ENERGIZING THE NATION

LAUGFS GAS PLC

Annual Report 2022/23

ENERGIZING THE NATION

For over 20 years, we have let our futuristic vision guide us in the direction of success, fulfilling the energy needs of a nation.

Our sustainable business model is trusted by thousands of stakeholders who count on us to deliver a range of domestic, industrial and commercial solutions that serve them in everyday life. We symbolise the traits of an energised lion, mighty and courageous, created to endure all battles and despite facing multiple hurdles this year, we unleashed a renewed spirit of determination to navigate challenging market conditions and find new ways to deliver lasting value.

Our people, together with our supply chain partners worked tirelessly to meet the demands of a nation, resulting in increased efficiencies across the value chain.

As we continue on our journey to energise the nation, we have optimised the business today for greater success, tomorrow.

We are LAUGFS ; We energise the nation.

Scan this QR Code with
your smart device to view
this Annual Report Online

Contents

Our Vision, Mission and Values

Vision

To be the most preferred and trusted Sri Lankan multinational that touches the day-to-day lives of people in Sri Lanka and beyond, through a diverse Group of companies.

Mission

Be the leader in the market segments we operate in.

Introduce latest innovations, technology and solutions to add value to the consumer.

Promote a 'Safety' culture, encompassing People, Products and Processes.

Ensure fair returns to all our stakeholders.

Lead by example as an exemplary Sri Lankan entity.

Values

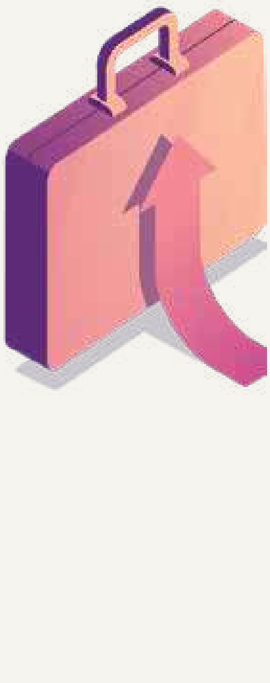
Customer centricity

Integrity

Being a reponsible corporate citizen

Innovativeness

Teamwork



About the Report

GRI 2-3,2-4,2-5

OUR REPORTING FRAMEWORK

SCOPE AND BOUNDARIES

The report discloses the operations of LAUGFS Gas PLC and its subsidiaries. No restatements of information or changes to reporting were made during the year.

Reporting Cycle:
Annual

Reporting Period:
1st April 2022 to 31st March 2023

Date of the most recent report:
1st April 2021 to 31st March 2022

REGULATORY FRAMEWORKS APPLIED

- Companies Act No.7 of 2007
- Listing Rules of the Colombo Stock Exchange
- Sri Lanka Accounting & Auditing Standards Act No.15 of 2015
- Sri Lanka Financial Reporting Standards

VOLUNTARY FRAMEWORKS APPLIED

- Integrated Reporting Framework issued by the International Integrated Reporting Council.
- This report follows Global Reporting Initiative (GRI) standards: "Core option"
- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants. The Securities and Exchange Commission of Sri Lanka and the Colombo Stock Exchange
- Communicating Sustainability issued by the Colombo Stock Exchange

MEMBERSHIPS

- World LPG Association
- Ceylon National Chamber of Industries (CNCI)

LAUGFS Group has made outstanding progress throughout its journey of 28 years. We are successful in providing our stakeholders with our strategic thinking, performance and prospects in a comprehensive manner with the aim of assisting them in making an informed assessment of our performance and value creation.

The Tenth Annual Report is presented to you with the quality improvements to the report in accordance with the guiding principles outlined in the International Integrated Reporting Framework (IIRC) as explained below.

Strategic Focus and Future Orientation

Our strategy, how it relates to our potential in value creation in the short, medium and long term and to its use of and effects on the capitals are specified in the report. Refer pages 22 and 23.

Connectivity of Information

Using navigating icons the interrelatedness of the information is maintained throughout the report.

Stakeholder Relationships

The nature and the quality of our relationships with our key stakeholders are depicted in the report. Refer pages 24 to 25.

Materiality

The report reveals the matters that evidently affect our ability to create value over the short, medium and long term. Refer to Pages 28 to 31.

Conciseness

All the relevant and necessary information is provided economically.

Reliability and Completeness

The report includes all the material information in a balanced way and free of material error. External auditors have audited both financial and non-financial information.

We have maintained the integrity of our GRI report by securing external assurance from Ernest and Young, a recognised leader in the field. Their independent validation enhances the credibility of our sustainability efforts.

Consistency and Comparability

Both financial and non-financial information is presented for the current year and the comparable periods and the same key performance indicators are reported over the comparable periods.

BOARD ACKNOWLEDGEMENT

The Management of LAUGFS Gas PLC has prepared and reviewed the contents of all reports and recommended the report to the Group's Board Audit Committee for its approval. The Board acknowledges its responsibility to ensure that the Annual Integrated Report provides a balanced overview of performance.

For any queries on the report,
Please contact

Legal Officer
LAUGFS Gas PLC
101, Maya Avenue
Colombo 06.

Contact No. 011 556 8236

About Us

LAUGFS Gas PLC as a leading provider of LPG solutions in Sri Lanka has provided our nation's consumers with access to affordable LPG solutions for more than 20 years since its commencement in 2001. LAUGFS Gas has won the trust of its consumers from the domestic, commercial and industrial sectors, for quality, safety and reliability.

The subsidiary companies which together form a robust supply chain in the Group, facilitate the creation of a solid base through investments in procurement, transportation and logistics. With a widespread distributor network, our dependable and effective downstream LPG business delivers our products and services to consumers in all areas of the island.

LAUGFS Gas intends to expand its presence across the region, exploring newer markets in the near future, exceeding the boundaries of the Sri Lankan market.

OUR GROUP

HOLDING COMPANY

LAUGFS GAS PLC

Specialises in refilling, marketing and distribution of LPG in Sri Lanka and providing related consultancy services.

30 Distributors	10,000+ Dealers

SUBSIDIARY COMPANIES

LAUGFS MARITIME SERVICES (PVT) LTD

- Operates its own fleet of ships: Gas Challenger, Gas Success and Gas Courage and provides logistic services
- Provides vessel chartering services to meet Group and external requirements

LAUGFS TERMINALS LTD

Owns and operates South Asia's largest LPG Transshipment Terminal with a 30,000 MT storage facility at Hambantota International Port

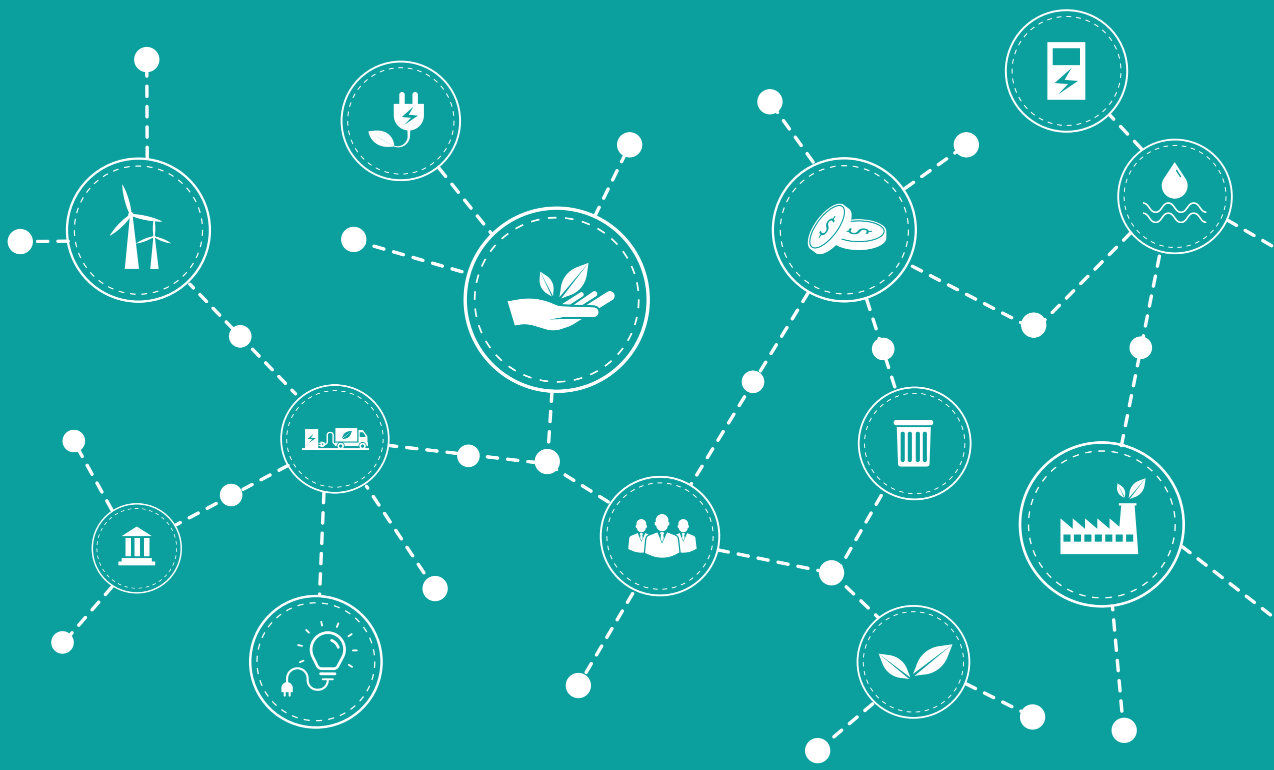
SLOGAL ENERGY DMCC

Based in Dubai, specialises in the procurement and trading of LPG

LAUGFS PROPERTY DEVELOPERS (PVT) LTD

Owns and manages 88,082 sq. ft of office that houses the parent company, LAUGFS Holdings Ltd. and its subsidiaries.

LAUGFS Gas PLC and its subsidiaries collectively contribute to the achievement of Global Sustainability Development Goals. Their special contribution to economic viability, environmental protection and social equity during 2022/2023 is indicated in each of the Capitals (refer pages from 52 to 81).



Our Economic, Environmental and Societal Contributions

ESG

Environmental, Social & Governance.

EMPLOYMENT

227

Direct employment

130

Indirect employment

INFRASTRUCTURE

- The only private sector LPG terminal operator in Sri Lanka
- Owns the largest LPG storage terminal in South Asia
- Own and charter three LPG Vessels
- Own filling and storage facilities for domestic and commercial sectors located in:

  Mabima and Hambantota Sri Lanka.

ECONOMIC VALUE ADDITION

Rs. 8,713Mn

Economic value added

Rs. 7,559Mn

Distributed

Rs. (1,201Mn)

Retained

TAXES

Rs. 317Mn

Direct Taxes

HEALTH AND SAFETY

LPG is considered a cleaner energy fuel due to high energy efficiency and low CO_2 emissions.

Our Strategic Timeline

1994

Established Gas Auto Lanka (Pvt) Ltd. and entered auto gas conversion business.

1998

Obtained World LPG Association Membership.

2000

Incorporated LAUGFS Gas (Pvt) Ltd.

Obtained BOI approval and signed BOI agreement for LAUGFS Gas.

2001

Entered the LPG domestic industry.

Tripartite Agreement signed between CPC, Ministry of Finance and LAUGFS Gas for the purchase of CPC produced LPG.

2002

The first LPG vessel - LAUGFS Wega - was registered under the flag of Sri Lanka.

2007

Agreement signed between Consumer Affairs Authority and LAUGFS Gas for the price formula.

2010

Listed in the Colombo Stock Exchange.

2014

LAUGFS Maritime Services (Pvt) Ltd. acquired its first LPG vessel 'Gas Challenger'.

2015

Acquired the LPG vessel 'Gas Success', further strengthening the vessel fleet of LAUGFS Maritime.

LAUGFS became the first Sri Lankan energy brand to become a multinational with the acquisition of Petredec Elpiji Ltd., and established LAUGFS Gas (Bangladesh) Ltd. (Divested w.e.f. November 2022)

Commenced construction of LAUGFS LPG Terminal.

2017

LAUGFS Maritime expanded LPG vessel fleet with another addition, 'Gas Courage'.

2018

Completed construction of LAUGFS Terminal in Sri Lanka.

Signed agreement with Total Gas Bangladesh on cylinder filling. (Divested w.e.f. November 2022)

Installed a cylinder re-qualification plant in Bangladesh. (Divested w.e.f. November 2022)

2019

South Asia's largest LPG Transhipment Terminal by LAUGFS officially commenced operations in Hambantota International Port.

2020

Commenced the Filling and Distribution Plant operation at Hambantota Terminal Facility.

Financial Highlights

	Group			Company		
	2023 Rs.'000	2022 Rs.'000	Change	2023 Rs.'000	2022 Rs.'000	Change
Summary of Operations						
Revenue	22,526,750	24,023,408	-6%	18,533,538	9,254,488	100%
Gross Profit / (Loss)	6,429,555	(952,359)	775%	5,189,829	(441,904)	1,274%
Profit / (Loss) from Operations	4,789,263	(1,920,212)	349%	4,097,482	(1,612,464)	354%
Other Operating Income	273,217	392,933	-30%	271,457	432,367	-37%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	6,759,486	(565,361)	1,296%	5,085,290	(973,366)	622%
Finance Cost	(5,719,297)	(2,201,805)	160%	(4,055,704)	(1,518,387)	167%
Profit/ (Loss) Before Tax	(884,100)	(4,119,070)	79%	54,388	(3,128,281)	102%
Income Tax Expense	(316,615)	498,074	-164%	(169,492)	632,456	-127%
Profit/ (Loss) for the Year from Continuing Operations	(1,200,715)	(3,620,996)	67%	(115,104)	(2,495,825)	-95%
Loss after Tax for the Year from Discontinued Operations	(3,439,245)	(361,477)	1,051%	-	-	-
Profit/ (Loss) for the Year	2,238,530	(3,982,473)	156%	(115,104)	(2,495,825)	-95%
Total Comprehensive Income / (Loss) for the Year Net of Tax	(1,734,067)	5,643,455	-131%	(5,071,688)	4,645,484	-209%
Summary of Financial Position						
Property, Plant and Equipment	34,576,116	42,010,483	-18%	13,000,339	13,955,908	-7%
Right of Use Assets	1,365,082	1,296,282	5%	40,768	57,325	-29%
Investment Properties	3,725,507	3,480,507	7%	1,167,200	1,076,200	8%
Investments in Subsidiaries	-	-	-	26,367,558	35,004,287	-25%
Other Non-Current Financial Assets	19,181	18,495	4%	19,181	18,495	4%
Current Assets	6,003,268	6,540,288	-8%	4,102,406	1,899,565	116%
Total Assets	45,703,676	57,702,596	-21%	44,697,527	52,011,779	-14%
Non Current Liabilities	19,385,849	20,941,100	-7%	8,550,532	8,114,117	5%
Current Liabilities	21,862,801	30,572,404	-28%	15,597,671	18,276,651	-15%
Total Liabilities	41,248,651	51,513,503	-20%	24,148,204	26,390,768	-8%
Shareholders' Interest						
Stated Capital	1,000,000	1,000,000	0%	1,000,000	1,000,000	0%
Fair Value Reserve of Financial Assets at FVTOCI	(21,132)	(21,818)	3%	16,837,202	24,863,277	-32%
Revaluation Reserve	5,608,275	7,474,519	-25%	4,596,803	4,983,381	-8%
Foreign Currency Translation Reserve	462,171	4,293,985	-89%	-	-	-
Accumulated Losses	(3,184,740)	(7,131,205)	55%	(1,884,682)	(5,225,646)	64%
Equity attributable to Equity Holders of the Parent	3,864,575	5,615,481	-31%	20,549,323	25,621,012	-20%
Return on Equity (%)	57%	-73%	179%	-1%	-10%	-94%
Net Assets Value per Share (Rs.)	9.99	14.51	-31%	53.10	66.20	-20%
Leverage						
Interest Cover (Times)	0.85	(0.87)	197%	1.01	(1.06)	196%
Financial Ratio						
Gross Profit Margin	29%	-4%	820%	28%	-5%	686%
EBITDA Margin	30%	-2%	5,290%	27%	-11%	361%
Net Profit Margin	10%	-17%	-160%	-1%	-27%	-98%
Earnings /(Loss) per Share (Rs.)	5.74	(10.54)	154%	(0.30)	(6.45)	95%
Dividend Payout (%)	-	-	-	-	-	-
Assets Turnover (Times)	0.49	0.42	18%	0.41	0.18	133%
Equity to Assets (Times)	0.10	0.11	-9%	0.46	0.49	-7%
Current Ratio (Times)	0.27	0.21	28%	0.26	0.10	153%
Quick Ratio (Times)	0.17	0.15	12%	0.13	0.08	66%

Non-Financial Highlights

GRI 204-1

ECONOMIC PERFORMANCE

CUSTOMERS
Rs. 22,527Mn
Of revenue generated

SUPPLIERS
Rs. 14,378Mn
Payments to suppliers

14% Spending on local suppliers

BUSINESS PARTNERS

30
Distributors

10,000+
Dealers

Strengthened and expanded the distribution channel

TOTAL WORKFORCE

42
New recruits

3,490
Total Training Hours

23
Female representation

15
Workplace Injuries

SOCIAL & COMMUNITY ENGAGEMENT

Donation of Rs. 2.6Mn to support Community Groups and Societies

SOCIAL PERFORMANCE

CAPACITY BUILDING

- The only private-sector operator in the LPG industry.
- Own South Asia's largest storage terminal.
- Own and charter three LPG vessels.

VALUE ADDITION
Rs. 8,713Mn

INDIRECT EMPLOYMENT

130
Indirect Employment

08
Job opportunities offered outside Western Province

ENVIRONMENTAL PERFORMANCE

MATERIAL CONSUMPTION
75,857 MT

ENERGY CONSUMPTION
433,514,389 MJ

WATER CONSUMPTION
2,070 M^3

Group Chairman's Message

A profit after tax of

Rs. 2.2 Bn

was attributed to equity holders.

The LAUGFS Group has successfully navigated a challenging year thanks to the dedication and expertise of our people. Through their commendable positivity, innovative thinking and adaptability, the LAUGFS team has overcome various obstacles and challenges during the year.

Deshabandu W.K.H. Wegapitiya, PhD
Group Chairman

Group Chairman's Message

Dear Shareholders,

The financial year ended 31 March 2023 has been a year of unprecedented challenges that necessitated innovative and unconventional approaches by LAUGFS Gas. Despite the prevailing macroeconomic conditions both locally and globally, LAUGFS Gas made every effort to optimise its operations and ensure the delivery of LP gas, a vital commodity for countless households in Sri Lanka. Our resilient performance was made possible due to the dedication and hard work of our staff and supply chain partners who worked tirelessly to meet the needs of our valued customers.

ANALYSIS OF THE OPERATING ENVIRONMENT

During the year under review, the global economy displayed a sharp deceleration driven by a multitude of challenges including a tightening of financial conditions, high inflation across many economies, geopolitical tensions driven by the Ukraine-Russia war, and the lingering effects of the COVID-19 pandemic as well as increasing concerns regarding food security and global recession.

According to the World Economic Outlook (WEO) of IMF, global growth was expected to drop from 6.0% in 2021 to 3.2% in 2022 and 2.7% in 2023. The deceleration is mainly driven by the muted performance of major economies such as the United States, Europe and China, with its spillover effects impacting the performance of advanced, emerging as well as developing economies.

Sri Lanka too experienced setbacks in its operating environment marked by many challenges arising from the unprecedented economic crisis and political instability. The domestic GDP recorded a negative growth of 7.8% compared to the growth of 3.7% recorded the previous year. The decline of official foreign reserves, leading to the depreciation of the Sri Lankan rupee, resulted in delays in procurements while the hikes in interest rates and high inflation increased the cost of living and production, which impacted all key sectors of the economy and contributed to the negative growth in GDP.

Global crude oil prices fluctuated throughout the year, with the first half of the year recording a price hike driven by the geopolitical tensions between Russia and Ukraine. However, during the latter half of the year, a decrease in crude oil prices was recorded amidst concerns about a possible economic recession. Additionally, the increase in the global supply of crude oil from the US and international Strategic Petroleum Reserve release programmes, coupled with rising inflation, further contributed to the drop in crude oil prices. Accordingly, Propane and Butane prices fluctuated throughout the year reflecting, the trends in the global oil market.

PERFORMANCE DURING THE YEAR

The revenue of the Group was Rs. 22,527Mn compared to Rs. 24,023Mn last year. Profit after tax was Rs. 2,239Mn which was a 156% increase compared to the previous year.

Supply constraints due to the forex crisis were a major factor which affected the profit margins of the Group. The shortage of US dollars along with the reluctance of banks to open LCs resulted in procurement operations being severely affected and caused disruptions to supply of LPG to the domestic market. Additionally, the macroeconomic challenges resulting from the severe depreciation of the Sri Lankan rupee resulted in the Group incurring extra costs across most of its operations.

As a result of the drastic economic hardships, many domestic customers began opting for cost effective alternative energy sources, which resulted in an overall reduction in LPG consumption during the first half of the year. However, as the prices of alternative utilities increased, a gradual increase in demand was recorded and the demand for LPG moderated towards the end of the year under review. The introduction of the cost-plus pricing mechanism during the year, which considers the global LPG pricing as well as the customer's perspective, ensured the regular revised LPG prices were fair by all stakeholders.

The trading arm of the Group, SLOGAL Energy recorded a satisfactory performance from the third quarter of the year onwards, while the timely divestment of a part of the Group's international operations in Bangladesh resulted in additional gain. LAUGFS then made a strategic move to harness its considerable strengths in lubricants by entering the lucrative market for lubricants in Bangladesh.

FORESEEING THE FUTURE

LPG is expected to continue to be a foremost choice as a low carbon alternative fuel due to its comparatively lower particulate emissions during combustion. Despite a dip observed during the year, the overall domestic demand for LPG continues to climb as an affordable clean burning fuel.

The global LPG market continues to expand rapidly and is expected to grow at a compound annual growth rate of 6.5% from 2021 to 2030 to a projected value of USD 243.4 Bn. The Group is exploring measures to increase the availability of 5kg LPG cylinders which have become increasingly popular among cash-strapped segments looking for short term energy investments.

LAUGFS Gas continues its efforts to lobby for wider adoption of LPG with the aim of supporting a sustainable low carbon economy while driving profits. The Group also continues its efforts to convince stakeholders to push for conducive government policies for the continuation of uninterrupted business operations.

The Group expects to increase its international reach to further facilitate its operations in Sri Lanka through the diversification of its product portfolio and building partnerships with overseas banks. Efficient cost management, financial discipline and flexible strategy are expected to contribute to the prudent navigation of challenges in the coming year and ensure the continued stability of the Group.

OUR HUMAN RESOURCE

The LAUGFS Group has successfully navigated a challenging year thanks to the dedication and expertise of our people. Through their commendable positivity, innovative thinking and adaptability, the LAUGFS team has overcome various obstacles and challenges during the year.

However, challenging macroeconomic conditions resulted in a high rate of turnover in employees during the year. To mitigate the resulting challenges associated with the loss of vital talent, LAUGFS Gas has implemented comprehensive strategies to add value to our human resources, including a human resource performance management culture. As a result, the Group has adopted a sustainable succession planning process to recognise the performance of employees through an increased focus on KPIs.

The LAUGFS Safety Management System has continued to prioritise the safety of both internal employees and external stakeholders. The tumultuous changes experienced during the year have not only contributed to enhance the Group's overall resilience but also fostered individual development and instilled a sense of confidence in our employees to tackle a wide range of tasks.

ACKNOWLEDGEMENTS

I thank our Directors for their meticulous decision-making skills in guiding the Group through a challenging period. I would also like to express my appreciation to all our colleagues and the Group CEO for the prompt implementation of effective strategies to support business operations during anticipated and unforeseen difficulties. I extend my heartfelt gratitude to our employees for their unwavering commitment and assistance in providing exceptional service to our customers throughout the year.

My profound appreciation is extended to all stakeholders for their invaluable support and guidance in enabling us to deliver to the best of our abilities, and look forward to their continued support in our pursuit of delivering excellence and enhancing shareholder value in the upcoming year.

Deshabandu W.K.H. Wegapitiya, PhD

Group Chairman

14th August 2023

Group Deputy Chairman's Message

In the year under review, the Group's energy sector recorded a revenue growth of

100%

The LAUGFS Group's robust integration of the mid and downstream operations of the LPG segment proved to be its greatest strength during the severe crisis faced by the country on all fronts during the year under review. This integration established several years ago also contributed significantly to keeping the rest of the sectors in the Group afloat during this time.

U.K. Thilak De Silva
Group Deputy Chairman

Group Deputy Chairman's Message

Dear Shareholders,

LAUGFS Gas faced numerous obstacles as Sri Lanka's economy suffered a major setback during the financial year 2022/23. These challenges necessitated a shift in strategies and measures to withstand the impact caused on the gas sector. However, LAUGFS Gas displayed its strength and flexibility in maintaining its commitment to providing our customers with the highest level of service and dedication to ensure a steady supply of LP gas to the nation.

CRUCIAL ROLE OF LPG

The LAUGFS Group's robust integration of the mid and downstream operations of the LPG segment proved to be its greatest strength during the severe crisis faced by the country on all fronts during the year under review. This integration established several years ago also contributed significantly to keeping the rest of the sectors in the Group afloat during this time.

LPG is known to emit lower levels of harmful emissions and greenhouse gases, making it a cleaner energy source overall. While it is primarily used for cooking and industrial purposes, LPG has many versatile applications, including power generation, marine fuel, autogas, heating, and industrial uses. Although Sri Lanka focuses on using LPG as a cooking fuel, there is high potential to expand its application across various industries in the country. Transitioning to environmentally-friendly alternative energy sources creates a low-carbon economy which benefits the entire country.

THE YEAR AT A GLANCE

The procurement and supply of LPG were affected by the shortage of foreign exchange, transportation difficulties resulting from the fuel crisis, and the sociopolitical instability that prevailed in the country. However, the LAUGFS Group was able to restore its imports with the financial assistance provided by the banking sector. The Company made several revisions to domestic prices with respect to global LPG prices which remained high despite a slight decrease in 2022.

DOWNSTREAM OPERATIONS

The weak economic conditions prevailing in the country posed threats to the LPG downstream operations in Sri Lanka. The LAUGFS Group managed its downstream operations in the country following the implementation of the cost-plus pricing system and adjusted its prices regularly. It then continued to monitor international market pricing to make changes to local gas prices on a regular basis, ensuring customers also received the benefit of low prices when possible.

The LAUGFS Group divested its downstream business operations in Bangladesh due to the economic recession in that country during the last financial year. This decision proved to be beneficial for the Group, as it enabled the sustenance of the business in Sri Lanka. However, the Group still sees potential in the bulk segment of the Bangladeshi market with opportunities to supply to traders in the future and continues to monitor the downstream market in Bangladesh for any lucrative opportunities.

MIDSTREAM OPERATIONS

The midstream operations, including trading and transportation, were hit hard in the first half of the financial year. The lack of dollars and disapproval of Sri Lanka's LCs by the international market created interruptions in business operations. During this period, the Group experienced a significant surge in demand for LPG as supply was limited. The latter half of the year witnessed a decline in demand due to the exorbitant price of LPG. However, the LAUGFS Group was able to obtain financial facilities to commence its operations at the end of the second quarter. Following this, LAUGFS Gas was able to procure LPG through SLOGAL during this period supported by the actions of the Central bank which absorbed US dollar 2.1 billion from licensed banks and provided US dollar 2.7 billion to fulfill the foreign exchange requirement for essential imports including cooking gas.

The Group's bottling plant adjacent to the storage terminal in Hambantota is a cost-effective measure that improved the efficiency of the LAUGFS Gas supply chain logistics. With the inauguration of a modern bowser loading facility, the Group successfully streamlined the transportation of LPG via both sea and land. Our maritime division, LAUGFS Maritime Services, played a pivotal role in this success, delivering a profitable performance together with our terminal facility LAUGFS Terminals Limited, a fully-owned subsidiary of LAUGFS Gas PLC, which has a 30,000 MT storage capacity LP gas terminal located at the Hambantota Port.

FUTURE OUTLOOK

The global LPG market is optimistic with future growth expected at a Compound Annual Growth Rate (CAGR) of 6.5% from 2021 to 2030. The domestic LPG market is also expected to expand with favourable conditions stemming from the moderation of inflation, price increases in alternative energy sources due to a rise in demand, and utility price hikes.

It is expected that the measures adopted to restore stability to the economy of the country will resolve the numerous macroeconomic issues faced by the respective stakeholders. A consistent supply of LPG is guaranteed with the steadying of both the domestic economy and Sri Lankan currency at a satisfactory level. Despite several challenges, the LAUGFS leadership team aims to enhance midstream operations by utilising resources efficiently and increasing value across the supply chain. LAUGFS Gas is determined to maintain its profitability in the face of obstacles while ensuring the global expansion of the business.

ACKNOWLEDGEMENTS

LAUGFS Gas has experienced noteworthy success over the years in several markets in different countries. This success would not have been possible without the dedication and tireless efforts of our loyal employees, who have played a pivotal role in the Group's accomplishments. I extend my gratitude to them for their commitment, steadfastness, and resilience throughout the year.

Moreover, I express my appreciation to our Chairman and fellow Board members for their invaluable guidance and insights, which have helped LAUGFS Gas navigate the challenges associated with the LPG value chain and manage its resources optimally during difficult times. Finally, I thank our shareholders and other stakeholders for their continuous support during these unprecedented times and look forward to achieving greater success in the upcoming financial year.

U.K. Thilak De Silva
Group Deputy Chairman

14th August 2023

Group Managing Director/ Group Chief Executive Officer's Message

Operating profits of the Group's Energy Sector grew by

354%

The LAUGFS Group remains positive about the future and is poised to make bold strides forward once economic stability is achieved. The Group is well positioned to sustain its business with the prospect of achieving a favourable profit margin and remains confident that its shareholders will reap significant benefits in a promising future.

Piyadasa Kudabalage
Group Managing Director/ GCEO

Group Managing Director/ Group Chief Executive Officer's Message

Dear Shareholders,

Financial Year 2022/23 was full of challenging uncertainties that tested the LAUGFS Group's mettle and resilience. Despite these challenges, the Group remained steadfast in its commitment to navigate the complex variables impacting the LPG value chain and delivering exceptional value to our loyal customers and stakeholders.

STRONG PRESENCE

The subsidiary structure of LAUGFS Group has been developed to ensure business continuity and resilience in maintaining an uninterrupted supply of LPG to both residential and commercial clients, as well as various industries. LAUGFS Gas PLC possesses a unique strength due to its subsidiary companies which collaborate in various areas such as procurement, transportation and logistics to achieve the ultimate goal of handling the entire operation internally, from the point of procurement through to delivery to the consumer.

LAUGFS Gas PLC has four subsidiary companies, including SLOGAL Energy DMCC, which is an energy trading business based in Dubai, through which the entire procurement process is handled. LAUGFS Terminals Ltd. runs a LPG transshipment and storage facility at the Port of Hambantota, which is one of the largest storage facilities in Asia being developed by LAUGFS Group. LAUGFS Maritime Services (Pvt) Ltd. is responsible for all maritime LPG logistics and trading activities in the region with a focus on Bangladesh, Maldives, and Pakistan, while LAUGFS Property Developers (Pvt) Ltd. owns the LAUGFS Head Office building.

The integration of the processes of the LPG value chain has continued to give a competitive edge to LAUGFS Gas in the domestic market.

MACROECONOMIC CHALLENGES

During the financial year ended 31 March 2023, the Group faced operational difficulties owing to the prevailing unfavourable economic conditions in the country such as the forex crisis and high inflation which resulted in an inability to procure essential resources, and presented challenges in the opening of LCs required for shipping, which were not accepted in the international market. The lack of LCs resulted in the Group facing difficulties in obtaining the required quantity of LPG from the global market to cater to domestic demand. Despite these challenges, the Group's operations began to moderate during the latter half of the financial year.

The global market price for LPG was also was on the rise during the last two quarters of FY 2022/23, causing concerns regarding the affordability of gas. The depleted economic conditions of the country, coupled with the severe depreciation of the Sri Lankan rupee led to a decrease in the buying power of many consumers which created a significant hurdle for many households to purchase LPG.

The LAUGFS Group was confronted with the challenge of maintaining its revenue and profit margins while simultaneously ensuring that its merchandise remains within the reach of customers. A considerable portion of consumers from the rural sector, in particular, shifted from LPG to other substitutes due to sharp hikes in the prices of gas cylinders. Nevertheless, as the cost of alternatives began to rise, the demand for LPG began to increase owing to its comparable economic feasibility. Hence, a sharp increase in the demand for 5 kg gas cylinders was recorded which is a more convenient option compared to larger gas cylinders.

There have also been challenges on the labour front for the Group with an increasing number of skilled professionals emigrating from the country in order to escape the prevailing dire economic circumstances which has been a trend observed in most industries. In addition the high levels of PAYE taxes levied on employees in higher pay brackets by the Government has been a challenge to navigate.

Nevertheless, the Group remains committed to addressing these issues at a corporate level by formulating effective strategic solutions.

PRICING FORMULA

The replacement of the Maximum Retail Pricing (MRP) mechanism with a monthly formula based pricing scheme was a crucial factor in the moderation of the performance of the Group towards the end of the financial year. The downstream gas business operations in Sri Lanka were adversely affected during the last five years due to the MRP imposed by the regulator which had a significant impact on the Group's profitability and overall performance.

The authorities decided to withdraw the gazette notification on MRP having convinced the detrimental effect of it. The stakeholders of the LPG downstream operations were able to arrive at just and equitable pricing decision as a result ultimately benefiting all stakeholders involved. Moreover, the Group has implemented a cost-plus pricing strategy that consistently upholds consumer interest and updates the LPG prices regularly, aligning with global market rates, while ensuring the best price possible for both customers and traders.

REGAINING POWER

In order to regain their customers' trust and confidence, LAUGFS Gas prioritised the necessity to reassure their consumers of their commitment to providing a steady and reliable supply of LPG. The supply chain was optimised and streamlined with the use of ample cargo to meet the demand for LPG. This approach has been successful in sustaining a consistent supply without any interruptions or shortages.

Moreover, customers were provided with various other amenities such as the option of home delivery. In addition, certain dealer points were re-activated and re-appointed. A comprehensive channel cleansing is carried out on a regular basis to ensure the efficiency of the Group's distribution system by reviewing and adjusting the pricing system monthly based on the prevailing contract price and exchange rate.

FUTURE PROSPECTS

The LAUGFS Group remains positive about the future and is poised to make bold strides forward once economic stability is achieved. The Group is well positioned to sustain its business with the prospect of achieving a favourable profit margin and remains confident that its shareholders will reap significant benefits in a promising future.

Domestic Market

The Group also has ambitious plans to strengthen its position in the domestic market and grow its channels significantly. With the aim of ensuring a consistent supply of LPG, the Group plans to increase the volume of the industrial and commercial sectors. The strategic plans of the Group involve exploring a number of avenues to reduce costs and gain a competitive edge through which, the LAUGFS Group would expand its market presence and achieve sustained growth in the future.

ACKNOWLEDGEMENTS

I express my sincere appreciation to the Group Chairman, Deputy Chairman, and the Board of Directors for their invaluable guidance in steering the Group through a tumultuous year. My gratitude also goes to our trusted banking institutions and regulatory bodies for their continuous support. I recognise the commitment and dedication of the entire LAUGFS Gas Group during a particularly difficult year, where they gave their very best. Lastly, I extend my deepest thanks to our loyal customers, shareholders, and supply chain partners for their continuous support and faith in us during these trying times.

Piyadasa Kudabalage
Group Managing Director/ GCEO

14th August 2023

Focus on Strategy

GRI 2-6

INPUTS

FINANCIAL CAPITAL

Total Assets - Rs. 45,704Mn

Total Liabilities - Rs. 41,249Mn

Shareholders' funds - Rs. 4,455Mn

MANUFACTURED CAPITAL

Value of property, plant and equipment - Rs. 34,576Mn

Storage capacity - 33,150 MT

HUMAN CAPITAL

Total number of employees - 227

Total hours allocated for Training and Development - 3,490 Hrs

OUR BUSINESS MODEL

By creating a viable and profitable business model that has the ability to drive value creation through specialisation, efficiency, and a focus on quality we hope to produce value over the short, medium, and long terms for both our internal and external stakeholders. We make ongoing investments in creating our own supply chain which are crucial to attaining our objectives.

KEY BUSINESS ACTIVITIES

Energy

Distribution and marketing of LPG in Sri Lanka

Transportation and Logistics

- Own and charter LPG vessels
- Own and operate LPG storage terminals

OUTPUTS & IMPACTS

ECONOMIC

ENERGY

Revenue - Rs.18,534Mn

Profits - Rs. 3,324Mn

TRANSPORTATION AND LOGISTICS

Revenue - Rs. 3,822Mn

Loss - Rs. 1,209Mn

TRADING

Revenue - Rs. 10,779Mn

Profits - Rs. 31Mn

PROPERTY

Revenue - Rs. 99Mn

Profits - Rs. 47Mn

SOCIAL

SHAREHOLDERS

- Operating profit - Rs. 4,789Mn
- Profits - Rs. 2,239Mn

CONSUMERS

- Convenient access
- Affordable and clean energy solutions.
- Value-added services

SOCIAL AND RELATIONSHIP CAPITAL

Channel Partners

- Distributors 30
- Dealers 10,000+

INTELLECTUAL CAPITAL

Brand equity

Certifications and standards

Health and Safety

NATURAL CAPITAL

Energy consumed - 433,514,389 MJ

Water consumed - 2,070 M3

Material consumed - 75,857 MT

Trading

Procurement and trading of LPG

Property

Manage rentable space of 88,082 sq. ft.

SUPPORT ACTIVITIES

STRONG INFRASTRUCTURE

RESOURCE MANAGEMENT

Talent management, corporate planning to optimise resource allocations

TECHNOLOGY DEVELOPMENT

Integrated IT systems

GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

BUSINESS PARTNERS

Payments to suppliers of Rs. 14,378Mn

EMPLOYEES

- Employee payments (Cash benefits) - Rs. 483Mn
- Employee promotions - 12
- Total hours of training - 3,490

COMMUNITY ENGAGEMENT

- Donations - Rs. 2.6Mn

ENVIRONMENTAL

CARBON FOOTPRINT (MT)MTCO2E

- Direct (Scope 1) 1,061,020
- Indirect (Scope 2) 180,561
- Other Indirect (Scope 3) 1,817

WATER DISCHARGE

- 3,955 M3

EFFLUENTS AND WASTE

- Non-hazardous waste - 5,116 Kg.
- No hazardous waste disposed

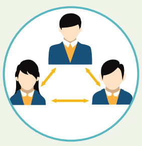
Delivering Value to all Our Stakeholders

GRI 2-29

The LAUGFS Group believes in creating value to all our stakeholders, both internal and external. Our stakeholders have been identified based on their impact to the business and their ability to influence or be influenced by our decisions and activities. Effective implementation of our corporate strategy and successful achievement of our corporate goals lead to producing sustainable, equitable and profitable value for our stakeholders. Building solid and long-term connections with all our stakeholders is critical in this regard.

Amidst various challenges, during the year under review, we consistently supported the growth and well-being of our stakeholders through ongoing interactions to better understand their needs and deliver value, both financially and non-financially.

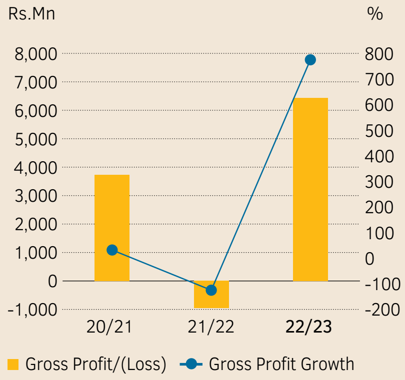
Stakeholders	Importance of engagement	Frequency of engagement	Ways of engaging	Key topics of engagement	Outcomes of engagement
CUSTOMERS 	Ensuring our products reach our customers at any given time	Regular	– Through channel partners – Surveys – Meetings – Conferences – Social Media	– Customer satisfaction – Awareness – Affordability – Health and safety – Product quality – Accessibility	– High-quality products – Compliance with quality standards – Labelling products with safety precautions – Easy payment options – Provision of after-sales services – Island-wide dealer network – Home delivery options – Enhanced distribution capacity and dealer capacity
EMPLOYEES 	Ensuring that employees possess the required capacity, skill and knowledge to achieve corporate goals whilst ensuring their satisfaction and rewards	Regular	– Monthly HR meetings – Welfare events – Performance evaluations	– Skill development – Performance appraisals – Career progression – Employee benefits – Grievance handling	– HR policy reviewing – Training programmes – Realignment of remuneration and benefit structures – Establishing Key Performance Indicators (KPIs) – Opportunities for career progression – Health and safety policies
SUPPLIERS 	Guaranteeing a reliable supply of goods and services	Regular	– Meetings – One-to-one discussions – Other forms such as emails	– Prices – Credit periods – Terms of contract – Meeting quality standards – Delivery time – Transparency	– Identification of critical suppliers – Evaluation of supplier compliance and capabilities – Enhancement of supplier relationship

Stakeholders	Importance of engagement	Frequency of engagement	Ways of engaging	Key topics of engagement	Outcomes of engagement
CHANNEL PARTNERS 	Ensuring product availability at dealer locations	Regular	– Workshops – Awareness programmes – On-site inspections – Dealer evaluations	– Product availability – Commissions – Health and safety	– Ensured that all dealer locations followed safety regulations – Increased product availability at dealer locations – Maintained dealer visibility by improving brand image
COMMUNITIES 	Ensuring uninterrupted supply throughout the year despite the economic crisis	Regular	– Awareness programmes – Campaigns – Social media	– Employment opportunities – Community development – Awareness of product features – Promotions	– Provision of employment opportunities – Increasing living standards
SHAREHOLDERS 	Protecting investor interests and communicating overall strategies for growth	Regular	– Annual General Meetings – Press releases – Timely publication of financial reports – CSE disclosures	– Progress of projects – Earnings growth – A road map for the next year	– Strengthening shareholder confidence – Formulation of the corporate strategy
GOVERNMENT 	Adhering to state regulations and supply requirements to meet the public requirement	Regular	– Written communication – Round table sessions – Meetings	– Pricing regulations – Laws and compliances – Government-initiated projects – Health and safety	– Adhere to laws and regulations – Health and safety standards

Our Corporate Strategy

Our focus on the pillars of Growth, Efficiency, Stability, Sustainable Growth and Right Approach has been the keystone of our strategy for the financial year 2022/23.

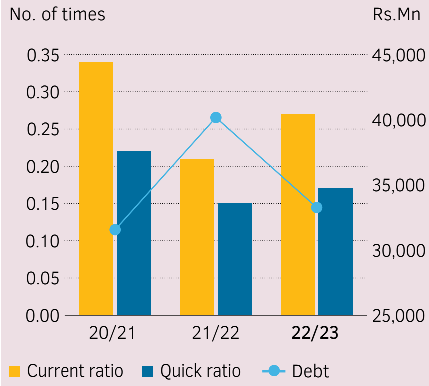
PROFITABLE GROWTH



Increase market share

- Reactivating and re-appointing dealer points
- Monthly price revision of LPG
- Enhancement of customer confidence
- Constant gas supply during the last two quarters
- Revamping and reappointing distributors
- Redistribution optimisation

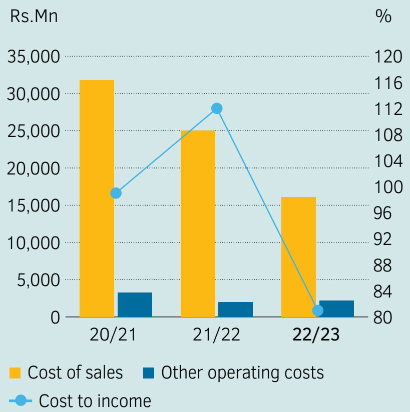
FINANCIAL STABILITY



Manage financial leverage

- Strong working capital management
- Price adjustment based on contract prices and exchange rates
- Volume and revenue growth
- Achievement of a healthy bottom line

OPERATIONAL EFFICIENCY



Enhance productivity

- Economisation of the production process
- Streamlining of supply chain drive
- In-house cylinder re-qualification facility
- Improvement in productivity
- Enhancing production and efficiency maximisation

SUSTAINABLE GROWTH

- Electricity consumption
- Water consumption
- Material consumption
- Reported workplace injuries

Deliver a responsible growth

- Minimum environmental impact
- Adherence to environmental regulations
- Consumer-centric production
- Caring for the community and providing job opportunities

RIGHT APPROACH

- Building customer confidence
- Retaining and strengthening the channel partners
- Continuous process improvements

Reach excellence

- Building up brand confidence
- Possession of sufficient cargo
- 30,000 MT storage facility at Hambantota International Port
- High quality in line with international standards

Risk Management

GRI 3-1,3-2,3-3,418-1

OUR STRATEGY

Our long-term success is contingent on focusing and assessing business opportunities and risks associated, as well as managing them. A structured procedure is used to analyse the criticality of many material challenges, including social, environmental, information technology, strategic and economic elements. Regular discussions, continuous monitoring and assessment of key risks are critical to establishing a sustainable business model which creates value. The LAUGFS' Risk Management process entails identifying and analysis of risks, discussion with important stakeholders, as well as rating and assigning risks to Risk Owners to ensure accountability and focus on mitigation action and continuous monitoring.

RISK GOVERNANCE

LAUGFS focuses on the proactive management of risks and with the focus, Audit Committee and the LAUGFS ERM Process assist the Board of Directors in effective risk management at LAUGFS. The Audit Committee provides assistance to the Board by analysing risk registers, examining internal audit reports, recommending corrective actions, and conducting a bi-annual risk profile evaluation. The Group's risk management structure is overseen by the Board of Directors, which determines risk appetite and examines the effectiveness of mitigation activities and systems through the Audit Committee.

Given the current circumstances of the country and the Company, managing risk has become an essential activity in every corporate management meeting and sub risk committee has established with the focus of having a proactive approach. Various committees and functions have been assigned to focus on and manage the risks faced while the Senior leadership team provides the required leadership and insights to manage the risk.

Board of Directors
↓
Audit Committee
↓
Corporate Management Team
↓
Risk Committee
↓
Risk and Control Division
↑ Internal Audit | ↑ Risk Management | ↑ Safety, Compliance & System Certifications

Board of Directors

- Approve risk management policies and procedures of the Group
- Uncompromising oversight over risks faced and actions taken to manage them

Audit Committee

- Assess the adequacy of risk management practices adopted and related internal controls
- Evaluate the adequacy of actions taken to manage the risk

Corporate Management Team

- Implement risk management policies and procedures across the Group
- Primary responsibility for identifying and managing key risks

Group Risk & Control

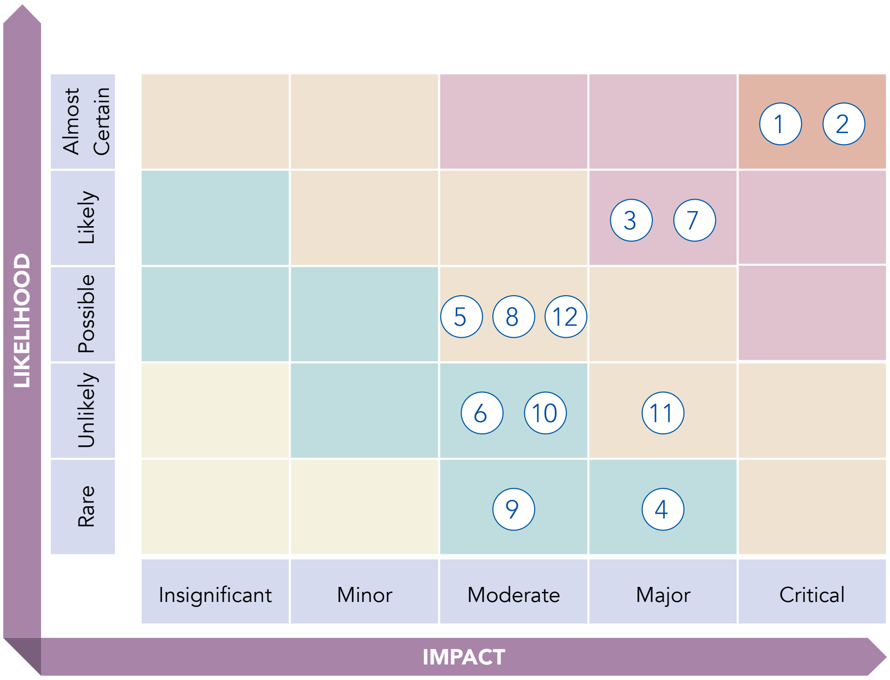
- Assists in rolling out the risk management programme
- Evaluate the effectiveness of the risk management programme, actions taken to manage individual risk and related internal controls

Group Risk & Control has taken initial steps to implement ISO 31000 in order to streamline the risk management practices across the Group. With the rollout of ISO 31000, it is expected a strong enterprise risk management framework will be in place to assist the Group in facing emerging risks.

Risk Management

KEY RISKS

Understanding the risks and opportunities that impact our business, society, and environment or influence stakeholder decisions is a crucial element in addressing them. LAUGFS continuously evaluates material issues to better understand and manage these risks and opportunities. In partnership with our stakeholders and the Group's Management Team, risks are prioritized to identify material risks and opportunities. Influence of the COVID-19 pandemic, global and local, and international political and economic uncertainties, volatility in commodity prices, regulatory pressures, changes in the business environment, demand for foreign currency, and accelerated competitor strategies were among the major risks that both our company and its stakeholders were exposed to during the year.



Refer Rating Matrix on page 31.

LAUGFS has considered the most relevant topics impacting the Group's value creation process and stakeholder decisions in the short, medium and long term as its material topics. The topics identified as material issues and prioritised as imperatives drive the strategy, and risk management processes of the Group. To ensure maximum accuracy and relevance, a methodical process of analysis is employed in determining materiality through careful assessment of the risks and opportunities as well as threats presented to stakeholders and impacting business operations.

Material topics and principal risks	Management approach	Reporting standards followed
1 Financial Risk – Foreign currency risks – Liquidity risks – Interest rate risk – Market risk	– To manage its finance risk exposures, the Group has established supporting guidelines, which include counterparty risk, liquidity risk, foreign exchange risk, and interest rate risk. – LAUGFS Gas PLC and its subsidiaries comply with the Group Finance Policy and other relevant policies. Further the Group has established a Group Finance Committee and Group Investment Committee to closely monitor the financial risks of the company. – Effective credit management carried out during the year. – Set liquidity risk limits approved by the Board of Directors. – Effective working capital management. – Maintain adequate liquidity by using robust inventory management systems, centralising credit management, and continuously monitoring the liquidity requirements of the Group. – Managing foreign exchange/interest rate exposures with positive negotiations with banks and applying financial risk management techniques. – The Group Treasury Division continuously negotiates with banks to secure the best potential rates for the Group deposits and borrowings. – Maintaining strong relationships with financial institutions that will enable better facilities and more robust financial support in the future.	GRI 207

Material topics and principal risks	Management approach	Reporting standards followed
2 Economic Risk	– Changes in country Inflation is addressed by reflective product pricing. – Continuous cost re-engineering measures have been discussed at the senior management level and decisions have been taken to implement the same strategically. – Steps have been taken to initiate operations redesigning to ensure cost is effectively managed.	
3 Government Policy Risk	– Proactive engagement in Government forums to become a stakeholder in Government policy decisions related to the industry. – Represent industry forums/meetings together with peers, the Chamber of Commerce, and other industry associations and global forums related to LPG. – Management to proactively respond to any Government policy changes related to the industry.	
4 Health, Safety and Environment Risk – Boiling Liquid Expanding Vapour Explosion (BLEVE) – Accidents – Injuries – Fatalities – Spills and leaks	– Our extensive Group Health, Safety, Security and Environment (GHSSE) culture is supported by proactive and comprehensive policies, frameworks, and initiatives. – LAUGFS practices and maintains a safety-embedded culture across the Group by absorbing the principles of Sustainable Development with the highest concern. **B2C – Domestic** – We ensure safety by procuring our cylinders only from certified global suppliers. – Installation of requalification plants in Sri Lanka, to test the safety and reliability of our cylinders. – All LAUGFS products comply with ISO 9001, the first in the industry to do so. – Constant awareness of safety instructions is being circulated through internal communications and meetings – SLSI requirements of compositions and others are met. – Provided all the instructions,and guidelines to customers **B2C – Commercial & Bulk Customers** – We conduct 'On-premises' Health and Safety Executive (HSE) audits on a quarterly basis. – Proper maintenance of customer LPG pipelines. – Our Incident Investigation Team is prepared to address any emergency or crisis relating to our assets that may affect our business partners. – Conducting certificate courses on safety training for Commercial and Bulk customer representatives. **B2B – Distributors** – Safety officers conduct routine HSE audits covering all distributor locations. – Group Risk & Control Division conducts routine audits and follow-up Operational Health and Safety (OH&S) audits on a periodic basis. **Employees & Premises** – Robust gas leak detection monitors are in place. – Stringent adherence to ISO 450001:2018 accreditation. – We conduct fire drills to gauge overall preparedness, carry out analysis of our evacuation procedures, and have implemented a new headcount management system that uses Radio-Frequency Identification (RFID).	GRI 403, 416, 417

Risk Management

Material topics and principal risks	Management approach	Reporting standards followed
4 Health, Safety and Environment Risk (Contd.)	**Transportation & Logistics** **Sea cargo** – LAUGFS Maritime Services (Pvt) Ltd strictly adheres to Zero Tolerance Policy of risk. – All our vessels comply with the International Safety Management Code (ISM). – LAUGFS vessels and storage terminals are certified by Lloyds Register. **Land transportation** – We conduct continuous road safety training along with defensive driving training sessions for all our truck drivers. – We ensure that all our trucks leaving and entering our plants are scrutinised by a well-defined checklist. – Fleet audits are conducted and reviewed quarterly.	
5 Supply Chain Risk	– Our Procurement Policy ensures a robust structure for sustainable vendor management and product safety. – Sourcing and negotiation with LPG suppliers are conducted by experienced professionals and procurement activities are centralised in order to maintain effective supply chain management. – Availability of a well-balanced Procurement Committee. – Formal engagement with expert LPG traders around the World. – Nurture long-term relationships with suppliers through strategic alliances.	GRI 204, 408, 409
6 Credit Risk	– The Company's credit risk management processes are aligned with the Group credit assessment process. The system is designed to identify and evaluate the creditworthiness of its external customers. – Trade and non-trade receivables are also deliberated at the monthly debtor meeting in order to manage debtors effectively. – Strong standard operation procedures which govern processes in credit management.	
7 Market Risk	– All our products comply with international quality standards. – Focus on innovation. – Providing value-added services. – Convenient product access through widespread and multiple distribution channels that reach all areas of the country. – Conduct and review customer feedback reviews/surveys for high levels of customer engagement and to understand areas of concern. – Customer relationship management system is in place together with a sound technical support system. – Customer reach-out initiatives to strengthen dealers and distributors by providing bikes for home delivery. – Close monitoring of competitor activities and taking appropriate actions as needed. – Zero substantiated complaints concerning breaches of customer privacy and losses of customer data. – Steps have been taken to ensure all market segments are served via a strategically developed planning process.	GRI 418, 418-1

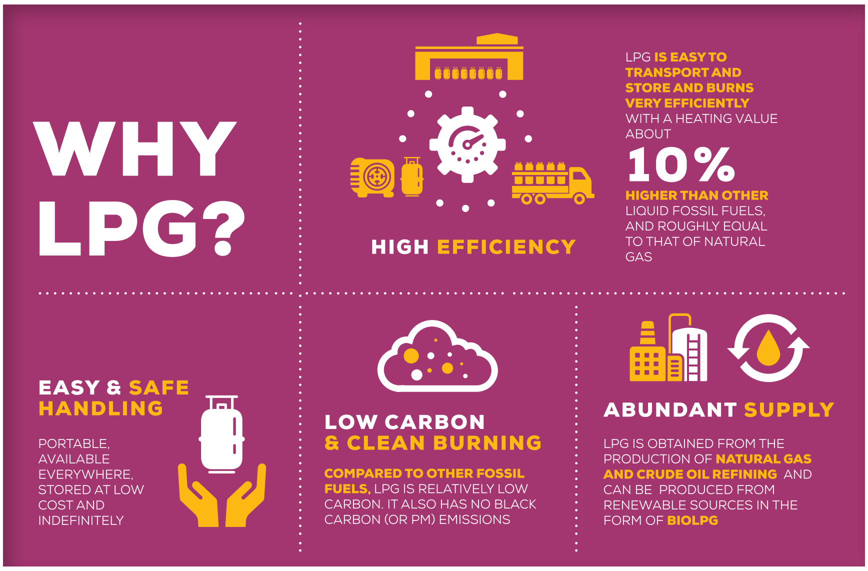
Material topics and principal risks	Management approach	Reporting standards followed
8 Reputational Risk	– Strict controls are in place to ensure LPG composition does not deviate beyond acceptable limits during procurement, discharging & dispatch of LPG.	
9 Compliance Risk	– Robust compliance monitoring process in placed to ensure compliance with all applicable laws and regulations. – Periodic reviews on ISO certification compliance. – Monitoring the quality of effluent to ensure conformity with CEA requirements. – Effective functioning of RPTR Committee and constant review of annual recurrent transaction thresholds. – Monitoring consistent ongoing compliance with HSE Policy. – Zero tolerance on the breach of any environmental compliance. – Discharge of waste water through a treatment plant. – Establishing clear minimum notice period for operational changes, adhering to relevant regulation	GRI 205, 301, 302, 303, 304, 305, 306, 402, 406
10 People Risk	– Availability of a competent Learning and Development Policy. – Skills are developed through continuous and well-crafted training and development programmes. – Hiring the right expertise and skill set for technical positions. – Implementing proper benefits and other retirement plans for employees – Fostering diversity within it's governance bodies and employees	GRI 201, 202, 401, 404, 405, 410
11 Risk to Business Continuity	– Standby carousel at the Hambantota Terminal premises to be used in emergency situations. – Developed necessary contingency and evacuation plans, especially for floods and other types of emergencies. – All our cylinders circulated through an internally-developed disinfection machine prior to reaching its customers.	
12 External Environment	– Build and maintain relationships with stakeholders responsible for influencing socioeconomic stability in the country. – Engage with industry forums, global workshops, peer meetings, the Chamber of Commerce and additional associations in the LPG industry.	

Risk Rating	What it means
Extreme	→ Board Attention is required
High	→ Immediate action by senior management with a detailed research and management of risk through appropriate responses
Significant	→ Senior Management attention required → Management responsibility specified → Risks should be treated using one or more of the risk treatment options
Moderate	→ Risks should be treated using one or more of the risk treatment options → Risks should be managed using specific monitoring or treatment procedures
Low	→ Risk is accepted with minimal treatment and can normally be managed using existing routine procedures → Low risks need to be monitored and periodically reviewed to ensure they remain acceptable

A Review of the LPG Market

GLOBAL-VIEW

LPG is a sustainable and efficient fuel that burns cleanly, making it an ideal energy source for a variety of applications. Its low-carbon footprint and cost-effective nature make it a popular choice for consumers and industries alike. LPG can be used for heating, cooking and transportation. This clean and reliable energy source is estimated to be used by almost than three billion people across all six continents. As an exceptionally versatile energy source, LPG can be used in a number of different applications, mainly in residential, commercial, industrial and auto fuels sectors. The World LPG Association (WLPGA) highlights that global LPG consumption exceeds approximately 300 million tonnes annually. Expanding population and a greater emphasis on controlling harmful emissions are expected to lead to a significant rise in demand for LPG.



The crude oil price hikes in the first half of 2022 were mainly due to the geopolitical tensions between Russia and Ukraine, which along with the low global crude oil inventories pushed the crude oil price in March 2022 to the highest inflation-adjusted price since 2014.

However, demand contracted in the second half of the year due to concerns about a possible economic recession which led to a decrease in crude oil prices. Brent crude oil reached its lowest price on 8th December 2022, at USD 75/b. The increase in the global supply of crude oil from the US and international Strategic Petroleum Reserve release programmes and rising inflation dampening the global market outlook were the main causes for this price drop.

Saudi Aramco Propane and Butane prices, the benchmark price for global LPG, fluctuated throughout the year in line with trends in the global oil market, influenced by crude oil and natural gas prices, supply and demand concerns, production, and varying weather conditions.

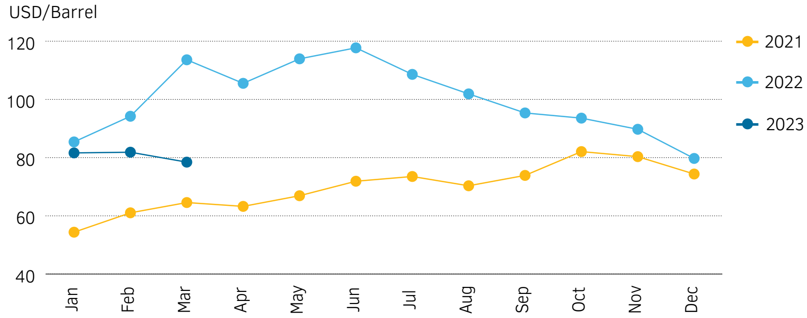
GLOBAL LPG DEMAND

Global LPG prices have remained high, consistent with the trend in global energy prices. Notwithstanding a significant decrease since May 2022, the overall average price of LPG remained elevated throughout 2022. The average price of LPG in the global markets (based on the Propane: Butane ratio of 30:70) peaked at USD 954 per MT in April 2022, driven by supply-side risks in the global energy market, but declined by approximately 31.9% to USD 650 per MT in December 2022 due to a drop in global consumption demand. However, it is noteworthy that global LPG prices remained above USD 700 per MT at the end of the first quarter of 2023

GLOBAL LPG PRICES

One of the most crucial benchmarks for worldwide crude oil prices, the OPEC basket recorded an average of USD 81.88/b during February 2023. The Brent crude oil price was expected to increase from an average of USD 81/b in December 2022 to an average of USD 83/b in the first quarter of 2023, coinciding with the planned EU ban on seaborne imports of Russian petroleum products.

Average Monthly OPEC Basket Crude Oil Price



KEY-INFLUENCING FACTORS

GLOBAL-ECONOMIC GROWTH

Global economic growth was expected to fall to 2.7% in 2023 from 3.2% in 2022 and 6.0% in 2021, marking the weakest growth profile since 2021 excluding the global financial crisis and the acute phase of the COVID-19 pandemic.

GLOBAL GDP

The global GDP growth rate is expected to stabilise at 3.1% towards the medium-term with the OECD projecting an average annual economic growth rate of 1.7% from 2021 to 2045. Global growth will mostly be driven by non-OECD nations supported by an increase in labour productivity and an expanding working-age population.

GOVERNMENT-LED INITIATIVES TO BOOST LPG ADOPTION

As sustainability initiatives take priority, a growing emphasis on reducing GHG emissions and guaranteeing sustainable energy for everybody has resulted in a significant increase in the use of LPG across several sectors. Most governments have provided notable support in the form of initiatives and subsidiaries to further increase LPG adoption.

INCREASING DEMAND FOR AUTOGAS

Over the last two decades, global autogas consumption has risen dramatically reaching 27.1 million tonnes as recorded in 2019. With nearly 27.8 million active autogas vehicles around the world, the autogas fleet continues to expand rapidly.

GLOBAL INFLATION

Global inflation was expected to increase from 4.7% in 2021 to 8.8% in 2022, then fall to 6.5% in 2023 and to 4.1% in 2024. Global headline inflation in the baseline is predicted to decrease from 8.7% in 2022 to 7.0% in 2023 due to the decreasing prices of commodities. However, the core inflation rate is not expected to decrease at the same pace. Greater fluctuations in inflation have been more common in emerging markets and developing economies compared to advanced economies.

TECHNOLOGY

According to the World Oil Outlook (WOO), technology will continue to evolve and shape the future energy mix. Although electric vehicles (EVs) are becoming more popular, internal combustion engines are still expected to dominate in both passenger and commercial transportation, with improved fuel efficiency. Traditional aircraft engines are also expected to remain as the leading technology in the aviation industry. The marine transportation industry is moving towards using liquefied natural gas (LNG) to meet emission reduction targets.

LPG MARKET FUTURE OUTLOOK

The global liquefied petroleum gas (LPG) market is expanding rapidly and is expected to grow at a compound annual growth rate (CAGR) of 6.5% from 2021 to 2030 to a projected value of USD 243.4 billion, despite potential risks to liquid fuel demand growth. The surge in oil consumption and a decrease in OPEC crude oil production are expected to drive crude oil prices upwards in the near future.

As Western economies progressively move to natural gas and renewable energy sources, demand in India, Latin America, Africa, and rural areas of China, the United States and Canada are expected to continue to generate the largest demand for LPG. Asian LPG demand is expected to rise by 0.67 mb/d (13.6%) between this year and the end of 2026, headed by China, India, and Indonesia.

The demand is fuelled by a variety of factors, including increased demand from various industries and the implementation of strict governmental regulations aimed at reducing environmental pollution.

However, there are also challenges facing the market, such as the rapid growth of renewable energy and inconsistent domestic supply of LPG. Nonetheless, there are opportunities for growth, including government initiatives promoting the use of LPG over traditional fuels and the increasing use of gas in vehicles. Overall, these factors will play a critical role in shaping the future of the LPG market and the strategies of key players in the industry.

A Review of the LPG Market

DOMESTIC-VIEW

There was a fluctuation in the retail prices of domestic LPG during the financial year under review. The upward price trend was punctuated by price decreases throughout the year. However, the overall price of LPG remained at a record high driven by the depreciation of the SL rupee against the US dollar, rising inflation, and increasing global gas prices.

The unprecedented 44.8% depreciation of the Sri Lankan Rupee to the US Dollar resulted in increased pressure on Sri Lanka's foreign exchange reserves, resulting in a financial crunch which impacted the uninterrupted supply of LPG due to the inability to open LCs. The lack of availability of LPG shot up the demand during the first half of the year, which was then challenged with decreased demand during the latter half of the year due to the high price of LPG.

During the first half of 2022, the availability of Liquefied Petroleum Gas (LPG) in the country was severely disrupted due to the forex crisis. However, with the receipt of financial assistance from the World Bank and the Central Bank's measures to increase liquidity in the banking system, LPG imports were able to resume towards the latter part of the year and the domestic market has since moderated.

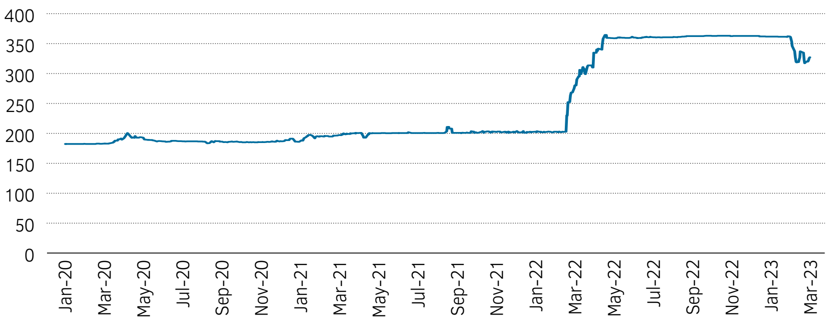
CONDITIONS INFLUENCING DOMESTIC LPG OPERATIONS

Domestic LPG operations were challenged by several factors. The main contributory factors that affected the LPG industry were the drastic depreciation of the Sri Lankan rupee, the non-availability of foreign exchange, and the exceedingly high interest rates. These factors imposed limitations on the import of LPG to cater to the domestic market demand and caused interruptions to the supply of LPG to the local market, resulting in financial losses to domestic LPG suppliers.

VARIATION OF THE EXCHANGE RATE

Sri Lanka's economy experienced a significant setback in 2022, with a 7.8% contraction due to a range of factors including inflation, low foreign currency reserves, and an external debt crisis. These challenges resulted in the sharp depreciation of the Sri Lankan rupee, exchange rate fluctuations, rising inflation, and material shortages, among others.

Exchange Rate Movements

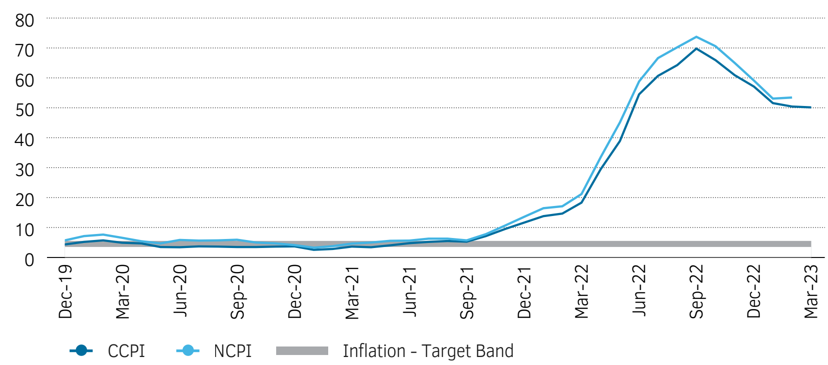


Source – Central Bank of Sri Lanka

INFLATION

The inflation rate in Sri Lanka, measured by the Colombo Consumer Price Index, recorded a record high of 69.8% in September 2022 due to the devaluation of the Sri Lanka rupee, and the cumulative impact of monetary accommodations over a number of years. The resulting inflation caused disruptions in supply, domestic food production, and in the procurement of essential fuel, electricity, and cooking gas. However, with the tightening of monetary conditions and the restrained easing of supply-side disruptions, a gradual moderation of inflation was observed towards the end of the financial year under review

Inflation (Year-on-Year)



Source – Department of Census and Statistics Central Bank of Sri Lanka

REGULATION OF THE STANDARD OF LPG

Consumer safety has always been a priority for LAUGFS Gas. The recommended composition standards were maintained at all times during the year for all LAUGFS Gas LPG cylinders. The Sri Lanka Standards Institute (SLS) set the recommended standard composition for LPG cylinders as 70% butane and 30% propane in December 2021.

LPG PRICE FORMULA REVISION

LAUGFS Gas downstream operations in Sri Lanka faced challenges over the last few years due to the Maximum Retail Pricing (MRP) mechanism imposed by the regulator. However, later revisions enabled the determination of LPG prices based on market forces, instead of decisions of regulatory authorities.

LAUGFS Gas follows a cost-plus pricing strategy in alignment with global market rates, ensuring fair, competitive prices for both consumers and the Company. Accordingly, LAUGFS Gas made several adjustments to domestic prices in the recent months, with three increases in March and June of 2022 and February 2023, and three decreases in August and October 2022 and January 2023.

LPG DOMESTIC MARKET FUTURE OUTLOOK

With the moderation of inflation, increasing prices of alternative energy sources due to high demand, and soaring prices of utilities such as electricity, the demand for LPG as a preferred energy source is expected to increase. LPG has been a convenient, affordable and clean energy source highly favoured for domestic use such as cooking. Its advantage as a clean burning fuel has served as a plus point in ensuring the continued use of LPG as a fuel for cooking.

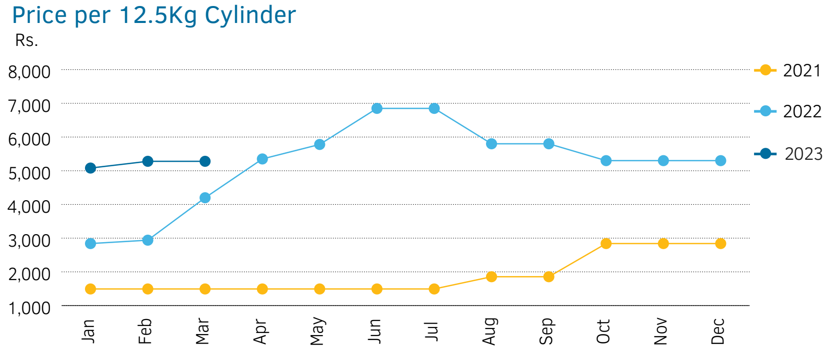
As one of the main suppliers in the domestic LPG market, LAUGFS Gas continues to take steps to navigate the challenges as effectively as possible by continuing to streamline its processes to reduce any extra costs, improve processes and optimise its growth strategies. The continuation of the pricing formula reflecting the world LPG market prices ensures all stakeholders are considered fairly when pricing LPG.

PRICE FLUCTUATIONS

In December 2022, when compared to the same period in the previous year, the gas price in the local market witnessed a significant surge of 68% in percentage price changes as recorded in the CCPI (2013=100). The cost of a 12.5Kg LPG cylinder has undergone multiple revisions, leading to a notable escalation in the prices of prepared food in 2022.

During the first quarter of 2022, the price of a 12.5Kg gas cylinder increased sharply from Rs. 4,199 to Rs. 6,850. The hiked price gradually decreased to Rs. 5,280 during the fourth quarter of the year.

Price per 12.5Kg Cylinder



CHANGES IN THE DOMESTIC DEMAND FOR LPG

The fluctuating prices of LPG continued to burden regular domestic consumers. The latter half of the year recorded a demand drop of 25-30% for domestic LPG. The rising inflation was seen as a major contributing factor for the demand drop as consumers gravitated towards more affordable energy sources. Most consumers continued to follow alternative sources of energy for activities such as cooking. However, as the cost of alternatives also started to rise by the latter part of the financial year, the demand for LPG rose gradually.

ENERGISING INNOVATIONAL FORESIGHT

We are committed to incorporating an out-of-the-box mindset into our business principles leading to a brand built on value creation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS LINE REVIEWS

CAPITAL MANAGEMENT REPORTS

BUSINESS LINE REVIEWS

Business Line Reviews

LAUGFS Gas - Energy

With the provision of top-notch, dependable, and secure LPG solutions to every region of the nation, the LAUGFS Gas Energy business seeks to meet the LPG solution needs of the country's household, commercial and industrial segments through a vast network of dealers and distributors that runs convenient touchpoints over the entire island.

ECONOMIC

REVENUE	LOSS	ASSETS	DISTRIBUTOR NETWORK	DEALER NETWORK
Rs. 18,534Mn	Rs. 115Mn	Rs. 44,698Mn	30	10,000+

SOCIAL

DONATIONS

Rs. 2.6Mn

ENVIRONMENTAL

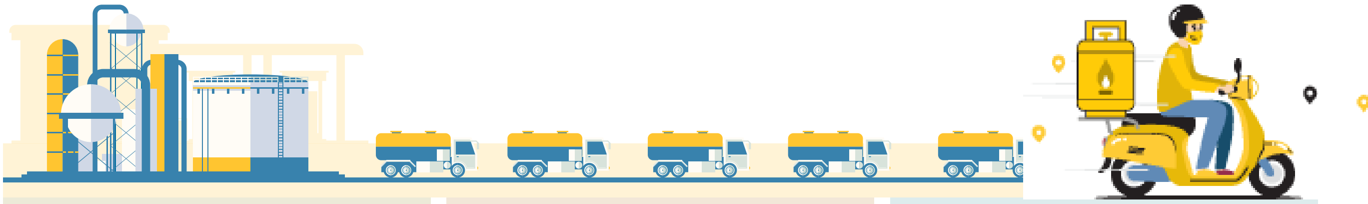
ENERGY SAVING

191,385Kwh

Business Line Reviews

LAUGFS Gas - Energy

OUR DISTRIBUTION CHANNEL



DISTRIBUTORS	ISLAND-WIDE DEALER NETWORK	PRIME-MOVERS
30+	10,000+	40+

LAUGFS GAS HOME DELIVERY NETWORK	DISTRIBUTION TRUCKS
700+	130+

YEAR IN REVIEW

The year under review was fraught with challenges for LAUGFS Gas, the only private-sector LPG supplier in the duopoly market of Sri Lanka, and the economic downturn of the country worsened the already difficult position faced by the LPG sector.

Forex Shortage

Due to the Russian invasion of Ukraine, there was a price hike in global commodities and Sri Lanka faced an acute shortage in dollars which prevented the import of even essential commodities such as gas and fuel.

It also meant local commercial banks were unable to open Letters of Credit (LCs) to support the import of LPG as the country had no dollars to back their guarantee.

Price Hikes in LPG

Global crude oil prices rose with the increase in global commodity prices since the outset of the Russian invasion of Ukraine.

The prices of LPG also rose higher in tandem with this, along with the costs of shipping while the total volume of gas imported took a downward turn.

PERFORMANCE IN 2022/23

REVENUE

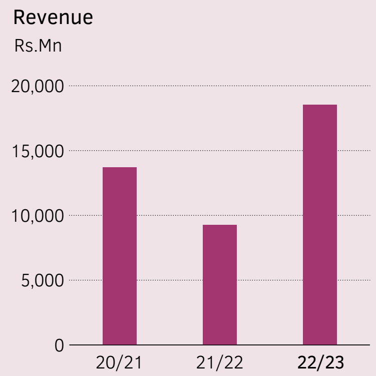
- Revenue increased by 100% in 2022-23 from Rs. 9,254Mn to Rs. 18,534Mn.
- Revenue increased mainly due to the increase in selling price. The selling price increased due to the increased in World Market LPG prices and exchange rate.

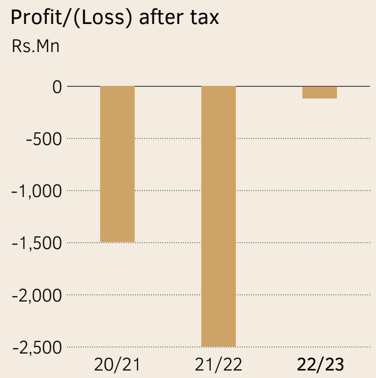
PROFITABILITY

- Operating profits grew by 354% to Rs. 4,097Mn and margins expanded to 22% from (17%) last year.
- Due to the discontinuation of price regulation by CAA , the loss before tax of Rs. 3,128Mn rose to a profit before tax of Rs. 54Mn.
- Increased interest rates led to an increase in finance costs by 167%.
- Loss after tax is Rs. 115Mn recorded in contrast to the loss after tax of Rs. 2,496Mn last year.

Revenue Growth - 100%

Operating Profit Growth - 354%

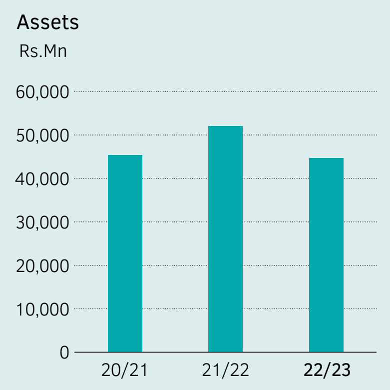




ASSETS

- Asset value decreased from Rs. 52,012Mn to Rs. 44,698Mn by 14%.
- Non-current assets decreased by 19% from Rs. 50,112Mn to Rs. 40,595Mn.
- The value of current assets increased by 116% to Rs. 4,102Mn.
- The Company was able to maintain ideal inventory levels with the support of effective inventory management systems, and trade and other receivables were efficiently controlled by the centralised credit management and updated credit policies.

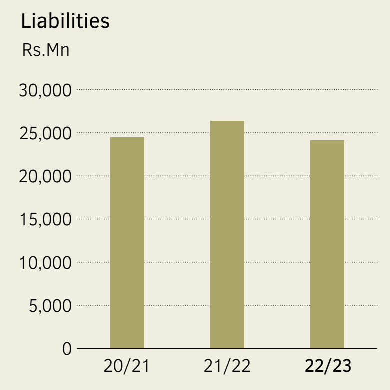
Current Assets Growth - 116%



LIABILITIES

- Liabilities totalled to Rs. 24,148Mn compared to Rs. 26,391Mn last year.
- Current liabilities decreased by 15% to Rs. 15,598Mn, while non-current liabilities increased by 5% to Rs. 8,551Mn.

Current Liabilities decreased - 15%



FUTURE OUTLOOK

LAUGFS Gas aims to capture a greater share of the market through increased market penetration in order to create a stronger foothold in the industry. The Company is committed to investing time, resources, and efforts into research, development, and marketing to achieve this desired outcome with a focus on customer needs and market trends. Various strategies and initiatives in place are expected to effectively penetrate new segments and attract more customers. Some of these strategies include:

Dealer network expansion

The expansion of the LAUGFS Gas dealer network is a part of its strategic plan to enhance accessibility throughout the island. This expansion initiative aims to increase the number of dealerships across various regions, ensuring that LAUGFS Gas cylinders are readily available to all customers irrespective of their locations.

Encourage the use of LPG

LPG is a safe and very effective choice as a fuel. LAUGFS Gas expects to further encourage customers to use LPG through the implementation of cost optimisation and ensuring price stability. The Company looks for options to reduce the cost of LPG and maintain a consistent and affordable price. LAUGFS Gas is optimistic in making LPG a more attractive and accessible choice, thus transferring its benefits to customers.

Ensuring consistent supply

LAUGFS Gas will take all necessary steps to ensure a steady and uninterrupted flow of gas cylinders to various channels, including bulk, commercial and industrial sectors, as well as the channel segment, in order to maintain a consistent supply to the market.

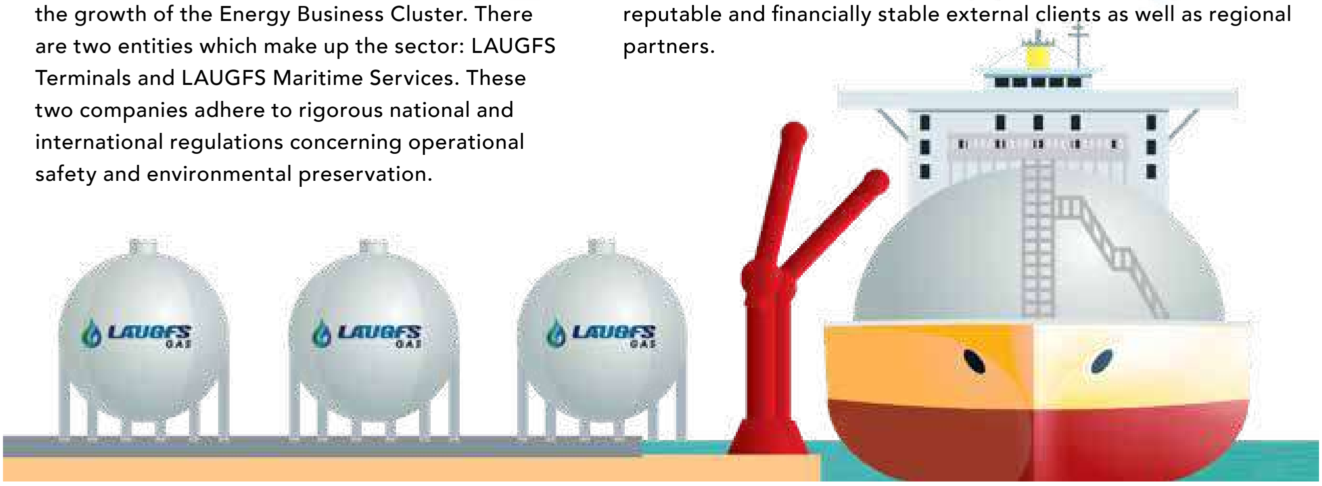
Expansion of gas home delivery

One of the key advantages of gas home delivery is the convenience it offers to customers. Additionally, the expansion of gas home delivery generates more job opportunities; minimises carbon emission from individual vehicles traveling to gas stations, and increases gas delivery efficiency. This offers a continuous and reliable supply, making it an attractive option for households. Hence it is a win-win solution for consumers and the Company as well.

LAUGFS Gas - Transport and Logistics

The LAUGFS Group's Transport and Logistics division offers an effective and dependable internal support system with the goal of advancing and fostering the growth of the Energy Business Cluster. There are two entities which make up the sector: LAUGFS Terminals and LAUGFS Maritime Services. These two companies adhere to rigorous national and international regulations concerning operational safety and environmental preservation.

These two subsidiaries have significantly increased the Group's financial stability and enabled the inflow of much-anticipated international revenue by strengthening their commercial ties with reputable and financially stable external clients as well as regional partners.



KEY PERFORMANCE HIGHLIGHTS

REVENUE	LOSS	ASSETS	LIABILITIES	TERMINAL CAPACITY
Rs. 3,822Mn	Rs. 1,209Mn	Rs. 25,694Mn	Rs. 19,859Mn	30,000MT

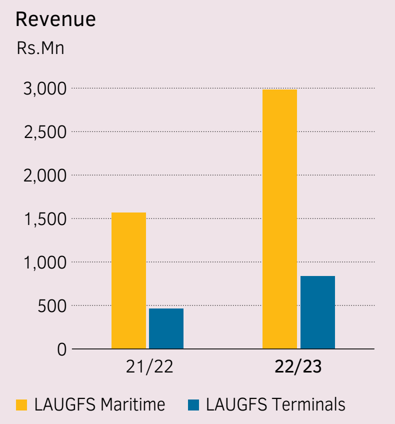
VESSELS	STAFF AND CREW
3	110

PERFORMANCE IN 2022/23

REVENUE

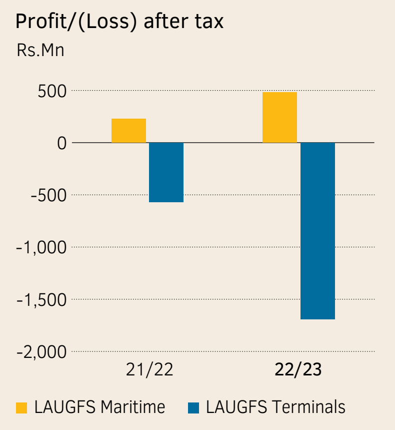
- Revenue increased from Rs. 2,030Mn to Rs. 3,822Mn.

Revenue Growth - 88%



PROFITABILITY

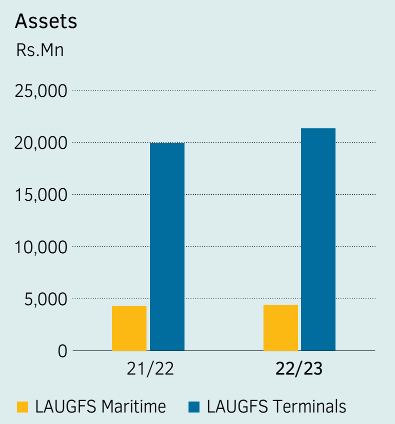
- The Transport and Logistics sector recorded a loss of Rs. 1,209Mn in the year.



ASSETS

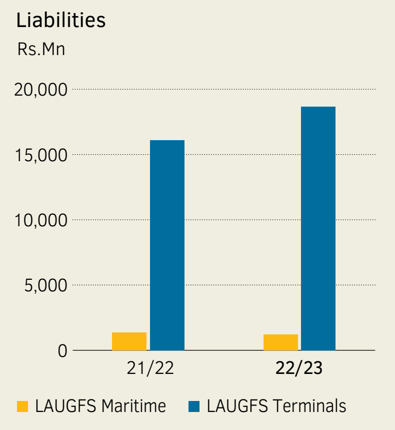
- The value of assets witnessed a increase from Rs. 24,411Mn to Rs. 25,694Mn.
- Depreciation accounted for a total of Rs. 867Mn.

Total Assets Growth - 6%



LIABILITIES

- Liabilities experienced a rise from Rs. 17,437Mn to Rs. 19,859Mn.



FUTURE OUTLOOK

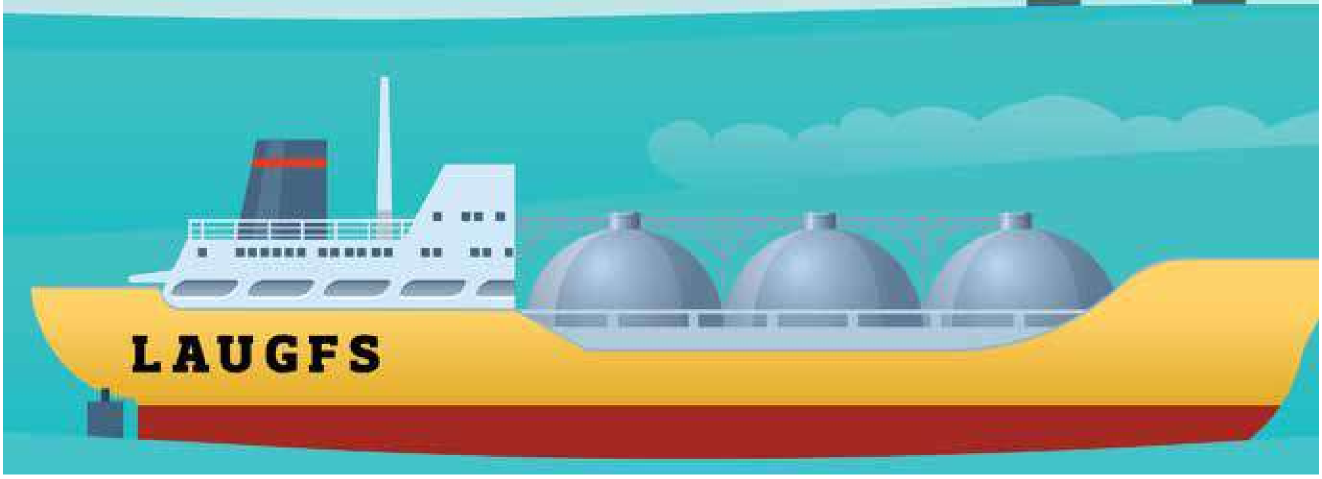
The LAUGFS Transport and Logistics division, driven by its dual entities LAUGFS Maritime Services and LAUGFS Terminal, is primed to revolutionise industry standards through synchronised efforts to optimise capacities and utilisation and embrace advanced technology for heightened operational efficiency and innovation.

The future of our division is firmly anchored in the synergy of LAUGFS Maritime's expanded fleet and optimised utilisation, coupled with LAUGFS Terminal's capacity amplification and automation. This cohesive strategy propels us toward unparalleled growth, efficiency and customer-centric solutions. As both entities unite under the banner of innovation, this symbiotic harmony is poised to reshape industry standards, ensuring agile and responsible responses to evolving market demands.

LAUGFS Gas - Transport and Logistics

LAUGFS Maritime Services

LAUGFS Gas PLC further expanded its downstream capabilities by investing in LPG tanker vessels through LAUGFS Maritime with the long-term objective of becoming an integrated regional LPG supplier in the Indian Ocean. As the owner of three LPG vessels, MT Gas Challenger, MT Gas Success and MT Gas Courage, LAUGFS Maritime Services provides transportation and logistics services for the Group and external partners in the region.



KEY PERFORMANCE HIGHLIGHTS

REVENUE	PROFITS	ASSETS	LIABILITIES
Rs. 2,983Mn	Rs. 483Mn	Rs. 4,364Mn	Rs. 1,196Mn

STAFF AND CREW

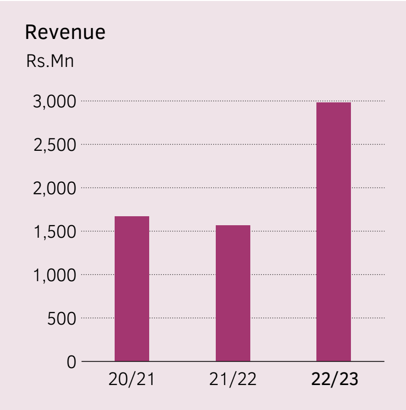
73

PERFORMANCE IN 2022/23

REVENUE

- With all three vessels chartered for internal use, revenue decreased from Rs. 1,085Mn to Rs. 70Mn.
- Revenue from external chartering of vessels totaled to Rs. 2,913Mn compared to Rs. 484Mn last year.

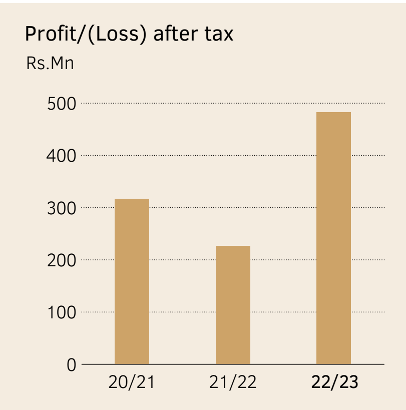
External Revenue Growth - 502%



PROFITABILITY

- LAUGFS Maritime Services recorded a profit after tax of Rs. 483Mn relative to Rs. 227Mn last year due to an increase in revenue.

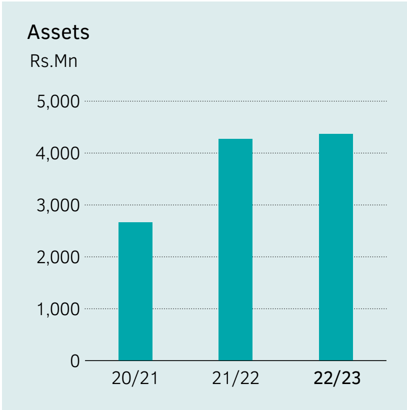
Profit after Tax Growth - 113%



ASSETS

- Assets increased from Rs. 4,272Mn to Rs. 4,364Mn.
- Depreciation amounted to Rs. 233Mn.

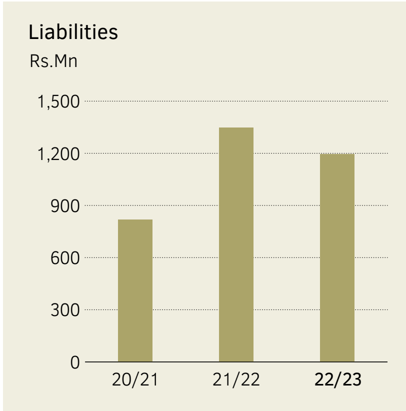
Total Assets Growth - 2%



LIABILITIES

- Liabilities decreased from Rs. 1,348Mn to Rs. 1,196Mn.

Liabilities decreased - 11%



FUTURE OUTLOOK

- LAUGFS Gas plans to continue to stay the same course with its strategy as the last financial year. The Company hopes to increase its current capacity while at the same time increasing the number of vessels in its fleet.
- The Group expects to increase the utilisation of vessels as global markets open up with new opportunities since the pandemic.

LAUGFS Terminals

The largest of its kind in South Asia, our LPG transshipment terminal at the Hambantota International port possesses a 30,000 MT capacity. As a central hub for LPG importing, re-exporting, and meeting the demands of LPG retailers, the LPG transshipment terminal, which began operations in 2019, is an important component of our aim to become an integrated regional LPG player.

KEY PERFORMANCE HIGHLIGHTS

REVENUE	LOSS	ASSETS	LIABILITIES	TERMINAL CAPACITY
Rs. 839Mn	Rs. 1,691Mn	Rs. 21,331Mn	Rs. 18,663Mn	30,000MT

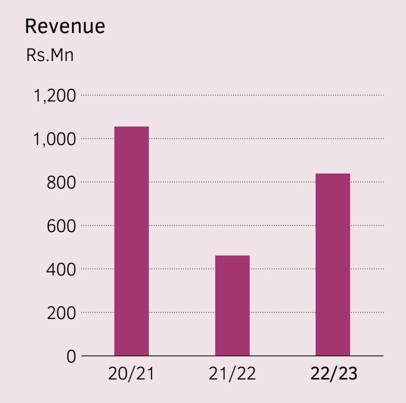
STAFF
37

PERFORMANCE IN 2022/23

REVENUE

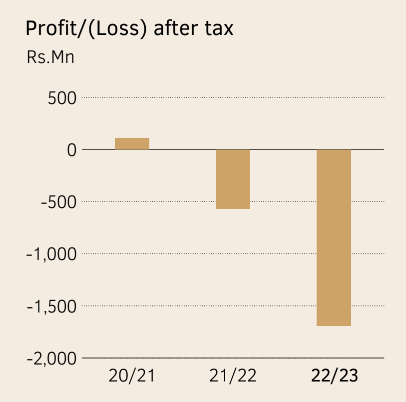
- Revenue increased from Rs. 461Mn to Rs. 839Mn due to the formulation of an ongoing exclusive contract with a client from December 2022.

Revenue Growth - 82%



PROFITABILITY

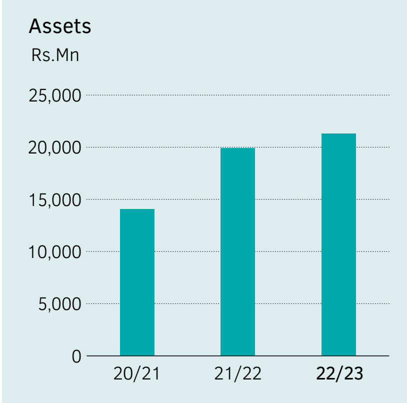
- LAUGFS Terminals recorded a Loss after tax of Rs. 1,691Mn compared to Rs. 569Mn last year mainly due to increased in finance cost affected by increased in interest rates.



ASSETS

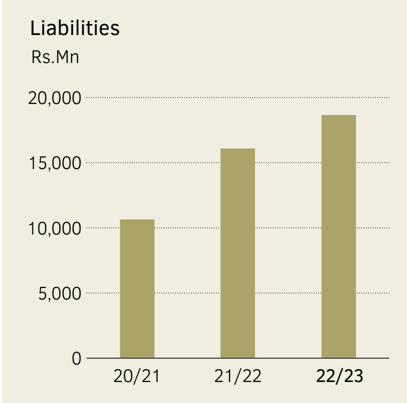
- The value of assets witnessed an increase from Rs. 19,939Mn to Rs.21,331Mn.
- Depreciation accounted for a total of Rs. 634Mn.

Total Assets Growth - 7%



LIABILITIES

- Liabilities experienced a rise from Rs.16,089Mn to Rs. 18,663Mn.



FUTURE OUTLOOK

In line with the Group's strategic goals and commitment to innovation, LAUGFS Terminals is poised for significant expansion and operational enhancement.

We are dedicated to accommodating a capacity increase of 45,000 MT, a move that will undoubtedly amplify our capabilities and bolster our market presence.

One of our paramount objectives is to optimise throughput while maintaining the stability that our operations are known for. While our current throughput is steady, we are determined to elevate it further. We recognise that to achieve this, a transition towards full automation is essential. In the upcoming financial year, we anticipate the realisation of a fully automated terminal. This transition will yield several tangible benefits, the foremost being the elimination of manual processes that currently governs certain operations.

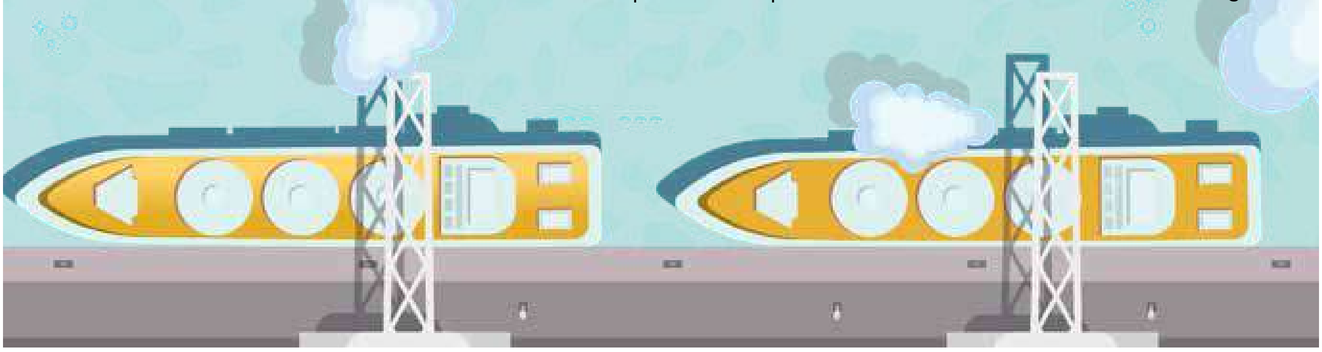
The imminent automation processes, such as LPG mixing and tank capacity utilisation, stands out as a prime example of our operational evolution. By embracing automation, we are poised to achieve higher utilisation levels, aligning seamlessly with our goal of maximising throughput while maintaining operational stability.

LAUGFS Gas - Trading

SLOGAL Energy DMCC

As the trading arm of the LAUGFS Group, SLOGAL Energy DMCC ensures a steady supply of LPG to the Group by developing a reliable and comprehensive supplier network through its global presence. SLOGAL Energy DMCC charters LPG vessels from LAUGFS Maritime and external charterers, rents terminal space from LAUGFS Terminal and supports the Group in maintaining optimal inventory levels.

The Company purchases bulk LPG from major suppliers and distributes it to the LAUGFS downstream business and third party buyers. In addition, the Company oversees the entire LPG procurement process for domestic and international trading.



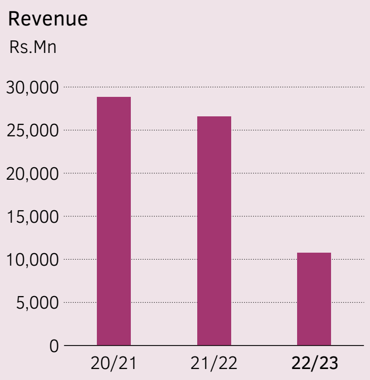
KEY PERFORMANCE HIGHLIGHTS

REVENUE	PROFITS	ASSETS
Rs. 10,779Mn	Rs. 31Mn	Rs. 686Mn

PERFORMANCE IN 2022/23

REVENUE

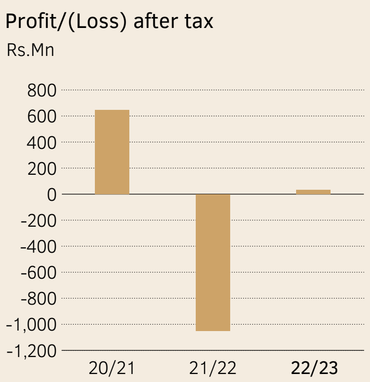
- During the year, revenue from trading operations notably decreased from Rs. 26,600Mn to Rs. 10,779Mn.
- Revenue from external clients decreased to Rs. 340Mn compared to Rs. 14,214Mn last year.



PROFITABILITY

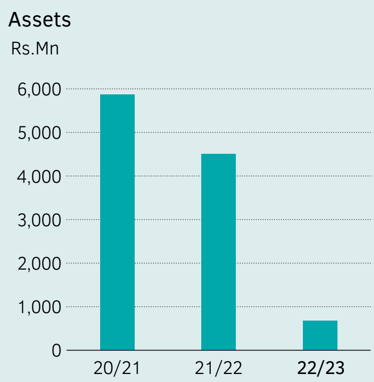
- Though revenue has decreased, last year's loss of Rs. 1,050Mn was turned to a profit after tax of Rs. 31Mn.

Profitability Growth - 103%



ASSETS

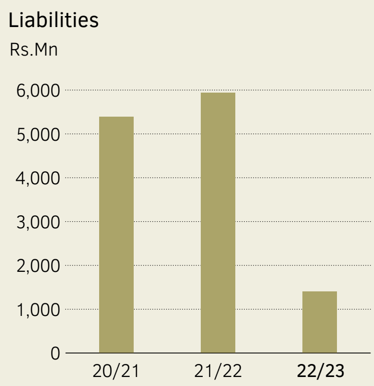
- The Company's assets decreased from Rs. 4,511Mn to Rs. 686Mn.



LIABILITIES

- During the year, liabilities decreased from Rs. 5,934Mn to Rs. 1,406Mn.

Liabilities decreased - 76%



YEAR IN REVIEW

Revenue from trading decreased by 59% compared with 2021/22 from Rs. 26,600Mn to Rs. 10,779Mn, which was mainly due to forex issues faced by banking sector in Sri Lanka.

The most critical factors have been the downgrading of Sri Lanka and its banking sector by International Credit Rating companies, which resulted in many reputed suppliers refraining from accepting domestic Letters of Credit and supplying LPG to Sri Lanka.

In spite of that, the Company has managed to successfully overcome this situation by procuring products from other established suppliers to cater to its captive market. During the year, SLOGAL focused on mainly catering to its captive markets, LAUGFS Gas PLC and LAUGFS Gas (Bangladesh) Limited.

FUTURE STRATEGY

As the LPG trading arm of the Group, SLOGAL plays an integral part in the midstream value chain by ensuring consistent supply to the downstream business. Despite a pressured internal and external environment, SLOGAL will continue to further consolidate its supplier base and focus on building a non-captive market base across South Asia and Africa and thereby be geared to meet substantial volumes in coming years.

The Company has taken steps on a strategic level to minimise the impact of challenges faced due to reliance on domestic financial institutions (Sri Lanka) for foreign currency facilities for the international business. A strategic approach has already been taken to establish trading facilities with international banks for future trading.

LAUGFS Gas - Property

LAUGFS Property Developers

The LAUGFS Property, comprised of 88,082 square feet of building space and 0.43 acres of freehold land, is situated at Havelock Town, one of Colombo's premier locations.

KEY PERFORMANCE HIGHLIGHTS

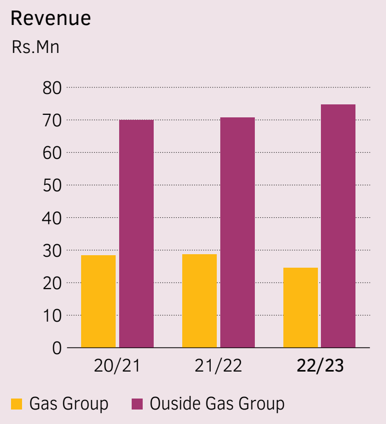
REVENUE	PROFITS	ASSETS	SQ. FT.	VALUE OF INVESTMENT PROPERTY
Rs. 99Mn	Rs. 47Mn	Rs. 3,200Mn	88,082	Rs. 2,558Mn

PERFORMANCE IN 2022/23

REVENUE

- Outside the Gas Group, a rental income of Rs. 74.7Mn was recorded and it was a 6% growth when compared to last year.
- Within the Group, a rental income of Rs. 24.6Mn was recorded and it was a 14% decline when compared to last year.

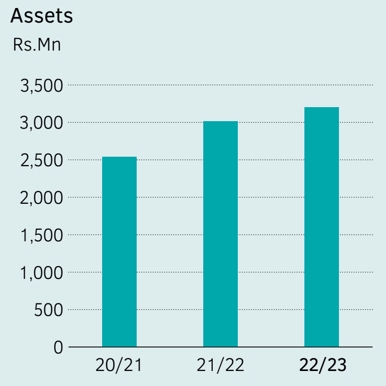
Outside Gas Group Revenue Growth - 6%



ASSETS

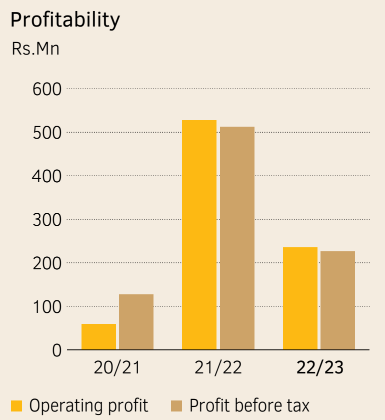
- During the year, assets increased by 6%.
- The investment property valued at Rs. 2,742Mn during the year under review.

Assets Growth - 6%



PROFITABILITY

- Operating profits of the property segment was Rs. 236Mn.
- Rs. 226Mn of profit before tax was recorded and it is a 56% decline when compared to last year's Rs. 512Mn.
- Rs. 47Mn of profit after tax was recorded and which is a 88% decline when compared to last year's Rs. 378Mn.



FUTURE OUTLOOK

The LAUGFS Property Developers provides the necessary infrastructure to meet the growing space demands of the LAUGFS Group. Moreover, LAUGFS Group plans to explore additional lucrative methods to drive growth in operating profits and generate additional income.

The Group remains optimistic of the possible appreciation of the property market and the rented commercial space market in the near future. Hence, an increment in assets on par with the increment in the value of investment property is expected.

Financial Capital

OPTIMISING FINANCIAL FORTITUDE

During the year under review, LAUGFS Gas proactively implemented strategic initiatives to adeptly navigate the dynamic economic landscape while effectively safeguarding the Group's financial capital. The astute measures have yielded positive results, showcasing the Group's resilience and foresight. Amidst the economic fluctuations and associated uncertainties that affected foreign exchange dynamics and consumer behaviours, LAUGFS Gas successfully managed these challenges to its advantage. The Group's adaptability and proactive strategies have not shielded it from adversities but also contributed to a thriving revenue and profitability for the year.

FINANCIAL HIGHLIGHTS

PERFORMANCE

Group Revenue

Rs. 22,527Mn

Gross Profit

Rs. 6,430Mn

Operating Profit

Rs. 4,789Mn

Earnings Before Interest and Tax (From continuing operations)

Rs. 4,835Mn

Profit After Tax

Rs. 2,239Mn

MARGINS

Gross Margins

29%

EBITDA Margins

30%

EBIT Margins

21%

GROUP ASSETS

Total Assets

Rs. 45,704Mn

LIQUIDITY

Cash and Cash Equivalents

Rs. 992Mn

Current Ratio

0.27

GROUP LIABILITIES

Total Liabilities

Rs. 41,249Mn

Financial Capital

FINANCIAL PERFORMANCE

REVENUE

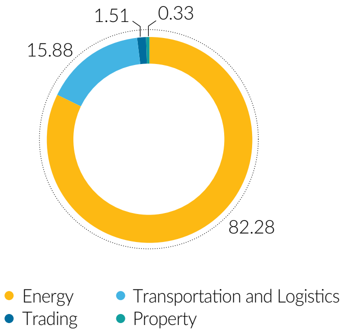
During the year under review, the Group recorded a revenue of Rs. 22,527Mn. A number of challenges in the operating environment affected the revenue generation of the Group including financial restrictions within the country which weakened the purchasing power of consumers and global political tensions affecting LPG supply chains.

The main contributor to Group revenue was the energy sector which accounted for 82% of the total revenue recorded during the year under review. The energy sector recorded a growth of 100% to Rs. 18,534Mn.

External revenue from the trading operations amounted to Rs. 340Mn, reflecting a decrease from the last year's Rs. 14,214Mn. On the other hand, the transportation and logistics sector experienced substantial growth, with external revenue reaching Rs. 3,578Mn, compared to last year's Rs. 484Mn.

Segmental Revenue

%



GROSS PROFITS

The Group's gross profit surged by an impressive 775%, soaring to Rs. 6,430Mn over the course of the year. This robust growth was accompanied by a remarkable improvement in gross margins, which surged to 29% from the -4% of the last year.

The Group incurred costs due to several factors including the fluctuating global crude oil prices driven by the Russia-Ukraine war, global economic uncertainties and rising costs of operations due to inflation. However, the increase in the global supply of crude oil from the US and international Strategic Petroleum Reserve release programmes contributed to the moderation of global crude oil prices towards the latter half of the year.

With the monthly revised cost-reflective pricing formula, the retail price of LPG in the local market was continuously adjusted ensuring fair pricing for the Group as well as consumers. Accordingly, the highest price recorded for a 12.5kg LPG cylinder during the year was Rs. 6,850/= while the lowest price recorded was Rs. 5,080/=.

OPERATING PROFITS

Operating profits amounting to Rs. 4,789Mn were influenced by the rise in gross profits. However, operating profits were affected by losses stemming from high foreign currency exchange rates. The combined effect of these factors on the Group's overall operating profit resulted in a substantial 349% increase during the year under review.

Earnings Before Interest and Taxes (EBIT) for the year was at Rs. 4,835Mn compared to the loss of Rs. 1,917Mn in the last year. The operating profit margin was 21% for the year compared to -8% in the last year. Other operating income recorded a decline of 30% to Rs. 273Mn, compared to Rs. 393Mn in the last year.

Selling and distribution costs in the Group amounted to Rs. 380Mn while LAUGFS Gas reported a 11% increase in selling and distribution costs. It is important to note that the increase in sales volume contributed to the rise in these costs, while factors such as inflation and other economic influences have also played a role in this escalation. The investments in marketing and promotional activities were limited during the year due to restricted supply and exchange rate fluctuations.

An exchange loss of Rs. 706Mn was reported for the year under review.

PROFIT AFTER TAX

The profit after tax achieved an impressive Rs. 2,239Mn, a remarkable turnaround from the preceding year's loss of Rs. 3,982Mn. This remarkable shift can be attributed to diverse factors, including gains from disposals of subsidiary investment and the decrease of the Company's loss of Rs. 2,496Mn in previous year up to Rs. 115Mn, all while navigating a substantial Rs. 2.5 Bn increase in finance costs.

The profit after tax reported an increase of 156% compared to the last year, resulting in Rs. 2,239Mn. Furthermore, the profit attributable to equity holders amounted to Rs. 2,222Mn.

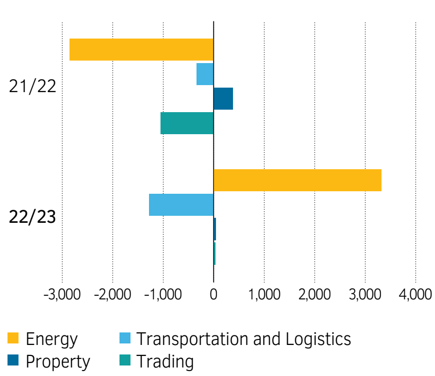
The earnings per share stood at Rs. 5.74, an increase from last year's loss per share of Rs. 10.54. In addition, the profit after tax of the energy sector experienced a surge of 216%, to reach Rs. 3,324Mn.

The trading sector reported a profit after taxes, totalling Rs. 31Mn, in contrast to the last year's loss of Rs. 1,050Mn.

The transportation and logistics sector experienced a significant decline, with a loss after tax amounting to Rs. 1,209Mn, in contrast to the loss of Rs. 342Mn recorded in the last year.

Profit/ (Loss) by Segment

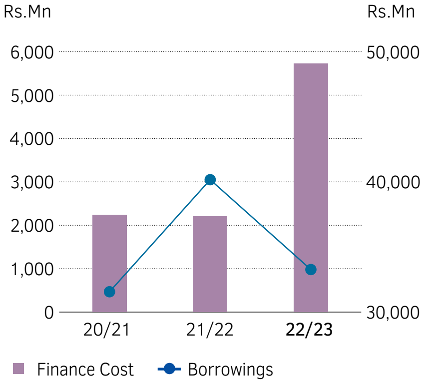
Rs.Mn



BORROWINGS AND FINANCE COST

Despite an upswing in interest rates leading to an escalation in total finance costs, reaching Rs. 5,719Mn, the Group managed to achieve a profit. This success was attributed to the reduction in borrowings achieved through strategic loan settlements, resulting in a decrease of borrowings from Rs. 40,169Mn to Rs. 33,267Mn.

Finance Costs



FINANCIAL POSITION

ASSETS

The Group's total assets reached an amount of Rs. 45,704Mn. The non-current assets, which constitute 87% of the Group's assets, were valued at Rs. 39,700Mn.

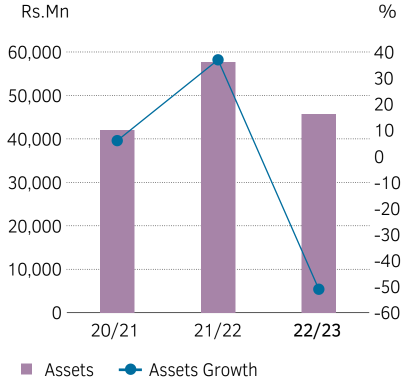
The net book value of property, plant, and equipment stood at Rs. 34,576Mn, reflecting a dip of Rs. 7,434Mn primarily due to the divestment of LAUGFS Gas Bangladesh.

Other non-current assets

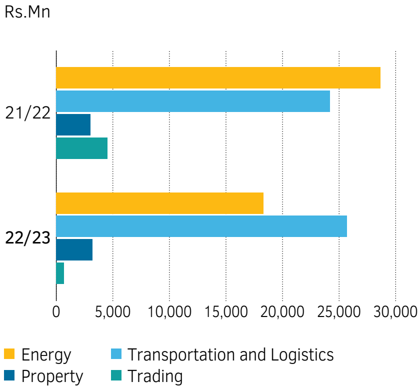
- The value of the investment property recorded a growth of 7% to a total of Rs. 3,726Mn.
- The value of intangible assets saw a significant decline of 100%, reaching Rs. 14.5Mn, primarily attributed to the derecognition of goodwill linked to LAUGFS Gas Bangladesh.

The current assets of the Group, which predominantly comprise inventories and, trade and other receivables, experienced a decrease of 8% to Rs. 6,003Mn. The value of the inventory recorded an increase to Rs. 2,312Mn, in contrast to the previous amount of Rs. 1,941Mn. Additionally, trade and other receivables witnessed a decrease of 30% to Rs. 2,394Mn.

Asset Growth



Asset by Segment

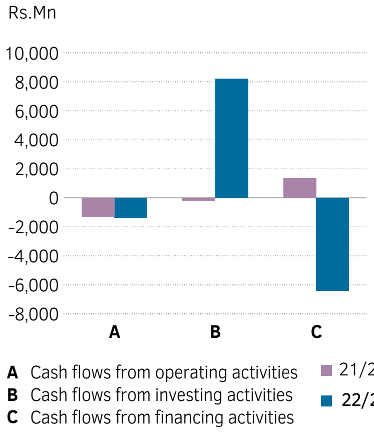


CASH FLOW AND WORKING CAPITAL MANAGEMENT

The Group's cash and cash equivalents demonstrated a noteworthy growth of 22%, reaching Rs. 992Mn.

This positive trend can be attributed to multiple factors. Notably, the increase in revenue has played a significant role regardless of rising finance costs. Additionally, the proceeds from the successful divestment of Bangladesh operations have been strategically utilised to bolster the Group's financial position.

Cash Flows



CAPITAL STRUCTURE

The Group's aggregate liabilities demonstrated a notable 20% reduction, amounting to Rs. 41,249Mn. Among these, non-current liabilities, comprising 47% of the total liabilities, experienced a 7% decrease, settling at Rs. 19,586Mn. This reduction in liabilities can be attributed in part to successful loan settlements.

During the financial year, there was a decrease of 28% in current liabilities, amounting to Rs. 21,863Mn attributed to the decrease in trade payables, interest-bearing loans and borrowings, as well as income tax payables.

The equity experienced a decline of 28% amounting to Rs. 4,455Mn during the year under review.

Social & Relationship

ENRICHING HEALTHY RELATIONSHIPS

LAUGFS Gas maintains a positive outlook in achieving our corporate goals. In focusing on social sustainability, we are actively strengthening existing relationships with our stakeholders and creating new linkages that go beyond our current social reach. The Group's compassionate culture and commitment to building positive partnerships with everyone we connect have rewarded us and helped us make significant progress over the years. We continue to aim towards improving community growth, quality of life, and relationship building through our activities.

GRI 403-3,413-1,416-1,417-1,417-2,417-3,416-2,417-2,417-3

Capital

SUSTAINABLE VALUE CREATION/ SUSTAINABLE SOCIAL & RELATIONSHIP CAPITAL

3 GOOD HEALTH AND WELL-BEING

SDG 03
GOOD HEALTH AND WELL-BEING

- Safety instruction labels in tri languages
- Digital Awareness Programmes

11 SUSTAINABLE CITIES AND COMMUNITIES

SDG 11
SUSTAINABLE CITIES AND COMMUNITIES

- Community awareness programmes
- Donations for the community - Rs. 2.6Mn

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SDG 12
RESPONSIBLE CONSUMPTION AND PRODUCTION

- Branded and quality-certified cylinders
- Complying with International Quality Standards

Dedicated to the betterment of the community, LAUGFS Gas extended support through generous donations totalling

Rs.2.6Mn

Social & Relationship Capital

CUSTOMERS

- Domestic
- Commercial
- Industrial

SUPPLIERS

- LPG solutions providers
- Partner subsidiaries

EMPLOYEES

- Teams within the Group

BUSINESS PARTNERS

- State regulatory authorities
- Banks
- Other funding partners

SHAREHOLDERS

- Key investors

COMMUNITIES

- Distributors and dealers
- Members in the society

KEY COMPONENTS OF OUR SOCIAL AND RELATIONSHIP CAPITAL

TRUST

Quality

Since quality defines trust and confidence in our long-term relationships, LAUGFS Gas maintains quality standards throughout the organisation. We have a separate team to handle customer complaints and evaluate and provide feedback. Our approach to improvements is based on active listening and encouraging feedback from consumers.

Availability

Continuous availability of our products fulfils consumer needs which is vital in building consumer trust. Therefore, LAUGFS Gas ensures that we are present and accessible island-wide. In addition to LAUGFS Gas's existing regional presence, we have introduced Town activation (all-island) to reach consumers. In ensuring better availability to a larger part of the island, LAUGFS Gas expanded the supplier network.

NETWORKS

In order to provide satisfactory service, the establishment and continuance of a reliable and accessible network is a must. It will in return provide business sustainability and help to make available cleaner and sustainable energy products to the consumer.

We maintained continuous rapport with our market intermediaries and maintained healthy relationships with our shareholders with the intention of growing together. Our sustainable approach is based on transparency and mutual understanding with our stakeholders.

We place a strong emphasis on engaging local suppliers as a priority. However, when the need arises, we also collaborate with international suppliers. Our commitment to supplier engagement is reflected in the relationships we have cultivated with various business partners, including suppliers, dealers and distributors.

In pursuit of building a responsible and sustainable supply chain, we meticulously screen new suppliers under specific criteria. This screening process includes assessing aspects such as quality, ethical practices, goodwill and other essential factors. When evaluating new suppliers, we extend our scrutiny to encompass social criteria. This involves ensuring that suppliers adhere to ethical and responsible practices, treat their employees equitably, uphold safe working conditions and respect human rights.

Shareholders: Quarterly reports to shareholders, annual general meetings, and annual performance reports have been shared to ensure that our valued shareholders are kept informed of the Company's performance.

Consumers: We maintain relationships with three segments of consumers, namely, domestic, commercial and industrial in Sri Lanka. Continuous awareness and feedback mechanisms are implemented to keep our consumers up-to-date on essential information.

During the year we conducted community awareness programmes and spent Rs. 2.6Mn on donations.

SAFETY

We maintain health and safety standards which comply with international benchmarks. Safety experts and technicians within our organisation maintain the health and safety of the workplace and reduce potential health risks.

Following are some activities we concluded during the financial year 2022/23.

- Compliance with international standards for storage, filling, and distribution (SLS 1196 / SLS 1178/NFPA 58 / ISO 9001:2015 / ISO 45001-2018) and focused on maintaining quality services in Sri Lanka.
- In order to ensure the safety of our customers, all branded cylinders and equipment were provided and regular assessments were done on the health and safety impacts.
- Precisely provided all the instructions, regulations, guidelines and voluntary codes in tri language; e.g. product labels, and brochures.
- Conducted and maintained digital awareness programmes on social media.
- In alignment with Sri Lanka's labelling and marketing regulations, essential details such as weight and careful handling instructions are displayed in bold
- Conducted regular health and safety audits.
- Conducted dealers and public awareness campaigns to share safety tips.
- Provided virtual meeting options for the stakeholders.
- Risk assessments were conducted periodically.
- Maintaining safety standards of LPG transportation.
- All our products and services comply with all relevant local and international standards and procedures.
- There were no incidents of non-compliance concerning health and safety impacts of products and services during the reporting year.
- There were no incidents of non-compliance concerning product and service information and labelling and marketing communications during the reporting year.

FUTURE OUTLOOK

We focus on the following areas in improving our social and relationship capital for a convenient future.

- Economic growth and social progress through providing several employment opportunities to local communities
- Focus on efficiency by reducing time consumption
- Resource efficiency and energy efficiency

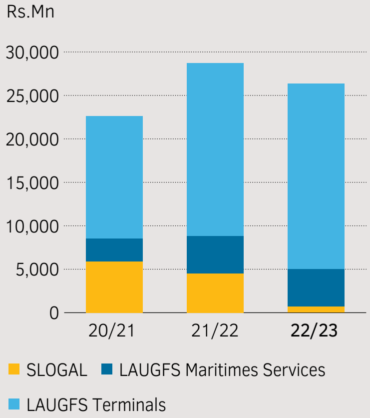
Manufactured Capital

IMPROVING THROUGH CONTINUOUS UPGRADES

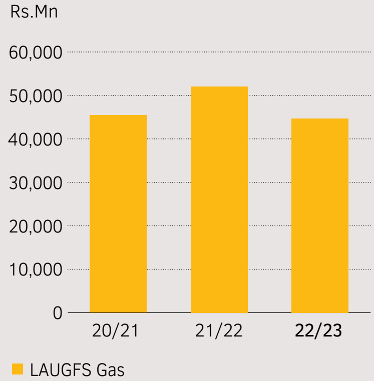
LAUGFS assets are crucial in the sustainable development of the Group. All types of infrastructure, machinery, tools and equipment, technology and other tangible and non-tangible assets owned, leased or managed by the Company have supported the Group to grow as a leading LPG provider for the nation. LAUGFS assets are innovatively and efficiently handled, facilitating the Group to respond faster to the market and fulfil societal needs. We continually upgrade our manufactured capital to the latest technology with the aim of minimising resource consumption.

KEY HIGHLIGHTS

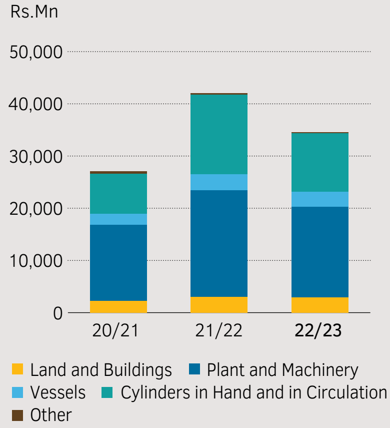
Monetised Value of our Midstream Business



Monetised Value of our Downstream Business



Assets by Type

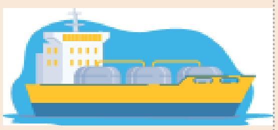


OVERVIEW OF OUR CAPABILITIES

OUR MIDSTREAM BUSINESS

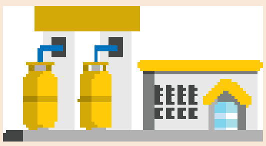
Transportation

Three
LPG tankers



Storage

30,000 MT



Trading

Revenue
Rs. 10,779Mn

OUR DOWNSTREAM BUSINESS

Distribution Centres

30

Delivery Vehicles

170+

Storage

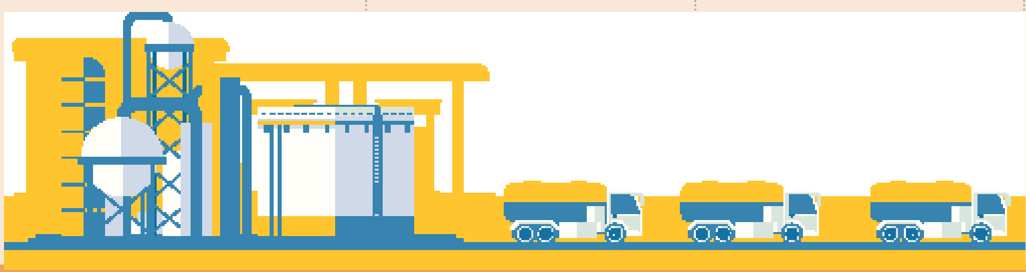
3,150 MT

Ordering Platforms

Online ordering

Centralised hotlines

WhatsApp



Manufactured Capital

VALUATION OF PPE

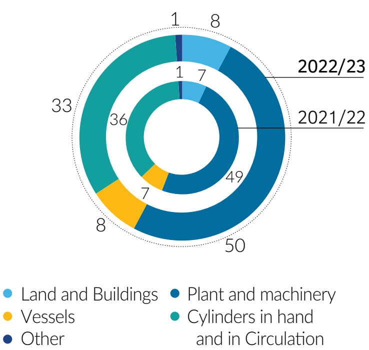
The net book value of property, plant and equipment (PPE) of the Group declined by 18% in 2022/23, from Rs. 42,010Mn to Rs. 34,576Mn.

During the year under review, investments in PPE were Rs. 30Mn, which was an 91% decrease compared to Rs. 327Mn invested the previous year. The energy sector incurred a predominant part of the capital expenditure, amounting to Rs. 24Mn.

The total depreciation of PPE increased by 34% during the year, from Rs. 1,634Mn to Rs. 2,192Mn. The energy sector accounted for 61% of the depreciation charge followed by the transportation and logistics segment.

The disposals of PPE were valued at Rs. 1.6Mn which was an increase of 84% compared to the previous year's value of Rs. 0.87Mn.

NBV of Assets
%



FUTURE OUTLOOK

LAUGFS Gas plans to further improve its operational efficiencies and continue the expansion of its manufactured capital in the upcoming year, focusing on the following:

- Expansion of its LPG Transshipment Terminal capacity from 30,000MT to 45,000MT
- Upgrading of the terminal operating system from the hybrid process system currently in use, to a state-of-the-art fully automated facility. The upgrade is expected to eliminate delays, improve capacity utilisation, and increase the efficiency of inward-outward movement of the terminal.
- The automation of the downstream operation of the gas supply chain intends to provide an efficient and effective service to customers. Through the investments in technology to track domestic and commercial cylinder distributions, customers will gain the advantage of seamless deliveries and efficiency in LAUGFS Gas services.
- As a further step to enhance efficiency and add value to the customer experience, steps are underway to expand the gas home delivery service.

Intellectual Capital

LEVERAGING TECHNOLOGY FOR OPERATIONAL EXCELLENCE

The Intellectual Capital of LAUGFS Gas contributes to its product development, goodwill building, and trustworthy network creation whilst also providing the Company with a competitive advantage. Continuous investments in the improvement of Intellectual Capital have benefited the Company over the years and have helped to optimise the other resources of the Group.

SUSTAINABLE VALUE CREATION/ SUSTAINABLE INTELLECTUAL CAPITAL

HUMAN	RELATIONAL	STRUCTURAL
Leadership	Brand Awareness and Brand Reputation	Dynamic Business Model
Tacit Knowledge	Group Linkages	Healthy and Safety Culture
Instructional Capital	Strategic Relationships	Certifications and Standards
	Memberships	

Intellectual Capital

Component	Description	Applications
Tacit Knowledge	Tacit knowledge is a valuable yet elusive form of knowledge that holds great potential for our employees and organisational growth. This refers to the type of knowledge that is often difficult to articulate or codify, yet it plays a crucial role in our daily lives, decision-making processes and problem-solving endeavours.	Applying tacit knowledge involves leveraging insights gained through experience and intuition. To make the most of it we practice: 1. Learning from mentors and collaborate with experts. 2. Engage in hands-on learning and practice. 3. Share stories and experiences to convey insights. 4. Articulating and documenting knowledge. 5. By fostering a culture of open communication
Instructional Capital	We effectively apply instructional capital, to ensure that knowledge is preserved, shared and utilised to enhance employee performance, streamline processes and drive innovation.	By identifying areas that can benefit from structured knowledge, followed by creating clear and comprehensive documentation and training materials. Designing training programs and mentorship initiatives reinforces learning, while offering performance support aids task execution. Encouraging feedback, promoting awareness, measuring impact and integrating instructional capital into the organisational culture complete the process.
Brand Awareness and Brand Reputation	For 28 years, consumers in Sri Lanka have recognised the LAUGFS brand as a trustworthy LPG solution provider.	Corporate values, governance policies and Company culture, which greatly support the development of the brand image, were adapted to meet and overcome challenges successfully.
Group Linkages	LAUGFS Group maintains strong links with our subsidiaries that specialise in various activities of our value chain. These linkages enable the Group to get advantages from supply chain synergies and reduce supply chain risks.	We make many modifications on a regular basis to enhance efficiency by leveraging digitalisation to improve operations and establish partnerships. During the year, there were no substantial changes to the organisation or the supply chain.
Strategic Relationships	Collaboration with internal and external stakeholder groups, especially with communities, channel partners and suppliers has always been an important element of our operations. We made efforts to further expand these networks developed over time.	We rely on the network we have created with our key stakeholders and how we foster long-term partnerships that will help our Company to thrive is covered in pages 24 and 25.
Memberships	Internationally recognised for its affiliations, LAUGFS Gas maintains a strong global presence, reflecting its dedication to industry standards and best practices. Through these affiliations, the Group demonstrates its ongoing pursuit of excellence and its role as a proactive contributor to industry advancement.	– Registered with the Lloyds Registry UK. – Member of the World Liquefied Petroleum Gas Association (WLPGA).

Component	Description	Applications
Dynamic Business Model	We have improved our services and developed innovative methods of communicating with our customers. We have remained agile and flexible in order to respond to the challenging circumstances, which offered opportunities to grow.	
Healthy and Safety Culture	Occupational health and safety are top priorities for us. We are committed to maintaining excellent health and safety standards not only within the organisation but also beyond the organisation covering our customer touch-points and other stakeholder groups.	Implementing a solid health and safety framework, – we launched employee safety training and awareness seminars. – we conducted emergency evacuation plans and periodic emergency drills in compliance with national and international safety and health standards.
Certifications and Standards	We adhere to a number of international standards in the area of health and safety, LPG operations, and process and product quality. All workers at LAUGFS are covered by an occupational health and safety management system.	Health and Safety – ISO 45001 – Certifications from Lloyds Registry – International Safety Management Code (ISM) – Safety of Life at Sea (SOLAS) regulations – Marine Pollution Regulations (MARPOL) – Standards of Training Certification and Watchkeeping (STCW) – Maintenance of standards of Oil Companies International Marine Forum (OCIMF) and verification of compliance process through regular SIRE inspections Technical – NFPA; ASME; ASTM; API; ADR; BS – SLS; Factories Ordinance Product/Service Quality – ISO 9001 – SLS

FUTURE OUTLOOK

The vast intellectual wealth possessed by LAUGFS Gas is instrumental in driving its innovative product development, fostering a strong reputation, and cultivating a reliable network.

Hence LAUGFS Gas plans to develop its Intellectual Capital through the introduction of new technologies and continuous innovations to both improve its services provided to customers and streamline its supply chain operations. Intellectual priorities include:

- Automation and upgrading of systems to improve the service speed and accuracy.
- Improved transparency through the adoption of tracking technology to facilitate better communication with customers and suppliers.

Human Capital

REVITALISING TEAM SPIRIT

LAUGFS GAS places great value in our workforce spread across our business segments. Our team's knowledge, skills, experience and loyalty lead our business along a sustainable path. The economic growth and the profitability of our organisation depend on the productivity of our employees. We nurture our employees who are committed to achieve the goals of the Group amidst various hardships. We aim to continuously improve our human capital through ongoing investment in training, capacity enhancement, rewards and recognition.

GRI 401-1,402-1,409-1,410-1

SUSTAINABLE VALUE CREATION/ SUSTAINABLE HUMAN CAPITAL

SDG 01
NO POVERTY

- New job opportunities

SDG 03
GOOD HEALTH AND WELL-BEING

- Strong policy for health and safety
- Special policy on medical insurance
- 625 training hours on employee health and safety

SDG 04
QUALITY EDUCATION

- Special policy for learning and development
- Total hours of employee training by 3,490 hours
- 752 employee skill development programmes

SDG 05
GENDER EQUALITY

- Employee gender balance (90%:10%)
- Non tolerance of gender based violence and discrimination

3,490

Total hours of employee training

SDG 06
CLEAN WATER AND SANITATION

- Provision of continuous clean drinking water for employees
- Ensuring safe and sanitised environment to work free from diseases

SDG 08
DECENT WORK AND ECONOMIC GROWTH

- LAUGFS Code of Conduct
- Employee retention rate 93%
- Ensuring minimum wages and additional benefits

SDG 10
REDUCED INEQUALITIES

- Equal and fair recruitment policy
- Equal opportunities for growth, promotions
- Equal recognition for career development and rewards

SDG 16
PEACE, JUSTICE AND STRONG INSTITUTIONS

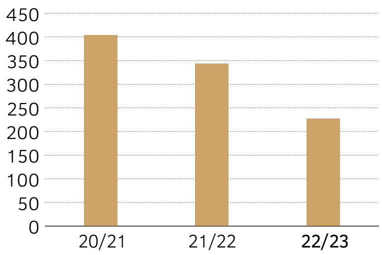
- An all-inclusive set of HR policies

Human Capital

KEY HIGHLIGHTS

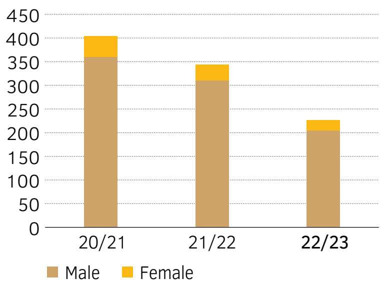
No. of Employees

No.



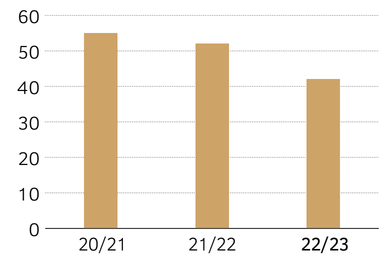
Male:Female Ratio

No.



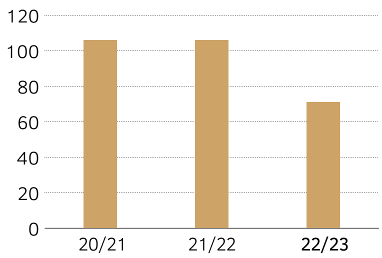
Employee Recruitments

No.



Employee Attrition

No.



OUR TEAM

Age-wise

Below 30 years	38
30 - 50 years	154
Above 50 years	35

Region-wise

226	1
Sri Lanka	UAE

No part-time members in our cadre.

Employment Contract wise*

	Male	Female
Permanent	178	15
Probation	17	05
Contract wise	09	03

Activity-wise

	Male	Female
Downstream	132	12
Midstream	47	07
Services	25	04

Category-wise**

Employees by Category (Include trainees & Interns)	227
HOD and above	20
Manager	50
Executive	46
Non-Executive	107
Trainee	04

* 130 individuals are engaged as indirect/outsourced workers.

** The senior management team consists entirely of individuals hired from the local community.

Recruitments and Attrition by Age	Recruitment	Attrition
Below 30 years	26	20
30 - 50 years	16	46
Above 50 years	0	5

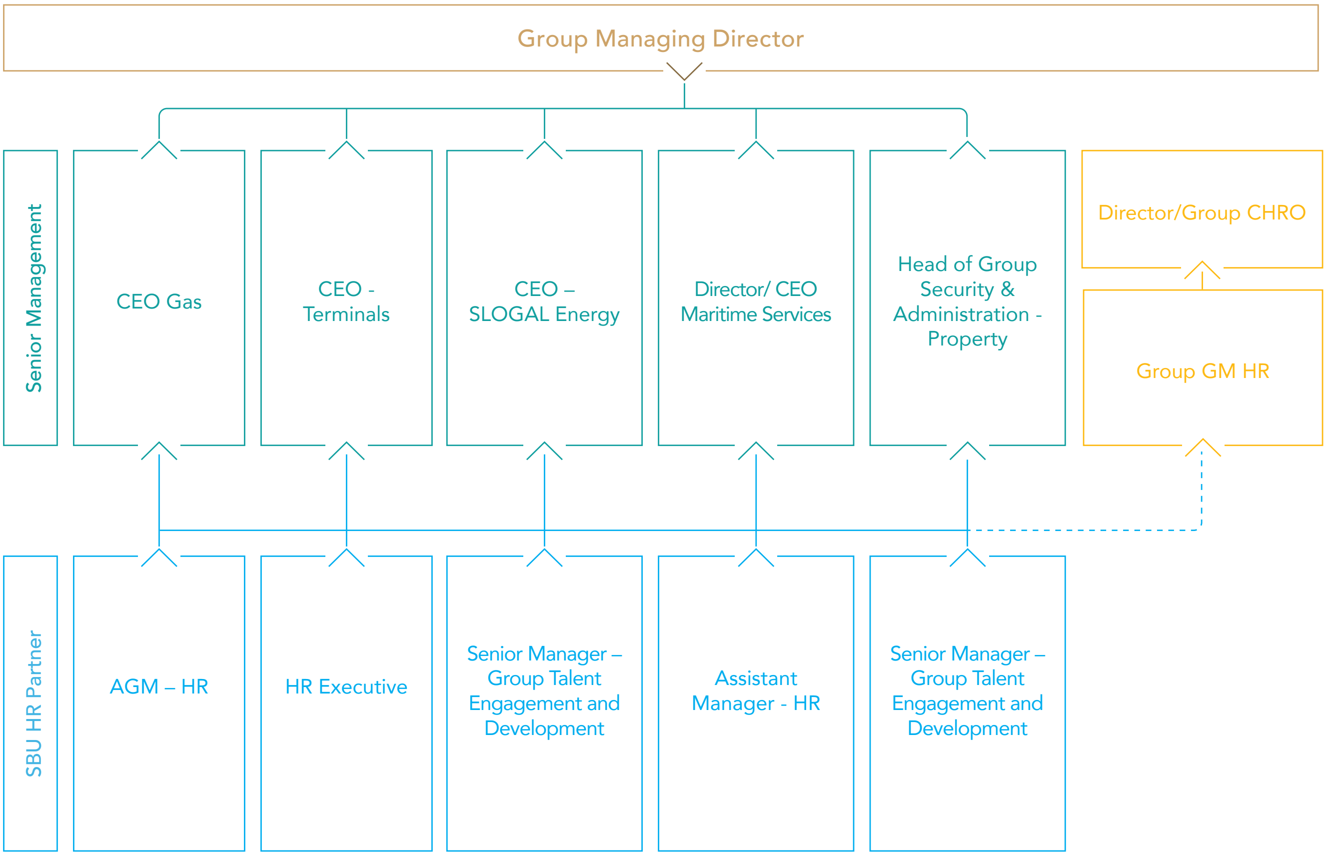
Recruitments and Attrition by Gender	Recruitment	Attrition
Male	32	62
Female	10	9

Recruitments and Attrition by Region	Recruitment	Attrition
Sri Lanka	42	70
United Arab Emirates	0	1

GOVERNANCE AND POLICY FRAMEWORK

The HR framework of LAUGFS Holdings is generally adopted by LAUGFS Gas PLC. The Director/ Group Chief Human Resource Officer (DCHRO) directly reports to the Group Managing Director/GCEO. The DCHRO and four HR partners who lead the HR operations of five SBUs of the Gas cluster are in charge of the human resources of the cluster. HR Review meetings are held monthly, led by the DCHRO and attended by HR Heads/ relevant team members. During these meetings, all major human resource-related topics are highlighted and matters are discussed.

GOVERNANCE STRUCTURE



OUR HR POLICIES

A set of all-inclusive policies are implemented within the company to address all key matters related to human capital. This set consists of twenty policies. The LAUGFS Code of Conduct describes the ethical standards of the organisation which apply all employees of the Group. The employees are required to follow the practices set out in this code and avoid any conflicts of interest by revealing any outside employment, business or related professional commitments.

Set of policies

Ethics

- Disciplinary Policy
- Grievance Policy
- LAUGFS Code of Conduct
- Social Media Policy
- Whistle Blowing Policy

Talent Development and Recognition

- Learning and Development Policy
- Internal Job Posting Policy

Health and Safety

- Health and Safety Policy
- Medical Insurance Policy

HR, Remuneration and Benefits

- Retirement Policy
- Leave Policy
- Attendance Policy
- Recruitment and Selection Policy
- Onboarding Policy
- Fuel Card Policy
- Policy on Payment and Reimbursement of Expenses
- Policy on Fixed-Term Contracts
- Transfer Policy
- Vehicle Parking Policy
- Policy on Workstations for Head Office Staff

TRADE ASSOCIATIONS

The rights of employees including their freedom of association and collective bargaining rights are protected by the LAUGFS management. Any significant operational change within the Company is made after sufficient prior notice of is given. No trade association activities were reported during the year. (Employees covered by collective bargaining agreements - 0%)

GENDER AND CHILD RIGHTS

No incidents relating to child labour and forced or compulsory labour were reported during the year under review. No grievances were reported on human rights including corruption and discrimination. The number of female employees in our workforce is rather low compared with the male employees figures. This is mostly due to the nature of the industry, work and skill levels required across our business lines. Yet their dedication to support the organisation in reaching its goals is highly appreciated.

Formal training on the organisation's human rights policies and procedures was provided to all workers and security staff.

KEY COMPONENTS OF OUR HUMAN CAPITAL

EMPLOYEE SATISFACTION

Employee satisfaction is a prerequisite for employee engagement and a major determinant of employee retention. LAUGFS always creates an environment for a satisfied employee within the organisation.

Fair remuneration

- We paid a total sum of Rs. 483Mn as salaries for employees.
- We ensured our minimum wages are on par with the minimum wage requirements of the Wages Boards Ordinance.

Benefit Schemes

We offered benefits including the following for our permanent employees.

- Gas coupons and free meals for employees working for LAUGFS Gas (Sri Lanka)
- Comprehensive health insurance schemes
- Educational aid and professional membership claims
- Gift vouchers for achievers
- Special risk allowance for essential services
- Free uniforms
- Gifts for birthdays, weddings and new-child births
- Death donations (Rs. 50,000/= for a passing away of a close family member)
- Annual book donations for families having more than two children
- Scholarship programme for the higher education of employees' children

Welfare

- We conducted a number of programmes to uplift staff welfare.
- We granted 3 working days of paternity leave and 84 working days of maternity leave.

Parental Leave

Employees entitled for parental leave		Employees on parental leave		Employees who returned to work during the period after parental leave	Total Number of employees that returned to work After parental leave ended that were still employed 12 months after their return to work	
204 Male	23 Female	4 Male	1 Female	100%	100% Male	100% Female

Human Capital

Employee Development

Employee development efforts result in better-trained, better-equipped employees who boost the organisation's productivity. LAUGFS not only attempts to sharpen the existing competencies and skills of employees but also to develop new ones to support the goals of the Group.

Skills

We conducted the LAUGFS Emerging Star Programme - a Supervisory development programme.

Apart from this, we offered several other programmes to improve employee talents.

- Leadership programmes
- Soft-skills programmes
- Technical Programmes

Awareness

With the aim of raising awareness among our employees regarding the modifications in the production line, we conducted several programmes which include the following:

- Minor training sessions
- Toolbox meetings
- Discussions with employees

Average training hours by gender

186
Males

96
Females

Average training hours by category

20
Executive and above

50
Non-executive

Total hours of training

3,490

Average hours of training per employee

3.5

EMPLOYEE WELL-BEING

The mental, physical and social well-being of employees should be maintained in a successful workplace. LAUGFS creates a healthy working environment for all of its employees. .

We continuously monitor workplace environments for potential hazards, ensuring proactive measures are swiftly taken to prevent any untoward incidents.

Health & Safety

We strengthened the health and safety policy of our organisation to ensure a healthy and safe workplace for all our employees.

We have committees of joint management worker health and safety.

We spent 625 training hours on health and safety in addition to safety audits conducted every quarter.

We conducted routine maintenance checks on the plant and machinery to ensure a safe workplace for all employees.

Our safety teams (2022/23)	
HSE	3
HSE Steering	4
Joint Safety Committee	13
Emergency Team Leaders	5
Fire-Fighting Team	36
First Aid Team	27

Reported injuries	2022/23
First aid injuries	15
Work-related injuries	0
Absentee rate	0
Lost day rate	0
Work-related fatalities	0
Injury rate (No. of injuries per 100 people) was 6%	

EMPLOYEE ENGAGEMENT

Satisfied employees are more likely to be engaged. LAUGFS frequently takes the initiative to build up motivated employees who have the potential to play an active role in fulfilling their responsibilities.

- Annual Cricket Encounter
- New Year Celebration
- January First Celebration
- Christmas Party and Secret Santa Gift Exchange

SHAPING THE FUTURE OF HUMAN RESOURCES

The landscape of Human Resources is undergoing profound transformation due to technological advancements, evolving workforce dynamics and shifting business needs. As organisations adapt to the demands of a rapidly changing world, the following key HR priorities are defined for the future.

1. Digital Transformation:

The integration of technology into HR functions is imperative for streamlined operations and data-driven decision-making. Automation for administrative tasks and data analytics for predictive workforce planning will facilitate to focus on strategic initiatives that drive organisational growth.

2. Employee Experience:

Creating a positive and meaningful employee experience is a central priority. HR will prioritise work-life balance, mental health support, diversity and inclusion efforts and opportunities for skill development.

3. Skills and Upskilling:

The rapid pace of technological change demands that organisations and employees continually upskill. HR will play a pivotal role in identifying skill gaps, designing relevant training programmes and fostering a culture of continuous learning.

4. Talent Acquisition and Retention:

In a competitive job market, HR's focus on attracting and retaining top talent remains paramount. Employer branding, transparent recruitment processes and creative retention strategies will be key elements to address the evolving expectations of employees and candidates.

5. Diversity, Equity, and Inclusion:

HR will take a leading role in fostering diverse and inclusive workplaces that promote innovation and collaboration. By implementing unbiased hiring practices, providing diversity training and nurturing a culture of respect.

6. Leadership Development:

HR will identify potential leaders and invest in their development to address the challenges of tomorrow. Leadership programs that emphasise effective communication, emotional intelligence, and adaptive thinking will ensure a robust leadership pipeline.

7. Workplace transformation

Turning a page from start ups to make the work more flexible and fun

8. Future friendly policies and procedures

9. Making the workplace gamified and bring more fulfillment.

Natural Capital

COLLABORATING TO ENSURE A SAFE EARTH

Natural resources are utilised by our Group to achieve sustainable prosperity remaining within ecological limits. As a green energy provider, LAUGFS Gas conducts its operations in accordance with green business practices, environmental policies, plans, and initiatives. Our Group's Sustainability Committee maintains an environmentally conscious culture. During the financial year 2022/23 our main focus was to ensure sustainability in terms of resource management, environment protection, habitat restoration and preservation.

GRI 301-1,301-2,301-3,302-1,302-2,302-3,302-4,303-1,303-2,303-3,303-4,303-5,304-1,304-2,304-3,304-4,305-1,305-2, 305-3,305-4,305-5,306-1,306-3,306-5

SUSTAINABLE VALUE CREATION/ SUSTAINABLE NATURAL CAPITAL

SDG 06 CLEAN WATER AND SANITATION

- Waste water management
- Water treatment plants

SDG 07 AFFORDABLE AND CLEAN ENERGY

- One of the two providers of clean, environmental friendly LPG to Sri Lankan consumers

SDG 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- Electricity Consumption reduced by (60%)
- Water Consumption reduced by (86%)
- Material Consumption reduced by (100%)

SDG 13 CLIMATE ACTION

- GHG Emissions Intensity 33

Water Consumption reduced by

86%

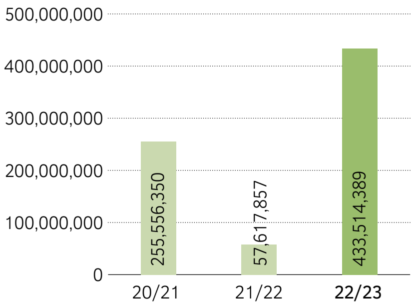
Water treatment plant at Mabima Cylinder filling facility.

Natural Capital

KEY HIGHLIGHTS

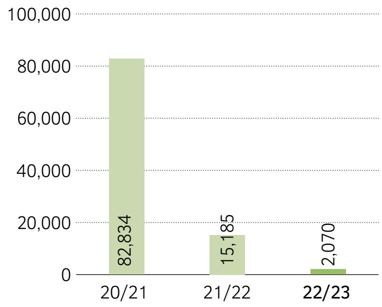
Energy Consumption

MJ



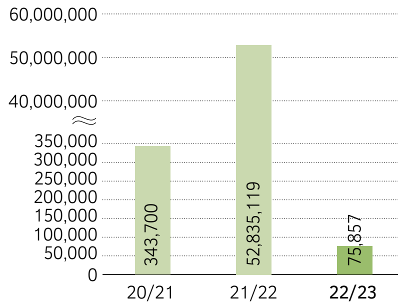
Water Consumption

M3



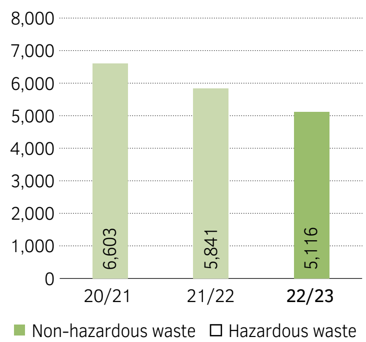
Material Consumpion

MT



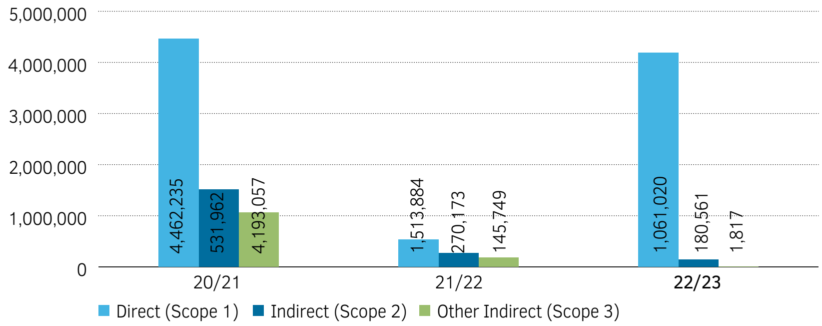
Effluents and Waste

Kg



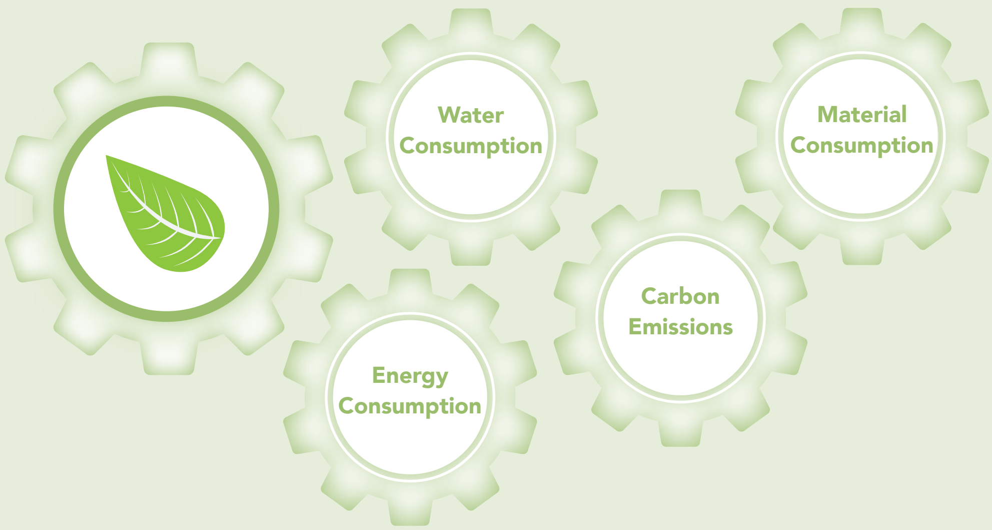
Emissions

(MT) $MTCO_2$ e

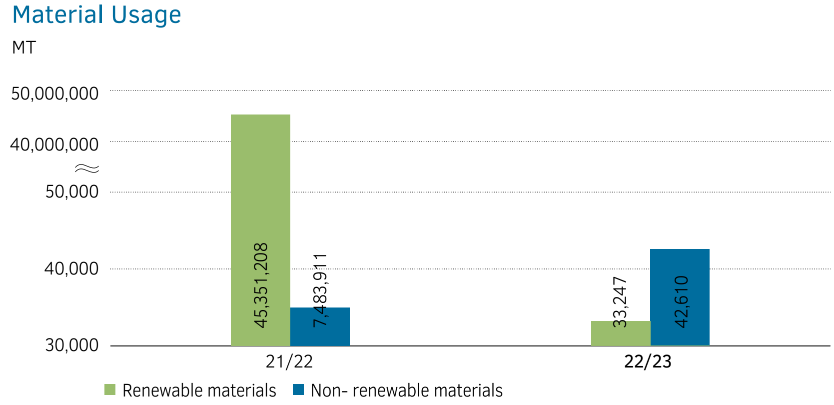


The whole amount of non-hazardous waste was disposed during the year. No hazardous waste disposals were reported.

KEY COMPONENTS OF OUR NATURAL CAPITAL



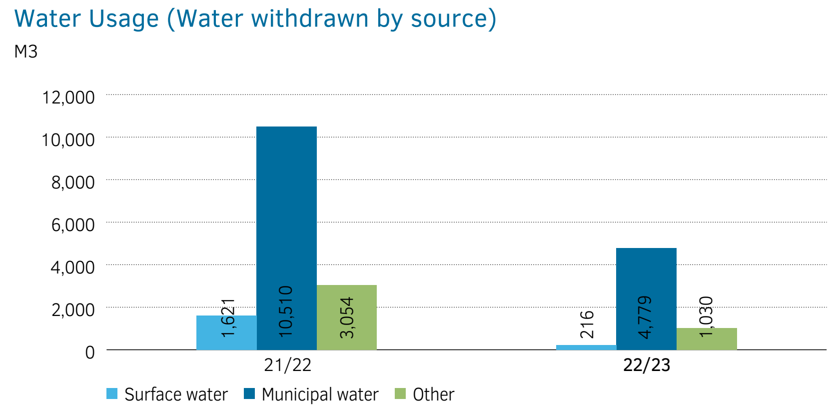
MATERIAL CONSUMPTION



During the year, 44% of the materials used were recycled. Steel is essentially utilised material and is totally recyclable.

MT	2021/22	2022/23
Material used by weight - Renewable	45,351,208	33,247
Materials used by weight - Non-Renewable	7,483,911	42,610
Recycled input materials used by weight	45,351,208	33,247
% reclaimed products and their packaging materials	None	None

WATER CONSUMPTION



During the year usage of water decreased by 86% and it is mainly used in regular business operations. The National Water Supply Board is the primary supplier. We frequently measure the water footprint and water-related impact, and with the installation of water treatment plants, we manage water wastage.

Water consumed (m3)	2021/22	2022/23
Water withdrawn by source		
Surface water	1,621	216
Municipal water	10,510	4,779
Other	3,054	1,030
Water discharge	-	3,955
% reclaimed products and their packaging materials	15,185	2,070

Natural Capital

BIODIVERSITY

Our operating area…

- No significant impact on biodiversity
- No zone of protected areas
- Safe distance of biodiversity values
- No negative impact on the IUCN Red list species and national conservation list

15 acres of land has been reserved inland in the interest of biodiversity and conservation.

From our land property, 5 HA of surface land belongs to the Hambantota Port Authority (HIPG).

ENVIRONMENTAL COMPLIANCE

We adhere to the relevant environmental laws and regulations and are concerned about being a environmentally responsible corporate. We therefore take care to regularly review and reduce environmental risks wherever possible.

During the year we have not incurred any fines or monetary sanctions for non-compliance with environmental laws or regulations.

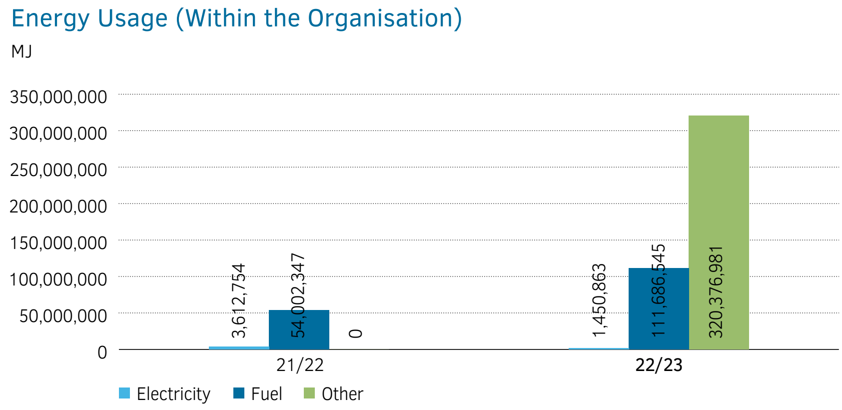
LAUGFS Maritime

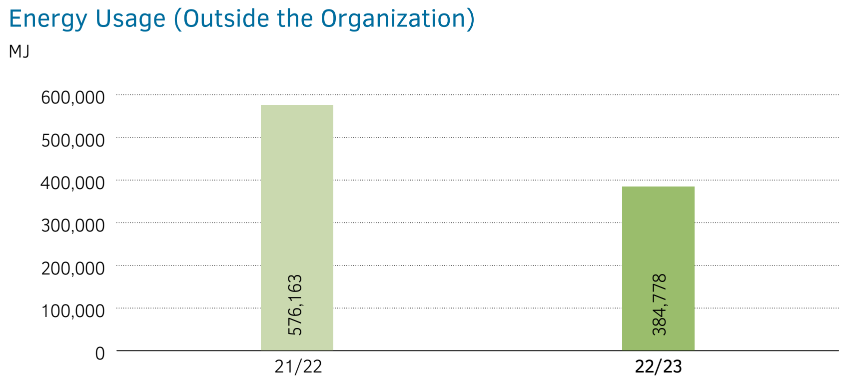
- Garbage management plan
- Ballast water management plan
- Ship energy efficiency plan
- MARPOL compliance
- Environmental management system
- IMO regulation on Sulphur cap
- Implementation of global emission standards

LAUGFS Gas

- Central Environmental Authority and all environmental regulations from local bodies

ENERGY CONSUMPTION





During the year we managed to have low carbon emissions, and energy consumption outside the Company amounted to 384,778 Liters recording a decrease when compared to last year's 576,163 Litres.

Electricity, diesel and renewable sources such as solar energy are the primary energy sources.

Energy consumed by the Group	2021/22	2022/23
Energy consumed within the organisation		
Electricity (MJ)	3,612,754	1,450,863
Fuel (MJ)	54,002,347	111,686,545
Non-renewable energy consumed	57,617,857	320,376,981
Energy consumed outside the organisation (Ltrs.)	576,163	433,514,389
Energy intensity Only calculated for LAUGFS Gas (Company) (Energy consumed (MJ)/ materials consumed (MT).	382	384,778

FUTURE OUTLOOK

The burning of fossil fuels produces carbon dioxide, leading to an eventual increase in global temperatures and could also lead to a change in global weather patterns. Since LPG generates minimal carbon emissions, we continue to encourage its usage as a more efficient fuel.

We continuously monitor our activities from manufacturing to delivery with a focus on minimising environmental impact while working towards innovative solutions for a sustainable future.

We hope to switch to using more renewable energy resources within the Company through solar power and plan to reduce, reuse and recycle more materials where possible.

GRI Content Index

Statement of use	LAUGFS GAS PLC for the financial year ending 31st March 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	[Titles of the applicable GRI Sector Standards]

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organisational details	inner back cover				
	2-2 Entities included in the organisation's sustainability reporting	5				
	2-3 Reporting period, frequency and contact point	3				
	2-4 Restatements of information	3				
	2-5 External assurance	3, 90, 91				
	2-6 Activities, value chain and other business relationships	22,23				
	2-7 Employees	70		Information unavailable	Values are not measured in percentage	
	2-8 Workers who are not employees	70				
	2-9 Governance structure and composition	71				
	2-10 Nomination and selection of the highest governance body	101				
	2-11 Chair of the highest governance body	100				
	2-12 Role of the highest governance body in overseeing the management of impacts	103				
	2-13 Delegation of responsibility for managing impacts	103				
	2-14 Role of the highest governance body in sustainability reporting	107				
	2-15 Conflicts of interest	105				
	2-16 Communication of critical concerns	112				
	2-17 Collective knowledge of the highest governance body	94-97				
	2-18 Evaluation of the performance of the highest governance body	104				
	2-19 Remuneration policies	114				
	2-20 Process to determine remuneration	114				
	2-21 Annual total compensation ratio			Confidentiality constraints	Information cannot report to the public	
	2-22 Statement on sustainable development strategy	114				
	2-23 Policy commitments	71, 72				
	2-24 Embedding policy commitments	71, 72				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION: REQUIREMENT(S) OMITTED	OMISSION: REASON	OMISSION: EXPLANATION	GRI SECTOR STANDARD REF. NO.
	2-25 Processes to remediate negative impacts			Information unavailable	Processes are not in place to measure this	
	2-26 Mechanisms for seeking advice and raising concerns			Information unavailable	The group is still in the process of implementing this process	
	2-27 Compliance with laws and regulations			Not applicable	There were no incidents of non-compliance with laws and regulations during the reporting year	
	2-28 Membership associations	66				
	2-29 Approach to stakeholder engagement	24 - 25				
	2-30 Collective bargaining agreements	72				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	28				
	3-2 List of material topics	28 - 31				
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	228				
	201-2 Financial implications and other risks and opportunities due to climate change			Information unavailable	The group is still in the process of implementing this process	
	201-3 Defined benefit plan obligations and other retirement plans	150 - 151, 198 - 203				
	201-4 Financial assistance received from government			Not applicable	No financial assistance received from the government	
Market presence						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	73				
	202-2 Proportion of senior management hired from the local community	70				
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics					
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	9				

GRI Content Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	105				
	205-2 Communication and training about anti-corruption policies and procedures			Not applicable	no incidents have recorded	
	205-3 Confirmed incidents of corruption and actions taken	72				
Anti-competitive behaviour						
GRI 3: Material Topics 2021	3-3 Management of material topics					
Tax						
GRI 3: Material Topics 2021		131 Financial notes				
GRI 207: Tax 2019	207-1 Approach to tax	131 Financial notes				
	207-2 Tax governance, control, and risk management	131 Financial notes				
	207-3 Stakeholder engagement and management of concerns related to tax	131 Financial notes				
	207-4 Country-by-country reporting	131 Financial notes				
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 301: Materials 2016	301-1 Materials used by weight or volume	79				
	301-2 Recycled input materials used	79				
	301-3 Reclaimed products and their packaging materials	79				
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	80				
	302-2 Energy consumption outside of the organisation	80				
	302-3 Energy intensity	80				
	302-4 Reduction of energy consumption	80				
	302-5 Reductions in energy requirements of products and services			Information unavailable	No mechanism to measure energy reduction products and services wise	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	79				
	303-2 Management of water discharge-related impacts	79				
	303-3 Water withdrawal	79				
	303-4 Water discharge	27				
	303-5 Water consumption	79				
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	80				
	304-2 Significant impacts of activities, products and services on biodiversity	80				
	304-3 Habitats protected or restored	80				
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	80				
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	78				
	305-2 Energy indirect (Scope 2) GHG emissions	78				
	305-3 Other indirect (Scope 3) GHG emissions	78				
	305-4 GHG emissions intensity	77				
	305-5 Reduction of GHG emissions	78				
	305-6 Emissions of ozone-depleting substances (ODS)			Information unavailable	Processes are not in place to measure this	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions			Information unavailable	Processes are not in place to measure this	
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	78-81				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts			Information unavailable	Processes are not in place to measure this	
	306-2 Management of significant waste-related impacts			Information unavailable	No significant waste related impact identified	
	306-3 Waste generated	78				
	306-4 Waste diverted from disposal			Information unavailable	Processes are not in place to measure the waste diverted from disposal and the group is implementing the process in future	
	306-5 Waste directed to disposal	78				

GRI Content Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Supplier environmental assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics					
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	70		Information unavailable	New employee hires and employee turnover values are not calculated in %	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	73				
	401-3 Parental leave	73				
Labour/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	69				
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	72				
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	67				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	74				
	403-2 Hazard identification, risk assessment, and incident investigation	74				
	403-3 Occupational health services	67				
	403-4 Worker participation, consultation, and communication on occupational health and safety	67				
	403-5 Worker training on occupational health and safety	67,74				
	403-6 Promotion of worker health	67,74				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	67,74		Information unavailable	Processes are not in place to measure this	
	403-8 Workers covered by an occupational health and safety management system	67,74				
	403-9 Work-related injuries	74				
	403-10 Work-related ill health	74				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	74				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	74				
	404-2 Programs for upgrading employee skills and transition assistance programs	74				
	404-3 Percentage of employees receiving regular performance and career development reviews	114				
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	70, 100				
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	72				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	72				
Freedom of association and collective bargaining						
GRI 3: Material Topics 2021	3-3 Management of material topics					
Child labour						
GRI 3: Material Topics 2021	3-3 Management of material topics	72				
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	72				
Forced or compulsory labour						
GRI 3: Material Topics 2021	3-3 Management of material topics	72				
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	72				
Security practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	72				
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	72				

GRI Content Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Rights of indigenous peoples						
GRI 3: Material Topics 2021	3-3 Management of material topics					
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics					
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics					
Public policy						
GRI 3: Material Topics 2021	3-3 Management of material topics					
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	59				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	59				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services			Not applicable	There were no incidents of non-compliance concerning health and safety impacts of products and services during the reporting year	
Marketing and labelling						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	59				
	417-2 Incidents of non-compliance concerning product and service information and labelling			Not applicable	There were no incidents of non-compliance concerning product and service information and labelling during the reporting year	
	417-3 Incidents of non-compliance concerning marketing communications			Not applicable	There were no incidents of non-compliance concerning marketing communications during the reporting year	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Customer privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	34				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	34				

Independent Assurance Report

Building a better working world

Ernst & Young
Chartered Accountants
201, De Saram Place
P.O. Box 101
Colombo 10, Sri Lanka

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
Email: eysl@lk.ey.com
ey.com

Independent Assurance Report to the Board of Directors of Laugfs Gas PLC

Scope

We have been engaged by Laugfs Gas PLC ("the Entity") to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on the Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report (the "Subject Matter") as of 31st March 2023.

Criteria applied by Laugfs Gas PLC

In preparing the Subject Matter, Laugfs Gas PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at GRI's global website www.globalreporting.org.

Such Criteria were specifically designed for purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report FY 2022/23 is in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

Laugfs Gas PLC's responsibilities

Laugfs Gas PLC's management is responsible for selecting the Criteria, and for presenting the EESG indicators contained in the Integrated Annual Report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Laugfs Gas PLC on 07 June 2023. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Professional Accountants issued by CA Sri Lanka and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organization through recalculation
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

Emphasis of matter

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Integrated Annual Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report as of 31st March 2023 in order for it to be in accordance with the Criteria.

14th August 2023
Colombo

ENERGIZING INTEGRITY

Our Company pledges to continue supporting outstanding corporate governance, creating transparent rules and controls, providing guidance to leadership and building trust.

STEWARDSHIP

STATUTORY REPORTS

Board of Directors

DESHABANDU W. K. H. WEGAPITIYA, PhD

Group Chairman

Mr. W.K.H. Wegapitiya is the founder Chairman of LAUGFS Holdings Limited, the parent company of LAUGFS Gas PLC, one of the most highly-diversified business groups in Sri Lanka, having a wide spectrum business presence in the areas of LPG distribution, petroleum, lubricants, power generation, property development, shipping, heavy engineering, automobile services, leisure and restaurants, consumer retailing, manufacture of industrial solid tyres and salt. He currently functions as Group Chairman. He holds a degree (B.Sc) in Business Administration from the University of Sri Jayewardenepura, and obtained his MBA from the Post Graduate Institute of Management (PIM). He also holds a PhD from the Post Graduate Institute of Management (PIM).

In 1995 he was instrumental in creating Gas Auto Lanka (Private) Limited, the initial enterprise of the now diversified LAUGFS Holdings Limited. His visionary leadership, remarkable entrepreneurship and his extraordinary personal strength to withstand and overcome all adversities thrown in his way, enabled him to succeed in all his endeavours to create the "LAUGFS" business conglomerate, in a relatively short period of time. He is a popular figure in the local entrepreneurial community in Sri Lanka as a true success story and has been recognised as the best entrepreneur in the country many times over. He is a frequent speaker, presenter and a panellist on topics such as "Business Excellence", "Leadership" and "Entrepreneurship" organised by a variety of organisations. He is also a well-known personality in the global LP gas and energy circles and a regular participant and speaker at international forums on LP gas and energy management. He presently serves as a Council member of University of Sri Jayewardenepura.

MR. U. K. THILAK DE SILVA

Group Deputy Chairman

Mr. Thilak De Silva presently serves as the Group Deputy Chairman of this highly- diversified business conglomerate. The Group is engaged with the widest landscape in business in the country, consisting of LP Gas downstream operations, petroleum fuel distribution, blending, storage distribution and sale of lubricants, maritime services including ownership and management of gas carriers, heavy engineering, vehicle emission testing, property development, leisure and hospitality with ownership and management of star class hotels, consumer retail chains, fast food chains, the manufacture and export of solid tyres, pharmaceuticals and IV solutions, and the generation of hydro, solar and other types of renewable energy.

He was instrumental in the phenomenal growth of "LAUGFS", a household brand in Sri Lanka with over 50,000 customers across the country looking to its products and services on a daily basis for their varying needs. Mr. De Silva's untiring efforts, business acumen and industry knowledge amply supplemented by his undisputed and amazing charisma has driven the business operations to greater heights and made an indelible imprint on the glorious story of growth and development of the Group.

Mr. Thilak De Silva hails from a widely known, well-respected family with business interests from southern Sri Lanka having had its lucrative operations in the south and in the central highlands. He had his primary and secondary education in the country and moved to the United

Kingdom for his undergraduate studies in the sphere of Engineering Technology in the first instance, followed by a study in operations management. Having qualified from prestigious institutions in the United Kingdom in both disciplines, he returned to Sri Lanka to take up the mantle of the family business as its Executive Director. In the year 1995, however he was compelled to leave the business in the able hands of the rest of the family to join his erstwhile colleague to commence the ground breaking initiative of "LAUGFS" to convert the vehicles driven by traditional fuels into LPG driven ones. This initiative proved to be the turning point that laid the foundation for the creation of a massive business conglomerate, and the rest is history.

Mr. De Silva has been a member, mover and participant in a number of entrepreneurship and management development programmes conducted across the country and overseas. He was a recipient of a scholarship from the Association for Overseas Technical (AOTS) programme in Japan in the year 2003. He is a regular participant in many LP gas business forums conducted in various parts of the world over the years and is widely connected to industry personalities in the energy sector.

MR. PIYADASA KUDABALAGE

Group Managing Director/GCEO

Mr. Piyadasa Kudabalage is the Group Managing Director and Group Chief Executive Officer of LAUGFS Holdings Limited and all its subsidiary companies. He provides overall supervision and leadership to the management of all subsidiary companies under LAUGFS Holdings Limited.

Mr. Kudabalage has an extensive and impressive career spanning over 35 years, in leading and reputable public and private sector organisations in a diverse landscape of businesses across plantation management, insurance, banking and finance, leisure and hospitality, power and energy and industrial manufacturing.

Mr. Kudabalage had occupied top-rung positions in all the sectors he has engaged with. He was the Managing Director/Chief Executive Officer of Sri Lanka Insurance Corporation Limited, Litro Gas Lanka Limited and Canwill Holdings (Private) Limited (Hyatt Hotel Group); former Director of People's Bank and all its subsidiaries, People's Leasing & Finance PLC and all its subsidiaries, Seylan Bank PLC, Ceybank Asset Management Limited and Colombo Dockyard PLC; and also the former Chairman of Merchant Bank of Sri Lanka, Ceylon Asset Management PLC and E-Channeling PLC. Presently, Mr. Kudabalage serves as the Chairman of Piccadilly Cafe Limited. He heads his own reputable audit firm as a sole proprietorship in his name. He is a well-qualified and experienced professional and an alumni of the University of Kelaniya from where he graduated in Business Administration and Management. He is a Fellow member of the Institute of Chartered Accountants of Sri Lanka and a Fellow member of the Institute of Certified Management Accountants and the Institute of Chartered Professional Managers of Sri Lanka.

He was awarded the "Professional Excellence Award" in 2014 by the Institute of Chartered Management Accountants of Sri Lanka in consideration of his outstanding career achievements and the "Prasada Sambawana" award by the University of Kelaniya in 2014 for the excellence of his service rendered to the Government of Sri Lanka.

Board of Directors

PROF. S. P. P. AMARATUNGE

Independent Non-Executive Director

Professor S. P. P. Amaratunge, a visionary and builder of organisations, astute university administrator, academic par-excellence, renowned business consultant and humanist is presently serving as the Chairman of the University Grants Commission. He served as the Vice Chancellor, University of Sri Jayewardenepura, and was also appointed as the Chairman of the Committee of Vice Chancellors and Directors Sri Lanka (CVCD) 2019.

Professor Amaratunge, BA (Hons.) in Economics from the University of Sri Jayewardenepura, MA in Economics from the University of Colombo, MSc. In Economics of Rural Development from Saga National University and Ph.D. from Kogoshima National University in Japan, counts over 27 years' service in the University of Sri Jayewardenepura. An authority in Rural Economic Development, Professor Amaratunge has won several awards including the prestigious Research Excellence Award (2002) of the Kyushu Society of Rural Economics, Japan. He has over 75 refereed publications to his credit, both locally and internationally.

Having provided yeoman service as Dean, Faculty of Management Studies and Commerce, University of Sri Jayewardenepura (2008-2014) in completing several important infrastructure development projects and setting up of specialty facility units for undergraduate and postgraduate level education, Professor Amaratunge continued his organisation building endeavours under his stewardship as Vice Chancellor (2014-2017) of the university. Thus, he spearheaded the setting up of two new Faculties of Study, Engineering and Technology, to the existing cluster of five (Faculties of Arts and Humanities, Management Studies and Commerce, Applied Sciences, Medicine and Graduate Studies). He served with distinction as Chairman, Federation of University Teachers Associations (FUTA) of Sri Lanka (2009 - 2012), a period studded with noteworthy achievements such as establishing sister unions, a research grant scheme for academics and a facility scheme for entry at grade one for their children. Professor Amaratunge had the honour of being the youngest appointed member of the University Grants Commission (2010), and held key positions in several State commissions of importance. In addition, not confining his services to the academia, he sits on Boards of Management of several prominent corporates as an Independent Director.

MR. R. SELVASKANDAN

Independent Non-Executive Director

Mr. R. Selvaskandan was admitted to the Supreme Court of Sri Lanka as an Attorney-at-Law in September of 1982. After being in private practice he joined the Attorney General's Department as a State Counsel in October 1983. Thereafter, he served as a Partner in an established law firm in Hong Kong for over 20 years. Mr. Selvaskandan is currently a Senior Partner at Varners, a leading law firm in Sri Lanka.

Mr. Selvaskandan has acted for a range of international clients in corporate & commercial transactions, M&A, banking & finance matters, investment structuring, and large-scale projects. He is considered to be a leading practitioner in the M&A and project development fields in Sri Lanka.

Mr. Selvaskandan currently serves on the boards of LAUGFS Holdings Limited, LAUGFS Petroleum (Private) Limited, Southern Petroleum (Private) Limited, LAUGFS Lubricants Limited, LAUGFS Corporation (Rubber) Limited, LAUGFS Life Sciences (Private) Limited, LAUGFS Maritime Services (Private) Limited, Abans PLC, Colombo City Centre Partners (Pvt) Ltd, and CT Land Development PLC.

MR. P. M. B. FERNANDO

Independent, Non-Executive Director

Mr. P. M. B. Fernando started his professional career at KPMG Ford Rhodes Thornton & Company and was a Partner of the Firm. He has extensive experience as Head of Finance, holding positions of Senior Vice President – Finance of Vanik and Forbes Ceylon Group, Group Finance Director of Confifi Group, and Director Finance – Asian Region of Virtusa (An Information Technology Company based in Boston USA).

Moving on to General Management, Mr. Fernando was the Managing Director of Capital Reach Holdings Ltd, Director/ Chief Executive Officer of Softlogic Finance PLC, Director/Chief Executive Officer of LAUGFS Capital Ltd, and Chief Executive Officer of Orient Finance PLC. He is a Non-Executive Independent Director of LAUGFS Power PLC, LAUGFS Eco Sri Limited, LAUGFS Leisure Limited Lanka Hospitals Corporation PLC, and Evoke International Limited.

Mr. Fernando is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants of UK. He holds a Bachelor of Science (Applied Science) Degree from the University of Sri Jayawardenepura.

MR. K. R. GOONESINGHE

Independent, Non-Executive Director

Mr. K. R. Goonesinghe is an Attorney-at-Law possessing over 36 years of experience in the Bar, and is a previous Vice President of the Bar Association of Sri Lanka. He is specialised in the areas of Criminal, Civil, Commercial and Arbitration Law.

He presently serves on the Board of LAUGFS Power PLC as an Independent Non-Executive Director.

Corporate Governance

GRI 2-1, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-17, 2-18, 2-19, 2-20, 2-22, 2-23, 2-24, 2-27, 205-1, 2-14, 404-3

A specific framework comprised of rules, practices and policies is vital to governing corporate behaviour and a board of directors is pivotal in the governance of a corporate. Good corporate governance has the potential to manage operations effectively and to provide the Board with the information it needs for efficient supervision, resource allocation and risk management.

The solid governance framework and the leadership of the Board of Directors became strengths to get through a year of drastic economic downfall. The Board broadened its responsibilities in supervision while also adjusting the corporate strategy to the significantly altered operating environment. Stakeholder concerns needed to be balanced more than ever as the economic downturn of the country created demands that were required to be met. Amidst economically challenged circumstances, the competitiveness, growth and sustainability of the organisation were largely achieved due to the robustness of governance and leadership given by the Board.

Legal Requirements

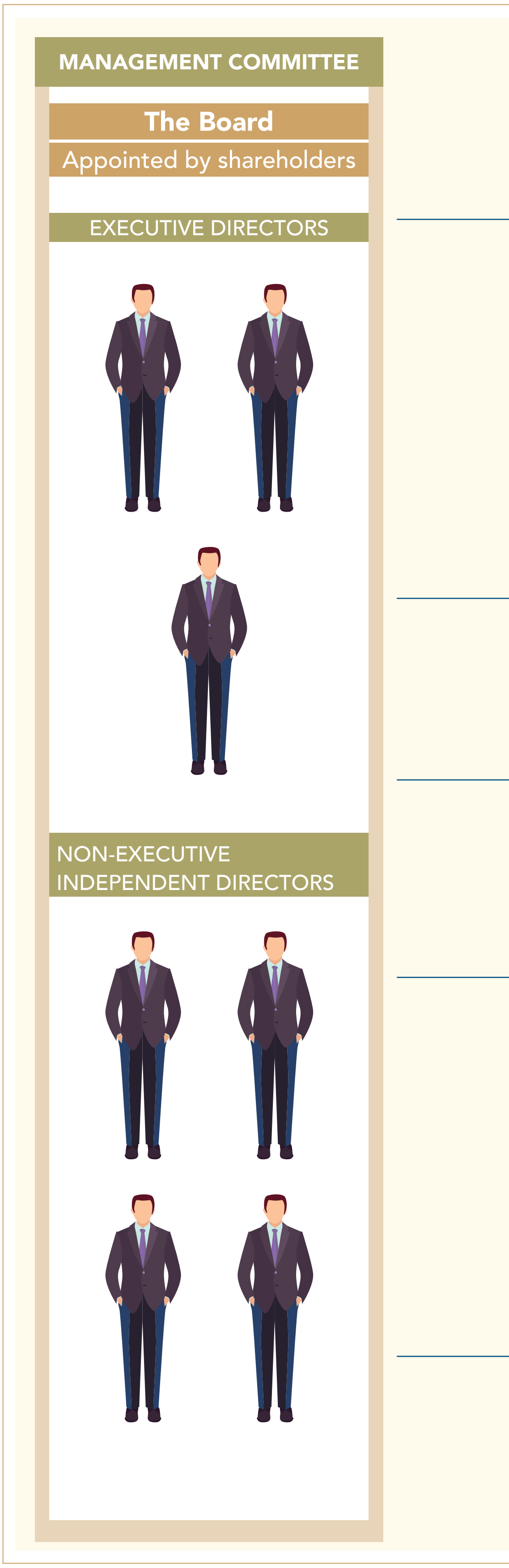
- Companies Act No.7 of 2007
- Shop & Office (Regulation of Employment & Remuneration) Act No.19 of 1954
- Colombo Stock Exchange Listing Rules
- Consumer Affairs Authority Act No.9 of 2003 and Orders and Directions issued by the Consumer Affairs Authority
- Inland Revenue Act No.24 of 2017

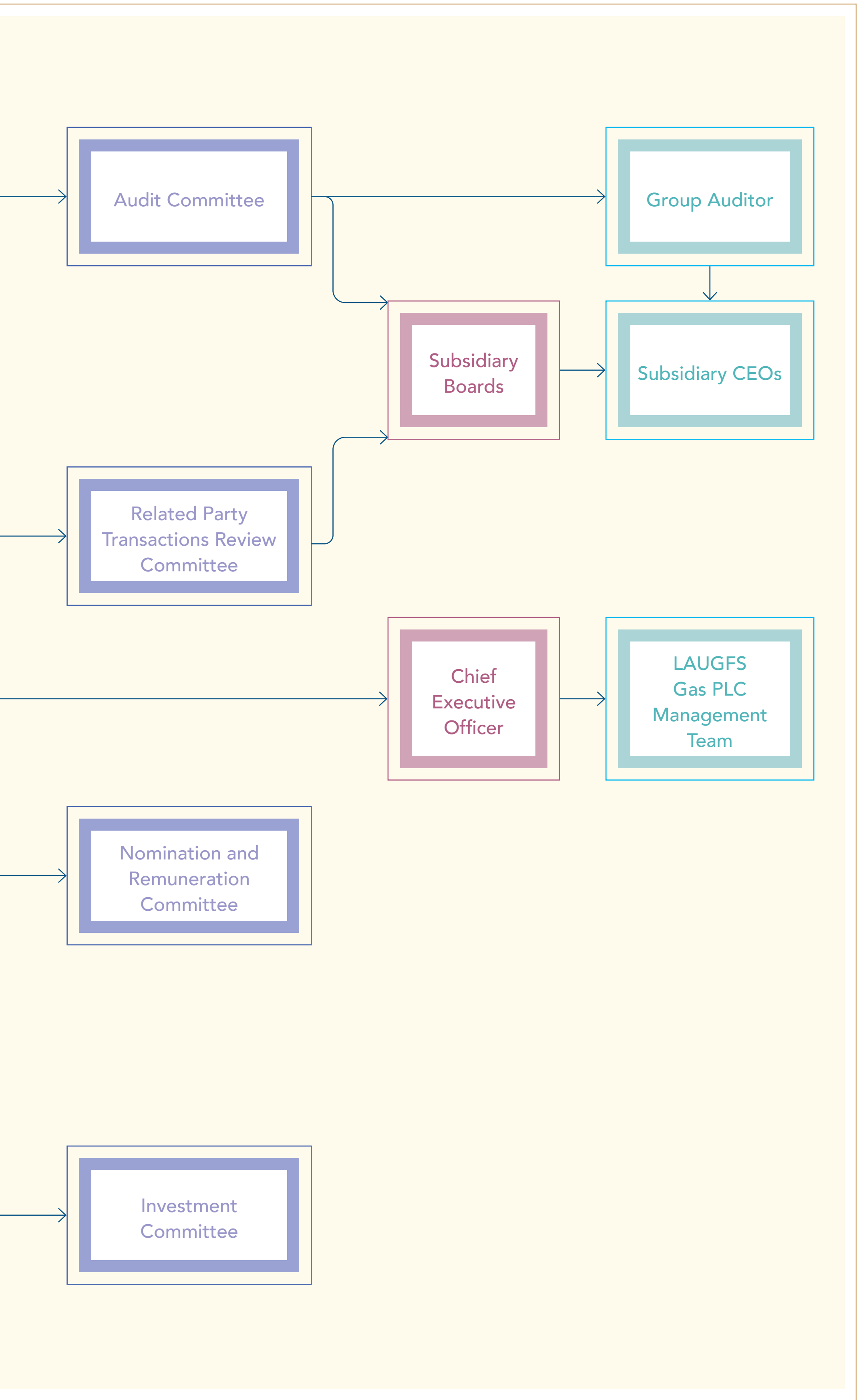
Voluntary Codes on Governance

- Code of Best Practice on Corporate Governance

A Sustainable Mindset

- Integrated Reporting Framework
- GRI Standards





Key Highlights of 2022/23

Appointment of the following key personnel

- Dr. N. J. Peiries as the CEO of LAUGFS Gas PLC (w.e.f. 31st March 2023)
- Dr. N. J. Peiries elevated to the position of Cluster CEO (w.e.f. 05th June 2023)
- Mr. N. Kurukulasooriya as the CEO of LAUGFS Gas PLC (w.e.f. 05th June 2023)

Corporate Governance

LAUGFS Gas has adopted a robust framework of corporate governance in order to enable the corporate's operations in line with the statutory requirements and the Code of Best Practice on Corporate Governance. Additionally, other frameworks aid the tone and the alignment of priorities for the Board. Thus, we created the Corporate Governance Report to meet the Code's requirements.

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE

THE COMPANY

The Board 7 Principles	Director's Remuneration 4 Principles
Relations with Shareholders 2 Principles	Accountability & Audit 4 Principles

SHAREHOLDERS

Institutional Investors 2 Principles	Other Investors 2 Principles
Internet of Things & Cyber Security 5 Principles	Sustainability Reporting

A. THE BOARD

- ☑ A.1 An Effective Board
- ☑ A.2 Chairman & Chief Executive Officer
- ☑ A.3 Role of Chairman
- ☑ A.4 Financial Acumen
- ☑ A.5 Board Balance
- ☑ A.6 Supply of Information
- ☑ A.7 Appointments to the Board
- ☑ A.8 Re-election
- ☑ A.9 Appraisal of Board Performance
- ☑ A.10 Disclosure of Information in Respect of Directors
- ☑ A.11 Appraisal of Chief Executive Officer

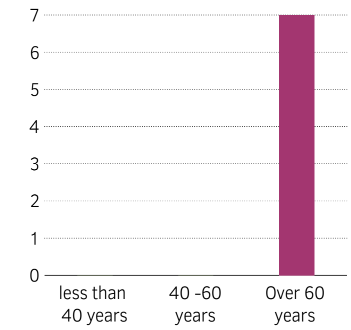
Board Composition

The LAUGFS Gas PLC Board is comprised of seven Directors as of 31 March 2023 with four of them being Independent Non-Executive Directors. Two chartered accountants on the Board throughout the entirety of the year established an adequate level of financial knowledge on a collective basis. The two leading companies in the sector, Corporate Advisory Services (Pvt) Ltd. and PW Corporate Secretarial (Pvt) Ltd. each function as the company secretaries and registrars, respectively. The Corporate Secretaries manage Board minutes and other documentation while providing secretarial assistance for Board sessions.

The Group's Chairman is Mr. W. K. H. Wegapitiya; the Deputy Chairman is Mr. U. K. Thilak De Silva, and the Managing Director/Group Chief Executive Officer is Mr P. Kudabalage. The Board's smooth operation is the responsibility of the Chairman of the Board, with the direct involvement of both Executive and Non-Executive Directors and proper attention to their ideas, opinions and business acumen. The Group MD/GCEO is accountable to the Board for putting into action the Board's authorised strategic plans and for providing current and relevant information regarding the status of the Board's key performance indicators, regulatory compliance, and conformity to Board-approved rules and procedures.

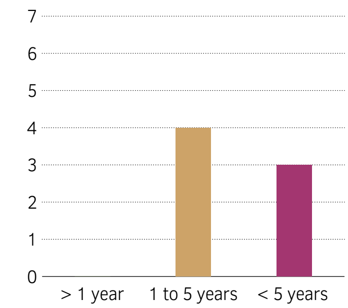
BOD Composition- Age Wise

Less than 40 years	0
40 - 60 years	0
Over 60 years	7



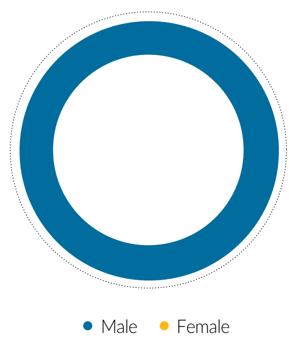
BOD Composition-Tenure

> 1 year	0
1 to 5 years	3
< 5 years	3



BOD Composition-Gender Wise

Male	7
Female	0



The Board is comprised of subcommittees formed of a few Directors who assist the Board in carrying out its duties. The particulars of those subcommittees are as follows:

	Board Committee & Composition	Mandate
Mandatory Committees	**Audit Committee**	
	Consists of Non-Executive, Independent Directors, at least one of whom is a current member of a reputable professional accounting organisation. The current members are as follows: – Mr P. M. B. Fernando (Chairman) – Prof. S. P. P. Amaratunge – Mr R. Selvaskandan – Mr K. R. Goonesinghe	Supervision of, – The Company's external financial reporting obligations, including those mandated by the Companies Act No. 7 of 2007, the Securities and Exchange Commission's rules and regulations, and the Colombo Stock Exchange Listing Rules. – Analyse and evaluate the effectiveness of risk management and internal audit functions. – Preparation, presentation and appropriateness of financial statement disclosures in compliance with Sri Lankan accounting standards. – Keeping up a solid internal control system and abiding by legal and regulatory requirements, all of which could have a significant impact on the Company and its Financial Statements. Adherence to the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (ICASL) Code of Best Practices on Corporate Governance (CA Sri Lanka). – Examine and evaluate the independence of the external auditors. – Recommend to the Board the appointment, reappointment, dismissal, service length and audit fee of the External Auditor. – The external audit firm must obtain prior approval for any auditing or non-audit services it performs.
	Nomination and Remuneration Committee	
	The Board is comprised of three Independent Non-executive directors. The current members are as follows: – Mr R. Selvaskandan (Chairman) – Prof. S. P. P. Amaratunge – Mr K. R. Goonesinghe	– Define the Group's remuneration policy, which may include incentives and equity options. – Verify that the performance appraisal procedures are implemented effectively and in accordance with the Remuneration Policy. – The performance of the Chief Executive Officer, Managing Director and Chief Executive Officers of subsidiary companies is assessed. – Appointment of Key Management Personnel and Succession Planning. – Determining remuneration in the event of an Executive Director's early retirement or resignation.
	Related Party Transactions Review Committee	
	The Board is composed of four Non-Executive Independent Director members, including the Chairman who is also a Non-executive, Independent Director. The current members are as follows: – Mr P. M. B. Fernando (Chairman) – Prof. S. P. P. Amaratunge – Mr R. Selvaskandan – Mr K. R. Goonesinghe	The Group's Related Party Transactions will be monitored and regulated in accordance with the provisions of Section 09 of the CSE listing Guidelines in order to monitor and regulate Related Party Transactions in the best interests of the shareholders.

Corporate Governance

<table>
<tr><th></th><th>Board Committee & Composition</th><th>Mandate</th></tr>
<tr><td rowspan="4">Mandatory Committees</td><td colspan="2">Investment Committee</td></tr>
<tr><td>The Investment Committee comprises of three Executive Directors and three Independent Non-Executive Directors.
– Mr U.K. Thilak De Silva (Chairman)
– Mr W. K. H. Wegapitiya
– Mr P. Kudabalage
– Mr R. Selvaskandan
– Mr P. M. B. Fernando
– Mr K. R. Goonesinghe</td><td>– The Group meets once a week with effect from this year.
– Examining potential investment avenues.
– Regularly assessing the project’s return on investment.
– Overall direction of the Group.
– Review of business operating results</td></tr>
<tr><td colspan="2">Management Committee</td></tr>
<tr><td>The Management Committee consists of one Independent Non-Executive Director and three Executive Directors:
– Mr W. K. H. Wegapitiya (Chairman)
– Mr U. K. Thilak De Silva
– Mr P. Kudabalage
– Mr R. Selvaskandan</td><td>– Making recommendations to the Board of Directors regarding the overall strategic direction of the Group.
– Reviewing results of the business operations.</td></tr>
</table>

The Chairman of the Board and the respective committees contribute to the agenda, which is developed in coordination with the committee secretaries, who are responsible for convening meetings and organising administrative matters relating to the conduct of Board and Sub Committee Meetings. In order to provide the Directors adequate time to prepare for the meeting, the Chairman must make sure that the Board papers are delivered to them at least one week before the Board meeting. An internal infrastructure for the secure delivery of Board documents is used to achieve this.

Attendance

Director	Board Meetings	Audit Committee	Related Party Transactions Review Committee
Mr W.K.H. Wegapitiya	4/4	5/5	4/4
Mr U.K. Thilak De Silva	4/4	4/5	3/4
Mr P. Kudabalage	4/4	5/5	4/4
Mr P. M. B. Fernando	4/4	5/5	4/4
Prof. S. P. P. Amaratunge	4/4	5/5	4/4
Mr R. Selvaskandan	4/4	5/5	4/4
Mr K. R. Goonesinghe	4/4	4/5	3/4

ROLE AND RESPONSIBILITIES OF THE BOARD

All Directors have access to the Company Secretaries for guidance and explanation, and the Board as a whole decides whether to appoint or dismiss them. When deemed necessary, Directors may seek independent professional assistance at the Company's expense, which will raise the quality of information taken into account when making decisions.

The Group Managing Director/ GCEO and Corporate Management have been given the ability to facilitate the implementation of Board-approved initiatives on clearly defined subjects. The schedule of affairs reserved for the Board is listed below.

Special functions

- Major investments, acquisitions and dispositions
- Revision of the scope of the Group's activities
- Substantial capital expenditures
- Appointment and dismissal of KMPs
- Appointment and dismissal of the Company Secretary
- Loans of considerable amounts
- Evaluation of CEO's performance

Duties and Obligations

- Input strategic plans, including resource allocation, to enable the achievement of business goals and provides strategic direction for the Group.
- Establishing solid governance frameworks and sound policy guidelines to guarantee adherence to local regulatory standards and business best practices in the country where we operate.
- Effective risk management and stewardship of the Company's resources through adequately effective internal control systems

COMPANY SECRETARIES

- Corporate Advisory Services (Pvt) Ltd. serve as Company Secretaries
- PW Corporate Secretarial (Pvt) Ltd. serve as Registrars

RECOGNISING THE INDEPENDENCE OF THE DIRECTORS

Signed declarations of independence, used to determine their independence as per the Continuing Listing Rules of the CSE, have been forwarded by the Independent Directors.

Name of Director/ Capacity	Shareholding	Management/ Director[1]	Material Business Relationship[2]	Employee of Company[3]	Family Member a Director or CEO	Nine Years of Continuous service
Executive Directors						
Mr W.K.H. Wegapitiya	Yes	Yes	Yes	Yes	No	Yes
Mr U.K. Thilak De Silva	Yes	Yes	Yes	Yes	No	Yes
Mr P. Kudabalage	No	Yes	No	No	No	No
Independent Non-Executive Directors						
Prof. S. P. P Amaratunge	No	No	No	No	No	No
Mr R. Selvaskandan	No	No	No	No	No	No
Mr P. M. B. Fernando	Yes	No	No	No	No	No
Mr K. R. Goonesinghe	No	No	No	No	No	No

1. Have shares of the Company/ Director of a listed Company in which they are employed, or have a significant shareholding with voting rights of more than 10% of the total or have a business connection where the transaction value is equivalent to or more than 10% of the turnover of the Company.
2. Income non-cash benefits derived from the Company equivalent to 20% of annual income.
3. Employed by the Company two years immediately preceding appointment.

EVALUATION OF THE BOARD'S PERFORMANCE

The Board performs an annual self-evaluation in line with the standards set out in the Code and the results are reported and discussed with the Board at the first meeting of every financial year. Evaluations must at the very least include:

- Clear definitions of roles and responsibilities
- Effectiveness of the Board/ Procedures of Committee
- Participation of the Board
- Opportunities for enhancement

DIRECTORS' REMUNERATION

- ☑ B.1 Remuneration Procedures
- ☑ B.2 The Level and Makeup of Remuneration
- ☑ B.3 Disclosure of Remuneration

SHAREHOLDER RELATIONS

- ☑ C.1 Constructive use of AGM and General Meetings
- ☑ C.2 Communication with shareholders
- ☑ C.3 Major and material transactions

ACCOUNTABILITY & AUDIT

- ☑ D.1 Financial Reporting
- ☑ D.2 Internal Control
- ☑ D.3 Audit Committee
- ☑ D.4 Code of Conduct & Ethics
- ☑ D.5 Corporate Governance Disclosures

It is the responsibility of the Remuneration Committee to provide assistance to the Board in defining the policy and the remuneration of the Directors. Key management remuneration is intended to draw in and keep top talent while also inspiring high levels of performance to support the growth of our business. Indicating the Company's risk tolerance, the total remuneration of Executive Directors and Executives is split evenly between fixed and variable components. No employee stock ownership plans are there at the moment.

Considering the time commitment involved in deciding fees, recommendations are made by the Remuneration Committee on the Non-Executive Director compensation to attract and retain Directors with the relevant knowledge and skills. The Board approves the fees paid NED/ID and the Remuneration Committee evaluates it annually to make sure it is comparable to that of similar companies. On page 210 of this report, the total remuneration paid to Directors is revealed.

We strive to provide timely, accurate information to shareholders in accordance with CSE standards and it reflects the quarterly and annual performance of the Company and the Group. Straightforward explanations are given on important matters to ensure adequate coverage of the subject. Announcements and price-sensitive information regarding the Group are notified promptly to the CSE and, if necessary, communicated to shareholders, the press and employees.

Actions are taken to send the AGM notice, agenda, and Annual Report to shareholders 15 working days prior to the meeting. These are also posted on the Company's Investor Relations website at http://www.laugfsgas.lk/investment-related. The Chairman ensures that the Chairman of the Board Committees, including the Audit Committee, are available to respond to any inquiries from shareholders. The shareholders will be informed and an extraordinary resolution on the recommended course of action will be passed if the Company's net assets fall below half of their funds.

Reporting on Finance and Business

The Board is charged with providing a fair evaluation of the Group's financial status, performance and prospects in accordance with the Companies Act No. 07 of 2007 and the CSE Continuous listing standards. The Financial Statements included in this report were compiled and presented in accordance with Sri Lanka Accounting Standards, and they have been audited by External Auditors nominated by the shareholders. The Annual Report adheres to the GRI Standards for Sustainability Reporting as well. The International Integrated Reporting Council released the Integrated Reporting Framework, and the Global Reporting Initiative published the Accordance-Core option.

The following special information requirements are additionally included in this Annual Report:

- The Annual Report of the Board of Directors on the Affairs of the Company given on pages 119 to 122 covers all areas of this section.
- The "Statement of Directors' Responsibilities" is given on page 123.
- The Directors' Statement on Internal Controls is given on page 120.
- The "Independent Auditors' Report "on pages 127 to 129 for Auditor's responsibility.
- The Capitals Report on pages 52 to 81.

Risk Management and Internal Control

The Board is in charge of establishing a solid system of internal controls and a capable risk management system for the Group's efficient functioning. The Audit Committee, which is composed of Non-Executive Independent members, supports the Board by reviewing internal and external audit reports, analysing and making recommendations regarding financial reports, developing an acceptable audit programme, and upholding efficient oversight of the financial function. In accordance with the approved audit program approved by the Audit Committee, the Internal Audit function of the Group provides assurance to the Audit Committee and Board regarding the efficacy of internal controls.

A framework for Group-wide risk management has been developed to enable the methodical identification, assessment, and management of significant risks. All operations have been assessed for risks related to corruption. Before risk reports are provided to the Board, the Audit Committee conducts a thorough examination to assist the Board. The Group's risk management strategy and the main risks endangering the Group's strategic business objectives are explained in detail in the Risk Management report on pages 211 to 218 of the Annual Report.

On pages 121 to 122 of the Directors' Report, you may find the declaration of compliance with laws and regulations, the declaration of material interests in contracts affecting the Company, and a confirmation that they would not vote on issues in which they have a major stake. Transactions involving related parties are detailed on pages 207 to 210.

Audit Committee

Four Non-Executive Independent Directors make up the Board's newly established Audit Committee, which is described in detail on pages 115 and 116 of the Audit Committee Report.

Code of Business Conduct and Ethics

All employees and directors are required to abide by the Group's Code of Conduct and Ethics. As per the Code, employees and directors are required to;

- exercise honesty, objectivity and due diligence in performing their duties,
- maintain the confidentiality of commercial and price-sensitive information,
- work within applicable laws and regulations,
- safeguard the Company's assets and
- avoid conduct which will badly reflect on them or the company's image

It also addresses issues relating to:

- conflict of interest situations,
- bribery and corruption,
- entertainment and gifts,
- accurate accounting and record keeping,
- corporate opportunities,
- confidentiality,
- fair dealing,
- protection and proper use of company assets,
- compliance with laws and regulations,
- encouraging the reporting of any illegal or unethical behaviour.

All Directors, both before and after their appointments, must present declarations of interest. As a result, they are aware of their ongoing obligation to determine if they have any actual or potential conflicts of interest arising from outside associations, interests, or personal relationships that might influence their judgment on important matters that the Board occasionally considers.

There were no incidents of non-compliance with laws and regulations during the reporting year.

CORPORATE GOVERNANCE DISCLOSURES

The Board of Directors has taken practical steps to ensure that Financial Statements are prepared in accordance with the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards (SLFRS/LKAS) established by the ICASL, and the requirements of the CSE and other statutory authorities.

The Company and its subsidiaries comply with the rules and regulations set out in the CSE's Corporate Governance Listing Rules (revised in 2014). The Group has also given the ICASL's Best Practice on Corporate Governance Reporting requirements its full attention, adhering to the relevant provisions as much as practicable.

INSTITUTIONAL SHAREHOLDERS

- ☑ E.1 Shareholder voting
- ☑ E.2 Evaluation of Governance Disclosures

OTHER INVESTORS

- ☑ F.1 Investing and Divesting Decisions
- ☑ F.2 Shareholder Voting

INTERNET OF THINGS & CYBERSECURITY

- ☑ G.1 Identify exposure to cyber risks
- ☑ G.2 Appointment of CISO
- ☑ G.3 Allocate time for discussion of cyber risk management
- ☑ G.4 Assess effectiveness of cyber risk management
- ☑ G.5 Disclose process to identify and manage cyber risk

In order to make decisions about investments, shareholders can find sufficient financial and other pertinent information on the Company's website. Annual Reports and Interim Financial Statements are distributed to all registered shareholders and the Colombo Stock Exchange within the time frames specified. The Institute of Chartered Accountants of Sri Lanka has recognised the Group's commitment to excellence in annual reporting by awarding Gold medals for the sector during the past seven years.

All the shareholders are encouraged to attend the annual general meeting and vote on the issues disclosed on page 231.

IT Governance

The LAUGFS IT Governance Framework enables the LAUGFS Group to manage IT risks effectively and ensure that the activities associated with information and technology are aligned with overall business objectives. The LAUGFS IT Governance Framework has been built on the following industry standards:

a. ISO 27001:2022 Information Security Management System (ISMS); and

b. ISO 22301:2019 business continuity management system (BCMS).

IT services serve the entire organisation as a centralised support function.

The Business Continuity Plan (BCP)

The Business Continuity Plan (BCP) is an essential part of an organisation's response planning. It sets out how the business will operate following a disaster incident and how it expects to return to 'business as usual' in the quickest possible time thereafter. The BCP of the LAUGFS covers all areas of business operations with agreed arrangements for bringing events under control. The necessary resources for maintaining critical business functions and staff required are also looked at in the plan. The BCP document is reviewed by the Disaster Recovery Management Team along with the respective business users annually and obtains approval from the Management Committee. Disaster Recovery Testings are conducted in once in six months for critical systems to ensure business resilience in the event of a major system disruption. BCP policy has been defined clearly establishing the responsibilities of all the critical departments to further embed business continuity culture in the day-today work of the organisation.

Due Diligence Tests on Activities Outsourced

The organisation outsources a few service activities related to IT Infrastructure, to meet the challenges of rapid changes and innovations in technology which have lead to increasing specialisation in the market and to control costs of operations by minimising the costs of handling such activities directly. Outsourced activities are governed by the laws applicable to the business operations.

Information and Cyber Security Risk

The organisation recognises that information is a vital asset and information is managed by achieving and maintaining aspects of Confidentiality, Integrity and Availability (CIA triad). Information security has significant impact on the delivery of critical services and meeting regulatory and compliance requirements.

It is mandatory that information is maintained with the required level of confidentiality by enforcing applicable controls to prevent unauthorised access and misuse. Protection of information prevents unauthorised alteration and ensures it maintains its integrity. Additionally, it is imperative information systems and assets are available when needed to authorised users, particularly during emergencies and times of crisis / disaster by maintenance of a well tested Business Continuity Plan (BCP) and Disaster Recovery (DR) plan.

Environment, Society and Governance Reporting

Information on environmental, social, and governance issues is included in the LAUGFS Gas Annual Report to assist stakeholders in understanding how ESG factors impact the Group's operations. This report was created using the GRI Standards for Sustainability Reporting and the IIRC's Integrated Reporting Framework.

The endorsed Sustainability Policy by the Board outlines our environmental and social ambitions, with the Board bearing the responsibility of ensuring its robust execution.

The following address the specific issues presented in this section of the Code:

- Environmental factors –
  Natural Capital Report on pages 76 -81
- Social factors –
  Social & Relationship Capital Report on pages 56 to 59 and Human Capital Report on pages 68 to 75.
- Governance –
  Corporate Governance Report on page 98 to 102 together with the Committee reports on pages 112 to 118 the Risk Management Report on pages 27 to 31.

Statement of Compliance

Appendix I: Statement of Compliance pertaining to Companies Act No. 7 of 2007

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Requirement	Complied	Reference (within the Report)	Page
168 (1) (a)	The nature of the business together with any change thereof.	Yes	About Us	4 to 6
168 (1) (b)	Signed financial statements of the Group and the Company.	Yes	Financial Statements	133
168 (1) (c)	Auditors' Report on financial statements.	Yes	Independent Auditor's Report	127 - 129
168 (1) (d)	Accounting policies and any changes therein.	Yes	Notes 1 to 3 the Financial Statements	138 - 153
168 (1) (e)	Particulars of the entries made in the Interests Register.	Yes	Annual Report of the Board of Directors	121
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company.	Yes	Note 29 to the Financial Statements Annual Report of the Board of Directors	210 159
168 (1) (g)	Corporate donations made by the Company	Yes	Note 5.5 to the Financial Statements	119
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period.	Yes	Annual Report of the Board of Directors	120 - 121
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered.	Yes	Note 5.5 the Financial Statements	159
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries.	Yes	Audit Committee Report	115
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board.	Yes	Annual Report of the Board of Directors	122

Appendix II- Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Requirement	Complied	Reference (within the Report)	Page
(i)	Names of persons who were Directors of the entity.	Yes	Annual Report of the Directors	120
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein.	Yes	About Us	4 - 6
(iii)	The names and the number of shares held by the 20 largest holders of voting shares and the percentage of such shares held.	Yes	Share Information	222 - 227
(iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement.	Yes	Share Information	224
(v)	A statement of each Director's holding in shares of the entity at the beginning and end of each financial year.	Yes	Annual Report of the Board of Directors	121
(vi)	Information pertaining to material foreseeable risk factors of the entity.	Yes	Annual Report of the Board of Directors	122

Rule	Requirement	Complied	Reference (within the Report)	Page
(vii)	Details of material issues pertaining to employees and industrial relations of the entity.	Yes	Human Capital Business Line Review	68 38
(viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties.	Yes	Real Estate Portfolio	221
(ix)	Number of shares representing the entity's stated capital.	Yes	Note 21 to the Financial Statements	196
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings.	Yes	Share Information	222 - 227
(xi)	Financial ratios and market price information.	Yes	Five year summary and Financial Highlights	219 - 220 and 8
(xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year.	Yes	Note 8 - Property plant and Equipment to the Financial Statements	165 - 172
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year.	Not Applicable		
(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes.	Not Applicable		
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules.	Yes	Corporate Governance	98 -103
(xvi)	Related Party transactions exceeding 10% of the equity or 5% of the total assets of the entity as per audited financial statements, whichever is lower.	Not Applicable	Financial Highlights	

Appendix III- Statement of Compliance under Section 7.10 of the Listing Rules of the Colombo Stock Exchange (CSE) on Corporate Governance

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule No.	Subject	Requirement	Complied	Reference (within the Report)	Page
7.10.1(a)	Non-Executive Directors (NED)	At least 2 or 1/3 of the total number of Directors on the Board whichever is higher should be NEDs.	Yes	Corporate Governance	100
7.10.2(a)	Independent Directors (ID)	2 or1/3 of NEDs, whichever is higher, should be independent.	Yes	Corporate Governance	100
7.10.2(b)	Independent Directors (ID)	Each NED should submit a signed and dated declaration of his/her independence or non-independence.	Yes	Corporate Governance	
7.10.3(a)	Disclosure relating to Directors	The Board shall annually determine the independence or otherwise of the NEDs, and Names of each IDs should be disclosed in the Annual Report (AR).	Yes	Corporate Governance/Profile of the Board of Directors	100
7.10.3(b)	Disclosure relating to Directors	The basis for the Board's determination of ID, if criteria specified for independence is not met.	Not Applicable		

Statement of Compliance

Rule No.	Subject	Requirement	Complied	Reference (within the Report)	Page
7.10.3(c)	Disclosure relating to Directors	A brief resume of each Director should be included in the AR including the Director's areas of expertise.	Yes	Profile of the Board of Directors	94 - 97
7.10.3(d)	Disclosure relating to Directors	Provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the CSE.	Not Applicable		
7.10.4 (a-h)	Criteria for defining Independence	Requirements for meeting criteria to be an Independent Director.	Yes	Corporate Governance	100
7.10.5	Remuneration Committee (RC)	A listed company shall have a Remuneration Committee.	Yes	Remuneration Committee Report	114
7.10.5(a)	Composition of Remuneration Committee	RC Shall comprise of NEDs, a majority of whom will be independent. One NED shall be appointed as Chairman of the committee by the Board of Directors.	Yes	Remuneration Committee Report	114
7.10.5.(b)	Functions of Remuneration Committee	The RC shall recommend the remuneration of Executive Directors	Yes	Remuneration Committee Report	114
7.10.5.(c)	Disclosure in the Annual Report relating to Remuneration Committee	Names of Directors comprising the RC Statement of Remuneration Policy Aggregated remuneration paid to Executive and Non-Executive Directors should be included in the Annual Report.	Yes	Remuneration Committee Report and Note 29.2 to the Financial Statements	114 and 210
7.10.6	Audit Committee (AC)	The Company shall have an AC.	Yes	Audit Committee Report	115 -116
7.10.6(a)	Composition of Audit Committee	Shall comprise of Non-Executive Directors, a majority of whom are independent.	Yes	Audit Committee Report	115 -116
		Chief Executive Officer and the Chief Financial Officer should attend Audit Committee Meetings.	Yes		
		The Chairman of the Audit Committee or one member should be a member of a professional accounting body.	Yes		
7.10.6(b)	Audit Committee Functions	Should be as outlined in the Section7.10 of the Listing Rules.	Yes	Audit Committee Report	115 -116
7.10.6(c)	Disclosure in Annual Report relating to Audit Committee	a) Names of the Directors comprising the Audit Committee.	Yes	Audit Committee Report	115 -116
		b) The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination.	Yes		
		c) The Annual Report shall contain a Report of the Audit Committee in the prescribed manner.	Yes		

Appendix IV- Statement of Compliance under Section 9.3.2 of the Listing Rules of the Colombo Stock Exchange (CSE) on Related Party Transactions

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule No.	Subject	Requirement	Complied	Reference (within the Report)	Page
9.3.2	Related Party Transactions Review Committee	a). Details pertaining to Non-Recurrent Related Party Transactions.	Yes	Note 29 to the Financial Statements	
		b). Details pertaining to Recurrent Related Party Transactions.	Yes	Note 29 to the Financial Statements	
		c). Report of the Related Party Transactions Review Committee.	Yes	Report of the Related Party Transactions Review Committee	117 - 118
		d). Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions, or a negative statement otherwise.	Yes	Annual Report of the Board of Directors	120

Investment Committee Report

The Investment Committee as at 31st March 2023 comprised Mr. U.K. Thilak De Silva (Chairman) - Non-Independent/ Executive Director, Mr. W.K.H. Wegapitiya - Non-Independent / Executive Director, Mr. P. Kudabalage - Non-Independent/ Executive Director, Mr. R. Selvaskandan - Independent/ Non-Executive Director, Mr. P. M. B. Fernando - Independent/ Non-Executive Director and Mr. K. R. Goonesinghe - Independent/ Non-Executive Director.

The purposes of the Investment Committee of the Board of Directors mainly are;

i. To provide oversight of the investment functions of LAUGFS Gas PLC.

ii. To assist the Board of Directors in evaluating investments, mergers and acquisitions, enterprise services, joint ventures, divestitures transactions, acquisition and dispose of high value assets in which the Company engages as part of its business and/or investment strategy from time to time.

iii. To bring about and maintain an independent and unbiased feasibility driven investment culture.

iv. To ensure adherence of the investment decisions and recommendations of the Board on specific investment operations.

v. To review company plans and actions on management of investment financial risks.

vi. Review and recommend investment policies to the Group.

The Committee is well equipped with the required expertise, leadership of the members of the Committee in specially evaluating risk and investment management. Chief Executive Officers of Companies, Head of Group Risk and Control, Head of Legal and Head of Finances/Chief Financial Officers of Companies are invited to Committee meetings to consider their opinions and expertise in investment activities.

The Committee very carefully considers the matters falling under Section 185 of the Companies Act No. 7 of 2007 as major transactions and other Related Party Transactions and investment in order to comply with the guidelines provided in prevailing accounting standards, Code of Best Practices on Corporate Governance and Listing Rules and to make necessary disclosures and/or market announcements as appropriate.

The Committee reviews and oversees significant treasury matters such as capital structure and allocation strategy, derivative policy, liquidity, fixed income investments, borrowings, currency exposure, dividend policy, share issuance and repurchase, and capital spending and expenditure. From time to time, the Committee reports to the Board of Directors and makes recommendations to the Board as to scope, direction, quality, investment levels and execution of the Company's investment activities, mergers and acquisition, acquisition and dispose of assets, enterprise services, joint venture and divestiture transactions. Further the Committee evaluates and concentrates on capitalisation of investments, risk and credit management, return on capital employed in different investment activities in the Group.

The Committee has the authority and obtains advice, guidance and expertise from independent professionals on certain investment activities as appropriate and when required. The Committee in discharging duties and responsibilities further focuses on formulation of investment strategies, evaluation of prospective investment opportunities, monitoring and evaluation of return on investments, the overall direction of the Group and review of business operational results.

The Committee has established a Group-wide Investment Policy in which stringent adherence is enforced during the year. The Committee continues to periodically review the effectiveness of investments set against the standards of the Policy whilst also planning to periodically review the effectiveness of the Policy in place. The ultimate objective of the Investment Committee is to bring about and maintain an independent and unbiased feasibility-driven investment culture and recommend investments to minimise opportunity cost of capital.

U.K. Thilak De Silva
Chairman
Investment Committee

14th August 2023

Management Committee Report

The Management Committee of LAUGFS Gas PLC comprises Mr. W. K. H. Wegapitiya (Chairman of the Committee) Mr. U. K. Thilak De Silva, Mr. P. Kudabalage and Mr. R. Selvaskandan. The Committee assists the Board of Directors with its responsibilities to improve strategic and management direction in an efficient manner. Main responsibilities of the Management Committee include;

- Setting up of the Group vision and ensure that the business plan is in line in order to achieve the Group vision.
- Making recommendations to Board of Directors in the matters related to day-to-day management activities, key strategic business and corporate initiatives, key promotional campaigns and key annual strategic corporate planning activities.
- Assisting the management with directions, management guidelines, circulars, expertise to identify critical strategies and issues facing the company and its market environment in order to arrange alternative strategic options.
- Ensuring the management has implemented an effective and efficient strategic corporate planning process including development of annual corporate business plans and reviewing same.
- Monitor and evaluate trends and opportunities in the relevant industries and market places both local and international. Understanding the organisation's industry, market/ community and core competencies.
- Discuss key investment opportunities and possible divestment opportunities. Discuss key Group restructuring initiatives in order to optimise the operations of the Group.
- Discuss the establishment and optimisation of key policies in relation to the operation of the Group in order to ensure corporate governance and regulatory compliance. Implementation of necessary best practices in the organisation.
- Discuss and decide on matters relating to Human Resources, talent acquisition and development in order to optimise the Human Resources of the Group.
- Advising the senior management and making recommendations to the Board of Directors on opportunities to improve the business scope, cost effectiveness and quality of services provided by the company and its subsidiaries.
- Assisting the management in development of strategic business dashboards and necessary performance indicators in order to make important business and management decisions in an accurate and efficient manner.
- Reviewing and monitoring Group budgets, evaluating of performance of individual companies in the Group and introduction of new management systems.
- Discuss on key administrative and legal matters relevant to the operation of the Group. The Committee regularly meets to review and evaluate financial performance and to carry out its duties and responsibilities mentioned above.

The Committee invites Chief Executive Officers of the individual companies and the members of the Senior Management team as appropriate, such as the Chief Human Resources Officer. Having evaluated the matters, the Committee makes recommendations to the Board of Directors on various management related issues. In conclusion, I wish to thank my colleagues Mr. U. K. Thilak De Silva, Mr. P. Kudabalage and Mr. R. Selvaskandan and the members of the management team for their valuable contribution and support to the work of the Committee.

W. K. H. Wegapitiya
Chairman
Management Committee

14th August 2023

Remuneration Committee Report

COMPOSITION

The committee comprises of Non-Executive & Independent Non-Executive Directors and operates within agreed terms of reference. Composition of the committee;

1. Mr. R. Selvaskandan - Chairman - Independent/Non-Executive Director
2. Mr. K. R. Goonesinghe - Member - Independent/Non-Executive Director
3. Mr. Prof. Sampath Amaratunge – Member - Independent/Non-Executive Director

KEY RESPONSIBILITIES

- To make recommendations to the Board on Company's remuneration policy/ structure and its specific application to the Board of Directors, Executive Directors and general application to the Key Management Personnel (KMP)
- To review and make recommendations on the remuneration and incentive framework, including any proposed equity incentive awards including terminal benefits/pension rights for the Executive Directors and KMPs
- To evaluate the performance of the Group Chief Executive Officer and Chief Executive Officers and KMPs and to ensure that management development plans and succession plans are in place for Executive Directors and KMPs
- Communication with shareholders on the remuneration policy and the committee's work on behalf of the Board through a Remuneration Committee Report
- To make recommendations at the appropriate service contracts are available for Executive Directors
- To review and approve compensation payable to Executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive
- To ensure that no Director or any of his associates is involved in deciding his own remuneration
- To review from time to time as appropriate the Terms of Reference and the effectiveness of the Remuneration Committee and recommend to the Board any necessary changes

ACTIVITIES IN 2022/23

Identified Key Challenges

1. Cost optimisation and business sustainability.
2. Critical talent identification and retention.
3. Foster performance-based culture
4. Greater emphasis on employee engagement to boost the positive synergies

COST OPTIMISATION AND BUSINESS SUSTAINABILITY

In our pursuit of financial efficiency and long-term sustainability, we focused on key initiatives to optimise costs and enhance business resilience. Through streamlined processes, we improved productivity and eliminated inefficiencies. Our supply chain management efforts optimised procurement and inventory levels, leading to cost savings. By embracing technology solutions, we automated tasks, improved data accuracy, and made informed decisions. Energy efficiency measures reduced consumption and lowered utility costs. Through proactive vendor negotiations, we secured favourable terms. These initiatives exemplify our commitment to maximising efficiency, reducing expenses, and ensuring long-term financial stability.

CRITICAL TALENT IDENTIFICATION AND RETENTION

At our company, we recognised the importance of nurturing and retaining our valuable talent, and thus, we prioritised creating a culture of continuous learning and growth. We offered various avenues for talent development and advancement, including comprehensive training programmes, engaging workshops, and impactful mentorship initiatives. Regular performance feedback and recognition played a vital role in motivating all our employees and reinforcing a performance-driven culture. Our overarching goal was to cultivate an environment that supported the long-term commitment of our employees to our Company's success, providing them with opportunities to enhance their skills and grow professionally.

FOSTER PERFORMANCE-BASED CULTURE

To drive excellence, foster innovation and achieve our strategic objectives, we implemented a performance management system centered around clear expectations, regular feedback, and aligned rewards. By establishing transparent performance expectations, all employees had a clear understanding of what was expected of them. We provided ongoing feedback, both constructive and positive, to guide their progress and encourage growth. Recognising and rewarding high performance whilst ensuring their own personal development.

Further to bring out the best from stakeholders, dealers and distributors, implemented initiatives such as training programs, regular communication, recognition, streamlined processes and collaboration. These efforts aim to enhance performance, efficiency, and customer satisfaction.

This comprehensive approach created an environment where employees were driven to perform at their best, leading to the achievement of our organisational goals.

GREATER EMPHASIS ON EMPLOYEE ENGAGEMENT TO BOOST THE POSITIVE SYNERGIES

To boost positive synergies, we prioritised employee engagement through open communication, recognition and rewards, professional growth opportunities, empowerment and autonomy, collaboration, teamwork and promoting work-life balance. These efforts cultivate a motivated and connected workforce, leading to increased engagement, productivity, and harmonious interactions among employees.

R. Selvaskandan
Chairman
Remuneration Committee

14th August 2023

Audit Committee Report

GRI 2-16, 2-27

REPORT OF THE BOARD AUDIT COMMITTEE

The Audit Committee is a formally constituted Sub-Committee of the Board of Directors. This report outlines how the Committee discharged its responsibilities during the year in relation to financial and other reporting, risk management and internal control, the Internal Audit function and our relationship and interaction with the External Auditor.

The primary function of the committee is to oversee the preparation, presentation and adequacy of disclosures in the financial statements of LAUGFS Gas PLC and its subsidiaries, in accordance with Sri Lanka Accounting Standards, in order to provide additional assurance to the Board of Directors on the reliability of its Financial Statements and processes set.

ROLE OF THE COMMITTEE

The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities in relation to the integrity of the Financial Statements of the Company and the Group, the internal control and risk management systems of the Group, compliance with legal and regulatory requirements, the External Auditors' suitability, performance, and independence, and the adequacy and performance of the Internal Audit function undertaken by the Group Risk & Control Division (GRC). The scope of functions and responsibilities are adequately set out in the charter of the Committee which has been approved by the Board.

The Audit Committee Charter is periodically reviewed and revised with the concurrence of the Board of Directors to ensure that new developments relating to the function of the Committee are adopted.

MANDATE

To review and monitor:

The scope of functions and responsibilities are adequately set out in the terms of reference of the Committee which has been approved by the Board and is reviewed periodically.

- External financial reporting obligations of the Company, including its obligations under the Colombo Stock Exchange Listing Rules, Rules/Regulations of the Securities and Exchange Commission and Companies Act No. 7 of 2007.
- Review and evaluate the performance of the Company's internal audit function. Ensuring the efficiency, effectiveness and adequacy of the Company's internal controls and risk management measures.
- Maintaining an effective system of internal control, and compliance with legal and regulatory requirements that may have a material impact on the Company and its financial statements.
- Ensuring that high standards of Corporate Governance are in place by adopting and adhering to policies and procedures of the Company which are in compliance with the Code of Best Practices on Corporate Governance jointly advocated by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).
- Evaluating and reviewing the independence of the External Auditors. Making a recommendation to the Board on the appointment or re-appointment, Dismissal, service period and audit fee of the External Auditor.
- Review and evaluate all auditing and non-audit services performed by external auditors to ensure that their independence is not impaired.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee is comprised of the following Independent Non-Executive Directors:

Name of the KMP	Directorship status	Remarks
Mr. Mayura Fernando	Chairman/ Non-Executive Independent Director	Appointed since 09.06.2022
Prof. Sampath Amaratunge	Member/ Non-Executive Independent Director	Appointed since 09.06.2022
Mr. Rajaratnam Selvaskandan	Member/ Non-Executive Independent Director	Appointed since 09.06.2022
Mr. Kamal Goonesinghe	Member/ Non-Executive Independent Director	Appointed since 09.06.2022

The Board is satisfied that together, the members of the Committee, as set out in their biographical details on pages 94 to 97, bring a broad range of relevant skills, experience, and expertise, from a wide variety of industries and backgrounds, and as a whole have competence relevant to the sectors in which the Group operates.

The Chief Internal Auditor, Mr. Prasenna Balachandran serves as the Secretary to the committee.

Audit Committee Report

COMMITTEE MEETINGS

The Committee met five times during the year. The meeting attendance of the members is set out in the table below,

Names of the Audit Committee Members	Attended/ Eligibility
Mr. Mayura Fernando	5/5
Mr. Rajarathnam Selvaskandan	5/5
Mr. Kamal Goonesinghe	4/5
Prof. Sampath Amarathunge	5/5

The Group Chairman, Group Deputy Chairman, Group Managing Director/ Group CEO, Group Finance Director, Chief Operating Officer, the General Manager-Finance, and the Chief Internal Auditor, attend meetings at the invitation of the Committee. As well as representatives of the external auditors are invited to attend meetings of the Committee. Other key executives and senior management are invited to attend to present and provide deeper insight on various topics as required by the Committee to discharge its duties.

The activities and views of the Committee have been communicated to the Board of Directors quarterly through verbal briefings, and by tabling the minutes of the Committee meetings.

FINANCIAL REPORTING

The Committee reviewed the financial reporting system adopted by the Group in the preparation of its quarterly and Annual Financial Statements to ensure the reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards.

The Audit Committee reviewed the Interim Management Statements, the Interim and Annual Consolidated Financial Statements and all formal announcements relating to these statements before submitting them to the Board of Directors with a recommendation to approve. When annual Financial Statements are considered, the External Auditors are also invited to attend discussions and to obtain clarifications.

The Committee, in its evaluation of the financial reporting system also recognised the sufficiency of the content and quality of periodic management information reports forwarded to its members.

INTERNAL AUDIT, RISKS AND CONTROLS

The Audit Committee is responsible for monitoring and reviewing the operation and effectiveness of the Group Internal Audit function including its focus, plans, activities and resources. To fulfil these duties the Committee:

- reviewed and approved the Group Internal Audit function's charter, strategy and annual plan;
- considered and were satisfied that the competencies, experience and level of resources within the Internal Audit team were adequate to achieve the proposed plan;
- considered the role and effectiveness of Internal Audit in the overall context of the Group's risk management framework and was satisfied that the function has appropriate standing within the Group;
- received quarterly updates from the Internal Audit function on the delivery of the 2022/23 plan and on the principal findings from the work of Internal Audit and management's actions to remediate issues identified;
- The Group Risk and Control Division regularly reported to the Committee on the adequacy and effectiveness of internal controls in the Group and compliance with laws and regulations and established policies and procedures of the Group.
- The Committee approved a digital forensic tool to be used by Group Risk & Control Division.
- The Sustainability and Enterprise Risk Management division reported to the Committee on the process of identification, evaluation and management of all significant risks faced by the Group, through "Risk Navigators".

EXTERNAL AUDIT

- The External Auditors' Letter of Engagement, including the scope of the audit, was reviewed, and discussed by the Committee with the External Auditors and management prior to the commencement of the audit.
- The Committee also met the External Auditors, prior to the finalisation of the Financial Statements. The External Auditors' reports on the audit of the Company and Group financial statements for the year, were discussed with both Management and Auditors. The members of the Committee had a separate meeting with the auditors to discuss issues of a sensitive nature that may have arisen during the audit if any.

The Committee reviewed the management letter issued by them based on their audit and considered actions to be taken to rectify any weaknesses in internal controls based on their recommendations.

The Committee also reviewed the arrangements made by the Auditors to maintain their independence and confirmation has been received from the Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka. The Committee is satisfied that the independence of the External Auditors has not been impaired by any no-audit services performed by them.

The performance of the External Auditors and the quality of their work has been evaluated and discussed with the senior management of the Company and the Committee has recommended to the Board that Messer Ernst & Young be re-appointed as the auditors of the Group for the financial year ending 31st March 2024, subject to approval by the shareholders at the Annual General Meeting, at a remuneration to be decided by the Management.

Mayura Fernando
Chairman
Audit Committee

14th August 2023

Report of the Related Party Transaction Review Committee

This report of the Related Party Transactions Review Committee for the year ended 31st March 2023 envisages an overview of the committee's work in discharging its responsibilities.

PURPOSE OF THE COMMITTEE COMPOSITION AND ATTENDANCE

The Committee comprises a combination of Executive and Non-Executive Directors; who are Independent and Non-Executive. The Chairman of the Committee is an Independent Non-Executive Director,

Names of the RPTR Committee Members	Membership Status
Mr. Murali Prakash*	Chairman /INED
Mr. Mayura Fernando**	Chairman /INED
Mr. Rajarathnam Selvaskandan ***	Member /INED
Mr. Kamal Goonesinghe ***	Member/INED
Prof.Sampath Amaratunge ***	Member/INED

* Resigned w.e.f from 31/05/2022
** Appointed as Chairman w.e.f from 09/06/2022
*** Appointed as w.e.f from 09/06/2022

Regular attendees by invitation	
Group Chairman	Group Deputy Chairman
Group Managing Director/GCEO	Chief Operating Officer – LAUGFS Gas PLC
Group Director – Finance	General Manager Finance – LAUGFS Gas PLC
Chief Legal Officer	

Mr. Prasenna Balachandran, Chief Internal Auditor served as the Secretary to the Committee.

The Committee met four (04) times during the financial year ended March 31, 2023, and the proceedings of the Committee meetings have been regularly reported through verbal briefings, and by tabling the minutes of the Committee's meetings.

The meeting attendance of the members is set out in the table below,

Names of the RPTR Committee Members	Attended/ Eligibility
Mr. Mayura Fernando	4/4
Mr. Rajarathnam Selvaskandan	4/4
Mr. Kamal Goonesinghe	3/4
Prof. Sampath Amaratunge	4/4

DUTIES AND RESPONSIBILITIES

The Related Party Transactions Review Committee carries out the following duties and responsibilities:

- Reviewing Related Party Transactions of the Company except those explicitly exempted under the Listing Rules;
- Adopting policies and procedures to review Related Party Transactions of the Company and set out guidelines and methods for the capturing and reviewing of Related Party Transactions,
- Assessing whether the Related Party Transactions are in the best interests of the Company and its shareholders as a whole;
- Defining and establishing threshold values for listed companies as per the Code, which requires discussion in detail; RPTs that have to be pre-approved by the Board, those that require immediate market disclosure, those that require Shareholder approval and RPTs which require disclosure in the Annual Report.
- To review all proposed Related Party Transactions of the Group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Providing guidelines which Senior Management must follow in dealing with Related Parties, including conformance with the Transfer Pricing regulations and the Code.
- Where necessary, to escalate matters to the Board for review, prior to the execution of any Related Party Transaction.
- To review and recommend the acquisition or disposal of substantial assets between related parties, including but not limited to, obtaining 'competent advice' from independent professional experts on valuations and related aspects as deemed required.

METHODOLOGY ADOPTED BY THE COMMITTEE

The members of the Company's Board of Directors have been identified as Key Management Personnel (KMP). The declarations are requested from each Key Management Personnel of the Company in compliance with the Related Party Transaction Policy in order to identify parties related to them. The Company retrieves data on related party transactions from its database based on the information provided in these declarations.

The Committee introduced policies and guidelines for the adoption of RPT for LAUGFS Gas PLC & its subsidiaries in complying with the Code of Best Practices & Section 09 of the listing rules. In doing so, transaction threshold values that required detailed discussion, prior approvals, and Recurrent RPTs requiring annual reviews, were established and reporting templates were approved by the Committee.

Report of the Related Party Transaction Review Committee

KEY FUNCTIONS PERFORMED DURING THE YEAR UNDER REVIEW

During the year the Committee reviewed the process and recognised the adequacy of the content and quality of the information forwarded to its members by the management. The committee quarterly monitored the recurrent transactions and their compliance with the approved values and where required directed them to the relevant Boards for further directions. Trainings were conducted for all KMPs and other functional heads to increase awareness of all regulations under the RPTR scope, by an industry specialist.

Several related party transactions were also reviewed as below, with necessary recommendations on disclosures and other actions as required, in line with the mandate.

There are no non-recurrent transactions that exceeded the threshold values during the period under review, treated under section 9.3.2.b disclosures in the Annual Report.

RECURRENT RELATED PARTY TRANSACTIONS

Name of the Related Party	Relationship	Nature of the transaction	Aggregated Value of Related Party Transactions entered into during the Financial Year	Aggregated Value of Related Party Transactions as a % of Net Revenue /Income	Terms and conditions of the Related Party Transactions
SLOGAL Energy DMCC	Fully owned Subsidiary of LAUGFS Gas PLC	Purchase of LPG and Freight chargers	10,438,583,737	43%	Procuring of LPG from SLOGAL Energy DMCC at negotiated rate (through a contract) based on the prevailing market rates at that time.

The Committee has put the necessary processes in place to identify, review, disclose and monitor Related Party Transactions in accordance with the provisions in Section 09 of the Listing Rules and in so far as to the knowledge of the Committee, such transactions submitted for review has been verified for compliance.

Mayura Fernando
Chairman
Related Party Transaction Review Committee

14th August 2023

Annual Report of the Board of Directors

The Board of Directors of LAUGFS Gas PLC has pleasure in presenting the Annual Report and the Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2023. LAUGFS Gas PLC is a public limited company incorporated in Sri Lanka under the Companies Act No. 17 of 1982 and re-registered as required under the provisions of Companies Act No. 7 of 2007 and is listed on the Colombo Stock Exchange since December 2010.

PRINCIPAL ACTIVITIES

The principal activities of LAUGFS Gas PLC are the downstream business of Liquefied Petroleum Gas (LPG) and other related products and services. The Company caters to domestic, commercial and industrial LPG markets. Its subsidiaries LAUGFS Maritime Services (Pvt) Ltd. provides maritime LPG logistic services, SLOGAL Energy DMCC, which is incorporated in the UAE, is engaged in energy trading business activities, LAUGFS Terminals Ltd. is operating a LPG transshipment and storage facility at the Port of Hambantota, and LAUGFS Property Developers (Pvt) Ltd. is the owning company of the Head Office building. The Company underwent a major restructuring process on 31st March 2018 where its former subsidiaries, namely; LAUGFS Leisure Ltd. engaged in the leisure sector, LAUGFS Power Ltd. engaged in the renewable energy sector, and LAUGFS Eco Sri Ltd. engaged in vehicle emission testing, were vested with the shareholders of LAUGFS Gas PLC by way of a scheme of arrangement as per section 256 of the Companies Act No. 7 of 2007, whereby the LAUGFS Gas Group transformed itself into a pure play energy company in order to enhance its business operations. Whilst initial approval to proceed with this process was granted by the Commercial High Court under case bearing number HC (Civil) 01/2018/CO on 10th January 2018, the Company managed to obtain requisite shareholder approval for the same at the Extraordinary General Meeting held on 20th March 2018, whereby the final order approving the process by the Commercial High Court was granted on 23rd March 2018.

As a result of this restructuring process the stated capital of the Company was also reduced to Rs. 1Bn after following all requisite formalities. The said three companies, which were a part of the said scheme of arrangement, namely; LAUGFS Leisure Ltd., LAUGFS Power Ltd. and LAUGFS Eco Sri Ltd. have made their respective listing applications to the Colombo Stock Exchange, where LAUGFS Power Ltd. now known as LAUGFS Power PLC was listed in the Diri Savi Board of the Colombo Stock Exchange on 30th October 2019, whereas the listing applications of LAUGFS Eco Sri Ltd. and LAUGFS Leisure Ltd. are currently pending the approval of the Colombo Stock Exchange.

The Company has not engaged in any activity which contravenes any local, foreign or international law or regulations.

BUSINESS REVIEW

A review of the financial and operational performance and future business developments of the Group, sectors, and its business units are described in the Group Chairman's Message, Group Deputy Chairman's Message, Group Managing Director/ GCEO's Message and Management discussion and analysis section of the Annual Report. These Reports together with the Audited Financial Statements reflect the state of the affairs of the Company and its subsidiaries. Segment wise contribution to Group revenue, results, assets and liabilities are provided in Note 04 to the Financial Statements.

RESULTS AND APPROPRIATIONS

Revenue generated by the Company for the year under review amounted to Rs. 18.5Bn, whilst Group revenue amounted to Rs. 22.5Bn contribution to Group revenue, from the different business segments carried out by the subsidiaries are provided in Note 04 to the Financial Statements.

FINANCIAL STATEMENTS AND THE REPORT OF THE AUDITORS

The Financial Statements of the Company and the Group for the year ended 31st March 2023 as approved by the Board of Directors on 14th August 2023 are given on pages 127 to 218. The Auditor's Report on the Financial Statements of the Company and the Group is given on page 127.

ACCOUNTING POLICIES

A note on the Accounting Policies adopted in the preparation and presentation of the Financial Statements are given on pages 138 to 153 There were no material changes in the Accounting Policies adopted by the Company and its subsidiaries during the year under review.

DONATIONS

Total donations made by the Company and its subsidiaries during the year under review amounted to Rs. 2.6Mn of these, the donations to approved charities were Rs. Nil.

INVESTMENTS

Total investments of the Company in subsidiaries, associate and other equity investments amounted to Rs. 26.5Bn. The details of the investments are given in Note 14.1 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment as at the balance sheet date amounted to Rs. 13Bn and Rs. 34.6Bn for the Company and Group respectively. Total capital expenditure during the year for acquisition of property, plant and equipment by the Company and the Group amounted to Rs. 3.6Mn and Rs. 30.3Mn respectively. Details of property, plant and equipment are given in Note 8 to the Financial Statements.

STATED CAPITAL AND RESERVES

The stated capital of the Company remains at Rs. 1Bn with effect from 31st March 2018 as per the scheme of arrangement. The stated capital of the Company consists of 335,000,086 ordinary voting and 52,000,000 ordinary non-voting shares. The total Group Equity was Rs. 4.5Bn.

Annual Report of the Board of Directors

INTERNAL CONTROL AND RISK MANAGEMENT

The Directors acknowledge their responsibility for the Group's system of internal control. The systems are designed to provide reasonable assurance that the assets of the Group are safeguarded and to ensure that proper accounting records are maintained.

The Board of Directors, having reviewed the system of internal control, is satisfied with the systems and measures in effect at the date of signing this 14th August 2023.

HUMAN RESOURCES

The Company has an equal opportunity policy and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, opinion, gender, marital status or physical disability. Further the Company continued to appropriate human resources management policies to develop the team and focus their contribution towards the achievement of corporate goals.

BOARD OF DIRECTORS

The Board of Directors of the Company and their brief profiles are given on the pages 94 to 97. Accordingly, the following persons were the Directors of the Company as at 31st March 2023.

(a) **Mr. W. K. H. Wegapitiya**
Group Chairman

(b) **Mr. U. K. Thilak De Silva**
Group Deputy Chairman

(c) **Mr. P. Kudabalage**
Group Managing Director/ GCEO

(d) **Prof. S. P. P. Amaratunge**
Independent Non-Executive Director

(e) **Mr. R. Selvaskandan**
Independent Non-Executive Director

(f) **Mr. K. R. Goonesinghe**
Independent Non-Executive Director

(g) **Mr. P. M. B. Fernando**
Independent Non-Executive Director

In terms of Article 81 of the Articles of Association of the Company Prof. S. P. P. Amaratunge and Mr. R. Selvaskandan retire by rotation and being eligible are recommended by the Board for re-election at the ensuing Annual General Meeting.

BOARD COMMITTEES

The following members serve on the Board, Audit, Related Party Transactions Review, Investment, Remuneration and Management Committees;

AUDIT COMMITTEE

Audit Committee as at 31st March 2023 comprised four members namely, Mr. P. M. B. Fernando, Mr. R. Selvaskandan, Mr. K. R. Goonesinghe and Prof. S. P. P. Amaratunge. The Broad purposes of this Committee is to oversee the preparation, presentation and adequacy of the disclosure of information in Financial Statements in accordance with Sri Lanka Accounting Standards and all other statutory requirements.

The Audit Committee also ensures that the Company's internal control system and Risk Management procedure are up to industrial standards. The Committee also assesses the independence and performance of the Company's Auditors. The report of the Audit Committee is given under the Board committee reports section of the Annual Report.

RELATED PARTY TRANSACTIONS COMMITTEE REVIEW

The Related Party Transactions Committee Review as at 31st March 2023 comprised of Mr. P. M. B. Fernando, Mr. R. Selvaskandan, Mr. K. R. Goonesinghe and Prof. S. P. P. Amaratunge.

This Committee has been established as a requirement under Section 9 of the Colombo Stock Exchange Listing Rules, in order to monitor and regulate Related Party Transactions in the best interests of the shareholders in order to ensure that the operations of the Group of Companies is compliant with Section 9 of the Colombo Stock Exchange Listing Rules.

As required under Section 9.3.2(d) of the Colombo Stock Exchange Listing Rules, the Board of Directors would like to hereby declare and confirm that there had been Related Party Transactions during the year under review, and all such transactions were proceeded as per provisions stipulated under Section 9 of the Colombo Stock Exchange Listing Rules pertaining to Related Party Transactions. The report of the Related Party Transactions Review Committee is given under the Board committee reports section of the Annual Report.

INVESTMENT COMMITTEE

The Investment Committee as at 31st March 2023 comprised Mr. U. K. Thilak De Silva (Chairman of the Investment Committee), Mr. W. K. H. Wegapitiya, Mr. P. Kudabalage. Mr. P. M. B. Fernando, Mr. R. Selvaskandan and Mr. K. R. Goonesinghe. Its' principal focus is on evaluating investment opportunities, monitoring return on investments, the overall direction of the Group and review of business operational results. The report of the Investment Committee is given under the Board committee reports section of the Annual Report.

REMUNERATION COMMITTEE

The Remuneration Committee as at 31st March 2023 comprised Mr. R. Selvaskandan (Chairman of the Committee), Prof. S. P. P. Amaratunge and Mr. K. R. Goonesinghe. This committee recommends the remuneration payable to the Executive Directors and sets guidelines for the remuneration of the senior management of the Company.

The Board makes the final determination having considered the recommendations of the Remuneration Committee and also the performance of the senior management. The report of the remuneration committee is given under the Board committee reports section of the Annual Report and the remuneration policy is given in the Corporate Governance Report.

MANAGEMENT COMMITTEE

The Management Committee comprises Mr. W. K. H. Wegapitiya (Chairman), Mr. U. K. Thilak De Silva, Mr. P. Kudabalage and Mr. R. Selvaskandan. Its principle focus if on the overall strategic direction and review of business operational results. The report of the Management Committee is given under the Board committee reports section of the Annual Report.

INTEREST REGISTER

The Company maintains an Interest Register in compliance with the Companies Act No. 07 of 2007. In Compliance with the requirements of the Companies Act, this Annual Report also contains particulars of entries made in the Interest Register.

DIRECTORS' INTEREST IN CONTRACTS

Directors' interest in contracts are disclosed in the Related Party Transactions under Note 29 to the Financial Statements.

DIRECTORS SHAREHOLDING

The shareholdings of the Directors of the Company as at 31st March 2023 and as at 1st April 2022, as defined under the Listing Rules of Colombo Stock Exchange are as follows.

Name of Director	As at 31st March 2023				As at 1st April 2022			
	Voting Shares		Non-voting Shares		Voting Shares		Non-voting Shares	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr. W. K. H. Wegapitiya	1,549,416	0.463	NIL	-	1,411,536	0.421	NIL	-
Mr. U. K. Thilak De Silva	1,077,897	0.322	NIL	-	1,077,897	0.322	NIL	-
Mr. P. Kudabalage	NIL	-	NIL	-	NIL	-	NIL	-
Prof. S. P. P. Amaratunge	NIL	-	NIL	-	NIL	-	NIL	-
Mr. R. Selvaskandan	NIL	-	NIL	-	NIL	-	NIL	-
Mr. K. R. Goonesinghe	NIL	-	NIL	-	NIL	-	NIL	-
Mr P. M. B. Fernando	100	0.00	NIL	-	100	-	-	-

Mr. W. K. H. Wegapitiya and Mr. U. K. Thilak De Silva are shareholders of LAUGFS Holdings Ltd., the holding company which holds a significant stake of the Company directly.

DIRECTORS' REMUNERATION

Directors' remuneration is established within a framework approved by the Remuneration Committee. Directors' remuneration in respect of the Company for the year is given in Note 29 to the Financial Statements.

SHARE INFORMATION

Information relating to earnings, dividends and net assets per share are given on page 222. The market value per share is given on page no 224. The distribution and the composition of shareholding are given on page no 226 of this Annual Report. The Details of the 20 major shareholders of the Company including the number of shares held by them are given on page 222 and 225 of the Annual Report.

CORPORATE GOVERNANCE

The Board of Directors has ensured that the Company has complied with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on Corporate Governance issued by the Securities and Exchange Commission and the Institute of Chartered Accountants of Sri Lanka. Directors are committed towards the furtherance of Corporate Governance principles of the Company. The measures taken in this regard are set out in the Corporate Governance Report.

Annual Report of the Board of Directors

Further, the Directors declare that the Company has not engaged in any activity which contravenes laws and regulations. All material interest in contracts involving the Company have been declared by the Directors and they have refrained from voting on matters in which they were materially interested, the Company has made all endeavours to ensure the equitable treatment of shareholders, the business is a going concern and a review of internal controls covering financials, operational and compliance controls and risk management has been conducted and the Directors have obtained a reasonable assurance of their effectiveness and successful adherence.

ENVIRONMENT

The Company has not engaged in any activity that was detrimental to the environment and has been in due compliance with all applicable laws and regulations of the country to the best of its ability. The Group's effort in this regard is briefly described in the Sustainability Report.

STATUTORY PAYMENTS

The Board of Directors confirm that to the best of its knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of, and in respect of the employees of the Company and its subsidiaries, and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the balance sheet date have been paid or, where relevant, provided for, except as specified in Note 27.2 to the Financial Statements covering contingent liabilities.

GOING CONCERN

The Board of Directors is satisfied that the Company, its subsidiaries and associates, have adequate resources to continue in operational existence for the foreseeable future, to justify adopting the going concern basis in preparing these Financial Statements.

DIVIDENDS

The Company has not declared or proposed any dividend for the year under review.

DISCLOSURES ON TRANSFER PRICING

The Company has adopted a Transfer Pricing Policy in terms of the Regulations issued under Section 76 of the Inland Revenue Act No. 24 of 2017 in order to secure the transparency and accuracy of all the transactions including Related Party Transactions. The management is committed to monitor and review the Transfer Pricing Policy from time to time. All the Related Party Transactions are disclosed under Note 29 to the Financial Statements.

It is certified that the company has complied with the Transfer Pricing Regulations issued under Inland Revenue Act No. 24 of 2017. The information pursuant to these Regulations is given under certificate produced under the said Act. We believe that the record of transactions entered into with related parties during the period from 1st April 2022 to 31st March 2023 are at arm's length and not prejudicial to the interests of the Company. The transactions are entered into on the basis of a transfer pricing policy adopted by the company. All transactions have been submitted to the Independent Auditors for audit. No adverse remarks have been made in their report on the audit of such transactions.

AUDITORS

Messrs. Ernst & Young, Chartered Accountants, are deemed re-appointed in terms of Section 158 of the Companies Act No. 07 of 2007 as the auditors of the Company. A resolution to authorise the Directors to determine the remuneration of the auditors will be proposed at the forthcoming Annual General Meeting. Total audit fees paid to Messrs. Ernst & Young by the Company and the Group are disclosed in Note 5.5 to the Financial Statements. The Auditors of the Company and its subsidiaries have confirmed that they do not have any relationship with the Company or its subsidiaries (other than the Auditor) that would have an impact on their independence.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 21st September 2023 at 10.00 a.m. at the Head office of LAUGFS Holdings Ltd. as a virtual meeting. The notice of meeting appears in the supplementary information section of the comprehensive Annual Report. This Annual Report is signed for and on behalf of the Board of Directors.

By Order of the Board,

W. K. H. Wegapitiya
Director

U. K. Thilak De Silva
Director

Corporate Advisory Services (Private) Limited
Secretaries

14th August 2023

Statement of Directors' Responsibilities

The Directors are responsible under the Companies Act No. 07 of 2007, to ensure compliance of the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of the affairs of the Company and its subsidiaries as at the balance sheet date and the profit of the Company and its subsidiaries for the financial year. Further, the Board of Directors ensures the compliance of all the regulatory requirements imposed by the Listing Rules of the Colombo Stock Exchange and other applicable statutory and regulatory provisions. The Financial Statements comprise:

- The statements of financial position, which present a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year,
- The Statement of Comprehensive Income, which presents a true and fair view of the profit or loss and/or other comprehensive income of the Company and its subsidiaries for the financial year.
- The Board of Directors accepts the responsibility for the integrity and objectivity of the Financial Statements prepared and presented. The Directors confirm that the Financial Statements have been prepared; using appropriate and applicable accounting policies which have been selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained; and
- Presented in accordance with the Sri Lanka Financial Reporting Standards (SLFRS); and that
- Reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected; and
- Provides the information required by and otherwise comply with the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors confirm that the Financial Statements have been prepared on a going concern basis and are of the view that sufficient funds and other resources are available within the Company and its subsidiaries to continue its operations and to facilitate planned future expansions and capital commitments. Further, the Directors ensure that the company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the company and its subsidiaries.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the company and of the Group and in this regard, to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities. The Directors are required to prepare the financial statements and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections that may be considered being appropriate to enable them to give their audit opinion. The Directors are of the view that they have duly discharged their responsibilities as set out in this statement.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge and belief that all statutory payments in relation to regulatory and statutory authorities that were due in respect of the Company and its subsidiaries as at the balance sheet date have been duly paid or where relevant provided for.

Corporate Advisory Services (Private) Limited

Secretaries

14th August 2023

ENERGIZING PERFORMANCE

We continuously create value for our business, which sets us apart from our competition, thus driving us forward to accomplish sustainable results.

FINANCIAL STATEMENTS

Financial Calendar

FINANCIAL CALENDAR FOR 2022/2023

→ First Quarter ended 30th June 2022	–	Published on 15th August 2022
→ Second Quarter ended 30th September 2022	–	Published on 14th November 2022
→ Third Quarter ended 31st December 2022	–	Published on 14th February 2023
→ Fourth Quarter ended 31st March 2023	–	Published on 30th May 2023
→ Annual Report for 2022/2023	–	Published on 25th August 2023
→ Annual General Meeting	–	Will be held on 21st September 2023 at 10.00 a.m.

Independent Auditor's Report

Building a better working world

Ernst & Young
Chartered Accountants
201, De Saram Place
P.O. Box 101
Colombo 10, Sri Lanka

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
Email: eysl@lk.ey.com
ey.com

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LAUGFS GAS PLC

Report on the audit of the consolidated Financial Statements

Opinion

We have audited the financial statements of LAUGFS Gas PLC (the "Company"), and the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss, 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 of the Company and Group give a true and fair view of the financial position of the Company and Group as at 31 March 2023, and of their financial performance and 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 (SLAuS). Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA 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 our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the auditors' 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 auditors' 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
Disposal of a subsidiary	
As disclosed in note 15 to the financial statements, the Group disposed of its 100% equity interest in a foreign subsidiary for a consideration of LKR 8.2Bn on 15th November 2022. This resulted in a gain of LKR 4.5Bn recognised during the year and represents significant proportion of current year profits after tax of the Group. Results of the subsidiary up to the disposal date have been presented as discontinued operations. This was considered a key audit matter due to the significance of the transaction, related amounts and disclosures reported in the Group's financial statements.	Our audit procedures included the following; → Understood the key terms and conditions in the agreement and assessed the appropriateness of the accounting entries and consolidation adjustments made to record for the disposal of the subsidiary. → Checked the sales proceeds arising on the transaction to relevant supporting documents. → Assessed the adequacy and appropriateness of audit procedures performed by the auditor of the disposed subsidiary to assess the reasonableness of the carrying amounts of assets and liabilities derecognised as at disposal date. We have also assessed the appropriateness of the presentation of discontinued operations in the financial statements including assessing the adequacy of the disclosures made in note 15 to the financial statements.

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
Interest bearing borrowings	
As of the reporting date, the Group reported total interest-bearing borrowings of Rs. 33,267 Million, of which Rs. 17,042 Million is presented as current liabilities and the balance amount of Rs. 16,225 Million is presented as non-current liabilities. This was a key audit matter due to: → The magnitude of the interest-bearing borrowings and its significance to the overall financial statements (81% of total liabilities). → Existence of numerous financial and non-financial covenants and disclosures relating to the current and non-current classification of such borrowings in the financial statements.	Our audit procedures included the following; → Obtained direct confirmations from Financial Institutions for outstanding amounts as of the reporting date. → Agreed additions to and repayments of borrowings made during the year to source documents. → Obtained an understanding of the terms and conditions attached to borrowings, by perusing the loan agreements. → Assessed the management's assessment of compliance with long term loan covenants. We have also assessed the adequacy and appropriateness of the disclosures made in Note 17 to the financial statements relating to interest bearing borrowings.

Other information included in the 2023 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditors' report thereon. Management is responsible for the other information.

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 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. We have nothing to report in this regard.

Responsibilities of management and those charged with governance

Management is responsible for the preparation of 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 Sri Lanka Auditing Standards, 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 internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 ethical requirements in accordance with the Code of Ethics 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 auditors' 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.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditors' report is 1864.

Ernst & Young

14 August 2023
Colombo

Statement of Profit or Loss

Year ended 31 March 2023	Note	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Continuing Operations					
Revenue	5.1	22,526,749,864	24,023,408,169	18,533,538,170	9,254,488,343
Cost of Sales		(16,097,194,516)	(24,975,766,970)	(13,343,708,670)	(9,696,392,809)
Gross Profit / (Loss)		6,429,555,348	(952,358,801)	5,189,829,500	(441,904,466)
Other Operating Income	5.2	273,217,416	392,932,776	271,456,558	432,367,362
Selling and Distribution Expenses		(380,154,066)	(341,292,196)	(380,154,066)	(341,292,196)
Administrative Expenses		(1,072,714,057)	(778,503,377)	(406,532,101)	(422,746,946)
Foreign Currency Exchange Losses		(705,641,715)	(841,497,778)	(668,117,817)	(1,014,887,404)
Fair Value Gain on Investment Properties	10	245,000,000	600,507,500	91,000,000	176,000,000
Operating Profit / (Loss)		4,789,262,926	(1,920,211,876)	4,097,482,074	(1,612,463,650)
Finance Costs	5.3	(5,719,296,700)	(2,201,804,537)	(4,055,704,227)	(1,518,386,916)
Finance Income	5.4	45,933,576	2,946,343	12,610,559	2,569,578
Profit/ (Loss) Before Tax		(884,100,198)	(4,119,070,070)	54,388,406	(3,128,280,988)
Income Tax Expense	6.1	(316,614,638)	498,073,706	(169,492,381)	632,456,066
Loss for the Year from Continuing Operations		(1,200,714,836)	(3,620,996,364)	(115,103,975)	(2,495,824,922)
Discontinued Operations:					
Profit/ (Loss) after Tax for the Year from Discontinued Operations	15.1	3,439,245,039	(361,476,582)	-	-
Profit/ (Loss) for the Year		2,238,530,203	(3,982,472,947)	(115,103,975)	(2,495,824,922)
Attributable to:					
Equity Holders of the Parent		2,221,678,891	(4,077,068,060)	(115,103,975)	(2,495,824,922)
Non-Controlling Interests		16,851,312	94,595,113	-	-
		2,238,530,203	(3,982,472,947)	(115,103,975)	(2,495,824,922)
Earnings/(Loss) Per Share					
Basic/Diluted Earnings/(Loss) Per Share	7	5.74	(10.54)	(0.30)	(6.45)
Earnings/(Loss) Per Share from Continuing Operations					
Basic/Diluted Earnings/(Loss) Per Share	7	(3.15)	(9.60)	(0.30)	(6.45)

The accounting policies and notes on pages 138 to 218 form an integral part of these financial statements.

Statement of Comprehensive Income

Year ended 31 March	Note	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Profit/ (Loss) for the Year		2,238,530,203	(3,982,472,947)	(115,103,975)	(2,495,824,922)
Other Comprehensive Income					
Other Comprehensive Income that may be Reclassified to Profit or Loss in Subsequent Period :					
Transfer of Translation Reserve on Disposed Foreign Subsidiary	23.2	(4,066,313,126)	-	-	-
Foreign Exchange Translation Differences	23.2	234,499,133	2,816,845,917	-	-
Net Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods		(3,831,813,993)	2,816,845,917	-	-
Other Comprehensive Income that will not be Reclassified to the Income Statement :					
Gains/(Losses) on Financial Assets at FVTOCI	5.6	686,412	(6,569)	(2,978,990,620)	2,038,092,447
Actuarial Gains on Defined Benefit Liability	5.6	80,880,278	21,629,821	12,961,991	5,986,248
Gain on Revaluation of Property, Plant & Equipment		-	8,491,186,967	-	6,181,161,706
Income Tax Effect	6.2	(222,350,093)	(1,703,727,743)	(1,990,555,857)	(1,083,931,338)
Net Other Comprehensive Income that will not be Reclassified to the Income Statement in Subsequent Periods		(140,783,402)	6,809,082,476	(4,956,584,486)	7,141,309,063
Other Comprehensive Income/(Loss) for the Year, Net of Tax		(3,972,597,396)	9,625,928,393	(4,956,584,486)	7,141,309,063
Total Comprehensive Income/(Loss) for the Year, Net of Tax		(1,734,067,193)	5,643,455,446	(5,071,688,461)	4,645,484,141
Attributable to:					
Equity Holders of the Parent		(1,750,906,285)	5,548,542,236	(5,071,688,461)	4,645,484,141
Non-Controlling Interests		16,839,093	94,913,210	-	-
		(1,734,067,193)	5,643,455,446	(5,071,688,461)	4,645,484,141

The accounting policies and notes on pages 138 to 218 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March	Note	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	8	34,576,115,891	42,010,483,170	13,000,338,894	13,955,907,804
Right of Use Assets	9.1	1,365,082,347	1,296,282,201	40,767,914	57,325,294
Investment Properties	10	3,725,506,662	3,480,506,662	1,167,200,000	1,076,200,000
Intangible Assets	11	14,521,639	4,356,540,849	74,415	-
Investments in Subsidiaries	14	-	-	26,367,558,019	35,004,286,787
Other Non-Current Financial Assets	17.1	19,181,402	18,494,990	19,181,402	18,494,990
		39,700,407,941	51,162,307,872	40,595,120,644	50,112,214,875
Current Assets					
Inventories	18	2,312,319,353	1,940,663,584	2,040,216,921	439,823,899
Trade and Other Receivables	19	2,394,133,694	3,419,978,625	1,532,910,486	1,244,036,782
Prepayments	13	116,756,490	170,751,693	24,598,199	8,869,018
Income Tax Recoverable		176,459,534	183,212,841	159,462,812	167,534,017
Other Current Financial Assets	17.1	11,833,963	14,253,944	11,833,963	14,253,944
Cash and Cash Equivalents	20.1	991,765,113	811,427,236	333,383,662	25,046,962
		6,003,268,147	6,540,287,923	4,102,406,043	1,899,564,622
Total Assets		45,703,676,088	57,702,595,795	44,697,526,687	52,011,779,497
EQUITY AND LIABILITIES					
Stated Capital	21	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Fair Value Reserve of Financial Assets at FVTOCI	22	(21,131,814)	(21,818,226)	16,837,202,252	24,863,276,720
Revaluation Reserve	23.1	5,608,274,942	7,474,518,723	4,596,802,958	4,983,380,606
Foreign Currency Translation Reserve	23.2	462,171,198	4,293,985,191	-	-
Accumulated Losses		(3,184,739,737)	(7,131,204,812)	(1,884,682,159)	(5,225,645,814)
Equity attributable to Equity Holders of the Parent		3,864,574,589	5,615,480,877	20,549,323,051	25,621,011,512
Non-Controlling Interests		590,450,806	573,611,713	-	-
Total Equity		4,455,025,395	6,189,092,590	20,549,323,051	25,621,011,512

As at 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	17.2	16,224,681,228	16,842,373,116	3,439,897,294	4,993,380,216
Employee Benefit Liability	24	70,631,190	197,498,715	54,910,497	65,987,709
Refundable Deposits Liability	25	2,019,459,588	2,514,995,147	2,019,459,587	2,170,461,462
Deferred Tax Liabilities	6.4	1,071,077,307	1,386,232,605	3,036,265,073	884,288,041
		19,385,849,313	20,941,099,583	8,550,532,451	8,114,117,428
Current Liabilities					
Trade and Other Payables	26	4,596,262,216	6,355,071,614	1,623,042,068	4,573,850,842
Interest Bearing Loans and Borrowings	17.2	17,042,154,765	23,326,332,621	13,750,244,718	13,461,637,330
Refundable Deposits Liability	25	224,384,399	241,162,385	224,384,399	241,162,385
Income Tax Payable		-	649,837,002	-	-
		21,862,801,380	30,572,403,622	15,597,671,185	18,276,650,557
Total Equity and Liabilities		45,703,676,088	57,702,595,795	44,697,526,687	52,011,779,497

I certify that these financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

D. R. Senerathmudali
General Manager Finance

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the Board by:

W. K. H. Wegapitiya
Director

U.K. Thilak De Silva
Director

The accounting policies and notes on pages 138 to 218 form an integral part of these financial statements.

14 August 2023
Colombo

Statement of Changes in Equity

Year ended 31 March 2023 Group	Note	Attributable to Equity Holders of the Parent Stated Capital Rs.	Fair Value Reserve of Financial Assets at FVTOCI Rs.	Revaluation Reserve Rs.
As at 31 March 2021		1,000,000,000	(22,730,041)	804,478,813
Profit/(Loss) For the Year		-	-	-
Other Comprehensive Income/(Loss)		-	(6,569)	6,793,388,301
Total Comprehensive Income/(Loss)		-	(6,569)	6,793,388,301
Transfer of Depreciation on Revaluation of Property, Plant and Equipment	23.1	-	-	(123,348,391)
Disposal of Financial Assets at FVTOCI	22.1	-	918,385	-
As at 31 March 2022		1,000,000,000	(21,818,226)	7,474,518,723
Profit for the Year		-	-	-
Other Comprehensive Income/(Loss)		-	686,412	(201,230,988)
Total Comprehensive Income/(Loss)		-	686,412	(201,230,988)
Transfer of Depreciation on Revaluation of Property, Plant and Equipment	23.1	-	-	(653,195,648)
Realisation of Revaluation Reserve on Disposal of Subsidiary		-	-	(1,011,817,145)
As at 31 March 2023		1,000,000,000	(21,131,814)	5,608,274,942

Year ended 31 March 2023 Company	Note	Stated Capital Rs.
As at 31 March 2021		1,000,000,000
Loss For the Year		-
Other Comprehensive Income		-
Total Comprehensive Income /(Loss)		-
Disposal of Financial Assets at FVTOCI	22.1	-
As at 31 March 2022		1,000,000,000
Loss for the Year		-
Other Comprehensive Income/(Loss)		-
Total Comprehensive Income/(Loss)		-
Transfer of Depreciation on Revaluation of Property, Plant and Equipment	23.1	-
Disposal of Financial Assets at FVTOCI	22.1	-
As at 31 March 2023		1,000,000,000

The accounting policies and notes on pages 138 to 218 form an integral part of these financial statements.

Foreign Currency Translation Reserve Rs.	Accumulated Losses Rs.	Total Rs.	Non-Controlling Interests Rs.	Total Equity Rs.
1,477,139,274	(3,191,949,404)	66,938,643	478,698,503	545,637,145
-	(4,077,068,060)	(4,077,068,060)	94,595,113	(3,982,472,947)
2,816,845,917	15,382,647	9,625,610,296	318,097	9,625,928,393
2,816,845,917	(4,061,685,414)	5,548,542,234	94,913,210	5,643,455,446
-	123,348,391	-	-	-
-	(918,385)	-	-	-
4,293,985,191	(7,131,204,812)	5,615,480,877	573,611,713	6,189,092,590
-	2,221,678,891	2,221,678,891	16,851,312	2,238,530,203
(3,831,813,993)	59,773,391	(3,972,585,178)	(12,219)	(3,972,597,396)
(3,831,813,993)	2,281,452,282	(1,750,906,287)	16,839,093	(1,734,067,193)
-	653,195,648	-	-	-
-	1,011,817,145	-	-	-
462,171,198	(3,184,739,737)	3,864,574,589	590,450,806	4,455,025,395

Fair Value Reserve of Financial Assets at FVTOCI Rs.	Revaluation Reserve Rs.	Accumulated Losses Rs.	Total Equity Rs.
22,670,767,636	38,451,241	(2,733,691,505)	20,975,527,372
-	-	(2,495,824,922)	(2,495,824,922)
2,191,590,700	4,944,929,365	4,788,998	7,141,309,063
2,191,590,700	4,944,929,365	(2,491,035,924)	4,645,484,141
918,385	-	(918,385)	-
24,863,276,720	4,983,380,606	(5,225,645,814)	25,621,011,512
-	-	(115,103,975)	(115,103,975)
(4,966,954,079)	-	10,369,593	(4,956,584,486)
(4,966,954,079)	-	(104,734,382)	(5,071,688,461)
-	(386,577,648)	386,577,648	-
(3,059,120,389)	-	3,059,120,389	-
16,837,202,252	4,596,802,958	(1,884,682,159)	20,549,323,051

Statement of Cash Flows

Year ended 31 March 2023	Note	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Cash Flows Generated from/ (Used in) Operating Activities					
Cash Flows from Operating Activities					
Profit /(Loss) Before Tax from Continuing Operations		(884,100,198)	(4,119,070,070)	54,388,406	(3,128,280,989)
Profit /(Loss) Before Tax from Discontinued Operations		3,672,853,582	(450,990,115)	-	-
Profit /(Loss) Before Tax		2,788,753,384	(4,570,060,185)	54,388,406	(3,128,280,989)
Non-Cash Adjustment to Reconcile Profit/(Loss) Before Tax to Net Cash Flows:					
Amortisation of Intangible Assets	11	30,450,543	25,977,732	3,335	51,221
Decrease/(Increase) in Fair Value of Quoted Equity Securities		2,061,574	26,254,338	2,061,574	26,254,338
Depreciation of Property, Plant and Equipment	8	2,191,770,852	1,634,013,431	958,637,000	617,902,426
Amortisation of Right of Use Assets	9.1	132,543,163	109,548,538	16,557,380	18,574,786
Fair Value Gain on Investment Properties	10	(245,000,000)	(600,507,500)	(91,000,000)	(176,000,000)
Finance Costs	5.3/15.1	5,865,331,394	2,298,071,355	4,055,704,227	1,518,386,916
Finance Income	5.4/15.1	(46,773,055)	(4,222,609)	(12,610,559)	(2,569,578)
Disposal Gain/(Loss) on Disposal of Quoted Equity Securities		(19,831)	(36,838,255)	(19,831)	(36,838,255)
Dividend Income	5.2	(178,492)	(2,810,989)	(178,492)	(64,513,539)
Provision for Employee Benefit Liability	24.1	49,787,904	44,835,920	14,145,209	10,198,188
Transfer of Employee Benefit Liability	24.5	338,536	(1,220,974)	913,757	(1,677,296)
(Profit)/Loss on Disposal of Property, Plant and Equipment		113,286	(251,472)	113,286	(251,472)
Exchange Differences		(595,769,443)	41,419,037	-	-
Provision for unrecoverable taxes write-off		-	4,724,565	-	-
Gain on Disposal of Investment of Subsidiary		(4,498,097,598)	-	-	-
Operating Profit/ (Loss) before Working Capital Changes		5,675,312,217	(1,031,067,068)	4,998,715,291	(1,218,763,254)
Working Capital Adjustments:					
(Increase)/Decrease in Inventories		(371,655,769)	1,015,573,668	(1,600,393,022)	20,991,977
(Increase)/Decrease in Trade and Other Receivables and Prepayments		1,079,840,134	987,274,639	(304,602,885)	1,009,185,786
Increase/(Decrease) in Trade and Other Payables		(1,758,809,398)	336,908,768	(2,950,808,773)	1,389,193,259
Cash Flows Generated from Operating Activities		4,624,687,184	1,308,690,006	142,910,611	1,200,607,768

Year ended 31 March 2023	Note	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
Employee Benefit Liability Costs Paid	24.5	(19,276,071)	(9,153,180)	(13,174,186)	(5,062,180)
Finance Costs Paid		(5,865,331,394)	(2,298,071,355)	(4,055,704,227)	(1,518,386,917)
Income Tax Paid		(1,317,902)	(8,313,694)	-	-
Refund/Transfers of Refundable Deposits	25	(263,621,269)	(352,774,750)	(222,294,959)	(338,570,969)
Refundable Deposits Received	25	118,753,810	40,424,499	54,515,098	1,317,710
Net Cash Flows Generated from/(Used in) Operating Activities		(1,406,105,642)	(1,319,198,474)	(4,093,747,663)	(660,094,588)
Cash Flows from/(Used in) Investing Activities					
Acquisition of Intangible Assets	11	(77,750)	(2,886,943)	(77,750)	-
Acquisition of Property, Plant and Equipment	8.3	(30,288,838)	(326,568,795)	(3,681,377)	(16,328,282)
Acquisition of Investment Properties	10	-	(969,500)	-	-
Dividend Income		178,492	2,810,989	178,492	64,513,539
Finance Income	5.4/15.1	46,773,055	4,222,609	12,610,559	2,569,578
Proceeds from Disposal of Property, Plant and Equipment		500,000	709,641	500,000	709,641
Proceeds from Disposal of Investments in Subsidiaries	15.4	8,191,961,140	-	5,657,051,735	-
Proceeds from Disposal of Quoted Equity Securities		378,239	129,013,354	378,239	129,013,354
Net Cash Flows from/ (Used in) Investing Activities		8,209,424,338	(193,668,645)	5,666,959,898	180,477,830
Cash Flows from/(Used in) Financing Activities					
Proceeds from Interest Bearing Loans and Borrowings		21,274,238,073	33,154,142,862	3,729,381,576	5,568,134,092
Repayment of Lease Liabilities		(171,290,544)	(192,117,383)	(17,367,478)	(25,918,936)
Repayment of Interest Bearing Loans and Borrowings		(27,496,449,798)	(31,615,467,719)	(4,498,378,115)	(5,264,949,673)
Net Cash Flows from (Used in) Financing Activities		(6,393,502,269)	1,346,557,760	(786,364,017)	277,265,482
Net Increase/(Decrease) in Cash and Cash Equivalent		409,816,423	(166,309,359)	786,848,216	(202,351,276)
Cash and Cash Equivalent at the Beginning of the Year	20	(1,029,671,372)	(863,362,013)	(462,893,186)	(260,541,910)
Cash and Cash Equivalent at the End of the Year	20	(619,854,949)	(1,029,671,372)	323,955,030	(462,893,186)

The accounting policies and notes on pages 138 to 218 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 Reporting Entity

LAUGFS Gas PLC (the Company) is a public limited liability company incorporated and domiciled in Sri Lanka and is listed in the Colombo Stock Exchange. The registered office of the Company is located at No. 101, Maya Avenue, Colombo 06 and the principal place of business is situated at No. 311/1, Biyagama Road, Mabima, Heiyanthuduwa.

1.2 Consolidated Financial Statements

The consolidated financial statements of LAUGFS Gas PLC, as at and for the year ended 31 March 2023 encompasses the Company and its subsidiaries (together referred to as the "Group").

1.3 Principal Activities and Nature of Operations

During the year, the principal activities of the companies within the Group dealt within these financial statements were as follows:

Company	Activities
Continuing Operations within the Group;	
LAUGFS Gas PLC ("Company")	Sale of liquefied petroleum gas and other related products
LAUGFS Property Developers (Pvt) Ltd	Operation of a commercial property at Kirulapone
LAUGFS Maritime Services (Pvt) Ltd	Operation of vessels and providing marine cargo services
SLOGAL Energy DMCC	Trading and export of liquefied petroleum gas and other related products
LAUGFS Terminals Ltd	Operation of LPG storage terminal
Discontinued Operations within the group;	
LAUGFS Gas (Bangladesh) Ltd	Sale of liquefied petroleum gas and other related products

1.4 Parent Entity and Ultimate Parent Entity

The Company's parent entity is LAUGFS Holdings Limited. In the opinion of the directors, the Company's ultimate parent undertaking and controlling party is LAUGFS Holdings Limited, which is incorporated in Sri Lanka.

1.5 Directors' Responsibility Statement

The Board of Directors is responsible for these financial statements.

1.6 Date of Authorisation for Issue

The financial statements of LAUGFS Gas PLC and its subsidiaries (collectively, the Group) for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 14 August 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The financial statement of LAUGFS Gas PLC and its Subsidiaries (the Group) 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 (CA 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 and Measurement

The financial statements have been prepared on a historical cost basis, except for investment properties, freehold lands, Cylinders in hand and in circulation, vessels, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss that have been measured at fair value and defined benefit obligation which is measured at present value of the obligation.

The financial statements are presented in Sri Lankan Rupees.

2.3 Functional and Presentation Currency

The consolidated financial statements are presented in Sri Lankan Rupees (LKR), which is the primary economic environment in which the holding Company operates. Each entity within the Group except shown below uses the currency of the primary economic environment in which they operate as their functional currency.

The following Subsidiaries are using different functional currencies other than Sri Lankan Rupees (LKR);

Continuing Operations within the group;

Company	Country of incorporation	Functional currency
SLOGAL Energy DMCC	United Arab Emirates	United States Dollar (USD)
LAUGFS Terminals Ltd	Sri Lanka	United States Dollar (USD)

Discontinued Operations within the group;

Company	Country of incorporation	Functional currency
LAUGFS Gas (Bangladesh) Ltd	Bangladesh	Bangladeshi Taka (BDT)

2.4 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.5 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries as at 31 March 2023.

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of Subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.6 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 – Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.7 Non-Controlling Interests

Profit or loss and each component of OCI are attributed to equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

2.8 Foreign Currency

2.8.1 Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates 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 is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.8.2 Foreign Operations

The results and financial position of all Group entities that have a functional currency other than the Sri Lankan Rupee are translated into Sri Lankan Rupees as follows:

- Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition are translated to Sri Lankan Rupees at the exchange rate prevailing at the reporting date.

- Income and expenses are translated at the average exchange rates for the period/year.

The exchange differences arising on translation for consolidation are recognised in OCI. When a foreign operation is disposed of, the relevant amount in the translation reserve is transferred to the statement of profit or loss as part of the profit or loss on disposal. On the partial disposal of a Subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation.

2.9 Current Versus Non-Current Classification

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

- Expected to be realised or intended to sold or consumed in 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 assets.

A liability is current when:

- It is expected to be settled in 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
- The entity does not have a right at the reporting date to defer settlement of the liability by the transfer of cash or other assets for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

2.10 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 Group.

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 Group 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 assets and liabilities that are recognised in the financial statements on a recurring basis, the Group 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.

The management of the Group determines the policies and procedures for both recurring fair value measurement, such as investment properties and fair value of subsidiaries.

External valuer is involved in valuation of significant assets, such as Investment properties and investment in subsidiaries. Involvement of external valuers is decided upon annually by the Management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Group's external valuer, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuer, also compares the change in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group 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:

- Disclosures for valuation methods, significant estimates and assumptions (Notes 3,10,14,17 and 24)
- Quantitative disclosures of fair value measurement hierarchy (Note 17)
- Investment properties (Note 10)
- Financial instruments (including those carried at amortised cost) (Note 14 and Note 17)

2.11 Revenue

2.11.1 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

→ Sale of Goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

→ Rendering of Services

Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.

→ Freight Income

Income from freight is recognised in the period in which the services are rendered or performed.

Contract Balances

Contract Assets

Contract assets are the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer, with rights that are conditional on some criteria other than the passage of time. Upon satisfaction of the conditions, the amounts recognised as contract assets are reclassified to trade receivables.

Contract Liabilities

Contract liabilities are the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services, short-term advances received to render certain services as well as transaction price allocated to unexpired service warranties, and loyalty points not yet redeemed.

2.11.2 Income from Refundable Deposits

The income from refundable deposits is recognised in other operating income in the statement of profit or loss once the liability is extinguished.

2.11.3 Rental Income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term and is included in other operating income and revenue in the statement of profit or loss.

2.11.4 Dividend

Income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.11.5 Gains and Losses

Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and has been accounted for in the Statement of Profit or Loss.

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.

2.11.6 Finance Income and Finance Costs

Finance Income

Finance income comprises of interest income on funds invested dividend income, gains on the disposal of fair value through OCI financial assets, fair value gains on financial assets at fair value through profit or loss, gains on the remeasurement to fair value of any pre-existing interest in an acquiree that are recognised in the statement of profit or loss.

Interest income is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

Finance Costs

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.

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.

2.11.7 Others

Other Income is recognised on an accrual basis.

2.12 Refundable Deposits

The Liquefied Petroleum Gas cylinders remain as a property of LAUGFS Gas PLC. Cylinders are issued to the customers on a temporary basis against a refundable security deposit. The LAUGFS Gas is liable to refund the deposit for 12.5Kg, 37.5Kg, 5Kg & 2Kg cylinders on following basis.

LAUGFS Gas PLC liable to refund the deposit subject to a minimum refund of Rs.1,000/- for 12.5kg, Rs.1,700/- for 37.5kg, Rs. 485/- 5kg & Rs. 450/- for 2kg respectively up to 10 years.

0 to 3 Months –	Full refund of the selling price
3 to 12 Months –	Minimum refund + Two third of the selling price of a cylinder after deducting minimum refund
1 to 3 Years –	Minimum refund + One third of the selling price of a cylinder after deducting minimum refund
3 to 10 Years –	Minimum refund only.

The refundable deposits (or a part of a refundable deposits) is removed from the statement of financial position when the liability is extinguished and recognised in profit or loss.

2.13 Expenses

Expenses are recognised in the statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

2.14 Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

2.14.1 Current Income Tax

Current income tax assets and liabilities for the current period 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, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity or in other comprehensive income is recognised in equity or in other comprehensive income and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Tax withheld on dividend income from subsidiaries is recognised as an expense in the statement of profit or loss at the same time as the liability to pay the related dividend is recognised.

2.14.2 Deferred Tax

Deferred 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 at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

→ When 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.

→ In respect of taxable temporary differences associated with investments in Subsidiaries, equity accounted investee and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax assets and unused tax losses. Deferred tax assets are recognised 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 credits and unused tax losses can be utilised, except:

→ When the deferred 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.

→ In respect of deductible temporary differences associated with investments in subsidiaries, equity accounted investee and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred 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 tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

2.14.3 Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- When 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 or/and
- When receivables and payables that are stated with the amount of sales tax included the net amount of sales tax recoverable from or payable to, the taxation authorities are included as a part of receivables or payables in the statement of financial position.

2.14.4 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affect 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 specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments and it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing.
The Company's tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company.

2.15 Property, Plant and Equipment

The Group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

Property, plant and equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Items of property, plant & equipment including construction in progress are measured at cost net of cost of day to day servicing, accumulated depreciation and accumulated impairment, if any, except for Freehold lands, vessels and cylinders in hand and in circulation which is measured at fair value.

The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset and the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. The cost of self- constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and includes the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

Freehold Land, vessels, and cylinders in hand and in circulation are measured at fair value less accumulated depreciation, and impairment charged subsequent to the date of the revaluation.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Where land and buildings, vessels and cylinders in hand and in circulation are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation.

The Group has adopted a guideline of revaluing assets by a professional valuer at least once in every three years and reviewing them annually for any significant changes.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

When a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised. Gains are not classified as revenue.

Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant & equipment, in reflecting the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are disclosed in Note 8.4.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.16 Leases

The Group 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group 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 Group recognises 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:

Land	3 to 21 years
Building	3 years
Motor vehicle	5 years

If ownership of the leased asset transfers to the Group 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.

2.16.1 Company as a Lessee

Right-of-Use Assets

The Company recognises 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:

Land	8 to 15 years
Building	5 years
Motor vehicle	5 years

If ownership of the leased asset transfers 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.

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.

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 Lease Liabilities (see Note 9.2).

2.16.2 Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue and other operating income in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.17 Investment Properties

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuer.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.18 Intangible Assets

An Intangible asset is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be finite or infinite. For intangible assets with a finite useful life, the Group's policy is to amortise such intangible assets over a useful life of 4-10 years. Such intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

2.19 Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- → The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- → Its intention to complete and its ability to use or sell the asset.
- → How the asset will generate future economic benefits.
- → The availability of resources to complete the asset.
- → The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in the statement of profit or loss in the expense category consistent with the function of the intangible asset. During the period of development, the asset is tested for impairment annually.

2.20 Investment in Subsidiaries - Company

Investment in subsidiaries is initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the income statement. After the initial recognition, Investments in subsidiaries are accounted in accordance with SLFRS 9 - Financial Instruments.

The Company measures the Investment in Subsidiaries at fair value at each balance sheet date using Discounted Cash Flow methodology (DCF) and net assets methodology.

2.21 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

2.21.1 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 Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group 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, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

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 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.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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 Group commits to purchase or sell the asset.

Subsequent Measurement

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

- → Financial assets at amortised cost (debt instruments)
- → Financial assets at fair value through OCI (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- → Financial assets designated at fair value through OCI (FVTOCI) with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- → Financial assets at fair value through profit or loss (FVTPL)

Financial Assets at Amortised Cost (Debt Instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of 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,

  And
- → The contractual terms of the financial asset give rise on specified dates to cash flows that are solely 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 Group's financial assets at amortised cost includes trade and other receivables.

Financial Assets Designated at Fair Value Through OCI (Equity Instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

This category includes investment in subsidiaries and listed equity investments which the Company/Group has irrevocably elected to classify at fair value through OCI.

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 designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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.

This category includes listed equity investments which the Group has not irrevocably elected to classify at fair value through profit or loss.

Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s statement of financial position) when:

→ The rights to receive cash flows from the asset have expired

Or

→ The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.

Impairment of Financial Assets

The Group 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 Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements 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 for which 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 Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.21.1.1 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 Group's financial liabilities include trade and other payables, refundable deposits and interest-bearing loans and borrowings including bank overdrafts.

Subsequent Measurement

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

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial Liabilities at Amortised Cost

This is the category most relevant to the Group. 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 applies to trade and other payables, refundable deposits and interest-bearing loans and borrowings including bank overdrafts.

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.

2.21.2 Offsetting of Financial Instruments

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

2.21.3 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions.
- Reference to the current fair value of another instrument that is substantially the same.
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 17.3 and Note 17.4.

2.22 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing inventories to its present location and condition is accounted for as follows:

Raw Materials	- At purchase cost on weighted average cost basis
Finished Goods	- At the cost of direct materials, direct labour and an appropriate proportion of overheads based on normal operating capacity, but excluding borrowing costs
Goods in Transit	- At purchase cost
Other Inventories	- At actual cost on weighted average cost basis

Net realisable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

2.23 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount 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. When the carrying amount of an asset or CGU 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 of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculations on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for a property previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, 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 Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

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. 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.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

2.24 Cash and Short-Term Deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.25 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.26 Provisions

Provisions are recognised when the Group 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 Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.27 Employee Benefits

2.27.1 Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Group measure the cost of defined benefit plan-gratuity; every financial year using the Projected Unit Credit Method, as recommended by LKAS 19 – Employee Benefits, with the advice of an actuary.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 24.3. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 - Employee Benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

Actuarial gains and losses are recognised in the statement of comprehensive income (OCI) in the period in which it arises.

The item is stated under Employee Benefit Liability in the statement of financial position.

This is not an externally funded defined benefit plan.

2.27.2 Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund

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 Provident and Trust Funds covering all employees are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

All employees who are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions are covered by relevant contribution funds in line with respective statutes and regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.27.3 Short-term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

2.28 Discontinued Operations

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss". Disclosures are re–presented for prior periods presented in the financial statements so that the disclosures relate to operations that have been discontinued by the reporting date for the latest period presented. Accordingly, adjustments to the comparative information as originally reported will be necessary for those disposal groups categorised as discontinued operations.

2.29 Dividend Distribution

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

2.30 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "indirect method". Interest paid is classified as an operating cash flow. Dividend income and Interest income are classified as cash flows from investing activities. Dividends paid are classified as financing cash flows.

2.31 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.31.1 New and amended standards and interpretations

There are no significant changes to the accounting standards for the financial year under review.

2.31.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

These amendments to various standards are effective for the annual reporting periods beginning on or after 01 January 2023.

Definition of Accounting Estimates - Amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

Disclosure of Accounting Policies - Amendments to LKAS 1 and IFRS Practice Statement 2

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by,

- → Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- → Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

Classification of Liabilities as Current or Non-current -Amendments to LKAS 1

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non--current. The amendments clarify,

- → What is meant by a right to defer settlement
- → That a right to defer must exist at the end of the reporting period
- → That classification is unaffected by the likelihood that an entity will exercise its deferral right
- → That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- → Disclosures

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with SLFRS/LKAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Use of Judgements, Estimates and Assumptions

In the process of applying the accounting policies, management has made following judgements, estimates and assumptions which have the most significant effect on the amounts recognised in these financial statements.

3.1 Going Concern

The Directors have made an assessment of the Group's and the Company's ability to continue as a going concern and is satisfied those respective entities have the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon those entities' ability to continue as a going concern. Therefore, the financial Statements continue to be prepared on the going concern basis.

In determining the basis of preparing the financial statements for the year ended 31 March 2023, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Group companies and the appropriateness of the use of the going concern basis. In March 2023, the Company evaluated the resilience of its businesses considering a wide range of factors, relating to expected revenue, cost management, profitability, ability to defer non-essential capital expenditure, debt repayment and potential sources of financing facilities.

3.2 Classification of Property

The Group determines whether a property is classified as investment property or an owner-occupied property.

Investment property comprises land and buildings which are not occupied substantially for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and for capital appreciation.

The Group determines whether a property qualifies as investment property by considering whether the property generates cash flows largely independently of the other assets held by the entity. Owner occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgment.

3.3 Operating Lease Commitments - Group as Lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

3.4 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 for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

3.5 Fair-Valuation of Investment Properties and Property Plant & Equipment

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The Group engaged an independent valuation specialist to assess fair values as at 31 March 2023.

The Group carries its freehold lands, vessels and cylinders in hand and in circulation at revaluation model, with changes in fair value being recognised in the statement of other comprehensive income. The Group engaged an independent valuation specialist to assess fair values once in every three years and reviewing those annually for any significant changes.

For further details refer to Note 8 & 10.

3.6 Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

3.7 Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3.8 Useful Lives of Property, Plant and Equipment

The Group reviews the assets' residual values, useful lives and methods of depreciation at each reporting date; judgment by management is exercised in the estimation of these values, rates and methods.

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable segments as follows:

Energy
Selling of Liquefied Petroleum Gas and other related products.

Property
Operation of a commercial property given on rent at Kirulapone.

Transportation & Logistics
Operation of vessels and providing marine cargo services.
Operation of LPG storage terminal.

Operating Segments

Year ended 31 March	Energy		Property	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue				
External Customers	18,533,538,170	9,254,488,343	74,686,764	70,705,173
Inter-Segment	-	-	24,643,553	28,795,163
Total Revenue	18,533,538,170	9,254,488,343	99,330,318	99,500,336
Results				
Operating Profit/(Loss)	4,097,482,074	(1,612,463,650)	235,725,730	527,375,216
Finance Costs	(4,055,704,227)	(1,518,386,917)	(35,031,083)	(15,401,545)
Finance Income	12,610,559	2,569,578	25,705,146	285,438
Profit/(Loss) Before Tax	54,388,405	(3,128,280,989)	226,399,793	512,259,109
Income Tax Expense	(169,492,381)	632,456,066	(179,393,104)	(133,878,656)
Profit/(Loss) for The Year from Continuing Operations	(115,103,976)	(2,495,824,922)	47,006,689	378,380,454
Profit/(Loss) for The Year from Discontinued Operations	3,439,245,039	(361,476,583)	-	-
Profit/(Loss) for the Year	3,324,141,063	(2,857,301,506)	47,006,689	378,380,454
Gains/(Losses) on Financial Assets at FVTOCI	686,412	(6,569)	-	-
Transfer of Translation Reserve on Disposed Foreign Subsidiary	(4,066,313,126)	-	-	-
Actuarial Gains/(Losses) on Defined Benefit Plans	81,518,755	21,791,587	110,175	(425,806)
Foreign Exchange Translation Differences	179,779,360	1,162,747,396	-	-
Gain on Revaluation of Property, Plant and Equipment	-	7,572,704,735	-	2,100,000
Income Tax Effect	16,291,517	(1,659,634,101)	(159,053)	(401,807)
Total Comprehensive Income/(Loss) for the Year, Net of Tax	(463,896,020)	4,240,301,541	46,957,812	379,652,841
Assets & Liabilities				
Total Non-Current Assets	14,227,562,625	23,240,784,764	2,788,469,050	2,623,067,865
Total Current Assets	4,102,406,043	5,414,885,246	411,752,945	389,646,548
Total Assets	18,329,968,668	28,655,670,010	3,200,221,995	3,012,714,413
Total Non-Current Liabilities	8,550,532,451	9,920,772,186	697,817,960	551,144,614
Total Current Liabilities	15,597,671,185	23,612,751,586	140,600,814	146,724,389
Total Liabilities	24,148,203,636	33,533,523,772	838,418,773	697,869,002
Other Disclosures				
Depreciation for the Year	1,329,705,112	968,688,536	5,103,155	7,728,067
Purchase of Property, Plant and Equipment, and Investment Properties	24,121,337	31,790,910	5,155,919	1,513,780
Provision for Employee Benefit Liability	53,253,243	37,556,134	302,075	157,508
Deferred Tax Liabilities	3,036,265,073	1,749,220,782	602,935,395	423,383,239

Adjustments/eliminations column reflects consolidation eliminations and adjustments.

Trading
Trading and export of Liquified Petroleum Gas and other related products.

No operating segments have been aggregated to form the above reportable operating segments. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner to transactions with third parties.

Transportation & Logistics		Trading		Eliminations/Adjustments		Group	
2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
3,578,035,028	484,006,870	340,489,902	14,214,207,782	-	-	22,526,749,864	24,023,408,169
244,163,700	1,546,075,564	10,438,583,737	12,385,624,548	(10,707,390,990)	(13,960,495,275)	-	-
3,822,198,728	2,030,082,434	10,779,073,638	26,599,832,330	(10,707,390,990)	(13,960,495,275)	22,526,749,864	24,023,408,169
158,375,678	125,743,415	264,022,903	(841,520,159)	33,656,541	(119,346,699)	4,789,262,926	(1,920,211,876)
(1,394,775,278)	(467,655,603)	(237,605,102)	(208,446,696)	3,818,989	8,086,224	(5,719,296,700)	(2,201,804,537)
2,768,104	91,327	4,849,767	-	-	-	45,933,576	2,946,343
(1,233,631,495)	(341,820,861)	31,267,568	(1,049,966,854)	37,475,530	(111,260,475)	(884,100,198)	(4,119,070,070)
24,946,828	150,698	-	-	7,324,018	(654,402)	(316,614,638)	498,073,706
(1,208,684,667)	(341,670,163)	31,267,568	(1,049,966,854)	44,799,548	(111,914,877)	(1,200,714,836)	(3,620,996,364)
-	-	-	-	-	-	3,439,245,039	(361,476,583)
(1,208,684,667)	(341,670,163)	31,267,568	(1,049,966,854)	44,799,548	(111,914,877)	2,238,530,203	(3,982,472,947)
-	-	-	-	-	-	686,412	(6,569)
-	-	-	-	-	-	(4,066,313,126)	-
(748,650)	264,040	-	-	-	-	80,880,278	21,629,821
508,978,691	1,012,902,056	(547,047,790)	(828,495,372)	92,788,873	1,469,691,838	234,499,133	2,816,845,917
-	908,282,232	-	-	-	8,100,000	-	8,491,186,967
(237,996,558)	(41,747,835)	-	-	(486,000)	(1,944,000)	(222,350,093)	(1,703,727,743)
(938,451,184)	1,538,030,330	(515,780,222)	(1,878,462,226)	137,102,421	1,363,932,961	(1,734,067,193)	5,643,455,446
22,778,348,860	21,434,407,194	3,704,536	1,321,407,656	(97,677,130)	2,542,640,394	39,700,407,941	51,162,307,872
2,916,067,895	2,776,731,479	682,703,047	3,189,985,661	(2,109,661,779)	(5,230,961,011)	6,003,268,147	6,540,287,923
25,694,416,755	24,211,138,673	686,407,583	4,511,393,317	(2,207,338,909)	(2,688,320,617)	45,703,676,088	57,702,595,795
13,017,086,528	11,373,977,139	6,315,015	9,944,002	(2,885,902,643)	(914,738,358)	19,385,849,313	20,941,099,583
6,841,761,860	6,063,141,966	1,399,894,312	5,923,866,848	(2,117,126,785)	(5,174,081,166)	21,862,801,380	30,572,403,622
19,858,848,388	17,437,119,105	1,406,209,327	5,933,810,850	(5,003,029,428)	(6,088,819,524)	41,248,650,693	51,513,503,205
866,634,636	675,187,886	1,359,302	677,033	(11,031,353)	(18,268,086)	2,191,770,852	1,634,013,437
534,717	293,960,021	476,865	273,584	-	-	30,288,838	327,538,295
2,885,695	2,789,594	(5,261,158)	4,332,683	-	-	51,179,855	44,835,920
317,779,480	104,729,750	-	-	(2,885,902,643)	(891,101,166)	1,071,077,307	1,386,232,605

Notes to the Financial Statements

4. SEGMENT INFORMATION (CONTD.)

Geographic Information

Year ended 31 March	Sri Lanka		Bangladesh	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue				
Inter-Segment	268,807,253	1,574,870,727	-	-
External Customers	22,186,259,962	9,809,200,386	-	-
Total Revenue	22,455,067,215	11,384,071,113	-	-
Results				
Operating Profit/(Loss)	4,491,583,482	(959,345,019)	-	-
Finance Costs	(5,485,510,588)	(1,993,357,842)	-	-
Finance Income	41,083,809	2,946,343	-	-
Profit/(Loss) Before Tax	(952,843,297)	(2,949,756,517)	-	-
Income Tax Expense	(323,938,656)	498,728,109	-	-
Profit/(Loss) for The Year from Continuing Operations	(1,276,781,953)	(2,451,028,408)	-	-
Profit/(Loss) for The Year from Discontinued Operations	-	-	3,439,245,039	(361,476,583)
Profit/(Loss) for the Year	(1,276,781,953)	(2,451,028,408)	3,439,245,039	(361,476,583)
Gains/(Losses) on Financial Assets at FVTOCI	686,412	(6,569)	-	-
Transfer of Translation Reserve on Disposed Foreign Subsidiary	(4,066,313,126)	-	-	-
Actuarial Gains/(Losses) on Defined Benefit Plans	12,323,515	5,824,482	68,556,763	15,805,339
Foreign Exchange Translation Differences	508,978,691	1,012,902,056	272,568,232	2,632,439,233
Gain on Revaluation of Property, Plant and Equipment	-	8,491,186,967	-	-
Income Tax Effect	(203,496,984)	(1,698,986,141)	(18,853,110)	(4,741,602)
Total Comprehensive Income for the Year, Net of Tax	(5,024,603,445)	5,359,892,387	3,761,516,925	2,282,026,387
Assets & Liabilities				
Total Non-Current Assets	39,794,380,535	39,165,403,148	-	8,132,856,676
Total Current Assets	7,430,226,879	5,065,942,649	-	3,515,320,624
Total Assets	47,224,607,414	44,231,345,796	-	11,648,177,300
Total Non-Current Liabilities	22,265,436,938	20,039,239,181	-	1,806,654,758
Total Current Liabilities	22,580,033,858	24,486,516,910	-	5,336,101,030
Total Liabilities	44,845,470,797	44,525,756,091	-	7,142,755,788
Other Disclosures				
Depreciation for the Year	1,830,374,790	1,300,818,379	371,068,112	350,786,110
Purchase of Property, Plant and Equipment, and Investment Properties	9,372,013	311,802,083	20,439,960	15,462,628
Provision for Employee Benefit Liability	17,332,980	13,145,290	39,108,034	27,357,946
Deferred Tax Liabilities	3,956,979,948	1,412,401,030	-	864,932,741

Adjustments/eliminations column reflects consolidation eliminations and adjustments.

United Arab Emirates		Eliminations/Adjustments		Group	
2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
10,438,583,737	12,385,624,548	(10,707,390,990)	(13,960,495,275)	-	-
340,489,902	14,214,207,782	-	-	22,526,749,864	24,023,408,169
10,779,073,638	26,599,832,330	(10,707,390,990)	(13,960,495,275)	22,526,749,864	24,023,408,169
264,022,903	(841,520,159)	33,656,541	(119,346,699)	4,789,262,926	(1,920,211,876)
(237,605,102)	(208,446,696)	3,818,989	-	(5,719,296,700)	(2,201,804,537)
4,849,767	-	-	-	45,933,576	2,946,343
31,267,568	(1,049,966,854)	37,475,530	(119,346,699)	(884,100,198)	(4,119,070,070)
-	-	7,324,018	(654,402)	(316,614,638)	498,073,706
31,267,568	(1,049,966,854)	44,799,548	(120,001,101)	(1,200,714,836)	(3,620,996,364)
-	-	-	-	3,439,245,039	(361,476,583)
31,267,568	(1,049,966,854)	44,799,548	(120,001,101)	2,238,530,203	(3,982,472,947)
-	-	-	-	686,412	(6,569)
-	-	-	-	(4,066,313,126)	-
-	-	-	-	80,880,278	21,629,821
(547,047,790)	(828,495,372)	-	-	234,499,133	2,816,845,917
-	-	-	-	-	8,491,186,967
-	-	-	-	(222,350,093)	(1,703,727,743)
(515,780,222)	(1,878,462,226)	44,799,548	(120,001,101)	(1,734,067,193)	5,643,455,446
3,704,536	1,321,407,656	(97,677,130)	2,542,640,394	39,700,407,941	51,162,307,872
682,703,047	3,189,985,661	(2,109,661,779)	(5,230,961,011)	6,003,268,147	6,540,287,923
686,407,583	4,511,393,317	(2,207,338,909)	(2,688,320,617)	45,703,676,088	57,702,595,795
6,315,015	9,944,002	(2,885,902,643)	(914,738,358)	19,385,849,313	20,941,099,583
1,399,894,312	5,923,866,848	(2,117,126,785)	(5,174,081,166)	21,862,801,380	30,572,403,622
1,406,209,327	5,933,810,850	(5,003,029,428)	(6,088,819,524)	41,248,650,693	51,513,503,205
1,359,302	677,033	(11,031,353)	(18,268,086)	2,191,770,852	1,634,013,437
476,865	273,584	-	-	30,288,838	327,538,295
(5,261,158)	4,332,683	-	-	51,179,855	44,835,920
-	-	(2,885,902,643)	(891,101,166)	1,071,077,307	1,386,232,605

5. REVENUE/OTHER INCOME AND EXPENSES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
5.1 Revenue				
Sale of Goods	18,874,028,072	23,468,696,125	18,533,538,170	9,254,488,343
Freight Income	2,912,606,894	484,006,870	-	-
Rendering of Services	665,428,134	-	-	-
Revenue from Contracts with Customers	22,452,063,100	23,952,702,995	18,533,538,170	9,254,488,343
Rent Income	74,686,764	70,705,173	-	-
Total Revenue	22,526,749,864	24,023,408,169	18,533,538,170	9,254,488,343
5.2 Other Operating Income				
Rent Income	17,426,143	14,258,440	17,426,143	14,258,440
Expiration of Refundable Deposits Liability	196,200,851	313,856,529	196,200,851	313,856,529
Sundry Income	21,634,122	24,917,091	19,873,265	2,649,129
Loan Write-off	37,757,976	-	37,757,976	-
Dividend Income	178,492	2,810,989	178,492	64,513,539
Gain from disposal of Property, Plant & Equipment	-	251,472	-	251,472
Gain from disposal of Equity Securities	19,831	36,838,255	19,831	36,838,255
	273,217,416	392,932,776	271,456,558	432,367,362
5.3 Finance Costs				
Interest Expense on Overdrafts	163,228,820	66,523,535	63,747,766	24,752,210
Interest Expense on Loans and Borrowings	3,909,156,795	1,442,179,468	2,719,036,335	1,075,167,934
Finance Charges on Lease Liabilities	140,332,244	70,868,726	3,946,387	(3,180,909)
Interest on Dealer Refundable Deposits	3,224,410	3,192,000	3,224,410	3,192,000
Interest on Import Loans	1,503,354,431	619,040,807	1,265,749,329	418,455,682
	5,719,296,700	2,201,804,537	4,055,704,227	1,518,386,916
5.4 Finance Income				
Interest Income	45,933,576	2,946,343	12,610,559	2,569,578
	45,933,576	2,946,343	12,610,559	2,569,578

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
5.5 Profit/(Loss) Before Tax				
Stated after Charging/(Crediting)				
Included in Cost of Sales				
Depreciation of Property, Plant and Equipment	1,771,656,900	1,233,416,241	919,884,381	575,236,247
Amortisation of Intangible Assets	4,030,841	1,090,864	-	-
Employees Benefits including the following;	1,121,340,693	697,908,804	78,235,119	89,010,981
Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)	8,081,754	8,904,969	5,007,636	5,608,554
Included in Administration Expenses				
Employees Benefits including the following;	265,365,452	269,461,458	119,018,997	157,596,848
Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits)	24,954,091	17,477,970	14,145,209	10,198,188
Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)	18,972,991	23,903,518	10,027,750	15,029,410
Depreciation of Property, Plant and Equipment	33,006,218	20,136,703	22,713,130	12,991,796
Amortisation of Intangible Assets	17,246,111	15,492,712	3,335	51,221
Audit Fee	2,307,630	1,715,827	1,638,168	1,102,500
Donations	2,605,046	3,923,406	2,605,046	3,923,406
Included in Selling and Distribution Expenses				
Employees Benefits including the following;	61,342,393	72,350,289	61,342,393	72,350,289
Defined Contribution Plan Costs - EPF and ETF (Included in Employee Benefits)	6,398,234	6,628,723	6,398,234	6,628,723
Depreciation of Property, Plant and Equipment	32,596,869	29,674,383	32,596,869	29,674,383
Advertising and Promotion	12,092,562	21,530,491	12,092,562	21,530,491
5.6 Components of Other Comprehensive Income				
Fair Value Through OCI Financial Assets				
Gains/(Losses) arising during the Year	686,412	(6,569)	(2,978,990,620)	2,038,092,447
Employee Benefit Liability				
Actuarial Gains/(Losses) arising during the Year	80,880,278	21,629,821	12,961,991	5,986,248

6. INCOME TAX

The major components of income tax expense for the years ended 31 March 2023 and 31 March 2022 are as follows:

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
6.1 Statement of Profit or Loss				
Current Income Tax:				
Current Income Tax Expense (Note 6.3)	8,071,206	-	8,071,206	-
Dividend Tax of Subsidiaries	-	8,313,694	-	-
	8,071,206	8,313,694	8,071,206	-
Deferred Tax:				
Deferred Taxation Charge / (Reversal) (Note 6.4)	194,900,769	(506,387,400)	151,821,174	(632,456,066)
Due to change in Tax rate Charge/(Reversal) (Note 6.4)	113,642,663	-	9,600,000	-
	308,543,432	(506,387,400)	161,421,174	(632,456,066)
Income Tax Expense Reported in the Statement of Profit or Loss	316,614,638	(498,073,706)	169,492,381	(632,456,066)
6.2 Statement of Other Comprehensive Income				
Deferred Tax related to Items Charged or Credited Directly to Equity during the Year :				
Gain/(Loss) on Fair Value Through OCI Financial Assets	-	-	(1,415,339,398)	153,498,253
Gain on Revaluation of Property, Plant and Equipment	(402,270,267)	(1,697,798,666)	-	(1,236,232,341)
Actuarial Gain/(Loss) on Retirement Benefit Liability	(21,119,105)	(5,929,077)	(2,592,398)	(1,197,250)
Due to change in Tax rate Charge/(Reversal)	201,039,279	-	(572,624,061)	-
Income Tax Charged Directly to Other Comprehensive Income	(222,350,093)	(1,703,727,743)	(1,990,555,857)	(1,083,931,338)

6.3 A Reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate for the years ended 31 March 2023 and 31 March 2022 are as follows:

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Accounting Profit/(Loss) Before Tax	(884,100,198)	(4,119,070,070)	54,388,406	(3,128,280,989)
Adjustments in respect to Current Income Tax				
Aggregate Disallowed Items	5,940,052,289	2,708,453,522	5,094,419,459	1,429,762,394
Aggregate Allowable Expenses	(2,329,398,435)	(1,515,644,252)	(1,720,536,148)	(649,539,964)
Tax Exempt Income	(527,976,655)	907,606,862	(106,744,616)	(178,273,622)
Business Losses Claimed During the Year	(3,321,527,101)	-	(3,321,527,101)	-
Taxable Business Income	-	-	-	-
Other Sources of Income	58,132,352	527,101,529	30,215,193	19,370,790
Business Losses Claimed During the Year	(27,917,159)	(527,101,529)	-	(19,370,790)
Total Taxable Income	30,215,193	-	30,215,193	-
At the Statutory Income Tax Rate				
Business Profit	20% - 30%	20%	20%	20%
Other Income	24% - 30%	24%	24% - 30%	24%
Current Income Tax Expenses - Business Profit	-	-	-	-
- Other Income	8,071,206	-	8,071,206	-
Income Tax Expense reported in the Statement of Profit or Loss	8,071,206	-	8,071,206	-

6. INCOME TAX (CONTD.)

6.4 Deferred Tax Assets, Liabilities and Income Tax relate to the following:

Group	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Deferred Tax Liabilities						
Property, Plant and Equipment and Investment Properties	3,448,463,279	4,380,168,590	123,170,552	115,137,828	201,230,988	1,697,798,666
Right of Use Assets	3,611,465	(1,930,807)	5,493,200	90,373	-	-
	3,452,074,744	4,378,237,784	128,663,752	115,228,201	201,230,988	1,697,798,666
Deferred Tax Assets						
Employee Benefit Liability	(13,175,715)	(47,366,454)	(868,396)	(825,813)	21,119,105	5,929,077
Provision for Impairments	(4,805,848)	(7,854,183)	(350,569)	441,662	-	-
Provision for Inventories	(8,134,430)	-	(8,134,430)	14,936,478	-	-
Losses Available for Offsetting Against Future Taxable Income & Unclaimed Finance Cost *	(2,333,867,453)	(2,786,380,738)	59,843,263	(485,764,126)	-	-
Unrealised Exchange Gains/ (Losses)	(21,013,992)	(150,403,803)	129,389,811	(150,403,803)	-	-
	(2,380,997,438)	(2,992,005,178)	179,879,679	(621,615,602)	21,119,105	5,929,077
Deferred Tax Expense			308,543,432	(506,387,400)	222,350,093	1,703,727,743
Net Deferred Tax Liability	1,071,077,307	1,386,232,605				

* In respect of deductible temporary differences associated with Losses Available for Offsetting Against Future Taxable Income & Unclaimed Finance Cost, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Company	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Deferred Tax Liabilities						
Property, Plant and Equipment and Investment Properties	2,446,475,902	2,520,952,015	(74,476,113)	(14,246,697)	-	1,236,232,341
Investment in Subsidiaries	2,863,120,307	875,156,848	-	-	1,987,963,459	(153,498,253)
Right of Use Assets	2,191,469	(3,870,477)	6,061,946	(277,448)	-	-
Unrealised Exchange Gains/ (Losses)	2,961,102	(150,403,803)	153,364,905	(150,403,803)	-	-
	5,314,748,780	3,241,834,583	84,950,738	(164,927,949)	1,987,963,459	1,082,734,089
Deferred Tax Assets						
Employee Benefit Liability	(10,982,099)	(13,197,542)	(376,956)	(691,742)	2,592,398	1,197,250
Provision for Impairments	(4,254,396)	(4,442,217)	187,821	454,724	-	-
Provision for Inventories	(8,134,430)	-	(8,134,430)	14,936,478	-	-
Losses Available for Offsetting Against Future Taxable Income & Unclaimed Finance Cost	(2,255,112,781)	(2,339,906,783)	84,794,002	(482,227,578)	-	-
	(2,278,483,707)	(2,357,546,542)	76,470,436	(467,528,118)	2,592,398	1,197,250
Deferred Tax Expense			161,421,174	(632,456,066)	1,990,555,857	1,083,931,338
Net Deferred Tax Liability	3,036,265,073	884,288,041				

6.5 Reconciliation of Net Deferred Tax Liability

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
As at 1 April	1,386,232,605	205,710,316	884,288,041	432,812,769
Exchange Differences	9,856,473	149,399,529	-	-
Tax (Reversal)/Expense during the Year recognised in the Statement of Profit or Loss	308,543,432	(506,387,400)	161,421,174	(632,456,066)
Tax (Reversal)/Expense during the Year recognised in the Statement of Profit or Loss from Discontinued Operations	171,968,368	(166,217,582)	-	-
Tax (Reversal)/Expense during the Year recognised in the Statement of Other Comprehensive Income	222,350,093	1,703,727,743	1,990,555,857	1,083,931,338
On Disposal of Subsidiary	(1,027,873,663)	-	-	-
As at 31 March	1,071,077,307	1,386,232,605	3,036,265,073	884,288,041

6. INCOME TAX (CONTD.)

6.6 Current Taxes

6.6.1 Corporate income taxes of Companies resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No. 24 of 2017 during the year, whilst Corporate Taxes of non-resident companies in the Group have been computed in keeping with the domestic statutes in their respective countries.

Resident companies in the Group, excluding those which enjoy a tax holiday or concessionary rate of taxation, were liable to income tax at 30% during year of assessment 2022/2023 (Y/A 2021/22 - 24 %).

6.6.2 Exemptions / Concessions Granted Under the Board of Investment Law

Company	Nature of the Exemption / Concession	Current Tax	Applicable Period
LAUGFS Gas PLC	Profit of the Company is exempt from Income Tax for a period of 3 years commencing from 2005/ 2006, at 10% for next 2 years and 20% thereafter	20%	Open-ended
LAUGFS Terminals Ltd	Profit of the Company is exempt from Income Tax as per Sec. 17A of Inland Revenue Act.	Exempt	Open-ended
LAUGFS Maritime Services (Pvt) Ltd	Profit of the Company is exempt from Income Tax for a period of 8 years, as per Sec. 17A of Inland Revenue Act.	Exempt	8 Years ending 2023/2024

6.6.3 Slogal Energy DMCC is a Company operating within the Dubai Multi Commodities Centre (DMCC) which is a tax free zone in the United Arab Emirates. Hence, no tax is applicable for the profits earned.

7. EARNINGS/(LOSS) PER SHARE

Basic/Diluted Earnings/(Loss) Per Share is calculated by dividing the net profit/(loss) for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year 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 or a share split.

The following reflects the income and share data used in the Basic/Diluted Earnings/(Loss) Per Share computations.

	Group	
	2023 Rs.	2022 Rs.
Amount Used as the Numerator:		
Net Profit/(Loss) attributable to ordinary equity holders of the parent for Basic/Diluted Earnings/(Loss) Per Share	2,221,678,891	(4,077,068,060)
Net Profit/(Loss) from the continuing operations attributable to equity holders of the parent for basic Earnings per share	(1,217,566,148)	(3,715,591,478)

	Group	
	2023 Number	2022 Number
Number of Ordinary Shares Used as the Denominator:		
Weighted Average Number of Ordinary Shares for Basic/Diluted Earnings/(Loss) Per Share	387,000,086	387,000,086

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

8. PROPERTY, PLANT AND EQUIPMENT

8.1 Group

	Balance As at 01.04.2022 Rs.	Additions during the Year Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Exchange Differences Rs.	Disposal of Subsidiary Rs.	Balance As at 31.03.2023 Rs.
8.1.1 Gross Carrying Amounts							
At Cost							
Land Development	139,573,108	-	-	-	3,026,761	(142,599,869)	-
Buildings on Freehold Land	234,697,800	-	-	-	-	-	234,697,800
Buildings on Leasehold Land	2,034,212,353	-	-	-	225,094,948	(260,012,979)	1,999,294,322
Plant, Machinery and Equipment	23,951,511,399	14,365,271	2,866,551	(1,600,401)	2,196,146,161	(6,100,080,966)	20,063,208,013
Office Equipment	211,032,739	8,101,512	-	-	3,147,654	(131,696,526)	90,585,379
Furniture and Fittings	265,096,178	756,469	-	-	6,042,168	(73,535,864)	198,358,950
Jetty	-	6,569,851	-	-	(381,971)	(6,187,880)	-
Gas Point Dealer Huts	231,128,841	-	-	-	778,104	(36,658,831)	195,248,114
Motor Vehicles	439,100,502	-	-	-	6,410,617	(136,913,117)	308,598,002
Gas Stock in Tank	1,903,653	-	-	-	-	-	1,903,653
	27,508,256,573	29,793,103	2,866,551	(1,600,401)	2,440,264,440	(6,887,686,032)	23,091,894,234
At Valuation							
Freehold Land	919,400,000	-	-	-	-	-	919,400,000
Vessels	3,124,506,110	-	-	-	-	-	3,124,506,110
Cylinders in Hand and in Circulation	15,153,829,590	-	-	-	66,962,190	(3,154,791,779)	12,066,000,000
Jetty	48,486,321	-	-	-	1,051,467	(49,537,788)	-
	19,246,222,021	-	-	-	68,013,656	(3,204,329,567)	16,109,906,110
Total Value of Depreciable Assets	46,754,478,594	29,793,103	2,866,551	(1,600,401)	2,508,278,097	(10,092,015,600)	39,201,800,344
8.1.2 In the Course of Construction							
Tank and Cylinder Bank Installation Project	8,704,722	495,734	-	-	5,938	(2,104,526)	7,101,868
Storage Tank	2,866,551	-	(2,866,551)	-	-	-	-
	11,571,273	495,734	(2,866,551)	-	5,938	(2,104,526)	7,101,868
Total Gross Carrying Amount	46,766,049,867	30,288,838	-	(1,600,401)	2,508,284,035	(10,094,120,125)	39,208,902,212

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.1 Group (Contd.)

	Balance As at 01.04.2022 Rs.	Charged for the Year Rs.	Transfers In /(Out) Rs.	Disposals during the Year Rs.	Exchange Differences Rs.	Disposal of Subsidiary Rs.	Balance As at 31.03.2023 Rs.
8.1.3 Depreciation							
At Cost							
Land Development	86,373,329	6,819,417	-	-	1,476,598	(94,669,344)	-
Buildings on Freehold Land	43,546,408	5,901,460	-	-	-	-	49,447,868
Buildings on Leasehold Land	198,286,304	65,302,444	-	-	12,102,848	(82,458,367)	193,233,229
Plant, Machinery and Equipment	3,555,187,153	877,033,407	-	(987,115)	138,254,844	(1,825,555,355)	2,743,932,933
Office Equipment	196,069,541	6,908,557	-	-	2,660,638	(125,314,466)	80,324,270
Furniture and Fittings	196,534,809	16,914,741	-	-	2,449,764	(50,087,440)	165,811,874
Jetty	-	-	-	-	-	-	-
Gas Point Dealer Huts	132,867,492	31,133,749	-	-	778,113	(36,658,840)	128,120,514
Motor Vehicles	344,798,009	17,040,707	-	-	4,379,871	(136,913,116)	229,305,470
Gas Stock in Tank	1,903,653	-	-	-	-	-	1,903,653
	4,755,566,697	1,027,054,482	-	(987,115)	162,102,675	(2,351,656,929)	3,592,079,811
At Valuation							
Vessels	-	232,122,239	-	-	-	-	232,122,239
Cylinders in Hand and in Circulation	-	924,361,564	-	-	(6,731,288)	(109,046,004)	808,584,271
Jetty	-	8,232,567	-	-	(478,641)	(7,753,926)	-
	-	1,164,716,369	-	-	(7,209,930)	(116,799,930)	1,040,706,510
Total Depreciation	4,755,566,697	2,191,770,852	-	(987,115)	154,892,745	(2,468,456,858)	4,632,786,321

8.1.4 Net Book Values

	2023 Rs.	2022 Rs.
At Cost		
Land Development	-	53,199,779
Buildings on Freehold Land	185,249,932	191,151,393
Buildings on Leasehold Land	1,806,061,093	1,835,926,049
Plant, Machinery and Equipment	17,319,275,080	20,396,324,246
Office Equipment	10,261,109	14,963,198
Furniture and Fittings	32,547,076	68,561,369
Gas Point Dealer Huts	67,127,600	98,261,349
Motor Vehicles	79,292,531	94,302,494
	19,499,814,422	22,752,689,875
At Valuation		
Freehold Land	919,400,000	919,400,000
Vessels	2,892,383,872	3,124,506,110
Cylinders in Hand and in Circulation	11,257,415,729	15,153,829,590
Jetty	-	48,486,321
	15,069,199,601	19,246,222,021
In the Course of Construction		
Tank Installation Project	7,101,868	8,704,722
Storage Tank	-	2,866,551
	7,101,868	11,571,273
Total Carrying Amount of Property, Plant and Equipment	34,576,115,891	42,010,483,170

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.2 Company

8.2.1 Gross Carrying Amounts

	Balance As at 01.04.2022 Rs.	Additions during the Year Rs.	Transfer In/(Out) Rs.	Disposals during the Year Rs.	Balance As at 31.03.2023 Rs.
At Cost					
Buildings on Freehold Land	131,623,714	-	-	-	131,623,714
Building on Leasehold Land	6,121,851	-	-	-	6,121,851
Plant, Machinery and Equipment	1,370,254,806	2,836,201	2,866,551	(1,600,401)	1,374,357,156
Office Equipment	68,263,522	420,176	-	-	68,683,698
Furniture and Fittings	129,576,191	425,000	-	-	130,001,191
Gas Point Dealer Huts	195,248,114	-	-	-	195,248,114
Motor Vehicles	276,786,013	-	-	-	276,786,013
Total Value of Depreciable Assets	2,177,874,211	3,681,377	2,866,551	(1,600,401)	2,182,821,737
At Valuation					
Freehold Land	871,000,000	-	-	-	871,000,000
Cylinders in Hand and in Circulation	12,066,000,000	-	-	-	12,066,000,000
	12,937,000,000	-	-	-	12,937,000,000
Total Value of Depreciable Assets	15,114,874,211	3,681,377	2,866,551	(1,600,401)	15,119,821,737
In the Course of Construction					
Tank Installation Project	7,101,868	-	-	-	7,101,868
Storage Tanks	2,866,551	-	(2,866,551)	-	-
	9,968,419	-	(2,866,551)	-	7,101,868
Total Gross Carrying Amount	15,124,842,630	3,681,377	-	(1,600,401)	15,126,923,606

8.2.2 Depreciation

	Balance As at 01.04.2022 Rs.	Charged for the year Rs.	Transfers In/ (Out) Rs.	Disposals during the year Rs.	Balance As at 31.03.2023 Rs.
At Cost					
Buildings on Freehold Land	29,522,839	3,376,808	-	-	32,899,647
Buildings on Leasehold Land	3,970,505	437,100	-	-	4,407,605
Plant, Machinery and Equipment	657,712,711	100,813,977	-	(987,115)	757,539,573
Office Equipment	65,643,253	1,133,831	-	-	66,777,084
Furniture and Fittings	120,429,072	2,964,494	-	-	123,393,566
Gas Point Dealer Huts	96,986,765	31,133,749	-	-	128,120,514
Motor Vehicles	194,669,681	10,192,769	-	-	204,862,451
	1,168,934,827	150,052,729	-	(987,115)	1,318,000,440
At Valuation					
Cylinders in Hand and in Circulation	-	808,584,271	-	-	808,584,271
	-	808,584,271	-	-	808,584,271
Total Depreciation	1,168,934,827	958,637,000	-	(987,115)	2,126,584,712

8.2.3 Net Book Values

	2023 Rs.	2022 Rs.
At Cost		
Buildings on Freehold Land	98,724,067	102,100,875
Building on Leasehold Land	1,714,246	2,151,346
Plant, Machinery and Equipment	616,817,583	712,542,094
Office Equipment	1,906,613	2,620,269
Furniture and Fittings	6,607,626	9,147,120
Gas Point Dealer Huts	67,127,600	98,261,349
Motor Vehicles	71,923,563	82,116,332
	864,821,297	1,008,939,384
At Valuation		
Freehold Land	871,000,000	871,000,000
Cylinders in Hand and in Circulation	11,257,415,729	12,066,000,000
	12,128,415,729	12,937,000,000
In the Course of Construction		
Tank Installation Project	7,101,868	7,101,868
Storage Tanks	-	2,866,551
	7,101,868	9,968,419
Total Carrying Amount of Property, Plant and Equipment	13,000,338,894	13,955,907,804

8.3 During the financial year, the Group and Company acquired property, plant and equipment to the aggregate value of Rs.30,288,838/- and Rs.3,681,377/- respectively (2022 - Rs.326,568,795/- and Rs.16,328,282/-). Cash payment amounting Rs.30,288,838/- and Rs.3,681,377/- respectively. (2022 - Rs.326,568,795/- and Rs.16,328,282/-).

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.4 The useful lives of the assets are estimated as follows:

	2023	2022
Group		
Land Development*	-	13-28 Years
Buildings on Freehold Land	40 Years	40 Years
Buildings on Leasehold Land*	14 - 20 Years	9 - 27 Years
Plant, Machinery and Equipment	3 - 40 Years	3 - 40 Years
Office Equipment	4 - 5 Years	3 - 10 Years
Furniture and Fittings	10 Years	10 Years
Jetty	-	20 Years
Gas Point Dealer Huts	5 - 10 Years	5 - 10 Years
Motor Vehicles	3 - 30 Years	3 - 30 Years
Cylinders in Hand and in Circulation	20 Years	20 Years
Vessels	5-8 Years	10 Years
Gas Stock in Tank	3 Years	3 Years

*or period of the lease, whichever is shorter.

	2023	2022
Company		
Buildings on Freehold Land	40 Years	40 Years
Buildings on Leasehold Land*	14 Years	14 Years
Plant, Machinery and Equipment	3 - 30 Years	3 - 30 Years
Office Equipment	4 Years	4 Years
Furniture and Fittings	10 Years	10 Years
Gas Point Dealer Huts	5 - 10 Years	5 - 10 Years
Motor Vehicles	3 - 30 Years	3 - 30 Years
Cylinders in Hand and in Circulation	20 Years	20 Years

*or period of the lease, whichever is shorter.

8.5 Property, plant and equipment of the Group and the Company includes fully depreciated assets having a gross carrying amount of Rs 431,487,624/- and Rs.402,635,952/- respectively (2022 -Rs.375,647,160/- and Rs.349,740,798/-).

8.6 The carrying amount of revalued assets that would have been included in the financial statements had that been carried at cost less depreciation is as follows:

Class of the asset	Cost Rs.	Cumulative Depreciation if Assets were carried at Cost Rs.	Net Carrying Amount 2023 Rs.	Net Carrying Amount 2022 Rs.
Group				
Vessels	2,126,070,744	(1,182,078,980)	943,991,764	1,108,256,419
Cylinders in Hand and in Circulation	9,239,339,043	(3,681,467,701)	5,557,871,342	6,019,838,294
Company				
Cylinders in Hand and in Circulation	9,239,339,043	(3,681,467,701)	5,557,871,342	6,019,838,294

8.7 Fair value related disclosures of the Vessels

Fair Value hierarchy

The fair value of the Vessels are categorised into Level 3 of the fair value hierarchy.

Vessels are stated at fair value, which have been determined based on valuations performed by Messrs T. W. M. L. Wijayatunga, an accredited independent valuer, as at 31 March 2022. Description of valuation techniques used and key inputs to valuation as follows;

	Valuation Technique	Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs
LAUGFS Maritime Services (Pvt) Ltd			
Gas Challenger	Net Current Replacement Cost Method	Price per vessel	Rs.1,195,983,200
		Depreciation rate	85%
		Sensitivity	+ 10% - Rs.1,315,581,520
			- 10% - Rs.1,076,384,880
Gas Success	Net Current Replacement Cost Method	Price per vessel	Rs.1,270,732,150
		Depreciation rate	80%
		Sensitivity	+10% - Rs.1,397,805,365
			-10% - Rs.1,143,658,935
Gas Courage	Net Current Replacement Cost Method	Price per vessel	Rs. 657,790,760
		Depreciation rate	75%
		Sensitivity	+10% - Rs.723,569,836
			-10% - Rs.592,011,684

Based on an internal assessment, the Board of Directors has decided that there was no significant fair value change as at 31.03.2023 since the last revaluation date.

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.8 Fair value related disclosures of the Lands

Fair Value Hierarchy

The fair value of the Company's Lands are categorised into Level 3 of the fair value hierarchy.

Lands are stated at fair value, which have been determined based on valuations performed by Messrs. T. W. M. L. Wijayatunga, an accredited independent valuer, as at 31 March 2022. Description of valuation techniques used and key inputs to valuation as follows;

	Valuation Technique	Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs
LAUGFS Gas PLC			
Land - Mabima	Direct Capital Comparison Method	Price per perch for land	Rs.37,000 - Rs.1,000,000
		Sensitivity	+ 5% - Rs.914,000,000
			- 5% - Rs.827,000,000

Based on an internal assessment, the Board of Directors has decided that there was no significant fair value change as at 31.03.2023 since the last revaluation date.

8.9 Fair value related disclosures of Cylinders in Hand and in Circulation

Fair Value Hierarchy

The fair value of the Group's Cylinders in Hand and in Circulation are categorised into Level 3 of the fair value hierarchy.

Cylinders in Hand and in Circulation are stated at fair value, which have been determined based on valuations performed by Messrs. T. W. M. L. Wijayatunga an accredited independent valuer, as at 31 March 2022. Description of valuation techniques used and key inputs to valuation as follows;

	Valuation Technique	Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs
LAUGFS Gas PLC			
Cylinders in Hand and in Circulation	Net Current Replacement Cost Method	Price per Cylinder	Rs. 3,750 -15,500
		Depreciation rate	5%-85%
		Sensitivity	+ 10% - Rs.13,272,000,000
			- 10% - Rs.10,859,000,000

Based on an internal assessment, the Board of Directors has decided that there was no significant fair value change as at 31.03.2023 since the last revaluation date.

9. RIGHT-OF-USE-ASSETS AND LEASE LIABILITIES

9.1 Right-of-Use-Assets

9.1.1 Group

	2023 Motor Vehicles Rs.	2023 Land & Buildings Rs.	2023 Total Rs.	2022 Motor Vehicles Rs.	2022 Land & Buildings Rs.	2022 Total Rs.
Cost						
As at 1 April	36,122,000	1,649,342,693	1,685,464,693	36,122,000	1,108,674,721	1,144,796,721
Lease Modification	-	(10,615,740)	(10,615,740)	-	-	-
Addition and Improvement	-	339,748,465	339,748,465	-	-	-
On Disposal of Subsidiary	-	(571,976,310)	(571,976,310)	-	-	-
Exchange Differences	-	159,444,630	159,444,630	-	533,570,951	533,570,951
As at 31 March	36,122,000	1,565,943,738	1,602,065,738	36,122,000	1,642,245,672	1,678,367,672
Accumulated Amortisation						
As at 1 April	6,622,367	375,463,104	382,085,471	3,010,167	158,016,288	161,026,455
Charge for the year	3,612,200	128,930,963	132,543,163	3,612,200	105,936,338	109,548,538
On Disposal of Subsidiary	-	(292,613,739)	(292,613,739)	-	-	-
Exchange Differences	-	14,968,496	14,968,496	-	111,510,478	111,510,478
As at 31 March	10,234,567	226,748,824	236,983,391	6,622,367	375,463,104	382,085,471
Net Book Value as at 31 March	25,887,433	1,339,194,914	1,365,082,347	29,499,633	1,266,782,568	1,296,282,201

9.1.2 Company

	2023 Motor Vehicles Rs.	2023 Land & Buildings Rs.	2023 Total Rs.	2022 Motor Vehicles Rs.	2022 Land & Buildings Rs.	2022 Total Rs.
Cost						
As at 1 April	36,122,000	68,609,159	104,731,159	36,122,000	72,643,971	108,765,971
Lease Modification	-	-	-	-	(4,034,812)	(4,034,812)
Addition and Improvement	-	-	-	-	-	-
As at 31 March	36,122,000	68,609,159	104,731,159	36,122,000	68,609,159	104,731,159
Accumulated Amortisation						
As at 1 April	6,622,367	40,783,498	47,405,865	3,010,167	25,820,912	28,831,079
Charge for the Year	3,612,200	12,945,180	16,557,380	3,612,200	14,962,586	18,574,786
As at 31 March	10,234,567	53,728,678	63,963,245	6,622,367	40,783,498	47,405,865
Net Book Value as at 31 March	25,887,433	14,880,481	40,767,914	29,499,633	27,825,661	57,325,294

9. RIGHT-OF-USE-ASSETS AND LEASE LIABILITIES (CONTD.)

9.2 Lease Liabilities

9.2.1 Group

	2023 Motor Vehicles Rs.	2023 Land & Buildings Rs.	2023 Total Rs.	2022 Motor Vehicles Rs.	2022 Land & Buildings Rs.	2022 Total Rs.
As at 1 April	14,828,215	1,372,156,541	1,386,984,756	18,499,980	1,027,585,271	1,046,085,251
Additions	-	263,706,892	263,706,892	-	-	-
Accretion of Interest	1,326,689	139,127,437	140,454,125	1,856,146	71,327,659	73,183,805
Payments	(5,527,912)	(165,762,632)	(171,290,544)	(5,527,911)	(179,559,182)	(185,087,093)
On Disposal of Subsidiary	-	(210,025,348)	(210,025,348)	-	-	-
Exchange Differences	-	129,550,655	129,550,655	-	452,802,794	452,802,794
As at 31 March	10,626,991	1,528,753,544	1,539,380,536	14,828,215	1,372,156,542	1,386,984,757

9.2.2 Company

	2023 Motor Vehicles Rs.	2023 Land & Buildings Rs.	2023 Total Rs.	2022 Motor Vehicles Rs.	2022 Land & Buildings Rs.	2022 Total Rs.
As at 1 April	14,828,215	32,349,831	47,178,046	18,499,980	58,631,815	77,131,795
Additions/Modifications	-	-	-	-	(4,034,812)	(4,034,812)
Accretion of Interest	1,326,689	2,619,704	3,946,393	1,856,146	(5,037,055)	(3,180,909)
Payments	(5,527,912)	(15,785,958)	(21,313,870)	(5,527,911)	(17,210,116)	(22,738,027)
As at 31 March	10,626,991	19,183,577	29,810,568	14,828,215	32,349,831	47,178,046

9.3 Short-Term Leases

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Expense relating to short-term leases	18,997,833	12,187,583	-	-

9.4 Maturity Analysis of Lease Liability

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Not later than one month	11,205,949	13,631,246	1,776,155	1,776,155
Later than one month and not later than three months	22,406,349	30,603,914	3,552,311	3,552,311
Later than three months and not later than one year	102,474,536	85,566,351	15,985,399	15,985,399
Later than one year and not later than five years	574,529,060	648,863,873	10,389,371	31,703,235
Later than five years	2,432,260,009	2,142,359,088	1,653,750	1,653,750
	3,142,875,902	2,921,024,473	33,356,985	54,670,850
Finance charges allocated to future periods	(1,603,495,366)	(1,534,039,716)	(3,546,417)	(7,492,804)
	1,539,380,536	1,386,984,757	29,810,568	47,178,046

10. INVESTMENT PROPERTIES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
As at 1 April	3,480,506,662	2,877,706,662	1,076,200,000	900,200,000
Additions during the Year	-	969,500	-	-
Transfers In/(Out)	-	1,323,000	-	-
Fair Value Gain	245,000,000	600,507,500	91,000,000	176,000,000
As at 31 March	3,725,506,662	3,480,506,662	1,167,200,000	1,076,200,000
Rental Income derived from Investment Properties	91,121,028	86,323,413	16,434,264	15,618,240
Direct Operating Expenses (including Repair and Maintenance) that generated Rental Income	11,910,182	10,261,234	-	-
Direct Operating Expenses (including Repair and Maintenance) that did not generate Rental Income	54,500	22,945	54,500	22,945

10. INVESTMENT PROPERTIES (CONTD.)

10.1 Fair value related disclosures of the Investment Properties

Fair Value Hierarchy

The fair value of the Company's investment property are categorised into Level 3 of the fair value hierarchy.

Investment properties are stated at fair value, which have been determined based on valuations performed by Messrs. T. W. M. L. Wijayatunga, an accredited independent valuer, as at 31 March 2023. Description of valuation techniques used and key inputs to valuation as follows;

	Valuation Technique	Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs
LAUGFS Gas PLC			
Land & Building - Galle	Direct Capital Comparison Method	Price per perch for land	Rs.2,650,000
		Sensitivity	+5%-Rs.80,700,000
			-5%-Rs.73,000,000
		Price per square foot for building	Rs.3,500-5,500
		Depreciation rate	17%-32%
		Sensitivity	+10%-Rs.2,420,000
			-10%-Rs.1,980,000
Land - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.13,000,000
		Sensitivity	+5%-Rs.546,000,000
			-5%-Rs.494,000,000
Land & Building - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.13,000,000
		Sensitivity	+5%-Rs.480,000,000
			-5%-Rs.435,000,000
		Price per square foot for building	Rs.4,250-7,500
		Depreciation rate	27%
		Sensitivity	+10%-Rs.38,500,000
			-10%-Rs.31,500,000
Land - Biyagama	Direct Capital Comparison Method	Price per perch for land	Rs.460,000
		Sensitivity	+5%-Rs.80,000,000
			-5%-Rs.71,500,000
LAUGFS Property Developers (Pvt) Ltd			
Land & Building - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.12,000,000
		Sensitivity	+5%-Rs.611,000,000
			-5%-Rs.553,000,000
		Price per square foot for building	Rs.28,500
		Depreciation rate	17%
		Sensitivity	+10%-Rs.2,272,000,000
			-10%-Rs.1,859,000,000
Land - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.6,500,000
		Sensitivity	+5%-Rs.147,000,000
			-5%-Rs.133,000,000

11. INTANGIBLE ASSETS

	Group			Company	
	Software Rs.	Goodwill Rs.	Total Rs.	Software Rs.	Total Rs.
Cost					
As at 1 April 2022	219,828,633	4,317,549,135	4,537,377,768	55,040,942	55,040,942
Additions	77,750	-	77,750	77,750	77,750
Exchange Differences	8,471,241	93,440,111	101,911,352	-	-
On Disposal of Subsidiary	(55,297,535)	(4,402,246,919)	(4,457,544,454)	-	-
As at 31 March 2023	173,080,089	8,742,326	181,822,416	55,118,692	55,118,692
Amortisation and Impairment					
As at 1 April 2022	180,836,919	-	180,836,919	55,040,942	55,040,942
Amortisation	30,450,543	-	30,450,543	3,335	3,335
Exchange Differences	4,136,147	-	4,136,147	-	-
On Disposal of Subsidiary	(48,122,830)	-	(48,122,830)	-	-
As at 31 March 2023	167,300,778	-	167,300,778	55,044,277	55,044,277
Net Book Values					
As at 1 April 2022	38,991,714	4,317,549,135	4,356,540,849	-	-
As at 31 March 2023	5,779,312	8,742,326	14,521,639	74,415	74,415

12. IMPAIRMENT TESTING OF GOODWILL

For impairment testing Goodwill acquired through business combinations with indefinite useful lives is allocated to the Property cash generating unit, which is also a operating and reportable segment.

Carrying amount of Goodwill allocated to each of the Cash Generating Unit:

	2023 Rs.	2022 Rs.
Property	8,742,326	8,742,326
Energy*	-	4,308,806,809
	8,742,326	4,317,549,135

* Disposed during the year. Refer Note 15.

The Group performed its annual impairment test as at 31 March of each financial year. Among other factors, when reviewing for indicators of impairment. As at 31 March 2023, no impairment is recognised against the carrying value of the goodwill allocated to Property cash generating unit.

Recoverable value for the impairment test was estimated based on discounted cash flow methodology. The key assumptions used to determine the recoverable amount are disclosed in Note 14.2.

13. PREPAYMENTS

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Prepayments	116,756,490	170,751,693	24,598,199	8,869,018
	116,756,490	170,751,693	24,598,199	8,869,018

14. INVESTMENTS IN SUBSIDIARIES

14.1 Company

Non-Quoted	Country of Incorporation	% of Holding		Fair Value	
		2023	2022	2023 Rs.	2022 Rs.
Financial Assets at FVTOCI					
LAUGFS Property Developers (Pvt) Ltd	Sri Lanka	75%	75%	1,784,835,521	1,749,618,750
LAUGFS Maritime Services (Pvt) Ltd	Sri Lanka	100%	100%	3,417,224,343	3,498,778,542
LAUGFS Gas (Bangladesh) Ltd*	Bangladesh	0%	69%	-	7,786,810,822
SLOGAL Energy DMCC	United Arab Emirates	100%	100%	2,204,768,368	3,846,852,194
LAUGFS Terminals Ltd	Sri Lanka	100%	100%	18,960,729,787	18,122,226,479
Total Non-Quoted Investments in Subsidiaries				26,367,558,019	35,004,286,787

* Disposed during the year. Refer Note 15.

14.2 Fair value related disclosures of the Investments in Subsidiaries

Investments in subsidiaries stated at fair value, which have been determined based on valuations performed by Messrs. KPMG, an accredited independent valuer, as at 31 March 2023. Description of valuation techniques used and key inputs to valuation as follows;

Fair Value hierarchy

The fair value of the Company's investment in subsidiaries are categorised into Level 3 of the fair value hierarchy.

	Valuation Technique	Significant Inputs	2023	2022
LAUGFS Maritime Services (Pvt) Ltd	Discounted Cash Flow Methodology	Weighted average cost of capital	16% - 28.8%	19.4% - 24%
		Terminal growth rate	1%	1%
SLOGAL Energy DMCC	Discounted Cash Flow Methodology	Weighted average cost of capital	10.4% - 12.5%	14%
		Terminal growth rate	1%	1%
LAUGFS Terminals Ltd	Discounted Cash Flow Methodology	Weighted average cost of capital	10.3% - 17.6%	11.9% - 14.5%
		Terminal growth rate	2%	2%

Fair value of LAUGFS Property Developers (Pvt) Ltd, which is primarily operates an investment property is measured based on Net Asset Value technique. Additional information relating to fair value of investment properties are disclosed in Note 10.1.

14. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Sensitivity of Significant Inputs

	Increase/ (Decrease)		2023			2022		
	Weighted average cost of capital	Terminal growth rate	Effect on Other Comprehensive Income Rs.	Effect on Statement of Financial Position Rs.	Fair Value of Financial Assets at FVTOCI Rs.	Effect on Other Comprehensive Income Rs.	Effect on Statement of Financial Position Rs.	Fair Value of Financial Assets at FVTOCI Rs.
LAUGFS Maritime Services (Pvt) Ltd	+1		133,490,343	(133,490,343)	3,283,734,000	205,103,542	(205,103,542)	3,293,675,000
	-1		(155,626,657)	155,626,657	3,572,851,000	(233,721,458)	233,721,458	3,732,500,000
		+1	(107,363,657)	107,363,657	3,524,588,000	(154,314,458)	154,314,458	3,653,093,000
		-1	93,984,343	(93,984,343)	3,323,240,000	138,414,542	(138,414,542)	3,360,364,000
SLOGAL Energy DMCC	+1		209,863,343	(209,863,343)	1,994,905,025	538,463,667	(538,463,667)	3,308,388,527
	-1		(259,545,840)	259,545,840	2,464,314,208	(632,104,890)	632,104,890	4,478,957,084
		+1	(283,738,725)	283,738,725	2,488,507,094	(404,569,086)	404,569,086	4,251,421,280
		-1	229,352,057	(229,352,057)	1,975,416,312	346,807,359	(346,807,359)	3,500,044,835
LAUGFS Terminals Ltd	+0.1		523,398,873	(523,398,873)	18,437,330,913	402,539,388	(402,539,388)	17,719,687,091
	-0.1		(540,416,068)	540,416,068	19,501,145,855	(413,121,155)	413,121,155	18,535,347,634
		+0.1	(424,155,813)	424,155,813	19,384,885,599	(313,854,549)	313,854,549	18,436,081,028
		-0.1	411,506,777	(411,506,777)	18,549,223,009	306,561,736	(306,561,736)	17,815,664,743

14. INVESTMENTS IN SUBSIDIARIES (CONTD.)

14.2 Fair value related disclosures of the Investments in Subsidiaries (Contd.)

Other Key Assumptions used for Valuation of Investment in Subsidiaries

	2024	2025	2026	2027	2028
LAUGFS Terminals Ltd					
Revenue Growth					
- Price Growth	0%	0%	0%	0%	0%
- Volume Growth	366.1%	21.2%	5%	14.3%	11.7%
Cost of Sales Growth					
- Direct Labour Cost Growth	22%	2.5%	2.5%	2.5%	2.5%
- Overhead Growth	21%	2.5%	2.5%	2.5%	2.5%
Administration Expenses Growth	171%	2.5%	2.5%	2.5%	2.5%
Future Capital Expenditure	Rs.202 Mn	-	-	-	Rs.605 Mn
Working Capital					
- Trade and other receivable days - Related Parties	33 Days	33 Days	33 Days	33 Days	33 Days
- Trade and other payable days - External Parties	4 Days	4 Days	4 Days	4 Days	4 Days

	2024	2025	2026	2027	2028
SLOGAL Energy DMCC					
Revenue Growth					
- Price Growth	0%	0%	0%	8%	0%
- Volume Growth	5%	5%	5%	5%	5%
Cost of Sales Growth					
- Material Cost Growth	5%	5%	5%	5%	5%
Administration Expenses Growth	-12%	5%	7%	6%	6%
Future Capital Expenditure	Rs.0.5Mn	Rs.0.5 Mn	Rs.0.5 Mn	Rs.0.5 Mn	Rs.0.5 Mn
Working Capital					
- Trade payable days	17 Days	17 Days	17 Days	17 Days	17 Days
- Amount Due from/to Related Parties	19 Days	19 Days	19 Days	19 Days	19 Days

	2024	2025	2026	2027	2028
LAUGFS Maritime Services (Pvt) Ltd					
Revenue Growth	-20.7%	7.8%	7.6%	9%	3.8%
Cost of Sales Growth					
- Direct Material Cost Growth	106.4% - 204.5%	8% - 11%	8%	8%	8%
- Direct Overhead Growth	-6.2%- 12.7%	8% - 15.9%	8% - 15.9%	8% - 15.9%	8% - 15.9%
Administration Expenses Growth	7.4% - 8%	4.6% - 8%	7.3% - 8%	8%	8%
Future Capital Expenditure	Rs.231 Mn	Rs.217 Mn	Rs.515 Mn	Nil	Rs.254 Mn
Working Capital					
- Inventory days	8 Days	8 Days	8 Days	8 Days	8 Days
- Trade receivable days	54 Days	54 Days	54 Days	54 Days	54 Days
- Trade payable days	37 Days	37 Days	37 Days	37 Days	37 Days

15. DISCONTINUED OPERATIONS

15.1 During the Financial year on 15th November 2022 the Group LAUGFS GAS PLC disposed the LAUGFS Gas (Bangladesh) Ltd to Kai Heng Long Global Energy Ltd for a sale consideration of Rs. 8,192 Million. (Refer the note 15.4) The business of LAUGFS Gas (Bangladesh) Ltd represented in the Group's energy segment and Bangladesh geographical segment until 31 March 2022. With the disposal of LAUGFS Gas (Bangladesh) Ltd it has been classified as discontinued operations, results of LAUGFS Gas (Bangladesh) Ltd in energy and Bangladesh segments is no longer presented in the segment notes and comparative information has been represented in accordance with its accounting policy disclosed in Note 2.28. The results of the LAUGFS Gas (Bangladesh) Ltd for this year till the disposal date and comparative year are presented below.

		15 November 2022 Rs.	31 March 2022 Rs.
Revenue		10,225,128,436	10,573,112,338
Cost of Sales		(9,550,784,346)	(9,281,479,923)
Gross Profit		674,344,090	1,291,632,415
Other Operating Income		47,394,616	108,347,493
Expenses		(1,401,787,508)	(1,755,979,471)
Operating Profit/(Loss)		(680,048,802)	(355,999,563)
Finance Costs		(146,034,693)	(96,266,818)
Finance Income		839,480	1,276,266
Loss Before Tax		(825,244,016)	(450,990,115)
Income Tax Expense		(233,608,543)	89,513,532
Loss for the Year		(1,058,852,559)	(361,476,582)
Disposal Gain on LAUGFS Gas (Bangladesh) Ltd	(Note 15.4)	4,498,097,598	-
Profit/(Loss) for the Period from Discontinued Operations		3,439,245,039	(361,476,582)

15. DISCONTINUED OPERATIONS (CONTD.)

15.2 The net cash flows incurred by LAUGFS Gas (Bangladesh) Ltd are as follows:

	15 November 2022 Rs.	31 March 2022 Rs.
Operating	(601,918,572)	197,802,019
Investing	(20,439,960)	(15,462,628)
Financing	209,877,062	417,884,366
Net cash (outflow)/inflow	(412,481,470)	600,223,757
Earnings/(Loss) Per Share		
Basic/Diluted Earnings/(Loss) Per Share	8.89	(0.93)

15.3 Assets and Liabilities of the Disposed Entity

The carrying values of the identifiable assets and liabilities as at the date of disposal were:

	15 November 2022 Rs.
Assets	
Property, Plant and Equipment	7,950,840,707
Right of use Assets	279,362,572
Intangible Assets (excluding Goodwill)	7,174,704
Inventories	596,953,086
Trade and Other Receivables	2,051,499,899
Prepayments	28,800,446
Cash and Short-Term Deposits	110,591,716
	11,025,223,132
Liabilities	
Interest Bearing Loans and Borrowings	(3,275,595,185)
Employee Benefit Liability	(82,633,356)
Deferred Tax Liabilities	(1,027,873,663)
Refundable Deposits	(373,585,462)
Trade and Other Payables	(1,829,760,793)
Income Tax Payable	(721,985,682)
	(7,311,434,141)
Total Identifiable Net Assets as at 15 November 2022	3,713,788,990
Goodwill	4,402,246,919
Other Adjustments related to Disposal	(355,859,241)
Group's Carrying Amount of the Investment Transferred to the Shareholders	7,760,176,668

15.4 Gain on Disposal of Subsidiary

	15 November 2022 Rs.
Fair value of the consideration received	8,191,961,140
Fair value of net assets disposed (Note 15.3)	(3,713,788,990)
	4,478,172,150
Goodwill on Acquisition of LAUGFS Gas (Bangladesh) Ltd	(4,402,246,919)
Other Adjustments related to Disposal	355,859,241
Gain/(Loss) on Disposal of Subsidiary	431,784,472
Reclassification of Foreign Currency Translation Reserve to Profit or Loss	4,066,313,126
Total Gain Recognised in Statement of Profit or Loss	4,498,097,598

16. MATERIAL PARTLY-OWNED SUBSIDIARIES

16.1 LAUGFS Eco Sri Limited owned 25% of interests of LAUGFS Property Developers (Pvt) Ltd.

16.2 Financial information of subsidiaries that have material non-controlling interests for the year ended 31 March 2023 is provided below:

Proportion of Equity Interest Held by Non-Controlling Interests:

Name	Country of Incorporation and Operation	2023	2022
LAUGFS Property Developers (Pvt) Ltd	Sri Lanka	25%	25%

The summarised financial information of above subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Summarised Statement of Profit or Loss	2023 Rs.	2022 Rs.
Revenue	99,330,318	99,500,336
Direct Operating Expenses	(8,170,164)	(9,839,731)
Other Income	1,760,857	1,588,870
Administrative Expenses	(22,595,281)	(19,781,759)
Fair Value Gain on Investments Properties	165,400,000	455,907,500
Finance Costs	(35,031,083)	(15,401,545)
Finance Income	25,705,146	285,438
Profit Before Tax	226,399,793	512,259,109
Income Tax	(179,393,104)	(133,878,656)
Profit for the Year	47,006,689	378,380,454
Other Comprehensive Income	(48,878)	1,272,387
Total Comprehensive Income	46,957,812	379,652,841
Attributable to Non-Controlling Interests	16,839,093	94,913,210
Dividends Paid to Non-Controlling Interests	-	-

16. MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTD.)

Summarised Statement of Financial Position	2023 Rs.	2022 Rs.
Trade and Other Receivables, Prepayments and Cash and Short-Term Deposits Balances (Current)	411,752,945	389,646,548
Property, Plant and Equipment, Investment Properties and Other Non-Current Assets (Non-Current)	2,788,469,050	2,623,067,865
Trade and Other Payables and Interest Bearing Loans and Borrowings (Current)	(140,600,813)	(146,724,389)
Employee Benefit Liabilities, Deferred Tax Liabilities and Other Non-Current Liabilities (Non-Current)	(697,817,960)	(551,144,614)
Total Equity	2,361,803,222	2,314,845,410
Attributable to Equity Holders of Parent	1,771,352,416	1,741,233,696
Attributable to Non-Controlling Interest	590,450,806	573,611,714

Summarised Cash Flow Information	2023 Rs.	2022 Rs.
Operating	34,541,290	22,470,132
Investing	(5,155,919)	(1,513,780)
Financing	(8,845,506)	(18,714,900)
Net Increase/(Decrease) in Cash and Cash Equivalents	20,539,865	2,241,451

17. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

17.1 Other Financial Assets

17.1.1 Financial Assets at Fair Value through OCI (Equity Instruments)

	2023 Rs.	2022 Rs.
Group / Company		
Quoted Equity Shares		
Colombo City Holdings PLC	19,181,402	18,494,990
Total Financial Assets at Fair Value through OCI (Equity Instruments)	19,181,402	18,494,990

17.1.2 Financial Assets at Fair Value through Profit or Loss

	2023 Rs.	2022 Rs.
Group / Company		
Quoted Equity Shares		
Colombo Land & Development Company PLC	8,688,305	10,763,125
On'ally Holdings PLC	2,388,388	2,683,532
Singer Industries (Ceylon) PLC	757,270	807,287
Total Financial Assets at Fair Value through Profit or Loss	11,833,963	14,253,944
Total Other Financial Assets	31,015,365	32,748,934
Total Current	11,833,963	14,253,944
Total Non-Current	19,181,402	18,494,990
	31,015,365	32,748,934

17.2 Other Financial Liabilities

17.2.1 Group

Interest Bearing Loans and Borrowings

	2023			2022		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Lease Liabilities (Note 9.2)	136,105,223	1,403,275,313	1,539,380,536	129,341,875	1,257,642,882	1,386,984,757
Term Loans (Note 17.2.1.1)	7,420,054,242	14,821,405,915	22,241,460,157	6,254,625,555	15,584,730,234	21,839,355,789
Short Term Loans (Note 17.2.1.2)	7,874,375,237	-	7,874,375,237	15,101,266,583	-	15,101,266,583
Bank Overdrafts (Note 20.2)	1,611,620,062	-	1,611,620,062	1,841,098,608	-	1,841,098,608
	17,042,154,765	16,224,681,228	33,266,835,993	23,326,332,621	16,842,373,116	40,168,705,737

17. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

17.2 Other Financial Liabilities (Contd.)

17.2.1 Group (Contd.)

17.2.1.1 Term Loans

	As at 01.04.2022 Rs.	Loans Obtained Rs.	Exchange Differences Rs.	Accrued Interest Rs.	Repayments Rs.	Disposal of Subsidiary Rs.	As at 31.03.2023 Rs.
Sampath Bank PLC - Loan 1	735,629,062	55,071,672	-	(21,352,112)	(769,348,622)	-	-
Sampath Bank PLC - Loan 2	-	696,750,000	-	3,285,529	(92,246,000)	-	607,789,529
Sampath Bank PLC - Loan 3	-	500,000,000	-	2,671,452	(8,000,000)	-	494,671,452
Sampath Bank PLC - Loan 4	-	166,944,123	-	885,176	(4,000,000)	-	163,829,299
Commercial Bank of Ceylon PLC - Loan 1	113,888,941	-	-	-	(11,111,108)	-	102,777,833
Commercial Bank of Ceylon PLC - Loan 2	969,569,028	883,545,029	14,412,407	-	(768,719,104)	(1,098,807,360)	-
Commercial Bank of Ceylon PLC - Loan 3	755,610	-	-	-	(755,610)	-	-
Commercial Bank of Ceylon PLC - Loan 4	711,150	-	-	-	(711,150)	-	-
Commercial Bank of Ceylon PLC - Loan 5	4,984,591	-	-	-	(4,249,325)	-	735,266
Commercial Bank of Ceylon PLC - Loan 6	21,604,916	-	-	-	(7,407,600)	-	14,197,316
Hatton National Bank PLC - Loan 1	694,236,144	-	-	(20,439,746)	(219,961,007)	-	453,835,391
Hatton National Bank PLC - Loan 2	40,913,609	-	-	-	(10,008,000)	-	30,905,609
Hatton National Bank PLC - Loan 3	20,800,510	-	491,402	-	(13,091,867)	-	8,200,044
DFCC Bank PLC	436,568,585	86,304,092	-	(4,390,051)	(137,732,655)	-	380,749,971
NDB Bank PLC	2,991,891,767	-	-	478,396,386	(226,696,993)	-	3,243,591,160
Peoples' Bank - Loan 1	6,371,874,378	-	788,855,522	-	-	-	7,160,729,900
Peoples' Bank - Loan 2	484,382,831	-	-	(793,460)	(134,728,778)	-	348,860,594
Peoples' Bank - Loan 3	9,266,465	-	-	-	(9,266,465)	-	-
People's Bank - Loan 4	449,959,377	-	97,436,074	-	(547,395,451)	-	-
People's Bank - Loan 5	509,974,089	-	-	(843,460)	(62,520,000)	-	446,610,629
People's Bank - Loan 6	90,860,638	-	11,744,430	-	(6,501,517)	-	96,103,550
Standard Chartered Bank	5,005,509,821	-	625,796,395	-	(80,023,151)	-	5,551,283,065
Bank of Ceylon - Loan 1	1,157,067,928	-	-	32,516,428	-	-	1,189,584,356
Bank of Ceylon - Loan 2	404,972,994	-	-	91,567,257	-	-	496,540,251
Bank of Ceylon - Loan 3	7,567,232	-	-	367,962	(1,418,833)	-	6,516,361
Bank of Ceylon - Loan 4	1,022,593,207	-	-	7,732,247	(391,695,904)	-	638,629,550
MCB Bank Ltd - Loan 1	-	300,000,000	-	3,974,799	(43,750,000)	-	260,224,799
MCB Bank Ltd - Loan 2	-	338,000,000	-	4,242,641	(65,000,000)	-	277,242,641
Nations Trust Bank PLC - Loan 1	293,772,917	-	-	(7,877,467)	(85,895,450)	-	200,000,000
Nations Trust Bank PLC - Loan 2	-	68,500,000	-	-	(648,409)	-	67,851,591
	21,839,355,789	3,095,114,916	1,538,736,229	569,943,581	(3,702,882,999)	(1,098,807,360)	22,241,460,157

17.2.1.2 Short Term Loans

	As at 01.04.2022 Rs.	Loans Obtained Rs.	Exchange Differences Rs.	Accrued Interest Rs.	Repayments Rs.	Disposal of Subsidiary Rs.	As at 31.03.2023 Rs.
Hatton National Bank PLC	3,046,744,772	11,322,796,379	-	(9,288,361)	(11,456,658,955)	-	2,903,593,834
MCB Bank Ltd	705,830,589	388,495,597	-	(7,244,992)	(1,087,081,194)	-	-
Nations Trust Bank PLC	151,215,616	168,379,143	-	4,233,398	(237,000,000)	-	86,828,157
Sampath Bank PLC	672,678,233	-	-	(5,734,110)	(666,944,123)	-	-
Union Bank of Colombo PLC	150,583,180	955,933,422	-	(583,180)	(1,105,933,422)	-	-
Eastern Bank Ltd	857,380,486	689,284,249	(25,218,269)	-	-	(1,521,446,466)	-
People's Bank	4,817,283,072	590,107,000	845,870,188	219,477,851	(5,004,475,136)	-	1,468,262,975
Bank of Ceylon	1,014,517,591	175,148,400	47,995,280	177,192,728	(269,637,278)	-	1,145,216,720
Commercial Bank of Ceylon PLC	2,939,394,160	3,888,978,967	55,611,156	45,336,002	(4,423,042,338)	(445,316,011)	2,060,961,936
DFCC Bank PLC	246,541,786	-	-	-	(37,030,171)	-	209,511,615
Pan Asia Banking Corporation PLC	499,097,100	-	-	902,900	(500,000,000)	-	-
	15,101,266,583	18,179,123,157	924,258,354	424,292,236	(24,787,802,616)	(1,966,762,477)	7,874,375,237

17.2.2 Company

Interest Bearing Loans and Borrowings

	2023			2022		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Lease Liabilities (Note 9.2)	19,197,406	10,613,162	29,810,568	17,367,471	29,810,576	47,178,046
Term Loans (Note 17.2.2.1)	5,847,243,442	3,429,284,132	9,276,527,574	3,775,087,116	4,963,569,640	8,738,656,756
Short Term Loans (Note 17.2.2.2)	7,874,375,237	-	7,874,375,237	9,181,242,595	-	9,181,242,595
Bank Overdrafts (Note 20.2)	9,428,632	-	9,428,632	487,940,148	-	487,940,148
	13,750,244,718	3,439,897,294	17,190,142,012	13,461,637,330	4,993,380,216	18,455,017,546

17. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

17.2 Other Financial Liabilities (Contd.)

17.2.2 Company (Contd.)

17.2.2.1 Term Loans

	As at 01.04.2022 Rs.	Loans Obtained Rs.	Accrued Interest Rs.	Repayments Rs.	As at 31.03.2023 Rs.
Hatton National Bank PLC - Loan 1	694,236,144	-	(20,439,746)	(219,961,007)	453,835,391
DFCC Bank PLC	436,568,585	86,304,092	(4,390,051)	(137,732,655)	380,749,971
Sampath Bank PLC - Loan 1	735,629,062	55,071,672	(21,352,112)	(769,348,622)	-
Sampath Bank PLC - Loan 2	-	696,750,000	3,285,529	(92,246,000)	607,789,529
Sampath Bank PLC - Loan 3	-	500,000,000	2,671,452	(8,000,000)	494,671,452
Sampath Bank PLC - Loan 4	-	166,944,123	885,176	(4,000,000)	163,829,299
NDB Bank PLC	2,991,891,767	-	478,396,386	(226,696,993)	3,243,591,160
People's Bank - Loan 2	484,382,831	-	(793,460)	(134,728,778)	348,860,594
People's Bank - Loan 4	509,974,089	-	(843,460)	(62,520,000)	446,610,629
Bank of Ceylon - Loan 1	1,157,067,928	-	32,516,428	-	1,189,584,356
Bank of Ceylon - Loan 2	404,972,994	-	91,567,257	-	496,540,251
Bank of Ceylon - Loan 3	7,567,232	-	367,962	(1,418,833)	6,516,361
Bank of Ceylon - Loan 4	1,022,593,207	-	7,732,247	(391,695,904)	638,629,550
MCB Bank Ltd - Loan 1	-	300,000,000	3,974,799	(43,750,000)	260,224,799
MCB Bank Ltd - Loan 2	-	338,000,000	4,242,641	(65,000,000)	277,242,641
Nations Trust Bank PLC - Loan 1	293,772,917	-	(7,877,467)	(85,895,450)	200,000,000
Nations Trust Bank PLC - Loan 2	-	68,500,000	-	(648,409)	67,851,591
	8,738,656,756	2,211,569,887	569,943,581	(2,243,642,651)	9,276,527,574

17.2.2.2 Short Term Loans

	As at 01.04.2022 Rs.	Loans Obtained Rs.	Accrued Interest Rs.	Repayments Rs.	As at 31.03.2023 Rs.
Hatton National Bank PLC	3,046,436,913	11,322,796,379	(9,288,361)	(11,456,351,097)	2,903,593,834
MCB Bank Ltd	705,830,589	388,495,597	(7,244,992)	(1,087,081,194)	-
Nations Trust Bank PLC	151,215,616	168,379,143	4,233,398	(237,000,000)	86,828,157
Bank of Ceylon	792,875,592	175,148,400	177,192,728	-	1,145,216,720
Sampath Bank PLC	672,678,233	-	(5,734,110.000)	(666,944,123)	-
Union Bank of Colombo PLC	150,583,180	955,933,422	(583,180)	(1,105,933,422)	-
People's Bank	911,058,124	590,107,000	219,477,851	(252,380,000)	1,468,262,975
Commercial Bank of Ceylon PLC	2,004,925,462	2,439,015,472	45,336,002	(2,428,315,000)	2,060,961,936
Pan Asia Banking Corporation PLC	499,097,100	-	902,900	(500,000,000)	-
DFCC Bank PLC	246,541,786	-	-	(37,030,171)	209,511,615
	9,181,242,595	16,039,875,413	424,292,236	(17,771,035,006)	7,874,375,237

	Interest Rate	Repayment Terms
Sampath Bank PLC		
Loan 2	AWPLR + 2% per annum	Repayable by 6 monthly instalments of Rs.5,000,000/-, repayable by 42 monthly instalments of Rs.15,506,000/- and Final instalment Rs.15,498,000/-
Loan 3	AWPLR + 2% per annum	Repayable by 6 monthly instalments of Rs.2,000,000/-, repayable by 41 monthly instalments of Rs.11,620,000/- and Final instalment Rs.11,580,000/-
Loan 4	AWPLR + 2% per annum	Repayable by 6 monthly instalments of Rs.1,000,000/-, repayable by 23 monthly instalments of Rs.6,707,000/- and Final instalment Rs.6,683,123/-
Commercial Bank of Ceylon PLC		
Loan 1	9% per annum for first 5 years. Thereafter AWPLR+1% for balance 3 years	Repayable by 29 monthly instalment of Rs. 2,777,777/-.
Loan 5	6.11% per annum	Repayable within 2 months
Loan 6	6.93% per annum for first 12 months. Thereafter 8% for balance 24 months	Repayable by 21 monthly instalments of Rs. 617,300/- and the final instalment of Rs. 616,716/-.
Hatton National Bank PLC		
Loan 1	AWPLR + 2% per annum	Repayable by 20 equal monthly instalments amounting to Rs.23,809,333.33
Loan 2	AWPLR+ 1.75% per annum	Repayable by 48 monthly instalments of Rs. 834,000/- and the final instalment of Rs.770,000/-.
Loan 3	4% per annum	Repayable by 05 Monthly instalment of Rs 1.4 Mn each and 1 instalment of Rs.1.2 Mn.
DFCC Bank PLC	20% per annum	Repayable by 22 monthly instalments of Rs. 17,142,854/-
NDB Bank PLC	AWPLR+3% to AWPLR+3.9% per annum	Repayable by 4 separate instalments amounting Rs. 450,000,000 upto October 2024.
Peoples' Bank		
Loan 1	3 Months LIBOR + 5.5% per annum	Repayable by 82 instalments of USD 200,000 and final instalment of USD 121,071.
Loan 2	AWPLR + 1% per annum	Repayable by 33 monthly instalments of Rs.10,555,556/- and the final instalment of Rs.12,776,667/- together with the interest
Loan 5	AWPLR + 1% per annum	Repayable by 39 monthly instalments of Rs. 10,420,000/- and the final instalment of Rs.10,260,000/-.
Loan 6	3 Months LIBOR + 5.5% per annum	Repayable in one instalment of USD 286,012/-
Standard Chartered Bank	3 Months LIBOR + 2.3% per annum	Repayable 106 instalment of USD 200,000/- and final instalment of USD 110,916/-

17. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

17.2 Other Financial Liabilities (Contd.)

	Interest Rate	Repayment Terms
Bank of Ceylon		
Loan 1	AWPLR + 1.5% per annum	Repayable within 60 Months (upto 34th Month - Rs.5,000,000/- and 25th to 60th Month -Rs.28,333,340/-).
Loan 2	AWPLR + 1.5% per annum	Repayable by 14 Monthly instalments of Rs.27,810,454/-.
Loan 3	AWPLR + 1.5% per annum	Repayable by 7monthly instalments of Rs.787,500/-.
Loan 4	AWPLR + 1.5% per annum	Repayable by 31 monthly instalments of Rs. 18,407,407/- and the final instalment of Rs.31,674,479/-.
MCB Bank Ltd		
Loan 1	17.71% per annum	Repayable by 41 monthly instalments of Rs.6,250,000/-.
Loan 2	17.71% per annum	Repayable by 39 monthly instalments of Rs.7,000,000/-.
Nations Trust Bank PLC		
Loan 1	AWPLR + 1% per annum	Repayable by 24 monthly instalments of Rs.8,333,333.33
Loan 2	AWPLR + 1% per annum	Repayable by 36 monthly instalments of Rs.1,902,777/-.

17.3 Fair Values

Set out below is a comparison of the carrying amounts and fair values of the Group's and Company's financial instruments by classes, that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

Group		Carrying Amount		Fair Value	
	Notes	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Financial Assets					
Trade and Other Receivables	A	2,214,598,045	1,934,628,635	2,214,598,045	1,934,628,635
Cash and Short Term Deposits	A	991,765,113	811,427,236	991,765,113	811,427,236
Total		3,206,363,158	2,746,055,871	3,206,363,158	2,746,055,871
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	B	16,224,681,228	16,842,373,116	16,224,681,228	16,842,373,116
Interest Bearing Loans and Borrowings (Current)	A	15,430,534,702	21,485,234,013	15,430,534,702	21,485,234,013
Trade and Other Payables	A	1,851,426,230	3,574,580,700	1,851,426,230	3,574,580,700
Bank Overdrafts	A	1,611,620,062	1,841,098,608	1,611,620,062	1,841,098,608
Total		35,118,262,223	43,743,286,437	35,118,262,223	43,743,286,437

Company	Notes	Carrying Amount 2023 Rs.	Carrying Amount 2022 Rs.	Fair Value 2023 Rs.	Fair Value 2022 Rs.
Financial Assets					
Trade and Other Receivables	A	1,414,923,790	1,214,546,258	1,414,923,790	1,214,546,258
Cash and Short Term Deposits	A	333,383,662	25,046,962	333,383,662	25,046,962
Total		1,748,307,452	1,239,593,220	1,748,307,452	1,239,593,220
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	B	3,439,897,294	4,993,380,216	3,439,897,294	4,993,380,216
Interest Bearing Loans and Borrowings (Current)	A	13,740,816,085	12,973,697,182	13,740,816,085	12,973,697,182
Trade and Other Payables	A	1,199,382,798	4,089,354,614	1,199,382,798	4,089,354,614
Bank Overdrafts	A	9,428,632	487,940,148	9,428,632	487,940,148
Total		18,389,524,809	22,544,372,160	18,389,524,809	22,544,372,160

There is no difference between carrying amounts and fair values of the Group and Company's financial instruments.

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

B Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, risk characteristics of the financed project etc. As at 31 March 2023, the carrying amounts of such borrowings are not materially different from their calculated fair values.

17.4 Fair Value Hierarchy

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an active market, direct observation of a trade price may not be possible. In these circumstances, the Company uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair values are determined according to the following hierarchy.

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

Level 2: Other valuation techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly.

Level 3: Valuation techniques which use inputs that have a significant effect on the recorded fair values that are not based on observable market data.

As at 31 March 2023, the Group held the following financial instruments carried at fair value on the statement of financial position.

17. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

17.4 Fair Value Hierarchy

Group

Assets Measured at Fair Value

	2023 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets at Fair Value through OCI (Equity Instruments)	19,181,402	19,181,402	-	-
Financial Assets at Fair Value through Profit or Loss	11,833,963	11,833,963	-	-
	31,015,365	31,015,365	-	-

Company

Assets Measured at Fair Value

	2023 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets at Fair Value through OCI (Equity Instruments)	26,386,739,421	19,181,402	-	26,367,558,019
Financial Assets at Fair Value through Profit or Loss	11,833,963	11,833,963	-	-
	26,398,573,385	31,015,365	-	26,367,558,019

During the reporting period ending 31 March 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

18. INVENTORIES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Gas in Cylinders and Accessories	44,242,003	209,488,695	44,242,003	34,925,511
Gas in Bulk	1,283,587,874	760,436,093	1,068,651,985	68,143,827
Non-Trade Inventories	236,684,333	223,441,579	179,517,791	136,561,467
Goods in Transit	788,477,295	747,297,216	788,477,295	200,193,094
	2,352,991,505	1,940,663,584	2,080,889,073	439,823,899
Provision for Inventories	(40,672,152)	-	(40,672,152)	-
Total Inventories at the Lower of Cost and Net Realisable Value	2,312,319,353	1,940,663,584	2,040,216,921	439,823,899

19. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade Receivables	- Related Parties (Note 19.1)	166,556,354	163,020,193	1,615,334	3,026,273
	- Others	1,000,631,727	674,235,803	514,495,749	430,897,688
Less: Provision for Impairments		(23,110,151)	(33,595,189)	(21,271,979)	(22,211,084)
		1,144,077,930	803,660,807	494,839,104	411,712,877
Other Receivables	- Related Parties (Note 19.2)	791,741,937	676,986,957	670,344,141	520,401,533
	- Others	278,778,178	453,980,871	249,740,545	282,431,847
		2,214,598,045	1,934,628,635	1,414,923,790	1,214,546,258
Advances	- Related Parties (Note 19.3)	699,680	699,680	37,496,266	699,680
	- Others	177,980,414	1,484,583,644	79,634,874	28,724,177
Loans to Company Officers		855,556	66,667	855,556	66,667
		2,394,133,694	3,419,978,625	1,532,910,486	1,244,036,782

19.1 Trade Dues from Related Parties

		Group		Company	
	Relationship	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
LAUGFS Holdings Ltd	Parent	52,903,006	52,968,689	-	-
LAUGFS Supermarkets (Pvt) Ltd	Fellow Subsidiary	733,051	831,448	733,051	831,448
LAUGFS Petroleum (Pvt) Ltd	Fellow Subsidiary	646,798	1,036,374	646,798	1,036,374
Southern Petroleum (Pvt) Ltd	Fellow Subsidiary	625,967	1,498,002	235,485	1,158,452
LAUGFS Lubricants Ltd	Fellow Subsidiary	551,961	477,626	-	-
LAUGFS Solutions Ltd	Fellow Subsidiary	1,412,204	1,412,204	-	-
LAUGFS Eco Sri Ltd	Fellow Subsidiary	1,400,660	2,524,001	-	-
LAUGFS Corporation (Rubber) Ltd	Fellow Subsidiary	681,029	592,199	-	-
LAUGFS Business Solutions (Pvt) Ltd	Fellow Subsidiary	85,037,946	79,678,755	-	-
LAUGFS Power PLC	Fellow Subsidiary	3,656,353	758,111	-	-
LAUGFS Leisure Ltd	Fellow Subsidiary	18,417,135	14,685,088	-	-
LAUGFS Life Sciences (Pvt) Ltd	Fellow Subsidiary	490,244	6,557,695	-	-
		166,556,354	163,020,193	1,615,334	3,026,273

19. TRADE AND OTHER RECEIVABLES (CONTD.)

19.2 Other Dues from Related Parties

	Relationship	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
LAUGFS Supermarkets (Pvt) Ltd	Fellow Subsidiary	1,014,133	431,305	312,203	-
LAUGFS Petroleum (Pvt) Ltd	Fellow Subsidiary	203,626	70,253	-	-
LAUGFS Eco Sri Ltd	Fellow Subsidiary	555,312	1,114,364	-	237,448
LAUGFS Corporation (Rubber) Ltd	Fellow Subsidiary	289,883	128,226	-	55,317
LAUGFS Engineering (Pvt) Ltd	Fellow Subsidiary	1,345,405	14,445	1,345,405	14,445
LAUGFS Holdings Ltd	Parent	187,918,464	211,470,466	14,779,542	124,531
LAUGFS Power PLC	Fellow Subsidiary	1,813,753	595,472	-	-
LAUGFS Maritime Services (Pvt) Ltd	Subsidiary	-	-	367,617	26,353
Southern Petroleum (Pvt) Ltd	Fellow Subsidiary	2,075	66,163	-	63,815
LAUGFS Gas (Bangladesh) Ltd*	Subsidiary	-	-	-	1,079,224
LAUGFS Terminals Ltd	Subsidiary	-	-	91,601,914	301,432
LAUGFS Leisure Ltd	Fellow Subsidiary	446,402,029	445,354,265	444,114,746	444,099,091
SLOGAL Energy DMCC	Subsidiary	-	-	7,997,752	1,907
PAMS Power (Pvt) Ltd	Fellow Subsidiary	-	12,399	-	12,399
LAUGFS Property Developers (Pvt) Ltd	Subsidiary	-	-	59,048,441	74,174,944
LAUGFS Restaurants (Pvt) Ltd	Fellow Subsidiary	4,942	8,949	-	3,815
Anantaya Passekudah (Pvt) Ltd	Fellow Subsidiary	178,260	61,507	68,935	21,936
LAUGFS Solutions Ltd	Fellow Subsidiary	371,542	371,542	-	-
LAUGFS Wellness (Pvt) Ltd	Fellow Subsidiary	54,426	54,426	-	-
LAUGFS International (Pvt) Ltd	Fellow Subsidiary	30,574	19,526	2,993	9,537
LAUGFS Business Solutions (Pvt) Ltd	Fellow Subsidiary	16,236,105	15,188,526	-	43,872
LAUGFS Life Sciences (Pvt) Ltd	Fellow Subsidiary	197,313	1,580,610	79,080	4,769
LAUGFS Lubricants (Bangladesh) Ltd	Fellow Subsidiary	134,682,688	-	50,625,515	-
LAUGFS Lubricants Ltd	Fellow Subsidiary	441,409	444,515	-	126,699
		791,741,937	676,986,957	670,344,141	520,401,533

* Disposed during the year. Refer Note 15.

19.3 Advances given to Related Parties

	Relationship	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
LAUGFS Engineering (Pvt) Ltd	Fellow Subsidiary	699,680	699,680	699,680	699,680
SLOGAL Energy DMCC	Subsidiary	-	-	36,796,586	-
		699,680	699,680	37,496,266	699,680

Trade receivables are non-interest bearing and are generally on terms of 1-45 days.

As at 31 March, the ageing analysis of trade receivables, is as follows:

Group	Total	Neither Past Due nor Impaired	Past Due and Impaired			
			< 30 Days	31-60 Days	61-90 Days	> 90 Days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2023	1,167,188,081	509,547,484	1,418,767	87,348,762	1,233,711	567,639,357
2022	837,255,996	521,060,734	89,243,739	6,943,907	58,685,626	161,321,991

Company	Total	Neither Past Due nor Impaired	Past Due and Impaired			
			< 30 Days	31-60 Days	61-90 Days	> 90 Days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2023	516,111,083	469,205,030	-	-	-	46,906,053
2022	433,923,961	312,945,863	71,984,640	-	-	48,993,458

Above to be read in conjunction with Note 31 on credit risk of trade receivables, which discusses how the Group/Company manages and measures credit quality of trade receivables that are neither past due nor impaired.

Movements in the allowance for impairment of Trade Receivables;

	Group			Company		
	Individually Impaired Rs.	Collectively Impaired Rs.	Total Rs.	Individually Impaired Rs.	Collectively Impaired Rs.	Total Rs.
As at 1 April 2021	10,455,620	20,407,993	30,863,613	4,076,713	20,407,993	24,484,705
Charge/(Reversal) for the Year	1,523,993	(2,431,057)	(907,064)	157,435	(2,431,057)	(2,273,622)
Exchange Differences	3,638,640	-	3,638,640	-	-	-
As at 31 March 2022	15,618,253	17,976,936	33,595,189	4,234,148	17,976,936	22,211,084
Charge/(Reversal) for the Year	1,953,508	(937,478)	1,016,030	(1,627)	(937,478)	(939,105)
On Disposal of Subsidiary	(11,735,265)	-	(11,735,265)	-	-	-
Exchange Differences	234,197	-	234,197	-	-	-
As at 31 March 2023	6,070,693	17,039,458	23,110,151	4,232,521	17,039,458	21,271,979

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
20.1 Favourable Cash and Cash Equivalents Balances				
Fixed Deposits	-	39,438,161	-	-
Savings Accounts	69,121,353	484,368,798	69,121,353	1,491,996
Cash in Hand and at Bank	922,643,760	287,620,277	264,262,309	23,554,965
	991,765,113	811,427,236	333,383,662	25,046,962
20.2 Unfavourable Cash and Cash Equivalents Balances				
Bank Overdrafts (Note 17.2)	(1,611,620,062)	(1,841,098,608)	(9,428,632)	(487,940,148)
Cash and Cash Equivalents for the Purpose of Statement of Cash Flows	(619,854,949)	(1,029,671,372)	323,955,030	(462,893,186)

20.3 Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

21. STATED CAPITAL

Group/Company	2023		2022	
	Number	Rs.	Number	Rs.
Ordinary Voting Shares (Note 21.1)	335,000,086	762,557,096	335,000,086	762,557,096
Ordinary Non-Voting Shares (Note 21.2)	52,000,000	237,442,904	52,000,000	237,442,904
	387,000,086	1,000,000,000	387,000,086	1,000,000,000
21.1 Ordinary Voting Shares				
As at 1 April	335,000,086	762,557,096	335,000,086	762,557,096
As at 31 March	335,000,086	762,557,096	335,000,086	762,557,096
21.2 Ordinary Non-Voting Shares				
As at 1 April	52,000,000	237,442,904	52,000,000	237,442,904
As at 31 March	52,000,000	237,442,904	52,000,000	237,442,904

21.3 Rights, Preference and Restrictions of Classes of Capital

The holders of ordinary shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share (except, non-voting ordinary shares) at a meeting of the Company. All shares rank equally with regard to the Company's residual assets.

22. FAIR VALUE THROUGH OCI RESERVE

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Fair Value Through OCI Reserve (Note 22.1)	(21,131,814)	(21,818,226)	16,837,202,252	24,863,276,720
	(21,131,814)	(21,818,226)	16,837,202,252	24,863,276,720

22.1 Fair Value Through OCI Reserve

As at 1 April	(21,818,226)	(22,730,041)	24,863,276,720	22,670,767,636
Gains/(Losses) arising during the Year	686,412	(6,569)	(4,966,954,079)	2,191,590,700
Disposal of Financial Assets at FVTOCI	-	918,385	(3,059,120,389)	918,385
As at 31 March	(21,131,814)	(21,818,226)	16,837,202,252	24,863,276,720

23. OTHER RESERVES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revaluation Reserve (Note 23.1)	5,608,274,942	7,474,518,723	4,596,802,958	4,983,380,606
Foreign Currency Translation Reserve (Note 23.2)	462,171,198	4,293,985,191	-	-
	6,070,446,140	11,768,503,914	4,596,802,958	4,983,380,606

23.1 Revaluation Reserve

As at 1 April	7,474,518,723	804,478,813	4,983,380,606	38,451,241
Gain on Revaluation of Property, Plant and Equipment	-	8,491,186,967	-	6,181,161,706
Tax Impact of Revaluation Gain	(201,230,988)	(1,697,798,666)	-	(1,236,232,341)
Transfer of Depreciation on Revaluation of Property, Plant and Equipment	(653,195,648)	(123,348,391)	(386,577,648)	-
On Disposal of Subsidiary	(1,011,817,145)	-	-	-
As at 31 March	5,608,274,942	7,474,518,723	4,596,802,958	4,983,380,606

23.2 Foreign Currency Translation Reserve

As at 1 April	4,293,985,191	1,477,139,274	-	-
Foreign Exchange Translation Differences	234,499,133	2,816,845,917	-	-
Reclassification to Profit or Loss during the Year	(4,066,313,126)	-	-	-
As at 31 March	462,171,198	4,293,985,191	-	-

24. EMPLOYEE BENEFIT LIABILITY

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
24.1 Net Benefit Expense				
Current Service Cost	14,504,960	34,899,509	4,576,991	6,132,610
Past Service cost	-	(910,087)	-	(730,489)
Interest Cost on Benefit Obligation	34,950,130	10,662,931	9,568,218	4,796,067
Administration Expenses	332,814	183,567	-	-
Total Expenses	49,787,904	44,835,920	14,145,209	10,198,188
24.2 Employee Benefit Liability				
Employee Benefit Liability	70,631,190	402,343,898	54,910,497	65,987,709
Fair Value of Plan Assets *	-	(204,845,183)	-	-
Net Employee Benefit Liability	70,631,190	197,498,715	54,910,497	65,987,709

* Plan Assets are made up of cash and cash equivalent.

24.3 Messrs. Smiles Global (Pvt) Ltd, actuaries, carried out an actuarial valuation of the defined benefit plan - gratuity on 31 March 2023. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used as at 31.03.2023 and 31.03.2022 are as follows:

	Group						Company	
	Energy		Property		Transportation & Logistics			
	2023	2022	2023	2022	2023	2022	2023	2022
Method of Actuarial Valuation:	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method
Discount Rate:	22%	6.25% - 14.5%	22%	14.5%	19%	15%	22%	14.5%
Salary Increment Rate:	12%	10%-12%	10%	10%	10%	7%-10%	12%	12%
Retirement Age:	57-60 years	57-60 years	57- 60 years	57- 60 years	57- 60 years	57- 60 years	57-60 years	57- 60 years
Staff Turnover Ratio:	23% (for Management Staff) and 41% (for Other Staff)	17%-41%	20%	14%	11% - 12%	13% - 14%	23% (for Management Staff) and 41% (for Other Staff)	17% (for Management Staff) and 41% (for Other Staff)
Mortality Table:	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table

24.4 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2023.

	Increase/ (Decrease)		Group 2023			Company 2023		
	In Discount Rate	In Rate of Salary Increment	Effect on Statement of Profit or Loss (Reduction)/ Increase in Results for the Year Rs.	Effect on Statement of Financial Position (Reduction)/ Increase in the Liability as at the Year End Rs.	Present Value of Employee Benefit Obligation Rs.	Effect on Statement of Profit or Loss (Reduction)/ Increase in Results for the Year Rs.	Effect on Statement of Financial Position (Reduction)/ Increase in the Liability as at the Year End Rs.	Present Value of Employee Benefit Obligation Rs.
	+1%	-	1,719,975	(1,719,975)	68,911,215	1,352,037	(1,352,037)	53,558,460
	-1%	-	(1,829,711)	1,829,711	72,460,901	(1,430,516)	1,430,516	56,341,013
	-	+1%	(2,269,464)	2,269,464	72,900,654	(1,796,737)	1,796,737	56,707,234
	-	-1%	2,158,940	(2,158,940)	68,472,250	1,718,803	(1,718,803)	53,191,694

24. EMPLOYEE BENEFIT LIABILITY (CONTD.)

24.5 Changes in the Defined Benefit Obligation

24.5.1 Group

The following table demonstrates the changes in the defined benefit obligation.

2023		Amounts Charged to Profit or Loss					
	01 April 2022	Service Cost	Interest Cost	Administration Expenses	Sub Total Included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into/(out of) Company
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation	402,343,898	14,504,960	36,674,896	-	51,179,855	(36,108,406)	338,536
Fair value of Plan Assets	(204,845,183)	-	(1,724,765)	332,814	(1,391,952)	16,832,335	-
Net Benefit Liability	197,498,715	14,504,960	34,950,130	332,814	49,787,904	(19,276,071)	338,536

2022		Amounts Charged to Profit or Loss					
	01 April 2021	Service Cost	Interest Cost	Administration Expenses	Sub Total Included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into/(out of) Company
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation	308,451,009	33,989,422	17,312,744	-	51,302,166	(34,830,864)	(1,220,974)
Fair value of Plan Assets	(135,583,298)	-	(6,649,813)	183,567	(6,466,246)	25,677,684	-
Net Benefit Liability	172,867,711	33,989,422	10,662,931	183,567	44,835,920	(9,153,180)	(1,220,974)

24.5.1.1 Following payments are expected contributions to the defined benefit plan obligation on the future years:

	2023 Rs.	2022 Rs.
Within the next 2 Years	14,088,182	16,600,501
Between 2 and 5 Years	290,429,930	253,317,603
Between 5 and 10 Years	80,268,727	132,425,794
Over 10 Years	-	-
Total Expected Payments	384,786,839	402,343,898

The average duration of the defined benefit plan obligation at the end of the reporting period is 3.72 - 7.49 years. (2022: 4.84 - 6.65 years)

On Disposal of Subsidiary	Exchange Difference	Remeasurement (Gains)/Losses in Other Comprehensive Income: Return on Plan Asset (excluding amounts included in net interest expense)	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2023
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(277,378,097)	11,135,681	-	3,713,719	(17,562,761)	(67,031,237)	(80,880,279)	-	70,631,189
194,744,741	(5,339,942)	-	-	-	-	-	-	-
(82,633,356)	5,795,739	-	3,713,719	(17,562,761)	(67,031,237)	(80,880,279)	-	70,631,189

On Disposal of Subsidiary	Exchange Difference	Remeasurement (Gains)/Losses in Other Comprehensive Income: Return on Plan Asset (excluding amounts included in net interest expense)	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2022
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-	105,316,525	-	(3,398,803)	(30,538,459)	7,263,298	(26,673,964)	-	402,343,898
-	(66,343,083)	5,044,143	-	-	-	5,044,143	(27,174,382)	(204,845,183)
-	38,973,441	5,044,143	(3,398,803)	(30,538,459)	7,263,298	(21,629,821)	(27,174,382)	197,498,715

24. EMPLOYEE BENEFIT LIABILITY (CONTD.)

24.5.2 Company

The following table demonstrates the changes in the defined benefit obligation.

2023		Amounts Charged to Profit or Loss			
	01 April 2022 Rs.	Service Cost Rs.	Interest Cost Rs.	Sub Total included in Profit or Loss Rs.	Benefits Paid Rs.
Defined Benefit Obligation	65,987,709	4,576,991	9,568,218	14,145,209	(13,174,186)
Benefit Liability	65,987,709	4,576,991	9,568,218	14,145,209	(13,174,186)

2022		Amounts Charged to Profit or Loss			
	01 April 2021 Rs.	Service Cost Rs.	Interest Cost Rs.	Sub Total included in Profit or Loss Rs.	Benefits Paid Rs.
Defined Benefit Obligation	68,515,245	5,402,121	4,796,067	10,198,188	(5,062,180)
Benefit Liability	68,515,245	5,402,121	4,796,067	10,198,188	(5,062,180)

24.5.2.1 Following payments are expected contributions to the defined benefit plan obligation on the future years:

	2023 Rs.	2022 Rs.
Within the next 2 Years	1,304,348	297,892
Between 2 and 5 Years	53,606,148	13,102,594
Between 5 and 10 Years	-	52,587,223
Total Expected Payments	54,910,496	65,987,709

The average duration of the defined benefit plan obligation at the end of the reporting period is 3.98 years. (2022: 5.28 years)

	Adjustment due to transfer of employees into/(out of) Company	Remeasurement (Gains)/Losses in Other Comprehensive Income Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2023
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	913,757	3,918,059	(15,670,490)	(1,209,561)	(12,961,992)	-	54,910,497
	913,757	3,918,059	(15,670,490)	(1,209,561)	(12,961,992)	-	54,910,497

	Adjustment due to transfer of employees into/(out of) Company	Remeasurement (Gains)/Losses in Other Comprehensive Income Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	(1,677,296)	4,911,479	(11,076,214)	178,487	(5,986,248)	-	65,987,709
	(1,677,296)	4,911,479	(11,076,214)	178,487	(5,986,248)	-	65,987,709

25. REFUNDABLE DEPOSITS

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
As at 1 April	2,756,157,531	2,957,457,240	2,411,623,847	2,748,877,106
Additions	118,753,810	40,424,499	54,515,098	1,317,710
Refunds/Transfers	(263,621,269)	(352,774,750)	(222,294,959)	(338,570,969)
On Disposal of Subsidiary	(373,585,462)	-	-	-
Exchange Differences	6,139,376	111,050,543	-	-
As at 31 March	2,243,843,986	2,756,157,532	2,243,843,986	2,411,623,847
Refundable Deposits within One Year (Current)	224,384,399	241,162,385	224,384,399	241,162,385
Refundable Deposits after One Year (Non-Current)	2,019,459,588	2,514,995,147	2,019,459,587	2,170,461,462
	2,243,843,986	2,756,157,532	2,243,843,986	2,411,623,847

26. TRADE AND OTHER PAYABLES

		Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade Payables	- Related Parties (Note 26.1)	6,105,205	14,886,328	6,501,526	3,052,543,422
	- Others	104,413,155	1,759,337,623	104,413,155	144,569,980
Other Payables	- Related Parties (Note 26.2)	104,580,664	218,383,149	1,088,468,117	892,241,212
	- Others	1,636,327,206	1,581,973,599	-	-
		1,851,426,230	3,574,580,700	1,199,382,798	4,089,354,614
Provision for Workers' Profit Participation Fund		-	178,155,576	-	-
Sundry Creditors including Accrued Expenses		2,744,835,986	2,602,335,338	423,659,270	484,496,228
		4,596,262,216	6,355,071,614	1,623,042,068	4,573,850,842

26.1 Trade Payable to Related Parties

	Relationship	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
LAUGFS Petroleum (Pvt) Ltd	Fellow Subsidiary	3,436,515	5,290,357	3,191,519	3,317,005
LAUGFS Lubricants Ltd	Fellow Subsidiary	989,743	383,986	989,743	383,986
LAUGFS Leisure Ltd	Fellow Subsidiary	359,322	-	305,102	-
LAUGFS International (Pvt) Ltd	Fellow Subsidiary	-	543,563	-	-
SLOGAL Energy DMCC	Subsidiary	-	-	-	3,043,004,932
LAUGFS Business Solutions (Pvt) Ltd	Fellow Subsidiary	1,319,625	8,668,423	957,375	5,837,500
LAUGFS Terminals Ltd	Subsidiary	-	-	1,057,788	-
		6,105,205	14,886,328	6,501,526	3,052,543,422

26.2 Other Payable to Related Parties

	Relationship	Group 2023 Rs.	Group 2022 Rs.	Company 2023 Rs.	Company 2022 Rs.
LAUGFS Supermarkets (Pvt) Ltd	Fellow Subsidiary	698,405	263,211	628,240	263,211
LAUGFS Engineering (Pvt) Ltd	Fellow Subsidiary	5,926,346	9,040,884	5,287,621	8,132,879
LAUGFS Corporation (Rubber) Ltd	Fellow Subsidiary	-	104,115	-	104,115
LAUGFS Holdings Ltd	Parent	81,956,975	164,103,466	34,929,355	24,617,602
LAUGFS Terminals Ltd	Subsidiary	-	-	825,406,211	829,446,201
LAUGFS Lubricants Ltd	Fellow Subsidiary	-	33,255	-	33,255
LAUGFS Eco Sri Ltd	Fellow Subsidiary	15,724,512	44,727,652	-	29,003,140
LAUGFS Petroleum (Pvt) Ltd	Fellow Subsidiary	220,327	-	1,750	-
LAUGFS Leisure Ltd	Fellow Subsidiary	54,098	-	-	-
Southern Petroleum (Pvt) Ltd	Fellow Subsidiary	-	100,566	-	100,566
LAUGFS Business Solutions (Pvt) Ltd	Fellow Subsidiary	-	10,000	-	-
SLOGAL Energy DMCC	Subsidiary	-	-	222,214,940	-
LAUGFS Gas (Bangladesh) Ltd*	Subsidiary	-	-	-	540,244
		104,580,664	218,383,149	1,088,468,117	892,241,212

* Disposed during the year. Refer Note 15.

Trade payables are non-interest bearing and are normally settled on 30 -90 days terms.

For explanations on the Group's credit risk management processes, refer to Note 31.

As at 31 March, the ageing analysis of trade payables, is as follows:

Group	Total Rs.	< 30 Days Rs.	31-90 Days Rs.	91-120 Days Rs.	> 120 Days Rs.
2023	110,518,360	92,208,710	4,154,897	960,081	13,194,672
2022	1,774,223,952	1,637,858,794	98,022,006	20,986,882	17,356,270

Company	Total Rs.	< 30 Days Rs.	31-90 Days Rs.	91-120 Days Rs.	> 120 Days Rs.
2023	110,914,681	91,666,217	5,207,480	927,483	13,113,502
2022	3,197,113,402	971,037,357	705,868,669	220,732,065	1,299,475,311

27. COMMITMENTS AND CONTINGENCIES

27.1 Capital Expenditure Commitments

The Group does not have significant capital expenditure commitments as at the reporting date.

27.2 Other Commitments and Contingencies

The Group does not have significant contingencies as at the reporting date other than following guarantees given/received.

(a) LAUGFS Gas PLC

The Company has provided corporate guarantees to following companies

Provided to	Currency	Value of Guarantee	In favour of
LAUGFS Maritime Services (Pvt) Ltd	USD	750,000	Hatton National Bank PLC
LAUGFS Maritime Services (Pvt) Ltd	USD	2,250,000	People's Bank
LAUGFS Power PLC	LKR	130,000,000	Commercial Bank of Ceylon PLC
Pams Power (Pvt) Ltd	LKR	300,000,000	Hatton National Bank PLC
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	LKR	70,250,000	Commercial Bank of Ceylon PLC
IRIS Eco Power Lanka (Pvt) Ltd	LKR	1,500,000,000	Sampath Bank PLC
SLOGAL Energy DMCC	USD	10,000,000	People's Bank
LAUGFS Property Developers (Pvt) Ltd	LKR	80,000,000	Hatton National Bank PLC
LAUGFS Leisure Ltd	LKR	100,000,000	MCB Bank Ltd
LAUGFS Terminals Ltd	USD	22,000,000	Peoples Bank
LAUGFS Terminals Ltd	USD	20,000,000	Standard Chartered Bank
LAUGFS Terminals Ltd	LKR	25,000,000	Hatton National Bank PLC

The Company has obtained corporate guarantees from following companies

Obtained from	Currency	Value of Guarantee	In favour of
LAUGFS Holdings Ltd	LKR	2,519,000,000	Bank of Ceylon
LAUGFS Holdings Ltd	LKR	1,000,000,000	People's Bank
LAUGFS Holdings Ltd	LKR	1,428,694,123	Sampath Bank PLC
LAUGFS Holdings Ltd	LKR	1,000,000,000	MCB Bank Ltd
LAUGFS Holdings Ltd	LKR	5,915,470,667	Hatton National Bank PLC
LAUGFS Maritime Services (Pvt) Ltd	LKR	800,000,000	Nations Trust Bank PLC
LAUGFS Property Developers (Pvt) Ltd	LKR	800,000,000	Nations Trust Bank PLC

The Company has obtained a guarantee from Hatton National Bank PLC in favour of Director General of Customs amounting to LKR 25.6 Mn

The Company has obtained a guarantee from Commercial Bank of Ceylon PLC in favour of Ceylon Petroleum Corporation for the Credits facility obtained amounting to LKR 78.2 Mn

(b) LAUGFS Maritime Services (Pvt) Ltd

The Company has provided corporate guarantee to SLOGAL Energy DMCC for USD 20 Mn in favour of Bank of Ceylon.

28. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of the Liability	Carrying Amount Pledged 2023 Rs.	Carrying Amount Pledged 2022 Rs.	Included Under
Group				
Property Located at Mabima	Negative Pledge	963,414,111	2,016,950,128	Property, Plant and Equipment
Assets Located at Mabima	Negative Pledge	377,142,788	436,568,585	Property, Plant and Equipment
Investment Property - Land and Building	Primary Mortgage	117,710,414	141,945,208	Investment Properties
Plant and Machinery- Terminals	Primary Mortgage over Project Assets	12,712,012,965	11,398,184,709	Property, Plant and Equipment
Investment Property - Land	Primary Mortgage over Land	1,122,179,400	1,164,635,160	Investment Properties
Free Hold Land at Mabima	Negative Pledge	389,346,356	404,972,994	Property, Plant and Equipment
Company				
Property Located at Mabima	Negative Pledge	963,414,111	2,016,950,128	Property, Plant and Equipment
Assets Located at Mabima	Negative Pledge	377,142,788	436,568,585	Property, Plant and Equipment
Investment Property - Land	Primary Mortgage over Land	1,122,179,400	1,164,635,160	Investment Properties
Free Hold Land at Mabima	Negative Pledge	389,346,356	404,972,994	Property, Plant and Equipment

29. RELATED PARTY DISCLOSURES

Terms and Conditions of Transactions with Related Parties

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.

29.1 Transactions with the Related Parties

Guarantees

Guarantees given by the Group to banks on behalf of related parties are disclosed in the Note 27 to these financial statements.

Terms and Conditions:

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free.

The following table provides the information pertaining to significant transactions that have been entered into with related parties for the relevant financial year. (for information regarding outstanding balances at 31 March 2023 and 31 March 2022, refer to Notes 19 and 26).

29. RELATED PARTY DISCLOSURES (CONTD.)

29.1.1 Group

	Parent		Other Group Companies		Total	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Nature of Transactions						
As at 1 April	100,335,689	206,665,060	507,101,663	1,233,534,744	607,437,352	1,440,199,804
Sale of Goods/Services	2,957,067	1,404,060	164,736,244	126,648,337	167,693,311	128,052,397
Settlement of Trade & Other Receivable	(67,143,497)	(124,736,322)	(34,388,253)	(831,355,392)	(101,531,750)	(956,091,713)
Purchase of Goods/Services	(153,579,408)	(188,758,822)	(175,139,937)	(60,253,672)	(328,719,344)	(249,012,494)
Settlement of Trade & Other Payable	282,176,799	218,560,404	176,191,584	45,209,905	458,368,383	263,770,308
Adjustment due to transfer of Employee	-	-	322,542	(1,137,053)	322,542	(1,137,053)
Purchase of Property, Plant and Equipment	(5,882,157)	-	-	-	(5,882,157)	-
Others	-	(12,798,691)	50,623,765	(5,545,207)	50,623,765	(18,343,897)
As at 31 March	158,864,494	100,335,689	689,447,608	507,101,663	848,312,102	607,437,352

29.1.1.1 Other Group Companies include following Companies;

Ananthaya Pasikudah (Pvt) Ltd
LAUGFS Business Solutions (Pvt) Ltd
LAUGFS Corporation (Rubber) Ltd
LAUGFS Eco Sri Ltd
LAUGFS Engineering (Pvt) Ltd
LAUGFS International (Pvt) Ltd
LAUGFS Leisure Ltd
LAUGFS Life Sciences (Pvt) Ltd
LAUGFS Lubricants Ltd
LAUGFS Petroleum (Pvt) Ltd
LAUGFS Power PLC
LAUGFS Restaurant (Pvt) Ltd
LAUGFS Salt and Chemicals (Pvt) Ltd
LAUGFS Supermarkets (Pvt) Ltd
Southern Petroleum (Pvt) Ltd

29.1.2 Company

	Parent		Subsidiaries		Other Related Companies		Total	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Nature of Transactions								
As at 1 April	(24,493,071)	-	(3,797,407,518)	(2,346,681,005)	401,243,441	1,150,099,242	(3,420,657,148)	(1,196,581,763)
Sale of Goods/Services	-	-	-	-	55,705,683	30,381,479	55,705,683	30,381,479
Purchase of Goods/Services	(347,778)	-	(10,510,877,437)	(8,174,788,131)	(100,671,511)	(45,258,976)	(10,611,896,725)	(8,220,047,107)
Settlement of Trade and Other Receivables	(7,165,004)	(120,659,569)	(1,025,464,901)	6,605,068,720	(66,512,475)	(814,390,266)	(1,099,142,380)	5,670,018,885
Settlement of Trade and Other Payables	46,767,848	96,166,498	14,480,292,010	57,562,374	146,791,098	81,549,015	14,673,850,956	235,277,887
Dividend	-	-	-	61,970,768	-	-	-	61,970,768
Adjustment due to transfer of Employee	-	-	591,215	(540,244)	322,542	(1,137,053)	913,757	(1,677,297)
Others	(34,911,810)	-	-	-	50,623,765	-	15,711,955	-
As at 31 March	(20,149,814)	(24,493,071)	(852,866,631)	(3,797,407,518)	487,502,543	401,243,441	(385,513,903)	(3,420,657,148)

29.1.2.1 Subsidiaries include the following Companies;

LAUGFS Gas (Bangladesh) Ltd
LAUGFS Maritime Services (Pvt) Ltd
LAUGFS Property Developers (Pvt) Ltd
LAUGFS Terminals Ltd
SLOGAL Energy DMCC

29.1.2.2 Other Related Companies include the following Companies;

Ananthaya Pasikudah (Pvt) Ltd
LAUGFS Business Solutions (Pvt) Ltd
LAUGFS Corporation (Rubber) Ltd
LAUGFS Eco Sri Ltd
LAUGFS Engineering (Pvt) Ltd
LAUGFS Leisure Ltd
LAUGFS Life Sciences (Pvt) Ltd
LAUGFS Petroleum (Pvt) Ltd
LAUGFS Power PLC
LAUGFS Supermarkets (Pvt) Ltd
Southern Petroleum (Pvt) Ltd

29. RELATED PARTY DISCLOSURES (CONTD.)

29.2 Transactions with Key Management Personnel of the Company or its Parent

Key Management Personnel (KMPs) are defined as those persons such as directors, chief executive officers and other senior executives etc. who have authority and responsibility for planning, directing and controlling the activities of the Company as well as the subsidiaries, direct or indirectly.

Compensation of Key Management Personnel

Group	2023 Rs.	2022 Rs.
Short Term Employee Benefits (Cash Benefits)	166,619,889	146,063,311
Short Term Employee Benefits (Non-cash Benefits)	2,370,000	4,162,596
Contributions to Defined Contribution Plans	2,933,000	5,293,532
Post Employment Benefits	4,000,000	-
Total Compensation paid to Key Management Personnel	175,922,889	155,519,439

Company	2023 Rs.	2022 Rs.
Short Term Employee Benefits (Cash Benefits)	83,720,000	100,576,500
Short Term Employee Benefits (Non-cash Benefits)	2,370,000	2,760,000
Contributions to Defined Contribution Plans	1,098,000	3,538,250
Post Employment Benefits	-	-
Total Compensation paid to Key Management Personnel	87,188,000	106,874,750

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

30. EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date, which would require adjustments to, or disclosure in the Financial Statements.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

31.1 Introduction

LAUGFS Gas PLC & its subsidiaries are exposed in particular to credit and liquidity risk, as well as to risks from movements in foreign currency translation, interest rates and market prices, impacting their assets, liabilities, and projected transactions. Some of these risks are inherent in their conglomerate structure, while others are specific to their respective industries.

The overall risk management policy of LAUGFS aims to limit these risks through operational and financial activities. The Board of Directors is ultimately responsible for establishing and overseeing the LAUGFS risk management framework. The Group Treasury Division is in charge of financial risk management and is in charge of implementing the policy and identifying, evaluating, and hedging financial risks in collaboration with the LAUGFS Business Units.

LAUGFS has implemented strategies to govern the use of financial instruments, ensuring clear separation of duties related to financial activities, settlement, accounting, etc. Risk management policies and systems are regularly reviewed to adapt to changes in market conditions and LAUGFS activities.

Internal Audit, through the LAUGFS Group Risk & Control Division, supports the Audit Committee in overseeing risk management controls and procedures, conducting both regular and ad hoc reviews with the results reported to the Audit Committee.

a) Credit Risk

The level of credit risk we encounter is mainly dependent on the individual characteristics of each consumer. This credit risk stems from both our operating activities, primarily related to trade receivables, and our financing activities, which encompass dealings like bank deposits, foreign exchange transactions, and various other financial instruments. Before transitioning a customer from cash to credit, our Group conducts a thorough evaluation of their creditworthiness. This assessment involves considering factors such as the customer's financial standing, historical interactions with us, and other pertinent information crucial for determining their credit quality.

The Group employs a classification system for customers, taking into account various credit-related factors like their geographic location, industry, and previous financial performance. When engaging with new customers, individual credit assessments are conducted before extending the Group's standard payment and delivery terms and conditions. To enhance risk management further, the Group implements a policy of acquiring Bank Guarantees from distributors and utilises other appropriate risk management instruments as required. These measures aim to safeguard against potential credit risks and ensure a secure business environment.

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade Receivables other than Related Party Receivables	1,000,631,727	674,235,803	514,495,749	430,897,688
Guarantees Provided by Customers	(236,120,000)	(242,050,000)	(236,120,000)	(242,050,000)
Total maximum exposure to credit risk on Trade Receivables	764,511,727	432,185,803	278,375,749	188,847,688

The carrying amounts of financial assets, which are typically exposed to credit risk, are aligned with their maximum risk positions. Nevertheless, the Group's overall exposure has risen by 80% compared to the previous year, primarily due to a substantial increase in trade receivables denominated in LKR, excluding Related Party Receivables, which have surged by more than 48% compared to 2022. Despite this heightened exposure, the company has effectively managed the situation through diligent monitoring and efficient debt collection, even amidst challenging external circumstances.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Maximum Risk Position

Group

As at 31 March in Rs.	2023						
	Investments in Subsidiaries	Other Non-Current Financial Assets	Trade and Other Receivables	Other Current Financial Assets	Cash and Short-Term Deposits	Total	% of Allocation
Trade and Other Receivables	-	-	1,434,280,167	-	-	1,434,280,167	42%
Amount due from Related Parties	-	-	958,997,971	-	-	958,997,971	28%
Loan to Company Officers	-	-	855,556	-	-	855,556	0%
Deposits with Bank	-	-	-	-	69,121,353	69,121,353	2%
Cash in Hand and at Bank	-	-	-	-	922,643,760	922,643,760	27%
Total Credit Risk Exposure	-	-	2,394,133,694	-	991,765,113	3,385,898,807	100%
Financial Assets at Fair Value through OCI (Equity Instruments)	-	19,181,402	-	-	-	19,181,402	62%
Financial Assets at Fair Value through Profit or Loss	-	-	-	11,833,963	-	11,833,963	38%
Total Equity Risk Exposure	-	19,181,402	-	11,833,963	-	31,015,365	100%
Total	-	19,181,402	2,394,133,694	11,833,963	991,765,113	3,416,914,173	

Company

As at 31 March in Rs.	2023						
	Investments in Subsidiaries	Other Non-Current Financial Assets	Trade and Other Receivables	Other Current Financial Assets	Cash and Short-Term Deposits	Total	% of Allocation
Trade and Other Receivables	-	-	822,599,189	-	-	822,599,189	44%
Amount due from Related Parties	-	-	709,455,741	-	-	709,455,741	38%
Loan to Company Officers	-	-	855,556	-	-	855,556	0%
Deposits with Bank	-	-	-	-	69,121,353	69,121,353	4%
Cash in Hand and at Bank	-	-	-	-	264,262,309	264,262,309	14%
Total Credit Risk Exposure	-	-	1,532,910,486	-	333,383,662	1,866,294,147	100%
Financial Assets at Fair Value through OCI (Equity Instruments)	26,367,558,019	19,181,402	-	-	-	26,386,739,421	100%
Financial Assets at Fair Value through Profit or Loss	-	-	-	11,833,963	-	11,833,963	0%
Total Equity Risk Exposure	26,367,558,019	19,181,402	-	11,833,963	-	26,398,573,385	100%
Total	26,367,558,019	19,181,402	1,532,910,486	11,833,963	333,383,662	28,264,867,532	

Group

As at 31 March in Rs.	2022						
	Investments in Subsidiaries	Other Non-Current Financial Assets	Trade and Other Receivables	Other Current Financial Assets	Cash and Short-Term Deposits	Total	% of Allocation
Trade and Other Receivables	-	-	2,579,205,129	-	-	2,579,205,129	61%
Amount due from Related Parties	-	-	840,706,829	-	-	840,706,829	20%
Loan to Company Officers	-	-	66,667	-	-	66,667	0%
Deposits with Bank	-	-	-	-	523,806,959	523,806,959	12%
Cash in Hand and at Bank	-	-	-	-	287,620,277	287,620,277	7%
Total Credit Risk Exposure	-	-	3,419,978,625	-	811,427,236	4,231,405,861	100%
Financial Assets at Fair Value through OCI (Equity Instruments)	-	18,494,990	-	-	-	18,494,990	56%
Financial Assets at Fair Value through Profit or Loss	-	-	-	14,253,944	-	14,253,944	44%
Total Equity Risk Exposure	-	18,494,990	-	14,253,944	-	32,748,934	100%
Total	-	18,494,990	3,419,978,625	14,253,944	811,427,236	4,264,154,795	

Company

As at 31 March in Rs.	2022						
	Investments in Subsidiaries	Other Non-Current Financial Assets	Trade and Other Receivables	Other Current Financial Assets	Cash and Short-Term Deposits	Total	% of Allocation
Trade and Other Receivables	-	-	719,842,629	-	-	719,842,629	57%
Amount due from Related Parties	-	-	524,127,486	-	-	524,127,486	41%
Loan to Company Officers	-	-	66,667	-	-	66,667	0%
Deposits with Bank	-	-	-	-	1,491,996	1,491,996	0%
Cash in Hand and at Bank	-	-	-	-	23,554,965	23,554,965	2%
Total Credit Risk Exposure	-	-	1,244,036,782	-	25,046,962	1,269,083,743	100%
Financial Assets at Fair Value through OCI (Equity Instruments)	35,004,286,787	18,494,990	-	-	-	35,022,781,777	100%
Financial Assets at Fair Value through Profit or Loss	-	-	-	14,253,944	-	14,253,944	0%
Total Equity Risk Exposure	35,004,286,787	18,494,990	-	14,253,944	-	35,037,035,721	100%
Total	35,004,286,787	18,494,990	1,244,036,782	14,253,944	25,046,962	36,306,119,465	

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Deposits with Bank

The Group's credit risk associated with cash and cash equivalents is handled by the Group Treasury Division, following the established guidelines. This division ensures that cash and cash equivalents are maintained with reputable banks and financial institutions as counterparties, possessing solid reputations and favourable credit ratings. This prudent approach helps mitigate credit risk and ensures the safety of the Group's cash holdings.

As at 31 March 2023, deposits were made in reputed and leading commercial banks with following credit ratings, as follows;

	Group				Company			
As at 31 March	2023		2022		2023		2022	
Fitch Rating	Rs.	%	Rs.	%	Rs.	%	Rs.	%
AAA	-	0%	3,124,228	0%	-	0%	-	0%
AA+	-	0%	75,445,284	9%	-	0%	-	0%
AA	248,920,747	25%	134,872	0%	606,109	0%	134,872	1%
A+	-	0%	448,285,397	56%	-	0%	3,231,108	13%
A	676,820,317	69%	36,865,023	5%	285,676,376	86%	3,756	0%
AA-	-	0%	234,130,907	29%	-	0%	20,667,946	86%
A-	4,386,404	0%	896,784	0%	1,091	0%	-	0%
BBB-	667,800	0%	-	0%	667,800	0%	-	0%
BB-	53,855,919	5%	2,663,876	0%	45,383,007	14%	-	0%
	984,651,188	100%	801,546,371	100%	332,334,383	100%	24,037,682	100%

b) Liquidity Risk

Liquidity risk emerges from the financial obligations of the entity and its ability to fulfill these obligations promptly as they become due. The Group adopts a proactive approach to manage liquidity risk, aiming to ensure that it maintains sufficient liquidity to meet its liabilities on time, even during challenging circumstances, without incurring significant losses or jeopardising LAUGFS' reputation. By prudently managing liquidity, the Group seeks to safeguard its financial stability and uphold its commitment to meeting financial obligations responsibly. This approach involves careful planning and risk assessment to maintain a strong liquidity position, ensuring the Group's financial health and credibility are preserved.

The Group places significant importance on achieving a balance between the continuity of funding and financial flexibility. This is achieved by utilising various financial instruments such as bank overdrafts, bank loans, and finance leases. To effectively manage this process, the Group Treasury gathers comprehensive information from across the organisation, assessing the liquidity profile of its financial assets and liabilities. Additionally, the Group Treasury analyses the projected cash flows resulting from anticipated future business activities.

The Group Treasury takes charge of managing the liquidity of business units and subsidiaries through a centralised cash management system. Working in tandem with divisional finance teams, Group Treasury addresses any short-term fluctuations in liquidity and ensures adequate longer-term financing to meet overall systemic liquidity needs. Corporate-level cash flows are closely monitored by Group Treasury in collaboration with divisional finance, facilitating effective planning and allocation of funds to meet various financing requirements. A key aspect of the liquidity management strategy is the diversification of funding sources, as the Group does not rely solely on a single financial institution for financing. By diversifying funding, the exposure to liquidity risk is minimised, providing the Group with greater resilience and stability in managing its financial obligations.

This integrated and diversified approach to liquidity management allows the Group to navigate through varying market conditions, maintain operational continuity, and ensure financial stability across its business units and subsidiaries.

The Group reduces its exposure to liquidity risk through the diversification of funding sources. This prudent approach ensures that the Group is less vulnerable to potential disruptions in the financial markets or any adverse events that may affect a particular institution. Instead, having multiple sources of funding provides the Group with increased financial resilience and flexibility, allowing it to better manage liquidity challenges and meet its financial obligations more effectively.

Please refer to the short term and long term borrowings note 17.2 for further details.

Maturity Analysis

The monthly liquidity position is monitored by the Group Treasury and all the liquidity policies and procedures are subjected to review and approval by the BOD. The Group attempts to match contracted cash outflows using a combination of operational cash inflows and other inflows that are generated through Operational cash flows, liquidation of short term investments and other secured borrowings.

The table below summarises the maturity profile of the Group's financial liabilities as at 31 March 2023 based on contractual undiscounted payments.

Group

As at 31st March 2023 in Rs.	Not later than 1 Month	Later than 1 Month Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Long term loans	257,032,196	501,213,106	6,658,413,864	9,598,142,252	5,226,658,739	22,241,460,157
Leases liability	11,205,949	22,406,349	102,474,536	574,529,060	2,432,260,009	3,142,875,902
Trade and other payables	271,776,944	529,820,813	3,794,664,459	-	-	4,596,262,216
Short term loans	6,305,869,045	554,936,846	1,013,569,346	-	-	7,874,375,237
Bank overdrafts	1,611,620,062	-	-	-	-	1,611,620,062
Total	8,457,504,197	1,608,377,113	11,569,122,204	10,172,671,312	7,658,918,749	39,466,593,575

As at 31st March 2022 in Rs.	Not later than 1 Month	Later than 1 Month Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Long term loans	461,550,778	865,778,251	4,927,296,527	12,136,922,088	3,447,808,146	21,839,355,789
Lease liability	13,631,246	30,603,914	85,566,351	648,863,873	2,142,359,088	2,921,024,473
Trade and other payables	2,480,222,836	997,845,762	2,877,003,016	-	-	6,355,071,614
Short term loans	6,189,150,753	5,523,630,480	3,388,485,350	-	-	15,101,266,583
Bank overdrafts	1,841,098,608	-	-	-	-	1,841,098,608
Total	10,985,654,221	7,417,858,407	11,278,351,245	12,785,785,961	5,590,167,234	48,057,817,067

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Company

As at 31st March 2023 in Rs.	Not later than 1 Month	Later than 1 Month Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Long term loans	125,941,192	239,398,730	5,481,903,521	3,429,284,132	-	9,276,527,574
Leases Liabilities	1,776,155	3,552,311	15,985,399	10,389,371	1,653,750	33,356,985
Trade and other payables	95,699,834	88,349,037	1,438,993,197	-	-	1,623,042,068
Short term loans	6,305,869,045	554,936,846	1,013,569,346	-	-	7,874,375,237
Bank overdrafts	9,428,632	-	-	-	-	9,428,632
Total	6,538,714,858	886,236,924	7,950,451,463	3,439,673,502	1,653,750	18,816,730,497

As at 31st March 2022 in Rs.	Not later than 1 Month	Later than 1 Month Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Long term loans	277,455,864	499,782,490	2,997,848,761	4,963,569,641	-	8,738,656,756
Lease Liability	1,776,155	3,552,311	15,985,399	31,703,235	1,653,750	54,670,850
Trade and other payables	1,615,862,922	852,843,532	2,105,144,388	-	-	4,573,850,842
Short term loans	5,599,821,169	3,036,578,986	544,842,440	-	-	9,181,242,595
Bank overdrafts	487,940,148	-	-	-	-	487,940,148
Total	7,982,856,258	4,392,757,319	5,663,820,988	4,995,272,876	1,653,750	23,036,361,190

c) Market Risk

Market risk is the risk that changes in market prices will affect LAUGFS income or the value of its holdings of financial instruments. We are exposed to market risk through financial instruments affected by market risk include loans and borrowing, deposits, financial assets designated at fair value through OCI, financial assets at fair value through profit or loss and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk, we have has established a Group Treasury Policy of which the objective is to reduce the volatility relating to these exposures.

Market prices comprise four types of risk:

- Interest Rate Risk,
- Currency Risk (FOREX Risk)
- Commodity Price Risk
- Other Price Risk, Such As Equity Price Risk

The sensitivity analyses in the following sections relate to the position as at 31 March 2023 and 2022.

Interest Rate Risk

Risk arises from movements in interest rates which could affect the Group financial result or the value of Group equity. The Group's exposure to the risk of changes in market interest rates relating primarily to the Group's long term debt obligations with floating interest rates. In addition, they may affect the market value of certain financial assets, liabilities and hedging instruments. The primary objective of the Group's interest rate management is to protect the net interest result.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax.

	Group		Company	
Increase/(Decrease) in Interest Rate Effect on Statement of Profit or Loss	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
+1%	332,668,360	401,687,057	171,901,420	184,550,175
-1%	(332,668,360)	(401,687,057)	(171,901,420)	(184,550,175)

Foreign Exchange Risk

The Group's operations span multiple regions, making it susceptible to foreign currency fluctuations, which can impact its financial results and equity valuation. Exchange rate fluctuations may cause variations in the local currency amounts paid or received for transactions denominated in foreign currencies, and after consolidation into Group Financial Statements, the foreign currency-denominated financial statements of foreign subsidiaries may differ.

To address foreign currency risk, the Group Treasury Division analyses the foreign exchange market conditions and shares market updates with the Finance Divisions of each subsidiary company. This division also aids in reducing the Group's exposure to foreign currency risk through positive bank negotiations and makes decisions regarding holding, selling, or making forward bookings of foreign currency based on prevailing market conditions.

Below is a table illustrating the sensitivity of the Group's profit before tax to a reasonably possible change in the USD/LKR exchange rate, assuming all other variables remain constant. While the Group's exposure to Forex risk for other currencies is not significant, the drastic changes in exchange rates during the year for USD/LKR are noteworthy.

	Group		Company	
Increase/(Decrease) in Exchange Rate Effect on Statement of Profit or Loss	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
+1%	7,056,417	8,414,978	6,681,178	10,148,874
-1%	(7,056,417)	(8,414,978)	(6,681,178)	(10,148,874)

Foreign Exchange Risk

The principal exchange rates used for translation purposes were:

	Average		As at 31 March	
	2023	2022	2023	2022
United States Dollar (USD)	363.74	206.79	336.01	299.00
Bangladesh Taka (BDT)	3.76	2.41	3.54	3.47

* Closing Spot rate is taken as at 15th November 2022 in year 2023 (Disposal date of the subsidiary)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Equity Price Risk

The Group's quoted and non-quoted investments are prone to market price risk arising from uncertainties about future values of the investment securities. The key objective of managing the equity price risk is to safeguard its ability to continue as a going concern and maximise the wealth of the shareholders and benefits for other stakeholders. The investments on non-quoted shares of subsidiary companies are made after required analysis of the respective company's financial position, performance and growth potentials. The Group Treasury Division measures the fair value of the quoted and non-quoted equity security investments regularly.

The Group manages the equity price risk through diversification and the management reviews and prior approval for all equity investment decisions. The Group during the year have changed its portfolio of investments for better marketable securities and have gained momentum during the year which is depicted in the financials.

Commodity Price Risk

The commodity price risk is that a change in the price of a production input will adversely impact the profit margins of the Group. The factors that can affect commodity prices include political and regulatory changes, seasonal variations, and technology and market conditions.

LAUGFS Gas PLC being the parent is mainly affected by Global LPG prices and steep increase in foreign currency translation. In managing commodity price risk the increase in cost is, passed on to the customer by way of agreement with Consumer Affairs Authority (CAA – Pricing formula), which supports in recovering total landed cost plus a reasonable profit margin for the industry players. Moreover, the management is also prepared to adjust the selling prices of its products based on the prevailing commodity prices whenever possible. This dynamic pricing strategy allows the Group to adapt to market changes and helps in offsetting the impact of commodity price fluctuations on its profitability.

By carefully managing commodity price risk through these strategies, the Group seeks to enhance its financial stability, optimise costs, and maintain a competitive edge in the market.

At the current juncture, the Company has made a strong representation with the government and delisted LPG from the essential items category and established an internally developed pricing formula that help the Company in a positive manner to transfer global price changes in reasonable and transparent manner. The Company also conducts appropriate trend analysis in market prices regularly and take proactive measures in procurement procedures, in order to prevent any future losses and thereby managing the overall profitability of the Company.

Capital Management

Company's capital includes ordinary shares. The intention of the Board of Directors is to maintain an optimum capital structure while minimising cost of financing and safeguarding key stakeholders' interest by looking at the position in the life cycle of the respective business units. The Group is evaluating options on a long term basis at the moment on capital management.

The Board of Directors reviews the capital structure of the companies of the Group on periodic basis. The Group monitors capital using a gearing ratio, which is debt divided by total capital plus debt.

	Group		Company	
	2023	2022	2023	2022
Debt/Equity	88%	87%	46%	42%

Five Year Summary

For the year ended 31 March	2019 Rs.	2020 Rs.	2021 Rs.	2022 Rs.	2023 Rs.
Summary of Operations					
Revenue	24,919,775,401	27,202,063,581	35,533,768,139	24,023,408,169	22,526,749,864
Gross Profit/ (Loss)	3,293,326,036	2,822,858,051	3,734,582,466	(952,358,801)	6,429,555,348
Earnings Before Interest Tax, Depreciation and Amortisation	1,651,131,671	1,975,612,671	3,010,744,768	(565,361)	6,759,486
Depreciation and Amortisation	(964,461,070)	(1,369,963,698)	(1,690,550,131)	(1,769,539,700)	(2,354,764,558)
Profit Before Finance Cost	686,670,601	605,648,973	1,320,194,638	(1,917,265,533)	4,835,196,501
Profit/(Loss) Before Tax	(1,249,910,171)	(1,841,848,856)	(914,726,326)	(4,119,070,070)	(884,100,198)
Income Tax Expense	(47,963,968)	(151,479,865)	256,440,066	498,073,706	(316,614,638)
Profit/ (Loss) for the Year from Continuing Operations	(1,297,874,139)	(1,690,368,991)	(658,286,260)	(3,620,996,364)	(1,200,714,836)
Profit/ (Loss) after Tax for the Year from Discontinued Operations	-	-	-	(361,476,582)	3,439,245,039
Attributable To:					
Equity Holders	(1,333,329,825)	(1,719,845,797)	(685,532,741)	(4,077,068,060)	2,221,678,891
Non-Controlling Interests	35,455,686	29,476,806	27,246,481	94,595,113	16,851,312
	(1,297,874,139)	(1,690,368,991)	(658,286,260)	(3,982,472,947)	2,238,530,203

Five Year Summary

	2019 Rs.	2020 Rs.	2021 Rs.	2022 Rs.	2023 Rs.
Summary of Financial Position					
Capital and Reserves					
Stated Capital	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Fair Value Reserve of Financial Assets at FVTOCI	(337,972,038)	(353,244,862)	(22,730,041)	(21,818,226)	(21,131,814)
Revaluation Reserve	86,841,931	863,475,501	804,478,813	7,474,518,723	5,608,274,942
Foreign Currency Translation Reserve	661,542,928	1,162,067,867	1,477,139,274	4,293,985,190	462,171,198
Accumulated Losses	(678,041,388)	(2,335,605,503)	(3,191,949,404)	(7,131,204,812)	(3,184,739,737)
	732,371,433	336,693,003	66,938,641	5,615,480,877	3,864,574,589
Non-Controlling Interests	421,652,762	451,458,703	478,698,502	573,611,713	590,450,806
Total Equity	1,154,024,195	788,151,706	545,637,143	6,189,092,590	4,455,025,395
Assets and Liabilities					
Current Assets	7,500,398,524	6,643,219,635	8,175,501,661	6,540,287,923	6,003,268,148
Current Liabilities	16,050,845,075	20,816,114,250	23,825,308,918	30,572,403,622	21,862,801,380
Net Current Assets	(8,550,446,546)	(14,172,894,615)	(15,649,807,257)	(24,032,115,699)	(15,859,533,232)
Property, Plant & Equipment, Right of Use Assets and Investments Properties	25,124,243,287	30,137,306,416	30,971,717,795	46,787,272,034	39,666,704,900
Other Non Current Assets	108,112,974	91,090,408	10,457,786	18,494,990	19,181,402
Intangible Assets	2,663,866,340	2,844,473,222	2,888,470,574	4,356,540,849	14,521,639
Non Current Liabilities	18,191,751,856	17,295,921,339	17,675,201,757	20,941,099,583	19,385,849,313
Net Assets	1,154,024,195	788,151,706	545,637,143	6,189,092,590	4,455,025,395

	2019 Rs.	2020 Rs.	2021 Rs.	2022 Rs.	2023 Rs.
Summary of Cash Flows					
Net Operating Cash Flows	1,620,078,682	(1,159,481,094)	1,206,579,373	(1,319,198,474)	(1,406,105,644)
Net Cash Used in Investing Activities	(6,473,740,176)	(2,696,588,264)	(1,119,156,987)	(193,668,645)	8,209,424,338
Net Cash Used in/(from) Financing activities	3,500,867,797	2,148,777,215	(162,135,177)	1,346,557,760	(6,393,502,269)

	2019	2020	2021	2022	2023
Financial Ratio					
GP Margin	13%	10%	11%	-4%	29%
EBITDA Margin	7%	7%	8%	-2%	30%
NP Margin	-5%	-6%	-2%	-17%	10%
Earnings per Share (Rs.)	(3.45)	(4.44)	(1.77)	(10.54)	5.74
Current Ratio (Times)	0.47	0.32	0.34	0.21	0.27

Real Estate Portfolio

As at 31 March 2023	Land in acres		Building in (Sq.Ft)		No.of Building in	Market Value
Owning company and location	Freehold	Leasehold	Free Hold	Leasehold	each location	Rs.'000
Properties in Colombo						
LAUGFS Gas PLC						
No 112A, Kumarathunga Munidasa Mawatha, Colombo 03	0.25	-	-	-	-	520,000
No 02, Havelock Place, Colombo 05	0.22	-	7,713	-	1	493,000
LAUGFS Property Developers (Pvt) Ltd						
No 101, Maya Avenue, Colombo 06	0.3	-	87,307	-	1	2,647,000
No. 69/2, Maya Avenue, Colombo 06	0.13	-	-	-	-	133,000
Properties outside Colombo						
LAUGFS Gas PLC						
Biyagama Road, Mabima	32	-	45,370	-	22	1,110,000
Biyagama Road, Mabima	1.02	-	-	-	-	75,000
Matara Road, Galupiadda, Galle	0.18	-	680	-	1	79,200
Katuwawala , Borelasgamuwa	-	-	9,813	0.40	1	1,714
LAUGFS Terminals Ltd						
Hambantota international port, Hambantota	-	10	-	14,600	17	1,804,347

Share Information

LAUGFS GAS PLC (VOTING)

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY – (VOTING)

		31st March 2023		31st March 2022	
		No. of shares	(%)	No. of Shares	(%)
1	LAUGFS HOLDINGS LIMITED	247,980,050	74.024	247,980,050	74.024
2	EMPLOYEES PROVIDENT FUND	57,897,800	17.283	57,897,800	17.283
3	HATTON NATIONAL BANK PLC /ALMAS HOLDINGS (PRIVATE) LIMITED	7,538,483	2.250	6,779,334	2.024
4	HATTON NATIONAL BANK PLC /ALMAS CAPITAL (PRIVATE) LIMITED	2,826,358	0.844	2,757,563	0.823
5	ALMAS HOLDINGS (PRIVATE) LIMITED	2,547,341	0.760	-	-
6	MR. W K H WEGAPITIYA	1,549,416	0.463	1,549,416	0.463
7	MR. U K T N DE SILVA	1,077,897	0.322	1,077,897	0.322
8	SEYLAN BANK PLC/KARAGODA LOKU GAMAGE UDAYANANDA	1,000,959	0.299	995,097	0.297
9	MR. G Y N MAHINKANDA	661,024	0.197	661,024	0.197
10	MR. H D M P SIRIWARDENA	491,761	0.147	754,888	0.225
11	MRS. R M SOMAWATHI	427,373	0.128	418,288	0.125
12	MR. R S INGRAM	200,500	0.060	183,806	0.055
13	M INVESTMENTS LANKA (PVT) LTD	199,000	0.059	-	-
14	MRS. F R BUHARDEEN	189,367	0.057	-	-
15	MRS. C N G NARAYANA	162,300	0.048	162,300	0.048
16	PEOPLE'S LEASING & FINANCE PLC / MS. THAMBAPANNI LEISURE (PVT) LTD	143,180	0.043	190,480	0.057
17	SEA CONSORTIUM LANKA (PRIVATE) LIMITED	139,400	0.042	139,400	0.042
18	COMMERCIAL BANK OF CEYLON PLC / M R H GALAPPATTI	126,714	0.038	126,714	0.038
19	BANK OF CEYLON A/C CEYBANK UNIT TRUST	122,600	0.037	122,600	0.037
20	ISURU ENGINEERING (PTE) LTD	118,391	0.035	118,391	0.035
		325,399,914	97.134	321,915,048	96.094
	OTHERS	9,600,172	2.866	13,085,038	3.906
	TOTAL	335,000,086	100.000	335,000,086	100.000

LAUGFS GAS PLC (VOTING) (CONTD.)

SHARE DISTRIBUTION

SHARE HOLDING AS AT 31ST MARCH 2023

From		To	No. of Holders	No. of Shares	%
1	-	1,000	6,985	2,346,191	0.70
1,001	-	10,000	1,131	3,463,295	1.03
10,001	-	100,000	136	3,790,686	1.13
100,001	-	1,000,000	12	2,981,610	0.89
	Over	1,000,000	8	322,418,304	96.25
			8,272	335,000,086	100.00

CATEGORIES OF SHAREHOLDERS

	No. of Holders	No. of Shares	%
Local Individuals	8,079	13,014,141	3.89
Local Institutions	157	321,679,092	96.02
Foreign Individuals	35	304,453	0.09
Foreign Institutions	1	2,400	-
	8,272	335,000,086	100.00

DIRECTORS' AND CEO'S SHAREHOLDING AS AT 31ST MARCH 2023 - (VOTING)

		No. of Shares	%
1	Mr W K H Wegapitiya	1,549,416	0.463
2	Mr U K T N De Silva	1,077,897	0.322
3	Mr. S P P Amaratunge	Nil	Nil
4	Mr K R Goonesinghe	Nil	Nil
5	Mr P M B Fernando	100	0.00
6	Mr R Selvaskandan	Nil	Nil
7	Mr P Kudabalage – Group CEO	Nil	Nil
8	Mr W N J Pieries – CEO	Nil	Nil

Share Information

LAUGFS GAS PLC (VOTING) (CONTD.)

SHARE PRICES FOR THE YEAR

Market price per share

	As at 31.03.2023	Date	As at 31.03.2022	Date
Highest during the year	Rs.30.50	27.03.2023	Rs.32.50	11.10.2021
Lowest during the year	Rs.13.10	06.05.2022	Rs.15.90	30.03.2022
As at end of the year	Rs.28.50	31.03.2023	Rs.18.00	31.03.2022

	As at 31.03.2023	As at 31.03.2022
Number of Transactions during the year	4,497	13,248
Number of Shares traded during the year	3,725,744	17,438,409
Value of shares traded during the year (Rs.)	84,888,188.30	423,281,232.10

PUBLIC HOLDING

1. Public Holding percentage - **25.19%**

2. Number of shareholders representing the above percentage - **6,310**

3. The Float adjusted Market Capitalisation - **Rs. 2,405,181,205.50**

The Float adjusted market capitalisation of the Company falls under Option 5 of Rule 7.14.1 (i) (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

LAUGFS GAS PLC (NON VOTING)

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY – (NON VOTING)

		31st March 2023		31st March 2022	
		No. of shares	(%)	No. of Shares	(%)
1	EMPLOYEES PROVIDENT FUND	18,041,300	34.695	18,041,300	34.695
2	HATTON NATIONAL BANK PLC /ALMAS HOLDINGS (PRIVATE) LIMITED	8,878,227	17.074	8,343,845	16.046
3	HATTON NATIONAL BANK PLC /ALMAS CAPITAL (PRIVATE) LIMITED	6,271,384	12.060	6,170,874	11.867
4	BANK OF CEYLON NO. 1 ACCOUNT	3,420,538	6.578	3,420,538	6.578
5	ALMAS HOLDINGS (PRIVATE) LIMITED	2,411,901	4.638	-	-
6	MR. A M WEERASINGHE	1,000,000	1.923	1,000,000	1.923
7	MRS. C N G NARAYANA	378,800	0.728	378,800	0.728
8	MRS. S D AMARASINGHE	372,400	0.716	372,400	0.716
9	NARATHA VENTURES PRIVATE LIMITED	308,000	0.592	308,000	0.592
10	MR. M H M FAWSAN	300,000	0.577	200,000	0.385
11	MR. R S INGRAM	220,850	0.425	171,548	0.330
12	PEOPLE'S LEASING & FINANCE PLC / THAPROBAN PAVILION (PVT) LTD	173,127	0.333	183,421	0.353
13	MR. W L W FERNANDO	159,721	0.307	159,721	0.307
14	PEOPLE'S LEASING & FINANCE PLC / MR. D M P DISANAYAKE	156,632	0.301	122,904	0.236
15	MR. S G H I JAFFERJEE	153,236	0.295	153,236	0.295
16	MRS. F R BUHARDEEN	151,875	0.292	-	-
17	MRS. N MULJIE	139,217	0.268	139,217	0.268
18	MOUNT LAVINIA HOTEL (PVT) LIMITED	130,000	0.250	130,000	0.250
19	JAFFERJEE BROTHERS EXPORTS (PRIVATE) LIMITED	128,200	0.247	128,200	0.247
20	DR. P ALUTHGE	125,000	0.240	125,000	0.240
		42,920,408	82.539	39,549,004	76.056
	OTHERS	9,079,592	17.461	12,450,996	23.944
	TOTAL	52,000,000	100.000	52,000,000	100.000

LAUGFS GAS PLC (NON VOTING) (CONTD.)

SHARE DISTRIBUTION

SHARE HOLDING AS AT 31ST MARCH 2023

From		To	No. of Holders	No. of Shares	%
1	-	1,000	5,123	1,668,744	3.21
1,001	-	10,000	1,018	2,948,625	5.67
10,001	-	100,000	151	4,135,080	7.96
100,001	-	1,000,000	18	4,224,201	8.12
Over		1,000,000	5	39,023,350	75.04
			6,315	52,000,000	100.00

CATEGORIES OF SHAREHOLDERS

	No. of Holders	No. of Shares	%
Local Individuals	6,175	10,805,830	20.78
Local Institutions	116	40,740,750	78.35
Foreign Individuals	23	408,420	0.79
Foreign Institutions	1	45,000	0.08
	6,315	52,000,000	100.00

DIRECTORS' AND CEO'S SHAREHOLDING AS AT 31ST MARCH 2023 - (NON VOTING)

		No. of Shares	%
1	Mr W K H Wegapitiya	Nil	Nil
2	Mr U K T N De Silva	Nil	Nil
3	Mr. S P P Amaratunge	Nil	Nil
4	Mr. K R Goonesinghe	Nil	Nil
5	Mr. P M B Fernando	Nil	Nil
6	Mr. R Selvaskandan	Nil	Nil
7	Mr. P Kudabalage – Group CEO	Nil	Nil
8	Mr. W N J Pieries – CEO	Nil	Nil

LAUGFS GAS PLC (NON VOTING) (CONTD.)

SHARE PRICES FOR THE YEAR

Market price per share

	As at 31.03.2023	Date	As at 31.03.2022	Date
Highest during the year	Rs.21.50	23.03.2023	Rs.21.00	11.10.2021
Lowest during the year	Rs. 9.00	08.12.2022	Rs. 9.80	10.03.2022
As at end of the year	Rs. 18.60	31.03.2023	Rs. 11.20	31.03.2022

	As at 31.03.2023	As at 31.03.2022
Number of Transactions during the year	3,736	12,134
Number of Shares traded during the year	3,897,153	21,592,842
Value of shares traded during the year (Rs.)	54,262,870.30	342,571,522.20

PUBLIC HOLDING

1. Public Holding percentage - **100%**

2. Number of shareholders representing the above percentage - **6,315**

Value Added Statement

For the Year ended 31 March	2023		2022	
	Rs. '000	%	Rs. '000	%
Revenue	22,526,750		24,023,408	
Other Income	564,151		996,387	
	23,090,901		25,019,795	
Cost of Material & Services Provided	(14,377,871)		(24,052,280)	
Value addition	8,713,030	100	967,515	100
Distribution of Value Addition				
To Employees				
Salaries & Other Benefits	1,523,069	17	1,115,241	115
To Providers of Funds				
Dividend Paid	-	-	-	-
Interest Cost	5,719,297	66	2,201,805	228
To Government				
As Taxes & Levies	316,615	4	(498,074)	(51)
	7,558,980	87	2,818,971	291
To Expansion & Growth				
Depreciation and Amortisation	2,354,765	27	1,769,540	183
Loss After Dividend	(1,200,715)	(14)	(3,620,996)	(374)
	1,154,050	13	(1,851,457)	(191)
	8,713,030	100	967,515	100

Our Reach

LAUGFS GAS

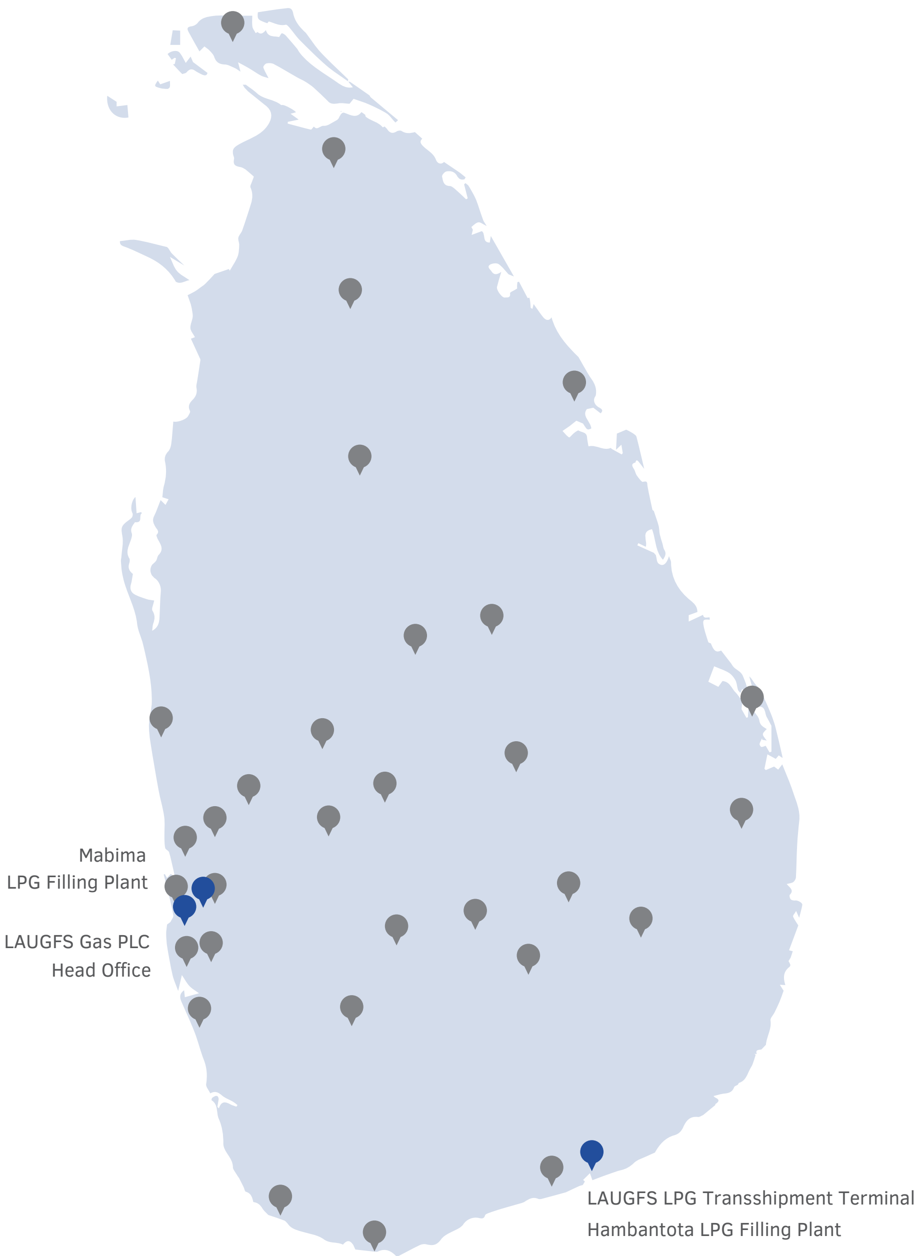
LPG Filling Plants:

Mabima and Hambantota

Distributor Network:

1	Kaluthara
2	Anuradhapura
3	Polonnaruwa
4	Galle
5	Watareka
6	Mawanella
7	Bangadeniya
8	Akkaraipattu
9	Matara
10	Hambantota
11	Vavuniya
12	Gampaha
13	Trincomalee
14	Jaffna
15	Dambulla
16	Manikhinna
17	Siyambalape
18	Kurunegala
19	Batticaloa
20	Badulla
21	Monaragala
22	Boralesgamuwa
23	Negombo
24	Nawagamuwa
25	Rathnapura
26	Kilinochchi
27	Kiribathkumbura
28	Nuwaraeliya
29	Mahiyanganaya
30	Kotagala

With a sharp focus in mind, we have strived to expand our coverage, as coverage gives us the edge over our competition...



Notice of Meeting

Notice is hereby given that the 13th Annual General Meeting of the Company will be held by way of electronic means on 21st September 2023 at 10.00 a.m. centered at the LAUGFS Head Office building located at No. 101, Maya Avenue, Colombo 06, Sri Lanka, for the following business:

1. To receive and consider the Annual Report and Financial Statements for the financial year ended 31st March 2023 with the Report of the Auditors thereon.
2. To re-elect Prof. S. P. P. Amaratunge who retires by rotation, in terms of Article 81 of the Articles of Association, as a Director of the Company.
3. To re-elect Mr. R. Selvaskandan who retires by rotation, in terms of Article 81 of the Articles of Association, as a Director of the Company.
4. To authorise the Directors to determine and make donations for the year ending 31st March 2024 and up to the date of the next Annual General Meeting.
5. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.

By Order of the Board

LAUGFS GAS PLC

Corporate Advisory Services (Pvt) Ltd

Company Secretaries

14th August 2023

Notes:

Below mentioned documents can be now downloaded via the corporate website https://www.laugfs.lk and the CSE website visit https://www.cse.lk and click on the announcements tab.

a. Notice of Meeting

b. Circular to shareholders

c. Form of Proxy

d. Guideline and Registration Process to join the AGM virtually

e. Registration Form for the AGM

f. Request Form for the printed copy of the Annual Report

→ A shareholder entitled to participate and vote at the above virtual meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy which can be downloaded as above

→ Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.

→ A proxy need not be a shareholder of the Company.

→ For more information on how to participate by virtual means in the above virtual meeting, please refer Registration Process which can be downloaded as above.

Form of Proxy - Voting

*I/We .... holder of NIC No. ....

of .... being a *Shareholder /Shareholders of LAUGFS Gas PLC, do hereby appoint

.... holder of NIC No. ....

of .... or failing him/her

Mr. W. K. H. Wegapitiya	of Colombo or failing him
Mr. U. K. T. N. De Silva	of Colombo or failing him
Prof. S. P. P. Amaratunge	of Colombo or failing him
Mr. P. Kudabalage	of Colombo or failing him
Mr. R. Selvaskandan	of Colombo or failing him
Mr. P. M. B. Fernando	of Colombo or failing him
Mr K. R. Goonesinghe	of Colombo

as *my/our proxy to represent me/us to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 21st September 2023 at 10.00 a.m. and any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To receive and consider the Annual Report and Financial Statements for the financial year ended 31st March 2023 with the Report of the Auditors thereon.		
2. To re-elect Prof. S. P. P. Amaratunge who retires by rotation, in terms of Article 81 of the Articles of Association, as a Directors of the Company.		
3. To re-elect Mr. R. Selvaskandan who retires by rotation, in terms of Article 81 of the Articles of Association, as a Directors of the Company.		
4. To authorise the Directors to determine and make donations for the year ending 31st March 2024 and up to the date of the next Annual General Meeting.		
5. To re-appoint M/s. Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.		

Signed this ……….................................… day of ………………...........................……. Two Thousand and Twenty Three.

....

Signature

1) *Please delete the inappropriate words.

2) Instructions as to completion are noted on the reverse thereof.

Form of Proxy - Voting

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The Proxy shall –

   (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).

3. For voting share, please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.

4. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, Corporate Advisory Services (Pvt) Ltd at No. 47, Alexandra Place, Colombo 07, Sri Lanka or must be emailed to laugfsgroup.pwcs@gmail.com by 48 hours before the AGM.

Notes

Notes

Form of Proxy - Non-Voting

*I/We .... holder of NIC No. ....

of .... being a *Shareholder /Shareholders of LAUGFS Gas PLC, do hereby appoint

.... holder of NIC No. ....

of .... or failing him/her

Mr. W. K. H. Wegapitiya	of Colombo or failing him
Mr. U. K. T. N. De Silva	of Colombo or failing him
Prof. S. P. P. Amaratunge	of Colombo or failing him
Mr. P. Kudabalage	of Colombo or failing him
Mr. R. Selvaskandan	of Colombo or failing him
Mr. P. M. B. Fernando	of Colombo or failing him
Mr K. R. Goonesinghe	of Colombo

as *my/our proxy to represent me/us at the Annual General Meeting of the Company to be held on 21st September 2023 at 10.00 a.m and any adjournment thereof and at every poll which may be taken in consequence thereof.

Signed this ……………................................… day of ………………...........................……. Two Thousand and Twenty Three.

....
Signature

1) *Please delete the inappropriate words.
2) Instructions as to completion are noted on the reverse thereof.

Form of Proxy - Non-Voting

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The Proxy shall –

   (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).

3. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, Corporate Advisory Services (Pvt) Ltd at No. 47, Alexandra Place, Colombo 07, Sri Lanka or must be emailed to laugfsgroup.pwcs@gmail.com by 48 hours before the AGM.

Corporate Information

GRI 2-1

NAME OF THE COMPANY

LAUGFS Gas PLC (A Subsidiary of LAUGFS Holdings Limited)

COMPANY REGISTRATION NO

PV - 8330 PB/PQ

LEGAL FORM

A Limited Liability Company listed in the Colombo Stock Exchange.

SUBSIDIARIES

LAUGFS Maritime Services (Pvt) Ltd.

LAUGFS Property Developers (Pvt) Ltd.

LAUGFS Terminals Ltd.

SLOGAL Energy DMCC - Dubai

PRINCIPAL ACTIVITIES & NATURE OF OPERATIONS

LAUGFS Gas PLC

Downstream Business of Liquefied Petroleum Gas & other related Products & Services.

LAUGFS Maritime Services (Pvt) Ltd

Shipping operations

LAUGFS Property Developers (Pvt) Ltd

Holding Company of the Head Office building

LAUGFS Terminals Ltd

Provider of LPG storage and transhipment facilities

SLOGAL Energy DMCC

Trading of Liquefied Petroleum Gas and other Petroleum Products

PARENT ENTERPRISE

The Company's holding Company and controlling entity is LAUGFS Holdings Limited, which is incorporated and domiciled in Sri Lanka.

BOARD OF DIRECTORS

Mr. W. K. H. Wegapitiya
(Group Chairman)

Mr. U. K. Thilak De Silva
(Group Deputy Chairman)

Mr. P. Kudabalage
(Group Managing Director / GCEO)

Prof. S. P. P. Amaratunge

Mr. R. Selvaskandan

Mr. P. M. B. Fernando

Mr K. R. Goonesinghe

BANKERS

Bank of Ceylon

Commercial Bank of Ceylon PLC

DFCC Bank PLC

Hatton National Bank PLC

Hongkong and Shanghai Banking Corporation

MCB Bank Limited

National Development Bank PLC

Nations Trust Bank PLC

Pan Asia Banking Corporation PLC

People's Bank

Sampath Bank PLC

Seylan Bank PLC

Standard Chartered Bank

Union Bank of Colombo PLC

AUDITORS

Ernst & Young (Chartered Accountants)
201, De Saram Place,
Colombo 10, Sri Lanka.

SECRETARIES

Corporate Advisory Services (Pvt) Ltd
47, Alexandra Place,
Colombo 07,
Sri Lanka.

REGISTRARS

PW Corporate Secretarial (Pvt) Ltd
3/17, Kinsey Road,
Colombo 08,
Sri Lanka

REGISTERED OFFICE

101, Maya Avenue,
Colombo 06, Sri Lanka.
Telephone: (011) 55 66 222
Fax: (011) 55 77 824

CORPORATE WEBSITE

www.laugfsgas.lk

LAUGFS Gas PLC

101, Maya Avenue,
Colombo 06, Sri Lanka.
Telephone: (011) 55 66 222
Fax: (011) 55 77 824