EMPOWERING THE NATION THROUGH ENERGY

CEYLON PETROLEUM STORAGE TERMINALS LIMITED

ANNUAL REPORT 2024

ANNUAL REPORT 2024

Ceylon Petroleum Storage Terminals Limited

CONTENT

CORPORATE INFORMATION

Entity:
Ceylon Petroleum Storage Terminals Limited

Legal Form:
Incorporated under paragraph (ii) of sub section (2) of section 2 read with subsection (2) of Section 3 of the Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act, No. 23 of 1987 and re-registered under the Companies Act No. 07 of 2007.

Registered Office:
Oil Installation, Kolonnawa, Wellampitiya, Sri Lanka.

Telephone: +94 11 2694482 | +94 11 2691643 | +94 11 2532122 | +94 11 2572307
Fax :+94 11 2547827
E-Mail : secretariat@cpstl.lk
Website : www.cpstl.lk

Tax Payer Identification No: 134011157

Financial Year: 01st January To 31st December

Chairman
Mr. D.J.A.S.De S. Rajakaruna

Managing Director
Dr. Mayura Neththikumarage

Directors
Mr. W.S. Hemantha Kumara
Mr. R.M.S.P.S. Bandara
Mr. Dipak Das
Mr. Avinash Singhal
Mr. Sunil Kanta Maharana
Mr. H. T. P. Chandana

Parent Company
Ceylon Petroleum Corporation

Secretaries
Deloitte Corporate Services (Private) Limited
No. 100, Braybrooke Place,
Colombo 02.

Auditors
The Auditor General

Bankers
People’s Bank, Bank of Ceylon

VISION

TO BE THE MOST EFFICIENT PETROLEUM STORAGE TERMINAL OPERATOR IN THE WORLD.

MISSION

CPSTL IS DEDICATED TO DELIVERING EXCEPTIONAL STORAGE SOLUTIONS FOR PETROLEUM PRODUCTS WITH A FOCUS ON SAFETY, RELIABILITY, AND EFFICIENCY. WE PROVIDE WORLD-CLASS INFORMATION SYSTEMS TO ALL STAKEHOLDERS, ENSURING FINANCIAL STABILITY WHILE STRICTLY ADHERING TO STRINGENT HEALTH, ENVIRONMENTAL, AND SAFETY STANDARDS. BY CONTINUOUSLY ADOPTING CUTTING-EDGE TECHNOLOGIES, WE DRIVE INNOVATION, LEADERSHIP, AND EFFICIENCY IN ALL OUR OPERATIONS. OUR SUCCESS IS DRIVEN BY A COMMITTED AND HIGHLY TRAINED WORKFORCE, SUSTAINING THE HIGHEST LEVELS OF PROFESSIONALISM AND INTEGRITY.

ABOUT US

Ceylon Petroleum Storage Terminals Limited (CPSTL)

At **CPSTL**, we are more than just a fuel logistics provider and the silent force that keeps Sri Lanka moving, thriving, and connected. Every day, we manage the safe flow of petroleum products across the island, ensuring that energy reaches homes, transport systems, industries, airports, and power plants on time and without compromise.

As the country's central petroleum logistics hub, we are entrusted with the end-to-end responsibility of receiving, storing, managing, and distributing fuel for national and international energy stakeholders. Our advanced infrastructure, combined with our deep-rooted experience, positions us as a trusted partner in Sri Lanka's energy ecosystem.

With decades of heritage, a skilled workforce, and a strong commitment to innovation, CPSTL connects people, places, and progress-delivering not just fuel, but the power to grow, build, and transform.

What We Do

- **Two Strategic Terminals -** Kolonnawa & Muthurajawela, handling multiple fuel grades
- **11 Bulk Depots -** Enabling island-wide coverage and regional fuel storage
- **Multi-Product Management -** Storage and handling of **16 types** of petroleum products including petrol, diesel, kerosene, and aviation fuels
- **Aviation Fuel Supply -** Efficient delivery to **Bandaranaike International Airport** and the **Sri Lanka Air Force**
- **Power Sector Support -** Supplying low-sulphur furnace oil to key thermal power plants through specialized pipelines
- **Retail & Bulk Delivery -** Serving over **1,000 fuel stations,** key industries, and large scale consumers across all sectors

Through close collaboration with CPC, LIOC, and international oil companies, CPSTL acts as the central nervous system of the nation's energy supply chain.

Where We Operate

Main Terminals:

- Kolonnawa Installation (urban terminal, multi-product)
- Muthurajawela Terminal (coastal terminal, high-capacity handling)

Bulk Depots:

Anuradhapura | Batticaloa | Badulla | Kotagala | Galle | Matara | Kurunegala | Peradeniya | Haputale | Sarasavi Uyana | Kankasanthurai

This network allows us to respond swiftly to national demand and manage supply flows efficiently across all provinces.

What We Believe

Safety & Sustainability First

We operate to the highest international standards, ensuring the protection of people, assets, and the environment in everything we do.

Powered by People

Our strength lies in our **2,100+ dedicated professionals,** whose expertise in logistics, operations, engineering, and management drives our continued success.

Committed to a Cleaner Future

We are champion responsible practices, invest in technology, and continuously seek ways to reduce our carbon footprint while enhancing community well-being.

OUR NETWORK


KKS
Terminal
Bulk Depot
Anuradhapura
Batticaloa
Kurunegala
Muthurajawela
Kolonnawa
Peradeniya
Sarasavi Uyana
Kotagala
Badulla
Haputale
Galle
Matara

PERFORMANCE HIGHLIGHTS

Capital		Unit	2024	2023	2022	2021	2020	2019
FINANCIAL CAPITAL	**STRATEGIC PRIORITY: FINANCIAL GROWTH**							
	Revenue	LKR Mn	18,899	10,150	9,433	14,276	13,568	15,340
	Operating profit	LKR Mn	4,664	(621)	(989)	1,377	1,906	1,966
	Profit / (Loss) before tax	LKR Mn	4,998	(314)	(704)	1,578	2,215	2,289
	Profit / (Loss) after tax	LKR Mn	3,381	37	(1,059)	1,169	2,001	1,305
	Return on equity	%	7%	0.1%	-4%	4%	7%	5%
	Financial Stability							
	Total assets	LKR Mn	61,285	32,228	33,481	33,999	32,588	31,522
	Total liabilities	LKR Mn	14,436	5,747	6,252	5,999	5,369	5,773
	Shareholders' funds	LKR Mn	46,849	26,481	27,229	28,000	27,218	25,749
	Cash and cash equivalent	LKR Mn	4,329	1,113	2,006	2,257	3,442	3,999
	Shareholder information							
	Earnings per share	LKR	4.51	0.05	(1.41)	1.56	2.67	1.74
	Dividends per share (paid)	LKR	-	0.48	-	-	0.48	0.30
	Net asset value per share	LKR	63	35	36	37	36	34
MANUFACTURED CAPITAL	**STRATEGIC PRIORITY: OPERATIONAL EXCELLENCE**							
	Property, plant and equipment							
	Terminals & Depots	Nos	13	13	13	13	13	13
	Capital expenditure	LKR Mn	1,298	157	925	1,358	1,085	981
HUMAN CAPITAL	**STRATEGIC PRIORITY: INVESTING IN PEOPLE**							
	Total employees	Nos	2,225	2,299	2,474	2,629	2,766	2,856
	Female representation	Nos	297	288	308	343	321	326
	Payments to employees	LKR Mn	6,348	6,361	6,745	6,908	5,918	6,636
	Employee attrition rate	%	7%	7%	6%	6%	4%	5%
	Investments in training	LKR Mn	6	4	2	3	4	17
	Total training hours	Hours	5,680	4,863	5,006	3,806	6,245	9,706
	Average training hours/employee	Hours	8	5	8	4	6	5
	Revenue per employee	LKR Mn	8.49	4.41	3.81	5.43	4.91	5.37
	Net profit (Loss) per employee	LKR Mn	1.52	0.02	(0.43)	0.44	0.72	0.46
	Indirect employees (approx.)	Nos	56	53	70	75	61	71
SOCIAL AND RELATIONSHIP CAPITAL	Investment in CSR	LKR Mn	4	1.7	0.3	6.5	1.7	3.8
	No. of beneficiaries (approx.)	Nos	8,950	1,034	775	8,600	4,000	8,800
	Contribution to Government	LKR Mn	2,761	1,408	1,796	1,608	1,683	2,441
NATURAL CAPITAL	**STRATEGIC PRIORITY: SUSTAINABILITY**							
	Energy consumption	Kwh	4,683,218	4,504,889	4,717,569	5,342,888	5,602,794	6,360,903
	Water consumption	KL	177,054	182,354	204,872	280,239	270,023	299,011
	Sludge Disposal	KL	-	-	99.6	32.4	244.2	118.8

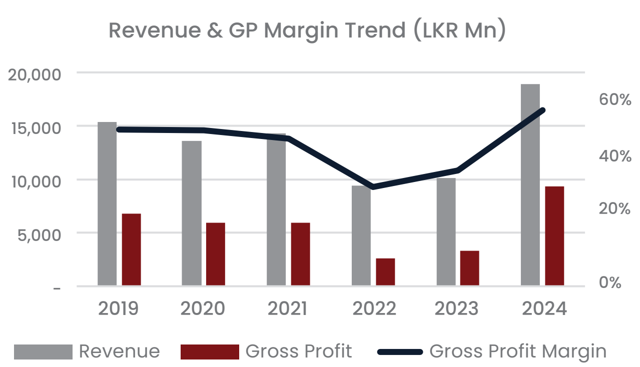
YEAR AT A GLANCE

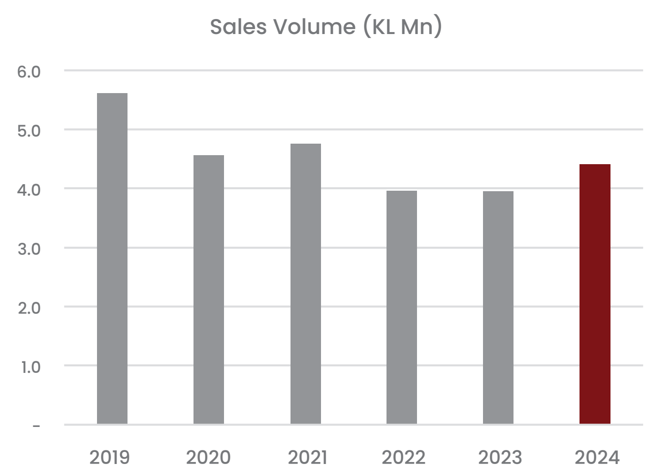
SALES VOLUME **KL 4,404,557**

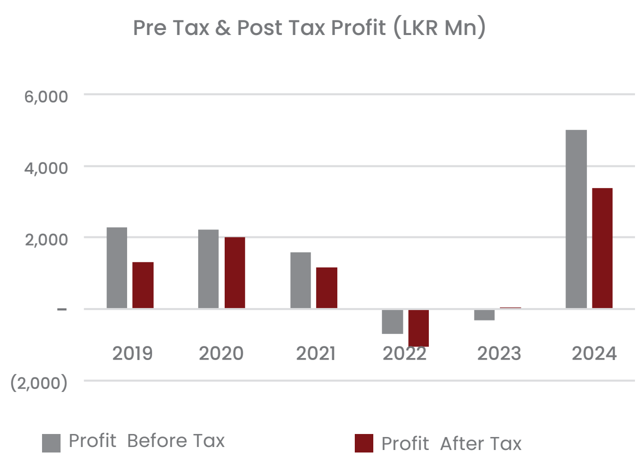
REVENUE **18.9Bn. LKR**

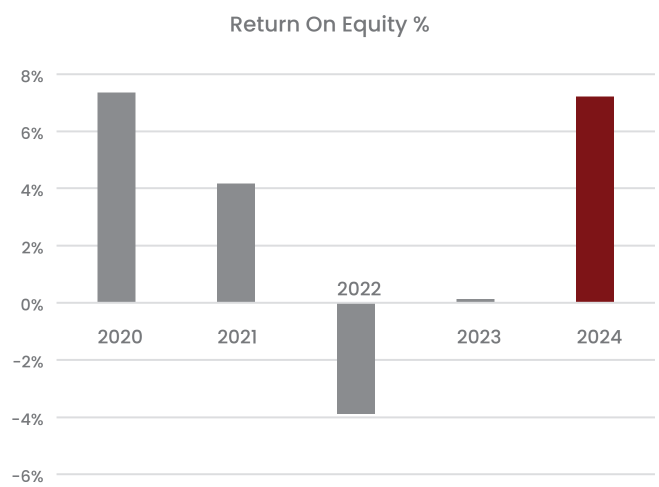
ASSET BASE **61Bn. LKR**

PROFIT AFTER TAX **3.4Bn. LKR**

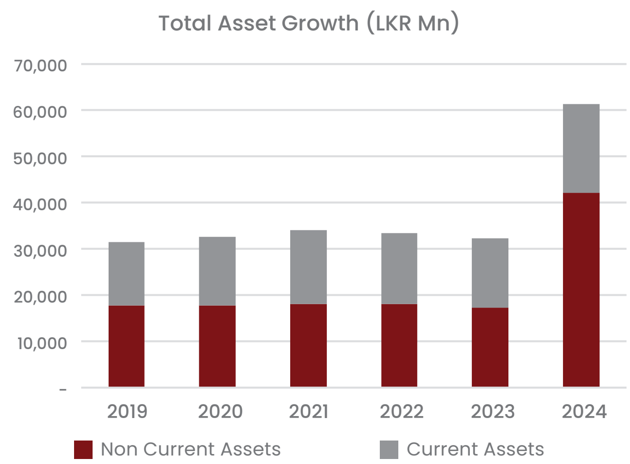


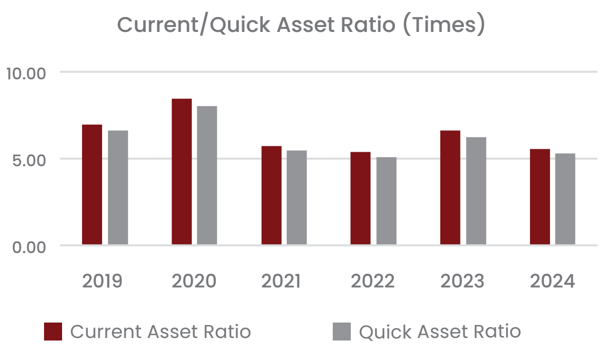


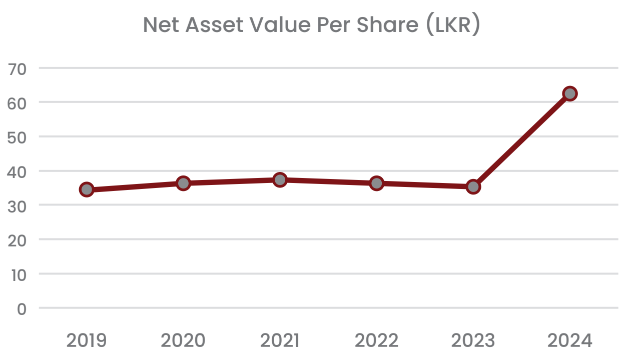




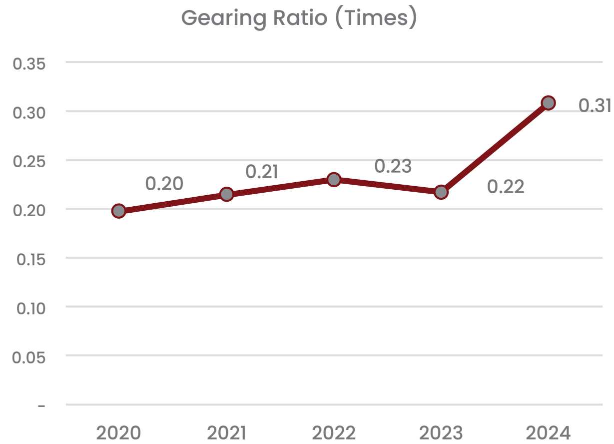

Operating Performance
60%
40%
20%
0%
-20%
2019
2020
2021
2022
2023
2024
Operating Profit Margin %
Gross Profit Margin %


Total Asset Growth (LKR Mn)
70,000
60,000
50,000
40,000
30,000
20,000
10,000
-
2019
2020
2021
2022
2023
2024
Non Current Assets
Current Assets


Current/Quick Asset Ratio (Times)
10.00
5.00
0.00
2019
2020
2021
2022
2023
2024
Current Asset Ratio
Quick Asset Ratio


Net Asset Value Per Share (LKR)
70
60
50
40
30
20
10
0
2019
2020
2021
2022
2023
2024


Asset Turnover Ratio
50%
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
2020
2021
2022
2023
2024


Gearing Ratio (Times)
0.35
0.30
0.25
0.20
0.15
0.10
0.05
-
0.20
0.21
0.23
0.22
0.31
2020
2021
2022
2023
2024

AWARDS AND ACCOLADES

CPSTL Shines at BMPC Awards 2024

We're thrilled to announce CPSTL's victory at the Best Management Practices Company Awards 2024, hosted by the Institute of Chartered Professional Managers of Sri Lanka (CPM Sri Lanka). Our dedication to excellence and innovation shines bright with three prestigious awards:

Category Winner: Shipping and Logistics
Recognizing our efficiency and innovation in distribution and transport management.

Merit Award: Power and Energy
Highlighting our sustainable solutions driving progress in meeting the nation's energy demands.

Recognition Certificate: Government and Semi-Government
Honoring our tailored solutions for public sector entities and forging new partnerships.

OUR LEADERSHIP

CHAIRMAN'S MESSAGE

"Data driven system for a real change to ensure energy sector sustainability"

It is with a deep sense of responsibility; I present the Annual Report of Ceylon Petroleum Storage Terminals Limited (CPSTL) for the year 2024. As we reflect on this year, it is evident that 2024 was a period of both challenge and opportunity a time that tested our resilience as a vital national fuel distributor and reaffirmed our commitment to secure Sri Lanka's energy requirement.

Among global economic fluctuations, geopolitical challenges, and shifting energy needs, CPSTL remained committed to its core mission of ensuring safe and efficient storage and distribution of petroleum products throughout the island, thus reinforcing its vital role in the national fuel supply chain.

In the year 2024, we invested significantly in modernizing our infrastructure. We continued critical upgrades to our pipeline systems, storage facilities, and automation processes, while maintaining the highest safety and environmental standards. These investments are not only essential for operational continuity but also align with our long-term vision of transforming CPSTL into a future ready energy logistics enterprise.

One of our key achievements was enhancing operational efficiency through digital transformation. We made data driven systems to improve inventory management, enhance transparency, and support evidence-based decision making. Such initiatives are vital as we gear up to meet increasing energy demands in cycle with Sri Lanka's economic recovery and growth.

Furthermore, we continued our close collaboration with key stakeholders particularly the Ministry of Power and Energy, Ceylon Petroleum Corporation (CPC), and Lanka IOC (LIOC) to strengthen national energy security and ensure a stable and reliable fuel supply to all sectors of the economy.

I would like to extend my sincere gratitude to our dedicated management team, employees, and trade unions for their steadfast commitment to excellence. Their resilience, professionalism, and passion have been instrumental in achieving our goals in a demanding year.

As we move into 2025 and beyond, CPSTL remains focused on strengthening our infrastructure, deepening our competencies, and innovating our services to meet the needs of a transforming nation. Together, we will ensure that our energy supply chain remains secure, efficient, and prepared for the future.

(Signed)

D.J.A.S. De S. Rajakaruna
Chairman

MANAGING DIRECTOR'S MESSAGE

> "Sustainable future with assurance of the efficiency, the quality and the reliability"

I am proud to share the 2024 Annual Report of Ceylon Petroleum Storage Terminals Limited, showcasing our unwavering dedication to efficiency, quality, and reliability in our operations.

Throughout the year, CPSTL has continued to exceed expectations by ensuring uninterrupted energy storage and distribution services, maintaining the highest levels of operational excellence.

Our focus on efficiency has enabled us to streamline processes, optimize resource utilization, and minimize downtime. In parallel, our commitment to quality has been reinforced through rigorous standards, continuous training, and the adoption of global best practices, ensuring that every service we deliver meets the trust placed in us by the nation.

A key highlight of 2024 has been our initiative to embrace new technologies. From digital automation in operations to advanced monitoring and predictive maintenance systems, these technological upgrades have enhanced not only our performance but also our ability to provide reliable, real-time solutions. By integrating modern tools with best management practices, we have reduced operational bottlenecks, improved decision-making, and strengthened workforce with multi skills.

We have also taken significant steps in going beyond traditional practices by fostering a culture of transparency, accountability, and innovation. As a leadership team, we have worked diligently to minimize malpractices and clear gray areas, ensuring that CPSTL operates with greater clarity and integrity. This proactive approach has elevated stakeholder confidence, and more importantly, positioned CPSTL as a leader in driving positive change within the energy sector.

As we look to the future, CPSTL already has a solid basement in our missions to deliver value added services to all stakeholders while staying aligned with the country's energy security objectives. We will continue to strengthen our infrastructure, invest in people and technology, and set new benchmarks for service delivery even making a happier work place for the respectable workforce of CPSTL.

I extend my sincere gratitude to our employees, stakeholders, and partners for their invaluable support and trust. Together, we will carry CPSTL forward beyond challenges, beyond expectations, and towards a sustainable future with assurance of the efficiency, quality and the reliability.

(Signed)

Dr. Mayura Neththikumarage
Managing Director

THE BOARD OF DIRECTORS

Mr. D.J.A.S.De S. Rajakaruna
Chairman

Mr. Janaka Rajakaruna is a distinguished leader with extensive expertise in the oil and gas industry, particularly in terminal operations and management. With over two decades of dedicated service at Ceylon Petroleum Storage Terminals Limited (CPSTL), he has been instrumental in driving operational excellence and shaping the organization's success.

Throughout his tenure at CPSTL, Mr. Rajakaruna has held key leadership positions, including Terminal Manager and Deputy Operations Manager at the Muthurajawela Terminal. In these roles, he ensured the safe and efficient management of Sri Lanka's petroleum storage and distribution infrastructure, contributing significantly to the country's energy security.

As a dynamic and fast learner, Mr. Rajakaruna stays abreast of emerging industry trends, continually enhancing his technical and managerial expertise. His exceptional decision-making skills and composure under pressure have enabled him to overcome complex challenges, delivering impactful results. Known for his collaborative leadership style, he fosters a culture of teamwork and mutual respect, prioritizing both professional success and the development of his team members.

Mr. Rajakaruna's strong academic background includes an M.Sc. in Industrial Chemistry from the University of Peradeniya and a B.Sc. (Honours) degree in Chemistry, Physics, and Pure Mathematics from the University of Kelaniya. This robust educational foundation, coupled with extensive hands-on experience, empowers him to oversee complex operations with a focus on safety, efficiency, and innovation.

He has further honed his expertise through specialized training in critical areas of the oil and gas sector, including LNG value chain management, bulk liquid storage tank operations, and custody transfer practices. His participation in advanced training programmes in Japan, the UAE, and Malaysia has deepened his understanding of global best practices, which he has seamlessly integrated into CPSTL's operations. In addition, he has completed training in supervisory management and industrial practices, further enhancing his leadership capabilities.

Mr. Rajakaruna also served as a key member of the Technical Specification Committee of the Ceylon Petroleum Corporation (CPC), where he actively contributed to the development of technical standards guiding Sri Lanka's petroleum industry.

Currently, as Chairman of CPSTL and Chairman of the Ceylon Petroleum Corporation, Mr. Rajakaruna plays a pivotal role in overseeing Sri Lanka's national petroleum infrastructure. His visionary leadership focuses on enhancing operational efficiency, fostering innovation, and driving sustainable practices in the energy sector.

An advocate for clean and sustainable energy, Mr. Rajakaruna has successfully completed the Clean Energy Application Technology for Developing Countries training programme in China. His forward-thinking vision aims to transform the energy sector by integrating sustainable practices to benefit both the organization and the nation.

With a deep commitment to continuous improvement, environmental stewardship, and knowledge sharing, Mr. Rajakaruna stands as a cornerstone of Sri Lanka's energy sector. His leadership and dedication continue to inspire progress and innovation, positioning CPSTL and

CPC as one of the key leaders in the region's energy landscape.

Dr. Mayura Neththikumarage

Managing Director

Dr. Mayura Neththikumarage is a seasoned business management professional with nearly two decades of experience in both local and international markets. Known for his transformative leadership, he has successfully revitalized numerous organizations. Dr. Neththikumarage is a recognized international business strategist, corporate transformation specialist, digitalization expert, and AI evangelist.

Currently, he serves as the Managing Director of the Ceylon Petroleum Corporation and Ceylon Petroleum Storage Terminals Limited. He also holds directorships at Litro Gas Lanka Limited, Litro Gas Terminal Lanka (Pvt) Limited, and Trinco Petroleum Terminal (Pvt) Limited. Additionally, he contributes as a member of the Ministerial Consultative Committee of the Ministry of Energy for the Government of Sri Lanka.

Dr. Neththikumarage's international career began in 2005 with a regional leadership role at The Coca-Cola SABCO, where he played a pivotal role in expanding the company's business across the Asian region, later extending his impact to both Asia and Africa. After his tenure in the FMCG sector, he transitioned to the energy sector, gaining extensive experience in both midstream and downstream businesses. He has worked with leading multinational energy brands such as TotalEnergies, Petredec, Kleenheat, and SLOGAL Energy, as well as regional brands like Laugfs-Bangladesh, in roles ranging from Country Manager to Chief Operating Officer and Energy Trader. His expertise includes designing and building infrastructure for terminals, tank farms, ship berthing/loading facilities, filling plants, cylinder plants, fuel station networks, and industrial installations, along with channel development in the energy sector.

In addition to FMCG and energy, Dr. Neththikumarage has contributed to the IT sector, focusing on artificial intelligence, machine learning, data lakes, business process reengineering, bespoke development, and user experience design.

Dr. Neththikumarage holds a Ph.D. in Management and Business, an MBA (Merit pass), a BSc (Honours) in Mechanical Engineering, along with diplomas in Politics, Software Engineering, and Computer-Based Accountancy. He also achieved a top national ranking in mathematics stream in the GCE (A/L) and holds memberships in professional bodies including IESL, ECSL, SLIM, and CPM.

Mr. W.S. Hemantha Kumara

Executive Director

Mr. W.S. Hemantha Kumara has been appointed to the Board of Directors of Ceylon Petroleum

Storage Terminals Limited (CPSTL) on September 26, 2024. With an extensive career in the oil and gas industry since 1985, Mr. Hemantha has amassed significant expertise in refinery operations, cargo planning, and downstream operations management. Prior to his board appointment, he served as the Operations Manager at CPSTL, where he played a pivotal role in overseeing full-spectrum operations from import to distribution, with a strong focus on optimizing resources and ensuring regulatory compliance, thereby driving operational excellence. His career at CPSTL has included key positions such as Senior Deputy Manager, Deputy Manager, Assistant Manager, Senior Executive, and Operations Technician, along with an early start as an apprentice at the Oil Refinery in Sapugaskanda.

Mr. Hemantha holds a Bachelor of Science degree from the University of Sri Jayewardenepura and professional qualifications from the Institute of Chemistry Ceylon (MI.Chem. C and LI.Chem. C). He was also awarded the Apprentice Technician certification by NAITA.

Throughout his tenure, he has made significant contributions to the CPSTL, including serving as a core team member for the SAP ERP Project, expanding gantries and enhancing pumping capacity, and minimizing product variations at the Kolonnawa Terminal. Additionally, he has managed bunker fuel operations, developed a fully automated tanker database for CPSTL, automated tank gauging systems, and created a fully automated planning and report-generating tool utilizing Power BI.

Mr. Hemantha's dedication and extensive experience are invaluable assets to CPSTL as the organization continues to enhance its operational capabilities and address the evolving energy needs of the country.

Mr. R.M.S.P.S. Bandara

Director

Mr. R.M.S.P.S. Bandara, a Special Grade Officer of the Sri Lanka Planning Service, is the Director General of the Department of External Resources. With over two decades of experience in public sector leadership, he has served in key positions across the National Budget Department, Public Enterprises Department, and External Resources Department.

He holds a Master of Public Administration from Flinders University, Australia, and a Master of Financial Economics as well as a Postgraduate Diploma in Development Economics, from the University of Colombo. He also holds a B.Sc. (Hons) in Mathematics from the University of Kelaniya.

Mr. Bandara currently serves on the Boards of the Ceylon Petroleum Corporation, Ceylon Petroleum Storage Terminals Limited, Sri Lanka Plantation Corporation, and the Sustainable Energy Authority, and chairs CPSTL's Audit and Management Committee. He has also served on the Boards of several national institutions, including the Tea Research Institute, Social Security Board, National Education Commission, and Sri Lanka Accreditation Board.

Mr. Dipak Das
Director

Mr. Dipak Das is a Mechanical Engineering graduate from NIT Silchar and holds certificate in Petroleum Management. With over 27 years' expertise in the Petroleum Sector, Mr. Das has wide experience in various roles in Indian Oil Corporation Ltd., (IOCL), a Global Fortune 500 Company.

He played a lead role in various capacities in the State of Kerala, Telangana, Andhra Pradesh, Rajasthan, West Bengal and Northeastern States in India covering vast geographies.

Apart from his various key portfolios in Retail Sales and Operations sector, Mr. Das played important roles to bring Lakshwadeep Islands into the Energy Map in India and Petroleum Retail Outlets were set up in the Kavaratti, Minicoy, Andrott and Kalpeni islands of Lakshwadeep including Storage Terminals in two islands during his tenure as the Retail Sales Head in Kerala State.

In addition to his main role as the Managing Director of Lanka IOC PLC, Mr. Das serves as a Director on the Board of Ceylon Petroleum Storage Terminals Limited. He is also the Managing Director of Trinco Petroleum Terminal (Pvt) Ltd., which is a joint venture of CPC & Lanka IOC contributing his expertise to the Sri Lankan petroleum sector. Also, he serves as the Chairman (Government Liaising) of Indian CEO Forum and perform as an active member of various chambers such as Ceylon Chamber of Commerce, National Chamber of Commerce, International Chamber of Commerce Sri Lanka, Sri Lanka India Society etc., while organizing various CSR programmes to assist the needy persons across the island.

Mr. Avinash Singhal
Director

Mr. Avinash Singhal is a Commerce Graduate from Hindu College, Delhi University and a Chartered Accountant from the Institute of Chartered Accountants of India.

Mr. Avinash Singhal had joined Indian Oil Corporation in 2005 and has over 19 years of rich and varied experience in the field of Finance, Treasury and Taxation. He has handled various assignments in the areas of Finance like Corporate Treasury, Investor Relations, Indirect Taxation and Accounting at Indian Oil Corporation. He has extensive experience in Foreign Exchange Risk Management, Working Capital Management, Funds raising from the international markets, Investor relations, Credit ratings and Company valuations.

He is presently Senior Vice President (Finance) at Lanka IOC Plc where he heads the Finance function.

Mr. Sunil Kanta Maharana
Director

Mr. Sunil Kanta Maharana, a Post Graduate Diploma in Management from Xavier Institute of Management, Bhubaneswar, India, has over 17 years of rich experience in marketing & operation of petroleum products in various geographies of India.

Presently working as the Vice President (Operations, Imports & Bunker Sales) of Lanka IOC.

He has handled the retail sales for over 15 years as a sales professional in different positions & different geographies of India. Also led a team as the Divisional Retail Head at Goa, India looking after the network expansion, supply management & Modernization of the retail infrastructure.

During his tenure at Marketing Head Office of IndianOil, he was part of the core team for the Retail transformation project, driving many initiatives for changing the facility & service levels of retail outlets across the country.

He also had worked in the Operation function overlooking the Terminal operations, including Tanker, Bunker & Pipeline Operations.

Mr. H. T. P. Chandana
Director

Mr. H. T. P. Chandana is an Associate Member of the Institute of Chartered Accountants of Sri Lanka. He began his professional journey at CIC Holdings PLC, where he accumulated over 20 years of diverse experience across roles such as Accountant, Manager – Information Technology, Group Business Analyst, and General Manager – Procurement.

He holds a Bachelor of Science degree from the University of Kelaniya. In addition to his corporate experience, Mr. Chandana has been a Partner at CP Associates for over eight years, contributing his expertise in finance and business consultancy.

Currently, he serves as a Non-Executive Director at the Ceylon Petroleum Corporation, bringing strategic insight and governance experience to the board.

SENIOR MANAGEMENT TEAM

Mr. O.P. Kaggoda Arachchi
Deputy General Manager
(Finance)

Mr. T.V. Sarathchandra
Deputy General Manager
(Operations)

Mr. E.A.R.D. Bandara
Actg. Deputy General Manager
(Human Resource & Admin)/
Manager
(Training & Productivity
Development)

Mr. H.M.U. Bandara
Actg. Deputy General Manager
(Eng & Support Services) /
Engineering Manager

Mr. J.A.U.R.K. Jayalath
Manager - Finance

Mr. H.N.B.U. Jayawardena
Manager - Security

SENIOR MANAGEMENT TEAM

Mrs. S.N. Gamage
Manager - Corporate Affairs

Mr. W.M.T.W.A. Bandara
Manager - Distribution

Dr. Mrs. R. Susiriwardena
Medical Officer

Major R.M.N. Jayathilake WWV RWP RSP (Rtd)
Manager - Investigation

Group Capt. P.M.C.P. Dias
Manager - Fire & Safety

Mr. N.M. Munas
Human Resource Manager

SENIOR MANAGEMENT TEAM

Mrs. W.P.G.A.W. Jayawardana
Chief Legal Officer

Mr. G.H.N.M. Chandrasiri
Manager - Laboratory

Mr. M.D.A. Asoka Kumara
Manager - Stores

Mr. N. Defni Thasneem
Manager - Procurement

Mrs. Samanmali Gajadeera
Actg. Chief Information Officer

Mrs. Sakunthala Ekanayake
Actg. Manager - Information Systems

SENIOR MANAGEMENT TEAM

Mr. D.R.J. Bopearachchi
Actg. Manager
(Offshore Operations)

Mr. M.P.A. Lakmal
Actg. Operations Manager
(Bulk Movements & Bulk Products)

Mr. Sandun Jinadasa
Actg. Terminal Manager
(Muthurajawela)

Mr. A.R. Serasinghe
Deputy Manager - Internal Audit

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL SNAPSHOT - 2024

Strategic Role in National Energy Infrastructure.

- Sri Lanka's **leading petroleum logistics** provider
- **Common-user** facility for **national Petroleum storage** and distribution.
- Ensure secure, uninterrupted fuel supply

Economic Context & Sector Dynamics.

- Role in **post-crisis energy stabilization**
- **Maintained** nationwide fuel **availability**
- Industrial and transport sector **support**
- **Future-ready** - Biofuels, LNG planning

Operational & Infrastructure Highlights

- Revenue FY2024 - **LKR 18.9 billion**
- Business Verticals - Storage & Distribution
- **Storage**
  Kolonnawa - 265,529 MT
  Muthurajawela - 208,738 MT
  11 regional depots - 24,881 MT
- Distribution - Pipelines, Rail, Road
- Offshore - SPBM-1, SPBM-2, Dolphin Tank Birth

Stakeholder-Centric Value Model

Stakeholder	Expectation	CPSTL Response
Government	Energy security	Strategic reserves
CPC / LIOC	Efficient handling	Modern terminals
Employees	Growth & safety	HSE, training
B2B Customers	Reliable supply	ISO systems, tracking
Public / Media	Transparency	Briefings, engagement

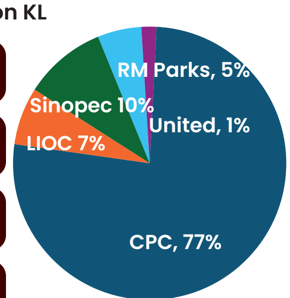
External Operating Environment

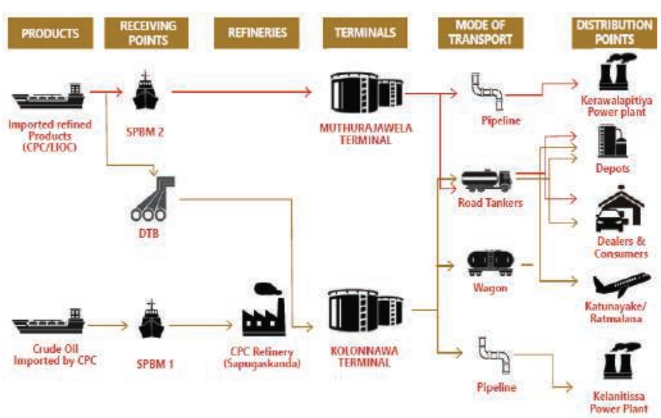
- **Global crude oil prices** - $82.5/barrel
- **Policy Shifts** - National energy pricing reforms
- **Renewables Share** – more than 50% of national grid
- **Strategic Partners** – CPC, LIOC, Sinopec, RM Parks, United Petroleum

Volume & Distribution FY2024

Total Distributed - 4.4 million KL

- **Auto Diesel** 1.5M KL (34.99%)
- **Petrol** 1.5M KL (34.07%)
- **Aviation Fuel** 0.56M KL (12.66%)
- **Others** 0.80M KL (18.28%)





OPERATIONAL ENVIRONMENT

Strategic Context and External Environment

Operational Environment Overview

Ceylon Petroleum Storage Terminals Limited (CPSTL) operates in a strategically vital segment of Sri Lanka's energy infrastructure. As the premier petroleum logistics facilitator, CPSTL's operations are shaped by national energy security needs, stakeholder expectations, and a commitment to sustainable practices.

External Operating Environment

The operational landscape is influenced by

- Global energy price fluctuations & geopolitical tensions
- National economic and policy shifts (fuel pricing reforms)
- Environmental obligations & energy transition (renewables reaching more than 50% of grid in 2024 and it is expected to reach 70% of energy generation in 2030)

CPSTL, as a common-user petroleum logistics provider, ensures safe and efficient fuel storage without owning the products. Key customers include.

- Ceylon Petroleum Corporation (CPC)
- Lanka Indian Oil Company (LIOC)
- Sinopec Energy Lanka (Pvt) Ltd
- RM Parks (Pvt) Ltd
- United Petroleum Lanka (Pvt) Ltd

Economic and Energy Sector Developments

- Global crude oil volatility (Brent avg. ~$82.5/barrel)
- Local pricing reforms impacted on operational costs and margins.
- CPSTL maintained nationwide fuel supply through:
    - Bulk terminals
    - Pipelines, Road & rail tankers.

With policy shifts towards renewable energy and diversification into LNG, biofuels, and other alternative fuels, CPSTL has given special attention to these areas.

Storage Operations

CPSTL's storage operations are located at three strategic locations.

- **Kolonnawa Terminal –** 265,529 MT capacity
- **Muthurajawela Terminal –** 208,738 MT capacity
- **Eleven Regional Depots –** 24,881 MT total capacity

At **Kolonnawa Terminal**, prioritize high storage capacities are maintained for Octane 92 Petrol (51,769 MT), Aviation Fuel (38,988 MT), Furnace Oil (48,120 MT), Lanka Auto Diesel (50,971 MT), Octane 95 Petrol (18,249 MT), Kerosene (10,488 MT), Naphtha (27,776 MT) and Super Diesel (17,232 MT).

Lower-capacity products like Industrial Kerosene (1,593 MT) and SPB (343 MT) cater to niche market demands.

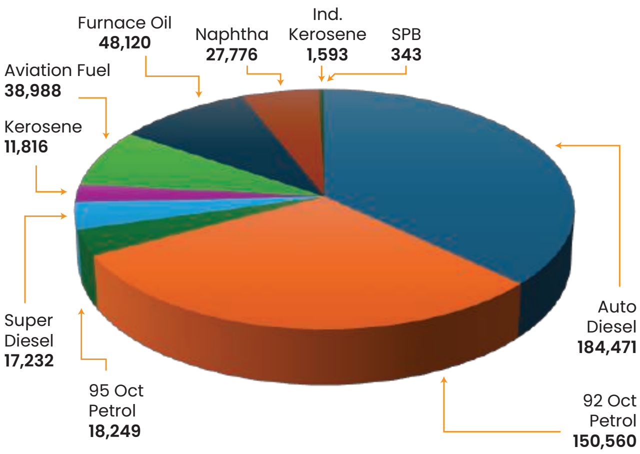
Muthurajawela Terminal prioritizes Auto Diesel (113,633 MT) and Octane 92 Petrol (95,105 MT).

The **Bulk depots** capacities are 24,881 MT and detailed breakdown is as below.

Product	Auto Diesel MT	Petrol 92 MT	Kerosene MT	Total MT
Anuradhapura	1,059	312	129	1,500
Badulla	1,149	155	52	1,355
Batticaloa	696	383	-	1,079
Galle	1,826	600	254	2,680
Haputale	162	120	24	306
KKS	10,920	337	602	11,859
Kotagala	1,104	239	174	1,517
Kurunegala	1,250	870	-	2,120
Matara	315	200	50	565
Peradeniya	1,306	471	-	1,778
IRD Vavuniya	79	-	44	123
Total	19,867	3,686	1,328	24,881

Operational efficiency is key to CPSTL's success. We adopt **best practices** in storage management and maintenance to **optimize throughput,** reduce idle time, minimize costs, and **enhance service delivery.**

Storage Capacity Analysis



Distribution Operations

CPSTL plays a vital role in **fuel distribution across Sri Lanka,** ensuring the uninterrupted supply of petroleum products to meet the national demand. We serve the needs of.

- Ceylon Petroleum Corporation (CPC)
- Lanka Indian Oil Company (LIOC)
- Sinopec Energy Lanka (Pvt) Ltd
- RM Parks (Pvt) Ltd
- United Petroleum Lanka (Pvt) Ltd

We leverage **strategically positioned terminals** (Kolonnawa and Muthurajawela) and **regional depots,** and utilize r**ailways, pipelines, and road tankers** for effective delivery.

Total Volume Distributed in FY 2024

- **Total:** 4,404,557 KL
    - CPC: 3,385,410 KL (77%)
    - LIOC: 318,332 KL (7%)
    - Sinopec: 439,462 KL (10%)
    - RM Parks: 218,572 KL (5%)
    - United: 42,781 KL (1%)

Key Highlights

- Auto Diesel led deliveries with 34.99% share.
- Octane 92 Petrol followed closely with 34.07%
- Aviation Fuel accounted for 12.66%, essential for air transport.
- Furnace Oil contributed 9.24%, mostly used in power generation.

The remaining five products fulfilled specific **industrial and niche market requirements,** contributing to CPSTL's commitment to a **diverse and resilient petroleum supply chain** in Sri Lanka.

The company's infrastructure comprises multiple depots located in Matara, Peradeniya, Haputale, KKS, Kotagala, Kurunegala, Anuradhapura, Badulla, Batticaloa, and Galle, and Kolonnawa and Muthurajawela Terminals, each tailored to meet the specific regional fuel demands.

Among these, the Muthurajawela Terminal and Kolonnawa Terminal stand out as major storage hubs, with combined storage capacities exceeding 500 million liters. Muthurajawela primarily stores Lanka Auto Diesel and Petrol 92 Octane, while Kolonnawa handles a diverse range of products including industrial kerosene, super diesel, multiple grades of petrol, jet fuel (Jet A1), and chemical solvents. These terminals play a pivotal role in the company's supply chain, supporting the bulk of the country's fuel storage and distribution needs.

CPSTL's product portfolio encompasses a wide variety of fuels including petrol (92 and 95 Octane), auto diesel, super diesel, kerosene, industrial kerosene, furnace oil, aviation fuel, and naphtha. In the reporting period, the company managed a total sales volume exceeding 4.4 billion liters, reflecting its critical role in the national energy sector. Key product sales include approximately 1.5 billion liters of auto diesel, 1.54 billion liters of 92 Octane petrol, and over 550 million liters of aviation fuel.

Strategic Importance, Geopolitical & Macroeconomic Context

In alignment with our vision to be the most efficient petroleum storage terminal operator in the World, CPSTL's operations are shaped by national energy demands, geopolitical dynamics, and sustainability objectives.

As the leading custodian of Sri Lanka's petroleum storage, CPSTL's operations directly power the 30% of national grid electricity (via CPC/LIOC supply) and national fuel requirement through the 1,100+ retail outlets and critical infrastructure (Bandaranaike Airport, military bases) and work as the national Energy Backbone.

Despite global oil volatility (avg. Brent Crude: $82.5/barrel) and forex shortages, CPSTL delivered 4.4 million kilo liters which is enough to fuel 6 million vehicles annually.

Additionally, through the strategic partnership between India-Sri Lanka, collaboratively worked on Trincomalee Tank Farm expansion to boost regional energy security.

Product Name	CEYPETCO KL	LIOC KL	SINOPEC KL	RM PARK KL	UNITED PETROLEUM KL	TOTAL KL	% share
Petrol	964,344	172,359	224,060	115,216	24,578	1,500,557	34.07%
Auto Diesel	1,074,752	142,085	208,436	98,677	17,371	1,541,321	34.99%
Super Diesel	28,005	3,888	6,966	4,679	832	44,370	1.01%
Kerosene	149,503	-	-	-	-	149,503	3.39%
Ind. Kerosene	5,262	-	-	-	-	5,262	0.12%
Furnace Oil 1.5%	406,915	-	-	-	-	406,915	9.24%
Naphtha	197,241	-	-	-	-	197,241	4.48%
SPB	1,584	-	-	-	-	1,584	0.04%
Aviation	557,804	-	-	-	-	557,804	12.66%
TOTAL	3,385,410	318,332	439,462	218,572	42,781	4,404,557	100%
% on Total Quantity	77%	7%	10%	5%	1%	100%	

Stakeholder-Centric Operational Model at a Glance

CPSTL operates at the intersection of public service and commercial efficiency. Our stakeholders, including the Ministry of Power and Energy, CPC, Lanka IOC, transport operators, regional depots, and the general public expect reliability, safety, and ethical conduct in our operations.

Stakeholder	What They Expect	How CPSTL Delivers	Value Created
Government	Energy security, compliance	Strategic reserves, policy alignment	National energy stability
CPC & Importers	Efficient fuel handling	Modern terminals, 24/7 operations	Smooth supply chain
Employees	Safety, growth, recognition	Training, HSE focus, merit-based rewards	High morale, zero fatalities
Customers (B2B)	Reliable, quality fuel supply	Digital tracking, Quality controls	Strong trust, growing base
Suppliers	Fair terms, transparency	E-procurement, prompt payments	Long-term partnerships
Communities	Environmental care, social inclusion	CSR initiatives, green practices	Social license to operate
Auditors & Financiers	Integrity, control, reporting	Robust governance, IFRS compliance	Credibility and Governance.
Public & Media	Clear communication, accountability	Official briefings, digital outreach	Transparency and Accountability

Technological Alignment and Digitalization

Ceylon Petroleum Storage Terminals Limited (CPSTL) continuously embraces technological advancements and digital transformation initiatives to enhance operational efficiency, safety, and service reliability.

- Smart Inventory - Automated digital tracking ensures precise stock levels and smooth supply flows.
- Fleet Optimization - GPS technologies streamline fuel deliveries, boosting efficiency and safety.
- Connected Systems - A centralized IT system and real-time reporting.
- Data-Driven Insights - Analytics help us forecast demand and maintain peak performance.
- Digitalization – Payroll digitalization to enable real-time data access with minimal documentation.

Regulatory and Compliance Landscape

CPSTL's operations are governed by a robust regulatory framework, including oversight by the Public Utilities Commission of Sri Lanka (PUCSL), the Ministry of Power and Energy, the National Environment Authority (NEA), and the Auditor General's Department.

Area	Key Regulators & Acts	Focus Areas
Energy & Sector Governance	• Ministry of Power & Energy • Public Utilities Commission of Sri Lanka • CPC Act No. 28 of 1961	Policy, sector regulation, licenses
Environment & Sustainability	• Central Environ-mental Authority • National Environmental Act • Ministry of Environment	Emissions, waste, impact assessments, audits
Health & Safety Compliance	• Factories Ordinance • National Fire Regulations	Workplace safety, fire safety, risk control
Trade & Customs	• Sri Lanka Customs • Board of Invest-ment of Sri Lanka	Imports, duties, exemptions
Financial Compliance	• Department of Inland Revenue • CA Sri Lanka / IFRS • National Audit Act	Tax, audit, financial transparency
Labour & HR Regulations	• Ministry of Labour • Labour Laws & Industrial Disputes Act	Worker rights, benefits, compliance
Procurement & Governance	• National Procurement Guidelines	Transparent sourcing, public accountability
Quality & Standards	• Sri Lanka Stan-dards Institutio • ISO Certifications	Product quality, standardization
International Obligations	• International Maritime Organization (IMO)	Marine fuel compliance, bunkering standards

Environmental, Health, Safety & Sustainability (EHSS) Drivers

Environmental and safety regulations have become increasingly stringent. CPSTL has proactively upgraded its operational protocols to meet national emissions standards, hazardous material handling rules, and occupational health frameworks. During the year, we achieved significant improvements in spill response preparedness, and fire safety readiness.

EHSS Driver	Strategic Focus	Key Actions Implemented	Impact Created
Environment	Minimize ecological footprint	Emission monitoring, water conservation, waste segregation	Improved compliance, reduced carbon emissions
Health	Ensure employee well-being	Annual medical checks, awareness campaigns	Reduced absenteeism, healthier workforce
Safety	Zero harm culture	Safety drills, PPE compliance, incident reporting system	Zero fatalities, low incident rate
Sustainability	Long-term resource efficiency	Solar energy pilots, fuel loss minimization	Operational savings, green reputation
Regulatory Compliance	Meet national & global EHSS standards	Compliance audits	Recognition & risk mitigation
Stakeholder Engagement	Inclusive and transparent EHSS communication	Sustainability reports, community consultations	Higher trust, stronger stakeholder relations

Future Outlook and Strategic Response

Looking ahead, CPSTL anticipates a continued focus on energy security, sustainable infrastructure investment, and operational excellence. Strategic objectives for the coming years include:

- Enhancing storage and distribution resilience through capital upgrades
- Accelerating digital integration across supply chain nodes
- Deepening EHSS performance monitoring and sustainability reporting
- Supporting national energy diversification strategies

Our proactive risk management, governance strength, and commitment to stakeholder value will remain central to navigating an increasingly complex operational environment.

FINANCIAL CAPITAL

Financial Review

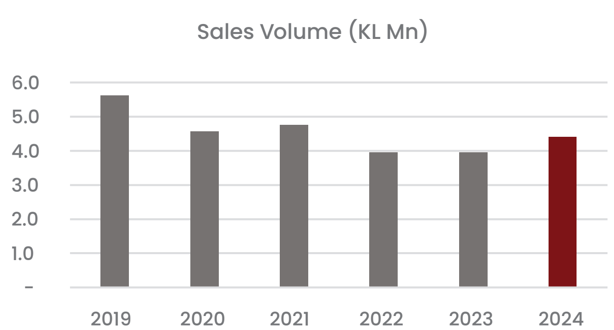
Financial capital forms the backbone of our ability to deliver specialized services to the petroleum sector while ensuring long-term operational resilience and stakeholder confidence. In year 2024, we maintained a prudent and transparent financial management approach, aligned with the expectations of our two shareholders and the capital-intensive nature of the industry.

Our financial strategy focused on sustaining liquidity, optimizing working capital, and supporting critical investments in equipment, safety, and operational efficiency. This section outlines our financial performance, capital structure, and how we have deployed funds to support ongoing service contracts, workforce readiness, and future growth opportunities.

Financial Performance

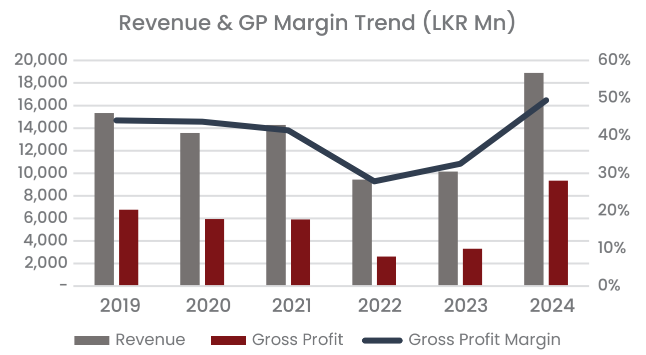
Revenue

For the financial year ended 31st December 2024, the company recorded a total revenue of Rs. 18.9 billion, representing an 86% increase compared to Rs. 10.1 billion in the previous year. During the year, throughput income accounted for 77% of the total revenue, while transport income contributed 23%. Despite throughput continuing to represent the majority share, the highest contribution to the revenue growth was from transport income. This was due to, increase in transport rate & procedural change in the invoicing method. Overall sales volume was increased by 11% year-on-year, further supporting the upward revenue trend.

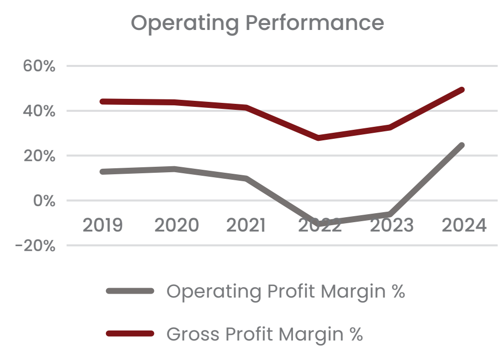


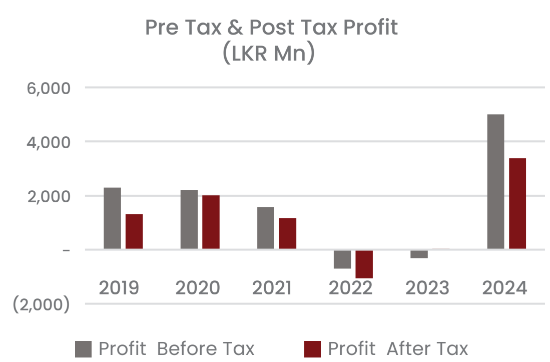
Profitability

Following the increase in revenue, Gross profit increased from Rs. 3.3bn in 2023 to Rs. 9.3bn in year 2024. Accordingly Gross profit margin recorded as 49% in 2024 whereas it was 33% in year 2023.



In 2024, the company reported an operating profit of Rs. 4.6 billion with an operating profit margin of 25%, a significant improvement from the 6% operating loss margin recorded in 2023.





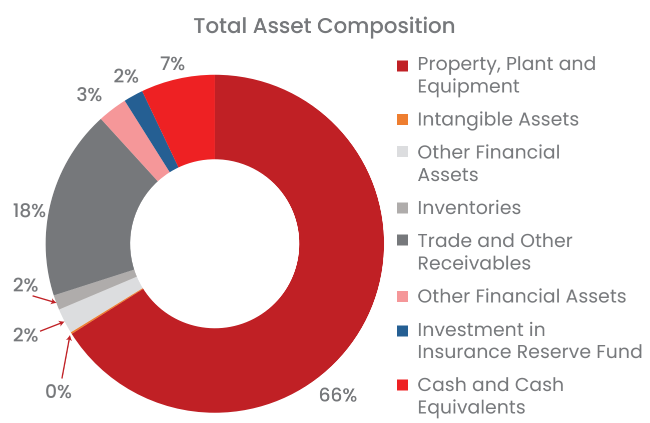
During the year under review, profit before tax was reported as Rs. 4.9 bn whereas it was 0.3bn loss in year 2023. Increase in revenue cause this profit for the year. There was a 12% increase in administration expenses during the year with compared to previous year. Other income of the company consist of lab income, Interest income on staff loans, non refundable tender deposits etc.

Finance income consists of interest income from fixed deposits, repos. Increase of investments during the year mainly cause rise in investment income which was 9% increase. Profit after tax for the year under review was Rs. 3.3 bn whereas it was Rs. 0.3bn in 2023 representing a highest performance over the past years.

The Company's Other Comprehensive Income (OCI) mainly comprised of revaluation gain on land and buildings and actuarial loss on defined benefit obligations.

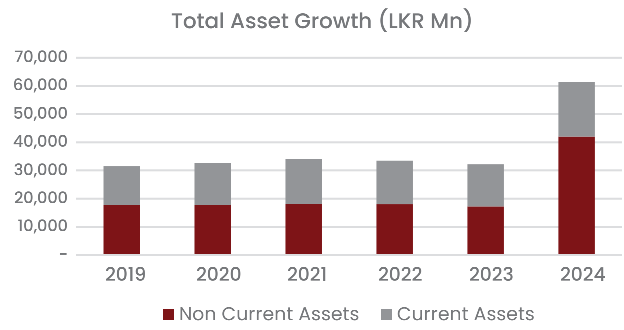
Financial Position

Total Assets



66% of the Company's assets are invested in Property, Plant and Equipment, reflecting the capital-intensive nature of our operations. This signifies our long-term commitment to infrastructure and operational capacity, ensuring sustained service delivery and revenue generation. A substantial portion of assets is allocated to trade and other receivables. The Company continuously monitors credit risk and receivable turnover to maintain healthy cash flows and minimize working capital strain.

Cash holdings represent 7% of total assets, ensuring the Company maintains sufficient liquidity to meet short-term obligations and operational needs.



The Company's asset base reflects a strong foundation in physical infrastructure and a disciplined approach to liquidity and receivables management. Our financial capital allocation remains aligned with our long-term strategy of growth, efficiency, and value preservation. We remain committed to optimizing our asset mix to ensure both operational robustness and financial flexibility in an evolving market environment.

As at year-end 2024, the balance sheet was weighted towards non-current assets, which accounted for 69% of total assets. A key development during the year was the revaluation of land and buildings, resulting in a substantial increase of Rs. 24 billion in the carrying value of fixed assets.

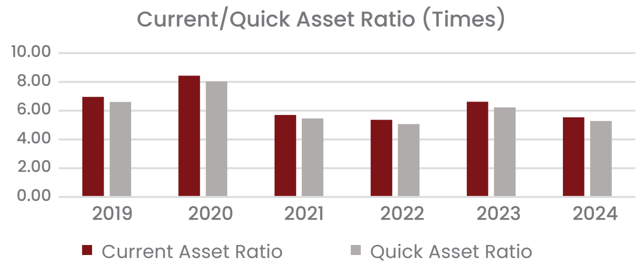
The total asset base grew by 90% in 2024, reaching Rs. 61 billion, compared to Rs. 32.4 billion in 2023. This significant increase reflects both the impact of the revaluation exercise and improved operational performance. Notably, cash and cash equivalents rose considerably, driven by higher revenue generation and successful collection of long-outstanding receivables.

Working Capital

The Company has maintained a strong liquidity position over the six-year period from 2019 to 2024, reflecting prudent working capital management and a disciplined approach to current liabilities.

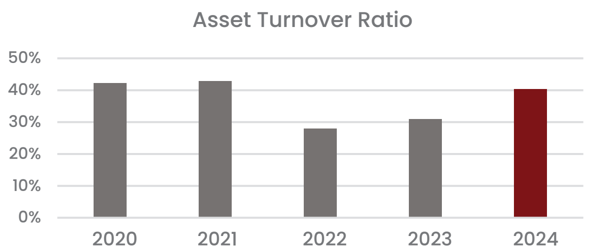
The current ratio, a key indicator of liquidity, remained consistently above 5.0 throughout the period, demonstrating the Company's ability to comfortably meet its short-term obligations. In 2024, the current ratio stood at 5.53, compared to 6.62 in 2023. Although slightly lower than the previous year, this ratio continues to indicate a healthy liquidity buffer.

The quick asset ratio, also remained robust, recording 5.28 in 2024 compared to 6.23 in 2023. This decline is attributed to an increase in current liabilities, which rose to Rs. 3,473 million in 2024 from Rs. 2,262 million in 2023, offsetting the growth in current assets and indicating an active deployment of short-term resources to support operational needs.



Asset Turnover Ratio

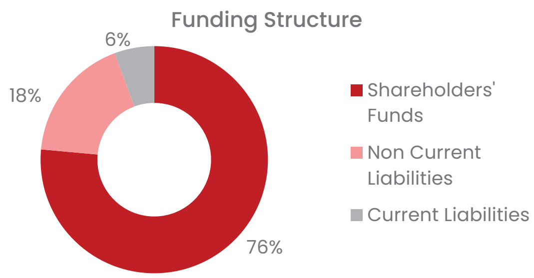
The assets turnover ratio measures the efficiency of Company's use of its assets to generate sales. In 2024, the asset turnover ratio stood at 40%, marking a recovery from 31% in 2023. This improvement is attributed to a significant increase in revenue to Rs. 18,898 million in 2024 (an 86% growth from the previous year), supported by improved operational performance However, the total asset base also expanded considerably—rising to Rs. 61,285 million from Rs. 32,228 million in 2023—primarily due to the revaluation of land and buildings.



Equity and Liabilities

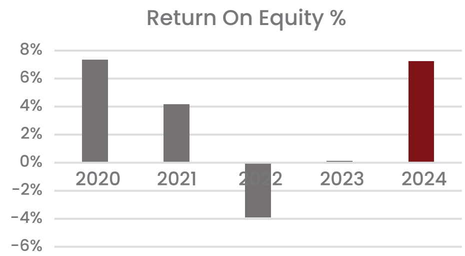
CPSTL is well capitalized with shareholder's funds of Rs. 46 bn funding 76% of the company's assets in 2024. The Company paid off all the borrowings in 2016 and no new borrowings are obtained this year too. CPSTL's total liability increased to Rs. 14bn in 2024 from Rs. 5.0 bn in 2023.

The capital structure remains conservative, with a healthy equity cushion, positioning the Company to fund future growth initiatives while maintaining financial flexibility and resilience.



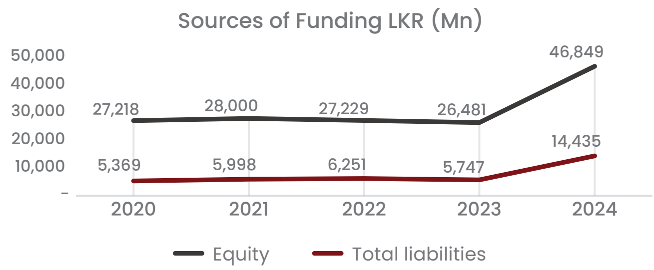
Return on Equity

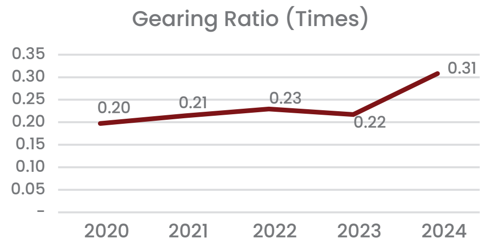
The company has recorded a return on equity of 7% for the year under review compared to 0.1% of the year before. The sharp recovery in 2024 is a positive indicator of the company's renewed financial strength and operational resilience.



Leverage and Capital Structure

Overall, the company's gearing ratio remained low and stable until 2023, indicating strong financial health. Gearing ratio of the company has increased to 31% at the year end of 2024 compared to 22% at the beginning of the year.





Shareholder value creation

	2024	2023
Earnings per share (Rs.)	4.51	0.05
Net asset value per share (Rs.)	62	35

The substantial increase in both EPS and NAVPS between 2023 and 2024 reflects a robust improvement in the company's financial health and shareholder value. This highlights successful strategic initiatives and improved profitability, positioning the company for sustained future growth.

MANUFACTURED CAPITAL

Replacement of Existing 10" Dia. Pipeline with New 18" Dia. Pipeline from Kolonnawa Installation to Seram Gate at Colombo Harbour

CPSTL has initiated a strategic project to replace the aging 10" diameter pipeline running from the Kolonnawa Installation to Seram Gate at Colombo Harbour with a new 18" pipeline. This upgrade is part of the company's broader effort to modernize its fuel transportation infrastructure and ensure uninterrupted supply of petroleum products.

Currently, five underground pipelines connect Colombo Harbour to Kolonnawa via land owned by Sri Lanka Railways. However, only two are used for transferring white oil: a recently rehabilitated 12" dia. pipeline and the 75 year old 10" dia. pipeline. Due to the limited capacity and deteriorated condition of these pipelines, marketing companies face increased demurrage costs, prolonged tanker unloading times, and heightened risks of leakage-related losses.

Given the critical need for a safer and more reliable system, CPSTL following consultations with the Ministry of Power and Energy and the Ceylon Petroleum Corporation (CPC) decided to move forward with an 18" dia. pipeline instead of the originally planned 12" dia. pipeline. This decision will significantly enhance throughput capacity and operational efficiency. A detailed route survey was also conducted to determine the exact route for new 18" dia. pipeline within the corridor.

The new pipeline will reduce transfer delays, minimize losses, and improve national energy security. The project is being executed in collaboration with Sri Lanka Railways and other key stakeholders such as the Road Development Authority, Ceylon Electricity Board, Water Board, and Colombo Municipal Council etc. Currently, procurement process for material purchasing and pipeline construction is in progress, and completion of the project is scheduled for 2027.

Proposed pipeline route from Kolonnawa Installation to SLPA Premises

Relocation of the Existing Lanka Bulk Depot Kankesanthurai (KKS)

CPSTL is currently relocating the Lanka Bulk Depot (LBD) in Kankesanthurai (KKS), Northern Province, to a new location on land leased long-term from the Government of Sri Lanka.

The new land, about six acres in size, was leased by CPSTL for 30 years. The relocation is necessary as the government has plans to repurpose the old depot land. Moving to the new site will allow CPSTL to build and expand the depot infrastructure as needed in the future.

The total budget required for this relocation project is LKR 169.6 million. This investment supports the long-term development of fuel storage and distribution in the Northern Province and aligns with national infrastructure plans.

The continued operation of the depot is important to meet current fuel demands in the region and to ensure readiness for future government-led developments in the area. 40% of the project has been completed at present.

Construction of road tanker filling facility

Construction of Tank Farm

Integration of Solar PV Power Generation

This project is part of the company's long-term strategy to improve energy efficiency, reduce operational costs, and align with national goals for increasing the share of renewable energy in the country's energy mix. Following approval by the Board of Directors in 2021, CPSTL obtained the necessary clearances from the Sri Lanka Sustainable Energy Authority (SLSEA) and Lanka Electricity Company (LECO). The project is being implemented in two stages. As stage 1, CPSTL had implemented a 300 kWp rooftop solar photovoltaic (PV) power generation system by connecting to the transformer TF-02 using available rooftop space at the Kolonnawa Oil Installation in July 2024.

As the stage 2, CPSTL has to be implemented a 287 kWp rooftop solar photovoltaic (PV) power generation and procurement process has already been commenced. The project is scheduled to be completed by July 2025.

The successful implementation of this solar PV system marks a significant step forward in CPSTL's efforts to adopt cleaner technologies and contribute to the national renewable energy target, while also lowering the carbon footprint of its operations.

Installation of 300 kWp rooftop solar photovoltaic (PV) power generation system at Kolonnawa Installation

Tank Modification and Installation of Internal Floating Roof (IFR) _ Tank No. 09 & Tank No. 10 at Muthurajawela

CPSTL is implementing a major modification project on Petrol Storage Tanks Tank No 09 and Tank No 10 at the Muthurajawela Terminal. Each tank, with a capacity of 10,000 m³, was commissioned in 2003 for Diesel storage and later converted in 2021 for Petrol storage through the addition of Pressure Vacuum (PV) valves and associated pipeline modifications.

Petrol, being a highly volatile product, is prone to significant evaporative losses in fixed roof tanks, even with PV valve control. Without Internal Floating Roofs (IFRs), vapor space above the liquid allows for increased hydrocarbon emissions, leading to both product loss and elevated fire risk. In contrast, IFRs minimize vapor space by floating directly on the product surface, thereby substantially reducing evaporation, lowering Volatile Organic Compound (VOC) emissions, improving fire safety, and ensuring compliance with best industry practices and environmental standards.

Prior to IFR installation, the tanks will undergo key structural modifications to meet design and operational requirements. These works include the addition of roof air vents to maintain pressure balance, installation of additional manholes to improve internal access, reinforcement of shell nozzles, and other structural adjustments to ensure compatibility with the IFR system.

Recognizing these operational and safety benefits, CPSTL initiated the IFR installation project in 2023. The IFR assemblies are scheduled for delivery by mid-2025, with modification works planned to commence in early 2025. Work will be executed sequentially completing one tank before starting on the other to maintain uninterrupted terminal operations.

Upon completion, this upgrade will significantly reduce petrol evaporation losses, improve product inventory control, enhance safety, and extend tank service life, thereby optimizing the terminal's storage performance.

Proposed Tank No. 09 and Tank No. 10 for IFR Installation

Repairs to Tank No. 21 at Kolonnawa

Tank No. 21 at the Kolonnawa Installation is a vertical cone/fixed roof welded tank with an internal floating roof, constructed in 1998, having a total capacity of 21,324 m³ (Diameter – 41.04 m, Height – 17.06 m). It is currently utilized for storing gasoline and flushing sea water. Repairs to Tank No. 21 were initiated following a comprehensive inspection by CPSTL's Inspection Unit in January 2022, which identified the need for immediate bottom repairs, including patching, weld filling, and full repainting.

Based on the recommendation of the Inspection Unit, CPSTL has decided to proceed with the repair work of Tank No. 21 with the approval of the Board of Directors. The scope of work includes structural repairs and painting.

The planned repairs are expected to extend the operational life of the tank by a further 10 years. Failure to carry out the work promptly would result in the need to replace the entire tank bottom and could reduce the lifespan of the roof shell.

Accordingly, repair work has been started in November 2024 and are currently in progress, with completion scheduled for March 2025.

Repair work is in progress for Tank No. 21

Explosion-Proof Type Lighting Fixtures and Switch Gears at Kolonnawa & Bulk Depots

CPSTL operates 17 filling facilities, including 6 zones at Kolonnawa and 11 bulk depots, with three rail tanker filling gantries over 40 years old. Rising fuel demand in recent years has increased the need for evening operations, prompting a detailed study on lighting requirements. The assessment covered both general lighting for routine tasks such as filling, valve operations, and hose connections, and specific task lighting for delicate work like sealing and dip level readings.

The study found that illumination levels range from 12 lux to 300 lux but are unevenly distributed. Adequate lighting is confined to areas near fixtures, while in-between zones fall to around 20 lux, creating difficulties for operators. This inadequate visibility has caused delays in evening shifts and heightened safety concerns, highlighting the urgent need for improvements in both general and task lighting.

As per the international standard ISO 8995:2020 – Lighting of Indoor Workplaces, a minimum illumination level of 300 lux shall be maintained on the working plane. At present, the illumination across the gantry working platforms is uneven, resulting in reduced efficiency of operations. Therefore, it is proposed to improve the average general lighting level and minimize uneven distribution by introducing new explosion-proof type fittings over the working plane.

The contract was handed over to the Contractor in July 2024 and work is in progress now.

A pilot model was tested at Zone 1 rail gantry to evaluate the feasibility of the proposed lighting arrangement. The illumination system design was carried out using Dialux® software, and the pilot test confirmed that the illumination level on the working plane can be improved from the existing 22 lux to a maximum of 497 lux. This demonstrates that the proposed system is technically viable and will significantly enhance operational efficiency and safety during night-time gantry operations.

Installation of Explosion proof lighting fixtures in gantries at Zone 1

Procurement, Construction & Commissioning of 03 Nos. of 15,000 M³, 02 Nos. 7000 M³ and 01 No. of 5000 M³ Storage Tanks.

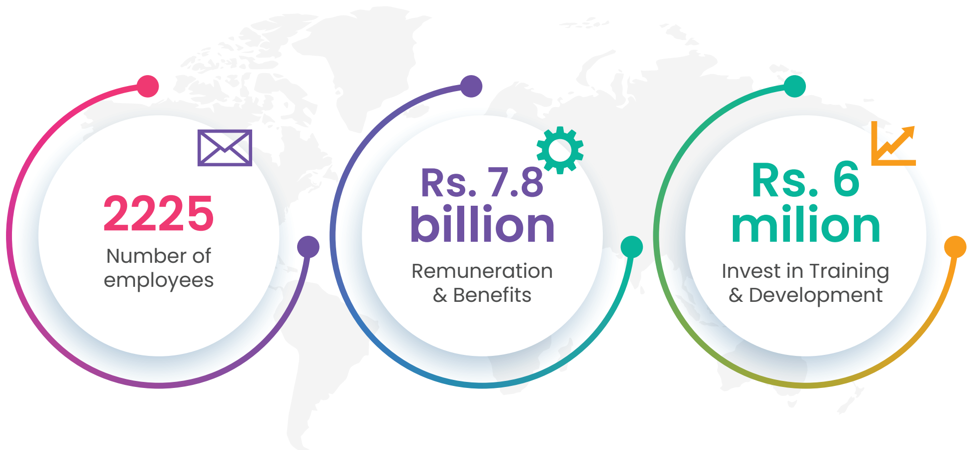
CPSTL has initiated the construction of six storage tanks at the Kolonnawa Installation, with a total capacity of 64,000 m³, at an estimated cost of LKR 2,225 million. The project is scheduled for completion within 40 months and is aimed at enhancing storage capacity to accommodate import cargoes and refinery products, thereby ensuring the country's fuel requirements are met by maintaining approximately 30 days of stock at any given time. As storage and distribution of petroleum products constitute the core business of CPSTL, the contract for the "Procurement, Construction, and Commissioning" of three tanks of 15,000 m³, two tanks of 7,000 m³, and one tank of 5,000 m³ was awarded in October 2019, with completion initially scheduled for February 2023.

No.	Product	Capacity (m3)	Density	Capacity (MT)
Tank No. B	Gasoline 92	15,000	0.745	11,175
Tank No. C	Gasoline 95	15,000	0.745	11,175
Tank No. D	Jet A-1	15,000	0.795	11,925
Tank No. G	Gas Oil 500ppm	7,000	0.840	5,880
Tank No. H	Kerosene	7,000	0.795	5,565
Tank No. J	Gas Oil 10ppm	5,000	0.840	4,200
	Total	64,000		49,920

Due to the contractor's poor performance, CPSTL terminated the contract in January 2022, and discussions are ongoing to reach an amicable settlement with the contractor. In the meantime, recognizing the need to expand storage capacity with the entry of new companies into the petroleum market, CPSTL resolved to proceed with the balance work of the project. A new bid was published on in August 2024, and the procurement process is currently in progress, with project completion now scheduled for 2026.

Construction of foundations of Tank B and Tank D at Kolonnawa Installation

HUMAN CAPITAL

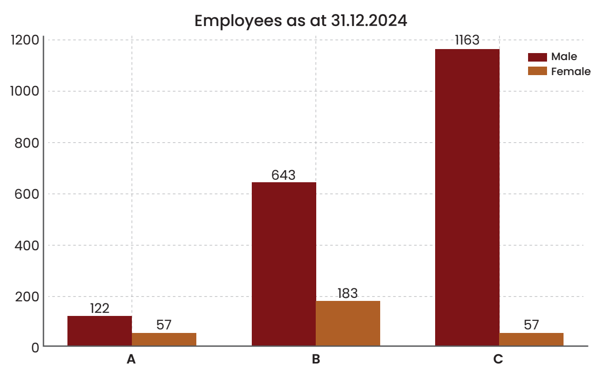


Our People: The Heart of CPSTL:

At the core of our success is our diverse team of over 2,000+ professionals, including engineers, operators, environmental experts, and customer service specialists. Our team's dedication to safety, efficiency, and customer satisfaction is what makes CPSTL a leader in the energy sector.

Our Corporate Responsibility:

We believe that being a successful company means contributing to the broader good. CPSTL takes an active role in community development, environmental conservation, and sustainable business practices. We are committed to supporting Sri Lanka's socio-economic progress while maintaining high ethical standards in all our operations.



Benefits, Rewards and Recognition

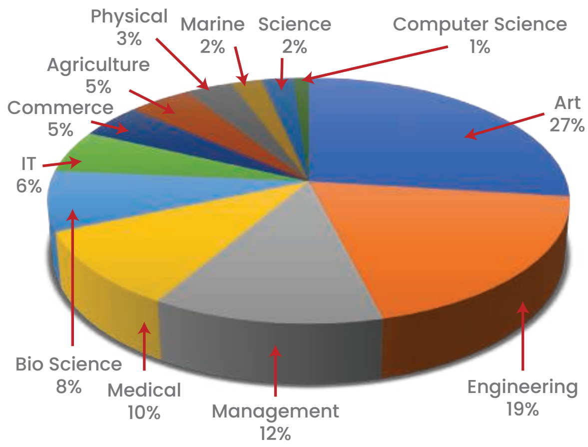
CPSTL's reward structures have been designed with transparency. It is fairly and equitably benchmarked against the grades maintaining uniform standards across the business with no discrepancy between men & women. All employees undergo annual performance appraisals, based on a defined competency framework.

The benefits provided to permanent workforce of CPSTL as follows,

Employee benefits to permanent cadre	Key Regulators & Acts
Leave - Annual leave	14 days
Leave - Casual leave	7 working days
Leave - Medical leave	21 working days
Leave - Maternity leave	84 working days
	Half pay for 84 days
	No pay leave for 84 days
Accident leaves	Employee accident while on duty
Lieu leave	Employee who works on 4 Saturdays of the month can obtain 2 days of leave
Special leave	During special incident (Election, Curfew etc)
Duty leave	On special instances for official duties
No pay leave	For foreign studies, training, workshops etc
Increment	Evaluate employee duties, attendance and behavior
Allowances	Meal allowance, travelling allowance, Terminal allowance, Attendance incentive, Shift allowance, Annual leave incentive, Cost of living allowance, Professional allowance, Weekend allowance, Official telephone benefit etc.
Bonus	Medical bonus, Annual Bonus

Loans - Distress loan	10 months salary, simply concessionary interest rate, recoverable in 60 months
Loans - Housing loan	Purchasing land or houses or house construction. Simply concessionary interest rate, recoverable in 300 months or balance service period of the employee whichever is lower
Loans - House repair loan	For repairing houses, simply concessionary interest rate, recoverable in 120 monthly installments
Loans - Home facilities loan	To purchase furniture. Simply concessionary interest rate, recoverable in 60 monthly installments
Loans - Thrift society loan	03 months' salary. Simply concessionary interest rates, recoverable in 60 monthly installments
Loans - Car loan	Applicable only for executives. Simply concessionary interest rate, recoverable in 60 monthly installments
Loans - Motor cycle & Three-wheeler loan	Simply concessionary interest rate, recoverable in 60 monthly installments
Advances - Festival advance	Interest free. Recoverable in 10 months
Advances - New year advance	Concessionary interest rate, recoverable in 10 months
Advances - School book advance	Interest free. Recoverable in 10 months
Presentation of awards	Depends on the service period of employees
Welfare related benefits	Every employee is entitled to 3 days / 2 nights stay with family at any CPSTL / CPC circuit bungalow; Participation in CPSTL sports club events; Annual picnic; Blood donation campaign; Co-operative shop at CPSTL premises; Cafeteria is maintained at CPSTL premises
Medical benefits	In-house medical officer at CPSTL and also provide free medicine & reimbursement of medical expenses; Medical insurance for hospitalization; Reimbursement of lab testing; Reimbursement of special testing (CT scan, MRI etc)
Death benefit	Death compensation
Thrift society benefits	Death donation including death of employees, and immediate family members; Gratuity is granted as same as statutory gratuity
Retirement provision	Statutory gratuity
Other facilities	Providing uniforms for special duties, Meals for night duty employees

CPSTL serves children of employees by encouraging them for higher education by granting scholarships for undergraduates. During the year 81 scholarships were granted for undergraduates in different fields.



Scholarships granted for children of the employees - 2024

Employees those who have covered particular years of service are felicitated annually by the Company.

Service Period Completed	No. of Employees
20 Years	31
30 Years	7
35 Years	15
40 Years	1

Training and Professional Development

In today's rapidly evolving business landscape, continuous learning is essential to ensure adaptability and sustained success. CPSTL recognizes that its workforce plays a pivotal role in realizing the organization's vision and driving long-term value creation. As such, the development and retention of competitive talent remain central to executing strategic priorities and achieving growth objectives.

Our dedicated Training and Human Resource Development function is committed to fostering the ongoing professional and personal growth of employees. This involves systematically identifying training needs, addressing skills gaps, and promoting a culture of continuous improvement and learning.

Training requirements are assessed through performance feedback mechanisms and structured talent discussions. Employees are encouraged to actively participate in both internal training programs and external initiatives conducted by recognized professional bodies and training organizations.

During the year, CPSTL implemented a range of targeted training initiatives aimed at strengthening employees' technical expertise, enhancing soft skills, and building leadership competencies. Collectively, these efforts resulted in a total investment of 4,424 training hours in employee development.

Programme	Duration	No of Participants	Training Hours
Safety Programme for Hired Bowser Crew	7	58	406
Competency Development Programme	7	9	63
First Aid Programme	7	40	280
Induction Programme for "Newly Recruited Investigation Officers"	7	20	140
Induction to Employee Social Security System in Sri Lanka	7	10	70
Leadership Development Programme	7	12	84
Personal Grooming	7	10	70
Programme for Prosecution Officers of Legal Function	7	12	84
Refresher Training for Tank Gauges	7	23	161
Safety Programme for Hired Bowser Crew	7	416	2912
The Role of the Inquiring Officer	7	10	70
Training Programme for DGMs & HoFs	7	12	84
			4424

The Company is always interested in employee career development and lends its support to employees who wish to join accredited professional bodies, motivates them for professional development and provides financial assistance to pursue MBA and other postgraduate studies. The Company also reimburses annual professional body subscriptions and promotes continuous professional development by reimbursing fees for conferences and workshops held by professional bodies.

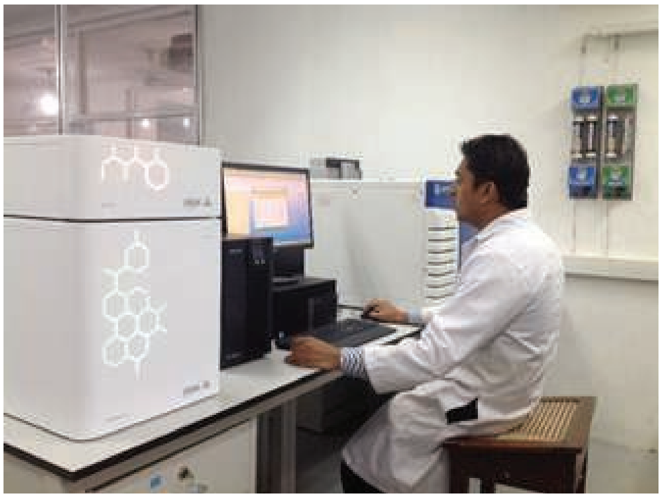

Occupational Health & Safety

CPSTL remains steadfast in its commitment to upholding the highest standards of health and safety across all operational activities, ensuring a secure and injury-free working environment for every employee.

As Sri Lanka's leading petroleum terminals operator, the Company is entrusted with managing highly flammable products an inherently high-risk responsibility. Given our pivotal role in the national energy supply chain, any significant fire incident could have severe consequences for the country's economy. Accordingly, Industrial and Occupational Health and Safety is embedded as a core priority within our operational framework.

To safeguard both people and assets, CPSTL maintains specialized, round-the-clock resources, including:

- **Fire and Safety Function** – A dedicated, fully equipped in-house fire brigade, operating 24 hours a day, 7 days a week, ready for rapid deployment to ensure the safe execution of all operational activities.
- **Medical Centre** – A fully functional facility providing continuous health monitoring and medical emergency response for employees, supported by a 24/7 in-house ambulance service.
- **Laboratory Function** – A state-of-the-art in-house laboratory operates continuously to ensure the highest quality and safety standards across all petroleum products. Equipped with advanced testing facilities and skilled professionals, certification, and product integrity. This ensures that every batch meets stringent national and international benchmarks before reaching the market, safeguarding both operational reliability and customer trust.



The Company accords the highest priority to health and safety, with a strong focus on eliminating operational risks across all activities. Key areas of attention include:

- **Provision and maintenance of machinery, equipment, and work systems** to ensure operational safety and reliability.
- **Safe handling, storage, and transportation of fuel** through robust protocols and industry best practices.
- **Delivery of relevant information, training, and supervision** to equip employees with the skills and awareness needed to perform their duties safely.
- **Maintenance of optimal workplace conditions** to promote employee well-being and operational efficiency.
- **Proactive prevention of health and safety hazards** through systematic risk identification and mitigation.
- **Strict adherence to health and safety instructions** by all employees, fostering a strong safety culture across the organization.

Employee Events

Cricket Match

The Sports Committee successfully organized a friendly inter-departmental cricket match that brought together employees from across the Company. The event was marked by enthusiastic participation, lively cheering, and a strong sense of camaraderie. Teams showcased their skills on the field, demonstrating both competitive spirit and excellent sportsmanship. The match provided employees with an enjoyable break from their daily work routines, encouraged physical activity, and strengthened bonds among colleagues. It was a memorable occasion that highlighted the importance of teamwork, unity, and a healthy work-life balance.

Buddhist Sermons

The Buddhist Association of CPSTL conducts monthly Buddhist Sermons on Poya days within the office premises and warmly invites all employees to participate. In addition, special religious observances are organized on the three main Poya days of the Buddhist calendar - Vesak, Poson, and Esala - to provide opportunities for deeper reflection and spiritual enrichment.

Catholic Sermons

In celebration of Christmas 2024, the Catholic Association of CPSTL organized a festive program featuring a beautifully decorated Christmas tree and crib, symbolizing unity and joy within the organization. A special Holy Mass was held at St.

Joseph's Church, Kolonnawa, under the guidance of Rev. Fr. Priyantha Silva, with active participation from both employees and retired members. The event highlighted the spirit of fellowship and devotion, concluding with prayers for peace, happiness, and blessings for the entire nation.

GOVERNANCE & COMPLIANCE

CORPORATE GOVERNANCE

Declaration by the Board

On behalf of the Board, I wish to confirm that the Board of Directors of CPSTL is firmly committed to observing the application of Corporate Governance principles across the Company and that the Corporate Governance Report provides a fair account of Corporate Governance practices within the Company.

Accordingly, I declare that the Board of Directors and all personnel have acted in compliance with the applicable regulatory and statutory requirements.

D J A S De S Rajakaruna
Chairman

Corporate Governance at CPSTL is structured to foster a robust and effective corporate culture that enhances accountability and transparency across both the Board and Management. It ensures fairness in all transactions and contributes to building public trust in the organization. The primary objective of Corporate Governance is to enable effective, entrepreneurial, and prudent management, which is essential for ensuring the company's long-term success. More broadly, it also encompasses:

- How the vision, mission, objectives and strategy are designed and communicated
- How well the values are complied with
- How risks are managed
- How transparency is promoted
- How to manage operations in sustainable way
- How future leaders are encouraged and developed
- How corporate culture is promoted to enhance stakeholder values

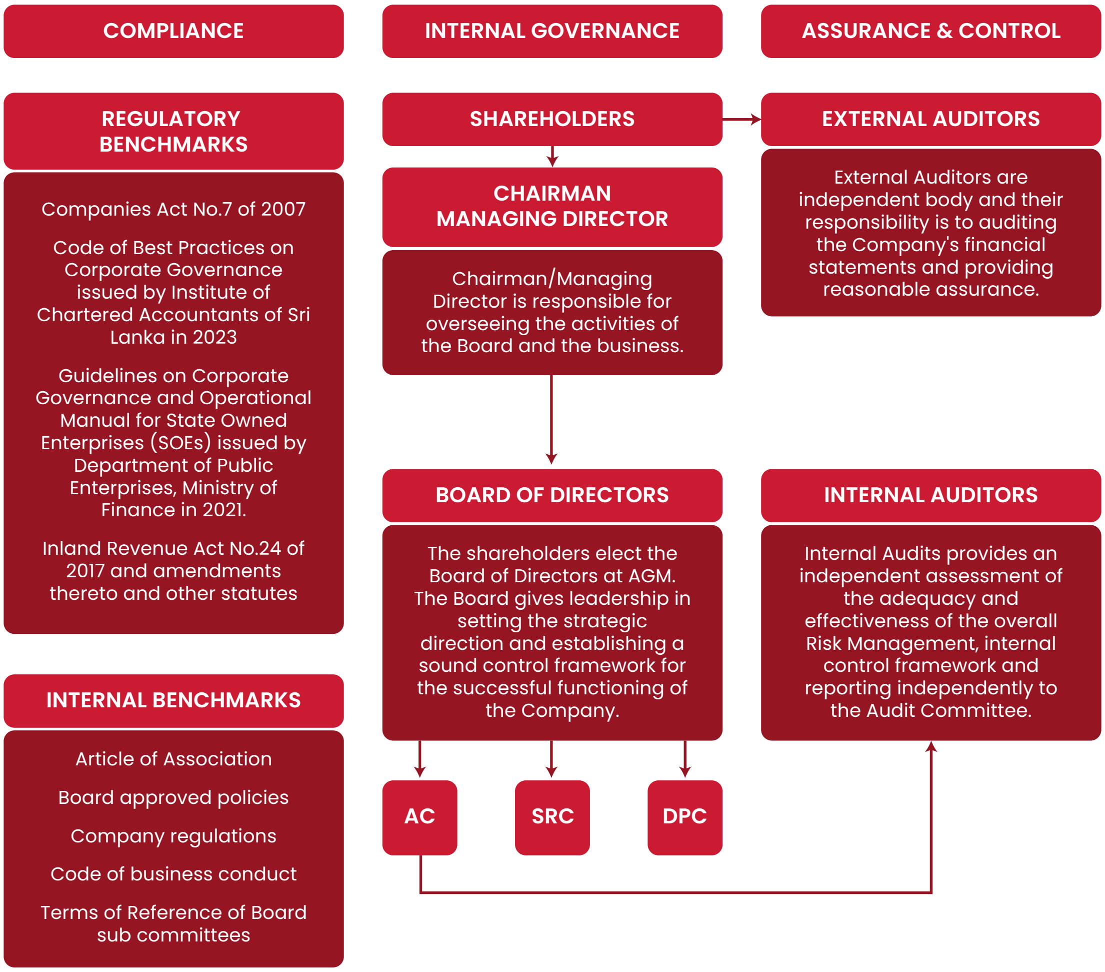
As the main facilitator of storage and distribution of Petroleum Products in Sri Lanka, the organization assures to practice the principles of Corporate Governance in compliance with legislations, regulations and codes set out by regulatory bodies of the country and it adheres with the internal policies & guidelines set out by the Company.

Corporate Governance Structure

The fundamental relationships among the Board, its sub committees, Senior Management, shareholders, regulators and other stakeholders are guided by CPSTL Governance structure.

The Corporate Governance structure at CPSTL can be illustrated under main three pillars of;

1. Compliance
2. Internal Governance structure
3. Assurance & Control



1. Compliance

Corporate Governance practices of Company adheres to the requirements of following frameworks of legislation, codes & voluntary practices.

- Code of Best Practices on Corporate Governance issued by Institute of Chartered Accountants of Sri Lanka in 2023
- Guidelines on Corporate Governance and Operational Manual for State Owned Enterprises (SOEs) issued by Department of Public Enterprises, Ministry of Finance in 2021
- Companies Act No.7 of 2007
- Inland Revenue Act No.24 of 2017 and amendments thereto and other statutes
- Article of Association of the Company
- Board approved policies
- Company regulations
- Code of business conduct
- Terms of Reference of Board sub committees and Management committees

2. Internal Governance Structure

The Board of Directors

The Board is committed to maintain the highest standards of Corporate Governance across all activities of the Company. The purpose of Governance is to create long-term sustainable shareholder value through effective and prudent management.

- **Board Responsibilities**

  Key responsibilities of the Board are as follows;

  - Providing direction and guidance in the formulation of strategies which are aimed at promoting the long-term success of the organization.
  - Providing strategic guidance and evaluating, reviewing and approving corporate strategy and the performance objectives for the Company.
  - Reviewing and approving annual plans and long-term business plans.
  - Monitoring systems of governance and compliance.
  - Approving and monitoring financial and other reporting practices adopted by the Company.
  - Reviewing and approving major acquisitions, disposals and capital expenditure.
  - Determining any changes to the discretions/authorities delegated from the Board to the executive levels.
  - Overseeing systems of internal control and risk management procedures.

- **Board Composition**

  The composition of the Board of Directors as at 31 December 2024 was as follows;

  1. Mr D J A S De S Rajakaruna - Chairman
  2. Dr N K M C Neththikumara - Managing Director
  3. Mr W S Hemantha Kumara - Executive Director
  4. Mr Dipak Das - Director
  5. Mr Avinash Singhal - Director
  6. Mr. Sunil K Maharana - Director
  7. Mr M M Christy Doss - Director
  8. Mr S Hemantha Vijitha Kumara - Director
  9. Mr A J L Wimalaratne - Director

Changes of Directors during the year 2024;

	Name of the Director	Date of Appointment to the Board	Date of resigned from the Board	Position
1	Mr.Saliya Wickramasuriya	10.10.2023	26.09.2024	Chairman
2	Col (Rtd) Priyadarshana Rathnayake	10.10.2023	26.09.2024	MD
3	Mr. E A Rathnaseela	27.01.2020	10.09.2024	NED
4	Mr. Aseem Bhargava	18.08.2021	21.09.2024	NED
5	Mr. Rajesh Bhagat	18.08.2021	21.09.2024	NED
6	Mr. Dharmadasa Panditharatne	09.03.2022	26.09.2024	NED
7	Mr. Manoj Gamage	13.12.2022	26.09.2024	NED
8	Mr Yasiru Lankathilake	31.03.2023	26.09.2024	NED
9	Mr D J A S De S Rajakaruna	26.09.2024		Chairman
10	Dr N K M C Neththikumara	26.09.2024		MD
11	Mr W S Hemantha Kumara	26.09.2024		ED
12	Mr Dipak Das	30.05.2023		NED
13	Mr Avinash Singhal	22.08.2024		NED
14	Mr. Sunil K Maharana	22.08.2024		NED

15	Mr A J L Wimalaratne	26.09.2024		NED
16	Mr M M Christy Doss	03.10.2024		NED
17	Mr S Hemantha Vijitha Kumara	09.10.2024		NED

NED Non-Executive Director MD Managing Director ED Executive Director

The profiles of current Directors on pages 20 to 24 of the Annual Report demonstrate a wealth of experience and sufficient caliber to provide independent judgement on issues of strategy, performance, resources and business practices which is vital to the Company.

- **Board Diversity and Board Balance**

  The Board of Directors is the main component of the Corporate Governance framework. The Board diversity in different skills, knowledge, experience, professional qualifications, age, nationalities aim to benefit with more effective decision making, better utilization of the talent pool and resources.

  During the year under review the Board comprised nine Directors who are having optimal mix of skills, expertise and experience in different fields.

- **Appointment of Directors**

  Directors are appointed to the Board through an Annual General Meeting subject to the terms of Article of Association. In considering candidates for Directorship, the Board will take into account all factors it considers appropriate, including among other things, breadth of experience, understanding of business and financial issues, ability to exercise sound judgement, diversity, leadership, and achievements and experience in matters affecting business and industry.

- **Division of Responsibilities**

  The roles of the Chairman and the Managing Director have been separated since 10th October 2023, with a clear distinction of responsibilities. This separation ensures a balance of accountability and authority between the governance of the Board and the executive management of the Company's operations.

  From 10th October 2023 to 26th September 2024, Mr. Saliya Wickramasuriya served as the Chairman, and Col. (Rtd.) Priyadarshana Rathnayake served as the Managing Director of the Company. Thereafter, Mr. D.J.A.S. De S. Rajakaruna was appointed as the new Chairman, and Dr. N.K.M.C. Neththikumara was appointed as the new Managing Director.

  The role of the Chairman is to provide leadership to the Board, ensure the efficient organization and conduct of its functions, and uphold the integrity and effectiveness of the relationship between Non-Executive and Executive Directors. The Managing Director is responsible for managing the day-to-day operations of the organization in accordance with the strategic direction, policies, and procedures approved by the Board of Directors.

  Operations of CPSTL can be divided into sub categories namely, Operations in Kolonnawa installation, Operations in Muthurajawela Terminal, Oil Facility Office at Port of Colombo and Operations in Lanka Bulk Depots in island wide. Muthurajawela Terminal Operations headed by Terminal Manager (Muthurajawela). Operation Manager (Offshore Operations) is the head of Oil Facility Office at Port of Colombo and Lanka Bulk Depots are headed by Depots' Superintendents under the supervision of Deputy General Manager (Operations).

- **Board Meetings and Attendance**

  Regular Board meetings are held monthly, while special Board meetings are convened as and when required. Senior Managers also attend meetings on invitations.

  The Board meetings are conducted on a formal agenda and Directors are provided with relevant comprehensive background information by corporate Management prior to meetings. There were 12 Board meetings during the year 2024.

The attendance of Directors at these meetings is set out in the table below;

Board Meeting Attendance													
	Name	24 Jan	28 Feb	24 Apr	31 May	7 Jun	10 Jul	17 Jul	22 Aug	20 Sep	10 Oct	8 Nov	11 Dec
1	Mr Saliya Wickramasuriya	P	P	P	P	P	P	P	P	P			
2	Col (Rtd) Priyadarshana Rathnayake	P	P	P	P	P	P	P	P	P			
3	Mr Dipak Das	P	P	P	P	P	P	P	P	P	P	P	P
4	Mr E A Rathnaseela	P	P	P	P	P	P	P	P	Ab			
5	Mr Aseem Bhargava	P	P	P	P	P	P	P	P				
6	Mr Rajesh Bhagat	P	P	P	P	P	P	P	P				
7	Mr Dharmadasa Panditharatne	P	P	P	P	Ab	P	Ab	Ab	Ab			
8	Mr Manoj Gamage	P	P	P	P	P	P	P	P	Ab			
9	Mr Yasiru Lankathilake	P	P	P	P	Ab	P	P	P	Ab			
10	Mr Avinash Singhal									P	P	P	P
11	Mr Sunil K Maharana									P	P	P	P
12	Mr D J A S De S Rajakaruna										P	P	P
13	Dr N K M C Neththikumara										P	P	P
14	Mr W S Hemantha Kumara										P	P	P
15	Mr M M Christy Doss										P	P	P
16	Mr S Hemantha Vijitha Kumara										P	P	P
17	Mr A J L Wimalaratne										P	P	P

P-Present Ab-Absent

- **Delegation of Authority and Committees**

  Other than the matters reserved for the Board, the Board has delegated authority to Board Sub Committees.

  The Board is supported by the following Committees which have been delegated with specific responsibilities;

  a. Audit and Management Committee

  The Audit and Management Committee is appointed by the Board of Directors of the Company and reports directly to the Board. The Audit and Management Committee functions within the overall Governance process established by the Board of Directors of the Company and assists the Board in effectively discharging its responsibilities.

  CPSTL Audit and Management Committee consists of 03 members who are Non-Executive Directors appointed by the Board of Directors. The composition and functions carried out by the Audit and Management Committee are presented on page 74 of the Annual Report.

  b. Stock Review Committee

  Stock review committee is held weekly with the participation of CPSTL staff and representatives of CPC and LIOC. The stock position is reviewed, and the requirement for the next three months is preplanned. The Quantity to be imported, is identified after considering the forecasted demand in the country, the refinery production capabilities and the tank storage capacity. Regular close monitoring enables the Corporation to ensure uninterrupted supply of fuel in the country.

  c. Departmental Procurement Committee

  The Company follows the guidelines issued by the National Procurement Agency for the purchase of products, goods, work and services, through TEC (Technical Evaluation Committee) and DPC (Department of Procurement Committee) functions to ensure the transparency of Procurement function, minimize supply delays and to obtain financially the most advantages and qualitatively best services and supplies to the Company.

The committee is headed by Chairman/ Managing Director of CPSTL and comprises of Deputy General Manager-Operations and representative from the Ministry of Petroleum Resources Development.

- **Board access to Information and resources**

  Directors have unrestricted access to Management and organization information, as well as the resources required to carry out their duties and responsibilities effectively. Executive Management makes presentations on matters including business performance against operating plans, strategy, Financial Management, Costing, Asset Management, Risk Management, Compliance and Regulatory changes. Access to independent professional advice and information, is available to Directors at the Company's expense where it is considered necessary.

- **Company Secretaries**

  Deloitte Corporate Services (Private) Limited acts as Secretaries to the Board, guiding the Board on discharging its duties and responsibilities and promoting best practices in Corporate Governance. All Directors have access to the Company Secretary. The Company Secretary coordinates scheduling of Board meetings and other Sub – Committee meetings, keeping minutes and other relevant records.

3. Assurance and Control

- **Financial Reporting**

  The Board of Directors is responsible for true and fair view presentation of financial statements. The financial statements are prepared in accordance with Sri Lanka Accounting Standards (SLAS) prefixed both SLFRS and LKAS and Audit Committee has reviewed and discussed the financial reports prior to publication with the Management and external auditors including the extent of complicate with Sri Lanka Accounting Standards, the appropriateness and changes in accounting policies and material judgmental matters.

- **Transparency & compliance**

  The Board is responsible to maintain transparency in all its transactions and to ensure strict compliance with laws and regulations while preserving the ethical standards, labour and human rights and Company policies.

  - The internal controls system of the Company is designed in accordance with the provisions of the Ceylon Petroleum Corporation Act No. 28 of 1961 and Finance Act No. 38 of 1971.
  - In compliance with Finance Act.38 of 1971, the Auditor General carries out the External Audit of the organization and financial statements are published annually and tabled in Parliament.
  - To ensure accountability, the organization adheres to new Sri Lankan Accounting Standards (SLFRS/LKAS) and other relevant regulations.

- **Internal Controls**

  The Board ensures a sound and effective internal control system is properly established and maintained to provide reasonable assurance regarding the achievement of effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations as well as Risk Management. It confirms the integrity of financial and accounting information, meet operational and profitability targets and transmit management policies throughout the organization. It is crucial to state that any internal control system can ensure only a reasonable assurance and not absolute assurance that errors and irregularities will be presented or detected within a reasonable time period.

  The Internal Audit Function ensures the organization is efficiently operating within the established internal control system of CPSTL.

- **Internal Audit**

  Internal audits are conducted by the Internal Audit Division which is independent of Management. The objective of an internal audit is to keep stringent control over all the activities of an organization. The Management needs assurance of the authenticity of the financial records and the efficiency of the operations of the organization. An internal audit helps establish both. It ensures the proper internal control system is maintained within the organization in line with the laid down procedures, rules and regulations.

The scope of Internal Audit Division is as follows;

- To ensure that all business transactions are properly authorized before execution, in accordance with existing rules and regulations.
- To ensure all accounting information is properly recorded in SAP as well as primary records are accurately maintained, and relevant statistics and control data are properly designed to ensure efficient Management.
- To ensure that the financial accounting statements reveal a true and fair view of the status of the organization.
- To assess the efficiency of systems of internal control in operation.
- To adapt the system-based approach to review and appraise;
    - the design and operation of all systems and procedures which are intended to control a department's operation including those used by Management to measure the extent to which programs and other operations run by the department are successful in achievement of policy objectives.
    - the degree of compliance with legislation and other requirements laid down and Management plans, procedures and policies.
    - the acquisition, disposal and safeguarding of assets and interest from losses, including those arising from fraud, malpractice and irregularity.
    - the arrangements for the economic and efficient use of resources and avoid waste.
    - the adequacy, reliability and integrity of the information being provided for decision making and for accountability, and the extent to which this information is used.

- **External Audit**

External Auditors are responsible for auditing the Company's financial statements and providing reasonable assurance on fair and true representation of the Company's financial position and performance.

In compliance with Finance Act.38 of 1971 and National Audit Act 2018, the Auditor General carries out the External Audit of the organization and financial statements are published annually and tabled in Parliament.

Compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2023.

Code Reference	Corporate Governance Principle	Details of compliance	Status of compliance
A	Directors		
A.1	The Board	The Board gives leadership in setting the strategic direction and establishing a sound control framework for the successful functioning of the Company.	Complied
A1.1	Regular Board meetings	• Board meetings are held monthly, while special Board meetings are convened as and when required. • The attendance of Board meetings is described in the table on page 56	Complied

A1.2	Roles & Responsibilities of the Board	The Board is to provide entrepreneurial leadership by undertaking responsibilities for; • Strategy formulation & implementation. • Skills and succession of the key Management personnel. • Integrity of information, internal controls, business continuity and Risk Management. • Compliance with laws, regulations and ethical standards. • Consideration of all stakeholder interests in decision making. • Sustainable business development. • Adopting appropriate accounting policies and compliance with financial regulations.	Complied
A1.3	Act in accordance with the laws of the country.	The Board ensures the Company is compliant with all applicable, rules, laws and regulations.	Complied
A1.4	Access to the advice and services of the Company Secretary	• Deloitte Corporate Services (Private) Limited acts as Secretaries to the Board, guiding the Board on discharging its duties and responsibilities and promoting best practices in Corporate Governance. • The Secretary also informs the Board of any new laws and regulations that will need to be adhered with.	Complied
A1.5	Independent Judgement	Equal opportunity is available for Directors to express their views independently on matters relating to the Board.	Complied
A1.6	Dedicate adequate time and effort to matters of the Board and the Company	All Directors are provided with Notice, Agenda and Board papers in advance of each meeting to ensure that Directors have sufficient time to review the same and call for additional information or clarifications if required.	Complied
A1.7	If necessary, in the best interest of the Company, one-third of the Directors can call for a resolution to be presented to the Board.		Not applicable
A1.8	Board induction and training.	The Directors are regularly updated by the Chairman, Managing Director and Senior Management on the relevant information regarding internal and external environment.	Complied
A.2	Division of responsibilities between the Chairman and CEO	During the year under review, the roles of Chairman and Managing Director were separated to ensure clarity of responsibilities and governance.	Complied
A.2.1	Justification of combining roles of Chairman and CEO in one person.		Not applicable

A.3	Chairman's role in preserving good Corporate Governance	The Chairman provides leadership to the Board and ensure, • The effective participation and contribution of the Directors. • The views of Directors on issues under consideration are ascertained. • The Board is in complete control of the Company's affairs and alerts to its obligations to all stakeholders.	Complied
A.4	Availability of financial acumen	There are two finance professionals in the Board to possess the necessary financial knowledge and expertise to guide the Board in managing the financial matters of the Company. • Mr. Avinash Singhal is a Commerce Graduate from Hindu College, Delhi University and a Chartered Accountant from the Institute of Chartered Accountants of India. • Mr. Wimalaratne holds a Master of Public Management (MPM) from the Sri Lanka Institute of Development Administration (SLIDA) and is a passed finalist of the Association of Chartered Accountants. He is also a Senior Member (SAT) of the Association of Accounting Technicians of Sri Lanka, a Certified Business Accountant (CBA) with the Institute of Chartered Accountants of Sri Lanka, and a Member of the Association of Public Finance Accountants of Sri Lanka.	Complied
A.5	Board Balance	Out of the nine Directors as at 31 December 2024, six are Non-Executive Directors. (NEDs)	Complied
A.6	Provision of appropriate and timely information	The Board papers and Agenda are circulated in advance to provide an adequate briefing on relevant information to Directors prior to the scheduled meeting.	Complied
A.7	Appointments to the Board	Directors are appointed to the Board through an Annual General Meeting subject to the terms of Article of Association. The changes of the Director Board during the year 2024 is depicted in the table on pages 54 to 55	Complied
B	Directors' remuneration		
B.1	Establish process for developing policy on executive and Director remuneration.		Complied
B.2	Level & Make Up of Remuneration		Complied
B.3	Disclosure of aggregate Board remuneration paid	Financial Information-Detailed Income Statement	Complied
C	Relations with Shareholders		
C.1	Constructive use of Annual General Meeting (AGM) and conduct of General Meetings		Complied

C.2	Communication with shareholders	Company has proper channel with other two shareholders to disseminate timely information.	Complied
C.3	Directors should disclose to shareholders all proposed material transactions including related party transactions		Complied
D	Accountability & Audit		
D.1	Financial Reporting	• All efforts are taken to ensure that the Annual Report presents a balanced review of financial position, performance, business model, Governance structure, risk management, internal controls, challenges and opportunities. • In preparation of Annual Report and other Interim Reports Company complied with relevant laws and regulations applicable to the Company. • The below mentioned disclosures are included in Annual Report as guided by the Code. i. Management Discussion and Analysis on pages 30-50 ii. Annual Report of the Board of Directors on pages 71-73 iii. Statement of Director's responsibilities in relation to the financial statements of the Company on page 86 iv. Statement on going concern v. Directors' statement on internal control on page 71 vi. Independent Auditors' report on pages 78-85 vii. Chairman's & Managing Director's statement of responsibility on pages 16-19 viii. Related party transactions disclosed in Note 19 to the financial statements ix. No serious loss of capital to summon. • Company has presented other Interim Reports required by the Ministry as per the Government Circulars.	Complied
D.2	Risk Management and Internal Control	A sound Risk Management framework is adopted by the Company consisting of policies, internal controls and periodic monitoring with the guidance of the of the Audit Committee and with the assistance of Internal Audit Department. These are described in the Risk Management section on page 63-70 and Audit and Management Committee Report on page 74-76	Complied
D.3	Audit Committee	The Audit Committee comprised of 03 members who are Non-Executive Directors appointed by the Board of Directors. It is supported by the Internal Audit division. The composition and functions carried out by the Audit Committee are presented on page 74-76 of the Annual Report.	Complied
E	Institutional Investors		
	Shareholder Voting	All institutional shareholders are encouraged to participate at shareholder meetings and their views are communicated to all concerned.	Complied
	Evaluation of Governance Disclosures	The Annual Report describes the Corporate Governance process.	Complied

G	Internet of Things and Cybersecurity		
	The Board should have a process to manage the cyber risks and how the IT devices within and outside the Company connect to the organization network.	• Disaster Recovery Management Centre (DRMC) project is going on. • Implementation of network protection technology to manage network perimeter defense, data loss, cyber-spoofing, distributed denial of service attack, mobile devices and monitor suspicious cyber activities together with regular testing and verification of controls. • Backup server & recovery server Further details are described in the Risk Management Report on pages 63 -70	Complied
H	Environmental and Social Factors Governance Reporting (ESG)		
	Providing an adequate disclosure of the ESG performance	The Annual Report provides a holistic review of performance. The performance of the various capitals used by the group are described in separate sections of the report.	Complied

RISK MANAGEMENT

CPSTL firmly upholds the importance of sound Risk Management practices for ensuring sustainable long-term growth. Our overarching objective is to enhance the enduring value of all our organizational endeavors. This commitment extends to a thorough consideration of both the potential advantages and disadvantages associated with factors that could adversely impact our ongoing operations. Our approach to Risk Management is characterized by its continuous and adaptive nature, making it a pivotal element in the successful execution of our corporate strategy.

The business risks faced by our company are influenced by several factors, and it's important to acknowledge that not all these factors fall under our direct control. These externally driven challenges, in tandem with general business risk exposures encompassing corporate reputation, security, environmental concerns, health and safety considerations, product quality, and information technology, are vigilantly and consistently assessed as integral components of our comprehensive Risk Management process.

Enterprise Risk Management (ERM) Framework

Risk Management is a vital component of CPSTL's corporate governance framework, seamlessly integrated into management decisions, strategic planning, and daily operations. The company recognizes that effective risk management is essential for maintaining operational continuity, particularly given its critical role as the custodian of bulk petroleum products on behalf of CEYPETCO, LIOC, SINOPEC, and RM Parks. Operating in a high-risk environment, CPSTL places strong emphasis on proactively identifying and mitigating potential threats to ensure business objectives are not disrupted by unforeseen events. Embedding risk considerations into business planning, reporting, auditing, and information systems enables the company to adopt a structured and forward-looking approach to risk mitigation.

The company has developed a robust and comprehensive enterprise-wide framework for risk governance. This Framework integrated with the organization's culture forms the cornerstone of effective Enterprise Risk Management (ERM). The organizational culture reflects the company's ethics, including its values, beliefs, attitudes, and overall understanding of risk. It plays a crucial role in embedding a risk-aware mindset across all levels of the organization and aligning behavior with the company's strategic objectives.

A strong risk culture reinforces accountability, ethical decision-making, and openness in discussing and addressing risks. It ensures that risk considerations are integrated into daily operations and strategic decision-making processes. Moreover, the Framework supports the creation of an environment that encourages timely and transparent communication of risk information, enabling the organization to respond proactively to threats and capitalize on opportunities.

The Framework provides a structured and consistent approach for identifying, assessing, managing, and monitoring risks across the company. It ensures that all employees, from frontline staff to senior leadership, understand their roles and responsibilities in managing risk, thereby promoting a unified and aligned risk management effort.

The framework is made up of **six key, interconnected components,** each playing a crucial role in supporting a risk-aware culture and effective decision-making.

I. **Definition of Risk, Risk Management, and Enterprise Risk Management**

   Clarifies key concepts to establish a common understanding across the organization.

II. **Mission, Vision, Core Values, and Guiding ERM Principles**

   Provides strategic context and the foundational values that guide risk management practices.

III. **Risk Appetite**

   Defines the amount and type of risk the organization is willing to accept in pursuit of its objectives.

IV. **Management Objectives**

   Aligns risk management activities with business goals and performance outcomes.

V. **Enterprise-wide Risk Governance Structure**

Describes roles, responsibilities, oversight mechanisms, and reporting lines that support ERM governance and accountability across the organization.

VI. **Risk Management Process**

Outlines the systematic steps for identifying, assessing, mitigating, monitoring, and reporting risks.

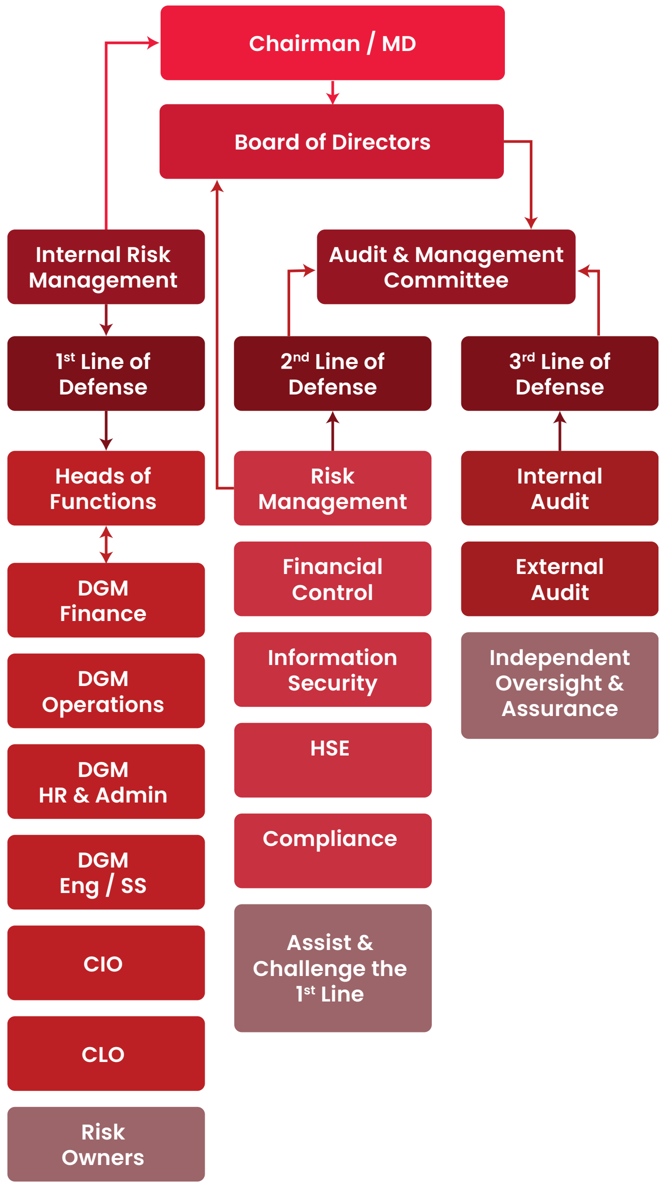
Together, these six components form a comprehensive and integrated Enterprise Risk Management (ERM) Framework that embeds risk awareness into CPSTL's culture, strategy, and daily operations. By aligning risk management with CPSTL's strategic objectives, clearly defining responsibilities across the organization, and implementing a structured process, CPSTL is better positioned to proactively manage uncertainties, ensure operational resilience, and support long-term value creation for all stakeholders. This framework reinforces CPSTL's commitment to transparency, accountability, and sustainable growth in a dynamic and risk-sensitive environment.

Risk Governance Structure

Risk governance is a fundamental component of the company's overall corporate governance framework. It ensures that Risk Management is embedded at all levels of the organization and is effectively integrated into strategic planning, decision-making, and day-to-day operations. A well-structured risk governance framework promotes accountability, enhances transparency, and supports the achievement of long-term organizational objectives.

The company's Risk Governance Structure defines clear roles and responsibilities for managing risk across the organization. These roles are distributed among various stakeholders with oversight, operational, and review functions, ensuring a comprehensive and coordinated approach to risk management.

This structure is closely aligned with the Three Lines of Defense Model, a widely recognized best practice framework that distinguishes between the different layers of risk management and accountability.



Risk Management Process

Risk Management is a continuous process and integrated in to the performance review and decision-making processes of the Company. The purpose of Risk Management is to identify potential problems before they occur, so that risk-handling activities may be planned and invoked as needed or project to mitigate adverse impacts on achieving objectives. The Risk Management process consists of the following key steps:

1. **Establish the Context**
   Define the internal and external environment in which the organization operates, along with the objectives, scope, and criteria for managing risk. This step sets the foundation for the entire risk management process.

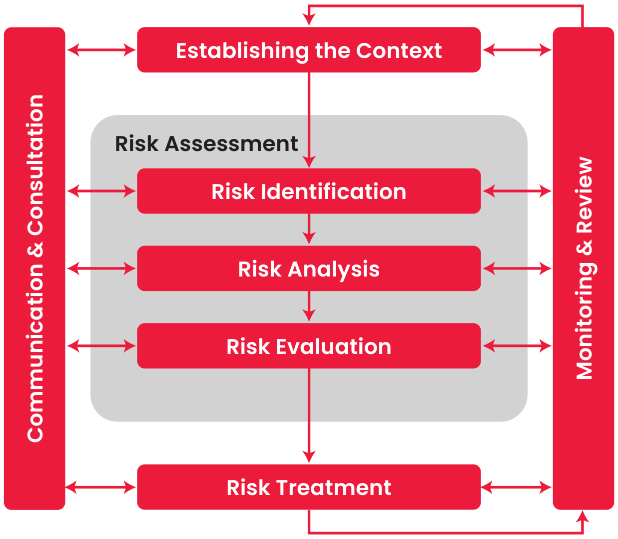
2. **Risk Assessment**
   A systematic process for identifying, analyzing, and evaluating current, emerging, and potential risks from both internal and external sources. It helps determine the significance of risks in relation to the achievement of business objectives.

3. **Risk Treatment / Risk Mitigation**
   Actions taken to manage risks based on their nature and assessed level. Treatment options may include avoiding, transferring, reducing, or accepting the risk, depending on its severity and likelihood.

4. **Reporting, Monitoring, and Review**
   A continuous process that ensures risks and control measures are regularly reviewed and updated. It helps identify changes in the risk environment and ensures risk management strategies remain effective.

5. **Communication and Consultation**
   An ongoing process integrated throughout the risk management framework. It ensures that employees, according to their roles, are aware of the organization's risk strategy, priorities, and responsibilities.

The Board of Directors has a key role in overseeing the risk management framework, ensuring effective internal communication processes, and taking responsibility for the external reporting of risk management and internal controls.



Overview of Key Risks Affecting the Company		
Risk	**Key Drivers**	**Mitigation Strategies**
Competitor Risk		
Competition from other Terminal Companies that can supply our customers with comparable storage capacity at a lower price could adversely affect our financial condition and results of operations. With the amendment of the Petroleum Products (Special Provisions) Act No. 33 of 2002, through the bill passed on October 21, 2022, private parties have also been granted licenses for the import and distribution of petroleum products in Sri Lanka which may create a competitor risk in future.	• CPSTL faces competition from other Terminal Companies (CPC & LIOC) who are the two shareholders of the CPSTL. • Granting private players entry into the petroleum industry may increase the risk of competition in the future.	• The expansion of existing terminals such as by increasing storage capacity or otherwise. • Enhance the bowser fleets. • Higher service standards are maintained by recruiting, training and coaching employees with the right caliber. • To be ahead with our competitors, we focus continuously on innovation through research and development to cater to the changing customer preferences by applying new technologies.
Employee Retention Risk		
Our future success depends upon the continued service of our executive officers and other key personnel. If we lose the services of one or more of our executive officers or key employees, our business, operating results, and financial condition could be harmed. Due to the ongoing uncertainty in the country over the past few years, there has been a trend of skilled migration, which could potentially impact the company through the loss of experienced employees.	• Economic and political uncertainty in the country • Employee disappointment on existing promotion scheme and procedures. • Lack of carrier development opportunities. • Feeling under valued • Poor leadership • Lack of flexibility	• Succession planning for key roles. • Establishing Key Performance Indicators (KPIs) across all levels of the organization, which will be directly tied to future decisions regarding promotions, salary increments, bonuses and career development. • Implement the “Skill Fit” program to high quality talent. • Maintaining employee motivation through strong employee value proposition which features employee recognitions, appraisals and promotions. • Opportunities for career progression. • Continuous engagement and hosting social and welfare events. • Continued investment in training and development and structured training program covering all employees.
Economic Risk		
Our financial results depend on the demand for the light refined products, heavy refined products, crude oil and other related services that we perform at our terminals.	• Implication of pricing formula to crude oil will cause to change fuel prices constantly according to the price per barrel in global market. • Government policies on duties/taxes, interest rates, inflation, energy prices have a direct impact on demand on fuel products.	• Investments in short-term and long-term financial instruments are in place to face uncertain financial crises arising through adverse economic factors. • Improving income from other sources i.e., Laboratory testing charges, Training to private bowser/porter charges, Servicing fire extinguishers, Calibration charges, Rental Income etc. • The government has taken measures to mitigate the risk of fuel supply disruptions caused by the foreign currency crisis by liberalizing the petroleum industry. This move allows private players to enter the market, which can help ensure a continuous fuel supply and potentially alleviate the pressure on foreign currency reserves.

Political Risk		
The company may face several political risks, given that it operates in the petroleum industry in Sri Lanka, where political and regulatory factors can significantly impact the business environment. Some potential political risks that CPSTL may encounter include:	• **Regulatory Changes:** Amendment of Petroleum Products (Special Provisions) Act No. 33 of 2002, to liberalize the petroleum industry in Sri Lanka. • **Fuel Price Controls** • **Government Policy Changes:** The 2024 presidential election led to significant policy changes and the introduction of various economic reforms. Shifts in government policies related to the petroleum industry, including pricing regulations, taxation, and import/export policies, can directly affect CPSTL's operations and profitability. • **Foreign Exchange Controls:** In response to currency crises or economic challenges, the government may impose foreign exchange controls that affect CPSTL's ability to access foreign currency for imports and payments. • **Geopolitical Tensions:** Sri Lanka's geopolitical relationships with neighboring countries and global powers can impact the petroleum industry and introduce uncertainty.	• To mitigate these political risks, CPSTL may engage in proactive risk management and government relations efforts. This could involve ongoing dialogue with government officials, adherence to regulations and compliance standards, • Diversification of business operations.
Employee Relations Risk		
Around 99% of our employees are unionized as we recognized the right to freedom of association. For example, several protests were conducted during the year against the privatization of government organizations and the amendment of the Petroleum Act	• Unionized labour strikes may cause unwanted disruptions.	• Strengthening relationships with trade unions and using this as a platform to resolve grievances before they escalate into risk threats. • Regular structured dialogue with union representatives to identify areas of concerns • Open door policy for employees to discuss areas of concern.

Natural Hazards & Uncertainties		
Our operations may be affected by natural disasters and other events beyond our control.	• Interruptions from floods, landslides, severe storms. • Acts of terrors.	• Insurance covers are obtained against certain risks identified. • Since the Company is a nerve centre of the economy, high security measures and controls are implemented.
Operational Risk		
Operational related hazards may affect to Company.	• Unexpected leakages / damages to pipe lines may cause operational delay. • Disruptions in supply infrastructure or logistics. • Accidents • Large scale fires	• Regular servicing and maintenance of pipelines to minimize leakages and damages. • Employees are adequately trained to minimize any harmful effect. • CPSTL has dedicated In- House Fire Unit.
Legal Risk		
Our operations are subject to legal and Sri Lanka laws and regulations relating to product quality specifications, and we could be subject to damages based on claims brought against us by our dealers as a result of the failure of products we distribute to meet certain quality specifications.	• Legal requirement on product quality specifications or blending requirements including vapor pressure, Sulphur content, ethanol content and biodiesel content. • Violations of product quality laws attributable to our operations could subject us to significant fines and penalties as well as negative publicity. • Off-specification (Substandard) product distributed for public use, could result in poor engine performance or even engine damage which could result in liability claims regarding damages and negative publicity.	• CPSTL has sophisticated laboratory for any kind of petroleum fuel tests and followed Stringent quality control mechanisms and compliance with regulatory and certification.

<table>
<tr><th colspan="3">Health, Safety & Environmental Risk</th></tr>
<tr>
<td>We may incur significant costs and liabilities in complying with environmental, health and safety laws and regulations, which are complex and frequently changing.</td>
<td>• The operational activities are coming under high-risk category since the flammability of the key products handling by the Company. The small mistake can ignite a large-scale fire which will cause to cripple the Company operations as well as the economy of the country.
• Storage, handling and transportation of petroleum products may cause to the emission and discharge of harmful materials & gases into the environment
• our business is inherently subject to accidental spills, leakages, discharges or other releases of petroleum or hazardous incidents into the environment and neighboring areas, for which we may incur substantial liabilities to investigate and remediate.
• Failure to comply with applicable environmental, health, and safety laws and regulations may result in the assessment of sanctions, including administrative, civil or criminal penalties, permit revocations, and injunctions limiting or prohibiting some or all of our operations.</td>
<td>• CPSTL has dedicated In House Fire Unit, First Aid Training, Fire Drills, Safety Training and Awareness programs. Fire safety equipment are constantly checked and ensure that are in peak condition. i.e., Servicing and testing of fire siren regularly, oiling and testing office equipment, drenchers and horses are done regularly.
• CPSTL is periodically dispose Sludge oil with proper tendering process and ensure that waste would not damage the environment.
• Wastewater discharging system is regulated to retain the quality of wastewater within the required standard.
• Proper garbage separation and dispose system is implemented.
• Employed well trained staff for handling pipeline / offshore leakages.</td>
</tr>
</table>

Cyber Risk		
We utilize technology systems to operate our assets and manage our businesses. A cyber-attack or other security breach of our information technology systems could result in a breach of critical operational or financial controls and lead to a disruption of our operations, commercial activities or financial processes.	• Impact of cyber incidents via a targeted attack from hackers, collateral damage as a result of a non-targeted attack, insider attack, an accidental cyber incident or any combination of these.	• Implementation of network protection technology to manage network perimeter defense, data loss, cyber-spoofing, distributed denial of service attack, mobile devices and monitor suspicious cyber activities together with regular testing and verification of controls. • Fully operationalized Disaster Recovery Management Centre (DRMC). • Backup server & recovery server.
Risk on Inventory, Property and Equipment		
Due to the flammable nature of storing products any inadequate/ ambiguity in insurance cover may result in dishonor of insurance claims by the insurance companies.		• Insurance obtained from reputed Companies registered under IBSL. • CPSTL has taken adequate insurance policies like Fire & Commercial Insurance, Hull policy (Offshore pipeline), Product insurance, Vehicle insurance, Storage Tanks & Equipment insurance etc.
Non availability/ limited availability of contractors for specific works related to Oil Terminal Industry		
Impact the speed of execution of works and higher cost of work.		• Local parties being developed by entrusting them with jobs. • Enabled participation of foreign capable parties as Consortium partners with the local parties.
Risk on Local Community Relations		
Empowering and contributing towards the Socio-economic progress of the Communities we operate in is crucial for the image of the Company.		• High level of community engagement and nurturing meaningful relationships with our communities. • Investment in ongoing community development projects.
Frauds & Illegal Acts		
Risk of management fraud, employee fraud and other illegal acts		• CPSTL has a seperate Internal Audit division to provide independent assurance on Internal Control Processes. • Delegation of authority has been set out for each process under the supervision of sectional Heads and the guidance of the Internal Audit Division. • Integrity of financial statement evaluated by external auditors.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

ANNUAL REPORT OF THE DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board of Directors have pleasure in presenting the Annual Report for the year ended 31st December 2024 on the affairs of the Company prepared in terms of the provisions of the Companies Act No. 7 of 2007.

Principal Activity

The principal activity of the Company is the Common User Facility (CUF) established to facilitate the petroleum storage & distribution activities in Sri Lanka and to own and operate the storage and distribution infrastructure of Ceylon Petroleum Corporation (CPC) consisting of Oil Terminals, Storage Facilities, Pipelines and the Bowser Fleet, more fully described in the Government Gazette extraordinary bearing No. 1310-8 dated 13th October 2003 and the right to use and/or leasehold rights enjoyed by Ceylon Petroleum Corporation pertaining to the installations at Kolonnawa and Muthurajawella, bulk depots island wide and the related facilities, oil facilities at Colombo Port, and the ownership and/or the functions and/or the rights of Ceylon Petroleum Corporation pertaining to pipelines from Single Point Buoy Mooring to Muthurajawela installation, Colombo Port to Kolonnamwa installation and their branches upto the customer's battery limits, Galle Harbour to Magalle bulk depot, and internal pipelines within the installations and bulk depots referred above.

Review of Operations and Financial Highlights

The operation has shown revenue of Rs. 18,898,875,688/- with a Net Profit of Rs. 3,381,228,846/-

Particulars	31.12.2024 Rs.	31.12.2023 Rs.
Turnover	18,898,875,688	10,150,031,584
Profit Before Taxation	4,998,057,255	(314,493,117)
Profit / (Loss) After Tax (PAT)	3,381,228,846	36,611,411

Stated Capital

The Stated Capital of the Company as at 31st December 2024, was Rs. 7,500,000,000/=. The distribution of shareholdings is as follows.

	Ordinary shares
Ceylon Petroleum Corporation	500,000,000
Lanka IOC Limited	250,000,000

Property Plant & Equipment

The movements in property, plant and equipment during the year are set out in Note 10. to the Financial Statement.

Dividend

Directors did not recommend a dividend for the financial year ended 31st December 2024.

Directors as at 31 December 2024

The Board of Directors of Ceylon Petroleum Storage Terminals Limited as at 31st December 2024 were as follows;

Mr D J A S De Silva Rajakaruna
Dr N K M C Neththikumara
Mr Dipak Das
Mr W S H Kumara
Mr A Singhal
Mr S K Maharana
Mr S H V Kumara
Mr A J L Wimalaratne
Mr M M C Doss

Remuneration of Directors

Remuneration received by the Directors is set out in detailed Income Statement to the Financial Statements.

Interest Register

Company maintains an Interest Register in terms with provisions of Companies Act No. 07 of 2007. All Directors have made declarations as provided for in Section 192 (2) of the Companies Act No.07 of 2007. The related entries were made in the Interest Register during the year under review.

Statutory Payments

To the best of their knowledge and belief, the Directors are satisfied that all statutory payments in relation to the Government and to the Employees have been settled to date or are provided for in the books of the company.

Going Concern

The Directors are confident that the company has adequate resources to continue business operations. Accordingly, the Directors consider that it is appropriate to adopt the going concern basis in preparing the Financial Statements.

Post Balance Sheet Events

There are no significant events that have occurred after the balance sheet date which would have any material effect on the Company that require adjustments to be decided by the Board of Directors other than those disclosed in note 22 to the financial statements.

Auditors

In terms of the 19th Amendment to the constitution, company is required to appoint Auditor General or his nominee as Auditors of the company.

Audit for the financial year ended 31st December 2024 was carried out by National Audit Office. The fees paid to auditors are disclosed in detailed income statement to the Financial Statements.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an auditor) with the company other than those disclosed above. The auditors also do not have any interest in the Company or its Group Companies. They confirm that they are independent in accordance with the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

Annual General Meeting of the Company

The Annual General Meeting of the company will be held on 26th August 2025 at 3pm .at the Registered Office of the Company.

For and on behalf of the Board of Directors

Chairman **Director**

By Order of the Board,
DELOITTE CORPORATE SERVICES (PRIVATE) LIMITED
PV 4190
COMPANY SECRETARY

Deloitte Corporate Services (Private) Limited
Secretaries to the Company

AUDIT AND MANAGEMENT COMMITTEE REPORT

Role of the Committee

The Audit & Management Committee (AMC) is a formally constituted sub-committee of the Board of Directors (Board). It reports to and is accountable to the Board. The primary role of the AMC is to implement, address issues and support the oversight function of the Board in relation to the Company's Governance Process, Risk Management process and Internal Control process while ensuring the integrity and reliability of Financial Reporting process. It ensures compliance with international best practices, accounting standards as defined by the Institute of Chartered Accountants of Sri Lanka and applicable local laws and regulations.

Composition

Up to 29th May 2024, the Audit & Management Committee of the CPSTL consisted following 04 members, who were Non - Executive Independent Directors appointed by the Board of Directors.

- Mr. E. A. Rathnaseela - The Chairman
- Mr. Aseem Bhargava - Member
- Mr. Manoj Gamage - Member
- Mr. Yasiru Lankathilake - Member

From 22nd of November 2024 following Non Executive Independent Directors represented the Audit & Management Committee of CPSTL.

- Mr. S. Hemantha Vijitha Kumara - The Chairman
- Mr. A. Singhal - Member
- Mr. A.J.L. Wimalarathne - Member

The Audit Charter of the Committee has been primarily prepared by covering the scope of responsibilities, authorities and specific duties stipulated in Treasury Circulars issued in relation of conducting Audit and Management Committees at Public Commercial Enterprises as well as covering the areas assigned by the Board of Directors.

Tasks of Audit Management Committee

The Committee reviews the financial reporting system adopted by the Company in preparation, presentation and adequacy of disclosures in the annual financial statements to ensure reliability of the processes, consistency of the accounting policies & methods adopted and their compliance with the Sri Lanka Accounting Standards. The Committee also reviews the Company's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements. The Committee also reviews the adequacy of the internal controls and assesses the independence & performance of the external auditors. The Committee recommends the financial statements to the Board for its approval and issuance. The Committee also reviews the risks the company is exposed to and approves the actions to be taken by the company so as to manage and mitigate the impact arising from such risks.

Internal Audits

Internal Audit Function is headed by Mr. Mahendra Jayasekara FCMA, CPA (Aus), MBA since Oct 2020. The Internal Audit team has a mix of expertise in the disciplines of Finance, Information Technology, Information Security, fraud investigation and the division leverages on global best practices of IIA Institute (Institute of Internal Auditors).

The Audit & Management Committee reviewed the accounting system and the scope & coverage of the internal audit process to assess the effectiveness of financial controls that have been designed to provide reasonable assurance to the Board of Directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of Financial Statements. The Internal Audit function has been established within the company. Follow-up reviews are scheduled periodically to ascertain that audit recommendations are being acted upon.

The Risk Based internal Audit was a newly introduced approach during 2018 in order to broaden the scope of Internal Audit. The Risk Rating provides the management a greater attention on such issues for immediate remedial actions. The scope of the Internal Audit is governed by the approved Internal Audit Charter.

Statutory Audits

The Committee also deliberates with the Statutory Auditors, National Audit Office of Sri Lanka to review the nature, approach and scope of audit in accordance with the National Audit Act 2018.

Actions taken by the Management in response to the issues raised as well as the effectiveness of internal controls in place are also discussed.

Meetings

During the year under review, four (04) Audit & Management Committee meetings have been conducted to perform the tasks entrusted to them as noted above.

The Appointed Members and the Observers attended the Committee Meetings during the year are noted below.

Serial No.	Date	Strength of the Committee	No of members participated	Names of the Members
01	20.02.2024	04	04	Mr. E. A. Rathnaseela - Chairman Mr. Aseem Bhargava - Member Mr. Manoj Gamage - Member Mr. Yasiru Lankathilake - Member Mr. D.G.A.S. Anulasiri - Observer- NAO Mrs. K. S. Samadara - Observer- NAO Mr. D.P.S.J. Kumara - Observer - MoPE
02	29.05.2024	04	02	Mr. E. A. Rathnaseela - Chairman Mr. Yasiru Lankathilake - Member Mr. D.G.A.S. Anulasiri - Observer NAO Mrs. K. S. Samadara - Observer NAO Mr. D.P.S.J. Kumara - Observer MoPE
03	22.11.2024	03	03	Mr. S.Hemantha Vijitha Kumara - Chairman Mr. A. Singhal - Member Mr. A.J.L.Wimalaratne - Mcmber Mr. N.H.A.R.K.Gunarathne - Observer NAO Mr. S.U.D. Manawasinghe - Observer NAO Mr. D.P.SJ. Kumara - Observer MoPE
04	06.12.2024	03	03	Mr.S.Hemantha Vijitha Kumara - Chairman Mr. A. Singhal - Member Mr. A. J. L. Wimalaratne - Member Mr.N.H.A.R.K. Gunarathne - Observer NAO Mr. D.P.S.J. Kumara - Observer MoPE

Role of the Audit & Management Committee

Audit & Management Committee has taken number of measures and has made recommendations on strategic issues for submission to the Board of Directors for workable actions.

- Review the adequacy of internal control system with the management, Auditor General and Internal Auditors.
- Overseeing the financial reporting process to ensure the preparation and fair presentation of the financial statements by ensuring the transparency, understandability and reliability of financial statements.
- Identifying causes and effects for the losses incurred and detailed analysis and studies were carried out to propose or recommend immediate suitable actions for turning around the loss-making units.
- Review of the Annual Internal Audit Programme, significant audit findings and action plan.
- Identification of risks and the remedial actions for mitigating the risk to acceptable level, by ensuring the risk management process is comprehensive and ongoing.

- Creating an organization wide commitment to strong and effective internal controls, emanating from the tone at the top.
- Reviewing corporate policies relating to compliance with laws and regulations, ethics, conflicts of interest and the investigation of misconduct or fraud.
- Continually communicating with the Senior Management regarding status, progress and new developments as well as problematic areas.

Key Recommendations of Audit & Management Committee to improve the Organizational Efficiency & Effectiveness

- In light of prolonged delays in internal development, the Committee recommended outsourcing the development of a new payroll system to ensure timely implementation and improved functionality.
- The Committee recommended implementing a formal Performance Appraisal System to enhance employee accountability, recognize high performance, and support a results-driven organizational culture.
- Given the evolving dynamics of the petroleum industry, the Committee recommended utilizing internal expertise for the preparation of the Corporate Plan to ensure relevance and contextual accuracy.
- The Committee recommended engaging the Auditor General's Department to conduct a comprehensive system audit to assess the robustness of internal controls and IT systems.
- The Committee provided guidance on initiating a revaluation of fixed assets through the Department of Valuation, ensuring accurate representation of asset values in financial statements.
- Recognizing the importance of risk management and information governance, the Committee recommended the appointment of a dedicated Risk Officer and a Chief Information Officer.
- The Committee guided the completion of the CCTV system enhancement project.

S. Hemantha Vijitha Kumara
The Chairman
Audit & Management Committee

FINANCIAL STATEMENTS

AUDIT REPORT

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය / எனது இல. / My No. } ENR/C/CPSTL/AR/2024 ඔබේ අංකය / உமது இல. / Your No. } දිනය / திகதி / Date } 11 July 2025

Chairman

Ceylon Petroleum Storage Terminals Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Ceylon Petroleum Storage Terminals 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 Ceylon Petroleum Storage Terminals Limited ("Company") 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 statement of cash flows 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.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව. இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை. No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.
+94 11 2 88 70 28 - 34 +94 11 2 88 72 23 ag@auditorgeneral.gov.lk www.naosl.gov.lk

1.2 Basis for Qualified Opinion

1.2.1 Non-Compliance with Sri Lanka Accounting Standard

(a) The cost of the fully depreciated assets was Rs.10,477 million which comprises 26,267 items of Property Plant & Equipment are being continuously used by the Company without reviewing their residual value and useful life according to the paragraph 51 of the LKAS 16 - Property Plant and Equipment and those assets were not presented in the financial statements in accordance with paragraph 79(b) of the Standard. Further, the Company had not revalued its assets except land and buildings since the inception of the Company in 2003. Therefore, it is observed that the fair value of the non-current assets except lands and buildings were not reflected in the financial statements for the year under review.

(b) According to the paragraph 36 of the LKAS 16 - Property Plant and Equipment stated that "if an item of property, plant, and equipment is revalued, the entire class of property, plant, and equipment to which that asset belongs shall be revalued". However, the company has failed to revalue the 81 buildings out of 371 number of buildings owned by the company of which cost amounting to Rs.246,985,014 or 13% of the total cost of the buildings. Further, it was unable to verify 147 revalued buildings in the valuation schedule with the fixed assets register.

1.2.2 Accounting Deficiencies

(a) Transactions with related Parties

(i) According to the financial statements for the year 2024 of the Company amount receivable from Ceylon Petroleum Corporation (CPC) was Rs. 8,100,420,819. However, balance confirmed by CPC was Rs. 6,753,780,207. Accordingly, a difference of Rs. 1,346,640,612 was observed between those two balances. The company had prepared a reconciliation to reconcile the differences and had discussions with CPC to agree those differences. Accordingly, the company had mutually agreed net differences of Rs. 24,000,000 with the CPC. However, gross transactions amounting Rs. 777,413,155 which leads to the differences shall be accounted in the financial records of the company had not been recorded as of 31 December 2024. Further, Rs. 1,322,640,612 differences in the reconciliation had not been mutually agreed. Further, long outstanding receivable balances over 5 to 14 years amounting to Rs. 719,393,334 were observed.

(ii) According to the financial statements of the Company for the year 2024 amount receivable from The Lanka Indian Oil Company (LIOC) was Rs. 1,163,874,058. However, balance confirmed by LIOC was Rs. 356,002,161. Accordingly, a difference of Rs.807,871,897 was observed between those two balances. Accordingly, reconciliation had been prepared to identify the differences by the company. However, the differences arisen from non-reporting of bulk transport

2

charges by the LIOC amounting Rs. 637,032,487 had not been mutually agreed with the LIOC. Therefore, recoverability of this income is questionable. Further, long outstanding receivable balance amounting to Rs. 2,495,897 was remained unsettled for more than 8 years.

(b) It was observed that the company uses 09 railway reserves on long term rental basis for maintaining storage facilities in regional basis and rent payments had been made up to the year 2013 as agreed. The outstanding rent payable as per the letter dated 12 September 2024 of the General Manager - Railway Department as of 31 December 2024 is Rs. 111,108,874. The value identified as rent payable in the financial statements by the company is Rs. 99,876,792. Accordingly, an under-provision of rent payable of Rs. 11,232,082 had been identified in the financial statements as at 31 December 2024. Further, it was observed that, these lease agreements had been expired in the year 2013. Even though, the Department of Railways had submitted lease agreements by obtaining rental value from the Department of Valuation, the company had not signed the agreement due to disagreements with the rental value.

1.2.3 Documentary Evidences not made available for Audit

(a) According to the paragraph 6.7 of the Operations Manual for State Owned Enterprises, fixed assets shall be physically verified on an annual basis. However, the company had not physically verified fixed assets after restructuring of the company in the year 2003. Therefore, I was unable to verify the existence and valuation of the fixed asset classes with large volume assets recorded in the financial statements for the year under review valued at Rs. 18,597,745,238.

(b) As at 31 December 2024, work in progress relating to 6 projects amounting to Rs. 23,137,341 had been written off against profit during the year. Upon examination of this written off invoices amounting Rs.16,979,325 and engineer certificates amounting Rs.8,225,012 had not been presented to the audit. In addition board approval for the above written-off had not been available for the audit. Therefore, I was unable to verify the authority, accuracy and value of the said written-off.

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 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 is expected to be made available to me after 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 when it becomes available 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.

When I read the Company's 2024 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

1.4 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.

1.5 Auditor's Responsibilities for the Audit of the Financial Statements

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 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 of the Company comply with the requirement of Section 151 of the Companies Act, No. 07 of 2007.

2.1.3 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.

2.1.4 The financial statements presented include all the recommendations made by me in the previous year except the audit matters of 1.2.1(a.), 1.2.2(a.)(i.) and 1.2.2(a.)(ii.) described in the basis of Opinion section of my report 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 the business as per the requirement of Section 12 (d) of the National Audit Act, No. 19 of 2018 except for;

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;

(a) Section 2.3 of the Guidelines on Corporate Governance for State Owned Enterprises issued by the Public Enterprises Circular No. 01/2021 dated 16 November 2021. The finalized strategic plan together with the action plan covering the year under review had not been submitted by the Company to the Ceylon Petroleum Corporation, the Parent Company and The General Treasury.

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.

6

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 of 2018 except for;

(a) The contract for the construction and operation of 6 fuel tanks at the Kolonnawa Terminal (3 tanks of 15,000m³, 2 tanks of 7,000m³, and 1 tank of 5,000m³) was awarded to M/s JPMA-GTPL Association for USD 12,680,000 under the Cabinet Decision No. 19/2129/119/078/TBR dated 18 September 2019. Due to the contractor's poor performance, the company and the contractor signed an arbitration agreement on 10 march 2025 regarding the completion of the project for the construction of these 6 tanks. Approval to implement the terms of the arbitration agreement was obtained through Cabinet Decision No. 25/0466/825/028 dated 02 April 2025, and upon cancellation of this contract agreement, the contractor had withdrawn from the construction. According to the company's accounts, as of 31 December 2024, an advance payment of Rs. 435,389,607.51 made to him had been recorded under work in progress. By this time, only the foundation work of the tanks had been completed. As of the audit date, a new contractor had not yet been selected for the remaining parts required to complete the tanks.

(b) The company has imported 02 Mooring Hawsers with thimbles at a cost of Euro 44,911 and it has been handed over to the company in 2022 and 2023. Further it was observed that one Mooring Hawser worth Rs. 13 million was damaged beyond use due to unsafe storage in an outdoor warehouse of the Company's Oil Facilities Division. Therefore, it is observed that the Company has not considered ascertaining the conditions under which the hawser to be stored and adequate measures had not been taken to prevent damages during storage. Furthermore, it is observed that the Company has not installed an online inventory monitoring systems covering this unit although it has used to storage high valued inventory in open air and assets relating to the offshore operations. Either action had not been taken to recover the damage amounted to Rs. 13mn or to take disciplinary action against them as at 20 May 2025.

2.3 Other Matters

(a) According to the Section 03 of the Settlement Agreement dated 05 January 2007 between the Government of Sri Lanka and LIOC, the delivery of petroleum products by LIOC from its China Bay installation had been limited to a maximum of 5 per cent of the Country's throughput of petroleum products, and the delivery of petroleum products by CPC had been limited to a maximum of 5 per cent excluding the deliveries from Sapugaskanda Refinery. However, a proper system to monitor the delivery process had not been established by the Company. Therefore, there was a risk of losing of income from throughput charges of the Company.

(b) According to an internal investigation report, it was identified a fraud in the distribution process. Accordingly, the Board of Directors decided to conduct a forensic audit in the sales and distribution process. For this purpose, the company had selected an accounting firm for consultancy fee of Rs. 8,600,000 including taxes. According to the consultancy agreement, the assignment shall be completed by 31 August 2023. However, draft interim report was provided by the consultancy firm on 06 May 2024 and final report had not been submitted as of audited date of 05 May 2025. The company paid an advance amount of Rs. 5,836,691 on 29 July 2024 based on the approval of the board from the contracted amount agreed for this task contrary to the agreed milestones of the assignment. The company had not taken steps to obtain the final report. Further, company had not taken necessary actions consideration of implementation of the recommendations contained in the interim report by evaluating validity of the recommendations made.

(c) According to the Article 83 of the Articles of Association of the company, the Managing Director can be appointed as a member of the Board of Directors. Therefore, paragraph 83 of the Articles of Association highlights a potential governance issue regarding the appointment of a Managing Director (MD) as a member of the Board. Specifically, the paragraph states that the Board may appoint a person to the office of Managing Director or Joint Managing Director for a specified period, and this appointment is subject to the terms of any agreement. There is a concern regarding the dual role of the Managing Director being both chief executive officer and a member of the Board. This situation could result in a conflict of interest, as the MD may influence board decisions that directly affect their own performance, compensation, or other terms of their contract. Additionally, the practice of appointing the MD to the Board could undermine the Board's independence, making it challenging for the Board to effectively oversee and evaluate the MD's performance without bias.

G.H.D. Dharmapala

Auditor General (Actg.)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

ASSETS	Note	2024 LKR	2023 LKR
Non Current Assets			
Property, Plant and Equipment	10	40,477,687,179	15,904,378,816
Intangible Assets	11	103,765,746	9,323,758
Other Financial Assets	14.1	1,479,620,703	1,333,567,815
		42,061,073,628	17,247,270,389
Current Assets			
Inventories	12	870,657,190	886,038,842
Trade and Other Receivables	13	11,145,281,753	10,087,520,325
Other Financial Assets	14.2	1,730,157,178	1,612,783,310
Income Tax Receivable		-	280,560,047
Investment in Insurance Reserve Fund		1,148,174,651	1,000,000,000
Cash and Cash Equivalents	15	4,329,323,552	1,113,340,473
		19,223,594,324	14,980,242,996
Total Assets		61,284,667,952	32,227,513,385
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	16	7,500,000,000	7,500,000,000
Capital Reserves	16.1	979,000,000	979,000,000
Revaluation Reserve		16,868,080,909	-
Self Insurance Reserve		2,651,405,099	2,500,000,000
Retained Earnings		18,850,120,827	15,501,672,905
Total Equity		46,848,606,835	26,480,672,905
Non Current Liabilities			
Defined Benefit Obligation	17	1,906,978,095	1,918,901,303
Deferred Tax Liabilities	8.1	9,055,640,712	1,566,066,771
		10,962,618,807	3,484,968,074
Current Liabilities			
Trade and Other Payables	18	2,492,698,618	2,261,872,406
Income Tax Payable		980,743,691	-
Total Liabilities		3,473,442,309	2,261,872,406
Total Equity and Liabilities		61,284,667,952	32,227,513,385

I certify, these Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

O P Kaggoda Arachchi
Head of Finance

The Board of Directors are responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board by,

Dr. Mayura Neththikumarage
Managing Director

D J A S De S Rajakaruna
Chairman

The accounting policies and notes on pages 90 through 114 form an integral part of the Financial Statements.

24th February 2024
Colombo

STATEMENT OF COMPREHENSIVE INCOME

As at 31 December 2024

	Note	2024 LKR	2023 LKR
Revenue	3	18,898,875,688	10,150,031,584
Direct Expenses		(9,562,225,548)	(6,846,378,434)
Gross Profit		9,336,650,140	3,303,653,150
Other Operating Income	4	1,015,248,890	1,180,257,199
Other Operating Expense	4.1	-	(7,734,143)
Administrative Expenses		(5,687,556,959)	(5,097,503,828)
Operating Profit		4,664,342,071	(621,327,622)
Finance Income	5	333,715,184	306,834,505
Profit Before Tax	6	4,998,057,255	(314,493,117)
Income Tax Expense	7.1	(1,616,828,409)	351,104,528
Profit for the Year		3,381,228,846	36,611,411
Other Comprehensive Income not to be Reclassified to or Loss in Subsequent Periods Profit			
Actuarial gain/loss on Defined Benefit Obligations	17	169,463,108	(579,415,871)
Revaluation Gain from Land & Buildings		24,097,258,442	
Tax on Other Comprehensive Income	8.1	(7,280,016,464)	173,824,761
Other Comprehensive Income for the Year, Net of Tax		16,986,705,086	(405,591,110)
Total Comprehensive Income for the Year, Net of Tax		20,367,933,932	(368,979,699)
Earnings Per Share	9.2	4.51	0.05

The accounting policies and notes on pages 90 through 114 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

As at 31 December 2024

	Stated Capital LKR	Capital Reserve LKR	Revaluation Reserve LKR	Self Insurance Reserve LKR	Retained Earnings LKR	Total LKR
Balance As at 1 January 2023	7,500,000,000	979,000,000			18,749,877,607	27,228,877,607
Profit for the Year					36,611,411	36,611,411
Adjustment for surcharge tax					(19,225,003)	(19,225,003)
Other Comprehensive Income					(405,591,110)	(405,591,110)
Total Comprehensive Income	-	-			(388,204,702)	(388,204,702)
Dividends Paid					(360,000,000)	(360,000,000)
Transfer to Self Insurance Reserve				2,500,000,000	(2,500,000,000)	-
Balance As at 1 January 2024	7,500,000,000	979,000,000	-	2,500,000,000	15,501,672,905	26,480,672,905
Profit for the Year					3,381,228,846	3,381,228,846
Other Comprehensive Income, Net of Tax			16,868,080,909		118,624,176	16,986,705,085
Total Comprehensive Income	-	-	16,868,080,909	-	3,499,853,022	20,367,933,931
Interest Income from Insurance Reserve Fund				105,572,470	(105,572,470)	-
Transfer to Self Insurance Resave				45,832,629	(45,832,629)	-
Balance As at 31 December 2024	7,500,000,000	979,000,000	16,868,080,909	2,651,405,099	18,850,120,827	46,848,606,835

STATEMENT OF CASH FLOWS

As at 31 December 2024

	Note	2024 LKR	2023 LKR
Profit before Income Tax Expense		4,998,057,255	(314,493,117)
Adjustments for			
Finance Income	5	(333,715,184)	(306,834,505)
Allowance for Impairment of staff loans		24,846,278	(4,917,710)
Allowance for Impairment of Inventory		2,805,711	1,593,413
Allowance for Other Receivables		508,288,309	1,122,128
Loss/(Profit) on Disposal of Property, Plant and Equipment	4	(26,974,090)	-
Provision for Defined Benefit Plans		338,268,907	300,507,148
Depreciation	10.2	715,132,673	830,785,668
Loss on Revaluation of assets	11.2	83,862,857	
Amortisation of Intangible Asset		3,920,990	27,575,201
Operating Profit/(Loss) before Working Capital Changes		6,314,493,706	535,338,225
Increase/ (Decrease) in Inventories		12,575,941	(25,108,794)
Increase/ (Decrease) in Trade and Other Receivables		(1,566,049,737)	508,799,347
Increase/ (Decrease) in Other Financial Assets		(288,273,034)	175,136,576
Increase/ (Decrease) in Trade and Other Payables		253,963,552	(612,572,035)
Cash Generated from/(Used in) Operations		4,726,710,428	581,593,319
Income Tax Paid		(145,967,194)	
Surcharge Tax paid		-	(19,225,003)
Defined Benefit Paid	17	(180,729,006)	(244,894,568)
Net Cash Flows from/(Used in) Operating Activities		4,400,014,228	317,473,748
Cash Flows from Investing Activities			
Acquisition of Property, Plant and Equipment	10.1	(1,298,182,793)	(157,077,004)
Acquisition of Intangible Assets	11.1	(98,362,978)	
Proceeds from Property, Plant and Equipment		26,974,090	-
Reinvestment in Insurance Reserve Fund		(148,174,651)	(1,000,000,000)
Finance Income	5	333,715,184	306,834,505
Net Cash Flows from/(Used in) Investing Activities		(1,184,031,148)	(850,242,499)
Cash Flows from Financing Activities			
Dividends Paid		-	(360,000,000)
Net Cash Flows from/(Used in) Financing Activities		-	(360,000,000)
Net Increase / (Decrease) in Cash and Cash Equivalents		3,215,983,080	(892,768,751)
Cash and Cash Equivalents at the Beginning of the Year	15	1,113,340,473	2,006,109,224
Cash and Cash Equivalents at the End of the Year	15	4,329,323,553	1,113,340,473

The accounting policies and notes on pages 90 through 114 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2024

1. CORPORATE INFORMATION

1.1 General

Ceylon Petroleum Storage Terminals Limited ("Company") is a limited liability Company incorporated on 8th October 2003 under the Companies Act No.07 of 2007 and the company is domiciled in Sri Lanka. The registered office of the Company is located at Ceylon Petroleum Storage Terminals Limited, oil installation, Kolonnawa.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were storage and distribution of petroleum products

1.3 Parent Entity and Ultimate Controlling Party

In the opinion of the Directors, the Company's ultimate parent undertaking is Ceylon Petroleum Corporation, which is incorporated in Sri Lanka.

1.4 Date of Authorization for Issue

The Financial Statements of Ceylon Petroleum Storage Terminals Limited for the year ended 31 December 2024 was authorized for issue in accordance with a resolution of the Board of Directors on 24th February 2025.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company, which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements have been prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No 7 of 2007.

2.1.1 Basis of Measurement

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

- The liability for Defined Benefit Obligations are actuarially valued and recognized at the present value

2.1.2 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.2 Functional and Presentation Currency

The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency.

2.3 Comparative Information

The accounting policies have been consistently applied by the Company and, are consistent with those used in the previous year. Previous year's figures and phrases have been rearranged whenever necessary to conform to the current presentation.

2.4 Significant Accounting Judgments, Estimates and Assumptions

The preparation of Financial Statements of the Company in conformity with Sri Lanka Accounting Standards, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have most significant effect on the amounts recognized in the Financial Statements of the Company are as follows:

a) Employee Benefit Liability

The cost as well as the present value of defined benefit plans - gratuity is determined using Actuarial Valuations. The Actuarial Valuation involves making assumptions about discount rates, future salary increases and other important related data. Due to the long term nature of employee benefits, such estimates are subject to significant uncertainty. Further details of assumptions together with an analysis of their sensitivity as carried out by the management in relation to the above key assumptions and the results of the sensitivity analysis are given in Note 17.2 & 17.4.

b) Impairment of Trade Receivables

The Company assesses at the date of statement of financial position whether there is objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual are anticipated impairments. The company does not recognized any impairment during the year 2024 on trade and other receivables as disclosed in note 13 and 19.

c) Income Tax and Deferred Tax

The Company is subject to income taxes. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The entity recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Further information is disclosed in Note 07 and 08.

2.5 Summary of Significant Accounting Policies

2.5.1 Foreign Currency Translation

The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to statement of comprehensive income. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.5.2 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts, returns, rebates and sales taxes (value added taxes).

The Company recognizes revenue when it satisfies a performance obligation by transferring a promised service to the customer at the amount of consideration to which the Company expects to be entitled in exchange for transferring such services to a customer.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

a) **Rendering of Services**

Revenue from rendering of services is recognized in the accounting period in which the services are rendered or performed.

Terminal Charge

Consists of the operating costs recovered from the marketing companies as per the common user agreement signed between Ceylon Petroleum Corporation, Lanka IOC and Treasury department in year of 2003, subsequently revised in year of 2011, 2019 and 2023. Which is recognized at the Point of transferring the petroleum products owned by them to dealers or consumers. Terminal charge is measured at per liter of petroleum products sold to dealers or consumers. The Company records turnover on a monthly basis based on the invoices raised to marketing companies.

Operation Margin

Operation margin is recognized based on the pre-determined rate in the pricing formulae. Operation margin is measured at per liter of petroleum products sold to dealers or consumers. The Company records turnover on a monthly basis based on the invoices raised to marketing companies.

Transport Income

Recovery of the transport cost incurred on railway wagons, pipelines and bowser dealers. Income is recognized on the basis of volume of liters and distance travelled. The Company records turnover on a monthly basis based on the invoices raised to marketing companies.

Board of Directors at the Meeting held on 24th November 2022, given approval to recover inter-terminal bulk fuel transport charges on LBD fuel sales as per clause no. 06 of the new agreement signed with CPC & LIOC instead of recovery of historical SLAB rates with effect from 01st January 2022.

b) **Finance Income**

Finance income is recognized as interest accrues, using the effective interest method.

c) **Others**

Other income is recognized on an accrual basis.

Net Gains and losses of a revenue nature arising from the disposal of Property, Plant and Equipment and other non-current assets including investments have been accounted for in the income statement, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis

2.5.3 Expenditure Recognition

All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to the Statement of comprehensive income for the period.

2.5.4 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit for the year, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current Taxes

Current Income Tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The Provision for Income Tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislation.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred Taxation

Deferred income tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Surcharge Tax

Basis of preparation of financial statements

Further, the tax liability arising from the Surcharge Tax Act No. 14 of 2022 has been accounted as recommended by the Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka.

Sales Tax (Value Added Tax and Social Security Contribution Levy)

Revenues, expenses and assets are recognized net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the sales tax is recognized as a part of the cost of the asset or part of the expense items as applicable and receivable and payable that are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the Statement of Financial Position.

2.5.5 Financial Instruments - Initial Recognition and Subsequent Measurement

2.5.5.1 Financial Assets

The company's financial assets include cash and short-term deposits, trade and other receivables, and amount due from related parties.

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL). A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories;

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

However, the financial assets of the company are limited to the categories of financial assets at amortised cost (debt instrument) and financial assets through profit or loss.

Loans and Receivables

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

Financial Assets at Amortised Cost (Debt Instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes loans and receivables, cash & short term deposits.

Re-classification of financial assets

The Company reclassified its financial assets when, and only when, the Company changes its business model for managing financial assets. If the Company reclassifies financial assets which were measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss, the Company applies the reclassification prospectively from the reclassification date. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

If the Company reclassifies a financial asset out of the amortized cost measurement category and in to the fair value through profit or loss measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognized in Profit or Loss.

If the Company reclassifies a financial asset out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category and into fair value through other comprehensive income measurement category, its fair value is measured at the reclassification date, any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognised in Other Comprehensive Income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

Derecognition

A financial asset is derecognised when;

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Company has transferred substantially all the risks and rewards of the asset

or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receives cash flows from an asset or has entered a pass-through arrangement, it revaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability are measured on the basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes a form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a Company of financial assets is impaired. A financial asset or a Company of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For other trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience with the specific customers case by case basis.

2.5.5.2 Financial Liabilities

The Company's financial liabilities include trade and other payables, due to related parties, bank overdrafts and interest bearing loans and borrowings.

Initial Recognition and Measurement

Financial liabilities within the scope of SLFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs. Any difference between initial fair value and the nominal amount is included as component of operating lease income and recognised on a straight line basis over the applicable time period.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

a. *Loans and Borrowings*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs those are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Off Setting Financial Instruments

Financial Assets and Liabilities are offset and the net amount reported in the Statement of Financial Position when there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the asset and settle the liability simultaneously.

2.5.5.3 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable for the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.5.6 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formula:

Consumables, Motor Spares & General hardware for repairing	- At purchase cost on weighted average basis
Finished Goods	- At Actual Purchase Cost

2.5.7 Property Plant and Equipment

Cost Model

Property, Plant and Equipment except for land and buildings are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such costs include the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met.

Revaluation Model

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognized after the date of revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Capital work In Progress

Capital work in progress represents all amounts paid on work undertaken, and still in an unfinished state as at the end of the year.

Land is not depreciated as it is deemed to have an indefinite life. Depreciation is calculated on the straight line method to allocate the cost of each asset, to their residual values over their estimated useful lives commencing from date of availability for use. On disposal of assets, depreciation ceases on the date that the asset is de-recognized

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the Income Statement.

2.5.8 Intangible assets

a) **ERP System and Licenses fees for ERP**

License fees represent costs pertaining to the licensing of software applications purchased. License fees are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives of 5 years.

2.5.9 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 original maturities of three months or less are also treated as cash equivalents.

2.5.10 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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).

2.5.11 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where 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. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are 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.

2.6 Employee Benefits

a) Defined Benefit Obligations – Gratuity

The company measures the value of the promised retirement benefits of gratuity obligation which is a defined plan with the advice of the actuary every financial year using the "Project Unit Credit Method". Actuarial gains and losses are recognized in other comprehensive income (OCI) in the period in which it arises. The liability is not funded.

Recognition of Actuarial Gains and Losses

Actuarial gains and losses are recognized in Other Comprehensive Income in the year in which they arise.

b) Defined Contribution Plans

The Company also operates a defined contribution plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Company by the employees and is recorded as an expense under 'Personnel expenses'. Unpaid contributions are recorded as a liability.

The Company contributes to the following Schemes:

Employees' Provident Fund

The Company and employees contribute 15% and 10 % respectively of the employee's monthly gross salary (excluding overtime) to the Employee's Provident Fund

Employees' Trust Fund

The Company contributes 3% of the employee's monthly gross salary excluding overtime to the Employees'

Trust Fund maintained by the Employees Trust Fund Board.

c) Medical Benefit Scheme

The medical benefit scheme for CPSTL employees is managed by Continental Insurance Lanka Ltd. The Cost of the Insurance by the company is recognized as an expense during the year.

2.7 Self-Insurance Reserve

Self Insurance Reserve has been established according to the Board decision 02/241st of 06th December 2023 allocating Rs. 2.5bn from retained earnings. The nature and purpose of the fund is to set off net book value of any major loss or damage (due to an accident or natural disaster) in future to CPSTL properties which were not covered under any of the existing insurance policy. Further, according to the Board decision, 0.1% of the gross revalued fixed assets has to be transferred from retained earnings to the Self Insurance Reserve Fund from the year of creation of the Fund.

2.8 Investment in Insurance Reserve Fund

According to the Board decision 02/241st of 06th December 2023, Rs.1bn has been invested for the purpose of building up externally invested funds for repurchasing or rebuilding CPSTL properties for major loss or damage which are not covered under any existing insurance policy. Further, according to the Board paper, interest on such investment need to be reinvested.

2.9 Expiry of Share Holders agreement and Share Sale Purchase Agreement-Common User Facilities

Shareholders agreement and share sale purchase agreement- common user facilities between Ceylon Petroleum Corporation, Lanka Indian Oil Company PLC and Ceylon Petroleum Storage Terminals Limited had expired on 31 December 2008. The bi- party agreement between Ceylon Petroleum Storage Terminals Limited and Ceylon Petroleum Corporation was signed in 2022. The renewal of the agreement between Lanka Indian Oil Company has not been finalized and the income and expenses stated in the agreement have been accounted in these financial statements after considering the terms of the agreement and any subsequent changes which have been approved by the Directors of the company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

		2024 LKR	2023 LKR
3.	**REVENUE**		
3.1	**Throughput Revenue**		
	Terminal Income	11,811,422,012	7,426,004,892
	Operation Margin	2,737,175,974	2,444,142,774
		14,548,597,986	9,870,147,666
3.2	**Rendering of Services**		
	Transport Income	4,350,277,702	279,883,918
		4,350,277,702	279,883,918
	Total Revenue	18,898,875,688	10,150,031,584

4.	**OTHER OPERATING INCOME**		
	Interest on Staff Loans and Others	734,055,020	836,118,394
	Profit on Disposal of Property, Plant and Equipment	26,974,090	-
	Rental Income	22,248,979	11,655,742
	Discharging Charges	5,700,000	2,080,000
	Laboratory Testing Charges	182,885,062	264,651,958
	Training to Private Bowsers Driver/Porter	6,004,047	2,790,179
	Scrap Sales	6,840,220	20,167,487
	Servicing Fire Extinguishers	39,954	838,489
	Calibration Charges	7,229,867	6,490,712
	Sundry Income	17,736,072	13,312,496
	Circuit Bungalows Income	728,426	684,625
	Non-refundable Tender Deposits	4,807,153	2,712,584
	Write Back of Long Outstanding Creditor Balances	-	18,754,533
		1,015,248,890	1,180,257,199

		2024 LKR	2023 LKR
4.1.	**Write off / back of Irrevocable debts**	-	7,734,143
		-	7,734,143

		2024 LKR	2023 LKR
5.	**FINANCE INCOME**		
	Interest on REPO Investments	289,210,962	65,107,995
	Interest on Deposits	44,504,222	241,726,510
		333,715,184	306,834,505

		2024 LKR	2023 LKR
6.	**PROFIT BEFORE TAX**		
	Stated after Charging /Crediting		
	Included in Direct Expenses		
	Personal Cost	2,975,322,768	2,964,376,836
	Depreciation Charge for the Year	565,552,296	666,505,693
	Included in Administrative Expenses		
	Directors' Emoluments	8,672,815	6,205,989
	Fees for Directors	2,958,800	1,992,500
	Personal Cost	3,372,788,449	3,396,891,201
	Defined Benefit Obligation: Charge for the Year	338,268,907	300,507,148
	Audit Fee - Cunent Year	1,820,000	2,315,139
	Depreciation Charge for the Year	149,580,376	164,279,975
	Amortisation Charge for the Year	3,920,990	27,575,201
	Allowance/(Reversal) for Impairment of Staff Loans	24,846,278	(4,917,710)
	Provision for Inventory	2,805,711	1,593,413

7. TAX EXPENSES

The major components of income tax expense for the years ended 31 December 2024 and 31 December 2023 are as follows :

		2024 LKR	2023 LKR
7.1.	**Income Statement**		
	Current Income Tax:		
	Current Tax Expense	1,407,270,932	-
	Deferred Tax:		
	Deferred Taxation Charge/ (Credit) (Note 8)	209,557,477	(351,104,528)
	Income Tax Expense / (Credit) Reported in the Income Statement	1,616,828,409	(351,104,528)

7. TAX EXPENSES (Contd..)

7.1. Reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate for the Years Ended 31 December 2024 and 31 December 2023 are as follows :

	2024 LKR	2023 LKR
Accounting Profit Before Tax	4,998,057,255	(314,493,117)
Aggregate Disallowed Items	2,467,319,988	1,277,049,302
Aggregate Allowable Items	(2,102,574,708)	(1,526,955,189)
	5,362,802,535	(564,399,004)
Interest Income	478,459,444	405,386,690
Total Statutory Income	5,841,261,979	(159,012,314)
Less: Carried Forward Tax Losses Utilized	-	-
Taxable Profit/ (Loss)	5,841,261,979	(159,012,314)
Income Tax for Taxable Profit	1,407,270,932	-
Current Income Tax Expense	1,407,270,932	-

8. DEFERRED TAX LIABILITIES

8.1. Deferred Tax

Deferred Tax Assets, Liabilities and Income Tax relate to the Followings ;

	Statement of Financial Position		Statement of Comprehensive Income		Other Comprehensive Income	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Deferred Tax Liabilities						
Capital Allowances for Tax Purposes	2,592,182,748	2,478,892,824	113,289,924	(4,384,202)	-	-
Intangible Assets	6,362,437	476,783	5,885,654	(7,112,388)	-	-
Revaluation Gain - Land & Buildings	7,229,177,532	-	-	-	7,229,177,532	-
	9,827,722,717	2,479,369,607				
Deferred Tax Assets						
Inventories	6,442,086	5,600,373	(841,713)	(478,024)		
Provisions	168,387,633	8,447,257	(159,940,376)	1,138,675		
Defined Benefit Plans	572,093,429	575,670,391	(47,261,970)	(16,683,774)	50,838,932	(173,824,761)
Effect from Tax Losses	-	323,584,815	323,584,815	(323,584,815)	-	
Revaluation Loss - Land & Buildings	25,158,857		(25,158,857)			
	772,082,005	913,302,836				
Deferred Income Tax - Income						
Net Deferred Tax Liability / (Assets)	9,055,640,712	1,566,066,771	209,557,477	(351,104,529)	7,280,016,464	(173,824,761)

8.2. Impact of Change in Income tax rate

Deferred tax has been calculated using effective tax rate @ 30.0%. The single tax rates applied different levels of taxable income, resulting Rs.7,489,573,941/- increase in deferred tax liability as at 31st December 2024.

9. EARNINGS PER SHARE

9.1. Earnings Per Share is calculated by dividing the net profit for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the period and the previous period 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.

9.2. The following reflects the income and share data used in the Earnings Per Share computation.

Amounts Used as the Numerator

	2024 LKR	2023 LKR
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	3,381,228,846	36,611,411
Number of Ordinary Shares Used as Denominator:		
Weighted Average Number of Ordinary Shares in Issue	750,000,000	750,000,000
Applicable to Basic Earnings Per Share		
Earnings Per Share	4.51	0.05

10. PROPERTY, PLANT & EQUIPMENT

10.1. Gross Carrying Amounts

At Cost / Revaluation	Balance as at 01.01.2024	Additions/ Transfers	Transfers from WIP	Disposals	Revaluation	Balance as at 31.12.2024
	LKR	LKR	LKR	LKR	LKR	LKR
Freehold land	4,843,948,503	-	-	-	22,903,153,497	27,747,102,001
Freehold building	1,964,967,773	3,050,000	9,027,014	-	1,110,242,087	3,087,286,874
Storage tank	8,667,229,124	-	57,734,178	(15,499,422)	-	8,709,463,880
Motor vehicles	1,870,359,156	468,000	-	(16,689,623)	-	1,854,137,533
Pipelines	7,864,787,155	11,008,743	294,847,621	-	-	8,170,643,519
Furniture, fittings & equipment	2,439,579,859	10,516,322	169,560,317	-	-	2,619,656,498
Computers	347,445,114	19,716,801	-	(60,848,006)	-	306,313,909
Single/Dual point mooring buoy	3,706,579,492	18,087,571	397,789,539	-	-	4,122,456,602
Pumps & gantries	1,517,358,541	6,208,224	-	-	-	1,523,566,765
Low value assets	953,484	16,927	-	-	-	970,412
Total Cost of Depreciable Assets	33,223,208,203	69,072,588	928,958,668	(93,037,051)	24,013,395,585	58,141,597,993
Capital Work In Progress	633,980,834	1,229,110,205	(928,958,668)	(23,137,341)	-	910,995,030
	33,857,189,037	1,298,182,793	-	(116,174,392)	24,013,395,585	59,052,593,022

10.2. Depreciation

At Cost / Revaluation	Balance as at 01.01.2024	Charge for the year	Transfers	Disposals	Balance as at 31.12.2024
Freehold building	893,640,652	65,032,658	1,181,113	-	959,854,423
Storage tank	3,485,181,349	226,166,042	-	(15,499,422.30)	3,695,847,968
Motor vehicles	1,866,518,889	3,851,520	-	(16,689,623.00)	1,853,680,786
Pipelines	4,632,340,816	225,031,181	-	-	4,857,371,998
Furniture, fittings & equipment	2,144,132,625	77,713,485	(795,233)	-	2,221,050,877
Computers	331,207,046	6,790,582	-	(60,848,005.54)	277,149,623
Single/Dual point mooring buoy	3,292,414,497	82,060,895	-	-	3,374,475,392
Pumps & gantries	1,306,456,145	28,442,659	(385,880)	-	1,334,512,924
Low value assets	918,203	43,650	-	-	961,853
	17,952,810,221	715,132,673	-	(93,037,051)	18,574,905,843

10.3. Net Book Value

	2024 LKR	2023 LKR
Freehold land	27,747,102,001	4,843,948,503
Freehold building	2,127,432,452	1,071,327,121
Storage tank	5,013,615,912	5,182,047,776
Motor vehicles	456,748	3,840,267
Pipelines	3,313,271,521	3,232,446,339
Furniture, fittings & equipment	398,605,621	295,447,234
Computers	29,164,287	16,238,068
Single/Dual point mooring buoy	747,981,209	414,164,996
Pumps & gantries	189,053,841	210,902,396
Capital work in progress	910,995,030	633,980,834
Low value assets	8,558	35,282
Total Carrying Value of Property, Plant & Equipment	40,477,687,179	15,904,378,816

10.4. During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.1,298,182,793/- (2023 - Rs.157,077,004/-). Cash payments amounting to Rs.1,298,182,793/- (2023 - Rs.157,077,004/-) were made during the year for purchase of Property, Plant and Equipment. During the year Rs. 928,958,668/- balance was transferred from work in progress to main assets.

10.5. CPSTL revalued all company-owned land and buildings, and the revalued amounts have been incorporated into the financial statements, except for the land and building values of Crow Island and Vipulasena Mawatha, as well as the building values of Kotagala A grade and B grade quarters, and a few minor buildings at the Galle depot.

The fair value of land and buildings was determined by the Independent Valuer, Department of Government Valuation using the Cost approach, based on the current estimated replacement and reproduction costs and market approach (Comparison method) when market data are available in similar properties.

Asset class	Effective date of valuation
Lands	01.12.2024
Buildings	01.12.2024

The carrying amount that would have been recognized had the assets been carried under the cost model, along with the impact of depreciation, is indicated below.

	Cost Model			Revaluation Model			
Asset Category	Cost as at 31.12.2024 if asset carried at Cost	Depreciation if assets carried at Cost	Net carrying amount as at 31.12.2024 if assets carried at Cost	Cost as at 31.12.2024 if asset carried at Revalued amount	Depreciation if assets carried at Revalued amount	Net carrying amount as at 31.12.2024 if assets carried at Revalued amount	Depreciation increase per month due to Revaluation
Buildings	1,977,044,788	57,718,236	1,024,504,787	3,087,286,874	65,032,658	2,127,432,452	7,314,422

10. PROPERTY, PLANT & EQUIPMENT (Contd..)

10.5. The Useful Lives Of the Assets are Estimated as Follows:

	2024	2023
Freehold Building	35 Years	35 Years
Storage Tanks	40 Years	40 Years
Bulk Tanks	30 Years	30 Years
Pipelines	30 Years	30 Years
Pumps	20 Years	20 Years
Vehicles		
New Acquisitions	5 Years	5 Years
Vested Items	Over Remaining Useful life time	
Gantries	15 Years	15 Years
Equipments		
Electronic	5 Years	5 Years
Other	10 Years	10 Years
Furniture & Fittings		
Hard	5 Years	5 Years
Other		
Muthurajawela other assets		
Dual point mooring buoy	10 Years	10 Years
PLEM	10 Years	10 Years
Pipelines	20 Years	20 Years
Computers	04 Years	04 Years

11. INTANGIBLE ASSETS

11.1. Gross Carrying Amounts

	ERP System	SAP ERP License	Automation System of offshore Pipeline	Total
At Cost	**LKR**	**LKR**	**LKR**	**LKR**
As at 01.01.2024	561,374,796	9,380,250	37,793,560	608,548,606
Additions	98,362,978	-	-	98,362,978
Disposals	-	-	-	-
As at 31.12.2024	659,737,774	9,380,250	37,793,560	706,911,584

11.2. Amortisation

	ERP System	SAP ERP License	Automation System of offshore Pipeline	Total
At Cost	**LKR**	**LKR**	**LKR**	**LKR**
As at 01.01.2024	552,051,038	9,380,250	9,380,250	599,224,848
Charge for the year	3,920,990	-	-	3,920,990
As at 31.12.2024	555,972,029	9,380,250	9,380,250	603,145,839

	ERP System	SAP ERP License	Automation System of offshore Pipeline	Total
11.3. Net Book Value as at 31.12.2023	9,323,758	-	-	9,323,758
11.4 Net Book Value as at 31.12.2024	103,765,745	-	-	103,765,746

11.5. Intangible assets includes fully depreciated assets having a gross carrying amount of Rs.589,212,405/- (2023 - Rs.589,212,405/-).

12. INVENTORIES

	2024 LKR	2023 LKR
General Hardware for Repairing	478,728,023	489,505,740
Motor Spare parts	335,258,109	304,896,654
Consumables	63,847,940	92,018,164
Finished Goods		
Lanka Petrol LP-92	2,472,755	2,594,708
Lanka Auto Diesel-LAD	11,823,984	15,691,487
	892,130,811	904,706,753
Provision for Slow - Moving Inventory	(21,473,621)	(18,667,911)
	870,657,190	886,038,843

13. TRADE AND OTHER RECEIVABLES

	2024 LKR	2023 LKR
Trade Receivables - Related Parties (Note 13.1)	9,264,294,876	8,050,161,809
Trade Receivables - Others	1,021,801,403	243,727,035
Other Receivables	158,644,771	93,128,357
Less -Impairment of Trade & Other Receivables (Note 13.3)	(509,410,437)	(1,122,128)
	9,935,330,613	8,385,895,074
Deposits ,Advances and Prepayments (Note 13.4)	1,209,951,140	1,701,625,251
	11,145,281,753	10,087,520,325

13.1. Trade Receivables - Related Parties

	Relationship	2024 LKR	2023 LKR
Ceylon Petroleum Corporation net of Impairment (Note 13.2)	Parent Entity	8,100,420,819	7,357,483,999
Lanka IOC PLC net of Impairment (Note 13.2)	Other Major Share Holder	1,163,874,057	692,677,811
		9,264,294,876	8,050,161,809

13.2. As at 31 December 2024, the age analysis of trade receivables is set out below.

	Total	0-30 Days	31-90 days	91-180 days	181-365 days	More than 365 days
Ceylon Petroleum Corporation	8,100,420,819	738,205,272	2,846,690,234	1,166,266,454	673,917,169	2,675,341,690
	8,100,420,819	738,205,272	2,846,690,234	1,166,266,454	673,917,169	2,675,341,690
Lanka IOC PLC	1,163,874,057	389,501,673	157,064,872	6,438,384	114,771,757	496,097,371
	1,163,874,057	389,501,673	157,064,872	6,438,384	114,771,757	496,097,371

13.3. Set out below is the movement in the provision for impairment of trade receivables.

	2024 LKR	2023 LKR
As at 01st April	1,122,128	-
Provision during the year	508,288,309	1,122,128
Balance as at 31st December	509,410,437	1,122,128

13.4. Deposits, Advances and Prepayments

	2024 LKR	2023 LKR
Deposits ,Prepayments and Advances	196,039,089	573,006,035
Prepaid Staff Benefits	1,013,912,051	1,128,619,216
	1,209,951,140	1,701,625,251

14. OTHER FINANCIAL ASSETS

	2024 LKR	2023 LKR
Loans to Company Officers		
Motor Vehicle Loans	206,235,845	179,342,812
Housing Loans	1,512,957,099	1,324,463,251
Distress Loans	1,299,411,716	1,179,881,356
Other Loans	243,054,894	289,699,101
	3,261,659,554	2,973,386,521
(-) Allowance for Impairment	(51,881,673)	(27,035,395)
	3,209,777,881	2,946,351,126

14. OTHER FINANCIAL ASSETS (Contd..)

14.1. Non Current Financial Assets

	2024 LKR	2023 LKR
Motor Vehicle Loans	164,988,676	143,474,250
Housing Loans	1,366,513,700	1,217,128,960
(-) Allowance for Impairment	(51,881,673)	(27,035,395)
	1,479,620,703	1,333,567,815

14.2. Current Financial Assets

	2024 LKR	2023 LKR
Motor Vehicle Loans	41,247,169	35,868,562
Housing Loans	146,443,399	107,334,291
Distress Loans	1,299,411,716	1,179,881,356
Other Loans	243,054,894	289,699,101
	1,730,157,178	1,612,783,310

15. CASH AND CASH EQUIVALENTS

Favourable Cash & Cash Equivalent balances

	2024 LKR	2023 LKR
Cash and Bank Balances	(47,556,440)	(26,687,052)
Short Term Investments	4,376,879,992	1,140,027,525
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	4,329,323,552	1,113,340,473

16. STATED CAPITAL

	2024		2023	
	Number	LKR	Number	LKR
Fully Paid Ordinary Shares	750,000,000	7,500,000,000	750,000,000	7,500,000,000

16.1. Capital Reserve

At the time of incorporation and the transfer of assets from Ceylon Petroleum Corporation ,a capital reserve of Rs. 979,000,000 was created as a part of capitalization process.

17. DEFINED BENEFIT OBLIGATION

	2024 LKR	2023 LKR
Balance as at 01 January	1,918,901,300	1,283,872,850
Current Service Cost	88,811,738	62,990,670
Interest Cost	249,457,169	237,516,478
Actuarial (Gain) / Loss	(169,463,108)	579,415,871
Benefits Paid	(180,729,006)	(244,894,568)
Balance as at 31 December	1,906,978,093	1,918,901,300

17.1. Actuarial valuation of Retirement Benefit Obligation as at 31 December 2024 was carried out by Messrs Actuarial and Management Consultants (Pvt) Ltd ,a firm of professional actuaries using "Projected Unit Credit Method" as recommended by LKAS 19 - 'Employee Benefits'.

17.2. Principle Actuarial Assumptions

Principle Actuarial Financial Assumptions underlying the valuation are as follows:

	2024		2023
Discount Rate	11.00%		13.00%
Salary Incremental Rate	25% once in 3 Years		30% once in 3 Years
Staff Turnover	Age	Rate	3%
	18-29	5%	
	30-34	4%	
	35-39	3%	
	40-44	2%	
	45-55	1%	
	>55	0%	

17.3. Maturity Profile of the Defined Benefit Obligation Plan

	2024 LKR	2023 LKR
Less than 1 Year	214,984,424	235,766,888
Between 1-2 years	156,596,863	220,487,067
Between 2-5 years	494,425,573	503,342,308
Beyond 5 years	1,040,971,234	959,305,039
	1,906,978,094	1,918,901,301

17. DEFINED BENEFIT OBLIGATION (Contd..&)

The average durations of the Defined benefit Obligation Plan at the end of the reporting period is 7 years.The average remaining working life of employees is 9.9 years.

17.4. Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible changes in the key assumptions employed with all other variables held constant in the defined benefit liability measurement, in respect of year 2024.

Sensitivity Level	Discount Rate		Future Salary Increment Rates	
	Increase	Decrease	Increase	Decrease
	1%	-1%	1%	-1%
Impact on Defined Benefit Obligation	1,798,659,325	2,027,555,043	1,937,778,748	1,876,821,535

18. TRADE AND OTHER PAYABLES

	2024 LKR	2023 LKR
Trade Payables-Related Parties (18.1)	179,694,296	301,166,688
- Others	56,921,085	55,064,553
Other Payables	1,221,947,904	797,154,577
Sundry Creditors Including Accrued Expenses	1,034,135,333	1,108,486,588
	2,492,698,618	2,261,872,406

18.1. Trade Payables- Related Parties

	Relationship	2024 LKR	2023 LKR
Ceylon Petroleum Corporation	Parent Entity	179,694,296	301,166,688
		179,694,296	301,166,688

19. RELATED PARTY DISCLOSURES

Nature of Transaction	Parent Entity- Ceylon Petroleum Corporation		Other Major S/H - Lanka IOC PLC		Total	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Receivable/(Payable) as at 01 January	7,056,317,311	7,164,204,072	692,677,811	491,797,457	7,748,995,122	7,656,001,529
Service for Oil Storage & Distribution	16,276,185,411	10,807,700,050	1,818,230,654	869,519,149	18,094,416,065	11,677,219,199
Own Use Fuel Consumption	(958,192,035)	(2,610,442,084)	-	-	(958,192,035)	(2,610,442,084)
Other Expenses	(279,590,940)	(168,818,027)			(279,590,940)	(168,818,027)
Receipt/ (Payment) for Services	(14,173,993,223)	(8,136,326,700)	(1,347,034,407)	(668,638,795)	(15,521,027,630)	(8,804,965,495)
Amounts Receivable/ (Payable) as at 31 December	7,920,726,524	7,056,317,311	1,163,874,058	692,677,811	9,084,600,582	7,748,995,122

The amounts receivables from or payable to related parties as at 31 December are disclosed under notes 13.2 and 18.1 in the financial statements.

19.1. Transactions with Key Management Personnel of the Company

The Key Management Personnel are the members of the Board of Directors, of the company.Payments made to Key Management Personnel during the year were as follows:

	2024 LKR	2023 LKR
Fees for Directors	2,958,800	1,992,500
Directors Emoluments	8,672,815	6,205,989
	11,631,615	8,198,489

19.2. Transactions with the Government of Sri Lanka and its Related Entities

Since the Government of Sri Lanka directly controls the Parent entity, the Company has considered the Government owned company of Sri Lanka and other government related entities which are controlled, jointly controlled or significantly influenced by the Government of Sri Lanka as Related Parties according to LKAS 24, "Related Party Disclosures".

The Company enters into transactions, arrangements and agreements with the Government of Sri Lanka and its other related entities and the results of significant transaction have been reported in follows,

	Nature of the transactions	As at 31.12.2024	As at 31.12.2023
People's Bank	Cash at Bank	808,710	(63,858)
People's Bank	Short term Deposits	2,016,136,841	84,061,665
Bank of Ceylon	Balance at Bank	(51,563,809)	(29,643,064)
Bank of Ceylon	Short term Deposits	2,360,806,472	1,056,029,181

Further, transaction as detailed below, relating to the ordinary course of business, are entered into with the Government of Sri Lanka and its related entities:

Maintaining bank accounts and entering in to Banking transactions with Bank of Ceylon and Peoples Bank
Payments of statutory rates and taxes.
Payment for utilities mainly comprising of telephone, electricity and water.
Payment for employment retirement benefit EPF and ETF to Central Bank of Sri Lanka.

20. COMMITMENTS AND CONTINGENCIES

20.1. CONTINGENCIES

Pending Litigations

a) As per the Company lawyers outcome of following cases cannot be reasonably ascertained as at the reporting date. Accordingly, a provision has not been made in this financial statements for such pending litigations. The Company is a respondent or an applicant of following pending legal cases as at reporting date.

Although there can be no assurance based on the information currently available, the management believe that the ultimate resolution of this legal procedures would not likely to have a material adverse effect on the results of operations, financial position or liquidity of the Company. Accordingly, no provision for any liability has been made in these financial statements in this regard.

Pending Supreme Court Cases as at 31st December 2024

Case No	Location Of court	Description of court case	Maximum Possible claim Outcome (up to December 2024)
SC FR 68/17	Colombo	To get issue a suitable amount of shares not exceeding 10% or distribute an equivalent sum of money amongst the employees.	Declaration of infringement of Fundamental Rights of the Petitioners, compensation is determined by the Court and to issue a suitable amount of shares not exceeding 10% or distribute an equivalent sum of money amongst the employees.
SC FR 244/17	Colombo	Filed by two employees seeking for a Promotion to Grade B-1.	Compensation determined by the court
SCFR /90/22	Colombo	Filed by an employee seeking for a promotion to Grade A-6.	Compensation determined by the court
SCFR /222/22	Colombo	Filed by an employee seeking for a promotion to Grade A-6.	Compensation determined by the court

Pending Court of Appeal Cases as at 31st December 2024

Case No	Location Of court	Description of court case	Maximum Possible claim Outcome (up to December 2024)
Writ 142/13	Colombo	Filed by 17 employees of CPSTL claiming promotions which were recommended by Political Victimization Committee	Total payments for all the applicants could be amounted to Rs.13,936,944/-
Writ 370/2021	Colombo	Writ application against the Arbitration Award No. 3439	Total payments for all the applicants could be amounted to Rs.2,869,608.51
Writ 159/2023	Colombo	Writ application against the Arbitration Award No. A/74/19	Total payments for all the applicants could be amounted to Rs.875,734.98
Writ 0443/24	Colombo	Filed by an employee seeking for a promotion to Grade A-2/3	Compensation determined by the Court

Pending Commercial High Court Cases as at 31st December 2024

Case No	Location Of court	Description of court case	Maximum Possible claim Outcome (up to December 2024)
CHC 20/2022	Colombo	Forfeiting the Bank Guarantees.	Performance guarantee (USD646,680) and two advance guarantees. (USD 1,260,000)

Pending District Court Cases as at 31st December 2024

Case No	Location Of court	Description of court case	Maximum Possible claim Outcome (up to December 2024)
241/L	Minuwangoda	To quash some Deeds.	Compensation determined by the court.
3168/M	Attanagalla	Filed against CPSTL claiming damages arising from an accident	Rs. 2,500,000/- plus legal interest liability is vested with Allianz Insurance Lanka Limited. Insurance Company agreed to pay upto Rs.1,000,000/- if it decided over Rs. 1,000,000/- company has to bear up. (CPSTL has taken third party property claim only upto Rs. 1,000,000/-)
4287/M	Attanagalla	Filed by two employees claiming damages arising from an accident.	Rs. 2,500,000.00 plus legal interest

Pending Labour Tribunal Cases as at 31st December 2024

Case No	Location Of court	Description of court case	Maximum Possible claim Outcome (up to December 2024)
2/600/ 15	Borella	Filed by a dismissed employee (w.e.f. 19.05.2011) seeking reinstatement with back wages.	Reinstatement with back wages (Rs.50,000 x 142 months) Rs. 7,100,000
2/AD/3596/12	Battaramulla	Filed by a dismissed employee, seeking reinstatement with back wages. (w.e.f. 19.05.2011)	Reinstatement with back wages or compensation (Rs. 80,524x138 months = Rs. 11,112,312.00)
1/AD/44/12	Battaramulla	Filed by a dismissed employee , seeking reinstatement with back wages (w.e.f. 10.05.2012)	Reinstatement with back wages or compensation (Rs. 68,518x142 months = Rs. 9,729,556.00)
2/935/2019	Borella	Filed by a Former Trainee seeking for reinstatement with back wages.	Reinstatement with back wages or compensation (Rs. 1500.00x30 months= Rs. 45,000.00)
13/36-42/23	Borella	Filed by seven former employees against the termination due to expiration of Contract period	Rs. 1,080,000

Pending Human Rights Commission as at 31st December 2024

Case No	Location Of court	Description of court case	Maximum Possible claim Outcome (up to December 2024)
HRC/HO/497/24	Colombo	Filed by an employee against the transfer done by former Manager.	Compensation determined by the HRC

20.1. CONTINGENCIES (Contd..)

Pending Cases before Labour Department as at 31st December 2024

Case No	Location Of court	Description of court case	Maximum Possible claim Outcome (up to December 2024)
A/14/2022	Colombo	Filed by an employee seeking promotion to Grade A/7	Promotion with back wages (Rs. 14,000,000.00)
A/66/2022	Colombo	Filed by an employee seeking promotion to Grade A/7	Promotion with back wages (Rs. 17,000,000.00)
A/35/2024	Colombo	Filed by an employee promotions to Grade B-1	Compensation determined by the Labour Commissioner
WC/NF/1887/23	Colombo	Filed by an employee seeking medical compensation	Rs.300,000
CC/C/IR/10/560/282	Colombo	Filed by two employees seeking a promotion to Grade B-1	Promotion with back wages
CC/C/IR/10/301/2022	Colombo	Filed by an employees seeking a promotion to Grade B-3	Promotion with back wages
CC/C/IR/10/58/2022	Colombo	Filed by an employee seeking a promotion to Grade B/2	Promotion with back wages
CC/C/IR/10/30/2020	Colombo	Filed by an employee seeking a promotion to Grade A/5	Promotion with back wages
OMB/02/3496/2021	Colombo	Filed by an employee seeking promotions to Grade A/7	Promotion with back wages
DL/AD/COM/2022	Colombo	Filed by an employee seeking with held increments, allowances & promotion to Grade A/1.	Promotion with back wages and allowances
CC/C/IR/10/539/2022	Colombo	Filed by two employees seeking promotion to Grade B/1	Promotion with back wages
CC/C/IR/10/149/2024	Colombo	Filed by an employee seeking retirement promotion.	Gratuity payment calculated at the promoted grade

b). Tax Assessments

The Department of Inland Revenue raised assessments (Income tax, VAT) amounting to Rs. 953Mn including penalties for the period from 2012-2022 and with the professional advice the company has appealed to the Commissioner General of Inland Revenue against the said assessments.

Company has appealed to the Tax Appeal Commission against two determinations issued by the Department of Inland Revenue for the year of Assessment 2019/2020. The first determination refusing refund claim of Rs. 229Mn due to amendment of the return and the second determination assessing tax liability (including penalty & Interest) of Rs. 97Mn.

20.2. CONTINGENCIES

The following capital commitments have been approved by the board of directors as at 31st December 2024.

Outstanding LC Payments as at 31st December 2024

LC No	Amount (Rs.)	LC Value	Description of Purchase
0042007240000579	13,364,512.14	Euro 42,981.00	02 Nos.15" CIR Single Point Mooring Hawsers
0042007240000588	13,793,904.73	Euro 44,361.95	05 Different Types Of Spares for Kanon Loading Arms
0042002240010000	48,910,283.40	US$ 164,670.00	Accessories for Buoy Anchoring System
0042002240010000	22,381,942.10	US$ 75,355.00	67 Nos. Gate Valves
0042002240010000	24,589,953.14	US$ 82,788.88	Double Tied Expansion Joint
0042007240000686	7,211,587.89	Euro 23,192.86	10 Nos.Carbon Steel Gate Valves
0042002240014042	24,589,953.14	US$ 82,788.88	02 Nos Aluminium Floatin Roofs

Bank Guarantees as at 31st December 2024

Bank Guarantee No	Amount (Rs.)	Guarantor issued Party
0043501120007655	182,000	M/S/ Daynacom Engineering (Pvt) Ltd.
0043501120007628	270,000	M/S/ Daynacom Engineering (Pvt) Ltd.

20.2. CAPITAL COMMITMENTS (Contd..)

*The projects which are mentioned below are contract value worth More than Rs 2,000,000.

Projects approved by Board but not completed as at 31st December 2024

Description	Contract Value (LKR)	Paid As At 31.12.2024 (LKR)	Payable Amount 31.12.2024 (LKR)
Replacement of Existing 10" dia. Pipeline With New 18" dia. Pipeline From Kolonnawa Installation to Seram Gate at Colombo Harbour	2,852,577,287	7,306,398	2,845,270,889
Replacement of Complete Hull and Bottom Plates of Dual Path Bouy- SO 17820	880,896,341	43,904,042	836,992,299
Construction of 06 No . Storage Tanks- Kolonnawa	786,231,554	786,231,554	-
Relocation of the Existing Lanka Bulk Depot KKS	169,583,855	37,634,681	131,949,174
Integration of Solar PV Power Generating	101,899,071	8,720,000	93,179,071
Tank Modification and Installation of IFR_TK-09 & TK 10 at Muthurajawela	65,618,000	3,522,409	62,095,591
Repairs to Tank No 21 at Kollonnawa	55,005,860	9,080,041	45,925,819
Explosion Proof Type Lighting Fixture and Switch Gears at Kolonnawa & Bulk Depots	46,755,968	9,351,194	37,404,774
Relocation of the Tank No 51 and Extension of Existing Cargo Pipe Lines for Fuel Oil at Kolonnwa Installation	41,111,090	340,124	40,770,966
Renovation of office premises at Information System Function	37,560,000	-	37,560,000
Renovation of Boundary Wall (Stage 2) ii	15,000,000	2,823,121	12,176,879
Stabilizing Unstable Embankment at Tank Farm at LBD Peradeniya	5,000,000	2,081,468	2,918,533
Total Value of the projects	**5,057,239,025**	**910,995,030**	**4,146,243,995**

*The projects which are mentioned below are contract value worth More than Rs 10,000,000.

Projects awarded but not started As At 31-12-2024

Project Name or Description	Contract Value (LKR)
Maintenence of Tanker Unloading Facility at Dolphin Tanker Berth(DTB)	52,000,000
02 Nos 15" Circumferences Mooring Hawser for SPBM Muthurajawela	41,000,000
Supply & Installation of Three Intel Servers and one San Storage to Host Non ERP Applications	25,000,000
Repairs to Tank no 05 at LBD Batticaloa	10,822,361
Projects approved by Board and awarded As At 31-12-2024	**128,822,361**

20.2. CAPITAL COMMITMENTS (Contd..)

Projects approved by Board and not awarded As At 31-12-2024

Project Name or Description	Contract Value (LKR)
Construction of 03 nos New Storage Tanks at Muthurajawela	3,496,000,000
Construction of 02 nos. 7000 m3,15000 m3, 5000 m3 & 2 nos.15000 m3 Storage Tank at Kolonnawa	3,373,974,219
Replacement of Existing 10" dia. Pipeline with new 18" dia. Pipeline from Kolonnawa Installation to Seram Gate at Colombo harbour	2,852,577,287
Development of the product filling facilities at Zone 7 at Kolonnawa	1,455,060,000
Replacement of Existing 10" dia. White Oil (naptha) Pipeline with new 12" dia. Pipeline from Kolonnawa Installation to Kelanithissa Powerhouse	1,443,750,135
Repairs to Tank No. 31 at Kolonnawa Installation	907,199,796
Intergrity Assesment of CPSTL Product Pipeline segments by Line Inspection	634,842,373
SAP ERP System Upgrade at CPSTL	610,218,784
Replacement of Tank No. 30 at Kolonnawa Installation	539,188,462
33 nos of Marine Hoses	418,558,113
Repairs to Tank no. Tank -31,and Tank 32- Petrol Loading Tanks in Muthurajawela Terminal	261,637,747
Repars to Tank No. 34 at Kolonnawa Installation	248,534,829
Infrastructure Development Facilities at Muthurajawela Terminal	182,000,000
Repairs to Tank no 24 at Kolonnawa	177,886,348
Supply Installation and Commissioning of CCTV System Stage 11 at CPSTL Oil Installation, Kolonnawa	163,403,556
Repairs to Tank no.32 at Kolonnawa	98,378,602
Proposed Circuit Bungalow at Anuradhapura	85,000,000
Supply of Double Block & Bleed (DBB) valves for Kolonnawa Installation	70,088,000
Replacing End Of Life Announced Network Routers	50,000,000
Hydrogen Sulphide Analyser to Determine Hydrogen Sulphide Content in Residual Fuels and Distillate Marine Fuels	48,583,000
Developments of Stabilizing Unstable Embankment at tank farm area at LBD Peradeniya	16,123,100
Restore the Fire Suppression System at Primary Data Center	12,000,000
Projects approved by Board and not awarded As At 31-12-2024	**17,145,004,351**

21. ASSETS PLEDGED

No assets have been pledged as at the reporting date.

22. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no any events after the balance sheet date as at 31st December 2024.

22.1. Financial instruments by category

	Loans & receivables at amortised cost	
	2024 LKR	2023 LKR
Trade and other receivables	11,145,281,753	10,087,520,325
Staff loans and advances	1,730,157,178	1,612,783,310
Cash and cash equivalents	4,329,323,552	1,113,340,473
	17,204,762,483	12,813,644,108

The above financial assets are measured at amortised cost using effective interest rate method. Carrying value of those assets considered as same as to the fair value.

	Other financial liabilities at amortised cost	
	2024 LKR	2023 LKR
Trade and other payables	2,492,698,618	2,261,872,406
	2,492,698,618	2,261,872,406

Company does not have financial assets classified into fair value through profit or loss, held to maturity or available for sale categories. As well as no financial liabilities were classified into the fair value through profit or loss category.

DETAILED INCOME STATEMENT

Year ended 31 December 2024

	Statement	2024 LKR	2023 LKR
Revenue		18,898,875,688	10,150,031,584
Direct Expenses	I	(9,562,225,548)	(6,846,378,434)
Gross Profit		9,336,650,140	3,303,653,150
Other Operating Income		1,015,248,890	1,180,257,199
Other Operating Expense		-	(7,734,143)
Administrative Expenses	II	(5,687,556,959)	(5,097,503,828)
Operating Profit		4,664,342,071	(621,327,622)

STATEMENT I	2024 LKR	2023 LKR
DIRECT EXPENSES		
Outside transport cost	4,320,786,900	936,629,800
Direct personnel cost	2,975,322,768	2,964,376,836
Insurance	208,513,905	214,065,371
Own Use Fuel Expense	262,869,588	843,265,749
Depreciation - storage tanks, pipelines, gantries and pumps	479,639,882	547,034,046
Depreciation - motor vehicles	3,851,520	29,194,046
Depreciation - SPBM	82,060,895	90,277,601
Vehicle maintenance	197,894,151	260,248,959
Storage maintenance	10,132,339	14,291,794
Property maintenance	373,900,734	325,622,508
Rail track maintenance	16,286,719	98,967,849
Consignment Seals	26,311,714	27,568,735
Cleaning & Sanitary Expenses	62,179,611	57,586,359
Water	5,792,165	5,158,181
Electricity	178,777,886	194,408,063
Security Charges	55,025,227	44,036,216
Vessel charges	297,974,615	188,862,501
Shipping, clearing and transport	2,056,659	1,064,140
Advertising and Promotional Expenses	2,848,270	3,719,680
	9,562,225,548	6,846,378,434

STATEMENT II

	2024 LKR	2023 LKR
ADMINISTRATIVE EXPENSES		
Directors' fees	2,958,800	1,992,500
Chairman's and MD's salaries	8,672,815	6,205,989
Personnel cost	3,372,788,449	3,396,891,201
Gratuity	338,268,907	300,507,148
Prepaid staff benefit on staff loan	574,353,226	679,222,632
Staff welfare	100,028,243	127,331,420
Medical	63,614,296	59,332,154
Office requisites	27,906,610	29,627,933
Communication expenses	20,519,208	19,732,165
Rent and rates	138,039,121	45,963,640
Depreciation of buildings, furniture and fittings, equipment and computers	149,580,376	164,279,975
Amortization of intangible assets	3,920,990	27,575,201
Travelling, subsistence, batta and taxi fare	32,031,825	33,916,795
Auditors' remuneration	1,820,000	2,315,139
Electricity	28,354,812	30,833,814
Water	21,730,279	19,351,781
Allowance/(Reversal) for impairment of staff loans	24,846,278	(4,917,710)
Legal fees	4,589,319	4,136,345
Professional fees	64,147,698	56,372,569
Charity & donations	-	1,701,750
Staff training	6,025,212	4,226,215
License and registration	20,275,705	8,518,631
Stamp duty	4,050	6,850
Sundry expenses	12,122,538	3,148,483
Loss on Revaluation of assets	83,862,857	-
Exchange (Gain) or Loss	72,478,929	68,634,052
Commission and Bank Charges	3,522,396	7,881,615
Allowance/(Reversal) for impairment of receivables	508,288,309	1,122,128
Allowance/(Reversal) of inventory provision	2,805,711	1,593,413
	5,687,556,959	5,097,503,827

FIVE YEAR FINANCIAL SUMMARY

		2024	2023	2022	2021	2020
Operating Results						
Revenue	LKR MN	18,899	10,150	9,433	14,276	14,276
Gross Profit	LKR MN	9,337	3,304	2,627	5,907	5,907
Operating Profit	LKR MN	4,664	(621)	(989)	1,377	1,377
Profit Before Tax	LKR MN	4,998	(314)	(704)	1,578	1,578
Income Tax	LKR MN	1,617	(351)	355	409	409
Profit After Tax	LKR MN	3,381	37	(1,059)	1,169	1,169
Dividends	LKR MN	-	360	-	-	-
Capital Employed						
Stated Capital	LKR MN	7,500	7,500	7,500	7,500	7,500
Retained Earnings	LKR MN	18,850	15,502	18,750	19,521	19,521
Capita Reserve	LKR MN	979	979	979	979	979
Shareholders' Funds	LKR MN	46,849	26,481	27,229	28,000	28,000
Non Current Liabilities	LKR MN	10,962	3,485	3,375	3,219	3,219
Current Liabilities	LKR MN	3,473	2,262	2,877	2,780	2,780
Total Liabilities	LKR MN	14,436	5,747	6,252	5,999	5,999
Assets Employed						
Non Current Assets	LKR MN	42,061	17,247	18,054	18,147	18,147
Current Assets	LKR MN	19,224	14,980	15,427	15,852	15,852
Total Assets	LKR MN	61,285	32,228	33,481	33,999	33,999
Key Ratios						
Gross Profit Margin	%	49%	33%	28%	41%	41%
Operating Profit Margin	%	25%	-6%	-10%	10%	10%
Net Profit Margin	%	17.9%	0.4%	-11%	8%	8%
Return On Capital Employed(ROCE)	%	10%	-1%	-3%	6%	6%
Return On Equity(ROE)	%	7.2%	0.1%	-4%	4%	4%
Asset Turnover	%	40%	31%	28%	43%	43%
Current Ratio	Times	5.53	6.62	5.36	5.70	5.70
Quick Asset Ratio	Times	5.28	6.24	5.06	5.46	5.46
Gearing ratio (Debt to Equity)	Times	0.31	0.22	0.23	0.21	0.21
Net Asset Value Per Share	LKR	63.77	35.31	36.31	37.33	37.33

Ceylon Petroleum Storage Terminals Limited
Kolonnawa, Wellampitiya, Sri Lanka

Tel: 011- 2572307
Website: www.cpstl.lk