



MINISTRY OF PETROLEUM RESOURCES DEVELOPMENT





Ministry of Petroleum Resources
Development

PERFORMANCE REPORT
2017

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Message from the Hon. Minister of Petroleum Resources Development



It gives me great pleasure to present this report titled “Performance Report – 2017” to the Parliament on activities carried out by the Ministry of Petroleum Resources Development together with Ceylon Petroleum Corporation (CPC), Ceylon Petroleum Storage Terminals Ltd (CPSTL), Petroleum Resources Development Secretariat (PRDS) and Polipto Lanka (Pvt) Ltd which come under the purview of my Ministry. This report describes services planned and rendered to fulfill the petroleum products requirements of the country during the period from January to December 2017 by my Ministry and its entities.

I am proud of drawing some highlights on actions which were taken during the year 2017 in respect of developing upstream and downstream petroleum industry which contributed to fulfill the petroleum products requirement of the country without having any interruption. My Ministry in collaboration with Petroleum Resources Development Secretariat initiated formulating the National Policy on Natural Gas which is timely for Sri Lanka since the government is keen on utilizing Natural Gas for energy requirements. Also, having such policy is very important to get the attention of the investors for oil exploration activities in Sri Lanka by reducing their risks. Ceylon Petroleum Corporation (CPC) under the guidance of my Ministry has taken steps to procure the petroleum products in a transparent manner as per the procurement guidelines. A contract has been awarded to construct a storage tank of 15,000 m³ capacity at Kolonnawa Installation by Ceylon Petroleum Storage Terminals Company Limited in order to improve the petroleum products storage facilities. Further, it has been planned to commence the construction of three storage tanks of 15,000 m³, two tanks of 7,000 m³ and one tank of 5,000 m³ during 2018.

Ceylon Petroleum Corporation has commenced the project on upgrading and expansion of Fuel Hydrant System and Refueling Terminal at Bandaranaike International Airport (BIA), Katunayake at a total cost of USD 51.5 million which was delayed for a long period of time due to various reasons. Also, a filtering system for the aviation fuel storage tanks were installed in order to ensure the high quality of the product. Further, CPC has taken initiatives to carry out a Front End Engineering Design (FEED) for the replacement of Crude Distillation Column, Gas Oil Hydro-Treater Unit Reactor & Platformer Unit in order to increase the reliability of refinery process units by avoiding operational difficulties and potential risks of the plant and to increase profitability as a result of least technology.

In addition, several strategical steps have been taken to change the accumulated losses by strengthening the financial capability of Ceylon Petroleum Corporation by introducing different profit-making business ventures.

I wish to place on record my sincere gratitude for the commitment and the support extended by my Deputy Minister, Secretary to the Ministry and other officials, Chairman and other officials of Ceylon Petroleum Corporation and Ceylon Petroleum Storage Terminals Company Limited, Director General and other officials of Petroleum Resources Development Secretariat and officials of Polipto Lanka (Pvt) Ltd to make the performance of my Ministry during the year 2017 a complete success.

Arjuna Ranatunga, M.P.
Minister of Petroleum Resources Development

Message from the Hon. Deputy Minister of Petroleum Resources Development



I am pleased to issue this message for the publication titled “Performance Report - 2017” of the Ministry of Petroleum Resources Development which will be tabled at the Parliament.

With the increase of population and increased economic activities, the overall demand for petroleum products has also been increased approximately by 6% annually. The Ministry of Petroleum Resources Development as the policy making body in the field of upstream and downstream petroleum industry has taken several important policy decisions and initiated a few programs and projects during the reporting period in collaboration with its agencies in order to fulfill the increasing demand for petroleum products at an affordable and reliable price to the customers.

Among them, upgrading and expansion of Fuel Hydrant System and Refueling Terminal at Bandaranaike International Airport (BIA), Katunayake, construction of Jet A-1 fuel transfer pipeline from Muthurajawela to BIA along the Colombo-Katunayake Expressway and associated facilities, construction of a fuel transfer pipeline from Colombo Port to Kolonnawa installation, construction of an interconnected fuel transfer pipeline among Kolonnawa, Muthurajawela and Sapugaskanda terminals, increasing of fuel storage capacities, establishment of a lubricant blending plant and development of regional oil bulk depots enabling to provide a customer oriented service Island-wide could be highlighted.

Several effective decisions with regard to strengthening institutional capacities, human resources and financial capabilities were taken to ensure the efficiency and effectiveness of the organizations. I take this opportunity to extend my gratitude to the Hon. Minister of Petroleum Resources Development Hon. Arjuna Ranatunga for his dedicated support towards the development of the petroleum sector. Also, I wish to appreciate continued support of the Secretary to the Ministry and its officials, Heads of CPC, CPSTL, PRDS and Polipto Lanka (Pvt) Ltd and officials.

Anoma Gamage, M.P.
Deputy Minister of Petroleum Resources Development

Preamble



The Ministry of Petroleum Resources Development as a major policy making body in respect of both upstream and downstream petroleum industries in Sri Lanka presents this report titled “Performance Report - 2017” to table in the parliament.

This report presents the details of the activities carried out by the Ministry and the four agencies which come under its purview – the Ceylon Petroleum Corporation, the Ceylon Petroleum Storage Terminals Limited, Petroleum Resources Development Secretariat and Polipto Lanka (Pvt) Ltd during the period from January to December 2017.

The Ministry was able to take several productive decisions in terms of development of infrastructure facilities in the field of downstream petroleum industry during 2017 while the oil procurement has been streamlined based on long-term contracts which helps to reduce the cost of fuel importation and the risk of continuous fuel supply. The awarding of two contracts for the project on construction of a fuel storage tank of 15,000 m³ capacity at Kolonnawa oil terminal and the project on upgrading and expansion of Fuel Hydrant System and Refueling Terminal at BIA, Katunayake are noteworthy achievements in the history of petroleum sector development. Also, several other initiatives have been taken to improve the additional oil storage facilities, rehabilitation/development of fuel transfer pipelines etc.

As per the Budget Proposals- 2016 and 2017, the lubricant and bitumen markets were liberalized. The Ministry could issue the licenses for the parties to import bitumen in order to ensure the uninterrupted supply of bitumen for the road construction projects. Also, the actions are being taken to call Request for Qualifications in order to register the new entrants for the lubricant business under the said liberalization process.

Finally, I would take this opportunity to extend my sincere gratitude to Hon. Minister and Hon. Deputy Minister for their guidance and the staff of the Ministry as well as the staff of four institutions which come under the purview of the Ministry for their continued support delivered towards achieving the Ministry’s objectives successfully.

Upali Marasinghe
Secretary
Ministry of Petroleum Resources Development

Introduction

Recognizing the importance of having a policy making body separately in respect of upstream and downstream petroleum activities, the Ministry of Petroleum and Petroleum Resources Development was established under the Government Extraordinary Gazette Notification No. 1422/22 dated 08.12.2005. Subsequently, the Ministry of Petroleum Industries was established under the Government Extraordinary Gazette Notification No. 1651/20 dated 30.04.2010 which was responsible only for downstream activities of the petroleum sector and upstream activities were under the Presidential Secretariat. By virtue of Government Extraordinary Gazette Notification No. 1897/15 dated 18.01.2015 the functions of the Ministry of Petroleum Industries were assigned to the Ministry of Power and Energy. Later, the Ministry of Petroleum Resources Development which is responsible for upstream and downstream activities of petroleum sector was established by virtue of Government Extraordinary Gazette Notification No. 1933/13 dated 21.09.2015.

The demand for the fuel consumption has

increased due to rapid development taking place in the country at present. Based on the cross-cutting features of upstream and downstream petroleum industry among all economic development sectors, the petroleum sector has to be developed in order to ensure the fuel security of the country. In this endeavor, the Ministry of Petroleum Resources Development, as the policy making and the chief accounting body of the four entities namely the Ceylon Petroleum Corporation, the Ceylon Petroleum Storage Terminals Ltd, the Petroleum Resources Development Secretariat and Polipto Lanka (Pvt) Ltd plays an important role in formulation and implementation of all relevant policies, guidelines and development projects in achieving the set goals and targets while performing its duties and responsibilities of administration and management. There are five main Divisions namely; Administration, Development, Procurement, Finance and Internal Audit at the Ministry under the supervision of three Additional Secretaries to support the Secretary and the Hon. Ministers in order to ensure the efficient and effective decisions making.

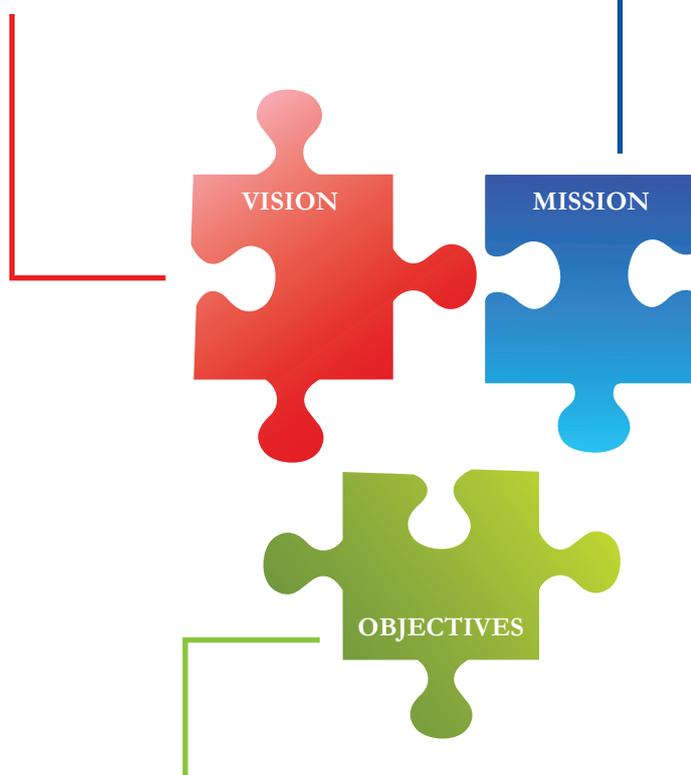
MINISTRY OF PETROLEUM RESOURCES DEVELOPMENT

VISION

To make both upstream and downstream petroleum industry the foremost contributor to the national economic development of Sri Lanka

MISSION

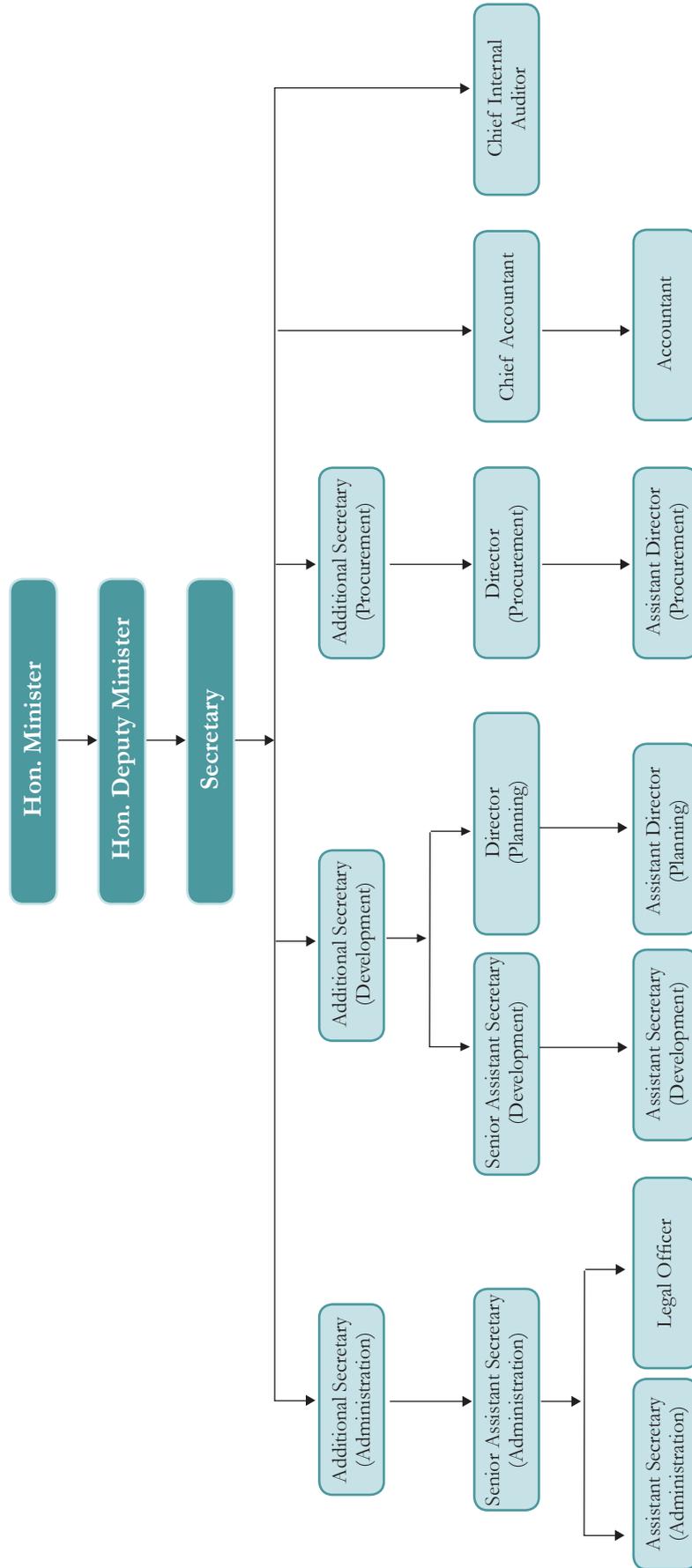
To manage the activities of downstream and upstream petroleum industry effectively and efficiently in a sustainable manner to meet the energy needs of the country and harness the petroleum resources of the country to the optimum.



OBJECTIVES

- Make Sri Lanka an energy self-sufficient nation by 2030
- Optimum production of domestic oil & natural gas by 2030
- Meet petroleum products demand of the country through our own processing by 2030
- Upgrade quality of diesel and gasoline to EURO III & EURO IV standards respectively by 2020
- Storage and distribution of fuel more efficiently & safely
- Minimize haphazard disposal of waste plastics by converting it into petroleum fuel
- Enhance the quality & reliability of fuel supply
- Promote fuel conservation

ORGANIZATIONAL STRUCTURE



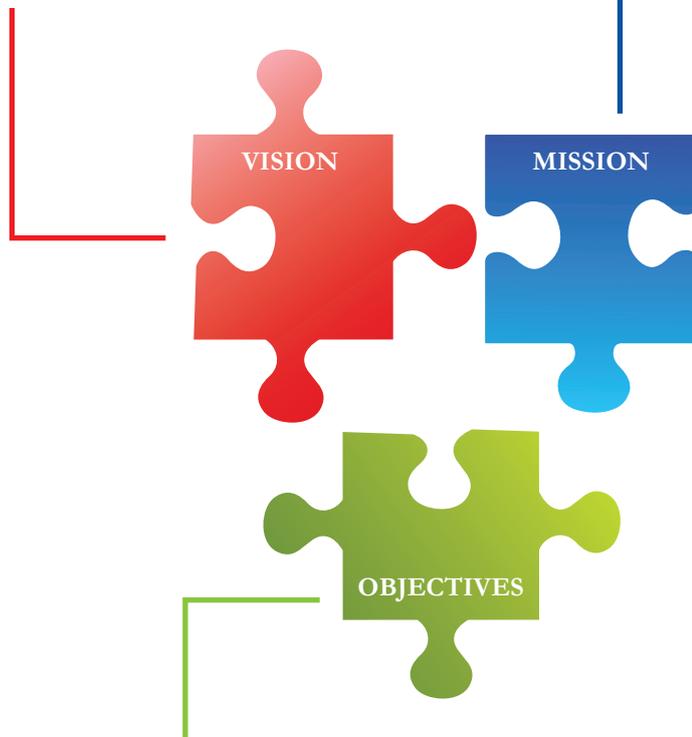
MINISTRY CADRE - AS AT 31st DECEMBER 2017

Position	Approved	Existing	Vacant
Senior Level			
Secretary	01	01	-
Additional Secretary	03	03	-
Chief Accountant	01	01	-
Senior Assistant Secretary	02	01	01
Chief Internal Auditor	01	01	-
Director	02	02	-
Assistant Secretary	02	01	01
Assistant Director	02	02	-
Accountant	01	-	01
Legal Officer	01	01	-
Total	16	13	03
Secondary Level			
Administrative Officer	01	01	-
Translator	01	-	01
Total	02	01	01
Tertiary Level			
Development Assistant/Officer	20	18	02
Public Management Assistant	27	17	10
Information Technology Assistant	02	02	-
Coordinating Secretary to the Secretary	01	01	-
Still Cameraman	01	01	-
Video Cameraman	01	01	-
Total	52	40	12
Primary Level			
Driver	13	11	02
Camera Helper	01	-	01
KKS	13	10	03
Total	27	21	06
Total	97	75	22

CEYLON PETROLEUM CORPORATION

VISION

To be the premier customer driven, environmental friendly enterprise in the petroleum and related industries in the region while contributing towards the prosperity of our nation



MISSION

To achieve excellence in refining, sales & marketing of high quality products and meet the expectations of the stakeholders through a dedicated team of professionals and a loyal & efficient dealer network and by providing total solutions and services exceeding customer expectations, while utilizing a high technology base for growth & development of the enterprise with total employee participation & innovation, by maintaining high ethical norms in all its activities & with highest concern for health, safety & environment.

OBJECTIVES

- Retain highest level of market share
- Reach excellence in sales, marketing & operations to face a heavily competitive environment
- Maintain an economically viable refining sector
- Improve and maintain high level of professionalism at all levels of employees
- Institute structural changes to improve productivity and management
- Institute health, safety and environmental friendly measures to exceed the stipulated standards
- Uphold the national and social obligations for betterment of the community
- Ensure financial viability of the Corporation
- Retain Sri Lankan control in the petroleum downstream sector

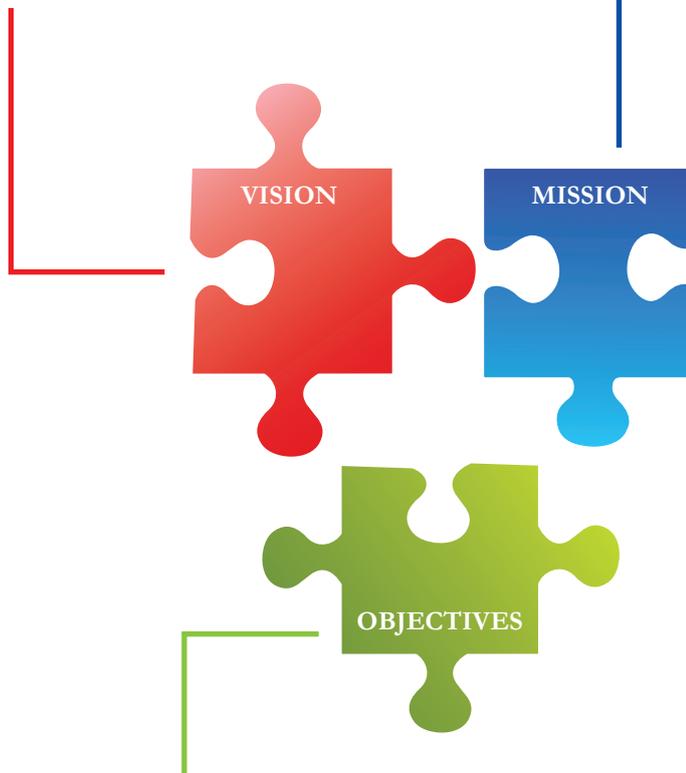
CEYLON PETROLEUM STORAGE TERMINALS LIMITED (CPSTL)

VISION

To be the most efficient petroleum terminal operator in South Asia

MISSION

To remain as the most efficient terminal operator in the island, meeting stakeholders' expectations and committed to make perceivable and continual improvement at the level of customer satisfaction, while preserving the quality and ensuring the exact quantity of the petroleum products being delivered to the terminal facility users/customers, honoring the health, environmental and safety standards in force through dedicated participation of a loyal, contended and well trained workforce, guided by the feedback of the customers and the general public



OBJECTIVES

- Remain most efficient terminal operator in the country
- Improvement of facilities to store, maintain quality of petroleum products and deliver in the country to meet the future demand
- Improve level of satisfaction of customers in quality improvements and prompt deliveries to maintain uninterrupted supply in the country
- Uphold national & social obligations for the betterment of the community
- Institute health, safety & environmental friendly measurement to exceed the stipulated standards
- Improve and maintain high level of professionalism at all levels of employees
- Introduce structural changes to improve productivity and management
- Ensure financial viability of the entity.

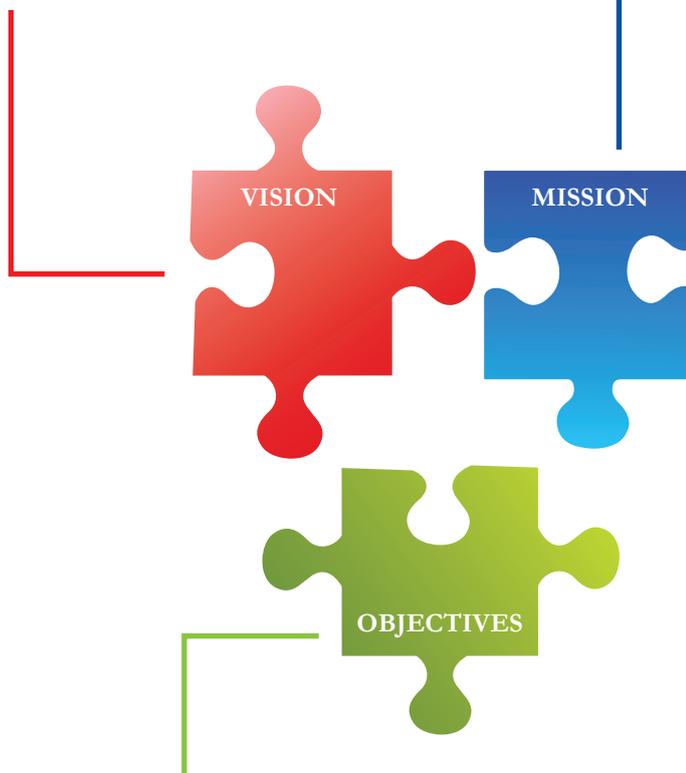
PETROLEUM RESOURCES DEVELOPMENT SECRETARIAT

VISION

To ensure that all Sri Lankans benefit from the petroleum resources of the country by managing the industry in an equitable, safe and environmentally sustainable manner

MISSION

Design and monitor fiscal regimes that meet the country's evolving economic needs, matching them with a stable, efficient regulatory framework that attracts investment and encourages knowledge transfer, until the last economic reserves are produced



OBJECTIVES

Exploitation of indigenous oil and gas resources and there by contribution to the tasks of socio - economic development and national energy security attainment.

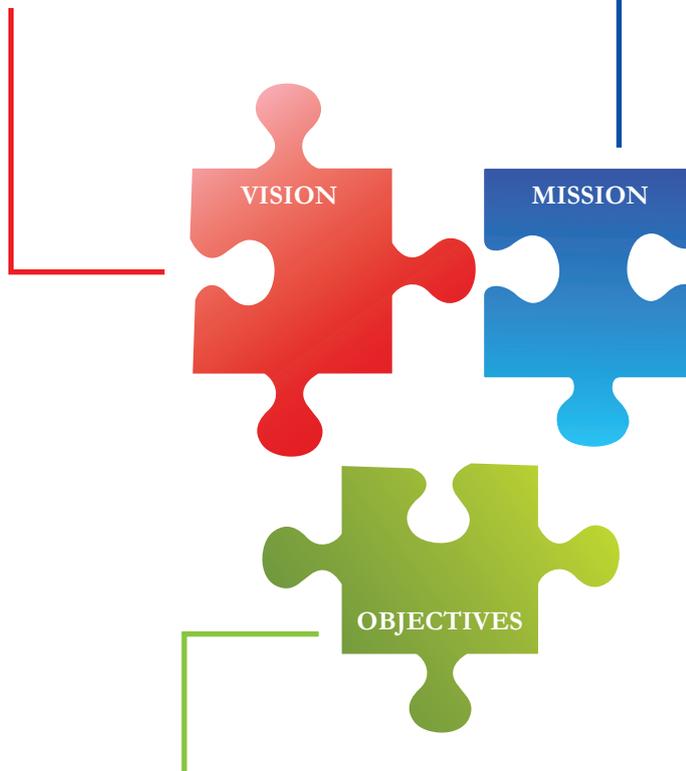
POLIPTO LANKA (PVT)LTD

VISION

To be the most recognized waste to energy converting enterprise in Asia

MISSION

To commercialize the novel Sri Lankan invention that enables the conversion of waste plastics to user friendly petroleum products simply, safely and profitably to conserve the environment and to reduce the cost of importing crude oil to Sri Lanka together with the exploring all avenues in promoting inventions in the related areas



OBJECTIVES

To minimize the haphazard disposal of waste plastics to the environment by converting waste plastics to fuel.

1. Policies, Programs and Projects

a) Formulation of National Policy on Natural Gas

The development initiatives taken by the government during the past years have laid the foundation for oil and gas exploration sector in Sri Lanka. Sri Lanka has already discovered her own gas depositories in Mannar basin. It has been revealed that the smaller “Dorado” reservoir has 300 BCF (Billion Cubic Feet) of Natural Gas (NG) that can fire 630 MW power plant for about 10 years. The more complex larger “Barracuda” discovery exceeds 1.8 TCF (Trillion Cubic Feet) of NG that can fire 2,000 MW power plant for 30 years. At present, the actions are being taken to commercialize already discovered oil and gas deposits through International Competitive Bidding. In addition, oil and gas exploration activities are being carried out through foreign investors on multi-client basis.

Natural Gas is being used worldwide at present as a clean source of energy. It has become an important fuel for Sri Lanka as well both in terms of energy and diversity of use. Therefore, there is potential for NG to be used in power, industrial, transportation, household and commerce sectors in Sri Lanka as a fuel or a feedstock. The sectoral NG demand is expected to be met by exploitation of indigenous NG resources and/or imported Liquefied Natural Gas (LNG) which depend on the availability, market conditions and policy.

Currently, the government is keen on using NG initially for power generation of the

country and the interests of other parties such as industrialists, transporters on usage of NG for their purposes are also being discussed. In this context, the Petroleum Resources Development Secretariat under the guidance of the Ministry of Petroleum Resources Development in collaboration with Ceylon Petroleum Corporation has formulated a Draft National Policy on Natural Gas which is timely. Currently, the policy is being reviewed by the Ministry, PRDS, CPC and CPSTL and once it is finished, stakeholder consultation workshops will be organized for further development of the said draft policy.

b) Oil procurements

Ceylon Petroleum Corporation (CPC) is the largest petroleum products importer to the country. A careful procurement mechanism has been established through a Special Standing Cabinet Appointed Procurement Committee (SSCAPC) and a Special Technical Evaluation Committee (TEC).

Oil import prices is based on two elements i.e. world market price and fixed premium. The volatile world oil market prices generally tend to create high premium levels for the single purchases in comparison with the purchasing through long-term agreements in most cases. CPC has now turned to oil procurements based on long-term contracts to attain a stable premium level. The uninterrupted fuel supply is ensured through the procurements based on long-term contracts and sometimes single purchases are done where demand fluctuations arise. Measures were also taken

to maintain adequate stock levels and thereby achieve fuel security of the country.

c) Cross country pipeline project

The Dolphin pier at the Colombo Port is equipped with loading arms and other facilities to unload imported petroleum products like Diesel, Petrol, Kerosene, Aviation Turbine Fuel (Jet A-1) and Furnace oil and to transport them through the existing three pipelines to the Kolonnawa Terminal which are about 40-70 years old and are in need of immediate replacement (or rehabilitation) for a continuous and uninterrupted operation in the future. These pipelines had been built in 1940s for the transport of petroleum products from the Colombo port to the Kolonnawa Installation out of which two pipelines have already been abandoned many years back due to the inability of carrying out maintenance and repairs as a result of the illegal encroachments on the pipeline terrace by squatters.

Two more pipelines had been constructed in 1969 along with the construction of Sapugaskanda Oil Refinery. The original 70 years old pipeline and the other two old pipelines which are about 43 years old are handling the total imports of finished petroleum products and crude oil whereas the design life span of such petroleum pipelines are only 25 years.

Renovation and modernization of these pipelines have been a very urgent need as a large quantity of the national requirement of the petroleum products is being transported into Kolonnawa fuel storage terminal through these deteriorated pipelines.

Expected Benefits:

- Fulfill national requirement of petroleum products
- Efficient transportation of petroleum products from Colombo port to Kolonnawa Terminal
- Maintain the quality of imported petroleum products until they reach end consumers
- Preparation for future demand and maintain continuous supply
- Reduce stock losses and reduce financial losses to CPC and CPSTL
- Reduce high maintenance cost of deteriorated pipelines

The Ministry coordinates all activities of the project with CPC and CPSTL. All most all the preliminary steps of this project such as preliminary Topographical Surveys, Geographical Surveys, Initial Environmental Examination, identification of most suitable (feasible) pipe laying route, provision for compensation and remedies to the affected parties have been completed. Now it is in the process of finding funds and selecting a suitable contractor to implement the said project in time. This Ministry has taken several actions and policy decisions to implement this project.

As per the CPSTL Director Board decision dated 24.12.2015, the scope of this project will be to lay 01 new piggable 14” dia. pipeline, to lay 01 new piggable 18” dia. Pipeline and to lay three segments of 12” pipeline at shore, Dolphin pier & Orugodawatta main rail crossing including Terminal modifications at Kolonnawa Terminal & installation of loading arms at Dolphin Pier for three pipelines as an EPC contract for the entire project from Kolonnawa Terminal to Dolphin pier in Colombo port.

Subsequent to a Cabinet Memorandum No. 16/0785/746/002-I dated 28.04.2016 based on the said scope of work, Cabinet decision dated 10.05.2016 has been granted to proceed with the project on G-G method with 100% financing on EPC turnkey basis by obtaining only one comprehensive proposal from each country of United States of America, People's Republic of China, Republic of India and Government of Malaysia recommended by the respective Embassy/ High Commission. Accordingly, the procurement process is in progress and Request for Proposals received from those countries are being evaluated.

d) Project on upgrading and expansion of Fuel Hydrant System and Refueling Terminal at BIA, Katunayake

The Ministry with Ceylon Petroleum Corporation has taken necessary steps to enhance the aviation refueling terminal and fuel hydrant system at BIA in par with the Bandaranayke International Airport (BIA) Phase II, Stage 2 development project. The construction of additional storage facilities, expansion and modifications of the fuel hydrant system at BIA are the major components of this project. The total estimated cost of this project as per the engineering estimate is around USD 61 million and it has been planned to be carried out by Ceylon Petroleum Corporation under the purview of this Ministry in collaboration with the Airport and Aviation Services Limited (AASL) of Sri Lanka.

As per the Cabinet decision No. 15/1883/746/008/TBR dated 09.12.2015, bids on the basis of ICB procedure were called in order to select a suitable EPC

contractor. The contract has been awarded to M/s WEC Engineers and Constructors Pte Ltd and China National Chemical Engineering Co. Ltd at the cost of USD 51.5 Million. The project has been planned to complete by July 2020.

e) Project on development of upper oil tank farm at Trincomalee

Trincomalee harbor is the world's second deepest natural harbor which has received the world attention for its strategically important geographic location in the Indian Ocean. It was used as the centre of British Naval Fleet in the region during the colonial times and towards the end of the first world war. British government built the tank farm in the late 1930's where the entire facility originally contained 102 riveted steel tanks each having a capacity of 12,500 m3. Currently, 14 tanks are being used by Lanka India Oil Company (LIOC) in the lower tank farm for their operations and there are 85 tanks in upper tank farm abandoned without utilization due to various reasons.

CPC being the main player in downstream petroleum operations in the country is currently exploring profit oriented business opportunities. For CPC to expand their current business activities such as bunkering, bitumen, lubricants and LPG operations, it should have sufficient infrastructure facilities with storage facilities, efficient discharging facilities, transfer pipelines and other associated facilities.

Fuel can be imported and distributed from Trincomalee tank farm to filling stations and other bulk consumer locations in Eastern, Northern, North Central and North

Western Provinces saving transport costs and reducing traffic congestion. Also, it is possible to carry out oil operations under any weather condition at the Trincomalee port without any disturbance. The ability to use rail transport is also an added advantage. Increased revenue through lower costs & enhanced sales and less jetty and pipeline charges are benefits which could be gained by CPC.

Also, when considering the geographical location of Sri Lanka, there is a good opportunity to use the said tank facility as an oil trading platform not only in the region but also globally.

In view of the business ventures which can bring more foreign exchange, increased technical capacities and creation of more employment opportunities in the country, a Cabinet Memorandum No 16/0786/746/008 dated 28.04.2016 was submitted to the Cabinet of Ministers for seeking its approval to hand over the ownership of 16 nos of tanks including lands in the Trincomalee upper tank farm to Ceylon Petroleum Corporation to proceed with rehabilitation/development and to formulate a suitable mechanism for development of other remaining tanks at upper tank farm by CPC and Lanka India Oil Company jointly.

In the meantime, subsequent to a Cabinet Memorandum on “Handing over the operations of the Trincomalee upper tank farm to a joint venture formed by the Ceylon Petroleum Corporation and the Lanka Indian Oil Company” No 16/1062/702/042 dated 06.06.2016 submitted by the Hon. Prime Minister, a Cabinet decision dated 07.06.2016 has been granted

- i. to hand over the operations of the Trincomalee upper tank farm, consisting of 84 tanks, to a joint venture formed by the Ceylon Petroleum Corporation and the Lanka Indian Oil Company PLC and to develop 30 tanks at a time, with a time bound Action Plan
- ii. to request the Hon. Prime Minister to decide on a suitable mechanism for the implementation of the (i) above, in association with the Minister of Petroleum Resources Development, the Minister of Development Strategies and International Trade and other relevant authorities and inform same to the Cabinet of Ministers.

At the CCEM held on 13.07.2016, its approval has been granted to appoint a consultant to develop a mechanism for a joint venture. Later, as per the Memorandum of Understanding signed between Sri Lanka and India in April 2017, it has been proposed to develop the said oil tank farm jointly with India. At the moment, it is at discussion level.

f) Establishment of a lubricant blending plant

Ceylon Petroleum Corporation has been successfully engaging in lubricant business and currently holds 11 percent of the market share. CPC is one of the three major competitors in the local lubricant market and two others are Chevron Ceylon Limited and Lanka Indian Oil Company. The top two market share holders have captured their share with all production benefits gained through their local blending plants. However, the CPC has been able to reach the third place of the lubricant market by selling only

imported finished lubricant products. The average annual turnover of Rs. 2.5 billion is about 0.5 percent of the turnover from the lubricant business of the CPC and this could be considered as a separate profitable business arm of the Corporation.

In view of the above, CPC under the guidance of this Ministry has taken steps to establish a state-of-the-art lubricant blending plant at Muthurajawela in collaboration with Hyrax Oil SDN BHD, Malaysia under the BOT model (Build, Operate and Transfer) to cater to the local market as well as to the export market. The plant has been designed to build with the total production capacity of approximately 72,000MT of lubricant and transformer oil per annum to ensure smooth supply to the customer. The total estimated cost of this project is USD 13 million and it will be fully invested by the contractor; Hyrax Oil SDN BHD, Malaysia.

With the establishment of the lubricants blending plant, price reductions would be expected in the lubricant market in the country in addition to benefits such as increasing profitability for CPC due to increased market share, foreign direct investment, enhance support services to CPC and its dealer network, create employment opportunities, saving foreign exchange, technical trainings and technology transfer, capturing export market, uninterrupted supply of quality lubricants without stock holding cost, opportunities for auxiliary industries and ability to cover up the losses of CPC.

The relevant Agreements have been signed by Ceylon Petroleum Corporation with Hyrax Oil SDN BHD, Malaysia on 6th May

2016 and the construction works were commenced accordingly. Time extension was given to complete the construction and commissioning the plant by the end of December 2017. However, with the change of the CPC's management in May 2017 commissioning of the plant has taken delayed since they needed to study the viability of the project.

g) Construction of Jet A-1 fuel transfer pipeline from Muthurajawela to BIA and associated facilities

A Jet A-1 fuel pipeline from Muthurajawela to BIA, Katunayake has been proposed considering the present difficulties faced in fulfilling the ever increasing Jet A-1 fuel demand at the BIA due to limitation of present supply modes, quality issues related to the existing fuel supply and possibility of reducing the associated costs to provide aviation fuel at a competitive price. Moreover the current expansion project of BIA is expected to increase the passenger turnover resulting further increase of Jet A-1 fuel demand at BIA. After conducting a preliminary study, Ceylon Petroleum Corporation under the guidance of the Ministry awarded the contract to Asprofos Engineering S.A. in order to carry out the detailed feasibility study of the proposed Jet A-1 pipeline and associated developments. The scope of work of the Consultant also includes Logistics Study on linking main fuel storage terminals in Colombo. The report of feasibility study has already been submitted by the Consultant and the Department of National Planning has conceptually agreed to implement the project with a suitable funding mechanism.

In the meantime, considering the public inconvenience and the risks arisen with the proposed route of the pipeline, it was discussed at the OCEM and CCEM with relevant parties; Ministry of Higher Education and Highways and Road Development Authority to see the possibility to lay down the pipeline along the right of way of Colombo-Katunayake Expressway which will also cause to reduce the cost of the project. Currently, CPC has planned to carry out a further study through the same consultant as the inspection committee appointed as per the instructions given by CCEM has recommended.

h) Project on expansion of bulk depot in Northern Province

The bulk depot in Northern Province is located on the premises of Cement Corporation at Kankasanthurai. Cement Corporation has requested CPSTL to move out from their premises at the end of year 2011. Accordingly, Ceylon Petroleum Storage Terminals Limited tried to find a suitable land to establish a new bulk depot with the capacity of Diesel 4500m³, Petrol 2500 m³, Furnace Oil 2500 m³ and Kerosene 1000 m³ along with other associated facilities.

Expected Benefits;

- Uninterrupted supply of fuel in the Northern Province
- Maintain required environment and safety conditions
- Provide continuous supply of fuel for industrial sector which shows rapid growth after the war in the Northern and Eastern Provinces
- Reduce fuel transportation cost by using railway
- Customer satisfaction by providing quality products on continuous basis

However, under the guidance of Hon. Minister, several discussions were carried out with Ceylon Cement Corporation to release the land facility and continue the existing facility of CPSTL. Accordingly, a Cabinet Memorandum on “Acquisition of the land block at Kankasanthurai where the regional Bulk Depot of Ceylon Petroleum Storage Terminals Limited is situated, for the Ceylon Petroleum Corporation and develop the same” No.16/1891/746/001-I dated 13.09.2016 was submitted. Since there is an issue regarding the ownership of the said land block, actions are being taken to settle the issues as per the Cabinet decision.

2. Imports of Petroleum Products

CPC is significantly contributing to the development of the country via the importation and distribution of petroleum products. CPC always ensures the importation of quality and

innovative products enabling to enhance the customer satisfaction. Table 2.1 shows the details of refined petroleum products imported in 2016 and 2017.

Table 2.1 CPC's Imports of Refined Petroleum Products 2016 – 2017

Products	2016		2017	
	Quantity		Quantity	
	Barrels '000	MT '000	Barrels '000	MT '000
Auto Diesel	9,070	1,213	10,560	1,416
Super Diesel	493	65	493	65
Petrol- 92 Octane	5,394	634	6,361	746
Petrol- 95 Octane	931	110	1,204	146
Jet A-1	2,671	337	2,235	282
Low Sulphur Fuel Oil (180 CST)	1,131	173	2,039	313
Total	19,690	2,532	22,892	2,968

The Graph 2.1 below shows the trend of importation of Petrol, Diesel and Jet A-1 from 2014 to 2017. It reveals that during the period, there is a substantial rise of the said products' sales in Sri Lankan market.

Graph 2.1 CPC's imports of Petrol, Diesel and Jet A-1 2014 – 2017

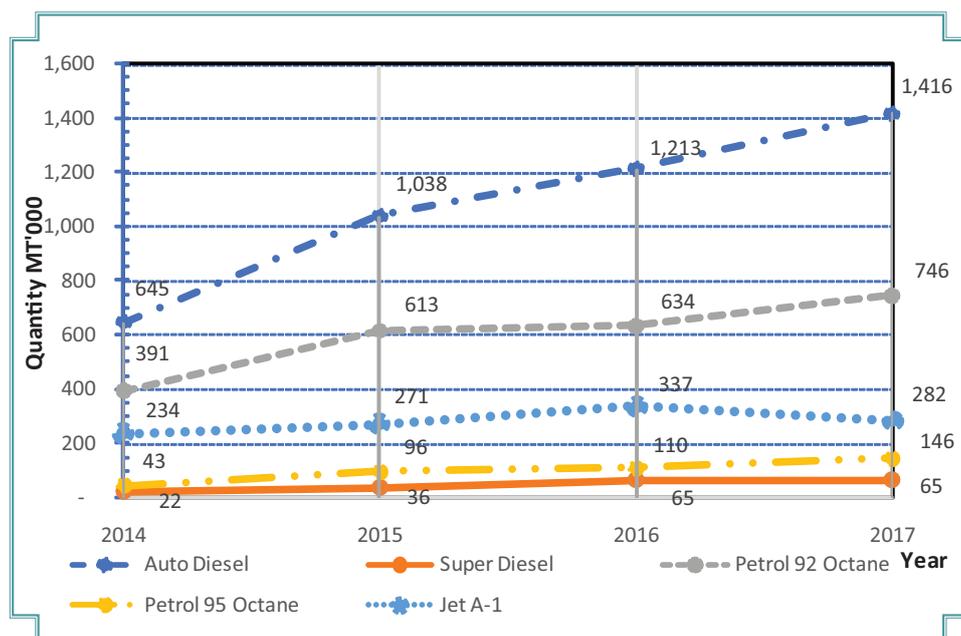


Table 2.2 below indicates the imports of crude oil from 2013 to December 2017.

Table 2.2 Imports of Crude Oil from 2013 – 2017		
Year	Quantity (MT'000)	Value of Imports (CIF) Rs. Million
2013	1,743	182,064
2014	1,824	187,760
2015	1,773	100,578
2016	1,685	87,198 (DES)
2017	1,499	100,911 (DES)

The Table 2.3 below shows the details on demand forecast of CPC for the petroleum products in 2018. Lanka Auto Diesel will be considered as the highest demanded product (quantity wise) in 2018. Naphtha import will not be forecast by CPC in 2018 and Refinery produced Naphtha will be sufficient for domestic consumption.

Table 2.3 Demand forecast of Petroleum Products by CPC–2018 (Quantity in MT)			
Product Name	Total Sales Forecast	Refinery Production	Quantity to be Imported
Gasoline 92	1,000,000	162,400	837,596
Gasoline 95	180,000	-	180,000
Lanka Auto Diesel	1,760,100	500,300	1,259,800
Lanka Super Diesel 4 Star	100,000	-	100,000
Fuel oil	788,200	478,800	309,400
Naphtha	118,500	118,500	-
Jet A - 1	535,000	227,040	307,960
Industrial Kerosene	5,500	-	5,500
Bitumen	15,000	-	15,000
SBP/Solvent	1,000	1,000	-
Kerosene	154,000	56,760	97,240
LPG	15,000	15,000	-

Table 2.4

Government Taxes imposed on Petroleum Products (as at 01 /01/2017)

Product	H/S Code	CID	VAT	EXCISE	PAL	CESS	NBT
Gas Oil	2710.19.40	Rs. 12 (Per Liter)	Nil	Rs.13 Per Liter	7.5% (CIF Value)	-	Nil
Gasoline	2710.12.20	Rs.25 (Per Liter)	Nil	Rs. 27 Per Liter	7.5% (CIF Value)	-	Nil
Jet A-1	2710.19.20	Nil	Nil	Nil	0%	-	Nil
Fuel Oil	2710.19.60	Nil	Nil	Nil	7.5% (CIF Value)	-	Nil
Crude Oil	2709.00.10	Nil	Nil	Nil	2.5% (CIF Value)	-	Nil
Bitumen	2713.20	Nil					

3. Storage and Distribution of Petroleum Products

3.1 Fuel Storage

Ceylon Petroleum Storage Terminals Limited (CPSTL) owns two main installations i.e. Kolonnawa and Muthurajawela and 11 bulk depots Island-wide. Based on the volumes handled and future expansion capability, the bulk depots are categorized into two types.

Grade I depots:

Peradeniya, Galle, Kurunegala, Batticaloa, Anuradhapura, Badulla, & Kankasanthurai

Grade II depots:

Kotagala, Haputale, Matara, Sarasavi Uyana

Kolonnawa Installation handles 12 petroleum products i.e Naphtha, Aviation Gasoline 100 octane, Gasoline 95 octane, Gasoline 92 octane, Illuminating Kerosene, Jet fuel, Industrial Kerosene, Special Boiling Point Products (SBP), Super Diesel, Auto Diesel, Fuel oil 800 Sec., Fuel oil (High Sulphur) 1500 Sec. and its tank capacities are given in Table 3.1 below;

Product Type	Storage Capacity (MT)
Naphtha	13,570
Gasoline 95 Octane	18,570
Gasoline 92 Octane	47,900
Illuminating Kerosene	16,700
JET A-1	30,000
Auto Diesel	49,065
Super Diesel	12,940
Fuel oil 800/1000 sec.	53,870
Sp. Boiling Point (SBP)	770
Industrial Kerosene	1,564
TOTAL	244,949

Muthurajawela Installation handles 04 petroleum products i.e Gasoline 92 octane, Kerosene, Auto Diesel, Low Sulphur fuel oil 1500 Sec. and its tank capacities are given in Table 3.2 below;

Product Type	Storage Capacity (MT)
Gasoline 92 Octane	53,829
Illuminating Kerosene	4,225
Auto Diesel	112,814
Fuel oil 1500 Sec. L.S	51,904
TOTAL	222,772

3.2 Fuel Distribution

Distribution Function of CPSTL undertakes deliveries of bulk products on behalf of two marketing companies i.e. Ceylon Petroleum Corporation (CPC) and Lanka India Oil Company (LIOC). There are two main terminals at Kolonnawa and Muthurajawela. In order to carry out fuel distribution island-wide, CPSTL operates 11 outstation bulk depots and 01 Inland Rail Side Depot (IRD) through rail bogies and road tanker trucks from Kolonnawa & Muthurajawala terminals. Aviation fuel is stored only at Kolonnawa terminal and transferred to BIA Katunayake on daily basis by rail bogies & road tanker trucks. Furnace oil at Kolonnawa terminal is transferred to power plants by pipeline & road tanker trucks.

Kolonnawa terminal receives bulk products from refinery and through imported tankers discharged at Dolphin Pier at Colombo Harbour. Muthurajawela terminal receives

only imported cargo discharged through SPBM located approximately 06 km off Kerawalapitiya coast.

CPSTL's sales from respective locations from 1st January to 31st December 2017 are given in Tables 3.3 and Table 3.4 below. Total sales of petroleum products by CPSTL's locations during the reporting period is 3,293,282.34 kiloliters. 54% out of total products sales at Kolonnawa and Muthurajawela terminals have been transported by hired bowsers. 10% of products have been transported by

CPSTL's own bowsers while 21% products sales have been transported by pipelines. During the reporting period, only 1% of products have been transported by railway wagons while remaining 14% through collection by the customers themselves. Out of total products sales at bulk depots island-wide, 52% sales have been channeled through CPSTL's owned bowsers. 42% sales have been channeled through hired bowsers while remaining 6% through collection by consumers themselves.

Table 3.3 CPSTL's bulk products sales at Kolonnawa & Muthurajawela Terminals - 2017			
Products	Distribution Channel	Total Volume (KL)	Grand Total (KL)
Gasoline 92 Octane	Wagon(W)	-	876,278.70
	CPSTL(C)	188,377.20	
	Hired(H)	552,205.50	
	Collection(X)	135,696.00	
Lanka Auto Diesel(LAD)	W	38,262.87	1,472,591.61
	C	85,008.00	
	H	826,801.80	
	X	202,006.20	
	Pipe line(Power plant)	320,512.74	
Lanka Kerosene& Industrial Kerosene (LK& IK)	C	11,800.80	126,898.20
	H	99,112.20	
	X	15,985.20	
Lanka Furnace Oil(LFO)	W	1,714.05	478,436.43
	C	1,544.40	
	H	28,142.40	
	X	85,404.00	
	Pipe line(Power plant)	361,631.58	
Lanka Super Diesel(LSD)	C	10,098.00	104,260.20
	H	83,424.00	
	X	10,738.20	

Gasoline 95 Octane	C	31,105.80	224,598.00
	H	174,979.20	
	X	18,513.00	
Jet A-1	W		5,137.20
	C	5,137.20	
	H	-	
	X	-	
X Tra Mile	W	-	4,270.20
	C	211.2	
	H	3,861.00	
	X	198	
Lanka Solvent(SBP)	W	-	811.80
	C	462	
	H	349.8	
	X	-	
Total	W	39,976.92	3,293,282.34
	C	333,744.60	
	H	1,768,875.90	
	X	468,540.60	
	Pipe line (Power plant)	682,144.32	

Table 3.4

CPSTL's bulk products sales at Bulk Depots in Island-wide - 2017

Depots	Distribution Channel	Total Volume (KL)	Grand Total (KL)
Anuradhapura	CPSTL (C)	65,194.80	185,803.20
	Hired (H)	98,617.20	
	Collection (X)	21,991.20	
Badulla	C	44,682.00	75,939.60
	H	28,564.80	
	X	2,692.80	
Batticaloa	C	82,585.80	82,618.80
	H	33.00	
	X	-	

Galle	C	74,877.00	154,298.10
	H	76,121.10	
	X	3,300.00	
Haputale	C	46,737.90	64,650.30
	H	17,912.40	
	X	-	
KKS	C	71,953.20	74,038.80
	H	1,999.80	
	X	85.80	
Kotagala	C	65,739.30	67,343.10
	H	99.00	
	X	1,504.80	
Kurunegala	C	59,438.77	203,015.17
	H	112,101.00	
	X	31,475.40	
Matara	C	57,710.40	184,041.00
	H	105,362.40	
	X	20,968.20	
Peradeniya	C	136,666.20	205,332.60
	H	63,703.20	
	X	4,963.20	
Sarasaviyana	C	22,961.32	26,320.72
	H	3,359.40	
	X	-	
IRD Vavuniya	C	-	76,012.20
	H	76,012.20	
	X	-	
Total	CPSTL(C)	728,546.69	1,399,413.59
	Hired(H)	583,885.50	
	Collection(X)	86,981.40	

4. Sales of Petroleum Products

4.1 CPC's Sales

An average of 20% price reduction has been made for all petroleum products with effect from January 2015 and as a result, a sudden increase in demand has been observed. However, this increase is significant in Petrol 92 Octane and 95 Octane. This trend has continued even in 2017. CPC has recorded a sale of 1,210 Million liters of Petrol 92 Octane in 2017 and the growth rate is about 7.74% for the parallel period as against the year 2016.

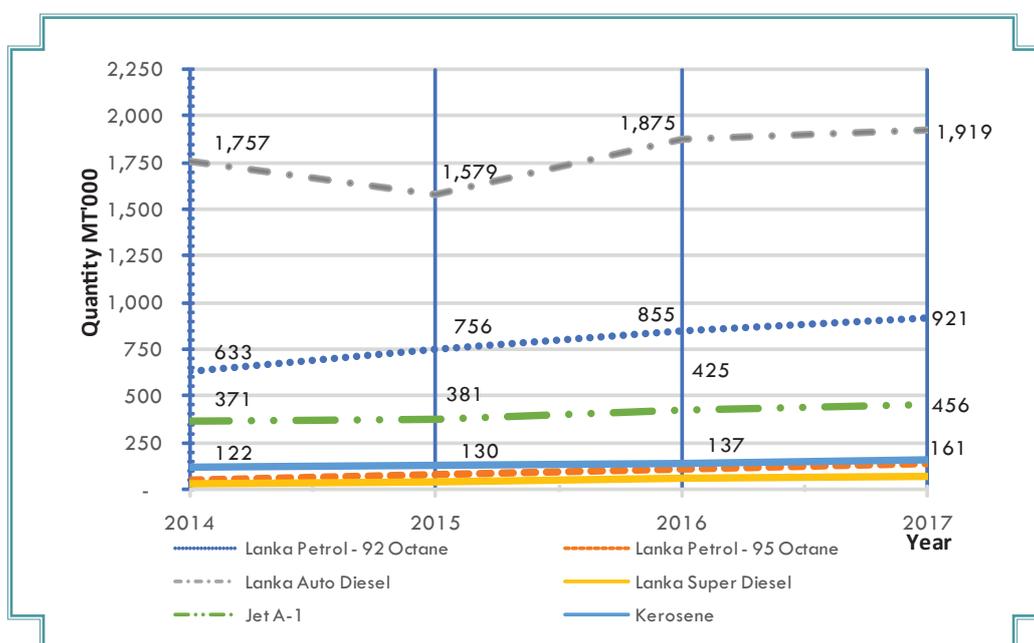
With the increased number of hybrid vehicles of which fuel economies exceed that of the diesel driven vehicles, the demand for Lanka Auto Diesel is almost stagnate and it has been marginally increased during 2015 -2017. More than 55% of the demand for petroleum products in the country comes from the transport sector. CPC's island-wide sales of petroleum products are shown in Table 4.1 below.

Type of Product	Retail Sales			Consumers Sales			Total Sale		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Lanka Petrol - 92 Octane	751,466	850,105	916,426	4,809	4,793	4,594	756,275	854,898	921,020
Lanka Petrol - 95 Octane	77,110	105,698	131,483	4,556	4,546	4,405	81,667	110,244	135,888
Lanka Auto Diesel	1,269,120	1,322,812	1,331,815	310,017	552,557	587,152	1,579,137	1,875,369	1,918,967
Lanka Super Diesel	46,583	62,962	74,656	308	214	147	46,891	63,177	74,803
Lanka Kerosene	121,680	130,954	155,074	578	554	542	122,258	131,508	155,616
Lanka Industrial Kerosene	778	586	467	6,574	4,840	4,590	7,351	5,426	5,067
Lanka Chemical Naptha				99,227	120,187	139,303	99,227	120,187	139,303
Lanka Fuel Oil 800 Sec.				235,687	504,973	472,601	235,687	504,973	472,601
Lanka Fuel Oil 1500 Sec (High Sulphur)				105,249	37,384	60,879	105,249	37,384	60,879
Lanka Fuel Oil 3500 Sec.				13,174	-	-	13,174	-	-

Lanka Fuel Oil 1500 Sec (Low Sulphur)				57,388	83,185	240,016	57,388	83,185	240,016
Jet A 1				381,008	424,741	455,680	381,008	424,741	455,680
Lanka Solvents (SBP)				1,221	884	617	1,221	884	617
Total	2,266,737	2,473,117	2,609,930	1,219,796	1,738,858	1,970,526	3,486,533	4,211,977	4,580,457

Graph 4.1

CPC's Sales of Petrol, Diesel, Kerosene and Jet A-1 2014-2017 (MT'000)



4.2 Sales Outlets

The filling stations newly established are equipped with more facilities than at existing filling stations and the availability of CPC products has been increased during 2015-2017. Further, these new filling stations will offer the facility of Petrol 95 and Super

Diesel to consumers as most of the modern vehicles run on these advanced fuels. Petroleum products sales outlets belonging to CPC as at the end of 2017 are given in Table 4.2 below. Moreover, approval has been recently granted to open 46 nos. of new filling stations island-wide by CPC.

No	Province	As at end of 2017
01	Western Province	300
02	Central Province	102
03	Southern Province	140
04	Northern Province	182
05	Eastern Province	179
06	North Western Province	142
07	North Central Province	83
08	Uva Province	51
09	Sabaragamuwa Province	75
	Total	1,254

4.3 Sale of Fuels to Power Sector

Due to prevailing average weather conditions and moderate increase of the demand for electricity by industries as well as domestic

consumers, fuel sales for energy sector does not show any significant growth during the reporting period. CPC's sales to power plants are shown in Table 4.3 below.

Year	Ceylon Electricity Board						Independent Power Producers				Grand Total	
	Lanka Auto Diesel		Naphtha		Fuel Oil		Lanka Auto Diesel		Fuel Oil		Vol. Ltr '000	Value Rs. Mn
	Vol. (Ltr '000')	Value (Rs. Mn)	Vol. (Ltr '000')	Value (Rs. Mn)	Vol. (Ltr '000')	Value (Rs. Mn)	Vol. (Ltr '000')	Value (Rs. Mn)	Vol. (Ltr '000')	Value (Rs. Mn)		
2011	184,476	14,340	67,131	4,512	202,797	8,112	171,087	14,009	772,204	33,388	1,397,695	74,361
2012	251,599	27,693	89,701	7,491	203,315	12,655	213,443	21,094	881,606	57,831	1,639,664	126,764
2013	39,650	4,778	104,019	9,362	153,240	12,832	28,823	3,436	401,668	33,889	727,400	64,297
2014	191,105	23,113	136,091	12,248	165,423	14,992	138,579	16,828	455,518	46,653	1,086,716	113,834
2015	25,511	2,438	143,879	10,735	18,461	1,522	58,589	5,647	213,249	17,214	459,689	37,556
2016	141,006	13,395	174,270	12,896	258,643	20,691	223,968	21,250	156,968	12,711	954,855	81,213
2017	249,424	23,695	201,989	14,947	269,368	21,549	147,906	14,051	432,615	34,609	1,301,302	108,851

4.4 Sale of Lubricants

In spite of the shrinking market of lubricants in the automobile sector mainly due to the lubricants with long drain intervals, and hybrid vehicles which consume less lubricants, CPC has been able to maintain its lubricant business market share and has recorded an increased market penetration even with the absence of high demand for lubricants by industrial sector. Table 4.4 shows the details of sales of lubricants by CPC during the period of 2011 – 2017 below.

Year	Volume (KL)	Value (Rs. Million)
2011	5,146	1,593
2012	5,602	1,986
2013	5,520	2,086
2014	5,687	2,384
2015	5,326	2,244
2016	5,445	2,296
2017	5,412	2,326

4.5 Sales of Agrochemicals

The CPC's agrochemical business has faced the worst ever crisis in its history after the banning of products namely Dimethoate, Carberry, Chlorpyrifos, Carbofuran, 3-4 DPA, Glyphosate during year 2015 by the government. These banned products, especially Glyphosate, contributed to about 60% volume and recorded highest turnover of this function. This situation has been further deteriorated due to the absence of reputed suppliers of agrochemicals with whom CPC has tied up exclusively.

Further, steps have been taken to introduce several new products during year 2016 namely, Abamactine, Pretiachlor and Tebuconazole and CPC could expect growth in this sector after introduction of the said new products. Action has been taken to register more new products with relevant authorities for the year 2017. The quantity of agrochemicals imported during the period from 2015 to 2017 is shown in Table 4.5 below.

Product	Quantity		Value (US\$)	Value - Rs Million (Local Purchases)
	Litre	Kg		
2015				
Glyphosate	508,000	-	171,880	-
Profenophos	5,000	-	28,250	-
Phenthat 50%	5,000	-	37,750	-
M.C.P.A. 60%	5,000	-	-	3.42
Total -2015	91,000	-	237,880	3.42

2016				
B.P.M.C.50%	10,000	-	36,700	-
Acephate 75%	-	14,400	151,200	-
Captan 50%	-	3,000	16,800	-
Diuron 80%	-	28,000	130,200	-
M.C.P.A. 60%	10,000	-	-	7.03
Manocozeb 80% WP	-	14,000	41,300	-
Total -2016	20,000	59,400	376,200	7.03
2017				
Abamactin	2,000	-	-	5.0
Pretilachor	3,000	-	-	3.3
Tebuconazole	1,000	-	-	2.5
Mancozeb	-	14,000	-	6.5
Total 2017	6,000	14,000	-	17.3

4.6 Sale of Aviation Fuel

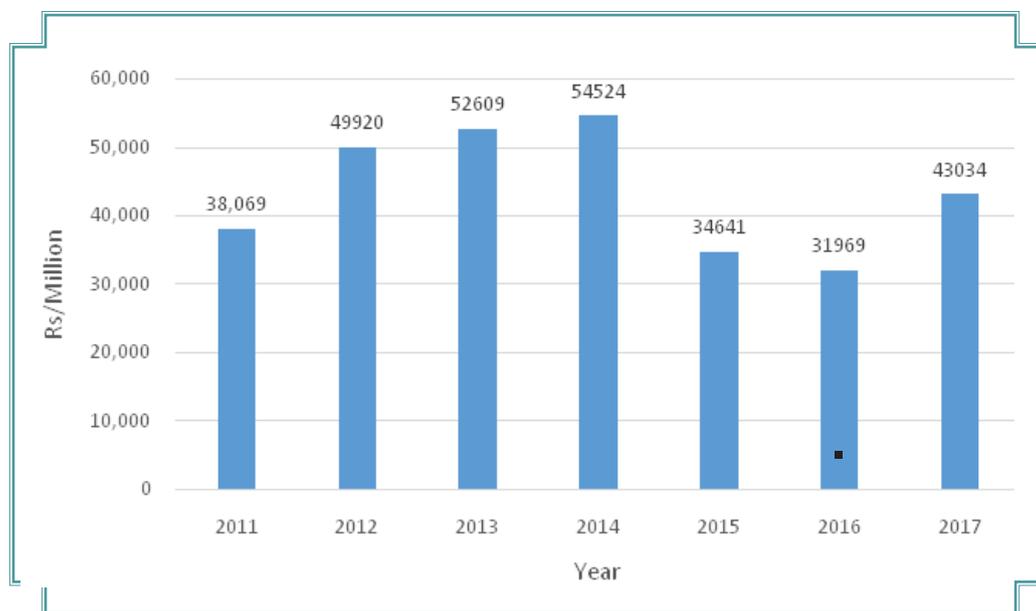
Aviation Function of Ceylon Petroleum Corporation provides its services at three refueling terminals namely Aviation Refueling Terminal at Bandaranaike International Airport (BIA), Aviation Refueling Terminal at Mattala Rajapakse International Airport (MRIA) and Aviation Refueling unit at Rathmalana Airport.

The Ceylon Petroleum Corporation, being a state organization and the sole supplier of aviation fuel in Sri Lanka is responsible for ensuring that required demand of aviation fuel by the customer airlines are fully met, efficiently and effectively complying with stringent international standards. Aviation refueling is given the highest priority and consideration all over the world to ensure the safety in the air among all other factors,

since a large number of human lives are at high risk than on ground.

In the aviation refueling industry, the maintenance of a high level of quality assurance and a quality control program are of paramount importance. In this regards CPC has taken every precautionary measure to ensure quality both in services and products in its supply chain up to the delivery point. The facilities are subject to annual audit by many international organizations, which include Joint Inspection Group of customer Airlines, Civil Aviation Organizations.

It is important to note that CPC has been able to achieve accreditation with the rate of “Good” (above average status) for the years 2014 and 2015 for aviation refueling terminal at BIA for the first time in 27 years of Sri Lankan Aviation history.



Ceylon Petroleum Corporation is serving around 50 airline customers and third – party fuel marketing companies around the globe with average sale of 1.6 million liters per day. Some of the major Airline customers are as follows.

- Sri Lankan Airlines – Airlines customer
- Emirates – Airline customers
- Turkish Airlines – Airlines Customers
- Saudi Arabian Airlines – Airline Customer
- Air Arabia – Airline customer (Budget Airline)
- Cargo Air Chartering – Third party player
- Oman Air – Airline Customer
- Jetex Flight Support – Third party player
- Aster jet fuel Pvt Limited – Third Party player
- Moon Jet Flight Support – Third party Player
- Thai Airways – Airline customer
- Uvair – Third party player
- ENOC – Third part player
- Aviation Service Management – Third Party player
- Kuwait Airlines – Airline customer
- World Fuel Service – Third party player
- Qatar Airways – Airline customer
- Hadid Fuel Operations Department – Third Party Player
- Spice Jet – Airline customer
- Mihin Lanka – Airline Customer
- Aurora Aviation – Third Party Player
- Rotana – Airline Customer
- United Aviation Services – Third Party Player

4.7 Refinery Production

CPC's refinery at Sapugaskanda contributes to approximately one third of petroleum oil requirement of the country. Table 4.6 below

shows oil production by CPC's refinery for the period from 2005 to 2017 while the Graph 4.3 shows the percentage of refinery production in 2017.

Graph 4.3

Refinery Production (Percentage) – 2017

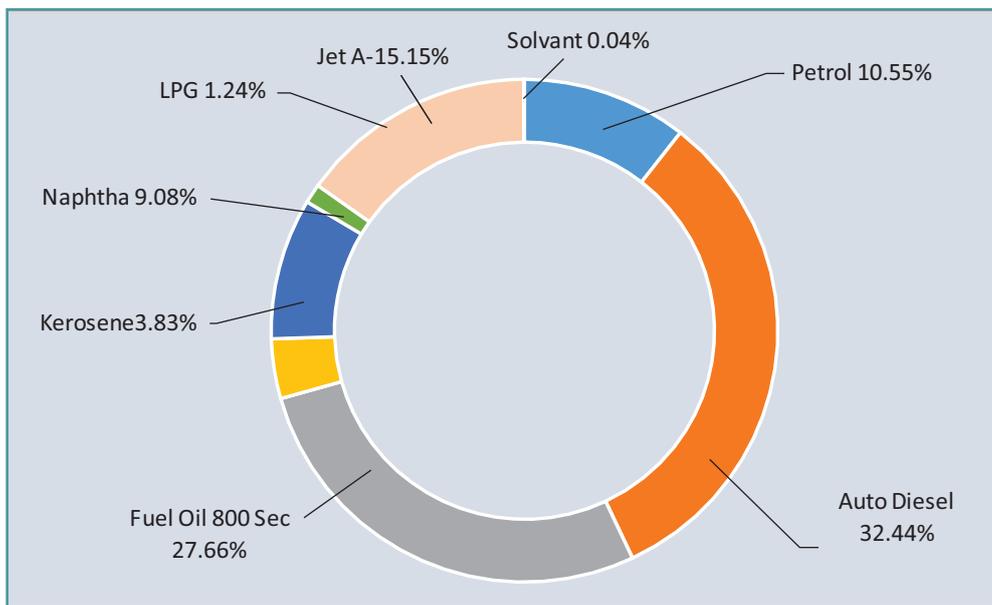


Table 4.6 Oil Production by CPC's Refinery 2005 - 2017 (MT)

Year	Crude Oil Input	Output													Total Output	
		Petrol	Auto Diesel	Super Diesel	Furnace oil					Kerosene	Chemical Naphtha	Bitumen	LPG	Jet A-1		Solvent
					500 sec	800 sec	1000 sec	1500 sec	3500 sec							
2005	1,977,751	160,684	571,169	7,190	20,580	37,408	68,054	336,271	236,749	142,092	113,308	51,785	13,047	113,831	4,044	1,876,212
2006	2,140,132	193,585	628,210	-	16,510	35,135	88,063	372,985	253,533	143,930	109,175	55,386	14,721	130,926	5,878	2,048,037
2007	1,899,078	163,291	444,593	-	-	100,934	4,505	393,850	272,380	97,409	91,768	35,197	16,237	171,043	4,559	1,795,766
2008	1,868,346	163,702	451,132	-	-	18,801	-	468,002	244,402	111,133	100,416	45,450	16,208	154,433	2,562	1,776,241
2009	2,014,850	179,096	485,302	-	-	35,901	-	462,577	282,048	82,513	105,159	41,588	24,348	195,406	972	1,894,910
2010	1,752,715	157,972	441,545	-	-	47,918	-	396,034	241,930	92,775	84,289	34,945	22,927	126,407	2,734	1,649,474
2011	2,003,561	206,466	501,122	-	-	54,283	-	480,854	244,758	92,924	80,011	46,062	24,150	155,357	3,814	1,889,766
2012	1,596,059	151,536	394,161	-	-	66,953	-	364,607	217,240	74,909	69,841	26,548	17,437	93,159	3,699	1,480,090
2013	1,643,218	143,959	389,717	-	-	56,011	-	521,224	146,550	57,297	86,505	5,025	22,168	124,544	2,987	1,555,979
2014	1,760,170	152,261	495,983	-	-	52,011	-	419,579	169,037	65,195	120,116	-	28,116	168,481	2,514	1,673,293
2015	1,765,466	165,148	532,555	-	11,373	344,156	-	204,847	-	78,360	148,247	-	10,457	164,314	1,594	1,661,051
2016	1,746,180	165,782	578,657	-	-	478,901	-	-	-	104,244	154,467	-	8,837	147,525	635	1,639,047
2017	1,646,041	164,564	506,046	-	-	431,524	-	-	-	59,782	141,688	-	19,416	236,360	619	1,559,999

5. Infrastructure Development

5.1 Ceylon Petroleum Corporation

(a) Upgrading of Automation System at Sapugaskanda Terminal

This project was commenced to upgrade the terminal automation system at Sapugaskanda Distribution Terminal since the existing software and associated instrumentation have become obsolete now. Installation & commissioning of Terminal Automation was completed during the 4th quarter of 2017. Conducting of site acceptance test is in progress.

(b) Installation of new Steam Boiler for Refinery

This project was initiated with the intension of replacing old power boilers and to enhance the reliability of process steam required for refinery operation. The tender was awarded to Ruth Company in Italy and the boiler fabrication was completed at the supplier's workshop in Italy. The commissioning works were completed with the representatives from the Ruth and performance testing was commenced at the end of year 2017.

(c) Installation of Air Compressor with Motor at Refinery

The objective of this project is to improve the reliability of instrument air system which is vital for the refinery operations. An order was placed for the air compressor unit with all instrumentation and accessories. Compressor foundation and compressor hut were constructed by a separate tender. Compressor unit was successfully commissioned in 2nd quarter 2017.

(d) Replacement of Crude Distillation Column, Gas Oil Hydro-treater Unit Reactor & Platformer Unit for Refinery

The objective of this project is to increase the reliability of refinery process units by avoiding operational difficulties and potential risks of the plant & to increase profitability as a result of least technology. Invitations were called for expression of Interest (EOI) to select competent parties to carry out Front End Engineering Design (FEED). Two parties were selected as eligible process licensors to carry out the FEED study. Tender document was prepared to carry out FEED study and Cabinet Appointed Procurement Committee (CAPC) approval was obtained and was sent to selected process licensors. A pre-bid meeting was held on 15th November 2017 and the only party who had participated at the meeting, requested an extension for bid submission & completion of the FEED study. Accordingly, CAPC approval was obtained to extend the bid opening date up to 31st March 2018. Accordingly, the works are in progress.

5.2 Ceylon Petroleum Storage Terminals Limited

a) Installation of Closed Circuit Television (CCTV) Camera System at CPSTL oil installation, Kolonnawa

CPSTL Oil Installation, Kolonnawa is a vulnerable location with respect to security aspects and it is essential to have a CCTV camera system to monitor online as well as to store data for forensic purposes. Further, tank farm, pump houses and other important

locations are also needed to be monitored online and also for forensic purposes. Therefore, a reliable and effective CCTV system has to be installed at oil installation at Kolonnawa for this purpose. As per the preliminary study conducted, about 66 nos. of different types of cameras are to be installed within the oil installation.

Total estimated cost for installation of 66 Nos. of different types of cameras and laying a fiber optic backbone with servers and other equipment is estimated as Rs. 50 million approximately. Since it was decided to change the scope of this project enabling to include RFID system application, the relevant documents were prepared. Currently the actions are being taken to call quotations.

b) Development of existing bulk depot at Anuradhapura

It is required to upgrade to bulk depot at Anuradhapura to cater future requirements fulfilling code requirements including enhancing of storage and gantry filling capacity, improvements to pump house, piping system and firefighting system, shifting of administration building and rest rooms etc. Total estimated cost is Rs. 300 million.

Soil testing was completed and approval of the Archeological Department has been obtained for excavation. Bids received are being evaluated. In the meantime, it was noted that the existing land for the proposed project is not sufficient and therefore, discussions are being carried out with Sri Lanka Railways (SLR) to acquire a 4 acre land which is belonging to the SLR. The project has been temporarily stopped due to this land acquisition issue.

c). Civil works at CPSTL Muthurajawela terminal

CPSTL Muthurajawela terminal was commissioned in year 2004 to deliver 500MT of three products per day with a total staff of 52 nos. Due to the increased demand of fuel in the country in addition to above three products, petrol delivery has to be started and presently about 6,000 MT of fuel is delivered per day from the Muthurajawela Terminal with 272 nos. Staff. Therefore, it is necessary to develop the infrastructure facilities enabling to continue with the present quantity delivered from Muthurajawela Terminal. Total estimated project cost is Rs. 182 million and project period is one year.

Consultant's final proposal in this regard has been received. Tender process has been commenced. Sri Lanka Land Reclamation and Development Corporation has agreed to allocate 3 acre land adjoining to the Muthurajawela Terminal and a joint inspection with the officials of SLRDC was conducted.

d) Design, construction & supply of a state-of-the-art petroleum laboratory at Kolonnawa Installation

The current petroleum laboratory at the CPSTL was designed and built in 1962 by Shell Company. Except for the certain building modifications and additions to the laboratory, it has not been upgraded to meet the latest standards for testing as well the guidelines for health, safety and environment. The equipment currently available at the laboratory are very old to suit the present laboratory.

The scope of the proposed project includes construction of laboratory building with

latest technologies/equipment enabling to provide more accurate and efficient services to the customers. Total estimated project cost is Rs. 625 Million and project period is 08 months. The bids received for this procurement is being evaluated.

e). Construction of a new 15,000 m³ capacity storage tank for Petrol at Kolonnawa Terminal

It is urgently required to construct a new 15,000 m³ capacity storage tank due to the limited storage at Kolonnawa Terminal for Gasoline. With the average 5% increase of annual demand at present in Sri Lanka, there should be sufficient storage facilities for Gasoline to maintain uninterrupted operations in the country. The construction period of the proposed project will be 18 months. Total estimated project cost is Rs. 495 Million. Tenders were called on ICB basis and contract was awarded to Ms/ Indo East Engineering & Construction (Lanka) Pte Ltd. The project has been planned to commence at the beginning of the year 2018.

f) Installation of 12” dia. pipeline segments at Road, Rail Crossings and at Mahawatte area where dwelling units exist

The 12” dia. pipeline is now being refurbished from South Jetty inside the Port to Kolonnawa terminal and about 2,471 m (out of the total 6,166 m) have already been

replaced by CPSTL adopting the open cut trenching methodology. For the balance replacement, new pipes have already been received by CPSTL stores and about 3,111 m of the remainder has been planned to replace using the open cut trenching methodology. Total estimated cost of the project is Rs. 600 Million and the proposed project will be 4 months. Procurement process by appointing a CAPC and TEC is in progress.

g) Disaster Recovery & Management Centre (DRMC) for CPSTL Data Centre

The DRMC project of CPSTL is to support 24x7 ERP system operations of CPSTL, CPC and LIOC throughout the year for their business activities during a disaster to the CPSTL Data Centre due to accidental or intentional disruption. All three organizations cannot run their business activities without the System. The project includes the upgrade of Hardware in the primary Data Centre, migration of Software to New Hardware from existing Server Systems and the setting up of the DRMC Hardware and Software at a designated hosting site which will be selected via the tender process after determination of the party for DRMC project. Total estimated cost of the Project is around Rs. 260 million and project period is 06 months. Tender was awarded to the successful bidder and currently, the project is at the final stage of completion.

6. Petroleum Exploration and Development

6.1 Joint Study in the Eastern Coast (JS5 and JS6 Blocks)

The Government of Sri Lanka has entered into a Joint Exploration Agreement with the French Super Major “TOTAL E & P Petroliers Activites” on February 18, 2016 to explore two ultra deep water blocks (JS5 & JS6) off the eastern coast of Sri Lanka. Eastern Eco DMCC is the TOTAL’s multi-client data acquisition partner who carries out the 2D seismic survey covering the joint study area on behalf of TOTAL. Due to the delay in signing the multi-client agreement with Eastern Eco DMCC and Government of Sri Lanka, the project could not be started during 2017 and seismic survey will be commenced soon after the signing the multi-client agreement by May 2018.

6.2. Natural Gas Commercialization (M2 Block in the Mannar Basin)

The marketing campaign launched with the assistance of IHS Global has been completed successfully in 2017 and preparation of bids documents for the mini bid round is at the final stage. It will be able to announce the M2 mini bid round in May 2018 to select a suitable investor for the development and production of the two natural gas discoveries in the Mannar Basin as well as to further explore and develop additional prospects. The natural gas discovered at the Dorado along is sufficient for generating 630 MW power plant over a period of 10 years. The greenlight of feasibility and the financial viability of the project is that in the current long term generation and expansion plan has left provision for 300 MW power

plant to be run by natural gas in the close proximity of the existing Norochcholai coal power plant and the location is just 40 km away from the Dorado discovery. Putting in place a well-tailored consistent delivery and off-take process of utilizing the indigenous energy sources has been long felt need and it will be a reality soon. However, it is expected to promote further exploration operation in the M2 Block via this bid round by allowing the selected investor to test and explore the complete block that hold evidence of both oil and gas prospect.

6.3. Oil Exploration in Cauvery C2 and C3 Blocks

As the validity period of 12 months granted to find a funding partner to Bona Vista was over as at 31/12/2017, the petroleum Resources Development Committee (PRDC) has given its approval to extend the period by 6 months. However, the PRDS is confident that the project will be off the ground in 2018. The total investment for the project is approximately US\$ 35 million and the work plan includes drilling of several exploratory wells and acquisition of thousand km of 2D seismic data over an eight years contract period.

6.4. Schlumberger Umbrella Multi-client Data Acquisition Project

Even though, the Agreement between Sri Lanka Government and Eastern Echo DMCC was scheduled to be signed in 2017, it was delayed due to technical errors of the Agreement. This Agreement for the Umbrella Multi-client survey with the

Eastern Echo DMCC which is one of the fully owned subsidiary affiliated to the pioneer offshore oil field service company of Schlumberger and is presently in the final phase of negotiating terms of operation having already obtained the views and recommendations of the Attorney General Department. The Agreement will be signed by early May 2018. The main objective of the project is to minimize the technical risk and the financial risk when investing oil exploration and exploitation in Sri Lanka off-shore areas.

6.5. Petroleum Exploration Activities in Blocks M1 and C1

According to the petroleum system modeling analysis jointly carried out by the Petroleum Resources Development Secretariat (PRDS) and few foreign Geo Science experts, a high potential for oil and gas can be expected in the region where blocks M1 and C1 are located. Based on one of foreign geo-science experts' opinion, the PRDS received one proposal from Serendive Energy Pvt. Ltd. for petroleum exploration in Blocks M1 and C1. Initial evaluation suggests that the work program of the above proposal is highly competitive and comprehensive. Therefore, after conducting further evaluations and negotiations via a CANC and a Project Committee, the PRDS wishes to enter into a Petroleum Resources Agreement (PRA) with Serendive Energy Pvt. Ltd. and award the C1 and M1 Blocks by June 2018. If this exercise is successful, it will be the 2nd PRA entered into in the modern exploration era of Sri Lanka hydrocarbon exploration history.

6.6. Marine Environment Baseline Study (MEBS) within EEZ of Sri Lanka

The PRDS initiated the MEBS project in collaboration with the National Aquatic Research and Development Agency (NARA) as an island-wide research study to gather marine environmental baseline data in the above stated region, as a pre-requisite for conducting the mandatory Environment Impact Assessments (EIAs) needed to be carried out prior to commencing petroleum exploration operations. NARA has already completed the project and the MEBS website will be launched in May 2018. The database is supposed to provide a time advantage to any hydrocarbon exploration company that would be operating in Sri Lankan territorial waters and would also be a revenue earning source for the GOSL as well. However, having such technologically advanced on line system in place will speed up the licensing process of investors where all the services can be performed at one stop shop.

6.7. Airborne Gravity, Gravity Gradiometric and Magnetic Surveys On-shore and Off-shore, Sri Lanka

Having evaluated the four proposals received by PRDS, CANC has decided to re-advertise the above survey globally for calling for fresh proposals in 2017. Therefore, the PRDS and the Project Committee have taken steps to re-advertise it on January 03, 2018 (locally and globally). The airborne gravity and magnetic survey targets the onshore areas of

Jaffna, Andigama and Thabbowa in addition to offshore areas. Therefore, this type of diversification strategies is vital for Sri Lanka to attract investors especially when global upstream oil and gas industry is undergone difficulties.

7. Conversion of Plastic Wastes in to Fuel

Under a tri-party agreement signed between Central Environment Authority, University of Moratuwa and Mr. Ananda Withanage, the inventor of the plant in February 2009, the plant which converts the plastic wastes into fuel was established. The first batch trial of semi commercial plant was made on the 07th May 2014, clearing any doubts and pre-conclusions amongst authorities that this conversion process is not possible because this technology is not freely available in the world. The Industrial Technology Institute (ITI) tested both liquid and gaseous fuel where the test results were very encouraging. However, any further operations were not done until the essential safety requirements were installed at the plant. The semi commercial plant is expected to convert 750MT of unclean waste plastics per year into fuel and could be expanded to convert 6,000MT of haphazardly disposed waste plastic per year into fuel when the commercial plant is established. The funds received from the year 2011 up to 2017 under the Consolidated Fund are given in Table 7.1 below.

Table 7.1 / Funds received by Polipto Lanka(pvt) Ltd

Year	Amount Rs. Million
2011	17.2
2012	38.2
2013	20.0
2014	50.0
2015	50.0
2016	55.0
2017	29.25
Total	259.65

On 03rd September 2015, the semi commercial plant was inaugurated. This plant can be presented as an invention made by a Sri Lankan Inventor. There are 31 components in the plant designed and fabricated locally. Each of these 31 components were carefully tested one by one before commencing operations. In fact, no one could find any similar plant with similar components to be compared the world over.

During the operation, the process was able to continue by overcoming the practical difficulties while facing circumstances of on-going operation. 47,215 litres were sold and a sum of Rs. 1,891,540 income was generated. The modifications such as capacity upgrading of Plastic Mixing Unit and replacing new pump unit to the sludge removing system were completed and it helps to improve the continuity of the production process. Further, the storing capacity at Polipto Lanka (Pvt) Ltd was increased up to 93,230 litres. Accordingly, 41,000 litres are available at the storage and for selling of fuel, circumstances occurred due to the availability of competitive products and substitute fuels at lower prices in the market.

In order to overcome this matter, research work has been commenced to generate electricity using this product. A Diesel engine has already been installed. It was observed that the test result confirmed that the fuel produced at the plant can be utilized for the power generation purpose. A generator with a capacity of 150kwh has already been installed to continue the research work at Horana Plant premises.

Furthermore, the Hon. Minister of Petroleum Resources Development and officials made a plant visit on 7th June 2017. Consequently, the few discussions were held about the current situation of the project and financing in order to continue the project in a profitable manner with higher impact to reduce the waste polythene and plastic from the environment. In this context, it is being

discussed to restructure the Polipto Lanka (Pvt) Ltd and hand over the operations of the plant to Mr. Withanage, the Inventor with a little intervention of the government without having a burden to the government. The Ministry of Petroleum Resources Development expects to implement this restructuring plan by the end of first quarter of 2018.

8. Local Market Price Movements

When considering the pricing of fuels over the past in Sri Lanka, it is clear that the price revisions have taken place during a number of times, sometimes more than one time even in the same year. Table 8.1 shows the retail

selling prices of major petroleum products as at 31st December from 2005 up to date while Graph 8.1 shows the price revision trend for the three major products; Petrol of 92 Octane, Auto Diesel and Kerosene.

Table 8.1 Retail Sale Prices of Petroleum Products as at 31st December 2005 – 2017 (Rs/Litre)

Year	Type of Products							
	90 Octane Petrol (a)	95 Octane Petrol	Auto Diesel	Super Diesel (b)	Kerosene	Furnace Oil		
						1000 Sec	1500 Sec	3500 Sec
2005	80.00	83.00	50.00	55.30	30.50	31.40	30.30	26.00
2006	92.00	95.00	60.00	65.30	48.00	44.40	43.30	41.00
2007	117.00	120.00	75.00	80.00	68.00	52.70	51.70	46.65
2008	120.00	133.00	70.00	85.30	50.00	33.90	31.70	25.00
2009	115.00	133.00	73.00	88.30	51.00	34.90	32.70	26.00
2010	115.00	133.00	73.00	88.30	51.00	42.20	40.00	40.00
2011	137.00	155.00	84.00	106.30	71.00	52.20	50.00	50.00
2012	159.00	167.00	115.00	142.00	106.00	92.20	90.00	90.00
2013	162.00	170.00	121.00	145.00	106.00	92.20	90.00	90.00
2014	150.00	158.00	95.00	110.00	81.00	92.20	90.00	90.00
2015	117.00	128.00	95.00	110.00	49.00	82.20	80.00	80.00
2016	117.00	128.00	95.00	110.00	49.00	-	80.00	80.00
2017	117.00	128.00	95.00	110.00	44.00	-	80.00	80.00

Note: (a) Introduction of Petrol 92 Octane took place in place of Petrol of 90 Octane with effect from 1st January 2014 and
 (b) Introduction of Lanka Super Diesel Four Star (10ppm) took place in place of Super Diesel with effect from 22nd August 2014.

Graph 8.1

Retail Sale Prices of Petroleum Products as at 31st December 2005 – 2017

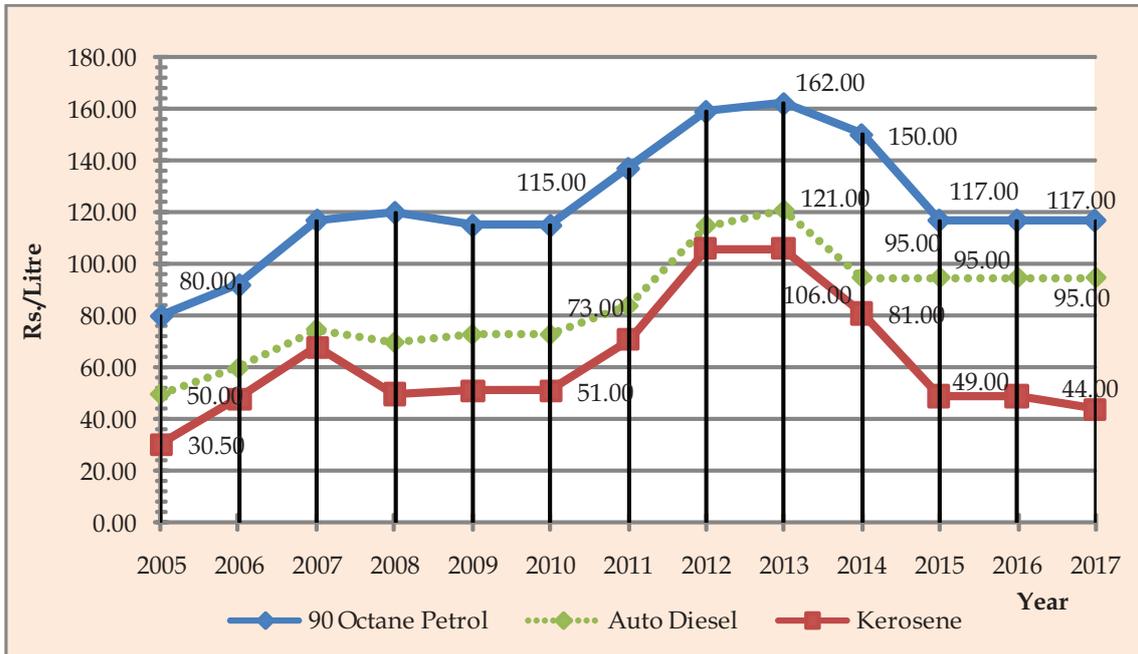


Table 8.2 Monthly Platts Prices of Refined Petroleum Products – 2017

Month	92 Octane Petrol			95 Octane Petrol			Auto Diesel			Super Diesel			Kerosene			Ex. Rate US \$ 1= Rs.
	US \$ / bbl	Rs./ bbl	Rs./ Litre	US \$ / bbl	Rs./ bbl	Rs./ Litre	US \$ / bbl	Rs./ bbl	Rs./ Litre	US \$ / bbl	Rs./ bbl	Rs./ Litre	US \$ / bbl	Rs./ bbl	Rs./ Litre	
Jan.	66.78	10,144.22	63.84	69.50	10,558.20	66.45	65.14	9,896.52	62.28	66.02	10,030.21	63.12	65.15	9,896.68	62.28	151.92
Feb.	67.57	10,327.51	64.99	69.91	10,686.08	67.25	66.76	10,204.62	64.22	67.42	10,304.43	64.85	66.26	10,126.97	63.73	152.85
Mar	61.94	9,517.94	59.90	64.28	9,877.90	62.16	62.94	9,671.93	60.87	63.14	9,701.33	61.05	61.92	9,513.93	59.87	153.66
April	64.81	9,986.53	62.85	67.65	10,423.67	65.60	64.69	9,968.53	62.73	65.02	10,019.06	63.05	63.88	9,843.71	61.95	154.09
May	61.67	9,521.19	59.92	64.46	9,950.73	62.62	61.19	9,446.35	59.45	61.81	9,541.70	60.05	60.81	9,387.76	59.08	154.38
June	57.41	8,884.98	55.92	59.84	9,260.92	58.28	57.55	8,906.87	56.05	58.38	9,035.77	56.86	57.04	8,828.38	55.56	154.77
July	59.04	9,175.93	57.75	61.75	9,596.58	60.39	61.05	9,487.57	59.71	61.49	9,556.32	60.14	59.77	9,288.35	58.45	155.41
Aug.	64.77	10,037.08	63.17	67.53	10,463.43	65.85	63.61	9,857.34	62.03	64.40	9,979.46	62.80	63.19	9,791.00	61.62	154.95
Sep.	67.58	10,453.03	65.78	70.53	10,909.32	68.66	68.48	10,591.85	66.66	69.34	10,724.48	67.49	68.03	10,522.56	66.22	154.67
Oct.	67.43	10,473.51	65.91	70.16	10,896.28	68.57	68.65	10,662.45	67.10	70.27	10,913.99	68.68	68.36	10,616.71	66.81	155.32
Nov.	73.08	11,357.17	71.47	75.67	11,759.67	74.01	73.15	11,367.56	71.54	74.06	11,508.83	72.43	74.04	11,505.80	72.41	155.41
Dec.	73.36	11,366.26	71.53	75.37	11,677.47	73.49	75.31	11,669.02	73.44	75.89	11,758.66	74.00	75.45	11,691.10	73.58	154.95
Aver. Price	68.10	10,504.94	66.11	68.10	10,504.94	66.11	65.71	10,143.43	63.84	66.44	10,255.31	64.54	65.32	10,083.58	63.46	154.36

Table 8.3 Monthly Platts Prices of Refined Petroleum Products - 2016

Month	90 Octane Petrol			95 Octane Petrol			Auto Diesel			Super Diesel			Kerosene			Ex. Rate US \$ 1= Rs.
	US \$ / bbl	Rs./ bbl	Rs./ Litre	US \$ / bbl	Rs./ bbl	Rs./ Litre	US \$ / bbl	Rs./ bbl	Rs./ Litre	US \$ / bbl	Rs./ bbl	Rs./ Litre	US \$ / bbl	Rs./ bbl	Rs./ Litre	
Jan.	47.10	6,878.01	43.29	50.42	7,362.83	46.34	35.90	5,242.48	32.99	37.58	5,487.81	34.54	37.91	5,536.00	34.84	146.03
Feb.	41.40	6,051.85	38.09	44.51	6,506.47	40.95	38.30	5,598.69	35.23	40.23	5,880.82	37.01	41.01	5,994.84	37.73	146.18
Mar.	49.62	7,308.03	45.99	52.77	7,771.97	48.91	45.30	6,671.78	41.99	46.45	6,841.16	43.05	47.38	6,978.13	43.92	147.28
April	51.52	7,564.68	47.61	54.59	8,015.45	50.44	47.80	7,018.47	44.17	49.51	7,269.55	45.75	49.53	7,272.49	45.77	146.83
May	56.02	8,277.52	52.09	59.16	8,741.48	55.01	54.57	8,063.26	50.74	56.16	8,298.20	52.22	55.17	8,151.92	51.30	147.76
June	56.52	8,359.31	52.61	59.14	8,746.81	55.05	57.85	8,556.02	53.85	59.08	8,737.93	54.99	58.29	8,621.09	54.25	147.90
July	49.72	7,355.58	46.29	51.94	7,684.00	48.36	54.02	7,991.72	50.29	54.93	8,126.34	51.14	54.39	8,046.46	50.64	147.94
Aug.	51.57	7,599.36	47.82	54.23	7,991.33	50.29	53.25	7,846.92	49.38	54.07	7,967.76	50.14	53.51	7,885.23	49.62	147.36
Sep.	55.43	7,969.17	50.15	58.05	8,345.85	52.52	54.38	7,818.21	49.20	55.25	7,943.29	49.99	55.04	7,913.10	49.80	143.77
Oct.	60.08	8,719.41	54.87	63.03	9,147.54	57.57	60.82	8,826.81	55.55	61.66	8,948.72	56.32	61.00	8,852.93	55.71	145.13
Nov.	56.49	8,271.83	52.06	59.09	8,652.55	54.45	56.27	8,239.62	51.85	57.14	8,367.01	52.66	56.59	8,286.47	52.15	146.43
Dec.	64.32	9,479.48	59.66	66.22	9,759.50	61.42	62.46	9,205.35	57.93	64.19	9,460.32	59.54	64.14	9,452.95	59.49	147.38
Aver. Price	53.32	7,819.52	49.21	56.10	8,227.15	51.78	51.74	7,589.94	47.77	53.02	7,777.41	48.95	52.83	7,749.30	48.77	146.67

9. Institutional Administration

9.1 Ministry of Petroleum Resources Development

(a) Matters related to Parliament

The Ministry's parliamentary duties include solving problems and issues that crop up when it performs its subject matters, submitting the bills in Parliament or resolving the problems that arise while implementing the Government Financial Regulations and Administrative Procedures.

i. Parliamentary Questions

The Hon. Minister of the Petroleum Resources Development is responsible to give oral answers to the queries made by Hon. Members of Parliament within the scope of the Ministry and provide background reports connected thereto.

There were 11 queries during the year 2017 and all questions were answered by Hon. Minister and Hon. Deputy Minister

ii. Parliamentary Sectoral Oversight Committee

16 Sectoral Oversight Committees (SOC) were formed as per the approval of the Cabinet of Ministers dated 19.12.2015. The sectoral oversight committee on "Energy" has been established comprising the Ministry of Power and Renewable Energy and this Ministry. The inquiring powers on all subjects in terms of Acts, proposals, agreements, reports and other matters under purview of the respective SOC have been assigned to the said SOC. Five such committee meetings relating to this Ministry have been conducted during the period from January to December 2017.

(b) Human Resource Management

The action has been taken to achieve the objectives of the Ministry through formally managing the establishment and administrative matters of the staff of the Hon. Minister, Hon. Deputy Minister and the Ministry.

Further, co-ordination of the establishment activities of the agencies coming under the purview are also carried out by the Ministry. Accordingly, the Ministry's service is provided for the activities such as preparation of schemes of recruitments, getting approval for the recruitments from relevant authorities and approving foreign leave for the officials.

i. Staff recruitments

Functions such as recruitments of the staff of the Hon. Ministers and Ministry, termination of the services, preparation of Scheme of Recruitments, maintenance of personal files of the staff, internal attachments and transfers are carried out under this subject.

At present, the actions have been taken to recruit 250 officials for "A" Grade, 175 officials for "B" Grade and 111 officials for "C" Grade of the Ceylon Petroleum Corporation. The actions in terms of recruiting for "A" Grade have been completed and activities in terms of "B" and "C" Grade are in progress.

As per the Government Extraordinary Gazette Notification No. 13/1933 dated 21.09.2015, the approved cadre for the Ministry of Petroleum Resources Development is 97.

Two staff grade officers have obtained transfers from the Ministry and 03 staff grade officers has assumed duties in the Ministry on transfer basis in 2017. 03 non-staff grade officers have obtained transfers from the Ministry 02 non-staff grade officers have assumed duties in the Ministry on transfer basis. Also, one KKS on substitutional basis, a Video Cameraman, a Still Cameraman and a Camera Assistant on casual basis were newly recruited.

ii. Fulfilling the Requirements of staff

Activities relating to the pensions of the officers who are entitled for the pensions, activities relating to Employees Provident

Fund, overtime allowances, transport allowances, other special allowances, concessionary train season tickets, loan on concessionary interest rates were carried out under this subject

iii. Capacity Building

Opportunities have been provided to the existing staff to participate at various training programs in order to deliver a more effective and efficient public service through trainings to develop their knowledge, skills and attitudes. Training programs provided by the Ministry during the period from January to December 2017 are given in Table 9.1 below.

Table 9.1 Training Programs Provided by the Ministry – 2017

No.	Course Details	Institute/Country	Number of Officers	Duration
Local Training				
01	Workshop on Human Resources	Skill Development Fund Limited (SDFL)	01	2 Days
02	Law for Government Officers	SDFL	05	2 Days
03	Workshop on Vehicle Fleet Management	Institute of Construction Training and Development (ICTAD)	01	2 Days
04	Cabinet Paper Writing	SDFL	01	1 Day
05	Advanced Microsoft Excel	DLC	02	2 Days
06	Certificate Course in English	SDFL	02	3 Months
07	Workshop on Procurement	National Institute of Labour Studies	02	2 Days
08	Effective letter writing and Written communication techniques	NIBM	3	2 Days
09	Financial Regulations	DLC	2	2 Days
10	Total Quality Management	National Productivity Secretariat (NPS)	1	1 Day

11	National Broad Band Forum	Ministry of Telecommunication and Digital Infrastructure	1	2 Days
12	File Management, General Office Administration and E Code	SDFL	2	2 Days
13	Financial Essentials for Junior Accounting Personals	SDFL	1	2 Days
14	Advanced Accounts	SDFL	1	2 Days
15	Diploma in Computer Network and Techniques	NIBM	1	1 Year
Foreign Trainings, Seminar and Conferences				
16	Seminar on oil and gas infrastructure interconnection for B & R countries	China	04	20 Days
17	Oil & gas contracts drafting negotiation & disputes resolution excellence 2017	Dubai	01	05 Days
18	SAP ERP training program	India	01	06 days
19	LNG Study Tour	Pakistan	02	05 Days
20	Development Administration modernization and transformation program	Singapore	01	06 Days
21	Certificate Course on Cloud Infrastructure Management	India	01	02 Months
22	Second country visit for Diploma in Procurement	India	01	09 Days
23	2017 Seminar on financial service for China's development assistance project for Asian Countries	China	01	10 Days
24	Law Asia Conference	Japan	01	05 Days
25	Study opportunity on LNG products storage and distribution	Japan	03	06 Days
26	IOPC Fund meeting	UK	01	06 Days

Seven awareness programs were conducted for the staff of the Ministry on various subjects such as commemoration of World Environmental Day, International Women Day, maintaining a good family for a universal happiness etc. In addition, an out bound training for the whole staff of the Ministry was conducted at TREE Centre, Randenigala to improve the team spirit, change attitudes and thereby improving the efficiency and effectiveness of the works.

(c) Dengue Eradication Program

This program is implemented by the Ministry being an active partner for the national program launched by the Government to prevent dengue epidemic in the country. Accordingly, the Ministry has taken steps to identify and control mosquito breeding places within premises of Ministry and its agencies.

A supervisory committee has been formed by the Ministry and the dengue eradication activities are being successfully carried out on weekly, monthly and quarterly basis in addition to daily cleaning activities.

9.2 Ceylon Petroleum Corporation

Human Resource Management (HRM) Function of CPC handles its main objective of empowering, motivating and developing the manpower of 2,542 permanent employees and 01 contract employees as at the end of December 2017. In addition, HRM Function handles all other HRM issues such as recruitments and promotions, performance appraisals, disciplinary actions, leave records pertaining to salaries and increments, service

assessments, loan facilities, service awards, employment benefits at the retirements or termination of service etc.

Maintaining high professionalism among all levels of employees at CPC is the prime concern of the HRM Function and the objective of right person at the right place has received highly paid attention. According to the Action Plan – 2017, the following actions were implemented during the year 2017.

(a) Introduction of revised Manpower Plan

Following a proper job analysis, the manpower strength was determined and a new cadre has been prepared. The revised manpower plan will be implemented once the approval from the Management Services Department is received.

(b) Introduction of a Succession Plan

With the new cadre position arrangement, most important succession positions are identified and the succession plan will be implemented.

(c) Implementation of Scheme of Recruitment and Promotions (SORAP)

Scheme of Recruitment and Promotions has already been sent to the Salaries & Cadre Review Committee to get the approval and approval is awaited. The promotion scheme is developed based on performance appraisal and merit which will facilitate to promote the best employee while the revised recruitment scheme will facilitate to hire the people with high potential to the Corporation.

(d) Training and Development

The competency directory for all the positions and mapping the required skills are being done accordingly. The training needs of the staff are identified. Appropriate training programs are being conducted in-house and at external training institutions. The training programs are mainly based on the immediate improvement for better performance and to prepare the staff for the future responsibilities and to prepare the successors. During the year 2017, employees were given local and overseas training.

i. Local training

- Workshops and Seminars conducted at external institutions

Grade	No. of Officials from CPC Head Office	No. of Officials from Refinery
A Grade - Executive level	37	52
B Grade - Clerical and Allied	19	84
C Grade – Skilled and Semi -skilled	5	-

- Academic courses sponsored by CPC

Grade	Officials from A Grade	Officials from B Grade	Officials from C Grade
Certificate level	5	6	-
Diploma level	5	6	-
Degree/ Post Graduate	9	2	-

- In-house training courses – Oil Refinery Sapugaskanda

- i. Two day in-house training program on “A Practical Approach to Steam Turbine Design, Maintenance & Operation” was conducted by M/s. Asia iknowledge Sdn Bhd Malaysia on 08 & 09 February 2017 at Hotel Clarion. Twenty three officers (RM, DRMs, Engineering Managers, Deputy Engineering Managers & Engineers) participated
- ii. One day induction training program for newly recruited employees was conducted on 02 February 2017. Nine employees participated.
- iii. Six Hazmat training programs for “C” grade employees were conducted on 05 May 2017, 29 June 2017, 31 July 2017, 11 August 2017, 13 September 2017 (two programs on the same day) and 35, 33, 23, 23, 24 and 23 employees participated respectively.
- iv. Monthly Fire Training Program for non-executive staff was held on 24 May 2017. Twenty one employees participated.
- v. Casualty Management & Ambulance Management Training for Drivers was conducted on 20 June 2017. Five Drivers participated.

- Industrial visits

- i. Half Day industrial visit by fire fighters of Sri Lanka Air Force was conducted on 11 January 2017. Twenty one officials participated.
- ii. Half Day industrial visit by Engineering Mechanics of Sri Lanka Navy was conducted on 27

- January 2017. Twenty one officials participated.
- iii. NAITA officers visited on 21st July 2017, to conduct meeting with training engineers and coordinators to prepare new curriculums for technical trades.
 - iv. Half Day familiarization visits by staff of the Ministry was conducted as follows.
 - 1st Batch on 22nd August 2017 - 30 officials
 - 2nd Batch on 07th September 2017 – 22 officials
 - 3rd Batch on 14th September 2017 – 23 officials
 - v. Half day industrial visits by Chemical Engineering students of University of Moratuwa was conducted as follows
 - 1st Batch on 17th November 2017 – 45 students
 - 2nd Batch on 21st November 2017 – 45 students
 - vi. Half Day industrial visit by Sri Lanka Navy was conducted on 25 October 2017. Fifty-four officials participated. Another Half Day industrial visit by Sri Lanka Navy was conducted on 23 November 2017. Forty officials participated.

ii. Foreign Trainings

Corporate management identified the overseas training needs and proceeded with the approval of the top management. Foreign trainings were given to 73 employees during the year 2017.

No.	Program	Country and Duration	No. of participants
1	Master Class Logistic and Supply Chain Management	Dubai, U.A.E 12 th to 13 th March 2017	01
2	Training On Solving Human & Organizational Problems (SHOP)	Osaka, Japan 18 th to 31 st January 2016	01
3	4 th Annual Asian Refining Summit	Singapore 09 th to 10 th March 2017	04
4	PIM International Management Program	Indonesia 22 nd to 29 th January 2017	05
5	Oil & Gas Contracts Drafting, Negotiation & Dispute Resolution Excellence 2017	Dubai 13 th to 15 th March 2017	04
6	PIM Strategic Management	Australia 28 th February to 08 th March 2017	05
7	2 nd Annual HR Management Excellence 2017	South Africa 14 th to 17 th March 2017	04
8	Vibration Analysis ISO Category 1	Florida 05 th to 13 th February 2017	01
9	Short Course in Supporting Energy Security in South Asia	Australia 01 st to 19 th May 2017 and Nepal 6 th to 8 th Nov. 2017	10

10	LNG Study Tour	Pakistan 23 rd to 28 th April 2017	01
11	PETRONAS AVIATION SDN BHD	Malaysia 11 th to 13 th April 2017	02
12	SAP ERP Team	India 17 th to 21 st April 2017	14
13	PIM Strategic Management	Indonesia 14 th to 21 st May 2017	01
14	On Job Training Program	Malaysia 16 th to 20 th May 2017	03
15	The Business of Shipping	Singapore 22 nd to 25 th May 2017	01
16	4071T-Factory Acceptance Tender and Training	Mumbai, India 01 st to 07 th February 2017	06
17	CPC Vs. Agros Shipping Co.Ltd Arbitration	London 15 th to 16 th June 2017	03
18	IOPC Fund Meeting	London 24 th April to 28 th April 2017	02
19	Mediation between Avin Chartering S.A. and Ceylon Petroleum Corporation	29 th June 2017 in London, UK	07
20	Energy Management in Manufacturing Industry (PEMM) Carbon Reduction Technology Promotion (CRTP)	Osaka, Japan 24 th July to 4 th August 2017	01
21	2017 Seminar on Gas Infrastructure Interconnection for B & R Countries	China 12 th July to 1 st August 2017	02
22	Emerson Exchange Global Conference	Minnesota, USA 2 nd to 6 th October 2017	01
23	Liquefied Natural Gas Product Storage and Distribution	Japan 22 nd to 28 th October 2017	01
24	Introductory Certificate in Public Procurement Level -2	Turkey 5 th to 8 th December 2017	01

(e) Recruitment & Promotions

During the year 2017, 02 professionals were hired for the organization to strengthen the professionalism of the management. 82 employees were recruited for B grade positions while 12 employees were recruited for C grade during the year 2017.

(f) Welfare activities

- i. New Scholarships were granted for 17 children of CPC employees who were selected to enter state Universities during the year 2017.
- ii. In-plant, on-the-job industrial training opportunities were given to nearly 442 students from National Universities and other government institutions as a part of their course requirement. CPC consider this as a Corporate Social Responsibility (CSR) activity to support the quality education of the students.
- iii. Service Awards were offered to employees who have rendered a meritorious service to the CPC as follows.

20 years' service	-	47 employees
25 years' service	-	26 employees
30 years' service	-	39 employees
35 years	-	21 employees
- iv. The loans granted during the reporting period are as follows.

Housing loans	-	62
Motor vehicle loans	-	15
Motor bike/Three-wheelers loan	-	70
Housing Repair Loan	-	42
- v. Under the Medical Assistance Scheme of CPC employee's family unit is entitled to

medical facility worth of Rs. 400,000/= per year.

9.3 Ceylon Petroleum Storage Terminals Limited

➤ Human Resources Management and Development

Human Resources Development Function of CPSTL focuses especially on uplifting of knowledge and attitudes of the technical and non – technical employees of the organization towards higher productivity, minimizing wastage, build up a pool of disciplined personnel from labour grades to managerial level.

As the technology changes at an increasingly rapid pace, it requires new skills. The resulting changes in job description frequently blur boundaries between previously distinct jobs, producing greater demands for multi skilled staff.

- The cadre of the CPSTL was revised & updated in 2016 with effect from May 2016 which was last updated in the year 2008
- The designations in the present cadre have been upgraded to meet the present HR needs of the organization.
- Recruitment criteria was last updated in the year 1991-1992 –At present the work is in process to introduce a new recruitment & promotional scheme named “SORAP”.
- Local training programs on various fields to improve the capacities of the staff and changing attitudes were provided and 44 officials have been attended the foreign trainings and inspections from January

to December 2017. A summary of the local training programs provided during the period from January to December 2017 are given in Table 9.3 below while

Table 9.4 gives a summary of details on foreign trainings and inspections for the same period.

Table 9.3 / Local Training Programs provided by CPSTL – 2017		
Training period	No. of Trainings	No. of participants
½ day	6	529
01 day	27	1459
02 days	9	288
03 days	1	25
04 days	1	62
03 months	1	28
Total	45	2,391

Table 9.4 / Foreign Training Programs provided by CPSTL – 2017		
Program	Country	No. of Participants
Witness/Pre-Inspection / Instrument Training Tours		
"Pre-shipment inspection of purchasing of 05 Nos. Brand New Japanese Tank Lorries/Fuel Browsers	Japan	2
Training for maintenance, troubleshooting & calibration of the offered Loading Arms at the Factory	Italy	4
04 days Training Program on ICP - OES for Petrochemical Analysis	Mumbai, India	2
Training on maintenance, troubleshooting & calibration of the Positive Displacement Flow Meters at the factory	Fort Wayne, USA	4
Official visit to M/s Rosenbauer International AG in Austria for Pre-shipment Inspection of Portable Fire Pump Units & Accessories	Austria	2
Training on the operation and use of automated BOCLE system	London, UK	2

Sponsored Training Tours		
The Quality Control Training Course	Osaka, Japan	1
Business Delegation & Fleet Owner Tour to Japan	Japan	1
2017 Seminar on Oil and Gas Infrastructure Interconnection for B & R Countries	China	2
IBM zNext Signature Launch Event	Singapore	1
Training Tours		
Workshop on Contracts Management of International Construction Projects under FIDIC Contracts	Dubai, UAE	1
The Program on Corporate Management for Sri Lanka (LKCM 16)	Osaka, Japan	3
Advanced Leadership & People Management	Bandung, Indonesia	3
SAP Training Program for CPSTL Team Leaders, Core Team Members and Super Users	Delhi, India	10
3 Day Master Class on "2 nd Annual Cyber Resilience Excellence 2017"	Kuala Lumpur, Malaysia	3
Training on "Improving Performance and Productivity; Managing People & Team"	Dubai, UAE	1
CFO Summit 2017	Orlando, USA	1
Training Program on "Executive Program on Quality Management (EPQM)	Tokyo, Japan	1
Total No. of Programs		18
Total No. of Participants		44

- With a view to improve the productivity of CPSTL through attitude change of employees by means of Time & Monetary Management, “Positive Thinking Proactive Behavior and Attitudes Changing Program” has been introduced and 05 nos lectures have been delivered by the Chairman –CPSTL to around 500 employees and will be continued up to covering all grades of employees in CPSTL.

➤ **Internal Audit**

50 nos. of audit quarries out of 62 nos. of quarries were completed during the period from January to December 2017. Replying for 6 nos. of quarries are in progress. Accordingly, performance of 81% has been achieved during the reporting period.

9.4 Petroleum Resources Development Secretariat

9.4.1 Amendment of PRDS Act and formulation of new regulations

Necessitated by the two Mannar basin natural gas discoveries brought to light in the recent past, the PRDS is presently in the process of drafting specific petroleum regulations and further amending the Petroleum Resources Act. Such reforms have been initiated to accomplish the primary task of establishing a robust regulatory framework, designed to govern and protect the fiscal and environmental interests of the associated parties while ensuring the continuous maintenance of efficiency and transparency of petroleum operations being carried out. Furthermore, PRDS intends to propose few provisions and revisions as amendments to the proposed Petroleum Bill

and then to obtain the relevant approval and certification from Hon. Attorney General.

9.4.2 (a). Capacity Building of the Upstream Petroleum Sector

PRDS continued providing assistance to the local universities, local suppliers and key government stockholders focusing sector specific awareness, knowledge upgradation, technological advancements, investment collaborations and employment generation of the upstream petroleum sector. The following capacity building initiatives were taken in alignment with country’s development goals.

- Awareness sessions for the relevant Ministries and institutions about oil and gas exploration, advanced natural gas development and production technologies, LNG value chain, monetization of commercial reserves and natural gas policy formulation.
- Awareness, training sessions and guest lectures by the PRDS resource staff for the undergraduates on oil and gas exploration, development and commercial aspects.
- Offered industrial training opportunities for 4 undergraduates at PRDS facility.
- Research assistance and joint R&D collaborations with the universities - Two international publications were made in 2017.
- Public awareness through invited resource/guest lecture programs (Chamber of Commerce, Institution of Engineers, Sri Lanka Foundation Institute, etc).
- Educational assistance program for graduate engineers at Institution of Engineers and
- Continued providing information and

assistance to local companies through public awareness programs and help-desk facility at PRDS with a view to promote local goods/services, diversify business and enter into new investment partnerships in the upstream petroleum sector locally and globally. Few companies have established their success outside the Sri Lankan operations entering into global oil and gas

9.4.2 (b). Foreign Trainings

With the primary intention of further strengthening the technical expertise of the internal staff, the courses stated below were

offered to 05 officers involved in carrying out upstream technical engagements.

- Seminar on Oil and Gas infrastructure interconnection for B&R countries organized by the Academy for International Business Officials, MOFCOM, Beijing, China held in July 2017.
- Seminar for officials from Geological and Mining Departments of Asian and African countries organized by Jilin University, Changchun, China.
- LNG workshop in Japan (JICA)
- Financial Management Programs for developing countries, Beijing, China.

10. Accounts

10.1 Ministry of Petroleum Resources Development

Table 10.1 Recurrent Expenditure – Office of Hon. Ministers (Rs. Million)

Types of Expenditure	Budgetary Provisions 2016	Actual Exp. 2016	%	Budgetary Provisions 2017	Actual Exp. 2017	%
Personal Emoluments	23.46	23.26	99	23.50	22.72	96
Travelling Expenses	5.22	5.22	100	6.49	5.14	79
Supplies	11.52	11.50	99	11.08	10.90	98
Maintenance Expenditure	5.45	5.44	99	5.39	5.36	99
Services	16.31	16.10	98	17.52	17.34	98
Transfers	0.98	0.97	99	1.20	1.14	94
Total	62.94	62.49	99	65.18	62.60	96

Table 10.2 Recurrent Expenditure – Ministry Administration (Rs. Million)

Types of Expenditure	Budgetary Provisions 2016	Actual Exp. 2016	%	Budgetary Provisions 2017	Actual Exp. 2017	%
Personal Emoluments	39.73	39.55	99	46.16	45.49	98
Travelling Expenses	3.37	3.36	99	5.29	4.96	93
Supplies	7.25	7.21	99	7.36	7.25	98
Maintenance Expenditure	4.55	4.51	99	5.22	5.19	99
Services	16.14	15.92	98	19.81	19.68	99
Transfers	0.71	0.70	99	0.66	0.65	99
Total	71.75	71.25	99	84.50	83.22	98

Table 10.3 Capital Expenditure – Office of Hon. Ministers (Rs. Million)

Types of Expenditure	Budgetary Provisions 2016	Actual Exp. 2016	%	Budgetary Provisions 2017	Actual Exp. 2017	%
Rehabilitation of Capital Assets	10.8	10.8	100	2.62	0.83	31
Acquisition of Capital Assets	74.6	68.0	91	2.00	1.99	99
Total	85.4	78.8	92	4.62	2.82	61

Types of Expenditure	Budgetary Provisions 2016	Actual Exp. 2016	%	Budgetary Provisions 2017	Actual Exp.2017	%
Rehabilitation of Capital Assets	0.4	0.4	100	2.00	1.33	66
Acquisition of Capital Assets	4.7	4.7	100	3.00	2.85	95
Capacity Building	1.6	1.5	94	2.00	1.99	99
Petroleum Sector Development Framework	1.0	0.9	99	-	-	-
Total	7.7	7.5	97	7.00	6.17	88

Types of Expenditure	Budgetary Provisions 2016	Actual Exp. 2016	%	Budgetary Provisions 2017	Actual Exp.2017	%
Petroleum Resources Development Secretariat	80.0	79.8	99	87.30	84.37	96
Recurrent Expenditure	80.0	79.8	99	87.30	84.37	96
Petroleum Resources Development Secretariat	80.0	50.7	63	42.00	41.85	99
Polipto Lanka (Pvt) Ltd	55.0	55.0	100	40.00	29.25	73
Capital Expenditure	135.0	105.7	78	82.00	71.10	86
Total Expenditure	215.0	185.5	86	169.30	155.47	91

	2016			2017		
	Max. limit expenditure	Min. limit receipts	Max. debit limit	Max. limit expenditure	Min. limit receipts	Max. debit limit
Limit	3.5	2.0	12.0	5.50	2.50	15.00
Actual Expenditure	3.4	2.1	8.5	5.97	2.71	11.87

10.2 Ceylon Petroleum Corporation

Table 10.7 / CPC Income Statement		
Description	As at 31 st December 2016 Rs. Mn (Unaudited)	As at 31 st December 2017 Rs, Mn (Unaudited)
Revenue	423,061.051	445,446.023
Cost of Sales	(326,440.767)	(417,905.482)
Gross Profit	96,620.284	27,540.541
Other Operating Income	3,588.439	683.504
Selling & Distribution Expenses	(14,411.946)	(15,498.189)
Administrative Expenses	(4,383.873)	(4,431.233)
Operating Profit	81,412.904	8,294.623
Exchange Rate Variation	(8,828.798)	(5,317.680)
Finance Income	8,374.112	11,057.737
Finance Expenses	(11,404.537)	(10,530.811)
Profit / (Loss) before tax	69,553.681	3,503.869
Income tax Expense	(16,526.602)	(1,931.756)
Profit/(Loss) for the year	53,027.079	1,572.113
Other Comprehensive Income		
Items that will not be reclassified to Profit or Loss:		
Re-measurement gain/(loss) on Retirement Benefit plan	120.866	(875.550)
Revaluation of property, Plant & Equipment		10,210.907
Tax on Other Comprehensive Income		
Items that are or may be reclassified subsequently to profit or loss:		
Net Gain/(Loss) on available-for-sale financial assets	(10.000)	(0.500)
Other comprehensive loss for the year	110.866	9,334.857
Total comprehensive Income	53,137.945	10,906.970
Total comprehensive Income attributable to :		
Owners of the entity	53,137.945	10,906.970
Non-controlling interests	-	-
	53,137.945	10,906.970

Table 10.8

CPC Financial Statement

Description	As at 31 st December 2016 (Unaudited) Rs. Mn	As at 31 st December 2017 (Unaudited) Rs. Mn
ASSETS		
Non - Current Assets		
Property, Plant & Equipment	13,505.655	23,608.585
Investment Property	41.575	40.128
Intangible Assets	-	-
Investment in Subsidiary	5,000.000	5,000.000
Non-Current Financial Assets	35,595.461	29,874.032
Trade & Other Receivables	10,326.708	8,976.699
	64,469.399	67,499.443
Current Assets		
Inventories	35,476.885	44,152.978
Trade & Other Receivables	48,397.975	87,141.653
Short term Investments	28,065.844	10,685.474
Cash and Cash Equivalents	14,579.410	9,385.759
	126,520.114	151,365.864
Total Assets	190,989.513	218,865.307
EQUITY AND LIABILITIES		
Capital and Reserves		
Contributed Capital	28,487.125	28,487.125
Capital Reserve	4,992.686	4,992.686
Available for sales Reserve	(21.00)	(21.500)
Revaluation Reserve	-	10,210.907
Retained Earnings	(219,305.658)	(218,609.097)
Non Controlling Interest	-	-
Total Equity	(185,846.847)	(174,939.878)
Non - Current Liabilities		
Retirement Benefits Obligation	753.561	1,708.014
Loans & Borrowings	265.858	189.898
	1,019.419	1,897.912
Current Liabilities		
Trade and Other Payables	182,095.327	212,189.841
Current portion of Loans & Borrowings	37.980	75.959
Short term Borrowings	193,683.634	179,641.473
	375,816.940	391,907.273
Total Equity and Liabilities	190,989.513	218,865.307

10.3 Ceylon Petroleum Storage Terminals Limited

Table 10.9 CPSTL Income Statement		
Description	As at 31st December 2016 (Audited) Rs.Mn	As at 31st December 2017 (Unaudited) Rs.Mn
Revenue	12,663.444	14,176.146
Direct Expenses	(6,668.940)	(7,348.621)
Gross Profit	5,994.504	6,827.525
Other Operating Income	483.200	464.425
Administrative Expenses	(4,071.225)	(4,757.084)
Operating Profit	2,406.479	2,534.866
Finance Income	90.369	189.440
Finance Cost	(166.775)	(124.072)
Profit Before Tax	2,330.073	2,600.234
Income Tax Expense	(591.443)	(264.990)
Profit for the Year	1,738.630	2,335.244
Other Comprehensive Income not to be Reclassified as Profit or Loss in Subsequent Periods		
Actuarial gain on Defined Benefit Obligations	243.863	(94.946)
Tax on Other Comprehensive Income	(33.409)	12.760
Other Comprehensive Income for the Year, Net of Tax	210.454	(82.185)
Total Comprehensive Income for the Year, Net of Tax	1,949.083	2,253.057

Table 10.10

CPSTL Financial Statement

Description	As at end of 31 st December 2016 (Audited) Rs. Mn	As at end of 31 th December 2017 (Unaudited) Rs. Mn
Non-Current Assets		
Property, Plant and Equipment	16,799.855	16,743.002
Intangible Assets	7.609	0.278
Other Financial Assets	441.724	441.951
	17,249.188	17,185.231
Current assets		
Inventory	413.049	387.439
Trade and other receivables	6,021.067	9,051.575
Other Financial Assets	1,920.169	1,838.973
Cash and Cash Equivalents	2,455.417	1,549.683
	10,809.703	12,827.670
Total Assets	28,058.891	30,012.901
Equity and Liabilities		
Capital and Reserves		
Stated Capital	7,500.000	7,500.000
Capital Reserve	979.000	979.000
Retained Earnings	14,371.812	16,219.870
Total Equity	22,850.812	24,698.870
Non-current liabilities		
Defined Benefit Obligation	1,234.071	1,473.990
Deferred Tax Liabilities	1,005.757	1,079.042
Interest Bearing Loans and Borrowings	911.051	-
	3,150.879	2,553.032
Current liabilities		
Trade and Other Payables	1,311.033	2,464.554
Interest Bearing Loans and Borrowings	599.114	75.563
Income tax payable	147.053	220.882
Total Liabilities	2,057.200	2,760.999
Total Equity and Liabilities	28,058.891	30,012.901