LANKA IOC PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2025

	Note	2025 Rs '000	2024 Rs '000
Revenue from Contracts with Customers	3	276,287,407	263,568,721
Cost of Sales		(255,263,005)	(239,550,439)
Gross Profit		21,024,402	24,018,282
Other Operating Income	4	185,612	235,857
Administrative Expenses		(3,142,285)	(3,548,774)
Selling and Distribution Expenses		(8,723,186)	(7,896,403)
Operating Profit		9,344,543	12,808,962
Finance Income	5.1	5,024,589	5,033,468
Finance Expenses	5.2	(505,602)	(759,070)
Finance Income – Net		4,518,987	4,274,398
Profit Before Tax	6	13,863,530	17,083,360
Income Tax Expenses	7.1	(2,714,925)	(3,138,366)
Profit for the Year		11,148,605	13,944,994
Other Comprehensive Income /(Loss)			
Items that will not be reclassified to profit or loss:			
Actuarial Loss on Defined Benefit Obligations	8.3	(2,130)	(37,084)
Changes in the Fair Value of Equity Investment at Fair Value Through Other Comprehensive Income		737,000	454,000
Income Tax on Other Comprehensive Income	9.2	320	5,563
Other Comprehensive Income / (loss) for the Year, Net of Tax		735,190	422,479
Total Comprehensive Income for the Year, Net of Tax		11,883,795	14,367,473
Earnings Per Share	10	20.94	26.19

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 through 45 form an integral part of the Financial Statements.

Colombo
17th April 2025

BDO PARTNERS
Chartered Accountants

LANKA IOC PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2025

ASSETS	Note	2025 Rs '000	2024 Rs '000
Non-Current Assets			
Property, Plant and Equipment	**11**	5,162,848	4,899,713
Financial Assets at Fair Value Through Other Comprehensive Income	**12**	6,180,200	5,404,000
Intangible Assets	**13**	673,876	673,876
Right -of-use Assets	**14.1**	579,624	46,899
Financial Assets at Amortised Cost	**17.2**	165,367	162,621
Bank Deposits	**22.3**	15,403,055	-
		28,164,970	11,187,109
Current Assets			
Inventories	**15**	43,737,259	26,302,202
Trade Receivables	**16**	6,915,472	8,975,607
Financial Assets at Amortised Cost	**17.1**	7,848,299	9,385,817
Other Current Assets	**18**	670,107	738,372
Short Term Investments	**22.2**	29,519,567	38,928,945
Cash and Bank Balances	**19.1**	1,923,740	6,277,439
		90,614,443	90,608,383
Total Assets		**118,779,413**	**101,795,492**
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	**20**	7,576,574	7,576,574
Other Reserve		1,649,000	912,000
Retained Earnings		73,466,048	64,981,583
Total Equity		82,691,622	73,470,157
Non Current Liabilities			
Defined Benefit Obligation (Net)	**8.2**	10,914	26,533
Lease Liabilities	**14.2**	490,964	48,669
Deferred Tax Liability (Net)	**9.1**	36,688	28,775
		538,566	103,977
Current Liabilities			
Trade and Other Payables	**21**	27,303,080	22,682,361
Lease Liabilities	**14.2**	81,117	4,347
Interest Bearing Borrowings	**22.1**	7,444,789	4,306,616
Income Tax Payable		720,239	1,228,034
		35,549,225	28,221,358
Total Equity and Liabilities		**118,779,413**	**101,795,492**

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

....
Senior Vice President (Finance)

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by;

....
Director

....
Director

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 through 45 form an integral part of the Financial Statements.

BDO PARTNERS Chartered Accountants

Colombo
17th April 2025
HSR/dm

LANKA IOC PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2025

	Note	Stated Capital Rs '000	Other Reserve (Financial Assets at FVOCI) Rs '000	Retained Earnings Rs '000	Total Rs '000
As at 1 April 2023		7,576,574	458,000	53,197,972	61,232,546
Dividends Paid	27	-	-	(2,129,863)	(2,129,863)
Profit for the Year		-	-	13,944,994	13,944,994
Other Comprehensive Income/(Loss)		-	454,000	(31,521)	422,479
As at 31 March 2024		7,576,574	912,000	64,981,583	73,470,157
Dividends Paid	27	-	-	(2,662,329)	(2,662,329)
Profit for the Year		-	-	11,148,605	11,148,605
Other Comprehensive Income/(Loss)		-	737,000	(1,810)	735,190
As at 31 March 2025		7,576,574	1,649,000	73,466,048	82,691,622

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 through 45 form an integral part of the Financial Statements.

Colombo
17th April 2025

LANKA IOC PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2025

	Note	2025 Rs '000	2024 Rs '000
Cash Flows From Operating Activities			
Profit Before Income Tax Expense		13,863,530	17,083,360
Adjustments for			
Finance Income	5.1	(5,024,589)	(5,033,468)
Finance Expenses	5.2	505,602	759,070
Dividends Income	4	-	(120,000)
Increase in Allowances for Impairment	16.1	33,070	107,174
Gain in Disposal of Property, Plant And Equipment	4	(3,623)	(116)
Defined Benefit Plan Cost	8.3	11,101	5,435
Depreciation	11.2	568,453	427,121
Adjustment to Right-to-use Assets	14.1	19,794	-
Amortisation of Right-of- use Assets	14.1	40,135	982
Interest on Lease Liabilities	14.2	5,751	6,147
Exchange Loss on Borrowing		7,718	(77,080)
Operating Profit before Working Capital Changes		10,026,942	13,158,626
Increase in Inventories		(17,435,056)	11,725,203
Increase in Trade Receivable, Other Receivables and Other Current Assets		3,630,103	(11,746,738)
Increase in Trade and Other Payables		4,609,204	7,855,601
Cash Generated From / (Used in) Operations		831,193	20,992,693
Income Taxes Paid		(3,220,966)	(3,531,660)
Interest Paid	5.2	(505,602)	(759,070)
Defined Benefit Paid		(24,326)	(10,899)
Net Cash Flows From / (Used in) Operating Activities		(2,919,701)	16,691,064
Cash Flows from Investing Activities			
Dividends Income		-	120,000
Acquisition of Property, Plant and Equipment	11.1	(831,964)	(1,423,118)
Interest Received		5,024,589	5,033,468
Proceeds from Property, Plant and Equipment		3,998	122
Net Withdrawal in Gratuity Fund		(2,395)	16,826
Investment In TPTL		(39,200)	(49,000)
Investments in Long-Term Investments		(15,403,055)	
Investments in Short-Term Investments		9,409,379	(17,883,314)
Net Cash Used in Investing Activities		(1,838,647)	(14,185,016)
Cash Flows From Financing Activities			
Proceeds From Interest Bearing Borrowings	22.1.1	68,224,599	98,378,748
Repayments of Interest Bearing Borrowings	22.1.1	(65,094,144)	(98,463,397)
Dividends Paid	27	(2,650,814)	(2,129,863)
Payment of Lease Creditor	14.2	(74,993)	(4,354)
Net Cash (Used in) / From Financing Activities		404,649	(2,218,867)
Net Increase in Cash and Cash Equivalents		(4,353,699)	287,182
Cash and Cash Equivalents at the Beginning of the Year		6,277,439	5,990,257
Cash and Cash Equivalents at the End of the Year	19.1	1,923,740	6,277,439
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash in Hand and at Bank		1,923,740	6,277,439
		1,923,740	6,277,439

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 through 45 form an integral part of the Financial Statements.

Colombo
17th April 2025

BDO PARTNERS Chartered Accountants

1. CORPORATE INFORMATION

1.1 General

Lanka IOC PLC ("the Company") is a Public Quoted Company with limited liability incorporated and domiciled in Sri Lanka. The registered office of the Company is located at Level 20, West Tower, World Trade Centre, Echelon Square, Colombo 01.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were importing, selling and distributing petroleum products.

The Company has been granted a Petroleum Products License by the Minister of Power and Energy which gives authority to import, export, store, transport, distribute, sell and supply petrol, auto diesel, heavy diesel (industrial diesel), furnace oil and kerosene, naphtha and other mineral petroleum including the premium petrol and premium diesel but excluding the aviation fuel and liquid petroleum gas. The license is valid for a period of 20 years from 22nd January 2024 and renewable thereafter.

1.3 Parent Entity and Ultimate Controlling Party

The Company's immediate and ultimate parent entity is Indian Oil Corporation Limited headquartered in India and ultimate controlling party is the Government of India.

1.4 Date of Authorisation for Issue

The Financial Statements of Lanka IOC PLC for the year ended 31st March 2025 were authorised for issue in accordance with a resolution of the Board of Directors on 17th April 2025.

1.5 Responsibility For Financial Statement

The Board of Directors is responsible for the preparation and presentation of the financial statements of the Company as per the provisions of the Companies Act No. 07 of 2007and in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) laid down by the Institute of Chartered Accountants of Sri Lanka.

These Financial Statements include the following components;

- a statement of profit or loss and other comprehensive income providing the information on the financial performance of the Company for the year under review
- a statement of financial position providing the information on the financial position of the Company as at the year end
- a statement of changes in equity depicting all changes in shareholders' funds during the year under review of the company
- a statement of cash flows providing the information to users, on the ability of the Company to generate cash and cash equivalents and the needs of entities to utilize those cash flows, and
- notes to the financial statements comprising accounting policies and other explanatory information

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Statement of Compliance

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC"). Sri Lanka Accounting Standards further comprise Statements of Recommended Practices (SoRPs), Statements of Alternate Treatments (SoATs) and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka.

The preparation and presentation of these Financial Statements are in compliance with the Companies Act No. 07 of 2007.

2.2 Basis of Preparation

The Financial Statements have been prepared on a historical cost basis, except for defined benefit obligation which is measured at the present value of the obligation and investment in unit trust and equity instruments which are at fair value.

2.3 Changes in accounting standards

(a) New standards, interpretations and amendments adopted from 1st January 2024

- liability in a Sale and Leaseback (Amendments to SLFRS 16 Leases) – Mandatorily effective for periods beginning on or after 1st January 2024

- classification of Liabilities as Current or Non-Current (Amendments to LKAS 1 Presentation of Financial Statements) - Mandatorily effective for periods beginning on or after 1st January 2024)

- non-current Liabilities with Covenants (Amendments to LKAS 1 Presentation of Financial Statements) – Mandatorily effective for periods beginning on or after 1st January 2024

- supplier Finance Arrangements (Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures) - Mandatorily effective for periods beginning on or after 1st January 2024

(b) New standards and amendments issued but not yet effective or early adopted in 2025

- Sustainability Disclosure Standard (SLFRS S1) as "General Requirements for Disclosure of sustainability - related Financial Information" (SLFRS S1) and SLFRS S2 on "Climate-related Disclosures" (SLFRS S2)

- lack of Exchangeability (Amendments to LKAS 21 The Effects of Changes in Foreign Exchange Rates) – Mandatorily effective for periods beginning on or after 1st January 2025.

(c) The following amendments are effective for the period beginning 01st January 2026

- Insurance Contracts (SLFRS 17) (New accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure).

2.4 Presentation and Functional Currency

These Financial Statements are presented in Sri Lankan Rupees, the company's functional and presentation currency, which is the primary economic environment in which the company operates.

2.4 Going Concern

The Company's Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future with no interruptions or curtailment of operations. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Financial Statements are prepared on the going concern basis.

2.5 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period

Or

- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period

Or

- it does not have a right at reporting date to defer the settlement of the liability by transfering cash or other assets for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.6 Segment Reporting

The Company deals only in Petroleum products. There are no separate activities other than the petroleum segment in the Company.

2.7 Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

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2.8 Comparative information

The presentation and classification of the Financial Statements of the previous years have been amended, where it is relevant for better presentation and to be comparable with those of the current year.

2.9 Materiality and aggregation

Each material class of similar items has been presented separately in the Financial Statements. Items of a dissimilar nature or function have been presented separately unless they are immaterial.

2.10 Significant Accounting Judgments, Estimates and Assumptions

The preparation of Financial Statements requires the application of certain critical accounting estimates and assumptions relative to the future. Further, it requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Other disclosures relating to the Company's exposure to risks and uncertainties include:

- capital risk management Note 28.5
- financial instruments risk management and policies Note 28
- sensitivity analysis disclosures Notes 8.8 and 28.1

2.12.1 Critical Judgments in Applying the Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Statements.

a) Investment in Ceylon Petroleum Storage Terminal Limited

The Company owns a 33 1/3% of stake in Ceylon Petroleum Storage Terminal Limited. The management has decided to carry the investment at fair value through other comprehensive income on the grounds that the Company has no significant influence on the financial and operating decisions of Ceylon Petroleum Storage Terminal Limited due to the government influence and the sensitivity of the industry towards the national economy. Further information is disclosed in Note 12.1

b) Investment in Trinco Petroleum Terminal (Pvt) Limited

The Company owns a 49% of stake in Trinco Petroleum Terminal (Pvt) Limited. The management has decided to carry the investment at fair value through other comprehensive income on the grounds that the Company has no significant influence on the financial and operating decisions of Trinco Petroleum Terminal (Pvt) Limited due to the government influence and the sensitivity of the industry towards the national economy. Further information is disclosed in Note 12.2.

c) Critical judgments in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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For leases of buildings and motor vehicles, the following factors are normally the most relevant:

- if there are significant penalties to terminate (or not extend), the Company is typically and reasonably certain to extend (or not terminate);
- if any leasehold improvements are expected to have a significant remaining value, the Company is typically and reasonably certain to extend (or not terminate), and
- otherwise, the Company considers other factors including the historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in buildings and motor vehicles leases have not been included in the lease liability because the Company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to a exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Estimates and judgements 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.

2.12.2 Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Estimation of net realisable value for inventory

Inventory disclosed in Note 15 is stated at the lower of cost and net realisable value (NRV). NRV is assessed with reference to market conditions and prices existing at the reporting date and in the light of recent market transactions.

b) Impairment losses on Trade Receivables

The Company reviews its individually significant receivables at each reporting date to assess whether an impairment loss should be recorded in the Statement of Comprehensive income. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

In accordance with SLFRS 9, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the Trade Receivables.

Simplified Approach

The Company follows a 'simplified approach' for recognition of impairment loss allowance on Trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates provision on trade receivables at the reporting date. ECL impairment loss allowance (or reversal) recognised during the period is recognized as income/ expense.

The impairment loss on Trade Receivables is disclosed in Notes 16.

c) Defined Benefit Obligations

The present value of the gratuity 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 cost for gratuity include the discount rate, future salary increase and staff turnover ratio. Any changes in these assumptions will impact the carrying amount of gratuity 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 defined benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related defined benefit obligation.

Other key assumptions for gratuity obligations are based in part on current market conditions. Additional information is disclosed in Note 8.

d) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to, or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Further information is disclosed in Note 13.

e) Estimation of Useful Lives of Property, Plant and Equipment

The Company reviews annually the estimated useful lives of Property, Plant and Equipment disclosed in Note 11 based on factors such as business plan and strategies, expected level of usage and future developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of Property, Plant and Equipment would increase the recorded depreciation charge and decrease the Property, Plant and Equipment balance.

2.13 Summary Of Material Accounting Policy Information

2.13.1 Foreign Currency Translation

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

2.13.2 Property Plant and Equipment

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

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

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

The asset's residual values, useful lives and method of depreciation are reviewed, and adjusted, if appropriate, at least at each financial year end. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

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

2.13.3 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 under a court order. 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 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 sold.

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.

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2.13.4 Intangible assets

a) 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.

2.13.5 Investment in Ceylon Petroleum Storage Terminal Limited and Trinco Petroleum Terminal (Private) Limited

Investment in the associate company is accounted for at cost and is classified as a long-term investment in the statement of financial position. The Company has no significant influence in the financial and operating policy decisions of the investee as more fully explained in Note 12.

2.13.6 Accounting for leases - where the Company is the lessee

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises the right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Trinco Tank Farm - Lease Period 50 years
- WTC 20th Floor – Lease period 10 years
- WTC 21st Floor – Lease period 10 years

If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies on Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Right-to-use Lease Liability (see Note 14.2).

2.13.7 Financial Instruments

2.13.7.1 Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

With the exception of trade receivable that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, but transaction costs. Trade receivables do not contain a significant financing component. Refer to the accounting policies in Note 2.7 Changes in Accounting Policies and Disclosures.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely the payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through Other Comprehensive Income (FVTOCI)
- Financial assets at fair value through profit or loss (unless measured at amortised cost or FVTOCI)

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a) Financial assets at amortised cost (debt instruments)

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely the payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include cash and short-term deposits, trade and other receivables and other financial assets.

b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss

The Company's financial assets at fair value through profit or loss includes investment in unit trust and investment through portfolio management services

c) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading and which the Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments, and the Company considers this classification to be more relevant.

- Debt securities where the contractual cash flows are solely the principal and interest and the objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

  The Company's financial assets at fair value through other comprehensive income include investments in equity instruments of Ceylon Petroleum Storage Terminal Limited and Trinco Petroleum Terminal (Private) Limited.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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When the Company has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

2.13.7.2 Impairment of Financial Assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flow from the sale of collateral held or other credit enhancement that are integral to the contractual terms.

ECLs are recognised in two stages, for credit exposures for which there has not been a significant increase in credit risk since initial recognition. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.13.7.3 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, Right-to-use- Lease Liability, Bank Overdrafts and Loans and Borrowings.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

a) **Loans and Borrowings (Financial Liabilities at Amortised cost)**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 22.1.

2.13.7.4 Financial Liabilities

Derecognition

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

2.13.7.5 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is currently an enforceable legal right to offset the recognised amounts and intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.13.7.6 Fair Value of Measurement

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

- In the principal market for the asset or liability

Or

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

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

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

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

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

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

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

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

- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.13.7.7 Fair Value of Measurement

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

- Quantitative disclosures of fair value measurement hierarchy Note 29
- Financial instruments (including those carried at amortised cost) Note16, 17,19, 21& 22.

2.13.8 Inventories

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

The cost incurred in bringing the inventories to their present location and conditions is accounted using the following cost formulae:

Finished goods (Lubricants)	-	Weighted Average Cost basis
Other Products	-	First in First out basis
Goods in Transit	-	At Purchase Price

2.13.9 Trade and other receivables

Trade and other receivables are recognised at the amounts they are estimated to realise net of provisions for impairment. Other receivables and dues from related parties are recognised at fair value less provision for impairment. The amount of the provision is recognised in the statement of profit or loss and other comprehensive income. Trade receivables are initially recognised at fair value and subsequently, at amortised cost using the effective interest method, less provision for impairment.

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2.13.10 Cash and Short-Term Deposits

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and are subject to and insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with original maturities of three months or less are also treated as cash equivalents.

2.13.11 Liabilities and provisions

2.13.11.1 Liabilities

Liabilities classified under current liabilities in the statement of financial position are those expected to fall due within one year from the statement of financial position date. Items classified as non-current liabilities are those expected to fall due at a point in time after one year from the reporting date.

Trade and other payables

Trade creditors and other payables are stated at amortised cost. Trade payables are the aggregate amount of obligations to pay for goods and services, that have been acquired in the ordinary course of business.

2.13.11.2 Short-term borrowing

Short-term borrowings are interest bearing borrowings of the Company which fall due within 12 months of the end of the financial year.

2.13.12 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that the recovery will be received and the amount of the receivable can be measured reliably.

All the contingent liabilities are disclosed as notes to the Financial Statements unless the outflow of resources is remote.

2.13.13 Employee Benefits

a) Defined Benefit Obligations – Gratuity

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date using the projected unit credit method by an independent qualified actuaries firm, Messrs Prime Actuarial Solutions who carried out actuarial valuation as at 31 March 2024.

Recognition of Actuarial Gains and Losses

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

b) Defined Contribution Plans

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

The Company contributes to the following Schemes:

Employees' Provident Fund

The Company and employees contribute 15% and 10% respectively of the employee's monthly gross salary (excluding overtime) to the Provident Fund for Trincomalee based (erstwhile CPC) and 12% and 8% for other employees.

Employees' Trust Fund

The Company contributes 3% of the employee's monthly gross salary excluding overtime to the Employees' Trust Fund maintained by the Employees Trust Fund Board.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to a defined contribution pension plan are recognised as an employee benefit expense in profit or loss when they are due.

2.13.14 Taxation

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

Current Taxes

The Company has entered into agreements with the Board of Investment of Sri Lanka (BOI), as specified below. Such agreements specify that the sections of the Inland Revenue Act relating to the imposition, payment and recovery of income tax should not apply to the Company, as explained below.

Pursuant to the agreement between the Company and the Board of Investment of Sri Lanka, the Company was entitled to a ten year "tax exemption period" on its profits and income, commencing from the first year of making profit.

The 10 year tax exemption period commenced in the year of assessment 2002/2003 and ended in the year of assessment 2012/2013. Thereafter, the Company is taxed at 15% on its business profits.

Current Income Tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. The Provision for Income Tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislation.

Deferred Taxation

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

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

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

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

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

Sales Tax (Value Added Tax and Social Security Levy)

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

IFRIC Interpretation 23 uncertainly over income tax treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainly that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12 nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specially addresses the following:

I. whether an entity uncertain tax treatments separately
II. the assumptions an entity makes about the examination of tax treatments by taxation authorities
III. how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
IV. how an entity considers changes in facts and circumstances

The Company applies significant judgment in identifying uncertainties over income tax treatments. Since the Company operates in a complex environment, it assessed whether the interpretation had an impact on its financial statements.

Upon adoption of the Interpretation, the Company considers whether it has any uncertain tax positions, and the Company determines that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company.

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2.13.15 Commitments

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

2.13.16 Revenue Recognition

Sales are recognised when the performance obligation is satisfied, when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Goods and services deliverable under contracts with customers are identified as separate performance obligations ('obligations') to the extent that the customer can be benefit from the goods or services on their own or together with other resources that are readily available to the customer and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified.

The Company determines the transaction price to which it expects to be entitled to in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts. The transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each obligation deliverable in the contract is determined according to the prices that the Company would achieve by selling the same goods and or services included in the obligation to a similar customer on a standalone basis. Where the Company does not sell equivalent goods or services in similar circumstances on a standalone basis it is necessary to estimate the standalone price. When estimating the standalone price, the Company maximises the use of external input; observing the standalone prices for similar goods and services when sold by Ceylon Petroleum Corporation or using a cost-plus reasonable margin approach.

a) Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods; with the Company not retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. There is no contract asset as at reporting date.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company executes performance obligations under the contract.

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a) **Rental Income**

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises.

The lease term is the fixed period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option.

Premiums received to terminate leases are recognised in the Statement of Comprehensive Income when they arise.

b) **Finance Income**

Finance Income is recognised using the effective interest rate method unless collectability is in doubt.

c) **Dividend income**

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

d) **Others**

Other income is recognised on an accrual basis.

Net gains and losses on the disposal of property, plant and equipment have been accounted for in the income statement, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

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

2.13.17 Expenditure Recognition

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

2.13.18 Finance Cost

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, losses on disposal of fair value through OCI financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables) that are recognised in the statement of profit or loss and other comprehensive income. Interest expense is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

2.13.19 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where the borrowing costs, which are directly attributable to the acquisition, construction or production of qualifying assets which are the assets that necessarily take a substantial period of time to get ready for their intended purpose, are added to the cost of those assets until such time, as the assets are substantially ready for their intended use or sale.

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Investment income, earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, is deducted from the borrowing cost eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

2.13.20 Dividend Distribution

Final dividend distribution to the Company's shareholders is recognised as a liability in the Company's Financial Statements in the period in which the dividends are approved by the Company's shareholders.

2.13.21 Events after the reporting period

All material events occurring after the statement of financial position date have been considered and where necessary, adjustments to, or disclosures, have been made in the respective notes to the Financial Statements.

2.13.22 Related party transactions

Disclosures are made in respect of the transactions in which the Company has the ability to control or exercise significant influence over the financial and operating decisions/policies of the other, irrespective of whether a price is charged.

Transactions with related parties are carried out in the ordinary course of business. Sales and purchases from related parties are made on terms equivalent to those that prevail in arm's length transaction. Intercompany interest bearing borrowings/receivables are included in the Financial Statements.

2.13.23 Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the number of voting or non-voting ordinary shares.

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3. REVENUE FROM CONTRACT WITH CUSTOMERS

	2025 Rs '000	2024 Rs '000
Lanka Auto Diesel	87,913,785	88,105,865
Lanka Petrol 92 Octane	98,748,333	91,370,281
IFO380/ LSFO	52,738,118	47,359,609
Xtrapremium Euro 3	3,614,520	6,230,374
Lubricants	10,979,079	9,978,062
Marine Gas Oil	7,675,628	5,057,537
Xtramile	2,234,993	3,137,156
Xtrapremium 95	6,802,095	7,751,728
Lanka Super Diesel	3,669,617	3,520,430
Bitumen	463,125	747,769
Petrochemical	1,388,554	309,911
XP-100	59,559	-
Total Sales of Petroleum Products	276,287,407	263,568,721

3.1 Segment Information

Company is dealing only in the Petroleum products. There are no separate activities other than the petroleum segment in the Company.

3.2 The Revenue from contracts with customers are recognised at a point in time upon satisfying the performance obligation.

4. OTHER OPERATING INCOME

	2025 Rs '000	2024 Rs '000
Dividend Income	-	120,000
Rental Income	130,104	89,892
Sundry Income	51,886	25,849
Gain on Disposal of Property, Plant and Equipment	3,623	116
	185,612	235,857

5. FINANCE INCOME AND EXPENSES

5.1 Finance Income

	2025 Rs '000	2024 Rs '000
Income from Investments and Deposits	4,761,408	4,754,898
Interest on Others	193,670	278,570
Exchange Gain	69,511	-
	5,024,589	5,033,468

5.2 Finance Expenses

	2025 Rs '000	2024 Rs '000
Interest Expenses	505,602	484,705
Exchange Loss	-	274,364
	505,602	759,070

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6. PROFIT FROM OPERATING ACTIVITIES

	2025 Rs '000	2024 Rs '000
Stated after Charging /Crediting		
Directors' Emoluments	81,539	88,925
Salaries and Wages	1,208,478	1,200,734
Defined Benefit Obligation : Charge for the year (Note 8)	12,131	5,605
Audit Fee - Current year	1,500	1,500
Rent	89,631	87,472
Depreciation Charge for the year (Note 11.2)	568,452	427,121
Depreciation of Right-of-Use Assets (Note 14.1)	40,135	982
Provision for doubtful debts	33,070	107,174

7. INCOME TAX EXPENSES

The major components of income tax expense for the years ended 31 March 2025 and 31 March 2024 are as follows :

7.1 Income Statement

	2025 Rs '000	2024 Rs '000
Current Income Tax:		
Current Tax Expense	2,707,714	3,645,922
Under/(Over) Provision of Current Taxes in respect of Prior Year	(1,021)	(733)
Deferred Tax:		
Deferred Taxation Charge (Note 9.2)	7,912	(506,823)
Income Tax Expense Reported in the Income Statement	2,714,605	3,138,366

7.2 Reconciliation between tax

	2025 Rs '000	2024 Rs '000
Accounting Profit Before Tax	13,863,530	17,083,359
Tax calculated at a statuary income tax rate of 15%	2,079,530	2,562,504
Tax impact of expenses deductible/not deductible for tax purpose	59,972	593,753
Tax impact of income taxable at different rate	(667,593)	(673,508)
Tax impact of income not subject to tax	(84,154)	(98,613)
Tax charge on profit from trade or business	**1,387,754**	**2,384,137**
Txable Other Income	61,911	189
Taxable Interest Income	4,337,956	4,145,762
Tax calculated at a tax rate of 30%	1,319,960	1,243,786
Tax charge on Interest Income	**1,319,960**	**1,243,786**
Taxable Dividend income	-	120,000
Tax calculated at a tax rate of 15%	-	18,000
Tax charge on Dividend Income	-	**18,000**
Total tax charge for the year	**2,707,714**	**3,645,922**

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8. DEFINED BENEFIT OBLIGATION

	2025 Rs '000	2024 Rs '000
Balance as at 01 April	152,149	92,714
Current Service Cost	10,691	5,679
Interest Cost	17,186	13,090
Actuarial (Gain) / Loss (8.4)	2,502	51,566
Benefits Paid	(27,553)	(10,899)
Balance as at 31 March	154,975	152,150

8.1 Reconciliation of Fair Value of Plan Assets

	2025 Rs '000	2024 Rs '000
Balance as at 01 April	125,616	77,543
Contribution by Employer	28,608	31,327
Expected Return	15,746	13,163
Remeasurement	372	14,482
Benefit Paid	(26,281)	(10,899)
Balance as at 31 March	144,061	125,616

8.2 Reconciliation of Fair Value of the Plan Assets and Defined Benefit Obligation

	2025 Rs '000	2024 Rs '000
Defined Benefit Obligation at the end of the year	154,975	152,149
Fair value of the plan assets at the end of the year	(144,061)	(125,616)
Amount recognised in statement of financial position	10,914	26,533

8.3 Expenses recognised on Defined Benefit Plan

	2025 Rs '000	2024 Rs '000
Income Statement		
Current Service Cost for the year	10,691	5,679
Net Interest Cost for the year	1,440	(74)
Transfers	(1,030)	(170)
	11,101	5,435
Other Comprehensive Income		
Actuarial (Gain) / Loss (8.4)	2,502	51,566
Remeasurement	(372)	(14,482)
	2,130	37,084

8.4 Actuarial Loss during the year has resulted from the following:

Expected maturity analysis of undiscounted retirement benefit obligations:

	2025 Rs '000	2024 Rs '000
Changes in Financial Assumptions	(16,027)	25,921
Changes in Demographic Assumptions	-	-
Experience Adjustments	18,529	25,645
	2,502	51,566

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8. DEFINED BENEFIT OBLIGATION (Contd...)

8.5 Actuarial valuation of Retirement Benefit Obligation as at 31 March 2025 was carried out by Messrs. Prime Actuarial Solutions, a firm of professional actuaries using "Projected Unit Credit Method" as recommended by LKAS 19 - 'Employee Benefits'.

8.6 Principal Actuarial Assumptions

Principal Actuarial Financial Assumptions underlying the valuation are as follows:

	2025	2024
Discount Rate	11.5%	12.4%
Salary Incremental Rate	1-7%	1-10%
Staff Turnover	0-3%	0-3%
Retirement Age	60 years	60 years
Return on Plan Assets	11.50%	14.0%

Assumptions regarding future morality are based on 67/70 Mortality Table issued by Institute of Actuaries, London.

8.7 Maturity Profile of the Defined Benefit Obligation Plan

	2025 Rs '000	2024 Rs '000
Less than 1 year	8,001	10,045
Between 2-5 years	64,958	70,050
Beyond 5 years	409,284	511,738

8.8 Sensitivity of Assumptions in Actuarial Valuation of Retirement Benefit Obligation

The following table demonstrates the sensitivity to a possible change in key assumptions employed with all other variables held constant in the Retirement Benefit Obligations measurement as at 31 March 2025. The sensitivity of the Statement of Financial Position and Statement of Comprehensive Income is the effect of the assumed changes in the discount rate and salary increment on the profit or loss and Retirement Benefit Obligation for the year.

Increase/(Decrease) in Discount Rate	Increase/ (Decrease) in Salary Increment Rate	Increase/ (Decrease) in Staff Turnover Rate	Sensitivity Effect on Statement of Comprehensive Income Rs '000	Sensitivity Effect on Defined Benefit Obligation Rs '000
1%			10,730	(11,041)
-1%			(12,102)	12,564
	1%		(12,764)	13,054
	-1%		11,466	(11,643)
		1%	(2,357)	1,302
		-1%	2,550	(1,421)

8.9 Defined Benefit Plan

As per company policy, plan asset is maintained under the assets liability matching strategy. Plan asset is invested in a fund management entity and that entity is responsible for the administration of plan assets and for definition of the investment strategy.

A major categories of Plan assets is as follows :

	2025	2024
Insurer-managed funds	100%	100%

8.10 The weighted average duration of defined benefit Obligation is 8.91 years.

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9. DEFERRED TAX ASSETS - NET

9.1 Deferred Tax

Deferred Tax Relates to the Following:

	2025 Rs '000	2024 Rs '000
Deferred Tax Assets Arising on:		
Retirement Benefit Obligation	23,247	22,822
ECL Provision	31,334	26,374
Unrealized Exchange Gain	46,088	48,050
	100,669	97,246
Deferred Tax Liability Arising on:		
Property Plant and Equipment	(137,357)	(126,021)
Unrealized Exchange Loss	-	-
	(137,357)	(126,021)
Net Deferred Tax Liability	(36,688)	(28,775)

9.2 Deferred Tax Movement

	2025 Rs '000	2024 Rs '000
Balance brought forward	28,775	541,161
Deferred Income Tax Charge- Income Statement	8,233	(506,823)
Deferred Income Tax Credit- Statement of Other Comprehensive Income	(320)	(5,563)
Net Deferred Tax Liability	36,688	28,775

10. EARNINGS PER SHARE

10.1 Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the period and the previous period are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

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

	2025 Rs '000	2024 Rs '000
Amounts Used as the Numerator		
Profit for the year Attributable to Ordinary Shareholders for Basic Earnings Per Share	11,148,605	13,944,994
Number of Ordinary Shares used as the Denominator:		
	2025	2024
Weighted Average Number of Ordinary Shares	532,465,705	532,465,705
Basic Earning Per Share	20.94	26.19

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11. PROPERTY, PLANT AND EQUIPMENT

11.1 Gross Carrying Amounts

At Cost	Balance as at 01.04.2024 Rs '000	Additions Rs '000	Transfers Rs '000	Disposals Rs '000	Balance as at 31.03.2025 Rs '000
Freehold Land	1,953,857		-		1,953,857
Building and Fixtures	2,345,898	-	14,131	-	2,360,029
Plant and Equipment	4,829,140	982	649,496	-	5,479,617
Office Equipment	101,031	6,239	-	(2,888)	104,382
Furniture and Fittings	474,572	1,661	190,848	(3,197)	663,884
Motor Vehicles	20,902	-	-	(3,896)	17,006
Capital Work-In- Progress	266,887	823,082	(854,475)	-	235,494
	9,992,286	831,964	-	(9,981)	10,814,269

11.2 Depreciation

At Cost	Balance as at 01.04.2024 Rs '000	Charge for the year Rs '000	Transfers Rs '000	Disposals Rs '000	Balance as at 31.03.2025 Rs '000
Building and Fixtures	1,589,823	100,166	-	-	1,689,989
Plant and Equipment	3,085,290	370,350	-	-	3,455,640
Office Equipment	72,598	19,656	-	(2,512)	89,742
Furniture and Fittings	324,260	77,980	-	(3,197)	399,043
Motor Vehicles	20,602	300	-	(3,896)	17,006
Capital Work-In- Progress	-	-	-	-	-
	5,092,572	568,452	-	(9,605)	5,651,419

11.3 Net Book Value

	2025 Rs '000	2024 Rs '000
Freehold Land	1,953,857	1,953,857
Building and Fixtures	670,040	756,075
Plant and Equipment	2,023,978	1,743,850
Office Equipment	14,639	28,433
Furniture and Fittings	264,841	150,312
Motor Vehicles	-	300
Capital Work-In- Progress	235,494	266,887
Total Carrying Value of Property, Plant and Equipment	5,162,848	4,899,713

11.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregated value of Rs 832 Mn (2024 - Rs 1,423 Mn).

11.5 The Useful Lives of the Assets are Estimated as Follows:

	2025	2024
Building and Fixtures	15 Years	15 Years
Plant and Equipment	8 Years	8 Years
Office Equipment	4 Years	4 Years
Furniture and Fittings	5 Years	5 Years
Motor Vehicles	5 Years	5 Years

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12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 Rs '000	2024 Rs '000
At the Beginning of the year	5,404,000	4,901,000
Add: Investment made in Trinco Petroleum Terminal (Private) Limited	39,200	49,000
Change in Fair value of CPSTL	737,000	454,000
Balance at the end of the year	6,180,200	5,404,000

12.1 INVESTMENT - CPSTL

	2025 Rs '000	2024 Rs '000
At the Beginning and end of the year	5,306,000	4,852,000
Change in Fair value of CPSTL	737,000	454,000
At The End Of The Year	6,043,000	5,306,000

12.1.1 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 Treasury 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. Accordingly, the investment is recorded at Fair value through OCI.

12.2 INVESTMENT -TPTL

	2025 Rs '000	2024 Rs '000
At the beginning and end of the year	98,000	49,000
Add: Investment made in Trinco Petroleum Terminal (Private) Limited	39,200	49,000
At The End Of The Year	137,200	98,000

12.2.2 LIOC PLC acquired 49% of the shares in newly formed Joint Venture Trinco Petroleum Terminal Pvt Ltd. (TPTL) for the development of Sixty-One (61) tanks, the related area, and allied facilities in the Upper Tank Farm of the China Bay Oil Tank Farm. LIOC has also entered into a Modalities Agreement with CPC and TPTL for the possession, development, and use of the China Bay Oil Tank Farm by LIOC, CPC and TPTL. The Company paid Rs 49 million for TPTL shareholding in Jan'22. The Ceylon Petroleum Corporation owns 51% shares of TPTL and nominates four board members including Chairman out of the seven board members. Lanka IOC PLC nominates the balance three board members including Managing Director. As such, the investment is recorded at Fair value through OCI.

13. INTANGIBLE ASSETS

13.1 Gross Carrying Amounts

	Goodwill Rs '000	License fees on computer software Rs '000	Total Rs '000
At The Beginning Of The Year	759,298	14,437	773,734
At The End Of The Year	759,298	14,437	773,734

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13. INTANGIBLE ASSETS (Contd)

13.2 Amortisation

	Goodwill Rs '000	License fees on computer software Rs '000	Total Rs '000
At The Beginning of The Year	85,421	14,437	99,858
At The End of The Year	85,421	14,437	99,858
13.3 Net Book Value as at 31.03.2024	673,876	-	673,876
13.4 Net Book Value as at 31.03.2025	673,876	-	673,876

13.5 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 individually identified and separately recognised. Accumulated amortisation cost of Rs 85 Mn as at the statement of financial position date included the amortisation charge recognised up to 2007 based on 20 years useful life. Goodwill is tested for impairment annually. Impairment is determined for goodwill by assessing the recoverable amount of cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

13.6 The Company assesses the recoverable amount of the Goodwill using value in use calculation and founds that the recoverable amount exceeds its carrying value, as such Goodwill is not impaired.

The key assumptions used to determine the recoverable amount are as follows:

EBIT
The basis used to determine the value assigned to the budgeted EBIT is the EBIT achieved in the year preceding the budgeted year adjusted for projected market conditions.

Discount rates
The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium.

Volume growth
Volume growth has been budgeted on a reasonable and realistic basis by taking into account the industry growth rates of one to five years immediately subsequent to the budgeted year. Cash flows beyond the five year period are extrapolated using 0% growth rate.

14. LEASES

As a lessee

The Company have lease contracts for two office floors with Overseas Reality. The office building original lease terms 4 years, has been extended to 10 years with the new addition . A lease contract of 14 Tanks at Lower Tank Farm area of Trincomalee Terminal for a period of 50 years commencing 16 January 2022. The Company's obligation under its leases are secured by the lessor's title to the leases assets.

The Company also has certain leases with a lease term of 12 months or less and leases with low value. The Company applies the 'short-term lease' and lease of low - value assets' recognition exceptions for these leases.

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14. LEASES (Contd...)

14.1 Right-of-use assets

Set out below are the carrying amount of Right-of-use Assets recognised and movements during the year.

Cost	2025 Rs '000	2024 Rs '000
Balance As at 01 April	174,238	174,238
Additions during the year	560,351	-
Lease reassessment	12,509	-
Balance As at 31 March	747,098	174,238

Accumulated Amortisation	2025 Rs '000	2024 Rs '000
Balance As at 01 April	127,339	126,357
Charge for the year	40,135	982
Balance As at 31 March	167,474	127,339
Net Book Value As at 31st March	579,624	46,899

14.2 Lease Liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year.

	2025 Rs '000	2024 Rs '000
Balance As at 01st April	53,016	51,224
Additions during the year	560,351	-
Lease reassessment	27,955	
Accretion of Interest	5,751	6,147
Payments	(74,993)	(4,354)
Balance As at 31st March	572,080	53,016
Current Liability	81,117	4,347
Non Current Liability	490,964	48,669
	572,081	53,016

14.3 Maturity Analysis of Lease Liability

	2025 Rs '000	2024 Rs '000
Not later than one month	8,373	385
Later than one month not later than three months	16,745	1,155
Later than three months not later than one year	75,354	3,080
Later than a year not later than five year	468,366	25,568
Later than a five year	934,022	426,353
	1,502,859	456,540

14.4 Following are the amounts recognised in profit or loss:

	2025 Rs '000	2024 Rs '000
Depreciation expenses of right-of-use assets	40,135	982
Interest expenses on lease liability	5,751	6,147
Expenses relating to short-term and low value leases included in administrative expenses	43,745	80,343
Total amount recognised in profit or loss	89,631	87,472

The total cashflows made with respect to leases is Rs.74.99 Mn. (2024 - Rs. 4 Mn).

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15. INVENTORIES

	2025 Rs '000	2024 Rs '000
Auto Fuel	31,282,646	17,383,374
Base oil and other raw materials	3,618,733	5,045,442
Bunker Fuel	7,740,275	3,074,791
Lubricants	556,105	530,347
Goods in Transit	539,500	268,249
	43,737,259	26,302,202

16. TRADE RECEIVABLES

	2025 Rs '000	2024 Rs '000
Trade Receivable from third- party customers	7,186,890	9,213,955
Allowance for Impairment	(271,418)	(238,348)
	6,915,472	8,975,607

16.1 Set out below is the movement in the allowance for expected credit losses of trade receivables.

	2025 Rs '000	2024 Rs '000
As at 01 April	238,348	131,174
Provision for the Expected Credit Losses	33,070	107,174
As at 31 March	271,418	238,348

16.2 As at 31 March, the age analysis of net - trade receivables is set out below.

			Past Due but not Impaired				
	Total Rs '000	**Neither Past due nor Impaired Rs '000**	**Less than 30 days Rs '000**	**31-90 days Rs '000**	**91-180 days Rs '000**	**181-365 days Rs '000**	**>365 days Rs '000**
2025	7,186,890	6,120,665	526,625	244,751	69,845	62,808	162,197
2024	8,975,607	7,898,865	924,618	70,140	36,621	32,197	13,166

16.3 Allowance for impairment Rs 271 Mn (2024 Rs 238 Mn) includes provision for Expected Credit Loss line with accounting policy applicable for trade receivable for which Company has applied the simplified approach. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned in Note 28.2.

16.4 The carrying amounts of trade receivables are denominated in following currencies:

	2025 Rs '000	2024 Rs '000
US Dollars	3,768,694	5,850,499
Sri Lankan Rupees	3,418,196	3,125,108
	7,186,890	8,975,607

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17. FINANCIAL ASSETS AT AMORTISED COST

17.1 Financial Assets At Amortised Cost - Current

	2025 Rs '000	2024 Rs '000
Claims, Refunds, Staff loans and Others	13,874	3,766
VAT Receivables	7,650,970	9,258,627
Deposits	183,455	123,425
	7,848,299	9,385,817

17.2 Other Receivable At Amortised Cost - Non-Current

	2025 Rs '000	2024 Rs '000
Staff Loans	130,847	122,188
Prepaid-deferred employee benefit	34,520	40,434
	165,367	162,621

17.3 The carrying amounts of financial assets at amortised cost are denominated in Sri Lankan Rupees.

17.4 For the other receivable, the Company applies the three stage model approach permitted by SLFRS 9, which requires the Company to follow 12 months expected credit loss method or life time expected credit loss method in assessing the losses to be recognised from initial recognition. On that basis, the loss allowance as at 31st March 2025 and 31st March 2024 were immaterial.

18. OTHER CURRENT ASSETS

	2025 Rs '000	2024 Rs '000
Advance Payments	179,028	189,655
Prepayments	491,079	548,716
	670,107	738,372

19. CASH AND CASH EQUIVALENTS

	2025 Rs '000	2024 Rs '000
19.1 Cash and Cash Equivalent balances		
Cash and Bank Balances	1,923,740	6,277,439
Total Cash and Cash Equivalent balances	1,923,740	6,277,439

20. STATED CAPITAL

	2025	2024
20.1 Stated Capital as at 31st March (Rs '000)	7,576,574	7,576,574
20.2 Number of Ordinary Shares	532,465,705	532,465,705

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21. TRADE AND OTHER PAYABLES

	2025 Rs '000	2024 Rs '000
Trade Payables - Related Parties (21.1)	236,921	563,069
- Others	21,828,763	11,059,559
Other Payables- Related Parties (21.3)	267,694	824,493
Sundry Creditors Including Accrued Expenses	3,940,879	9,206,410
Provision for NBT Assessment (25.2)	1,028,823	1,028,830
	27,303,080	22,682,361

21.1 Trade Payables - Related Parties

	Relationship	2025 Rs '000	2024 Rs '000
Indian Oil Corporation Limited	Immediate Parent	236,921	563,069
		236,921	563,069

21.2 Other Payables - Related Parties

	Relationship	2025 Rs '000	2024 Rs '000
Indian Oil Corporation Limited	Immediate Parent	125,306	507,607
Ceylon Petroleum Storage Terminal Limited	Affiliate	142,388	316,886
		267,694	824,493

22. OTHER FINANCIAL ASSETS AND LIABILITIES

22.1 Interest Bearing Borrowings

	2025 Rs '000	2024 Rs '000
Short-Term Loans from Banks (Note 22.1.1)	7,444,789	4,306,616

The interest rates are as follows:

Short-term loans SOFR+ Margin

The SOFR rate (monthly) at the date of statement of financial position was 4.32%

22.1.1 Short-Term Loans from Banks Movement

	2025 Rs '000	2024 Rs '000
Balance as at 01st April	4,306,616	4,468,346
Proceeds from bank loans	68,224,599	98,378,748
Repayments of bank loans	(65,094,144)	(98,463,397)
Exchange (Gain)/ Loss on bank loans	7,718	(77,080)
Balance as at 31st March	7,444,789	4,306,616

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22. OTHER FINANCIAL ASSETS AND LIABILITIES (Contd...)

22.1.2 The short term loans from banks Rs 7,445 Mn (2024- Rs 4,359 Mn) are unsecured except for the loans from State Bank of India Colombo branch amounting to Rs 2,552 Mn (2024- Rs 1,560 Mn). These loans are secured against hypothecation over trading stock held at Kolonnawa, Muthurajawala and Trincomalee terminals.

22.2 Short-Term Investments

	2025 Rs '000	2024 Rs '000
Investment in Unit Trust (Note 22.4)	7,941,226	14,842,272
Investment Through Portfolio Management Services	21,578,341	15,728,721
Short-Term Bank Deposit(Note 22.3)	-	8,357,952
	29,519,567	38,928,945

22.3 Bank Deposits

	2025 Rs '000	2024 Rs '000
Total Bank Deposits	15,403,055	8,357,952
Less: Short-Term Bank Deposits	-	(8,357,952)
Long term Bank Deposits	15,403,055	-

The short- term deposit is repayable within 12 months after the reporting date.

22.4 Investment in Unit Trust - Fair Value Through Profit or Loss

	2025 Rs '000	2024 Rs '000
Balance as at 01st April	14,842,272	2,654,504
Net Investments	(8,244,539)	10,642,181
Fair Value Gain	1,343,492	1,545,588
Balance as at 31st March	7,941,225	14,842,272

23. RELATED PARTY DISCLOSURES

23.1 Transactions with the Related Entities

23.1.1 Transactions with Parent

Nature of Transaction	2025 Rs '000	2024 Rs '000
Amounts Receivable as at 01st April	-	-
Amounts Payable as at 01st April	(1,070,677)	(921,193)
Fund Transfers/Payment Made	2,251,881	10,699,581
Purchases of Goods/Services	(1,469,539)	(10,724,170)
Expenses Reimbursed	(73,891)	(124,896)
Amounts Receivable as at 31st March	-	-
Amounts Payable as at 31st March	(362,226)	(1,070,677)
Net Balance as at 31st March	(362,226)	(1,070,677)

23.1.2 During the year, the Company paid a gross dividend of Rs 2,662 Mn with respect to the financial year ended 31 March 2024, out of which Rs 2,000 Mn was paid to Indian Oil Corporation Limited.

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23. RELATED PARTY DISCLOSURES (Contd...)

23.1 Transactions with the Related Entities (Contd...)

23.1.3 Transactions with Ceylon Petroleum Storage Terminal Limited (CPSTL) - Affiliate

Nature of Transaction	2025 Rs '000	2024 Rs '000
Amounts Receivable as at 01st April	-	-
Amounts Payable as at 01st April	(316,886)	(277,948)
Fund Transfers/Payment Made	1,818,836	733,466
Services Rendered	(1,644,338)	(892,404)
Dividend	-	120,000
Amounts Receivable as at 31st March	-	-
Amounts Payable as at 31st March	(142,388)	(316,886)

23.1.4 Transactions with Trinco Petroleum Terminal Limited (TPTL) - Affiliate

Nature of Transaction	2025 Rs '000	2024 Rs '000
Amounts Receivable as at 01st April	(7,813)	12,369
Amounts Payable as at 01st April	-	-
Fund Transfers/Payment Made	(31,387)	(49,000)
Investments In Equity	39,200	49,000
Payment made on account of TPTL Tanks Lease Rental	-	(20,182)
Amounts Receivable as at 31st March	-	-
Amounts Payable as at 31st March	-	(7,813)

Lanka IOC PLC has invested Rs.39 Mn in the financial year 2024-25 in Equity of Trinco Petroleum Terminal Limited (TPTL) - Significant Investee to hold 49% of its equity value.

23.1.5 Transactions with IOC Global Capital Management IFSC Ltd - Affiliate

Nature of Transaction	2025 Rs '000	2024 Rs '000
Amounts Receivable as at 01st April		
Amounts Payable as at 01st April		
Interest on Loan	80,395	-
Loan Availment	6,336,280	
Repayment	(4,332,695)	
Amounts Receivable as at 31st March	-	-
Amounts Payable as at 31st March	2,083,981	-

23.1 Transactions with the Related Entities (Contd...)

23.1.6 Terms and Conditions

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash. The intention of the Company is to settle such related party dues within a short term (less than one year).

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23. RELATED PARTY DISCLOSURES (Contd...)

23.2 Transactions with Key Management Personnel of the Company or its Subsidiaries

a) The Key Management Personnel are the members of the Board of Directors of the Company.

Payments made to Key Management Personnel during the year were as follows:

	2025 Rs '000	2024 Rs '000
Fees for Directors	2,875	2,800
Emoluments	68,810	78,198
Short-Term Employment Benefits	9,854	7,927
	81,539	88,925

23.3 Apart from the transactions reported above, the Company has transactions with other Government of India related entities, which include but are not limited to goods/services etc. These transactions are conducted in the ordinary course of the Company business on the terms comparable to other entities.

The Company enters into transactions, arrangements and agreements with the Government of India related entities and the Summary of transactions have been reported as follows.

	Nature of the transactions	2025 Rs '000	2024 Rs '000
(a) Items in Statement of Comprehensive Income	Finance Expenses	33,224	72,377
	Purchases	109,030	126,564
(b) Items in Statement of Financial Position	Interest bearing Loans and Borrowings	2,553,752	1,559,644
	Investment in Gratuity Fund	144,061	125,616
	Trade Payable	-	23,011
(c) Off statement of financial position Items	Letters of credit	9,651	9,241

24. COMMITMENTS

There were no material commitments as at the reporting date except the following:

24.1 Capital Commitments

Capital expenditure contracted for at end of the period but not yet incurred amounts to Rs.669 Mn (2024 - Rs.284Mn)

24.2 Purchase Commitments

Letters of Credit opened with Banks Favouring Suppliers as at 31st March 2025 amounted to Rs.21,123 Mn (2024 - Rs. 21,266 Mn).

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25. CONTINGENCIES

There were no material contingencies as at the reporting date except for the following:

25.1 Guarantees issued by Banks on behalf of the Company as at 31st March 2024 amounted to Rs 917 Mn (2024- Rs 821Mn).

25.2 There is a disagreement on interpretation of NBT Act between the Company and Inland Revenue Department for the non-branded fuel sales to franchisee sheds. The case was determined by the Tax Appeal Commission in favour of IRD for the assessment period Jan 2012 to Sept 2012 amounting to Rs. 149.12 Mn including interest & penalty. Considering the merits of the case & expert opinion, LIOC filed the appeals in the Court of Appeal. Arguments of the appeals filed for the period of Jan 2012 to June 2012 are being heard by COA. COA given the Judgement dated 15.12.2023 for the period of July 2012 to Sept 2012 and allowed the LIOC appeal . IRD has appealed against the judgement of the Court of Appeal before Supreme Court (SC). Subsequent to the COA judgement, TAC issued determinations for all pending periods before TAC (The Appeals for the assessment period Oct 2012 to Dec 2015 & April 2016 to Mar 2017) in favour LIOC . IRD has appealed before COA against TAC determinations.

NBT has been abolished w.e.f. 01.12.2019. Therefore, total amount for the assessed periods is Rs. 1,577.97 Mn which includes principal demand of Rs. 1,028.83 Mn and Interest & penalty of Rs. 549.15 Mn. Total principal amount for the assessed period Jan 2012 to Dec 2015 & April 2016 to March 2018 is Rs. 1,028.83 Mn provided in the books of accounts based on the legal advice given by our consultants. Balance Rs. 549.15 Mn has not been provided in the books of accounts and disclosed as a contingent liability.

26. ASSETS PLEDGED

The short term loans from banks Rs 7,445Mn (2024- Rs 4,359 Mn) are unsecured except for the loans from State Bank of India Colombo branch amounting to Rs 2,552 Mn (2024- Rs 1,560 Mn). These loans are secured against hypothecation over trading stock held at Kolonnawa, Muthurajawala and Trincomalee terminals.

Except for the above, no assets have been pledged as at the reporting date.

27. DIVIDEND

	2025	2025	2024	2024
Equity Dividend on Ordinary shares	Per Share	Rs '000	Per Share	Rs '000
Declared and Paid during the year	5.00	2,662,329	4.00	2,129,863

LANKA IOC PLC
NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to interest rate risk, foreign currency risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's Board of Directors is supported by an Audit Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Audit Committee provides guidance to the Company's Board of Directors that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and Company risk appetite.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

28.1 Market Risk

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

An analysis of the carrying amount of financial instruments based on the currency they are denominated are as follows.

As at 31st March 2025	**Denominated in Rs Rs '000**	**Denominated in USD Rs '000**
Cash at bank and in hand	1,572,654	351,085
Interest Bearing Loans & Borrowings	-	7,444,789
Investment in Unit Trust	7,941,226	-
Investment Through Portfolio Management Services	21,578,341	-
Bank Deposit - Long term	6,283,186	9,119,870
Trade Receivables	3,418,197	3,768,694
Other Receivables at Amortised cost	8,013,667	-
Trade and Other Payables	7,184,830	20,118,250

As at 31st March 2024	**Denominated in Rs Rs '000**	**Denominated in USD Rs '000**
Cash at bank and in hand	5,872,176	405,263
Interest Bearing Loans and Borrowings	24,304	4,282,312
Investment in Unit Trust	14,842,272	-
Investment Through Portfolio Management Services	15,728,721	-
Short-Term Bank nd REPO Deposits	-	8,357,952
Trade Receivables	3,125,108	5,850,499
Other Receivables at Amortised cost	9,548,439	-
Trade and Other Payables	12,060,723	10,621,638

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LANKA IOC PLC
NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

28.1 Market Risk (Contd...)

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations, Unit Trust investments and other investments. The Company manages its interest rate risk by daily monitoring and managing of cash flow, by keeping borrowings to a minimum and negotiating favourable rates on borrowings.

2025	Increase/ decrease in interest rate	Effect on Profit Before Tax Rs '000
Sensitivity only using borrowings		
Increase	+1%	(74,448)
Decrease	-1%	74,448
Sensitivity using Investment in deposits		
Increase	+1%	295,196
Decrease	-1%	(295,196)

2024	Increase/ decrease in interest rate	Effect on Profit Before Tax
Sensitivity only using borrowings		
Increase	+1%	(43,066)
Decrease	-1%	43,066
Sensitivity using Investment in deposits		
Increase	+1%	389,289
Decrease	-1%	(389,289)

b) Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's USD denominated loans, short term investments, Trade Receivables and Trade Payables.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of USD denominated liabilities).

	Average Value Rs '000	Year End Exchange Rate	Change in USD Rate	Effect on Profit Before Tax Rs '000
2025				
Bank Deposits (USD)	9,119,870	296.59	+/- 1%	+/- 91199
Interest Bearing Loans and Borrowings (USD)	7,444,789	296.59	+/- 1%	+/- 74448
Trade and Other Receivables (USD)	3,768,694	296.59	+/- 1%	+/- 37687
Trade and Other Payables (USD)	20,118,250	296.59	+/- 1%	+/- 201182
2024				
Bank Deposits (USD)	8,357,952	300.44	+/- 1%	+/- 83580
Interest Bearing Loans and Borrowings (USD)	4,282,312	300.44	+/- 1%	+/- 42823
Trade and Other Receivables (USD)	5,850,499	300.44	+/- 1%	+/- 58505
Trade and Other Payables (USD)	10,621,638	300.44	+/- 1%	+/- 106216

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28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

28.1 Market Risk (Contd...)

b) Foreign currency risk (Contd)

The movement on the post-tax effect is a result of a change in the fair value of monetary assets and liabilities denominated in US dollars, where the functional currency of the entity is a currency other than US dollars.

28.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Trade receivables
Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management.

The following policies are implemented within the group in order to manage credit risk related to receivables:
• Outstanding customer receivables are regularly monitored with regular trade debtor review meetings.
• Contractual obligation to release assets only upon full payment of receivable, for related contracts and assets.

For trade receivables, the Company has applied the simplified approach in SLFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Set out below is the information about the credit risk exposure on the Company's trade receivable using the provision matrix:

	2025		2024	
	Carrying amount at default Rs '000	Expected credit loss Rs '000	Carrying amount at default Rs '000	Expected credit loss Rs '000
Current	6,120,665	43,726	7,955,734	56,880
< 30 days	526,625	19,401	970,480	45,862
31-90 days	244,751	17,937	75,606	5,466
91-180 days	69,845	6,405	43,555	6,935
181-365 days	62,808	27,524	58,251	26,054
>365 days	162,197	156,426	110,317	97,152
	7,186,890	271,418	9,213,944	238,348

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore, mitigate financial loss through a counterparty's potential failure to make payments.

For other receivables at amortised cost, bank deposits and cash and Bank balances the Company applies the three stage model approach permitted by SLFRS 9, which requires the Company to follow 12 months expected credit loss method or life time expected credit loss method in assessing the losses to be recognised from initial recognition. On that basis, the loss allowance as at 31st March 2025 and 31st March 2024 were immaterial.

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LANKA IOC PLC
NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

28.2 Credit risk (Contd...)

28.3 Liquidity risk

The Company monitors its risk to a shortage of funds by forecasting its operational cash requirements on an annual basis and project cash flow requirements as per the project implementation period. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and financing for current operations is already secured.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

As at 31st March 2025	Less than 1 year Rs '000	More than 1 year Rs '000	Total Rs '000
Interest-Bearing Loans and Borrowings	7,444,789	-	7,444,789
Lease Liabilities	81,117	490,964	572,081
Trade and Other Payables	27,303,080	-	27,303,080
	34,828,986	490,964	35,319,950

As at 31st March 2024	Less than 1 year Rs '000	More than 1 year Rs '000	Total Rs '000
Interest-Bearing Loans and Borrowings	4,306,616	-	4,306,616
Lease Liabilities	4,347	48,669	53,016
Trade and Other Payables	22,682,361	-	22,682,361
	26,993,324	48,669	27,041,993

28.4 Price Risk

The Company is exposed to the commodity price risk of petroleum products.

The Company monitors price of petroleum products on a dynamic basis and adjust inventory levels to minimise the impact.

28.5 Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, capital is monitored on the basis of the desired gearing ratio within 40%.

	2025 Rs '000	2024 Rs '000
Total borrowings (Note 22.1)	7,444,789	4,306,616
Less :- Cash and Cash Equivalents (Note 19.1)	(1,923,740)	(6,277,439)
Net debt	5,521,049	(1,970,823)
Total Equity	82,691,622	73,470,157
Total Capital	90,136,411	77,776,773
Gearing ratio	8%	6%

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LANKA IOC PLC
NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

29. FAIR VALUES

The carrying amounts of the Company's financial instruments by classes, that are not carried at fair value in the financial statements are not materially different from their fair values.

a) Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices) or indirectly (that is, derived from prices)
Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

As at 31st March, the Company held the following financial instruments carried at fair value on the statement of financial position:

b) Financial Assets measured at fair value

	2025 Rs '000	Level 1 Rs '000	Level 2 Rs '000	Level 3 Rs '000
Financial Assets At Fair Value Through Profit or Loss				
- Investment in Unit Trust (Note 22.4)	7,941,225	7,941,225	-	-
Financial Assets At Fair Value Through Other Comprehensive Income				
- Investment in CPSTL (Note 12.1)	6,043,000	-	-	6,043,000
- Investment in TPTL (Note 12.2)	137,200	-	-	137,200
Investment Through Portfolio Management Services (Note 22.2)	21,578,341		21,578,341	

	2024 Rs '000	Level 1 Rs '000	Level 2 Rs '000	Level 3 Rs '000
Financial Assets At Fair Value Through Profit or Loss				
- Investment in Unit Trust (Note 22.4)	14,842,272	14,842,272	-	-
Financial Assets At Fair Value Through Other Comprehensive Income				
- Investment in CPSTL (Note 12.1)	5,306,000	-	-	5,306,000
- Investment in TPTL (Note 12.2)	98,000	-	-	98,000
Investment Through Portfolio Management Services (Note 22.2)	15,728,721		15,728,721	

During the reporting period ended 31st March 2025, there were no transfers between Level 1 and Level 2 fair value measurements.

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LANKA IOC PLC
NOTES TO THE FINANCIAL STATEMENTS

30. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

Financial assets and financial liabilities are measured on an ongoing basis at either fair value or amortised cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses are recognised. The following table analyse the carrying amount of financial assets and liabilities by category as defined in SLFRS 9 - Financial Instruments : Recognition and measurement and by Statement of Financial Position heading:

As at 31st March 2025

Financial Assets	**Note**	**Financial Assets and Liabilities at FVTPL Rs '000**	**Financial Assets and Liabilities at FVOCI Rs '000**	**Financial Assets and Liabilities at Amortised Cost Rs '000**	**Total Rs '000**
Financial assets at amortised cost	17	-	-	8,013,665	8,013,665
Trade Receivables	16	-	-	7,186,890	7,186,890
Bank deposits	22.3	-	-	15,403,055	15,403,055
Investment in Unit Trust	22.4	7,941,225	-	-	7,941,225
Financial Assets At Fair Value Through Other Comprehensive Income	12	-	6,180,200	-	6,180,200
Investment Through Portfolio Management Services	22.2	21,578,341	-	-	21,578,341
Cash and Bank Balances	19	-	-	1,923,740	1,923,740
Total Financial Assets		29,519,566	6,180,200	32,527,350	68,227,116
Financial Liabilities					
Trade and Other Payables	21	-	-	27,303,080	27,303,080
Interest Bearing Loans and Borrowings	22.1	-	-	7,444,789	7,444,789
Total Financial Liabilities		-	-	34,747,869	34,747,869

As at 31st March 2024

Financial Assets	**Note**	**Financial Assets and Liabilities at FVTPL**	**Financial Assets and Liabilities at FVOCI Rs '000**	**Financial Assets and Liabilities at Amortised Cost Rs '000**	**Total Rs '000**
Financial assets at amortised cost	17	-	-	9,548,438	9,548,438
Trade Receivables	16	-	-	8,975,607	8,975,607
Bank deposits	22.3	-	-	8,357,952	8,357,952
Investment in Unit Trust	22.4	14,842,272	-	-	14,842,272
Financial Assets At Fair Value Through Other Comprehensive Income	12	-	5,404,000	-	5,404,000
Investment Through Portfolio Management Services	22.2	15,728,721	-	-	15,728,721
Cash and Bank Balances	19	-	-	6,277,439	6,277,439
Total Financial Assets		30,570,993	5,404,000	33,159,436	69,134,429
Financial Liabilities					
Trade and Other Payables	21	-	-	22,682,361	22,682,361
Interest Bearing Loans and Borrowings	22.1	-	-	4,306,616	4,306,616
		-	-	26,988,977	26,988,977

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LANKA IOC PLC
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2025

	Statement	2025 Rs '000	2024 Rs '000
Revenue from Contracts with Customers		276,287,407	263,568,721
Cost of Sales		(255,263,005)	(239,550,439)
Gross Profit		21,024,402	24,018,282
Other Operating Income		185,612	235,857
Administrative Expenses	I	(3,142,285)	(3,548,774)
Selling and Distribution Expenses	II	(8,723,186)	(7,896,403)
Profit / (Loss) from Ordinary Activities		9,344,543	12,808,962

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LANKA IOC PLC
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2025

STATEMENT I **ADMINISTRATIVE EXPENSES**	**2025** **Rs '000**	**2024** **Rs '000**
Audit Fees	1,500	1,500
Bank and LC Charges	264,209	684,198
Books and Periodicals	34,543	36,776
Communication	8,909	9,888
CSR	108,851	269,617
Depreciation and Amortisation	568,453	427,121
Directors Sitting Fees	2,875	2,800
Electricity and Water Charges	20,033	25,150
Gratuity Expense	11,101	5,435
Housekeeping Expenses	44,850	40,609
Insurance	35,561	39,411
IT Expenses	9,856	10,573
Other Expenses	42,123	39,584
Printing and Stationery	7,419	8,514
Professional Charges	41,003	24,422
Rate and Taxes	42,494	41,603
Rent and Right-to-Use Charges	89,631	87,472
Repairs and Maintenance	296,760	220,172
Salaries and Wages	1,287,142	1,286,859
Staff Welfare	73,821	55,673
Security Expenses	9,496	8,584
Training and Development	14,315	16,868
Travelling and Conveyance	94,270	98,770
Provision for doubtful debts	33,070	107,175
	3,142,285	3,548,774

STATEMENT II **SELLING AND DISTRIBUTION EXPENSES**	**2025** **Rs '000**	**2024** **Rs '000**
Road Transport	3,127,568	3,176,972
Terminal Charges	1,342,704	771,384
Barge Hire Charges	544,255	523,971
Storage and Handling	491,559	534,597
Sales Promotion and Advertising	496,555	277,723
Provision for NBT Assessment	-	-
Social Security Contribution Levy	2,720,544	2,611,755
	8,723,186	7,896,403

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