INDEPENDENT AUDITOR'S REPORT

Building a better working world

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TO THE SHAREHOLDERS OF LANKA IOC PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Lanka IOC PLC ("the Company"), which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018 and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards ("SLAuSs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issue by The Institute of Chartered Accountant of Sri Lanka ("Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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Description of the key audit matter	How our audit addressed the key audit matter
Revenue recognition Refer accounting policies Note 2.8.2 and Note 3 to the financial statements. Considering the distribution network, volume of transactions and discounts, we believe a higher inherent risk is associated with revenue recognition. Therefore, we considered revenue recognition to be a key audit matter.	Our audit procedures focused on the appropriateness of the Company's revenue recognition accounting policies, and included the following procedures: • Testing the operating and design effectiveness of critical controls over revenue recognition on a sample basis. • Evaluating Information Technology (IT) processes which include logical access and change management and other IT processes and tested the operating effectiveness of key IT application controls over recognition of revenue. • Reviewing the revenue recognition policy applied by the Company to ensure its compliance with Sri Lanka Accounting Standards. • Performing substantive analytical procedure on monthly revenue on key products to assess the reasonability of selling price. • Validating the appropriateness and completeness of the related disclosures in Note 3 of the financial statements.

Other information included in the Company's 2017/18 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Management is responsible for the other information. Other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

The Institute of Chartered Accountant of Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1697.

07th May 2018
Colombo

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March	Notes	2018 LKR '000	2017 LKR '000
Revenue	3	**91,343,335**	81,039,277
Cost of Sales		**(89,542,911)**	(74,070,918)
Gross profit		**1,800,424**	6,968,359
Other Operating Income	4	**444,358**	140,493
Administrative Expenses		**(1,152,092)**	(1,455,382)
Selling and Distribution Expenses		**(2,477,564)**	(2,505,419)
Operating Profit/(Loss)		**(1,384,874)**	3,148,051
Finance Income	5.1	**914,999**	632,910
Finance Expenses	5.2	**(306,018)**	(180,362)
Profit/(Loss) Before Tax	6	**(775,893)**	3,600,599
Income Tax Expense	7.1	**31,704**	(535,316)
Profit/(Loss) for the Year		**(744,189)**	3,065,283
Other Comprehensive Income /(Loss)			
Items that will not be reclassified to profit or loss:			
Actuarial gain/ (loss) on Defined Benefit Obligations	8.4	**(13,384)**	5,993
Income tax on other Comprehensive income/(loss)	9.2	**2,008**	(899)
Other Comprehensive Income for the Year, Net of Tax		**(11,376)**	5,094
Total Comprehensive Income/(Loss) for the Year, Net of Tax		**(755,565)**	3,070,377
Earnings Per Share	10	**(1.40)**	5.76

The accounting policies and notes on pages 138 through 171 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Notes	2018 LKR '000	2017 LKR '000
ASSETS			
Non Current Assets			
Property, Plant and Equipment	11	**4,268,729**	4,114,443
Investment	12	**4,394,000**	4,394,000
Intangible Assets	13	**675,966**	674,074
Other Receivables	15.1	**106,450**	107,382
		9,445,145	9,289,899
Current Assets			
Inventories	14	**10,110,006**	4,821,898
Trade and Other Receivables	15	**4,551,221**	4,406,875
Income Tax Receivables		**445,475**	-
Short Term Investments	16.1	**7,962,438**	6,407,876
Cash and Bank Balances	16.1	**444,871**	567,136
		23,514,011	16,203,785
Total Assets		**32,959,156**	25,493,684
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	17	**7,576,574**	7,576,574
Retained Earnings		**11,792,546**	13,213,693
Total Equity		**19,369,120**	20,790,267
Non Current Liabilities			
Defined Benefit Obligation (Net)	8.2	**19,902**	65,657
Deferred Tax Liabilities	9.1	**-**	111,429
		19,902	177,086
Current Liabilities			
Trade and Other Payables	18	**8,552,305**	3,593,667
Income Tax Payable		**-**	46,641
Interest Bearing Borrowings	19.1	**5,017,829**	886,023
		13,570,134	4,526,331
Total Equity and Liabilities		**32,959,156**	25,493,684

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

The accounting policies and notes on pages 138 through 171 form an integral part of the Financial Statements.

07th May 2018
Colombo

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March	Stated Capital LKR '000	Retained Earnings LKR '000	Total LKR '000
As at 1 April 2016	7,576,574	10,808,898	18,385,472
Dividends Paid	-	(665,582)	(665,582)
Profit/(Loss) for the Year	-	3,065,283	3,065,283
Other Comprehensive Income/(Loss)	-	5,094	5,094
As at 31 March 2017	7,576,574	13,213,693	20,790,267
Dividends Paid	-	(665,582)	(665,582)
Profit /(Loss) for the Year	-	(744,189)	(744,189)
Other Comprehensive Income/(Loss)	-	(11,376)	(11,376)
As at 31 March 2018	7,576,574	11,792,546	19,369,120

The accounting policies and notes on pages 138 through 171 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

Year ended 31 March	Notes	2018 LKR '000	2017 LKR '000
Cash Flows From/(Used in) Operating Activities			
Profit /(Loss)before Income Tax Expense		**(775,893)**	3,600,599
Adjustments for			
Finance Income	5.1	**(914,999)**	(632,910)
Finance Expenses	5.2	**306,018**	180,362
Dividends Income	4	**(352,000)**	(100,000)
Increase/(Decrease) in Allowances for Impairment	15.6	**(6,038)**	41,053
Loss/ (Profit) on disposal of property, Plant and Equipment		**(14,480)**	23,730
Defined Benefit Plan Cost	8.3	**6,519**	12,038
Depreciation	11.2	**359,307**	327,172
Amortisation of Intangible Asset	13.2	**606**	464
Operating Profit/(Loss) before Working Capital Changes		**(1,390,960)**	3,452,508
(Increase)/ Decrease in Inventories		**(5,288,108)**	2,443,596
(Increase) in Trade and Other Receivables		**(137,376)**	(2,990,749)
Increase/ (Decrease) in Trade and Other Payables		**4,958,638**	(623,013)
Cash Generated From/(Used in) Operations		**(1,857,806)**	2,282,342
Income Tax Paid		**(569,833)**	(575,688)
Finance Expenses Paid		**(306,018)**	(180,362)
Defined Benefit Paid		**(3,283)**	(5,735)
Net Cash Flows From Operating Activities		**(2,736,940)**	1,520,557
Cash Flows from Investing Activities			
Finance Income		**914,999**	632,910
Dividends Income		**352,000**	100,000
Acquisition of Property, Plant and Equipment	11.1	**(521,917)**	(418,448)
Acquisition of Intangible Assets	13.1	**(2,498)**	-
Proceeds from Property, Plant and Equipment		**22,806**	9,586
Net Investment in Gratuity Fund		**(62,375)**	-
Net Cash Flows From/(Used in) Investing Activities		**703,015**	324,048
Cash Flows From Financing Activities			
Proceed from Interest bearing borrowings		**27,172,040**	20,895,287
Repayments of Interest bearing borrowings		**(23,040,235)**	(22,212,107)
Dividends Paid		**(665,582)**	(665,582)
Net Cash Flows From/(Used in) Financing Activities		**3,466,222**	(1,982,402)
Net Increase / (Decrease) in Cash and Cash Equivalents		**1,432,297**	(137,797)
Cash and Cash Equivalents at the Beginning of the Year	16.1	**6,975,012**	7,112,809
Cash and Cash Equivalents at the End of the Year		**8,407,309**	6,975,012
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Short Term Investments		**7,962,438**	6,407,876
Cash in Hand and at Bank		**444,871**	567,136
		8,407,309	6,975,012

The accounting policies and notes on pages 138 through 171 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

1.1 General

Lanka IOC PLC ("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 distribution of 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 premium petrol and premium diesel but excluding aviation fuel and liquid petroleum gas. The license is valid for a period of 20 years from 22 January 2004 and renewable thereafter.

1.3 Parent Entity and Ultimate Controlling Party

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

1.4 Date of Authorization for Issue

The Financial Statements of Lanka IOC PLC for the year ended 31 March 2018 was authorized for issue in accordance with a resolution of the Board of Directors on 07 May 2018.

2. Basis Of Preparation

2.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards comprising of SLFRS and LKAS (hereafter referred as "SLFRS") as 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 Measurement

The financial statements have been prepared on a historical cost basis,except for defined benefit obligation which is measured at present value of the obligation.

2.3 Functional and Presentation Currency

These Financial Statements are presented in Sri Lankan Rupees, which is the functional currency of the Company. All values are rounded to the nearest rupees thousand (LKR '000) except when otherwise indicated.

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 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous year.

2.6 Comparative Information

Whenever necessary, comparative figures have been reclassified to maintain comparability of financial statements in order to provide a better presentation it is disclosed in Note 29.

2.7 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.

2.7.1 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 has the most significant effect on the amounts recognized 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 cost 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.

2.7.2 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 adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The respective carrying amounts of assets and liabilities are given in related notes to the Financial Statements

a) Estimation of net realizable value for inventory

Inventory disclosed in Note 14 is stated at the lower of cost and net realizable 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 of Trade Receivables

The Company assesses at the date of statement of financial position whether there is objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual are anticipated impairments. Further information is disclosed in Note 15.

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. 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 goodwill

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. The recoverable amount of cash generating unit have been determined based on value - in - use calculation. These calculations required the use of estimates. 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.

2.8 Summary of Significant Accounting Policies

2.8.1 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 retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to 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.

2.8.2 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts, returns, rebates and sales taxes(value added taxes and Nation Building Tax).

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

a) Sale of goods
Sales of goods are recognised on delivery of products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

b) Finance Income
Finance Income is recognized 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 recognized on an accrual basis.

2.8.3 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 Income Statement for the period.

2.8.4 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 recognized 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 recognized 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 utilized 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 utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized 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 Nations Building Tax)

Revenues, expenses and assets are recognized 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 recognized 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.

2.8.5 Financial Instruments - Initial Recognition and Subsequent Measurement

2.8.5.1 Financial Assets

The company's financial assets include cash and short-term deposits, trade and other receivables, and amount due from related parties, which are classified as loans and receivables as per LKAS 39.

Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives Designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (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

The subsequent measurement of financial assets depends on their classification as follows:

a) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. 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 in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

Derecognition

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

- The rights to receive cash flows from the asset have expired
- 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.

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.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a Company of financial assets is impaired. A financial asset or a Company of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets carried at Amortised Cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Asset that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present values of the estimated future cash flows are discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement

2.8.5.2 Financial Liabilities

The Company's financial liabilities include trade and other payables, due to related parties, bank overdrafts and interest bearing loans and borrowings.

Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs. Any difference between initial fair value and the nominal amount is included as component of operating lease income and recognised on a straight line basis over the applicable time period.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

a) Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

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

De-recognition

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 a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2.8.6 Fair Value 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 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 by the Company.

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

2.8.7 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable 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 inventories to its present location and conditions are 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

2.8.8 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 paid 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 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 carrying amount and are included in the Income Statement.

2.8.9 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 able to individually identified and separately recognised. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity 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, identified according to operating segment.

b) License fees on computer software

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

2.8.10 Investment in Ceylon Petroleum Storage Terminal 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.

2.8.11 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 subject to insignificant risk of changes in value.

For the purpose of 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.

2.8.12 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

2.8.13 Accounting for leases - where the Company is the lessee

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.8.14 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

2.8.15 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.

2.8.16 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, MessrsK. A. Pandit consultant and actuaries who carried out actuarial valuation as at 31 March 2018.

Recognition of Actuarial Gains and Losses

Actuarial gains and losses are recognized 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 8 % 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 recognized as an employee benefit expense in profit or loss when they are due.

2.9 Effect Of Sri Lanka Accounting Standards (SLFRS) Issued But Not Yet Effective:

The following new accounting standards were issued by the Institute of Chartered Accountants in Sri Lanka which are not yet effective as at 31 March 2018. Accordingly these accounting standards have not been applied in the preparation of the Financial Statements for the year ended 31 March 2018.

SLFRS 9 Financial Instruments

In December 2014, the Institute of Chartered Accountant of Sri Lanka issued the final version of SLFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces LKRS 39 Financial Instruments, Recognition and Measurement. The standard introduces new requirements for classification and measurement of impairment, and hedge accounting. SLFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required. But comparative information is not compulsory.

The Company has performed an impact assessment of all the aspects of SLFRS 9. This preliminary assessment is based on currently available information. Overall, the Company expects no significant impact on its financial position and equity.

SLFRS 15 Revenue from Contracts with Customers

The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

SLFRS 15 will become effective on 01 January 2018. The Company completed diagnostic phase of SLFRS 15 adaptation in 2017/18 financial year The Company's current study has not revealed a significant change to the revenue recognition patterns.

SLFRS 16 - Leases

The Institute of Chartered Accountant of Sri Lanka issued the new standard for accounting for leases - SLFRS 16 Leases in January 2016. The new standard does not significantly change the accounting for leases for lessors. However, it does require lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-off - use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

SLFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The company plans to assess the potential effect of SLFRS 16 on its financial statements in 2018/2019.

3. Revenue

Year ended 31 March	2018 LKR '000	2017 LKR '000
Lanka auto diesel	**26,837,936**	28,107,352
Xtramile	**3,112,517**	2,542,464
Lanka super diesel	**2,321,752**	1,722,402
Lanka petrol 92 octane	**25,246,083**	25,669,913
Xtrapremium Euro 3	**4,841,198**	3,793,119
Xtrapremium 95	**6,051,508**	5,016,071
Lubricants	**3,254,312**	2,741,681
Bunkering	**18,175,699**	9,101,025
Bitumen	**1,487,425**	2,338,511
Petrochemical	**14,905**	6,739
Total Revenue	**91,343,335**	81,039,277

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.

4. Other Operating Income

Year ended 31 March	2018 LKR '000	2017 LKR '000
Rental Income	**51,151**	23,531
Dividend Income	**352,000**	100,000
Sundry Income	**26,727**	16,962
Profit on sale of Property Plant and Equipment	**14,480**	-
	444,358	140,493

5. Finance Income and Expenses

5.1 Finance Income

Year ended 31 March	2018 LKR '000	2017 LKR '000
Income from Short term Investment	**865,882**	603,934
Interest on Others	**49,117**	28,976
	914,999	632,910

5.2 Finance Expenses

Year ended 31 March	2018 LKR '000	2017 LKR '000
Interest on Short Term Loans	**131,964**	81,651
Exchange (Gain)/Loss	**174,054**	98,711
	306,018	180,362

6. Profit/(Loss) From Operating Activities

Year ended 31 March	2018 LKR '000	2017 LKR '000
Stated after Charging /Crediting		
Directors' Emoluments	**26,606**	23,187
Salaries and Wages	**430,822**	448,311
Increase/(Decrease) in Allowances for Impairment	**(6,038)**	41,053
Loss/(Gain) on disposal of Property, Plant and Equipment	**(14,480)**	23,730
Exchange (Gain) / Loss	**174,054**	98,711
Defined Benefit Obligation : Charge for the year	**6,519**	12,038
Audit Fee - Current year	**1,500**	1,500
Rent	**66,174**	61,175
Depreciation Charge for the year	**359,307**	327,172
Amortisation Charge for the year	**606**	464

7. Tax Expenses

The major components of income tax expense for the years ended 31 March 2018 and 31 March 2017 are as follows :

7.1 Income Statement

Year ended 31 March	2018 LKR '000	2017 LKR '000
Current Income Tax:		
Current Tax Expense	**17,858**	481,508
Under/(Over) Provision of Current Taxes in respect of Prior Year	**24,659**	32,387
WHT on Dividend Income	**35,200**	-
Deferred Tax:		
Deferred Taxation Charge/ (Credit) (Note 9.2)	**(109,421)**	21,421
Income Tax Expense / (Credit) Reported in the Income Statement	**(31,704)**	535,316

7.2 Reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate for the Years Ended 31 March 2018 and 31 March 2017 are as follows :

Year ended 31 March	2018 LKR '000	2017 LKR '000
Accounting /(Loss) Profit before tax	**(775,893)**	3,600,599
Tax calculated at a tax rate of 15% (2017 - 15%)	**Nil**	540,090
Adjustments in respect of prior years	**24,659**	32,387
Tax impact of expenses deductible/not deductible for tax purpose	**Nil**	(9,966)
Tax impact of income not subject to tax	**35,200**	(77,086)
Tax impact of income taxable at different rate	**Nil**	(32,850)
Adjustment due to the estimated deferred tax base in previous year	**(109,421)**	21,421
Tax charge on profit from trade or business	**(49,562)**	473,996
Taxable Interest income	**63,777**	219,003
Tax calculated at a tax rate of 28% (2017 - 28%)	**17,858**	61,321
Total tax charge for the year	**(31,704)**	535,316

8. Defined Benefit Obligation

Year ended 31 March	2018 LKR '000	2017 LKR '000
Balance as at 01 April	**65,657**	65,347
Current Service Cost	**3,577**	4,196
Interest Cost	**8,535**	7,842
Actuarial (Gain) / Loss (8.4)	**13,384**	(5,993)
Benefits Paid	**(3,283)**	(5,735)
Balance as at 31 March	**87,870**	65,657

Reconciliation of Fair Value of Plan Assets

	Year ended 31 March	2018 LKR '000	2017 LKR '000
8.1	Balance as at 01 April		
	Contribution by employer	**65,658**	-
	Expected return	**5,593**	-
	Benefit Paid	**(3,283)**	-
	Balance as at 31 March	**67,968**	-

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

Year ended 31 March	2018 LKR '000	2017 LKR '000
Defined Benefit Obligation at the end of the year	**87,870**	65,657
Fair value of the plan assets at the end of the year	**(67,968)**	-
Amount recognised in balance sheet	**19,902**	65,657

8.3 Expenses recognised on Defined Benefit Plan

Year ended 31 March	2018 LKR '000	2017 LKR '000
Income Statement		
Current Service Cost	**3,576**	4,196
Net Interest Cost	**2,943**	7,842
	6,519	12,038
Other Comprehensive Income		
Actuarial (Gain) / Loss (8.4)	**13,384**	(5,993)
	13,384	(5,993)

8.4 Actuarial (Gain)/Loss during the year has resulted from the following:

Year ended 31 March	2018 LKR '000	2017 LKR '000
Changes in Financial Assumptions	**916**	(3,709)
Changes in Demographic Assumptions	**(3,867)**	(7,027)
Experience Adjustments	**16,335**	4,743
	13,384	(5,993)

8.5 Actuarial valuation of Retirement Benefit Obligation as at 31 March 2018 was carried out by Messrs. K A Pandit Consultants & Acturies, a firm of professional actuaries using "Projected Unit Credit Method" as recommended by LKAS 19 - 'Employee Benefits'.

8.6 Principle Actuarial Assumptions

Principle Actuarial Financial Assumptions underlying the valuation are as follows:

Year ended 31 March	2018 LKR '000	2017 LKR '000
Discount Rate	**11.50%**	13.00%
Salary Incremental Rate	**1-6%**	2-8%
Staff Turnover	**0-7%**	2-5%
Retirement Age	**60 years**	60 years

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

8.7 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 2018. 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	Sensitivity Effect on Defined Benefit Obligation
1%			4,324	-4,324
-1%			-4,769	4,769
	1%		-5,189	5,189
	-1%		4,757	-4,757
		1%	-3,715	3,715
		-1%	2,249	-2,249

9. Deferred Tax Liabilities

9.1 Deferred Tax

Deferred Tax Relates to the Following:

Year ended 31 March	2018 LKR '000	2017 LKR '000
Deferred Tax Assets Arising on:		
Income tax loss	**130,811**	-
Retirement Benefit Obligation	**13,181**	9,849
	143,992	9,849
Deferred Tax Liability Arising on:		
Property Plant & Equipment	**(143,992)**	(121,278)
Net Deferred Tax Asset/(Liability)	**-**	(111,429)

9.1.1 The company has taxable loss for the year 2017-18. Deferred tax asset on account of taxable loss works out to LKR 335million. In view of uncertainty of profits due to losses in auto fuels, deferred tax asset has been recognized only to the extent of LKR 131 million which is equivalent to net deferred tax liability as on 31st March 2018.

	Year ended 31 March	2018 LKR '000	2017 LKR '000
9.2	Balance brought forward	**111,429**	89,109
	Deferred Income Tax (Credit)/Charge- Income Statement	**(109,422)**	21,421
	Deferred Income Tax (Credit)/Charge- Statement of Other Comprehensive Income	**(2,008)**	899
	Net Deferred Tax (Asset)/Liability	**-**	111,429

10. Earnings Per Share

10.1 Earnings Per Share is calculated by dividing the net profit/(loss) for the period 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.

Year ended 31 March	2018	2017
Amounts Used as the Numerator		
Net Profit/(Loss) Attributable to Ordinary Shareholders for Basic Earnings Per Share (LKR 000)	**(744,189)**	3,065,283
Number of Ordinary Shares used as the Denominator:		
Weighted Average Number of Ordinary Shares	**532,465,705**	532,465,705
Basic Earning Per Share (LKR)	**(1.40)**	5.76

11. Property, Plant and Equipment

11.1 Gross Carrying Amounts

As at 31 March At Cost	Balance 2017 LKR '000	Additions LKR '000	Transfers LKR '000	Disposals LKR '000	Balance 2018 LKR '000
Freehold Land	1,968,416	-	-	(7,887)	**1,960,529**
Building and Fixtures	1,946,323	-	151,740	-	**2,098,063**
Plant and Equipment	2,760,361	-	245,008	(13,616)	**2,991,753**
Office Equipment	36,355	6,042	-	(1,698)	**40,699**
Furniture and Fittings	101,256	1,705	79,332	-	**182,293**
Motor Vehicles	40,071	-	-	-	**40,071**
Capital Work-In- Progress	192,899	514,170	(476,080)	-	**230,989**
	7,045,680	521,917	-	(23,200)	**7,544,397**

11.2 Depreciation

As at 31 March	Balance 2017 LKR '000	Charge for the year LKR '000	Transfers LKR '000	Disposals LKR '000	Balance 2018 LKR '000
Building and Fixtures	1,032,710	136,453	-		**1,169,163**
Plant and Equipment	1,795,632	190,375	-	(13,615)	**1,972,392**
Office Equipment	24,985	5,345	-	(1,260)	**29,070**
Furniture and Fittings	48,547	21,557	-	-	**70,104**
Motor Vehicles	29,363	5,576	-	-	**34,939**
	2,931,237	359,307	-	(14,875)	**3,275,668**

11.3 Net Book Value

As at 31 March	2018 LKR '000	2017 LKR '000
Freehold Land	**1,960,529**	1,968,416
Building and Fixtures	**928,900**	913,613
Plant and Equipment	**1,019,361**	964,728
Office Equipment	**11,629**	11,370
Furniture and Fittings	**112,189**	52,709
Motor Vehicles	**5,132**	10,708
Capital Work-In- Progress	**230,989**	192,899
Total Carrying Value of Property, Plant & Equipment	**4,268,729**	4,114,443

11.4 During the financial year, the company acquired Property, Plant and Equipment to aggregate value of LKR 522 Mn (2017 - LKR 418 Mn).

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

	2018	2017
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

12. Investment

As at 31 March	2018 LKR '000	2017 LKR '000
At the end of the year	**4,394,000**	4,394,000

12.1 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. As such, the investment is recorded at cost.

13. Intangible Assets

13.1 Gross Carrying Amounts

As at 31 March	Goodwill LKR '000	License fees on computer software LKR '000	Total LKR '000
Balance 2017	759,298	11,938	771,236
Additions	-	2,498	2,498
Disposals	-	-	-
Balance 2018	759,298	14,437	773,734

13.2 Amortisation

As at 31 March	Goodwill LKR '000	License fees on computer software LKR '000	Total LKR '000
Balance 2017	85,421	11,741	97,162
Charge for the year	-	606	606
Balance 2018	85,421	12,347	97,768

13.3 Net Book Value as at 31.03.2018	673,877	2,090	675,966
13.4 Net Book Value as at 31.03.2017	673,877	197	674,074

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 able to individually identified and separately recognised. Accumulated amortisation as at the balance sheet date amounting to LKR. 85 Mn which were amortised up to 2007 based on 20 years useful life. However, as per the revised accounting standards goodwill is tested annually for impairment and carried at cost less amortisation up to 2007.

14. Inventories

As at 31 March	2018 LKR '000	2017 LKR '000
Summary		
Auto Fuel	**6,996,097**	3,241,490
Bunker Fuel	**1,290,563**	498,276
Bitumen	**474,773**	413,509
Lubricants	**311,037**	222,982
Base oil and other raw materials	**999,821**	383,862
Goods In Transit	**37,715**	61,779
	10,110,006	4,821,898

15. Trade and other Receivables

Current Assets

As at 31 March	2018 LKR '000	2017 LKR '000
Summary		
Trade Receivables - Others (net of Allowance for Impairment)	**3,387,197**	2,072,889
VAT/NBT Receivables	**161,626**	11,586
Other Receivables - Related Party (15.2)	**68,081**	51,547
- Others	**11,427**	51,278
Deposits and Advances	**900,292**	2,190,958
Prepayments	**22,598**	28,617
	4,551,221	4,406,875

15.1 Non Current Assets- Other Receivables

As at 31 March	2018 LKR '000	2017 LKR '000
Staff Loan	**106,450**	107,382
	106,450	107,382

15.2 Other Receivables- Related Parties

As at 31 March	Relationship	2018 LKR '000	2017 LKR '000
Indian Oil Corporation Limited	Immediate Parent	**68,081**	51,547
		68,081	51,547

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

As at 31 March	Total	Neither Past due nor Impaired	Past Due but not Impaired				
			Less than 30 days	31-90 days	91-180 days	181-365 days	More than 365 days
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
2018	**3,387,197**	**2,918,066**	**213,865**	**188,717**	**32,472**	**8,897**	**25,180**
2017	2,072,889	1,915,196	106,259	34,845	4,739	6,845	5,005

15.4 The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned in Note 15.5 below. The Company does not hold any collateral security.

15.5 The carrying amounts of trade and other receivables are denominated in following currencies:

As at 31 March	2018 LKR '000	2017 LKR '000
US Dollars	**1,908,675**	1,238,911
Sri Lankan Rupees	**2,642,546**	3,167,964
	4,551,221	4,406,875

15.6 Receivables of LKR 478 Mn (2017 LKR 484 Mn) were impaired, due to defaults. Movement in the allowance for impairment is as follows:

Allowance for impairment

	2018 LKR '000	2017 LKR '000
As at 01 April	**484,094**	443,041
Provision/(Reversal)for the year	**(6,038)**	41,053
As at 31 March	**478,056**	484,094

16. Cash and Cash Equivalents

16.1 Cash & Cash Equivalent balances

As at 31 March	2018 LKR '000	2017 LKR '000
Cash and Bank Balances	**444,871**	567,136
Short Term investments	**7,962,438**	6,407,876
Total Cash & Cash Equivalent balances	**8,407,309**	6,975,012

17. Stated Capital

		2018 LKR '000	2017 LKR '000
17.1	Stated Capital as at 31 March (In LKR'000s)	**7,576,574**	7,576,574
17.2	Number of Ordinary Shares (As at 31 March)	**532,465,705**	532,465,705

18. Trade and Other Payables

As at 31 March		2018 LKR '000	2017 LKR '000
Trade Payables	- Related Parties (18.2)	**27,602**	19,783
	- Others	**7,733,263**	2,708,737
Other Payables- Related Parties (18.3)		**299,867**	320,326
Sundry Creditors Including Accrued Expenses		**491,573**	544,821
		8,552,305	3,593,667

18.2 Trade Payables- Related Parties

As at 31 March	Relationship	2018 LKR '000	2017 LKR '000
Indian Oil Corporation Limited	Immediate Parent	**27,602**	19,783
		27,602	19,783

18.3 Other Payables- Related Parties

As at 31 March	Relationship	2018 LKR '000	2017 LKR '000
Ceylon Petroleum Storage Terminal Limited	Significant Investee	**299,867**	320,326
		299,867	320,326

19. Other Financial Assets and Liabilities

19.1 Interest Bearing Loans and Borrowings

As at 31 March	2018 LKR '000	2017 LKR '000
Short Term Loans (19.3)	**5,017,829**	886,023
	5,017,829	886,023

19.2 Short Term Investments

As at 31 March	2018 LKR '000	2017 LKR '000
Unit Trust Investment	**7,962,438**	6,407,876
	7,962,438	6,407,876

19.2.1 Investment in Money Market Funds

As at 31 March		Balance 2017 LKR '000	Additions/ (Withdrawals) LKR '000	Fair Value Gain/(Loss) LKR '000	Balance 2018 LKR '000
Unit Trust Investment	Held for Trading	6,407,876	745,379	809,183	**7,962,438**

19.3 The short term loans USD 31.09mn (2017- USD 5.82mn) are unsecured except for the loans from State Bank of India Colombo branch and Singapore branch amounting to USD 6.62mn (2017- USD 1.83mn) . These loans are secured against hypothecation over trading stock held at Kolonnawa, Trincomalee and Muthurajawala terminals.

19.4 The interest rates are as follows:

Short term loans LIBOR + Margin

19.5 The LIBOR rate (monthly) at the date of statement of financial position was 1.88313%

20. Related Party Disclosures

20.1 Transactions with the Related Entities

20.1.1 Transactions with Parent

Year ended 31 March	2018 LKR '000	2017 LKR '000
Nature of Transaction		
Amounts Receivable at beginning of the year	**51,547**	29,972
Amounts Payable at beginning of the year	**(19,783)**	(25,617)
Fund Transfers/Payment Made	**4,339,966**	424,822
Purchases of Goods/Services	**(4,353,500)**	(622,569)
Sale of Goods	**-**	203,893
Expenses Reimbursed	**22,249**	21,263
Amounts Receivable at end of the year	**68,081**	51,547
Amounts Payable at end of the year	**(27,602)**	(19,783)
Net Balance as at 31 March	**40,479**	31,764

20.1.2 During the year, the Company paid a gross dividend of LKR 666 Mn with respect to the financial year ended 31 March 2017, out of which LKR 500 Mn was paid to Indian Oil Corporation Limited.

20.1.3 Transactions with Ceylon Petroleum Storage Terminal Limited

Year ended 31 March	2018 LKR '000	2017 LKR '000
Nature of Transaction		
Amounts Receivable at beginning of the year	-	-
Amounts Payable at beginning of the year	(320,326)	(304,738)
Fund Transfers/Payment Made	1,314,609	1,185,560
Services Rendered	(1,294,150)	(1,201,148)
Amounts Receivable at end of the year	-	-
Amounts Payable at end of the year	(299,867)	(320,326)

During the year, CPSTL paid a gross dividend of 352mn (2017- LKR 100mn) pertaining to financial years 2016 and 2017 to Lanka IOC PLC.

The above transactions are included in Current Liabilities as Amount due to Related Parties and in Current Assets as Amount due from Related Parties.

20.1.4 Apart from the transactions reported above, the company has transactions with other Government of India related entities, which includes but 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.

20.1.5 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 Group is to settle such related party dues within a short term (less than one year)

20.2 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:

Year ended 31 March	2018 LKR '000	2017 LKR '000
Fees for Directors	**2,925**	2,428
Emoluments	**21,074**	18,119
Short Term Employment Benefits	**2,607**	2,640
	26,606	23,187

21. Commitments

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

21.1 Capital Commitments

Capital expenditure contracted for at end of the reporting period but not yet incurred amounts to LKR 301 Mn (2017- LKR 104 Mn).

21.2 Operating lease commitments

The Company has a commitment to pay USD 100,000 per annum to Government of Sri Lanka as lease rental for storage tanks at Trincomalee used by the Company.

The future aggregate minimum lease payments of the operating leases according to the Memorandum of Understanding signed with the Government of Sri Lanka are as follows:

As at 31 March	2018 LKR '000	2017 LKR '000
No later than 1 year	**15,592**	15,217
Later than 1 year and no later than 5 years	**62,369**	60,870
More than 5 years	**249,475**	258,696
	327,436	334,783

21.3 Letters of Credit opened with Banks Favouring Suppliers as at 31 March 2018 amounted to LKR.3,919.84 Mn (2017 - LKR 4,317 Mn).

22. Contingencies

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

22.1 Guarantees issued by Banks on behalf of the Company as at 31 March 2018 amounted to LKR 520 Mn (2017- LKR 424 Mn)

22.2 There is a disagreement on interpretation of NBT Act between Company and Inland Revenue Department. The case is pending before the Tax Appeal Commission for the assessment period Mar-2012 to September-2013 amounting to LKR 335.65 million. For the assessment period Dec-2013 to Dec-2015 amounting to LKR 505.16 million, appeals have been filed before the Commissioner General of Inland Revenue. The estimated liability for the assessment period Mar-2016 to Mar-2018 is LKR 545.44 million for which assessment orders have not yet been issued by Inland Revenue Department. Therefore total Contingent liability as on 31 March 2018 is 1,386.25 million.

23. Assets Pledged

No assets have been pledged as at the reporting date except for those disclosed in Note 19.3

24. Dividend

Year ended 31 March	2018 LKR	2018 LKR '000	2017 LKR	2017 LKR '000
Equity Dividend on Ordinary shares	**Per Share**	**Amount**	**Per Share**	**Amount**
Declared and Paid during the year	**1.25**	**665,582**	1.25	665,582

25. Events After the Reporting Date

Final dividend

The Board of Directors of the Company recommend a final dividend of LKR 0.65 per share for the financial year ended 31 March 2018. As required by section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the Companies Act No.07 of 2007,and will obtain a certificate from auditors, prior to declaring a final dividend.

In accordance with LKAS 10, the final dividend has not been recognised as an liability in the financial statements as at 31 March 2018.

26. 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.

26.1 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 31 March 2018	Denominated in LKR LKR '000	Denominated in USD LKR '000
Cash at bank and in hand	430,330	14,541
Interest Bearing Loans & Borrowings	170,447	4,847,382
Trade and Other Receivables (Current)	2,619,949	1,908,675
Other Receivables (Non Current)	106,450	-

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,Repo investments and Unit Trust investments. The Company manages its interest rate risk by daily monitoring and managing of cash flow, by keeping borrowings to a minimum and negotiating favorable rates on borrowings.

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, 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).

As at 31 March	Average Value LKR '000	Year End Exchange Rate	Change in USD Rate	Effect on Profit Before Tax LKR '000
2018				
Interest Bearing Loans and Borrowings (USD)	**4,847,382**	**155.92**	**+/- 1%**	**+/- 48,474**
Trade and Other Receivables (USD)	**1,908,675**	**155.92**	**+/- 1%**	**+/- 19,087**
Trade and Other Payables (USD)	**6,201,640**	**155.92**	**+/- 1%**	**+/- 62,016**
2017				
Interest Bearing Loans and Borrowings (USD)	886,023	152.17	+/- 1%	+/- 8,860
Trade and Other Receivables (USD)	1,238,911	152.17	+/- 1%	+/- 12,389
Trade and Other Payables (USD)	1,452,309	152.17	+/- 1%	+/- 14,523

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.

26.2 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. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

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.

26.3 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, 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 31 March 2018	**Less than 1 year**	**More than 1 year**	**Total**
	LKR '000	**LKR '000**	**LKR '000**
Interest-bearing loans and borrowings	5,017,829	-	5,017,829
Trade and Other Payables	8,552,305	-	8,552,305
	13,570,134	-	13,570,134

26.4 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.

26.5 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 gearing ratio.

As at 31 March	**2018** **LKR '000**	**2017** **LKR '000**
Total borrowings (Note 19)	**5,017,829**	886,023
Less :- Cash and cash equivalents (Note 16)	**(8,407,309)**	(6,975,012)
Net debt	**-**	-
Total Equity	**19,369,120**	20,790,267
Total Capital	**19,369,120**	20,790,267
Gearing ratio	**-**	-

27. Fair Values

Set out below is a comparison of the carrying amounts and fair values of the Company's financial instruments by classes, that are not carried at fair value in the financial statements.

As at 31 March		Carrying Amount		Fair Value	
		2018 LKR '000	2017 LKR '000	2018 LKR '000	2017 LKR '000
Financial Assets					
Other Receivables (Non Current)	A	**106,450**	107,382	**106,450**	107,382
Trade and Other Receivables (Current)	A	**4,366,997**	4,366,673	**4,366,997**	4,366,673
Short Term Investments	A	**7,962,438**	6,407,876	**7,962,438**	6,407,876
Cash and Bank Balance	A	**444,871**	567,136	**444,871**	567,136
Total		**12,880,756**	11,449,067	**12,880,756**	11,449,067
Financial Liabilities					
Trade and Other Payables	A	**8,060,732**	3,048,846	**8,060,732**	3,048,846
Interest Bearing Loans and Borrowings (Current)	A	**5,017,829**	886,023	**5,017,829**	886,023
Total		**13,078,561**	3,934,869	**13,078,561**	3,934,869

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

A - Cash and short-term deposits, short term investment, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

28. 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 LKAS 39 - Financial Instruments : Recognition and measurement and by Statement of Financial Position heading:

As at 31 March 2018	Financial Assets and Liabilities at Amortised Cost LKR '000	Total LKR '000
Financial Assets		
Other Receivables (Non Current)	106,450	106,450
Trade and Other Receivables (Current)	4,366,997	4,366,997
Short Term Investments	7,962,438	7,962,438
Cash and Cash Equivalents	444,871	444,871
Total Financial Assets	12,880,756	12,880,756
Financial Liabilities		
Trade and Other Payables	8,060,732	8,060,732
Interest Bearing Loans and Borrowings	5,017,829	5,017,829
Total Financial Liabilities	13,078,561	13,078,561

As at 31 March 2017	Financial Assets and Liabilities at Amortised Cost LKR '000	Total LKR '000
Financial Assets		
Other Receivables (Non Current)	107,382	107,382
Trade and Other Receivables (Current)	4,366,673	4,366,673
Short Term Investments	6,407,876	6,407,876
Cash and Cash Equivalents	567,136	567,136
Total Financial Assets	11,449,067	11,449,067
Financial Liabilities		
Trade and Other Payables	3,048,846	3,048,846
Interest Bearing Loans and Borrowings (Current)	886,023	886,023
Total Financial Liabilities	3,934,869	3,934,869

29. Reclassification

Reclassifications have been made to the prior year's income statements to enhance comparability with the current year's financial statements. As a result, material handling costs have been amended in the statement of comprehensive income. The items were reclassified as follows:

Year ended 31 March	After reclassification 2017 LKR '000	Previously reported 2017 LKR '000
Cost of sales	74,070,918	73,981,564
Selling and Distribution Expenses	2,505,419	2,594,773