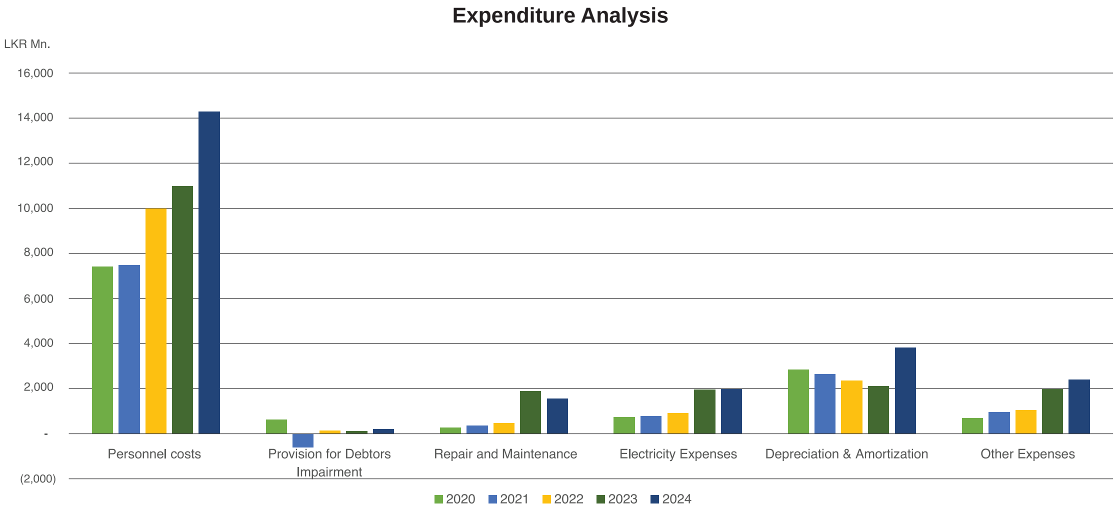


Other Income

Other Income segment of AASL has seen diverse contributions, which have uplifted by 13% to boost overall financial performance. An incline relative to preceding year was experienced in the segment of amortization of Government grants, which reflects the systematic recognition of financial assistance received from Government entities for infrastructure development. Additionally, operating profits from fuel filling station has contributed on a balanced note, supporting local transportation while bolstering its overall revenue base. These sources of other income have provided a buffer against any volatility in core aeronautical and non-aeronautical revenues, helping to stabilize airport finances amid ongoing recovery and operational challenges in 2024.

Cost Management and Efficiency

Administration & Establishment expenses for AASL during the financial year under review escalated by 28%, rising from LKR 19.1 Bn to LKR 24.3 Bn. AASL faced a range of expenses that have been crucial to its operational structure, with notable increases in several cost elements compared to previous years. Staff costs was the main contributor (59%) of the administration and establishment expenditure and resembles a hike of LKR 3.3 Bn relative to previous year, reflecting the AASL's continuous investment in workforce retention and the hiring of highly skilled personnel to meet the demands of a recovering market. Depreciation costs too remained significant expenditure, particularly as airports continued to invest in modernizing infrastructure and acquiring new equipment to support growing traffic volumes. The depreciation in 2024 increased relative to 2023 as a result of the revaluation of assets and the revision of depreciation rates. Concurrently Repair and Maintenance expenses have declined by LKR 307 Mn in line with year 2023 while ensuring the continued safety and functionality of aging assets, such as terminals and navigational equipment. The revision of electricity tariffs, combined with an uptick in passenger traffic, led to a marginal increase of 2% (LKR 32 Mn) in electricity charges across AASL's facilities and as a result contributing to the higher establishment expenses. Overall, while AASL has experienced growth in revenues, the cost structure in 2024 reflects both the pressures of recovery and the necessary investments to support long-term operational sustainability. The behavior of each major operational expenditure component over the last five years can be depicted as follows:



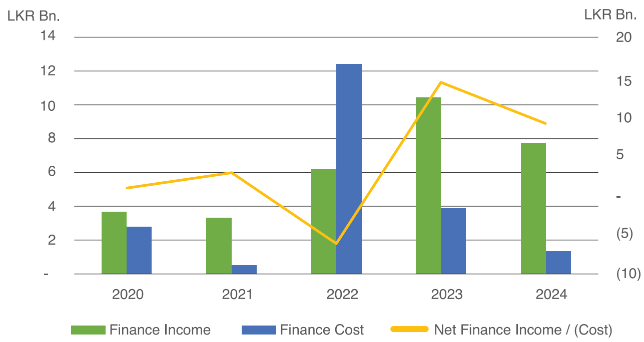
Finance Income

Finance income for AASL was bolstered by a variety of interest-bearing financial instruments, significantly contributing to the company's overall revenue. A major portion of this income stemmed from interest on USD Fixed Deposits (FDs), followed by interest from Rupee FDs. However, finance income for the year showcased a 26% decline, primarily driven by a sharp reduction in interest rates that negatively impacted the income from the investment portfolio. Despite a 25% increase in USD FD investments, the substantial drop in interest rates led to a marked reduction in income from these deposits. Similarly, while investments in Rupee FDs dropped by 2%, the steep decline in interest rates severely affected the interest income from these deposits. The LKR 7.7 Bn interest income from AASL's investment portfolio provided a steady revenue stream, reflecting the company's strategic management of liquidity in both local and foreign currency assets. These interest-bearing assets have not only helped mitigate risks but also supported core revenue streams, enabling AASL to maintain a balanced financial portfolio while navigating the challenges of a recovering aviation industry in 2024.

Finance Cost

The finance cost of AASL has been influenced by various factors, reflecting the company's exposure to both local and international financial conditions. A significant portion of the finance cost encompasses exchange gain on loan conversions as a direct result of the depreciation of the LKR against the USD. This favorable movement in the exchange rate reinforced to mitigate some of the negative impacts on the finance cost. However, the finance cost was partly offset by an increase of 13% in loan interest expenses, reflecting higher borrowing costs as AASL continued to manage its debt obligations while financing infrastructure and operational developments. Additionally, there was a rise of 45% in net foreign exchange losses on transactions, as well as increased exchange losses on fixed deposits conversions, further contributing to the higher finance costs. On a more positive note, the exchange loss on other accounts conversions decreased by 27%, providing some relief to the overall finance cost. The combined impact of these factors resulted in a complex but notable shift in the company's finance cost structure for the year.

Similarly, exchange gains and losses on the conversion of fixed deposits, alongside fluctuations in interest rates on fixed deposits and repurchase agreements, have added to the volatility in both net finance income and costs. These currency-related impacts have underscored the financial challenges AASL faced due to the volatile exchange rate environment. However, the company has effectively managed its finance costs through strategic risk mitigation and robust financial management practices, ensuring that despite these challenges, it remains resilient in navigating the impacts of currency fluctuations on its financial performance. The behavior of Finance income and Finance Cost over the last five years can be depicted as follows:



Capital Expenditures and Investments

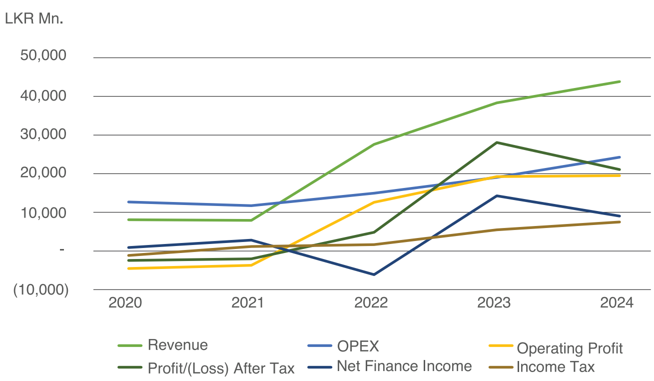
As part of our commitment to long-term growth, AASL has made substantial investments in infrastructure, communication & navigational equipment, with ongoing projects being the key driver, contributing 71% of the total investments during the year. These investments aligned with our strategic vision to enhance the airport's capabilities and support the increasing passenger volumes. By upgrading and expanding our infrastructure, we aim to optimize operational efficiency, improve the passenger experience and ensure the airport is well-prepared to accommodate future growth. These strategic initiatives are crucial for maintaining AASL's competitive edge and reinforcing its position as a leading player in the region's aviation sector.

Debt Management

As of the end of the financial year 2024, AASL's gearing ratio stood at 2%, reflecting a prudent approach to leveraging its financial position. The debt composition primarily consists of long-term loans, along with its short-term portion and debenture loan. During the year, AASL successfully repaid its foreign loan obtained for the BIA Development Project. In line with Government directives, the company ceased repayment of foreign loans obtained for the MRIA, BIA Development Phase II Stage 2 and Runway Overlay from May 2022 onwards, as per the circular issued by the General Treasury, Ministry of Finance, along with the special letter dated 12 April 2022, which was issued in accordance with the Government of Sri Lanka's (GoSL) Interim Debt Policy. The Ministry of Finance has communicated that these debts are currently undergoing a restructuring process. Interest and default interest on the loans have been accounted for in accordance with the notices issued by the respective banks, as per the loan agreements. Specifically, for the Runway Overlay loan, interest has been recognized as stipulated, while for the MRIA loan, interest has been accounted as per the terms of the loan agreement. Additionally, GoSL has signed a Memorandum of Understanding (MoU) for the restructuring of the BIA Development Phase II Stage 2 loan, under which the principal debt portion, as of 18 March 2022, was restructured with a grace period of five years. As part of its debt structure, AASL also holds 40 Mn guaranteed unlisted redeemable senior debentures worth LKR 4 Bn, which were issued to the National Savings Bank in May 2019.

Profitability

The company saw a notable 14% increase in revenue compared to the previous year, reflecting positive growth. However, operating expenses rose by 28%, which impacted profitability. Despite the higher costs, operating profit saw a modest 1% increase, indicating efficiency in core operations. On the downside, net finance income experienced a significant decline of 37%, contributing to a 15% drop in the company's Profit before Tax (PBT).



Challenges and Risk Management

The aviation industry continues to face a variety of challenges, including fluctuations in the local currency against the US Dollar due to economic uncertainties, regulatory changes and geopolitical tensions. In response, we have strengthened our risk management framework to effectively identify and mitigate potential threats. Our proactive approach includes maintaining USD fixed deposits to offset foreign currency loan obligations, along with a diversified portfolio of services. This strategy provides us with the resilience needed to navigate these challenges while continuing to drive shareholder value.

Outlook for the Future

Looking ahead to year 2025, we remain cautiously optimistic about our prospects. With continued investments in fleet modernization, new market expansions and efficiency improvements, we are well-positioned to capitalize on opportunities in the aviation sector. Our focus will be on delivering exceptional value to our customers, stakeholders and employees while maintaining our strong financial discipline.

We are confident that AASL will continue to demonstrate strong financial performance, supported by our dedicated team, our commitment to innovation and our ability to adapt to the evolving aviation landscape.

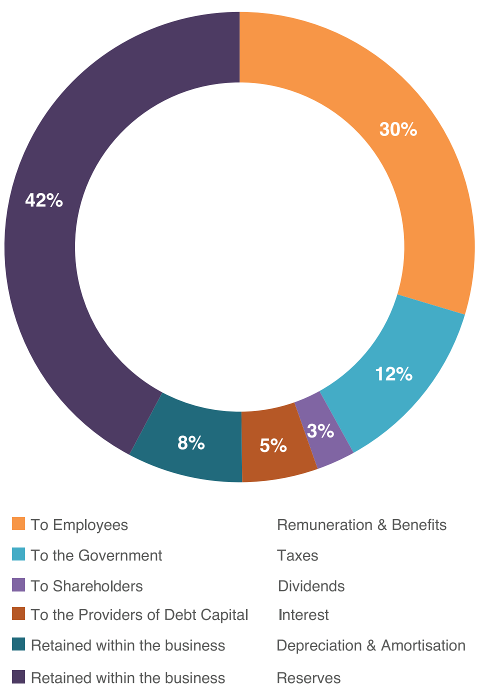
Conclusion

In conclusion, AASL has demonstrated strong financial performance in 2024, driven by significant revenue growth and strategic investments aimed at enhancing the airport's infrastructure and operational capabilities. While operating expenses accelerated, we managed to maintain a marginal rise in operating profit, reflecting effective management of core operations. However, the decline in net finance income accentuate areas for improvement in financial management. Moving forward, AASL remains focused on its long-term growth strategy, with continued investment in infrastructure and technology to ensure the airport remains competitive and well-equipped to handle future demands. We are confident that these efforts will position AASL for sustained growth and success in the coming years.

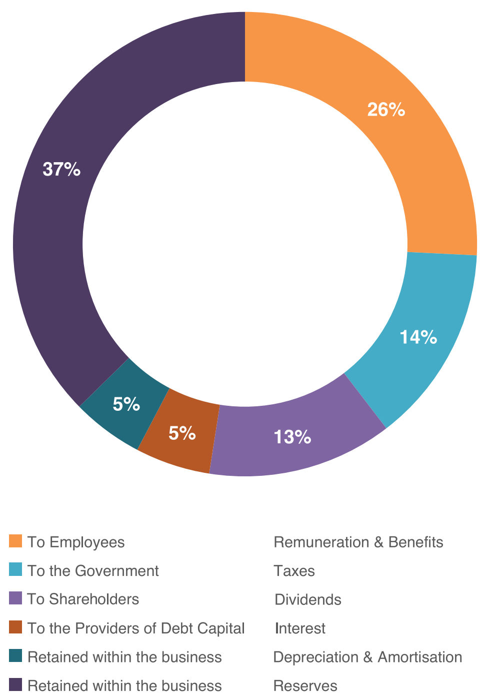
Statement of Value Addition

		2024 LKR'000		2023 LKR'000	
Revenue		43,750,204		38,245,784	
Other Income		147,126		130,045	
Finance Income		7,742,972		10,428,196	
Gain/(Loss) arising on changes in Actuarial assumption		2,778,414		(207,575)	
		54,418,716		**48,596,450**	
Administration and Establishment Expenses		(6,189,518)		(5,949,949)	
Value Addition		**48,229,199**		**42,646,501**	
Distribution of Value Added					
To Employees	Remuneration & Benefits	14,294,079	30%	10,989,966	26%
To the Government	Taxes	5,862,347	12%	5,886,761	14%
To Shareholders	Dividends	1,286,000	3%	5,500,000	13%
To the Providers of Debt Capital	Interest	2,515,661	5%	2,225,201	5%
Retained within the business	Depreciation & Amortisation	3,833,635	8%	2,121,243	5%
Retained within the business	Reserves	20,437,475	42%	15,923,329	37%
		48,229,199	**100%**	**42,646,501**	**100%**

Distribution of Value added 2024



Distribution of Value added 2023




ESTĒE LAUDER
LA MER
SMOKING RO
ESTĒE LAUDER
aramis

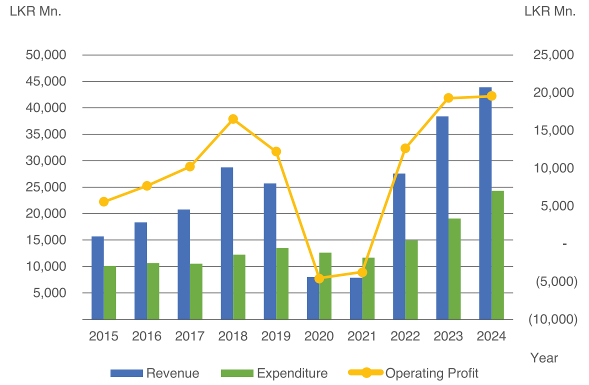

SRI LANKA DUTY FREE
Buy 2 get 1 FREE
LIQUOR
Dufry Exclusive
Buy 2 get 1 Free
CHANEL
Dior
20%
40%
Amazing Offers
DUTY FREE
免税店
免税店
免税店


Fashion Cafe
SUNGLASSES
TOYS
TOYS
TOYS
SWAROVSKI

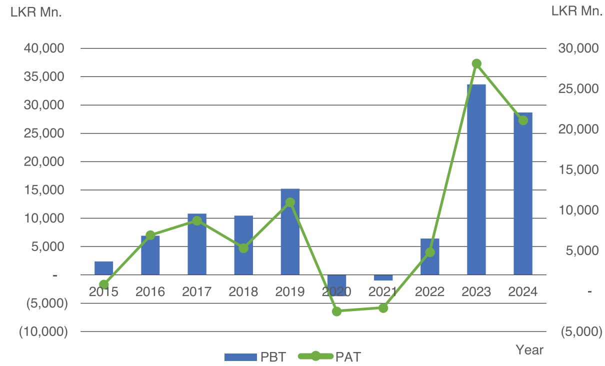
Ten Year Summary

	2024 (LKR Mn)	2023 (LKR Mn)	2022 (LKR Mn)	2021 (LKR Mn)	2020 (LKR Mn)	2019 (LKR Mn)	2018 (LKR Mn)	2017 (LKR Mn)	2016 (LKR Mn)	2015 (LKR Mn)
Income Statement										
Total Revenue	43,897	38,376	27,577	7,879	8,011	25,693	28,739	20,758	18,329	15,698
Staff Cost	(14,294)	(10,990)	(9,995)	(7,497)	(7,422)	(8,128)	(7,467)	(6,424)	(6,013)	(5,658)
Other Cost	(10,023)	(8,071)	(4,946)	(4,158)	(5,200)	(5,361)	(4,750)	(4,104)	(4,629)	(4,466)
Operating Profit	19,580	19,315	12,635	(3,776)	(4,611)	12,204	16,522	10,229	7,687	5,574
Finance Income	7,743	10,428	6,207	3,321	3,665	4,165	3,134	2,783	1,894	1,047
Finance Cost	1,348	3,896	(12,409)	(506)	(2,787)	(1,146)	(9,198)	(2,193)	(2,673)	(4,242)
Net Finance Income / (Cost)	9,091	14,324	(6,202)	2,815	878	3,018	(6,063)	590	(779)	(3,196)
Profit before Tax / (Loss)	28,671	33,639	6,433	(961)	(3,733)	15,222	10,458	10,820	6,909	2,378
Taxation	(7,564)	(5,517)	(1,630)	(1,123)	1,228	(4,226)	(5,145)	(2,105)	11	(1,561)
Profit / (Loss) after Tax	**21,108**	**28,122**	**4,803**	**(2,084)**	**(2,504)**	**10,996**	**5,313**	**8,715**	**6,920**	**817**
Statement of Financial Position										
Non Current Assets										
Property, Plant & Equipment	100,811	78,711	76,344	72,106	46,714	47,440	46,246	47,093	39,931	40,197
Deferred Income Tax Assets	3,512	3,510	3,105	1,878	1,968	2,119	1,574	1,271	798	745
Long Term Investments	7,029	2,312	9,042	5,429	6,889	5,740	4,694	4,042	2,742	3,137
Total Non Current Assets	111,352	84,533	88,491	79,414	55,571	55,300	52,515	52,405	43,471	44,079
Current Assets										
Inventories	1,927	3,509	2,246	808	837	961	855	762	474	349
Trade & Other Receivables	10,710	11,816	8,734	3,846	3,216	6,150	5,171	3,527	3,475	4,548
Income Tax Receivable	-	-	91	848	833	-	-	-	970	759
Short Term Debenture Investments	445	800	1,299	-	-	-	-	-	-	-
Short Term Investments	93,427	87,717	78,026	41,515	41,933	43,384	41,252	29,439	21,521	14,940
Cash & Bank Balances	4,520	3,171	642	413	826	2,480	1,042	887	1,187	610
Total Current Assets	111,029	107,014	91,039	47,430	47,645	52,975	48,320	34,615	27,627	21,206
Total Assets	**222,381**	**191,546**	**179,530**	**126,844**	**103,216**	**108,275**	**100,835**	**87,021**	**71,099**	**65,286**
Liabilities & Shareholders Equity										
Stated Capital	20	20	20	20	20	20	20	20	20	20
Reserves	10,865	6,847	6,848	6,846	1,077	1,067	1,048	1,040	1,019	1,008
Accumulated Profit / (Loss)	79,409	60,745	38,389	34,448	35,886	38,144	27,411	22,203	15,397	9,984
Total Shareholders' Equity	90,293	67,611	45,257	41,314	36,983	39,231	28,479	23,264	16,436	11,012
Non Current Liabilities										
Borrowings	71,032	69,992	93,029	60,435	43,433	43,813	45,434	39,728	35,069	35,135
Lease Liabilities	8	-	-	-	-	-	-	-	-	-
Debentures	4,000	4,000	4,000	4,000	4,000	4,000	-	-	-	-
Retirement Benefit Obligation	9,365	6,994	5,877	4,838	5,483	5,484	5,093	4,268	2,576	2,395
Deferred Tax Liability	10,440	9,211	9,265	7,373	6,129	7,390	6,747	6,157	5,322	5,278
Deferred Government Grants	1,240	1,312	907	957	986	1,034	1,248	1,156	1,244	1,332
Total Non Current Liabilities	96,086	91,510	113,078	77,603	60,032	61,721	58,522	51,310	44,210	44,141
Current Liabilities										
Trade & Other Payables	8,949	10,405	7,950	3,638	2,462	2,789	6,854	9,298	7,841	7,538
Income Tax Liability	2,203	2,024	-	-	-	786	3,205	98	-	-
Interest Bearing Borrowings	24,776	19,922	13,244	4,289	3,739	3,748	3,775	3,052	2,611	2,594
Deferred Government Grants	73	74	-	-	-	-	-	-	-	-
Total Current Liabilities	36,002	32,425	21,195	7,927	6,202	7,323	13,834	12,447	10,452	10,132
Total Equity & Liabilities	**222,381**	**191,546**	**179,530**	**126,844**	**103,216**	**108,275**	**100,835**	**87,021**	**71,099**	**65,286**
Return on Net Assets (%)	27	50	11	(5)	(7)	32	21	44	50	8
Net Profit Ratio (%)	48	73	17	(26)	(31)	43	18	42	38	5
Earnings per Share (LKR)	105,537	140,607	24,013	(10,417)	(12,522)	54,979	26,566	43,574	34,598	4,084
Current Ratio (Times)	3.1	3.3	4.3	6.0	7.7	7.2	3.5	2.8	2.6	2.1
Quick Assets Ratio (Times)	3.0	3.2	4.2	5.9	7.5	7.1	3.4	2.7	2.6	2.1
Total Income to Total Expenditure (Times)	2.2	3.2	1.2	0.9	0.8	2.0	1.5	1.9	1.5	1.2

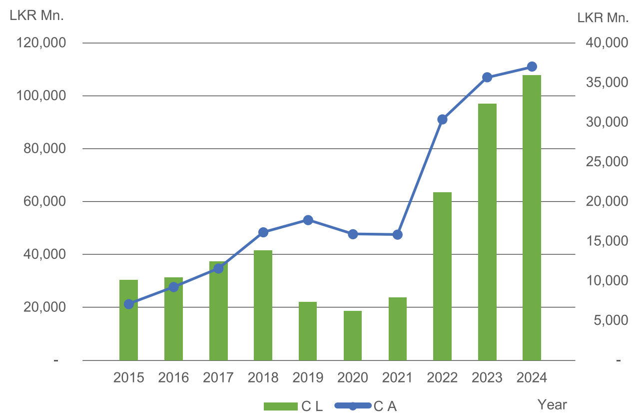
Profitability



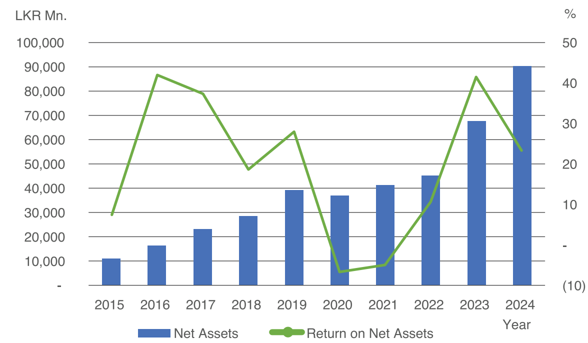
Profit Before Tax (PBT) & After Tax (PAT)



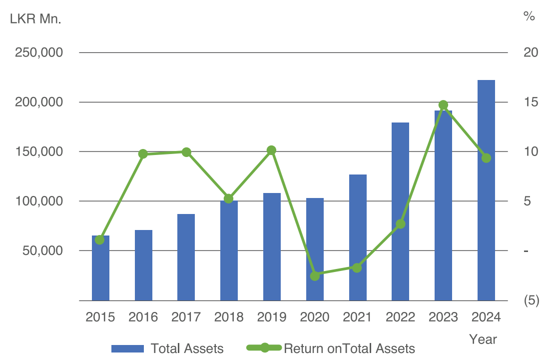
Current Assets (CA) vs. Current Liabilities (CL)



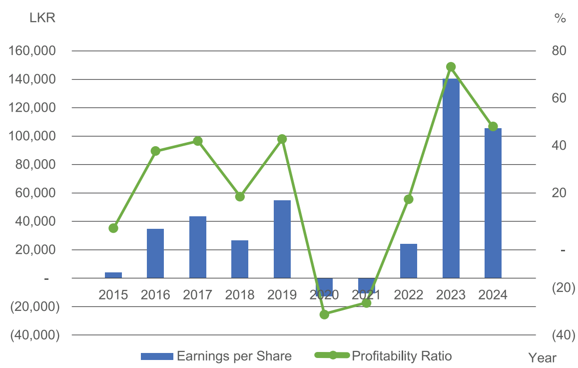
Net Assets & Return on Net Assets



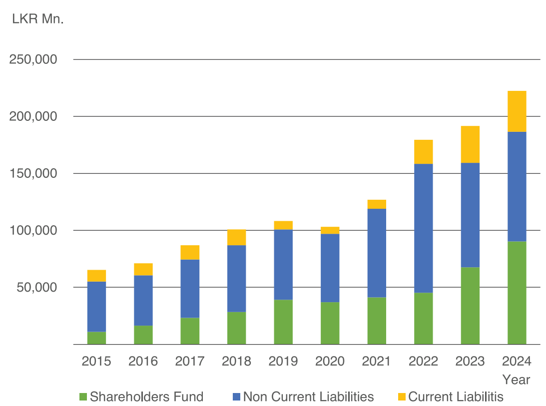
Total Assets & Return on Total Assets



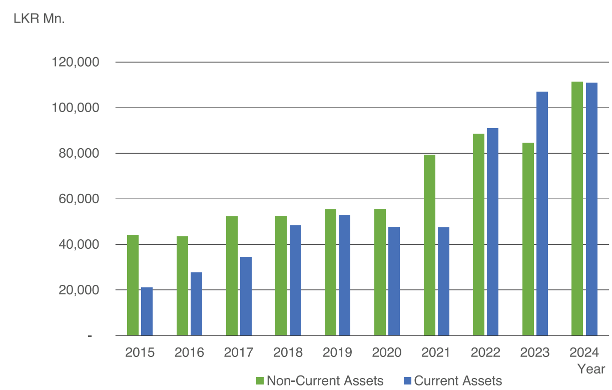
Earnings per Share & Profitability



Capital Employed



Assets Employed




6 - 14

Human Resource Management

In an era defined by dynamic global markets and rapidly evolving organizational landscapes, AASL remains steadfast in its commitment to Human Resource Development (HRD) as a critical driver of success. Recognizing that the achievement of our strategic objectives is inherently linked to the growth and capabilities of our workforce; we continue to place significant emphasis on equipping our employees with the tools, skills and knowledge necessary to thrive in a competitive environment.

The changing socio-economic and cultural dynamics worldwide have redefined the expectations of both organizations and employees. This paradigm shift necessitates innovative approaches to workforce development. At AASL, we embrace this challenge, fostering an environment where continuous learning and skill enhancement are integral to our operational ethos. By investing in our people, we ensure not only their professional growth but also the sustained advancement and dynamism of the organization.

In 2024, AASL dedicated significant resources to training and development initiatives aimed at enhancing employee competencies. A total of LKR 14 Mn was allocated to local training programmes, which benefited 2,679 employees. Furthermore, recognizing the value of global exposure and advanced skill acquisition, we invested LKR 28 Mn in foreign training and foreign exposure programmes and this initiative benefited 128 employees, fostering a globally attuned workforce.

Our commitment to human capital extends beyond our internal workforce. As part of our Corporate Social Responsibility (CSR) strategy, AASL provided 180 Industrial training opportunities to students from diverse academic and vocational institutions. This initiative not only nurtured the next generation of professionals but also reinforces our partnerships with leading state and private universities and training institutions nationwide. By fostering these collaborations, we contribute to the broader eco system of professional development, aligning academic excellence with industry needs.

Looking ahead, AASL remains resolute in its vision to build a highly capable, motivated and adaptable workforce. Through continuous investment in our people, we are shaping an organizational culture that is agile, forward-thinking and prepared to meet the demands of an ever changing global environment.

Human Resource Information & Performance Management

At AASL, our Performance Management System is intricately aligned with the organization's strategic goals, ensuring that every individual's efforts contribute to our collective success. The core objective of this system is not only to enhance individual performance but also to drive the achievement of our overarching business objectives.

By connecting performance outcomes to key initiatives such as training and development, career advancement and succession planning, we ensure that each employee's growth is supported in a meaningful way. The system plays a critical role in identifying performance gaps, uncovering training needs and shaping decisions around promotions and rewards, fostering a culture of continuous improvement and leadership development across the organization.

AASL employs two distinct Performance Management systems to effectively evaluate and enhance employee performance, tailored to different salary scales within the organization

1. The Performance Management and Development System (PMDS) – Executive Cadre

2. 180^0 Appraisal System – Non Executive Cadre

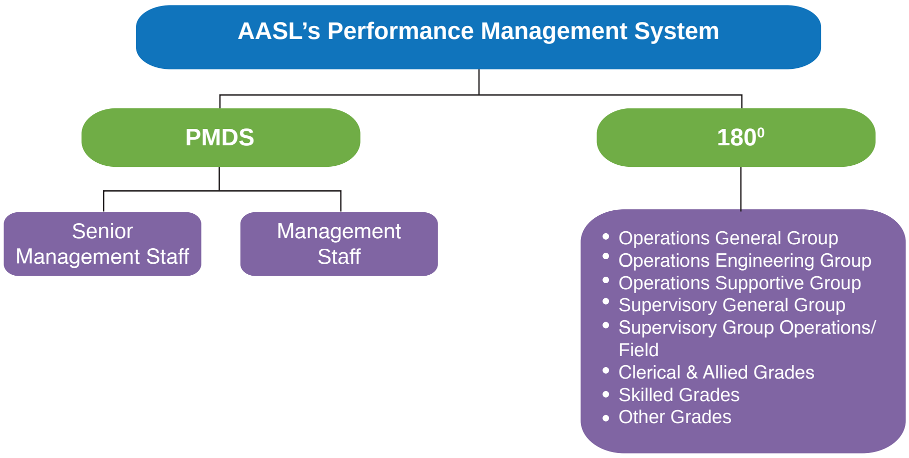
Under PMDS, Officers categorized under Senior Managerial Level and Managerial Level appraised on meeting the objectives of the job and the benchmarks of behavioral competencies and the leadership skills. Key steps of the PMDS are; midyear reviews, rating performance, action based on the performance and rewarding employees.

180^0 Appraisal System is aimed at appraising all other Non-Executive staff. The employees' job knowledge, skills and attitudes will be assessed under this Performance Management System. Key Steps of the 180^0 Appraisal System are filling of self-appraisal, appraisal interview, filling of performance appraisal report by the immediate supervisor and by Head of the Division.

Annual Increments

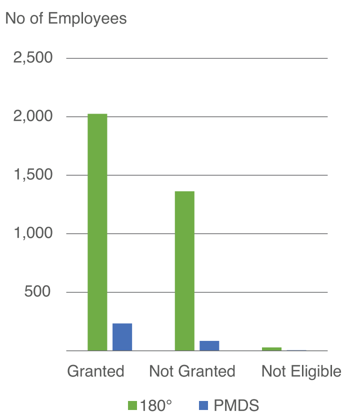
Based on the overall performance of the above groups of employees who discharged their duties satisfactorily earned annual increments.

The Method of Evaluation falls under the following two categories: -



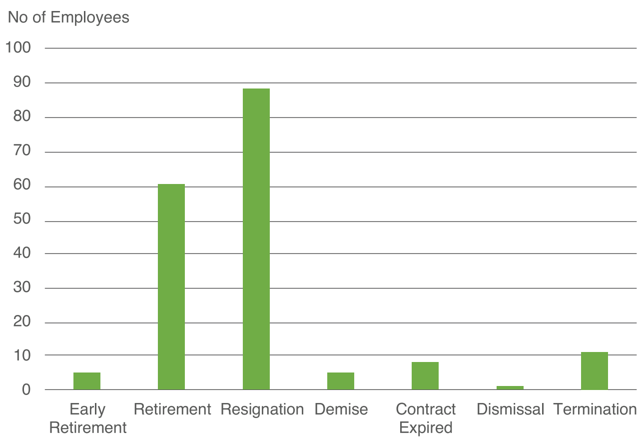
Method of Evaluation - Employees

A total number of 2,259 employees were granted with their annual increments during the year 2024 after conducting the two performance management systems as given above.



Cessation of Employment

The cessation of employment at AASL was 178 during the year, showing a slight decrease in 2024 compared to the previous year.



HUMAN RESOURCE SERVICES
Welfare Activities

AASL is committed to enhancing the well-being of its employees by offering a range of welfare facilities designed to improve their quality of life and drive maximum productivity. While investing in employee welfare can be a significant cost, the long-term rewards are substantial. This approach not only strengthens the company's ability to retain skilled and dedicated employees but also contributes to sustained business growth.

At AASL, we recognize the vital importance of supporting our people, which is why we provide a comprehensive suite of welfare initiatives. These include the Company Medical Scheme, Death Donation Scheme, Staff Loans, Staff Transport Services, Holiday Bungalow Facilities, 5% Interest Refund on Housing Loans and Financial Assistance for overseas pilgrimages. These programs are aimed at motivating and empowering our employees, ultimately enhancing AASL's competitiveness in the market.

1.Company Medical Scheme

AASL has a unique healthcare scheme where the employees can receive treatment in the facility in-house or from the external healthcare service providers. This scheme is extended to most of the confirmed employees and their family units. The schemes available range from LKR 150,000/- to LKR 350,000/- and the employees are eligible to choose that suits their needs. Further, indoor service can be obtained on credit basis from 49 registered hospitals scattered in the island.

With the objective of making a healthy work force Company organized a medical camp at BIA (on 04th, 05th, 10th & 11th December 2024) with the support of leading five private hospitals. In this camp employees were able to attend for awareness programs on various health related topics medical clinics. Further, employees were facilitated to undergo medical checkup packages at the office premises to save time and focus for their own health.

Further, a Medical Camp was arranged to MRIA staff on 19 December 2024 for the first time with the same intension which will lead to employee satisfaction comprising medical clinics, awareness programs and facilitate to have a special medical checkup packages.

2.Death Donation Scheme

This contributory scheme has been in operation in AASL for over 15 years. All employees in the permanent cadre are qualified to get the membership of this scheme and can enroll their family members also to receive benefits of this scheme. AASL has settled LKR 11.8 Mn for 228 members. Further, initiative has been taken to increase the annual benefits in the year 2025.

3.Staff Loan Scheme

Confirmed employees are eligible to obtain a loan for their financial requirements. The loan amount is LKR 200,000/- at a 4.2% of annual interest rate and repayable over a maximum period of four years. In the year 2024, 378 staff loans have been obtained by the employees and to date from the inception Company has allocated LKR 285 Mn for staff loan.

4.Staff Transport Service

The Company is aware of the difficulties faced by the employees who travel from different locations. In order to address this difficulty, company has introduced staff transport facility for the employees to provide them the comfort of travel. 29 buses and a van have (30 routes) been deployed for the use of employees at BIA,CIAR,MRIA & JIA.

5.Holiday Bungalow Facilities

Holiday Bungalow facilities at Pidurutalagala and Pilgrims' Rest facilities at Kataragama are extended at concessionary rates. There are five bungalows at Piduruthalagala and two apartments at Kataragama. Another bungalow has been incorporated at Katunayake at Markfed area. In the year 2024, Holiday Bungalow, Pidurutalagala and Pilgrims Rest, Kataragama facilities have been provided to 513 numbers including AASL employees and outside parties. Further, refurbishment of Pilgrims Rest at Kataragama and renovation of "C" Holiday Bungalow at Pidurutalagala were commenced in order to enhance the quality and standards of the bungalows.

6. 5% Interest Refund on Housing Loan

5% Interest Refund on Housing Loan This facility is available for employees who have completed five years' service in the company. In the year 2024, there are two cases of interest refunds granted to employees.

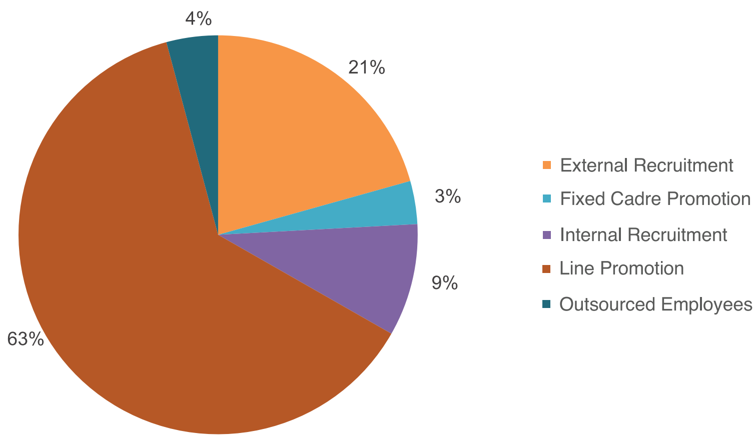
Recruitment, Promotions and other General data

Human Resource Division is in the process to ensure the company has the right people in the right positions to achieve company goals. Accordingly, Human Resource division has searched and executed many strategies to maintain a steady supply of skilled employees while avoiding staffing shortages. Company has recruited 272 new employees against the total employee turnover of 178 during the year 2024.

Since the limited approvals received from Government to recruit permanent staff, HR division has initiated to outsource the manpower for non-core activities to meet short-term staffing challenges while adapting to changing conditions in the business environment over the longer term. Outsourcing has proven to be cost-effective for the company. A total of 55 primary-level staff members were outsourced.

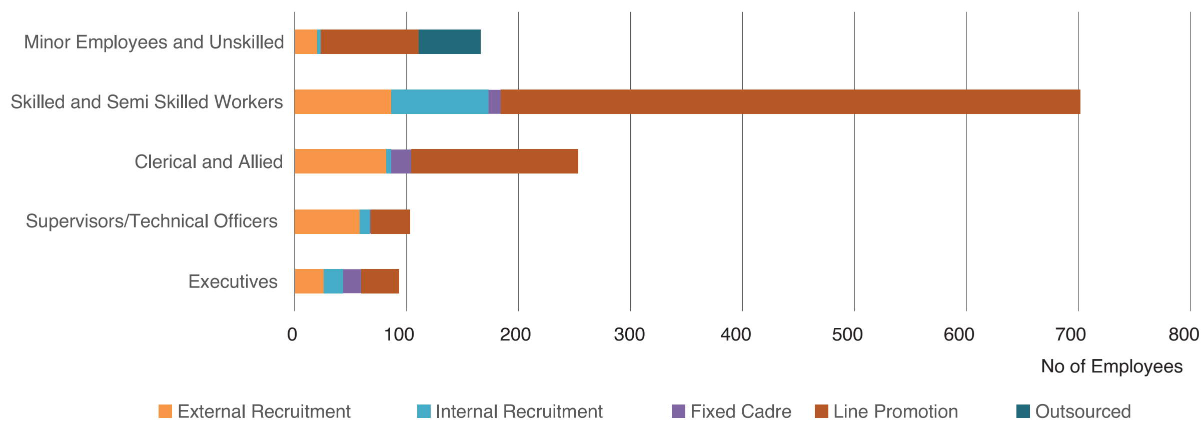
However, during the year under review HR Division managed to provide staff from the different sources as shown below;

Staff Promotions /Recruitments



The distribution of all recruitments and promotions as per the categorization of employees are depicted below.

Recruitments & Promotions as per the categorization of Employees



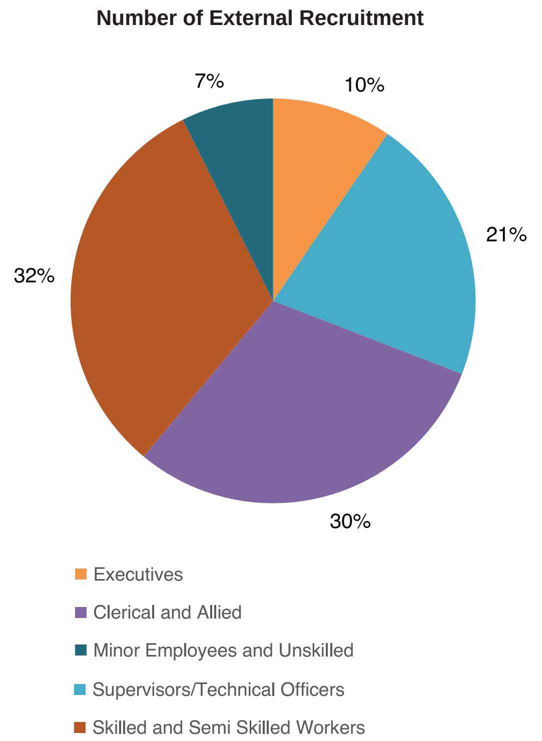
Skill Development Program

The company has initiated a comprehensive program aimed at fostering the development of employees across various roles at AASL, recognizing the diverse qualifications and skills they possess. Through this initiative, the company has identified the unique strengths of its employees and strategically placed them in positions that align with their capabilities. To provide employees with opportunities for growth, internal applications were encouraged, offering increased flexibility and the chance to further develop their skills and qualifications. As a result, 52 out of the 120 available internal vacancies have been successfully filled, reflecting the company's commitment to nurturing talent from within.

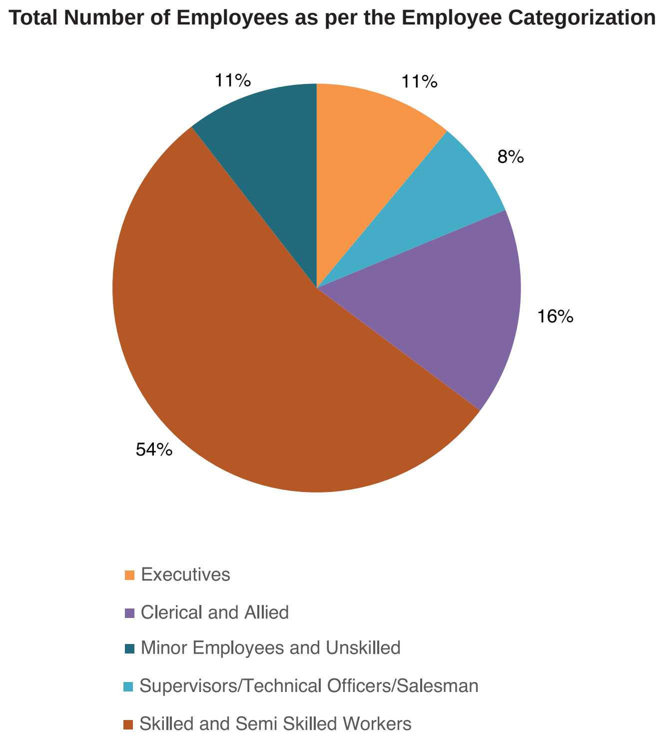
This version emphasizes the company's dedication to employee development and highlights the success of the internal recruitment process.

Vacancies filled in the year 2024 under the Skill Development Program		
Sr. No	Post	No. of Appointed candidates
1	Trainee Animal/Bird Hazard Control Officer	05
2	Trainee Technician (Painting)	03
3	Trainee Technician (A/C)	01
4	Trainee Technician (Electrical)	02
5	Trainee Technician (Automobile)	01
6	Trainee Management Assistant	14
7	Driver	21
8	Heavy Equipment Operator	04
9	Medical Attendant	01
	Total	**52**

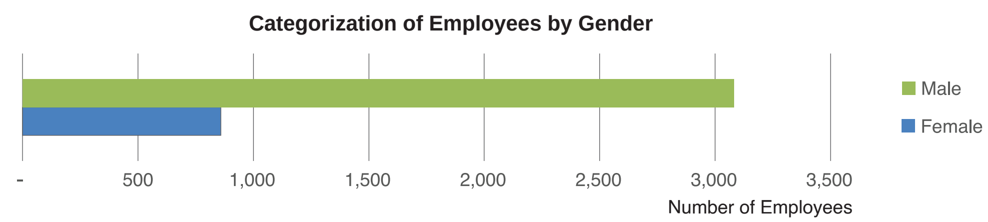
The distribution of the external recruitments into employee categories are shown below:

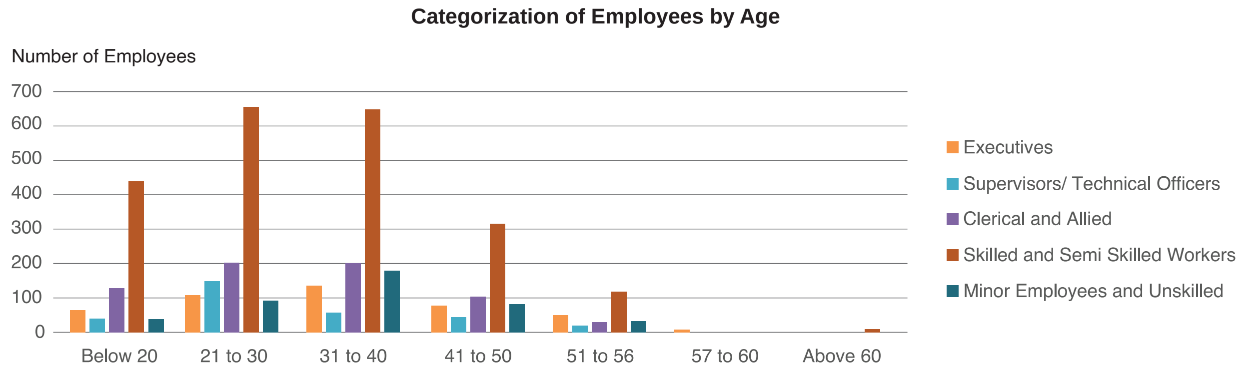


Total Manpower Strength as at 31 December 2024 is as follows:



Workforce Demographics: Analysis of Employee Distribution by Gender and Age





Revision of Basic Salary Structure

Basic salary structure of the Company was revised by incorporating identified specific allowances into the basic salary. This represent a remarkable achievement in history of AASL. Notably, the initial basic salary points had remained unchanged since 1992 until this revision.

The initial basic salary of the lowest salary scale has been revised from LKR 1,190/- to LKR 43,250/- to align with prevailing industry practices. The new salary structure was introduced by the Ministry of Finance to be implemented with effect from 1 January, 2024.

Industrial Relations

I. Restructuring for Enhanced Efficiency in Industrial Relations and Occupational Safety

In a strategic move to enhance operational efficiency, the section formerly known as Industrial Relations and Occupational Safety within the Human Resources Division has undergone a significant transformation this year, with the approval of the Chairman. Moving forward, the section will focus exclusively on Industrial Relation functions, while the Occupational Safety functions have been seamlessly transitioned to the newly restructured Safety, Investigation & Special Projects Division.

This reallocation of responsibilities reflects AASL's commitment to streamlining its processes and ensuring that specialized areas receive dedicated attention. By aligning these functions with their respective divisions, the organization aims to enhance both employee welfare and operational excellence, positioning itself to meet evolving organizational needs and regulatory standards with greater agility and precision.

This pivotal shift marks a new chapter in the way AASL approaches industrial relations and occupational safety, reinforcing its dedication to fostering a safe, harmonious and progressive workplace for all.

II. Grievance Management System - A Milestone in Employee Relations

The newly introduced Grievance Management System at AASL has marked a significant step forward in fostering positive employee relations. This system was designed to address long-standing grievances, many of which had remained unresolved for years, causing considerable dissatisfaction among employees.

With grievance committee's transparent, efficient and employee-centric approach, the system ensures that all grievances are handled with individual attention and resolved promptly. The initiative has been widely appreciated by employees, who have commended its fairness and effectiveness in creating a more supportive and harmonious workplace environment.

The success of this system highlights the HR division's dedication to strengthening trust and engagement with employees. Looking to the future, plans are underway to enhance the system further with advanced technologies, ensuring continuous improvements in grievance handling.

This initiative reflects AASL's unwavering commitment to employee well-being and its focus on fostering a culture of collaboration and mutual respect. It has set a new benchmark in industrial relations, contributing to the overall productivity and morale of the organization.

Risk Management

Risk Management

OVERVIEW

Risk Management plays a pivotal role in guiding AASL's future objectives, just as it does for any business organization. We are committed to embedding effective risk management into our decision-making processes to consistently deliver an exceptional guest experience for our passengers.

As the sole airport operator in Sri Lanka, we operate in a highly dynamic industry with substantial international exposure. This brings with it a range of risks that have the potential to impact not only our operational and financial performance but also the country's global image.

AASL's Risk Management approach is meant to improve the organization's ability to achieve its corporate objectives. The Board is responsible for the success of AASL's Risk Management process as this procedure demonstrates its relevance as one of the major pillars of the corporate governance framework.

AASL aimed at achieving the following through its Risk Management:

- Recognizing and assessing a variety of risks.
- Minimizing and/or to wipe out dangerous threats while taking advantage of new opportunities in the corporate environment.
- Supporting efficient utilization of the Company's resources.
- Successfully managing the risk communication within the company.
- Contributing to the country's economy, society at large and long-term growth.

Main challenges in Aviation Operations

We see the Risk Management process as the most organized approach to addressing the challenges faced by the business and capitalizing on the opportunities that arise from them. The following challenges have put pressure on our Risk Matrix, exposing it to external influences.

• Volatility of the Tourism Industry

Sri Lankan aviation is heavily reliant on tourism, making it vulnerable to fluctuations in tourist arrivals due to factors like political instability or natural disasters.

• Economic factors

High fuel costs, fluctuating exchange rates and the impact of economic instability can significantly affect both airport and airline operations.

• Embracing Technological Advancements

Technology plays a pivotal role in enhancing passenger experiences, efficiency and overall airport operations. It is imperative that the airport operations team use it to enhance service delivery.

Specifically, air navigational systems and security scanning machines must meet certain local (CAASL) and international (ICAO) requirements to ensure the safety and security of air travel.

It is required to work with experts to get quality airport technology solutions to handle various procedures. These include solutions that assist in real time monitoring, passenger flow management, baggage handling and flight control. In addition, embrace biometrics, such as fingerprint scanning and facial recognition to speed up passenger processing.

• Regulatory challenges

Ensuring compliance with international aviation standards and regulations can be complex, especially when dealing with outdated infrastructure.

• Adapting to Rapidly Changing Passenger Demands

Passenger demands and expectations are evolving swiftly, which makes it a core challenge for the airport operation. Today's passenger wants a seamless, personalized travel experience. They have diverse needs that change every other day. Operations teams need to be flexible and embrace forward thinking to adapt to these challenges.

Operations team should always use data to understand passenger preferences and behavior. Airports always collect data in the form of passenger flows, booking patterns, reviews, queries and micro environments. This data can prove valuable when making decisions on resource allocation, customer management and service improvements.

• Managing and Optimizing Airport Capacity

The aviation industry continues to experience growth and evolving passenger demands, which makes airport capacity management a critical aspect of operations management. Unfortunately, physical infrastructure does not expand quickly. Therefore, the airport operations team must find ways to optimize the current infrastructure and ensure that it serves the increasing customer numbers. Also a strategic approach to managing and optimizing capacity should be followed with several approaches. Development of a strategic plan for long-term infrastructure expansion is crucial in this process. The plan should align with the growth projections of the airport, changes in the aircraft fleet and market trends. It should also look at the timeline for expanding different pieces of infrastructure depending on the needs at hand.

To achieve this goal, it is imperative to uphold airport facilities and infrastructure at standards equivalent to those of other international airports in the region.

- **Maintaining Safety and Security Standards**

Airports should also invest in quality security technology such as advanced baggage screening, surveillance technologies and biometric identification. The technology helps detect and deter security threats effectively. In addition, operations teams should conduct regular security drills and training exercises. These drills are essential in ensuring preparedness for any security incident. They help airport personnel and security staff practice their responses to different security scenarios. It makes them better equipped to handle real-life situations.

- **Environmental Impacts**

Generally, the airport operations significantly affect the environment, with both airlines and airports sharing responsibility for carbon emissions. Therefore, minimization of fuel consumption and reduce carbon footprints could be the key to address such challenges while reducing waste by following proper environment friendly disposal procedures. When it comes to AASL sustainability initiatives, AASL has implemented several sustainability initiatives to reduce its carbon footprint and promote eco-friendliness. As of 31 December 2024, the cumulative of 260kW solar power plant at BIA and 90 kW solar power plant at JIA operates and generate clean energy and reduces the airport's reliance on non-renewable energy sources. The airport has also implemented a waste management system that includes recycling and composting, reducing the amount of waste sent to landfills while maintaining the certifications obtained from the Central Environment Authority and other regulatory institutions.

In addition, the AASL has implemented energy-efficient lighting systems and heating, ventilation and air conditioning (HVAC) systems to reduce energy consumption, Street lights (conventional bulbs) to LED, having a centrally lighting management system, operates via a Building Management System (BMS), transformation of old A/C chillers to magnetic bearing chillers.

- **Shortage of skilled staff**

The present state of affairs raises concerns about the industry's capacity to meet the growing demands for technical expertise and services. The shortage of skilled personnel, particularly in key technical roles, poses a significant challenge to the seamless and safe operation of the aviation sector.

In the aftermath of the pandemic, the aviation sector is grappling with an exodus of skilled workers. Unfortunately, this time around, the industry is not equipped with a sufficient pool of trained personnel ready to step into the vacated roles. The consequence is a unique challenge that requires innovative and out-of-the-box strategies to avert a looming crisis.

AASL Risk Management Framework

Our Risk Management framework encompasses a comprehensive approach to risk identification, which includes recognizing potential hazards, identifying system failures, and understanding their possible adverse consequences. It also focuses on identifying opportunities arising from changes in the external business environment, allowing us to capitalize on them through increased revenue, cost savings, or both.

Through our risk assessment process, we strive to gain deeper insights into events that could affect our ability to achieve key objectives. Based on the identification and assessment of risks, we determine whether each specific risk should be accepted or mitigated, ensuring alignment with AASL's overall risk profile.

Our Risk Management techniques include detailed risk reporting, risk treatment, residual risk tracking, and ongoing monitoring. Once a risk is reduced to an acceptable level, it is continuously monitored to maintain control and ensure effective management over time.

Implementation of the Risk Management Framework

The slogan "Risk Management is everyone's business" has been disseminated in AASL and with that, the responsibility of managing the business risk derived to all the employees of the company. The Strategic Management Division (SMD) of AASL centrally monitor the overall process by coordinating with all areas of the business and tasked with introducing and maintaining a suitable risk management mechanism within the company to ensure that strategic objectives are achieved without a hindrance. A Risk Manager was also appointed under the SMD to assure the company's risk management process is being carried out in accordance with the ISO 31000 : 2018 risk management framework in order to better mitigate risks faced by the company thus, improve overall performance of the company while maintaining the Risk Register of AASL up to date.

To identify risks, the company employs various tools such as SWOT analysis, PESTEL analysis and Porter's Five Forces during the Strategic Planning process. This process involves consultation with all divisions and levels of the organization, utilizing both top-down and bottom-up approaches.

Additionally, the Internal Audit & Quality Assurance (IA&QA) Division plays a crucial role in the risk management process within its scope of work. The IA&QA division conducts risk forecasting when preparing annual audit plans to identify vulnerable areas for audit purposes.

Risk Management Committee (RMC) and other formal mechanisms to deal with the Risk Management

The Risk Management Committee (RMC) which is a sub-committee of the Board, has been established to oversee the organization's risk management function. The composition of the committee consists with 3 Board members and the Head of Strategic Management represent as the committee Secretary and Convener. Committee's key focus areas include Business Risks, Organizational Risks and Functional Risks, with careful attention also given to Industry and Strategic Risks. Risk alerts and recommendations are reviewed and, where necessary, escalated for discussion at the Board level through AASL's strategic planning process.

The Risk Register serves as a key tool for identifying the probability and severity of risks. For regular updates, each divisional register has been shared with all the pre identified risk owners of each division/unit through the IT network where they can access and make the necessary updates after each assessment and evaluation. However, this has also been centrally monitored by the Strategic Management Division and any untreated risks and associated issues are escalated to the RMC for appropriate decision-making.

RMC meetings

The RMC meetings are being conducted on monthly basis attended by the relevant Heads of the divisions along with their risk owners. As the key discussion items, the high risks in the red zone are being taking up and the rest of the risks will also be addressed based on its criticality to the business. The status of each risk and the follow-up action points of previous meetings are also being discussed.

Furthermore, aerodrome safety matters are overseen by the Safety Management Unit, in accordance with guidelines outlined in Annex 19 by the ICAO. Facilitation Committee Meetings, conducted quarterly with the participation of all stakeholders, provide a platform for prompt identification and collective resolution of risks and issues. The Airlines Operators Committee (AOC) and Aviation Security Committee address issues faced by airlines, passengers and airport assets, respectively, through interaction with external stakeholders. The Audit and Management Committee ensures checks and balances related to financial risks.

Risk Forecasting

Risk forecasting plays a vital role in proactively identifying potential risks. The timeframe for risk forecasting at the company aligns with the time horizon of the corporate plan, currently set for a period of 3 years. In recent years, AASL has predominantly relied on forecasts and publications from aviation professional bodies such as the Airport Council International (ACI) and the International Air Transport Association (IATA) to address uncertainties in aviation and tourism demand.

During this phase, employee participation across all levels is facilitated through both bottom-up and top-down communication methods. Risk identification is integrated into the routine strategic planning process, with active encouragement of employee contributions.

AASL identifies risks across various categories, including:

- Strategic and Operational risks
- Human Resource & Organizational risks
- Safety, Security & Health risks
- Financial & Supply Chain Management risks
- Reputation & Brand risks
- Legal & Regulatory Compliance risks

Risk Assessment

Risks are assessed based on two key factors:

- The likelihood (or probability) of risks materializing
- The consequences (or impact) of those risks

Each factor is rated on a scale of 1 to 5, with 1 indicating the lowest likelihood or severity and 5 indicating the highest. The likelihood and impact scores are then multiplied together to calculate a product, ranging from 1 to 25. These values are plotted on the Risk Assessment Matrix, with scores towards 25 signifying critical risks requiring immediate attention and stronger mitigation measures.

Risk Assessment Matrix

The 176 Risk types which we have identified in our Risk Register are identified based on the 02 dimensions namely Probability and the Impact and the Risk Profile Score has been computed for the year 2024. Accordingly, the number of risk types which are fallen into each specific cage of the matrix given in the table below are shown in parenthesis.

Likelihood \ Consequence	Catastrophic	Major	Moderate	Minor	Insignificant
Certain	5A (08)	5B (06)	5C (05)	5D (0)	5E (0)
Likely	4A (04)	4B (48)	4C (13)	4D (02)	4E (02)
Possible	3A (16)	3B (30)	3C (18)	3D (06)	3E (0)
Unlikely	2A (11)	2B (04)	2C (01)	2D (01)	2E (0)
Rare	1A (0)	1B (01)	1C (0)	1D (0)	1E (0)

Assessing the likelihood and impact is done based on the criterion given in the Risk Management Framework as well as a qualitative judgment where the respective divisions with professional expertise is involved in. On the other hand, most of the likelihood and / or consequence is/are assessed quantitatively considering past patterns of similar occurrences and computing the consequence in monetary terms.

We have defined certain Key Risk Indicators (KRI) s according to some risks identified and captured. In addition to measuring financial performance, we measure performance of the company in relation to customer satisfaction, employee satisfaction, aircraft related accidents and incidents. This helps us identify possible risks in these areas and analyze them for appropriate actions to overcome them.

Report on the affairs of Risk Management Committee during the year 2024

Role of the Committee

The Board appointed Risk Management Committee is formally constituted Sub-committee of the Board of Directors. It reports to and is accountable to the Board.

The primary role of the Committee is to identify and assess the risks that could have an impact on the business operations of the entity, quantify the impact of such risks both financial and non-financial.

Composition as at 31 December, 2024

Name of the Director	Position
Cyril Wannigama	Chairman
Primal De Silva	Member
T S Wickramatunga	Member

Meetings

06 Nos. of RMC meetings were held during the year 2024. The meeting attendance of the members are set out in the below table.

Name of the Director	Attendance
Cyril Wannigama*	01 / 01
Primal De Silva*	01 / 01
T S Wickramatunga*	01 / 01
W S D De Silva**	01 / 01
Capt. S Fernando**	01 / 01
Capt. Milinda Ratnayake***	04 / 04
A S C Warushahennadige***	03 / 04
A A Randeniya**	04 / 05

* Appointed w.e.f. 19 November 2024

**Appointed and resigned before the next RMC w.e.f. 18 November 2024

***Resigned from the RMC w.e.f. 29 July 2024

The proceedings of the RMC meetings were recorded by the Head of Strategic Management, functioning as the Secretary to the RMC. Minutes of the meeting were circulated among the RMC members within five working days from the meeting date under normal circumstances.

Terms of Reference

The RMC conducts proceedings as per the Board approved Terms of References (TOR) and accordingly the Committee is empowered by the Board to;

1. To assist the Board in fulfilling its responsibilities relating to risk management and establishing an effective Risk Management Framework. (This covers the overall risk appetite of the enterprise, tolerance and strategy, taking in to account of the current and prospective macroeconomic and financial environment.)

2. Overseeing and advising the Board on the current risk exposures of the Enterprise and future risk strategy.

3. Accurate and timely monitoring of large exposures and certain risk types of critical importance.

4. Reviewing reports on any material breaches of risk limits and the adequacy of proposed action.

5. Reviewing the effectiveness of the internal financial controls of the Enterprise, internal controls and risk management systems and reviewing and approving Board reports concerning internal controls and risk management.

6. Reviewing the procedures of the Enterprise for detecting fraud

7. Reviewing and monitoring the responsiveness of the Management to the findings and the recommendations of the risk team.

8. To implement the integrated Risk Management Policy and other Risk related policies approved by AASL and periodic updating of the organization-wide risk management framework.

9.Ensure that all strategic, operational, market, financial risks are identified, measured monitored and managed adequately..

10. To work with Key Management Personnel very closely on all critical risk areas and make suitable recommendation to the Board within the framework of the authority and responsibility assigned to the committee.

RMC Business of the Year

During the first 5 meetings in 2024, RMC mainly focused on all the risks listed in the risk register and discussed divisional wise matters that could have an impact on daily airport operations, passenger facilitation and long-term sustainability of the business. RMC invites representatives of relevant divisions to take part in RMC meetings as appropriate so that the RMC can get better insight into the risk/s in question. However, starting from the 6th meeting of 2024, the focus of RMC was set to take up only the high risks which were listed in the company risk register starting from the year 2025. The main objective of the newly appointed committee was to assess the risks more specifically, mitigate and bringing down the risk ratings to a lower level (medium or low) from the risk register.

While focusing on the high risks, a special emphasis was given on the areas such as risk of reputational damages due to passenger complaints, risk of deviating from company objectives set out in the Corporate Plan, and risk of delay in achieving business goals due to certain resource limitations etc.

The RMC submitted its recommendations on the risks discussed at each RMC meeting to subsequent Board Meetings for necessary actions.

As we recommenced the process of obtaining compliance of ISO 31000 : 2018 Risk Management Standard in 2023, with the leadership of the RMC and the support of the external Consultant who've signed with us to fulfil the compliance journey, a Risk Management Policy, Risk Management Framework and a Risk Management Strategy was developed and obtained the company's Board approval during the year 2024 to adopt to all layers and functions for a methodical and systematic risk management.

In summary, AASL's risk management process described throughout the above Risk Management Review section is instrumental in overall decision-making process, good governance and long-term business stability.

Cyril Wannigama
Vice Chairman
Chairman - Risk Management Committee

28 May 2025

Corporate Governance

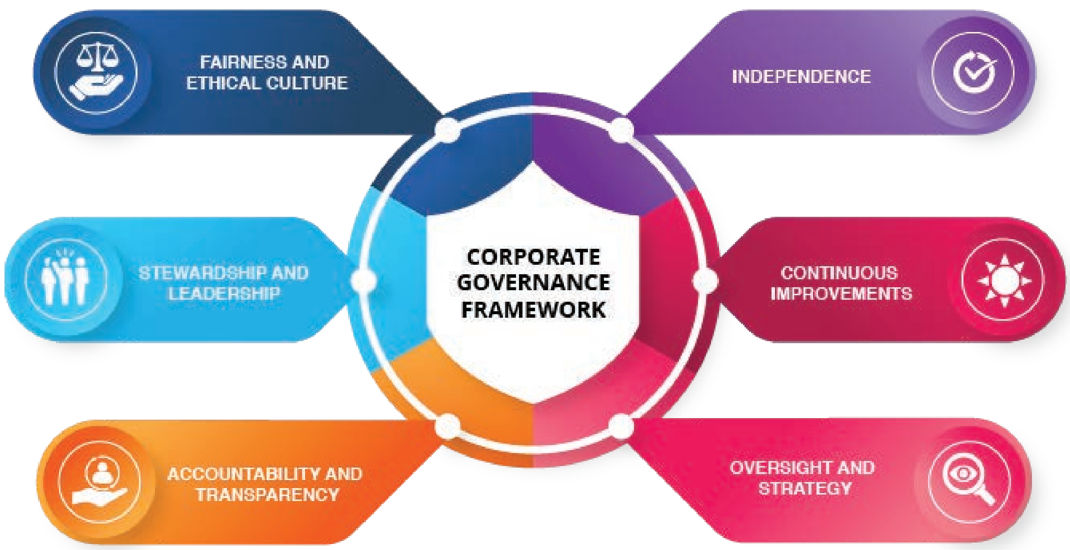
The company upholds a dynamic corporate governance system that fosters corporate discipline and responsible business conduct. Through the establishment of necessary frameworks, processes and procedures, AASL has implemented a clear and systematic decision-making process. This ensures clarity regarding responsibilities, mitigates conflicts of interest and maintains satisfactory processes and systems for internal controls, risk management, transparency and overall accountability.

The current Board of the company consists of a well-balanced composition of members possessing the necessary expertise, skills and experience. Together with the dynamic corporate Management team, they strive to achieve the objectives of a strong governance system. This ensures that AASL's operations meet the expectations of all stakeholders while maintaining a thorough understanding of the risks posed by the evolving and challenging macro-economic environment.

This Corporate Governance Report provides an overview of compliance with corporate governance principles outlined in the Companies Act No. 7 of 2007, the Code of Best Practice on Corporate Governance 2023 by the Institute of Chartered Accountants of Sri Lanka and Guidelines on Corporate Governance for State Owned Enterprises issued by the Department of Public Enterprises, Ministry of Finance.

The company's corporate strategy, which aligns with its vision and mission, has established effective channels of engagement with its workforce, shareholders and stakeholders. Moreover, the Board has persistently improved and posed necessary challenges to the development and implementation of strategies by actively engaging with Management, particularly through its subcommittee during periodic meetings.

The AASL's Corporate Governance Framework is based on the basic values of fairness, accountability, responsibility, participation and transparency, all of which are vital for the development, enhancement and maintenance of a sustainable business model.



Fairness and Ethical Culture

- Protect shareholders' rights.
- Treat all shareholders, employees, vendors and communities fairly and with equal consideration.
- Provide effective redress for violations.
- Ensure an inclusive work environment is nurtured at all times.

Stewardship and Leadership

- The Board is responsible for the oversight of corporate matters and Management activities.
- The Board must be aware of and support the successful, ongoing performance of the company.
- The Board must act in the best interests of the company and its investors.

Accountability and Transparency

- The Board must explain the purpose of a company's activities and the results of its conduct.
- Ensure that the Board is accountable to the Government of Sri Lanka (GoSL).
- Ensure timely, accurate disclosure on all material matters, including the financial situation,performance, ownership and corporate governance.
- The Board and the Management are accountable for the assessment of a company's capacity, potential and performance.
- It's the Board's responsibility to communicate issues of importance to shareholders.
- The Board needs to execute collective responsibility with all connected stakeholders, yet with defined responsibilities for each.

Independence

- The Board remains independent and all decisions made are done so with the best interest of the company in mind at all times.
- Ensuring the composition of the Board is balanced.
- Assuring independence during the nominations to committees.
- Ensuring the decisions made and internal processes established are objective and not influenced.

Continuous Improvement

- The Board and Management must determine risks of all kinds and how best to control them.
- They must act on those recommendations to manage them.
- They must inform all relevant parties about the existence and status of risks.
- The Board must assess the actual performance against the plans as well as against best practices and competitor moves and fill up the gap towards continuous improvement.

Oversight and Strategy

- Establish a clear strategic vision.
- Directors need to be more actively involved in the strategic decision-making process of the organization.
- The Board is to filter the strategic decisions from the operational decisions and concentrate on strategic decisions through the Board sittings.

1. The Board

The Board's key responsibilities include:

- Providing direction and guidance to the company in the formulation of the sustainable, high-level, medium and long-term strategies which are aimed at promoting the long-term success of the company.
- Ensuring adequate delegation of authority to the Senior Management in making operational decisions and operations are carried within the scope of the Enterprise Risk Management Framework.
- Monitoring systems of governance and compliance.

In carrying out its responsibilities, the Board promotes a culture of openness, productive dialogue and constructive dissent, ensuring an environment that facilitates employee empowerment and engagement, as well as creating value to all stakeholders. The Board encourages and sets the tone at the top by promoting professional standards and corporate values that cascade down to Senior Management and other employees of the company.

2. Board Meetings and Attendance

The Board meetings are scheduled at the beginning of the year. Adequate notice is provided to enable the Directors and Management to prepare key and strategic information required for deliberation in the meetings. The board pack, comprising of the agenda, Board papers and relevant papers are circulated to the Directors five (05) days prior to the Board Meeting. This enables them to familiarize themselves with the content to be discussed at the meeting.

A professional and methodical approach is practiced in conducting the meetings with pre-allocation of time for each agenda item to ensure all aspects are duly discussed and addressed to arrive at the appropriate decision. Heads of the Divisions attend the Board meetings by invitation as and when required to present additional information and provide further clarity to the Board.

During the year under review, 11 Nos. of Board meetings were convened. The positions and attendance of the Board members as at 31 December 2024 are as follows;

Name of the Board Member	Position	Attendance
Air Chief Marshal (Rtd) H D Abeywickrema RWP RSP VSV USP Msc MA (Lon) rcds psc qfi (Appointed w.e.f. 09 Oct. 2024)	Chairman	02/11
Cyril Wannigama (Appointed w.e.f. 01 Nov. 2024)	Vice Chairman	02/11
L Senarathna (Appointed w.e.f. 01 Nov. 2024)	Non-Executive Director	02/11
T S Wickramathunga (Appointed w.e.f. 04 Nov. 2024)	Non-Executive Director	02/11
Primal De Silva (Appointed w.e.f. 04 Nov. 2024)	Non-Executive Director	02/11
H T Chaminda (Appointed w.e.f. 04 Nov. 2024)	Non-Executive Director	01/11
K M P N Karunarathna (Appointed w.e.f. 11 Dec. 2024)	Non-Executive Director	01/11
P M K Hettiarachchi (Appointed w.e.f. 27 Jan. 2025)	Non-Executive Director/ Treasury Representative	00/11
M M N Somathilaka	The Observer from the Ministry of Transport, Highways, Ports and Civil Aviation	11/11
Resignations		
Eng. A Galketiya	Chairman	09/11
M S A Senarathne (Ms)	Vice Chairman	09/11
G U K Algewattage	Non-Executive Director	07/11
A S C Warushahennadige	Non-Executive Director	05/11
S N Sumanasekera	Non-Executive Director	05/11
Capt. Milinda Ratnayake	Non-Executive Director	05/11
W A A Wijayasuriya	Non-Executive Director	08/11
A A Randeniya	Non-Executive Director	09/11
W S D De Silva	Non-Executive Director	09/11
G A A Priyantha	Non-Executive Director/ Treasury Representative	10/11
Capt. S Fernando (Appointed w.e.f. 16 June 2024)	Non-Executive Director	03/11
P Lokuyaddehige (Appointed w.e.f. 21 June 2024)	Non-Executive Director	03/11
S R Jayaneththi (Appointed w.e.f. 10 July 2024)	Non-Executive Director	03/11
P A Jayakantha (Appointed w.e.f. 04 Nov. 2024)	Non-Executive Director	01/11

3. Our Approach and Commitment

AASL is a fully Government owned company and its Board is responsible to the Government for the strategic guidance and oversight of the company through good governance. The Company is guided by the Corporate Governance Regulatory Framework recommended by the Department of Public Enterprises and the Ministry of Finance. This Governance Framework is underpinned by five core principles;

a) Leadership and Direction
b) Transparency and Integrity
c) Accountability to the Government as its key shareholder
d) Recognizing the legitimate interests of stakeholders
e) Timely and balanced disclosure principle

Apart from the above, mandatory requirements specified in the Company's Act No. 7 of 2007 and voluntary compliances specified in the Code of Best Practices on Corporate Governance issued in 2023 by the Institute of Chartered Accountants of Sri Lanka also form part of our governance framework.

At AASL, Board sub-committees constitute an important element of the governance process. Six Board sub-committees have been appointed with clearly defined terms of references. They are namely, Audit & Management Committee, Risk Management Committee, HR & Remuneration Committee, Financial Management & Revenue Generation Committee, All Airports way forward Committee and Project Management Committee. Therefore, matters relating to each of these areas are thoroughly analyzed and make recommendations to the Board. This way, the Board has been able to utilize expertise knowledge of Board members appropriately while holding the collective responsibility of decision making.

Accordingly, the above Board sub-committees are functioning within the Company to further strengthen our governance mechanism.

During the year under review AASL complied with all mandatory Corporate Governance requirements specified in the Company's Act and voluntary compliances as described in below sections.

4. Leadership and Direction

The company's business and operations are managed under the supervision of the Board, which consists of members with experience and knowledge in the areas of business management and finance governance are appointed by the Minister of Transport, Highways, Ports and Civil Aviation in line with reference to the Articles of Association. The Chairman, who leads the Corporate Governance policies of the organization and is responsible for providing leadership to the Board, is appointed by the Minister, whilst inculcating good governance and ensuring effectiveness. The Chairman also ensures constructive working relations are maintained between the Executive and Non-Executive members of the Board. The Chairman with the assistance of the Board Secretary ensures that:

a) Board procedures are followed
b) Information is disseminated promptly to the Board

The Board of Directors executes a statutory responsibility in the stewardship of the company on behalf of the Government and its stakeholders. Their principal functions are:

a) To lead the company towards achieving its vision.
b) To oversee the Management, operations and performance of the company as a whole.

The Board comprises of eight (08) Directors, of which six (06) are Non-Executive Directors and two (02) are Executive Directors where the Chairman and Vice Chairman work in that capacity and a representative of Ministry of Transport, Highways, Ports and Civil Aviation as the Ministry Observer. The Chairman acts in the dual capacities of Chairman and CEO of AASL. The majority of the Board comprises Non-Executive Directors of high repute as per requirements of the Corporate Governance Guidelines. All Executive and Non-Executive Directors have a single voting right each at the Board meetings. This Board composition reflects the independence of Management, in both fact and appearance. That is not only on Directors' individual relationships, personal, employment or business but also on the Board's overall attitude towards Management. Providing objective independent judgment is at the core of the Board's oversight role.

All Directors have independent and joint access in respect of both internal and external information of the company. The Company Secretary ensures that Board procedures are followed and guidance on legal requirements are provided regarding Board proceedings.

In addition, the Secretary circulates the notices of Board Meetings, Minutes of meetings and Board papers together with other relevant documents with adequate information to enable the Board to make informed decisions. Follow-up on actions on Board decisions are also executed by the Secretary.

5. Matters reserved for The Leadership of The Board Include:

The Company has in place a well-structured Corporate Governance Framework which has been adopted across all business units and is integral in maintaining and enhancing sustainable shareholder value.

a) Providing the vision and the direction for the company
b) Based on its specific mission built up within the scope of the provisions in Civil Aviation Act No 14 of 2010 and how best it could serve the interests of the Government and other stakeholders.
c) Ensuring that legal requirements are fulfilled and the company operates in accordance with the provisions of the Companies Act No. 7 of 2007 and Articles of Association.
d) Framing different types of policies including Risk Management in order to achieve optimum returns and benefits to the Government and other key stakeholders.
e) Reviewing public policy objectives periodically and providing strategic direction to formulate long- term goals and objectives for future growth.
f) Guaranteeing adequate accountability by delegating responsibility.

6. Matters Reserved for The Board in This Capacity Include:

The main purposes of the Board, in brief, are that directly comes under their purview are:

a) Assess the overall direction and implement the strategy of the business.
b) Fiduciary duty towards protecting stakeholder interests.
c) Monitor and evaluate the performance of the Senior Management through Management Information reports ensuring that the company is on track in its operations.
d) Ensure effectiveness of governance practices.
e) Implement a framework for risk assessment and management, including internal controls among others.
f) Ensure that Board policies are executed in the same spirit as it was framed and in the best interests of the institution and the public at large.
g) Take remedial action without delays to ensure that goals are met if results are not in line with desired expectations.

h) Appoint competent personnel as Managers and ensuring that there is adequate delegation of authority amongst the Senior Management.
i) Attend Committee on Public Enterprises (COPE) meetings and Parliamentary Consultative Committee (PCC) meetings or delegating the authority for the same towards Senior Management when and where necessary.

7. The Role of The Audit and Management Committee (AMC) In Corporate Governance Aspects

7.1 Audit Management Committee

The Audit and Management Committee (AMC) was formed in terms of PED/12 Para 7:4:1 to assist the governing council in the supervision of the affairs of AASL and to ensure the integrity of the company financial statements and the procedures of the AASL.

The role of the AMC is to assist the Board in fulfilling its oversight responsibilities in relation to the integrity of the financial statements of the company, the internal control and risk management systems of the company and its compliance with legal and regulatory requirements, the External Auditors' performance, qualifications and independence and the adequacy and performance of the Internal Audit function, undertaken by the company.

The scope of functions and responsibilities are adequately set out in the TOR of the committee which has been approved by the Board and is reviewed annually. The AMC has reviewed the financial statements to ensure their conformity and compliance to the Government regulations covering accounting and financial activities, Administrative Regulations (AR), Financial Regulations (FR) and AASL regulations.

The external and internal audit functions play a vital role in contributing to the integrity of the audited financial information. Accordingly, they must be overseen and evaluated effectively by the Audit Committee at least quarterly. The AASL's line Ministry, the Ministry of Transport, Highways, Ports and Civil Aviation and the General Treasury need the assurance that the AASL's audit functions are effective and have been robustly evaluated. The scope of the evaluations should encompass all relevant issues including:

- Quality of work undertaken during the evaluation period.
- Caliber and experience of audit personnel.
- The appropriateness of its reporting line in respect of Government and Internal Audit.

The AMC had regularly reviewed the existing systems and procedures and on observing any deviations had submitted suggestions to improve the existing systems to the Board of Directors for its approval from time to time. The Committee also had reviewed the queries raised by the Auditor-General and Internal Auditors and the replies given by the relevant divisions to ensure corrective measures taken are adequate and effective to eliminate the associated risks.

7.2 Transparency and Integrity

The AMC has regularly monitored and reviewed the organizational culture and practices to identify and safeguard the integrity of the company's financial reporting which demands enhanced governance, accountability and transparency. The entire procurement process is one of the important activities of the company based on the guidelines issued by the Department of Public Finance of the Treasury and provides a fully transparent procedure when acquiring goods and services.

7.3 Internal Audit

AMC is assisted by the AASL Internal Audit and Quality Assurance (IA & QA) Division. The Head of IA & QA acts as a Convener to the AMC and report to the Chairman. The main focus of the IA & QA Division is to conduct an independent review on the overall prevailing system of internal control by evaluating the adequacy, integrity and effectiveness of internal controls while ensuring that standards of quality for certain areas of the airport services are satisfactorily met and make appropriate recommendation to the Management to strengthen the internal controls. The Internal Audit regularly reported to the Chairman on the adequacy and effectiveness of internal controls and compliance with laws and regulations and established policies and procedures of the company. The Internal Audit includes:

a) Review of the prevailing system of internal control.
b) Ensure that major decisions undertaken by the Board of Directors are implemented effectively.
c) Evaluating and making recommendations on risk assessment over Management decisions and activities under the purview of each division of the AASL, to the AMC and the Chairman of AASL.
d) Making observations on risk assessment by External Auditors in respect of systems and controls.
e) Ad-hoc and periodic Financial Reviews for Income and Expenditure and its recognition as well as reporting.
f) Undertaking quality audits in selected areas of the business
g) Review of procurement procedures in compliance with the National Procurement Commission applicable procurement guidelines.

8. Accountability to The Government as The Key Shareholder of AASL

As a fully Government owned business undertaking, accountability to the Government is exercised through the line Ministry by AASL using the following mechanism:

8.1 Parliament

Annual Reports of the company should be tabled in Parliament within 180 days from the end of the financial year as per the Treasury letter PED/S/Transport/2/Misc dated 20 December 2024 for review.

8.2 Committee on Public Enterprises (COPE)

The Parliamentary Committee on Public Enterprises (COPE) is empowered to review the performance of the company and to assess the extent to which the company achieves performance targets and fulfils social responsibilities. When summoned by the COPE, the Chairman, Directors and Senior Managers together with the Secretary to the Ministry of Transport, Highways, Ports and Civil Aviation, the Chief Accounting Officer should be present at the reviews, to respond to any queries and matters of concern regarding the activities of the company.

8.3 Minister of Finance / General Treasury

The Minister of Finance or the General Treasury on his behalf is responsible for financial discipline in the public sector, including public enterprises. A Treasury representative is appointed to the Board to monitor performance, ensure compliance with statutes, rules and regulations, etc. and to report on any matters of concern to the Minister. Mr. G A A Priyantha, the Treasury Representative, performed this function during the year under review.

The responsibility for monitoring the financial management and control of Public Enterprises lies in the hands of the Department of Public Enterprises (DPE), General Treasury.

8.4 Ministry of Transport, Highways, Ports and Civil Aviation

The Secretary of the Ministry of Transport, Highways, Ports and Civil Aviation and the Chief Accounting Officer is accountable to the Government for the financial administration and management of the company and in this capacity regularly reviews the following matters with the Board during the year.

a) Corporate Plan and Budgets
b) Physical and Financial performance of capital projects
c) Projects undertaken in the current year
d) Audit deliverables including Management Letter
e) Financial Performance of the year as a whole
f) Matters arising from meetings of the COPE or any other statutory/regulatory institution

9. Recognize the Legitimate Interests of Stakeholders

Stakeholder value is enhanced when an entity treats the stakeholders well, meets the expectations in growth and has a reputation towards civic responsibility and legal compliance. Stakeholder value is known as a management method that focuses on maximizing the interests of a company's stakeholders (including shareholders, clients, workers and the community) as its prime objective. The goal of this approach is to maximize the stakeholders' value by implementing policies, which enhance cost control while raising the quality of the organization's products, improve the skills and morale of the company's employees and secure the advancement of the community from where the organization gathers resources and sustenance. In light of that, the company recognizes the legal and other obligations to all legitimate stakeholders including the Government and other affiliated constituencies who have an interest over AASL's affairs, employees, users of the airport (airlines, passengers and the business community who run their businesses inside the airport) suppliers and other service providers and the community as a whole. These obligations are best viewed as part of the paramount duty to optimize long-term stakeholder value.

It demonstrates its commitment to appropriate corporate practices, which comprise of the following areas:

a) Due diligence by the Board and Management to the regulatory framework.
b) Fulfilling the responsibilities of the Government, acting as the statutory service provider of airport operations.
c) Promptly meeting obligations to creditors and financial institutions.
d) Consistently meeting obligations in relation to fair trading and ensuring a level playing field when dealing with suppliers and other service providers.
e) Ensuring ethical business practices affecting the community.
f) Carrying out all operations and activities as stipulated by law and following best practices as appropriate.
g) Non-discriminatory treatment of all airport users.
h) Treat employees fairly, respectfully and equitably.

10. Timely and Balanced Disclosures

Providing timely, accurate information with required coverage of depth and breadth for prudent decision making is the crust of our information disclosures internally as well as externally. The company's established policies and procedures ensure compliance with the disclosure requirements of all laws and regulations, including the circulars stipulated in the Department of Public Enterprises of the General Treasury and Sri Lanka Financial Reporting Standards (SLFRSs/LKASs).

AASL maintains effective and candid communication with the stakeholders to help stockholders understand the business, risk profile, financial condition, operating performance and trends of the corporation. Many periodic and ad hoc reports and analyzed information are provided as a practice and on demand. The employees are updated with the true position of corporate operations and financial performance. The company Intranet serves the purpose of information dissemination enhancement to employees. AASL contributes to public policy dialogue whenever there is a development, enactment and revision of the laws and regulations that impact our business and affect the community in which we operate.

11. The Company Secretary

The Company Secretary plays a vital role in ensuring that the Board procedures are followed and regularly reviewed. In addition to maintaining Board minutes and Board records, the Board Secretary provides support in ensuring that the Board receives timely and accurate information in addition to advice relating to corporate governance matters, Board procedures and applicable rules and regulations during the year. All concerns raised and wished to be recorded have been documented in sufficient detail by the Secretary.

The Company Secretary is primarily responsible to ensure compliance with applicable statutory, new regulations and is the interface between the Management and the regulatory authorities for governance matter.

Report of the Auditor General on the Financial Statements

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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය / எனது இல. / My No.	AAV/A/AASL/FA/24/30	ඔබේ අංකය / உமது இல. / Your No.		දිනය / திகதி / Date	16 June 2025

The Chairman
Airport and Aviation Services (Sri Lanka) (Private) Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Airport and Aviation Services (Sri Lanka) (Private) Limited for the year ended 31 December 2024 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Airport and Aviation Services (Sri Lanka) (Private) Limited (AASL) for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy 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 provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154(6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for qualified opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

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1.2 Basis for Qualified Opinion

(a) According to Paragraph 36 of Sri Lanka Accounting Standards (LKAS) 16 – Property, Plant and Equipment (PPE), when an item of PPE is revalued, the entire class of assets to which it belongs shall be revalued. However, the company had excluded 15 buildings valued at Rs. 212.7 million, 44 vehicles valued at Rs. 84.8 million, hangars valued at Rs.18.5 million, and plant and machinery valued at Rs. 6,900 million when revaluing the PPE.

(b) According to Paragraph 16(b) of LKAS 16, only costs directly attributable to preparing an asset for its intended use may be capitalized. Further, Paragraph 20 of LKAS 23 requires the suspension of capitalization of borrowing costs during extended periods of inactive development. However, contrary to that the salaries of the PMU staff and loan interest amounting to Rs. 7.5 million and Rs. 43.8 million respectively, incurred during the suspended period had been capitalized under the capital work-in-progress.

(c) Without the ownership being transferred, a sum of Rs. 671.1 million was reported as lands under Property, Plant, and Equipment in the company's financial statements for the year under review.

(d) According to the 2023 Board of Survey report, the cost of the assets (carrying value Rs. 529.9 million) not available in the company was Rs. 1,952 million. However, no required adjustments had been made in the books of accounts of the company. As a result, the PPE shown in the financial statements had been overstated by similar amount.

(e) The goods received during the year under review amounting to Rs. 1,403.9 million, had been erroneously shown as goods in transit, without being transferred to the relevant stock account.

(f) Cost of the fully equipped ambulance and a garbage compactor valued at Rs. 52.1 million which were donated to AASL by the government of Japan had not been accounted as PPE under the financial statements of the Company year under review.

(g) As per the financial statements, the fixed deposit investment was Rs. 100,970 million. However, as per bank confirmation it was Rs.100,677.3 million. Hence, there was a difference of Rs. 292.7 million between two balances and no action had been taken to reconcile the two balances.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Emphasis of Matters

I draw attention to Note No. 30 and as per the circular dated 12/04/2022 on "Interim policy regarding the service of Sri Lanka's external public debt" issued by the Ministry of Finance, direction was given not to settle foreign loans obtained by the government entities. This adversely affected the on-going constructions of BIADP Phase II Stage 2 Project, as the contractor refused to continue the project since JICA stopped the loan disbursements with the issuance of circular.

Despite the circular issued by the Ministry of Finance, Company communicated to the Ministry of Finance that AASL has the financial capability to make loan repayments and continue the project as the company has adequate funds. Since that endorsement could not be issued due to IMF debt restructuring programme, the contractor Taisei Corporation terminated the contract with AASL, with effect from 09 December 2022.

After contract termination, AASL was authorized to fund critical protective works using its own resources until JICA funding resumes. Two contracts worth Rs. 3,677 million were awarded, with one completed and the other 73% done by the end of 2024. Termination payments to Taisei Corporation paid and unpaid amounted to JPY 444.5 million and Rs. 1,486.8 million, excluding additional running costs and financing charges to be accrued to the final claim. AASL received local materials worth Rs. 3,920 million and approved overseas stock plans worth Rs. 720 million. While the contractor may escalate disputes to a Dispute Board, no provision has been made in the 2024 financial statements for this potential liability.

After settling termination payments, the remaining JICA loan is insufficient to complete Package A, resulting to ongoing funding negotiations between JICA, the Sri Lankan Government, and AASL. An Aide-Memoire was signed on 11 November 2024 to support financing for the completion phase (Package "AI"), and Amendment No. 3 to the consultancy agreement was signed on 1 November 2024. Tendering began on 24 September 2024, extended to 25 March 2025, with bid evaluations currently in progress.

My audit opinion remains unmodified in respect of this matter.

1.4 Other information included in the Company's 2024 Annual Report.

The other information comprises the information included in the Company's 2024 Annual Report but does not include the financial statements and my auditor's report thereon, Which I have obtained prior to the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work I have performed on the other information that I have obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

1.5 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

1.6 Auditor's Responsibilities for the Audit of the Financial Statements Statement

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 and Companies Act, No. 7 of 2007 include specific provisions for following requirements.

2.1.1 except for the effects of the matters described in the basis for Qualified Opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163 (2) of the Companies Act, No. 7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 the financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 the financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

2.2.1 to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal cause of business as per the requirement of Section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for ;

Reference to Laws/ Direction	Non -compliance
(a) Section 11(2) of the Inland Revenue Act No. 24 of 2017	Contrary to the provision in the Act, a capital expenditure of Rs. 1,223 million paid to the General Treasury for foreign loan repayment was deducted as an allowable expense when calculating business income.
(b) Section 2.3 and 3.1of the Public Enterprise Circular No PED 01/2015 dated 25 May 2015 and circular No. 01/2015 (ii) dated 14 January 2022	Contrary to the circular provisions, the Board of Directors of the company had approved fuel allowances for 277 officers exceeding their entitled limits and the overpayment was Rs.67 million.
(c) Paragraph 2.6 (Use of e-GP Portal for "Shopping" Procedure) of circular PFD Circular No. 08/2019 and dated 17 December 2019 issued by the Ministry of Finance, Economy and Policy Development	All the procurement planned to be processed by PEs under the shopping procedure should be processed through the e-GP system gradually by PEs beginning 01 January 2020. However, e-GP Portal for shopping procedure was not followed by the company yet.
(d) Section 2.2.2 (b) V of the Public Enterprises Circular No. 01/2021 and dated 16th November 2021– Guideline on Corporate Governance for State Owned Enterprises	The Board of Directors (BOD) ensure that appointment of Chief Executive Officer (CEO) and as per the section 2.1 of the circular, wherever the role of Chairman and CEO are combined through the relevant statute or the AOA, the relevant BOD must initiate action to split the two roles through an amendment to the statute or the AOA. However, the BOD had not initiated action to split the two roles and to appoint CEO even as at the 31 May 2025.
(e) Public Enterprises Circular No. 01/2021 - and dated 16th November 2021–Operational Manual for state owned Enterprises	
(i) Section 3.2 (i)	The Company is required to submit requests pertaining to cadres including cadre positions, Scheme of Recruitments (SOR), pay structure and allowances with Board approval

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		and recommendations of the Line Ministry, for the approval of the Director General of Department of Management Services. However, the Company only obtained Board approval for the SOR and the pay structure and allowances were approved by the Ministry of Finance on 1 January 2024 without full approval for SOR.
(ii)	Section 3.4	The Company should include job descriptions, academic qualifications, experience, and other relevant details when formulating schemes for recruitment and promotions. However, the current SOR in use does not include job descriptions or the mode of recruitment.
(iii)	Section 5.3	A significant discrepancy between the stipulated 30% profit after tax distribution to the consolidated fund, as per the PED Operational manual and the actual amount credited by the Airport and Aviation Company over the past three financial years (2022, 2023, and 2024). While the expected contribution totals Rs. 16,280,640,860, the company only paid Rs. 7,336,000,000 representing only 45% of the anticipated credit to the consolidated fund.
(iv)	Section 2.1 of the Public Enterprises Circular No. PED 04/2023 dated 11 December 2023 and Section 4 of the Internal Memorandum issued by the Company	In April 2023, the Company paid a bonus advance of Rs. 178.8 million to 3,589 employees, Rs. 50,000 each, which should have been deducted from the annual bonus of Rs. 125,000 per employee at year-end, as per circulars. However, the Company paid Rs. 664.6 million as bonus for 2025 without adjusting for the advance. Further, Rs. 514.5 million was paid as leave encashment, contrary to the relevant circular.
(f)	Circular No. AP/238 dated September 2023 of Airport and Aviation Services (SL) Ltd.	Despite AASL implementing measures to improve vehicle accident investigations, formal procedures were not followed for 50 accidents involving the company's vehicle fleet during 2023 and 2024.

(g) Circular No. AP/203 dated 12 May 2015 of Airport and Aviation Services (SL) Ltd.	The staff loan repayment period is 36 or 48 months. However, contrary to that loans given to 11 employees aggregating to Rs. 1,157,883 had not been recovered even though the repayment period is lapsed.

2.2.3 to state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018

2.2.4 to state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19

(a) During the year, the Company planned 63 projects over Rs. 50 million each, totaling Rs. 30,495 million. Out of the 19 procurements scheduled for completion in 2024, only 4 were finalized. The remaining 15 projects, valued at Rs. 5,984 million, were still in early procurement stages, including 10 marked as urgent.

2.5 Other Matters

(a) As per the information submitted to the audit, twelve vehicles valued at Rs. 7.5 million could not be verified since vehicles were not available at the company.

(b) Supplier advances obtained by all division and section heads should be settled before the end of each year. However, advances aggregating to Rs. 21.4 million had remained over 1 to 4 years without being settled.

(c) A financial fraud involving Rs. 14.8 million, committed in the Airport Management Division by a Management Assistant through the misappropriation of cash collected from the issuance of entry passes, had remained without been recovered as of the date of this report.

(d) International and domestic landing and parking trade debtors of Rs. 234.5 million and 65.1 million, rental debtors of Rs. 94.9 million, aerobridge debtors of Rs. 1.3 million, and overflying debtors of Rs. 196.9 million had remained over 1 to 5 years without being recovered.

(e) According to the Customer Complaint Management System, the Company received 977 customer complaints in 2024, including cases of lost baggage, mishandled baggage, and damaged baggage. However, no preventive actions had not taken to resolve the the issues fully.

(f) Approval was given to allocate alternative land for the Akuregoda site and to provide Rs. 161 million for establishing a new high-frequency transmission center. However, the ownership of the land allocated from the Seetha Eliya Kandapola forest had not been transferred to the company, and no action had been taken to obtain the funds.

(g) The Company entered into agreements with six associations/ companies for taxi services in 1983 and extended the contract periods by the Board of Directors until February 2026. However, due to breaches of two agreements by the company between 1 February 1995 and 8 February 1996, the Company had paid a sum of Rs. 23.4 million as compensation to the respective parties as of 29 May 2025.

(h) A difference of Rs. 4,697.1 million was identified between the Embarkation Levy payables recorded by the Authority and the receivables reported by Airport and Aviation Services Sri Lanka Limited (AASL). However, no action had been taken to reconcile the two balances.

(i) The cost incurred for the construction of the Mattala Airport Security Building Complex during the year 2013 and 2014 was Rs. 18,744,398 and the construction works remained incomplete even as at the end of the year under review.

(j) Since the company formation in 1983 until 31 December 2024, the Company had invested a sum of Rs. 105,517 million on Property, Plant, and Equipment, excluding lands and assets at Mattala for airport infrastructure development as a statutory service provider, without obtaining concurrence from the Civil Aviation Authority of Sri Lanka.

(k) According to the Cabinet decision No.අමප/23/0154/604/014 dated 07 February 2023, company required to sign a MOU with the Government of Sri Lanka (GOSL) and adjust the books of accounts about the foreign loan amounting to Rs.30,423 million equivalent to USS 102.4 million shown in the financial statements. And it is also required to remit debt servicing instalments to the General Treasury. However, the company had failed to sign the MOU and adjust the books of accounts and remit loan instalments to the General Treasury.

(l) The operating cost and the operating income of the Mattala Rajapaksa International Airport (MRIA) for the year under review was Rs. 3,600.8 million and Rs. 242.2 million respectively, while the operating loss and net loss after tax was Rs. 3,358.6 million and Rs. 879.7 million respectively. The cumulative net losses as at the end of the year under review was Rs. 39,369 million. Although the expected annual passenger movement was one million, only 321,577 passengers were recorded over six years. A sum of Rs. 36,564 million (USD 247.7 million) investment had not been effectively utilized, and AASL continues to pay Rs. 2,053 million annually in interest on the foreign loan used for construction.

(m) **Phase II Step 2 of the Bandaranaike International Airport Development Project (BIADP)**

Initially, in year 2009 the project it is expected to expand the passenger movement capacity from 6 to 12 million. Accordingly, a sum of Rs. 344.5 million had incurred as consultancy expenses on designing works. Subsequently, the passenger movement capacity had been changed from 6 to 15 million through infrastructure upgrades and improved connectivity. As a result, the consultancy expenses incurred amounting to Rs. 344.5 million had resulted uneconomic, since the plan designed for the earlier passenger movement could not be used for the revised passenger movement capacity.

Under the JICA funding arrangements and the loans agreements of 2012 and 2016 the total fund of the project was JPY 74,397 million and only JPY 26,862.5 million had been used by 31 December 2024. Due to underutilization, Sri Lanka incurred JPY 247.9 million in commitment fees and JPY 35.7 million in interest. Loan repayments began on 16 March 2022.

A new consultancy agreement was signed on 3 March 2014, with a Japanese joint venture firm and amended in year 2016, 2023, and 2024 to meet AASL's updated requirements, extending the contract to July 2028. The total consultancy cost was set at USD 1.48 million, JPY 3,425.5 million, and Rs. 1,731.8 million. By 31 March 2025, AASL had paid a sum of Rs. 4,563.4 million, equivalent to JPY 2,772.4 million, for planning and consultancy services.

Construction works was divided into two packages namely A and B. Package B included a remote apron and taxiways to expand aircraft parking bays from 25 to 48. Although the work was scheduled to complete by October 2019, the actually completed in January 2022 at a cost of Rs. 8,448.6 million. However, 5 bays were

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blocked due to ongoing work, and 14 bays were deemed optimal use. Despite an agreement signed in February 2024 to re-mark the bays, no progress had been made as of May 5, 2025.

Under Package A, the Passenger Terminal Building & Associated Works contract was awarded to Taisei Corporation on 4 March 2020 at a contract amount of Rs. 105,569.7 million (JPY 41,553.9 million and Rs. 35,135.8 million). The project was scheduled to be completed by 14 December 2023. However, the construction work was suspended on 9 December 2022, after JICA stopped the funding due to a Ministry of Finance circular on foreign debt. At the time of suspension, the total payment made to the contractor was Rs. 37,311.3 million and the actual work completed was only 5.44% when compared with the planned 30%. Materials worth Rs. 1,995 million, including expired items, were stored in private warehouses, which incurred Rs. 60.3 million in rent by the end of 2024, with further rental costs expected until work resumes. The commitment charges and project administration expenses of Rs. 133.3 million incurred during the suspension period of the Construction of Passenger Terminal Building-II and associated works were uneconomical.

Two contracts valued Rs. 3,732.9 million were signed with a private company for protective works and essential activities, with Rs. 1,328.7 million paid by the end of 2024. The cumulative work-in-progress under Package A stood at Rs. 38,640 million, while total expenses, including consultancy and project management salaries, amounted to Rs. 43,735.7 million. To restart the project, tenders were re-invited between September and December 2024, with the bid submission deadline extended twice to March 25, 2025. As at that date, the bid evaluation process was in progress.

G.H.D. Dharmapala
Auditor General (Actg)

Statement of Comprehensive Income

(All amounts in Sri Lankan Rupees)

		Year ended 31 December	
	Note	2024	2023
Revenue	5	**43,750,204,235**	38,245,784,487
Other Income	6	**147,125,607**	130,045,148
		43,897,329,842	38,375,829,636
Administration and Establishment Expenses	7	**(24,317,232,283)**	(19,061,158,765)
Operating Profit		**19,580,097,559**	19,314,670,871
Finance Income		**7,742,971,965**	10,428,195,594
Finance Cost		**1,348,014,727**	3,896,212,133
Net Finance Income / (Cost)	8	**9,090,986,693**	14,324,407,728
Profit Before Tax		**28,671,084,252**	33,639,078,598
Income Tax Expenses	9	**(7,563,533,219)**	(5,517,423,668)
Profit for the Year		**21,107,551,033**	28,121,654,931
Basic Earnings Per Share	10	**105,537**	140,607
Other Comprehensive Income			
(Loss)/Gain Arising From Changes In Assumptions on Computing Retirement Benefit Obligations	23	**(1,584,154,286)**	(296,536,179)
Deferred Tax on Actuarial Loss	13	**475,246,286**	88,960,854
FA Revaluation Reserve		**3,887,322,433**	-
Total Other Comprehensive Income		**2,778,414,433**	(207,575,325)
Total Comprehensive Income for the Year		**23,885,965,466**	27,914,079,606

The notes on pages 98 to 127 form an integral part of these financial statements

Statement of Financial Position

(All amounts in Sri Lankan Rupees)

	Note	As at 31 December 2024	2023
ASSETS			
Non Current Assets			
Property, Plant and Equipment	11	**46,691,988,899**	36,177,294,374
Investment Properties	11	**4,350,666,207**	3,927,460,603
Right of Use Assets	11	**4,108,917**	-
Capital Work in Progress	11	**49,646,447,011**	38,443,670,909
Intangible Assets	12	**118,145,699**	162,669,883
Deferred Tax Assets	13	**3,511,980,247**	3,509,712,949
		104,323,336,980	82,220,808,717
Long Term Investments			
Long Term loans		**9,188,500**	10,388,500
Long Term Debenture Investments	14.1	**1,754,300,000**	2,199,300,000
Long Term Bank Deposits	14.2	**5,141,085,264**	-
Loans Granted to Company Staff	16.1	**124,009,193**	102,362,282
		7,028,582,957	2,312,050,782
Current Assets			
Inventories	15	**1,926,917,609**	3,509,400,475
Trade and Other Receivables	16	**10,710,000,768**	11,815,955,294
Short Term Debenture Investments	14.1	**445,000,000**	800,000,000
Short Term Bank Deposits	14.2	**93,427,415,884**	87,716,805,396
Cash and Cash Equivalents	17	**4,519,586,238**	3,171,397,540
		111,028,920,500	107,013,558,705
Total Assets		**222,380,840,436**	191,546,418,204
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	18	**20,000,200**	20,000,200
Reserves	19	**10,864,853,399**	6,846,530,966
Retained Earnings	20	**79,408,637,223**	60,744,660,339
		90,293,490,821	67,611,191,506
Non Current Liabilities			
Borrowings	21	**71,031,712,452**	69,992,369,357
Lease liabilities	11	**8,422,060**	-
Debentures	22	**4,000,000,000**	4,000,000,000
Retirement Benefit Obligation	23	**9,365,305,451**	6,993,907,655
Deferred Tax Liability	13	**10,439,696,649**	9,211,489,732
Deferred Government Grants	24	**1,240,393,529**	1,312,017,220
		96,085,530,141	91,509,783,963
Current Liabilities			
Trade and Other Payables	25	**8,949,384,603**	10,405,420,689
Borrowings	21	**24,775,111,060**	19,922,064,751
Lease liabilities	11	**454,087**	-
Deferred Government Grants	24	**73,490,290**	73,794,595
Income Tax Payable	26	**2,203,379,433**	2,024,162,700
		36,001,819,474	32,425,442,734
Total Liabilities		**132,087,349,615**	123,935,226,697
Total Equity and Liabilities		**222,380,840,436**	191,546,418,204

The Board of Directors are responsible for the preparation and presentation of these Financial Statements. These Financial Statements were authorised by the Board of Directors on 28th May 2025

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.

Air Chief Marshal (Rtd) H D Abeywickrema
RWP RSP VSV USP MSc MA (Lon) rcds psc qfi
Chairman

Cyril Wannigama
Director

J A M D S S Abeywardena
Head of Finance

The notes on pages 98 to 127 form an integral part of these financial statements

Statement of Changes in Equity

(All amounts in Sri Lankan Rupees)

	Note	Stated Capital	Other Reserves	Retained Earnings	Total
Balance as at 1 January 2023		20,000,200	6,848,033,247	38,389,121,466	45,257,154,914
Prior Year Adjustments		-	-	(60,043,013)	(60,043,013)
Profit for the Year		-	-	28,121,654,931	28,121,654,931
Other Comprehensive Income					
Actuarial Loss on Post Employment Benefit Obligations		-	-	(296,536,179)	(296,536,179)
Deferred Tax on Actuarial Gain		-	-	88,960,854	88,960,854
Other Comprehensive Income		-	-	**(207,575,325)**	**(207,575,325)**
Total Comprehensive Income		-	-	**27,914,079,606**	**27,914,079,606**
Dividend Paid	28	-	-	(5,500,000,000)	(5,500,000,000)
FA Revaluation Reserve		-	(5,612,281)	5,612,281	-
Transfer to Reserve Account		-	4,110,000	(4,110,000)	-
Balance as at 31 December 2023		**20,000,200**	**6,846,530,966**	**60,744,660,339**	**67,611,191,508**
Balance as at 1 January 2024		20,000,200	6,846,530,966	60,744,660,339	67,611,191,508
Prior Year Adjustments	29	-	-	82,333,851	82,333,851
Profit for the Year		-	-	21,107,551,033	21,107,551,033
Other Comprehensive Income					
Actuarial Loss on Post Employment Benefit Obligations		-	-	(1,584,154,286)	(1,584,154,286)
Deferred Tax on Actuarial Gain		-	-	475,246,286	475,246,286
Other Comprehensive Income				**(1,108,908,000)**	**(1,108,908,000)**
Total Comprehensive Income		-	-	**19,998,643,033**	**19,998,643,033**
Dividend Paid	28	-	-	(1,286,000,000)	(1,286,000,000)
FA Revaluation Reserve		-	3,887,322,433	-	3,887,322,433
Transfer to Reserve Account		-	131,000,000	(131,000,000)	-
Balance as at 31 December 2024		**20,000,200**	**10,864,853,399**	**79,408,637,223**	**90,293,490,822**

The notes on pages 98 to 127 form an integral part of these financial statements

Statement of Cash Flows

(All amounts in Sri Lankan Rupees)

	Note	Year ended 31 December 2024	2023
Cash Flows from Operating Activities			
Profit Before Income Tax Expenses		**28,671,084,252**	33,639,078,598
Adjustment for :			
Depreciation	11	**3,789,060,472**	2,112,941,365
Amortization of Intangible Assets	12	**44,574,911**	8,301,847
Adjustments for PPE Transfers	11	**4,477,356,408**	1,065,965,556
Demolization of Assets	11	**-**	6,610,000
Assets Written Off / Disposals /Donations	11	**-**	27,482,546
Exchange (Gain) / Loss on Loans Conversion	8	**(13,266,244,433)**	(15,204,613,135)
Exchange (Gain) / Loss on Fixed Deposits Conversion	8	**8,835,297,942**	8,467,336,122
Income from Investment	8	**(7,495,522,963)**	(10,366,420,837)
Loss/(Profit) on Sales of Property, Plant and Equipment		**1,157,767**	-
Prior Year Adjustments	11,20,21,26	**245,174,814**	(60,043,013)
Amortization/Receipt of Deferred Government Grants		**(73,927,995)**	(77,600,562)
Adjustments for Staff Loan interest		**(8,037,658)**	-
Finance Cost	8	**2,515,661,418**	2,225,201,499
Provision for Retirement Benefit Plan	23	**1,459,477,173**	1,395,653,571
Operating Profit Before Working Capital Changes		**29,195,112,106**	23,239,893,558
(Increase)/ Decrease in Inventories		**1,582,482,866**	(1,263,036,556)
(Increase)/ Decrease in Trade and Other Receivables		**(1,808,728,485)**	(1,186,127,444)
Increase/ (Decrease) in Trade and Other Payables		**(3,180,194,511)**	1,733,350,107
Cash Generated From Operations		**25,788,671,976**	22,524,079,664
Defined Benefit Plan Costs Paid	23	**(672,233,663)**	(575,627,437)
Interest Paid		**(790,737,613)**	(1,503,215,684)
Income Tax Paid	26	**(5,933,212,438)**	(3,771,513,797)
Net Cash Generated from Operating Activities		**18,392,488,261**	16,673,722,746
Cash Flows From Investing Activities			
Acquisition of Property, Plant and Equipment	11	**(26,513,468,465)**	(4,876,794,714)
Acquisition of Intangible Assets	12	**(50,727)**	(155,040,414)
Net Withdrawals in Debentures	14	**800,000,000**	299,000,000
Net (Investments) in Bank Deposits		**(19,686,993,694)**	(11,195,812,812)
Loan Recovered from Sport Club		**1,200,000**	1,200,000
Interest Received		**10,384,007,557**	8,470,891,677
Staff Loans Granted		**(98,000,000)**	(126,536,520)
Staff Loans Receipt		**110,589,164**	92,513,023
Net Cash Generated from Investing Activities		**(35,002,716,165)**	(7,490,579,760)
Cash Flows from Financing Activities			
Payment of lease liabilities	11	**(993,600)**	-
Dividend Paid	28	**(1,286,000,000)**	(5,500,000,000)
Loan Receipt	21	**20,468,769,311**	321,109,644
Loan Repayment (Foreign)	21	**(1,223,359,109)**	(1,475,191,088)
Net Cash (Used in) / Generated from Financing Activities		**17,958,416,602**	(6,654,081,444)
Net Increase / (Decrease) in Cash and Cash Equivalents		**1,348,188,699**	2,529,061,545
Cash and Cash Equivalents at the Beginning of the Year	17	**3,171,397,540**	642,335,995
Cash and Cash Equivalents at the End of the Year	17	**4,519,586,238**	3,171,397,540

The notes on pages 98 to 127 form an integral part of these financial statements

Notes to the Financial Statements

(In the notes all amounts are shown in Sri Lankan Rupees unless otherwise stated)

1. CORPORATE INFORMATION

1.1 General

Airport and Aviation Services (Sri Lanka) (Private) Limited ("Company") is a private limited company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at Bandaranaike International Airport, Katunayake.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were management of airports at internationally accepted standards, provision of air navigational services for inbound aircraft and aircraft flying through the Sri Lanka Flight Information Region (FIR) and providing other necessary facilities to the users of the airports.

1.3 Date of Authorization for Issue

The financial statements of Airport and Aviation Services (Sri Lanka) (Private) Limited for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 28th May 2025.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

The financial statements have been prepared in accordance with and comply with Sri Lanka Accounting Standards (SLFRSs/LKAS). The financial statements are prepared under the historical cost basis, as modified by fair valuation of certain financial assets and liabilities and present value of defined benefit obligations.

The preparation of financial statements in conformity with SLFRSs requires the use of certain critical accounting estimates. It also requires management to exercise their judgment in the process of applying the Company's accounting policies. The areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

These financial statements are presented in Sri Lanka Rupees. The preparation and presentation of these financial statements is in compliance with the Companies Act. No 07 of 2007.

2.1.1 Amalgamation

These financial statements present the amalgamated position of the Company including:

a) The Voted Fund representing the government grants for capital expenditure; and

b) The Retained Revenue Fund,

Which were prepared and presented separately up to the year 2011 pending an opinion from the Attorney General.

The Attorney General's opinion was sought by the Civil Aviation Authority based on a request made by the Company to the Ministry of Aviation to initiate action to commence the statutory amendments mentioned under paragraph 3.5 of the Cabinet Memorandum given in the Cabinet approval dated 17 August 2005 to amalgamate the assets and liabilities of the airport with those of the Company along with the necessary legislative amendments.

The necessity for the above Cabinet approval was due to the ownership of only part of the assets held by the former Airport Authority has been transferred to the Company in 1983 with the formation of the Company and dissolution of the Airport Authority with the remaining assets and liabilities been held and accounted under the voted and the retained revenue funds.

The Board of Directors of the Company on 28 June 2013 approved the amalgamation in order to comply with the Sri Lanka Accounting Standards (SLFRS/LKAS), on the basis that the Company in engaging in its principal activities deriving economic benefits from the use of the assets recorded in the two funds and also accounting for obligations on debt servicing without recording the related liability, thus deviating from fundamental accounting concepts.

2.1.2 Statement of Compliance

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Company as per the provisions of the Companies Act and the SLFRSs/LKAS.

The statement of financial position, statements of comprehensive income, changes in equity and cash flows, together with accounting policies and notes, ("Financial Statements") of the Company as at 31 December 2024 and for the year then ended together with the comparative information are comply with the Sri Lanka Accounting Standards (SLFRS/LKAS) laid down by The Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act. These Standards are listed at www.casrilanka.com.

2.1.3 Comparative Information

The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

2.1.4 Basis of Measurement

The Financial Statements of the Company have been prepared on the historical cost basis except for the following material items in the Statement of Financial Position:

Short-term investments classified under Amortized Cost are initially recognized at fair value plus transaction costs, if any. They are subsequently measured using the effective interest rate (EIR) method.

Net Defined Benefit Liability - Liability is recognised as the present value of the Defined Benefit Obligations plus unrecognized actuarial gains, less unrecognised past service cost and unrecognised actuarial Losses.

2.1.5 Functional and Presentation Currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the Functional Currency). These Financial Statements are presented in Sri Lankan Rupees, the Company's Functional and Presentation Currency. There was no change in the Company's Presentation and Functional Currency during the year under review.

2.1.6 Presentation of Financial Statements

The assets and liabilities of the Company presented in its Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern. No adjustments have been made for inflationary factors affecting the Financial Statements. Financial Assets and Financial Liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle permitted by an Accounting Standard or Interpretation, and as specifically disclosed in the Accounting Policies of the Company.

2.1.7 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard-LKAS 1 on 'Presentation of Financial Statements'.

2.1.8 Use of Judgments and Estimates

The preparation of the Financial Statements of the Company require the conformity with SLFRSs and management to make judgments, estimates and assumptions that affect the application of Accounting Policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively when necessary.

2.1.9 Going Concern

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on a going concern basis.

2.1.10 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

2.1.11 Deferred Tax Assets

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profits will be available against which such tax losses can be utilised. Assumptions are made to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies.

2.1.12 Fair Value Measurement

A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either,

a) in the principal market for the asset or liability; or

b) in the absence of a principal market, in the most advantageous market for the asset or liability

2.1.13 Changes in Accounting Policy and Disclosures

New and amended standards and interpretations

No significant impact resulted on the financial statements of the Company due to changes in Accounting Standards and disclosures during the year.

The new and amended standards and interpretations are disclosed below.

Classification of Liabilities as Current or Non-current - Amendment to LKAS 1
Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability evenif it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16
The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Disclosures: Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7
The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12
The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

2.2 Foreign Currency Translation

Transaction and Balances

A foreign currency transaction shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period

- Foreign currency monetary items shall be translated using the closing rate

- Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction

- Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognised in profit or loss in the period in which hey arise.

2.3 Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the Statement of Comprehensive Income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

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

2.4 Inventories

Inventories are stated at the lower of cost or net realizable value after making due allowances for obsolete and slow moving items.

Spare parts and consumables for fire equipment brought before 31 December 2003 are valued based on a valuation and thereafter on weighted average basis.

The cost incurred in bringing inventories to its present location and conditions are accounted using the weighted average basis other than fuel which is valued at First-in, First-out (FIFO) basis.

2.5 Trade and Other Receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Collection is expected in the normal operating cycle of the business, and they are classified as current assets. Trade receivables are recognized initially at their transaction price unless they contain significant financing components, in which case they are recognized at fair value. AASL holds trade receivables with the objective of collecting contractual cash flows and, therefore,subsequently measures them at amortized cost using the effective interest method.

Other receivables generally arise from transactions outside the usual operating activities of the AASL

2.6 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.7 Property, Plant and Equipment

All property, plant and equipment is initially recorded at cost and stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

The cost of self-constructed assets includes the cost of materials, direct labor and an appropriate proportion of production overheads.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All repairs and maintenance costs are charged to Statement of Comprehensive Income during the financial period in which they are incurred.

Cost of long term capital projects are carried forward in capital projects work- in - progress until the projects are completed and the related assets are available for use.

The Company applies the cost model for all classes of Property, Plant and Equipment, except for Land & Buildings and Motor vehicles, which are measured using the revaluation model after initial recognition. Under the revaluation model, Land & Buildings and Motor vehicles are carried at their revalued amounts, representing fair value at the date of revaluation, less any subsequent accumulated depreciation (in the case of buildings and Motor vehicles) and any accumulated impairment losses incurred after the date of valuation. To ensure that the carrying amounts reflect fair value, the Company conducts revaluations of Land & Buildings and Motor Vehicles at least once every ten years, or more frequently if there is a significant difference between the fair value and carrying amount as at the reporting date.

Depreciation begins when an item of property, plant and equipment is available for use and will continue until it is derecognized, even if during that period the item is idle. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be

(In the notes all amounts are shown in Sri Lankan Rupees unless otherwise stated)

depreciated separately. Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their costs to their residual values over their estimated useful lives.

The useful lives of the assets are estimated as follows:

Buildings	Over 50 Years
Plant and Machinery	Between 04 to 20 Years
Motor Vehicles	Between 04 to 15 Years
Furniture, Fittings and Office Equipment	Over 08 Years
Communication and Navigation Equipment	Between 05 to 10 Years
Other Equipment	Over 08 Years
Airport Infrastructure	Between 08 to 50 Years

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

When each major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the year the asset is de-recognized.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other income / (losses) net, in the statement of comprehensive income.

Any revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the Statement of Profit or Loss, the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in the Statement of Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Impairment of Property, Plant and Equipment

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

2.7.1 Investment Properties

Investment properties are recognized at cost, including directly attributable transaction costs. Subsequent to initial recognition, they are measured using the Cost Model, carried at cost less accumulated depreciation and impairment losses.

2.7.2 Right of use assets

Entity recognizes right of use assets when the underlying asset is available for use. Right of use assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right of use assets includes the amount of lease liabilities recognized.the recognized right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term.

2.8 Intangible assets

An Intangible asset is recognised if it is probable that future economic benefits associated with the assets will flow to the company and cost of the asset can be reliably measured.

Intangible assets acquired separately are measured on initial recognition at cost.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

2.9 Stated Capital

Ordinary shares are classified as equity.

2.10 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Liabilities classified as trade and other payables in the Statement of Financial Position are those which fall due for payment on demand or within one year from the Statement of Financial Position date. Items classified as non-current liabilities are those which fall due for payment beyond a period of one year from the Statement of Financial Position date.

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

2.11 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

2.12 Borrowings Costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.13 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

2.14 Retirement Benefit Obligations

(a) Defined Benefit Plan
A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the actuarial valuation. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The company has obtained an independent actuary valuation services for the year for the computation of defined benefit obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

(b) Defined Contribution Plans
All employees of the company in Sri Lanka are members of the Employees' Provident Fund and Employees' Trust Fund, to which the Company contributes 12% and 3% respectively, of such employees' basic or consolidated wage or salary.

2.15 Grants and Subsidies

Government grants shall be recognised in profit or loss on a

systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.
A government grant may take the form of a transfer of a non-monetary asset, such as land or other resources, for the use of the entity. In these circumstances it is usual to assess the fair value of the non-monetary asset and to account for both grant and asset at that fair value.

2.16 Impairment of Non-Financial Assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready to use - are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.17 Financial Assets

2.17.1 Classification

The Company classifies its financial assets in the following categories: Amortised cost, at fair value through profit or loss and fair value through other comprehensive income. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

(a) Amortised Cost
The asset is measured at the amount recognized at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method and is recognized in profit and loss. Changes in fair value are recognized in profit and loss when the asset is derecognized or reclassified.

(b) Fair Value through Other Comprehensive Income
Loans and receivables
- Interest revenue, impairment gains and losses, and a portion of foreign exchange gains and losses, are recognized in profit and loss on the same basis as for Amortized Cost assets. Changes in fair value are recognized initially in Other Comprehensive Income (OCI). When the asset is derecognized or reclassified, changes in fair value previously recognized in OCI and accumulated in equity are reclassified to profit and loss on a basis that always results in an asset measured at fair value through other comprehensive income (FVOCI) having the same effect on profit and loss as if it were measured at Amortized Cost.

Investments in equity instruments
- Dividends are recognized when the entity's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognized in profit and loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in OCI. Changes in fair value are recognized in OCI and are never recycled to profit and loss, even if the asset is sold or impaired.

(c) Fair Value through Profit or Loss
Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVOCI) are measured at fair value through profit or loss (FVPL)

2.17.2 Recognition and Measurement

Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or losses are initially recognized at fair value, and transaction costs are expensed in the Statement of Comprehensive Income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within other gains/(losses) - net, in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognized in the Statement of Comprehensive Income as part of other income when the company's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

2.18 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.19 Impairment of Financial Assets

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

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

SLFRS 9 requires to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. Loss allowance for trade receivables is always measured at an amount equal to lifetime Expected Credit Loss (ECL).When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due.

2.20 Financial Liabilities

The Company's financial liabilities include trade and other payables, bank loans and other borrowings and unfavorable currency forward contract. All other financial liabilities except for financial liabilities at fair value through profit or loss are recognized initially at their fair values and subsequently measured at amortized cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

2.21 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

(a) Rendering of Services
Revenue from rendering of services is recognized in the accounting period in which the services are rendered or performed.

(b) Interest
Interest Income is recognized as the interest accrues unless collectability is in doubt.

(c) Rental Income
Rental income is recognised as specified in the rental agreements on an accrual basis.

(d) Franchise Fee and Concessions
Franchise fees and concessions are recognized on an accrual basis in accordance with the substance of the relevant agreement and recognised on an accrual basis.

(e) Landing & Parking Income
International / Domestic
Landing and parking income is based on the maximum take off weight (MTOW), subject to a minimum charge and parking duration in the apron of the airport and recognised on an accrual basis.

(f) Overflying Income
Overflying income is calculated based on the MTOW of aircraft and the distance flown recognised on an accrual basis.Company is liable to pay 40% of collection on overflying Income to General Treasury with effect from 16.03.2023

(g) Aerobridge Charges
Aerobridge income is calculated based on usage time of aerobridge and type of aircraft. Income is recognised on an accrual basis.

(h) Embarkation Levy
Embarkation levy is collected by Civil Aviation Authority of Sri Lanka as per the Finance Act and USD 9.75 is remitted to AASL. Revenue is recognised on accrual basis.

(i) Entry Permit Fees, Parking Fees (Vehicles), Paging Board
Revenue is collected and recognised on cash basis

(j) Others
Lounge income is recognised on cash and accrual basis depending on the payment method.

Incinerator income is recognise on accrual basis.

Other income sources is recognized on cash and accrual basis depending on the payment method.

(In the notes all amounts are shown in Sri Lankan Rupees unless otherwise stated)

3. FINANCIAL RISK FACTORS

3.1 Financial Risk Factors

The company's activities expose it to a variety of financial risk: market risk (including foreign currency risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

(a) Market Risk

(i) Foreign Exchange Risk

The company is sensitive to the fluctuations in exchange rates and is principally exposed to fluctuations in the value of the Sri Lanka Rupee (LKR) against the United States Dollar (USD), Euro, and Japanese Yen. The company's functional currency is LKR in which most of the transactions are denominated, and most of other currencies are considered foreign currencies for loan repayment purposes. Certain trade and other receivables and trade and other payables are denominated in foreign currencies.

The Company's financial statements which are presented in Sri Lankan Rupees, are affected by foreign exchange fluctuations through both translation risk and transaction risk. Changes in foreign currency exchange rates may affect the company's profits or losses. For example weakening of the Sri Lanka Rupee against the United Stated Dollar can have adverse effects on the company's profitability through its impact on repayment of loans taken by foreign currencies through Department of Treasury.

The table below shows the Company's sensitivity to reasonable possible change in exchange rate of LKR against USD, Euro and Japanese Yen assessed by the Company, while all other variables are held constant. The USD and Japanese Yen are the major currencies in which Company's financial instruments are denominated after the Company's presentation and document currency - LKR. The impact of the movement in exchange rates of USD, Euro and Japanese Yen on profit are given in the table below.

Sensitivity of the exchange rate of USD against LKR

	2024	2023
	Increase/ (Decrease) in profit (LKR)	Increase/ (Decrease) in profit (LKR)
10 % appreciation/ depreciation (2023 - 10%) of the USD	**418,993,543**	565,034,429
15 % appreciation/ depreciation (2023 - 15%) of the USD	**628,490,315**	847,551,643
20 % appreciation/ depreciation (2023 - 20%) of the USD	**837,987,086**	1,130,068,857

Sensitivity of the exchange rate of Euro against LKR

	2024	2023
	Increase/ (Decrease) in profit (LKR)	Increase/ (Decrease) in profit (LKR)
10 % appreciation/ depreciation (2023 - 10%) of the Euro	**312,182**	696,484
15 % appreciation/ depreciation (2023 - 15%) of the Euro	**468,274**	1,044,726
20 % appreciation/ depreciation (2023 - 20%) of the Euro	**624,365**	1,392,968

Sensitivity of the exchange rate of Japanese Yen against LKR

	2024	2023
	Increase/ (Decrease) in profit (LKR)	**Increase/ (Decrease) in profit (LKR)**
10 % appreciation/ depreciation (2023 - 10%) of the Yen	**907,318,718**	954,730,401
15 % appreciation/ depreciation (2023 - 15%) of the Yen	**1,360,978,077**	1,432,095,602
20 % appreciation/ depreciation (2023 - 20%) of the Yen	**1,814,637,436**	1,909,460,803

(ii) Cash flow and fair value interest rate risk

The Company's interest rate risk arises from long term borrowings denominated in USD, Euro, and Japanese Yen. These are issued at fixed rates and thus it mitigates the cash flow interest rate risks on borrowings. This will further mitigated by the cash held at variable rates. Borrowings issued at fixed rates expose the company to fair value interest rate risk.

The Company has considered movements in these interest rates over the last years and has concluded that the movement in interest rates is not deemed to have a material effect on equity.

(b) Credit risk

The credit risk arises from trade and other receivables from outside parties.

(c) Liquidity risk

Cash flow forecasting is performed by the finance division. The finance division monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal Statement of Financial Position ratio targets and, if applicable external regulatory or legal requirements - for example, currency restrictions.

Surplus cash held by the company over and above balance required for working capital management are invested in short term government securities to mitigate the liquidity risk.

3.2 Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The company assesses solvency prior to declaration of dividend to maintain the dividend ratio. Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total capital. Debt is calculated as total borrowings including 'current and non-current borrowings' as shown in the Statement of Financial Position. Total capital is calculated as 'equity' as shown in the Statement of Financial Position.

The gearing ratio as at 31 December 2024 and 31 December 2023 were as follows:

	Company	
	2024	**2023**
Total Debt (Note 21 & Note 22)	99,806,823,512	93,914,434,108
Less: Cash and Cash Equivalents (Note 17)	(4,519,586,238)	(3,171,397,540)
Less: Short Term Debenture Investments (Note 14.1)	(445,000,000)	(800,000,000)
Less: Short Term Bank Deposits (Note 14.2)	(93,427,415,884)	(87,716,805,396)
Net Debt	**1,414,821,390**	2,226,231,172
Total Equity	90,293,490,822	67,611,191,508
Total Capital	**91,708,312,211**	69,837,422,679
Gearing Ratio	**2%**	3%

(In the notes all amounts are shown in Sri Lankan Rupees unless otherwise stated)

The above loan wholly consists of loans obtained through General Treasury for the development of Airports under sovereign guarantee, Debenture issued for the settlement of outstanding balance of Contractor of Mattala Rajapakse International Airport. The fair value of borrowings equals their carrying amount as the impact of discounting is not significant.

3.3 Fair Value Estimation

The Company had no financial instruments measured at fair value.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and 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.

Critical Accounting Estimates and Assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Defined Benefit Plan - Gratuity
The present value of the defined benefit plan depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for defined benefit plan include the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit plan. The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. Other key assumptions for defined benefit plan are based in part on current market conditions. Additional information is disclosed in Note 23.

(b) Provisions
The Company recognizes provisions when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgments about the ultimate resolution of these obligations. As a result, provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the company's current best estimate.

5. REVENUE

	2024	2023
Aeronautical	**7,767,625,053**	7,575,143,036
Non-Aeronautical	**35,982,579,182**	30,670,641,452
	43,750,204,235	38,245,784,487
Aeronautical Revenue		
Landing & Parking Income	**4,685,661,143**	4,543,507,581
Overflying Income	**3,320,426,705**	2,991,964,311
- 40% Contribution on overflying revenue to Treasury	**(1,229,060,261)**	(877,398,950)
Aerobridge Income	**972,658,608**	895,530,276
Domestic Landing & Parking Income	**17,938,858**	21,539,818
	7,767,625,053	7,575,143,036
Non-Aeronautical Revenue		
Embarkation Levy	**8,721,057,950**	8,648,651,187
Concession	**12,959,625,830**	11,489,266,114
Rental	**7,857,351,225**	5,168,896,420
Entry Permits	**877,997,880**	812,886,979
Fuel Throughput Chargers	**294,718,859**	256,201,035
Franchise Fee on Ground Handling - SLA	**1,312,216,802**	1,420,987,416
Franchise Fee - SLCS	**773,381,475**	786,139,193
Parking Fees - Vehicles	**326,131,964**	210,648,560
Domestic Ground Handling CIAR / BIA	**9,770,084**	9,305,834
Other Non-Aeronautical Income	**1,710,603,809**	991,037,548
Gross Profit from Lounges	**1,139,723,303**	876,621,167
	35,982,579,182	30,670,641,452
Total Aeronautical and Non-Aeronautical Revenue	**43,750,204,235**	38,245,784,487

6. OTHER INCOME

	2024	2023
Amortization of Government Grants	**73,927,995**	53,963,608
Operating Profit from Fuel Filling Station (Note 6.1)	**73,197,612**	76,081,540
	147,125,607	130,045,148

6.1 Operating Profit from Fuel Filling Station

	2024	2023
Sales	**2,531,840,644**	2,833,249,661
Less: Cost of Sales	**(2,458,643,032)**	(2,757,168,121)
Gross Profit	**73,197,612**	76,081,540

(In the notes all amounts are shown in Sri Lankan Rupees unless otherwise stated)

7. ADMINISTRATION AND ESTABLISHMENT EXPENSES

	2024	2023
Directors' Emoluments	**12,310,349**	12,434,946
Staff Cost	**10,072,258,508**	7,467,364,871
Defined Contribution Plan Costs	**1,236,872,476**	898,677,674
Defined Benefit Plan Costs	**1,459,477,173**	1,395,653,571
Bonus	**664,670,021**	383,461,779
Overtime	**848,490,802**	832,373,375
Auditor's Remuneration	**1,850,000**	1,254,000
Depreciation (Note 11)	**3,789,060,472**	2,112,941,365
Amortization (Note 12)	**44,574,911**	8,301,847
Provision for Debtors Impairment	**209,501,156**	111,730,643
Repair and Maintenance	**1,573,885,418**	1,880,496,451
Electricity Expenses	**1,992,918,323**	1,967,195,344
Legal Fees	**5,014,480**	2,512,620
Donations	**2,350,000**	228,000
Other Expenses	**2,403,998,194**	1,986,532,279
	24,317,232,283	19,061,158,765

8. NET FINANCE INCOME/(COST)

	2024	2023
8.1 Finance Income		
Interest on Treasury Bills/Bonds under Repurchase Agreements	**29,134,176**	131,812,265
Interest on USD Bank Account	**5,454,882**	2,650,951
Interest on USD Fixed Deposits	**6,523,623,592**	7,824,771,732
Interest on Rupee Fixed Deposits	**489,588,519**	1,888,563,833
Interest on Debenture Investments	**447,721,794**	518,622,056
Interest on Loan Sports Club	**322,212**	322,212
Interest on Staff Loans	**988,983**	7,860,783
Interest on Security Deposits	**3,691,673**	1,872,563
Default Interest Income	**239,491,431**	68,336,471
IFRS Interest on Staff Loans	**2,954,702**	(16,617,272)
	7,742,971,965	10,428,195,594
8.2 Finance Cost		
Loan Interest	**(2,515,661,418)**	(2,225,201,499)
Net Foreign Exchange (Loss)/Gain on Transactions	**(234,477,391)**	(161,712,314)
Exchange Gain / (Loss) on Loans Conversion	**13,266,244,433**	15,204,613,135
Exchange (Loss) / Gain on Fixed Deposits Conversion	**(8,835,297,942)**	(8,467,336,122)
Exchange (Loss) / Gain on Other Accounts Conversion	**(332,792,954)**	(454,151,067)
	1,348,014,727	3,896,212,133
Net Finance Income	**9,090,986,693**	14,324,407,728

9. INCOME TAX EXPENSE

The major components of Income Tax Expense for the year ended 31 December 2024 are as follows :

	2024	2023
Current Income Tax		
Current Tax Charge	**5,862,347,313**	5,886,760,534
Income Tax	**5,862,347,313**	5,886,760,534
Deferred Income Tax		
Charge / (Reversal) in respect of Deferred Taxation (Note 13)	**1,701,185,905**	(369,336,867)
Total Tax Expense	**7,563,533,219**	5,517,423,668

	2024	2023
Profit Before Tax	**28,671,084,252**	33,639,078,598
Tax calculated at the effective tax rate of (30%)	**8,601,325,276**	10,091,723,580
Tax effect on Expenses not deductible for tax	**4,694,257,414**	3,765,481,113
Tax effect on Expenses/Income deductible for tax	**(7,433,235,376)**	(7,970,444,159)
Tax losses/(Gain) for which no Deferred Income Tax Asset was recognised	**1,701,185,905**	(369,336,867)
Total Tax Expense	**7,563,533,219**	5,517,423,668

10. BASIC EARNINGS PER SHARE

Basic Earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

The following reflects the income and share data used in the Basic Earnings per Share computation.

	2024	2023
Net Profit attributable to Shareholders - LKR	**21,107,551,033**	28,121,654,931
Weighted average number of Ordinary Shares issued	**200,002**	200,002
Basic Earning per Share - LKR	**105,537**	140,607

11. PROPERTY, PLANT AND EQUIPMENT

(i) Land and building includes land amounting to LKR 941,277,941 as at 31 December 2024 (2023 - LKR 935,980,401) which is located at Katunayake.

(ii) Ownership of Land and Buildings used by AASL
Ownership of the lands used by AASL is vested with the Civil Aviation Authority of Sri Lanka (CAASL). The Secretary to the Ministry of Ports, Shipping & Aviation cum Chairman of Audit and Management Committee (AMC) of the Ministry at the second Ministry AMC meeting of 2023 held on 21st June 2023 and at the first meeting of 2024 held on 28th February 2024 stated that though the ownership of lands is vested with the CAASL, there are no barriers for AASL being the only operator to carry out its investments.

(iii) Part of the buildings of the Katunayake airport are constructed on Government land.

(iv) Property, Plant, and Equipment include fully depreciated assets amounting to LKR 22,605,532,993 as of 2024 and LKR 21,934,000,440 as of 2023.

(In the notes all amounts are shown in Sri Lankan Rupees unless otherwise stated)

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Land & Bulidings	Plant and Machinery	Motor Vehicle	Furniture, Fittings & Office Equipment
As at 1 January 2023				
Cost	19,956,980,260	6,058,714,297	1,951,252,288	1,338,261,557
Accumulated depreciation	(2,208,596,301)	(5,087,424,798)	(1,456,893,832)	(1,138,210,024)
Provision for doubtful projects	-	-	-	-
Closing net book amount	17,748,383,958	971,289,499	494,358,456	200,051,533
Year ended 31 December 2023				
Opening net book amount	17,748,383,958	971,289,499	494,358,456	200,051,533
Additions	895,453,514	635,395,044	45,491,612	42,248,373
Donation	-	-	556,248,192	-
Demolization of Assets	(6,610,000)	-	-	-
- Accumulated depreciation	-	-	-	-
Disposals - cost	-	(21,902,394)	(46,742)	(65,741,099)
- Accumulated depreciation	901,927	19,719,924	46,742	64,700,717
Written off - cost	-	-	(24,238,870)	-
- Accumulated depreciation	-	-	-	-
Transfers - cost	(4,540,449,191)	-	-	127,600
- Accumulated depreciation	612,988,588	-	-	-
Depreciation charge (Note 7)	(473,604,061)	(197,702,980)	(94,510,631)	(54,264,090)
Closing net book amount	14,237,064,736	1,406,799,093	977,348,757	187,123,030
As at 31 December 2023				
Cost	16,305,374,583	6,672,206,947	2,528,706,478	1,314,896,427
Accumulated depreciation	(2,068,309,847)	(5,265,407,854)	(1,551,357,721)	(1,127,773,397)
Provision for doubtful projects	-	-	-	-
Closing net book amount	**14,237,064,736**	**1,406,799,093**	**977,348,757**	**187,123,030**
Year ended 31 December 2024				
Opening net book amount	14,237,064,736	1,406,799,093	977,348,757	187,123,030
Additions	551,645,048	494,815,793	138,242,215	208,023,575
Donation	-	-	2,000,000	-
Disposals - cost	-	(30,978,479)	(31,968)	(11,554,490)
- Accumulated depreciation	-	30,824,989	31,968	11,554,490
Written off - cost	-	(4,501,158)	-	(3,518,152)
- Accumulated depreciation	-	4,501,158	-	2,688,954
Prior Year Adjustments - cost	5,297,541	-	-	546,939
- Accumulated depreciation	-	-	-	(648,139)
Transfers - cost	-	(4,029,749)	4,029,749	-
Revaluation - Cost	(372,497,977)	6,572,487	519,289,091	-
- Accumulated depreciation	1,373,850,145	157,105,071	1,588,465,276	-
Depreciation charge (Note 7)	(446,438,844)	(261,298,099)	(151,424,523)	(64,768,774)
Closing net book amount	**15,348,920,649**	**1,799,811,105**	**3,077,950,565**	**329,447,433**
As at 31 December 2024				
Cost	16,489,819,194	7,134,085,840	3,192,235,566	1,508,394,300
Accumulated depreciation	(1,140,898,545)	(5,334,274,736)	(114,285,001)	(1,178,946,867)
Closing net book amount	**15,348,920,649**	**1,799,811,105**	**3,077,950,565**	**329,447,433**

Communication & Navigation Equipment	Other Equipment	Airport Infrasturcture	Investment Properties	Capital Work In Progress	Total
8,845,679,124	1,556,560,471	35,247,594,748	-	36,703,863,706	111,658,906,451
(8,260,567,986)	(1,339,489,369)	(15,833,143,844)	-	-	(35,324,326,155)
-	-	-	-	(6,197,854)	(6,197,854)
585,111,139	217,071,102	19,414,450,904	-	36,697,665,852	76,328,382,443
585,111,139	217,071,102	19,414,450,904	-	36,697,665,852	76,328,382,443
56,429,533	26,400,496	363,242,232	-	2,812,133,910	4,876,794,714
-	-	-	-	-	556,248,192
-	-	-	-	-	(6,610,000)
-	-	-	-	-	-
(641,610,375)	(16,687,835)	-	-	-	(745,988,445)
641,338,501	16,036,958	-	-	-	742,744,769
-	-	-	-	-	(24,238,870)
-	-	-	-	-	-
-	35,700	-	4,540,449,191	(1,066,128,856)	(1,065,965,556)
-	-	-	(612,988,588)	-	-
(172,634,239)	(72,235,840)	(1,047,989,524)			(2,112,941,365)
468,634,560	170,620,585	18,729,703,614	3,927,460,603	38,443,670,909	78,548,425,886
8,260,498,284	1,566,308,835	35,610,836,982	4,540,449,191	38,449,868,763	115,249,146,490
(7,791,863,724)	(1,395,688,251)	(16,881,133,368)	(612,988,588)	-	(36,694,522,751)
-	-	-	-	(6,197,854)	(6,197,854)
468,634,560	**170,620,585**	**18,729,703,614**	**3,927,460,603**	**38,443,670,909**	**78,548,425,886**
468,634,560	170,620,585	18,729,703,614	3,927,460,603	38,443,670,909	78,548,425,886
1,519,149,898	33,750,587	7,887,708,839		25,986,445,121	36,819,781,076
-	-	-	-	-	2,000,000
(501,790,499)	(24,136,457)	-	-	-	(568,491,892)
501,790,499	24,122,098	-	-	-	568,324,043
(9,249,147)	(1,058,026)	-	-	-	(18,326,483)
9,228,877	917,575	-	-	-	17,336,565
-	792,300	-	-	-	6,636,780
-	(834,500)	-	-	-	(1,482,639)
(22,322,138)	22,322,138	-	-	(14,783,669,019)	(14,783,669,019)
-	-	84,600,000	143,061,101	-	381,024,702
-	-		386,877,239	-	3,506,297,731
(109,033,852)	(81,929,484)	(2,567,128,321)	(106,732,736)	-	(3,788,754,633)
1,856,408,199	**144,566,817**	**24,134,884,132**	**4,350,666,207**	**49,646,447,011**	**100,689,102,117**
9,246,286,398	1,597,979,378	43,583,145,821	4,683,510,292	49,646,447,011	137,081,903,801
(7,389,878,200)	(1,453,412,561)	(19,448,261,690)	(332,844,085)	-	(36,392,801,684)
1,856,408,199	**144,566,817**	**24,134,884,132**	**4,350,666,207**	**49,646,447,011**	**100,689,102,117**

(In the notes all amounts are shown in Sri Lankan Rupees unless otherwise stated)

(v) A total asset value of LKR 18.3 Billion relating to MRIA is included in the amalgamated Property, Plant & Equipment as at 31.12.2024.

As per the Cabinet decision No.24/0882/628/028-1 dated 13 May 2024 approval has been granted to transfer of the management of Mattala airport to M/s Shaurya Aeronautics (Pvt.) Ltd of India and Airports of Regions Management Company of Russia.

The newly appointed Board of Directors of AASL at its meeting held on 17th December 2024 decided to recommend to revoke the decision of the Cabinet of Ministers based on the justifications provided herein in order to call for fresh EOI to attract Investors on terms and conditions more beneficial to GOSL.

Accordingly, the advice of the Secretary to the Ministry of Transport, Highways, Ports and Civil Aviation was sought by AASL letter dated 08 January 2025.

(vi) Right of use assets

	2024	2023
Cost		
Balance as at 1 January	**8,057,513**	-
Accumulated amortisation		
Balance as at 1 January	**3,642,756**	-
Charge for the year	**305,840**	-
Balance as at 31 December	**3,948,596**	-
Carrying value as at 31 December	**4,108,917**	-

The right-of-use assets include two leased lands: the Kataragama land, leased from the Government of Sri Lanka under a 30-year lease agreement, and the International Airport at Mattala (MRIA) land, leased from the Government of Sri Lanka under a 99-year lease agreement.

(vii) Lease liabilities

The lease liability is initially measured at the present value of the lease payments and discounted using the interest rate implicit in th lease or, if that rate can not be readily determined, the Company's incremental borrowing rate. The movement of Lease creditor for the period is as follows;

	2024	2023
Balance as at 1 January	**9,104,368**	-
Interest charged for the year	**765,379**	-
less:Payments made during the year	**(993,600)**	-
Balance as at 31 December	**8,876,147**	-
Current	**454,087**	-
Non Current	**8,422,060**	-
Total lease liabilities as at 31 December	**8,876,147**	-

12. INTANGIBLE ASSETS

	2024	2023
At the beginning of the Year		
Cost	**298,804,688**	143,764,274
Accumulated depreciation	**(136,134,806)**	(127,832,959)
	162,669,883	15,931,315
Movement during the year		
Opening Net Book Amount	**162,669,883**	15,931,315
Additions	**50,727**	155,040,414
Amortisation during the year	**(44,574,911)**	(8,301,847)
Closing Net Book Amount at the end of the Year	**118,145,699**	162,669,883
At the end of the Year		
Cost	**298,855,416**	298,804,688
Accumulated Depreciation	**(180,709,717)**	(136,134,806)
Closing Net Book Amount	**118,145,699**	162,669,883

The useful lives of the software assets are estimated as 4 years

13. DEFERRED INCOME TAX

	Statement of Financial Position		Statement of Comprehensive Income	
	2024	2023	2024	2023
Deferred Tax Liability on :				
Accelerated Tax Depreciation	**10,439,696,649**	9,211,489,732	**1,228,206,917**	(53,419,684)
	10,439,696,649	9,211,489,732	**1,228,206,917**	(53,419,684)
Deferred Tax Assets on :				
Defined Benefit Plan	**2,809,591,635**	2,098,172,295	**(711,419,341)**	(334,968,693)
Provisions for Inventory & Debtors	**308,223,465**	995,797,110	**687,573,645**	73,684,945
Deferred Government Grants	**394,165,146**	415,743,545	**21,578,399**	(143,594,289)
	3,511,980,247	3,509,712,949	**(2,267,298)**	(404,878,036)
Deferred Income Tax Charge	**3,511,980,247**	3,509,712,949	**(2,267,298)**	(404,878,036)
Other Comprehensive Income				
Deferred Income Tax on Actuarial Loss on Defined Benefit Plan			**475,246,286**	88,960,854
Deferred Income Tax Charge/ (Credit) (Note 9)			**1,701,185,905**	(369,336,867)

Deferred Income Tax Assets and Liabilities are offset when there is a legally enforceable right to offset current tax against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The Net Deferred Tax amount is as follows;

	2024	2023
Deferred Tax Asset	**3,511,980,247**	3,509,712,949
Deferred Tax Liability	**(10,439,696,649)**	(9,211,489,732)
Deferred Tax Asset (Net)	**(6,927,716,402)**	(5,701,776,782)

14. INVESTMENTS

14.1 Investments in Debentures

Investments in Debentures wholly consists of investments in 5 - 7 year Redeemable Debentures of Bank of Ceylon,Hatton National Bank & DFCC Bank. The carrying value of the investment, held to maturity equals the fair value.

	2024	2023
Debentures at weighted average rates of interest		
Debentures at Fixed Rate (12.8% - 29.0%)	**2,199,300,000**	2,999,300,000
	2,199,300,000	2,999,300,000

Date of Issue	Date of Redemption	Amount of Investment	
		2024	2023
29.03.2018	29.03.2025	**445,000,000**	445,000,000
10.09.2019	10.09.2024	**-**	800,000,000
23.09.2019	23.09.2026	**254,300,000**	254,300,000
30.12.2022	30.12.2027	**500,000,000**	500,000,000
21.12.2023	21.12.2028	**1,000,000,000**	1,000,000,000
		2,199,300,000	2,999,300,000

Classification of debenture investments based on maturity date is as follows,

	2024	2023
Long Term Debenture Investments	**1,754,300,000**	2,199,300,000
Short Term Debenture Investments	**445,000,000**	800,000,000
	2,199,300,000	2,999,300,000

14.2 Bank Deposits

	2024	2023
Long Term Bank Deposits	**5,141,085,264**	-
Short Term Bank Deposits	**93,427,415,884**	87,716,805,396
	98,568,501,148	87,716,805,396

Bank of Ceylon has granted Rs.5 Bn worth of credit facilities to AASL for Letter of Credit. LKR Fixed deposit ref: 89151481 opened on 24.6.2022 amounting to 530,199,157.62 is held as a security against this credit facility.

15. INVENTORIES

	2024	2023
General	**203,489,912**	180,588,756
Electronics	**103,220,821**	114,672,576
Engineering	**204,399,848**	198,751,981
Fuel	**53,116,641**	80,741,252
Fire Equipment Spare Parts	**36,482,792**	21,836,211
Goods in Transit	**1,442,453,617**	3,093,308,530
Stocks -(Motor Spares)	**81,297,600**	62,497,223
Stock - Lounge	**198,522**	537,851
Inventory Clearing Accounts	**(115,254,635)**	(161,046,396)
	2,009,405,117	3,591,887,983
Less : Allowance for Slow Moving Inventory	**(82,487,508)**	(82,487,508)
	1,926,917,609	3,509,400,475

The General Inventory includes painting items, stationeries, staff uniform and other hardware items, etc.

16. TRADE AND OTHER RECEIVABLES

	2024	2023
Trade Debtors	**8,280,669,222**	8,782,945,212
Less: Impairment of Trade Receivables	**(944,924,053)**	(3,236,836,192)
	7,335,745,168	5,546,109,020
Interest & Other Receivables	**2,938,194,699**	5,828,352,877
Advances and Prepayments	**373,266,589**	352,500,668
	3,311,461,288	6,180,853,546
Loans to Company Officers (Note 16.1)	**62,794,312**	88,992,728
	62,794,312	88,992,728
	10,710,000,768	11,815,955,294

Loans to Company officers are receivable from employees in equal monthly installments over the loan period not exceeding 4 years. Interest is charged on employee loans at a rate of 4.2% per annum. As per accounting policy the employee loans are measured at amortized cost using the effective interest method of each reporting date. The effective interest on employee loans was 11% in 2024 (13% in 2023)

16.1 Loans to Company Officers

	2024	2023
- Less than 1 year	**62,794,312**	88,992,728
- More than 1 year	**124,009,193**	102,362,282
	186,803,505	191,355,010

(In the notes all amounts are shown in Sri Lankan Rupees unless otherwise stated)

17. CASH AND CASH EQUIVALENTS

	2024	2023
Short Term Bank Deposits	**2,401,527,619**	2,173,454,795
Treasury Bills/Bonds under Repurchase Agreements	**165,945,394**	23,999,823
Cash & Bank		
Cash at Bank	**1,948,539,725**	971,107,422
Cash in Hand	**3,573,500**	2,835,500
	1,952,113,225	973,942,922
Total Cash and Cash Equivalents for the purpose of Cash Flow Statement	**4,519,586,238**	3,171,397,540

18. STATED CAPITAL

	No of Shares	2024	2023
Stated Capital	200,002	**20,000,200**	20,000,200
		20,000,200	20,000,200

All issued shares are fully paid

19. RESERVES

	2024	2023
Net Assets taken over from Airports Authority	**892,726,769**	892,726,769
FA Revaluation Reserve	**9,648,126,630**	5,760,804,197
Reserve for Lightning Damages to Property, Plant and Equipment	**324,000,000**	193,000,000
	10,864,853,399	6,846,530,966

The reserves consist of net assets transferred to the Company from the Airports Authority which was dissolved upon the incorporation of the Company, Revaluation reserve of assets and the reserve created from retained earnings amount of LKR 324 Million (5% of annual asset additions of electronic, electrical, communication & other equipment) for fire damages to property plant and equipment due to lightning with effect from 2013.

20. RETAINED EARNINGS

	2024	2023
As at beginning of the year	**60,744,660,340**	38,389,121,466
Current year Profit	**21,107,551,033**	28,121,654,931
Prior Year Adjustments	**82,333,851**	(60,043,013)
Other Comprehensive (Expenses)/ Income	**(1,108,908,000)**	(207,575,325)
Transfer from Reserve Account	**-**	5,612,281
Transfer to Reserve Account	**(131,000,000)**	(4,110,000)
Dividend paid during the year	**(1,286,000,000)**	(5,500,000,000)
As at end of the year	**79,408,637,223**	60,744,660,340

21. BORROWINGS

Borrowings represent both foreign loans and loans obtained from local commercial banks.

21.1 Foreign Loans

	2024	2023
Loans		
Balance at the beginning of the year	**89,914,434,108**	106,273,128,687
Loans obtained during the year	**20,468,769,311**	321,109,644
	110,383,203,419	106,594,238,331
Loans settled during the year	**(1,223,359,109)**	(1,475,191,088)
Prior Year Adjustments	**(86,776,364)**	-
Exchange (gain)/loss on translation	**(13,266,244,433)**	(15,204,613,135)
Balance at the end of the year	**95,806,823,512**	89,914,434,108
Classification of Loans		
Current Portion of Borrowings	**24,775,111,060**	19,922,064,751
Non - Current Portion of Borrowings	**71,031,712,452**	69,992,369,357
	95,806,823,512	89,914,434,108

Maturity Analysis of the Borrowings

	2024	2023
Less than one year	**24,775,111,060**	19,922,064,751
More than one year but less than five years	**19,875,774,740**	35,033,867,773
More than five years	**51,155,937,712**	34,958,501,584

As per the special letter dated 12/04/2022 issued by General Treasury, company ceased repayment of foreign loans obtain for below purposes and amounts appear as payables as at 31st December 2024 are as follows:

- Mattala Rajapakse International Airport	**9,555,005,785**
- Runway Overlay	**2,190,248,425**
- Phase II Stage 2	**4,536,250,000**

With the issuance of the “Interim policy regarding the servicing of Sri Lanka’s External Public Debt” circular by the Ministry of Finance on 12.04.2022, AASL had to stop repayment of three foreign loans obtained from JICA, China EXIM Bank and HSBC Hong Kong.

JICA Loan SL-P104 (BIADP Phase II Stage 2 Project)
Government of Sri Lanka (GoSL) has signed a MoU on 26.06.2024 with the Official Creditor Committee (OCC) for debt restructuring of JICA loans obtained by GoSL including SL-P104 loan granted to AASL in March 2012 for the BIADP Phase II Stage 2 project, under a sovereign guarantee from the Treasury. Original loan amount is JPY 28,969,000,000. Under the Debt Restructuring MoU, loan utilized balance as at 18.3.2022 amounting to JPY 15,091,857,367 has been restructured with revised repayment periods and terms including a 5 year grace period from 1.1.2023-31.12.2027. Interest rate is 0.18% per annum and the bi-annual repayments to be made on 5th of January and 5th of July each year from year 2028-2042. Loan Amendment agreement will be signed in 2025.

Remaining non-rescheduled loan of SL-P-104 amounting to JPY 13,426,321,054.00, remains under its original agreement. Revised amortization schedule for this loan amount has been issued and the repayment will commence from September 2025. Interest has been accounted as per the Loan Agreement.

China EXIM Bank Loan (MRIA Stage I Project)
GoSL has completed the debt restructuring process in 2024. As per the Cabinet decision reference CP/23/0154/604/014 dated 07.02.2023, MoU will be signed to transfer the loan and debt servicing installments to the General Treasury. Interest has been accounted as per the Loan Agreement.

(In the notes all amounts are shown in Sri Lankan Rupees unless otherwise stated)

HSBC Hong Kong Loan (Runway Overlay Project)
GoSL is in the process of restructuring the loan with the lender.
Interest and default Interest have been accounted as per the notices issued by HSBC HK in line with the Loan Agreement.

The fair values are based on cash flows discounted using rates based on each of the following loans :

	2024 %	2023 %
United States Dollar (USD)		
- Mattala Rajapakse International Airport	**2.00**	2.00
- Runway Overlay	**LIBOR + 2**	LIBOR + 2
Japanese Yen		
- BIA Development Project	**1.80**	1.80
- BIA Development Project Phase II Stage 1	**0.75**	0.75
- BIA Development Project Phase II Stage 2	**0.20**	0.20
Euro		
- Modern RMA Air Traffic Control System - Tranche - 2	**4.90**	4.90
United States Dollar (USD)	**131,924,919**	131,924,919
Japanese Yen	**29,645,279,612**	19,876,819,526
Euro	**-**	77,638

22. DEBENTURES

	2024	2023
Debentures (at amortized cost)	**4,000,000,000**	4,000,000,000
	4,000,000,000	4,000,000,000

Company issued 40,000,000 guaranteed unlisted redeemable senior debentures at the rate of AWPLR+2.00% per annum payable semi-annually at par value of LKR100/- each with a maturity period of 15 years to National Savings Bank in May 2019 to raise LKR 4 Billion to settle outstanding payments to the China Harbour Engineering Company, the contractor of Mattala Rajapakse International Airport.

23. RETIREMENT BENEFIT OBLIGATIONS

Movement in the liability recognized in the Statement of Financial Position is as follows:

	2024	2023
As at beginning of the year	**6,993,907,655**	5,877,345,342
Current Service Cost	**550,269,177**	337,731,410
Interest Cost	**909,207,995**	1,057,922,161
Payments made during the year	**(672,233,663)**	(575,627,437)
Loss arising from changes in assumptions used	**1,584,154,286**	296,536,179
As at end of the year	**9,365,305,451**	6,993,907,655

The principle assumptions used in determining the cost of employee benefits using the projected unit credit method to calculate the liability for Defined Benefit Obligations at year end were:

	2024	2023
Discount rate	**11%**	13%
Rate of Future Salary Increases	**1% - 10%**	1% - 12%
Cost of Living Allowance Increment Rate	**10%**	12.00%
Rate of Staff Turnover	**1.5%**	1.5%
Retirement Age	**60 years**	60 years

The provision for Retirement Benefit Obligations for the year is based on the Actuarial Valuation carried out by professionally qualified actuaries M/S Actuarial & Management Consultants (Pvt) Ltd as at 31st December 2024.
The liability for Defined Benefit Obligations is not externally funded.

24. DEFERRED GOVERNMENT GRANT

	2024	2023
Treasury Grant and Foreign Grant		
At the beginning of the year	**1,385,811,815**	907,164,185
Received during the year	**2,000,000**	532,611,238
Amortization for the period	**(73,927,995)**	(53,963,608)
At the end of the year	**1,313,883,820**	1,385,811,815
Current	**73,490,290**	73,794,595
Non Current	**1,240,393,529**	1,312,017,220
	1,313,883,820	1,385,811,815

25. TRADE AND OTHER PAYABLES

	2024	2023
Trade Payable	**852,199,372**	2,047,226,502
Interest Payable	**3,474,212,706**	1,672,249,026
Refundable Deposits	**556,062,086**	480,487,766
Contractor Payables	**652,733,720**	3,318,555,308
Other Payables	**3,414,176,719**	2,886,902,087
	8,949,384,603	10,405,420,689

26. INCOME TAX PAYABLE

	2024	2023
Balance at the beginning of the year	**2,024,162,700**	(91,084,038)
Prior Year Adjustments	**250,081,858**	-
Provisions for the year	**5,862,347,313**	5,886,760,534
Payments during the year	**(5,933,212,438)**	(3,771,513,797)
Balance at the end of the year	**2,203,379,433**	2,024,162,700

(In the notes all amounts are shown in Sri Lankan Rupees unless otherwise stated)

27. FINANCIAL INSTRUMENTS BY CATEGORY

(a) Financial Instruments

	2024	2023
Financial Assets		
Amortised Cost		
Trade and other Receivables (Excluding prepayments, Advances) (Note 16)	**10,273,939,868**	11,374,461,898
Cash and Bank Balances (Note 17)	**1,952,113,225**	973,942,922
	12,226,053,093	12,348,404,820
Investment in Debentures (Note 14)	**2,199,300,000**	2,999,300,000
Long term Bank Deposits	**5,141,085,264**	-
Investments in Treasury Bills/Bonds Repurchase (Note 17)	**165,945,394**	23,999,823
Short Term Bank Deposits	**93,427,415,884**	87,716,805,396
	100,933,746,542	90,740,105,219
Financial Liabilities		
Other Financial Liabilities		
Borrowings (Note 21)	**95,806,823,512**	89,914,434,108
Debentures (Note 22)	**4,000,000,000**	4,000,000,000
Trade and Other Payables (excluding non financial liabilities) (Note 25)	**8,949,384,603**	10,405,420,688
	108,756,208,115	104,319,854,795

(b) Credit Quality by Class of Financial Assets

The credit quality of Financial Assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

31 December 2024

	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
Trade Receivables (Note 16)	5,308,771,696	2,026,973,472	944,924,053	8,280,669,222
Loans to Company Staff	186,803,505	-	-	186,803,505
Total Financial Assets	**5,495,575,201**	**2,026,973,472**	**944,924,053**	**8,467,472,726**

31 December 2023

	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
Trade Receivables (Note 16)	3,334,035,766	2,208,079,532	3,236,836,192	8,778,951,490
Loans to Company Staff	191,355,010	-	-	191,355,010
Total Financial Assets	**3,525,390,776**	**2,208,079,532**	**3,236,836,192**	**8,970,306,500**

Cash at Bank and Short-Term Bank Deposits

	2024	2023
AA+(lka)	**100,517,040,873**	88,687,912,818
Total	**100,517,040,873**	88,687,912,818

28. DIVIDENDS

The company has paid an interim dividend of LKR 1,286 million for the year 2024. A final dividend of LKR 5,000 million was declared and paid for the year 2023.

29. PRIOR YEAR ADJUSTMENTS

During the current financial year, several accounting treatments, relating to previous periods were identified. These have been addressed through prior year adjustments, which have been recorded as part of retained earnings.

One adjustment relates to the difference in exchange rates applied to the total value of project payments (IPC 1–IPC 22) as at the project completion date on 26 January 2022. The total value recorded in the ledger did not reflect the actual value as per the prevailing exchange rate on the completion date, resulting in an increase of LKR 342,240,623.98 in retained earnings. In another instance, payments made to Social Security Contribution Levy (SSCL) in 2022 were recorded as expenses instead of reducing the SSCL payable balance, leading to an increase of LKR 41,993,850.47 in retained earnings.

Meanwhile, certain expenses related to the year 2023 had not been recorded. Fuel expenses amounting to LKR 10,677,266.41 and LKR 9,961,499.92 were not posted to the designated fuel account (Account 570007). Additionally, SSCL expenses for the month of December 2023 amounting to LKR 20,494,833.76 were not recorded under the relevant SSCL account. These adjustments resulted in a decrease in retained earnings. Moreover, based on audit reference AAV/A/AASL/01/23/50, the Company evaluated the realizability of an income tax receivable for the year of assessment 2013/2014 to 2021/2022 and determined that its recovery is uncertain. Accordingly, an amount of LKR 250,130,253.00 was removed from the balance sheet, leading to a further reduction in retained earnings.

An amount of LKR 12,749,510.31, representing the interest on the Right-of-Use (ROU) asset for Katharagama Land from January 2008 to December 2023, has been recognized as a prior year adjustment. As part of this adjustment, the rent payment of LKR 12,263,600.00 previously expensed was reclassified and transferred to Lease Liabilities under Right-of-Use assets, resulting in an increase in retained earnings. However, the recognition of accumulated interest on the ROU asset led to a decrease in retained earnings. Accordingly, the net impact on retained earnings due to the recognition of Katharagama Land as a Right-of-Use asset is a decrease of LKR 485,910.31

30. CONTINGENCIES

It was noted below mentioned incident is appearing as material contingencies as at end of year.

As per the circular dated 12/04/2022 on “Interim policy regarding the service of Sri Lanka’s external public debt” issued by the Ministry of Finance, direction was given not to settle foreign loans obtained by the Government entities. This adversely affected the ongoing constructions of BIA Development Phase II Stage 2 Project (Package A - Construction of Passenger Terminal Building & Associated works) as the contractor refused to continue the project since JICA stopped the loan disbursements with the issuance of the circular.

Despite the circular issued by Ministry of Finance, Company in writing communicated to Ministry of Finance that AASL has the financial capability to make loan repayments and continue the project as the company has adequate Funds. At the same time JICA has also requested an endorsement from Ministry of Finance regarding the continuation of loan repayments. Since that endorsement could not be issued due to IMF debt restructuring programme, the Contractor Taisei Corporation terminated the contract with AASL, with effect from 9th December 2022.

Contractually, (FIDIC – Multilateral Bank Harmonized Edition June 2010) upon such termination subject to financial settlement of the claims, the plant and materials delivered to the contractor shall become the property and be at the risk of Employer. Further, the Employer has to pay the cost of removal of temporary works and contractor’s equipment from the site and other costs or liabilities reasonably incurred by the Contractor in the expectation of completing the works.

With the termination of Contract, attending to “Care of Works” namely, security, safety, maintenance and other environmental considerations etc. have been transferred to AASL. The maintenance work of the site is being attended by AASL since then. Further AASL made arrangements to extend the two insurance policies obtained by the Contractor for the project namely: Contractor’s All Risk Policy and Global Aerospace Airport Contractor’s Liability Insurance Policy utilizing AASL funds.

As part of the way forward, Action plan of the project, with the approval of the Cabinet of Ministers, AASL initiated action to carry out an identified scope of work of the above project to address the issue of deterioration of steel reinforcements in halfway completed structures of the above project utilizing funds from AASL with at a total cost of Rs. 477 Mn. This work

commenced on 12th July 2023 and completed on 29th February 2024. Part of the requirement of steel reinforcement for above work was provided by AASL from materials taken over from the terminated Contractor.
There are materials both permanent and temporary, purchased by the Contractor for the implementation of the project and some of those materials such as timber, plywood and steel reinforcements etc. will tend to deteriorate with time before the commencement of the balance work. Therefore AASL has made arrangements to auction the plywood and timber while use Reinforcement for the above mentioned Identified Scope of Works after obtained the approval of JICA.

Subsequently, as part of the Cabinet decision No.23/0191/628/013 dated 8th March 2023 on Cabinet Memorandum titled "Package 'A' - Termination of Package 'A' Contract by the Contractor and Way forward", an approval was given for AASL to carry out priority work of the project in small scale utilizing funds of AASL with the approval of the Cabinet of Ministers until JICA loan disbursements are recommenced.

Since the loan restructuring process of the Government is not completed at that stage to commence the disbursement of loans by JICA and also considering the Cabinet decision to carry out priority Works in small scale, utilizing AASL funds, arrangements were made to carry out further identified substructure works of the project comprising piles, piles caps, ground beams and utility tunnel in the MTB, Pier 2 and Pier 3 areas.

Accordingly, tenders were called from local contractors and awarded to carry out the Identified Scope of Works in MTB, Pier 2 & Pier 3 on Bandaranaike International Airport Development Project - Phase II Stage 2 – Bandaranaike International Airport, Katunayake at a total cost of Rs.3.2 billion on 5th April 2024 and the works was commenced on 19th April 2024 and still at the progressing of 82%. Above work is carried out with AASL funds under the direct supervision of the Consultant, JV - Japan Airport Consultants, Inc. - Nippon Koei Co. Ltd

Further, as part of the above way forward action plan approved by the Cabinet of Ministers, the Consultant for the project, JV - Japan Airport Consultants, Inc. - Nippon Koei Co. Ltd has prepared the Bidding Documents, BOQ and the cost estimate for re-bidding of Package 'A1' (Completion of Package 'A' - Passenger Terminal Building and Associated Works) works and it is under procurement process. The bids were published on 24th September 2024 and the bids will be closed on 18th March 2025.

In addition, the Consultant, JV - Japan Airport Consultants, Inc. - Nippon Koei Co. Ltd evaluated the statement of payment on Termination as submitted by the Contractor, Taisei Corporation paid the unpaid IPC 5 and IPC 6 (amount to JPY 444,498,046 and LKR 1,486,804,716).

In addition to the above-claimed sum, the Contractor's monthly running cost up to finalization of the claim and financing charges for the delayed payments will be accrued to the final claim.

The Contractor had submitted the above statements under the following claim heads: works done up to termination, consolidation claims, losses due to termination including loss of profits and subcontractor's claims. The Consultant for the Project, JV - Japan Airport Consultants, Inc. - Nippon Koei Co. Ltd assigned a specialist team of Quantity Surveyors and a Contract and Claim Specialist to evaluate the Contractor's claim.

Further, during the evaluation process of the above claim, the Consultant, JV - Japan Airport Consultants, Inc. - Nippon Koei Co. Ltd obtained many supporting documents to substantiate the Contractor's claims and many additional documents have been submitted by the Taisei Corporation.

We intend to obtain the approval of Cabinet of Ministers for the value of the claim that will be certified by the Consultant, JV - Japan Airport Consultants, Inc. - Nippon Koei Co. Ltd.

The Contractor may refer disputed items to Dispute Board (DB) appointed for the contract and accordingly, it may take considerable time to settle the Contractor's claim totally and therefore, the final amount of the claim may increase further accordingly.

There are large quantities of materials and equipment (Permanent/Temporary) ordered/ purchased by the Contractor for the implementation of the above project and same has been offered to next Contractor in the bidding document for Package 'A1' (Completion of Package 'A' - Passenger Terminal Building and Associated Works)

Due to the Termination of the Contract, these materials and equipment delivered to Sri Lanka are being taken over by AASL as per the recommendation of Committees appointed by the Chairman of AASL and also with the recommendation of the Consultant, JV - Japan Airport Consultants, Inc. - Nippon Koei Co. Ltd. Accordingly, almost all of the materials and equipment delivered to Sri Lanka have been taken over with some of these materials stored in warehouses rented by AASL.

Major materials and equipment that were delivered and taken over.

No	Item	Invoice Value (LKR Mn)	Store Location
1	Roofing Materials	1,241	Stored at a rented warehouse
2	Incinerator	754	With local agent
3	Generator sets (3 Nos.)	392	With local agent
4	GI Pipes	159	BIA Yard 2 and 3
5	Reinforcement steel	434	At Melwire factory and at BIA site

Further, there are many materials and equipment in overseas locations and most of them are at the partially completed stage. With the recommendation of the Committees appointed by the Chairman of AASL and also with the recommendation of the Consultant, JV - Japan Airport Consultants, Inc. - Nippon Koei Co. Ltd, the decision on whether to bring them to Sri Lanka or dispose at overseas locations have been finalized.

Major materials and equipment overseas

No	Item	Invoice Value (LKR Mn)	Store Location	Status
1	Roof steel structure partly fabricated	632	India	To be disposed
2	Roof Insulation Materials	76	India	To be disposed
3	Baggage Handling System	536	Malaysia	Imported to Sri Lanka and took over by AASL
4	IT Structured cabling system	404	Singapore	Imported to Sri Lanka and took over by AASL
5	Passenger Boarding Bridge	12	Spain	To be disposed

The process of taking over of above materials and equipment was informed to the cabinet of Ministers and the cabinet decisions were conveyed by memo number CP/23/0974/628/013-II dated 13th June 2023.

With the settlement of due payments to the terminated Contractor, the balance available amount of the JICA loan will not be sufficient to complete the total remaining scope of Package ‘A1’ (Completion of Package ‘A’ - Passenger Terminal Building and Associated Works). Accordingly, it is necessary to obtain additional funding to carry out the remaining scope of the balance work of this project.

In addition, discussion with JICA, GOSL and AASL are being progressed for the funding of Package ‘A1’ (Completion of Package ‘A’ - Passenger Terminal Building and Associated Works) and Aide Memoire has signed between the above parties on 11th November 2024.

Further, with the termination of the Project, the services of the Consultant, JV - Japan Airport Consultants, Inc. - Nippon Koei Co. Ltd had to be retained for the conclusion of the termination process including the evaluation of the claim, preparation of re-bidding documents, supervision of identified scope of works etc. as additional services which have been claimed by the Consultant, JV - Japan Airport Consultants, Inc. - Nippon Koei Co. Ltd and the Contract Agreement for Amendment No. 3 to the Design and Post Design Consultancy services was signed on 1st November 2024.

Since AASL is unable to reliably measure the liability that could derive consequent to the termination of the project, no provision was made for the same in the Financial Statement for 2024.

(In the notes all amounts are shown in Sri Lankan Rupees unless otherwise stated)

31. COMMITMENTS

31.1 Capital Expenditure Commitments

	2024	2023
Contracted but not provided for	**11,202,776,102**	1,746,005,054
Authorized by the Board, but not contracted for	**14,573,692,735**	19,828,668,852
	25,776,468,837	21,574,673,906

31.2 Financial Commitments

There are no any other financial commitments other than those disclosed under Borrowings (Note 21 & 22).

32. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

	2024	2023
Emoluments and Fees	**12,310,349**	12,434,946
	12,310,349	12,434,946

The Board of Directors have been considered as Key Management Personnel of the Company.

33. RELATED PARTY TRANSACTIONS

AASL as a fully owned Government Company , the following significant transactions have been carried out with entities controlled by the Government in the ordinary course of business.

During the year, below transactions were noted as over Rs.50 Million transactions with related parties.

Name of the Entity	Relationship	Nature of the Transaction	2024 LKR Mn	2023 LKR Mn
Civil Aviation Authority	Government Owned	Embarkation levy Income	**8,721**	8,649
Department of Inland Revenue	- Do -	Taxes	**9,942**	7,250
General Treasury	- Do -	Dividend Payments	**1,286**	5,500
Ceylon Petroleum Corporation	- Do -	Fuel Purchases	**2,464**	2,757
Ceylon Electricity Board	- Do -	Electricity Payments	**2,003**	1,971
General Treasury	- Do -	Loan Repayments	**1,223**	1,475
Sri Lankan Airlines	- Do -	Franchise Fee Income	**1,312**	1,421
Sri Lankan Catering Ltd	- Do -	Franchise Fee Income	**773**	786
Central Bank of Sri Lanka	- Do -	EPF	**989**	719
Sri Lankan Catering Ltd	- Do -	Catering Services	**902**	646
Ceylon Petroleum Corporation	- Do -	Franchise Fee Income	**295**	256
Employees Trust Fund Board	- Do -	ETF	**247**	180
General Treasury	- Do -	Interest Payments	**126**	177
Sri Lanka Insurance Corporation Ltd	- Do -	Insurance payments	**92**	100
Urban Council	- Do -	Rates Payments	**59**	59

At the end of the year, below balances were noted as receivable balances over Rs.10 Million from related parties.

			2024 LKR Mn	2023 LKR Mn
Receivables				
Bank of Ceylon	Government Owned	Investments	**101,043**	89,907
National Saving Bank	- Do -	Investments	**1,427**	2,283
Civil Aviation Authority	- Do -	Embarkation levy Income	**1,546**	871
Sri Lankan Airlines	- Do -	Franchise Fee Income	**445**	202
Sri Lankan Catering Ltd	- Do -	Franchise Fee Income	**119**	137
Ceylon Petroleum Corporation	- Do -	Concession income	**33**	60
Divisional Secretary Katana	- Do -	Deposit For Land Acquisition	**-**	13

At the end of the year, below balances were noted as payable balances over Rs.10 Million to related parties.

			2024 LKR Mn	2023 LKR Mn
Payables				
Department of Inland Revenue	Government Owned	Taxes	**554**	288
Ceylon Electricity Board	- Do -	Electricity	**147**	203
Sri Lankan Catering Ltd	- Do -	Purchases	**83**	139
Employees Trust Fund Board	- Do -	ETF	**21**	15
Ceylon Petroleum Corporation	- Do -	Fuel Deposit	**57**	59
Central Bank of Sri Lanka	- Do -	EPF	**151**	109

Limited disclosures have been made in accordance with LKAS 24 -'Related Party Disclosures' for transactions that are individually significant because of their size and due to the impracticability of capturing and disclosure of all transactions which have been carried out with all Government controlled / related entities.

Balances from / to entities controlled by the GOSL are included under Trade and Other Receivables / Payables and Interest-Bearing Liabilities in the Statement of Financial Position.

34. EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurring after the Statement of Financial Position date that require adjustments to or disclosure, other than the following disclosure in the Financial Statements.

On 06/02/2025, the Commercial High Court of Colombo issued a judgement ordering AASL to pay LKR 196,526,136.83 to E W Information Systems Limited regarding a contract on implementation of a ERP system. This event occurred after the reporting period ended on 31st December 2024 and AASL has filed appeal to the Supreme Court on the judgement.

Connectivity and Dimensions

AIRLINES OPERATED TO BIA IN 2024

	IATA Code	Airline
01	UL	SriLankan Airlines
02	QR	Qatar Airways
03	EK	Emirates
04	6E	Indigo
05	FZ	Fly Dubai Airlines
06	EY	Etihad Airways
07	AI	Air India
08	G9	Air Arabia
09	SQ	Singapore Airlines
10	8D	Fits Air
11	MU	China Eastern
12	AK	Air Asia
13	TK	Turkish Airlines
14	J9	Jazeera Airways
15	MH	Malaysian Airlines
16	FD	Thai Air Asia
17	OV	Salam Air
18	UK	Tata Sia Airlines
19	GF	Gulf Air Company G. S. C.
20	ZF	Azur Air
21	FV	Rossia Airlines
22	CA	Air China International Corp.
23	TG	Thai Airways
24	3L	Air Arabia Abu Dabhi
25	CX	Cathay Pacific
26	SU	Aeroflot
27	WY	Oman Air
28	KC	Air Astana
29	SG	Spice Jet
30	HM	Air Seychelles
31	ENT	Enter Air
32	LO	Lot Polish
33	3K	Jetstar
34	WK	Edelweiss
35	Q2	Maldivian Air
36	OD	Batik Air
37	B9	Iran Air Tour
38	IZ	Arkia Israeli Airlines
39	7O	Smart Wings Airlines
40	OQ	Chongqing Airlines
41	TOM	TUI Airways

AIRLINES OPERATED TO MRIA IN 2024

	IATA Code	Airline		IATA Code	Airline
01	WZ	Red Wings Airlines	06	FB	Bulgaria Air
02	HY	Uzbekistan Airways	07	FI	Icelandair
03	H6	European Air Charter	08	C6	Centrum Air
04	PQ	SkyUp Airlines	09	UL	SriLankan Airlines*
05	5F	Fly One airline	10	EY	Etihad Airways*

** Operated to MRIA due to a diversion flight*

AIRLINES OPERATED TO JIA IN 2024

	IATA Code	Airline
01	9I	Alliance Air
02	6E	Indigo

INTERNATIONAL AIRPORTS

	Airport Name	ICAO	IATA	General Area Served	Province	Runway Length
01	Bandaranaike International Airport	VCBI	CMB	Colombo	Western	3,350 m (10,990 ft)
02	Jaffna International Airport	VCCJ	JAF	Jaffna	Nothern	1,400 m (4,593 ft)
03	Mattala Rajapaksa International Airport	VCRI	HRI	Hambantota	Southern	3,500 m (11,500 ft)
04	Colombo International Airport, Ratmalana	VCCC	RML	Colombo	Western	1,773 m (5,816 ft)
05	Batticaloa International Airport	VCCB	BTC	Batticaloa	Eastern	1.400 m (4,593 ft)

Corporate Information

COMPANY REGISTRATION NUMBER
PV 7931

DATE OF INCORPORATION
23 February 1982

DATE OF RE-REGISTRATION
07 October 2008

LEGAL FORM
Private Limited Company

KEY SHAREHOLDERS
Secretary to the Treasury
Secretary to the Ministry of Transport, Highways, Ports and Civil Aviation
Director General of Civil Aviation

REGULATOR
Civil Aviation Authority of Sri Lanka

EMPOWERED BY
Articles of Association
Civil Aviation Act No. 14 of 2010 (as amended)
Companies Act No. 07 of 2007 (as amended)

REGISTERED OFFICE
Bandaranaike International Airport, Katunayake

OTHER LOCATIONS OF OPERATIONS
Mattala Rajapaksa International Airport - Mattala
Colombo International Airport - Ratmalana
Jaffna International Airport - Jaffna
Batticaloa International Airport - Batticaloa
Sri Lanka Airport & Aviation Academy (SLAAA) - Ratmalana
HF Transmitting Station, Attidiya Road - Ratmalana
Radar & Communication Centre, Pidurutalagala Peak, - Nuwara - Eliya
HF Receiving Station - Kandapola
ADS-B Receiving Station - Kilinochchi
ADS-B Receiving Station - Sooriyakanda
Microwave Repeaters Station - Nayabedda

AUDITORS
National Audit Office of Sri Lanka

COMPANY SECRETARY
M M Renuka P Gunasekara (Ms)

BANKERS
Bank of Ceylon

Notes

BIA BANDARANAIKE INTERNATIONAL AIRPORT 'Make Happy Journeys'

MATTALA RAJAPAKSA INTERNATIONAL AIRPORT

Colombo Airport Ratmalana

Batticaloa International Airport

Jaffna International Airport