



Moving forward to enrich the Nation
Annual Report 2011-12



Lanka IOC

Today, Lanka IOC plays a pivotal role in the development of the nation at large. Being a part of a country rooted with a captivating heritage and warm Sri Lankan hospitality, we have touched the lives of Sri Lankans throughout the island these many years.

Partnering the country forward as a much illustrated entity, Lanka IOC is an integral part of the nation's rising success and an essential part of the Sri Lankan people. Today, as we move from one year to the next, we once again continue to sustain and enrich the livelihoods of every Sri Lankan.

Moving forward to enrich the Nation ***Annual Report 2011-12***



Lanka IOC

“Serving the Emerald Isle” Lanka IOC PLC, is an overseas venture of Indian Oil Corporation Ltd., India which is a Fortune 500 company ranked at 83, in the Fortune “Global 500” 2012 list, a Company born by heritage with a strong environmental conscience.

Vision

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

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 service 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.



Lanka IOC
Annual Report 2011-12

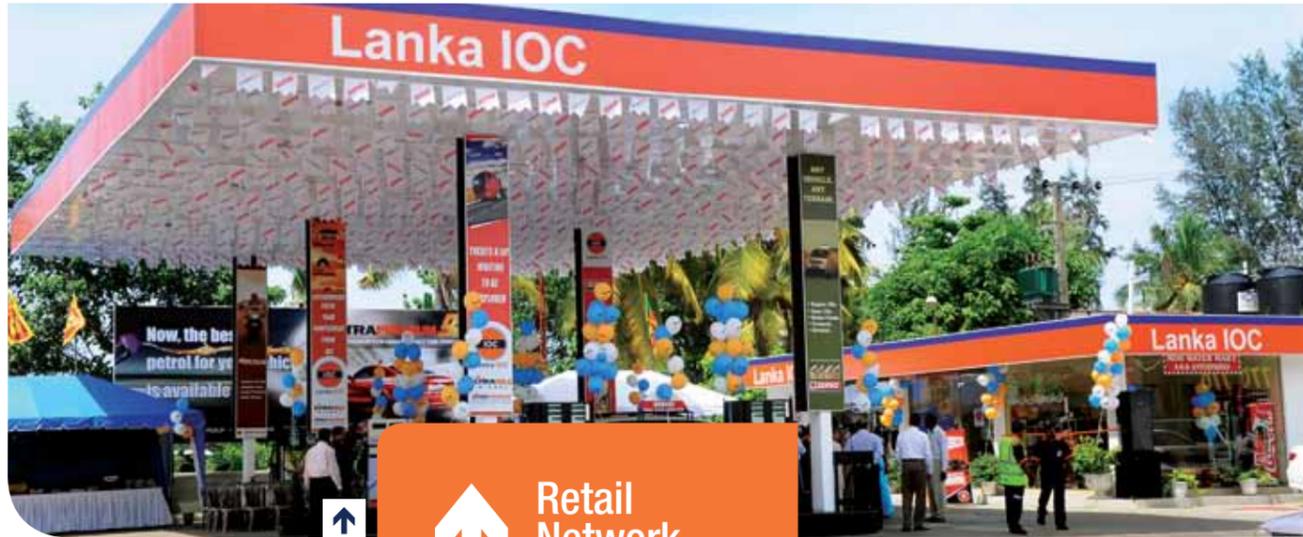
Contents

Highlights of the year	2
Financial Highlights	4
Chairman's Message	6
Managing Director's Review	10
Board of Directors	12
Profiles of the Board of Directors	14
Senior Management	18
Corporate Social Responsibility Efforts of Lanka IOC PLC	20
Corporate Governance	24
Compliance of CSE Rules on Corporate Governance	25
Annual Report of the Board of Directors on the Affairs of the Company	27
Statement of Directors' Responsibility	33
Chief Executive Officer's and Chief Financial Officer's Responsibility Statement	34
Remuneration Committee Report	35
Audit Committee Report	36

Financial Information

Auditors' Confirmation w.r.t. Appointment	40
Independent Auditor's Report	41
Income Statement	42
Balance Sheet	43
Statement of Changes in Equity	44
Cash Flow Statement	45
Notes to the Financial Statements	46
Shareholders' Information	62
Notice of Meeting	65
Notes	66
Form of Proxy	67

HIGHLIGHTS OF THE YEAR



Expansion of Retail Network

In the effort to create our presence in unrepresented areas and provide better services to the public, five new grass-root Petrol sheds were developed. These were constructed and commissioned on Anuradhapura Kandy Road, Bibile, Buttala, Mannar and Vavuniya Mannar Road. With the development of these Petrol sheds, Lanka IOC has made its presence in these areas and has been able to expand its network coverage.

↑
Retail Network Expansion

Sales Revenue on the rise
LKR 60.4 billion

Profit Before Tax
LKR 930 million

Execution of Agreement with Cairns Lanka Pvt Ltd for Fuel Supply

The Sri Lankan Government accorded approval to M/s Cairns Lanka Private Ltd for exploration of Oil and Gas at the Mannar basin and the same was identified as a Strategic Development Project. The tie-up between Lanka IOC and Cairns Lanka Pvt Ltd was done for supply of fuel by Lanka IOC to the Oil rigs and vessels of M/s Cairns.



Launch of XtraPremium Euro III

All new generation vehicles manufactured throughout the world are designed for international Euro III norms or above which not only ensures lesser deposits on Fuel Injection System, better pickup, higher power and better fuel efficiency but also contributes greatly towards protecting the environment by lesser emission of pollutants. Specifications of Petrol in Sri Lanka do not meet international Euro III norms.

Lanka IOC took a step in this direction by being the first company to import and market Hi-Octane Petrol meeting international Euro III specifications in Sri Lanka to provide right fuel for the new generation vehicles. XtraPremium Euro III is also recommended by CMTA (Ceylon Motor Traders Association) for Petrol vehicles for better engine performance and contribution towards Greener environment.

The formal launch was done by His Excellency High Commissioner of India in Sri Lanka Ashok K Kantha, at M/s Felix Perera, Flagship Retail Outlet of Lanka IOC.

(From Left to Right)
Mr. Brian Perera - Dealer of M/s Felix Perera Retail Outlet, Mr. K R Suresh Kumar - Managing Director of Lanka IOC, His Excellency High Commissioner of India in Sri Lanka Ashok K Kantha, Mr. Sudhir Bhargava, Hon'ble Addl Secretary - MOP & NG and Mr. M Nene - Chairman Lanka IOC

Agreement with HSBC for sole fuel redemption at Lanka IOC Sheds

Tie-up was done with HSBC for instant fuel redemption for HSBC customers at Lanka IOC sheds. In our endeavor to add value to our offerings, this agreement was signed on 15 September 2011, by Mr. K R Suresh Kumar, Managing Director of LIOC and Mr. Nick Nicolaou, Chief Executive Officer, HSBC Sri Lanka and Maldives.

This proposition enabled HSBC credit cardholders to redeem rewards points instantly at selected LIOC fuel stations. Further, such HSBC credit cardholders were also extended double reward points during the initial 6 months.

(From Left to Right)
Mr. Nick Nicolaou - Chief Executive Officer of HSBC Sri Lanka and Maldives,
Mr. K R Suresh Kumar - Managing Director of Lanka IOC

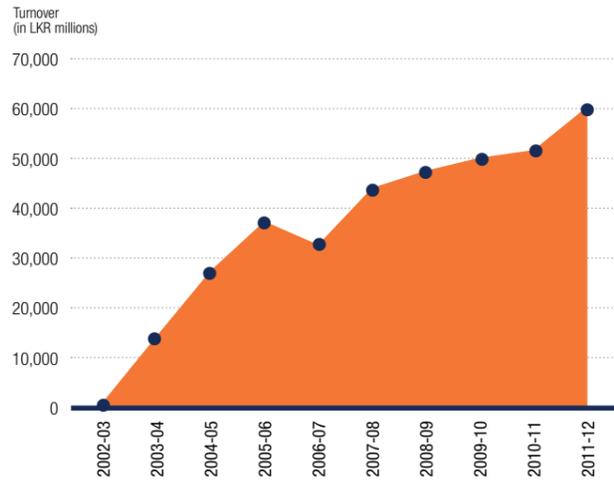


Launch of Corporate Fuel Card

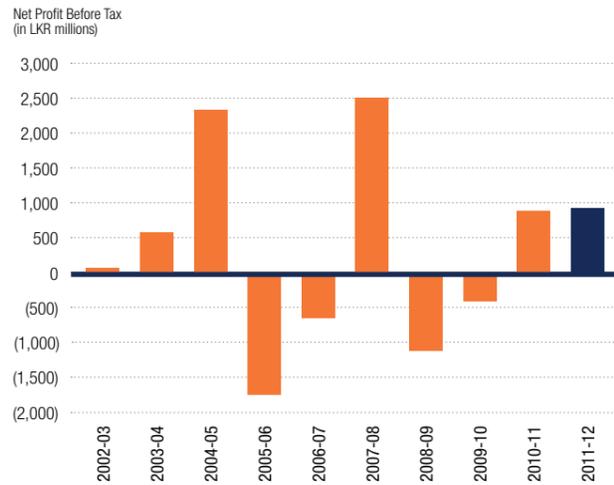
In the endeavor to add value to LIOC's offerings, Lanka IOC together with Dialog launched the 'Corporate Fuel Card'. This card will be issued to corporate bodies, where they can use it to pump fuel from LIOC Petrol sheds.

Dialog will provide the necessary hardware at the retail outlets and will also provide web based interface for all Corporates and dealers of Lanka IOC.

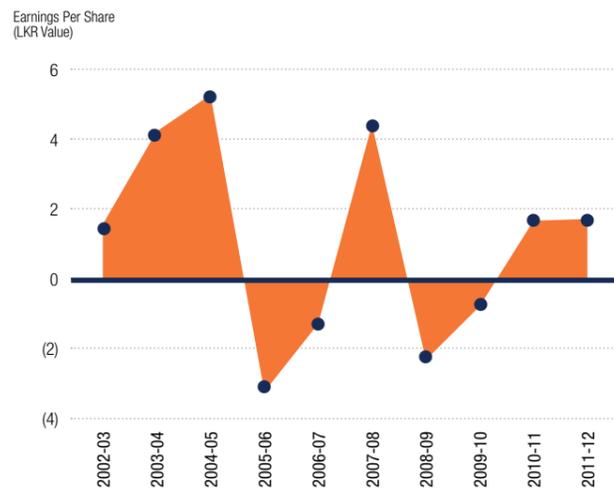
FINANCIAL HIGHLIGHTS



Turnover of
LKR 60.4 billion
for the year 2011-12



Net Profit Before Tax
LKR 930 million
in the year 2011-12



Earnings Per Share
is once again on the rise
in 2011-12

FINANCIAL HIGHLIGHTS

2002-03 2003-04 2004-05 2005-06 2006-07 2007-08 2008-09 2009-10 2010-11 2011-12

Performance Parameters (All amounts in LKR million)

Sales	1,306	14,533	27,586	37,493	32,796	44,173	47,617	50,214	51,743	60,436.47
Gross Profit	89	1,055	2,503	2,282	909	3,652	(449)	(371)	1526	2,954
Net Profit/(Loss) Before Tax	78	588	2,331	(1,718)	(636)	2,516	(1,104)	(397)	893	930
As a % of Sales	6%	4%	8%	(5%)	(2%)	6%	(2%)	(1%)	2%	2%
Net Profit / (Loss) After Taxation	78	578	2,329	(1,722)	(686)	2,340	(1,238)	(423)	877	906
Return on Capital Employed	13%	11%	18%	(21%)	(8%)	23%	(14%)	(5%)	10%	9%
Shareholders' Funds	578	4,656	10,563	8,340	7,655	9,995	8,757	8,335	9,211	10,117

Key Ratios

Earning Per Share (LKR)	1.55	4.20	5.24	(3.23)	(1.29)	4.40	(2.32)	(0.79)	1.65	1.70
Price Earning Ratio (P/E)	N/A	N/A	10.06	(9.05)	(23.29)	5.57	(6.90)	(22.99)	10.67	11.40
Net Assets Per Share	11.56	15.90	19.20	15.66	14.38	18.77	16.45	15.65	17.30	19.00
Current Ratio	1.18	0.49	1.38	1.06	0.63	0.80	1.04	1.00	1.09	1.15
Quick Assets Ratio	0.58	0.11	0.84	0.78	0.14	0.19	0.13	0.62	0.40	0.41

Price Movement LKR

Market Value Per Share (Highest)	N/A	N/A	54.50	56.00	37.25	31.25	28.00	20.50	21.50	21.50
Market Value Per Share (Lowest)	N/A	N/A	38.00	25.00	23.00	19.00	14.00	15.75	17.20	15.00
Last Traded Price Record	N/A	N/A	47.75	29.25	30.00	24.50	16.00	18.25	17.60	19.40

Other Information

No. of Employees	202	214	201	202	170	170	171	172	173	171
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CHAIRMAN'S MESSAGE



I am proud to share with you that, LIOC completed a decade of successful operations in Sri Lanka in August, 2012



Dear Shareowners,

On behalf of the Board of Directors of Lanka IOC PLC (LIOC), it is my privilege to present to you the 10th Annual Report of the Company, together with the Audited Accounts and the highlights of the activities carried out during the financial year ended 31st March, 2012.

A Decade of Service

I am proud to share with you that, LIOC completed a decade of successful operations in Sri Lanka in August, 2012. It all started in June 2002 with our parent company, Indian Oil Corporation Ltd. (IOC), signing a Memorandum of Understanding with Ceylon Petroleum Corporation (CPC) for collaboration in the petroleum sector in Sri Lanka. This was followed by the incorporation of Lanka IOC (Pvt.) Ltd. in August that year.

Following the agreement with the Government of Sri Lanka in Feb. 2003 for taking over Trincomalee Oil Installation, China Bay, LIOC commenced product sales from all its filling stations in March 2003. An agreement was also signed with the parent company, IOC, the same month for marketing of SERVO lubricants in Sri Lanka. Within three months of its

formal launch in May 2003, Lanka IOC (Pvt.) Ltd. took over the first batch of franchisee retail outlets from CPC. The following year, LIOC went public and its shares were listed in the Colombo Stock Exchange from December 2004 onwards. Since then it's been growth traction for LIOC.

You would be happy to know that, in the first 10 years of operations, LIOC registered a revenue growth of over 46 times, besides consistent growth in petro product sales.

Over the years, we have added bunker operations (in 2009) and bitumen business (in 2010) to meet the growing market needs. We are now a key bitumen player in the Sri Lankan market. For optimised operations and concurrent online transactions, LIOC undertook SAP implementation with the support of the parent company, IndianOil, and completed the exercise in 2010. Support was also extended for SAP implementation in CPC and Ceylon Petroleum Storage Terminals Ltd, the common user facility in Sri Lanka for storage and distribution of petroleum products.

I will be failing in my duty if I do not acknowledge the excellent support received from the Government of Sri Lanka in all the endeavours and initiatives of your

Company. This has come in several forms, including tax holiday for 10 years, relaxation of the tax levied on income from franchisee sheds, TIEP (Temporary Importation for Export Processing) scheme, etc.

Performance Highlights

Moving on to the highlights of your Company's performance during the year, the topline increased from LKR 51.743 billion in 2010-11 to LKR 60.436 billion in 2011-12, registering a 16.8% growth, thanks mainly to increase in bitumen sales in the wake of the Government's stress on development of vital infrastructure, and focus on bunker fuel business.

I am very happy to inform you that Lanka IOC retained its ranking as the Number 1 Company among the listed companies based on turnover in the listing compiled by LMD (Lanka Monthly Digest) a popular business magazine in Sri Lanka.

We also earned valuable foreign exchange amounting to US\$ 118.6 million during the year, driven by export of SERVO lubricants to neighbouring markets. Plans are afoot to further increase export of SERVO lubricants in the year 2012-13.

With Sri Lanka's vision for a high-quality road network for transportation of passengers and goods, a distinct emphasis has been given to development of expressways and highways by the Government, resulting in increased requirement of bitumen. Your company has not only been able to cater to this increased demand but has also registered a volume growth of 167% in bitumen sales, as compared to the previous year.

Your Company became the first corporate in Sri Lanka to import and market high-octane, eco-friendly petrol meeting international Euro III specifications, so as to provide the right fuel for the new-generation vehicles that are hitting the roads everyday. XtraPremium petrol conforming to Euro III norms was launched in early 2012, which has helped create a niche market for LIOC's gasoline business. Dedicated lines for discharge from cargo vessels to the storage tanks and a separate loading line at the bowzer-loading bay were also constructed at the Trincomalee terminal for importing the Euro III XtraPremium gasoline. I see a promising market for the new grade of gasoline in Sri Lanka.

With the commissioning of five new Petrol sheds during the year, the network of company-owned retail outlets expanded to 105 as on 31st March, 2012. Together with 52 franchisee outlets, we have a significant presence in the retail business. We also have plans to set up 20 more petrol sheds in the future, to spread our presence in unrepresented areas and to offer better service standards to the public.

As part of a value-addition to our existing offerings at the fuel sheds, we also launched a 'Corporate Fuel Card' for the first time in Sri Lanka. Corporates can use these cards for filling fuel from our petrol sheds, thereby doing away with processing of reimbursements to individual employees and tracking fuel consumption, with the added convenience of settling the payment directly with Lanka IOC. We have also tied up with HSBC (Sri Lanka & Maldives) for instant redemption of fuel points for HSBC customers at select fuel sheds.

Despite intense competition in the market place, SERVO lubricants continued to gain strength, achieving a 12% increase in net realisation from sales because of better product mix and effective pricing strategy. As part of the expansion into neighbouring markets, we exported lubricants to Nepal, Mauritius and Maldives. We have also drawn up a road map to commence export of lubricants to other Southeast Asian countries during the current year.

CHAIRMAN'S MESSAGE Contd.

You will be glad to know that more than 60% of the lubricants sold by your Company are being manufactured by our own Lube Blending Plant in Trincomalee. We have also achieved 90% indigenisation of packing material required for lubricants to ensure cost efficiency and inventory optimisation, with further emphasis on development of local vendors. All these concerted efforts have helped SERVO to emerge as the second largest lubricant brand in Sri Lanka in a short span of less than a decade.

Lanka IOC is fully committed to the development of Sri Lanka. As a responsible corporate citizen, your Company has undertaken several CSR projects in coordination with the Ministry of Environment & Natural Resources and the Government of Sri Lanka. Apart from last year's initiatives, we are supporting 1,500 students from 72 schools, focussing on specialised English education for children in the rural areas of Trincomalee.

I am also happy to inform you that, during the financial year, your Company had a harmonious industrial relations climate throughout and did not lose a single man-hour on account of industrial unrest.

Environment Scan

Looking at the world scenario, the long-drawn economic slowdown at the global level and the ongoing financial crisis in Europe have begun impacting not only western economies but also BRIC nations and Southeast Asian countries, all of which are reported to be clocking reduced growth numbers. Against such a backdrop, the global oil scenario too continued to be volatile, with crude oil and product prices ruling high in the international market right through the year.

With the result, several developing nations are finding themselves in a quandary, unable to raise domestic selling prices of petro products commensurate with the sharp hikes in the international prices. While many of them are resorting to tax and duty structure reforms, and even subsidies, so as to keep the selling prices at affordable levels for the common man, this does not appear to be a viable, long-term solution in the best interest of all the stakeholders. It is not only impacting the economies of several nations negatively but also affecting the financial stability of the oil companies, both Government-run and private, as they operate in an artificial pricing regime, disconnected from global realities.



Oil tanks of 690 - 870 KL capacity for storage of different grades of Lube Base Oil at Trincomalee Terminal

The Government of Sri Lanka too has been sensitive to this issue and has taken several measures to minimise the impact of price volatility on the end-customers while at the same time trying to maintain the profitability of the energy companies serving the public. LIOC has always given priority to maintaining the supply line of petroleum products above profitability issues, while at the same time seeking the support of the Government to run its business in an efficient and profitable manner to ensure shareholder value.

It would help everyone if the Government of Sri Lanka could evolve a long-term pricing formula which will provide for adjustment of duties and levies and revision in prices from time to time based on the international prices, with proviso to insulate consumers wherever required. The formula should be such that it provides reasonable margins to the oil companies to invest in energy-related infrastructure, including storage and efficient distribution of petroleum products. The inadequacy of infrastructure can have a direct bearing on the cost of imports and even security of supplies, which in turn can hamper the growth of the economy in the long run.

What will be of interest to note is that, consequent to several progressive steps initiated by the Government, Sri Lanka is already touted as the next 'breakout emerging nation', which augurs well for all of us.

Conclusion

In conclusion, I would like to assure you that Lanka IOC would work hand-in-hand with the Government of Sri Lanka in ensuring the energy security of the nation while at the same time bringing world-class technology and customer-orientation in the business. We have long-term plans for the growth of the Company and have initiated several steps to realise these goals.

We are confident that the Government of Sri Lanka would continue to extend their support and guidance to facilitate more investments in the sector with reasonable return on investments, so that all the stakeholders, particularly the public of Sri Lanka who have invested in the Company as shareholders, are

Your Company's
topline increased
from LKR 51.743
billion in 2010-11
to LKR 60.436
billion in 2011-12,
registering a
16.8% growth

With best wishes,

Makrand Nene
Chairman

MANAGING DIRECTOR'S REVIEW



“
Your Company's performance during this year reflects the strong commitment towards achieving the competitive edge.
”



Dear Shareowners,

The financial year ending 31 March 2012 has seen your Company achieving the highest turnover crossing LKR 60 billion mark for the first time. However, the profits have remained almost static compared to the last year. Like every year, the retail segment again contributed maximum towards achieving the record turnover. However, due to unfavorable pricing, profits were not commensurate. A very high import cost on diesel necessitated higher differential pricing of our diesel almost till end of October 2011. While this considerably reduced our market share in diesel, on the other hand we could check the huge loss which would have otherwise been incurred with higher sales of diesel. In petrol, we marginally lost our market share. In the month of February 2012, the Government increased prices of petrol and diesel significantly. However, imposition of Customs Import Duty on petrol and diesel coupled with steep devaluation of Rupee resulted in erosion of margins on sales of petrol and diesel in the last quarter ending March 2012.

We have been following up with the Government for taking a long term view on pricing of petrol and diesel so that they get regulated according to the import parity price. This would not only remove the uncertainties but would also pave way for investments in the retail sector.

We endeavor to expand our retail segment constantly to meet the requirement of petrol and diesel across the length and breadth of the country. Keeping this in view, an advertisement was released for setting up of Petrol sheds at 20 locations. We commissioned five new petrol sheds during the year. Work is underway at four new sheds which are likely to be commissioned in year 2012-13. Besides this, remodeling plans for four sheds are on anvil for better maneuverability and increased footfall.

To add value to our offerings and to improve revenue from the retail segment, various non-fuel revenue models are being evaluated by your Company. Tie-ups has been done for Corporate Fuel Card, Vehicle Emission Test, exclusive fuel redemption for select credit cardholders, setting up of Convenios to provide value added services to our esteemed customers.

To maintain our thrust on providing the best fuel to the customers, XtraPremium Euro III was launched across the island. This is the only petrol in Sri Lanka meeting international Euro III standards which not only ensures best engine performance but also immensely contributes towards cleaner environment. To ensure smooth supplies of XtraPremium Euro III across the island, facility augmentation was carried out at the Trincomalee terminal.

Your Company has kept continuous focus on branded fuels which have better performance parameters and are also environment friendly. Our conversion ratio of branded petrol XtraPremium reached 26% whereas conversion ratio of branded diesel XtraMile reached up to 13%.

In lubricants, in spite of intense competition, your Company could manage a market share of 16%. Various new initiatives were taken for improving the brand equity of SERVO. A major breakthrough was achieved by tying up with Lanka Ashok Leyland for supply of lubricants to transport sector. At 100 Service Stations, branding of "SERVO Express" was started to give more visibility to the brand. Your Company has also exported lubricants to the countries like Chile, Maldives and Nepal. An agreement has also been signed with prestigious Sri Lanka Air Force for their major lubricant requirements. Looking into the potentials, it has been decided to further expand our business to South-East Asian countries by appointing Lube Distributors in Indonesia, Malaysia, Myanmar, Singapore etc.,. Assessment of the market and viability is being looked into for entering these countries in a big way.

Post war period, Sri Lankan economy has made rapid strides and development is being witnessed in all sectors. A huge investment on road network has resulted in increased demand for bitumen. Your Company, with timely supplies and quality services could mop up significant volumes for bitumen. Your Company has also embarked upon a concrete plan for bitumen handling and expansion of bitumen marketing in the island by way of capital investment in the coming years which will improve the bottom-line of the Company.

Your Company could achieve good growth in bunkering by successfully addressing the issues related to sourcing of bunker fuel. Agreements were executed, for import of bunker fuels. Simultaneously, a vessel was taken on time charter thereby reducing dependence on delivered cargo. This helped your Company in gaining grounds in bunker sales and making it a profitable proposition.

With its employee friendly policies, your Company had an excellent HR atmosphere in the year gone by. Various training programmes have been conducted to upgrade the skills of the employees. Your Company recruited eight employees during the year 2011-12 with a minimum qualification level as Graduates.

Acknowledging its responsibility towards the society, your Company sponsored a noble programme for educating the young students in English language from the remote parts of the country. This education will help in making the young children confident, self-reliant and better citizens in the future.

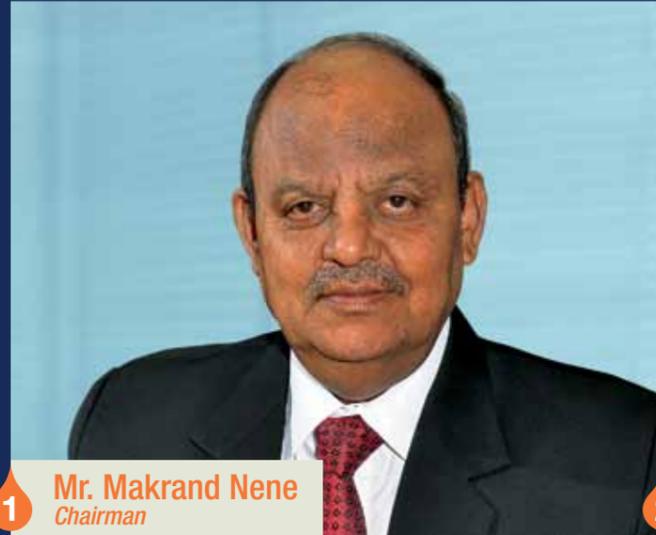
Your Company's performance during this year reflects the strong commitment towards achieving the competitive edge and remaining fully focused towards sustainable growth in the future year's to come.

I take this opportunity to thank the Government of Sri Lanka, shareholders, business associates, customers and employees of the Company for their unstinted support in realizing the vision of the Company.

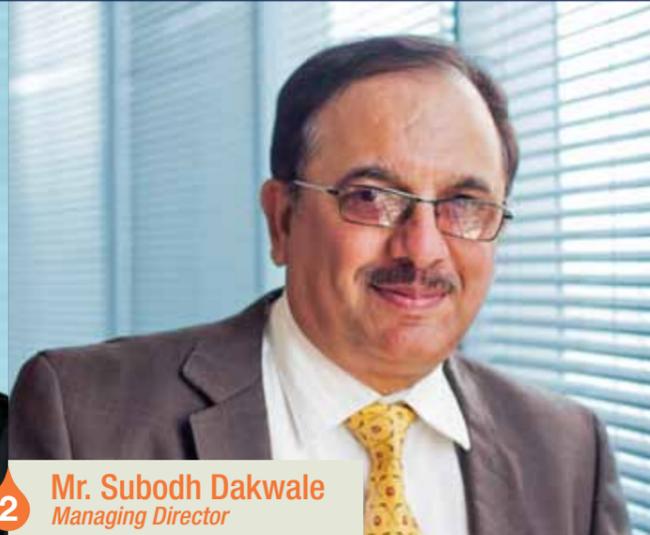
With best wishes,

Subodh Dakwale
Managing Director

BOARD OF DIRECTORS



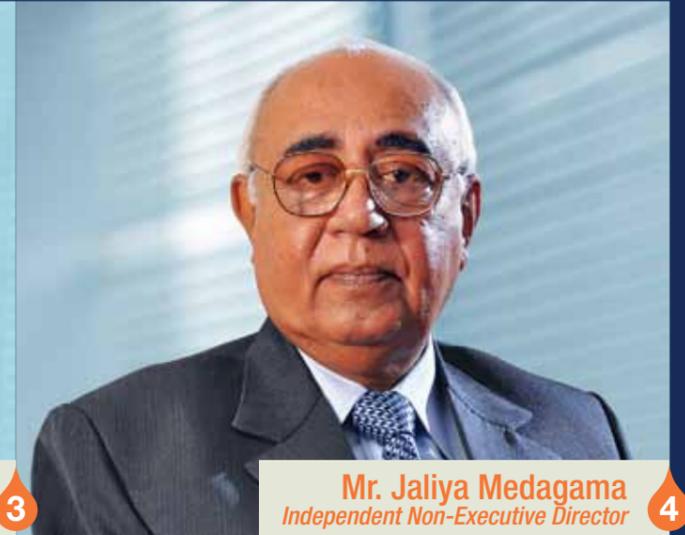
1 Mr. Makrand Nene
Chairman



2 Mr. Subodh Dakwale
Managing Director



3 Prof. Lakshman Ravendra Watawala
Independent Non-Executive Director



4 Mr. Jaliya Medagama
Independent Non-Executive Director



5 Mr. Vijay Kumar Gupta
Non-Executive Director (date of appointment 15.09.2011)



6 Mr. B. Ashok
Non-Executive Director (date of appointment 01.06.2012)



7 Mr. Amitha Gooneratne
Independent Non-Executive Director
(date of appointment 01.06.2012)



8 Mr. G C Daga
Chairman (ceased office on 30.09.2011)



9 Mr. P K Goyal
Non-Executive Director (ceased office on 14.09.2011)



10 Mr. K R Suresh Kumar
Managing Director (ceased office on 03.05.2012)



11 Mr. H S Bedi
Non-Executive Director (ceased office on 31.05.2012)

PROFILES OF THE BOARD OF DIRECTORS

Mr. Makrand Nene

*Chairman
(date of appointment 01.10.2011)*

Mr. Makrand Nene is Director (Marketing) of oil major Indian Oil Corporation Limited (IOC, India), since October 5, 2011.

Mr. Nene has also been appointed Chairman of IOC's subsidiary – Lanka IOC PLC (LIOC) in Sri Lanka, IOC's joint venture companies - IndianOil Petronas Pvt. Ltd. (IPPL) and IndianOil Skytanking Ltd. (IOSL) respectively.

Prior to his appointment as Director (Marketing), Mr. Nene was Executive Director (Supplies) at IOC's Marketing Headquarters in Mumbai.

A Mechanical Engineer by profession, Mr. Nene has over 33 years of experience in the downstream petroleum business. Joining IOC in 1978, he held several key portfolios and handled varied assignments in core business functions such as LPG, Supply & Distribution (S&D), Operations, Shipping, Commercial etc. He was also responsible for supplies of all petroleum products to the neighbouring state of Nepal.

Mr. Nene's stint in S&D brought him very close to the working of Refineries & Pipelines. Not only did he coordinate with them on day-to-day working, he also took it upon himself to learn the nuances of Refineries & Pipeline operations & other allied issues. This was reflected in his astute handling of Refineries & Pipeline issues in Inter Divisional Coordination Meeting.

As Head of Operations and S&D, Mr. Nene piloted the introduction of Euro-III and Euro-IV green fuels through IOC's countrywide marketing network, which despite complex logistics was executed ahead of schedule. He was also instrumental in rationalizing the Corporation's supply & distribution zones, paving the way for IOC to emerge as the least-cost supplier in the industry.

Mr. Nene has the rarest of rare opportunity to work in all regions, handling all product groups, heading most critical assignments. His people-oriented approach, networking with both internal & external stakeholders and continuous thrive for learning has provided him the unenviable leadership position in the corporate governance.

As Head of the Marketing fraternity, his area of priorities are focused on human resource reorientation towards business needs of the division, intervention of technology & automation & infrastructure development/augmentation.

Mr. Subodh Dakwale

Managing Director

Mr. Subodh Dakwale has taken over as the Managing Director of Lanka IOC PLC in the month of May 2012. He brings with him wide ranging and rich experience in the petroleum field having worked for more than 28 years with Indian Oil Corporation Ltd., a Global Fortune 500 Company.

During a long and illustrious career he has worked with distinctions in almost all the fields of Marketing Division such as Engineering, LPG and Lubes Marketing and Sales etc. He is a sportsman to the core with keen interest in Badminton and Golf. His sporting spirit and positive approach gets exhibited in his working style also. He is a natural leader who carries his team along as he recognizes that human resources are the best asset for any company. His innovative ideas and initiatives in the field of LPG marketing have greatly contributed in streamlining LPG Distribution System.

A Civil Engineer by profession, Mr. Dakwale believes in breaking the moulds of conventional approaches in resolving the issues and gives a new dimension to the concept of marketing.

Prof. Lakshman Ravendra Watawala

Independent Non-Executive Director

Prof. Lakshman R Watawala is a Fellow of the Institute of Chartered Accountants of Sri Lanka (FCA); Fellow of the Institute of Certified Management Accountants of Sri Lanka (FCMA), Fellow of the Chartered Institute of Management Accountants of UK (FCMA UK).

He served as a Qualified Assistant at Turquand Youngs (Ernst & Young); Chairman & Managing Director of the Ceylon Leather Products Corporation; Chairman & Managing Director of the State Mining and Mineral Development Corporation; Chairman Peoples' Bank, Chairman Peoples' Merchant Bank, Advisor of the Ministry of Finance, Chairman of the Pan Asia Bank Ltd., Director South West Asia Informatics Holdings Ltd., Singapore, Deputy Chairman and Executive Director of the Singapore Informatics Computer Institute (Pvt) Ltd., Chairman & Director of the General Board of Investment of Sri Lanka (2005 – 2007) and the Chairman of the National Insurance Trust Fund.

He currently serves on the company Directorates of Richard Peiris PLC., Gestetner Ceylon PLC., Lake House Printers & Publishers PLC and Abans Electricals PLC. He is also the Chairman of the Audit and Remuneration Committee of some of these companies.

He also serves as a Committee Member of the Ceylon Chamber of Commerce, President of the Institute of Certified Management Accountants of Sri Lanka and its Founder and was the Past President of the Institute of Chartered Accountants of Sri Lanka; Past President of the South Asian Federation of Accountants (SAFA) Founder President of the Association of Accounting Technicians of Sri Lanka (AAT) and Past President of the Organization of Professional Associations of Sri Lanka (OPA). He has been appointed by the Supreme Court of Sri Lanka to the 'Committee of Chartered Accountants' to assist the Supreme Court in the repayment of depositors of certain specified failed companies.

Mr. Jaliya Medagama

Independent Non-Executive 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 Lankan representative in the Board of Governors of the International Irrigation Management Institute and represented many forums held in Tokyo, Japan, Netherlands, U.S.A., Turkey, 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.

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 more than 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. Vijay Kumar Gupta

*Non-Executive Director
(date of appointment 15.09.2011)*

Mr. V K Gupta, has over 31 years' multifarious experience in the Oil Industry in various Departments. A Chartered Accountant by qualification, he has served IndianOil in various challenging roles. He has vast experience, both at Grassroots Refinery level as well as Head-Office and Corporate level, in Finance stream with responsibility for preparation of Balance Sheets, Annual Accounts, Budgeting and Financial policy issues, interaction with Govt. Agencies etc.

Mr. V K Gupta has headed the Project Appraisal Group of IndianOil wherein he was responsible for issues relating to policy making as well as proposals relating to major capital investment in the Corporation. He has also served the Business Development Group where he was responsible for financial due diligence and monitoring of the various projects right from conceptual stage to the implementation stage. He has also worked in Oil Coordinating Committee (OCC). Presently, Mr. V K Gupta is holding the post of Executive Director (Corporate Affairs) and is directly involved in matters relating to major investment decisions, strategic issues, issues related to Joint Ventures and Subsidiaries, Corporate legal issues, etc. He also serves as Director on the Boards of various Joint Venture Companies.

Mr. B Ashok

*Non-Executive Director
(date of appointment 01.06.2012)*

A Mechanical Engineer from Guindy Engineering, Chennai and Management qualification from the prestigious National Management Programme of MDI, Gurgaon., Mr. Ashok joined IndianOil after a two year stint in the private sector and has over 31 years experience in Indian Oil Corporation Limited (IOC).

He began his tenure in IOC in Lubes Technical Services in which he continued until 1991. Subsequently he has seen various disciplines such as Training & Development, Divisional Head, Corporate Communications, Business Development, State Head, Kerala and State Head - Karnataka, India, before taking over the current assignment as Executive Director (Retail Sales) based at Mumbai. Besides Chennai, Kochi, Coimbatore and Bangalore in South India, he has worked at IOCs Head Office, Mumbai,

PROFILES OF THE BOARD OF DIRECTORS Contd.

Corporate Office, Delhi and an international tenure at Kuala Lumpur - Malaysia, as Regional Manager, SE Asia, handling the Asian Region between 2001 and 2004.

While he has established several benchmarks in IOC, some key initiatives include the innovation of pilfer proof Abloy locks for Tank Trucks, when he was the Divisional Manager at Coimbatore in 1997 and across the state Auto LPG Dispensing Stations in Kerala between 2004 and 2008.

Mr. Ashok has presented papers in many national and international forums and has been a visiting faculty at management institutions in India.

Mr. Amitha Gooneratne *Independent Non-Executive Director* *(date of appointment 01.06.2012)*

Mr. Amitha Gooneratne has held several senior positions at Commercial Bank of Ceylon PLC and served as the Managing Director from 1996 to April 2012. He is a Fellow member of The Institute of Chartered Accountants, United Kingdom and Wales and a Fellow Member of The Institute of Chartered Accountants, Sri Lanka. He was the Founder Chairman of the Financial Ombudsman Sri Lanka (Guarantee) Ltd., and was a former Chairman of the Sri Lanka Banks' Association (Guarantee) Ltd. He is also the Managing Director of Commercial Development Company PLC, a Public Quoted Company listed in the CSE and was also the Chairman of Commercial Insurance Brokers (Pvt) Limited. He was also nominated to the Board of Srilankan Airlines during 2002-2004 by the Government of Sri Lanka.

On his retirement, Mr. Gooneratne, assumed duties as Managing Director of Melstacorp Limited, which is a strategic investment arm of the Distilleries Company of Sri Lanka. He also joined the Boards of several subsidiary companies of Melstacorp Limited namely, Melsta Regal Finance Limited, Melsta Logistics (Pvt) Limited, Periceyl (Pvt) Limited, Balangoda Plantation PLC, Lanka Bell Limited, Bellvantage (Pvt) Limited, Texpro Industries Limited, Bogo Power Limited and Continental Insurance Limited.

He also serves on the Board of Textured Jersey PLC as an Independent Director.

Mr. G C Daga *Chairman* *(ceased office on 30.09.2011)*

Mr. Gyan Chand Daga is Director (Marketing) of Indian Oil Corporation Ltd., India's largest commercial enterprise and flagship national oil major, since 2006. He is also the Non-Executive Chairman of Lanka IOC PLC., IndianOil Petronas Pvt. Ltd., the Corporation's joint venture with Petronas of Malaysia, and IndianOil Skytanking Ltd., a joint venture with Skytanking Ltd, of Germany. Mr. Daga is also on the Advisory Board of the National Law University, Jodhpur, Rajasthan. Mr. Daga was recently conferred the prestigious award of 'Marketing Professional of the Year' by CMO Asia, which represents decision-makers and thought-leaders across several industry segments from 25 countries in Asia. Under him, IndianOil bagged the Reader's Digest 'Trusted Brand Gold Award' in the Petrol Station category for the fourth year in a row, and was chosen as the 'Retailer of the Year - Rural Impact' at the Asia Retail Congress (Mumbai) for its Kisan Seva Kendra rural initiative, for the third consecutive year. IndianOil also bagged the Customer & Brand Loyalty Award in the Oil & Gas category for the fourth year in a row at the 4th Loyalty Summit held in Mumbai.

A qualified Chartered Accountant, Mr. Daga joined IndianOil in 1975. During the course of an illustrious career spanning over 35 years, he handled diverse portfolios, including Finance, International Trade and Bulk Consumer Sales, besides heading the Corporation's marketing set-up in two major States, Punjab and Rajasthan, where he not only performed consistently well but also projected a positive corporate image.

Mr. Daga is among the few corporate leaders with multi-sector experience across two major public enterprises. In the year 2004, he was selected to join the Board of Steel Authority of India Ltd, (SAIL), another leading public sector enterprise, as Director (Finance). At SAIL, he was part of the management team that presided over the turnaround of the organisation.

After a two-year stint at SAIL, Mr. Daga rejoined IndianOil as Director (Marketing) on the Board in September 2006. At IndianOil, Mr. Daga is responsible for the Marketing function, including developing and implementing a diversified range of business plans, and maintaining the top-line as well as the bottom-line. Currently, he is driving capability improvement

programmes for updating the skill-sets of his 16,000 - strong team in line with the technological changes and the state of competition. He is also vigorously pursuing technological interventions that would enhance efficiency and enable employees to improve work-life balance.

During the course of handling diverse portfolios, Mr. Daga has made an indelible mark with his deep insight on various issues. Known for his "people-oriented approach", Mr. Daga is a firm believer in the synergistic impact of teams. He is also known for interacting directly with line managers and promoting out-of-the-box thinking. He practices a management style that is open, transparent and cuts across layers, allowing free thinking and abundant application of mind by teams working under him. He retired from Indian Oil Corporation on 30th September 2011.

Mr. P K Goyal *Non-Executive Director* *(ceased office on 14.09.2011)*

Mr. P K Goyal, Director (Finance) of Indian Oil Corporation Limited (IOC), joined IOC on 07th June 1977. A Chartered Accountant by profession he has wide experience in the 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 in the Board of Directors of Chennai Petroleum Corporation Limited (CPCL), Indian Strategic Petroleum Reserves Limited (ISPRL), Bogaigaon Refinery & Petrochemicals Limited (BRPL) and Indian Oil Tanking Limited during the preceding ten years.

He was also responsible for overall operations of the Company's Treasury with annual inflows/outflows exceeding 100 billion US 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.

Mr. K R Suresh Kumar *Managing Director* *(ceased office on 03.05.2012)*

Mr. K R Suresh Kumar is a Chemical Engineer from Madras University and has done a Management Programme at Indian Institute of Management at Ahmedabad. He has 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. He has also visited UK, Germany, Spain, Malaysia etc., for studying the markets. He has rich experience in marketing of petroleum products in the retail and direct consumer segments. His last assignment in India was the General Manager (Retail Sales) at Indian Oil Corporation Limited, Mumbai.

Mr. H S Bedi *Non-Executive Director* *(ceased office on 31.05.2012)*

Mr. H S Bedi is presently posted as the Executive Director (Human Resources) of the Marketing Division of Indian Oil Corporation Ltd., a Maharatna Company, India's flagship Oil & Gas major and the largest commercial enterprise in India, with annual revenue of \$ 86,016 million and a ranking of 83 in the Fortune Global 500 listings for the year 2012.

With over 30 years of professional engagement, Mr. Bedi has acquired rich and varied experience across functions of downstream Petroleum Industry like Corporate Planning, Aviation, Logistics, Sales and Human Resources.

Mr. Bedi has been associated with conceptualising 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 the employees and launch of structured Non Fuel Revenue foray of Indian Oil.

As Head of HR function of Indian Oil's Marketing Division with a manpower base of around 16,000 employees spread across all parts of the country, Mr. Bedi holds the responsibility of maintaining IR cordiality, harnessing latent talents, skill upgradation, motivation reward and recognition of the employees to harmonize their actions in running the business and aiding in achieving the stated Vision of the Corporation.

Ms. Rajanie Balakrishnan *Company Secretary*

Ms. Rajanie Balakrishnan is a Fellow Member of the Institute of Chartered Secretaries & Administrators - UK and an Associate Member of the Institute of Chartered Corporate Secretaries (Sri Lanka). She was appointed as the Company Secretary of Lanka IOC PLC in 2009.

SENIOR MANAGEMENT



1. **Mr. Subodh Dakwale**
Managing Director
2. **Mr. S Pradeep**
Senior Vice President (Ops) Trincomalee
3. **Mr. Haresh J Manshani**
Senior Vice President (Ops & HR)
4. **Mr. Soumen Ganguly**
Senior Vice President (Lubes, Marketing & Production)
5. **Mr. D N Badarinarayan**
Senior Vice President (Engg & Admin)
6. **Mr. Saurav Mitra**
Vice President (Finance) In-charge
7. **Mr. Ajay Garg**
Vice President (Sales)
8. **Mr. S Marimuthu**
Vice President (Ops) Trincomalee
9. **Mr. N K Modi**
Vice President (Finance)
10. **Ms. Rajanie Balakrishnan**
Company Secretary

CORPORATE SOCIAL RESPONSIBILITY EFFORTS OF LANKA IOC PLC



Lanka IOC PLC, as a responsible corporate citizen believes, that Corporate Responsibility is not merely about philanthropic activities, making generous donations to various charitable causes but about being accountable for your actions, to all your stakeholders and operating in a way that ensures long term sustainability, which in turn ensures sustainable development of the Nation.

Lanka IOC PLC commenced its business in Sri Lanka in the year 2002 and was concentrating on stabilizing its business in Sri Lanka, energizing the people of Sri Lanka in the best possible manner with its 157 Retail Outlets spread in all parts of the country.

In the year 2010, with the increase of the catastrophic effects of the natural disaster all over the world, due to climate change and its consequences, the Company decided to engage and educate the young minds of Sri Lanka to minimize this effect and formulated a project to address the issue by "Go Green" concept, involving the school children with the collaboration of the Ministry of Environment & Natural Resources

and Department of Education. The Company targeted to plant 1,500 saplings within one year of its commencement, engaging 1,500 school children from the under privileged families selected by the school authorities, and successfully completed the project in January 2011. 1,500 students from 72 schools from all parts of the country are engaged in this project and encouraged by giving the ownership of the sapling planted together with a contribution of a sum of LKR 100/- per student every month for a period of 3 years to care for the trees, until the trees can withstand any damage. The fund is deposited in each student's name in a bank account opened with the Peoples' Bank and the final month for these contributions will be December 2013.

On successful completion of the "Go Green" Project, the Company initiated yet another project based on the 'Mahinda Chinthana' the concept of President Mahinda Rajapaksa, pledging for **equal education for all** was identified and proposed to provide English Education to the children in the rural areas mainly on reading, writing, listening & speaking the English

language under the project titled '**English for Young Learners**'. This project was initiated as a means of improving the lifestyle standards of the rural children and preparing a foundation to let them face the world with confidence.

140 students from Nalanda Maha Vidyalaya & Chinabay Tamil Vidyalyam in Trincomalee were selected for this programme and the training for learning to read, write, listen & speak English is conducted by a qualified team of teachers during the weekend at Nalanda Maha Vidyalaya under the supervision of the Department of Education, Trincomalee.

The launch of the project 'English for Young Learners' held on 25th March 2012 at Nalanda Maha Vidyalaya are shown in picture No. 2 and 4.

Sri Lankan Masterminds 2011-12

LIOC joined hands with the Lions Club of Moratuwa Ratmalana to conduct the Sri Lankan Masterminds 2011-12 Quiz programme held on 26th February 2012

at Colombo Continental Hotel and the proceeds of this project was utilized to provide essential medicine to the Cancer Hospital at Maharagama. In picture No. 3, Senior Vice President (Ops & HR) Mr. H. Manshani is seen, giving away the trophy to the winners 'Royal College Team'.

Skill Development

LIOC continued the training of Workers, Staff and Executives on productivity, leadership, teamwork, career growth and development, covering more than 1,050 man hours in the year.

The Company provided an out-bound training to staff members at Kithulgala conducted by Wild Drift Training Centre to enhance the teamwork & leadership quality in each staff member. Picture No. 5 shows the staff engaged in one of the outbound training activities.



6

In order to develop an enhanced customer service experience, LIOC has initiated measures to accommodate complaints/suggestions by customers at all LIOC Petrol Sheds islandwide. This will enable the staff to cater to the needs of each customer in a guided and specific manner that would create a better service experience.

Employee Safety

The Terminal at Trincomalee and all the Retail Outlets of Lanka IOC PLC are equipped with necessary implementations to maintain the required safety standards. Training sessions have been conducted to enlighten the employees of the need to take precautionary measures and to become more aware of various issues relating to safety regulations and protocols at the work place.

International Women's Day

To mark the International Women's Day, the Company organized a seminar on 08th March 2012 to all female employees to address the problems faced by women at their work place.



7

Director – Women in Need, Mrs. Sumithra Fernando addressed the employees on the problems faced by female employees, the consequences and the remedies available. They were also informed of the actions that the employees could take in the event of a harassment at home, in public places, while travelling etc.,. Awareness was also made to contact the authorities for quick action.



8

Sports Activities

Lanka IOC inaugurated its Sports Club on 05th October 2012 with the membership of its entire staff, under the patronage of its Managing Director Mr. K R Suresh Kumar.

In addition to cricket, Aerobic classes were conducted for the members of the Club by a qualified Instructor 3 days a week after hours.

The Cricket Club of the Company was very active taking part in numerous matches with other clubs in the corporate sector. Picture No. 8 and 9 showcase LIOC's participation at the AGM of Lanka IOC Sports Club.



9

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.

The Board of Directors are 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 adheres to the requirements of the Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka (ICASL) and The Securities and Exchange Commission of Sri Lanka (SEC).

Composition of the Board of Directors

The Board comprises of one Executive and six 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 three Independent Directors, Prof. Lakshman R Watawala, Mr. Jaliya Medagama and Mr. Amitha Gooneratne who are acclaimed for their knowledge and experience in their respective fields. Pursuant to Section 210(2)(a) of the Companies Act No. 07 of 2007, Independent Non Executive Director, Mr. Jaliya Medagama who attained the age of 70 on 17th April 2012 will serve the Board until the Annual General Meeting (AGM) 2011-12 of Lanka IOC PLC. Their active participation in the Board deliberations has brought in an independent and pragmatic view to the Board deliberations and in taking decisions.

Board Meetings held during the Financial Year 2011-12

S. No.	Date	Strength of the Board	No. of Directors Present
1	05th May 2011	6	6
2	08th August 2011	6	6
3	11th November 2011	6	6
4	08th February 2012	6	6

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 assists 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. Managing Director meets the Institutional Shareholders when they wish to meet the management, on prior appointment. 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.

COMPLIANCE OF CSE RULES ON CORPORATE GOVERNANCE

Rule No	Subject	Applicable Requirement	Compliance Status	Details
7.10.1 a	Non-Executive Directors on the Board	Two Non-Executive Directors or 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 in compliance with the CSE rules
7.10.3 a	Disclosure relating to Directors	Names of Independent Directors should be disclosed in the Annual Report	Complied	Please Refer page13
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 pages 14 to 17
7.10.5	Remuneration Committee	A listed Company shall have a Remuneration Committee	Complied	Names of members of Remuneration Committee are available on page 35
7.10.5 a	Composition of the 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 the 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 35
7.10.5 c	Disclosure in the Annual Report relating to Remuneration Committee	The Annual Report should set out;	Complied	Please refer page 35
		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 35

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 36
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 36
		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

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 10th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2012. 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.

The Audited Financial Statements were approved by the Directors at the Board Meeting held on 10th May 2012.

Review of the Year

The Chairman's Statement describes in brief the Company's affairs and the performance during the year.

Financial Statements

The Financial Statements of the Company for the year ended 31st March 2012, which include the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the Notes to the Financial Statements, are given from page 42 onwards.

Principal Activities of the Company

The main activities of the Company are importing, blending, distributing, selling of petroleum products including Lubricants, Bitumen and Bunkering in Sri Lanka.

Auditors' Report

The Auditors' Report on the Financial Statements is set out on page No 41.

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 2012.

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 at 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 Lanka IOC. Lanka IOC follows an independent policy for pricing its products in the market.

Entries in the Interest Register

Under the provisions of Section 168(1) (e) of the Companies Act No. 07 of 2007, the Interest Register is maintained by the Company and the Directors have made the necessary declarations, in terms of the Section 192 (2) of the Companies Act No. 07 of 2007 which are recorded in the Interest Register and this is available for inspection in terms of the Act. Particulars of entries in the Interest 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. 23 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 (Section 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 2011-12 amounts to LKR 14,558,579/- (2010-11- LKR 14,105,326/-)

Directors

The Directors of the Company as at 31st March 2012 were:

Mr. M Nene (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. V K Gupta (Non-Executive Director)

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY Contd.

Mr. G C Daga who was the Chairman of the Company as at 31st March 2011, resigned with effect from 30th September 2011.

Mr. M Nene was appointed as the Chairman of the Company with effect from 01st October 2011 in place of Mr. G C Daga.

Mr. P K Goyal who was a Non-Executive Director of the Company as at 31st March 2011, resigned with effect from 14th September 2011.

Mr. V K Gupta was appointed as a Non-Executive Director of the Company with effect from 15th September 2011 in place of Mr. P K Goyal.

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 2011-12 was fixed at LKR 1,200,000/- (2010-11 LKR 1,200,000/-) as disclosed in note 6(a) to the Financial Statements on page 52 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 801,276/- (2010-11 LKR 899,000/-) payable by the Company to the Auditors for the additional services rendered to the Company. Ernst & Young were engaged as Internal Auditors and a remuneration of LKR 897,432/- was paid for the services rendered by them for audit and allied services.

Changes in Property, Plant and Equipment

The movements in property, plant and equipment during the year ended 31st March 2012 and 31st March 2011 are set out in Note 10 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 2012 amounted to LKR 2,540,587,507/- (2010-11 – LKR 1,634,648,011/-)

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.

Contribution to the Exchequer

Your Company has been making enormous contributions to the exchequer. During the year, LKR 8,751.118 million was paid to the exchequer in the form of various duties, taxes and other statutory levies to the relevant authorities.

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.

Dividend

The Directors do not recommend the payment of a dividend for the year ended 31st March 2012.

Turnover

The Turnover increased from LKR 51.743 billion in 2010-11 to LKR 60.436 billion showing a growth of 16.80%. The increase in the Turnover came from increased sale of Bitumen and Bunker compared to the previous year. The increased sale of Bitumen and Bunker was due to growth in the economic activities of the country as a result of continued efforts from the Government of Sri Lanka towards the development of vital infrastructure.

Earning of Foreign Exchange

During the financial year under review, your company has earned valuable foreign exchange amounting to approximately US Dollars 118.6 million through its operations.

Operations

A) Trincomalee Terminal

Continuous efforts were made to increase upliftment from Trincomalee Terminal. However, with the increase in the retail price of LAD, the throughput of LAD came down which reduced the overall throughput for the Trincomalee Terminal.

To reduce the stock loss of Gasoline, a tank with a capacity of 12,500 KL was converted into internal floating roof tank, thereby avoiding the need to construct a new floating roof tank. This has saved approx. LKR 200 million towards the cost of constructing a new tank.

In order to reduce further the stock loss on Gasoline, conversion of another fixed roof tank with a capacity of 12,500 KL is being undertaken to increase the floating roof tank capacity to more than 36,000 KL.

To create a niche market for Gasoline, Lanka IOC launched Euro III Gasoline from Trincomalee in November 2011, after constructing dedicated lines for discharge of the cargo from vessel to the tanks as well as having separate loading line at the Bowser loading bay. This facility at Trincomalee is catering to the total Euro III Gasoline requirement of the Nation.

B) Bitumen Operation

Sri Lanka's vision to provide accessibility to all parts of the country and to have a high and quality mobility road network in the country for the transportation of passenger and goods, a distinct emphasis has been given on road development. Road transport has become a priority sector because of the need to restore regionally balanced living conditions and economic opportunities for all Sri Lankans. Various important road infrastructure projects are under implementation including;

- Construction of expressways and highways,
- Widening of highways,
- Reduction of traffic congestion,
- Road maintenance and rehabilitation,
- Bridge rehabilitation and construction.

All these activities have resulted in increased requirement of bitumen. Your company has been able to cater to the increased market demand for bitumen and has registered a volume growth of 167% during the last financial year.

C) Lubricants

SERVO lubricants continue to remain a major brand in Sri Lanka inspite of intense competition with around fourteen players in the market. In a short span of nine years SERVO is today the second largest brand in Sri Lanka. During the year there has been a sales volume drop of 12.7% due to dip in sales through petrol sheds. In spite of the decreased volume of sales, your company could achieve a growth of around 12% in net realization from sales because of better product mix and effective pricing strategy. In order to increase our distribution network during the year we have added one new Distributor in Polonnaruwa District. With this the total number of Lube Distributors has increased to thirteen. We continue to give great emphasis on quality and international accreditation.

The company blends majority of its lube oils that are marketed in Sri Lanka at its Lube Blending Plant at Trincomalee. Great emphasis has been given for development of local vendors for various packaging components like plastic containers, labels, cartons etc. for cost and inventory optimization. We have now achieved sourcing of more than 90% of packaging components locally for small packs thereby saving expenditure of valuable foreign exchange.

Exports of Lubricants from Sri Lanka

In order to expand its market to neighboring countries, we continue to export lubricants to Nepal and Maldives. We have also drawn up road maps to export lubricants to other neighboring South East Asian countries during the next financial year.

D) Retail Sales

Execution of Agreement with Cairns Lanka Pvt. Ltd. for fuel supply.

Government of Sri Lanka accorded approval to M/s Cairns Lanka Pvt. Ltd for exploration of Oil and Gas at Mannar basin and the same was identified as Strategic Development Project. Tie-up between Lanka IOC and Cairns Lanka Pvt. Ltd was done for supply of fuel by Lanka IOC to the oil rigs and vessels of M/s Cairns and an agreement was executed in June 2011 to the value of USD 4,738,470/-.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY Contd.

Launch of Corporate Fuel Card

In our endeavor to add value to our offerings, 'Corporate Fuel Card' was launched by Lanka IOC with a tie up with Dialog Axiata PLC. Under this scheme, cards will be issued to the corporate bodies which can be used for taking fuel from Lanka IOC Petrol sheds. The respective Corporate may assign different limits to the individual cards through web based solution provided by Dialog Axiata PLC. This will help the Corporate bodies to do away with processing of reimbursements to individual employees, tracking fuel consumption and convenience of settling the payment directly with Lanka IOC.

M/s Dialog Axiata PLC in strategic partnership with Lanka IOC will provide necessary hardware at the retail outlets and will provide web based interface for all the Corporates and Dealers of Lanka IOC.

His Excellency, Hon'ble High Commissioner of India in Sri Lanka Ashok K Kantha, launched the 'Corporate Fuel Card' at M/s Felix Perera, Flagship Retail Outlet of Lanka IOC.

CEOs of many companies in Sri Lanka were present at this function to witness the launch of 'Corporate Fuel Card' which is the first of its kind in Sri Lanka and provides solution to the fuel requirement of Corporates without going through intermediaries.

Launch of XtraPremium Euro III – Green Initiative

All new generation vehicles manufactured throughout the world are designed for international Euro III norms or above which not only ensures lesser deposits on fuel injection system, better pickup, higher power and better fuel efficiency but also contributes greatly towards protecting the environment by lesser emission of pollutants.

Lanka IOC took a step in this direction by being the first company to import and market Hi Octane Petrol meeting international Euro III specifications in Sri Lanka to provide right fuel for the new generation vehicles. XtraPremium Euro III is also recommended by CMTA (Ceylon Motor Traders Association) for Petrol vehicles for better engine performance and contribution towards Greener environment.

The formal launch was done by His Excellency, Hon'ble High Commissioner of India in Sri Lanka Ashok K Kantha at M/s Felix Perera, Flagship Retail Outlet of Lanka IOC.

Expansion of Retail Network

In our effort to make our presence in unrepresented areas and provide better services to the public, five new grass root petrol sheds were developed. These were constructed and commissioned on Anuradhapura Kandy Road, Bibile, Buttala, Mannar and Vavuniya Mannar Road.

With the development of these petrol sheds, Lanka IOC has made its presence in these areas. To expand further with the support of the people, advertisement was also released for setting up 20 new Petrol sheds all over the island.

Agreement with HSBC for Sole Fuel Redemption at Lanka IOC Sheds

In our endeavor to add value to our offerings, tie-up was done with HSBC Sri Lanka and Maldives for instant fuel redemption for HSBC customers at Lanka IOC sheds. This proposition enabled HSBC credit cardholders to redeem rewards points instantly at select Lanka IOC fuel stations. Further, such HSBC credit cardholders were also extended double reward points during initial 6 months.

HR Activities

During the financial year, your Company continued to enjoy cordial and harmonious relations with the collectives and as an evidence to same, not a single man-hour was lost on account of any industrial disturbance during the entire year.

Revision in the salary of Ex-CPC employees at Trincomalee was carried out w.e.f 1/1/2012 in line with the MOU signed between Ceylon Petroleum Corporation (CPC) and Lanka IOC.

Lanka IOC has recruited 8 employees during the financial year under review.

In order to upgrade the skills of employees recruited, various training programs have been conducted. For functional programs, employees were nominated to outside programs also. An outbound training program involving 30 employees was conducted at Kithulgala. Employees were imparted training for more than 1,000 man-hours.

Lanka IOC encourages the employees to upgrade their knowledge base. 20 employees are pursuing

higher studies ranging from certificate course to post graduate courses in various disciplines.

To create team building and also increase mental as well as physical fitness of the employees, Lanka IOC Sports Club was formed. The club has since observed active participation in cricket, table tennis, aerobics, and other sports activities.

To create a strong bond and enhance team spirit among the employees, annual picnic was organised at Bentota during the financial year.

Taxation

The Company is a Board of Investment (BOI) registered entity, registered under section 17 (2) of the BOI Act No 4, 1978. Under this registration, the Company's profits from the main business operations are exempt from Income Tax for a period of 10 years from FY 2002-03 which will expire in February 2013. Taxes will be charged at a concessional rate of 15% thereafter.

Other Income

In continuous efforts to optimize its income from various sources, your company earned LKR 25.29 million during the year, through rents from lease of hoardings, space and amenities at the various retail outlets and from other resources. This represents an increase of about LKR 7 million over the last year's such earnings of about LKR 18.29 million.

There is a decrease of about LKR 70.15 million in respect of the terminalling charges received from Ceylon Petroleum Corporation compared to the previous year.

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 etc... 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. Management Committee reviews the systems and practices, risks faced by the company due to changes in the business environment, developments in the market, Government Policies etc, regularly initiates appropriate actions to mitigate the risks and reorient business strategies.

Funding Operations

In keeping with its aim for basing its funding and other credit facilities with banks, the Company renewed Facility Agreements with different banks based in Colombo and Singapore with enhanced limits at very attractive rates of interest. This has helped to reduce the interest cost considerably. However, due to depreciation of the Sri Lankan Rupee vis-a-vis US Dollar, the Company sustained significant exchange fluctuation loss.

CSR Project

The Company recognizes the pivotal roles it has to play in the community in which it transacts business and the requirement to support the community to uplift their lifestyle.

On successful completion of the CSR Project of "Go Green" concept, the management proposed to initiate the new CSR proposal based on the "Mahinda Chinthana" the concept of President Mahinda Rajapaksa, pledging for equal education for all was identified. As the knowledge of English in the rural areas were very poor, your company decided to support the children of rural areas in improving the standard of English Education, specially covering the aspects such as listening, speaking, reading & writing English to face the world confidently.

140 children from two rural schools in Trincomalee were identified and an Educational Service Provider was retained to use their services for this purpose. This programme will be conducted during the weekend and the training will take about 6 months.

This project is in collaboration with the Department of Education, Trincomalee and the training is conducted under the supervision of the Principals of the two schools.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY *Contd.*

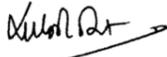
Going Concern

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


Subodh Dakwale
Managing Director

Colombo
10th August 2012


Prof. Lakshman R Watawala
Director


Rajanie Balakrishnan
Company Secretary

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.

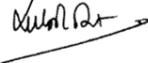
The Directors confirm that in preparing the Financial Statements exhibited on pages 42 to 61 inclusive, appropriate accounting policies have been selected and applied on a consistent basis, while reasonable and prudent judgments have been made so that the form and substance of transactions are properly 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


Subodh Dakwale
Managing Director

Colombo
10th August 2012

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, Sri Lanka Accounting & Auditing Standards Act No. 15 of 1995, the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka and other applicable statutes. The accounting policies applied in the preparation of the Financial Statements 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 M/s. 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.



Subodh Dakwale
Managing Director



Saurav Mitra
Vice President
(Finance) In-Charge

10th August 2012

REMUNERATION COMMITTEE REPORT

The Remuneration Committee consists of three Non-Executive Directors, namely Prof. Lakshman R Watawala, Mr. Jaliya Medagama and Mr. V K Gupta of which the first two are Independent Directors. The Committee is chaired by Prof. Lakshman R Watawala, an 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 lays down guidelines and parameters for the compensation structures of directly recruited Executive & Staff of the company. The primary objective of the compensation packages is to attract and retain 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.



Prof. Lakshman R Watawala
Chairman - Remuneration Committee

10th August 2012

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. V K Gupta a Non-Executive Director. Mr. K R Suresh Kumar - erstwhile Managing Director, Mr. Subodh Dakwale - Managing Director, Mr. T C A Satagopan - erstwhile SVP (Finance), Mr. Saurav Mitra – Vice President (Finance) In-charge and Mr. N K Modi - Vice President (Finance) attended the Audit Committee Meetings by invitation.

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 12. 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. 7.10.6 b of the Colombo Stock Exchange.

Meetings

The Committee held 4 meetings during the financial year 2011/12 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.	05.05.2011	Bentota	3	3	Prof. L R Watawala Mr. Jaliya Medagama Mr. P K Goyal	-
2.	08.08.2011	Colombo	3	3	Prof. L R Watawala Mr. Jaliya Medagama Mr. P K Goyal	-
3.	11.11.2011	Colombo	3	3	Prof. L R Watawala Mr. Jaliya Medagama Mr. V K Gupta	-
4.	08.02.2012	New Delhi	3	3	Prof. L R Watawala Mr. Jaliya Medagama Mr. V K Gupta	-

Tasks of the Audit Committee

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

Internal Audits

The Committee reviews 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 Ernst & Young, Colombo. Follow-up reviews are scheduled periodically to ascertain that audit recommendations are being acted upon.

External Audits

The Committee also deliberates 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 are 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 2013, 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

10th August 2012

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Financial Information

Auditors' Confirmation w.r.t. Appointment	40
Independent Auditor's Report	41
Income Statement	42
Balance Sheet	43
Statement of Changes in Equity	44
Cash Flow Statement	45
Notes to the Financial Statements	46

AUDITORS' CONFIRMATION W.R.T. APPOINTMENT



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.

11 May 2012

.....
Date

.....
Signature of Engagement Partner

PricewaterhouseCoopers, P. O. Box 918, 100 Braybrooke Place, Colombo 2, Sri Lanka
T: +94 (11) 771 9838, 471 9838, F: +94 (11) 230 3197, www.pwc.com/lk

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

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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 2012, and the income statement, statements of changes in equity and cash flow statements for the year ended, and a summary of significant accounting policies and other explanatory notes set out on pages 42 to 61.

Management's Responsibility for the Financial Statements

2. 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.

Scope of Audit and Basis of Opinion

3. 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.

Opinion

4. In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2012 and the financial statements give a true and fair view of the Company's state of affairs as at 31 March 2012 and of its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on other Legal and Regulatory Requirements

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

11 May 2012

.....
Date

.....
Chartered Accountants
Colombo

PricewaterhouseCoopers, P. O. Box 918, 100 Braybrooke Place, Colombo 2, Sri Lanka
T: +94 (11) 771 9838, 471 9838, F: +94 (11) 230 3197, www.pwc.com/lk

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

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INCOME STATEMENT

(All amounts in Sri Lanka Rupees)

	Notes	Year ended 31 March	
		2012	2011
Revenue	3	60,436,466,470	51,742,662,607
Cost of sales	4	(57,482,707,093)	(50,216,822,367)
Gross profit		2,953,759,377	1,525,840,240
Other operating income	5	35,955,428	108,598,895
Selling and distribution costs		(22,191,372)	(24,323,381)
Administrative expenses		(1,012,469,781)	(840,294,581)
Operating profit	6	1,955,053,652	769,821,173
Net finance (expense) / income	7	(1,025,506,987)	123,624,089
Profit before tax		929,546,665	893,445,262
Tax	8	(23,607,169)	(16,916,017)
Net profit after tax		905,939,496	876,529,245
Earnings Per Share	9	1.70	1.65

The notes on pages 46 to 61 form an integral part of these Financial Statements.

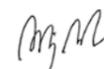
Independent Auditors' report - page 41.

BALANCE SHEET

(All amounts in Sri Lanka Rupees)

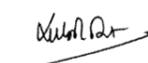
	Notes	31 March	
		2012	2011
ASSETS			
Non current assets			
Property, plant and equipment	10	3,275,541,752	3,313,439,664
Long term investment	11	4,394,000,000	4,394,000,000
Intangible assets	12	678,566,856	680,542,105
		8,348,108,608	8,387,981,769
Current assets			
Inventories	13	8,813,363,332	6,709,703,084
Current tax recoverable		282,212,155	185,819,324
Receivables and prepayments	14	2,979,883,478	3,012,479,509
Cash and cash equivalents	15	1,698,487,742	692,971,489
		13,773,946,707	10,600,973,406
Total assets		22,122,055,315	18,988,955,175
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	16	7,576,573,900	7,576,573,900
Retained earnings		2,540,587,507	1,634,648,011
		10,117,161,407	9,211,221,911
Non-current liabilities			
Retirement benefit obligations	17	39,209,730	40,766,246
Current liabilities			
Trade and other payables	18	7,705,204,230	5,114,644,568
Borrowings	19	4,260,479,948	4,622,322,450
		11,965,684,178	9,736,967,018
Total liabilities		12,004,893,908	9,777,733,264
Total equity and liabilities		22,122,055,315	18,988,955,175

I certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



T C A Satagopan
Senior Vice President (Finance)

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were authorised for issue and signed on behalf by Board of Directors.



Subodh Dakwale
Managing Director



Prof. Lakshman R. Watawala
Director

10th May 2012

The notes on pages 46 to 61 form an integral part of these Financial Statements.
Independent Auditors' report - page 41.

STATEMENT OF CHANGES IN EQUITY

(All amounts in Sri Lanka Rupees)

	Stated capital	Retained earnings	Total
Balance at 1 April 2010	7,576,573,900	758,118,766	8,334,692,666
Net profit for the year	-	876,529,245	876,529,245
Balance at 31 March 2011	7,576,573,900	1,634,648,011	9,211,221,911
Balance at 1 April 2011	7,576,573,900	1,634,648,011	9,211,221,911
Net profit for the year	-	905,939,496	905,939,496
Balance at 31 March 2012	7,576,573,900	2,540,587,507	10,117,161,407

The notes on pages 46 to 61 form an integral part of these Financial Statements.

Independent Auditors' report - page 41.

CASH FLOW STATEMENT

(All amounts in Sri Lanka Rupees)

	Notes	Year ended 31 March	
		2012	2011
Operating activities			
Cash generated from operations	22	1,669,774,020	1,250,727,279
Economic service charge and income tax paid		(120,000,000)	(27,549,484)
Interest received	7	78,035,712	53,171,449
Interest paid	7	(100,248,300)	(252,898,198)
Defined benefit obligations paid	17	(5,445,021)	(1,900,590)
Net cash generated from operating activities		1,522,116,411	1,021,550,456
Investing activities			
Purchase of property, plant and equipment	10	(154,745,655)	(141,377,824)
Purchase of computer software		(12,000)	-
Proceeds from sale of property, plant and equipment		-	26,700
Net cash used in investing activities		(154,757,655)	(141,351,124)
Financing activities			
Repayment of borrowings		(38,874,999,129)	(58,200,043,124)
Proceeds from borrowings		38,513,156,626	57,285,826,918
Net cash used in financing activities		(361,842,503)	(914,216,206)
Increase / (decrease) in cash and cash equivalents		1,005,516,253	(34,016,874)
Movement in cash and cash equivalents			
At beginning of the year		692,971,489	726,988,363
Increase / (decrease) during the year		1,005,516,253	(34,016,874)
At end of the year	15	1,698,487,742	692,971,489

The notes on pages 46 to 61 form an integral part of these Financial Statements.

Independent Auditors' report - page 41.

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 Minister 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, Bitumen, Marine Fuels and other mineral petroleum including premium petrol and premium diesel but excluding aviation fuel and liquid petroleum gas. The license is valid for a period of 20 years from 22 January 2004 and renewable thereafter.

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.

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 2.20.

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 of retail outlets and terminals. All property, plant and equipments are stated at historical cost less depreciation where applicable. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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.

Land is not depreciated as it is deemed to have an indefinite life. 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
Office equipment	4 years

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

2.04 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose 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.

2.06 Intangible Assets

(a) Goodwill

Goodwill represents the excess of purchase consideration paid in 2003 to the Government of Sri Lanka over the net assets value representing applicable shares allotted in the acquisition of the retail outlets, which were vested with Independent Petroleum Marketers Limited (IPML). The IPML was subsequently amalgamated in 2004 with Lanka IOC

PLC and dissolved. Due to the amalgamation and subsequent dissolution of this acquired company no consolidated Financial Statements are prepared.

Goodwill is attributed to the future economic benefits arising from other assets which were acquired from the above business combination that were not able to individually identified and separately recognised. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

(b) License fees on computer software

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

2.07 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.

NOTES TO THE FINANCIAL STATEMENTS *Contd.*

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 amounts due from customers for petroleum products sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value (which is the invoice value of the Company) and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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.

2.11 Stated capital

Ordinary shares are classified as equity.

2.12 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value (which is the purchase cost of the company) and subsequently measured at amortised cost using the effective interest method.

2.13 Tax

The tax expense for the year comprises of current taxes

(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 2012.

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 government 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.

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 fair value (which is the invoice value of the Company) of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of value added tax, Turnover 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 using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

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.

2.19 Comparatives

Where necessary, comparative figures have been adjusted to confirm with changes in presentation in the current year.

NOTES TO THE FINANCIAL STATEMENTS Contd.

2.20 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Retirement benefit obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net income (cost) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

In determining the appropriate discount rate, the Company considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 17.

3. Revenue

	Year ended 31 March	
	2012	2011
Domestic sales		
Lanka petrol 95 octane	1,916,074,945	970,289,687
Lanka petrol 90 octane	22,969,978,520	18,911,690,061
Lanka auto diesel	10,694,709,742	21,137,838,019
Lanka super diesel	246,676,762	92,355,403
LP 91 (Euro 03)	2,815,041,565	-
Bunkering operations	712,042,474	690,835,555
Lubricants	1,563,655,001	1,307,623,842
Bitumen	5,605,718,515	1,891,296,400
	46,523,897,524	45,001,928,967
Export sales		
Lubricants	37,178,032	126,279,400
Bunkering operations	13,875,390,914	6,614,454,240
Total sales	60,436,466,470	51,742,662,607

Sales can be further analysed as follows:

	Year ended 31 March	
	2012	2011
Sales	61,794,454,506	53,262,618,222
Dealer commission / discounts on lubricants	(1,357,988,035)	(965,313,548)
Turnover tax	-	(554,642,067)
Net sales	60,436,466,471	51,742,662,607

Based on the 2010-11 budget, turnover tax has been abolished with effect from 1st January 2011.

4. Cost of sales

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

5. Other operating income

	Year ended 31 March	
	2012	2011
Income from Ceylon Petroleum Corporation	1,539,128	71,691,496
(Loss) / profit on disposal of property, plant and equipment	(67,260)	26,700
Rental income	25,287,027	18,293,984
Sundry income	9,196,533	18,586,715
	35,955,428	108,598,895

NOTES TO THE FINANCIAL STATEMENTS Contd.

6. (a) Operating profit

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

	Year ended 31 March	
	2012	2011
Directors' emoluments	14,558,579	14,105,326
Auditors' remuneration		
- audit	1,200,000	1,200,000
- non-audit	801,276	899,000
Depreciation (note 10)	192,576,308	174,827,163
Amortisation charge (note 12)	1,987,249	1,851,689
Staff costs [note 6 (b)]	276,579,931	252,696,200
Lease rent - Trincomalee	11,285,000	11,354,500
Donations	15,000	49,400
Payments under voluntary retirement scheme	7,280,520	2,506,000

6. (b) Staff costs

	Year ended 31 March	
	2012	2011
Salaries and wages	256,315,789	242,491,701
Defined contribution plans	16,375,637	13,835,469
Defined benefit plan (note 17)	3,888,505	(3,630,970)
	276,579,931	252,696,200

The average number of employees employed by the Company during the year was 171 (2011 - 173).

7. Net finance (cost) / income

	Year ended 31 March	
	2012	2011
Interest expense	(100,248,300)	(252,898,198)
Interest income	78,035,712	53,171,449
Exchange (losses) / gains	(983,021,577)	366,228,394
Bank charges	(20,272,822)	(42,877,556)
	(1,025,506,987)	123,624,089

8. Tax

	Year ended 31 March	
	2012	2011
Current tax	23,607,169	16,916,017

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 28% (2011 - 35%).

Deferred tax has not been considered in the Financial Statements, since the temporary differences reversing after the tax exemptions period of 10 years which will expire in the year of assessment 2012-13 will not be significant to the Financials Statements.

9. Earnings per share

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

	Year ended 31 March	
	2012	2011
Net profit attributable to shareholders	905,939,496	876,529,245
Weighted average number of ordinary shares in issue	532,465,705	532,465,705
Earnings per share (Rs)	1.70	1.65

10. Property, plant and equipment

(a)

	Freehold land	Building and fixtures	Plant and equipment	Office equipment	Lube plant	Furniture and fittings	Motor vehicles	Capital work-in progress	Total
At 31 March 2010									
Cost / valuation	1,972,120,668	1,233,588,123	963,901,031	22,321,722	416,948,742	12,318,745	21,967,566	59,639,670	4,702,806,267
Accumulated depreciation	-	(359,135,319)	(816,274,600)	(12,753,799)	(142,629,413)	(10,201,327)	(14,922,806)	-	(1,355,917,264)
Net book amount	1,972,120,668	874,452,804	147,626,431	9,567,923	274,319,329	2,117,418	7,044,760	59,639,670	3,346,889,003
Year ended 31 March 2011									
Opening net book amount	1,972,120,668	874,452,804	147,626,431	9,567,923	274,319,329	2,117,418	7,044,760	59,639,670	3,346,889,003
Additions	-	75,711,747	53,499,796	1,595,945	-	1,300,681	1,854,167	7,415,488	141,377,824
Disposals	-	-	-	-	-	-	-	-	-
Cost of disposals	-	-	(80,000)	-	-	-	-	-	(80,000)
Cost of depreciation on disposals	-	-	80,000	-	-	-	-	-	80,000
Transfers	-	52,475,263	7,822,688	-	-	-	-	(60,297,951)	-
Depreciation charge	-	(87,108,890)	(28,366,905)	(3,671,967)	(52,118,592)	(787,401)	(2,773,408)	-	(174,827,163)
Closing net book amount	1,972,120,668	915,530,924	180,582,010	7,491,901	222,200,737	2,630,698	6,125,519	6,757,207	3,313,439,664
At 31 March 2011									
Cost / valuation	1,972,120,668	1,361,775,133	1,025,143,515	23,917,667	416,948,742	13,619,426	23,821,733	6,757,207	4,844,104,091
Accumulated depreciation	-	(446,244,209)	(844,561,505)	(16,425,766)	(194,748,005)	(10,988,728)	(17,696,214)	-	(1,530,664,427)
Net book amount	1,972,120,668	915,530,924	180,582,010	7,491,901	222,200,737	2,630,698	6,125,519	6,757,207	3,313,439,664
Year ended 31 March 2012									
Opening net book amount	1,972,120,668	915,530,924	180,582,010	7,491,901	222,200,737	2,630,698	6,125,519	6,757,207	3,313,439,664
Additions	-	-	-	961,795	-	614,220	79,920	153,089,720	154,745,655
Reclassification of fixed assets	-	(8,024,679)	6,555,778	185,432	-	1,283,469	-	-	-
Disposals	-	-	(3,449,900)	-	-	-	-	-	(3,449,900)
Cost of depreciation on disposals	-	-	3,382,641	-	-	-	-	-	3,382,641
Cost of depreciation of reclassified assets	-	1,094,225	(52,811)	(62,886)	-	(978,529)	-	-	-
Transfers	-	25,154,923	103,991,088	-	-	6,229,592	-	(135,375,603)	-
Depreciation charge	-	(94,628,111)	(37,460,340)	(3,881,894)	(52,118,592)	(1,719,031)	(2,768,340)	-	(192,576,308)
Closing net book amount	1,972,120,668	839,127,282	253,548,466	4,694,349	170,082,145	8,060,419	3,437,099	24,471,324	3,275,541,752
At 31 March 2012									
Cost / valuation	1,972,120,668	1,378,905,377	1,132,240,481	25,064,894	416,948,742	21,746,707	23,901,653	24,471,324	4,995,399,846
Accumulated depreciation	-	(539,778,095)	(878,692,015)	(20,370,545)	(246,866,597)	(13,686,288)	(20,464,554)	-	(1,719,858,094)
Net book amount	1,972,120,668	839,127,282	253,548,466	4,694,349	170,082,145	8,060,419	3,437,099	24,471,324	3,275,541,752

There are fully depreciated assets as at the Balance Sheet date amounting to LKR 797,358,312 (2011 - LKR 794,327,689).

10. Property, plant and equipment (contd.)

(b) Capital work-in-progress at 31 March 2012 represents the following:

	31 March	
	2012	2011
Refurbishment work		
- Trincomalee	2,095,287	114,429
- Retail outlets	22,376,036	6,642,778
	24,471,323	6,757,207

(c) Land

In line with the UITF ruling (case no. 68) of Institute of Chartered Accountant of Sri Lanka, the revaluation done by independent chartered valuer on 01 May 2004 has been considered as cost of the assets at the time of acquisition on 30 December 2003.

11. Long term investment

Lanka IOC PLC owns 33 1/3% of the 750,000,000 shares of Ceylon Petroleum Storage Terminal Limited (CPSTL), also known as the "Common User Facility" (CUF). The Company paid US\$ 45 million to Ceylon Petroleum Corporation on 22 January 2004 for the acquisition of 250,000,000 shares.

The Ceylon Petroleum Corporation owns 66 2/3% of 750,000,000 shares of CPSTL and controls through the nomination of six of the nine board members. Lanka IOC PLC nominates the balance three board members. Due to the government influence and the sensitivity of the industry towards the national economy, the directors nominated by Lanka IOC PLC do not have significant influence over decisions of CPSTL. As such, the investment is recorded at cost.

	31 March	
	2012	2011
At the beginning of the year	4,394,000,000	4,394,000,000
Closing net book amount	4,394,000,000	4,394,000,000

NOTES TO THE FINANCIAL STATEMENTS Contd.

12. Intangible assets

	Goodwill	License fees on computer software	Total
At 31 March 2010			
Cost	759,297,552	9,615,755	768,913,307
Accumulated amortisation and impairment	(85,420,976)	(1,098,537)	(86,519,513)
Net book amount	673,876,576	8,517,218	682,393,794
Year ended 31 March 2011			
Opening net book amount	673,876,576	8,517,218	682,393,794
Amortisation charge	-	(1,851,689)	(1,851,689)
Closing net book amount	673,876,576	6,665,529	680,542,105
At 31 March 2011			
Cost	759,297,552	9,615,755	768,913,307
Accumulated amortisation and impairment	(85,420,976)	(2,950,226)	(88,371,202)
Net book amount	673,876,576	6,665,529	680,542,105
Year ended 31 March 2012			
Opening net book amount	673,876,576	6,665,529	680,542,105
Additions	-	12,000	12,000
Amortisation charge	-	(1,987,249)	(1,987,249)
Closing net book amount	673,876,576	4,690,280	678,566,856
At 31 March 2012			
Cost	759,297,552	9,627,755	768,925,307
Accumulated amortisation and impairment	(85,420,976)	(4,937,475)	(90,358,451)
Net book amount	673,876,576	4,690,280	678,566,856

Goodwill

Goodwill represents the excess of purchase consideration paid in 2003 to the Government of Sri Lanka over the net assets value representing applicable shares allotted in the acquisition of the retail outlets, which were vested with Independent Petroleum Marketers Limited (IPML). The IPML was subsequently amalgamated in 2004 with Lanka IOC PLC and dissolved.

Goodwill represents future economic benefits arising from other assets which were acquired from the above business combination that were not able to individually identified and separately recognised. Accumulated amortisation as at the Balance Sheet date amounting to LKR 85,420,976 which were amortised up to 2007 based on 20 years useful life. However, as per the revised accounting standards goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

13. Inventories

	31 March	
	2012	2011
Petroleum products	6,861,853,675	5,716,438,985
Lubricants	298,001,247	268,905,594
Base oil and others	1,653,508,410	724,358,505
	8,813,363,332	6,709,703,084

The cost of inventories recognised as expenses and included under cost of sales amounted to LKR 55,902,236,768 (2011 - LKR 48,659,069,025).

14. Receivables and prepayments

	31 March	
	2012	2011
Trade receivables	1,267,806,108	1,168,173,196
VAT receivables	1,074,405,424	1,061,781,160
Other receivables	251,466,060	649,061,595
Advances and deposits	90,115,937	103,652,497
Prepayments	14,747,725	27,166,603
Amount due from related companies (Note 23)	281,342,224	2,644,458
	2,979,883,478	3,012,479,509

15. Cash and cash equivalents

	31 March	
	2012	2011
Cash and bank balances	1,698,487,742	692,971,489
At end of year	1,698,487,742	692,971,489

For the purposes of the Cash Flow Statement, the above year end cash and cash equivalents were taken.

16. Stated capital

	Number of shares	Stated capital	Total
At 31 March 2011	532,465,705	7,576,573,900	7,576,573,900
At 31 March 2012	532,465,705	7,576,573,900	7,576,573,900

NOTES TO THE FINANCIAL STATEMENTS Contd.

17. Retirement benefit obligations

The amounts recognised in the Balance Sheet are determined as follows:

	31 March	
	2012	2011
Present value of unfunded obligation	39,209,730	40,766,246
Balance recognised in the Financial Statements	39,209,730	40,766,246

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

	31 March	
	2012	2011
At 1 April	40,766,246	46,297,806
Current service cost	1,435,798	2,660,453
Interest cost	3,465,131	5,092,759
Net actuarial loss / (gain)	1,321,250	(11,384,182)
Benefits paid by LIOC	(5,445,021)	(1,900,590)
Benefits to be paid by the CPC	(2,333,674)	-
At 31 March	39,209,730	40,766,246

The amounts recognised in the Income Statement are as follows:

	31 March	
	2012	2011
Current service cost	1,435,798	2,660,453
Interest cost	3,465,131	5,092,759
Net actuarial loss / (gain) recognised immediately	1,321,250	(11,384,182)
Benefits to be paid by the CPC	(2,333,674)	-
Total included in the staff cost	3,888,505	(3,630,970)

The principal actuarial assumptions used were as follows:

	31 March	
	2012	2011
Discount rate	10.625%	8.5%
Staff turnover	5.0%	5.0%
Retiring age	60 years	60 years
Future salary increases	2-4% per annum	2-4% per annum

18. Trade and other payables

	31 March	
	2012	2011
Trade payables	6,793,981,848	3,897,154,620
Amount due to related companies (Note 23)	177,160,219	1,055,294,719
Accrued expenses	724,308,870	156,796,052
Other payables	9,753,293	5,399,177
	7,705,204,230	5,114,644,568

Accrued expenses includes the import duties of LKR 506,052,018 which is to be adjusted with VAT receivable from the Department of Inland Revenue. This adjustment is subject to the final reconciliation with Department of Inland Revenue / Director General of Custom.

19. Borrowings

	31 March	
	2012	2011
Current		
Short term loans	4,260,479,948	4,622,322,450
Total borrowings	4,260,479,948	4,622,322,450

The short term loans are unsecured except for the loans from State Bank of India - Sri Lanka Branch and State Bank of India - Singapore Branch amounting to USD 65 million and USD 30 million 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

20. Contingent liabilities

There were no material contingent liabilities at the Balance Sheet date.

NOTES TO THE FINANCIAL STATEMENTS Contd.

21. Commitments

(a) Operating lease 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.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	31 March	
	2012	2011
No later than 1 year	12,800,000	11,040,000
Later than 1 year and no later than 5 years	64,000,000	55,200,000
More than 5 years	256,000,000	231,840,000

(b) Capital commitments

Capital expenditure contracted at end of the reporting period but not yet incurred amounts to LKR 23.65 million (2011 - LKR 25.69 million).

22. Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

	31 March	
	2012	2011
Profit before tax	929,546,665	893,445,262
Adjustments:		
Depreciation (note 10)	192,576,308	174,827,163
Amortisation of intangible assets	1,987,249	1,851,689
Interest income (note 7)	(78,035,712)	(53,171,449)
Loss / (profit) on disposal of property, plant and equipment	67,260	(26,700)
Interest expense (note 7)	100,248,300	252,898,198
Changes in working capital		
- Decrease in receivables and prepayments	32,596,031	1,650,208,055
- Increase in inventories	(2,103,660,248)	(3,274,808,068)
- Increase in trade and other payables	2,590,559,662	1,609,134,099
- Increase / (decrease) in retirement benefit obligations (note 17)	3,888,505	(3,630,970)
Cash generated from operations	1,669,774,020	1,250,727,279

23. 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. H J Manshani - Senior Vice President (Operation & HR) were directors of Ceylon Petroleum Storage Terminal Limited (CPSTL) as at 31 March 2012.

The following transactions were carried out with related parties :

	31 March	
	2012	2011
(Sales) / purchases of goods and services		
Indian Oil Corporation Limited		
- Petroleum products	891,652,028	730,252,148
- Others	14,612,493	29,397,314
Ceylon Petroleum Storage Terminal Limited	550,319,782	354,920,513
Chennai Petroleum Corporation Limited	3,840,216,875	2,762,880,287
Indian Oil (Mauritius) Limited	(3,220,485)	(4,912,152)
Indian Oil Corporation Limited (Middle East)	11,700,279	37,343,522
Indian Oil Corporation Limited - (RHQ)		
- Petroleum products	(364,428,722)	-
- Others	(1,609,037)	-

Outstanding balances arising from purchases of goods and services

Amounts due to related companies

Indian Oil Corporation Limited - petroleum products	18,324,355	33,497,689
Indian Oil Corporation Limited - others	16,730,268	32,502,567
Ceylon Petroleum Storage Terminal Limited (CPSTL)	142,105,596	904,886
Chennai Petroleum Corporation Limited	-	988,389,577
	177,160,219	1,055,294,719

Amounts due from related companies

Indian Oil (Mauritius) Limited	-	2,644,458
Indian Oil Corporation Limited (RHQ)	281,342,224	-
	281,342,224	2,644,458

Key management compensation

Key management includes directors (executive and non-executive), members of the executive committee, the company secretary and the head of departments. The compensation paid or payable to key management for employee services is shown below:

	31 March	
	2012	2011
Salaries and other short-term employee benefits	14,558,579	14,105,326

24. Related party transactions

There were no related parties or related party transactions other than those disclosed in note 23 to the Financial Statements.

25. 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 Shareholdings as at 31st March 2012

Stated Capital representing 532,465,705 ordinary shares
No. of Shareholders as at 31st March 2012 : 10,551

Shareholdings	Resident			Non Resident			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 to 1,000 Shares	5,479	2,817,602	0.53	22	14,900	0.00	5,501	2,832,502	0.53
1,001 to 10,000 Shares	4,485	11,843,045	2.22	59	249,100	0.05	4,544	12,092,145	2.27
10,001 to 100,000 Shares	379	11,130,946	2.09	27	1,238,300	0.23	406	12,369,246	2.32
100,001 to 1000,000 Shares	73	17,082,202	3.21	11	3,140,200	0.59	84	20,222,402	3.80
Over 1,000,000 Shares	13	77,043,083	14.47	3	407,906,327	76.61	16	484,949,410	91.08
Total	10,429	119,916,878	22.52	122	412,548,827	77.48	10,551	532,465,705	100.00

Categories of Shareholders

	No. of Shareholders	%	No. of Shares	%
Individual	10,162	96.31	46,107,171	8.66
Institutional	389	3.69	486,358,534	91.34
Total	10,551	100.00	532,465,705	100.00

Ordinary Shareholdings as at 31st March 2011

Stated Capital representing 532,465,705 ordinary shares
No. of Shareholders as at 31st March 2011 : 11,452

Shareholdings	Resident			Non Resident			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 to 1,000 Shares	5,894	3,129,007	0.59	23	14,500	0.00	5,917	3,143,507	0.59
1,001 to 10,000 Shares	4,931	13,204,618	2.48	62	246,100	0.05	4,993	13,450,718	2.53
10,001 to 100,000 Shares	414	11,808,075	2.22	28	1,111,900	0.21	442	12,919,975	2.43
100,001 to 1000,000 Shares	73	20,036,500	3.76	12	3,767,600	0.71	85	23,804,100	4.47
Over 1,000,000 Shares	12	71,155,300	13.36	3	407,992,105	76.62	15	479,147,405	89.98
Total	11,324	119,333,500	22.41	128	413,132,205	77.59	11,452	532,465,705	100.00

Categories of Shareholders

	No. of Shareholders	%	No. of Shares	%
Individual	11,032	96.33	49,388,800	9.28
Institutional	420	3.67	483,076,905	90.72
Total	11,452	100.00	532,465,705	100.00

20 Major Shareholders as at 31st March 2012

	Name	No. of Shares	%
1	Indian Oil Corporation Limited, India	400,000,005	75.12
2	Bank of Ceylon A/c Ceybank Unit Trust	19,470,213	3.66
3	National Savings Bank	15,365,100	2.89
4	Employees Provident Fund	9,374,100	1.76
5	Sri Lanka Insurance Corporation Ltd - Life Fund	8,964,400	1.68
6	Mr. Shanker Varadananda Somasunderam	7,039,600	1.32
7	Mr. Tarik Al Nakib	6,500,000	1.22
8	Sri Lanka Insurance Corporation Ltd - General Fund	5,730,300	1.08
9	Bank of Ceylon A/c Ceybank Century Growth Fund	2,767,300	0.52
10	Sampath Bank PLC A/c No.3	1,786,400	0.34
11	Waldock Mackenzie Ltd/Hi-Line Trading (Pvt) Ltd	1,495,800	0.28
12	E W Balasuriya & Co (Pvt) Ltd	1,454,300	0.27
13	Mr. Muhammad Jaffer Ismail	1,406,322	0.26
14	DFCC Vardana Bank Ltd / A K Investments Pvt Ltd	1,300,000	0.24
15	Mr. Udeshi Morarji Meghji	1,179,870	0.22
16	J B Cocoshell (Pvt) Ltd	1,115,700	0.21
17	Freudenberg Shipping Agencies Limited	1,000,000	0.19
18	Anverally & Sons (Pvt) Ltd A/c No.1	965,700	0.18
19	Employees Trust Fund Board	774,200	0.15
20	Sampath Bank PLC A/c No.1	761,200	0.14

20 Major Shareholders as at 31st March 2011

	Name	No. of Shares	%
1	Indian Oil Corporation Limited, India	400,000,005	75.12
2	Bank of Ceylon A/c Ceybank Unit Trust	17,759,200	3.34
3	National Savings Bank	15,365,100	2.89
4	Sri Lanka Insurance Corporation Ltd - Life Fund	8,964,400	1.68
5	Mr. Shanker Varadananda Somasunderam	7,039,600	1.32
6	Mr. Tarik Al Nakib	6,500,000	1.22
7	Employees Provident Fund	5,761,400	1.08
8	Sri Lanka Insurance Corporation Ltd - General Fund	5,730,300	1.08
9	Anverally and Sons (Pvt) Ltd A/c No.01	2,538,000	0.48
10	Sampath Bank Limited A/c No.3	1,786,400	0.34
11	Bank of Ceylon A/c Ceybank Century Growth Fund	1,767,700	0.33
12	Waldock Mackenzie Ltd/Hi-Line Trading (Pvt) Ltd	1,711,100	0.32
13	Mr. Muhammad Jaffer Ismail	1,492,100	0.28
14	Sampath Bank Limited A/c No.1	1,459,700	0.27
15	E W Balasuriya & Co (Pvt) Ltd	1,272,400	0.24
16	Freudenberg Shipping Agencies Limited	1,000,000	0.19
17	J B Cocoshell (Pvt) Ltd	974,100	0.18
18	Mr. Zainul Abdeen Naseer Ahamed	950,000	0.18
19	Mr. Udeshi Morarji Meghji	880,600	0.17
20	Employees Trust Fund Board	774,200	0.15

SHAREHOLDERS' INFORMATION Contd.

Directors' Shareholding - 31st March 2012	No. of Shares
Mr. M Nene	Nil
Mr. K R Suresh Kumar	Nil
Prof. Lakshman R Watawala	500
Mr. Jaliya Medagama	Nil
Mr. H S Bedi	Nil
Mr. V K Gupta	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%

Directors' Shareholding - 31st March 2011	No. of Shares
Mr. S V Narasimhan	Nil
Mr. G C Daga	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%

LIOC Share Performance at Colombo Stock Exchange (CSE)	01.04.2011 - 31.03.2012
No. of Share transactions for the year	5,586
No. of Shares traded	17,635,811
Value of Shares Traded (LKR)	328,534,958.80
Price Movements (LKR)	
Highest (Rs)	21.50
Lowest (Rs)	15.00
Closing Price	19.40
Market Capitalization (LKR Mln) (Closing Price * No. of Shares)	10,329

LIOC Share Performance at Colombo Stock Exchange (CSE)	01.04.2010 - 31.03.2011
No. of Share transactions for the year	12,444
No. of Shares traded	35,079,300
Value of Shares Traded (LKR)	698,010,430.00
Price Movements (LKR)	
Highest (Rs)	24.00
Lowest (Rs)	17.00
Closing Price	17.60
Market Capitalization (LKR Mln) (Closing Price * No. of Shares)	9,371

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the **10th Annual General Meeting** of the shareholders of Lanka IOC PLC will be held at the **"Grand Ball Room" at Galle Face Hotel, Colombo 3 on Monday, 24th September 2012 at 10.00 a.m.** for the following purposes:-

- To receive, consider and adopt the Annual Report of the Board of Directors on the affairs of the Company, Statement of Compliance and the Financial Statements of the Company for the financial year ended 31st March 2012 together with the Report of the Auditors thereon.
- 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.
 - To re-elect Mr. Makrand Nene, 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.
 - To re-elect Mr. V K Gupta 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.
 - To re-elect Mr. Amitha Gooneratne 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.
 - To re-elect Mr. B Ashok 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.

- To re-appoint Messrs. PricewaterhouseCoopers, Chartered Accountants, as recommended by the Board of Directors as the Auditors of the Company for the ensuing year.

- To authorize the Board of Directors to determine the remuneration of the Auditors for the ensuing year.

By Order of the Board
Lanka IOC PLC



Ms. Rajanie Balakrishnan
Company Secretary

10th August 2012
Colombo

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 and present same at the time of registration.

Instructions as to Completion

- Please perfect the Form of Proxy by filling in legibly your full name, NIC No and address, by signing in the space provided and filling in the Folio Number and 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 :

.....

.....

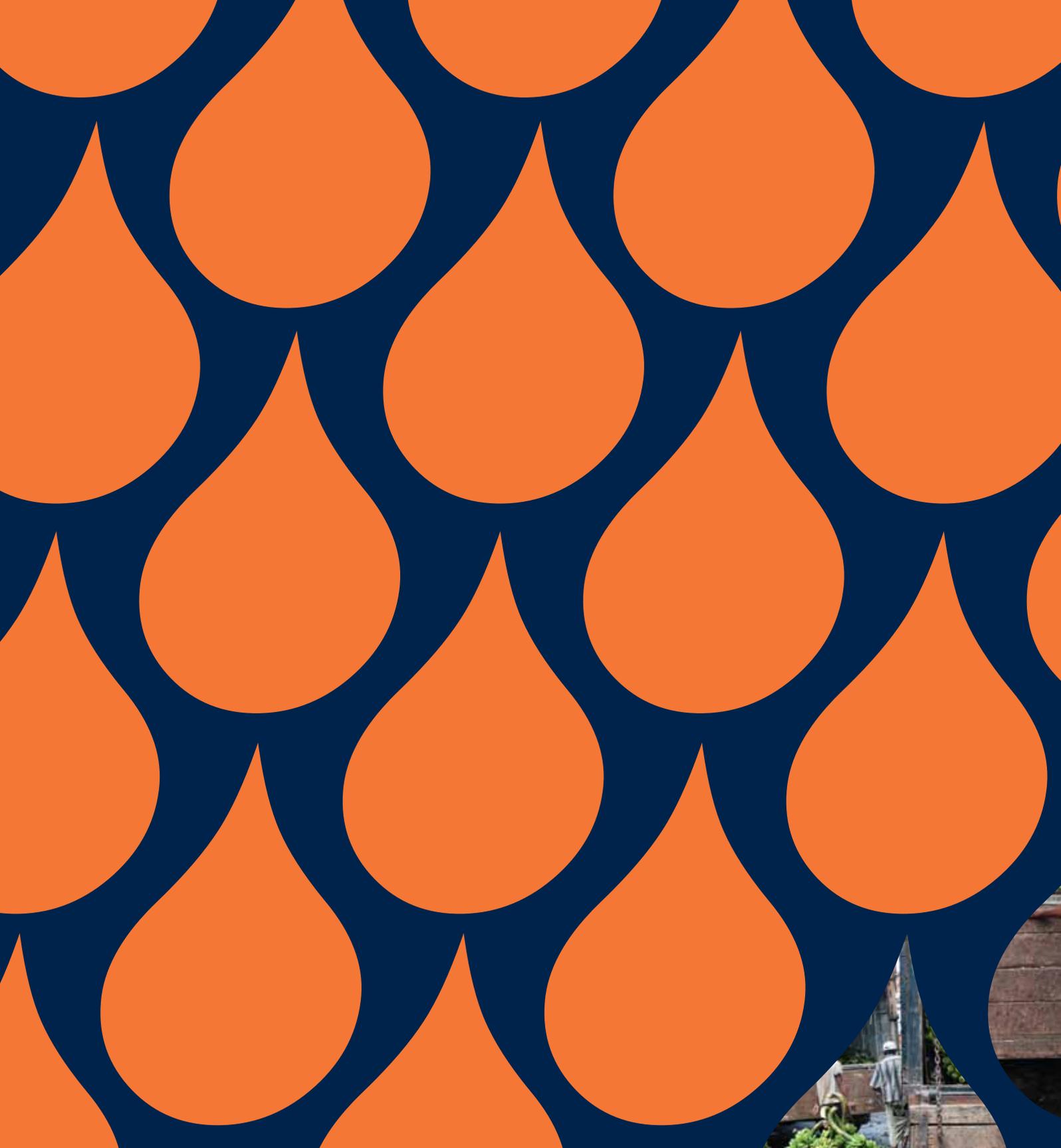
Jointly with :

Tel No :

Email ID :

CORPORATE INFORMATION

Name of Company	:	Lanka IOC PLC
Company Registration Number	:	PQ 179
BOI Registration Number	:	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.lankaioec.net
Associates	:	Ceylon Petroleum Storage Terminals Limited
Board of Directors (as on 31.03.2012)	:	Mr M Nene (Chairman) Mr K R Suresh Kumar (Managing Director) Prof.Lakshman R Watawala Mr Jaliya Medagama Mr H S Bedi Mr V K Gupta
Company Secretary	:	(Ms) Rajanie Balakrishnan, <i>FCIS</i>
Registrars	:	SSP Corporate Services (Private) Limited, # 101, Inner Flower Road, Colombo 03
Auditors - External	:	PricewaterhouseCoopers P O Box-918, 100 Braybrooke Place, Colombo 02
Auditors - Internal	:	Ernst & Young No;201, De Saram Place, Colombo 10
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 Standard Chartered Bank Commercial Bank of Ceylon People's Bank



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