



Our Vision

A major, integrated energy company, with a strong environment conscience, playing a national role in oil security.

Our Mission

To achieve international standards of excellence in all aspects of petroleum with focus on customer delight through value of products and services and cost reduction.

To maximize creation of wealth, value and satisfaction for the stakeholders.

To attain leadership in developing, adopting and assimilating state-of-the-art technology for competitive advantage.

To provide technology and services through sustained Research and Development.

To foster a culture of participation and innovation for employee growth and contribution.

To cultivate high standards of business ethics and Total Quality Management for a strong corporate identity and brand equity.

To help enrich the quality of life of the community and preserve ecological balance and heritage through a strong environment conscience.



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Financial Highlights

(All amounts in LKR Million)



Performance Parameters	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Sales	1,306	14,533	27,586	37,493	32,796,	44,173	47,617	50,214
Net Profit/(Loss) Before Tax	78	588	2,331	(1,718)	(636)	2,516	(1,104)	(397)
As a % of Sales	6%	4%	8%	(5%)	(2%)	6%	(2%)	(1%)
Net Profit / (Loss) After Tax	78	578	2,329	(1,722)	(686)	2,340	(1,238)	(423)
Return on Capital Employed	13%	11%	18%	(21%)	(8%)	23%	(14%)	(5%)
Shareholders' Funds	578	4,656	10,563	8,340	7,655	9,995	8,757	8,335

Key Ratios

Earning Per Share	1.55	4.20	5.24	(3.23)	(1.29)	4.40	(2.32)	(0.79)
Net Assets Per Share	11.56	15.90	19.20	15.66	14.38	18.77	16.45	15.65
Current Ratio	1.18	0.49	1.38	1.06	0.63	0.80	1.04	1.00
Quick Assets Ratio	0.58	0.11	0.84	0.78	0.14	0.19	0.13	0.62

Price Movement LKR

Market Price Per Share (Highest)	N/A	N/A	54.50	56.00	37.25	31.25	28.00	20.50
Market Price Per Share (Lowest)	N/A	N/A	38.00	25.00	23.00	19.00	14.00	15.75
Last Traded Price Recorded	N/A	N/A	47.75	29.25	30.00	22.00	16.00	18.25

Performance Parameters

Turnover	1,306	14,533	27,586	37,493	32,796	44,173	47,617	50,214
Gross Profit	89	1,055	2,503	2,282	909	3,652	(449)	(371)
Net Profit/(Loss)	78	578	2,329	(1,722)	(686)	2,340	(1,238)	(423)
Earning Per Share (EPS)	1.55	4.20	5.24	(3.23)	(1.29)	4.40	(2.32)	(0.79)
Price Earning Ratio (P/E)	N/A	N/A	10.06	(9.05)	(23.29)	5.57	0	(22.99)

Other Information

No. of Employees	202	214	201	202	170	170	171	172
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Corporate Information

Company Name	: Lanka IOC PLC
Company Registration Number	: PQ 179
BOI Registration No.	: 2613/05/12/2002
Legal Form	: A Public Quoted Company with Limited Liability, incorporated in Sri Lanka on 29th August 2002 under the provisions of the Companies Act No.17 of 1982 and re-registered under the Companies Act No.07 of 2007
Stock Exchange Listing	: The Ordinary Shares of the Company listed on the Colombo Stock Exchange
Registered Office	: Level 20, West Tower, World Trade Center Echelon Square, Colombo 01, Sri Lanka Telephone: + 94 11 2475720 Facsimile: + 94 11 2391490
Website	: www.lankaioc.net
Associates	: Ceylon Petroleum Storage Terminals Limited
Board of Directors	: Mr S V Narasimhan (Chairman) Mr K R Suresh Kumar (Managing Director) Prof.Lakshman R Watawala Mr Jaliya Medagama Mr H S Bedi Mr P K Goyal
Company Secretary	: (Ms) Rajanie Balakrishnan, ACIS
Registrars	: SSP Corporate Services (Private) Limited # 101, Inner Flower Road, Colombo 03
Auditors	: PricewaterhouseCoopers P O Box-918, 100 Braybrooke Place, Colombo 02
Lawyers	: F J & G de Saram, Attorneys-at-Law # 216, de Saram Place, Colombo 10
Bankers	: Citibank N.A. Deutsche Bank State Bank of India ICICI Bank Bank of Ceylon Commercial Bank of Ceylon People's Bank



Board of Directors



Mr S V Narasimhan – Chairman

Mr S V Narasimhan joined IOC on 21st February 1975. A Chartered Accountant by profession and also an MBA from Faculty of Management Studies, Delhi, he has rich experience in Indian Oil Sector over three decades. Before joining as Director (Finance) in IOC on 1st July 2005, he was Managing Director in Chennai Petroleum Corporation Ltd. (a group company of IOC) since November 2002. Mr. Narasimhan was a Member of the Sub-Committee of Working Group set up by the Ministry of Petroleum and Natural Gas, GOI for the comprehensive long term perspective plan for the Hydrocarbon Sector which was the basis for “R” Group Report and subsequent deregulation road map drawn up by the GOI.

Mr K R Suresh Kumar – Managing Director

Mr K R Suresh Kumar is a Chemical Engineer from Madras University and has done six months Management Education Programme at Indian Institute of Management at Ahmedabad. He has a wide exposure in various disciplines in petroleum marketing and has been with Indian Oil Corporation Limited in India for more than 30 years. He has presented papers in national and international seminars in India on lubrication and allied technologies and has also visited UK, Germany, Spain, Malaysia etc., for studying the markets. His last assignment in India was the General Manager (Retail Sales) at Indian Oil Corporation Limited, Mumbai.

He has taken over as the Managing Director, Lanka IOC PLC with effect from 6th December, 2008.

Mr H S Bedi - Director

Mr H S Bedi, an MBA, is presently posted as an Executive Director (Retail Sales), Indian Oil Corporation Limited, a USD 57 billion conglomerate which is the largest commercial undertaking in India and is ranked at 105, in the Fortune “Global 500” 2009 list.

As head of IndianOil’s Retail Sales function, Mr Bedi holds responsibility for a vast network of more than 18000 Fuel Stations and 66 Offices spread across all parts of the country, contributing to approximately 50% of Company’s sales volume.

Mr Bedi has acquired more than 30 years of rich and varied experience across functions of downstream Petroleum Industry including Corporate Planning, Aviation, Logistics and Human Resources Management too.

He has been associated in conceptualizing and roll out of various strategic initiatives undertaken by the Corporation from time to time including introduction of e-Performance Management System, Restructuring Group Productivity Incentive scheme for employees and Launch of structured Non fuel revenue foray of Indian Oil.

Prof. Lakshman R Watawala – Director

Prof. Lakshman R Watawala is a fellow of the Institute of Chartered Accountants of Sri Lanka, a fellow of the Chartered Institute of Management Accountants of U.K and fellow of the Institute of Certified Management Accountants of Sri Lanka.

He has held the position of Chairman and Managing Director of Board of Investment of Sri Lanka twice. He also served as the Chairman of People’s Bank, Peoples Merchant Bank and other State Corporations. He has served as an Advisor in the Ministry of Finance. He is a Past President of the Institute of Chartered Accountants of Sri Lanka, South Asian Federation of Accountants and Founder President of AAT Sri Lanka. Currently, he is a Committee Member of Ceylon Chamber of Commerce, President of the Institute of Certified Management Accountants of Sri Lanka and serves on the Boards of a number of Quoted Public Companies.

Mr Jaliya Medagama – Director

Mr Jaliya Medagama holds a Bachelors Degree from the University of Ceylon, Peradeniya and obtained his post graduate qualifications at the Institute of Social Studies, Den Haag, Netherlands.

Mr Medagama has served as the Commissioner of the Department of Agrarian Services and later he was appointed as the Secretary to the Ministry of Irrigation, Power and Energy, Government of Sri Lanka. He also served as the Sri Lanka representative in the Board of Governors of the International Irrigation Management Institute and represented many forums held in Tokyo, Japan, Netherlands, Nepal and many other countries.

He served as the Chairman and Managing Director of the Ceylon Petroleum Corporation from April 2004 to September 2006. In addition to his work in the Petroleum Corporation, Mr Medagama served as the Chairman of the Ceylon Petroleum Storage Terminals Limited Company.

With his vast experience in the Petroleum Sector, he was appointed as its first Secretary to the newly established Ministry of Petroleum Resources Development. He also served as the Chairman and member of the Petroleum Resources Development Council which handled oil exploration and upstream activities.

After a successful career of forty years in the Public Service, Mr.Medagama retired in September 2006 and was invited to serve as an Independent Director of the Board of Directors of Lanka IOC PLC from September 2008.

Mr P K Goyal - Director

Mr P K Goyal, Executive Director – Finance of Indian Oil Corporation Limited (IOC), joined IOC on 07th June 1977. A Chartered Accountant by profession has wide experience in Indian Oil sector for over three decades. During his stay, he has held various positions attributing to Finance in the Refineries and Corporate Office. Mr P K Goyal was on the Board of Directors of Chennai Petroleum Corporation Limited (CPCL), Indian Strategic Petroleum Reserves Limited (ISPRL), Bogaigaon Refinery & Petrochemicals Ltd (BRPL) and Indian Oil Tanking Limited during the preceding ten years.

He is also responsible for overall operations of the Company’s Treasury with annual inflows/outflows exceeding 80 billion dollars. Significant achievements to name are Mobilization, effective utilization of funds, monitoring and control of the Treasury operations, collateralized borrowing & lending operations and Trade finance facilities.





H S Bedi



Jaliya Medagama



K R Suresh Kumar



S V Narasimhan



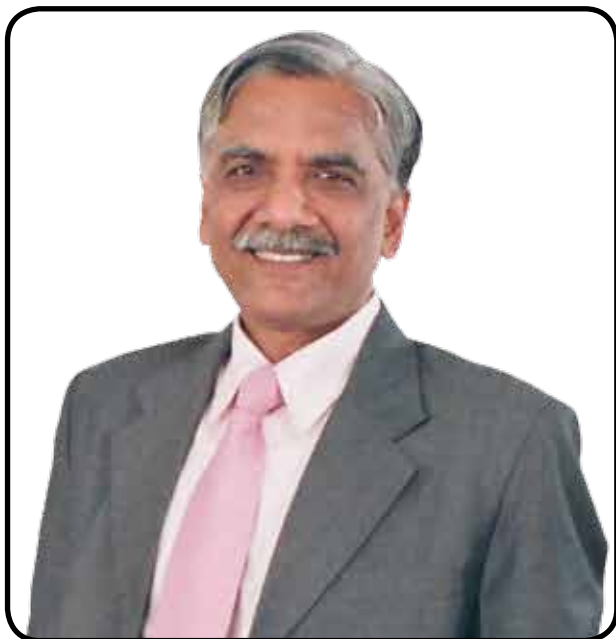
P K Goyal



Prof. Lakshman R Watawala



Chairman's Message



Dear Shareowner,

On behalf of the Board of Directors I am privileged to present to you the 8th Annual Report of Lanka IOC PLC together with the audited accounts and highlights of the activities carried out during the financial year ended 31st March, 2010.

Performance

The sales volume recorded by the company in different segments recorded a substantial and significant increase during the year ended 31/03/2010. The total volume achieved was 646 million liters compared to 462 million liters in the previous financial year. This was mainly due to the positive response your company received from new business lines we entered like bunker operations, sales of bitumen and enhanced customers patronage for the existing products.

The sales turnover crossed LKR 50 billion for the first time. A noteworthy performance has been recorded in Lubricants market where through new initiatives and spreading the network a growth of 18% was recorded when the industry showed a down turn. In the bunker fuels market, growth in the volumes at Colombo Port with the return of peace in the country also helped to achieve higher volumes. The buoyancy shown in the market and the customers' preference for your company's products and services indicate continued goodwill enjoyed by the company.

This encourages us to evolve new programs and initiatives at the Petrol sheds as well as other touch points for bringing value to our esteemed customers. Some of the new initiatives like SERVOPRESS servicing facility, SERVOPRESS-Fill quick oil change facility and other non petroleum services have been welcomed by the discerning customers. We look forward to stepping up gear in the current year and the years to come.

We have obtained approval from the Govt. of Sri Lanka for exporting Lubricants under Temporary Import for Export Process Scheme. This will enhance the utilization of Lube Blending Plant and increase the profitability of the business. The company will be able to derive the benefits in financial year 2010-11.

Areas of concern

The global oil market has still not stabilized. The effects of the economic down turn and the financial crisis in Europe and various events of significance across the globe have led to price volatility in the market. The impact of the world price volatility has been significant since domestic selling prices were not altered commensurate with the sharp changes in the international prices. The Government of Sri Lanka altered the duty structure components on petrol and diesel to minimize the impact of the volatility in prices. However this measure did not suffice. This year Lanka IOC was compelled to sell the products at the prices fixed by the Government of Sri Lanka which was below the breakeven prices.

Government of Sri Lanka also reduced the selling prices of petrol and diesel by Rs. 15/= per litre in Dec. '09 which seriously affected profitability. We have been engaged with the Government of Sri Lanka, bringing to their attention to the cost structure and the losses suffered by the company. Government of Sri Lanka while appreciating the difficulties did not offer sufficient relief. The company with a view to maintaining the supply chain in the post conflict scenario continued to conduct the business while pressing the Government of Sri Lanka for relief. We are of the view that Government of Sri Lanka should evolve a long term price formula which will provide for adjustment of duties and levies and revision in prices based on the international prices. The formula should also provide reasonable margin to the oil companies



to invest in infrastructure for efficient distribution of petroleum products. The inadequacy of infrastructure has direct bearing on the cost of imports. This critical issue needs immediate attention.

Business Initiatives

LIOC took certain key business initiatives to enlarge the bouquet of products and services offered to customers. SERVOPRESS, the branded servicing facility has been set up in 14 key petrol sheds to offer superior vehicle servicing to the valued customers. SERVOPRESS-Fill is a unique concept which offers

nature and take steps to promote and care for the environment. ‘Go Green’ project implemented with the support of Ministry of Environment of Government of Sri Lanka focuses on planting trees in identified schools across the island. 1500 Children from the needy section of the society are chosen as the caretakers of the plants and Lanka IOC contributes a certain sum of money for the well being of the child for the period of 3 years. During this period the child nurtures the plant and also develops a sense of passion and care towards the environment. The contribution made by Lanka IOC for the child’s welfare is allowed to be drawn when he/she is ready to enter the college.



Students selected to care for the trees planted at Dharmasena Attygala Vidyalyaya Piliyandala

a quick oil change facility to motor bikes owners. This has been set up in 5 petrol sheds and has received wide appreciation. LIOC for the 1st time in Sri Lanka introduced Nitrogen Tyre Inflators in 12 petrol sheds. In addition, the network of petrol sheds having branded petrol and diesel has been expanded to bring these products within the reach of wider network of customers. These initiatives have helped Lanka IOC to become a more customer friendly company and made it possible for Lanka IOC to move up in the list of Companies ranked by Brand Finance Sri Lanka. It is a matter of pride that Lanka IOC has been ranked as the No. 1 company in Sri Lanka by LMD for the 2nd successive year.

Corporate Social Responsibility


Lanka IOC is committed to the development of Sri Lanka. Economic prosperity is not at the cost of environment. We have initiated a Corporate Social Responsibility (CSR) project which would make the future generation conscious of the need to preserve

This unique project has been widely welcomed and we intend completing the initial phase soon.

Conclusion

Lanka IOC would work hand in hand with the Government of Sri Lanka in providing oil security to the country while bringing world class technology and customer orientation to the business. Long term goals have been initiated and plans made to realize the goals. We hope the Government of Sri Lanka would follow rational approach to facilitate more investments in this sector and also provide a mechanism for giving a reasonable return on the investment. Lanka IOC believes that the care, innovation, passion and trust would be the key to long term success in the petroleum sector.

With best wishes


S V Narasimhan
Chairman



Managing Director's Message



Dear Shareowner,

The financial year ended 31/03/2010 witnessed Lanka IOC consolidate its position in the petroleum sector in Sri Lanka. The company crossed an important milestone by recording a growth in turnover of LKR 50.21 Billion. The company retained its position as the No. 1 Company in Sri Lanka in the LMD ranking. Sri Lanka's economy is turning around in the post conflict scenario. The growth momentum initiated will be sustained with thrust given by Government of Sri Lanka for infrastructure development and employment generation.

Lanka IOC being in the vital energy sector has a key role to play in the economic development in the country and meeting its energy needs. In the year 2009/10 the profitability on the key products i.e. petrol and diesel suffered due to the Government's pricing policy. Lanka IOC is entirely dependent on imports for petrol and diesel and the volatility in the international prices coupled with the Government's reluctance to carry out the required corrections in the prices, caused Lanka IOC to suffer losses in the sale of these products. The Government attempted to mitigate the impact of the volatility through adhoc revision in the duties on the products. However absence of long term pricing policy on petrol and diesel was felt and we took up with the Government to focus their attention on addressing the problem. These efforts did not bear fruit during the year. We hope the Government will address this issue in the forthcoming budget for the year 2011.

The company made a strategic shift in the products portfolio by laying thrust on other business lines like lubricants marketing, bunker fuels marketing and introduction of new products. Lubricant volumes recorded a growth of more than 18% contrary to the trend in the industry and bunker volumes growth by more than 607%. The company also commenced marketing of bitumen in the last quarter of the financial year and the volumes are expected to grow substantially in the next financial year due to the thrust given by the Government of Sri Lanka for infrastructure development.

In the bunker trade your company has become the leading player in Sri Lanka. The potential in Sri Lanka recorded a growth of more than 50% and the company was able to take advantage of the growing market. Consequent to the end of the conflict and return of peace more shipping lines called on the Colombo Port and the customer friendly approach of the company helped to tap the new clientele for business and also strengthen the relationship with the existing customers. Establishing regular source of supplies and reliable delivery system were also key factors in realizing higher volumes.

Lubricants market recorded lower volumes compared to the previous year. However the company achieved a growth of 18% in volumes and a growth of 3% in the market share. Focus on the non-petrol shed segment, industrial customers, expanding the network of distribution and shops played a significant role in achieving the growth. These initiatives have put the company firmly on the growth path in the Lube Market and will produce the desired results in the next financial year. To widen the customer base the company launched the sale of Bonded Marine lubricants at Colombo. This fills the void in the offering of Lanka IOC to the marine customers.

In the year 2008/09 the contribution of petrol and diesel to the overall revenue was to the extent of 98%. This strategy shifts and entry into different business areas has reduced the contribution to 82% in 2009/10. The company would continuously evaluate the contribution of different business lines and take appropriate measures and initiatives so that every one of them contributes to the top line as well as the bottom line.

The other initiatives taken by the company were meant to enrich customer exposure at the petrol sheds.



SERVOXPRESS the branded service facility has been introduced at many petrol sheds to provide a one-stop shop for vehicle servicing.

To address the needs of motor bikes SERVOXPRESS-Fill has been launched. Nitrogen Tyre Inflator launched at selected outlets has been widely welcomed by motorists. Efforts are also being taken to realize more revenue from the petrol sheds by utilizing the space effectively. The non oil revenues from the petrol sheds grew by more than 40% during the year. The company shall continue to emphasize more revenue generation per square feet of space at the petrol sheds in the coming year.

The company has been endeavoring to upgrade the infrastructure at the petrol sheds. During the year 09

to create long term assets for catering to the needs of Sri Lanka in the current growth phase.

Absorption of new technology in our operations has been a focus area. The integration of ERP in all facets of our work which has been going on has been completed by 31/03/10. In the financial year 2010/11 the entire operations of the company will be through the ERP system which will provide immense benefit and better control. We shall be evaluating adoption of new technologies and methods in our sales and distribution area also in the coming year.

I sincerely thank the Government of Sri Lanka, shareholders, customers, dealers, distributors, business associates and our employees for whole hearted support extended during the year and hope for continued



The refurbished Oil Jetty at Trincomalee

petrol sheds have been refurbished thereby creating more customer oriented facilities. This has resulted in the refurbished sheds realizing higher sales levels post refurbishment. The company has also been paying attention to the infrastructure at Trincomalee Storage Terminal. The oil jetty has been refurbished using the current state-of-the-art facility in carrying out under water repairs. Evaluation of the conditions of the facilities at Trincomalee is under way to plan the scope of work for repair and refurbishment and making them fit for long term usage. The endeavour would be

patronage in the years to come to make Lanka IOC deliver value to the society.

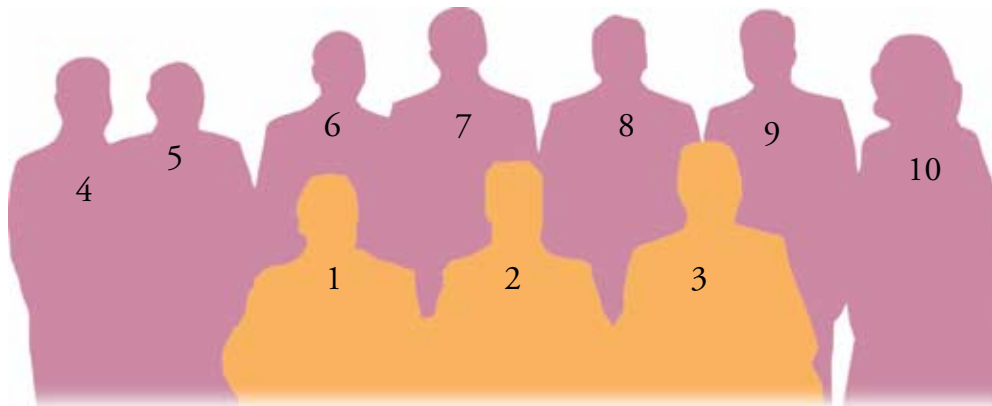
With best wishes

A handwritten signature in black ink, appearing to read 'K R Suresh Kumar'.

K R Suresh Kumar
Managing Director



Senior Management Team



1 Mr T C A Satagopan - Senior Vice President (Finance)

2 Mr. K R Suresh Kumar - Managing Director

3 Mr H Manshani - Senior Vice President (Ops & HR)

4 Mr A Harikrishnan - Vice President (Ops)

5 Mr C M Chandrakandan - Senior Vice President (Ops & LBP)

6 Mr. N K. Modi - Vice President (Finance)

7 Mr. V Sakthivel - Senior Vice President (L(M & P))

8 Mr V. C. Asokan - Vice President (Sales)

9 Mr S S Pandita - Senior Vice President (Eng)

10 Ms Rajanie Balakrishanan - Company Secretary



Corporate Governance



Corporate governance is the set of processes, customs, policies and laws affecting the way a company is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the corporation is governed.

Board of Directors is committed to ensure the accountability through proper mechanism that enhances the shareholder value whilst ensuring that proper internal control systems are in place to govern the day to day affairs of the company. The company endeavours to practice the principles of corporate governance to ensure transparency, integrity and accountability in its functions which are vital for achieving the business objectives of becoming a major, integrated energy Company with a strong environment conscience and playing a national role in oil security.

The Company complies with the guidelines on corporate governance issued by the Colombo Stock Exchange from time to time.

Composition of the Board of Directors

The Board comprises of one Executive and five Non-Executive Directors. The Managing Director is a full time Director and functions as the CEO of the Company. The other Directors are professionals and experienced leaders of high repute in their respective functional areas.

The Non-Executive Directors include two independent Directors, Prof.Lakshman R Watawala and Mr Jaliya Medagama who are acclaimed for their knowledge and experience in their respective fields. Their active participation in the Board deliberations has brought in an independent and pragmatic view to the Board deliberations and in taking decisions.

Corporate Management

The Managing Director manages the Company's day-to-day affairs based on strategic direction, policy formation and procedures approved by the Board from time to time. Each function is headed by a Senior Vice President or a Vice President who assist the Managing Director in the day-to-day functioning of the Company. The team members are well qualified with professional degrees, have long service experience and deal professionally in their respective functional areas.

Investor Relations

The Company maintains excellent relationship with its investors. Through its Registrars, the Company strives to address the grievance of its shareholders on priority.

Accountability & Audit

The Board has reviewed in detail the contents of the Annual Financial Statements and has verified its adherence to principles of accounting; corporate laws and norms laid down for transparent disclosure and accepted accounting policies.

Internal Control

A professional firm of Chartered Accountants conducts the internal audit of the Company's transactions regularly. The audit reports and actions taken are placed before the Audit Committee on periodic basis for a review and to ensure the adequacy and effectiveness of the internal controls.

Board Meetings held during the Financial Year 2009-2010

S.No	Date	Strength of the Board	No.Directors Present
1	01st April 2009	6	5
2	22nd May 2009	6	6
3	11th August 2009	6	6
4	11th February 2010	6	5



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

To the Shareholders

The Board of Directors has pleasure in presenting the 08th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2010. The Directors confirm that the financial statements have been prepared in accordance with the Sri Lanka Accounting Standards, which have been consistently applied and supported by reasonable and prudent judgments and estimates.

Review of the year

The Chairman's statement describes in brief the Company's affairs and the performance during the year and also mentions the events subsequent to the balance sheet.

Financial Statements

The Financial statements of the Company for the year ended 31st March 2010, which include the Income Statement, Balance Sheet, Statement of changes in Equity and the Notes to the financial statements, are given from page 28 onwards.

Principal Activities of the Company

The main activities of the Company are importing, blending, distributing, selling of petroleum products and bunkering in Sri Lanka.

Auditors' Report

The Auditors' Report on the financial statements is set out on page No 27.

Accounting Policies

Accounting policies have been consistently applied by the company in preparing the Financial Statements of the company and there have been no changes made in the accounting policies during the financial year ended 31st March 2010.

Purchasing Policy

All imports of products are made against global tender floated to various petroleum product suppliers all over the world. All transactions with the Parent Company – Indian Oil Corporation Limited are on purely commercial terms and conditions of contract that are applicable/applied to similar such other suppliers of the respective products. The parent company is treated on par with any other such supplying company without any preferences whatsoever.

Government of Sri Lanka has not stipulated any restrictions on the retail pricing of petroleum products by LIOC. LIOC retails the petrol and diesel at the same price as CPC and follows independent pricing for all other marketed products.

Entries in the Interests Register

The Company in accordance with the Companies Act No.07 of 2007 maintains an interest register. Particulars of entries in the interests register are given below;

Directors' interests in transactions

The Directors of the Company have made the general disclosures provided for in section 192(2) of the Companies Act No.07 of 2007. Note No.24 to the financial statements deals with Director's interests in contracts with the Company.

Directors' interests in shares

Prof. Lakshman R Watawala, Independent Non Executive Director of the Company has purchased 500 ordinary voting shares on 23rd November 2009. There were no share dealings by any other directors of the Company (Sec.200) during the accounting year.

Remuneration and other benefits of Directors

The aggregate remuneration and other benefits of directors of the Company for the financial year 2009-10 amounts to LKR.23,709,936/- (2008-09- LKR.10,199,804/-)

Dividends

The Directors do not recommend the payment of a dividend for the year ended 31st March 2010.

Directors

The Directors of the Company at 31st March 2010 were:

Mr S V Narasimhan	(Chairman)
Mr K R Suresh Kumar	(Managing Director)
Prof. Lakshman R Watawala	(Independent Non-Executive Director)
Mr Jaliya Medagama	(Independent Non-Executive Director)
Mr H S Bedi	(Non-Executive Director)
Mr P K Goyal	(Non-Executive Director)



Annual Report of the Board of Directors on the Affairs of the Company (Contd)



Mr R Narayanan who was a director of the Company as at 31st March 2009, resigned with effect from 11th August 2009.

Mr P K Goyal was appointed as a director of the Company with effect from 11th August 2009 in place of Mr R Narayanan.

Appointment of Auditors

A resolution to re-appoint the present auditors PricewaterhouseCoopers who have expressed their willingness to continue, will be proposed at the Annual General Meeting.

The Auditors' remuneration for the year 2009-10 was fixed at LKR 1,041,555/- (2008-09 LKR.981,560/-) as disclosed in note 7(a) to the financial statements on page.38 thereof.

Auditors relationship or any interest with the Company

The Directors are satisfied that, based on written representations made by the independent auditors to the Board, the auditors did not have any relationship or any interest with the Company that would impair their independence. PricewaterhouseCoopers were also engaged as Tax Consultants and for other certifications/consultations at a remuneration of LKR.169,100/- (2008-09LKR.116,720/-) payable by the Company to the auditors for the additional services rendered to the Company.

Donations

The Company has made donations amounting to LKR.500,000/- during the year ended 31st March 2010 for the Siya Saviya Community Development Foundation.

Changes in property, plant and equipment

The movements in property, plant and equipment during the year ended 31st March 2010 and 31st March 2009 are set out in note.11 to the financial statements.

Stated Capital and reserves

There was no change in the stated capital of the Company during the year under review. Majority of the shares ie: 75.12% are held by the Indian Oil Corporation Limited, India. The total retained earnings of the Company as at 31st March 2010

amounted to LKR. 758,118,766/- (2008-09 – LKR.1,180,822,119/-)

Statutory payments

The Directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to the employees and the Government, up to the balance sheet date, have been made.

Stated Capital and Control

There are no restrictions on the voting rights attaching to the Company's ordinary shares of 532,465,705 which are fully paid up and listed on the Colombo Stock Exchange.

Turnover

The Turnover increased from Rs 47.617 Billions in 2008-09 to Rs 50.214 Billions during 2009-10 showing a healthy growth of 5.45%. The quantity of sales increased from 462,848 KL for all products to 646,520 KL during 2009-10. This increase is mainly due to the big growth in the sales of Bunker fuels from Rs. 978 Millions to Rs.7718 Millions during 2009-10 (689%). The Lubricants sales also grew up from Rs. 932 Millions to Rs.1085 Millions (16%) in 2009-10.

The turnover also has increased due to introduction of Bitumen and Marine Lubricants marketing by your Company from January 2010 with both these products contributing turnover of Rs 190 Millions.

The reduction in turnover of retail fuels of Petrol by 22% and Diesel by 1% were mainly due to lower retail prices of these products in 2009-10 compared to the previous year.

Results of Operations

During the year, the Sales volume increased from 462848 KL to 646520 KL reflecting a growth of 40% overall. The main increase is due to increase in Bunker sales quantity during the year by 607% and in Lubricants sales by 18% and implementation of Bitumen marketing from January 2010 by your Company. The Company currently occupies the No 1 position in Sri Lanka on the Bunker operations with a market share of 43.5%

The plant load operating factor of Lube Blending Plant at Trincomalee also went up due to better product mix productions and effective man power utilization.



Annual Report of the Board of Directors on the Affairs of the Company (Contd)

The Company started marketing of various grades of Bitumen in the island from January 2010. During the three months ending March 2010, the Company imported and sold 2276 MTs of Bitumen to various private road contractors and emulsion manufacturers. Plans are afoot to increase the market share of the Company in this product during 2010-11.

The Company also commenced marketing of Marine Lubricants in the Port of Colombo from January 2010. During the quarter ending March 2010, 15 KL of various Marine Lubricants were marketed by your Company.

Capital Expenditure

As a matter of policy and growth, the Company has been investing in the various retail outlets all over the island both by way of refurbishment of existing Retail Outlets as well as construction of new Retail Outlets. During the year a sum of Rs.305 Millions were invested in refurbishment of 9 retail outlets, installation of Tankages and Dispensing units at various Retail Outlets, repairing and reconstruction of oil jetty at Trincomalee and other allied facilities.

Effective 1st April 2010, your Company along with other two companies (ie) CPC and CPSTL in the petroleum sector are shifting to operations and accounting under ERP (SAP) system. Towards the same a sum of Rs.13 Millions has been spent during the current year on SAP License Fees, LAN network at Trincomalee Terminal and Head Office, Colombo and for other related Office Equipment.

Taxation

The Company is a BOI registered entity, registered under Section 17 (2) of the BOI Law No.4 of 1978. Under this registration, the Company's profits are exempt from Income Tax for a period of 10 years with effect from 2002-03, and taxable at a concessional Income Tax rate of 15% thereafter on its main operations.

Duty concessions

The International prices of petrol went up from US\$.58/BBL in April 2009 to US\$.88/BBL in March 2010. In respect of Diesel the prices went up from US\$.58/BBL in April 2009 to US\$.88/BBL in March 2010. In order to ensure a viable and stable

operation of petroleum marketing in Sri Lanka, the company closely interacted with Government of Sri Lanka, Ministry of Petroleum Industries, Ministry of Finance & Planning, Treasury and Sri Lanka Customs. Government of Sri Lanka reduced the Custom Import Duty (CID) component on petrol and diesel from Rs 25/Ltr and Rs 15/Ltr respectively in April 2009 to zero duty from January 2010 to ensure partial financial relief to the Company from the widening gap between the increased international prices and the retail prices for these products in Sri Lanka.

Other Income

During the year the Company earned an income of Rs 21 Millions as income from other sources like rent from lease of hoardings installed at various Retail Outlets, and lease of space and other amenities at the various Retail Outlets for other allied business entities. Further, on its investment of 1/3rd of the shareholding of CPSTL, the Common User Facility for storage and distribution of petroleum products in the island, the company has earned an income of Rs.225 Millions (net of WHT) as dividend for the year 2007-08.

Internal Control

The Company has adequate internal controls in place commensurate with the size, growth and span of business operations. Policies and procedures covering HR, Finance, Engineering, Secretarial and Plant and Terminal operations are in place and being evolved. The Internal Auditors of the company are M/s Ernst and Young, Chartered Accountants, Colombo and the scope of their audit covers internal procedures, controls and systems, risk analysis, financial operations. Auditors directly report their observations to the Audit Committee of the Board with recommendations. Monthly reports are presented to the Company Management, discussed and appropriate actions taken where necessary as recommended by the Internal Auditors.

Taxability Issue with BOI & IRD

On the profit made by the Company during the financial year 2007-08, an issue arose between the Company and the Board of Investments of Sri Lanka with regard to the taxability of the profits from 50 Franchisee Sheds of the Company for this year 2007-08, based on an interpretation of the clauses of the agreement between the BOI and Lanka IOC. The agreement exempted LIOC as an enterprise from



Annual Report of the Board of Directors on the Affairs of the Company (Contd)



income tax for a period of 10 years from 2002-03. However BOI had interpreted that only the original 100 sheds taken over by LIOC as company owned retail outlets at the time of signing of the agreement, were entitled to such exemption and not the Franchisee owned sheds that joined LIOC thereafter.

Based on the above interpretation, Inland Revenue Department (IRD) levied Income Tax and Penalties thereof on the company amounting to Rs 312.344 Millions which had to be paid by the company under duress to IRD, to meet its international commitments and to de-freeze the Bank accounts of the Company which were frozen by IRD in this regard.

As regards the issue with BOI, the matter has been referred to Arbitration with International Chamber of Commerce- International Court of Arbitration. The Arbitration proceedings are yet to start.

As regards the payment made under duress to IRD, a Writ petition has been filed in the High Court of Colombo against the recovery of the tax and penalties. The matter is under purview of the Courts as on date.

Other Milestones

- The Company was ranked No 1 in Sri Lanka for the 2nd consecutive year by Lanka Monthly Digest (LMD), the prestigious Business magazine.
- The Company commissioned 10 Nitrogen Filling facilities for Automobile tyres at its various important Retail Outlets, the first of its kind in the Country.
- The Company has commissioned 5 Nos SERVOPRESS-Fill oil change facilities for two wheelers and 14 Nos SERVOPRESS as branded Car Care Service all over the island.
- The Company has bagged and executed contracts worth of approximately Rs 50 Millions to supply lubricants to the Sri Lanka Armed Forces and Sri Lanka Police during the year. The contracts were clinched against stiff competition from established players in the market.

SAP (Systems Applications & Products)

Implementation

Starting 1st April 2010, LIOC and the allied petroleum companies of CPC and CPSTL have gone live under SAP environment for general Operations, Accounting and Management. During the year, activities were undertaken to ensure implementation of the system change and smoother shifting to the new system environment. The following are some of the important activities undertaken for the same by the Company:

- Centralized data bank for all companies to be maintained at the central servers at Kolonnawa Oil Installation of CPSTL
- Establishment of VPN connectivity of LIOC server with the central servers at Kolonnawa through a 128 MBPS line with one back up line, and between Trincomalee Terminal and LIOC Head Quarters, through a 64 MBPS line.
- 35 Nos User licenses obtained from SAP, India for LIOC usage at both HQ and Trincomalee terminal.
- Training of employees of LIOC for SAP operations environment completed
- Creation and uploading of major Master Data into SAP servers for smooth shifting and operations in SAP is done from present systems.

Facilities with Banks

During the year the Company signed a US\$.95 Million Facility Agreement with State Bank of India (SBI) under approval from Central Bank of Sri Lanka. The facility is operated from Colombo and Singapore branches of the bank. The facility has two major components with short term loan facilities of US\$.50 Millions and LC facilities of US\$.45 Millions. The facility is secured against the mortgage of company's stocks at Kolonnawa, Muthurajawela & Trincomalee Terminals. In March 2009, the Company signed LC & Credit facilities of US\$.50 Millions with ICICI Bank, Singapore branch also under approval from CBSL.

The company started banking operations with State Bank of India, Colombo for major Foreign Exchange



Annual Report of the Board of Directors on the Affairs of the Company (Contd)

transactions from October 2009. Currently bunker operations' receipts and payments are effected through SBI, Colombo. The Company has its main LKR banking operations with Citibank NA, Colombo.

The Company also operates its bank accounts and facilities with Deutsche Bank AG, Colombo.

Initiatives for Cost Control and Cost Reductions

The Company has constantly endeavoured to streamline its various activities in its quest to cut down costs in all areas. Some of these measures were:

- Effective planning, direct sourcing of quality materials from the manufacturers, price & supply negotiations with suppliers and continuous review of execution of ongoing works, resulting in significant cost savings of Rs 13.5 Millions in the works of refurbishment of the Retail Outlets executed during the year.
- Constant review and realignment of product supply logistics to reduce and control the transportation costs while ensuring constant product availability all across the island.
- Implementation of purchase policy and procedures to procure all major material and product inputs only against public tenders and competitive biddings.
- Reduction in repairs and maintenance costs of Tanks and Dispensing Units at the retail outlets of the Company through constant monitoring of performance, preventive maintenance and annual

maintenance contracts. Repairs & Maintenance costs fell to Rs 95.06 per KL of product dispensed in 2009-10 from Rs.98.29 per KL in 2008-09. Similarly the Repairs & Maintenance expenditure per Nozzle fell to Rs.43,181/- in 2009-10 from Rs.44,925/- in 2008-09.

Corporate Social Responsibility

Lanka IOC PLC in collaboration with the Ministry of Environment and Natural Resources has initiated a CSR project which would make the future generation conscious of the need to preserve the nature. The school children selected for this project, called "Haritha Daruwo" are educated to love and protect the nature by giving the ownership of caring for trees planted in their school premises and support the "Go Green" concept. Deserving children are selected by the School authorities from under privileged families and Lanka IOC makes a contribution by depositing a certain sum to a Bank account monthly for the child's welfare. The project has been well received by the society.

Going Concern

The Directors have adopted the going concern basis in preparing the financial statements. The directors after making inquiry and following a review of the Company's budget, future cash flows and borrowing facilities, consider the Company has adequate resources to continue in operation.

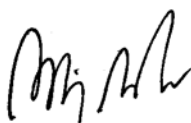
Post balance sheet events

No events have occurred since the balance sheet date which would require adjustments to, or disclosure in, the financial statements.

Signed on behalf of the Board



K R Suresh Kumar
Managing Director



T C A Satagopan
Senior Vice President (Finance)



Rajanie Balakrishnan
Company Secretary

Colombo
05th July 2010



Statement of Directors' Responsibility



The following statement, which should be read in conjunction with the Auditor's Statement of their responsibilities set out in their report, is made with a view to distinguish the respective responsibilities of the Directors and of the Auditors, in relation to the financial statements.

The Directors are required by Sections 150 (1) and 151 (1) of the Companies Act No.07 of 2007, to prepare financial statement for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss for the financial year. The Directors are required to prepare these financial statements on going concern basis, unless it is not appropriate.

Since the Directors are satisfied that the Company has resources to continue in business for the foreseeable future, the financial statements continue to be prepared on the said basis.

The Directors confirm that in preparing the financial statements exhibited on pages 29 to 46 inclusive, appropriate accounting policies have been selected and applied on a consistent basis, while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

The Directors are responsible for ensuring that the Company keeps accounting records, which will disclose with reasonable accuracy the financial

position of the Company and enable them to ensure that financial statements comply with the Companies Act No.07 of 2007.

The Directors are generally responsible for taking such steps that are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are confident that they discharged their responsibility as set out in this statement. They also confirm that to the best of their knowledge all statutory payment payable by the Company as at the Balance Sheet Date, are paid or where relevant, provided for.

By Order of the Board

A handwritten signature in black ink, appearing to read 'K R Suresh Kumar'.

K R Suresh Kumar
Managing Director

Colombo
5th July 2010



Chief Executive Officer's and Chief Financial Officer's Responsibility Statement

The financial statements are prepared in compliance with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No.07 of 2007 and other applicable statutes. The accounting policies applied in the preparation of the financial statement are appropriate and are consistently applied, except as stated in the notes accompanying the financial statements.

The Board of Directors and the management of our company accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgments relating to the financial statements were made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the form and substance of transactions and reasonably present the company's state of affairs. To ensure this, the company has taken proper and sufficient care in putting in place an effective system of internal checks and controls, for ensuring the correctness of the financial transactions recorded in the books of accounts, safeguarding assets

and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. Our Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the company were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

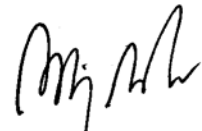
The financial statements were audited by PricewaterhouseCoopers, Chartered Accountants, the independent auditors.

The Audit Committee of our company meets periodically with the internal auditors and the independent auditors to review the manner in which these auditors are performing their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the independent auditors and the internal auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.



K R Suresh Kumar
Managing Director

5th July 2010



T C A Satagopan
Sr.Vice President(Finance)



Compliance of CSE Rules on Corporate Governance



Rule No	Subject	Applicable requirement	Compliance Status	Details
7.10.1a	Non Executive Directors on the Board	At least one third of the total number of Directors should be Non Executive Directors	Complied	Five out of Six Directors are Non Executive Directors
7.10.2 a	Independent Directors	Two or one third of Non Executive Directors (whichever is higher) should be independent	Complied	Two of the Five Non Executive Directors are Independent
7.10.2 b	Independent Directors	Each Non Executive Director should submit a declaration of independence / non independence in the prescribed format	Complied	Non Executive Directors have submitted the declaration
7.10.3 a	Disclosure relating to Directors	Names of Independent Directors should be disclosed in the Annual Report	Complied	Please Refer page 14
7.10.3 c	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including their expertise	Complied	Please Refer page 5
7.10.5	Remuneration Committee	A listed Company shall have a Remuneration Committee	Complied	Names of members of Remuneration Committee are available on page .
7.10.5 a	Composition of Remuneration Committee	Shall comprise of Non Executive Directors, a majority of whom shall be independent	Complied	Remuneration Committee consists of three Non Executive Directors of which two are independent. Chairman of the Remuneration Committee is an Independent Non Executive Director
7.10.5 b	Functions of Remuneration Committee	The Remuneration Committee shall recommend the remuneration payable to Chief Executive Officer and Executive Officers	Complied	Please refer Remuneration Committee Report on page 23
7.10.5 c	Disclosure in the Annual Report relating to Remuneration Committee	The Annual Report should set out;	Complied	Please refer page 23
		i) Names of Directors comprising the Remuneration Committee		
		ii) Statements of Remuneration policy & Committee Report	Complied	Please refer Remuneration Committee report for a brief statement of policy
		iii) Aggregate remuneration paid to Executive and Non Executive Directors	Complied	Please refer page 39



Compliance of CSE Rules on Corporate Governance (Contd)

Rule No	Subject	Applicable requirement	Compliance Status	Details
7.10.6	Audit Committee	The Company shall have an Audit Committee	Complied	Names of members of Audit Committee are available on page 24
7.10.6 a	Composition of the Audit Committee	Shall comprise of Non Executive Directors, a majority of whom shall be independent	Complied	Audit Committee consists of three Non Executive Directors, two of whom are independent. Chairman of the Audit Committee is an Independent Non Executive Director
		Chief Executive Officer and the Chief Financial Officer should attend Audit Committee Meetings	Complied	Chief Executive Officer and Chief Financial Officer attend meetings by invitation
		The Chairman of the Audit Committee or one member should be a Member of a recognized professional accounting body	Complied	Chairman of Audit Committee is a member of a professional accounting body
7.10.6 b	Functions of the Audit Committee	Should be as outlined in Section 7.10.6 b of the listing rules	Complied	The terms of reference of the Audit Committee adopted by the Board cover the areas described in the listing rules
7.10.6 c	Disclosure in the Annual Report relating to the Audit Committee	Names of Directors comprising the Audit Committee	Complied	Please refer page 24
		The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination	Complied	Please refer Audit Committee report
		The Annual Report shall contain a report by the Audit Committee setting out the manner of compliance of the functions	Complied	Please refer Audit Committee report



Remuneration Committee Report



The Remuneration Committee consists of three non-executive Directors, namely Prof. Lakshman R Watawala, Mr Jaliya Medagama and Mr P K Goyal of which the first two are Independent Directors. The Committee is chaired by Prof. Lakshman R Watawala, the Independent Non Executive Director. The Managing Director also participates in the Committee meetings as and when requested for by the Committee, and assists by providing relevant information during the deliberations. The Chairman and the other Members of the Committee are appointed by the Board.

The Committee is responsible for laying down guidelines and parameters for determining the compensation of the Executive Director and make recommendations to the Board for final determination. The Committee also lays down guidelines and parameters for the compensation structures of management staff. The primary objective of the compensation packages is to attract and retain a highly qualified and experienced work force and reward performance. The remuneration package attempts to provide appropriate compensation

commensurate with the employees' qualification and experience, bearing in mind the business performance and long term shareholder returns.

The Committee meets periodically to review the Company's compensation structure and reviews the appropriateness of the compensation package keeping in view the pay structure amongst comparative companies, etc. to ensure its alignment with the compensation offered in the industry, and the Company's short term & long term strategies.

A handwritten signature in dark ink, appearing to read 'Watawala'.

Prof. Lakshman R Watawala

Chairman,
Remuneration Committee

5th July 2010



Audit Committee Report

Composition of the Audit Committee

The Audit Committee, appointed by and responsible to the Board of Directors, comprises of three Non-Executive Directors of which two are independent Directors. The Committee is chaired by Prof. Lakshman R Watawala, an Independent Director. The other two committee members comprise of Mr Jaliya Medagama, an Independent Director and Mr P K Goyal. Mr K R Suresh Kumar, the Managing Director, attends the Audit Committee Meetings by invitation. Mr R Narayanan, who served in the Audit Committee was replaced by Mr P K Goyal with effect from 11.08.2009.

The Chairman of the Audit Committee is a senior Chartered Accountant, acclaimed for his professional knowledge and expertise in financial / Company matters. The brief profile of the Audit Committee members is given on page 4. Their individual as well as collective knowledge on financial & legal matters and their business acumen are brought to bear in the deliberations and judgments on matters that come up in the Committee deliberations.

Functions of the Audit Committee

The terms of reference specified by the Board of Directors for the Audit Committee include the functions of the Audit Committee prescribed in the Continuing Listing Rule No. 7.10.6b of the Colombo Stock Exchange.

Meetings

The Committee held 5 meetings during the financial year 2009-10 to discuss the matters within its purview. The committee members present at the meetings were as follows;

S/No	Date	Venue	Strength of the Committee	No. of Members Present	Names of the Members Present	Names of Members - excused
1	01.04.2009	Chennai	3	2	Mr.Jaliya Medagama Mr R Narayanan	Prof.L R Watawala
2	21.05.2009	Colombo	3	3	Prof.L R Watawala Mr.Jaliya Medagama Mr R Narayanan	---
3	11.08.2009	Colombo	3	3	Prof.L R Watawala Mr.Jaliya Medagama Mr R Narayanan	---
4	11.11.2009	Colombo	3	3	Prof.L R Watawala Mr.Jaliya Medagama Mr P K Goyal	----
5	10.02.2010	Colombo	3	3	Prof.L R Watawala Mr.Jaliya Medagama Mr P K Goyal	----

Tasks of the Audit Committee

The Committee reviewed the financial reporting system adopted by the Company in preparation, presentation and adequacy of disclosures in the annual financial statements to ensure reliability of the processes, consistency



Audit Committee Report (Contd)

of the accounting policies & methods adopted and their compliance with the Sri Lanka Accounting Standards. The Committee also reviewed the Company's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements. The Committee also reviewed the adequacy of the internal controls and assessed the independence and performance of the external auditors. The Committee recommended the financial statements to the Board for its approval and issuance. The committee also reviewed the risks the company was exposed to and has approved the Risk Management Policy to be followed by the company so as to manage and mitigate the impact arising from such risks.

Internal Audits

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

External Audits

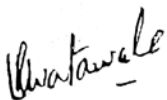
The Committee also deliberated with the external auditors to review the nature, approach and scope of audit. Actions taken by the Management in response to the issues raised as well as the effectiveness of internal controls in place were also discussed.

Appointment of External Auditors

The Audit Committee upon reviewing the independence and performance of the auditors has recommended to the Board of Directors that Messrs PricewaterhouseCoopers be appointed as Auditors for the financial year ending 31st March 2011, subject to the approval of the shareholders at the Annual General Meeting.

Conclusion

The Audit Committee is satisfied that the Company's accounting policies and operational controls provide reasonable assurance that the affairs of the Company are managed in accordance with its policies and that the Company's assets are properly accounted for and adequately safeguarded.



Prof. Lakshman R Watawala

Chairman,
Audit Committee

5th July 2010



Corporate Social Responsibility

The Company recognizes the pivotal roles it play in the community in which it transacts business and the requirement to support the community in improving the environment suitable for standard living of the million of species on our planet.

With a single-minded obsession with development, we humans have gone ahead with widespread de-forestation, drained wetlands and generated large amounts of heat-trapping green-house gases to irreversibly alter the climate of our life-giving planet. The adverse climatic conditions we experience would vouch for this.

In its commitment to increase its environmental responsibility by adhering to “Go Green” concept, selected to start its tree planting project with school children in order to make awareness in the young minds, and for them to contribute towards diminishing the catastrophic effect of the climate change and its consequences.

Lanka IOC PLC has initiated the tree planting programme in schools in collaboration with the Ministry of Environment & Natural Resources, joining hands in the “Haritha Lanka” Programme to plant 1500 trees in its 1st phase and select 1500 school children from less fortunate families to care for the trees planted. Each child will be contributed with Rs.100/- each month for a period of 3 years to care for the trees until the tree can withstand any damage.

Picture below shows the Minister of Environment & Natural Resources Hon.Patali Champika Ranawaka, at the inauguration of the project - planting the 1st tree of the 1500 trees at Hemamali Balika Vidyalaya, Maradana on 12th February 2010, while Managing Director Mr K R Suresh Kumar and other senior officials of LIOC look on.



**Independent Auditor's Report
To the members of Lanka IOC PLC
Report on the Financial Statements**

1 We have audited the accompanying financial statements of Lanka IOC PLC, which comprise the balance sheet as at 31 March 2010, and the income statement, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 3 to 21.

2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

3 Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

4 Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2010 and the financial statements give a true and fair view of the Company's state of affairs as at 31 March 2010 and of its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

5 Report on other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Section 151 (2) of the Companies Act, No. 07 of 2007.

COLOMBO
13th May 2010

CHARTERED ACCOUNTANTS

Partners Y Kanagasabai FCA, D.T.S.H. Mudalige FCA, S. Manoharan ACA, N. R. Gunasekera FCA, S. Gajendran FCA,
Ms. S. Hadgie FCA, Ms. S. Perera ACA,

PricewaterhouseCoopers

P.O.Box 918

100, Braybrooke Place,

Colombo 2

SRI LANKA.

Telephone : 94-11-7719838

94-11-4719838

Facsimile : 94-11-2303197

Confirmation from an Auditor Performing Work for a Listed Company of compliance with Guidelines issued by the Securities and Exchange Commission of Sri Lanka (SEC) for Appointment of Auditors of Listed Companies

I, Nishan Ravidu Gunasekera hereby confirm that PricewaterhouseCoopers, 100, Braybrooke Place, Colombo 2, is compliant with the Guidelines issued by SEC for Appointment of Auditors of Listed Companies with respect to Lanka IOC PLC.

26 July 2010
.....
[Date]


.....
[Signature of the Engagement Partner]

Income Statement

(all amounts in Sri Lanka Rupees)



	Notes	Year ended 31 st March	
		2010	2009
Revenue	3	50,214,051,199	47,617,186,435
Cost of sales	4	(50,585,460,102)	<u>(48,066,589,690)</u>
Gross loss		(371,408,903)	(449,403,255)
Other operating income	5	435,208,894	490,412,716
Selling and distribution costs		(34,584,219)	(24,636,356)
Administrative expenses		(828,017,518)	(633,008,113)
Write back of disallowed input VAT	6	<u>581,830,805</u>	<u>Nil</u>
Operating loss	7	(216,970,941)	(616,635,008)
Net finance costs	8	<u>(179,911,342)</u>	<u>(487,100,485)</u>
Loss before tax		(396,882,283)	(1,103,735,493)
Tax	9	<u>(25,821,070)</u>	<u>(134,018,629)</u>
Net loss after tax		<u>(422,703,353)</u>	<u>(1,237,754,122)</u>
Loss per share	10	(0.79)	(2.32)

The notes on pages 33 to 46 form an integral part of these financial statements.

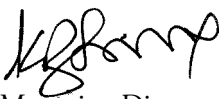


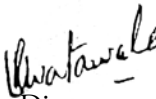
Balance sheet

(all amounts in Sri Lanka Rupees)

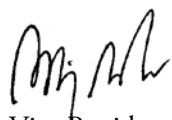
	Notes	31 st March	
		2010	2009
ASSETS			
Non current assets			
Property, plant and equipment	11	3,355,406,220	3,234,562,320
Long term investment	12	4,394,000,000	4,394,000,000
Goodwill	13	673,876,577	673,876,577
		8,423,282,797	8,302,438,897
Current assets			
Inventories	14	3,434,895,016	10,614,339,051
Current tax receivable		94,345,464	Nil
Receivables and prepayments	15	4,743,527,957	1,068,692,538
Cash and cash equivalents	16	1,085,170,311	468,440,307
Total current assets		9,357,938,749	12,151,471,896
Total assets		17,781,221,545	20,453,910,793
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	17	7,576,573,900	7,576,573,900
Retained earnings		758,118,766	1,180,822,119
Total capital and reserves		8,334,692,666	8,757,396,019
Non-current liabilities			
Retirement benefit obligations	18	46,297,806	26,496,869
Current liabilities and provisions			
Trade and other payables	19	3,505,510,469	5,988,422,047
Current tax payable		Nil	26,346,837
Borrowings	20	5,894,720,604	5,655,249,021
Total current liabilities and provisions		9,400,231,073	11,670,017,905
Total liabilities		9,446,528,879	11,696,514,774
Total equity and liabilities		17,781,221,545	20,453,910,793

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were authorised for issue by Board of Directors on 13.05.2010


 Managing Director
 13.05.2010


 Director
 13.05.2010

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


 Senior Vice President (Finance)
 13.05.2010

The notes on pages 33 to 46 form an integral part of these financial statements.



Statement of changes in equity

(all amounts in Sri Lanka Rupees)



	Stated capital	Retained earnings	Total
Balance at 1 st April 2008	7,576,573,900	2,418,576,241	9,995,150,141
Net loss for the year	-	(1,237,754,122)	(1,237,754,122)
Balance at 31st March 2009	7,576,573,900	1,180,822,119	8,757,396,019
Balance at 1 st April 2009	7,576,573,900	1,180,822,119	8,757,396,019
Net loss for the year	-	(422,703,353)	(422,703,353)
Balance at 31st March 2010	7,576,573,900	758,118,766	8,334,692,666



Cash flow statement

(all amounts in Sri Lanka Rupees)

	Notes	Year ended 31 st March	
		2010	2009
Operating activities			
Cash generated / (used in) from operations	23	1,066,722,614	(7,152,695,507)
Economic Service Charge and income tax paid		(146,513,370)	(228,438,194)
Interest received		75,861,936	411,840,820
Interest paid		(350,197,676)	(247,229,687)
Defined benefit obligations paid	18	(6,165,705)	(2,243,010)
Net cash generated from / (used in) operating activities		<u>639,707,799</u>	<u>(7,218,765,578)</u>
Investing activities			
Purchase of property, plant and equipment	11	(306,302,381)	(176,334,256)
Proceeds from disposal of investment		Nil	4,460,644,335
Proceeds from sale of property, plant and equipment		653,123	Nil
Net cash generated from / (used in) investing activities		<u>(305,649,258)</u>	<u>4,284,310,079</u>
Financing activities			
Repayment of borrowings		(31,269,145,602)	(20,570,796,808)
Proceeds from borrowings		32,078,890,574	21,198,062,875
Net cash generated from financing activities		<u>809,744,972</u>	<u>627,266,067</u>
Increase / (decrease) in cash and cash equivalents		<u>1,143,803,513</u>	<u>(2,307,189,432)</u>
Movement in cash and cash equivalents			
At the beginning of the year		(416,815,151)	1,890,374,282
Increase / (decrease) during the year		<u>1,143,803,514</u>	<u>(2,307,189,432)</u>
At the close of the year	16	<u>726,988,363</u>	<u>(416,815,151)</u>

The notes on pages 33 to 46 form an integral part of these financial statements.



Notes to the financial statements

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



1 General information

The Company commenced commercial operations of importing, selling and distribution of petroleum products on 14 February 2003.

The Company has been granted a Petroleum Products License by the Ministry of Power and Energy which gives authority to import, export, store, distribute, sell and supply petrol, auto diesel, heavy diesel (industrial diesel), furnace oil and kerosene, naphtha and other mineral petroleum products including marine fuels premium petrol and premium diesel but excluding aviation and liquid petroleum gas. The license is valid for a period of 20 years from 22nd January 2004 and renewable thereafter.

The financial statements were authorised for issue by the Board of Directors on 13 May 2010.

2 Summary of significant accounting policies

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

2.01 Basis of preparation

The financial statements are prepared in accordance with Sri Lanka Accounting Standards on the historical cost basis of accounting except for the revaluation of land. The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the report of amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

2.02 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency.

(b) Transactions and balances

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

2.03 Property, plant and equipment

Land and buildings comprise mainly retail outlets and terminals. Land is shown at valuation by independent valuers carried out on 1 May 2004. All other property, plant and equipment is stated at



Notes to the financial statements (Contd)

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

historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful lives commencing from the month after the month of purchase as follows:

Buildings	15	years
Plant and equipment	8	years
Motor vehicles	5	years
Furniture and fittings and interior furnishing	5	years
Computer software	4	years
Office equipment	4	years

Land is not depreciated as it is deemed to have an indefinite life.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Where the carrying amount of an asset is greater than its recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in operating profit.

Increase in the carrying amount arising on revaluation of land, within one year from date of acquisition, is credited to goodwill arising on acquisition.

2.04 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

2.05 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale is capitalised as part of that asset. The amount of borrowing costs eligible for capitalisation is determined in accordance with SLAS 20 - Borrowing Costs - Allowed Alternative Treatment.



Notes to the financial statements (Contd)

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



2.06 Goodwill

Goodwill represents the excess of the costs of acquisition over the fair values of the retail outlets at the date of acquisition. Surplus arising from revaluation of land of 100 retail outlets, is set off against the goodwill on acquisition of 100 retail outlets.

2.07 Investments in associates

Investment in the associate company is accounted for at cost and is classified as a long term investment in the balance sheet. The Company has no significant influence in the financial and operating policy decisions of the investee and hence the adoption of the equity method is inappropriate.

2.08 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method for lubricant finished goods and first-in first-out (FIFO) method for other products. This includes direct costs on transport, handling costs and insurance.

Net realisable value is the estimate of selling price in the ordinary course of business, less the cost of completion and selling expenses. Provision is made where necessary for slow moving, defective and obsolete stocks.

2.09 Trade receivables

Trade receivables are carried at anticipated realisable value. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default payments are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within distribution cost. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivable. Subsequent recoveries of amounts previously written-off are credited against distribution cost in the income statement.

2.10 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturity of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities in the balance sheet.

2.11 Stated capital

Ordinary shares are classified as equity.

2.12 Trade payables

Trade payables are recognised initially at cost.



Notes to the financial statements (Contd)

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

2.13 Tax

The tax expense for the year comprise current tax and deferred tax.

(a) Current taxes

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act and amendments thereto, calculated on the basis of the tax laws enacted at the balance sheet date.

(b) Deferred income taxes

Deferred taxation is computed using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on property, plant and equipment, provisions for retirement benefit obligations and tax losses carried forward.

Tax rates enacted by the balance sheet date are used to determine deferred income tax. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.14 Defined contribution plans

All local employees of the Company are members of the Employees' Provident Fund and Employees' Trust Fund. The employer contributes to the above two funds at the rate of 15% and 3% respectively of such employees' basic or consolidated wage or salary and meal allowance, as applicable, for Trincomalee based (erstwhile CPC) employees. The contribution of the employer to these funds for other employees is 12% and 3% respectively.

2.15 Retirement benefit obligations

The Company has adopted the benefit plan as required under the Payment of Gratuity Act No.12 of 1983 for all eligible employees. The benefit plan is unfunded. Provision for gratuity is made by the Company taking account of the recommendation of an independent qualified actuaries firm, Messrs Actuarial & Management Consultants (Private) Limited [Formerly Messrs Watson Wyatt Lanka (Private) Limited] who carried out actuarial valuation as at 31 March 2010. Change in the accounting policy was not considered as a prior year adjustment since the amount concerned is not material.

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

The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date, together with adjustments for unrecognized past service cost. The defined benefit obligation is calculated annually by the Company using the projected unit credit method prescribed in Sri Lanka Accounting Standard 16; Employee Benefits. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.



Notes to the financial statements (Contd)

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



Gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the statement of recognized income and expense in the period in which they arise.

Past service costs are recognized immediately in income, unless the changes to the plan are conditional on the employees remaining in service for a specific period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

2.16 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provision are not recognised for future operating losses.

The Company recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

2.17 Revenue recognition

Revenue comprises the invoiced value for sale of goods net of value added tax, and discounts. Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Interest income is recognised on a time proportionate basis, taking account of principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company.

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

2.18 Contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company's control.



Notes to the financial statements (Contd)

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

3 Revenue

	Year ended 31 st March 2010		Year ended 31 st March 2009	
	Qty Litres	Value	Qty Litres	Value
Domestic sales				
Super petrol	7,497,600	911,069,908	10,322,400	1,464,176,611
Lanka petrol	167,049,500	18,059,016,406	166,026,300	21,742,281,374
Auto diesel	314,065,500	22,177,289,769	260,057,060	22,452,360,235
Super diesel	871,200	74,681,640	554,400	48,569,443
Lubricants	5,661,822	1,087,569,147	4,806,899	931,831,215
Bitumen	2,275,920	186,686,823	Nil	Nil
Total domestic sales	497,421,542	42,496,313,693	441,767,059	46,639,218,878
Bunkering operations	149,098,264	7,717,737,506	21,080,845	977,967,557
Total sales	646,519,806	50,214,051,199	462,847,904	47,617,186,435

Sales can be further analysed as follows:

	2010	2009
Sales	51,427,704,227	49,035,482,118
Dealer commission / discounts on lubricants	(723,645,503)	(786,663,721)
Evaporation allowance	(107,441,405)	(120,669,849)
Turnover tax	(382,566,120)	(510,962,112)
Net sales	50,214,051,199	47,617,186,435

4 Cost of sales

The cost of sales includes the FOB/C&F/CIF cost (as applicable), customs / excise duties and taxes, port charges, terminalling charges, hedge settlements, blending expenses, transportation charges etc. incurred on import of raw materials and petroleum products.

5 Other operating income

	2010	2009
Dividend income from Ceylon Petroleum Storage Terminal Limited	225,000,000	168,750,000
Income from Ceylon Petroleum Corporation	189,309,895	304,301,864
Loss on disposal of property, plant and equipment	(3,389,137)	(6,000)
Others	24,288,136	17,366,852
	435,208,894	490,412,716

6 Disallowed input VAT

This represents a reversal of disallowed input VAT which was provided in 2007/2008, as the Company has successfully obtained an acknowledgement from the Inland Revenue Department that the amount will be adjusted against future liabilities.



Notes to the financial statements (Contd)

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



7 (a) Operating loss

The following items have been charged in arriving at operating loss:

	2010	2009
Directors' emoluments	23,709,936	10,199,804
Auditors' remuneration		
- audit	1,041,555	981,560
- non-audit	169,100	116,720
Depreciation (Note 11)	181,416,219	168,115,970
Staff costs [Note 7 (b)]	224,736,696	122,651,010
Lease rent - Trincomalee	11,256,625	10,937,125
Donations	500,000	200,000
Payments under voluntary retirement scheme	9,643,605	1,681,330
(b) Staff costs		
Salaries and wages	198,770,054	140,294,496
Defined benefit plan (Note 18)	25,966,642	(17,643,486)
	224,736,696	122,651,010

The average number of employees employed by the Company during the year was 172 (2009 - 171).

8 Net finance costs

	2010	2009
Interest expense	(336,294,414)	(247,229,686)
Interest income	75,861,936	411,840,820
Exchange gains / (losses)	129,628,597	(497,424,929)
Bank charges	(35,204,199)	(25,106,481)
Interest on deferred payments to suppliers	(13,903,262)	(129,180,209)
	(179,911,342)	(487,100,485)

9 Tax

Current tax	25,821,070	134,018,629
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In terms of the agreement entered into with the Board of Investment (BOI) of Sri Lanka under Section 17 of the Board of Investment Law No. 4 of 1978, the Company is exempt from income tax for a period of ten years commencing from 14 February 2003.

The current year tax charge wholly consists of tax on non-exempt interest income at 33 1/3% (2009 - 33 1/3%).

10 Loss per share

Basic loss per share is calculated by dividing the net loss attributable to shareholders by the weighted average number of ordinary shares in issue as at 31 March.

	2010	2009
Net loss attributable to shareholders	(422,703,353)	(1,237,754,122)
Weighted average number of ordinary shares in issue	532,465,705	532,465,705
Earnings (loss) per share (Rs)	(0.79)	(2.32)





Notes to the financial statements (Contd)

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

11 Property, plant and equipment

(a)	Freehold land	Building & fixtures	Plant and equipment	Office equipment	Computer software	Lube Plant	Capital work - in progress	Furniture & fittings	Motor vehicles	Total
Year ended 31st March 2009										
Opening net book amount	1,969,631,680	763,359,805	124,703,390	2,096,654	-	335,298,953	31,842,358	1,108,512	6,366,760	3,234,408,112
Adjustments	-	-	-	-	-	(8,058,077)	-	-	-	(8,058,077)
Additions	-	36,761,180	17,006,805	4,717,735	2,480,187	960,413	106,102,842	939,876	7,365,217	176,334,256
Disposals	-	-	-	-	-	-	-	(6,000)	-	(6,000)
Transfers	-	24,547,197	39,355,780	-	-	2,689,608	(66,592,585)	-	-	-
Depreciation charge	-	(63,123,710)	(58,203,629)	(2,256,319)	(445,678)	(39,888,520)	-	(466,161)	(3,731,954)	(168,115,970)
Closing net book amount	1,969,631,680	761,544,472	122,862,346	4,558,070	2,034,509	291,002,377	71,352,614	1,576,227	10,000,024	3,234,562,320

At 31st March 2009

Cost / valuation	1,969,631,680	1,044,172,506	891,044,467	14,075,619	2,480,187	384,550,530	71,352,614	11,166,733	21,967,566	4,410,441,903
Accumulated depreciation	-	(282,628,034)	(768,182,121)	(9,517,549)	(445,678)	(93,548,153)	-	(9,590,506)	(11,967,543)	(1,175,879,583)
Net book amount	1,969,631,680	761,544,472	122,862,346	4,558,070	2,034,509	291,002,377	71,352,614	1,576,227	10,000,024	3,234,562,320

Year ended 31st March 2010

Opening net book amount	1,969,631,680	761,544,472	122,862,346	4,558,070	2,034,509	291,002,377	71,352,614	1,576,227	10,000,024	3,234,562,320
Adjustments	-	-	-	-	-	-	-	-	-	-
Additions	6,531,250	20,250,309	2,050,896	8,246,103	7,135,568	-	260,936,244	1,152,012	-	306,302,381
Disposals	(4,042,262)	-	-	-	-	-	-	-	-	(4,042,262)
Transfers	-	169,165,308	71,085,668	-	-	32,398,212	(272,649,188)	-	-	-
Depreciation charge	-	(76,507,286)	(48,372,479)	(3,236,250)	(652,859)	(49,081,260)	-	(610,822)	(2,955,263)	(181,416,219)
Closing net book amount	1,972,120,668	874,452,804	147,626,431	9,567,924	8,517,217	274,319,329	59,639,670	2,117,418	7,044,760	3,355,406,220

At 31st March 2010

Cost / valuation	1,972,120,668	1,233,588,123	964,181,031	22,321,722	9,615,755	416,948,742	59,639,670	12,318,745	21,967,566	4,712,702,022
Accumulated depreciation	-	(359,135,319)	(816,554,600)	(12,753,799)	(1,098,538)	(142,629,413)	-	(10,201,327)	(14,922,806)	(1,357,295,802)
Net book amount	1,972,120,668	874,452,804	147,626,431	9,567,924	8,517,217	274,319,329	59,639,670	2,117,418	7,044,760	3,355,406,220

Notes to the financial statements (Contd)

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



11 Property, plant and equipment (contd)

(b) Capital work-in-progress at 31 March 2010 represents the following:

	2010	2009
Refurbishment work		
- Trincomalee	14,089,030	28,505,437
- Retail outlets	45,550,640	42,847,177
	<u>59,639,670</u>	<u>71,352,614</u>

(c) Valuation of land

The lands belonging to the retail outlets were valued on 1 May 2004 by professional independent valuers. The revaluation surplus of Rs 896,641,680 was credited against the goodwill recognised at the time of acquisition as permitted by SLAS 25 (Business Combinations).

If land was stated on a historical cost basis, the amount would be as follows :

	2010	2009
Cost	1,072,990,000	1,072,990,000
Accumulated depreciation	Nil	Nil
Disposal	(4,042,262)	Nil
Net book amount	<u>1,068,947,738</u>	<u>1,072,990,000</u>

There are fully depreciated assets as at the balance sheet date amounting to Rs 788,494,491 (2009 Rs 184,003,037).

12 Investment

Long term investment

- (i) Lanka IOC PLC owns 1/3rd share of Ceylon Petroleum Storage Terminal Limited (CPSTL), also known as the "Common User Facility" (CUF).
- (ii) The Company paid US\$ 45 million to Ceylon Petroleum Corporation on 22 January 2004 to obtain 1/3 ownership of CPSTL (250,000,000 equity shares).

	2010	2009
At the beginning of the year	4,394,000,000	4,394,000,000
Closing net book amount	<u>4,394,000,000</u>	<u>4,394,000,000</u>

13 Goodwill

Goodwill is due to the excess of purchase consideration paid to the Government of Sri Lanka over the net assets value representing applicable shares allotted in the acquisition of the retail outlets.

Accumulated amortisation as at the balance sheet date amounted to Rs 85,420,976.



Notes to the financial statements (Contd)

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

14 Inventories

	2010	2009
Petroleum products	3,016,859,352	9,856,420,752
Lubricants	205,657,833	236,853,981
Base oil and other raw materials	212,377,831	521,064,318
	<u>3,434,895,016</u>	<u>10,614,339,051</u>

15 Receivables and prepayments

	2010	2009
Trade receivables	906,828,061	228,940,482
VAT receivables	895,706,827	131,088,471
Other receivables	2,635,294,950	592,258,255
Deposits	6,930,962	5,150,453
Advances	74,747,019	81,587,410
Prepayments	25,706,490	29,667,467
Amount due from related companies (Note 24)	198,313,648	Nil
	<u>4,743,527,957</u>	<u>1,068,692,538</u>

The other receivables includes income tax receivable of Rs 312 million.

This amount paid as income tax on assessment issued by the Inland Revenue Department is included as receivable as the Company is of the opinion that the amount will be refunded.

16 Cash and cash equivalents

	2010	2009
Cash and bank balances	1,085,170,311	468,440,307
At end of year	<u>1,085,170,311</u>	<u>468,440,307</u>

For the purposes of the cash flow statement, the year end cash and cash equivalents comprise the following:

	2010	2009
Cash and bank balances	1,085,170,311	468,440,307
Bank overdrafts (Note 20)	(358,181,949)	(885,255,459)
	<u>726,988,363</u>	<u>(416,815,151)</u>

17 Stated Capital

	Number of shares	Stated Capital	Total
At 31 st March 2009	532,465,705	7,576,573,900	7,576,573,900
At 31 st March 2010	532,465,705	7,576,573,900	7,576,573,900



Notes to the financial statements (Contd)

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



18 Retirement benefit obligations

The amounts recognised in the balance sheet are determined as follows:

	2010	2009
Present value of unfunded obligation	46,297,806	26,496,869
Balance recognised in the financial statements	46,297,806	26,496,869

The movement in the retirement benefit obligation over the year is as follows:

	2010	2009
At 1 st April	26,496,869	46,383,365
Current service cost	3,058,296	1,737,591
Interest cost	3,179,624	Nil
Net actuarial loss	19,728,722	Nil
Transitional adjustment	Nil	(19,381,077)
Benefits paid	(6,165,705)	(2,243,010)
At 31st March	46,297,806	26,496,869

The amounts recognised in the income statement are as follows:

	2010	2009
Current service cost	3,058,296	1,737,591
Interest cost	3,179,624	Nil
Net actuarial loss recognized immediately	19,728,722	Nil
Transitional adjustment	Nil	(19,381,077)
Total included in the staff cost	25,966,642	(17,643,486)

The principal actuarial assumptions used were as follows:

	2010	2009
Discount rate	11%	12%
Staff turnover	10%	10%
Retiring age	60 years	60 years
Future salary increases	4 - 7% per annum	2 - 4% per annum

19 Trade and other payables

	2010	2009
Trade payables	3,072,980,472	3,672,306,506
Amount due to related companies (Note 24)	251,908,062	1,545,268,434
Accrued expenses	173,389,647	185,566,976
Other payables	7,232,288	585,280,132
	3,505,510,469	5,988,422,047



Notes to the financial statements (Contd)

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

20 Borrowings

	2010	2009
Current		
Short term loans	5,536,538,656	4,769,993,562
Bank overdrafts	358,181,949	885,255,459
Total borrowings	5,894,720,604	5,655,249,021

The short term loans and bank overdrafts are unsecured except for the loans from State Bank of India - Sri Lanka Branch and State Bank of India - Singapore Branch amounting to LKR 966,852,009 and LKR 3,422,550,000 respectively. These two loans are secured against mortgage over trading stock held at Kollonnawa, Trincomalee and Muthurajawela terminals.

The interest rates are as follows:

	Interest rates
Short term loans	LIBOR + Margin
Bank overdrafts	LIBOR + Margin

21 Contingent liabilities

There were no material contingent liabilities at the balance sheet date.

22 Commitments

(a) Financial commitments

The company has a commitment to pay USD 100,000 per annum to Government of Sri Lanka as leased rental for storage tanks at Trincomalee used by the company. There were no other material financial commitments as at the balance sheet date.

(b) Capital commitments

Capital expenditure contracted for at end of the reporting period but not yet incurred amounts to Rs 99.9 Million.



Notes to the financial statements (Contd)

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



23 Cash generated from / (used in) operations

Reconciliation of loss before tax to cash generated / (used in) from operations:

	2010	2009
Loss before tax	(396,882,283)	(1,103,735,493)
Adjustments :		
Depreciation (Note 11)	181,416,219	168,115,970
Exchange (gains) / losses	(43,199,879)	285,136,923
Adjustments to property, plant and equipment	Nil	8,058,077
Interest income (Note 8)	(75,861,936)	(411,840,820)
Loss on disposal of property, plant and equipment	3,389,137	6,000
Write back of disallowed input VAT provision	(581,830,805)	Nil
Interest expense (Note 8)	350,197,676	376,409,895
Changes in working capital		
- Increase in receivables and prepayments	(2,894,690,966)	(520,701,588)
- Decrease / (increase) in inventories	7,179,444,035	(2,103,471,262)
- Decrease in trade and other payables	(2,681,225,226)	(3,833,029,724)
Provision for retirement benefit obligations (Note 18)	25,966,642	(17,643,486)
Cash generated from / (used in) operations	<u>1,066,722,614</u>	<u>(7,152,695,507)</u>



Notes to the financial statements (Contd)

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

24 Directors' interests in contracts with the Company

Indian Oil Corporation Limited (incorporated in India) holds 75.12% of the Company's issued share capital.

Mr K R Suresh Kumar, Managing Director, Mr T C A Satagopan - Senior Vice President (Finance) and Mr V Sakthivel - Senior Vice President (Lubricant Marketing and Production) were directors of Ceylon Petroleum Storage Terminal Limited (CPSTL) as at 31 March 2010.

The following transactions were carried out with related parties :

	2010	2009
Sales / purchases of goods and services		
Indian Oil Corporation Limited		
- Petroleum products	194,348,361	838,268,226
- Others	33,591,780	166,477,007
Ceylon Petroleum Storage Terminal Limited	936,351,280	1,252,163,017
F J & G De Saram	Nil	2,259,125
Outstanding balances arising from purchases of goods and services		
Amounts due to related companies		
Indian Oil Corporation Limited - Petroleum products	48,288,849	696,306,740
Indian Oil Corporation Limited - Others	203,619,213	655,576,331
Ceylon Petroleum Storage Terminal Limited (CPSTL)	Nil	193,385,363
	251,908,062	1,545,268,434
Amounts due from related companies		
Ceylon Petroleum Storage Terminal Limited (CPSTL)	198,313,648	Nil
	198,313,648	Nil

25 Related party transactions

There were no related parties or related party transactions other than those disclosed in Note 24 to the financial statements.

26 Post balance sheet events

No events have occurred since the balance sheet date which should require adjustments to or disclosures in the financial statements.



Shareholders' Information



Ordinary Shareholding as at 31st March 2010

Stated Capital representing 532,465,705 ordinary shares

No. of Shareholders as at 31st March 2010 : 12,279

Shareholdings	Resident			Non Resident			Total		
	No. of Shareholders	No. of Shares	Percentage %	No. of Shareholders	No. of Shares	Percentage %	No. of Shareholders	No. of Shares	Percentage %
1 to 1,000 Shares	6,242	3,384,971	0.64	26	17,000	0.00	6,268	3,401,971	0.64
1,001 to 10,000 Shares	5,380	14,134,729	2.65	61	222,300	0.04	5,441	14,357,029	2.69
10,001 to 100,000 Shares	433	12,568,600	2.36	37	1,532,700	0.29	470	14,101,300	2.65
100,001 to 1000,000 Shares	77	19,930,700	3.74	5	1,084,400	0.20	82	21,015,100	3.94
Over 1,000,000 Shares	14	70,474,300	13.24	4	409,116,005	76.83	18	479,590,305	90.07
Total	12,146	120,493,300	22.64	133	411,972,405	77.36	12,279	532,465,705	100.00

Categories of Shareholders					LIOC Share Performance at Colombo Stock Exchange (CSE)	
	No. of Shareholders	Percentage %	No. of Shares	Percentage %	No. of Share transactions for the year	11,429
Individual	11,869	96.66	50,355,000	9.46	No. of Shares traded	29,383,300
Institutional	410	3.34	482,110,705	90.54	Value of Shares Traded (LKR)	517,963,900.00
Total	12,279	100.00	532,465,705	100.00	Price Movements (LKR)	
					Highest (Rs)	20.50
					Lowest (Rs)	15.00
					Closing Price	18.25
					Market Capitalization (LKR Mln) (Closing Price * No. of Shares)	9,717

20 Major Shareholders as at 31st March 2010

Name	No. of Shares	Percentage
Indian Oil Corporation Limited	400,000,005	75.12
National Savings Bank	15,365,100	2.89
Bank of Ceylon A/c Ceybank Unit Trust	13,317,500	2.50
Sri Lanka Insurance Corporation Ltd - Life Fund	11,978,700	2.25
Mr Tarik Al Nakib	6,500,000	1.22
Mr Shanker Varadananda Somasunderam	6,239,600	1.17
Sri Lanka Insurance Corporation Ltd - General Fund	5,730,300	1.08
Employees Provident Fund	5,198,100	0.98
Sampath Bank PLC A/c No.1	2,124,600	0.40
Waldock Mackenzie Ltd/Hi-Line Trading (Pvt) Ltd	2,018,700	0.38
Sampath Bank PLC A/c No.3	1,786,400	0.34
Mr Louis Rajkumar Page	1,656,600	0.31
Nuwara Eliya Property Developers (Pvt) Ltd	1,647,300	0.31
Mr Muhammad Jaffer Ismail	1,517,900	0.29
Bank of Ceylon A/c Ceybank Century Growth Fund	1,284,600	0.24
Mr Zainul Abdeen Naseer Ahamed	1,105,400	0.21
HSBC International Nominees Ltd - UBS AG Hongkong	1,098,100	0.21
Waldock Mackenzie Ltd/Mr A F Munas & Mrs N Munas	1,021,400	0.19
Aegis Fund Management (Private) Limited	881,700	0.17
Pan Asia Banking Corporation PLC/Mr Morarji Meghji Udeshi	880,600	0.17
Directors' Shareholding - 31st March 2010	No. of Shares	
Mr S V Narasimhan	Nil	
Mr K R Suresh Kumar	Nil	
Prof. Lakshman R Watawala	500	
Mr Jaliya Medagama	Nil	
Mr H S Bedi	Nil	
Mr P K Goyal	Nil	
Number of Shares representing the Stated Capital of Lanka IOC PLC is -	532,465,705	
Public Holding as a % of issued Share Capital	24.88%	



Shareholders' Information

Ordinary Shareholding as at 31st March 2009

Stated Capital representing 532,465,705 ordinary shares

No. of Shareholders as at 31st March 2009 : 13,267

Shareholdings	Resident			Non Resident			Total		
	No.of Shareholders	No.of Shares	Percentage %	No.of Shareholders	No.of Shares	Percentage %	No.of Shareholders	No.of Shares	Percentage %
1 to 1,000 Shares	6,672	3,659,610	0.69	28	16,105	0.00	6,700	3,675,715	0.69
1,001 to 5,000 Shares	5,349	11,631,474	2.18	57	149,900	0.03	5,406	11,781,374	2.21
5,001 to 10,000 Shares	487	3,847,747	0.72	16	122,600	0.02	503	3,970,347	0.74
10,001 to 50,000 Shares	429	9,486,800	1.78	29	904,100	0.17	458	10,390,900	1.95
50,001 to 100,000 Shares	70	5,136,070	0.96	5	360,900	0.07	75	5,496,970	1.03
100,001 to 500,000 Shares	91	19,307,500	3.63	7	1,657,900	0.31	98	20,965,400	3.94
500,001 to 1,000,000 Shares	11	7,474,100	1.40	0	0	0.00	11	7,474,100	1.40
Over 1,000,000 Shares	13	61,112,800	11.49	3	407,598,099	76.55	16	468,710,899	88.04
Total	13,122	121,656,101	22.85	145	410,809,604	77.15	13,267	532,465,705	100.00

Categories of Shareholders

	No.of Shareholders	Percentage %	No.of Shares	Percentage %
Individual	12,786	96.37	56,459,906	10.60
Institutional	481	3.63	476,005,799	89.40
Total	13,267	100.00	532,465,705	100.00

Twenty Largest Shareholders as at 31st March 2009

Name	No.of Shares	Percentage
Indian Oil Corporation Limited	399,999,999	75.12
National Savings Bank	15,365,100	2.89
Sri Lanka Insurance Corporation Ltd - Life Fund	11,978,700	2.25
Mr Tarik Al Nakib	6,500,000	1.22
Mr Shanker Varadananda Somasunderam	6,239,600	1.17
Sri Lanka Insurance Corporation Ltd - General Fund	5,730,300	1.08
Employees Provident Fund	5,195,200	0.98
Bank of Ceylon A/c Ceybank Unit Trust	4,279,700	0.80
Mr Louis Rajkumar Page	2,375,300	0.45
Sampath Bank PLC A/c No.1	2,124,600	0.40
Waldock Mackenzie Ltd/Hi-Line Trading (Pvt) Ltd	2,018,700	0.38
Sampath Bank PLC A/c No.3	1,786,400	0.34
Nuwara Eliya Property Developers (Pvt) Ltd	1,647,400	0.31
Waldock Mackenzie Ltd/Mr A F Munas & Mrs N Munas	1,266,400	0.24
Mr Zainul Abdeen Naseer Ahamed	1,105,400	0.21
HSBC International Nominees Ltd - UBS AG Hongkong	1,098,100	0.21
Mr Morarji Meghji Udeshi	900,600	0.17
Aegis Fund Management (Private) Limited	881,700	0.17
Freudenberg Shipping Agencies Limited	775,900	0.15
Employees Trust Fund Board	774,200	0.15
LIOC Share Performance at Colombo Stock Exchange (CSE)		
No. of Share transactions for the year	14,189	
No. of Shares traded	39,594,300	
Value of Shares Traded (LKR)	901,923,975.00	
Price Movements (LKR)		
Highest (Rs)	28.00	
Lowest (Rs)	14.00	
Closing Price	16.00	
Market Capitalization (LKR Mln) (Closing Price * No.of Shares)	8,519	



Major Events of Lanka IOC PLC

01.04.2009-31.03.2010



Union Bank & Lanka IOC PLC signed an Agreement for "Western Union Money Transfer" Services at the Retail Outlets of LIOC. Managing Director of LIOC Mr K R Suresh Kumar and Union Bank CEO Mr Anil Amarasuriya exchanging the signed documents.

The Agreement between Sri Lanka Air Force and Lanka IOC PLC was signed for the 3rd year, for the Supply of Lubricants. (L-R) Mr Sherman (Sales Executive) Mr V Sakthivel (SVP[LM & P]), Mr K R Suresh Kumar (Managing Director LIOC), Group Captain W M K S P Weerasinghe & Wing Commander K M S Wijenayake



Managing Director and the Senior Officials of Lanka IOC PLC with the LMD award for No.1 Company of the listed entities in Volume of sales in the year 2009

Inaugural Supply of Bitumen by Lanka IOC PLC to Hoveal Construction (Pvt) Ltd on 19th January 2010



Major Events of Lanka IOC PLC

01.04.2009-31.03.2010



The First supply of Bonded Servo Marine Lubricant was supplied to vessel "MV Hattie" by Lanka IOC PLC and the relevant documents were handed over by Mr K R Suresh Kumar, Managing Director, LIOC to Mr Mohamed Sameem, Chairman/Managing Director of Monsell International (Pvt) Ltd on 25th January 2010

Chairman of Lanka IOC PLC Mr S V Narasimhan at a discussion with the Indian High Commissioner for Sri Lanka, His Excellency Mr Ashok K Kantha



Chairman of Lanka IOC PLC - Mr S V Narasimhan and Managing Director of Lanka IOC PLC - Mr K R Suresh Kumar at a discussion with the Hon. Minister of Petroleum Industry of GOSL Mr Susil Premajayantha

Launch of Servo Lubricant in the North – LIOC Director Prof. Lakshman R Watawala exchanges the Agreement signed with the Distributor Dr. Suman. Managing Director Mr K R Suresh Kumar, Directors Mr Jaliya Medagama, PK Goyal, & HS Bedi together with other officials look on.



Notice of Meeting



NOTICE IS HEREBY GIVEN THAT the 8th Annual General Meeting of the shareholders of Lanka IOC PLC will be held at the **“Grand Ball Room” of the Galle Face Hotel, Colombo 3 on Wednesday, 8th September 2010 at 10.30 a.m.** for the following purposes:-

1. To receive, consider and adopt the Annual Report of the Board of Directors on the affairs of the Company and Statement of Compliance and the Financial Statements of the Company for the financial year ended 31st March 2010 with the Report of the Auditors thereon.
2.
 - a) To re-elect Prof. Lakshman R Watawala who retires in terms of Article 29(2) of the Articles of Association of the Company and being eligible has offered himself for re-election.
 - b) To re-elect Mr H S Bedi who retires in terms of Article 29(2) of the Articles of Association of the Company and being eligible has offered himself for re-election.
 - c) To re-appoint Mr P K Goyal who retires in terms of Article 27(6) of the Articles of Association of the Company and being eligible has offered himself for re-election.
3.
 - (a) To re-appoint Messrs.PriceWaterhouseCoopers, Chartered Accountants, as recommended by the Board of Directors as the Auditors of the Company for the ensuing year.
 - (b) To authorize the Board of Directors to determine the remuneration of the Auditors for the ensuing year.

By Order of the Board

Ms.Rajanie Balakrishnan
Company Secretary
Lanka IOC PLC
Level 20, West Tower
World Trade Center
Echelon Square
Colombo 01

Note:- Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her place. Such Proxy need not be a member of the Company. A form of proxy is enclosed for this purpose.

Instruments appointing proxies must be lodged with the company not less than 48 hours before the time appointed for the holding of the Annual General Meeting.

Shareholders/proxy holders are requested to bring with them their National Identity Cards or any other form of valid identification.





Notes

This image shows a full page of primary-ruled paper. It features approximately 20 horizontal dashed lines spaced evenly down the page, providing a guide for handwriting practice. The paper is otherwise blank, with no margins, text, or other markings.

Form of Proxy



I/We..... (NIC No) ofbeing
a member/s of Lanka IOC PLC, hereby appoint
(NIC No) of or failing
him/her;

Mr S V Narasimhan
Mr K R Suresh Kumar
Prof.Lakshman R Watawala
Mr Jaliya Medagama
Mr H S Bedi
Mr P K Goyal

or failing him
or failing him
or failing him
or failing him
or failing him
or failing him

as my/our Proxyholder to represent me/us to speak at the meeting and to vote for me/us on my/our behalf,
at the Eighth Annual General Meeting of the Company to be held on **Wednesday, 8th September 2010 at
10.30 a.m. at the “Grand Ball Room” Galle Face Hotel, Colombo 3**, and at any adjournment thereof and at
every poll which may be taken in consequence thereof.

	For	Against
1. To receive, consider and adopt the Annual Report of the Board of Directors on the affairs of the Company and Statement of Compliance and the Financial Statements of the Company for the financial year ended 31st March 2010 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. a) To re-elect Prof. Lakshman R Watawala, who retires in terms of Article 29(2) of the Articles of Association of the Company and being eligible, has offered himself for re-election.	<input type="checkbox"/>	<input type="checkbox"/>
b) To re-elect Mr H S Bedi who retires in terms of Article 29(2) of the Articles of Association of the Company and being eligible, has offered himself for re-election.	<input type="checkbox"/>	<input type="checkbox"/>
c) To re-appoint Mr P K Goyal who retires in terms of Article 27(6) of the Articles of Association of the Company and being eligible has offered himself for re-election.	<input type="checkbox"/>	<input type="checkbox"/>
3. a) To re-appoint Messrs.PriceWaterhouseCoopers, Chartered Accountants, as recommended by the Board of Directors as the Auditors of the Company for the ensuing year.	<input type="checkbox"/>	<input type="checkbox"/>
b) To authorize the Board of Directors to determine the remuneration of the Auditors for the ensuing year.	<input type="checkbox"/>	<input type="checkbox"/>

In witness I/we set my/our hand/Seal hereto on thisday of 2010.

.....
Signature/s



Instruction as to Completion

- ❖ Please perfect the Form of Proxy by filling in legibly your full name and address, by signing in the space provided and filling in the date of signature.
- ❖ The completed Form of Proxy should be deposited at the Business office of Lanka IOC PLC at Level 20, West Tower, World Trade Center, Colombo 1, not less than 48 hours before the time appointed for the holding of the Meeting.
- ❖ If the appointer is a Company or Corporation, this Form must be executed under its Common Seal or the hand of a duly Authorized Officer of the Company, in accordance with its Articles of Association.
- ❖ If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
- ❖ If this Form of Proxy is returned without any indication of how the person appointed as Proxy shall vote, then the Proxy shall exercise his/her discretion as to how he/she votes or, whether or not he/she abstains from voting.

Please fill in the following details:

NIC No:

Share Folio No:

Name:

Address:

.....

.....

Jointly with:

