



ANNUAL REPORT 2012

Sri Lanka Ports Authority



VISION

To consolidate Sri Lanka's position as the premier maritime logistics centre of the Asian region.



MISSION

To increase our profitability and customer base by providing excellent service and world class facilities.

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GOALS

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

CORPORATE OBJECTIVES

- ✧ To develop and maintain state of the art facilities in the commercial Ports of Sri Lanka.
- ✧ To maintain effective and efficient Port Services.
- ✧ To provide a competitive edge to importers and exporters by ensuring a cost effective, efficient and reliable service.
- ✧ To ensure the safety and security of ships, cargo, Port users and Port infrastructure.
- ✧ To provide a conducive working and service environment for all stake holders.
- ✧ To contribute to the Consolidated Fund of the General Treasury for current and capital expenditure of the government.
- ✧ To maintain high levels of Productivity in order to ensure speedy turnaround of vessels.
- ✧ To improve maritime related ancillary services thus creating more employment opportunities.
- ✧ To maintain a profitable operation of the Commercial Ports and to develop a good reputations as an efficient and reliable Port operator by providing a high quality customer service.

- ✳ To develop port activities to provide a competitive and quality service for container operations with a view to attracting transshipment activities including relay cargo, entrepot trade and bonded activities.
- ✳ To contribute towards regional development of Sri Lanka by providing necessary Port facilities in order to act as a catalyst in hinterland development.
- ✳ To enhance the administration and organizational aspects of the Sri Lanka Ports Authority including the revision of cadres and assessment of manpower requirements. The practice of staff proceeding on No pay Leave for work over seas will once again be encouraged in view of its benefits to the country's economy. Our Mahapola Training Center will further train and re-train staff to meet the requirements created by this scheme.
- ✳ To diversify into Port related activities such as offshore services, bunkering, fresh water supply, and container repairs, etc.
- ✳ To implement a management orientated financial reform with higher tax efficiency, better Portfolio management and more aggressive cost control.

SHIP ARRIVALS (ALL PORTS)

Description	2011	2012	Variance (%)
Port of Colombo	4,124	3,870	-6.2
Port of Trincomalee	126	161	27.8
Port of Galle	73	69	-5.5
KKS, Myliddy, PP & Karainagar	26	44	69.2
MRMR Port	9	34	277.8
Total	4,358	4,178	-4.1

CARGO THROUGHPUT (ALL PORTS)

Description	2011	2012	Variance (%)
Total Cargo Throughput (MT Mn)	65.1	65.0	-0.2

CONTAINER THROUGHPUT (TEUS) OF PORT OF COLOMBO

Description	2011	2012	Variance (%)
SRI LANKA PORTS AUTHORITY (SLPA)			
Imports	323,712	324,509	0.2
Exports	323,770	340,782	5.3
Transshipment	1,583,195	1,584,985	0.1
Re-stowing	68,769	66,573	-3.2
Total	2,299,446	2,316,849	0.8
SOUTH ASIA GATEWAY TERMINALS (SAGT)			
Imports	200,078	183,537	-8.3
Exports	199,326	171,427	-14.0
Transshipment	1,540,633	1,479,782	-3.9
Re-stowing	23,404	35,525	51.8
Total	1,963,441	1,870,271	-4.7
PORT OF COLOMBO			
Imports	523,790	508,046	-3.0
Exports	523,096	512,209	-2.1
Transshipment	3,123,828	3,064,767	-1.9
Re-stowing	92,173	102,098	10.8
Total	4,262,887	4,187,120	-1.8

CARGO DISCHARGED IN PORT OF COLOMBO (IN THOUSAND TONNES)

Description	2011	2012	Variance (%)
Containerized	15,317	15,460	0.9
Break Bulk	692	608	-12.1
Dry Bulk	2,618	2,709	3.5
Liquid Bulk	4,499	4,835	7.5
Total	23,126	23,612	2.1

CARGO LOADED IN PORT OF COLOMBO (IN THOUSAND TONNES)

Description	2011	2012	Variance (%)
Containerized	12,795	13,242	3.5
Break Bulk	30	10	-66.7
Dry Bulk	2	0	-100.0
Liquid Bulk	66	3	-95.5
Total	12,893	13,255	2.8

TOTAL CARGO HANDLED IN PORT OF COLOMBO (IN THOUSAND TONNES)

Description	2011	2012	Variance (%)
Containerized	28,112	28,702	2.1
Break Bulk	722	618	-14.4
Dry Bulk	2,620	2,709	3.4
Liquid Bulk	4,565	4,838	6.0
Total	36,019	36,867	2.4

CARGO HANDLED IN PORT OF TRINCOMALEE (IN THOUSAND TONNES)

Description	2011	2012	Variance (%)
Discharged	2,337	2,646	13.2
Loaded	237	213	-10.1
Total	2,574	2,859	11.1

CARGO HANDLED IN PORT OF GALLE (IN THOUSAND TONNES)

Description	2011	2012	Variance (%)
Discharged	464	422	-9.1
Loaded	0	0	-
Total	464	422	-9.1

CARGO HANDLED IN PORTS OF KKS, MYLIDY, PP & KARAINAGAR (IN THOUSAND TONNES)

Description	2011	2012	Variance (%)
Discharged	28	60	114.3
Loaded	0	0	-
Total	28	60	114.3

MAGAM RUHUNUPURA MAHINDA RAJAPAKSA PORT (IN THOUSAND TONNES)

Description	2011	2012	Variance (%)
Discharged	05	17	240.0
Loaded	10	3	-70.0
Total	15	20	33.3

TOTAL NUMBER OF EMPLOYEES

Description	2011	2012	Variance (%)
Port of Colombo	10,083	9,373	-7.0
Port of Trincomalee	466	436	-6.4
Port of Galle	433	391	-9.7
Total	10,982	10,200	-7.1

ALL PORTS

(Rs. Million)

Description	2012	2011 Re_ Stated	Variance (%)
Revenue and Expenditure			
Total Revenue	38,097.8	31,085.8	22.6
Total Expenditure	(26,009.4)	(23,472.4)	(10.8)
Operating Profit	12,088.4	7,613.3	58.8
Foreign Loan Interest	(1,709.7)	(1,371.8)	(24.6)
Foreign Exchange (Loss)/Gain	(4,566.9)	(3,390.1)	(34.7)
VRS Expenses	(600.4)	(2,594.6)	76.9
Profit Before Tax & After Foreign Exchange Gain /(Loss) & VRS	5,211.4	256.9	(1,928.8)
Taxes			
Income Tax	-	-	-
Deemed Dividend Tax	(1,124.7)	(175.6)	(540.5)
Differed Tax	-	-	-
Dividend Tax	(0.6)	(0.1)	(500.0)
Social Responsibility Levy	-	(24.1)	100.0
Net Profit/Loss After Provision for Taxes	4,086.1	57.1	7,056.0
Balance Sheet			
Non Current Assets	214,072.5	205,678.4	4.1
Current Assets	35,218.3	17,075.8	106.2
Current Liabilities	15,644.2	14,475.4	(8.1)
Equity and Other Capital	7,591.4	7,591.4	(0.0)
Reserves	70,060.9	67,515.1	(3.8)
Non Current Liabilities	155,994.3	133,172.3	(17.1)
Ratios			
Operating Profit to Revenue	31.7	24.5	
Annual Revenue Growth	22.6	9.9	
Return on Capital Employed	6.7	0.3	



His Excellency Mahinda Rajapaksa

President of Sri Lanka and
Minister of Ports and Highways



Hon. Rohitha Abeygunawardena

Deputy Minister of Ports and Highways



Hon. Nirmala Kothalawela

Deputy Minister of Ports and Highways



■ The keynote of the success of any organization is Great Team Work. It always gets rewarded with High Performance, Superior Quality, Improved Productivity and Tremendous Cost Saving which is proven by SLPA in the year 2012 with high octane performance upshots and ginormous achievements and here I would prefer to appreciate the great team effort which crafted the business success. The performance aspects of all the port activities have been spurred with enhanced efficiency and productivity reaching beyond expectations of our valued customers. I strongly reckon that resilience and flexibility are the two major driving forces adapted to the changing stipulations deriving the business success of SLPA. It is significant that we have publicized quantitative and qualitative performance in terms of good governance, transparency, accountability with rapid development achieved in port projects, revitalization of the existing infrastructure, asset growth etc.

PERFORMANCE

I am greatly delighted to state that well intended five year development plan was launched in spite of the advancing effect of the global economic turmoil to engender operational and financial sustainability. Service Excellence and Effectiveness were recognized

and admired by our valued clientele in the year under the review of attracting mainline and feeder line services to the Port of Colombo. Furthermore, Terminal Service Agreements entered into in the year 2012 has revealed our operational competency and enhanced efficiency. To reinforce the operational capabilities we have amplified the container storage capacity and outfitted innovative systems to ensure proper maintenance and quick response to cargo/container handling. With such diverse strategies we enhanced productivity and competencies in port operational activities resulting in remarkable increase in container throughput.

In the year 2012, the SLPA registered an intensification of 0.8% in the total container throughput handled in SLPA container terminals corresponding to 2011. The volume of transshipment has been increased by 0.1% in 2012 with 1,584,985 TEUs against 1,583,195 TEUs in 2011. A Growth is shown in domestic container throughput resulting in 2.8% increase by handling 665,291 TEUs as against 647,482 TEUs in the previous year. With all the enlargements in handling operations, the SLPA has recorded a throughput of 2,316,849 TEUs of containers which is the uppermost ever container throughput handled by the SLPA terminals. As a whole, the SLPA has



contributed by handling 55.3% of container throughput whereas the contribution has been 53.9% in the year 2011.

FINANCE

Financial performance of the SLPA was complementary in the year 2012 with all the advancements in operational sectors. The revenue of SLPA has increased by 22.6% from Rs. 31.08 billion in the year 2011 to Rs. 38.1 billion in the year 2012. Successful implementation of several stringent cost control measures together with the increase in revenue contributed to the augmentation in operating profit of the SLPA. Through favorable financial profits, necessary steps were taken to facilitate the financing of certain infrastructure improvements and development projects to provide competitive platform in the maritime sector.

DEVELOPMENT PROJECTS

With the objective of magnifying the Colombo Port's capacity, the Colombo Port Expansion Project was successfully managed during the year as a long and medium term port development strategy. The construction work of the South Container Terminal and the East Container Terminal was expedited

to make South Port operational in 2013 and 2014 respectively.

The phase II of MRMRP project also continued in a satisfactory level throughout the year 2012 as numerous ports related industries were set up and developing of essential facilities to commence operations of those industries was in progress. The port operations at MRMRP were increased with the handling of more vehicle carriers.

All work pertaining to Bunkering Facilities including Tank Farms was completed and commissioning of the supply of bunkering to the sea going vessels calling at MRMRP will be made possible in 2013. The construction work of the Port of Oluvil has been completed. Development in the Port of Trincomalee and Port of Galle are currently ongoing rapidly.

HUMAN RESOURCE DEVELOPMENT

In any organization one of the most precious elements linking all the operational activities is the human resource, which has been proved as one of the important pillars of success for the SLPA as well. Various stratagems were implemented in developing skills and motivating employees of the SLPA to enhance their levels of performance, quality

of service and ultimately ensuring the level of commitment towards achieving our objectives in the path of accomplishing business triumph. Systematic development executed in Human Resources to perk up the Knowledge, Skills and Attitude resulted in Effective Team Work, Customer Oriented and Friendly Attitudes and Successful Performances in tasks allotted was a grand contribution to meet up the expected outcome of Port of Colombo in year 2012.

CONCLUSION

All these great achievements would not have been possible without the invaluable guidance in implementing the above-enumerated port development projects and existing facilities by his Excellency the President and I take this as an opportunity to extend my heartiest gratitude towards his support and directions. Moreover, I would like to thank Honorable Deputy Minister, Secretary to the Ministry

of Ports and Highway, Staff of the Ministry, our Executives, work force, Trade Unions, Our valued Customer base and all the other stakeholders for their unstinted advise, support and co-operation extended for the achievements during the year 2012.

As stated by great Pablo Picasso, "Action is the Foundational Key to all Success" which has amply proven by ourselves in the year 2012 and I would like to mention that we should work together in coming years to make our ports an important emblem in international maritime echelon.



Dr Priyath B Wickrama
Chairman



Dr Priyath B Wickrama

Chairman

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

An Innovator who changed the SLPA towards true course as rudder moves in a ship, Visionary Leader who steered the Sri Lankan port sector vision in to the path of reality as engine powered the ship, Exceptional Professional who geared up Sri Lanka towards being a momentous icon in international shipping arena as propeller moves the ship forward; Dr. Wickrama revolutionized the history of Sri Lankan shipping sector as a ship sails a successful voyage.

Being a smart trailblazer with his great moral fibre, Dr Priyath Bandu Wickrama has been the Chairman of SLPA since 2008, growing the hub status of Sri Lankan Maritime Arena with his innovative ideology and exemplary business mind set. Strengthening his capacity, he is bestowed with Doctorate in Operations Management by the International University of America in the United Kingdom.

Graduated from University of Moratuwa with a B Sc Honours in Mechanical Engineering, Dr Wickrama has a broad vicinity of blending his engineering concepts in to the maritime perspective. Exploiting that capability, he is leading the two mega port development projects carried out in the Sri Lankan history of Shipping; MRMRP Development in Hambantota and Colombo Port Expansion Project to set up a competitive platform in

South Asian region by venturing new market opportunities.

Extending his visionary leadership, he performs as Chairman of Jaya Container Terminals (Pvt) Ltd, incorporated in the year 2002 as a 100% SLPA owned Public Company with limited liability and as Chairman of Sri Lanka Port Management & Consultancy Services (Pvt.) Ltd, which is the main supporting service provider of the SLPA.

He is sought after as a shining businessman in diverse business regimes whereas he is a Director of Urban Development Authority, Waters Edge Ltd and Colombo International Container Terminals Ltd.

As a member of Port Planning and Development Committee of International Association of Ports & Harbours (IAPH), his proficiencies are recognized in the International echelon.

Dr Wickrama was awarded as the most Outstanding Young Person in Sri Lanka, 2010 by HSBC for the contribution granted in Economic Accomplishment. In 2011 he was awarded as the Most Outstanding Citizen by the International Association of Lions Club for the renowned leadership demonstrated in the field of outstanding constructions for national development and awarded the Young Person of Sea Trade Middle East and Indian Sub Continent Award.



Mr Indika Karunajeewa

Vice Chairman

Solicitor (UK), LL.M (Warwick), Attorney-at-Law

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

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

Mr Karunajeewa read for a Masters Degree in Public International Law at the University of Warwick, UK and graduated with honours in 2003. He practiced in the Law Courts of Sri Lanka specializing in Criminal and Intellectual Property Law.

He is also a Solicitor of England and Wales.

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



Capt. Nihal Keppetipola

Managing Director

Master Mariner, MBA, MNI, MCILT

■ Capt. Nihal Keppetipola joined the Ceylon Shipping Corporation as an officer cadet in 1975 where he sailed on various types of ships such as container, general cargo, bulk, oil and gas tankers.

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

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

Due to various requests by senior management during different eras, in addition to the portfolio as Harbour Master, he carried out specialized jobs such as handling port operations, harbour security and logistics connected with the supply chain of the maritime industry.

Soon after, he obtained a promotion to Director (Port Operations) in 2005 and then to Additional Managing Director in 2006. Currently he is the Managing Director of the SLPA.

Capt. Keppetipola is also a Board Director of Jaya Container Terminals Ltd. (JCT), South Asia

Gateway Terminals (SAGT) and the Colombo International Container Terminals Ltd, (CICT). He is the Past President of Nautical Institute of UK (Sri Lanka Branch) and also a Member of the Chartered Institute of Logistics & Transport. He was a member of the Board of Directors of the Ceylon Petroleum Corporation during 2007/2010.

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



Dr Sanjaya Sedara Senarath
Executive Director

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

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

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

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

Other Achievements

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

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

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

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

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



Mr Anura Jayawickrama
Director

Secretary to the Ministry of Sports

■ Mr Anura Jayawickrama graduated from the University of Peradeniya in 1982 and joined the Sri Lanka Administrative Service (SLAS) in 1984. Prior to be appointed to the Ministry of Sports in 2012 as the Secretary, he has held several administrative positions of the Ministry of Trade and Commerce, Ministry of Industrial Development, Ministry of Agriculture and Ministry of Education and Ministry of Ports and Highways.

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

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

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



Mr S R Attygalle
Director

Deputy Secretary to the General Treasury

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

He presently serves as the Deputy Secretary to the Treasury.

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

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



Dr (Mrs) Damitha de Zoysa
Director

Secretary to the Ministry of Fisheries and
Aquatic Resources Development

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

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

Dr. de Zoysa belongs to the Sri Lanka Planning Service and had her initial period of carrier at the National Planning Department of the Ministry of Finance & Planning where she served in different capacities after leaving the University as Planning Officer, Assistant

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

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

Dr (Mrs) Damitha de Zoysa as the Secretary of the Ministry of Fisheries and Aquatic Resources Development led the delegation of the Ninth Session of the Compliance Committee (CoC 09) of the Sixteenth Session of the Indian Ocean Tuna Commission (IOTC) where Sri

Lanka became a member state on 13th June 1994 held in Freemantle, Australia from 18-20 April 2012.

At this Session, Mr Roberto Cesari of the European Union was nominated and re-elected as Chair for the next biennium of the Compliance Committee (CoC) while Dr. de Zoysa was nominated and elected unanimously as the Vice-Chair. She also led the delegation to the Sixteenth Session of the Indian Ocean Tuna Commission which was held from April 22-26, 2012 at the same venue.

All 24 Member States of IOTC including Australia, Belize (absent), China, Comoros, Eritrea (absent), European Union (Member Organization), France, Guinea, India, Indonesia, Iran (Islamic Republic of), Japan, Kenya, Madagascar, Malaysia, Maldives, Mauritius, Mozambique, Oman, Pakistan, Philippines, Republic of Korea, Seychelles, Thailand, United Kingdom, Senegal (absent),

South Africa (absent) and Vanuatu strongly supported her nomination.

At the Thirty second commission meeting of the Asia-Pacific Fishery Commission (APFIC), the regional fishery body of the FAO is an inter-governmental advisory body for fisheries and aquaculture with 21 member countries, working towards the advancement, understanding, awareness and collaboration in capture fisheries and aquaculture in the Asia Pacific which was held in Da Nang, Viet Nam from 20-22 September 2012, Dr de Zoysa was elected as Vice-chair for the coming biennium where India was elected as the Chair country.

Twenty nine delegates comprising the representatives of 15 member countries of the Commission and the APFIC Secretariat were present for the commission meeting. There were 21 observers from other regional fisheries bodies as well.



Mr Jagath P Wijeweera
Director

Director General of Customs

■ Mr Jagath P Wijeweera was appointed as a Director from 2012. Presently he is the Director General of Customs and prior to the present appointment he was the Commissioner General of Registration of Persons.

He holds a special Degree on fine arts from University of Kelaniya and followed that he has obtained two masters degree from

University of Colombo on Economics and International Relations.

He was an additional Secretary to the Ministry of Defense from 2006 to 2010. He is in the Sri Lanka Administrative service since 1987.



Mr Eshana De Silva
Director

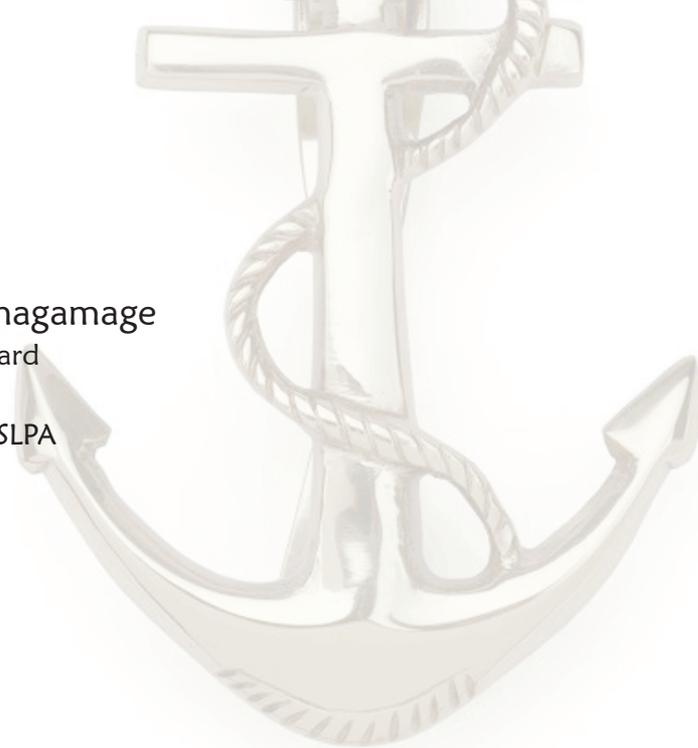
■ Educated at Royal College, Colombo 7, He is a Member of the Institute of Certified Professional Managers (MCPM) and is also an Associate Member of the 'AUKAP (UK)' United Kingdom Association of Professionals. He holds a number of senior positions in both the private and public sectors. At present he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

(Pvt) Ltd., Director of Esna Zinc Journeys (Pvt) Ltd., Deputy Chairman of Pan Asia Banking Corporation PLC (PABC), Board Member of Board of Investment of Sri Lanka (BOI), Board Member of Mountbatten Lands (Pvt) Ltd., Director of Mc Maring (Pvt) Ltd., Director of Shermans Sons (Pvt) Ltd., Director of Shermans De Silva & Co. (Pvt) Ltd., Director of Dimension X (Pvt) Ltd., and Director of Plumbago Lanka (Private) Limited.

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

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

Legal Consultant – SLPA



Management Team

■ Dr Priyath B Wickrama Chairman	Dr (Mrs) D Rajakanthan Chief Medical Officer	Mr W M D B Wijekoon Chief Engineer (Electrical)
Mr Indika Karunajeewa Vice Chairman	Mr H D H Samarasinghe Chief Engineer	Mr P R Siriwanasa Chief Law Officer
Capt. Nihal Keppetipola Managing Director	Mr L H R Sepala Chief Human Resource Manager	Mr H A N S Fernando Actg. Chief Manager (Supplies & MM)
Dr Sanjaya Sedara Senerath Executive Director	Mr P W Waduge Chief Engineer (Mechanical Works)	Mr H M U B Galagoda Actg. Chief Manager (Information System)
Mr Norman Weeraratne Addl. Managing Director	Mr D U W De Zoysa Chief Manager (Container Operations)	Mr Vijitha Abeysundera Acting Chief Engineer (Marine)
Mrs Shirani Wanniarachchi Director (Finance)	Mr P A A Hewageegana Chief Engineer (Southern Port Development)	Mr P M S Somaratne Acting Chief Engineer (Civil)
Mr J K P Kurukulasuriya Director (Southern Port Development)	Mr E A T Edirisuriya Chief Engineer (Mechanical Plant)	
Mr A D T Gunasekara Director (Technical)	Mr A A S R Abeysiriwardana Chief Engineer (Planning & Development)	Audit Committee
Mr D W Atapattu Director (Logistics)	Mr W N Alson Chief Manager (Welfare & Industrial Relations)	■ Mr S R Attygalle Chairman
Major Gen. S G Karunarathne Director (Security)	Mr D A J I Perera Chief Manager (Conventional Cargo)	Mr Jagath P Wijeweera Member
Mr M P S S Peiris Chief Engineer	Mr Upul Jayatissa Chief Manager (Marketing & Business Development)	Mrs Shirani Wanniarachchi Member
Mr K A Ansar Chief Training Manager	Mr P Ranathunga Chief Manager (Logistics)	Mr A D T Gunasekara Member
Mrs D G I C Lokuhewage Chief Engineer (Contract & Design)	Mr R M A S Rathnayake Chief Manager (Administration)	Mr L Premasiri De Silva Secretary



APL

APRU 576102 0
45R1

MAX.G.W. 34,000 KGS
74,960 LBS
TARE 4,580 KGS
10,100 LBS
MAX.C.W. 29,420 KGS
64,960 LBS
CU.CAP. 68.0 CU.M
2,400 CU.FT.

CAUTION
9'6" HIGH
CONTAINER

352

UD

320

290-0682

APHU 6880403

45Y-0447

- Activities and the Major achievements of the year 2012 are given below.

Following New Main Line Services were attracted in 2012

Six Mainline Services

- * HDS – Far East Service (E/B)
- * G- 6 Loop 6 Partners APL/MOL/Hyundai/OOCL/MNYK/Hapag Lloyd
- * AEF (Asia East Africa) E/B Partners – Evergreen, SCI & XCL
- * SGE (South India Gulf Express) W/B Partners – Evergreen
- * Cheetah – MSC
- * AEF – W/B – Asia East Africa Service – Partners - Evergreen / SCI & XCL

Entered into Terminal Services Agreements (TSA) with MSC Shipping Line, the 2nd biggest container shipping line in the world.

The SLPA Managed Terminals Reported Following Results;

- * Domestic container handling volumes increased by 2.8%.
- * Transshipment container handling volumes remain unchanged.
- * The SLPA managed Terminals, volumes increased by 0.8%.
- * The SLPA market share increased to 55.3% (2011- 53.9%).
- * The SLPA handled the highest ever total container throughput of 2,316,849 TEUs during the year 2012.

The Port of Colombo Reported Following Results;

- * Domestic container handling volumes decreased by 2.5%.
- * Transshipment container handling volumes decreased by 1.9%.
- * The Port of Colombo overall growth dropped by 1.8%.

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

Section 6(1) of the SLPA Act defines its objects and duties as follows.

- ✳ Provision of efficient and regular service for Stevedoring, shipping and transshipping, landing and warehousing, wharfage, the supply of water, fuel and electricity to vessels, for handling petroleum, petroleum products and lubricating oils to and from vessels and between bunkers and depots, for pilotage and mooring of vessels, for diving and underwater ship repairs and any other services incidental thereto.
- ✳ Provision of efficient and regular tally and protective services.
- ✳ Regulation and control of navigation within the limits of and the approaches to the Ports.
- ✳ Maintenance of Port installations and promotion of the use, improvement and development of the specified ports.
- ✳ Co-ordination and regulation of all activities within any specified port excluding the functions of the Customs Department.
- ✳ Establishment and maintenance on and off the coast of Sri Lanka such lights and other means for the guidance and protection of vessels as are necessary for navigation in and out of the specified ports.
- ✳ Performing such other duties as are imposed on the Ports Authority by the Act.

- ✳ Conducting the business of the Ports Authority in such manner and to make in accordance with this Act such charges for services rendered by the Authority will secure that the revenue of the Authority is not less than sufficient for meeting the charges which are proper to be made to the revenue of the Authority, to replace assets, make new investments and to establish and maintain an adequate general reserve and

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

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

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

Changes in the Senior Management in 2012

Mr P R Siriwanasa was appointed as the Chief Law Officer.

Mr Vijitha Abeysondera was appointed as the Acting Chief Engineer (Marine).

Mr P M S Somaratne was appointed as the Acting Chief Engineer (Civil).

CASA

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

the Port users and thereby to improve the productivity.

Appeal Panels against Disciplinary Orders

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

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

Foreign Training and Scholarship Opportunities

During the year under review, a total of forty six (46) Officers holding senior and middle management level posts in the Authority were awarded scholarships and given opportunity to follow training programmes and participate in the conferences and seminars conducted by International Organizations outside Sri Lanka.

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

Communication and Public Relations

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

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

The INAP, IAPH, SEA TRADE and transport event international exhibitors and conferences were much recent landmark events organized with the cooperation of the Division to boost the image of the institution in the international arena of Global Maritime Sector. This year's SLPA representation at the SEA TRADE DUBAI International Exhibition and Conference made the institution first appearance at a Dubai maritime international event and was



successfully launched through the coordination of the Marketing and Communication and Public Relations Divisions of the SLPA.

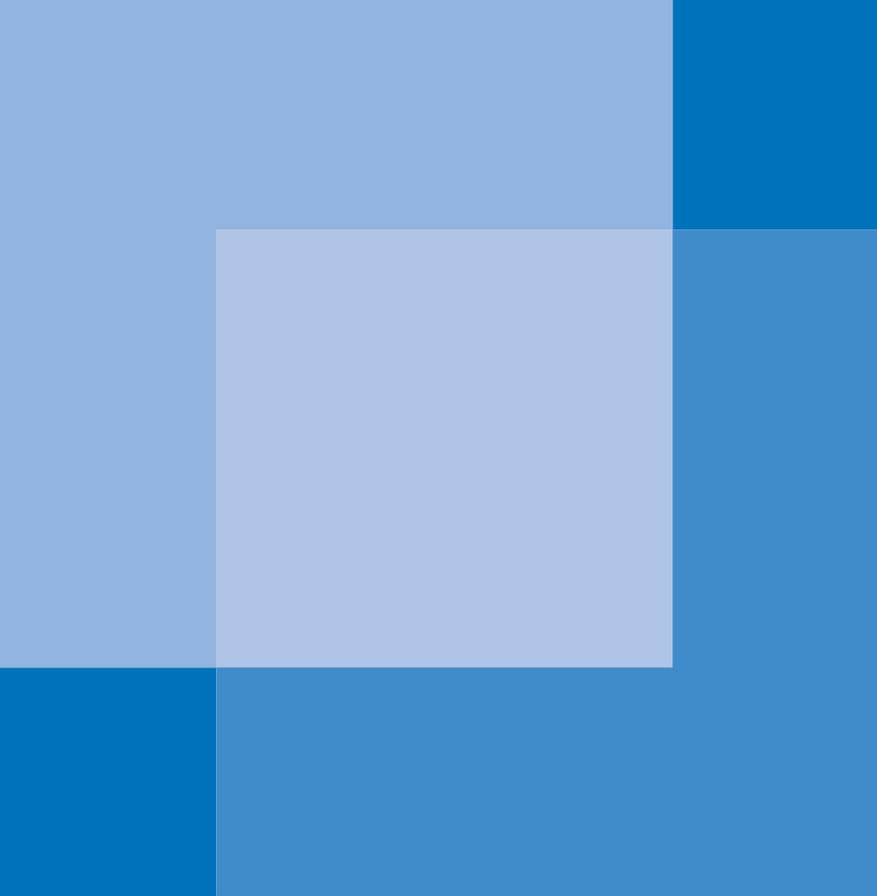
The CPRD has successfully continued the “Theertha” monthly newspaper distributed free of charge among employees of the SLPA to fulfill one of the major objectives of enhancing better communication between the management and the employees. It also serves to identify various talents of employees in a number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

The CPRD also maintains archive library facilities of both print and electronic data records for institutional reference. The computerized data and original hard copies of all matters published, related to the SLPA in local newspapers and most of the magazines in Sinhala, Tamil and English are secured at the Division, whilst a state of the art electronic studio protects all video visuals of past and present video coverage footage visuals of the SLPA for future reference as well as for the need of production of various video documentaries for the SLPA. A manual and a computerized library of photography are also available in the Division which keeps records of all images of photography coverage done for the SLPA.

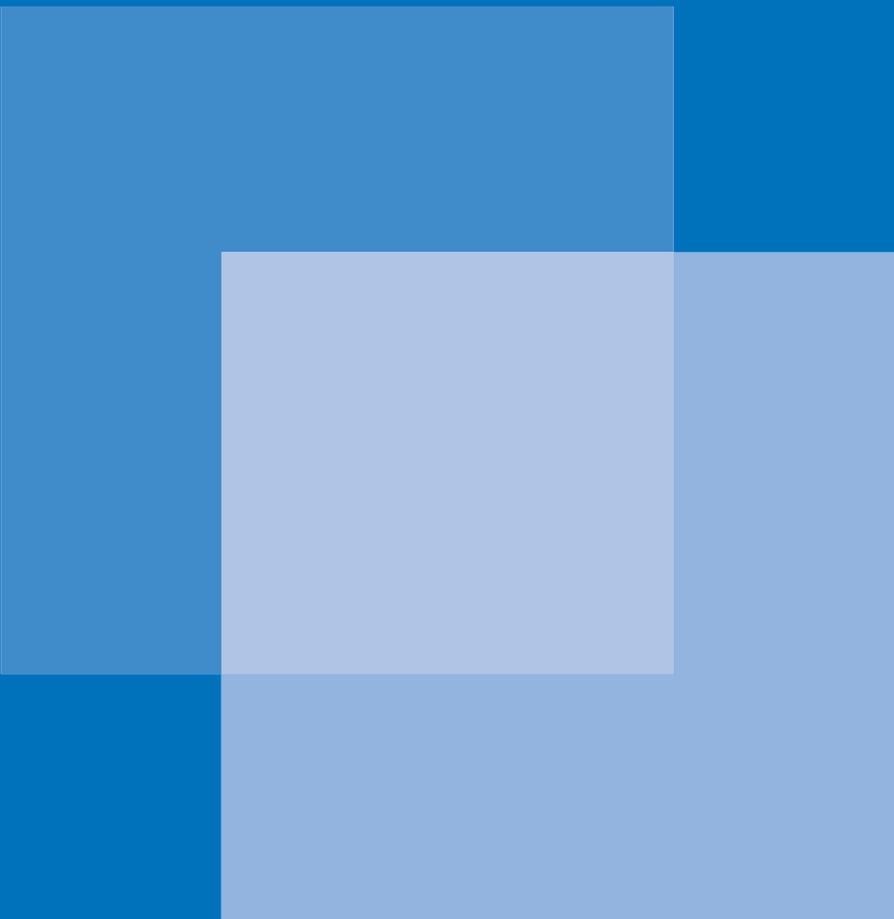
The SLPA had the opportunity to promote and raise awareness of the Port of Colombo as the leading Hub Port in South Asia and Sri Lanka as a Maritime Centre at a number of exhibitions held in Sri Lanka during the year, namely, “Deyata Kirula” National Exhibition, held at Oyamaduwa in Anuradhapura, “TECHNO 2012” at the BMICH and “Tissa Mela” in Kalutara where we could make the school children and the general public aware of the facilities and services available in the Ports and of the on going development projects. Printing of updated brochures and leaflets for these programmes were undertaken by this Division.

The CPRD is playing a vital role in organizing the functions and events of the SLPA. The newspaper supplements which were published to mark the various events were designed and organized by this Division.

The CPRD is the authorized arm of the SLPA to announce and express itself at various press briefing and to issue video and print information and press releases to all out media institutions for publicity on SLPA towards enhancing its image and productivity in an effective manner to highlight the institution’s dedicated performance towards boosting national economy.



OPERATIONAL REVIEW





OPERATIONS

- Newly procured equipment were fully operational in first quarter of 2012 adding 06 ship to shore gantry cranes (STSC), 30 rubber tyred gantry cranes (RTG) and 50 yard tractors. Equipment training programme was conducted with the assistance of Mahapola Training Institute, training arm of the SLPA, in order to deploy skilled and competent operators for the newly added equipment. Stacking of part of domestic and SAGT containers were diverted into newly constructed yard area adding 2,500 more yard slots.

Since it was almost 27 years passed after commissioning of Jaya Container Terminal, required civil maintenance on repairing of yard area, raising of RTG tracks and container stacking plates was expedited in order to ensure smooth yard surface in the terminal. Proper coordination and cooperation between operations division and relevant engineering divisions helped to minimize the down time of equipment assuring non-interrupted vessel and yard operation. Steps were taken to maintain a good communication with Navigation Division to minimize undue delay in Navigational movements.

Awareness programmes were conducted at the Terminal itself and at Mahapola Training Centre on best working practices, attitudinal change, safety and security of cargo and people as well. More attention was paid on the welfare on employees by taking steps to outsource additional staff to ensure cleanliness in rest rooms and yard area and appointing a special committee by the Chairman to supervise the activities of Central Kitchen in order to provide a good meal for employees.

Regular meetings were conducted with shipping agents to get their feedback on the performance of JCT/UCT and remedial action was taken to make necessary improvements.

All the above strategies made during 2012 helped to improve the productivity level of vessel operations at JCT targeting to achieve an average of 25 moves per crane hour on main line vessels. The SLPA could record the highest ever annual throughput in the history during the year under review. The total volume handled has reached 2,316,849 TEUs reflecting a growth of 0.8% as against the previous year corresponding volume. The SLPA has achieved a growth of 2.8% in domestic volume and transshipment volume has remained at the same level.

LOGISTICS

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

During the year 2012, 284,014 TEUs of FCL, containers were directly delivered from the Customers Services Centre by providing round the clock services. To enhance the services provided to the customers and minimize the time spent for documentation action has been taken to introduce Cargo Module Navis Programme for FCL Containers.

Most of the LCL containers (8,157 TEUs) were transferred to Peliyagoda CFS for destuffing operation whilst providing the warehouse space inside the port for local, TS, MCC operation and special type of cargo. A revenue of Rs. 180.9 million had been generated from de-stuffing LCL containers. Revenue from the Multi Country Consolidation (MCC) were 135.9 million. In addition a revenue of Rs. 2.6 million has been recovered as rent for storage on empty containers.

During the year, 78 new licenses had been issued to the clearing agencies and 843 licenses



were renewed making a total of 925 licenses generating a revenue of Rs. 13.5 million. By issuing and renewing wharf identify cards to wharf clerks of both categories “A” and “B”, a total revenue of Rs. 6.8 million has been collected. The total “A” passes issued and renewed during the year had been recorded as 2,123 while “B” passes were 302.

With the enhancement of bonding and entrepot cargo warehouse facilities by renovating CFS V warehouse that demand for bonding and entrepot trade was increased and total revenue of Rs. 43.5 million had been collected. The total revenue generated by Logistics Divisions in 2012 from the services rendered amount to Rs. 383.5 million during the year compared to Rs. 335.6 million generated in 2011.

By conducting public tender sales and auction to dispose of abandoned cargo, a total of Rs. 188.7 million was collected whilst generating additional revenue of Rs. 11.4 million by disposing off scrap iron, waste oil and used tyres etc. through SLPMCS Ltd. Rs. 1.8 million has been generated by disposing of discarded surplus items of the SLPA through public tenders. In addition to that revenue of Rs. 945,000/= earned from forfeiture of non clearance of awarded items.

in 2012, 61 applications had been received for waiver of rent from the consignees through the Ministry of Ports & Highways, out of which 28

applications were recommended and 18 were rejected. The balance are pending decisions from the Ministry of Ports & Highways.

With the aim of improving the quality of the services rendered by Logistics Division, cargo module delivery system (NAVIS) was introduced ensuring efficient and productive services to our customers in 2012. For the delivery of FCL containers and all measures are being taken to implement the same for LCL cargo de-stuffed to the warehouses.

FINANCE

The Finance Division is responsible for efficient and effective collection of revenue and utilization of those revenue to pay for services obtained as well as disbursement to ensure smooth functioning of development project as well as investing surplus for further use and carrying out management accounting functions in order to support the best performance level of other Divisions of the SLPA.

Further, this Division takes necessary steps to monitor expenditure through proper budgetary control systems and to optimize the revenue collection from all port activities and other services using proper management control systems. Implementation and maintenance of information technology to produce an integrated financial accounting

system for providing accurate, complete and timely financial information is another important functional objective of this Division. In addition Finance Division is always responsible to collect all dues from port activities and services, monitor expenditure and prepare related financial statements.

Finance Division function is being carried out by;

Revenue, Port Tariff Stevedoring and Navigation Section

This section carries out invoicing for all the stevedoring functions of both containerized cargo as well as non-containerized cargo, navigation services, MCC Operations as well as other miscellaneous services.

Revenue, Landing and Delivery Section

Invoicing and responsible for collecting payment from Domestic consignees for the delivery of cargo to importers and receiving cargo to export. This function is being carried out by Documentation Centres at Canal Yard, Pettah, Peliyagoda, Katunayake and BOI Head Office, Biyagama and Katunayake.

Revenue Credit Control Section

Keeping records of transactions of the Shipping Agents transactions, monitoring the Debtors Ledger as well as the Co-ordinating Disputes Resolving Procedure is it's one of major functions.

Expenditure Navigation and Other Divisions Sections

These two sections together prepare salaries/wages for each and all employees. In addition payment to contractors/suppliers for services obtained and products consumed by SLPA is handled by these sections.

Financial Accounting and Management Accounting Section

The main responsibility of financial Accounting Section is keeping records of transactions done by the SLPA and using those records to prepare the year-end Financial Statement to be forwarded to the Auditor General, General Treasury and the Ministry of Ports and Highways after obtaining approval of the Board of Directors. Payment of all taxes and preparation and providing of the Management Accounts to SLPA management as well as various institutions that may require from time to time preparation and presentation of Annual Budget as well as monitoring the actual expenditure against the budget as effective control mechanism. The maintenance of fixed asset registry of SLPA is another significant role of this section.

Cash and Investment Section

Investing in surplus cash to get a maximum return is done by this section.

NAVIGATION

Pilotage

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

Type of Ship	No. of Ships	Purpose of Call	No. of Ships
Container	3,093	Bunkering	51
Conventional	52	Repairs	35
Dry Bulk	195	Passenger	34
Oil Tanker	258	Other Services	14
Roll on Roll off	67		
Other Cargo	71		
		Total	3,870



Chief Master of Tugs (CMT) Section

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

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

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

Total Number of Vessels Attended by Tugs

A total of 14,288 movements were performed by the Berthing Tugs and the details are given below;

Name of Tug	Total
MT Raja	2,045
MT Nandimithra	1,358
MT Suranimala	3,012
MT Gotaimbara	3,244
MT Vijayabahu	2,333
MT Barana – II	2,283
MT Velusumana	13

During the year under review, the SLPA chartered two brand new 60T bollard pull tugs from M/s. Sparkle Overseas (Pvt) Ltd. Singapore, for a period of 06 months in order to release own tugs for major repairs.

Tugs Stationed at Out Ports

Trincomalee

- * M/T. Mahasen
- * M/T. Neelamaha
- * M/T. Vasaba
- * M/T. Nandimitra (20BP)

Galle

- * M/T. Therapuththahabaya

KKS

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

MRMRP

- * M/T. Velusumana

Sea Voyages

- * M/T. Velusumana (From Colombo to MRMRP)

Training

The officers and crew were encouraged to upgrade their knowledge and follow courses

in Advanced Fire Fighting, Advanced English, Basic Fire Fighting, Elementary First Aid, Personal Safety and Social Responsibility, Personal Survival Techniques and Microsoft Office conducted by the Mahapola Training Institute.

Revenue Earned

2011 Actual	Rs. 319.735 million
2012 Revised	Rs. 349.401 million
2013 Projected	Rs. 370.006 million

Chief Engineering Officer's Section

Staff

Adequate staff was available during the year 2012 in keeping with the operational and repair requirements of all tugs and pilot and mooring launches.

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

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

Port Fire Brigade (PFB)

An effective emergency service was provided by Port Fire Brigade during the year, 2012 mitigating adverse effects of fire and other emergencies while implementing and maintaining local fire safety standards. The Port Fire Brigade is also the Emergency response team of the SLPA combating incidents of Oil Pollution and accidents related to Hazardous Materials.

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

Fire response	05
Emergency calls	15
Stand by duties for Oil Tankers	118
Stand by duties for Gas Tankers	21
Stand by duties for Hot works on vessels	1,071
Stand by duties for D/C Handling	19
Supplying water to wash piers/ warehouses etc.	61
Pumping out water	18
Oil pollution control work	03
Inspection visits to oil tankers	728

Fire Safety Activities

Fire Safety Inspection of all the buildings/ cranes/vessels/prime movers were carried out all ports including Ports of Galle, Trincomalee and MRMRP.

Training

Staff training work shops	16
Outsiders familiarization visits	04
Coxswain Training courses	04
Fire Training for Deck Rating Trainees	02
Fire Training for Lafarge Cement	01
Refresher fire train for Fire Brigade Staff	08
Fire Training for Police Officers	01
Recruit Fireman Training for MRMRP	01
Staff Training for MRMRP employees	13
Management Training Programme	02

Combined fire drills were carried out with the Fire Units of the Ceylon Petroleum Storage

Terminals, Colombo Dock Yard and Colombo Power Plant.

Revenue

Revenue earned by Port Fire Brigade in 2012.

Description	US \$	Rs.
Stand by Duties for Oil Tankers	188,057	
Stand by Duties for Gas Tankers	26,060	
Stand by Duties for Dangerous Cargo	33,240	90,000
Charges for Inspection Visits	18,060	
Charges for Oil Pollution Control	8,600	982,500
Total Income	274,017	1,072,500

Harbour Safety Section

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

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

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

- * The Port of Colombo handled 421,748.377 MT of dangerous cargo during the year, 2012.

- * 31,085 Nos. of freight containers of transshipment hazardous cargo were handled.

- * Handling, storage and transportation of dangerous cargo in the Port and allied safety aspects were introduced at the course of lectures for employees in Operation Division.

- * 32,372 MT of high explosive (GPIE) and 9,428.709 MT of explosive nature substances (GP IAE/IIIE) were handled.

- * Personal safety of employees at JCT, and mooring gangs attached to Navigation Division were monitored, especially in using of Personal Protective Equipment with the assistance of Assistant Harbour Safety Inspectors.

Thirteen (13) Tankers called at Port of Colombo and discharged cargo as follows;

Types of Cargo	Quantity (MT)
Liquid Petroleum Gas	187,667,736
Gas Oil/JetA1/Gasoline/Kerosene	2,536,911,227
Crude Oil	933,054,525
Fuel Oil	840,944,422
Base Oil	21,438,191

Coast Lights Section

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

Light Buoys in Channels

Light Buoys were regularly checked and maintained. The alignment of the main South

West Channel of the Port of Colombo was changed frequently to facilitate dredging and oil pipeline re-laying works associated with the Colombo Port Expansion Project. Mariners were duly warned by way of Circulars to CASA, SLAVO, LASO and the UK Hydrographic Division.

Revenue – 2011/2012 Light Dues

Rs. Million

	2010	2011 Estimated	2012 Projected
Combined	534.93	511.761	544.877

Harbour Craft Section

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

Hydrographic Survey Section

Surveyors attended to all land survey works whenever requested made by the relevant Divisions as well as hydrographic surveys of all the SLPA operated ports.

- * Approach Channel Soundings
- * South Port Land Survey and Soundings
- * Main Entrance Soundings
- * Inner Harbour Basin & Berths Sounding
- * Buoy Position Survey of Approach Channel

- * Colombo Port Map Revision Work
- * Control Point Survey (Continuous)
- * Bloemendhal Survey (Oil Bank Project)
- * Surveying & Leveling of Port Internal Road Widening Project
- * Central Line Setting out and Leveling of Port Access Road Widening
- * Hydrographic and Land Survey at UCT reconstruction
- * Survey work for lease agreement
- * Leveling and setting out at BQ railway crossing re-establishment

Port of Galle

- * Cross Section and Setting out of Proposed New Road
- * Survey for Encroachment at Rumassala SLPA Land
- * Survey for Preparing Leased Plan for Yacht Marine Project
- * Galle Plan Updating Surveys

Port of Trincomalee

- * Land Surveys for Encroachment
- * Leveling work of total area of Ashraff Jetty
- * Survey for preparing leased plan

Port of Oluvil

- * Checking control points and Land Surveying of project area
- * Hydrographic Survey with Survey Consultant

Port of K.K.S.

- * Checking old survey plans in Divisional Survey Office – Jaffna
- * Investigation work of Port Land area

MRMRP

- ✱ As an urgent task, plan work and tenement list preparing for Stage I vesting to SLPA under Survey Dept. Supervision
- ✱ Participate as the member of the Cabinet Appointed Committee for Stage II land acquisition and resettlement procedures
- ✱ Hydrographic Survey over Basin, Entrance, Channel & Setting out Buoy position (Jan., Feb., March and Nov.)
- ✱ Navigation Chart updating surveys with NARA officers
- ✱ Oceanographic data equipment for established with CHC
- ✱ Surveys for lease plan preparing for Investors Land
- ✱ Setting out work or for clearing along the road net work
- ✱ Survey and setting out work for new building near Admin. Complex
- ✱ Survey and leveling the entire area of Tank Farm
- ✱ Leveling and setting out at new SLPA crusher plant
- ✱ Control Network re-established around Stage 1 constructed area, Administration Complex & Break water
- ✱ Other related survey work detailed by project engineers

Nautical Section

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

Revenue Earned – 2012

Name of the License	No. issued	Revenue
Ship Repair License	124	3,508,140.19
Dockyard License	73	1,150,846.69
Survey License	36	673,667.75
Ship Chandlers License	76	2,482,536.59
Boat License	47	1,189,697.30
SAGT & Other License	21	375,990.21
Total		9,380,878.73

PLANNING AND DEVELOPMENT

Planning and Development Division has continued the work of the several projects including Colombo Port Expansion Project.

1. Colombo Port Expansion Project

Government of Sri Lanka (GOSL) has identified the expansion of Port of Colombo to cater to the increasing demands of services in the international shipping industry. The Colombo Port Expansion Project (CPEP) comes under two phases as below.

1.1 Harbour Infrastructure

Harbour Infrastructure consists of construction of breakwaters, dredging for new harbour basin and navigation channel and rerouting of crude oil pipe line.

Estimated Project Cost -
Rs. 44.8 Billion

Location -
West of the present South west Breakwater



- Harbour Area -**
Approximately 600 Ha.
- Main Breakwater -**
5140m long
- Secondary Breakwater -**
1100m long
- Container Terminals -**
3 Nos. Each terminal 1200m long with 3 to 4 berths
- Capacity -**
2.4 Mn TEUs per Terminal
- Harbour Basin Depth -**
18m (with provision to deepen to 20m in the future)
- Access Channel -**
Width 560m, Depth 20m
- Design Vessel -**
Overall Length 400m, Beam 55m and Draught 16m
- Present Status:**
Completed except minor outstanding works

1.2 Construction of Terminals and other related services:

1.2.1 South Container Terminal (SCT)

The South Container Terminal is being constructed under Build, Operate and Transfer (BOT) basis as the first terminal of the proposed Colombo South Harbour.

Developer	M/s. Colombo International Container Terminals Limited (CICT)
Effective Date	1st December, 2011
Terms of BOT Agreement	35 Years
Estimated Project Cost	US\$ 500 million
Length of the Quay Wall	1200m
No. of Berths	3 - 4
Water Depth	18m
Capacity	2.4 Mn TEUs
Signing of BOT Agreement	12th August, 2011
Commencement Date of Construction	16th December, 2011
Expected Year of Operations	360m Quay - June, 2013 600m Quay - Dec, 2013 Entire Quay - April, 2014

Present Status

The reclamation works, preparation of foundation of quay wall, construction of caissons, launching of caissons, and construction of

the administration building are satisfactorily in progress.

1.2.2 East Container Terminal (ECT)

The SLPA had taken steps to construct 400m length of ECT in the South Port in parallel with the SCT. The project cost is estimated as US\$ 140 million and expecting to be completed in 2013.

After completing the ECT, the SLPA will also have the deep draught container terminal to work with existing container terminals.

2. Proposed Colombo Port City Development Project



Proposed Port City will consist of luxury hotels and apartment complexes, shopping malls, space for modern offices for corporate sector, leisure and recreational activities such as yacht marinas, racing tracks etc. adjacent to Port of Colombo.

Project Cost - US\$ 900 million
Expected Date of Commencement
- Year 2013

Present Status

- * Environment clearance has been obtained
- * Detailed project report has been submitted by the Investor

- * Detailed project report is under scrutiny of the TEC

3. Galle Port Development Project

A revised proposal of constructing a breakwater to protect entire Galle Bay, in order to facilitate a multi-purpose berth and berthing facilities for leisure crafts are under consideration.

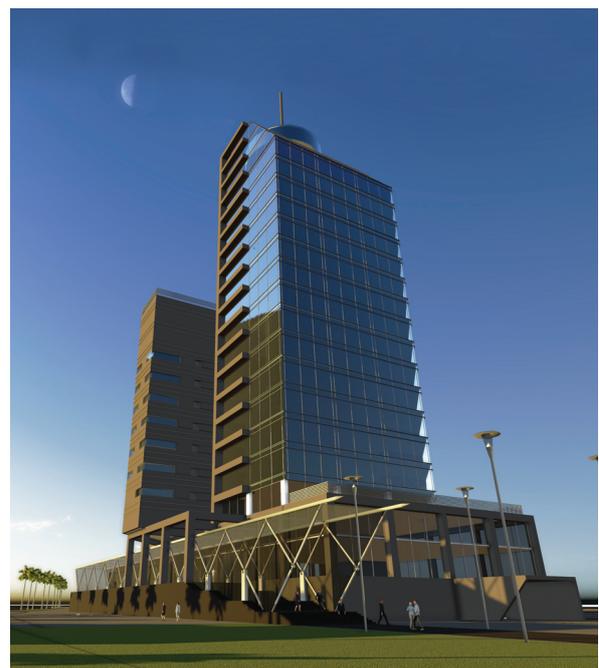
Construction of breakwater is being planned with the available JICA Fund and to develop multipurpose berth on PPP basis in Phase II.

Estimated Cost for Construction of Breakwater is JP Yen million 14,495

Present Status

- * Detailed design works has already started for the change of scope.
- * 30% of the design work have been completed by now.
- * Locations were identified and accommodated to the Master Plan.
- * The construction works due to be started in August, 2013.

4. Proposed Head office Building for SLPA



The construction of the Head Office Building to accommodate all the staff under a single roof. The previously decided location at the Canal yard has been shifted to new place inside the port premises. Floor Area is 31000m³

Present Status:

- * Soil Investigation at the new location has already been commenced and will be completed in January, 2013.
- * Funding arrangement is underway with Indian Overseas Bank.

5. Widening of Internal Port Road at Port of Colombo – Re-location Works

Widening of Internal Port Road has to proceed simultaneously with Colombo Port Expansion Project. Part of the Internal Port Road widening has already been completed by the same contractor, concurrent with the Colombo Port Expansion Project.

The SLPA started to continue the “Road Widening” and some existing buildings were to be demolished to obtain space.

Present Status

Re-location of staff in the said buildings is in progress.

6. Development of Trincomalee Port

To develop Trincomalee as a metropolitan growth center for North Eastern part of Sri Lanka by strengthening economic and resources base utilizing about 3000 acres of land belonging to the SLPA which was not properly utilized to date.

Budget Allocation : Rs. 40 million

Present Status:

- * RFP for industrial zone was completed. Nine proposals were submitted

- * Eight proposals were qualified for Preliminary evaluation
- * The evaluation process is in progress

7. Proposed Peliyagoda Warehouse and Yard Complex

Warehouse Complex will be constructed at Peliyagoda to minimize the traffic congestion on roads in Colombo and to offer an efficient service to stake holders.

LCL operations will be shifted to newly proposed warehouse complex while part of FCL operation will also be shifted to Peliyagoda.

A land to the extent of 28 acres located at Peliyagoda has been identified for proposed Warehouse and Yard Complex. This warehouse complex will be linked to the port by a rail way track.

Present Status:

Soil Investigation for the above land was commenced on 18th November, 2012 and it is under way.

SOUTHERN PORTS DEVELOPMENT

Southern Ports Development Division has continued the works of the several projects MRMRP Project and Bunkering Facilities & Tank Farm Project in Hambantota that had been undertaken from beginning.

Having substantially completed the construction of Phase-I of MRMRP Project last year, operations, including Ro-Ro vessels continued during the year 2012 in Hambantota. Accordingly, 6,515 Nos. of domestic vehicles and 4,388 Nos. of transshipment vehicles have been handled.

With the previously floated Request of



Proposals (RFP) scheme, seven investors have been selected and approval of the Cabinet of Ministers has also been obtained for setting up sugar, petro-chemical, fertilizer, cement and warehousing business within the port. One Business Venture is due to commence construction having signed the agreement with the SLPA, while the agreements of others are being finalized. Owing to high demand for investment opportunities in the port, 2nd RFP was floated this year. Ten investors have submitted their proposals and they are being evaluated at present.

The Southern Ports Division completed purchasing/acquisition clearing of outstanding issues, of all lands required for Phase-I & Phase-II construction, this year. The Division is going ahead with purchasing/acquiring proceedings for the remaining lands intended to be purchased/acquired through a Cabinet Appointed Committee. This included resettlement of nearly 600 families. As part of the above, land survey work of approximately 500 hectares has already been completed.

Bunkering facilities & Tank Farm Project is almost completed. The additional loan of US\$ 20 million has been approved for construction of additional infrastructure facilities in tank farm area and the construction work has just commenced, while additional work under the Phase-I of the contract is also in progress. Phase-II of MRMRP Project construction work commenced in November 2012. The total estimated cost of this project is approximately US\$ 808 million and scheduled to be completed in end of 2015. This will provide

approximately 2000m additional quay length with necessary handling equipment and other infrastructure to the Phase-I development.

Apart from the above major activities, SPD division also involved in port operations, maintenance and infrastructure developments other than the main construction. These include installation of crushing plant, manufacturing of Inter Locking Blocks, and furnishing of offices' quarters.

CIVIL

The Civil Engineering Division is one of the foremost segments of the Sri Lanka Ports Authority maintaining port structures, buildings, roads, quarters, maintaining Harbour depths and providing various other services to its stakeholders. Its service is further broadening to maintain facilities at all other ports & Harbours and lighthouses all over the country.

The maintenance activities have been planned in line with the requirements of the SLPA for achieving a gain in quantum of works compared to previous years. Systematic practices have been introduced and put in for operation for better control over productivity and good discipline among employees have been maintained for changing attitudes thereby operating them as a team. The maintenance activities with high priority were given appropriate weightage and accordingly managed the outputs at the acceptable level. Apart from the maintenance activities, the division involved in the minor development activities with in-house labour for the maximum utilization of the labour and machinery. JCT Yard rehabilitation project, construction of service corridor at Road Expansion Project etc. could be the examples.

The cleanliness of the port was one of the main issue faced during previous years and therefore preliminaries has been done for obtaining

permanent solutions in collaboration with respective authorities like Waste Management Authority (WMA), & Colombo Municipal Council (CMC).

The excess labour available in the division has been diverted to some other locations according to their capabilities and managed to operate the maintenance activities to acceptable levels with reduced manpower.

The Civil Engineering Division could be able to take initiatives for one stop store facility for all sections under the division for better control over material receiving and distribution for assigned works as well as for the online approving procedures for working extended hours for all workers in the division.

The Rehabilitation of the Port of KKS was one of the major development activity handled by the Civil Engineering Division and has been progressed to complete wreck removal and preparation of Detailed Project Report for the proposed development at Port of KKS under the development assistance of Government of India.

ELECTRICAL AND ELECTRONICS

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

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

Areas Covered Under Electrical Power Engineering Field

- * Distribution of electrical power supply from CEB at 11kV, total installed capacity of 18 MW
- * Maintenance of protection systems and switchgears of all LT Power applications
- * Maintenance of electrical installations in dredgers, tug boats and other floating crafts
- * Maintenance of Electrical installations in container handling cranes (ship to shore yard cranes)
- * Maintenance of ship bulk cargo handling canes
- * Repairs to electric motors (AC & DC) and other instruments in container cranes
- * Maintenance of standby power generators of total capacity o 15.5 MW
- * Installation, maintenance and troubleshooting of 11kV electrical underground cable network
- * Planning, installation and maintenance of air conditioning systems
- * Height enhancement of lamp posts at JCT to accommodate new RTGs
- * Planning, designing and implementation of grid connected 500 KW photo voltaic systems
- * Upgrading of 03 nos. 11 KV receiving and distribution of sub stations

Areas Covered Under Electronic & Communication Engineering Fields

- * Planning and maintenance of VHF Radio network (Marine Band)

- * Planning and maintenance of 2.4 GHz Wi Fi data communication network at container terminal
- * Maintenance of RFID system at container terminal
- * Planning and maintenance of optical fiber network and data network operation centre
- * Planning and maintenance of Port telephone PZBX system of capacity 2000 lines
- * Maintenance of navigation system including radars, echo sounder, satellite communication, equipment, DGPS based survey systems etc
- * Planning and maintenance of CCTV system
- * Expansion of existing optical fiber network
- * Enhancement of voice communication facility to accommodate VHF duplex channel

CONTRACTS AND DESIGNS

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

In addition to the above, Division also undertakes some minor construction projects on direct labour utilizing the employees attached to Stress Bed. Further the Division has

been involved in the Oluvil Port Development Project as a special project.

Major Works carried out by the Division during the Year 2012

Oluvil Port Project

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



DANIDA is the funding agency for this project. Construction work was awarded to the lowest successful bidder at the total project cost of Euro 46.1 million. Due to the unforeseen weather conditions & some design/technical issues, project was completed in December 2012 at the total cost of Euro 43.13 million.

All required consultancy services, construction supervision, quality controlling are undertaken by Contracts & Designs Division.

Coastal Protection Works at Oluvil

The SLPA Initiated a study to identify the possible remedial solutions for the beach

erosion in north of Oluvil Port by Lanka Hydraulic Institute (LHI), the Designer of Oluvil Port Marine Works.

With the approval of DANIDA for utilizing the funds, work had been awarded to the successful sub-contractor and completed in July 2012. Three (03) nos. of offshore breakwaters, each 100m in length at the water depth of -4.0m MSL were constructed covering 2.5 Km stretch of coast line-Northern side.

Widening of Harthal Bridge

The construction of widening of Harthal Bridge together with the required renovations to existing bridge was awarded to the successful Contractor and completed at a total cost of Rs. 209.7 million.

Renovations to Unity Container Terminal (UCT)

The Renovation Works at UCT was awarded to the successful Contractor for a Total Cost of Rs. 372 million. Rs. 400 million for the project was provided by the Government of Japan under the Non-Project Grant Aid Counterpart Funds. Construction works are in progress.

Surveying of SLPA Lands in Trincomalee

Surveying of lands owned by SLPA in Port of Trincomalee together with preparation of tenement list was completed at a total cost of Rs. 18.5 million.

Widening of Internal Port Road

Designing and Construction of Widening of Port Internal Road and Port Access Road in Port of Colombo is in progress. During 2012, construction works of 1.5 Km length have been completed.

Galle Port Development



- * Construction of Yacht Repair Workshop Building was completed at a total cost of Rs. 21 million
- * Refurbishment works at Rumassala Circuit Bungalow in Galle was completed at total cost of Rs. 7.94 million
- * Land acquisition process for Proposed Yacht Marina was completed. Designing and preparation of tender documents for proposed Yacht Marina were completed
- * Designing of proposed facility building to provide the supporting facilities required for the yacht marina is in progress

Other Works

- * Designing and preparation of tender documents for the Proposed Building for the SLPA Fire Brigade have been completed
- * Designing of structures/facilities for all required relocations to be carried out due to the widening of internal port road
- * Designing of Proposed Electrical Substation at Port of Galle
- * Designing of proposed oil pipe lines from Colombo Port to Tank Farm in Bloemendhal

- * Design review of South Container Terminal Project
- * Construction and supply of precast units/ cement blocks for the SLPA requirements at Peliyagoda pre-cast yard
- * Design of proposed decentralization of Central kitchen

Premises and Geographic Information System Section

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

Almost 8000 Acres of land around the island owned by the SLPA and about 75 premises out of them are leased to outside parties/ institutions.

Premises Section has taken steps to secure the properties of the SLPA by entering into 21 fresh lease agreements with increased leased rentals and was able to earn a sum of Rs. 146.8 million as Lease Rental during year 2012.

Meanwhile allocation of vacant SLPA houses for the employees was implemented according to the system introduced by the new circular in 2012.

MECHANICAL PLANT

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

The fleet of cargo handling equipment of the SLPA comprising the following was maintained



satisfactorily by the Division during the year 2012 by carrying out a planned Preventive Maintenance Programme in combination with a Quick Response Strategy to attend to sudden or accidental breakdown of equipment.

- * 23 Nos. Ship to Shore Container Cranes (STS)
- * 77 Nos. Rubber Tyred Gantry Cranes (RTG)
- * 04 Nos. Rail Mounted Gantry Cranes (RMG)
- * 19 Nos. Container Handling Lift Trucks
- * 119 Nos. Fork Lift Trucks (2.5 Ton to 10 Ton)
- * 185 Nos. Prime Movers
- * 220 Nos. Trailers
- * 04 Nos. Draw Bar Tractors
- * 78 Nos. Mobile, Wharf Electric, Floating & Overhead Cranes and Elevators
- * 07 Nos. Standby Generators required for un-interrupted power supply for the cargo handling operations
- * 03 Nos. Shunting Locomotives
- * 685 Nos. Motor Vehicles (Buses, Lorries, Vans, Double Cabs, Cars, Three Wheelers & Motor Cycles)

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

The following work been completed during the year 2012 by the sections of Mechanical Plant Engineering Division.

As part of the planned preventive maintenance program 115 Nos. jobs were carried out for Ship to Shore Cranes, Rail Mounted Gantry Cranes and Transfer Cranes. In addition 22 Nos. of structural repairs and 69 Nos. of accident repairs were carried out.

Prime Movers, Yard Tractors and Container handling lift trucks which also were subjected to 65 Nos. planned preventive maintenance works including 39 Nos. complete overhauls of Engines and transmissions, a total of 45 Nos. of accident repairs were carried out.

All other equipment comprising Fork lift Trucks, Construction Machinery, Trailers and all types of Cranes were satisfactorily maintained by the Mechanical Plant Engineering Division which includes 1,645 Nos. routine maintenance and repair jobs.

Responsibilities of the Mechanical Plant Engineering Division extends to the maintenance of the fleet of motor vehicles (Busses, Lorries, Vans, Double Cabs, Cars, Three wheelers and Motor Cycles.) and Shunting Locomotives of the SLPA. Routine maintenance and repair works covered during the period were 3,847 Nos.

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

MECHANICAL WORKS

The Mechanical Works Engineering Division is responsible for all steel fabrication works of the SLPA. This Division plays a crucial role in providing services for steel repairs to

berthing tugs, pilot launches, dredgers and all structural repairs of container handling cranes, container semi trailers attached to JCT & UCT. This division also engages in machining & fabricating, new spare parts required for cargo handling equipment & marine craft. The Division is also responsible for testing of chains and shackles and maintaining grabs for operational requirements. A development project at Colombo Oil Bank is entrusted with the Division. Accordingly, Project of laying a new petroleum oil pipe line system is designed to replace the existing old oil lines from Port of Colombo to Colombo Oil Bank. The new pipe line system includes 2 lines of 12" diameter and one of 10" diameter line, with an objective of transferring more tonnage of Petroleum product at high pressure. Thus increasing the revenue earnings in bunkering business in the Port of Colombo.

A training course on TIG welding was conducted in the Division for the benefit of the welders during the year. Out of the trainees, 6 were qualified for the TIG welding of any kind of fabrications, enabling the SLPA to undertake any sort of precision welding work such as welding of oil pipe lines.

A new ball drawing lottery machine was manufactured for National Lotteries Board in the year 2012, at a cost of Rs. 4.2 million, making revenue of Rs. one million to SLPA and saving foreign exchange for the country.

Apart from the above, this Division had completed the following major works during the year.

- * Renovation of 08 Nos. warehouse doors of BQ 3 for MCC operations and 06 Nos. warehouse doors of BQ 4
- * Installation of two Nos. oil tanks, two Nos. Oil dispensers and laying of oil pipe lines for the new petrol shed in MRRMP

- ✧ Major hull repairs were completed on berthing M/V Sinhabahu, M/V Airawana and M/T Nilamaha and the hull repairs were commenced on F/F Megha & dredger Hansakawa during the year
- ✧ Constructed a 650 m long fence for Ro-Ro vehicle yard at MMRP
- ✧ Reconstruction of 15 Nos. of old steel cabinets and almirahs enabling other divisions to use them without requesting these items on capital budget
- ✧ Arrangements were made to provide fresh milk for employees by setting up a NLDB fresh milk outlet in the premises of the Division as a welfare measure
- ✧ 03 Nos. ball drawing lottery machines were repaired for National Lotteries Board
- ✧ 80 Nos. steel gratings were fabricated and galvanized for BQ
- ✧ 06 Nos. fire pumps were overhauled for the SLPA Fire Brigade
- ✧ 253 Nos. of major machining work were done for other divisions

MARINE

The Marine Engineering Division is mainly responsible for the maintenance & repairs to all Floating Crafts of the SLPA & to ensure that the adequate number of floating crafts required by the Navigations, Operations, Civil Engineering maintenance & Security Division for their operational activities, be made available. The maintenance of outboard motors used by the said divisions is also the responsibility of the Marine Engineering Division.

The division is responsible for providing material handling gear requirement for handling of bulk cargo to Operations Division too. Further, the maintenance of kitchen



equipment of the SLPA such as gas burners, rice boilers, aluminium saucepans & other utensils is done by the Marine Engineering Division. Maintenance of the SLPA slipways is also carried out by this division.

This division consists of two sections & their achievements during the year are as follows.

Marine - I Section

Refit Engineering Section

Refit Engineering Section that comes under Marine - 1 section is mainly responsible for the co-ordination of maintenance & repairs to all Harbour Berthing Tugs, Fire float "Mega", Passenger Launch "Seruwila", the dredgers of the SLPA & all out board motors. The section was able to meet the operational requirement of five berthing tugs for Colombo. Two berthing tugs for Trincomalee. One berthing tug for Galle. One berthing tug for KKS. One berthing tug for MMRP, while carrying out the machinery repairs including Lloyds Register classification Survey requirements of these floating crafts.

The section maintained the dredgers namely Trailing Suction Dredger "Hansakawa" & Grab Hopper Dredger "Diyakowula" in good operational condition during the year. The cutter suction dredger Boowalla" had been taken for complete major overhaul & the repairs were successfully concluded. The section also carried out the routine repair &

maintenance of all the outboard motors used by Security, Navigation & Civil Engineering Divisions of the SLPA.

Major repairs including dry docking of the tugs “Sinhabahu” & “Irawana” were done during the year. Dredger Hansakawa was drydocked for urgent repair. Also in water surveys in lieu of docking survey were carried out for the tugs “M/T Barana” & “M/T Vijayabahu” and all required maintenance repairs of their machinery were carried out.

Major repairs to fire float “Mega” including blast cleaning & complete painting was successfully carried out with the use of the SLPA staff & with the use of Patent Slipway instead of using dry docks.

Harbour Engineer Craft Section

This section is mainly responsible for repair & maintenance of pilot launches, mooring launches & other general purpose launches etc. & were able to meet the operational requirements for the Navigation Division.

The Pilot launches “Pilot 10”, “Pilot 14” & mooring launch “Ruhuna 1” were refurbished during the year by the Engineer Harbour Craft section, while attending the routine maintenance & repairs of all pilot, mooring & other launches of the SLPA.

Classification surveys successfully carried out on Pilot Launches 10, 11, 12, 13, 14 & 15, and Mooring Launches 2, 3 and Echo 3.

Marine 11 Section

Shipwright Section

Shipwright section is mainly responsible for all wooden repair work and fiberglass repair work of floating crafts of the SLPA. Further they carry out the fender repairs woodwork & wooden hull repairs & maintenance work

of these launches & the diving boats of the SLPA. They were also able to attend to all fiberglass covering repair work of all GRP boats & wooden hull launches. The shipwright section also carried out repairs to wooden furniture, paneling work and the timber fender repair work of the berthing tugs used by the Navigation Division.

During the year, two slipping operations were carried out at the 600 ton Patent Slipway & 12 slipping operations were done in the slipway 01 & 02. Major repairs to the 03 launches were carried out by the section during the year, while carrying out other maintenance & repair work to 02 pilot launches, 04 mooring launches, several small crafts, 05 birthing tugs & 04 numbers other vessels.

Cargo Craft Section

Above yard is responsible for the repair & maintenance to Towing Tugs, Motor Launches, Water Barges, and Deck Barges used by the Operation Division & carrying out grit blasting & painting work of these crafts. The yard was able to meet the operational requirements of above mentioned crafts by the operations division.

During the year, this section manufactured & supplied different sizes of wire & manila rope slings (527 Nos.), different sizes of curtains (210 Nos.), different sizes of canvas covers awnings (21 Nos.), & tent clothes (10 Nos.) required by the Operation, Navigation, Security & Engineering Divisions, and Port of Galle & Port of Trincomalee & also to the other outside institutions.

Carts of various types such as hand carts (16 nos.), garbage carts & wheel barrows were repaired & several pipe manufacturing & repair works were carried out by the yard in addition to manufacturing and repairs done to kitchen utensils, aluminium products & hand tools required by various divisions of

the SLPA. 04 Nos. cradles were produced & transported to the Port of Trincomalee.

This section which maintains and operates six slipways of Port of Colombo, carried out 19 slipping operations during the year for attending to repair of crafts (13 crafts of the SLPA & 06 crafts from the private sector). This section was able to earn revenue of Rs. 10,355,688.87 for the SLPA by hiring out of slipways to private parties.

Beira Yard

The yard is mainly responsible for the maintenance & repairs to the steel cargo lighters used by the operation division. Steel repair & maintenance to cargo lighters & water barges were attended during the year. The floating platform was also provided for the “Upasumpada” ceremony of Amarapura Sanga Sabha at Kandy by the yard staff during the year. 04 nos. of JCT trailers were blasted & painted during the year. Necessary steel products for the pipe line project were blasted & painted.

The Marine Engineering Division has provided the services to all the divisions successfully. Due to the commitment made by all the available resources along with the staff & workers, this division was able to meet all operational requirements of Floating Crafts of the SLPA.

SUPPLIES AND MATERIAL MANAGEMENT

Basic functions of this Division can be categorized as follows

Procurement of the Materials

Once purchase of the materials are approved either capital items or consumable items by relevant authorities, other facilities needed for the purchase will be arranged by Supplies and Material Management Division.

Inventory Management

When materials are received against the purchase orders, then the goods receiving and inventory controlling will be done by Supplies and Material Management Division.

Management of the Division Related Projects

A new automated procurement and inventory Management System was purchased and presently pre-implementation testing is being carried out for the project to go live.

Number of Tenders approved during the year under review.

Description	No. of Tender Board Meeting	No. of Tender Board Approvals
Cabinet Appointed Tender Board (Approval limit over 100 million)	Nil	Nil
Board of Directors (Departmental Tender Board No. 1) (Rs. 20 million to 100 million)	12	03
Central Tender Board (Departmental Tender Board No. 2) (Rs. 250,000/= to 20 million)	51	1,376
“B” Tender Board (Departmental Tender Board No. 3) (Approval limit less than Rs. 250,000/=)	51	3,432

Total Expenditure Incurred during the Year 2012 on Local Purchases

Non Capital Items	Rs. 550,718,675/=
Capital Items	Rs. 236,265,628/=

Total Expenditure incurred during the year 2012 on Foreign Purchases (C & F Value)

Non Capital Items	Rs. 513,343,924/=
Capital Items	Rs. 198,434,232/=

No. of Letter of Credit opened	131
No. of Telegraphic Transfers orders opened	16

Details of the Goods Cleared by the Wharf Section in 2012

Sea Freight	71
Air Freight	78
Parcel Post	05

Value of Stock as at 31.12.2012 (Main and Sub Stores) is Rs. 1,793,911,686/=

Main Stores and Stock Control

Value of Goods received at Stores during the year 2012 (Capital & Non Capital)	Rs.2,738,178,299/=
Value of Goods issued to User Section (Capital & Non Capital)	Rs. 3,270,540,720/=

INFORMATION SYSTEMS

The IT objectives of the SLPA are well aligned with its overall business goals. The IS Division is charged with the responsibility of implementing IT systems in the port and has always been the architect in creating state-of-the-art IT systems to its business functions. There is a strong congruence between IT and the port business. The potential for IT in spurring port business is immense and this potential can place SLPA in the forefront of its competition with the rival ports in the region. IS Division has always been the driving force in SLPA's success stories when it comes to IT-driven projects.

The tasks undertaken by the IS Division in the year 2012 are detailed under the headings of existing application systems to which they added significant enhancements.



Container Terminal Management System (CTMS) – JCT/UCT

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

EDI System

Through the CTMS the following EDI facilities were implemented.

These facilities are currently fully operational and are available for the Shipping Lines/Agents.

CODECO

Container Gate in /Gate out Report.

According to the UN EDIFACT message format, a report is sent out to agents daily at 8:00 hrs.

COARRI

Container Discharging/Loading Report.

According to the UN EDIFACT message format, a report is sent out to agents daily at 8.15 hrs.

BAPLIE

Bay plan / Stowage Structure – Occupied and Empty Location Message.

The CTMS combines the inward BAPLIE with the TDR (Terminal Departure Report) containing the containers to be discharged at Colombo, and prepares the outward BAPLIE. The outward BAPLIE, which contains the updated stowage structure of the departing vessel, is provided to the Vessel Agent.

Web Access Module

The Web Access Module of the CTMS was fully implemented. The Shipping Lines/Agents from outside can now access the SLPA system for the following inquiry options.

- * Ship Schedule Inquiry
- * Container Discharge List
- * Container Loading List
- * EDI Upload
- * Container Availability Inquiry
- * Find Equipment (Container, Truck etc.)

Cargo Management System

Cargo Module of the CTMS was purchased in 2011 in order to provide an efficient service to SLPA customers. Among the many advantages that accrue to the cargo clearing industry are initiating service requests from the client's office, generation of draft invoices at SLPA, facility to make payments through cash over the counter at any BOC branch or through internet money transfer for BOC account holders and payment using internet payment gateway with credit/debit cards of any bank.

It has been planned to implement the module in two stages. The Export process has already been implemented and in the second stage the Import process will be implemented.

The facilities supported by the module through EDI - Export

- * Service request submission via Web from exporter's Office
- * Bill preparation by SLPA Finance and sending it to exporter via Web for verification. If error reflects, exporter can reject it then and there thus helping avoid disputes and delays
- * Facility to make Payments through online e-banking from their office or in cash by BOC branches island-wide updating CTMS System real time
- * Transfer of verified container stuffing information electronically from office through Web Access
- * Modernized and expedited Gate function with customer providing information through Web
- * Expeditious physical document checking at export office with online information portal with payment etc
- * Link with CTMS via pre advising of containers through Web
- * Customs Department verification supported by correct cusdec numbers
- * Reduction of total processing time to a maximum of 45 minutes by minimizing human intervention
- * Automation of checking leading to maximization of accuracy and removal of malpractices

ORACLE Finance System

Targeting improved performance, the Oracle Finance system, which had been running on a low end server, was migrated to a new high

end server having the General Ledger, Accounts Receivable and Cash Management modules in the year 2011. After the implementation, most of the manual functions were automated and procedures in the Finance Division were simplified and streamlined, thus bringing in efficiency and accuracy to its activities. The capacities of the new server made way for the Inventory and Procurement Management Module of the e-Business suite to be implemented on top of the Oracle Finance system on the same machine in 2012.

Inventory Control and Procurement Management System

An option to meet the requirements of the Supplies and Materials Management Division was felt essential when it came to light that the existing system was not able to meet all the functionalities of the Division.

The Inventory and Procurement Management Module of the e-Business suite was considered as a suitable solution having the capacity of meeting all the requirements. The two modules were purchased and currently they are under the implementation phase.

Required Customization to the module was satisfactorily completed in late 2012 and user training was simultaneously given throughout the year. The New system implementation was temporarily halted due to a disparity between the accounts of the Finance Division and those of the Supplies Divisions which is given by the current software module (PSCAPS). Therefore, physical verifications of inventories are currently being conducted in order to get the correct stock positions. Once it is sorted out the new system can be deployed.

New Payroll System

After passing through the stages of requirements gathering, system study, analysis and development, the implementation stage was commenced in the latter part of 2011 and

completed in 2012. The system will mainly cater to the requirements of the Finance Division and in the final stages it will be connected to all the administration sections of SLPA. The new payroll system will be integrated with the HR system and once the system is fully implemented, it will be possible to automate leave/overtime maintenance and online loan processing. Currently it is being tested with the existing Payroll System for accuracy.

Employees Healthcare Management System (EHMS) - Medical System

Development of a system for the computerization of the data processing functions of the Medical Division was completed in the year 2012. An IBM server x 3850 M2 with four (4) 146 GB hard disks was purchased and Linux Red Hat Operating system was installed.

The EHMS was developed using VB.NET with Oracle 10g database support under Linux Operating System. It caters to the Medical Division's record keeping functions of its activities such as patient registration, treatments, drug issues, patients' medical examination reports, admissions and other related functions. At present, the system is ready for the parallel run.

Maintenance of Existing Systems

Once application systems have been commissioned, maintenance of its software and supporting hardware becomes the foremost responsibility of the IS Division. System maintenance which amounts to almost 60% of total efforts of any IS installation, is the longest on-going phase in the systems development life cycle. The maintenance phase ends when the system is decommissioned. The Maintenance work load thus entrusted upon the IS division deserves special attention as it is the responsibility of the IS Division to keep its systems up and running. Prompt action taken by the IS Division by bringing about timely

maintenance on hardware and software, has helped SLPA to ensure an uninterrupted operation of its IT systems.

The maintenance work of the following systems was undertaken by the IS Division in the year under review.

FCL/LCL/Landing and Delivery System

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

CFS/Peliyagoda.

System Support and Training were provided. Requests for Ad-hoc reports were fulfilled. Server maintenance and data back up procedures were monitored and implemented successfully.

Security Control and Permit Issue System

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

HUMAN RESOURCE DEVELOPMENT

The Human Resource Division plays a vital role to achieve corporate objectives of the SLPA by providing professional/skilled personnel.

Human Resource Division is responsible to attract suitable individuals for the relevant designations to achieve set targets of the

Establishment at the correct time. After absorbing correct employees into the right positions, it is required to retain them by maintaining human resource functions at the optimum levels.

At the beginning of the year 2012, the total workforce of the SLPA was 11,008 including executives, non-executives, technical and non-technical categories and the total workforce as at 31.12.2012 was 10,200. Out of them the total workforce at the Port of Colombo was 9,373 whilst at the Port of Galle and Port of Trincomalee was 391 and 436 respectively.

Details of Internal Promotions within the year 2012

Action has been taken to fill the 395 vacancies internally within the approved cadre based on the approved Schemes of Recruitments (SOR).

Details of External Recruitments

During the year 2012, sixty four employees were recruited from outside on permanent and Contract basis.

More than the external recruitments and internal promotions, most employees were placed on their immediate higher salary scale on the performance, attendance, and behavior in terms of the guidelines stipulated in the new SOR in non-executive categories.

New Approved Cadre

Having discussed with all head of Divisions, the approved cadre of SLPA was decreased from 12,987 to 9,990 based on service essentiality and taking into consideration the following facts.

- * New SOR And New Salary Structure
- * Multi-Skilled Category Concept
- * Computer Applications Systems
- * Introducing of State-of-Art Technology and Equipment

- * Proposed Head Office Building
- * Ongoing Performance Evaluation Process
- * Advanced Training Programmes
- * Centralized Approach
- * Outsourcing Concept
- * Change of Attitudes

Improvements of Information Systems

Ninety percent (90%) of the major functions were completed to aggregate pay roll and attendance with Human Resource Information System. On-line leave system was introduced to all divisions of the Port of Colombo. Most functions of the HRIS were initiated to facilitate to the Human Resource Staff for smooth functioning of their day to day activities. Taylor made Training Programme on Data Base Management was started to enhance the computer literacy of the employees of Human Resource Division with the help of the Mahapola Training Institute. Arrangements have been made to introduce Document Management System.

Introduction of National Vocational Qualification (NVQ)

Based on the requirements stipulated in the new approved SOR of Non Executive categories awareness programmes on NVQ were held with the help of the Resource Persons of Tertiary & Vocational Education Commission. Now action has been taken to train assessors for different categories to facilitate employees to get their certificates.

Compensation for Accidents

Total number of accidents for the year was 90 and the total payment of workmen compensation amounted to Rs. 632,500/= against fatal accidents/partly disables.

Revision of Manual of Procedure and Financial Regulations

Discussions were held a specially nominated committee comprising officers in Human Resource Division and Finance Division with the authorized officers in Finance Ministry to revise the existing manual of procedure and the Financial Regulations to match the current needs.

SECURITY

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

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

The revenue generated by way of issuing permits (with all income tax) for the Port users is as follows;

Description	Rs.
Revenue earned by way of issuing personal and vehicle permits	92,914,186
Revenue collected by way of re-issuing permits by way of fines imposed on misplaced permits	44,286
Revenue collected by way of issuing permits for SAGT & Colombo Dock Yard	4,179,326
Revenue collected by way of issuing of pouches and lanyard along with Permits	544,700
TOTAL	97,682,498



In addition to above following income has been earned;

Description	Rs.
80 cases filed by the SLPA initiating legal action for violating traffic rules and the Fines collected	105,500
Amount collected in respect of damages caused to the SLPA by accidents during the year 2012	1,584,228

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

Office of the Issuing of Photo Identity Cards for Port Employees

The number of Photo Identity Cards issued to Port employees during the year under review is given below.

Description	Nos.
New Recruits	17
Issuance of new Photo Identity Card to the Port of Trincomalee	427
Re-issues due to change of data	949
Number of permits issued for vehicles of the Pool of the Authority during the year 2012	524
Number of permits issued to the private vehicles of the Port employees	3,837
Number of RPU permits printed during the year 2011	5,032

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

Training Courses Conducted for All Ranks of Security Division

Sixteen (16) workshops have been conducted from 04.01.2012 to 09.05.2012 to make aware the nature of duties of Security Division and affiliated institutions of the SLPA. 978 Security personnel including executive officers participated. A work shop concerning the management of inventory items was conducted on 21.11.2012 and 20 executive officers participated. 11 workshops were conducted from 28.09.2012 to 10.12.2012 concerning the point duty and responsibilities and 158 security personnel participated.

Firearms, Practical Training and Shooting (2012.08.11 and 2012.09.01-02 and 2012.09.15)

Training in multiple shooting practice was provided for Security officers who are under the age of 45 years, in the Security Division, Pistol training practice for Security officers selected on exigencies of service, 9mm pistol shooting training practice and multiple shooting practice for relevant executive officers select on service requirements. Accordingly 95 security officers were provided with 9mm pistol shooting practice during annual shooting practice training for which 561 live bullets were used.

The above stated ranks numbering 486 were engaged (including Galle/Trincomalee/Oluvil) in shooting practice training using HK 512 and M3 super 90 firearm, for which SG brand 4,890 live bullets were utilized (shooting practice are being conducted for selected security categories of the Security Division, annually.)

Port Security Diploma Course

This Division had commenced a Port Security Diploma Course conducted by the Kothalawala Defense University, coordinated by the MPTI aiming at providing adequate theoretical knowledge required for all the security personnel, skill development required for successful implementation of functions related to Port Security, developing positive attitudes required to create competent personnel with professional abilities. The duration of this course is 1½ years and course commenced on 18.08.2012 and scheduled to be completed on 22.02.2014. The security personnel participate in this course from 07.00 hours to 15.00 hours on every Saturday during this 1½ years period, without disturbing their duties. The participation is as follows;

Manager (Security)	01
Chief Superintendent (Security)	02
Superintendent (Security)	06
Assistant Security Officer	05
Security Sargent	14
Security Guard	15
Total	43

We have also commenced conducting seminars for the drivers of heavy vehicles, who constitute specific group of drivers using the port premises.

During the period from 16.07.2012 to 31.12.2012 workshops have been conducted to make awareness among heavy vehicle drivers and the number of drivers participated was 3,562. Each driver was charged a concession rate of Rs.650/= for this course and MPTI has earned a sum of Rs.2,315,300/=. It is to be noted that this course has produced very successful results. In addition to above the MPTI had conducted various courses and workshops during the year 2012 with the objective of creating awareness on variety of other subjects.

WELFARE AND INDUSTRIAL RELATIONS

There are numerous facilities, financial as well as non-financial, provided for the staff of the Authority by the Welfare and Industrial Relations Division. These facilities have been continued to be provided for the well being of the staff making additions and improvements intermittently. During the year 2012, it has provided numerous welfare facilities which are detailed below:

Supply of Meals for the Staff for Free of Charge

The lunch and dinner as well as refreshments such as tea and short eats are being provided for the employees of the SLPA who are on shift duty. The office employees are being provided with lunch, free of charge. During the year 2012, a sum of Rs. 581.88 million has been spent on this. Besides, the employees who do not obtain the free lunch provided by the SLPA were paid Rs. 80/= per month.

Accidents and Insurance scheme for the Employees

The Medical scheme, which was in operation since beginning of the year, has been suspended w.e.f. 31.08.2011. A new medical insurance scheme with more benefits in collaboration with the National Insurance Trust Fund, has been implemented w.e.f. 01.09.2011, in place of the old scheme. In term of this scheme, the employee will get more benefits when compared with the old scheme. In case of an accident an employee is entitled to receive an insurance cover up to Rs. 1,000,000/= and in case of a natural death he is entitled to an insurance cover of Rs. 100,000/=. Apart from this in respect of outdoor treatment, a sum of Rs. 7,500/= being reimbursed. Besides an employee is entitled to insurance cover up to, Rs. 100,000/= in case of hospital charges, as an inpatient. A special feature of this is that an employee is eligible to bring the members of his family voluntarily under this scheme. Accordingly, the spouse can be brought under

this scheme with an annual contribution Rs. 1,500/= and in respect of a child the annual contribution of Rs. 720/=. Furthermore this insurance scheme is implemented together with the Sri Lanka Insurance with effect from 1st September, 2012.

Insurance Scheme for Pilots

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

Housing Loan Scheme

A loan scheme programme is being implemented, with the assistance of the State Mortgage and Investment Bank (SMIB) under which employees of the Authority are eligible to obtain a housing loan up to 500,000/= for the purchase of house or construction of a house or annex, or purchase of a plot of land to construct a house. A concessionary rate of interest (6%) is levied and a sum of Rs. 50,000,000/= is allocated under the programme. In regard to this housing loan programme, a sum of Rs. 16,996,000/= has been released to the SMIB during the year 2012.

Scholarship Scheme

Two categories of scholarships are being awarded to the children of the employees of the SLPA for the university education and study for the GCE (A/L) examination.

In accordance with this scheme, scholarships are being awarded for GCE (A/L) studies for a period of 24 months at the rate of Rs. 750/= per month. During the year under review, a sum of Rs. 3,145,550/= has been granted to students under this programme.

The children of the employees of the Authority who have been selected for the University education are being awarded Rs.25,000/= per annum and according to their period of studies for maximum period of 05 years. Under this scholarship scheme a sum of Rs.8,167,575/= has been awarded to students in the year 2012.

In awarding these scholarships there was a significant feature that was the increasing of Nos. of scholarships holders since 2011. Even in this year this feature is visible. Moreover steps have been taken to grant bursaries to scholarship holders directly through the bank accounts from this year.

Welfare Buses

Buses are provided on concessionary rates to the employees of the Authority and their family members when they are going on pilgrimages and picnics. A bus is being provided free of charge to the employees to participate at a funeral of an employee subject to a specific period of time. If a bus cannot be provided on such an occasion, expenditure incurred will be reimbursed subject to a maximum of Rs.6,500/=. Furthermore a bus service has been in operation continuously free of charge during the period under review for the continuous use of the employees to travel within the port premises.

During the year 2012, the Authority has earned an income of Rs. 3,095,562/= by providing busses for welfare work.

Besides, action has been taken in 2012 to reimburse the balance sum, if any, including the expenditure incurred on fuel in case of welfare busses to the members who organized the tour to their monthly salary, when the tour was over.

Payments for Special Leave Entitlement

When an employee has exhausted all his leave

entitlement, he is given leave with approved pay for a maximum period of 6 months in case of illness or an accident until he becomes fit for a service on the medical advice. During the year 2012, 122 such applications have been considered and approval was granted to award pay leave for 4384 ½ days and leave with no pay for 537 days.

Welfare Canteens

Fifteen canteens are being operated within the port premises in order to provide required facilities to the employees of the Authority as well as port users. These canteens provide meals at concessionary rates. Lessees are selected by calling for tenders annually and total revenue collected was Rs.6,362,183/= in the year 2012.

Awarding Gifts to the Employees

All the employees, who have completed 30 years service in the Authority, are being awarded a valuable gift and a replica of the Port pagoda, or a souvenir is being presented to the employees who have completed 40 year service. During the year 2012, 80 employees who have completed 30 years and 07 employees who have completed 40 years have been presented with gifts under this scheme.

Maritime Museum

The replicas and variety of plaques showcasing the historical evolution of the Port, and navigation field and the items that had been used in the old Port premises are being exhibited in the Maritime Museum. This has become extremely popular among school children and a useful centre for those who are interested in port and navigational activities. During the year 2011, special exhibition plates have been installed with the collaboration of the Department of National Museum. It is open from 10.00 am to 07.00 pm and no

entry fee is charged. This Museum has earned Rs. 345,360/= by selling publications, books, booklets and picture cards.

Welfare and Sport Pavilion Facilities

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



Library Facilities

Subject to a maximum of Rs. 45,000/= is being provided annually to every library established and maintained by the society members in order to develop the reading habit among the employees of the Authority. There are 16 such libraries operating within the port premises. During the year 2012, a sum Rs.300,000/= has been granted in respect of 16 libraries, for the purchase of books for the libraries

The Crèche and the Pre-school

The crèche and the pre-school maintained by the Seva Vanitha Unit of the SLPA for the benefit of the children of the employees were brought under the administration of Welfare and Industrial Relations Division during this year. Free lunch for children of the crèche is being provided as done in the past years and facilities have been provided, on request.

Supply of Equipment

Action has been taken continuously to provide TV sets and other equipment as and when required by the employees in order to promote their welfare by using their leisure time at the optimum level.

LEGAL

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



Advices

During the year 2012 more than 218 advices have been given to the Management.

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

Deeds, Agreements and Contracts

During the year 2012, 35 give on Deeds of Leases, 01 take on Deed of Lease and 04 Agreements/Contracts and 01 Rectification Deed have been executed by the Legal Division. In addition to those Instruments, following Agreements and Bonds have been executed:-

- * 05 Addendum to the signed Bonds/Agreements
- * 03 Agreements and Bonds in respect of No-pay Leave for Employment Abroad
- * 03 Agreements and Bonds in respect of Training and Education in Sri Lanka and Abroad
- * 05 Agreements/Bonds have been signed in respect of the Junior Management Trainees
- * 41 Agreements/Bonds have been signed in respect of the employees who follow Human Resources Diploma/English Diploma

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

By end of December, 2011, altogether 257 cases/complaints/applications were pending before Supreme Court, Court of Appeal, High Courts, District Courts, Labour Tribunals, Magistrate Courts, Labour Department, Human Rights Commission, OMBUDSMAN, Labour Courts, and Commissioner for Workmen Compensation and Arbitration Centres.

During the year 2012, 55 new cases/complaints/applications have been filed against/by SLPA (i.e. before Supreme Court, Court of Appeal, High Court, District Court, Labour Tribunal, Magistrate Court, Human Rights Commission, Labour Commissioner, Labour Department, OMBUDSMAN, Arbitrators and Workmen Compensation Tribunals out of which 03 cases were filed by the SLPA, while rest of them were filed against the SLPA. From the total 312 cases, 36 cases have been concluded during the year 2012. 27 cases were decided in favour of SLPA while 03 cases were not decided in favour of SLPA, 03 cases were settled and other 03 cases have been withdrawn by the parties.

As at 31.12.2012, 276 case/complaints/ applications were pending before the said Forums.

Supreme Court Cases

At the end of year 2011, 07 cases were pending. During the year 2012, 11 new cases have been filed out of which 10 cases were filed against the SLPA and 01 case was filed by the SLPA. Out of all 18 cases, 08 cases were concluded during the year 2012. Leave to proceed were not granted/dismissed in 07 cases and decided in favour of SLPA. 01 case was settled. As at 31.12.2012, 10 cases were pending before the Supreme Court.

Court of Appeal Cases

Seventeen cases were pending as at 31.12.2011. During the year 2012, 03 new cases have been filed against SLPA. Out of total 20 cases, 06 cases were concluded. 02 cases were decided in favour of SLPA while 02 cases were withdrawn and 02 were decided not in favour of SLPA. As at 31.12.2012, there were 14 cases pending before the Court of Appeal.

High Court Cases

As at 31st December, 2011, 11 cases were pending at the High Court. 03 new cases have been filed during the year 2012. Out of total 14 cases, 02 cases were concluded in favour of SLPA. As at 31.12.2012, there were 12 cases pending before the High Court.

District Court Cases

12 cases were pending as at 31.12.2011, during the year 2012, 01 new case has been filed against the SLPA. Out of total 13 cases, 04 cases were concluded during the year 2012, 01 case was settled, 02 cases were dismissed in favour of SLPA, 01 case was withdrawn by the parties. As at 31.12.2012 there were 09 cases pending before the District Court.

Magistrate Court Cases

As at 31.12.2011, 08 cases were pending at Magistrate Courts. During the year 2012, 03 new cases have been filed in Magistrates Courts to evict the unlawful occupants from SLPA quarters under the Government Quarters (Recovery of Possession) Act and applications have been filed under the State Lands (Recovery of Possession) Act. 05 cases were concluded during the year 2012. In addition to the said MC cases, Legal Division attends MC cases as and when receiving summons from MCs in various parts of the Country where SLPA employees are a party. As at 31.12.2012 there were 06 cases pending before the Magistrate Courts.

Labour Tribunal Cases

As at 31.12.2011, 18 cases were pending in Labour Tribunals. During the year 2012, 18 new cases have been filed against SLPA, out of which (36), 02 were concluded. 01 was decided in favour of SLPA while 01 was decided in favour of Applicant. As at 31.12.2012 there were 34 pending before the Labour Tribunals.

Applications made in Human Rights Commission, Complaints made to the Labour Department regarding Labour Disputes (Conciliation cases), Complaints made to the OMBUDSMAN and Applications made to the Commissioner for Workmen Compensation As at 31.12.2011, 132 Human Rights Commission (HRC) Applications, 32 Complaints of conciliations before Labour Commissioner and 17 Complaints before OMBUDSMAN were pending.

During the year 2012, 05 new Applications were made to the HRC, 08 new Conciliation Complaints were made to the Labour Commissioner, 01 Complaint was made to the Commissioner for Workmen Compensation.

06 HRC Applications and 03 Conciliation Complaints were concluded during the year 2012.

Accordingly, as at 31.12.2012, 131 HRC Applications, 37 Conciliation complaints, 17 Complaints before OMBUDSMAN and 01 Application before Commissioner for Workmen Compensation were pending.

Arbitrations

As at 31.12.2011, 02 Commercial Arbitration matters and 01 Industrial Arbitration matter was pending. During the year 2012, 02 new Industrial Arbitrations were filed against SLPA. Accordingly as at 31.12.2012, 03 Industrial Arbitrations and 02 Commercial Arbitrations were pending.

MEDICAL

The service provides to maintain the health of employees by attending to their curative and preventive aspects of health and helps strengthen mental, physical and social well being, thereby maintaining an efficient work force to enhance productivity.

In 2012, the staff of the Medical Division had the services of a Chief Medical Officer, Deputy Chief Medical Officer, two Medical Officers, two Locum Medical Officers, Dental Surgeon, Para-medical Staff and Administration Staff.

Patient Care

In non-communicable diseases / lifestyle diseases, such as Diabetes, Hypertension, Heart diseases, Asthma and Mental Diseases, patients were treated and monitored at frequent intervals, so as to prevent or minimize long term complications like blindness, paralysis, kidney failure, chronic ulcers etc.

Accidents whilst at Work

- * Accidents & emergencies are treated promptly

- * Minor accidents are treated at the medical centre, whilst major injuries are transferred to the National Hospital, Colombo

- * Accidents whilst at work are being analyzed in-order to minimize where appropriate and encourage employees to use safety equipment and follow safety measures

- * Examination for alcohol consumption during working hours is being carried out on 24 hr. basis by doctors as a measure to reduce accidents whilst at work and to avoid losses

Ambulance Service

A 24 hr. ambulance service is maintained with two ambulances fitted with modern accessories.



Disease Control

Weekly checking for dengue sites is being carried out within the Port premises by the dengue control team attached to each division, under the supervision of the Divisional Head and the committee member of the divisional dengue prevention committee for SLPA. A dengue prevention committee was formed at SLPA as instructed by the Secretaries of Ministry of Health and Ministry of Ports & Highways.

A monthly report from each division is sent to the Chief Medical Officer and Additional

Managing Director who in-turn forwards these reports to the Ministry of Health through the Secretary, Ministry of Ports & Highways.

The SLPA Dengue Prevention Committee meetings are held to discuss difficulties encountered and to take corrective measures.

Sterilization and Vaccination Programme for free roaming dogs within the SLPA Premises

A free mobile dog's sterilization and vaccination programme was carried out to help prevent severe problems that could arise due to stray dog bites.

This programme was carried out by Blue Paw Trust a non-profitable organization with its partners the Colombo Municipal Council on 21st to 23rd and 26th to 30th November, 2012.

Total Vaccinations	-	208
Total Sterilizations	-	39

Medical Examination for Kitchen Employees

A Medical examination was carried out for food handlers.

HIV and AIDS Prevention Programme

HIV prevention programmes were carried out at Mahapola Training Institute with the help of International Labour Organization, in order to educate the employees

Health Education

Health Education with regard to prevention of Non communicable diseases amongst the SLPA employees is being carried out at the Mahapola Training Institute, as a parallel programme of the Ministry of Health.

Other facilities

General X-ray & ECG facility, Dental x-ray facility, Laboratory facility, etc, were provided as usual.

Special TB and Welfare leave facility for the needy employees were granted.

Dental Facility

Dental treatments were provided by way of extractions, scaling, permanent fillings, root canal therapy and other treatments.

Computerization of the Division

Computerization of the Division is underway in association with the Information Systems Division

3M – (Usage of Men, Machinery and Materials)

As usual, usage of resources of Medical Division was managed in an optimum manner as instructed by the Chairman. Cost of medicinal purchases were reduced approximately to Rs. 450,000/= from Rs. 600,000/=.

Continuous upgrading and enhancing of all resources, services and facilities in furtherance of the vision of the division was carried out.

MAHAPOLA TRAINING INSTITUTE

General

The nerve centre of the SLPA, the Mahapola Training Institute (MPTI) is committed to its main objective of providing training opportunities to the Port employees, Port users and others especially on Maritime Sector. The Institute conducted training programmes in 2012 as per its annual training calendar focusing series of lectures, seminars, workshops and practical training programmes to enhance knowledge, skills and attitude of the targeted groups. Several workshops on productivity improvement, team building, upgrading technical skills, customer services and quality improvements were conducted for the Port employees during the year 2012. MPTI Provides a structured pathway for Port employees to upgrade their competency level and to specialize in selected areas of Pot



Operations through courses that lead on to recognized certificates.

During the year, MPTI has trained about 6,857 candidates (without the on-the-job training) covering up to 583,970 Man-Hours. This is about 32% increase when compared with the previous year. In addition, MPTI has provided on the job training for University Undergraduates, Students of Technical Colleges and other similar Vocational Institutes for 193 candidates.

Overall Training Performance during the Year 2012

Stream	No. of Candidates Trained	Total Man Hours
Equipment operations	2,473	25,422
Cargo Operations	223	807
Management	1,435	393,249
Information Systems	371	38,958
Technical	415	82,349
Fire, Safety & Occupational Health	1,004	13,080
Maritime & Seamanship	936	30,105
NAITA Apprentices, VTA & Technical Colleges	140	132,000
University Undergraduates	53	31,500
Total (With On the Job Training)	7,050	747,470
Total (Without on the Job Training)	6,857	583,970

Provision of Eligibility Qualification to Employees of SLPA In Terms of New Scheme of Promotions

It was observed that several port employees are stagnated without any promotional prospects due to not having the basic qualification of G.C.E. (O/L). To avoid this situation MPTI has designed a structured bridge programme to exempt this qualification. During the year of 2012, two such programmes were conducted for 67 candidates.

Moreover for the benefit of executive officers Diploma Programmes in HR Management, Advanced English and Port Security were conducted during the year 2012. Additional to this a new programme was developed to enhance competency of shipwright divers.

Enhancing Overall Port Productivity

The MPTI conducts several skills development Training Programmes on various discipline of port activities to enhance the overall port productivity such as.

- * Port Finance
- * Auditing
- * Procurement & Administration
- * Clerical Skills Development
- * HR Management
- * Positive Thinking
- * Health & Safety Aspects
- * Strategic Port Management
- * UNCTAD Modern Port Management

During the year 2012, nineteen (19) such programmes were conducted for about 700 participants. Moreover a series of 13 safety awareness programmes were conducted for about 2,018 private Truck Drivers to enhance the safety of human lives and equipment at container terminals. This programme resulted in reduced Truck Turnaround Time and improved safety of the terminal activities noticeably.

Supports to Maritime Industry

The MPTI makes a significant contribution to the Global Maritime Industry by providing Maritime related Training Programmes. Thousands of Sri Lankan youths, most of them are unemployed and under privileged, seek employment from international shipping lines through these programmes. During the year 2012, sixty nine (69) such programmes were conducted for 1,079 candidates.

ISO 9001: 2008 Certification

The MPTI is the pioneer educational institution in Sri Lanka that was offered ISO 9001 : 2008 Certification for its Quality Management System which is a requirement to conduct IMO/STCW training programme for seafarers. It has conducted three Management Reviews and four Internal Audits during the year 2012. MPTI has its own standard procedures to handle customer complaints. Employees of MPTI are educated time to time for the continual improvement of the Institution.

Use of Modern Technology

The MPTI has upgraded the quality of its training programmes by introducing modern technology in to its activities.

- * There were 47 candidates trained with the use of newly established Mechatronics Laboratory
- * A new Data Base Development Package was utilized to train 33 HR staff for the effective utilization of newly introduced HRIS System
- * Container Simulator is also being used to train Gantry Crane Operators for the port

Potential Work Force

The MPTI is in the process of maintaining a pool of skilled workers to fulfill the future

requirement and to cope with newly developed ports. For this purpose, during the year 2012, about 260 port equipment operators and 08 Management Trainees at executive level were trained. Moreover MPTI has commenced in training more than 300 youths on Multi Skills for the newly built MRMRP.

Enhancing Language and IT Skills

As customer satisfaction is a vital factor for a Global Business, SLPA has concerned about two main tools which are to improve language skills of its employees and to empower them with IT skills and knowledge to enhance customer satisfaction. MPTI shoulder the responsibility to make it possible and during the year 2012, it has provided various IT programmes and trained 350 employees. Moreover language programmes including Sinhala, Tamil and English were conducted for chosen candidates.

Providing Industrial Support

The SLPA is in the process of supporting the state Universities, Technical Colleges and Vocational Training Agencies by providing industrial training to their students to complete their courses of studies. During the year 2012, fifty three (53) undergraduates from various universities, 37 Diploma holders and 103 Craftsmen were given opportunities at the SLPA to complete their training part.

Revenue Earned

During the year 2012, MPTI has earned a total sum of Rs. 18,617,950/= as revenue for the SLPA from the fee levying programmes conducted for outsiders. The revenue earned from various divisions of SLPA by conducting training to their employees to improve the overall efficiency of port operations was Rs. 10,767,549/=. Therefore total revenue earned by MPTI during the year 2012 was Rs. 29,385,499/=.

In addition, the revenue earned from Maritime Training Institute (Oluvil) was Rs. 96,134/=.

Total expenses for courses conducted at MPTI and the Oluvil MTI was Rs. 7,115,501/= during the year 2012.

INTERNAL AUDIT

The activities of the Internal Audit Division were guided by the Annual Audit Programme and it is recommended by the Audit Committee Meeting and approved by the Board of Directors.

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

Internal Checks

Attendance

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

Cash

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

Audit of Revenue

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

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

Audit of Expenditure

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

Physical Verification of Stores

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

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

Investigations

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

Final Accounts

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

Pre-Audit

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

Ports of Galle and Trincomalee

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

PORT OF TRINCOMALEE

Navigation (Crafts)

There are 4 numbers of Tugs, and 4 Numbers of Launches, and a Tannac available in the Port of Trincomalee. Among of them 5 numbers are non operational and stationed at TTA and Mud cove jetties. Passenger Launch Seruwila is also found major repair and stationed at TTA Jetty.

Security

(Fire Fighting Programme)

As done in past the demonstration classes in fire fighting programme were carried out by officers who came from Colombo Port.

Works Carried out in Engineering Division

Civil

- * Construction of Customs Block at TTA was executed
- * Renovation of S.L.N.S.S. office has been carried out and renovation work in C.B ii (DHM Bungalow) is in progress, will be completed in year 2013
- * Repairs and maintenance works were done at Ashraff Jetty, Rifle Green Quarters, Daniyagama-G.10 Quarters, C.B.1 (VIP) Bungalow-Orr's Hill, Japanese Bungalow and Boat House
- * Demarcation of boundary lines of SLPA lands has been carried out according to the survey plan provided

Mechanical Engineering

Repairs have been carried out in Rosa Buses, Pick up (No. GC9429), Leyland Bus, Generator 35 W and Engine overhaul repairs

was carried out in UD Nissan Bus at Colombo – Diesel Shop and thereafter renovation had been done in Mechanical Engineering Section, Trincomalee.

Renovation work was carried out in Water Barge II, Berthing Tugs, Pilot Launch III, Buoys and painting works was done in Pilot Launch V after attending the overhaul work carried out by Colombo marine team.

Tyre Fenders were reinstalled at Ashraff Jetty and renovation work in Fuel Tank – Pipe Line at Diesel Shed at Mud cove, and completed wiring works at SLNSS Office – T.T.A & newly constructed Custom office.

PORT OF GALLE

Commodity	No. of Vessels	Discharged (MT)	Loaded (MT)
Clinker	35	322,114	
Bulk Cement	10	82,487	
Bag Cement	01	2,010	
Gypsum	02	14,400	
General Cargo	02	652	
TS Cargo	03	02	08
Total	53	421,665	08

Total Tonnage Handled	421,673
Total Cargo Vessels	53
Other Vessels (Passenger, Naval, Bunkering, Repairs etc)	85
Total Vessels Berthed in 2012	138
Anchorage	71
Off Port Limit Vessels	9,634
Sailing Yacht	143



Sri Lanka Ports Authority

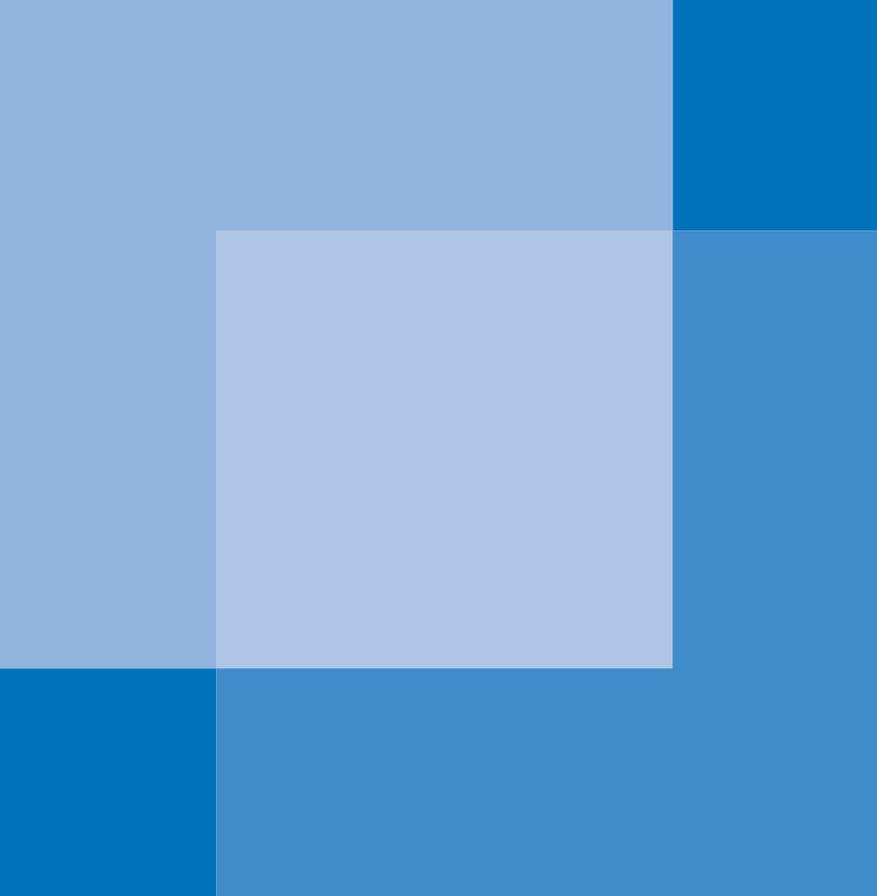
Sri Lanka Ports Authority

LANKA PORT
CONTAINER

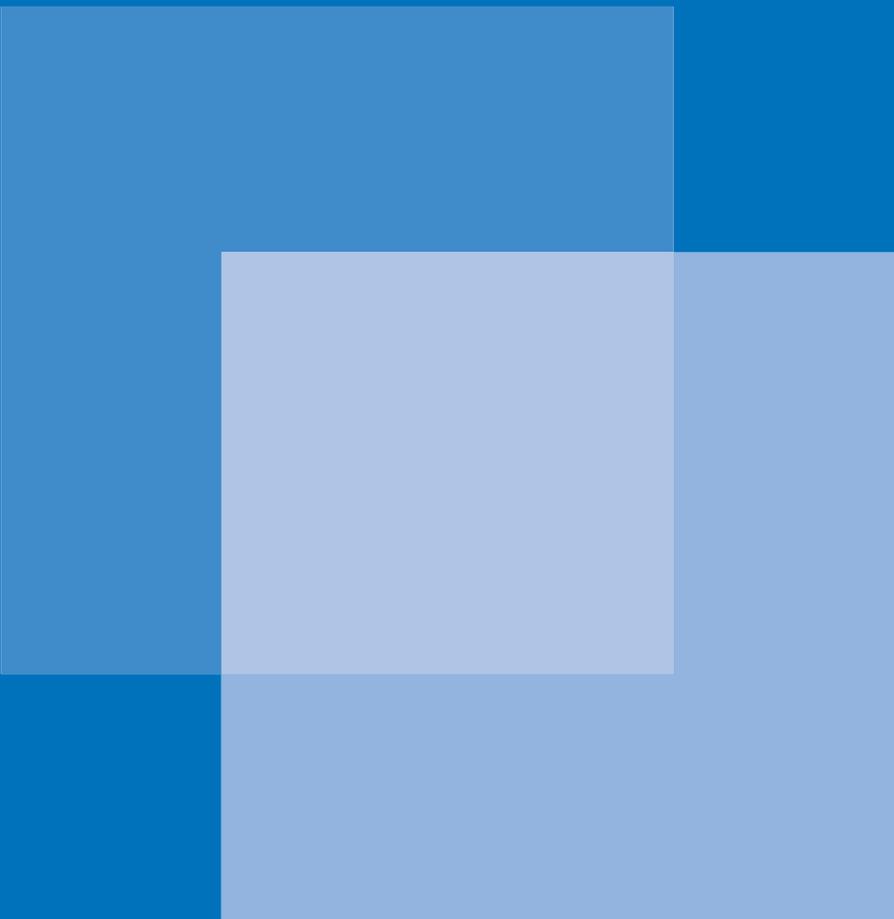
STAINLESS
STEEL

CRANE

WALLEN
SRI LANKA



FINANCIAL REVIEW





■ Revenue (All Ports)

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

Description	2012	2011 Re_ Stated	Description	2012	2011 Re_ Stated
Revenue from Port Activities	32,354	27,525	Navigation	4,860	4,095
Other Revenue	5,744	3,561	Stevedoring	19,433	16,625
			Wharf Handling	3,634	3,273
			Port Facilities	3,682	2,761
			Other Service Operations	746	770
Total Revenue	38,098	31,086	Sub Total	32,354	27,525

Operating and Other Expenses (All Ports)

Description	2012 Expenditure	2011 Expenditure	(Increase)/ Decrease	%
Payment for Volume Rebate	1,466	1,123	(343)	(31)
Maintenance of Assets	1,274	1,367	93	7
Fuel, Electricity	2,103	2,028	(76)	(4)
Interest on Foreign Loan	1,710	1,372	(338)	(25)
Overtime	3,260	3,177	(83)	(3)
Depreciation	5,196	4,345	(851)	(20)
Wages, Salaries and Allowances	10,521	9,616	(905)	(9)
Others	2,189	1,816	(373)	(21)
Total Expenditure	27,719	24,844	(2,875)	(12)
Foreign Exchange (Loss)/Gain	4,567	3,390	(1,177)	(35)
VRS Expenses	600	2,595	1,994	77
Total Expenditure Including FEL & VRS	32,886	30,829	(2,057)	(7)

Port Wise Performance

Port of Colombo

The Port of Colombo generated Pre Tax Profit of Rs. 5,499 million in the year 2012. The Gross revenue of 2012 was Rs.37,077 million as compared to Rs 30,360 million in 2011 (Re_ Stated) an increase of Rs. 6,717 million.

Total expenditure (Including VRS) before Tax remained at Rs. 31,578 million whereas 2011 (Re_ Stated) expenditure was Rs. 29,302 million an increase of 8%.



Port of Galle

The Port of Galle recorded a Pre Tax loss of Rs.48 million in the year 2012. The gross revenue of 2012 was Rs. 597 million as compared to Rs. 441 million in 2011 (Re_ Stated) an increase of

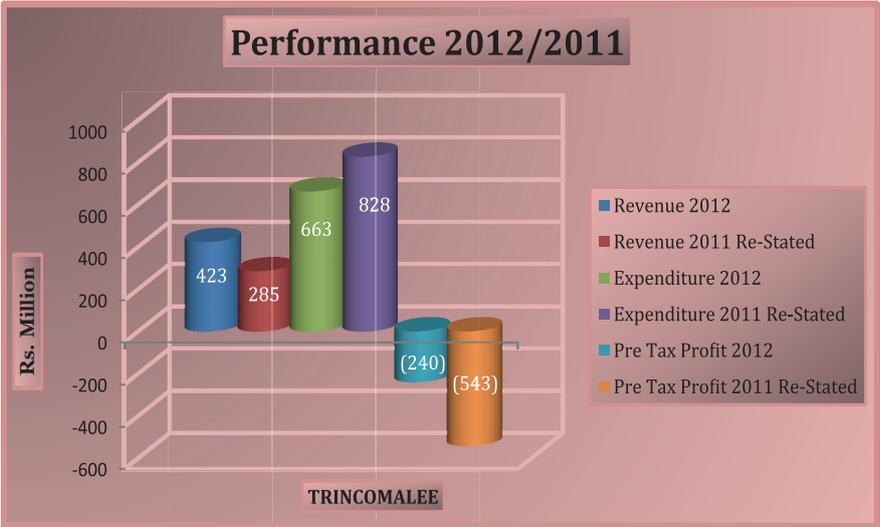
Rs. 156 million. Total expenditure (Including VRS) before tax remained at Rs. 645 million whereas 2011(Re_ Stated) expenditure was Rs. 699 million a decrease of 8%.



Port of Trincomalee

The Port of Trincomalee recorded a Pre Tax loss of Rs. 240 million in the year 2012. The gross revenue of 2012 was Rs. 423 million as compared to Rs. 285 million in 2011 (Re_ Stated) an increase of Rs. 138 million.

Total expenditure (Including VRS) before tax remained at Rs. 663 million whereas 2011 (Re_ Stated) expenditure was Rs. 828 million and a decrease of 20%.



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

- ✱ Awarding of Scholarships for the children of the Port employees who have excelled in GCE (O/L) and GCE (A/L) Examinations.
- ✱ A fully fledged crèche is managed by the SLPA for well being of the children of the Port employees.
- ✱ The SLPA has participated at several exhibitions including “Deyata Kirula National Exhibition” giving an

opportunity to the school children and general public to be familiarized with the existing Port facilities and activities in addition to the Port Development Projects undertaken by the SLPA.

- ✱ The fully equipped fire brigade has assisted the Colombo Municipal Council in fire fighting as well as other emergencies within Colombo and suburbs.
- ✱ The SLPA has been maintaining the Mulleriyawa Mental Hospital Ward No. 9. A monthly visit is undertaken and a ‘dana’ is given, in addition to the provision of the needs of the patients.



■ The Employees are the lifeline of an organization. Every employee in their tenure acquires some set of skills through their experience, exposure; trainings and so on in order further improve their productivity eventually benefitting the organization. Knowledge and expertise which employees develop in due course of time to further increase the productivity of organizations refer to human capital. Every organization invests its money and resources to train new employees because human capital plays a crucial role in increasing the productivity and output of an organization.

development programmes with concurrence of the MPTI and to gather with the other recognized outside organizations.

The MPTI, the knowledge centre of SLPA conducted series of lecturers, seminars, workshops and practical training programmes to enhance human capital of the SLPA employees.

Induction and orientation programmed were introduced to the employees to give basic background information that they need to work such as policies, procedures, rules and regulations.



Human Resource Division, Mahapola Training Institute and Welfare and Industrial Relations Divisions are directly involved enhancing skills, knowledge and attitudes of the employees.

The total workforce of the Sri Lanka Ports Authority at the end of year 2012 was 10,200 including Executives, Non-Executives, Technical and Non-Technical categories. Out of them 42 are Post Graduate Degree holders, 36 are Post Graduate Diploma holders, 436 are Degree holders and 325 are Diploma holders.

Having understood importance of the Human capital of employees, Human Resource Division has introduced more training and

A performance appraisal is a systematic and periodic process that assesses an individual employ's job performance and productivity in relation to certain pre-established criteria and organizational objectives. Output of the performance evaluation is most important factor to identify weakness and strengths of the existing employees. Performance evaluation was processed in 2012 twice a year as done in the past. It is important to take steps to minimize weakness and to increase strengths to achieve objectives of the SLPA.

Newly implemented schemes of recruitment for executive and non executive grades lead employees to enhance their knowledge and skills for their career development. Existing

professional allowance method motivates employees to achieve higher educational and professional qualifications. Further, the executive officers can reimburse the amount paid for their membership subscription fees, if they are relevant to their profession.

Ongoing workshops help officers and employees to share knowledge and to achieve organizational objectives in an effective manner.

Allocation of funds for purchasing of library books was provided to libraries maintained by divisions enabling employees to update their knowledge, skills, and attitudes. In

2012, Rs. 300,000 was awarded to eighteen libraries in SLPA.

Human Resource Information System helps employees to carry out day to day activities smoothly. Date base management programme was started in 2012 with the concurrence of MPTI to enhance employees' computer literacy.

More than above training and development programmes, employees were sent to local and international outside organizations to enhance knowledge, skills and attitudes. Finally all these lead to improve productivity of the organization.

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

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

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

1. Credit Risk

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

Trade Receivables

The Authority trades mainly with shipping agents and Government institutions. The management assesses the credit quality of the shipping agents based on the past experience and other factors such as financial guarantees from shipping agents. In addition, outstanding balances are monitored on an ongoing basis in the management committee and the Board. The Authority establishes policy for provision for impairment (Refer the note 2.11 to the financial statements) that represents the estimate of incurred losses in respect of

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

Other Financial Assets

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

2. Liquidity Risk

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

Forecasting of operational cash flows (Recurring Budgets) and Capital Budgets are prepared annually. The finance division monitors the both capital and recurring budgets and liquidity requirements to ensure the Authority has sufficient cash to meet

operational needs. At the end of the reporting period, the Authority held term deposits, short-term government securities and other liquid assets amounting to Rs. 8,449,746,162 (2011: Rs. 8,358,716,838).

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

the USD had an impact on the operating results for the reporting period 2012 which amounts to Rs.4,566,871,693 arising from re-payment of borrowings and invoicing of services rendered to shipping agent "APL Lanka (Pvt) Ltd". However, the Authority in order to mitigate the impact of currency movement for repayment of borrowings uses the same currency for repaying through bank deposits maintained in the same currency.

Expressed in Sri Lanka Rs.

Financial Liabilities	31 December 2012			31 December 2011		
	Less than 1 Year	More than 1 Year	Total	Less than 1 Year	More than 1 Year	Total
Borrowings - Government	6,477,929,305	134,887,281,927	141,365,211,232	4,932,194,888	111,904,320,057	116,836,514,945
Borrowings - Financial Institutions	1,610,566,021	3,825,094,300	5,435,660,321	1,436,281,824	4,847,451,155	6,283,732,978
Trade and Other Creditors	1,161,128,806	-	1,161,128,806	733,071,211	-	733,071,211
Total	9,249,624,132	138,712,376,227	147,962,000,359	7,101,547,923	116,751,771,212	123,853,319,134

3. Market Risk

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

3.1 Currency Risk

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

As a result of the free floating of US Dollar, depreciation of the Sri Lanka Rupees against

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

3.2 Interest Risk

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

Rs.8,971,662,529 (2011: Rs.10,304,532,978) of the Authority's interest bearing loans and borrowings carried interest at floating rates others amounts to Rs. 137,829,209,024 (2011: 112,815,714,945) carried interest at fixed rates.

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

■ Corporate Governance is the total system by which organizations establish a mechanism for the effective utilization of resources, direction and control of the organization in the best interest of all categories of stakeholders. The primary responsibility for Good Governance lies with the Chairman and the Board of Directors of the Authority. In order to achieve the primary objectives of the organization they have to ensure that processes and controls are in place and effective which are to be facilitated through the career officials who in turn are responsible for respective functional areas. In this exercise, Internal Auditors have to play a vital role in the examination of the performance and report whether there are variations from the approved procedure. If any deviation to recommend as to how they should be revised to meet the expected performance specially in respect of the operational and financial functions and thus contribute towards Good Governance.

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

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

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

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

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

Board of Directors and Board Sub-Committees

The Board consists of a Chairman, Vice Chairman and 07 Directors. Members of the Board of Directors should have the highest professional and personal ethics and values coupled with their experience in the industry in which the Authority operates.

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

- * The Chairman and 4 other Directors are appointed by the Minister from among persons who appear to the Minister to have wide experience in and who have shown capacity in Port development

or Port operations or legal or financial matters or shipping, commercial or engineering activities or administration or labour relations.

- * The Managing Director is appointed by the Minister in terms of Section 13:1 of the Act.
- * A representative of the General Treasury is nominated by the Minister in charge of the subject of Finance.
- * The Director General of Customs and a representative of the Ministry, in charge of the Minister to whom the subject of Fisheries has been assigned, nominated by such Minister.

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

The function of the Chairman, Vice Chairman and Managing Directors are clearly separated and defined. All the Non-Executive Directors provide a considerable depth of knowledge and experience. The names of the Directors of the Authority who held offices as at the dates of this statement and their profiles are given from pages 15-22.

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

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

- * Formulating Guidelines and ensuring their effectiveness to achieve objectives.

- * Ensure that all key business risks are identified and appropriate and adequate controls, monitoring and reporting mechanism are in place to address them in a timely manner.

The Board meets regularly and during the year under review the Board met on fourteen (14) occasions. The Board has timely access to information it needs to carry out its duties. The Secretary to the Board sets the agenda for the Board Meeting in consultation with the Chairman and all Board Directors receive a detailed report of information prior to each Board meeting. The matters discussed at the Board meetings include among other items reviews of operational and financial performance indicators, approval of major capital expenditure projects and proposals within its limits.

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

Management Committee

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

In decision making of day today administration, establishment and operational matters, the Management Committee undertook to look into various aspects such as optimum use of resources including human resources enhancement of productivity to improve the quality of services to the Port users and the interest of other stake holders as

a socially responsible Corporate Public Sector institution while being a commercially viable organization.

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

The Management Committee had seven (07) meetings during the year.

Audit Committee

The Audit Committee consists of the representative of the General Treasury who is on the Board of Directors and two (02) other Directors of the Board. The Audit Committee was re-appointed on 13.12.2012.

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

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

Internal Controls

An effective internal control system is an essential part of the efficient management of an organization. The Board has overall responsibility for the Authority's system of internal control and for reviewing the effectiveness of these controls. The Authority has established a comprehensive framework of policies and procedures, which are regularly reviewed and updated. The framework is designed to manage risks that may hamper the achievement of business objectives. Therefore, it provides reasonable assurance for safeguarding the Authority assets against unauthorized suing or disposition, maintenance of proper records and the reliability of information generated.

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

Internal Auditors

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

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

Rules of Discipline

The rules of Discipline are in place to guide all employees on acceptable conduct. The

Authority requires that all Directors, Divisional Heads and employees maintain the highest standards of integrity and honesty in the day to day performance of their duties and in any situation where their actions could affect the Authority reputation and image.

The key elements of the Rules of Discipline are:-

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

Compliance Framework and Compliance with Statutory and Legal Requirements

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

Relationship with Ministry of Ports & Highways and the General Treasury of the Ministry of Finance

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

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

Related Party Disclosures

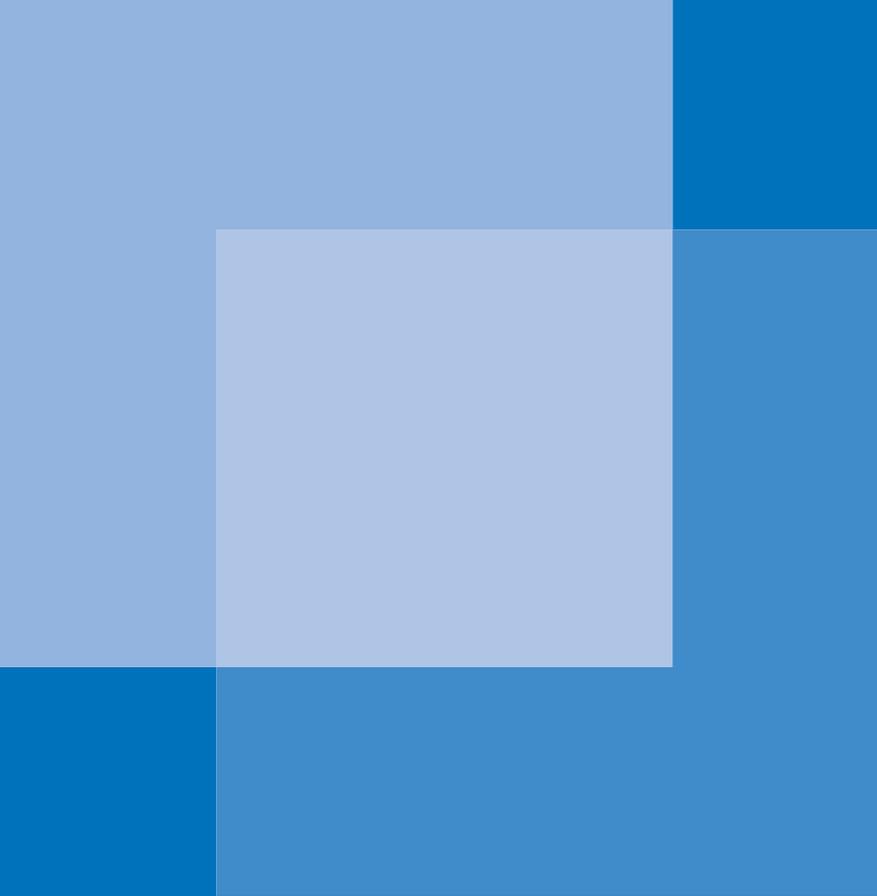
The Directors of the Board confirm and certify that they have no personal interest or relationships with any parties who have transactions with the SLPA.

Accountability

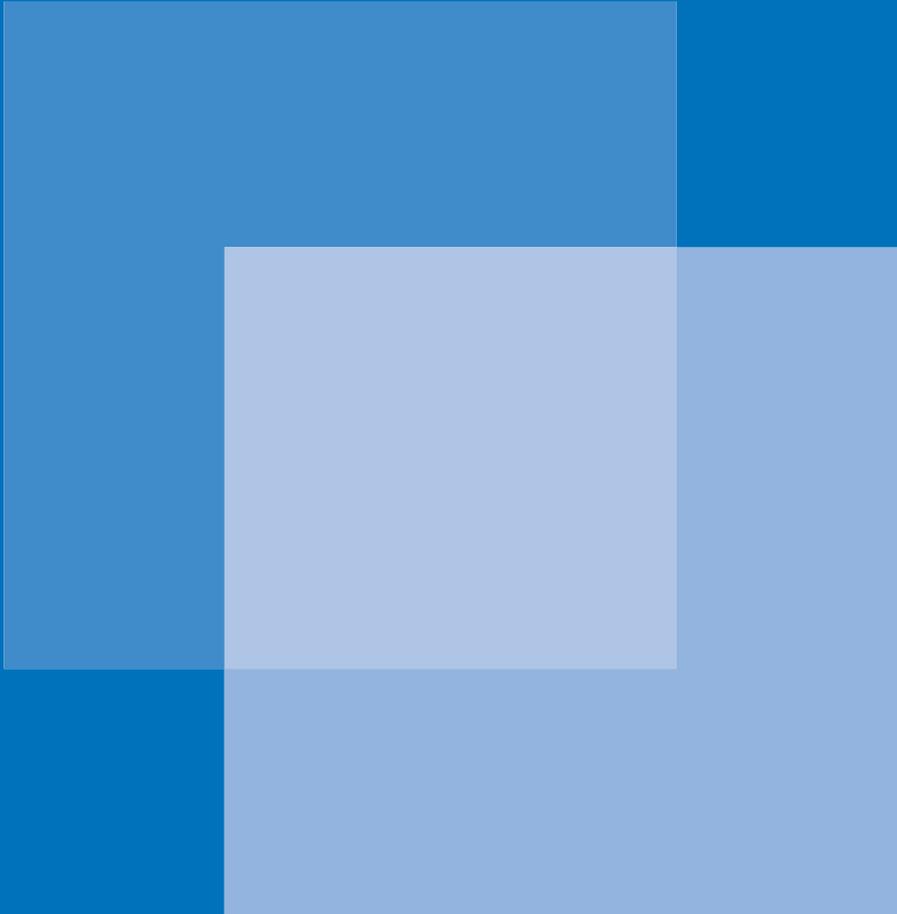
The Directors of the Board are of the view that the financial statements of the Ports Authority reflect a true and fair view of the state of affairs and have been prepared in conformity with accepted requirements.

Future

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



PORTS STATISTICS





■ PORT OF COLOMBO

Port Dimensions

Harbour Area

Harbour Basin Area	184.6 Hectares
Length of South-West Breakwater	1570 Meters
Length of North-West Breakwater	810 Meters
Length of North-East Breakwater	330 Meters
Western Entrance	230M X 16M
North Entrance	190M X 13M

Working Hours

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

Cargo Throughput by Type of Handling in 2012

Containerized	86.8%
Break Bulk	1.0%
Dry Bulk	4.4%
Liquid Bulk	7.8%

■ NEW COLOMBO SOUTH PORT

Harbour Area

Harbour Basin Area	192.0 Hectares
Length of South-West Breakwater	5140 Meters
Length of North-West Breakwater	1550 Meters
Main Entrance	570 M X 18 M

■ PORT OF GALLE

Port Dimensions

Water Area	15.3593 Hectares
Entrance Channel	140 Meters
Land Area	16.414 Hectares
Permitted LOA	130 Meters
Permitted Draught	7.3 Meters

Working Hours

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

Deviation Time

From Main East-West Route None

Berthing Facilities

Total Number of Alongside Berths 05

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

Warehouse Facilities

Name	Average Height (Ft.)	Area (Sq.Ft)	Capacity (Cu. Ft.)	Staking Height (Ft.)
No.01	23	13333	306667	10High
No.02	23	40000	920000	10High

■ PORT OF TRINCOMALEE

Port Dimensions

Water Area	1630 Hectares
Entrance Channel (Width (minimum))	500 Meters
Land Area	2254 Hectares

Berthing Facilities

SLPA Berths

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

Working Hours

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

Other Berths

Berth	Total Length (M)	Alongside Draught (M)
Prima Jetty (Inner)	122	5.9
Prima Jetty (Outer)	227	13
Prima Jetty (Multi-Purpose)	179	10
Tokyo Cement Jetty	155	9.3
Oil Jetty (Petroleum)	200	9.75

Details of Warehouse – TTA

Warehouse	Dimension (Ft)	Average Height (Ft)	Area in SQ (Ft.)	Stacking Height (Ft.)	Capacity (Cu. Ft.)
No. 02 & 03	90X70	15	6,300	12	75,600
No. 04	190X95	19	18,050	14	252,700
No. 05 A	150X110	25	16,500	15	247,500
No. 05 B	150X80	15	12,000	12	144,000
No. 06	300X110	20	24,000	15	360,000

■ MAGAM RUHUNUPURA MAHINDA RAJAPAKSA PORT - Phase I

Port Dimensions

Harbour Area

Basin Area	55.5 Hectares
Length of the West Breakwater	988 Meter
Length of East Breakwater	312 Meter
Approach Channel	210 Meter * 16 Meter
Turning Circle	600 Meter

Quay Lengths

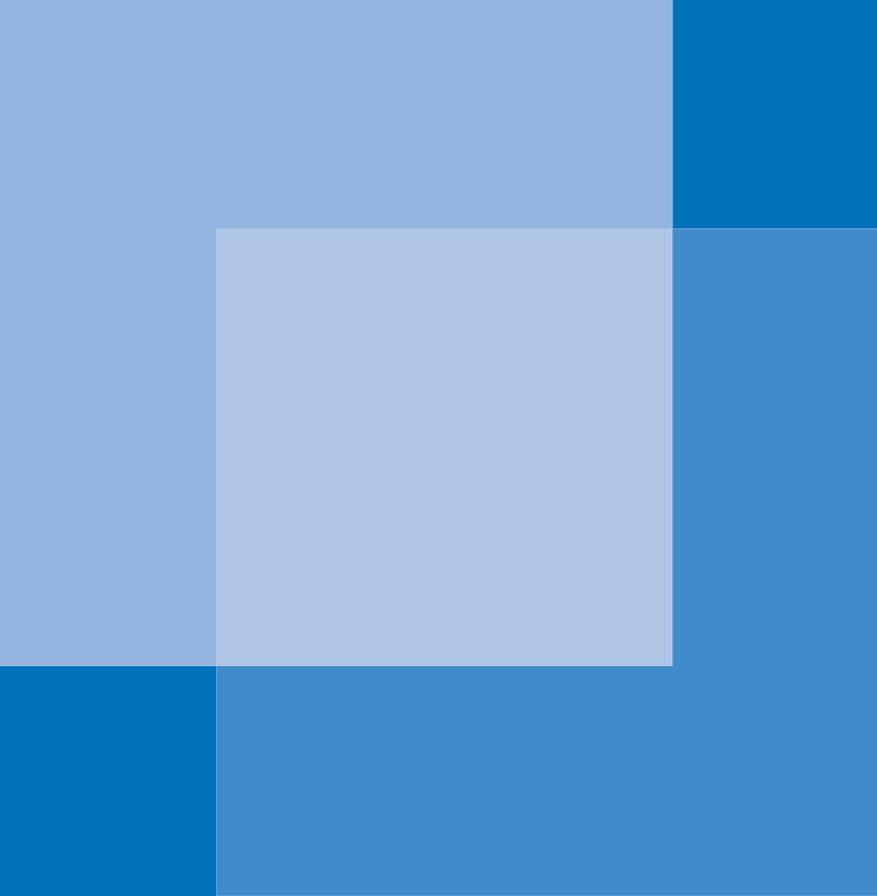
Quay - General Cargo	600 Meter
Service Quay	105 Meter
Oil Quay	610 Meter

Depth of Basin	17 Meter
Design Vessel	100,000 DWT

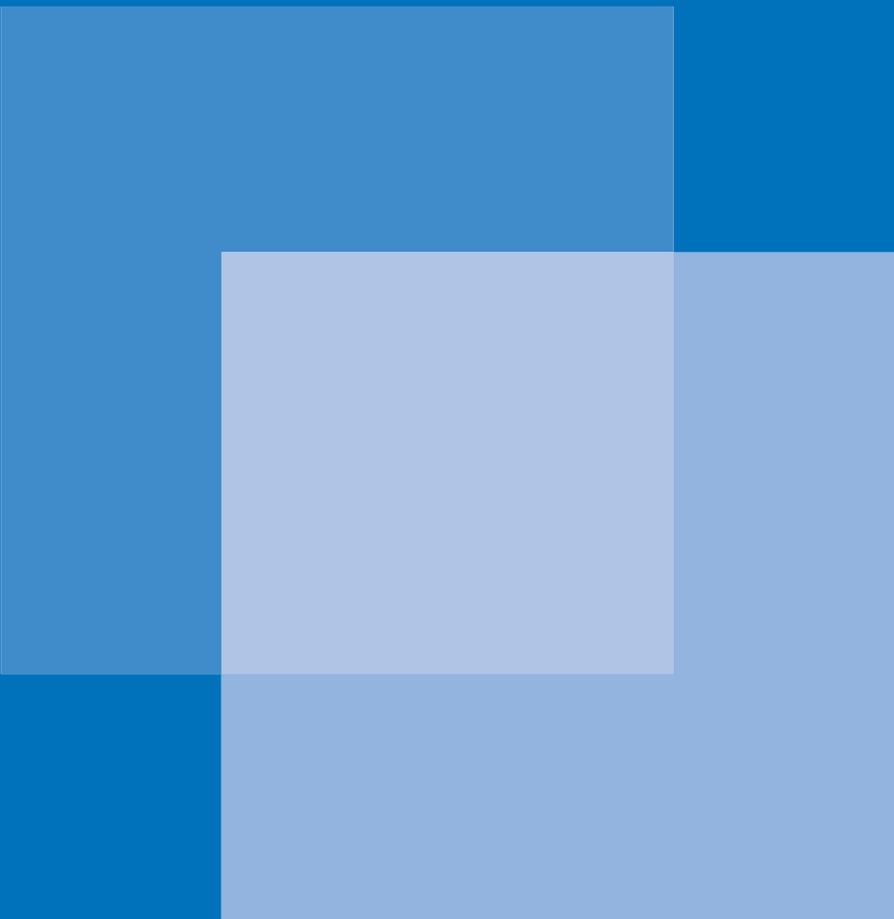
- 1505 Colombo became known to the Western World after Portuguese commenced using it as a Naval Base/ Harbour.
- 1875 9th Dec. King Edward VII laid the foundation Stone for the South West Break Water.
- 1882 Harbour Board created to administer the Port of Colombo.
- 1885 Completion of the 1285 meter South West Break water.
- 1898 Completion of the 335 meter North East Break water.
- 1899 Commencement of the construction of the Dry Docks.
- 1906 Completion of the 814 meter Island Break water.
- 1906 Completion of the Dry Dock.
- 1909 Completion of the 250 meter long Guide pier for the Dry Docks. (The First deep water alongside berth)
- 1912 Completion of 18 coaling jetties at the present Jaya Container Terminal site.
- 1912 Completion of the 550 meter extension arm of the South West Break water.
- 1913 Colombo Port Commission created to develop and maintain the Port.
- 1922 Completion of Petroleum oil facilities.
- 1950 Commencement of construction of fifteen alongside berths of 9-11 meters draught and two coaster berths of 7.5 meter draught and 55.800 sq. meter of adjacent transit sheds and warehouse accommodation.
- 1954 Inauguration by Her Majesty Queen Elizabeth II of the completion of construction of the alongside berths at the South West Break water and naming it “Queen Elizabeth Quay” – The Royal Yacht, “Gothic” – the first vessel to berth at Queen Elizabeth Quay.
- 1956 Completion of 17 alongside berths, transit sheds and warehouses.
- 1958 Cargo handling activities of the Port of Colombo nationalized and the Port (Cargo) Corporation established.
- 1964 Cargo handling activities of the Port of Galle nationalized.
- 1967 Port Tally and Protective Services Corporation established.
- 1967 Cargo handling activities of the Port of Trincomalee nationalized.
- 1979 The Sri Lanka Ports Authority formed by unifying the Colombo Port Commission, the Port (Cargo) Corporation and the Port Tally and Protective Services Corporation.
- 1980 Master plan for the Port of Colombo established with assistance from the Government of Japan.
- 1980 Inauguration of the New Terminal at Queen Elizabeth Quay.
- 1982 Commissioning of the first Gantry Crane – TANGO 80.
- 1982 Contract for the construction of the New Container Terminal signed with M/s. Penta Ocean Wakachiku Joint Venture of Japan.

1983	Inauguration of the Construction of Stage I of the fully equipped container Terminal.
1984	Inauguration of the Construction of Stage II of the fully equipped container Terminal.
1984	Commissioning of four Hitachi Transfer Cranes at Queen Elizabeth Quay Container Berth.
1985	Ceremonial Opening of Stage I of the “Jaya” Container Terminal.
1987	Inauguration of SLPA – Mahapola Training Institute.
1987	Inauguration of Stage II of the “Jaya” Container Terminal.
1988	Commissioning of the off-shore installation of the Single Point Buoy Mooring.
1994	Completion of new Port Access Road.
1995	Inauguration of Stage III of the “Jaya” Container Terminal.
1996	Inauguration of Stage IV of the “Jaya” Container Terminal.
1998	Inauguration of the Unity Container Terminal.
1998	Symposium of Affiliate Ports.
1999	Commissioning of the Oluvil Light House in the East Coast and opening of the Oluvil Maritime Training Institute.
1999	Commencement of the Development of the South Asia Gateway Terminal QCT.
1999	Commencement of construction of Alongside Berth Project in Trincomalee.
2000	Commencement of Colombo South Harbour Feasibility Study.
2000	Commencement of a new Berth in Port of Galle.
2000	Inauguration of Peliyagoda Container Freight Station.
2000	Submission of Final Report for development of the Port of Galle as a Regional Port.
2000	Commencement of North Pier development phase II.
2000	Inauguration of the One – Stop Documentation Centre.
2001	Inauguration of the New Jetty in Port of Galle.
2003	Inauguration of construction of Oluvil Port Access Road.
2003	Inauguration of Customer Service Centre for LCL and break-bulk cargo.
2003	Opening of the SLPA Maritime Museum.
2003	Ceremonial inauguration of Unity Container Terminal with the completion of the civil works.
2004	Ceremonial inauguration of Container Handling Operations at Unity Container Terminal.
2004	25th Anniversary celebrations of the SLPA.
2004	National Productivity Award in large scale service sector was won by JCT.
2004	Handling of 2 million containers at the Port of Colombo.

2005	Commencement of construction of the Port and Housing Scheme in Oluvil.
2005	A certificate of merit was awarded to the SLPA Mahapola Training Institute under Medium Category /Service Sector by the National productivity Secretariat.
2006	Commissioning of Container Security Initiative and Megaport Initiative in the Port of Colombo.
2006	Signing of MOU for the proposed Colombo Port Expansion Project to construct the Colombo South Harbour.
2006	Signing of MOU concerning detailed design works of Hambantota Port Development Project (Phase I).
2007	Commencement of construction work and Signing of the Financial Agreement of the Hambantota Port Development Project
2008	Commencement of construction work of Oluvil Port Project.
2008	Commencement of construction work of Colombo Port Expansion Project.
2008	Signing of Contract Agreement for construction of Bunkering facility and Tank farm at Hambantota.
2009	Laying of Foundation Stones for the Bunkering Facility and Tank Farm Project and Administration Building at Hambantota.
2009	The JCT Terminal Management System upgrade to “NAVIS”.
2010	Ceremony of Sea Water Filling to the Harbour Basin of Magam Ruhunupura Mahinda Rajapaksa Port (MRMRP) - 15.08.2010.
2010	Ceremonial inauguration of (MRMRP) - 18.11.2010.
2010	Handling of 02 Million Containers at the JCT.
2010	Handling of 04 Million Containers at the Port of Colombo.
2011	Arrival of 06 Nos. New Gantry Cranes and 30 Nos. Transfer Cranes.
2011	Capacity enhancement at Colombo Oil Terminal of the SLPA.
2011	Arrival of 50 Nos. Terminal Tractors.
2011	Signing of Agreement for the South Container Terminal under the Colombo Port Expansion Project.
2011	Ground Breaking Ceremony at the MRMRP to open new business ventures.
2011	Ground Breaking Ceremony for commencement of construction work of the South Container Terminal.
2012	Commencement of handling RO-RO Vessels at Magam Ruhunupura Mahinda Rajapaksa Port.
2012	Replacing the dilapidated existing bunker fuel pipe line from the Bloemendhal Oil Terminal to the Port of Colombo.



FINANCIAL STATEMENTS





SRI LANKA PORTS
CONTAINER CRANE

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SWL41MT

NO. 21

SLPA

NO. 33

SLPA

NO. 31

SLPA

SLPA

SLPA

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2251

■ The Directors of the Board of Sri Lanka Ports Authority as at 31.12.2012 were as follows.

Dr Priyath B Wickrama
Chairman

Mr Indika Karunajeewa
Vice Chairman

Capt. Nihal Keppetipola
Managing Director

Dr Sanjaya Sedara Senarath
Executive Director

Mr Anura Jayawickrama
Director

Mr S R Attygalle
Director

Dr (Mrs) Damitha De Zoysa
Director

Mr Jagath P Wijeweera
Director

Mr Eshana De Silva
Director

The Board had fourteen (14) meetings during the year under review.

The Management Committee which functioned as a Sub-Committee of the Board of Directors had seven (07) meetings during the year 2012. The other Sub-Committee of the Board of Directors, viz. the Audit Committee had four (04) meetings during the year 2012. The following Directors of the Board functioned as members of the Audit Committee.

Mr S R Attygalle

Mr Jagath P Wijeweera

The Port of Colombo handled 4,187,120 TEUs and total tonnage of 61.7 million tones in 2012.

It was a 1.8% drop in total container handling & a drop of 0.6% total tonnage handling due to the domestic & global economic slowdown experience towards the latter half of 2012.

The SLPA alone reached a record throughput of 2.32 million TEUs by contributing the lion share to the overall volume of 4.19 million TEUs. The SLPA volume increased by 0.8% compared to SAGT's negative growth of 4.7%.

- * Port of Colombo container handling throughput decreased from 4.26 million TEUs in 2011 to 4.19 million TEUs in 2012 (decreased 75,767 TEUs or 1.8%).
- * Port of Colombo domestic container handling throughput decreased by 2.5% in 2012 (26,631 TEUs) compared with 2011.
- * Port of Colombo transshipment container handling throughput decreased only by 1.9% (59,061 TEUs) compared with 2011.
- * Overall tonnage handled in the Port of Colombo decreased by 0.6% from 62.0 million tons to 61.7 million tons.
- * Overall automobile Domestic import volumes too reported a drop in 2012 by 50% by handling 45,397 units compared to 90,824 units in 2011.
- * Overall automobile Transshipment volumes reported a growth in 2012 by 355.3% by handling 4,521 units compared to 993 units handled in 2011 due to vehicle handling shifted to MRMRP in 2012.

A comparison of ship arrivals in the Port of Colombo during the year 2012 with the year 2011 reflects that the ship arrivals have decreased from 4,124 to 3,870 by 6.2%. Number of container ships too has decreased from 3,187 in 2011 to 3,092 recording a decrease of 3.0%.

The Board of Directors approved several market strategies in order to attract additional container throughput to the Jaya Container Terminal (JCT) and a Terminal Service Agreement was signed with a leading Shipping Line.

The Shipping Lines that have Terminal Services Agreements with the SLPA contributed immensely to retain the current volumes maintain a slight growth for JCT. The JCT managed to attract six new Main Line Services during 2012.

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

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

Most of the top world ports have reported a single digit volume growth in 2012 due to the economic slowdown experienced in the latter part of 2012.

The revenue of the SLPA in the year 2012 has been Rs. 38,097.8 million, which is an increase of 22.6% compared with the year 2011. Operating Profit of the SLPA in 2012 has been increased to Rs. 12,088.4 million from 7,613.3 million in 2011 which is an increase of 58.8%.

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

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

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

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

By order of the Board



Kapila Liyanagamage
Secretary to the Board

■ The Audit Committee is responsible to assist the Board of Directors in implementing its oversight responsibility. In fulfilling this, the Committee's main responsibilities are as follows:

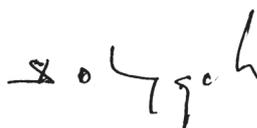
- ✧ Ensuring effective internal controls and internal audit functions.
- ✧ Reviewing and monitoring the integrity of the financial statements, financial reporting and audit process.
- ✧ Ensuring compliance with statutory and regulatory requirements.
- ✧ Reviewing the systems for ensuring operational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

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

As an important initial internal control measure the Committee adopted the internal Audit Plan and the Audit programme for the year 2012 and reviewed regularly the effectiveness of its implementation by obtaining monthly progress reports. Auditor General's draft report to the Parliament on the accounts of the Authority for the year ended 31st December 2011 was reviewed together

with the responses of the Management thereto. Quarterly Financial Statements of the Authority and the Financial Statements for the year ended 31st December 2011 were reviewed and recommendations were made on the corrective measures. Internal Control Systems were reviewed continuously with the Audit reviews and follow up action was taken on the directions of the Board. Salient issues highlighted at the committee meetings were brought to the notice of the Board of Directors with the recommendations of the Audit Committee. During the year under review, the Audit Committee had four meetings.

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



S R Attygalle
Chairman – Audit Committee

- The status of compliance on statutory requirements is detailed below.

Employees Provident Fund – Authority & Employee contributions

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

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

Employees Trust Fund

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

PAYE (Pay As You Earn)

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

Income Tax

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

The Annual Return

Annual Return in respect of Income Tax of the Authority has been filed annually with the Department of Inland Revenue up to Year ending 31st December 2012. These have been completed and handed over before the due date of November 30, each year.

Annual Reporting

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

FOR THE YEAR ENDED 31ST DECEMBER

	COLOMBO	TRINCOMALEE	GALLE	2012	2011
NUMBER OF SHIPS CALLED (NO)					
Cargo Ships	3,812	139	52	4,003	4,101
Other Ships	136	22	17	175	222
Other Vessels	629	62	62	753	830
	4,577	223	131	4,931	5,153
TROUGHPUT					
CONTAINER TEU's (SLPA)					
Transhipment	1,584,985	-	-	1,584,985	1,583,195
Domestic	665,291	-	-	665,291	647,482
Re-Stowing	66,573	-	-	66,573	68,769
TOTAL TEU's	2,316,849	-	-	2,316,849	2,299,446
CONTAINER TEU's (SAGT)					
Transhipment	1,479,782	-	-	1,479,782	1,540,633
Domestic	354,964	-	-	354,964	399,404
Re-Stowing	35,525	-	-	35,525	23,404
TOTAL TEU's	1,870,271	-	-	1,870,271	1,963,441
CONTAINER TEU's (PORT OF COLOMBO)					
Transhipment	3,064,767	-	-	3,064,767	3,123,828
Domestic	1,020,255	-	-	1,020,255	1,046,886
Re-Stowing	102,098	-	-	102,098	92,173
TOTAL TEU's	4,187,120	-	-	4,187,120	4,262,887
Conventional M/T	3,405,765	2,680,367	421,673	6,507,805	6,265,388
Liquid M/T	4,838,852	178,960	-	5,017,812	4,678,404
	8,244,617	2,859,327	421,673	11,525,617	10,943,792
EQU (M/T) - SLPA					
Containerised Cargo	28,702,088	-	-	28,702,088	28,112,186
Conventional Cargo	3,405,765	2,680,367	421,673	6,507,805	6,265,388
Liquid	4,838,852	178,960	-	5,017,812	4,678,404
TOTAL EQU (M/T)	36,946,705	2,859,327	421,673	40,227,705	39,055,978
EQU (M/T) - SAGT					
Containerised Cargo	24,802,379	-	-	24,802,379	25,996,790
Conventional Cargo	-	-	-	-	-
Liquid	-	-	-	-	-
TOTAL EQU (M/T)	24,802,379	-	-	24,802,379	25,996,790
EQU (M/T) - PORT OF COLOMBO					
Containerised Cargo	53,504,467	-	-	53,504,467	54,108,976
Conventional Cargo	3,405,765	2,680,367	421,673	6,507,805	6,265,388
Liquid	4,838,852	178,960	-	5,017,812	4,678,404
TOTAL EQU (M/T)	61,749,084	2,859,327	421,673	65,030,084	65,052,768
GROSS TONNAGE HANDLED (SLPA)					
Containerised Cargo	72,640,931	-	-	72,640,931	71,488,979
Conventional Cargo	9,350,435	2,052,968	332,192	11,735,595	14,951,142
Others	2,549,850	508,180	49,517	3,107,547	2,675,368
TOTAL TONNAGE	84,541,216	2,561,148	381,709	87,484,073	89,115,489
GROSS TONNAGE HANDLED (SAGT)					
Containerised Cargo	43,653,456	-	-	43,653,456	40,805,183
Conventional Cargo	-	-	-	-	-
Others	-	-	-	-	-
TOTAL TONNAGE	43,653,456	-	-	43,653,456	40,805,183
GROSS TONNAGE HANDLED (PORT OF COLOMBO)					
Containerised Cargo	116,294,387	-	-	116,294,387	112,294,162
Conventional Cargo	9,350,435	2,052,968	332,192	11,735,595	14,951,142
Others	2,549,850	508,180	49,517	3,107,547	2,675,368
TOTAL TONNAGE	128,194,672	2,561,148	381,709	131,137,529	129,920,672
PERSONNEL					
Number of Employees	9,373	436	391	10,200	10,982

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER

(Expressed in Sri Lankan Rupees)

Note	2012	Group 2011	As at 01 January 2011	2012	SLPA 2011	As at 01 January 2011
ASSETS						
Non-Current Assets						
Property, Plant & Equipment	3 200,447,957,466	194,703,452,120	172,118,016,815	200,219,840,824	194,463,219,630	171,873,191,648
Intangible Assets	4 342,602,203	521,993,078	670,586,953	342,602,203	521,993,078	670,586,953
Investment Properties	5 7,330,326,998	7,336,396,431	7,350,050,978	7,547,907,162	7,564,166,395	7,580,425,628
Investment in Subsidiaries	6 -	-	-	1,000,000	1,000,000	1,000,000
Investment in Associates	7 46,898,710	40,294,827	33,456,063	40,030	40,030	40,030
Available-for-Sale (AFS) Financial Assets	9 3,924,081,397	1,077,075,989	1,152,446,038	3,924,081,397	1,077,075,989	1,152,446,038
Held-to-Maturity Investment (HTM)	10 1,789,068,223	1,788,143,962	1,788,669,241	1,789,068,223	1,788,143,962	1,788,669,241
Amount Due From State Mortgage Bank	12.2 247,992,855	262,801,091	294,986,521	247,992,855	262,801,091	294,986,521
Total Non-Current Assets	214,128,927,851	205,730,157,497	183,408,212,609	214,072,532,694	205,678,440,174	183,361,346,058
Current Assets						
Inventories	11 1,819,751,295	1,694,585,948	2,543,913,808	1,819,751,295	1,694,585,948	2,543,913,808
Trade and Other Receivables	12 2,272,036,153	2,170,217,220	2,234,081,706	2,221,885,683	2,233,168,020	2,260,963,180
Deposits and Advances	13 18,587,195,596	950,579,064	4,313,898,308	18,587,009,193	950,579,064	4,313,898,308
Prepaid Expenses	133,356,007	108,403,249	64,479,492	133,356,007	108,403,249	64,479,492
Employee Loans	14 4,006,504,978	3,758,818,540	4,646,910,411	4,006,504,978	3,730,344,695	4,610,445,972
Other Financial Assets	15 7,975,269,179	7,669,593,112	6,566,931,408	7,975,269,179	7,669,593,112	6,566,931,408
Cash and Cash Equivalents	16 668,542,170	852,705,518	581,351,691	474,476,983	689,123,726	497,324,681
Total Current Assets	35,462,655,378	17,204,902,651	20,951,566,825	35,218,253,318	17,075,797,814	20,857,956,849
TOTAL ASSETS	249,591,583,228	222,935,060,148	204,359,779,434	249,290,786,012	222,754,237,988	204,219,302,907
EQUITY & LIABILITIES						
Equity						
Capital Employed	17 7,591,379,785	7,591,379,785	7,591,379,785	7,591,379,785	7,591,379,785	7,591,379,785
Capital Reserve	18 712,038,233	712,038,233	112,538,233	712,038,233	712,038,233	112,538,233
Other Reserves	1,125,903	1,125,903	1,125,903	1,125,903	1,125,903	1,125,903
Loan Redemption Reserve	19 3,828,973,373	3,828,973,373	3,828,973,373	3,828,973,373	3,828,973,373	3,828,973,373
Revaluation Reserve	20 74,728,281,137	76,429,013,944	76,480,827,873	74,728,281,137	76,429,013,944	76,480,827,873
Available-for-Sale Financial Assets Reserve	470,321,634	478,317,226	553,688,775	470,321,634	478,317,226	553,688,775
Retained Earnings (at debit)	(9,400,383,155)	(13,736,508,238)	(13,035,598,749)	(9,679,831,524)	(13,934,304,565)	(13,168,157,819)
Total Equity	77,931,736,910	75,304,340,225	75,532,935,193	77,652,288,541	75,106,543,899	75,400,376,123
Non-Current Liabilities						
Borrowings -						
Government of Sri Lanka	21.1 134,887,281,927	111,904,320,057	96,706,752,538	134,887,281,927	111,904,320,057	96,706,752,538
Borrowings -						
Financial Institutions	22.1 3,825,841,399	4,849,110,734	3,495,998,476	3,825,094,300	4,847,451,155	3,495,998,476
Government Grants	23 2,364,704,279	1,870,543,774	1,354,415,581	2,364,704,279	1,870,543,774	1,354,415,581
Deferred Tax Liabilities	24 12,114,566,119	12,114,566,119	12,114,566,119	12,114,566,119	12,114,566,119	12,114,566,119
Retirement Benefits Obligation	25 2,804,986,927	2,437,427,131	2,820,788,881	2,802,613,916	2,435,399,469	2,818,381,427
Total Non-Current Liabilities	155,997,380,651	133,175,967,815	116,492,521,595	155,994,260,541	133,172,280,574	116,490,114,141
Current Liabilities						
Trade and Other Creditors	26 1,161,128,806	715,813,160	583,665,568	1,161,128,806	733,071,211	580,652,317
Borrowings - Government of Sri Lanka	21.2 6,477,929,305	4,932,194,888	4,959,207,490	6,477,929,305	4,932,194,888	4,959,207,490
Borrowings - Financial Institutions	22.2 1,611,478,501	1,436,884,294	-	1,610,566,021	1,436,281,824	-
Deposits and Advances Received	27 3,306,704,386	5,423,092,876	4,861,849,739	3,306,704,386	5,437,087,857	4,873,029,870
Current Tax Payable	28 1,350,275,077	349,925,285	310,482,910	1,342,396,169	344,245,840	300,741,841
Provisions and Accrued Expenses	29 1,754,949,591	1,596,841,607	1,619,116,939	1,745,512,244	1,592,531,899	1,615,181,126
Total Current Liabilities	15,662,465,665	14,454,752,107	12,334,322,647	15,644,236,930	14,475,413,515	12,328,812,644
TOTAL EQUITY & LIABILITIES	249,591,583,228	222,935,060,148	204,359,779,434	249,290,786,012	222,754,237,988	204,219,302,907

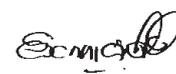
The Board of Directors are responsible for the preparation and presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. These Financial statements were approved by the Board Of Directors and signed on their behalf,"



Dr Priyath B Wickrama
CHAIRMAN



Capt. Nihal Keppetipola
MANAGING DIRECTOR



Mrs Shirani Wanniarachchi
DIRECTOR (FINANCE)

Date : 27th February 2013

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER

(Expressed in Sri Lankan Rupees)

	Note	Group		SLPA	
		2012	2011	2012	2011
Revenue	30	32,674,751,483	27,767,486,909	32,354,138,127	27,524,918,045
Direct Expenses	31	(18,209,072,826)	(16,272,003,671)	(18,118,623,148)	(16,262,849,959)
Gross Profit		14,465,678,658	11,495,483,238	14,235,514,979	11,262,068,086
Other Operating Income	32	4,660,252,192	2,802,363,672	4,765,730,141	2,851,902,146
Administrative Expenses	33	(13,095,542,164)	(13,243,973,609)	(13,033,990,368)	(13,117,379,788)
Operating Profit		6,030,388,686	1,053,873,301	5,967,254,753	996,590,444
Net Finance Cost	34	(735,348,806)	(732,382,693)	(755,817,779)	(739,720,468)
Share of Profit of Associate	7.1	7,378,463	7,876,342	-	-
Profit Before Tax		5,302,418,343	329,366,950	5,211,436,974	256,869,976
Income Tax Expenses	35	(1,134,676,066)	(206,994,530)	(1,125,346,740)	(199,734,813)
Profit for the Year		4,167,742,277	122,372,420	4,086,090,234	57,135,163
Attributable to - Equityholders of the Parent		4,167,742,277	122,372,420	4,086,090,234	57,135,163
Other Comprehensive Income					
Profit for the Year		4,167,742,277	122,372,420	4,086,090,234	57,135,163
Change in Value of Available-for-Sale (AFS) Financial Assets	9.1	(7,495,592)	(75,371,549)	(7,495,592)	(75,371,549)
Provision for Impairment on Unlisted Shares	9.2	(500,000)	-	(500,000)	-
Total Comprehensive Income for the Year		4,159,746,685	47,000,871	4,078,094,642	(18,236,386)
Attributable to - Equityholders of the Parent		4,159,746,685	47,000,871	4,078,094,642	(18,236,386)

Notes to the Financial Statements on Pages 103 to 141 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER

(Expressed in Sri Lankan Rupees)

Group	Capital Employed	Capital Reserve	Other Reserve	Loan Redemption Reserve	Revaluation Reserve	Available-for-Sale Reserve	Retained Earnings (at debit)	Total
Balance as at 01 January 2011 (Previously Stated)	7,591,379,785	13,651,567,507	1,125,903	3,828,973,373	76,480,827,873	-	(15,034,926,191)	86,518,948,250
Impact Due to First Time Adoption of SLFRS	-	(13,539,029,274)	-	-	-	553,688,775	1,999,327,442	(10,986,013,057)
Balance as at 01 January 2011 (Re-stated)	7,591,379,785	112,538,233	1,125,903	3,828,973,373	76,480,827,873	553,688,775	(13,035,598,749)	75,532,935,193
Profit for the Year	-	-	-	-	-	-	122,372,420	122,372,420
Other Comprehensive Income	-	-	-	-	-	(75,371,549)	-	(75,371,549)
Total Comprehensive Income	-	-	-	-	-	-	-	47,000,871
Value of Assets Received from JCT	-	599,500,000	-	-	-	-	-	599,500,000
Prior Year Adjustment	-	-	-	-	-	-	(875,095,838)	(875,095,838)
Adjustment on Disposals	-	-	-	-	(51,813,929)	-	51,813,929	-
Balance as at 31 December 2011	7,591,379,785	712,038,233	1,125,903	3,828,973,373	76,429,013,944	478,317,226	(13,736,508,238)	75,304,340,225
Profit for the Year	-	-	-	-	-	-	4,167,742,276	4,167,742,276
Other Comprehensive Income	-	-	-	-	-	(7,995,592)	-	(7,995,592)
Total Comprehensive Income	-	-	-	-	-	-	-	4,159,746,684
Adjustment on Revaluation Surplus	-	-	-	-	(1,532,350,000)	-	-	(1,532,350,000)
Adjustment on Disposals	-	-	-	-	(168,382,807)	-	168,382,807	-
Balance as at 31 December 2012	7,591,379,785	712,038,233	1,125,903	3,828,973,373	74,728,281,137	470,321,634	(9,400,383,155)	77,931,736,910
SLPA								
Balance as at 01 January 2011 (Previously Stated)	7,591,379,785	13,651,567,507	1,125,903	3,828,973,373	76,480,827,873	-	(15,167,380,908)	86,386,493,533
Impact Due to First Time Adoption of SLFRS	-	(13,539,029,274)	-	-	-	553,688,775	1,999,223,090	(10,986,117,409)
Balance as at 01 January 2011 (Re-stated)	7,591,379,785	112,538,233	1,125,903	3,828,973,373	76,480,827,873	553,688,775	(13,168,157,819)	75,400,376,123
Profit for the Year	-	-	-	-	-	-	57,135,163	57,135,163
Other Comprehensive Income	-	-	-	-	-	(75,371,549)	-	(75,371,549)
Total Comprehensive Income	-	-	-	-	-	-	-	(18,236,386)
Value of Assets Received from JCT	-	599,500,000	-	-	-	-	-	599,500,000
Prior Year Adjustment	-	-	-	-	-	-	(875,095,838)	(875,095,838)
Adjustment on Disposals	-	-	-	-	(51,813,929)	-	51,813,929	-
Balance as at 31 December 2011	7,591,379,785	712,038,233	1,125,903	3,828,973,373	76,429,013,944	478,317,226	(13,934,304,565)	75,106,543,899
Profit for the Year	-	-	-	-	-	-	4,086,090,234	4,086,090,234
Other Comprehensive Income	-	-	-	-	-	(7,995,592)	-	(7,995,592)
Total Comprehensive Income	-	-	-	-	-	-	-	4,078,094,642
Adjustment on Revaluation Surplus	-	-	-	-	(1,532,350,000)	-	-	(1,532,350,000)
Adjustment on Disposals	-	-	-	-	(168,382,807)	-	168,382,807	-
Balance as at 31 December 2012	7,591,379,785	712,038,233	1,125,903	3,828,973,373	74,728,281,137	470,321,634	(9,679,831,524)	77,652,288,541

Notes to the Financial Statements on Pages 103 to 141 form an integral part of these Financial Statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER

(Expressed in Sri Lankan Rupees)

	Group		SLPA	
	2012	2011	2012	2011
Profit Before Tax	5,302,418,343	329,366,950	5,211,436,974	256,869,976
Adjustments for				
Share of Profit of Associate (Net of Dividends)	6,603,883	6,838,764	-	-
Prior Year Adjustments	-	(875,095,838)	-	(875,095,838)
Deprecation	5,199,900,508	4,236,416,337	5,196,724,975	4,233,381,983
Amotisation of Intangible Assets	179,400,955	173,402,166	179,400,955	173,402,166
Gratuity Charge for the Year and related costs	888,840,509	373,732,149	888,495,160	374,111,941
Dividend Income	(852,175,057)	(752,649,018)	(859,082,637)	(754,686,596)
Interest Income	(998,719,051)	(717,053,753)	(977,940,069)	(708,968,562)
Interest Expenses	1,734,067,858	1,449,436,446	1,733,757,848	1,448,689,030
Profit on Disposals of Fixed Assets	6,069,268	(8,727,600)	6,069,268	(8,727,600)
Amotisation of Government Grants	(39,874,475)	(17,382,213)	(39,874,475)	(17,382,213)
Net Exchange Loss	4,566,871,693	3,390,109,708	4,566,871,693	3,390,109,707
Operating Profit Before Working Capital Changes	15,993,404,433	7,588,394,098	15,905,859,691	7,511,703,995
Changes in working Capital				
Inventories	(125,165,347)	849,327,860	(125,165,347)	849,327,860
Trade and Other Receivables	(272,523,388)	63,864,487	(147,864,131)	27,795,160
Deposits and Advances	(17,636,616,532)	3,363,319,243	(17,636,430,129)	3,363,319,243
Prepaid Expenses	(24,952,758)	(43,923,757)	(24,952,758)	(43,923,757)
Employee Loans / Others	(247,686,438)	888,091,871	(276,160,284)	880,101,277
Amount Due From State Mortgage Bank	14,808,236	32,185,430	14,808,236	32,185,430
Trade and Other Creditors	445,315,646	132,147,592	428,057,595	152,418,894
Deposits and Advances	(2,116,388,490)	561,243,137	(2,130,383,471)	564,057,987
Provisions and Accrued Expenses	158,107,984	(22,275,332)	152,980,345	(22,649,229)
Cash Generated from Operations	(3,811,696,655)	13,412,374,629	(3,839,250,253)	13,314,336,860
Interest Paid	(1,734,067,858)	(1,449,436,446)	(1,733,757,848)	(1,448,689,030)
Gratuity Paid	(521,280,713)	(757,093,899)	(521,280,713)	(757,093,899)
Taxes Paid	(134,326,274)	(167,552,155)	(127,196,411)	(156,230,814)
Net Cash from Operating Activities	(6,201,371,500)	11,038,292,128	(6,221,485,225)	10,952,323,117
Cash Flows from Investing Activities				
Acquisition of Property, Plant and Equipment	(184,998,684)	(371,394,591)	(183,749,200)	(358,414,205)
Proceeds from Disposal of Fixed Assets	7,655,636	9,376,735	7,655,636	9,376,735
Capital Work-in-Progress	(10,544,731,368)	(25,413,403,693)	(10,544,731,368)	(25,413,403,693)
Acquisition of Intangible Assets	(10,080)	(24,808,292)	(10,080)	(24,808,292)
Dividend Received	852,949,637	753,686,596	859,082,637	754,686,596
Interest Received	997,794,791	717,579,032	977,015,808	709,493,841
Net Proceeds from Other Financial Assets	(905,764,873)	(987,995,171)	(905,764,873)	(987,995,171)
Investment in Available-for-Sale Financial Assets	(2,866,551,000)	(1,500)	(2,866,551,000)	(1,500)
Net Cash from (used in) investing activities	(12,643,655,941)	(25,316,960,884)	(12,657,052,440)	(25,311,065,690)
Cash Flows from Financing Activities				
Borrowings from Government of Sri Lanka	26,446,607,821	16,426,029,611	26,446,607,821	16,426,029,611
Borrowings from Financial Institution	-	2,872,563,647	-	2,872,563,647
Repayment of Borrowings to Government of Sri Lanka	(6,477,814,731)	(4,668,488,136)	(6,477,814,731)	(4,668,488,136)
Repayment of Borrowings to Financial Institution	(1,627,928,997)	(177,110,976)	(1,624,902,168)	(176,591,942)
Government Grants Received	320,000,000	97,028,437	320,000,000	97,028,437
Net Cash From (used in) Financing Activities	18,660,864,094	14,550,022,583	18,663,890,923	14,550,541,617
Net Changes in Cash & Cash Equivalents	(184,163,347)	271,353,827	(214,646,742)	191,799,044
Cash & cash Equivalents at Beginning of the year	852,705,518	581,351,691	689,123,726	497,324,681
Cash & Cash Equivalents at End of the Year (Note 16)	668,542,171	852,705,518	474,476,984	689,123,726

Notes to the Financial Statements on Pages 103 to 141 form an integral part of these Financial Statements.

■ 1. CORPORATE INFORMATION

1.1 GENERAL

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

1.2 PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

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

1.3 FINANCIAL YEAR

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

1.4 REGISTERED OFFICE

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

1.5 NUMBER OF EMPLOYEES

The number of employees of the Authority as at 31 December 2012 was 10,200 (2011-10,982)

1.6 DATE OF AUTHORIZATION FOR ISSUE

The financial statements of the Authority for the year ended 31 December 2012 were authorized for issue in accordance with a resolution of the board of directors dated 27 February 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The consolidated financial statements of the Authority have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs). The consolidated financial statements have been prepared under the historical cost convention, as modified by the fair value of financial assets available-for-sale. The preparation of financial statements, in conformity with Sri Lanka Accounting Standards (SLFRSs), requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.27

The Group and the Authority have prepared its financial statements for previous periods including the reporting period ended 31 December 2011 in accordance with SLAS effective up to 31 December 2011. The consolidated financial statements are the Authority's first SLFRS financial statements prepared in accordance with SLFRS 1 First-time Adoption of Sri Lanka Accounting Standards. The effect of the transition to SLFRSs on previously reported financial positions, financial performances and cash flows of the Group and the Sri Lanka Ports Authority is given in Notes 37 to the financial statements.

2.2 Changes in Accounting Policies

The changes in accounting policies set out below have been applied consistently to the periods presented in the condensed financial statements and to the opening SLFRS statement of financial position at the date of transition to SLFRSs, unless otherwise indicated.

The presentation and classification of the consolidated financial statements of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current year.

2.3 Consolidation

2.3.1 Subsidiary

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

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

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

2.3.2 Associate

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

The group's share of post-acquisition profit or loss is recognized in the statement of comprehensive income and its share of post-acquisition movements in the investee's

other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

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

2.4 Foreign Currency Translation

2.4.1 Functional and Presentation Currency

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

2.4.2 Transactions and Balances

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

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

2.4.3 Property, Plant and Equipment

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

Property, plant and equipment of the Authority were carried at revalued amounts in the statement of financial position prepared in accordance with SLAS prior to 31 December 2011. The Sri Lanka Ports Authority has elected revalued amount of the property, plant and equipment as deemed cost at the date of the revaluation as the property, plant and equipment were broadly comparable to fair value. Accordingly, the property, plant and equipment are stated at deemed cost less accumulated depreciation and any accumulated impairment losses. Other property, plant and equipment are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

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

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

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

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

2.4.4 Intangible Assets

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

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

2.4.5 Investment Properties

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

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

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

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

2.5 Financial Assets

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

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

a) **Held-to- Maturity Investment (HTM)**

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the positive intention and ability to hold them until maturity. HTM investments are included in non-current assets unless the investment matures. The Group currently holds quoted debentures designated into this category.

b) **Loans and receivables**

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

c) **Available for sale (AFS)**

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

2.5.2 Recognition and Initial Measurement

Financial assets classified as loans and receivables are recognized on the date on which the group originates the transaction. Other financial assets are recognized on the trade-date on which the group becomes a party to the contractual provisions of the financial instrument.

A financial asset is measured initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

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

2.5.3 Subsequent Measurement

a) **Held-to- Maturity Investment (HTM)**

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

b) **Loans and receivables**

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

c) **Available for sale (AFS)**

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

2.5.4 Impairment of Financial Assets

a) **Assets carried at amortized cost**

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and

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

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

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

b) **Available-for-Sale (AFS)**

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

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

2.6 Inventories

Inventories are stated at cost. Cost is determined using the first-in, first-out (FIFO) method. Inventories comprise of spare parts and consumables for vessels and cargo handling equipment and fuel and lubricants. Inventories are for consumption not for re-sale.

2.7 Trade Receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. Collection is expected in the normal operating cycle of the business

and they are classified as current assets. Trade receivables are recognized initially at fair value, which is the invoice amount and subsequently measured at the original invoice amount less provision for impairment as they are expected to be received within short period, such that the time value of money is not significant.

Payments, an increase in the number of delayed payments in the receivable past the maximum credit period of 28 days. Trade receivables are impaired and impairment losses are incurred, only if there is objective evidence of impairment. Significant trade receivables are assessed individually for impairment and Non-significant trade receivables are assessed for impairment on collective basis.

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

(a) Individual Evaluation Model: Following types of trade receivables are reviewed individually to measure the impairment loss.

		Basis
i)	Sri Lanka Forces	Up to 12 Months After 12 Months
		No Provision 100%
ii)	Government Institutions	Up to 12 Months After 12 Months
		No Provision 100%
iii)	Shipping Agents Under Litigation	
		100%
iv)	Shipping Agents - Suspended and Non-operating	
		100%
v)	Shipping Agents - Significant Customers	100% provision only if there is an objective evidence for impairment.

(b) Collective Evaluation Model: Following types of trade receivables are reviewed collectively to measure the impairment loss.

Shipping Agents-Non-Significant Customers - Up to 12 Months-No Provision
100% provision only if there is an objective evidence for impairment.

2.8 Cash and Cash Equivalents

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

2.9 Capital Employed

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

2.10 Financial Liabilities

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

2.11 Trade and Other Payables

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

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

2.12 Borrowings

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

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

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

2.13 Borrowing Cost

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

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

2.14 Government Grants

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

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

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

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

2.15 Current and Deferred Tax

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

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

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

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

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

2.16 Employee Benefits

The group has both defined benefit and defined contribution plans.

a) **Defined Contribution plan**

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

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

b) **Defined benefit plan**

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

The defined benefit obligation of the subsidiary is calculated using formula method for the reporting period end 31 December 2011 and transition period.

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

The retirement benefit obligation is not externally funded.

c) **Short-term employee benefit**

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

2.17 Provisions and Contingent Liabilities

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

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

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

2.18 Revenue Recognition

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

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

a) Landing and Delivery Services

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

b) Navigation and Related Services

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

c) Stevedoring Services

Revenue from stevedoring services in respect of container operation and conventional cargo operation is recognized in the period in which the services are rendered based on completion of job or transaction and assessed on the basis of the actual services rendered.

d) Royalty Income

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

e) Interest Income

Interest income is recognized using the effective interest method.

f) Dividend Income

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

g) Lease and Rental Income

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

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

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

2.19 Expenses

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

2.20 Events Occurring after the Reporting Period

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

2.21 Commitments

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

2.22 Significant Accounting Estimates and Judgments

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

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

(a) Recognition of Deferred Tax Assets

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

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

(a) Useful life time of Depreciable Assets

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

(b) Defined Benefit Plan

The present value of the defined benefit plan obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions are used in determining the net cost and obligation for defined benefit

plan including the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit obligation.

2.23 First time adoption of SLFRS/LKAS

The consolidated financial statements, for the reporting period ended 31 December 2012, are the first financial statements prepared in accordance with Sri Lanka Accounting Standards (SLFRSs). Previous reporting periods including up to the reporting period ended 31 December 2011, the Group and Sri Lanka Ports Authority prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLAS), which were effective up to 31 December 2011.

In preparing these financial statements, the opening statement of financial position was prepared as at 1 January 2011, which is date of transition to Sri Lanka Accounting Standards (SLFRS). This note explains the principal adjustments made in restating its SLAS financial statements to SLFRSs financial statements for the reporting period as of 1 January 2011, 31 December 2011.

2.23.1 Optional Exemptions from the Retrospective Application of Other SLFRSs

In preparing the first consolidated financial statements in accordance with Sri Lanka Accounting Standards (SLFRSs), The group has elected to apply following optional exemptions from the retrospective application of other Sri Lanka Accounting Standards(SLFRSs)

a) Fair value or revaluation as deemed cost

Property, plant and equipment of the Sri Lanka Ports Authority were carried at revalued amount in the statement of financial position prepared in accordance with SLAS prior to 31 December 2011. The Sri Lanka Ports Authority has elected those revaluation amount as deemed cost at the date of the revaluation since they were broadly comparable to fair value at the date of the revaluation.

b) Fair value or revaluation as deemed cost of Investment Properties

Investment properties of the Sri Lanka Ports Authority were carried at revalued amount in the statement of financial position prepared in accordance with SLAS prior to 31 December 2011. The Sri Lanka Ports Authority has elected those revaluation amount as deemed cost at the date of the revaluation since they were broadly comparable to fair value at the date of the revaluation.

c) Investments in subsidiaries and associates

Investment in subsidiaries and associates are measured and accounted at cost in accordance with LKAS 2 in the separate financial statements.

d) Designation of previously recognized financial instruments

The Group has designated both long term quoted and unquoted equity instruments as available-for-sale investments at the date of transition to Sri Lanka Accounting Standards (SLFRSs).

2.23.2 Following optional exemptions are not applicable to the group:

- a) SLFRS 4 -Insurance contracts, since this application is not relevant to the group.
- b) IFRIC 4 - Determining whether arrangement contains a lease, since the group does not have such arrangements.
- c) LKAS 19 - Employee benefits, since the group recognizes actuarial gain and losses in the statement of comprehensive income.
- d) LKAS 21 -Cumulative translation differences, since the group does not have foreign operation.
- e) Assets and liabilities of subsidiaries, associates and joint ventures, since the subsidiaries and associates have converged from SLASs to SLFRSs
- f) LKAS 32 - Compound financial instruments, since the group does not have compound financial instruments.
- g) Decommissioning liabilities included in the cost of property, plant and equipment, since group does not have a procedure to identify and to include dismantlement and restoration costs and its related liabilities.
- h) IFRIC 12 - Service Concession Arrangements, since the group does not have such arrangement.

2.23.3 Mandatory exceptions from retrospective application of other SLFRSs

In preparing the first consolidated financial statements in accordance with Sri Lanka Accounting Standards (SLFRSs), the group has elected to apply following mandatory exceptions from the retrospective application of other Sri Lanka Accounting Standards (SLFRSs)

a) Accounting Estimates

All accounting estimates at the date of transition to SLFRSs and as at 31 December 2011 are consistent with the estimates made in accordance with SLAS effective up to 31 December 2011 except the followings:

- i) The group re-estimates useful life time of the some items of property, plant equipment and intangible assets and provision for pending litigations and claims in accordance with SLFRSs to reflect conditions existed at the date of transition to SLFRSs and as at 31 December 2011.
- b) Following mandatory exceptions are not applicable to the Group:
 - i) De-recognition of financial assets and financial liabilities.
 - ii) Hedge Accounting.
 - iii) Non-Controlling Interest.

2.23.4 Explanation of Transition to SLFRSs

The accounting policies set out in Note 2.1 to 2.23 have been applied in preparing the consolidated financial statements for the reporting period ended 31 December 2012 together with comparative information for the reporting period ended 31 December 2011 and opening SLFRS statement as at 1 January 2011 which is the transition date of SLFRSs for the Group.

In preparing SLFRS financial statement of previous reporting periods, required adjustments have been made in accordance with Sri Lanka Accounting Standards (SLFRSs). The effect of the transition from SLASs to SLFRSs has been presented in the statement of reconciliation of shareholders equity, statement of comprehensive income and notes to the reconciliations.

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3 Property, Plant & Equipment	As At 01 January 2012	Additions	(Disposals)	As At 31 December 2012
3.1 At Cost				
Land	50,515,360,159	847,977,712	(1,532,350,000)	49,830,987,871
Operational Buildings & Structures	53,103,921,682	39,368,463,388	-	92,472,385,070
Floating Equipment	7,361,083,817	808,388	(81,950,000)	7,279,942,205
Handling Equipment	10,021,749,729	12,186,217,055	(3,100,000)	22,204,866,784
Plant & Machinery	452,591,709	40,348,466	(1,718,325)	491,221,850
Office & Welfare Buildings	843,392,306	973,406	-	844,365,712
Staff Quarters and Other Buildings	483,088,258	-	-	483,088,258
Computer Hardware	428,464,385	8,969,975	(84,077,597)	353,356,763
Electric & Electronic Equipment	1,860,038,648	64,938,648	(1,001,213)	1,923,976,083
Office Furniture & Equipment	132,420,032	5,786,060	(949,087)	137,257,005
Motor Vehicles	758,745,705	67,600,049	(7,768,827)	818,576,927
Other Assets	301,467,953	17,920,480	(4,209,548)	315,178,885
	<u>126,262,324,382</u>	<u>52,610,003,627</u>	<u>(1,717,124,597)</u>	<u>177,155,203,412</u>

3.1.1 Depreciation	As At 01 January 2012	Charge for the Year	(Disposals)	As At 31 December 2012
Operational Buildings & Structures	13,386,001,416	2,624,179,397	-	16,010,180,813
Floating Equipment	4,016,897,935	626,061,656	(68,381,550)	4,574,578,041
Handling Equipment	6,969,824,902	1,465,185,164	(3,096,900)	8,431,913,166
Plant & Machinery	320,632,790	53,884,357	(1,673,375)	372,843,772
Office & Welfare Buildings	162,415,307	27,503,490	-	189,918,797
Staff Quarters and Other Buildings	123,508,758	19,630,249	-	143,139,007
Computer Hardware	352,069,996	33,495,968	(83,993,804)	301,572,160
Electric & Electronic Equipment	1,188,410,299	231,971,520	(1,000,212)	1,419,381,607
Office Furniture & Equipment	89,709,443	13,958,003	(944,141)	102,723,305
Motor Vehicles	670,263,971	50,335,874	(7,754,372)	712,845,473
Other Assets	166,990,001	47,625,397	(4,205,339)	210,410,059
	<u>27,446,724,817</u>	<u>5,193,831,075</u>	<u>(171,049,693)</u>	<u>32,469,506,199</u>

3.1.2 Net Carrying Values	As At 31 December 2012	As At 31 December 2011	As At 01 January 2011
Property, Plant & Equipment			
Land	49,830,987,871	50,515,360,159	50,515,360,159
Operational Buildings & Structures	76,462,204,257	39,717,920,266	41,085,617,302
Floating Equipment	2,705,364,164	3,344,185,882	3,979,802,908
Handling Equipment	13,772,953,618	3,051,924,827	4,185,956,211
Plant & Machinery	118,378,078	131,958,919	145,950,548
Office & Welfare Buildings	654,446,915	680,976,999	705,593,332
Staff Quarters and Other Buildings	339,949,251	359,579,500	379,317,311
Computer Hardware	51,784,603	76,394,389	64,197,030
Electric & Electronic Equipment	504,594,477	671,628,350	787,603,454
Office Furniture & Equipment	34,533,700	42,710,589	52,648,078
Motor Vehicles	105,731,454	88,481,734	144,499,341
Other Assets	104,768,826	134,477,952	170,540,165
	<u>144,685,697,213</u>	<u>98,815,599,565</u>	<u>102,217,085,839</u>
Capital Work-in-Progress	(Note 3.2) 55,762,260,252	95,887,852,555	69,900,930,976
	<u>200,447,957,466</u>	<u>194,703,452,120</u>	<u>172,118,016,815</u>

The group has capitalised borrowing costs on qualifying assets stated in work-in-progress amounting to Rs. 423,741,308/- in the reporting period 2012.

Container handling equipment amounts to Rs. 7,230,855,108/- has been secured against the bank borrowing facility of Rs. 6,368,562,123/-.

3	Property, Plant & Equipment	As At 01 January 2012	Additions	(Disposals)	As At 31 December 2012
	SLPA				
	3.1 Cost				
	Land	50,515,360,159	847,977,712	(1,532,350,000)	49,830,987,871
	Operational Buildings & Structures	52,954,077,261	39,368,463,388	-	92,322,540,649
	Floating Equipment	7,361,083,817	808,388	(81,950,000)	7,279,942,205
	Handling Equipment	10,021,749,729	12,186,217,055	(3,100,000)	22,204,866,784
	Plant & Machinery	445,276,604	39,496,033	(1,718,325)	483,054,312
	Office & Welfare Buildings	739,268,727	973,406	-	740,242,133
	Staff Quarters and Other Buildings	482,056,258	-	-	482,056,258
	Computer Hardware	426,945,701	8,969,975	(84,077,597)	351,838,079
	Electric & Electronic Equipment	1,860,038,648	64,938,648	(1,001,213)	1,923,976,083
	Office Furniture & Equipment	130,754,854	5,786,060	(949,087)	135,591,827
	Motor Vehicles	751,095,371	67,202,998	(7,768,827)	810,529,542
	Other Assets	301,467,953	17,920,480	(4,209,548)	315,178,885
		125,989,175,081	52,608,754,143	(1,717,124,597)	176,880,804,627

3.1.1 Depreciation	As At 01 January 2012	Charge for the Year	(Disposals)	As At 31 December 2012
Operational Buildings & Structures	13,358,771,380	2,613,989,596	-	15,972,760,976
Floating Equipment	4,016,897,935	626,061,656	(68,381,550)	4,574,578,041
Handling Equipment	6,969,824,903	1,465,185,164	(3,096,900)	8,431,913,167
Plant & Machinery	319,352,669	52,915,578	(1,673,375)	370,594,872
Office & Welfare Buildings	162,415,308	27,503,490	-	189,918,798
Staff Quarters and Other Buildings	123,508,757	19,630,249	-	143,139,006
Computer Hardware	351,218,448	33,116,297	(83,993,804)	300,340,941
Electric & Electronic Equipment	1,188,410,299	231,971,520	(1,000,212)	1,419,381,607
Office Furniture & Equipment	89,255,511	13,660,988	(944,141)	101,972,358
Motor Vehicles	667,162,795	48,805,807	(7,754,372)	708,214,230
Other Assets	166,990,001	47,625,397	(4,205,339)	210,410,059
	27,413,808,006	5,180,465,742	(171,049,693)	32,423,224,055

3.1.2 Net Carrying Values	As At 31 December 2012	As At 31 December 2011	As At 01 January 2011
Property, Plant & Equipment			
Land	49,830,987,871	50,515,360,159	50,515,360,159
Operational Buildings & Structures	76,349,779,673	39,595,305,881	40,960,398,231
Floating Equipment	2,705,364,164	3,344,185,882	3,979,802,908
Handling Equipment	13,772,953,617	3,051,924,826	4,185,956,211
Plant & Machinery	112,459,439	125,923,934	139,572,742
Office & Welfare Buildings	550,323,335	576,853,419	601,469,752
Staff Quarters and Other Buildings	338,917,252	358,547,501	378,285,311
Computer Hardware	51,497,138	75,727,253	63,211,306
Electric & Electronic Equipment	504,594,476	671,628,349	787,603,454
Office Furniture & Equipment	33,619,469	41,499,343	51,640,316
Motor Vehicles	102,315,312	83,932,576	138,420,117
Other Assets	104,768,826	134,477,952	170,540,165
	144,457,580,572	98,575,367,075	101,972,260,672
Capital Work-in-Progress	(Note 3.2)	55,762,260,252	69,900,930,976
	200,219,840,824	194,463,219,630	171,873,191,648

The authority has capitalised borrowing costs on qualifying assets stated in work-in-progress amounting to Rs. 423,741,308/- in the reporting period 2012.

Container handling equipment amounts to Rs.7,230,855,108/- has been secured against the bank borrowing facility of Rs.6,368,562,123/-.

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3.2 Capital Work-in-Progress	As At 01 January 2012	Incurred During the Year	Transferred	As At 31 December 2012
Colombo South Harbour	34,725,152,315	9,402,959,968	-	44,128,112,283
Colombo Port Development	247,907,383	423,229,310	(199,612,737)	471,523,956
Oluvil Port	305,777,945	138,215,399	-	443,993,344
MRMRP	41,811,152,072	380,892,136	(39,982,817,352)	2,209,226,855
Galle Port	36,156,768	30,431,854	-	66,588,622
Trincomalee Port	-	46,731	-	46,731
Plant & Machinery	10,441,378,375	258,975,524	(10,696,962,428)	3,391,471
Terminal Management System	38,227,940	12,164,611	-	50,392,551
Port City Development	-	2,339,285	-	2,339,285
Purchasing of Capital Assets (Local)	14,045,403	44,452,609	(13,262,426)	45,235,586
Construction 01 No Petroleum Oil Tank	559,392	-	-	559,392
Laying New Oil Pipe System	11,137,959	30,145,719	-	41,283,678
Bunkering Project_ Hambantota	8,256,357,003	43,209,495	-	8,299,566,498
	95,887,852,555	10,767,062,641	(50,892,654,943)	55,762,260,252

4 Intangible Assets

Group / SLPA	As At 01 January 2012	Additions / (Disposals)	As At 31 December 2012
4.1 At Cost			
Computer Software	836,795,201	10,080	836,805,281
Total	836,795,201	10,080	836,805,281

	As At 01 January 2012	Charge for the Year	As At 31 December 2012
4.2 Amortisation			
Computer Software	314,802,123	179,400,955	494,203,078
Total	314,802,123	179,400,955	494,203,078

4.3 Net Carrying Values	As At 31 December 2012	As At 31 December 2011	As At 01 January 2011
Computer Software	342,602,203	521,993,078	670,586,953

5 Investment Properties

Group	As At 01 January 2012	Additions / (Disposals)	As At 31 December 2012
5.1 At Cost			
Land	7,249,956,000	-	7,249,956,000
Buildings	129,097,129	-	129,097,129
Total	7,379,053,129	-	7,379,053,129

	As At 01 January 2012	Charge for the Year	As At 31 December 2012
5.1.1 Depreciation			
Buildings	42,656,698	6,069,433	48,726,131
Total	42,656,698	6,069,433	48,726,131

	As At 31 December 2012	As At 31 December 2011	As At 01 January 2011
4.1.2 Net Carrying Values			
Land	7,249,956,000	7,249,956,000	7,249,956,000
Buildings	80,370,998	86,440,431	100,094,978
	7,330,326,998	7,336,396,431	7,350,050,978

Most properties of the Authority are leased out on operating leases. Rental income derived by properties owned by the Authority during the current period amounts to Rs. 498,252,482.48 (2011 : 415,454,445/-).

Investment Properties Cnt.. Authority	As At 01 January 2012	Additins / (Disposals)	As At 31 December 2012
5.2 At Cost			
Land	7,249,956,000	-	7,249,956,000
Buldings	384,097,129	-	384,097,129
Total	7,634,053,129	-	7,634,053,129

	As At 01 January 2012	Charge for the Year	As At 31 December 2012
5.2.1 Depreciation			
Buldings	69,886,734	16,259,233	86,145,967
Total	69,886,734	16,259,233	86,145,967

	As At 31 December 2012	As At 31 December 2011	As At 01 January 2011
5.2.2 Net Carrying Values			
Land	7,249,956,000	7,249,956,000	7,249,956,000
Buldings	297,951,162	314,210,395	330,469,628
Total	7,547,907,162	7,564,166,395	7,580,425,628

Most properties of the Authority are leased out on operating leases. Rental income derived by properties owned by the Authority during the current period amounts to Rs. 516,624,482/- (2011: 417,854,445/-).

6 Investment in Subsidiaries	2012	SLPA 2011	01 January 2011
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Unlisted	No of Shares	% of Holding			
Jaya Container Terminals Limited	100,000	100%	1,000,000	1,000,000	1,000,000

7 Investment in Associates	2012	Group 2011	01 January 2011	2012	SLPA 2011	01 January 2011
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Unlisted						
Sri Lanka Port Management & Consultancy Services Ltd						
(Note 7.1)	46,898,710	40,294,827	33,456,063	40,030	40,030	40,030

7.1 Movement of Investments in Associate Companies

Balance at 01 January	40,294,827	33,456,063	33,901,831	40,030	40,030	40,030
Share of Net Results of Associates	7,378,463	7,876,342	-	-	-	-
Dividends Received	(774,581)	(1,037,578)	(445,768)	-	-	-
Balance at 31 December	46,898,710	40,294,827	33,456,063	40,030	40,030	40,030

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

Sri Lanka Port Management & Consultancy Services Ltd

	No. of Shares	% of Holding	Assets	Liabilities	Revenue	Net Profit
At 31 December 2012	4,003	39.97%	145,505,033	41,451,613	39,094,294	18,460,003
At 31 December 2011	4,003	39.97%	127,185,727	39,440,031	38,988,702	19,705,634

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		Group / SLPA		
		2012	2011	01 January 2011
9	Available-for-Sale (AFS) Financial Assets			
	Listed Investments (Note 9.1)	489,706,784	497,202,376	572,573,925
	Unlisted Investments (Note 9.2)	3,434,374,613	579,873,613	579,872,113
		3,924,081,397	1,077,075,989	1,152,446,038
	9.1 Listed Investment			
	Balance at 01 January	497,202,376	572,573,925	18,885,150
	Net Gains / (Losses) Transfer to AFS Reserve	(7,495,592)	(75,371,549)	553,688,775
	Balance at 31 December	489,706,784	497,202,376	572,573,925

9.2 Unlisted Investments

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

		Group / SLPA		
		2012	2011	01 January 2011
	No. of Shares			
	EDI Network Services Ltd.	50,000	500,000	500,000
	Lanka Coal Company	200,000	2,000,000	2,000,000
	Colombo International Container Terminal Ltd	28,456,515	2,855,002,500	1,500
	South Asian Gateway Terminus Limited (SAGT)		577,372,113	577,372,113
			3,434,874,613	579,873,613
	Provision for Impairment		(500,000)	-
			3,434,374,613	579,872,113

Investment in EDI Network Services Ltd was impaired as the company is not in operation at present. Therefore, the investment has been stated at cost less impairment charges

10 Held-to-Maturity Investment (HTM)

HTM investment comprises quoted debenture invested in Urban Development Authority with fixed interest rates at 11%. The investment mature in 2015. The debenture is quoted in debt market of the Colombo stock exchange however, quoted price is not considered as fair value for disclosure as the debt market is not active.

		Group / SLPA		
		2012	2011	01 January 2011
	Carrying Amount at Amortized Cost			
	Balance at 01 January	1,788,143,962	1,788,669,241	1,742,970,000
	Interest Received	(45,173,962)	(45,699,241)	-
	Adjustment on Effective Interest	46,098,223	45,173,962	45,699,241
	Balance at 31 December	1,789,068,223	1,788,143,962	1,788,669,241

The investment in debenture has been pledged as a part of security against bank borrowings for the value of USD 20,879,037.

		Group / SLPA		
		2012	2011	01 January 2011
11	Inventories			
	Goods in Stock	1,807,999,396	1,684,417,897	2,534,439,644
	Stock in Hand - Admiralty Kitchen	4,882,172	5,856,059	7,017,721
	Sawmill - New Beira	5,211,897	2,671,301	865,091
	Stock in Medical Stores	817,818	873,708	1,032,179
	Obsolete & Slow Moving Stock	840,012	766,982	559,173
		1,819,751,295	1,694,585,948	2,543,913,808

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

		Group			SLPA		
		2012	2011	01 January 2011	2012	2011	01 January 2011
12	Trade and Other Receivables						
	Trade Receivable	1,356,088,439	1,440,850,522	1,429,548,530	1,322,438,611	1,438,023,487	1,427,332,271
	Shipping Agents Dispute	18,678,966	28,912,537	107,519,026	18,678,966	28,912,537	107,519,026
	Agent Revenue	677,738,164	573,146,980	567,171,296	677,738,164	590,405,031	567,171,296
	Consignee Receivables	225,094,133	16,388,684	19,879,604	225,094,133	16,388,684	19,879,604
	Other Receivable (Note 11.1)	455,756,661	472,607,212	515,432,032	436,428,984	518,299,962	542,313,505
		2,733,356,363	2,531,905,935	2,639,550,488	2,680,378,858	2,592,029,700	2,664,215,702
	Provision for Impairment	(461,320,210)	(361,688,715)	(405,468,782)	(458,493,175)	(358,861,680)	(403,252,523)
		2,272,036,153	2,170,217,220	2,234,081,706	2,221,885,683	2,233,168,020	2,260,963,180
	Trade and other receivables comprise following receivables from related parties.						
	Receivables from Related Parties						
	Trade	97,283,993	95,993,506	160,416,402	97,283,993	95,993,506	160,416,402
	Others	241,660,838	317,396,724	306,171,537	256,112,351	367,070,333	338,703,144
		338,944,831	413,390,230	466,587,939	353,396,344	463,063,839	499,119,546

As at 31 December 2012, the Authority's trade receivables amounts to Rs.779,293,679 (2011:547,652,321 and 2010:828,829,233) were past due but not impaired. These relate to a number of significant customers including shipping agents, who are individually reviewed for impairment and for whom there are no reliable evidence for recovery in the reporting year. The age analysis of these trade receivables is as follows:

Ageing of Trade Receivable	Group		SLPA			
	2012	2011	01 January 2011	2012	2011	01 January 2011
Up to 6 Months	755,141,769	30,495,192	24,896,234	721,491,941	13,673,176	11,499,844
6 to 12 Months	57,801,737	533,979,144	817,329,389	57,801,737	533,979,144	817,329,389
	812,943,507	564,474,337	842,225,623	779,293,679	547,652,321	828,829,233

Trade receivables have been reviewed for impairment. Certain trade receivables are found to be impaired and provision for impairment has been made on the basis as stated in note 2.12. The impaired trade receivables are mostly due from Sri Lanka forces, Government institutions and the shipping agents who are under litigation.

The Details of Provision for Impairment of the Trade Receivables.	Group		SLPA			
	2012	2011	01 January 2011	2012	2011	01 January 2011
Shipping Agents Under Litigation	354,700,236	278,225,317	246,609,336	354,700,236	278,225,317	246,609,336
Sri Lanka Forces	49,939,127	23,718,906	118,723,872	49,939,127	23,718,906	118,723,872
Government Institutions	52,215,674	51,075,298	29,708,399	52,215,674	51,075,298	29,708,399
Shipping Agents	1,607,608	3,847,329	3,628,743	1,607,608	3,847,329	3,628,743
Others	2,857,566	4,821,865	6,798,432	30,531	1,994,830	4,582,173
	461,320,210	361,688,715	405,468,782	458,493,175	358,861,680	403,252,523

11.1 Other Receivable

Royalty	65,780,970	66,989,226	57,236,936	65,780,970	66,989,226	57,236,936
Lease Rent	26,246,924	23,185,189	21,712,292	26,246,924	23,185,189	21,712,292
Mahapola Training	980	1,600	-	980	1,600	-
From Welfare Buses	-	507,639	763,908	-	507,639	763,908
Rent & Electricity	143,204,335	118,359,001	143,187,070	143,204,335	118,359,001	143,187,070
Receivables from the Ministry	1,805,671	1,622,563	5,861,135	1,805,671	1,622,563	5,861,135
Supply of Fuel to Ministry	2,218,812	564,260	320,177	2,218,812	564,260	320,177
Meals & Tea Supplied to Outside Parties	6,162,508	3,068,540	1,407,010	6,162,508	3,068,540	1,407,010
Job Done for Outside Parties	-	-	423,782	-	-	423,782
Receivables from						
Government Institution	25,566,522	25,566,522	25,566,522	25,566,522	25,566,522	25,566,522
Jaya Container Terminals Limited	8,000,000	-	-	22,451,513	49,673,609	32,531,607
Lease Rent from Stole (Premises)	-	265,000	-	-	265,000	-
Valuation Fees Recoverable	453,540	22,322	354,405	453,540	22,322	354,405
Loan to Catholic association	-	163,871	477,261	-	163,871	477,261
Sri Lanka Nidahas Union Loan	-	409,211	935,189	-	409,211	935,189
Prepaid Staff Benefit	6,060,328	3,794,457	5,036,534	-	-	-
Shares Receivable - SAGT (Note 11.3)	141,632,944	227,222,309	227,222,309	141,632,944	227,222,309	227,222,309
Other Receivables	28,623,127	679,099	(328,752)	904,265	679,099	(328,752)
Taxes Receivable	-	186,403	25,256,255	-	-	24,642,655
	455,756,661	472,607,212	515,432,032	436,428,984	518,299,962	542,313,505

11.2 Amount Due from State Mortgage Bank

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

11.3 Share Receivable - SAGT

Share receivable from SAGT represents the balance receivable from South Asia Gateway Terminal Ltd (SAGT) arising from the difference between the initial value of cranes given to SAGT and shares issued for in-kind contribution. However, SAGT has resolved on 14 May 2010 that the SLPA will be entitled to be issued an additional "in kind" shares in SAGT to the extent of USD 2,425,285 equivalent to Rs.141,632,943.84 only in the event of further capital call for the phase 1 facilities. No provision for impairment has been made for the receivable since, the Ministry of Finance and Planning has instructed the Authority to show the balance USD 2,425,285 equivalent to Rs.141,632,943.84 as share receivable from SAGT in the financial statements.

13 Deposits and Advances	Group		SLPA			
	2012	2011	01 January 2011	2012	2011	01 January 2011
Government Deposits	64,258,446	62,806,704	62,806,704	64,258,446	62,806,704	62,806,704
Corporation Deposits	100,706,150	83,768,650	49,138,650	100,706,150	83,768,650	49,138,650
Company Deposits	25,815,940	2,760,137	2,546,408	25,629,537	2,760,137	2,546,408
Advances for Capital Expenditure & Consumables	233,282,731	330,744,796	148,575,016	233,282,731	330,744,796	148,575,016
Advance to Suppliers	8,049,963	7,930,906	27,399,666	8,049,963	7,930,906	27,399,666
Advance to Contractors - Capital Expenditure	18,220,058,416	493,283,349	4,076,794,701	18,220,058,416	493,283,349	4,076,794,701
	18,652,171,646	981,294,542	4,367,261,145	18,651,985,243	981,294,542	4,367,261,145
Provision for Impairment	(64,976,050)	(30,715,477)	(53,362,837)	(64,976,050)	(30,715,477)	(53,362,837)
	18,587,195,596	950,579,064	4,313,898,308	18,587,009,193	950,579,064	4,313,898,308

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	2012	Group 2011	01 January 2011	2012	SLPA 2011	01 January 2011
14 Employee Loans						
Advances	30,617,092	60,755,155	74,935,349	30,617,092	32,281,310	38,470,910
Receivables from Employees	2,963,935	2,202,505	1,767,392	2,963,935	2,202,505	1,767,392
Vehicle Loan	778,626,600	622,560,075	1,009,423,785	778,626,600	622,560,075	1,009,423,785
Loans	3,181,515,350	3,060,986,687	3,560,783,885	3,181,515,350	3,060,986,687	3,560,783,885
Mis. Loans Given to Employees	12,782,002	12,314,118	-	12,782,002	12,314,118	-
	4,006,504,978	3,758,818,540	4,646,910,411	4,006,504,978	3,730,344,695	4,610,445,972

15 Other Financial Assets	2012	Group / SLPA 2011	01 January 2011
REPO's	697,934,488	1,053,723,148	2,795,359
Fixed Deposits - Local	4,417,405,818	4,016,818,471	1,887,110,988
Fixed Deposits - Foreign	2,855,421,824	2,591,395,431	1,802,947,032
Call Deposits	3,738,740	6,539,956	11,043,055
Savings	768,308	1,116,106	70,470,577
	7,975,269,179	7,669,593,112	6,566,931,408

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

16 Cash and Cash Equivalents	2012	Group 2011	01 January 2011	2012	SLPA 2011	01 January 2011
15.1 Favourable Balances						
Cash and Bank Balances - LKR	674,642,782	852,905,586	579,199,836	471,985,810	686,899,435	495,172,826
Bank Balances - Foreign Currency	2,491,173	2,224,291	2,151,856	2,491,173	2,224,291	2,151,856
	677,133,955	855,129,877	581,351,691	474,476,983	689,123,726	497,324,681
15.2 Unfavourable Balances						
Bank Overdraft	(8,591,785)	(2,424,359)	-	-	-	-
	(8,591,785)	(2,424,359)	-	-	-	-
Cash & Cash Equivalents for the Purpose of Cash Flow Statement	668,542,170	852,705,518	581,351,691	474,476,983	689,123,726	497,324,681

17 Capital Employed

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

18 Capital Reserve

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

19 Loan Redemption Reserve

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

20 Revaluation Reserve

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

21 Borrowings - Government of Sri Lanka	2012	Group / SLPA 2011	01 January 2011
Carrying Amount at Amortized Cost			
21.1 Settlement Fall Due More than One Year			
Colombo Port Development Project	36,593,970,014	40,802,618,894	42,143,127,127
Colombo Port Expansion - (South Harbor)	36,159,815,248	26,858,872,434	17,128,178,587
Hambanthota Port Develop. - (Phase I)	34,540,637,216	33,624,094,097	30,552,495,737
Hambanthota Port Develop. - (Phase II)	17,802,893,974	-	-
Hambanthota Port Tank Farm Project	6,640,423,267	6,597,934,632	2,968,201,087
Terminal Tractors- (EXIM Bank of Malaysia)	515,280,000	-	-
Acquisition of Handling Equipments	2,634,262,208	4,020,800,000	3,914,750,000
	134,887,281,927	111,904,320,057	96,706,752,538
21.2 Settlement Fall Due Within One Year			
Colombo Port Development Project	4,947,049,014	4,932,194,888	4,959,207,490
Colombo Port Expansion - (Southern Harbor)	624,708,731	-	-
Hambanthota Port Develop. - (Phase I)	3,710,700	-	-
Hambanthota Port Tank Farm Project	720,860	-	-
Acquisition of Handling Equipments	901,740,000	-	-
	6,477,929,305	4,932,194,888	4,959,207,490
	141,365,211,232	116,836,514,945	101,665,960,028

The above borrowings were provided by the Government of Sri Lanka for ports expansion projects and development projects under subsidiary loan agreement. The loan granted to procurement of handling equipment carries floating rate of interest and others are at fixed rates of interest.

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	Group / SLPA		
	2012	2011	01 January 2011
The carrying amounts of the borrowings are denominated in the following currencies:			
Japan Yen	41,541,019,028	45,734,813,782	47,102,334,617
United States Dollars	99,824,192,204	71,101,701,163	54,563,625,411
	141,365,211,232	116,836,514,945	101,665,960,028
21.3 Movement of the Loans			
Balance at 01 January	116,836,514,946	101,665,960,028	101,665,960,028
Obtained During the Year	26,446,607,821	16,426,029,611	-
Paid During the Year	(6,477,814,731)	(4,668,488,136)	-
Exchange (Gain) / Loss on Translation	4,559,903,197	3,413,013,443	-
Balance at 31 December	141,365,211,232	116,836,514,946	101,665,960,028

22 Borrowings - Financial Institutions	Group			SLPA		
	2012	2011	01 January 2011	2012	2011	01 January 2011
Carrying Amount at Amortized Cost						
22.1 Settlement Fall Due More than One Year						
Bank of Ceylon	3,825,094,300	4,847,451,155	3,495,998,476	3,825,094,300	4,847,451,155	3,495,998,476
Others	747,099	1,659,579	-	-	-	-
	3,825,841,399	4,849,110,734	3,495,998,476	3,825,094,300	4,847,451,155	3,495,998,476
22.2 Settlement Fall Due Within One Year						
Bank of Ceylon	1,610,566,021	1,436,281,824	-	1,610,566,021	1,436,281,824	-
Others	912,480	602,470	-	-	-	-
	1,611,478,501	1,436,884,294	-	1,610,566,021	1,436,281,824	-
	5,437,319,900	6,285,995,027	3,495,998,476	5,435,660,321	6,283,732,978	3,495,998,476

The above bank borrowings are secured by container handling equipment owned by the Authority. It carries a floating interest rate of LIBOR + 4%

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

United States Dollars	2012	2011	01 January 2011	2012	2011	01 January 2011
	5,437,319,900	6,285,995,027	3,495,998,476	5,435,660,321	6,283,732,978	3,495,998,476
22.3 Movement of the Loans						
Balance at 01 January	6,288,419,386	3,501,203,918	3,495,998,476	6,283,732,978	3,495,998,476	3,495,998,476
Obtained During the Year	-	2,872,563,647	-	-	2,872,563,647	-
Paid During the Year	(1,627,928,997)	(177,110,976)	-	(1,624,902,168)	(176,591,942)	-
Exchange (Gain) / Loss on Translation	776,829,510	91,762,797	-	776,829,510	91,762,797	-
Balance at 31 December	5,437,319,900	6,288,419,386	3,495,998,476	5,435,660,321	6,283,732,978	3,495,998,476
23 Government Grants						
Balance at 01 January	1,870,543,774	1,354,415,581	305,338,748	1,870,543,774	1,354,415,581	305,338,748
Grants Received During the Year	534,034,979	533,510,405	1,066,352,379	534,034,979	533,510,405	1,066,352,379
Amortisation of Government Grants	(39,874,475)	(17,382,213)	(17,275,546)	(39,874,475)	(17,382,213)	(17,275,546)
Balance at 31 December (Note 23.1)	2,364,704,279	1,870,543,774	1,354,415,581	2,364,704,279	1,870,543,774	1,354,415,581
23.1 The Carrying Values						
Mega Port Project	172,475,460	189,512,356	206,549,252	172,475,460	189,512,356	206,549,252
Kankasanturai Break Water Project	36,046,650	36,285,300	11,523,950	36,046,650	36,285,300	11,523,950
Hambantota Port Development Project	116,277,819	121,122,728	121,122,728	116,277,819	121,122,728	121,122,728
Oluvil Port Development Project	19,990,000	19,990,000	19,990,000	19,990,000	19,990,000	19,990,000
Colombo Port Expansion Project	1,618,101,717	1,404,066,738	992,584,770	1,618,101,717	1,404,066,738	992,584,770
Hambantota Bunkering and Tank	2,644,881	2,644,881	2,644,881	2,644,881	2,644,881	2,644,881
Renovation project of UCT Terminal	395,520,000	79,893,333	-	395,520,000	79,893,333	-
Galle Yatch Marina Development	3,647,750	17,028,437	-	3,647,750	17,028,437	-
	2,364,704,277	1,870,543,774	1,354,415,581	2,364,704,277	1,870,543,774	1,354,415,581

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

Part of the grant received for Galle Yatch Marina Development Project amounts to Rs.3,645,638 and Kankasanturai Break Water Project amounts to Rs.25,000,000 have not been utilised during the reporting period.

24 Deferred Tax Liabilities	2012	Group / SLPA 2011	01 January 2011
Balance at 01 January	12,114,566,119	12,114,566,119	12,114,566,119
Recognised in Profit or Loss	-	-	-
Recognised in Equity	-	-	-
Balance at 31 December	12,114,566,119	12,114,566,119	12,114,566,119

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	2012	Group / SLPA 2011	01 January 2011
24.1 The Analysis of Deferred Tax Assets and Liabilities			
Deferred Tax Assets			
From Provision for Gratuity	1,671,754,423	1,671,754,423	1,671,754,423
From Accounting Provisions	527,808,101	527,808,101	527,808,101
From Brought Forward Tax Losses	1,912,449,846	1,912,449,846	1,912,449,846
	4,112,012,370	4,112,012,370	4,112,012,370
Deferred Tax Liability			
From Accelerating Depreciation	(16,226,578,489)	(16,226,578,489)	(16,226,578,489)
	(16,226,578,489)	(16,226,578,489)	(16,226,578,489)
Net Deferred Tax Liability	(12,114,566,120)	(12,114,566,120)	(12,114,566,120)

Deferred tax assets are recognized for brought-forward tax losses, accounting provision and provision for defined benefits obligation to the extent that the realization of the related tax benefits through future taxable profits are probable. However, the SLPA did not recognize deferred tax assets for the reporting periods 2011 and 2012 on the basis that there is related tax benefit from future taxable profit due to exemption elected by the SLPA under section 13 (YYYY) and 13 (YYYYY) of the Inland Revenue Act No. 10 of 2006.

Deferred income tax liabilities have not been recognized for accelerating depreciation for the reporting periods 2011 and 2012 due to the said exemption elected by the Authority.

The deferred tax liabilities arising from the adjustment made at the date of transition to SLFRSs in relating to non-adjustment of specific provision of bad debts amounts to Rs.30,134,316/- for the reporting period 2010 is charged to retained earning.

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

25 Retirement Benefits Obligation	2012	Group 2011	01 January 2011	2012	SLPA 2011	01 January 2011
Balance at 01 January	2,437,427,131	2,820,788,881	4,779,398,782	2,435,399,469	2,818,381,427	4,776,441,208
Expense Recognised in the Statement of Comprehensive Income (Note 25.1)	888,840,509	373,732,149	-	888,495,160	374,111,941	-
Benefit Paid During the Year	(521,280,713)	(757,093,899)	-	(521,280,713)	(757,093,899)	-
Adjustments in Retained Earning at the Date of Transition to SLFRSs	-	-	(1,958,609,901)	-	-	(1,958,059,781)
Balance at 31 December	2,804,986,927	2,437,427,131	2,820,788,881	2,802,613,916	2,435,399,469	2,818,381,427
25.1 Expense Recognised in the statement of comprehensive income						
Interest Cost	267,691,176	310,261,023	-	267,893,942	310,021,957	-
Current Service Cost	136,924,968	123,458,385	-	136,308,299	122,633,977	-
Actuarial (Gain) / Loss on Obligation	484,224,365	(59,987,259)	-	484,292,919	(58,543,993)	-
	888,840,509	373,732,149	-	888,495,160	374,111,941	-

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

The principal actuarial assumptions used are as follows

For group, assumptions are expressed as range

Discount rate [%]	10 -11	11 -13	11 -13	11	11	11
Future Salary Increases - Salary [%]	1.2 - 6	1.2 - 6	1.2 - 6	6	6	6
- Allowances [%]	5	5	5	5	5	5
Staff Turnover Factor - Up to age 50 Yrs [%]	0.5 - 4	0.5 - 5.8	0.5 - 5.8	0.5	0.5	0.5
- after 50 Yrs	0	0	0	0	0	0
Retirement age [Yrs]	57 -60	57 -60	57 -60	60	60	60

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

Group has changed its basis used to measure the retirement obligation to project unit credit method using the qualified actuarial consultants for the reporting period including 2010 and 2011. As a result of changing the accounting policy to measure the obligation, the adjustment made at the date of transition to SLFRSs amounts to Rs 1,958,609,901/- (the Authority : 1,958,059,781/-) is recognised in retained earnings.

26 Trade and Other Creditors	2012	Group 2011	01 January 2011	2012	SLPA 2011	01 January 2011
Trade Creditors	848,010,823	18,386,110	109,016,760	848,010,823	35,644,161	106,003,509
Other Creditors	16,536,372	-	-	16,536,372	-	-
Shipping Agents - Credit Balance	243,467,613	665,840,588	414,969,937	243,467,613	665,840,588	414,969,937
Compensation Payments	3,794,000	3,794,000	3,794,000	3,794,000	3,794,000	3,794,000
Salary Abatements	43,961,404	23,386,265	50,449,398	43,961,404	23,386,265	50,449,398
Unclaimed Wages	5,358,594	4,406,197	5,435,473	5,358,594	4,406,197	5,435,473
	1,161,128,806	715,813,160	583,665,568	1,161,128,806	733,071,211	580,652,317

FOR THE YEAR ENDED 31ST DECEMBER

(Expressed in Sri Lankan Rupees)

	2012	Group 2011	01 January 2011	2012	SLPA 2011	01 January 2011
27 Deposits and Advances Received						
Deposits - Shipping Agents	2,789,543	3,414,516	3,260,476	2,789,543	3,414,516	3,260,476
Deposits for Shipping Charges	7,407,367	8,945,213	8,464,649	7,407,367	8,945,213	8,464,649
Deposit for Landing & Delivery	65,601,402	74,113,326	68,714,641	65,601,402	74,113,326	68,714,641
Bonding Deposits	14,758,683	12,731,595	11,611,690	14,758,683	12,731,595	11,611,690
Shipping Agents Advance	381,566,070	438,564,099	380,955,013	381,566,070	452,559,080	392,135,144
Deposit from customers	1,335,458	1,056,369	1,084,826	1,335,458	1,056,369	1,084,826
Employers Fidelity Deposits	811,118	936,400	870,379	811,118	936,400	870,379
Rent Deposit	37,667,863	43,733,164	34,298,997	37,667,863	43,733,164	34,298,997
Trading deposits	401,841,390	265,087,322	280,281,474	401,841,390	265,087,322	280,281,474
Contractor deposits	2,320,022,683	4,501,249,576	4,100,280,367	2,320,022,683	4,501,249,576	4,100,280,367
Special Deposits	968,100	1,326,588	3,221,938	968,100	1,326,588	3,221,938
Miscellaneous Deposits	71,934,709	71,934,709	(31,194,711)	71,934,709	71,934,709	(31,194,711)
	3,306,704,386	5,423,092,876	4,861,849,739	3,306,704,386	5,437,087,857	4,873,029,870
28 Current Tax Payable						
Summary of current tax payable is as follows:						
Corporate Tax (Note 28.1)	1,295,221,226	258,583,530	166,212,435	1,287,842,690	255,454,157	159,286,861
Value Added Tax	37,366,641	46,114,333	100,536,033	36,866,269	43,564,261	97,720,538
Withholding Tax	6,058,452	6,058,452	10,767,894	6,058,452	6,058,452	10,767,894
Nation Building Tax	11,321,556	10,978,934	21,035,995	11,321,556	10,978,934	21,035,995
Construction Levy (CIGFL)	307,202	28,190,036	11,930,553	307,202	28,190,036	11,930,553
	1,350,275,077	349,925,285	310,482,910	1,342,396,169	344,245,840	300,741,841
28.1 Corporate Tax						
Balance at 01 January	258,583,530	166,212,435	834,520,913	255,454,157	159,286,861	812,617,902
Provision for the Period	158,029,087	255,454,157	1,592,286,861	163,109,250	-	159,286,861
Charge for the Period	1,298,577,654	343,698,599	-	1,288,455,990	255,554,157	-
Set-off Against the Tax Credits / Paid	(256,067,457)	(195,213,831)	(331,114,067)	(256,067,457)	(103,567,517)	(331,114,067)
Adjustments on Under / (Over) Provision	(163,901,588)	(56,113,673)	(496,481,272)	(163,109,250)	(55,819,344)	(481,503,835)
Balance at 31 December	1,295,221,226	258,583,530	166,212,435	1,287,842,690	255,454,157	159,286,861
29 Provisions and Accrued Expenses						
Provision for Volume Rebate	1,044,240,000	832,449,839	750,782,164	1,044,240,000	832,449,839	750,782,164
Accrued Expenditure	675,346,202	756,231,594	867,399,215	665,908,855	751,921,886	863,463,402
Provision for Claims	35,363,389	8,160,174	935,560	35,363,389	8,160,174	935,560
	1,754,949,591	1,596,841,607	1,619,116,939	1,745,512,244	1,592,531,899	1,615,181,126

30 Revenue	Group		SLPA	
	2012	2011	2012	2011
Navigation	4,859,563,511	4,095,349,989	4,859,563,511	4,095,349,989
Stevedoring	19,433,327,226	16,625,402,263	19,433,327,226	16,625,402,263
Wharf Handling	3,633,697,463	3,272,561,588	3,633,697,463	3,272,561,588
Port Facilities	3,681,536,097	3,023,748,832	3,681,536,097	2,761,125,846
Other Service Operations	1,066,627,186	750,424,237	746,013,830	770,478,359
	32,674,751,483	27,767,486,909	32,354,138,127	27,524,918,045
31 Direct Expenses				
Operational Expenses				
Salaries wages & Allowances	4,549,450,417	4,143,361,036	4,492,984,552	4,143,361,036
Overtime	1,633,227,682	1,591,384,785	1,633,227,682	1,591,384,785
Traveling Subsistence & Fuel Allowance	1,961,602	1,392,557	1,961,602	1,392,557
Fuel Electricity & Other Expenses	1,809,361,792	1,479,107,946	1,784,643,656	1,479,107,946
Cost of Water	54,775,648	67,945,657	54,222,649	67,945,657
External Hire Chargers / Contracts	845,816,121	601,222,567	845,816,121	601,222,567
Contract works for Rep. & Main.	129,381,241	62,158,071	129,381,241	62,158,071
Insurance & License	234,895	1,813,691	234,895	1,813,691
Material Issued for Operational activities	7,429,227	9,216,400	7,429,227	965,244
Depreciation	4,718,671,871	3,881,188,380	4,717,703,092	3,880,285,825
	13,750,310,497	11,838,791,090	13,667,604,717	11,829,637,378
Repair and Maintenances Expenses				
Salaries Wages & Allowances	2,410,157,832	2,145,638,870	2,410,157,832	2,145,638,870
Overtime	884,133,589	873,609,765	884,133,589	873,609,765
Travelling, Subsistence & Fuel Allowances	6,027,902	6,149,194	6,027,902	6,149,194
Fuel Electricity & Other Expenses	79,430,722	99,955,473	71,686,824	99,955,473
External Hire Charges/ Contracts	1,700	4,600,761	1,700	4,600,761
Contract works for Rep. & Main.	50,904,574	215,298,898	50,904,574	215,298,898
Insurance & License	360,952	4,175,724	360,952	4,175,724
Material Issued for Operational Activities	974,829,480	1,034,318,388	974,829,480	1,034,318,388
Depreciation	52,915,578	49,465,507	52,915,578	49,465,507
	4,458,762,329	4,433,212,581	4,451,018,431	4,433,212,581
	18,209,072,826	16,272,003,671	18,118,623,148	16,262,849,959

FOR THE YEAR ENDED 31ST DECEMBER

(Expressed in Sri Lankan Rupees)

	Group		SLPA	
	2012	2011	2012	2011
32 Other Operating Income				
<i>Other Services - Non Operational</i>				
Hire of Equip. & Floating Craft other than Cargo Handling	20,767,686	5,697,743	20,767,686	5,697,743
Supply of water for local consumption	791,850	429,183	791,850	429,183
Supply of electricity for local consumption	34,009,612	379,413,937	34,009,612	379,413,937
Telephone calls and medical facilities	24,351	22,039	24,351	22,039
Training fees	17,232	58,159	17,232	58,159
Special Jobs done for outside parties	3,210,160	5,523,183	3,210,160	5,523,183
Income from specialized Activities	5,907,922	3,956,133	5,907,922	3,956,133
Passenger Transport	-	1,803,000	-	1,803,000
	64,728,812	396,903,376	64,728,812	396,903,376
<i>Port Estate</i>				
Lease out lands	561,281,406	418,743,767	561,281,406	418,743,767
Royalty	798,786,198	710,074,406	798,786,198	710,074,406
Rent on housing scheme	2,243,941	2,358,247	2,243,941	2,358,247
Revenue from circuit bungalows	1,097,874	1,208,649	1,097,874	1,208,649
Rent / lease out buildings / warehouse	82,204,470	69,591,822	101,283,327	71,996,393
Miscellaneous	4,105,167	8,483,730	4,105,167	8,483,730
Debit note issued by Ledger & Credit Control	189,623	-	189,623	-
Auditorium & class room hiring charges	154,044	-	154,044	-
	1,450,062,723	1,210,460,622	1,469,141,580	1,212,865,193
<i>Miscellaneous</i>				
Debit note issued by Ledger & Credit Control	-	8,481,294	-	8,481,294
Dividend Received	852,175,057	752,649,018	859,082,637	754,686,596
Penalty and surcharge on L & D Bills/ Stevedore Billing	134,871,027	70,709,385	134,871,027	70,709,385
Surcharge on overdue bills	3,875,824	5,737,441	3,875,824	5,737,441
Tender sales revenue	9,588,715	14,472,413	9,588,715	14,472,413
Surcharges on employees	428,581	19,353	428,581	19,353
Charges on dishonored bonds items & debtors balances	730,376	1,372,433	730,376	1,372,433
Fines & Insurance Commission	129,272	1,980,550	129,272	1,980,550
	1,001,798,853	855,421,887	1,008,706,433	857,459,465
<i>Central Division</i>				
Port entry permits	2,485,647	1,618,258	2,485,647	1,618,258
Temporary port permit charges	83,396,251	72,283,289	83,396,251	72,283,289
Annual vehicle permits & casual vehicle permits	1,800,315	1,819,775	1,800,315	1,819,775
Fees on chandler's license & survey fees	9,463,897	8,015,252	9,463,897	8,015,252
Licensing of wharf clearing agencies in three ports	17,934,708	16,617,977	17,934,708	16,617,977
Licensing of harbour craft	173,817	61,836	173,817	61,836
Profit on Disposals of Fixed Assets	(6,069,268)	8,727,600	(6,069,268)	8,727,600
Proceeds on hire of welfare buses	3,802,555	4,621,233	3,802,555	4,621,233
Miscellaneous	87,600,751	192,346,602	87,130,879	176,788,430
Sale of Books & Publications	1,127,598	1,011,950	1,127,598	1,011,950
Compensation receipts	7,621,477	13,185,864	7,621,477	13,185,864
Galle face green collection	7,369,582	1,885,938	7,369,582	1,885,938
Grant Income	39,874,475	17,382,213	39,874,475	17,382,213
Administration & Infrastructure Fee	-	-	79,961,384	60,654,497
Donation / Contribution for IAPH Conference	16,880,000	-	16,880,000	-
Upfront fee paid by CICT	1,870,200,000	-	1,870,200,000	-
	2,143,661,805	339,577,787	2,223,153,317	384,674,112
	4,660,252,192	2,802,363,672	4,765,730,141	2,851,902,146

FOR THE YEAR ENDED 31ST DECEMBER

(Expressed in Sri Lankan Rupees)

	Group		SLPA	
	2012	2011	2012	2011
33 Administrative Expenses				
Salaries Wages & Allowances	3,649,430,947	3,423,930,329	3,617,852,070	3,327,397,702
Overtime	742,554,969	711,986,559	742,554,969	711,986,559
Traveling Subsistence & Fuel Allowance	1,464,588	1,338,791	1,464,588	1,338,791
Fuel / Electricity & Other Expenses	249,790,828	462,358,419	246,937,047	448,559,081
Cost of Water	117,592,220	106,315,289	117,249,744	105,295,027
External Hire Chargers / Contracts	12,029,951	15,958,583	18,955,801	20,454,533
Contract Works for Rep. & Main.	111,631,608	54,513,809	111,631,608	54,182,259
Communication Expenses	33,211,734	33,643,865	32,430,352	32,580,088
Rent on Premises / Rates & Taxes	61,108,544	28,881,002	39,253,069	26,825,901
Insurance & License Fees / Legal Fees	52,061,305	17,202,322	50,335,958	16,348,426
Office Requisites / Security Charges	87,176,855	73,909,937	75,827,605	73,475,759
Training Expenses	45,866,244	29,080,817	45,866,244	29,080,817
Welfare Expenses	171,891,193	154,083,893	165,911,069	150,516,365
Publicity & Public Relations	77,732,849	32,150,276	77,732,849	31,430,641
Sundry Expenses	102,860,810	130,863,886	115,569,929	128,323,692
Depreciation	427,331,644	417,577,472	425,124,892	415,445,674
Amotisation of Intangible Assets	179,400,955	173,402,166	179,400,955	173,402,166
Business Promtion / Other Charges	8,765,057	22,085,258	6,429,857	22,087,258
Miscellaneous Balance A/C Written Off	228,818	127,919,889	228,818	127,919,889
Bad & Doubtful Debt	133,892,068	(64,922,831)	133,892,068	(65,533,607)
Expenses on VAT	42,601,552	35,318,060	42,601,552	35,491,891
Stamp Duty	806,750	956,790	769,650	917,349
NBT Payments	140,097,100	142,299,708	140,097,100	137,126,143
Audit Fees	1,666,612	1,769,158	1,525,612	1,434,158
Unabsorbed Kitchen Expenses	10,772,058	3,630,158	10,772,058	3,630,158
Corporate Social Responsibility Projects	-	56,934	-	-
Volume Rebate	1,466,292,040	1,122,939,591	1,466,292,040	1,122,939,591
Net Exchange Loss	4,566,871,693	3,390,109,708	4,566,871,693	3,390,109,707
VRS Expenses	600,410,196	2,594,613,057	600,410,196	2,594,613,057
Cents Adjustment from Debt Collection	976	715	976	715
	13,095,542,164	13,243,973,609	13,033,990,368	13,117,379,788
34 Net Finance Cost				
Interest Income				
Interest on treasury bills & call deposits	517,041,743	308,296,177	498,385,714	302,825,740
Interest on securities / investments	296,133,779	191,425,923	296,133,779	191,425,923
Interest on loans given to outside parties	786,847	542,959	786,847	542,959
Interest on loans to employees	184,756,682	216,788,694	182,633,728	214,173,940
	998,719,051	717,053,753	977,940,069	708,968,562
Interest Expenses				
Interest on Loans	(1,709,970,835)	(1,371,750,365)	(1,709,660,825)	(1,371,750,365)
Other Finance Charges	(24,097,023)	(77,686,081)	(24,097,023)	(76,938,665)
	(1,734,067,858)	(1,449,436,446)	(1,733,757,848)	(1,448,689,030)
	(735,348,806)	(732,382,693)	(755,817,779)	(739,720,468)

An impairment was recognised in 2012 for the investment in EDI Network Services Ltd has been charged under other finance charges.

35 Income Tax Expenses

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

Major components of income tax are as follows:	Group		SLPA	
	2012	2011	2012	2011
Current Tax Expense for the Year (Note 32.1)	10,121,664	86,642,444	-	79,861,924
Tax on Distributable Profits	1,287,842,690	176,365,759	1,287,842,690	175,592,233
Dividend Tax	613,300	100,000	613,300	100,000
Income Tax Over Provision in Previous Year	(163,901,588)	(56,113,673)	(163,109,250)	(55,819,344)
Deferred Tax Charge / (Reversal) (Note 10)	-	-	-	-
	1,134,676,066	206,994,530	1,125,346,740	199,734,813

FOR THE YEAR ENDED 31ST DECEMBER

(Expressed in Sri Lankan Rupees)

	Group		SLPA	
	2012	2011	2012	2011
35.1 Reconciliation Between the Current Tax Expense and the Product of Accounting Profit.				
Accounting Profit Before Taxation - Exempt	5,302,418,343	329,366,950	5,211,436,974	256,869,976
Other Income Liable for Tax - Interest Income	438,801,780	438,801,780	-	438,801,780
Taxable Profit Subsidiary	91,581,102	-	-	-
Statutory Income	530,382,882	438,801,780	-	438,801,780
Tax Losses Utilized	-	(153,580,623)	-	(153,580,623)
Assessable Income / Taxable Income	530,382,882	285,221,157	-	285,221,157
Tax Charged at Statutory Tax Rate of 28% (2011 @ 35%)	10,121,664	86,642,444	-	79,861,924
Current Tax on Ordinary Activities for the Year	10,121,664	86,642,444	-	79,861,924
Tax Losses				
Loss Brought Forward	6,281,269,069	6,434,849,692	6,281,269,069	6,434,849,692
Loss Incurred	-	-	-	-
Loss Utilised	-	(153,580,623)	-	(153,580,623)
Loss Carried forward	6,281,269,069	6,281,269,069	6,281,269,069	6,281,269,069

An income tax assessment has been issued for the year of assessment 2007/08 disputing the claimability of foreign exchange loss incurred by the Authority. Upon the determination of the Commissioner General of Inland Revenue holding the position that the relevant foreign exchange loss is not deductible, Authority appealed to the Tax Appeals Commission. The Tax Appeals Commission upheld the determination of the Commissioner General, as a result, the Authority intends to appeal to the Court of Appeal on the grounds of applicable questions of law.

36 Capital and Other Commitments

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

37 Events Occurring after Reporting Period

There were no events occurred, which required adjustments or disclosure in these financial statements between the 31 December reporting date and the date of authorisation, other than the following.

The Authority appealed to the Tax Appeals Commission on the assessment issued for the year of assessment 2007/08 in relation to claim of foreign exchange loss incurred. The Tax Appeals Commission upheld the determination of the Commissioner General in January 2013. as a result, the Authority has decided to appeal to the Court of Appeal on the grounds of applicable questions of law.

37 Contingent liabilities

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

Case No:	Plaintiff/Petitioner	Claim Amount (Rs.)
D.C.47064/MR	Swift Shipping & Dredging (Pvt) Ltd	13,500,000
H.C.(Civil) 95/08	German Express Colombo	37,305,476
C.H.C 281/09 (2) DC 52526/MR	Tanyo Holding (Pvt) Ltd	224,000,000
S.C (FR) 523/09	S.R.Vithana	500,000
D.C Col 30944/MR	Loyed Tresline Navigation S.P.A	602,907,011

38 Related Party Disclosures

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

38.1 Transactions with Key Management Personnel

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

Transactions with Key Management Personnel are given below.	2012	2011
Remuneration and Other Short-Term Employee Benefits	16,604,300	18,870,202
Loans and Advances granted during the period	271,440	1,000,000
Balance Outstanding - Loans and Advances	699,940	1,000,000

38.2 Related Party Transactions

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

Name of the Institution	Relationship	Name of Directors / Representatives	Nature of Transactions	Transaction Value	Balance (Due to)/ Due from
Treasury of Sri Lanka	Capital Contributor	Mr.S.R Attygalle	Loan granted Loan repaid Interest paid	5,571,555,481 6,135,091,714 1,863,161,694	-
Government Related Institutions	Related Entities	Mr.S.R Attygalle	Services rendered Settlement for services rendered Placement of Security Deposit	111,703,207 101,770,935 60,739,961	97,283,993 60,739,961
Sri Lanka Port Management & Consultancy Services (Pvt) Ltd	Associate Company	Dr.R.M.PB Wikrama	Payment for Janitorial Services received Payment for expenses incurred on behalf of the Authority Payment of Salaries Payment for services received Dividend received	1,397,760 1,993,975 137,667,067 161,235,940 774,581	(21,878,048)
Jeya Container Terminal Ltd	Subsidiary Company	Dr.R.M.PB Wikrama Mr. Indika Karunajeewa Capt. Nihal Keppetipola Mrs.Shirani Wanniarachchi	Rent received Administrative & Infrastructure fee received Dividend received Payment for Janitorial services received Supply of fuel	18,746,939 79,961,384 6,133,000 7,601,479 1,751,618	22,451,513
South Asia Gateway Terminal (Pvt) Ltd	Related Company	Capt. Nihal Keppetipola Dr. Sanjaya Sedara Senerath	Rent received Royalties received Dividend received	358,985,994 798,786,198 840,015,288	26,246,924 65,780,970
Lanka Coal Company (Pvt) Ltd	Related Company	Capt.R.A Jeyawickrama	No Transactions are made during the year	-	-
Colombo International Container Terminal Ltd	Related Company	Dr.R.M.PB Wikrama Capt. Nihal Keppetipola	Shares purchased	2,855,001,000	-

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(Expressed in Sri Lankan Rupees)

	2011 Under SLAS	Adjustment	2011 Under SLFRS	/ 01 January 2011 Under SLAS	Adjustment	/ 01 January 2011 Under SLFRS
39 Reconciliation of Shareholders Equity						
39.1 Group						
ASSETS						
Non-Current Assets						
Property, Plant & Equipment	202,819,962,466	(335,047,132)	194,703,452,120	180,108,238,116	-	172,118,016,815
Intangible Assets	-	76,926,296	521,993,078	-	30,416,630	670,586,953
Investment Properties	-	-	7,336,396,431	-	-	7,350,050,978
Investment in Associates	41,778,173	(1,483,346)	40,294,827	33,901,831	(445,768)	33,456,063
Available-for-Sale (AFS)						
Financial Assets	598,758,763	478,317,226	1,077,075,989	598,757,263	553,688,775	1,152,446,038
Held-to-Maturity Investment (HTM)	1,788,143,962	-	1,788,143,962	1,788,669,241	-	1,788,669,241
Amount Due From						
State Mortgage Bank	262,801,091	-	262,801,091	294,986,521	-	294,986,521
Total Non-Current Assets	205,511,444,455	218,713,043	205,730,157,497	182,824,552,971	583,659,637	183,408,212,609
Current Assets						
Inventories	1,694,585,948	-	1,694,585,948	2,543,913,808	-	2,543,913,808
Trade and Other Receivables	2,161,440,659	8,776,560	2,170,217,220	2,216,741,816	17,339,890	2,234,081,706
Deposits and Advances	950,579,064	-	950,579,064	4,313,898,308	-	4,313,898,308
Prepaid Expenses	108,403,249	-	108,403,249	64,479,492	-	64,479,492
Employee Loans IX	3,757,445,863	1,372,677	3,758,818,540	4,646,910,411	-	4,646,910,411
Other Financial Assets	7,669,593,112	-	7,669,593,112	6,566,931,408	-	6,566,931,408
Cash and Cash Equivalents	852,705,518	-	852,705,518	581,351,691	-	581,351,691
Total Current Assets	17,194,753,414	10,149,237	17,204,902,651	20,934,226,935	17,339,890	20,951,566,825
TOTAL ASSETS	222,706,197,869	228,862,280	222,935,060,148	203,758,779,907	600,999,527	204,359,779,434
EQUITY & LIABILITIES						
Equity						
Capital Employed	7,591,379,785	-	7,591,379,785	7,591,379,785	-	7,591,379,785
Capital Reserve	14,772,685,768	(14,060,647,535)	712,038,233	13,651,567,507	(13,539,029,274)	112,538,233
Other Reserves	1,125,903	-	1,125,903	1,125,903	-	1,125,903
Loan Redemption Reserve	3,828,973,373	-	3,828,973,373	3,828,973,373	-	3,828,973,373
Revaluation Reserve	76,429,013,944	-	76,429,013,944	76,480,827,873	-	76,480,827,873
Available-for-Sale Financial Assets Reserve	-	478,317,226	478,317,226	-	553,688,775	553,688,775
Retained Earnings (at debit)	(15,510,137,516)	1,773,629,278	(13,736,508,238)	(15,034,926,191)	1,999,327,442	(13,035,598,749)
Total Equity	87,113,041,257	(11,808,701,032)	75,304,340,225	86,518,948,250	(10,986,013,057)	75,532,935,193
Non-Current Liabilities						
Borrowings - Government						
of Sri Lanka	111,904,320,057	-	111,904,320,057	96,706,752,538	-	96,706,752,538
Borrowings - Financial Institutions	4,849,110,734	-	4,849,110,734	3,495,998,476	-	3,495,998,476
Government Grants	-	1,870,543,774	1,870,543,774	-	1,354,415,581	1,354,415,581
Deferred Tax Liabilities	-	12,114,566,119	12,114,566,119	-	12,114,566,119	12,114,566,119
Retirement Benefits Obligation	4,454,364,510	(2,016,937,379)	2,437,427,131	4,779,398,784	(1,958,609,903)	2,820,788,881
Total Non-Current Liabilities	121,207,795,301	11,968,172,514	133,175,967,815	104,982,149,798	11,510,371,797	116,492,521,595
Current Liabilities						
Trade and Other Creditors	715,813,160	-	715,813,160	583,665,568	-	583,665,568
Borrowings - Government of Sri Lanka	4,932,194,888	-	4,932,194,888	4,959,207,490	-	4,959,207,490
Borrowings - Financial Institutions	1,436,884,294	-	1,436,884,294	-	-	-
Deposits and Advances Received	5,423,092,876	-	5,423,092,876	4,861,849,739	-	4,861,849,739
Current Tax Payable	349,925,285	-	349,925,285	310,482,910	-	310,482,910
Provisions and Accrued Expenses	1,527,450,812	69,390,796	1,596,841,607	1,542,476,152	76,640,787	1,619,116,939
Total Current Liabilities	14,385,361,312	69,390,796	14,454,752,110	12,257,681,860	76,640,787	12,334,322,647
TOTAL EQUITY & LIABILITIES	222,706,197,869	228,862,280	222,935,060,148	203,758,779,906	600,999,527	204,359,779,434

FOR THE YEAR ENDED 31ST DECEMBER

(Expressed in Sri Lankan Rupees)

		2011 Under SLAS	Adjustment	2011 Under SLFRS	/ 01 January 2011 Under SLAS	Adjustment	/ 01 January 2011 Under SLFRS
39 Reconciliation of Shareholders Equity (Cnt..)							
39.2 Authority							
ASSETS							
Non-Current Assets							
Property, Plant & Equipment	I	202,807,499,941	(335,047,132)	194,463,219,630	180,093,787,599	-	171,873,191,648
Intangible Assets	II	-	76,926,296	521,993,078	-	30,416,630	670,586,953
Investment Properties	III	-	-	7,564,166,395	-	-	7,580,425,628
Investment in Subsidiaries		1,000,000	-	1,000,000	1,000,000	-	1,000,000
Investment in Associates		40,030	-	40,030	40,030	-	40,030
Available-for-Sale (AFS) Financial Assets	IV	598,758,763	478,317,226	1,077,075,989	598,757,263	553,688,775	1,152,446,038
Held-to-Maturity Investment (HTM)	V	1,788,143,962	-	1,788,143,962	1,788,669,241	-	1,788,669,241
Amount Due From State Mortgage Bank	VI	262,801,091	-	262,801,091	294,986,521	-	294,986,521
Total Non-Current Assets		205,458,243,787	220,196,389	205,678,440,174	182,777,240,653	584,105,405	183,361,346,058
Current Assets							
Inventories	VII	1,694,585,948	-	1,694,585,948	2,543,913,808	-	2,543,913,808
Trade and Other Receivables	VIII	2,224,391,460	8,776,560	2,233,168,020	2,243,623,290	17,339,890	2,260,963,180
Deposits and Advances		950,579,064	-	950,579,064	4,313,898,308	-	4,313,898,308
Prepaid Expenses		108,403,249	-	108,403,249	64,479,492	-	64,479,492
Employee Loans		3,730,344,695	-	3,730,344,695	4,610,445,972	-	4,610,445,972
Other Financial Assets	X	7,669,593,112	-	7,669,593,112	6,566,931,408	-	6,566,931,408
Cash and Cash Equivalents		689,123,726	-	689,123,726	497,324,681	-	497,324,681
Total Current Assets		17,067,021,254	8,776,560	17,075,797,814	20,840,616,959	17,339,890	20,857,956,849
TOTAL ASSETS		222,525,265,041	228,972,949	222,754,237,988	203,617,857,612	601,445,295	204,219,302,907
EQUITY & LIABILITIES							
Equity							
Capital Employed		7,591,379,785	-	7,591,379,785	7,591,379,785	-	7,591,379,785
Capital Reserve	XI	14,772,685,768	(14,060,647,534)	712,038,233	13,651,567,507	(13,539,029,274)	112,538,233
Other Reserves		1,125,903	-	1,125,903	1,125,903	-	1,125,903
Loan Redemption Reserve		3,828,973,373	-	3,828,973,373	3,828,973,373	-	3,828,973,373
Revaluation Reserve		76,429,013,944	-	76,429,013,944	76,480,827,873	-	76,480,827,873
Available-for-Sale Financial Assets Reserve	IV	-	478,317,226	478,317,226	-	553,688,775	553,688,775
Retained Earnings (at debit)		(15,706,122,495)	1,771,817,930	(13,934,304,565)	(15,167,380,908)	1,999,223,090	(13,168,157,819)
Total Equity		86,917,056,278	(11,810,512,379)	75,106,543,899	86,386,493,533	(10,986,117,409)	75,400,376,123
Non-Current Liabilities							
Borrowings - Government of Sri Lanka	XII	111,904,320,057	-	111,904,320,057	96,706,752,538	-	96,706,752,538
Borrowings - Financial Institutions		4,847,451,155	-	4,847,451,155	3,495,998,476	-	3,495,998,476
Government Grants	XI	-	1,870,543,774	1,870,543,774	-	1,354,415,581	1,354,415,581
Deferred Tax Liabilities	XI	-	12,114,566,119	12,114,566,119	-	12,114,566,119	12,114,566,119
Retirement Benefits Obligation	XIII	4,450,414,828	(2,015,015,362)	2,435,399,469	4,776,441,210	(1,958,059,783)	2,818,381,427
Total Non-Current Liabilities		121,202,186,040	11,970,094,531	133,172,280,574	104,979,192,224	11,510,921,917	116,490,114,141
Current Liabilities							
Trade and Other Creditors		733,071,211	-	733,071,211	580,652,317	-	580,652,317
Borrowings - Government of Sri Lanka	XII	4,932,194,888	-	4,932,194,888	4,959,207,490	-	4,959,207,490
Borrowings - Financial Institutions		1,436,281,824	-	1,436,281,824	-	-	-
Deposits and Advances Received		5,437,087,857	-	5,437,087,857	4,873,029,870	-	4,873,029,870
Current Tax Payable		344,245,840	-	344,245,840	300,741,841	-	300,741,841
Provisions and Accrued Expenses	XIV	1,523,141,104	69,390,796	1,592,531,899	1,538,540,339	76,640,787	1,615,181,126
Total Current Liabilities		14,406,022,721	69,390,796	14,475,413,519	12,252,171,858	76,640,787	12,328,812,645
TOTAL EQUITY & LIABILITIES		222,525,265,041	228,972,949	222,754,237,988	203,617,857,612	601,445,295	204,219,302,907

FOR THE YEAR ENDED 31ST DECEMBER

(Expressed in Sri Lankan Rupees)

	2011 Under SLAS	Adjustment	2011 Under SLFRS
40 Reconciliation of Comprehensive Income			
40.1 Group			
Revenue	27,784,632,620	(17,145,711)	27,767,486,909
Direct Expenses	(15,882,405,435)	(389,598,236)	(16,272,003,671)
Gross Profit	11,902,227,185	(406,743,947)	11,495,483,238
Other Operating Income	2,798,697,275	3,666,397	2,802,363,672
Administrative Expenses	(13,170,559,099)	(73,414,510)	(13,243,973,609)
Operating Profit	1,530,365,361	(476,492,060)	1,053,873,301
Net Finance Cost	(684,334,775)	(48,047,918)	(732,382,693)
Share of Profit of Associate	7,876,342	-	7,876,342
Profit Before Tax	853,906,930	(524,539,978)	329,366,950
Income Tax Expenses	(206,994,530)	-	(206,994,530)
Profit for the Year	646,912,400	(524,539,978)	122,372,420
Attributable to - Equityholders of the Parent	646,912,400	(524,539,978)	122,372,420
Profit for the Year	647,019,353	(524,646,933)	122,372,420
Other Comprehensive Income			
Change in Value of Available-for-Sale (AFS) Financial Assets	-	(75,371,549)	(75,371,549)
Total Comprehensive Income for the Year	647,019,353	(600,018,482)	47,000,871
40.2 Authority			
Revenue	27,542,063,756	(17,145,711)	27,524,918,045
Direct Expenses	(15,873,251,723)	(389,598,236)	(16,262,849,959)
Gross Profit	11,668,812,033	(406,743,947)	11,262,068,086
Other Operating Income	2,846,412,078	5,490,068	2,851,902,146
Administrative Expenses	(13,043,835,458)	(73,544,330)	(13,117,379,788)
Operating Profit	1,471,388,653	(474,798,209)	996,590,444
Net Finance Cost	(689,057,796)	(50,662,672)	(739,720,468)
Profit Before Tax	782,330,857	(525,460,881)	256,869,976
Income Tax Expenses	(199,634,813)	-	(199,734,813)
Profit for the Year	582,696,044	(525,460,880)	57,135,163
Attributable to - Equityholders of the Parent	582,696,044	(525,460,880)	57,135,163
Profit for the Year	582,596,044	(525,460,881)	57,135,163
Other Comprehensive Income			
Change in Value of Available-for-Sale (AFS) Financial Assets	-	(75,371,549)	(75,371,549)
Total Comprehensive Income for the Year	582,596,044	(600,832,431)	(18,236,386)

NOTES TO THE RECONCILIATION OF SHAREHOLDERS EQUITY

I Provision For Depreciation

Previously, provision has not been made for depreciation on handling equipment although the assets were available for use in the reporting period 2011. However provision has been made for the said period in compliance with SLFRSs.

The Authority	As Per SLAS	As Per SLFRSs	Adjustment
Provision For Depreciation Equipment on Handling	-	335,047,132	335,047,132

II Intangible Assets

a) Re-estimation of Useful Life Time

Under SLFRSs, useful life time of some of the computer softwares have been changed. As a result, amortization for the reporting period 2011 has been estimated retrospectively.

The Authority	2011	2010
Amortization As per SLAS	391,728,419	171,816,587
As per SLFRs	314,802,123	141,399,957
Adjustments	76,926,296	30,416,630

b) Reclassification of Computer Softwares

Previously, computer software have been classified under property, plant and equipment. However, computer softwares have been re-classified as Intangible Assets in compliance with SLFRSs.

The Authority	2011	2010		
Re-classification from Property, Plant and Equipment	Re-classification to Intangible Assets	Net Carrying Value	521,993,078	670,586,953

III Investment Properties

Previously, leased properties held to earn for rentals have been classified under property, plant and equipment. However, such properties have been re-classified as investment properties in compliance with SLFRSs

The Authority	2011	2010		
Re-classification from Property, Plant and Equipment	Re-classification to Investment Properties	Net Carrying Value	7,564,166,395	7,580,425,628

IV Financial Assets -Available-for-Sale (AFS)

Long term marketable securities which have been accounted at cost under previous SLAS have been designated as financial assets available-for-sale under SLFRS and requires such investments available-for-sale to be measured at fair value. As a result, the difference between the fair value and the carrying amount as reported earlier have been recognized as "Available-For-Sale Reserve".

The Authority	Carrying Value under SLAS	Carrying Value under SLFRS	Changes in Fair Values 2011	2010
Gain / (Loss) on Fair Values Changes				
As at 31 December 2010	18,885,150	572,573,925	-	553,688,775
As at 31 December 2011	18,885,150	497,202,376	478,317,226	-
Gain / (Loss) Recognised in AFS Reserve			478,317,226	553,688,775

NOTES TO THE RECONCILIATION OF SHAREHOLDERS EQUITY

V Investment Held-to-Maturity (HTM) - Carrying Value measured at Amortized cost

Previously, Investment in debenture has been accounted at cost and interest receivable therein has been accounted as a separate line item. However, According to SLFRSs, investment in debenture has been designated as Investment - HTM and measured at amortized cost using the Effective Interest Rate (EIR) method. As a result, interest receivable from Investment - HTM has been adjusted to reflect the carrying value of such investment.

The Authority	Carrying Value under SLAS	Carrying Value under SLFRS	Adjustment on 2011	Effective Interest 2010
Carrying Value measured at Amortized cost				
As at 31 December 2010	1,742,970,000	1,788,669,241		45,699,241
As at 31 December 2011	1,742,970,000	1,788,143,962	45,173,962	

VI Amount due From State Mortgage Bank

Previously, amount due from State Mortgage Bank in relation to the amount transferred to the bank for housing loan has been classified as current assets. Since the receivable cannot be expected to realize within twelve months after the reporting period, the receivable has been classified as non-current assets. In compliance with SLFRSs, the receivable has been measured at amortized cost using the Effective Interest Rate (EIR) method. As a result, interest receivable has been adjusted to reflect the carrying value of such receivable.

The Authority	Carrying Value under SLAS	Carrying Value under SLFRS	Adjustment on 2011	Effective Interest 2010
Carrying Value measured at Amortized cost				
As at 31 December 2010	292,152,191	294,986,521		2,834,330
As at 31 December 2011	260,298,454	262,801,091	2,502,637	

VII Inventories - Goods in Transit

Previously, advances paid to purchase capital assets and consumables have been classified under inventories. However, these advances have been re-classified as "deposits and advances" for advances on capital expenditure and consumables in compliance with SLFRSs.

The Authority		2011	2010
Re-classification from Inventories	Re-classification to Deposit and Advances	233,282,731	330,744,796

VIII Trade and Other Receivables

a) Provision For Impairment

As a result of changing the impairment model and the basis, provision for impairment recognized under SLAs has been re-measured and adjusted in compliance with SLFRSs.

The Authority	2011	2010
Provision under SLAS		
	356,057,179	415,193,583
Provision under SLFRSs	358,861,680	403,252,523
(Under) / Over Provision adjusted.	(2,804,501)	11,941,061
b) Adjustment made on Inter- Entity Current Account - JCT		
Adjustments have been made in inter-entity current account -JCT as to reconcile current account balances.		
As Per SLAS	38,092,547	27,132,778
As Per SLFRSs	49,673,609	32,531,607
Adjustments	11,581,062	5,398,829
Total Adjustments	8,776,560	17,339,890

NOTES TO THE RECONCILIATION OF SHAREHOLDERS EQUITY

b) Adjustments made on Accrued Expenses -JCT to Inter- Entity Current Account- JCT

Previously, Expenses incurred and payable to JCT have been classified under accrued expenses. However in compliance with SLFRSs, such expenses have been adjusted in the Current Account with JCT.

The Authority		2011	2010
Re-classification from	Re-classification to		
Accrued Expenses	Current Account -JCT	580,000	340,000

IX Employee Loan - Carrying value measured at Fair Value and Subsequently measured at Amortized Cost

Previously, employee loans of the subsidiary have been provided at concessionary rates of interest and accounted at cost. According to SLFRSs employee loans have been initially measured at fair value using the market interest rates at the date of loan granted. The difference between the fair value and the principal amount of the loans are recognized as prepaid staff cost. Subsequently, employee loans have been measured at amortized cost using the Effective Interest Rate (EIR).

Group	Carrying Value under SLAS	Carrying Value under SLFRS	Changes in Fair Values 2011	2010
As at 31 December 2010	-	-	-	-
As at 31 December 2011	3,757,445,863	3,758,818,540	(1,372,677)	-
			(1,372,677)	-

X Other Financial Assets - Carrying Value measured at Amortized cost

Previously, short-term investments have been accounted at cost and interest receivable therein has been accounted as separate line item. In compliance with SLFRSs short-term investments have been measured at amortized cost using the Effective Interest Rate (EIR) method. As a result, interest receivable from the short-term investments has been adjusted to reflect the carrying of such investments.

The Authority	Carrying Value under SLAS	Carrying Value under SLFRS	Adjustment on Effective Interest 2011	2010
Carrying Value measured at Amortized cost				
As at 31 December 2010	6,511,920,893	6,566,931,408		55,010,515
As at 31 December 2011	7,612,891,705	7,669,593,112	56,701,407	

XI Reserves

a) Reclassification

Due to the application of SLFRSs, Deferred Tax Liabilities and Government Grants in the reserves have been re-classified as non-current liabilities

The Authority		2011	2010
Re-classification from	Re-classification to		
Reserves	Non-Current Liabilities	12,114,566,119	12,114,566,119
Government Grants	Non-Current Liabilities	1,870,650,441	1,354,415,580
		13,985,216,560	13,468,981,699

b) Adjustments made - Fine Fund Reserve

Previously, fines collected from employees who are charged with misconduct have been accounted as reserve. However, in compliance with SLFRSs the authority has reassessed its revenue recognition policy, accordingly, fines collected have been recognized as other income.

Adjustment from		2011	2010
Fine Fund Reserve	Adjustment to Retained Earnigs	75,430,974	70,047,575
		14,060,647,534	13,539,029,274

NOTES TO THE RECONCILIATION OF SHAREHOLDERS EQUITY

XII Borrowings

Previously, Borrowings have been accounted at cost which is the principal amount received from lender and interest payable therein has been accounted as a separate line item. In compliance SLFRSs, borrowings has been designated as other financial liability and measured at amortized cost using the Effective Interest Rate (EIR) method. As a result, interest payable on borrowings have been adjusted to reflect the carrying value of the borrowings.

Government of Sri Lanka

The Authority	Carrying Value under SLAS	Carrying Value under SLFRS	Adjustment on Effective Interest	
			2011	2010
Carrying Value measured at Amortized cost				
As at 31 December 2010	101,302,891,512	101,665,960,028		363,068,516
As at 31 December 2011	116,479,442,571	116,836,514,945	357,072,374	
			<u>357,072,374</u>	<u>363,068,516</u>

XIII Retirement Benefits Obligation

Previously, the group has determined retirement benefits obligation on the basis of half month salary multiplied by the number of years service completed. In compliance SLFRSs the Group has changed its basis used, to measure the retirement obligation, to project unit credit method using a qualified actuarial consultant. As a result of changing the accounting policy to measure the obligation, the adjustments have been made retrospectively in the reporting periods 2010 and 2011.

	Group		Authority	
	2011	2010	2011	2010
Carrying Value As Per SLAS	4,454,364,510	4,779,398,784	4,450,414,828	4,776,441,210
Carrying Value As Per SLFRSs	2,437,427,131	2,820,788,881	2,435,399,469	2,818,381,427
Adjustments	<u>2,016,937,379</u>	<u>1,958,609,903</u>	<u>2,015,015,359</u>	<u>1,958,059,783</u>

XIV Provisions and Accrued Expenses

Previously, only a general provision has been made for legal claims. However, in compliance with SLFRSs provision has been recognized for such claims based on the criteria in respect of provision specified by SLFRSs. As a result, over provision made for the reporting periods 2010 and 2011 has been retrospectively adjusted.

Previously, the Authority has not recognized an obligation for the expected cost of accumulating compensated absences (unutilized leaves). However provision has been made in compliance with SLFRSs.

The Authority	Carrying Amount Under SLAS		Carrying Amount Under SLFRSs		Over / (Under) Provision	
	2011	2010	2011	2010	2011	2010
Provision for Legal Claims	245,275,087	288,684,561	8,160,174	935,560	(237,114,913)	(287,749,001)
Provision for Short-term Compensated Absence	-	-	306,505,709	364,389,788	306,505,709	364,389,788
Total Adjustment in Equity					<u>69,390,796</u>	<u>76,640,787</u>

NOTES TO THE RECONCILIATION OF SHAREHOLDERS EQUITY

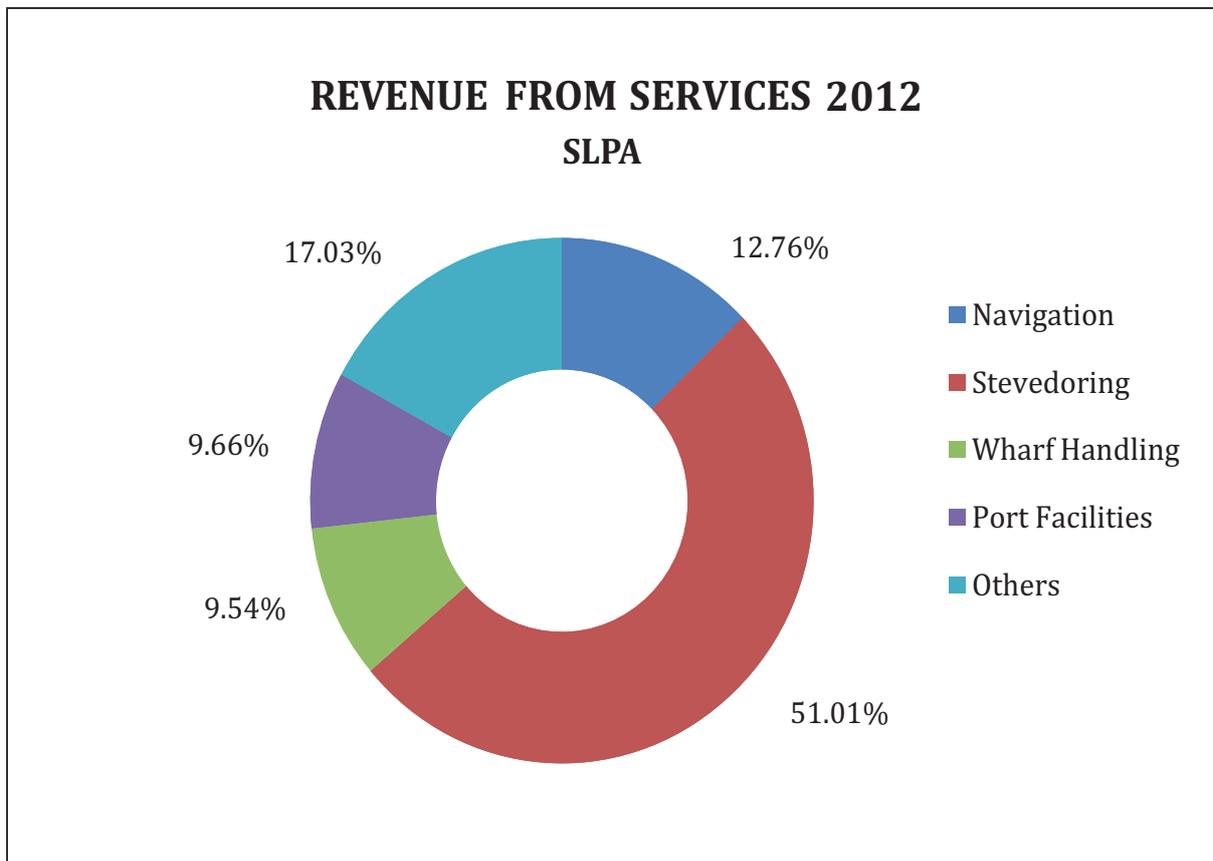
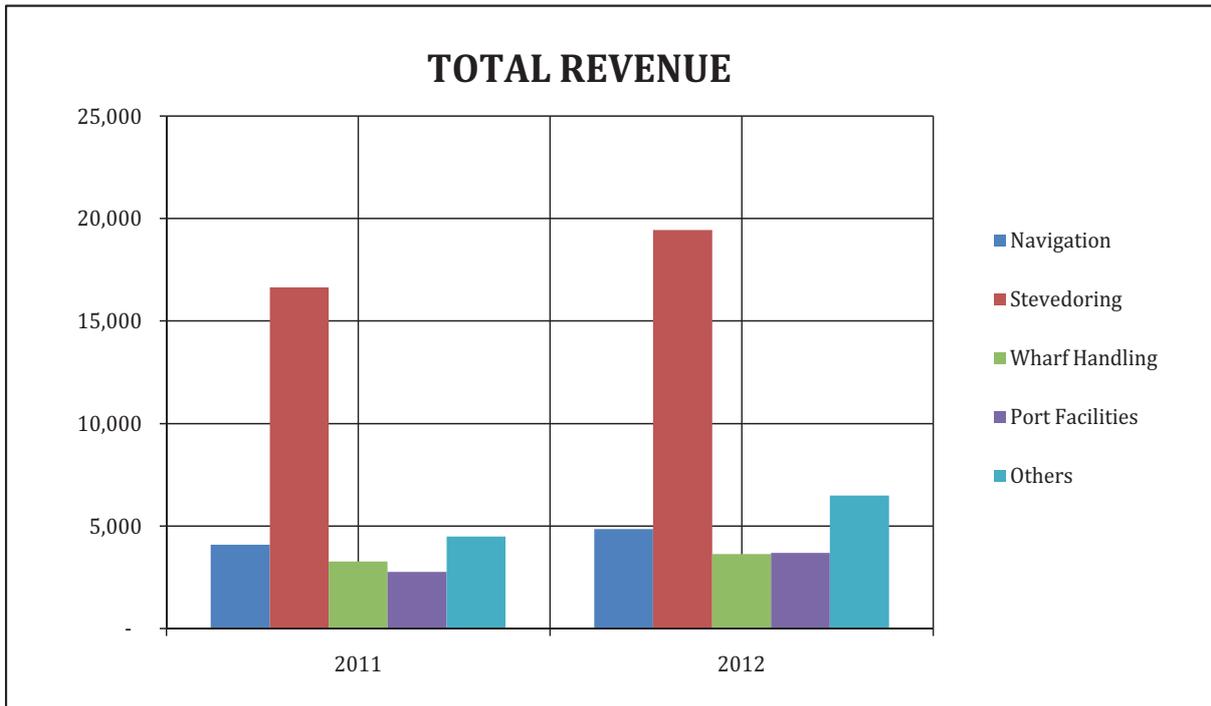
XV Summary of Changes in Comprehensive Income

Adjustments made to the statement of comprehensive income are state as follows.

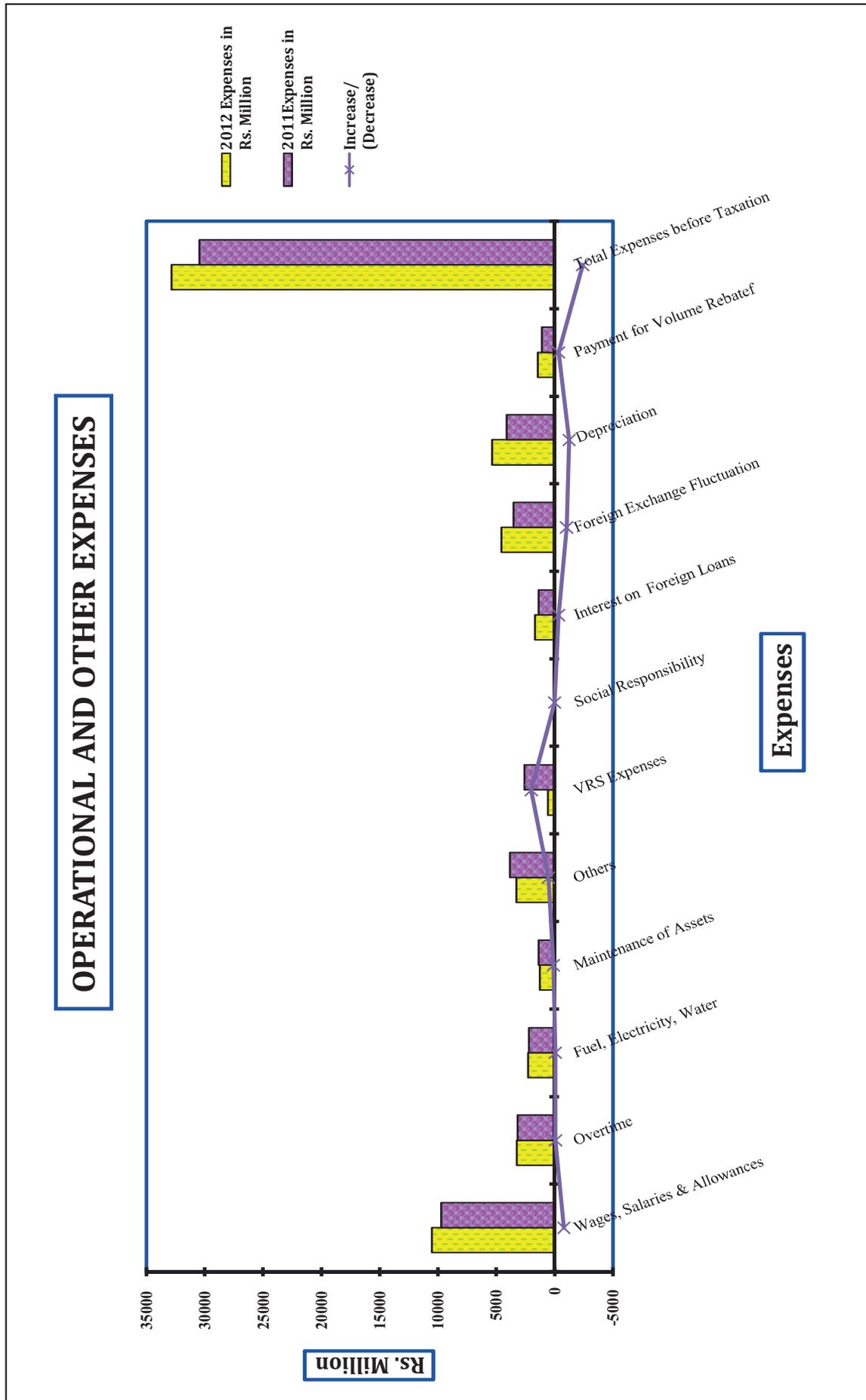
	Group 2011	Authority 2011
Total Comprehensive Income under SLAS	647,019,353	582,596,044
Adjustment to Under Provision of Depreciation and Reversal of Prior Year Adjustment	(446,862,156)	(446,862,156)
Additional Provision For Legal Claims	(50,634,088)	(50,634,088)
Additional Provision For Impairment of Trade Receivables	(14,745,562)	(14,745,562)
Reversal of Over Provision for - Short-term Compensated Absence	57,884,079	57,884,079
Reversal of Over Provision for - Retirement Benefit Obligation	57,085,399	56,955,579
Adjustment to Re-estimating of Useful Life Time of Intangible Assets	46,509,666	46,509,666
Adjustment to made to reconcile the Current Account - JCT	6,182,232	6,182,232
Amortization of Grant Revenue	106,667	106,667
Recognition of Fines collected as other income	5,383,401	5,383,401
Adjustment to Revenue as a result of reversal of prior year adjustment	(17,145,711)	(17,145,711)
Adjustment to Interest Expenses on Land as a result of Reversal of Prior Year Adjustment	(50,662,672)	(50,662,672)
Writing-off Trade Receivables from Security Forces	(118,432,316)	(118,432,316)
Adjustment on Effective Interest on Employee Loan	2,614,753	-
Adjustment on Dividend received from Associate and Subsidiary	(1,823,671)	-
Adjustment on Share of Profit from Associate	(106,953)	-
Change in Value of Available-for-Sale (AFS) Financial Assets	(75,371,549)	(75,371,549)
Total Comprehensive Income under SLFRS/LKAS	47,000,871	(18,236,387)

Remarks:

Figures in brackets indicate deductions.

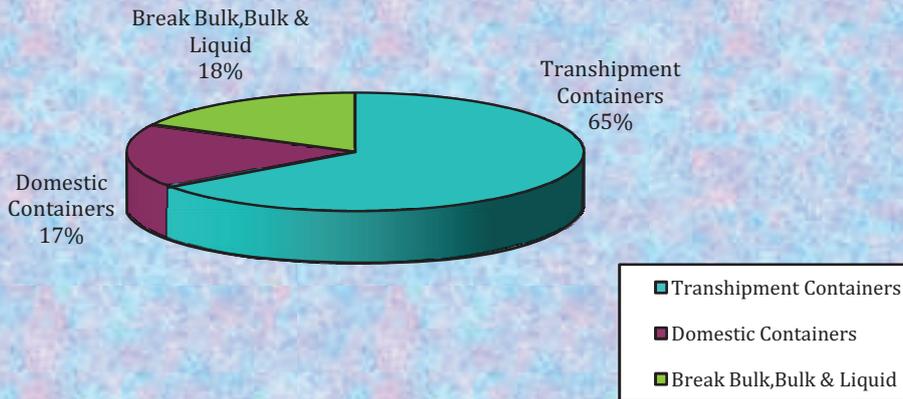


FOR THE YEAR ENDED 31ST DECEMBER

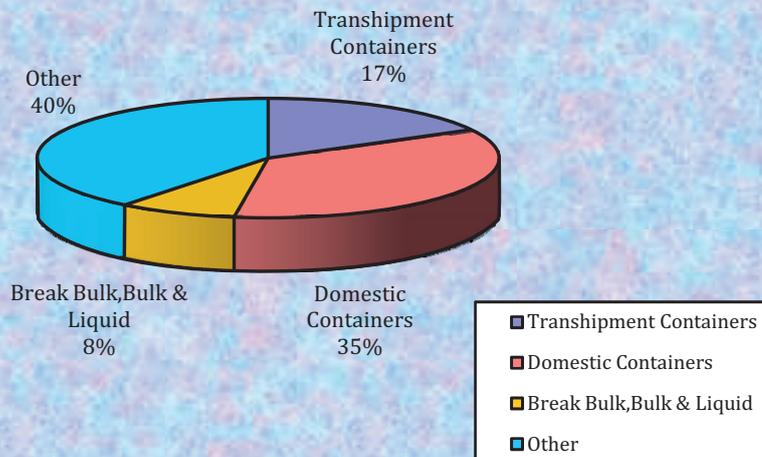


All Three Ports

**Analysis of Cargo Throughput [M/T]
(SLPA + SAGT)**



**Analysis of Operational Revenue
All Three Ports**



■ The Chairman Sri Lanka Ports Authority

Report of the Auditor General on the Financial Statements of the Sri Lanka Ports Authority and its Subsidiary Company for the year ended 31 December 2012 in terms of Section 14(2)(c) of the Finance Act No. 38 of 1971

The audit of financial statements of the Sri Lanka Ports Authority and its Subsidiary Company for the year ended 31 December 2012 comprising the Statement of financial position as at 31 December 2012 and the comprehensive income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 33 of Sri Lanka Ports Authority Act, No.51 of 1979. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was furnished to the Chairman of the Authority on 19 November 2013.

1.2 Management's Responsibility for the Financial Statement

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

1.3 Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgments, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

1.4 Subsidiary and Associate Company

The Jaya Container Terminal Company Ltd. and the Ports Management and Consultancy Services Company Ltd. existed as a Subsidiary Company and an Associate Company belonging to the Sri Lanka Ports Authority respectively. The ownership of those companies had been 100 per cent and 39.97 per cent respectively.

The audit of these two companies had been done by two companies of Chartered Accountants in public accounting practice.

1.5 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2:2 of this report.

2. Financial Statements

2.1 Qualified Opinion

In my of opinion, except for the effects of the matters described in paragraph 2.2 of the this report, the consolidated financial statements give a true and fair view of the financial position of the Sri Lanka Ports Authority and its Subsidiary Company as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.1.2 In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Ports Authority as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Accounting Standards

Instances of Non-compliance with the following Sri Lanka Accounting Standards were observed.

- (a) According to the Sri Lanka Financial Statements Reporting Standard No.7, the nature and the amount of the risk arising from the computation of the fair value of financial instruments on the last date of the year of accounts and the courses of management action taken in that connection should be disclosed in the financial statements. But such risks had not been disclosed.
- (b) The value of buildings demolished and the value of buildings earmarked for demolition, had not been disposed of from the balances of the Property, Plant and Equipment Accounts in terms of Sri Lanka Accounting Standard 16.

2.2.2 Accounting Polices

The following observations are made.

- (a) Even though the annual operating results of the Colombo, Galle and Trincomalee Ports had been separately computed and presented, the operating results for the Hambantota Port had not been separately computed and presented.
- (b) As the operating income and expenditure of the Hambantota Port for the year under review had been adjusted to the operating income of the Port of Colombo, the actual operating result of Colombo and Hambantota Ports could not be identified separately.

2.2.3 Accounting Deficiencies

The following observations are made.

- (a) Operating buildings insured for Rs.597,854,000 and electric and electronic equipment valued at Rs.1,646,000 had been transferred to the Port Authority in July 2008 by a private service company. Even though those assets had not been shown in the financial statements of the Authority for the years 2008, 2009 and 2010, those assets had been brought to account in the year under review at the insured value without being revalued by a recognized Valuer.
- (b) A motor vehicle valued at Rs.2 million released 5 ½ years ago for the use of the staff of a Deputy Minister of the Line Ministry had met with an accident and damaged beyond repair. Action had not been taken for claiming reimbursement of the loss to the motor vehicle from the insurance and for the write off from the books. The Chairman informed that a case in connection with the motor vehicle is pending in the Courts.
- (c) No construction work whatsoever had been done in connection with the sum of Rs.4,715,000 paid for carrying out repairs to the breakwater of the Kankesanthurai Port. Instead of disclosing that amount as an advance recoverable, it had been written off as expenditure.
- (d) Even though goods and services had been procured from the advances amounting to Rs.1,590,057 granted for purchases, those had been shown as advances in the financial statements over a period of 04 years as advances instead of accounting for those as expenditure.

2.2.4 Accounts Receivable and Payable

According to the financial statements, the balances receivable and payable of the Authority as at 31 December 2012 amounted to Rs.20,808,894,876 and Rs.4,467,833,192 respectively. The following observations are made in this connection.

- (a) Letters calling for confirmation of balances in connection with the sum of Rs.243,462,030 receivable as at 31 December 2012 by the Authority had not been sent.
- (b) Out of the balances payable as at the end of the year under review, letters for confirmation of balances had been sent in connection with balances amounting to Rs.188,267,940 only. That represented approximately 4 per cent of the total of the accounts payable.

- (c) The balances receivable from and payable to the Shipping Agents as at 31 December 2012 amounting to Rs.776,329,102 and Rs.238,006,720 respectively had been adjusted and the net value had been shown as Rs.538,322,382. The following observations are made in this connection.
- (i) The balances older than one year as at 31 December 2012 recoverable from Shipping Agent Debtors referred for legal action totalled Rs.272,815,237.
 - (ii) Out of the balances receivable from Government institutions as at 31 December 2012 included old debtor balances amounting to Rs.24,153,565 existing over periods for 01 year to 04 years and recoverable balances older than 05 years amounting to Rs.21,168,033.
- (d) Out of the advances granted to contractors for capital expenditure, the unsettled balances older than 05 years as at 31 December 2012 amounted to Rs.5,719,890.
- (e) The balance of Rs.80,956,850 recoverable as at 31 December 2012 in connection with the consumption of electricity of the properties and premises made available by the Authority for running Welfare Canteens shown under non-trade debtors included a balance of Rs.1,943,983 older than 05 years.
- (f) The balance of lease rents are rents income recoverable as at 31 December 2012 on the rent and lease of the premises belonging to the Authority shown under the non-trade debtors, included balances older than 05 years amounting to Rs.31,892,451.
- (g) Services had been supplied without recovering the money from the Shipping Agents and as such the sums recoverable from the Shipping Agents of the Port of Trincomalee as at 31 December 2012 amounted to Rs.48,480,202. Out of that provision for bad and doubtful debtors had been made for Rs.11,976,498 or 25 per cent.
- (h) The sum of Rs.15,828,326 recoverable after the year 2009 in connection with the services supplied by the Authority to the operations of the Vessel Jet Liner maintained by Sri Lanka Navy on commercial basis had not been recovered even by 31 August 2013.

In view of the above matters the debt recovery and settlement procedure of credits of the Authority had been at a very weak level. The possibility of this situation would not create an adverse impact on the liquidity of the Authority cannot be ruled out.

2.2.5 Lack of Evidence for Audit

The documentary evidence indicated against the following items of account had not been furnished to audit.

Item	Value	Evidence not made available
	Rs.'000	
Radio Data Network receivable from Sri Lanka Customs	60,739	Confirmation of balances
Expenditure reimbursable by the Ministry	1,798	Confirmation of balances
Other Government Departments	1,761	Confirmation of balances
Auction of Goods implemented	(353,321)	Confirmation of balances

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

Instances of non-compliances with the following laws, rules, regulations and management decisions were observed.

Reference to Laws, Rules, Regulations, etc.	Non-compliance
(a) Section 111(a) of the Inland Revenue Act, No.38 of 2000	Even though the Pay As You Earn Tax on the salary and other earnings of the officers of Sri Lanka Ports Authority should be paid from their personal salary, the Pay As You Earn Tax in respect of the 05 years from the year 2008 to the year 2012 totalling Rs.1,998 million had been paid from the funds of the Authority
(b) Sri Lanka Ports Authority Circular No.FD/FA/C/41/2012 of 24 October 2012	According to the Circular, the relevant letters for the confirmation of the third party balances should have been given to the Audit Branch before 31 January 2013. Nevertheless 78 letters relating to the confirmation of balances valued at Rs.158,056,334 had been furnished to the Audit Branch only on 03 April 2013.
(c) Public Administration Circular No.14/2008 of 26 June 2008	<p>(i) Monthly allowances at the rate of Rs.40,000 had been paid to 44 officers not entitled to official motor vehicles contrary to the Circular. The total of the allowances so paid up to the end of the year under review amounted to Rs.20,720,000.</p> <p>(ii) Instead of the monthly allowance of Rs.30,000 payable to officers entitled to official motor vehicles, monthly allowance at the rate of Rs.40,000 had been paid to 05 officers contrary to the Circular. The overpayment made amounted to Rs.920,000.</p> <p>(iii) Fuel ranging from 150 to 180 litres had been supplied monthly to 29 officers not entitled to official motor vehicles contrary to the Circular instructions. The overpayment made for fuel amounted to Rs.6,468,142.</p>

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Group for the year under review had resulted in an after tax net profit of Rs.4,167.74 million as compared with the corresponding after tax net profit of Rs.122.37 million received from the operations for the preceding year. As such, the after tax net profit for the year under review as compared with the preceding year had recorded a favourable improvement of Rs.4,045.37 million. The increase of activities and other income for the year under review by Rs.6,765 million and the decrease of expenditure on voluntary retirements by Rs.1,944 million as compared with the preceding year had been the main reasons for the improvement.

3.2 Analytical Financial Review

The statistical information of the Group for the year under review and the preceding two years is given below.

	2012	Year 2011	2010
Net Profit per Metric Ton (Rs.)	278	180	87
Total Income (Rs.Million)	37,341	30,577	28,512
Total Expenditure (Rs.Million)	32,039	30,248	29,701
Net Profit/(Loss) before Tax (Rs.Million)	5,302	329	(1,189)
Income Tax (Rs.Million)	1,135	207	157
Net Profit/(Loss) After Tax (Rs.Million)	4,167	122	(1,032)

Several significant ratios and percentages of the Group for the year under review and 02 preceding years are given below.

	2012	Year 2011	2010
After Tax Profit (Loss) to Turnover Percentage	11.16	0.39	(3.62)
Equity Capital to Long Term Loans - Percentage	0.51	0.58	0.79
Turnover of Assets Percentage	0.15	0.14	0.14
Working Capital Ratio	1 : 2.2	1 : 1.19	1 : 1.34
Quick Ratio	1 : 1.06	1 : 0.78	1 : 1.13
Loan Equity Ratio	1 : 1.89	1 : 1.64	1 : 1.21

4. Operating Review

4.1 Performance

The matters observed at the analysis of the statistics and reports relating to the operations furnished by the Authority are given below.

(a) Port of Colombo

(i) Arrival of Shipping Vessels (Number of Vessels)

Type of Vessels	Years			Variance Favourable/(Adverse)	
	2012	2011	2010	2011/12	2010/11
Containers	3,092	3,187	3,076	(2.9)	3.6
Conventional	52	68	56	(23.5)	21.4
Others	726	3,870	869	4,124	778
	3,910	(16.4)	(6.2)	11.7	5.5

Even though the comparison of the years 2010 and 2011 indicated an increase of 214 arrivals of ships at the Port of Colombo or 5.5 per cent, the comparison of the years 2011 and 2012 indicated a deterioration of 254 or 6.2 per cent in the arrival of ships

(ii) Container Handling (Twenty Equivalent Units)

Port of Colombo	Years			Variance Favourable/(Adverse)	
	2012	2011	2010	2012/11 %	2011/10 %
Local	1,020,255	1,046,886	932,244	(2.54)	12.30
Re-shipment and Re-packaging	3,166,865	3,216,001	3,205,197	(1.53)	0.34
Total	4,187,120	4,262,887	4,137,441	(1.78)	3.03

The following observations are made.

- ✳ As compared with the year 2010, the container handling of the Port of Colombo in the year 2011 indicated an improvement of 125,446 twenty equivalent units or 3.03 per cent whereas the comparison with the year 2011 indicated a deterioration of 75,767 twenty equivalent units of container handling or 1.78 per cent in the year 2012.
- ✳ Even though the Authority can easily earn a higher income from the port charges recovered on re-shipments and repackaging, a greater attention had not been paid for obtaining larger quantities of re-shipments by the Authority. Re-shipments as compared with the preceding year had deteriorated by 1.52 per cent in the year under review.
- ✳ The total handling of containers during the 10 years period from the year 2003 to the year 2012 taken as a percentage of the capacity of the Authority for handling of containers indicated a rapid decrease from 68 per cent to 55 per cent.

(b) Port of Trincomalee

As compared with the year 2010, the arrival of shipping vessels at the Port of Trincomalee in the year 2011 had decreased by 17 vessels or 15.59 per cent and as compared with the year 2011 the arrival of shipping vessels in the year 2012 had improved by 35 vessels or 27.77 per cent.

(c) Port of Galle

As compared with the year 2010, the arrival of shipping vessels at the Port of Galle in the year 2011 had improved by 04 vessels or 5.7 per cent and as compared with the year 2011 the arrival of vessels in the year 2012 had deteriorated by 25 vessels or 34 per cent.

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

The gross cargo handling of all ports as compared with the year 2010 had increased by 3,667,471 metric tons in the year 2011 and represented an increase of 4.3 per cent. The increase of gross cargo handling in the year 2012 as compared with the year 2011 had been 1,631,416 metric tons and represented an improvement of 1.8 per cent. As such the pace of improvement for the year under review had decreased as compared with the preceding year.

(e) Magampura Mahinda Rajapaksa Port

During the period of 26 months since the opening of this port for operations in November 2010 up to the end of the year under review, a low number of 43 ships only had arrived at this port. The Authority should have paid attention for taking effective action to get ships to arrive at the port and for the speedy installation of the gantry cranes required for operations.

4.2 Management Inefficiencies

The following observations are made.

- (a) According to the age analysis of the non-moving stocks older than 05 years amounted to Rs.959,252,462 and represented 57.45 of the value of the total stock. As the stores accommodation of the Authority is limited, this stock had been a hindrance for the effective utilization of the stores.
- (b) Agreement had been reached between the Authority and a Government Company for the improvement of the road system and the jetty of the Port of Kankasanthurai at an estimated cost of Rs.36,379,222 and contrary to the Guideline 5.4 of the Government Procurement Guidelines, an advance of 50 per cent of the contracted sum amounting to Rs.17,257,001 exceeding the specified 20 per cent had been paid without obtaining an acceptable advance guarantee. Out of that advance, a sum of Rs.5,719,890 had been carried forward as unsettled advances over a period of 06 years.
- (c) Rates for the year 2012 amounting to Rs.3,388,000 on the land leased out to a private company for a period of 35 years and in respect of all the assets of the company therein including machinery had to be paid by the Authority.

4.3 Operating Inefficiencies

The following observations are made.

- (a) The Capacity of the Authority in handling containers during the period of 12 years up to the year 2012 taken as a percentage of the total handling of containers had rapidly deteriorated from 86 per cent to 55 per cent. Nevertheless, a private company carrying out competitive operations in the Port of Colombo had achieved a rapid improvement during that period. Container handling during the past 12 years had deteriorated as follows.

Twenty Equivalent Units of Containers Handled

Year	Authority		Private Company		Total Units
	Units	%	Units	%	
2001	1,396,946	86	229,670	14	1,626,616
2002	1,206,694	68	558,025	32	1,764,719
2003	1,334,900	68	624,439	32	1,959,339
2004	1,320,845	59	899,720	41	2,220,565
2005	1,523,794	62	931,526	38	2,455,320
2006	1,743,669	57	1,335,411	43	3,079,080
2007	1,834,734	54	1,546,497	46	3,381,231
2008	1,747,670	50	1,739,668	50	3,487,338
2009	1,714,488	49	1,749,809	51	3,464,297
2010	2,167,173	52	1,970,268	48	4,137,441
2011	2,299,446	54	1,963,441	46	4,262,887
2012	2,316,849	55	1,870,271	45	4,187,120

Even though container handling is the major activity of a port, the above data confirms that it is systematically slipping away from the Authority.

The major reason for the deterioration is due to the handover of the 03 best deep quays to the private company for a period of 35 years under the Build, Operate and Transfer system and retaining only 02 quays with the Authority.

- (b) The container losses incurred by the Port of Trincomalee had been due to the weak level of operations of the port and the lesser number of ships calling at the port. Nevertheless, the losses incurred during the preceding years had decreased gradually.

Year	Loss Rs. Million
2007	405
2008	379
2009	319
2010	383
2011	318
2012	240

- (c) The decrease in the number of ships calling at the Post of Galle and the very weak level of operation resulted in increasing continuous losses. Nevertheless, the losses increased during the preceding years had decreased gradually.

Year	Loss Rs. Million
2007	275
2008	279
2009	399
2010	345
2011	147
2012	47

- (d) The Tug Boats owned by the Authority were not adequate for the shipping operations of all the ports in Sri Lanka and those were old vessels which had been in use for periods ranging from 15 years to 30 years. Those were subjected to frequent repairs due to frequent breakdowns. In such a situation, the particulars of tug boats handed over for repairs and remaining without being repaired and returned for more than two years as at 31 December 2012 are given below.

Name of Tug Boat	Date of Handover for Repairs
Airawana	09.01.2011
Singhabahu	07.04.2011

4.4 Transactions of Contentious Nature

The following observations are made.

- (a) Authority had paid an additional sum of Rs.52,064,941 as commission for the procurement of the additional services required by the Authority, through a consultancy firm deviating from the approved procurement procedure.
- (b) Three premises in the buildings belonging to the Authority had been leased out without charging rent to a State Bank while 03 other premises had been leased out to another State Bank and a private Bank at a very low nominal lease rent for maintaining banking activities.
- (c) The work on the breakwater of the Port of Galle on a construction contract of Rs.6,000 million under the Japan Bank for International Co-operation aid programme had been stopped on 31 December 2008 after spending a sum of Rs.455.5 million.
- (d) The Authority and the Asian Development Bank together had spent a sum of Rs.1,199 million on a consultancy service contract on the Port of Colombo Efficiency and Expansion Project under aid from the Asian Development Bank. The implementation of this proposal had been abandoned after spending a sum of Rs.399 million on the improvement of efficiency of the Port of Colombo.

4.5 Uneconomic Transactions

The following observations are made.

- (a) Even though a sum of Rs.80,467,283 had been spent in the year under review on the Oluwil Shipping Training Institute fully equipped with all facilities, any course whatsoever had not been conducted. Even though only 05 students had followed the course in the preceding year, a staff of 68 had been deployed in that connection. As such the primary objective of the establishment of the Institute had not been achieved, while the Authority had to incur heavy additional expenditure due to the deployment of a large staff. The Chairman informed the audit that action is being taken at present to handover the Training Institute to the South Eastern University.
- (b) Even though the Authority had invested a sum of Rs.2,500,000 in two companies in the years 2000 and 2008, the Authority had not received any returns up to the end of the year under review. The value of shares of the EDI Network (Private) Company amounting to Rs.500,000 purchased in the year 2013 had been written off from the books.

- (c) Despite the possibility of purchasing a brand new tug boat for a price ranging from Rs.600 million to Rs.700 million, a sum of Rs.600 million had been spent on two tug boats procured on hire for the years 2010 – 2012. The following matters were revealed in this connection.
- (i) The payments made for the 03 tug boats procured on hire basis in the preceding years ranged between US \$ 3,750 and US \$ 5,000 per day. Nevertheless, the hired tug boats had not been used to ensure maximum utilization. According to relevant data a certain number of those tug boats with high engine capacity and low fuel consumption had been used for only two trips per day.
 - (ii) Even though one vessel had been used for less than 02 trips per day, the minimum daily rent payable for that vessel amounted to Rs.465,000.

4.6 Identified Losses

The following observations are made.

- (a) According to the Port Charges Tariff, the stores/ ground rent recoverable for retaining 04 CMB 3,515 boats brought by Shipping Agents for re-export in a port for 112 days amounted to Rs.67,233,290. Due to the erroneous computation of the charges by the Senior Executive Officers of the Port Operation Division, an under recovery of Rs.55,213,465 had been made causing a financial loss of Rs.55,213,465 to the Authority.
- (b) Due to the prevailing weaknesses in the recovery of charges receivable by the Authority, charges amounting to Rs.105,491,135 remaining recoverable in respect of the years 2006 to 2009 had been written off from the accounts.
- (c) The entire sum of Rs.5,659,734 receivable in respect of year 2007 to year 2009 for the services supplied by the Authority for a ship maintained on commercial basis had been written off against the income in the year under review.
- (d) The Attorney General had informed that legal action cannot be taken for the recovery of a sum of Rs.2,656,871 out of the lease rent recoverable from the leasing out of the premises belonging to the Authority.
- (e) A sum of Rs.1,615,659 reimbursable by the Line Ministry as at 31 December 2012 had been written off from the books without recovery due to the changes in the names of Ministries.

4.7 Idle and Underutilized Assets

Even though the Authority has three Level Potter Cranes of which two are not in use, two more similar cranes had been purchased. Those two cranes had been installed in a quay used for carrying out minor repairs to ships where large numbers of ships are not berthed.

4.8 Release of Assets to other Institutions

The Authority had allowed the use of motor vehicles, fuel, employees and equipment from the Media Unit of the Authority at 11 instances for the media coverage of the Deputy Minister of the Line Ministry. Additional 2,390 litres of fuel valued at Rs.274,850 exceeding the approved monthly fuel limit had been used for 03 motor vehicles for media coverage not relevant to the Authority.

5. Accountability and Good Governance

5.1 Corporate Plan

The following observations are made.

- (a) According to the Vision of the Authority, it had been stated that the Sri Lanka Ports Authority will be made the major port handling ships in Asia by the year 2015. However, according to the data on the financial position of the Authority, handling of containers and arrival of ships as compared with the preceding years, a sufficient course of action had not been taken for the enhancement of efficiency.
- (b) According to “Our Mission” appearing in the Corporate Plan, it had been aimed at improvement of benefits through the supply of client based world acclaimed facilities and an excellent service. Nevertheless, the contribution of the private company in the cargo handling in the Port of Colombo during the ten preceding years as compared with the contribution of the Sri Lanka Ports Authority had gradually increased.
- (c) Even though the development of the Port of Galle as a regional port as well as the development as an alternate port for the handling of commercial cargo handled by the Port of Colombo had been stated under the objectives of the Authority, such objectives had not been achieved as the data for the years from the year 2008 to the year 2012 indicate a decrease by arrival of ships and the continued losses incurred by the Port.

6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Authority from time to time. Special attention is needed in respect of the following areas of control.

- (a) Accounting
- (b) Debtors/Creditors Control
- (c) Investments
- (d) Stock Control
- (e) Assets Control



H A S Samaraweera
Auditor General

■ The Auditor General

Auditor General's Department

Report of the Auditor General on the Financial Statements of the Sri Lanka Ports Authority and its Subsidiary Company for the year ended 31st December 2012 in terms of Section 14(2) (c) of the Finance Act No. 38 of 1971

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Accounting Standards

- (a) According to Sri Lanka Financial Reporting Standard No. 7, action had been taken to prepare a report on nature and amount of risk that arose relating to the fair value of the financial instruments and to present same along with the Annual Report. Although the nature of risk should have been disclosed according to Standard No. 7, as it was not clearly mentioned that it should be sent with the Financial Statement or Annual Report for management decisions to be taken, action has been taken to produce this report with the Annual Report. Even though it has been mentioned in the Audit Report that it should be produced as a note to the Financial Statements, action will be taken to disclose this in the Financial Statements in future.
- (b) Action has been taken on the approval of the Board of Directors to dispose of the value of the demolished buildings from the accounts balance in the year 2013.

2.2.2 Accounting Policies

- (a) Accounting activities of the Galle and Trincomalee Ports are being carried out through separate current accounts. However, the final accounts are prepared combined with the Port of Colombo. Whilst accounts of the MRMRP are prepared along with the Port of Colombo, the administration of the MRMRP is carried out by Magampura Port Management Company with effect from 01.11.2013 and it will be maintained as a Subsidiary Company of the SLPA. Hence, when preparing Financial Statements action has been taken to consolidate the income and expenditure of the MRMRP and prepare the consolidated financial statements from 2013.
- (b) Although the operational income and expenditure of the MRMRP have been adjusted with the operational income and expenditure of the Port of Colombo the relevant income and the expenditure of the MRMRP can separately be identified as it has been given a separate cost centre.

2.2.3 Accounting Deficiencies

- (a) Lanka Marine Pvt. Ltd returned the assets to the SLPA in July 2008 based on a Court Order. The relevant assets are administered by JCT Pvt. Ltd., At the point

of transferring the assets, considering the book value of Lanka Marine Pvt Ltd. as a fair value, the Authority added relevant assets to accounts. Financial Statements were prepared according to new accounting standards (SLFRSs) since year 2012 and the cost model was selected to identify property, plant & equipment and cost basis is considered as the fair value for the value of equipment.

- (b) A case relating to this vehicle is pending under examination at the Thambuttegama Court and action will be taken after receiving the Court Order.
- (c) The advance paid to the relevant Company has now been recovered due to its failure to carry out repairs to the breakwater of Kankasanthurai Port.
- (d) Action is underway to clear the remaining account balances in future.

2.2.4 Accounts Receivable and Payable

- (a) The receivable amount stated in the report consists of the deposits and the advance payments made by the Authority when obtaining services from other institutions. The confirmation of balances was sent only for the trade debtors by the Authority and, action has been taken from 2013 to send the letters of confirmation for those receivable balances too.
- (b) Action has been taken to send letters of confirmation in future regarding the balances where confirmation can be obtained from a third party.
- (c)
 - i. Since the legal process relating to this balance has not yet been finalized, the clearance will be done after receiving the Court Order.
 - ii. Rs. 4,336,014 has presently been recovered from the balance amounts which should be recovered from the government institutions. Action is being taken to recover the remaining amount.
- (d) Action will be taken to settle the amount of Rs. 1,732,070 from this amount against the completed work.
- (e) Rs.747,993 has been recovered from the outstanding balance for more than five years up to now. Legal action would be instituted to recover the remaining amount and the balances which cannot be recovered would be written off from the books.
- (f) The Authority is discussing with relevant institutions to recover Rs. 17,052,468 from the balance for over 5 years within the receivable income balance. Legal action is being instituted by the Authority to recover Rs. 12,183,111. Action would be taken to write off Rs. 1,190,621 from the books, since the Attorney General has informed that the legal action cannot be instituted to recover this amount. Action will be taken to seek legal advice again since relevant institute has neglected to pay the balance Rs. 1,466,250.
- (g) These debit balances belong to the period of war and as it was required to provide goods and transport services to the North, continuously services had to be supplied to shipping agents and the government institutions equally on the basis of

supplying essential services. A higher percentage for bad debt and doubtful debt was allowed as provisions, due to uncertainty in recovering these amounts.

Action has been taken to recover Rs. 2,357,182 from this amount by 2013.

(h) The total due amount has been recovered presently.

2.2.5 Lack of Evidence for Audit

Radio Network Receivable from Sri Lanka Customs

The equipment bulk required for radio data network relevant for this query was imported four times. Each time, these stocks were detained by the Sri Lanka Customs for an inquiry and the stocks were released by the Customs on producing corporate bond and after depositing an amount equivalent to customs duties relevant to the goods by the SLPA. The VAT amount included was levied by the SLPA. As the remaining amount is the duty due to Sri Lanka Customs for the equipment, it cannot be considered as a deposit. Action will be taken to credit this amount to expenditure after the conclusion of the inquiry of the Department of Customs.

Expenditure to be Reimbursable by the Ministry

Action has been taken to write off this balance from books.

Deposits of other Government Departments

Out of this money, balance confirmation letters for Rs. 1,750,585.10 have been handed over to the Government Audit. As the remaining money has been deposited for cases in the Labour Court although it is difficult to obtain confirmation, action has been taken to send balance confirmation letters from 2013.

Auction of Goods Implemented

Third party balance confirmation has so far been performed only for deposits of the SLPA in outside institutions. The proceeds of cargo auction accounts contain the relevant payments for tender auctions for external individuals/institutions. Balance confirmation letters have not yet been obtained and action has been taken to send balance confirmation letters from 2013.

2.2.6 Non – compliance with Laws, Rules, Regulations and Management Decision.

- (a) The Payee Tax will be paid by the Authority according to an agreement made with the General Treasury and the Inland Revenue Department on 09.06.2000.
- (b) Necessary advice has been given to avoid delays and to work according to circulars when preparing balance confirmation documents in future.
- (c) (i) Permission had been granted to relevant officers to use official vehicles according to Secretariat Circular No. 69 of 29.09.1987 which was issued in accordance with the Government Administration Circular No, 264 of 15.08.1984 by the then Chairman of the SLPA.

- (ii) According to a Management Committee decision, approval has been granted to pay Rs. 60,000 for vans and Rs. 50,000 for cars based on the prevailing market price when making payments for vehicles obtained on lease basis through Department of Public Enterprise Letter No. PE/COM/29/GEN. Accordingly, if cars are obtained on lease basis, Rs. 50,000 has to be paid per car. Hence, the SLPA has obtained a cost reduction by paying an allowance of Rs. 40,000 and had not made an additional payment of Rs. 920,000 during the period stated in the Audit Report.
- (iii) The officials mentioned in (i) above are entitled for fuel. The fuel allowance limit will be increased solely depending on official requirements and needs. This can be granted as per the powers vested by Section 7 (e) of SLPA Act.

3. Financial Review

3.1 Financial Results

According to our calculations, the increase in other income and activities in the year under review compared to the earlier year was Rs. 7,047 million and decrease in voluntary retirement cost should be Rs. 1,994 million and this is in agreement with other data.

3.2 Analytical Financial Review

As the net financial cost has been prepared after adjusting financial cost to financial income (according to financial statement No. 34), according to our calculations the data and ratios should be as follows and is in agreement with other data and ratios.

	Year	
	2012	2011
Net profit per metric tonne	103	3.13
Total Income Rs. million	38,334	31,287
Total Expenditure Rs. million	38,039	30,965

Ratios	Year	
	2012	2011
Profit (loss)/after turnover 100%	10.87	
Equity capital for long term loans (100%)	1.78	1.55
Quick ratio	1:2.14	

4. Operating Review

4.1 Performance

(a) Port of Colombo

(i) Arrival of Shipping Vessels

All data mentioned is correct.

In 2012, a 6.2% decrease in arrival of ships was reported when comparing with the year 2011, the reason being the arrival of larger ships. The gross tonnage of a ship which arrived to Port of Colombo increased up to 30,923 in 2011 and 32,979 in 2012. A low growth was shown in the international maritime field in 2012. Further, action has been taken to uplift the operational productivity and efficiency of JCT and UCT by the end of 2012.

(ii) Container Handling (TEUs)

The data mentioned is correct.

The total container operations in the Port of Colombo in 2012 was 4,187,120 TEUs. It is a 1.8% decrease when compared to the container operations in 2011.

According to existing data, the Jawaharlal Nehru Port, the main port out of the Indian Ports shown a decrease of 1.41% i.e. 4.25 million TEUs in 2012 in container operations when compared to 4.31 million TEUs in 2011. The container operations in Port of Hong Kong has decreased by 5.4% in 2012 when compared with container operations in 2011, and Port of Rotterdam has maintained the level. The crisis in Euro Zone has been the main cause for the decline of the European Ports.

The main buyer of consumer goods produced in Sri Lanka is United States of America and market decline of some goods, continuous internal political conflicts and uncertainties in the Arabian Gulf countries have also caused the drop of market for the Sri Lankan export products.

- * As shown earlier, the amount of cargo which flowed from Asia to markets in Europe and USA (especially from the Indian subcontinent) decreased due to the world economic crisis. Even though there was such a recede in 2012, there was an increase by 4% in transshipment by October 2013 when compared to 2012.
- * The market share which was 54% in 2011 increased up to 55% by 2012 and it was further increased up to 58% in October 2013. In 2002 when the market share was 68%, the SAGT did not function in its full capacity but subsequently the SLPA had to face a competitive situation with the development of ultra modern container facilities of the SAGT.

(b) Port of Trincomalee

The number of ships which arrived for the Tokyo Company to discharge gypsum in 2012 had increased by 20 when compared to the year 2011 and due to the arrival of out-port anchoring ships and special transshipment operations, there was an increase in ship arrivals in 2012.

(c) Port of Galle

The number of ships operational in the Port of Galle depends on the cement products which are imported on the requirement of Holcim Production Company. The production has decreased due to modernization of the Holcim Factory and this has caused decrease in the arrival of ships. Further, the decrease in the arrival

of ships is also caused by the fact that some ships containing goods imported by Holcim Company arrived at Port of Colombo and cement and materials are transported through roads. In addition there is a decrease in the arrival of yachts and passenger ships due to unsecured situation in the Somalian Sea and this will be continued in future too.

(d) All Ports (Colombo/Trincomalee/Galle)

The total tonnage which was handled became negative due to the draw back in the import and export business with the number of import and export containers decreasing by 2.5% and the number of transshipment containers decreasing by 1.9% due to the world economic crisis. The negative value of the conventional cargo operations and operational tonnage of the local imports and exports are also the factors which contributed to the reduction.

(e) Magam Ruhunupura Mahinda Rajapaksa Port

The operational activities of the MRMRP commenced in November 2010 and it has presently become the major economic hub in the region.

Since the commencement of the operational activities, 155 ships arrived in the MRMRP. The statistical data of operational activities are as follows:

Type of ship	No. of ships	Operations	Total (Tonnes)
Vehicles	153	71,654 Units	117,331.48
Cargo	2	Pkg 2,681	5,570.00
Total	155		122,901.48

Status of Gantry Cranes

The planning activities of Phase I and II of gantry cranes have presently been finalized. Inspections were carried out by the officials of the SLPA on an official tour to ZPMC Corporation in China. Plans are underway to install the first bulk of gantry cranes in the middle of 2014.

Strategic Entries for Future Development

It is expected to attract a large number of ships to MRMRP by increasing the facilities of the port through the following developmental activities.

The pre-commission activities and examinations related to the Tank Farm Complex and Bunkering Facilities have presently been completed. Therefore, the arrival of bunkering ships to the port to supply fuel for the tank farm complex can be expected in future. It is expected to commence a bunkering service for ships as a major business within MRMRP.

Work is presently underway to develop the MRMRP as an industrial port. Therefore, the investors who wish to establish businesses within the port have

been requested to submit their proposals. The selected institutions shall come forth to utilize the port facilities for their businesses in the near future.

The phase II of the construction work has commenced and is nearing completion. It is expected to increase the capacity of the MRMRP through this endeavor.

4.2 Management Inefficiencies

- (a) These equipment are stored for 05 – 15 years or more as the plants are utilized for that period of time or longer. When purchasing plants of huge value the spare parts are supplied most of the time. The value of the spare parts is also added to the stocks accounts. Some amounts are utilized after a period of 10 – 15 years.

Further, these spare parts cannot be bought quickly in the open market. Most spare parts of large plants should be ordered from abroad in some occasions. Action will be taken to conduct stocks verification by committees comprising of engineers, work managers and officials of the Internal Audit Division who are well versed on the relevant stocks and further remove the unnecessary stocks as per the proper procedure.

- (b) As the repairs of the breakwater in the Kankasanthurai Port were not carried out, the advance payments made have now been recovered from the relevant institution.
- (c) The rates for the premises leased out to the relevant institution should be paid by the SLPA as per the lease agreement entered into in 1999.

4.3 Operating Inefficiencies

- (a) Under the restructuring program, 3 berths of the QEQ owned by the SLPA was handed over in 1999 to a private investor under the Build Operate and Transfer (BOT) terms for 30 years.

Through this program, the Port of Colombo emerged as a major container operational port in Asia and through the increase in competitiveness between government and private sector, container throughput increased from 1,626,616 TEUs to 4,187,120 TEUs, by the year 2012. The efficiency of government and private sector institutions increased due to competitiveness.

Though it is true that the market monopoly which was maintained by the SLPA gradually declined due to newer berths, latest equipment and attractive services offered by the private sector at the inception, from 2010 the SLPA has been able to increase its market share from 52% to 55% by attracting customers through improving efficiency and by various restructuring programmes. It must be emphasized that this number will be surpassed by 2013.

The SLPA is in the process of improving the quality through purchasing newer equipment instead of obsolete equipment to improve efficiency and providing a more efficient service to customers through changing the attitude of the employees. Accordingly, the SLPA succeeded in obtaining the second place in

the National Business Standards Awards Ceremony organized by the National Chamber of Commerce in 2013.

(b) Port of Trincomalee

With the end of war in the country and with the withheld of transport of goods to the North through the Port of Trincomalee, there was a decline in the navigational operations in the Port of Trincomalee. 70% of the ships which currently arrive are ships utilized for the operational activities of Prima and Tokyo Cement Corporation. These ships are charged navigation fees and throughput charges. By this time, the Holcim Cement Corporation has planned to operate clinker ships and under the new "Vision 2020" strategic plan, proposals have been received for from investors for the construction port related of industries and they are at assessment level.

(c) Port of Galle

The number of ships operational in the Port of Galle depends on the cement products which are imported on the requirement of Holcim Production Company. The production has decreased due to modernization of the Holcim Factory and this has caused decrease in the arrival of ships. Further, the decrease in the arrival of ships is also caused by the fact that some ships containing goods imported by Holcim Company arrived at Port of Colombo and cement and materials are transported through roads.

In addition there is a decrease in the arrival of yachts and passenger ships due to unsecured situation in the Somalian Sea and this will be continued in future too. The above mentioned facts have contributed to the slump in the arrival of ships in 2012 compared to 2011. However, a considerable income has been earned, through the supply of services for Out Port Limit (OPL) ships by now.

(d) Even though the tug boats owned by the SLPA are old vessels with a life time of 15-30 years and which are insufficient to carry out naval operations in all ports of Sri Lanka, 06 out of all these have a life time of 10 – 15 years.

As we planned, the repair work of high powered duty tugs which serve the control room are given priority when carrying out repair work of tugs. After the repair of tugs which have been given priority, repair work of other tugs are carried out depending on the number of workers and this has delayed repairing of tugs as mentioned in the Audit report. This is mainly due to the lack of experienced workers due to the process of retirement of skilled workers easily.

However, these two vessels are in operation in the Port of Colombo and Trincomalee.

4.4 Transactions of Contentious Nature

(a) If employees of the SLPA were deployed to carry out auxiliary services which should be supplied by the JCT in ship operations such as locking containers,

unlocking containers and monitoring the temperature of freezer containers, a huge expenditure has to be borne. In these circumstances, action has been taken to obtain these services through the Sri Lanka Ports Management and Consultancy Services Company Ltd., by paying a minimum daily wage, based on a lower daily wage rate paid in the labour market at present.

- (b) Three premises on free of rent basis have been given to the Bank of Ceylon with the approval of the management to maintain cash collection centres for the payments to be made to the Authority depending on the requirements of the Authority. These premises are situated in the Permit Office, Canal Yard and Peliyagoda Warehouse Complex. Routine banking activities are not carried out within these centres and except for banking activities for port users.

The salaries of port employees can be obtained from banks and banking activities are maintained within the port premises for the welfare of the employees. These banks are only used by port users and by the employees of the Authority. Considering the above factors, 02 premises where ATM machines of the Hatton National Bank and one premise maintained by the Bank of Ceylon has been given on nominal rent.

- (c) The Pacific Consultants International (PCI) Limited was selected by the SLPA for the Galle Port Development Project in February 2007. All the services, relating to pre-construction stage including creating a detailed plan, technical and financial monitoring of tenders were concluded by this consultancy company. An amount of Rs. 455.5 million was paid to this company. But the construction work of the project could not commence as expected due to receiving extremely high financial proposals which were three times higher than the engineering estimate for the construction of the project.

In the meantime, all consultancy business activities including consultancy experiences and experts of PCI Company was taken over by the Japanese firm by the name of Oriental Consultants (OC).

Plans are under way to construct a breakwater covering the entire Bay of Galle, changing the subject area of the project by using the service of new consultancy service with the approval of the management of the SLPA. The assistance of JICA (Japan International Co-operation Agency) which was extended for the above project is also granted for these projects. The approval of the Department of Archaeological Department of Coast Conservation, and the Department of National Heritage has been received for the new subject area of the project and the approval of UNESCO is expected.

- (d) The Colombo Port Expansion Project was implemented on the recommendation of the project to improve the efficiency of the Colombo Port. The development of the breakwater of the project and development of infrastructure has been successfully completed and the container operations in the first 400m of the South Container Terminal has commenced.

4.5 Uneconomic Transactions

(a) The additional expenditure to be borne by the Authority as the objective of establishing the Oluvil Training Institute was not achieved and the attention of the higher management was drawn to the extra expenditure and plans to be implemented were explained. At the committee meeting of the Management of the SLPA on 23.05.2013 with regard to these plans, decisions were taken regarding handing over that institution to South Eastern University on rent basis and transfer of its staff to the Port of Colombo. Accordingly, action is being taken to hand over the Oluvil Training Institute to the South Eastern University and to transfer the staff of Oluvil Training Institute to the Port of Colombo.

(b) **EDI Network Private Limited (Rs. 500,000)**

Rs. 500,000 shares were bought from the Company and were written off as per the approval of the Secretary of Ministry of Ports and Highways on 10.09.2013.

Lanka Coal Company Private Limited (Rs. 2,000, 000)

The Board of Directors of Lanka Coal Company at its Annual General Meeting had decided to pay part of the profit earned from commercial operations in 2012 to the shareholders. However, the accounts of Lanka Coal Company and the Ceylon Electricity Board have not been finalized up to now. According to the agreement between Lanka Coal Company and Ceylon Electricity Board, no dividends can be paid by Lanka Coal Company until the above mentioned accounting work is completed and till the money due from Ceylon Electricity Board is reimbursed in full.

(c) **(i)/(ii)**

The tug boats are rented out not on daily basis but for a period of 03 months or 06 months. The number of times tug boats are used for operations depend on navigational activities. The maximum amount paid per day for a tug boat acquired on lease basis is US\$ 4,250.

4.6 Identified Losses

(a) An inquiry is being conducted by the Commission to investigate Allegations of Bribery and Corruption with regard to this incident and disciplinary action will be taken against the officers responsible as soon as the findings of the inquiry are released. Also legal action is being instituted to recover the balance charges from the relevant shipping line under Section No. 42 (a) of Act No. 58 of SLPA of 1979.

(b) Even though actions have been taken continuously to recover the receivable bills from 2006-2009, the money to be reimbursed from government institutions is delayed or unable to be recovered due to reasons such as government institutions making payments subject to financial provisions and under the control of government financial regulation system and as the services supplied

to government institutions are considered essential services and the inability to halt these essential services to recover the due money.

After considering the appeals made to the Chairman by the Sri Lanka Navy to write off the balance for the services obtained by the Sri Lanka Navy during this period and also the services rendered by the Sri Lanka Navy for the security of the country and the port during the time of war, action was taken to write off an amount of Rs. 105,491,135 which was due for the period of 2006 – 2009 with the approval of the General Treasury.

- (c) The Jetliner ship was utilized to transport soldiers and essential goods to the army and citizens of the North during the pre-2009 war period. It is our belief that this ship was not used on commercial basis during this period. Accordingly, considering the appeal made by the Sri Lanka Navy to write off the due balance from 2007 – 2009 due to the war situation, the balance related to the Jetliner, was written off in 2011 for the year under review.
- (d) The Attorney General has informed that legal action cannot be taken for Rs. 1,190,621 and action will be taken to write off that amount. As the relevant institution has failed to pay the balance of Rs. 1,466,250, action is being taken to obtain a legal opinion.
- (e) Action was taken to write off from the books the payments which could not be charged for many years.

4.7 Idle and Under-utilized Assets

Even though cranes were newly installed, the railings on which they have to travel were not in a good condition. Accordingly, the re-construction work took almost a year. In addition, there was a delay in utilizing these cranes for services as there was a delay in getting the approval to increase the charges per hour which US \$ 6 was insufficient for old cranes. However, these two cranes are currently being used for operations. By this time, services are rendered for shipping lines (with the approval of the Treasury) by charging US \$ 40 per hour.

Most conventional ships use their own cranes to load and discharge goods. When ships without cranes arrive at the port, action has been taken to obtain the services of these cranes.

4.8 Release of Assets to Other Institutions

The necessary arrangements have presently been made as per the instructions of the Audit Committee when providing media coverage for the activities which are external to the SLPA, even though there was a separate staff to cover media related work of the Minister as well as the work of the Ministry when it was functioning as the Ministry of Ports and Aviation, With the separation of new ministries, there was a lack of media staff for the Ministry of Ports as the media staff of the Ministry of Ports & Aviation was transferred to the Ministry of Aviation. Accordingly, the Ministry of Finance was informed in writing to obtain a media staff for the Ministry of Ports.

Action will be taken to cover only activities related to the SLPA and not to provide media coverage for any activity which is not directly related to SLPA and action will be taken to expedite the process in recruiting a media staff for the Ministry.

5 Accountability and Good Governance

5.1 Corporate Plan

- (a) The SLPA has launched many strategies to make the most outstanding port in Asia by 2015 and to strengthen this further, a new strategic plan from 2013 – 2020 by the name of “Vision 2020” has been prepared. Even though there was a slight drawback in 2012 compared to 2011, this situation changed by October 2013 and an 8% of growth was depicted, in the quantity of container operation in all terminals controlled under the SLPA.
- (b) A competitive nature resulted with the handing over of the Queen Elizabeth Terminal to South Asia Gateway Terminal for operational activities on BOT basis. However, through awareness programs for employees and upgrading of operations management system in the Jaya Container Terminal and Unity Container Terminal controlled under the SLPA, action has been taken to gradually increase the productivity and maintain its market share by 58% due to these factors. Compared to 2012, by October 2013, the operations at South Asia Gateway Terminal reduced by 106,000 TEUs when the operations in JCT and UCT succeeded in increasing the container handling by 170,000 TEUs. Accordingly, through the “Vision 2020” strategic plan being currently implemented, an increase in operational activities of SLPA is expected.
- (c) According to the 7 year strategic plan “Vision 2020” which is currently being implemented, action has been taken to develop the facilities needed for tourists arriving in yachts to the Port of Galle and through that to attract tourists to the South. A considerable income has been earned by supplying necessary services for Out Port Limit ships.

6. Systems and Controls

Proper internal control systems with regard to areas mentioned in the Audit Report is being followed. Accordingly;

- (a) The process of preparing financial statements in 2012 was done through ORACLE computer system using new accounting standards. The assistance of an institution with experience and professional expertise was obtained for this task and the accounts were modified in 2010 and 2011 according to the new accounting standards.

Currently the accounts of the Authority are carried out through main ledger and the shipping Agents Revenue (AR) Oracle computer system. The process of accounting has become accurate and more efficient through the use of this system. Through the ability to collect income from shipping agents, increasing the income of the Authority through efficiently clearing bills and keeping those accounts, the accounting process of the institution is being carried out efficiently and with proper control.

- (b) When rendering services to shipping agents, from the arrival and departure of a ship to handing over goods brought by ships, billing for most of the services supplied to shipping agents are carried out through a computer system. Also, even though there are a few bills which cannot be practically computerized, as control measures are in place, those transactions are carried out with proper control. It has been able to limit the unrecoverable dues for services as advances are obtained for most services prior to supplying services. But there is a delay in recovering money due from government institutions and government forces as the measures taken with regard to shipping agents cannot be applied in the same manner to the above mentioned institutions.

Since the action has to be taken after receiving the Court orders regarding the due balances which have been referred to legal advice, it was unable to recover the debt as Cases are pending.

- (c) The SLPA invests in a manner to obtain an optimum interest income. The risk for the invested money is then considered. After allocating the provisions for expenditure from day to day income, the residual income is invested in Repo Investment, Over Night Investments and Fixed Investments. The Authority has selected trustworthy financial institutions for investments (Bank of Ceylon, People's Bank, Hatton National Bank and National Savings Bank). In order to gain an optimum interest income, the interest ratio is inquired by the SLPA from the financial institution prior to investments being made. Investments are made at the financial institution which grants a higher interest rate. Further, investments are made considering the expenditure to be borne in the future and also to avoid a financial crisis.
- (d) The ORACLE computer system is being presently implemented with the intention to perform the supply and material management process more efficiently and accurately. Through this system, the stock control activities will be expanded in future.
- (e) An assets register is maintained to utilize the assets of the SLPA. This activity is presently being carried out via CARDARS computer system and arrangements are being made to introduce the ORACLE computer system, in order to increase the utilization of assets.



Dr Priyath B Wickrama
Chairman

■ Name

Sri Lanka Ports Authority

Statutory Status

The SLPA was established on the 1st August, 1979 with the amalgamation of the Colombo Port Commission, the Port (Cargo) Corporation, the Port Tally and Protective Services Corporation under the provisions of Parliament Act No. 51 of 1979.

Our Corporate Values

The SLPA is one of the major contributors to the economy of Sri Lanka. As a key revenue earning and service providing agency, the role of the SLPA is linked directly to the excellence of its delivery services. In this regard, the value system of the Authority is the basis for the success of its operational relationship with the stakeholders. These values could be categorized under the following.

- ✧ Dependability
- ✧ Timeliness & Accuracy
- ✧ Accountability for Achievement
- ✧ Team Spirit
- ✧ Commitment
- ✧ Reward & Recognition
- ✧ Performance with integrity

It will be the responsibility of the Chairman/Chief Executive Officer, the Managing Director and other Senior Management staff to inculcate the above values at all levels of the Authority.

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People's Bank

Hatton National Bank

Auditors

The Auditor General

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