EXPANDING OUR FOOTPRINT

LAUGFS Gas PLC | Annual Report 2015

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.

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EXPANDING OUR FOOTPRINT

The name of LAUGFS is strongly associated with the bold spirit of adventure that has taken us from a small enterprise to who we are now - a fast growing, strongly diversified corporate standing tall in the competitive industry landscape we operate in today.

Our belief in our own capabilities has driven our latest exploration into the maritime sector. The year under review saw us proudly launch 'Gas Challenger', LPG vessel acquired with an investment of nearly USD7 million through our newest subsidiary company LAUGFS Maritime Services (Private) Limited.

With this investment, LAUGFS will expand our industry footprint to include international shipping and maritime services an exciting new sector that we are confident will bring even greater value to your company as we continue to stride forward and take on new challenges each year.

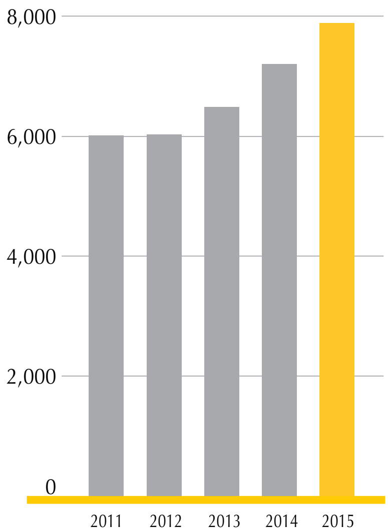
LAUGFS Gas PLC
We're expanding our footprint

The lion icon has come to represent LAUGFS' committment to Sri Lanka and the spirit of boldness we bring to every enterprise we launch.

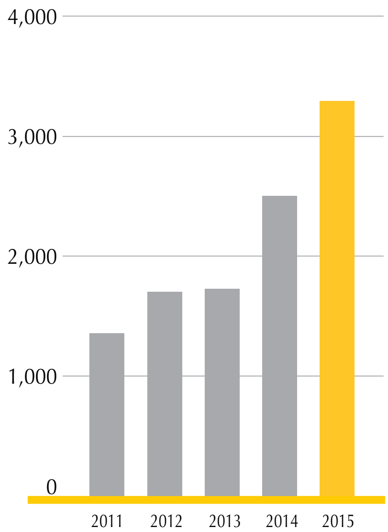
Financial Highlights

The group gross profit earned recorded Rs 3,294 million in the year under review and exceeded all previous performances. Also the group net assets value reached Rs 7,881 million as at end of the year 2014/15.

Group Net Assets Value
Rs. million



Group Gross Profit
Rs. million



Rs.246million

LEISURE
Sector Contribution to
Group Revenue

Rs.10.2billion

ENERGY
Sector Contribution to
Group Revenue

For the year ended 31 March	Group 2015 Rs.'000	Group 2014 Rs.'000	Group Change	Company 2015 Rs.'000	Company 2014 Rs.'000	Company Change
Summary of Operations						
Revenue	11,521,800	11,631,030	-1%	10,225,917	10,660,333	-4%
Gross Profit	3,294,443	2,501,717	32%	2,268,617	1,765,439	29%
Profit from Operations	1,873,699	1,527,270	23%	1,876,613	1,597,145	17%
Other Operating Income	296,470	279,176	6%	643,122	673,690	-5%
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	2,496,501	2,009,867	24%	2,248,645	1,929,196	17%
Finance Cost	(125,701)	(19,724)	537%	(35,072)	(14,512)	142%
Profit Before Tax	1,840,591	1,632,717	13%	1,904,072	1,663,620	14%
Income Tax Expense	(392,530)	(323,355)	21%	(324,949)	(270,369)	20%
Profit for the Year	1,448,061	1,309,362	11%	1,579,123	1,393,251	13%
Total Comprehensive Income for the Year Net of Tax	1,442,334	1,291,835	12%	1,575,782	1,375,333	15%
Summary of Financial Position						
Property, Plant and Equipment	11,074,969	8,769,737	26%	5,385,728	4,991,335	8%
Investment Properties	708,500	680,000	4%	708,500	680,000	4%
Investments in Subsidiaries	-	-		2,796,302	2,196,302	27%
Other Non-Current Financial Assets	105,109	119,726	-12%	105,109	99,601	6%
Current Assets	3,371,250	3,441,664	-2%	3,411,838	3,457,902	-1%
Total Assets	15,423,006	13,166,211	17%	12,414,688	11,434,903	9%
Non Current Liabilities	4,665,005	3,242,945	44%	2,478,352	2,240,581	11%
Current Liabilities	2,876,835	2,722,121	6%	2,384,741	2,458,319	-3%
Total Liabilities	7,541,840	5,965,066	26%	4,863,093	4,698,900	3%
Shareholders' Interest						
Stated Capital	3,285,000	3,285,000	-	3,285,000	3,285,000	-
Reserves	(333,152)	(338,325)	-2%	(333,152)	(338,325)	-2%
Retained Earnings	4,929,318	4,254,470	16%	4,599,747	3,789,327	21%
Net Assets (Equity)	7,881,165	7,201,145	9%	7,551,595	6,736,002	12%
Return on Equity (%)	18%	18%	0%	21%	21%	0%
Net Assets Value per Share (Rs.)	20.36	18.61	9%	19.51	17.41	12%
Leverage						
Interest Cover (Times)	15.64	83.78	-81%	55.29	115.64	-52%
Financial Ratio						
Gross Profit Margin	29%	22%	32%	22%	17%	29%
EBITDA Margin	22%	17%	29%	22%	18%	22%
Net Profit Margin	13%	11%	18%	15%	13%	15%
Earnings per Share (Rs.)	3.74	3.38	11%	4.08	3.60	13%
Dividend Payout	53%	44%	21%	-	-	-
Assets Turnover (Times)	0.75	0.88	-15%	0.82	0.93	-12%
Equity to Assets (Times)	0.51	0.55	-7%	0.61	0.59	3%
Current Ratio (Times)	1.17	1.26	-7%	1.43	1.41	1%
Quick Ratio (Times)	0.96	1.09	-12%	1.24	1.25	-1%

Milestones

1994
Establishment of the parent company – Gas Auto Lanka (Pvt) Ltd, presently known as LAUGFS Holdings Ltd.

2000
Obtaining of BOI approval – LAUGFS Gas.

2001
Entering into the LPG Domestic industry.

2007
Agreement signed between Consumer Affairs Authority and LAUGFS Gas for the Pricing Formula.

Agreement signed between Department of Motor Traffic and LAUGFS Eco Sri to operate the Vehicle Emission Testing programme.

2008
LAUGFS recognized as one of the Most Respected Business Entities in Sri Lanka – 50th position.

2009
LAUGFS recognized as the Most Respected Business - Nation Mindedness - 1st position.

Winner of Business and Media World- National Business Enterprises Productivity Excellence Award.

2010

- Listing of LAUGFS Gas PLC in the Colombo Stock Exchange.

2012

- Winner of National Quality Award- Platinum.

2013

- National Business Excellence Award 2013 - Gold - Other Services Category.
- Annual Reports Award 2013 - Gold winner - Power and Energy Category

2014

- Opening of the first resort under LAUGFS Leisure, Anantaya Resort and Spa, Chilaw.
- Commissioning of first hydro power plant under LAUGFS Power in Balangoda.

2015

- LAUGFS Maritime Services (Private) Limited - Incorporated and acquired first ship "Gas Challenger"
- Annual Reports Award 2014 – Gold Winner – Power & Energy Category
- 2013 Vision Awards (International Annual Report Competition) – Platinum Award
- 2013 Vision Awards (International Annual Report Competition) – Most Engaging Annual Report in the Asia-Pacific Region - Platinum Award
- 2013 ARC Awards (International Annual Report Competition) – Silver Award
- CNCI Acheivers Awards 2014 - LAUGFS Gas PLC – Silver Award & Top 10 Award
- CNCI Acheivers Awards 2014 - LAUGFS Eco Sri (Pvt) Ltd - Bronze Award & Top 10 Award
- Best Corporate Citizen Award 2014 - Winner – less than Rs. 15billion turnover category Laugfs Gas
- Greening Award – LAUGFS Leisure Ltd - Merit Award – Energy & Water Conservation and Waste Management
- National Business Excellence Awards (NBEA) 2014 - Gold (Other Services Category) Laugfs Gas

Awards

The numerous awards for excellence won by LAUGFS Gas PLC was the result of the dedication and commitment of the people engaged with the company.

Some of the awards won by LAUGFS Gas PLC during the year 2-14/15

Mr. Ashan De Silva, the CEO of LAUGFS Gas PLC and the team receiving one of the awards on behalf of the company

LAUGFS Gas PLC, from its inception was committed to excellence. The accolade for this commitment was rewarded by numerous trophies both national and international, won over the years for corporate citizenship, health and safety and environment are shown in this photograph.

Expanding our industry footprint

W K H Wegapitiya
Chairman / Group CEO

It is a pride and a great comfort if we can ensure that this wonderful legacy will continue.

I feel honored once again and also privileged to present you with the Annual Report and Financial Statements of LAUGFS Gas PLC and its subsidiaries for the financial year ended 31st March 2015. It is also with great pleasure and gratification that

Rs. **11.5** billion

Group Revenue 2015

Rs. **1.4** billion

Group Net Profit 2015

I convey our shareholders that the consolidated performances of LAUGFS Gas PLC and its subsidiaries as reflected in the Annual Report for the financial year under review, exceeded all the previous laudable performances recorded, especially from the time it was listed in the Colombo Stock Exchange in December 2010.

The financial results delivered out of all business operations engaged in the year 2014/15, by the parent, LAUGFS Gas PLC and all its fully owned subsidiaries are elaborated in the relevant sections that follow in this Annual Report. The financial information portrayed in the Annual Report, are augmented further in the Group Managing Director's message and in the Management Discussion and Analysis. Under the sections indicated, each of the businesses involved, dissected, analyzed and evaluated in terms of their comparative performance, responsiveness to external and internal environmental forces together with some discussions in evolving strategic initiatives for growth and development. Therefore my message may confine only to overviews of the sectors that we are engaged with.

As I reiterated in my message in the Annual Report for 2013/14, we strongly believe that a sound knowledge and understanding of the macro-economic fundamentals, its behavior and performance is an essential pre-requisite for strategy formulation, policy planning and for business focus within the enterprise. It is in this backdrop that we examine the macro-economic performance as a country, during the year 2014.

It is observed that the growth momentum of our economy continued and recorded a GDP growth of 7.4% in the year 2014. Though it was a drop from the forecast of 7.8% GDP, there is a marginal improvement against the previous year's GDP of 7.2%.

It is impressive to note that the GDP per Capita increased to $ 3,625 in the year 2014, from $ 3,280 in the year before and this augurs well for the most of the business operations of your company. It appears that we are well on the road to achieve $ 7,500 Per Capita in the year 2020.

Your company is aware that the GDP has been projected over 8% from the year 2015 to the year 2020 and this level of growth requires the country to maintain a total investment around 33-34% of the GDP and it is critical for achievement of the rate of growth forecasted. It is imperative that the bulk of the investment has to be attracted from the private, local and foreign sources in the light of the fact that the public investment is only 4.5% of GDP in the year 2014. We also believe a vibrant capital market is key to attract investments and we have felt the reality of this phenomenon quite conspicuously, when your company launched its IPO to raise funds for much needed investments for further growth.

In many countries the capital market plays an extremely important role in promoting and sustaining the growth of the economy. It is an important and efficient conduit to channel long term funds to the enterprise. It is also an effective source of investment in the economy and playing a critical role in mobilizing savings for investment in productive assets. This will enhance country's long term growth prospects, and thus acts as a major catalyst in transforming the economy into a more efficient , innovative and competitive market place within the global environment.

Chairman/Group CEO's Message

As at the end of the year 2013, the LPG consumption from the domestic and commercial segments accounted for 86% of the total consumption

The global capital markets for the sake of convenience are classified into three categories. They are developed, emerging and frontier markets. On an average, one would expect the market capitalization to GDP to be around 125% in a developed market, about 45% in an emerging market and perhaps 25% in a frontier market. As you may perhaps be aware Sri Lanka's current market cap revolves around 29-30%. If the investments are to be secured to the levels needed of 33-34%, the capital markets should be activated vigorously to make a significant contribution towards the development of the economy, and thereby the enterprise.

It is appropriate at this juncture to offer an overview of business operations of LAUGFS Gas PLC and all its subsidiaries, emphasizing the rationale, business environment, strategy and prospect for growth, for the benefit of all our stakeholders.

I am excited to begin this review with the latest addition to your investment portfolio, the LAUGFS Maritime Services (Pvt) Ltd. The corporate strategy of conglomerate diversification of "LAUGFS" is to make investments in the most promising growth sectors of the economy. We at LAUGFS believed always of the "Blue economy" or the "Ocean economy" as a visible growth sector and also as the future of the Indian Ocean nations including Sri Lanka. The marine economic activity is emerging as a common source of growth, innovation and employment creation of Island nations such as ours. The Indian Ocean consist of most of the major seas in the region from the Mozambique Channel up to Great Australian Bight with a coastline stretching up to 66,526Km in total, shared by littoral nations. It is also seen as one of the world's greatest maritime highways with approximately 50% of the merchant shipping passing through Strait of Malacca.

We as a nation engrossed with a discussion over the years, arguably, making Sri Lanka a maritime hub, in the midst of its strategic location in the maritime silk route. We have also been advised time and again, the maritime hub status is not only the re-development and construction of ports but the stimulation of all other maritime business operations such as import /export of cargo, transshipment of cargo, bunkering, ship repair facilities, supply of storage terminals, ownership of fleet of ships , seafarers training and own crew supply. It is critical to assess whether we are on the right track to become a maritime hub in view of the lack of progress of related maritime activity just described, also compounded with the dearth of the qualified professionals to operate the facilities, with the required vigor and rigor. We are still ranked 89th out of 160 countries on Logistics Performance Indicator (LPI) which takes in to account the Input (timeliness, customs and infrastructure) and Output (international shipments, logistics competence and track and trace).

Amidst these challenges but in the backdrop of enormous potential of the sector, we made a bold move to purchase our first vessel, a gas carrier which we named as "Gas challenger" for obvious reasons. Our intention is to expand the activities of "LAUGFS Maritime Services (Pvt) Ltd" into all spheres of maritime economy, capitalizing our core competencies, benefitting from seamless cross functional integration and collaboration, to ensure smooth operations.

I shall focus your attention now on to our primary and core business operations in the LP Gas downstream sector of the petroleum market of the country. We entered into this operation in the year 2001 as an underdog in the presence of a multinational giant at the end of its five years monopoly operations provided for them, by an original divesture agreement of a Government owned entity. We were competing with them eyeball to eyeball despite numerous hardships and obstacles placed on our way. We have emerged today as a force to reckon within the market place and the ultimate beneficiary of the intense competition was our consumer at large.

You will observe the performance of the LP Gas sector of the group during the current year elsewhere in this report and in this message will confine my remarks briefly to the potential of this sector in the local market.

The LPG downstream operations consist of three market segments of domestic, commercial and industrial. The domestic sector consist of the household and the commercial sector comprise of comparatively larger scale users like hotels, restaurants and hospitals etc. The industrial segment is the manufacturing organizations, dominated at present mostly by the ceramics industry of our country.

As at the end of the year 2013, the LPG consumption from the domestic and commercial segments accounted for 86% of the total consumption. Over the period of 2010 to 2013 household and commercial sector usage remained around 85% of the total consumption but we anticipate an upward movement of this, in the future owing to the potential in the household segment with the improved macro-economic conditions. According to the forecasts made by the Asian Development Bank (ADB), by the year 2025 the total consumption of LP Gas by all segments will be 402,000 M/T out of which 74.8% is for the consumption for the household. The total consumption according to the ADB forecasts will be around 161% over the current usage, over the next 10 year period. As far as the supply side forecasts are concerned the total consumption requirements would be able to be satisfied, with or without local petroleum refinery rehabilitation program. The foregoing account amply demonstrates the positive growth potential of LPG sector of the local petroleum based products market.

We have the rest of the sectors of involvement in Leisure, Hydro – Power, Property Development and also in the Vehicle Emission Testing conducted on behalf of the Government of Sri Lanka. Out of the total portfolio, comparatively higher proportion of investment had been made in the Leisure sector since we saw promising prospects at the end of the war against terrorism in 2009, but lasted the struggle for 30 long years. It is heartening to observe the "Anantaya Resort and SPA" which commenced its operations in early 2014, shows the signs of turning around and you must be pleased to be informed the second of the chain hotels at Passekudah is nearing completion and hopeful of its commercial operations to commence, well before we meet at the next Annual General Meeting. Our third in the chain and the probable flagship at the south western coast is yet to be commenced, but we are anxiously waiting for positive responses from the authorities concerning to the critical issues faced by the industry. Those are the need for deepening and broadening of tourism related data, acute constraints in human resources, and the need for development of a robust marketing strategy and brand destination for Sri Lanka. Nevertheless we are upbeat about meeting the targets on tourist arrivals, and achieving its milestone of 2.5 million tourists by the end of year 2016. The euphoria created in the industry compelled us to focus on more niche segments of "MICE "and "Wellness" tourism in the immediate future.

In the sphere of Hydro power generation your company has taken vast strides from its initial entry with 0.5 MW at Ranmudu - Oya, Balangoda which was connected to the National Grid in the early 2014. They acquired further projects at Thiniyagala and Malimboda in addition to the phase II earmarked at Ranmudu - Oya making total hydro power generation capacity of 3.25 MW. I am also extremely pleased to announce at our Annual General Meeting of our shareholders that we were able to complete fully, the Maya Avenue Commercial property complex of 10 storied building with a capacity of a total of 85,416 sq ft, during the year review and ready for occupation by any tenant or to be disposed outright to any willing buyer.

Finally, I would like to recall, from the moment we entered into the downstream LP Gas industry, we have been dealing with enormous challenges and crises and endured those with having lasting impact on every facet of our organization which will continue to be felt for many more years to come. Also if not for the incredible support and remarkable encouragement forthcoming from the outstanding and brilliant horde of people at LAUGFS, this journey would have been much more strenuous and challenging for all of us. I feel immensely fortunate to be a part of this amazing journey for almost two decades with this exceptional organization. It is a pride and a great comfort if we can ensure that this wonderful legacy will continue.

W K H Wegapitiya
Chairman/Group CEO

30 May 2015

Challenging new horizons...

It is evident in the Consolidated Financial Statements retained earnings of the group improved from Rs. 4,254 million to Rs. 4,929 million during the financial year under review due to remarkable performances of the parent company LAUGFS Gas PLC

It is indeed with great enthusiasm, that I extend a warm welcome to all our shareholders for another Annual General Meeting and we take pride to present you with the Annual Report and the Financial Statements of LAUGFS Gas PLC and its subsidiaries for the financial year ended 31st March 2015.

We are grateful and also ecstatic of, the trust and confidence you had on us, with regard to the conduct of the operations of the company and its subsidiaries and also for the respect shown for the treasured values of the company, at every Annual General Meeting held in the past and at numerous occasions we met you, over the years either individually or collectively. We were able to win your trust and confidence because it was always consistent, credible and ethical in the conduct of our affairs and drew respect since we held you in high esteem and valued your opinions, suggestions, thoughts and notions all the time, in the best interest of your group of companies.

We were not only consistent but exceeded perhaps, your aspirations and expectations by posting a Profit After Tax of Rs 1,448 million For LAUGFS Gas PLC and its subsidiaries for the financial year ended 31st March 2015. This is a 11% increase over the previous year. The group revenue recorded a sum of Rs. 11,522 million. In the context of the group, the only expenditure that was substantially increased over the previous year was the finance cost incurred. The parent company strategically resorted to most competitive foreign currency borrowing to make viable and prudent investments in specific subsidiaries concerned, for further growth and development. The most prominent ventures that the investments deployed last year, were into LAUGFS Maritime Services (Pvt) Ltd, in order for them to enable the purchase of their maiden LP Gas carrier, the “Gas Challenger” and also into LAUGFS Leisure Ltd to finance the ongoing construction of the second of the chain of hotels at Passekudah. This was the reason for the escalation of finance cost during the financial year under review, but if the company resorted to local currency borrowing instead, for financing the projects earmarked, the possible constrains inflicted, on the operations, the cash flow and the impact on the bottom line would have been much more than what was reflected. However, I am pleased to indicate, noteworthy reductions were made in the foreign currency borrowings at the end of the financial year 31st March 2015, which is reflected in the Consolidated Statement of Financial Position as at 31st March 2015. It is evident in the Consolidated Statement of Profit or Loss for the year ended 31st March 2015, the finance income earned has reduced, though not in perceptible margins, but it was mainly due to visible reduction of market rates for various instruments of investments in the money markets.

The non-current assets of the group increased from Rs. 9,724 million in the previous year to Rs. 12,052 million in the current year due to major investments made in the parent company, LAUGFS Gas PLC and also in its fully owned subsidiaries. The retained earnings of the group improved from Rs. 4,254 million to Rs. 4,929 million during the financial year under review due to

remarkable performances of the parent company LAUGFS Gas PLC and some of the other subsidiary entities. The long term interest bearing loans and borrowings which was at Rs. 994 million at the beginning of the financial year, contained at Rs. 2,168 million as at the end of the financial year.

In turning our focus to the core business operations of the group, the LP Gas downstream industry, by the parent company LAUGFS Gas PLC, encouraging results have been delivered once again, during the year under review, largely due to untiring and diligent efforts made by the young and energetic team employed by the company from the CEO downwards.

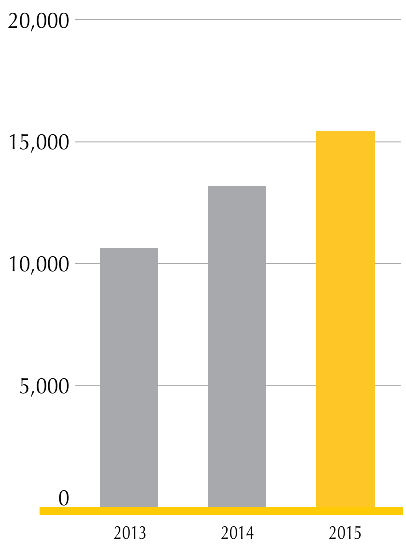
The global market dynamics of LP Gas is indicative of positive trends and the prospects for growth in all segments of the industry has never been greater than at the present. The positive trends, evident in the sources of supply and the level

Group Managing Director's Review of Operations

of market determined prices are reassuring and portends well for the global operations of downstream LP Gas industry. As a consequence of increasing unconventional oil and gas production and development of new gas fields, global supply of cargo increased everywhere. Interestingly market dynamics of the world of LP Gas, were indeed changing in 2014, as the United States became the top LPG importer to Japan, while at the same time Saudi Arabian LPG imports into Japan, reduced to zero for the first time in a period of half century.

In operating the core business, LAUGFS Gas PLC has posted a revenue of Rs. 10,226 million as against Rs. 10,660 million in the previous year and the company was compelled to reduce consumer prices of 12.5kg Gas cylinder few occasions on the directions of the authorities concerned, though at times it was proved to be incompatible with the pricing formula prevailed. Therefore we feel it was a creditable achievement to maintain the net revenue as recorded for the year under review. It was also observed the trends of the gross margins have been maintained more or less at the levels of the previous years. The finance cost was thrust upon the LAUGFS Gas PLC as re-iterated in the foregoing, since there were needs of capital development in the fully owned subsidiaries, and the parent company's financial muscle power was immensely helpful to secure comparatively inexpensive source of finance for the much needed development within group. The company

Group Total Assets
Rs. million



ultimately ended up with a Profit After Tax of Rs. 1,579 million as against Rs. 1,393 million in the previous year.

The increase in non-current assets of the LAUGFS Gas PLC is largely represented by investments in Property, Plant and Equipment of Rs. 702 million, the benefits of which will accrue over the years.

The retained earnings of the company improved from Rs. 3,789 million from the previous year to Rs. 4,600 million as at end of the financial year 2014/15. The Net Asset Value per share which stood at Rs 17.41 at the end of the previous year moved up to Rs. 19.51 per share.

The highest amount of investment made within the group next to LP Gas downstream operations was on the leisure and tourism sector. The rationale behind this investment was that, the leisure and tourism was one of the sectors that featured prominently in the post war economic growth of the country. The arrival of tourists increased rapidly and passed the elusive 1.0 million mark in 2012 and it has surpassed 1.5 million tourist arrivals in the year 2014. Consequently the earnings from tourism also increased and according to the official information released by Sri Lanka Tourism Development Authority (SLTDA) it has reached US$ 2.43 million in the year 2014. It now remains as the third largest foreign exchange earner for the country next to overseas remittances, textiles and apparel exports.

The tourism if considered in the global context said to account for 9% of the global GDP, one in 11 people in employment, US$ 1.4 trillion in export earnings whilst contributing 6% to the world exports. By the year 2013 the tourist arrivals reached 1087 million and it is expected to move up to 1800 million tourists by the year 2030.

If we take a much closer look at Asia, Sri Lanka was classified into the most competitive geographical area of Asia/ Australia/ Oceania where the entrenched competition exist. In fact Asia attracts the highest and the best quality tourists as most markets are just opening up as in the case of Mongolia, Myanmar and Cambodia. Though Sri Lanka's situation improved dramatically in the post war years, it has to undertake much to improve its current ranking in the index from its 63rd position. Sri Lanka's

The most striking investment decision made by the company during the year under review was the acquisition of the Gas carrier, the “Gas Challenger” as an initial step to enter into and seize the vast opportunities exist in the whole range of maritime economic activity

competitors perform much better to improve their places by leaps and bounds as shown by Indonesia and Vietnam and our ranking has to be improved at least by 30 places if we are to be competitive with regional heavy weights like Thailand and Malaysia.

In the context of the foregoing, we justify our investments in the leisure and tourism sector and we also can generally be satisfied with the steady progress made by “Anantaya” with the rates of occupancy, although it is expected to be turnaround in the second year of commercial operations by 2015/16. In the meantime, the hotel has won several noteworthy accolades during the short period of its operations. The “Anantaya Resort & Spa” bagged the 2014 award for excellence by “Booking.Com” and became the winner for the year 2015 in a contest organized by “Trip Advisor”. The hotel won yet another award for energy, water conservation and waste management at the inaugural Green Hotel awards competition in 2014. The “Anantaya” hotel received a merit award in recognition of its 360^0 approach towards energy, water conservation and waste management systems. For the purpose of energy conservation the hotel had even installed a subtle hybrid system of wind and solar energy and a ground breaking green zone inside the hotel.

The award winning salient features of “Anantaya” shall certainly add value to its iconic status it commands already in the industry. The combined effects would contribute to greater patronage of the hotel by its guests and thereby increasing the rates of occupancy to make an impressive recovery in the ensuing years.

The most striking investment decision made by the company during the year under review was the acquisition of the Gas carrier, the “Gas Challenger” as an initial step to enter into and seize the vast opportunities exist in the whole range of maritime economic activity. The subsidiary created for this purpose, LAUGFS Maritime Services (Pvt) Ltd, will have its plans laid down for the future to enter into other profitable ventures under maritime operations, in addition to the present engagement of provision of ocean freight services for customers in the LP Gas downstream sector, including that of its parent LAUGFS Gas PLC.

The business focus of the LAUGFS Maritime Services (Pvt) Ltd at the moment, is on the LPG shipping segment, thus it is considered appropriate to discuss briefly of its market opportunities. The LPG is shipped in liquefied form to keep the volume small and facilitate the handling with the use of either pressurized or refrigerated vessels. The demand for LPG

Group Managing Director's Review of Operations

Rs. **15.4** billion

Group Total Assets 2015

Rs. **7.9** billion

Group Net Assets 2015

shipping have been increasing over the years and has resulted an upward movement in vessel charter rates. The LPG shipping demand was driven by the robust growth of demand for LPG products in emerging markets coupled with the scarcity of LPG shipping vessels.

The building orders for new LPG tankers have remained minimal due to difficult bank financing and limited ship building capacity. Even new building asset values have remained fairly flat on a $/cgt basis and represent best opportunities to earn attractive returns given the recent upward trajectory of LPG shipping charter rates. Despite this attractive outlook, order book/ fleet ratio remains at modest levels of 14-15%. The speculative ordering remains limited due to constraints of capital and the technical know-how to be a competitor in the LPG shipping space.

Due to restraints identified with having a newly built vessel, LAUGFS Maritime Services (Pvt) Ltd, strategically decided to purchase a used LPG carrier in order to seize the opportunity in meeting the LPG shipping demand and add value to the group of companies. The management decided, immediately after the acquisition of the "Gas Challenger" to be dry docked, though it was due much later.

The operations of the "Gas Challenger" commenced only on 23rd November soon after the dry docking and it has made five voyages by the end of the financial year, on the route, Colombo – Sohar – Colombo in making supplies to LAUGFS Gas PLC. Though its operations were confined to only four months it has recorded a Profit Before Tax of Rs. 27.7 million which is very much encouraging and also reflect its immense potential.

The key to our existence, survival and growth under such intricate circumstances is good governance and the maintenance of fundamentally

If we were to move on to mini - hydro power generation, on which the LAUGFS Power Ltd is engaged with, the operations progressed at the pace anticipated. As you are aware, its first project under Ranmudu - Oya phase one with a capacity of 0.5 mw connected to the National Grid from early last year. The phase two of this project having a capacity of 0.55 mw is under construction. The company during the period under review acquired two more projects namely Thiniyagala (0.7mw) and Malimboda (1.5mw) the constructions of which will be commenced shortly to make a total generation capacity of 3.25 mw. The operations of the company during the year, subsequent to connection of Ranmudu - Oya phase one to National Grid, recorded a Profit After Tax of Rs. 11 million which can be considered as a credible achievement.

The group achieved another milestone by completion of the construction of the commercial office complex at Maya Avenue, Colombo 6 during the year. The total area of the building is approximately 85,000 sq/ft including the Basement and the Ground Floor, reserved for vehicle parking. It has all the amenities required for most modern commercial office space and the property built can easily stand up for the rigors of the test for "Grade A" status in real estate development. The LAUGFS Eco Sri (Pvt) Ltd, the vehicle emission testing arm, performed well during the year under review and expanded further its operations having added more testing centers with a view to capture expanding fleet of vehicles in the country.

As known to you perhaps, our multiple business units operate in a complex environment and faced with mounting challenges almost every day. The key to our existence, survival and growth under such intricate circumstances is good governance and the maintenance of fundamentally, the ethical standards to which we are whole heartedly committed, for our long term growth. Whist we focus on proactive and preventive measures to encourage the effectiveness and efficiency of operations, also appreciate the significance of robust internal control systems combined with a dynamic ERP platform which is now in place.

In conclusion let us indicate that, everyone concerned will be assured, we will stay on course in pursuit of developing long term shareholder value, regardless of the environment presented to us.We were groomed to take up this growing challenge because of the inspiration and encouragement provided by our unique organizational culture at "LAUGFS". It is the heart of our organization and the significant contributor to our outstanding performance thus far. I want to wind up with the expression of gratitude to 4000 members of the family of LAUGFS, the reservoir of talent, who brought our culture to life.

U K Thilak De Silva
Group Managing Director

30 May 2015

Board of Directors

01 W K H Wegapitiya (Chairman/Group CEO)
02 U K Thilak De Silva (Group Managing Director)
03 H A Ariyaratne
04 N M Prakash
05 C L De Alwis
06 P M Kumarasinghe PC
07 T K Bandaranayake

We care for the wellbeing of all our stakeholders and we are ethical and responsible in our approach to business

Board of Directors

W K H Wegapitiya

Chairman / Group CEO

Mr. W K H Wegapitiya is the founder Chairman and the Group Chief Executive Officer of the LAUGFS Gas PLC and also its parent LAUGFS Holdings Ltd, one of the highly diversified conglomerates in the country having its operations in a very wide business landscape stretched in a spectrum of downstream operations of LPG, Petroleum Fuel distribution & sale, import, distribution and sale of Lubricants, Heavy Engineering, Vehicle Emission Testing, Hotel Management, Consumer Retail & Fast Food Restaurant chains, Property Development, manufacture of Salt and Salt Base Chemicals, manufacture and export of Industrial Solid Tires, Maritime and Higher Education.

He entered the University of Sri Jayawardenapura after his secondary education and graduated with Bachelor of Science in Business Administration special degree. He is also a holder of Master of Business Administration (MBA) degree from the Post Graduate Institute of Management affiliated to Sri Jayawardenapura University. He was awarded the certificate on Energy Management from the Oxford University, England in the year 2000.

Mr. Wegapitiya embarked on his entrepreneurial journey, soon after he left his brief employment at, the then Ceylon Shipping Corporation, with the setting up of a freight forwarding company in the name of Freight Masters (Pvt) Ltd, in the year 1990. His engagement with import / export trade opened new vistas and initiated a novel and pioneering project in Sri Lanka with few of his colleagues to introduce Liquefied Petroleum Gas as an alternative fuel to Petroleum Fuel driven automobiles. This proved to be an outstanding success and led the foundation to enter into LPG downstream activity of import, storage, distribution and sale of LPG which was dominated then, by a very strong and formidable multi-national in the global energy sector.

The visionary leadership, remarkable entrepreneurship and his extra-ordinary personal traits to withstand and overcome all adversities thrown on his way, enabled him to succeed in all his endeavours to create the business conglomerate "LAUGFS", during a comparatively shorter period of time.

The success of Mr. Wegapitiya's entrepreneurial journey has been recognized both locally and internationally. He was conferred "National Gold" award for Entrepreneurship in the year 2005 and he was adjudged as the "Entrepreneur of year" in 2006 with the prestigious platinum award by the Federation of Chamber of Commerce and Industry in Sri Lanka. In the year 2007, he was awarded with "Asian Leadership for Excellence in Entrepreneurship" by Asian Leadership Organization located in Mumbai, India. He was adjudged as the "Entrepreneur of the Year 2012" at the Asia Pacific Entrepreneurship Awards. He is a frequent speaker, presenter and a panellist on "Business Excellence", "Leadership" and "Entrepreneurship" organized by variety of organizations. He is a well-known personality in the global LPG and energy circles and also a regular participant and a speaker in international forums on LPG and Energy Management.

He is a member of the Board of Directors of Sri-Lanka Accounting and Auditing Standards Monitoring Board, Federation of Chamber of Commerce and Industry and also a Committee Member of the Ceylon Chamber of Commerce. Mr. Wegapitiya is a long standing member of Chamber of Young Lankan Entrepreneurs and also one of its past presidents. Mr. Wegapitiya also serves as a Director in Mobitel (Private) Limited.

U K Thilak De Silva

Group Managing Director

Mr. Thilak De Silva has been the Group Managing Director of LAUGFS Gas PLC from its inception in 2001 and its parent, highly diversified conglomerate LAUGFS Holdings Ltd since 1995. Mr. De Silva is also the Managing Director of all subsidiaries of the LAUGFS Group, engaged with down streaming operations of LPG, petroleum fuel distribution, import, distribution and sale of lubricants, heavy engineering, vehicular emission testing, leisure & hospitality, property development, consumer retailing, tea trading, fast foods chains, bottled water, Maritime, manufacture & export of industrial solid tires and Higher Education. He was instrumental along with Mr. Wegapitiya the Chairman, in the phenomenal growth of "LAUGFS" over the years and his un-tiring efforts, business & industry knowledge, and amazing charisma made an indelible imprint of the story of growth of the group.

Mr. De Silva hails from a widely known, well respected family of business from the southern Sri Lanka having had its lucrative business operations both in south and in central highlands. After his secondary education, he left to United Kingdom for his higher studies in the spheres of engineering technology and business management. Having qualified from prestigious institutions in London in both disciplines returned to Sri Lanka to take up the position as one of the executive directors in the family business.

In the year 1995 however, he had to leave the business in the hands of the rest of the competent members of the family to join with his colleagues to commence the ground breaking initiative of "LAUGFS" to convert the vehicles driven by traditional petroleum fuels in to LPG driven automobiles. This initiative proved to be a startling success and became the turning point that laid the foundation to create one of the largest business conglomerates in the country, having an annual turnover exceeding Rs. 20 billion.

Mr. De Silva had been a participant of number of entrepreneur and management development programs both local and overseas also and was a recipient of the scholarship from the Association for Overseas Technical (AOTS) program in Japan 2003. He is a regular participant in many LPG business forums conducted at various parts of the world over the years and widely connected with the industry personalities in the energy sector.

H A Ariyaratne

Director*

Mr. Ariyaratne who possesses over 35 years of experience in the banking industry as a well-known banker, is a First Class Honours Science Graduate with a wide exposure to the fields of Development Banking, Investment Banking, Asset Management, Venture Capital, Corporate Restructuring, and etc. Mr. Ariyaratne served as the Executive Vice President of DFCC Bank in charge of overall lending and was the former Chief Executive Officer of Lanka Ventures PLC. In addition to that he has served in Director Positions in few other companies representing Lanka Ventures PLC and DFCC Bank and currently serves as a Director for the Board of DFCC Vardhana Bank.

He is the Chairman of the Remuneration Committee of LAUGFS Gas PLC and is a Director of LAUGFS Holdings Limited, the parent Company of LAUGFS Gas PLC and serves for the Boards of LAUGFS Supermarkets (Private) Limited, LAUGFS Lubricants Limited, LAUGFS Power Limited, LAUGFS Leisure Limited, LAUGFS Engineering (Private) Limited, LAUGFS Maritime Services (Private) Limited, LAUGFS International(Private) Limited, LAUGFS Corporation (Rubber) Limited in LAUGFS Group of Companies and Kuruwita Textiles Mills Limited, Finagle Lanka (Private) Limited.

C L De Alwis

Director**

Mr. De Alwis holds a Degree in Business Management and a Diploma in World Affairs with a wide exposure to the business and corporate sector and he represents the Board of LAUGFS Gas PLC from September 2010, and currently is a member of the Audit Committee of LAUGFS Gas PLC.

Mr. Alwis was an icon in founding JASTECA (Alumni of AOTS, Japan) and also served as its President for 4 years. He received the certificate of commendation from AOTS Japan in 2006, as a result of his strong leadership and dedication to the network of AOTS Alumni Societies and Economic & Industry Development as well as enhancement of friendly relations between Japan and Sri Lanka linking the world.

He was also the Vice Patron of the Japan - Sri Lanka Technical Cultural Association and General Secretary of the Sasakawa Memorial Sri Lanka – Japan Cultural Trust. Furthermore, he is the Chairman of the World Network of Friendship Fund affiliated to the Association for Overseas Technical Scholarship (AOTS) Japan.

While Mr. De Alwis was the Past President of the Sri Lanka - China Business Cooperation Council, in May 2007 in recognition of his role in building friendly relations between Sri Lanka and Peoples Republic of China, he received a prestigious award to celebrate the 50th Anniversary of Diplomatic Relations from the Government of Chinese Republic.

Board of Directors

He was a former President of the National Chamber of Commerce of Sri Lanka and was the Chairman of Joint Chambers Forum and also holds the post of President and an Honorary Member of the Sri Lanka Institute of Packaging. His services to the Plastic & Rubber Industry and the development of human resources have been recognized by the Plastic & Rubber Institute in United Kingdom awarded him the prestigious Merit Award in 1994.

Mr. De Alwis had served as a Director in Chemanex PLC and subsequently the Managing Director/Chief Executive Officer of same. He has also served as the Chairman of the Boards of Directors of Senkadagala Finance PLC, Chemanex Adhesives Limited, Chemanex Exports (Private) Limited and Yasui Lanka (Private) Limited.

At present Mr. De Alwis serves as a Director of Link Natural Products (Pvt) Ltd. and was a Member of the Tertiary & Vocational Education Commission and also a member of the Board of Governors of the University of Vocational Technology.

Palitha M Kumarasinghe PC

Director**

Mr Kumarasinghe is a senior legal practitioner and a President's Counsel with over 35 years of experience in Civil, Commercial and Corporate Law, represents the Board of LAUGFS Gas PLC from September 2010 and he is a member of the Audit Committee.

He is a leading President's Counsel in Commercial and Banking Law and is a standing Legal Counsel for several leading and reputed Commercial, Specialized and Merchant Banks and Finance Companies in the country. Mr. Kumarasinghe is a member of the Bar Council and has also served as the Vice President and Executive Committee Member of the Bar Association of Sri Lanka from 2003 to 2005 and as the President of the Colombo Law Society during the said period.

Mr. Kumarasinghe had served as a member of the Public Service Commission of Sri Lanka for a maximum period of two terms of 3 years each. He has been a Member of the Incorporated Council of Legal Education of Sri Lanka and its Board of Study for several years.

Mr. Kumarasinghe is the Chairman of the Disciplinary Committee/Legal Advisory Committee of Sri Lanka Cricket and a Member of Board of Trustees of Kalutara Bodhi Trust.

Mr. Kumarasinghe has also served as the Chairman of the Environmental Council established under the National Environment Authority Act and a Member of the Advisory Commission on Intellectual Property established under the Code of Intellectual Property Act.

Tissa Kumara Bandaranayake

Director**

Mr. Bandaranayake a Fellow of the Institute of Chartered Accountants of Sri Lanka holds a Bachelor of Science Degree from the University of Ceylon. He is representing the Board of LAUGFS Gas PLC from September 2010 and as the Chairman of the Audit Committee.

Mr. Bandaranayake possesses over 50 years' experience in the fields of accounting, auditing and finance, was a Senior Partner of Ernst & Young until his retirement from active practice. At present, he serves as the Chairman of the Quality Assurance Board established by the Institute of Chartered Accountants of Sri Lanka comprising of senior professional representatives from both the private state sector and regulatory bodies and was a former Chairman of the Audit Faculty of the Institute Chartered Accountants of Sri Lanka.

He holds Directorates in Nawaloka Hospitals PLC, Harishchandra Mills PLC , Overseas Reality (Ceylon) PLC, Renuka Foods PLC, Renuka Holdings PLC, Micro Holdings Limited , Waters Edge Limited and Samson International PLC in an independent non-executive capacity, while serving as a Consultant to the Board of Directors of Noritake Lanka Porcelain (Pvt) Ltd.

Mr. Nadarajah Murali Prakash

Director *

Mr. Murali Prakash holds a MBA from University of Southern Queensland and is also a Certified Professional Marketer (Asia Pacific) and a Certified Management Accountant (Aust.). He holds an Executive Diploma in Business Administration from the University of Colombo and is an Alumni of the National University of Singapore and Asian Institute of Management, Manila. He is a Fellow of the Chartered Management Institute (London) and Certified Professional Managers of Sri Lanka.

He has served as the Group Managing Director/Chief Executive Officer of Browns Group of Companies, a public quoted conglomerate involved in trading, manufacturing, finance, travel and tours, plantations and investments.

He has served as the Chairman of Galoya Holdings (Private) Limited and Sales Director of Singer (Sri Lanka) PLC. Mr. Prakash has served as the Deputy Credit Director and Credit Manager for many years, handling the marketing and management of hire purchase and related credit portfolios at Singer. He also served on the Boards of Singer (Sri Lanka) Ltd, Singer Finance Lanka Ltd and Singer Industries (Ceylon) Ltd.

Mr. Prakash is a Director of LAUGFS Holdings Limited, the parent Company of LAUGFS Gas PLC, LAUGFS Lubricants Limited and LAUGFS Supermarkets (Private) Limited.

* Non-Executive Director

** Independent Non-Executive Director

Management Team

1. **Ajith Kumarage**
   General Manager - Projects

2. **Ashan De Silva**
   Chief Executive Officer, LAUGFS Gas PLC

3. **Chamath Indrapala**
   Chief Finance Officer, LAUGFS Gas PLC

4. **Damayantha Dharmasiriwardana**
   Chief Executive Officer, LAUGFS Eco Sri (Pvt) Ltd

5. **Dev George**
   Residence Manager - LAUGFS Leisure Ltd

6. **Dulani Nissanka**
   Chief Human Resource Officer

7. **Hector Perera**
   Group General Manager - HRD

8. **Indika Gunawardena**
   Chief Information Officer

9. **Keerthi Pathiraja**
   Head of Legal / Board Secretary

10. **Leslie Hemachandra**
    Director / CEO, LAUGFS Maritime Services (Pvt) Ltd

11. **Manjula Ediriweera**
    General Manager - Accounting & Finance

12. **Murad Rahimdeen**
    Chief Operating Officer, LAUGFS Gas PLC

13. **Nishan Liyanapathirana**
    Head of Group Risk & Control

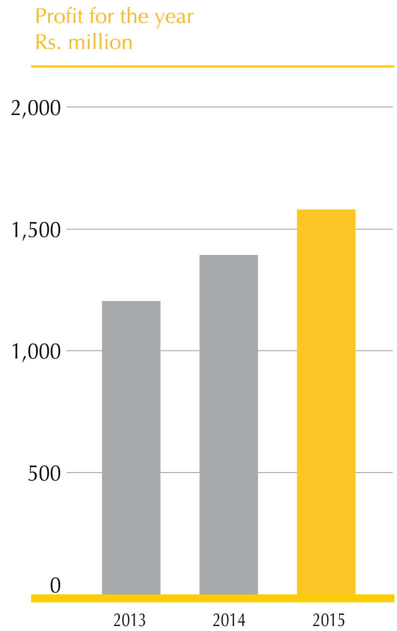
14. **S A Halangoda**
    Deputy General Manager – Treasury & Finance

15. **Sheranga Senanayake**
    Head of Corporate Communications

ENERGY

LAUGFS GAS PLC

LAUGFS Gas PLC, being the flagship of the Group of Companies, commenced its operations in 2001 with the expiry on the monopoly of LPG downstream industry. The Company, through its network of more than 21 island wide distributors and over 3,200 dealers, caters to the domestic, commercial and industrial needs of its varied customers, dealing with LPG and related products. The Company operates in a duopoly market and has established a majority market share in the commercial and industrial sectors whilst improving yearly on the domestic segment. In order to gain more market share in the future, the Company will be targeting the lower income group category of the country which remains under served at present.



In order to gain more market share in the future, the Company will be targeting the lower income group category of the country which remains under served at present.

By the year 2025, it is projected that the total local consumption of LP gas by all segment will reach 402,000 MT and 75% of it will be consumed by the households.

In order to facilitate its logistics, the Company invested in a gas tanker through its newly formed fully owned subsidiary LAUGFS Maritime Services (Pvt) Ltd. As the sea borne transportation of LPG is considered as the most cost effective way of moving these gasses over long distances between major exporting and importing regions of the world, this Company was floated with a view to engage in the business operations of ownership of vessels and to offer shipping services under the Sri Lankan flag to customers located in the country and overseas. Another reason for the Company to expand into this area is as Sri Lanka vision is to become a 'Maritime Hub' of the region in the future under the 5+1 Hub Strategy with its close proximity to the sea lanes. The company acquired the gas tanker and named as 'MT Gas Challenger' which has a

capacity of 3,300MT in order to help the Company to maintain healthy inventory levels in the highly volatile LPG market. The Company intends to obtain ISO 14001 by July 2015 and ISO 9001 certification in the near future in order to move towards business operations as an environment friendly business entity.

The other three subsidiaries under the LAUGFS Gas PLC includes the Services Sector by way of issuance of Vehicle Emissions Testing (VET) certificates of vehicles on an island wide basis, Leisure Sector through the operation of luxury hotels, Power Sector by engaging in the generation of hydro power and in the Property Development Sector through the construction and sale/lease of office complexes.

Due to the high volatility associated with world LPG production and the global market prices as seen in the recent past, together with the national policy changes, the rapid fluctuations in the market dynamics has thrust the Company to face many challenges in the future at the market place and in business operations.

SERVICES

LAUGFS ECO SRI (PVT) LTD

The Company operates under a BOI status for the purpose of issuance of Vehicle Emission Testing (VET) Certificates to motor vehicles and has further strengthened its presence in the island by expanding to cover the entire country. VET Certificates has been made mandatory for the issuance of the revenue license for motor vehicles by the Department of Motor Traffic. At present the market is shared with another player and the company serves a total of 209 locations, island wide.

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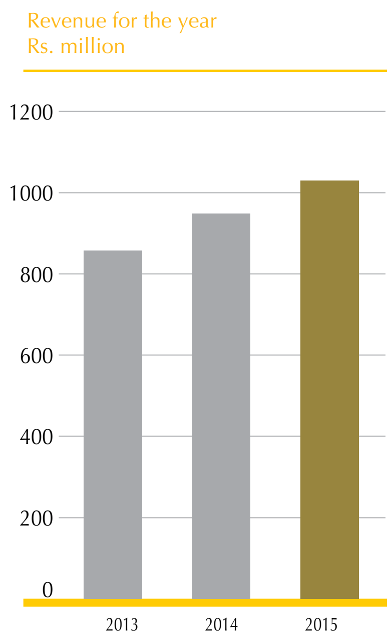


The Company is currently exploring ways and means of contributing positively to this cause through new environmental business ventures.

With the increased influx of vehicles in to the country especially during the post war period and with the rapid infrastructure development taking place in the country and increase in the disposable income of the citizens, the Company will be focused in the increase of its market share.

With the introduction of the National Air Quality Policy in the year 2000, the need to determine and improve the air quality in the country has become an important environmental yardstick. The Company is currently exploring ways and means of contributing positively to this cause through new environmental business ventures.

POWER

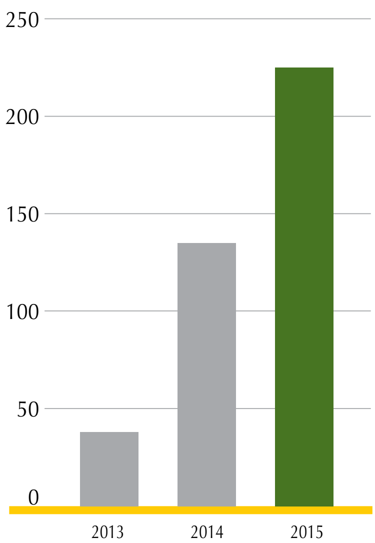
LAUGFS POWER LTD

LAUGFS Power Ltd commissioned its hydro power plant in Balangoda, Ratnapura district with an installed capacity of 500KW by end of 2014

The company will focus in the future on all other renewable energy resource development.

Rs. **225** million

Total Assets 2015



LAUGFS Power Ltd commissioned its hydro power plant in Balangoda, Ratnapura district with an installed capacity of 500KW and started commercial operations during the year 2014 / 2015. The construction of the next stage of the plant with an installed capacity of 550 KW and the Thiniyagala project at Nuwara Eliya district with a 700 KW capacity. Both these plants are expected to be completed before end 2015/16 financial year. The stage 1 of the Balangoda plant that was connected to the national grid is yielding higher than expected results.

With the expected increase in demand for power in the country in the short to medium term in line with the economic activities connected with the national growth of the country, the Company has further plans to expand further in to many mini hydro projects within the socio-economic limits, not only to harness the natural resources that are freely available in the country but also to increase the returns to the stakeholders.

The Company with its current focus on mini hydro projects has plans to further expand to areas such as wind, solar and other new renewable energy projects depending on the feasibility of such projects and the availability of infrastructure and natural resources.

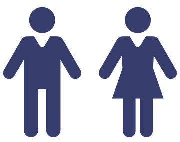
There are several renewable energy projects under consideration, which may significantly increase the profitability of the Company.

The Company has plans to expand further in to many mini hydro projects in the view of its expansion programme

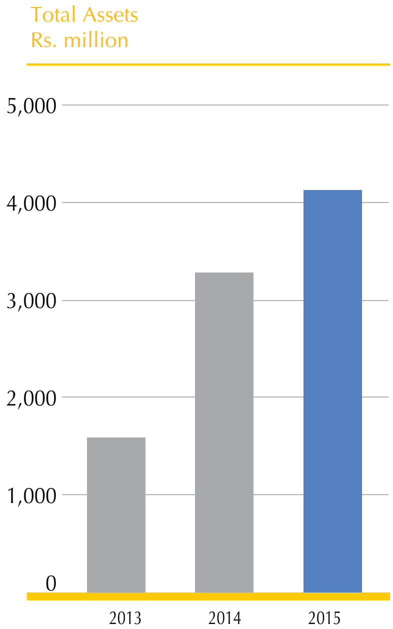
LEISURE

LAUGFS LEISURE LTD

'Anantaya Resort & Spa' hotel, situated in Chilaw under LAUGFS Leisure Ltd, in the North Western Province commenced operations in 2014 and has a unique view of both the ocean and the lagoon from most part of the hotel. It has 87 star class luxury hotel rooms together with four separate spa units for complete privacy and tranquility.



Anantaya Passekudah (Pvt) Ltd, is under construction with 100 star class luxury hotel rooms and is designed by a world renowned Thai architect and is expected commence operations by end-2015.



'Anantaya Resort & Spa' has 87 star class luxury hotel rooms together with four separate spa units for complete privacy and tranquility

Another luxury hotel in Passekudah in the Eastern Province built under another subsidiary, Anantaya Passekudah (Pvt) Ltd, is under construction with 100 star class luxury hotel rooms and is designed by a world renowned Thai architect and is expected commence operations by end-2015.

The next hotel project is situated in the Kalutara district on a 15 acre beach frontage and in the main tourism belt. This hotel which will be one of a kind, is still in its planning stage and will consist of more than 200 luxury rooms and will include large convention halls with entertainment

centers and is expected to be completed in two stages. This hotel will ideally be suited for regional MICE (Meetings, Incentives, Conferences and Exhibitions) markets that will be exploited in the future.

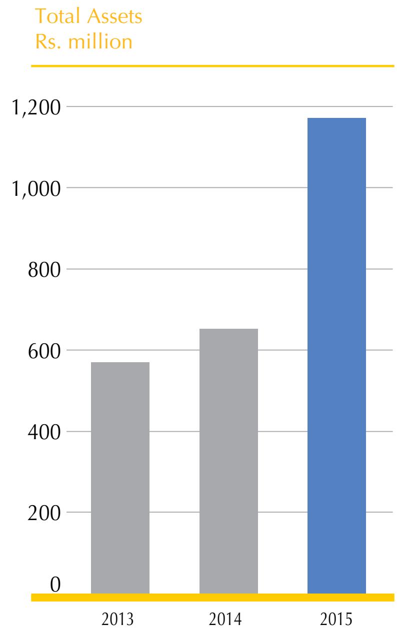
With Sri Lanka targeting a revenue more than US$ 3 billion from tourism in 2015 and with the anticipated record tourist arrivals in the country in the future, the Company has plans to expand further to cater to new Indian and Chinese markets that are bound to open up in the short to medium term. The tourism boom which is expected in the post war period will be further enhanced by the rapid infrastructure development at present through-out the country and with the national interest in the tourist industry as a whole.

PROPERTY

LAUGFS PROPERTY DEVELOPERS (PVT) LTD

LAUGFS Property Developers (Pvt) Ltd completed the construction of the unique luxury office complex in March 2015, and is available for occupation in the near future. The building is located at a prime residential area at 101, Maya Avenue, Colombo 6. It comprises of ten stories and consists of nearly 85,000 square feet of office space with ample parking space for more than 50 vehicles. The building conforms to the highest international standards in every respect and is designed to provide luxury accommodation with modern amenities to its occupants.

It comprises of ten stories and consists of nearly 85,000 square feet of office space with ample parking space for more than 50 vehicles.



The strategic location of this property further enhances its value as it has easy access for many main roadways

The strategic location of this property further enhances its value as it has easy access for many main roadways and faster connectivity to the existing and proposed highways and expressways. With the demand for commercial office space expected to rise in line with economic activity undertaken with the country's growth, the real estate sector in the country is poised for a steady growth in areas such as banking, financial services and information technology.

The group achieved another milestone by completion of the construction of the commercial office complex at Maya Avenue, Colombo 6 during the year.

TRANSPORTATION AND LOGISTICS

LAUGFS MARITIME SERVICES (PVT) LTD:

LAUGFS Maritime Services (Pvt) Ltd being a fully owned subsidiary of LAUGFS Gas PLC was formed to engage in shipping and port services covering ocean freight and related logistical activities of customers.

The company commenced operations in November 2014 with the acquisition of a gas tanker named "MT Gas Challenger" with a capacity of 3,300 MT. The acquisition of the gas tanker to facilitate the logistical function of LPG supplies of LAUGFS Gas PLC was a backward integration exercised by the Company through lower freight rates to the parent company. At present the vessel is employed to transport Liquid Petroleum Gas (LPG) for LAUGFS Gas PLC from Oman to Colombo port.

The tanker has a minimum transport capacity of 65,000 MT per annum if the vessel is operational throughout the year without any delays. As the efficiency and profitability of shipping solely depend on the number of operational days, one of the main constraints of the company will be to minimize the non-operational days.

The Company has taken environmental and sustainability initiatives by taking steps to minimize the 'Green House' effect based on the ship's activities. The 'Gas Challenger' was able to clinch the rare CAP rating one from the Lloyds Registry of Shipping after the completion of the dry docking exercise and certifications for safety standards and for meeting with the.

Due to the sharp rise in the LPG shipping demand from around the world and especially from USA on long haul voyages, the future of LPG shipping business seems positive.

The company commenced operations in November 2014 with the acquisition of a gas tanker named "MT Gas Challenger" with a capacity of 3,300 MT.

The 'Gas Challenger' was able to clinch the "CAP" rating one status from the Lloyds Registry of Shipping

Management Discussion and Analysis

Review of the Economic Environment

The Sri Lankan economy once again revealed its robustness and recorded a GDP growth of 7.4% in the year 2014. Although it was a marginal reduction from the forecasts made for the year, it was an increase of 0.2% over the previous year. However, the GDP growth achieved is considered a satisfactory level of growth in the backdrop of the domestic and external challenges. As a result of the growth, the GDP per capita moved upto US$ 3625 in the year 2014 from US$ 3280 in the previous year. The annual average inflation recorded for the year 2014 was 3.3%, and it was a substantial reduction when it is compared against the levels prevailed in the previous year of 6.9%. The authorities deserve credit for having contained the levels of inflation to a single digit for 6 consecutive years. The prudent monetary policies adopted coupled with the decline in commodity prices, especially during the second half of the year contributed to the lower levels of inflation.

It is also interesting to note the services sector represented 57.6% of the GDP of the country in the year 2014 and it was a growth of 6.4% over last year. The share of the industry sector increased further to 32.3% with a sectorial growth of 11.4% . It has to be highlighted, under industry segment the factory industry had made a significant contribution, unlike in the previous years whilst the bulk of growth still emanating from the construction industry. The agriculture sector represented only 10.1% of the GDP and it is said to have been largely affected by the issues relating to climatic conditions and weather prevailed during the year. The growth of the services sector of the economy is an indication of our journey towards economic prosperity with the growth of the tertiary sector like any other developed country. It is, much more common, the decline of the primary sector like agriculture when a country is advancing economically and with the reduction of the dependence on the basic economic factors like land for growth and development.

In the midst of the global economic environment, the Sri Lanka's external sectors imbalances have been managed to a greater extent. As a percentage of GDP, the deficit in the trade account improved to 11.1% in 2014 from 11.3% in the year 2013. It is however highlighted in the annual report of the Central Bank of Sri Lanka that in nominal terms the trade deficit increased to US$8.3billion in 2014 from US$ 7.6 billion in the previous year. This was the result of a larger increase in expenditure on imports compared to the increase in earnings from exports.

The deficit in the current account too made a notable improvement in the year 2014. The current account deficit of 3.8% of GDP in the year 2013 has been reduced to 2.7% of GDP in the year 2014. The financial inflows, together with the improvement in the current account contributed to the overall surplus of US $ 1,369 million in the Balance of Payment in the year 2014.

Although the Sri Lanka Rupees remained generally stable against the United States Dollar during the first 9 months of the year, depreciated towards the end the overall deprecation of the rupee over the year was in the region of 0.23%. There were some drawbacks identified in the fiscal consolidation process during the year, with the overall fiscal deficit as a percentage of GDP, increased for the first time in the post conflict period. This was to be achieved by improving revenue to 14.5% of GDP in 2014 from 13.1% in 2013, and reducing the recurrent expenditure to 13.4% from 13.9% in the year 2013, while maintaining public investment at a high level of 6.7% in 2014 compared 5.5% in 2003.

The economy of the country despite many volatilities and domestic political environment, appears to be unshaken and moving ahead on the growth path observed since the war against terrorism is over and this augurs well for the business environment and investment.

As far as the global economic outlook is concerned it is still struggling to gain as momentum as many high income countries continue to grapple with legacies of the global financial crisis and emerging economies are less dynamic than in the past .The global growth in 2014 was lower than initially expected, continuing a pattern of disappointing outturns over the past several years. The global growth picked up only marginally in 2014 to 2.6%, from 2.5% in 2013. Beneath these headline numbers, increasingly divergent trends are at work in major economies.

While activity in the United States and the United Kingdom has gathered momentum as labor markets recover and monetary policy remains extremely accommodative.

The People's Republic of China in the meanwhile, is undergoing a carefully managed slow down. A disappointing growth in other developing countries in 2014, reflected weak external demand, and also domestic policy tightening, political uncertainties and supply side constraints added to the slow growth.

In the circumstances, overall global growth is expected to rise moderately to 3.0 % in 2015, and average about 3.3% through 2017. The high income countries likely to see a growth of 2.2% in the period 2015 to 2017 up from 1.8% in 2014, on the back of gradually recovering labor markets, ebbing financial consolidation and still low financing costs. In developing countries such as ours, as the domestic headwinds that held back growth in 2014 is expected to ease and recovery in high income countries slowly strengthens, the growth is projected gradually to accelerate, rising from 4.4% in 2014 to 4.8% in 2015. This will further rise up to 5.4% by the year 2015. The lower oil prices will contribute to diverging prospects for both oil exporting and importing countries.

The economic prospects for Sri-Lanka for the year 2015 and beyond is much brighter than the other developing countries, if viewed in the light of the roadmap developed by the Central Bank. The GDP at the market prices expected to grow to around USD 86.1 billion in the year 2015 and the projections made for the year 2020 is USD 163.4 billion. Accordingly the per capita income would rise to USD 4122 in 2105 and the target set for the year 2020 is USD 7500. In keeping with these stated goals the medium term macro-economic frame work has been developed to ensure steady progress across all sectors of the economy while maintaining stability. The Central Bank of Sri-Lanka has very clearly indicated in their roadmap developed, the macroeconomic stability will be the key goal of the monetary policy, of which, price stability will remain the main component whilst the elements of external, fiscal and financial stabilities would play very important roles in the economy. The way forward will be to focus on a greater role on all components of economic stability as just described while attention to be paid to investment policies which too will compliment monetary policy to achieve overall economic stability.

The anchoring of inflation expectations on an inflation target range will also be a key element to achieve price stability and having recognized this in the road map 2014, the Central Bank of Sri-Lanka commenced announcing a targeted inflation range for the medium term and accordingly, the "tolerable range" of inflation was from 4% to 6%. The sharp reduction in energy prices and lower prices of some key commodities in international markets have kept the inflation even below the expectations made in 2014.In the medium term, the inflation is expected to be maintained in the range of 3% to 5%. However, given the projections of low energy prices, the" tolerable range" for inflation in 2015 would be lower at 2% to 4% according to the projections made by the Central Bank of Sri-Lanka.

The financing of the medium term growth including investments in the main hubs of the economy would require adequate level of fund flows to the private sector. The Central Bank has indicated the money supply will be kept in line with envisaged annual GDP growth around 8% in the medium term thus facilitating the smooth functioning of the economy.

The growth of the services sector of the economy is an indication of our journey towards economic prosperity with the growth of the tertiary sector like any other developed country.

Organizational Profile

OUR BRANDS, PRODUCTS AND SERVICES

LAUGFS Gas

LPG Distribution

Market
Domestic, Commercial, Industrial

Products
LPG - 2kg, 5kg, 12.5kg, 37.5kg, Bulk and Accessories

Services
Engineering solutions, Consultancy services, Energy audits, Energy optimization, Home Delivery

+3,200 Dealers

21 Distributors

LAUGFS Eco Sri

Vehicle Emission Testing

Market
Vehicle Owners

Value-added Services
Call Centre Service

79 Fixed Emission Test Centres

130 Mobile Locations

26 Mobile Units

LAUGFS Power

Hydro-Power Generation

Market
Ceylon Electricity Board

Phase I
0.50 MW
Added to the National Grid

Phase III
0.55 MW
(in final stage of construction)

LAUGFS Property Developers

Construction & Property Development

Tower 101
Maya Avenue

LAUGFS Maritime Services

Maritime Services and Logistics Provider

Gas Challenger
(LPG transportation)

LAUGFS Leisure

Anantaya Resorts & Spa

Hospitality
Local & International
87 Rooms

OUR GEOGRAPHIC LOCATIONS

LAUGFS Gas, LAUGFS Eco Sri, LAUGFS Property Developers, LAUGFS Leisure and LAUGFS Power operate in Sri Lanka while LAUGFS Maritime Services operates in international waters.

The spread of its geographic locations are shown below.

LAUGFS Gas

Head Office : Colombo 04
Plant : Mabima

Distributor Network

1	Nuwara Eliya	13	Kalutara
2	Badulla	14	Galle
3	Kandy	15	Gampaha (North)
4	Mawanalla	16	Chilaw
5	Kurunegala	17	Ambalanthota
6	Anuradhapura	18	Rathnapura
7	Polonnaruwa	19	Wataraka
8	Jaffna	20	Boralesgamuwa
9	Batticaloa	21	Siyambalape (Gampaha South)
10	Trincomalee	22	Dambulla
11	Ampara		
12	Matara		

LAUGFS Leisure

Head Office : Colombo 4

Anantaya Resorts & Spa
Resort - Bangadeniya, Chilaw

LAUGFS Power

Head Office : Colombo 4
Power Plant : Balangoda and Ginigathhena

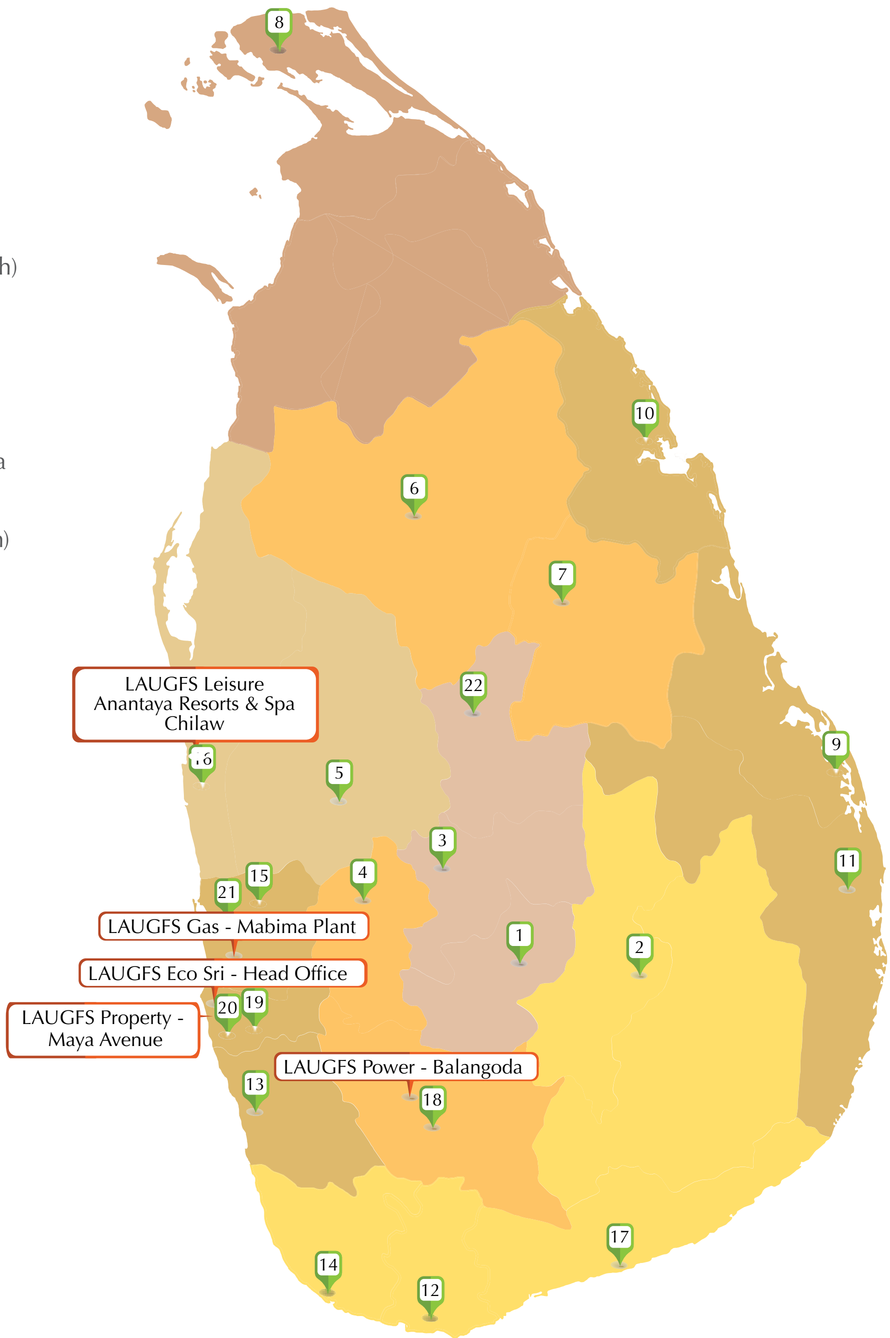
LAUGFS Property Developers

Head Office : Colombo 4
Site locations: Maya Avenue

LAUGFS Maritime Services

Head office : Colombo 4

Gas Challenger
Operates in international waters



Management Discussion and Analysis

Organizational Profile

OUR GEOGRAPHIC LOCATIONS

LAUGFS Eco Sri

Head Office : Colombo 4

Fixed Centres

1 Akkaraipattu
2 Akurana
3 Ampara
4 Anuradhapura
5 Athurugiriya
6 Avissawella
7 Baddegama
8 Badulla
9 Balapitiya
10 Bandarawela
11 Batticaloa
12 Bellanthota
13 Borella
14 Chilaw
15 Chunnakam
16 Dambulla
17 Dulapitiya
18 Elpitiya
19 Embilipitiya
20 Embuldeniya
21 Eppawela
22 Galle
23 Gampaha
24 Gampola
25 Horana
26 Ja – Ela
27 Jaffna
28 Kadawatha
29 Kaduwela
30 Kalmunai
31 Kaluthara
32 Kamburupitiya
33 Kandy
34 Katunayake
35 Kegalle
36 Kiribathgoda
37 Koswatta
38 Kotahena
39 Kotikawatta
40 Kottawa
41 Kuliyapitiya
42 Kundasale
43 Kurunegala
44 Lindula
45 Mahiyanganaya
46 Makola
47 Matale
48 Matara
49 Matugama
50 Meegoda
51 Melsiripura
52 Monaragala
53 Negombo
54 Neluwa
55 Nittambuwa
56 Nochchiyagama
57 Nuwara Eliya
58 Orugodawatta
59 Panadura
60 Pannala
61 Pelmadulla
62 Piliyandala
63 Polonnaruwa
64 Pugoda
65 Puttalam
66 Ragama
67 Rajagiriya
68 Rathnapura
69 Tangalle
70 Tissamaharamaya
71 Trincomalee
72 Udugampola
73 Vavuniya
74 Walimada
75 Warakapola
76 Wariyapola
77 Wattala
78 Wellawaya
79 Wennappuwa

Mobile Locations

1 Adampan
2 Adigma
3 Akuressa
4 Aluthgama
5 Ambanpola
6 Ampitiya
7 Anamaduwa
8 Angunukolapalassa
9 Ankumbura
10 Aralaganwila
11 Athimale
12 Badalkubura
13 Baduraliya
14 Bakamuna
15 Bibila
16 Bowatta
17 Bulathsinhala
18 Buttala
19 Chawakachcheri
20 Chenkalady
21 Dambadeniya
22 Dankotuwa
23 Dehiatthakandiya
24 Deltota
25 Deniyaya
26 Dikwella
27 Dummalasuriya
28 Galagedara
29 Galenbindunuwewa
30 Galewela
31 Galgamuwa
32 Galneewa
33 Ganegoda
34 Giradurukotte
35 Giriulla
36 Godakawela
37 Hakmana
38 Hanguranketha
39 Haputhale
40 Higurana
41 Hingurakgoda
42 Hiripitiya
43 Horowpathana
44 Ibbagamuwa
45 Ingiriya
46 Ipalogama
47 Kadugannawa
48 Kahatagasdigiliya
49 Kalawana
50 Kalawanchikudi
51 Kandaketiya
52 Kantale
53 Kattanakudy
54 Katupotha
55 Kebithigollewa
56 Kilinochchci
57 Kinniya
58 Kiriella (i)
59 Kiriella (ii)
60 Kobeigane
61 Kodikkamam
62 Kokaddicholai
63 Kopay
64 Kotapola
65 Madawachchiya
66 Madirigiriya
67 Mahaoya
68 Mallawapitiya
69 Mannar
70 Mapalagama
71 Maradankadawala
72 Mawathagama

73 Medagama
74 Middeniya
75 Mihinthalaya
76 Mulathiv
77 Mundalama
78 Muthur
79 Natthandiya
80 Na-ula
81 Nawagattegama
82 Nawalapitiya
83 Nelliyadi
84 Ninthavur
85 Niwithigala
86 Norochchole
87 Nikaweratiya
88 Padaviya
89 Padiyathalawa
90 Paduwasnuwara
91 Palagala
92 Pallebadda
93 Paragahadeniya
94 Passara
95 Pelawatte
96 Pellandeniya
97 Pemaduwa
98 Polgahawela
99 Polpithigama
100 Pothuwil
101 Pudukuduirrippu
102 Pulmudei
103 Rakwana
104 Ragala
105 Rajanganaya
106 Rambukkana
107 Ratthota
108 Ridigama
109 Saliyawewa
110 Samanthure
111 Sevanagala
112 Sewanapitiya
113 Sithankerny
114 Siyambalanduwa
115 Sooriyawewa
116 Thambaala
117 Thambuththegama
118 Thanamalwila
119 Thirappane
120 Udugama
121 Ukuwela
122 Urubokka
123 Uva Paranagama
124 Walachchiyana
125 Walasmulla
126 Wanduramba
127 Watthegama
128 Weligama
129 Wilgamuwa
130 Yakkalamulla

OUR VALUE SYSTEM

Our Values are our guiding principles. They drive our business decisions and how we engage with our stakeholders and the environment.

We believe that Customer Centricity, Innovativeness, Integrity, Teamwork and commitment to being a Responsible Corporate Citizen are at the core of our culture and how we work every day.

It is this Value System that guides our commitment towards sustainability and help define our actions in ensuring responsible, ethical and transparent engagement with all those we touch.

Customer Centricity

At LAUGFS, we serve with passion. Our continuous focus is on building lasting trusted relationships by being attentive and responsive, nurturing customer intimacy and constantly finding ways to create value.

Being Customer Centric will help us make LAUGFS a world class company

Integrity

We honour our commitments, and we are ethical, honest and fair in our dealings. We take ownership of our actions, we are dependable, and are consistent in what we say and how we behave.

Integrity will help us make LAUGFS a trusted brand in Sri Lanka and beyond.

Innovativeness

Being innovative is an integral part of how we work every day. We are constantly open to new ideas, progressive in our approach, embrace change and nurture a learning culture.

Being Innovative will help us make LAUGFS a leader in the sectors we operate.

We believe that Customer Centricity, Innovativeness, Integrity, Teamwork and commitment to being a Responsible Corporate Citizen are at the core of our culture and how we work every day.

Teamwork

We value diversity in our people and ideas, and foster a culture of respect, equity and inclusiveness. We not only work together as one family, but also celebrate together with a sense of pride, community and belonging.

Fostering a culture of Teamwork will help us make LAUGFS a great place to work.

Responsible Corporate Citizen

We care for the wellbeing of all our stakeholders and we are ethical and responsible in our approach to business. We believe sustainability of our business is intrinsically tied to creating value and positive change towards our stakeholders and the environment.

By being a Responsible Corporate Citizen we will help LAUGFS become a sustainable business.

OUR SUSTAINABILITY POLICY

LAUGFS will always consider its environmental, social and economic impacts when making business decisions. Our commitment to sustainability goes beyond managing environmental, social and economic impacts and fulfilling our responsibilities to create shared value to all stakeholders; we are committed to sustaining LAUGFS by delivering exceptional performance. We will meet or exceed our own and set standards to create a culture of sustainability within LAUGFS and the industries that we operate in. We strive to become a model of sustainability for our country, as we pursue our Vision.

Sustainability Committee

Our Sustainability Committee drives all initiatives in line with the long-term sustainability strategy of the Group, with the guidance and counsel of the Board of Directors.

A dedicated Sustainability Champion is assigned for each subsidiary company under LAUGFS Gas PLC to ensure annual sustainability initiatives are implemented effectively at each business unit.

Management Discussion and Analysis
Significant Changes During the Year Under Review

The Company considerably expanded its footprint during the year with the incorporation of LAUGFS Maritime Services in August 2014 and the subsequent purchase of the Company's first vessel, the 'MT Gas Challenger'. The vessel is an LPG carrier of 3,350MT capacity, which was an investment of USD 6.9 million. This latest addition to the already diverse portfolio of LAUGFS is yet another means of strategic integration to ensure seamless operations as well as a significant step towards broadening our horizons to include greater opportunity for growth and diversification.

2014 also saw the completion of the Maya Avenue construction project of LAUGFS Property Developers; a 10 storied building, which is ideal for corporate offices.

The second of the chain of hotels operated under LAUGFS Leisure is nearing completion at Passekudah and is expected to hold its soft opening in November 2015.

Several upgrade and expansion programs were also carried out at the LAUGFS Gas plant in Mabima, to cater to the growing market demand. These include the extension of the plant building, introduction of new carousel for 5 Kg cylinder filling as well as a modern valve changing machine, and the addition of another 250 metric tonne storage tank.

The SAP Enterprise Resource Planning (ERP) platform went LIVE during the year under review, delivering greater efficiency and performance across LAUGFS operations. In addition, a fully functional disaster recovery site capable of running all critical IT systems & services of the group was set up at a data center outside city limits assuring greater security and sustainability of our operations.

A number of platforms were also launched by the Group IT as part of its Green IT project, providing significant cost savings, improved efficiency and security as well as reducing our carbon footprint by encouraging a paperless office.

2014 also saw the completion of the Maya Avenue construction project of LAUGFS Property Developers

The Company's first vessel, the 'MT Gas Challenger', is an LPG carrier of 3,300MT capacity, with an investment of USD 6.9 million.

Management Discussion and Analysis

Business and Financial Review

ENERGY

Global Outlook

The growing U.S LPG exports contributed notable volume to the market in the year under review. The year under review also saw a major crash in oil prices from over USD100 a barrel to less than USD45 a barrel. This coupled with new production and export sources has decisively altered the balance between LPG supply and demand.

The production rise has created a conducive environment for infrastructure project development, to take advantage of LPG as a competitively priced chemical feedstock. The rapid expansion and new development of dehydrogenation plants in China and the US will create a key future demand source.

Global LPG production reached just over 280 million tons in 2013, up by 2.3% from 2012, while global LPG consumption rose to just over 265 million tons, up by 2.8% from 2012. The gap between LPG production and consumption reached 15 million tons, the same level as in 2012. The continuing growth in consumption is a welcome sign that the industry has many dynamic and robust sources of demand in keeping with the versatility of LPG and its many uses.

LPG exports reached over 94.6 million tons in 2013, a leap of nearly 10 million tons year on year, and proof that the deep transformation in global long-haul LPG trade has begun to decisively change the traditional LPG map of the world. The key new relationship between supply and demand markets is the link between U.S shale gas derived LPG exports and the consuming markets of Asia Pacific.

The top ten producers and consumers of LPG remained fairly unchanged. U.S.A still remains the number one producer and consumer of LPG with production increasing by 8.6% in 2013 to 59.4 million tons. China has become the world's second largest consumer of LPG with a wave of propane dehydrogenation plants consuming LPG as feedstock. Saudi Arabia just edged China in terms of production in 2013 whilst its production reduced by 10.5% to 24.7 million tons.

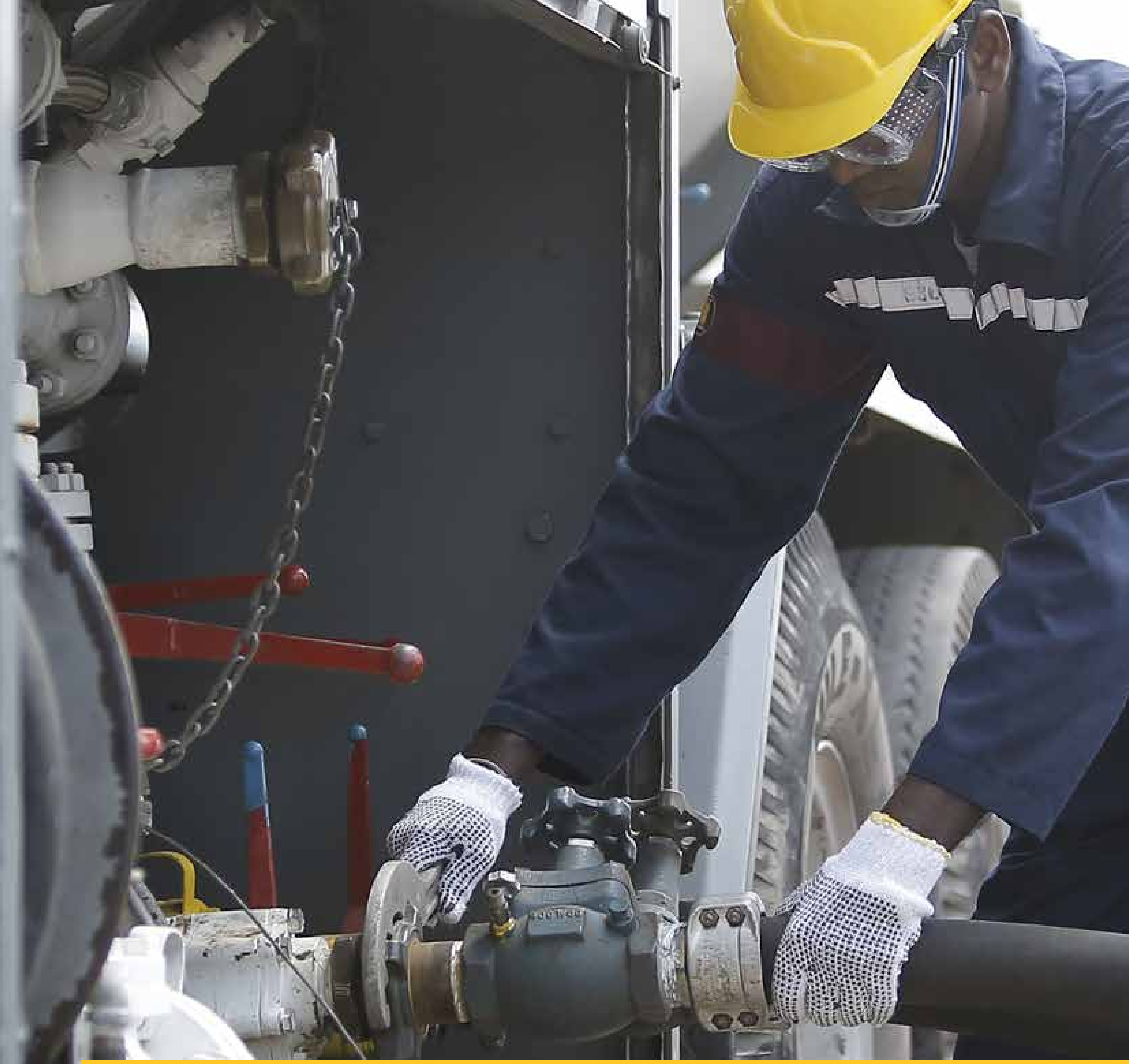
The composition of LPG consumption by sector remained fairly unchanged with domestic cooking and heating sector accounting for 46% of the global demand. There was however, stagnating demand from the West Europe's domestic sector.

Global LPG production reached just over 280 million tons in 2013, up by 2.3% from 2012, while global LPG consumption rose to just over 265 million tons, up by 2.8% from 2012.

The petrochemical sector accounted for 25% of the global demand and continued to be a key influence as the industry's swing consumer. Not every petrochemical plant can switch feedstock easily. However, Ethane, the cheapest natural gas liquid continued to be a more competitive feedstock compared to propane or butane in 2013.

The global autogas sector saw an increase in consumption by 5.3% from 2012 to 25.8 million tons in 2013. South Korea is still the world's leading autogas market but saw a depression of demand consuming below 4 million tons. The Indonesian government actively encouraged autogas use, which has a market that only consumes 520 tons per annum. Thus, Indonesia could become a key autogas market over the next few years.

Rs. **10.2** billion
Revenue 2015



The composition of LPG consumption by sector remained fairly unchanged with domestic cooking and heating sector accounting for 46% of the global demand

Management Discussion and Analysis

Business and Financial Review

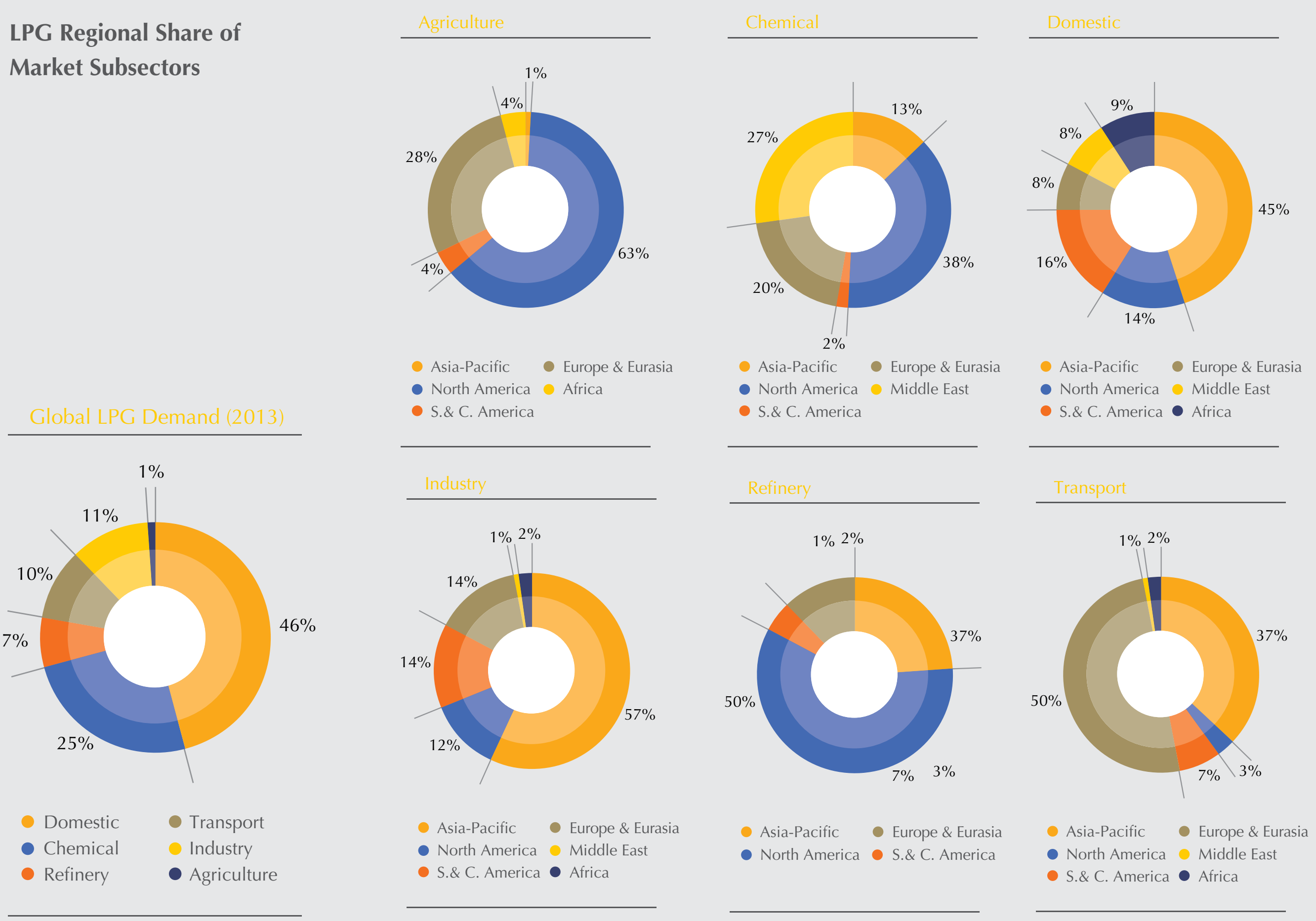
ENERGY

The company took several initiatives to expand its reach in the rural sector especially with notable projects like "Wathu Praja Divi Naguma"

Market price conditions changed significantly in the year under review for LPG. Asia Pacific LPG prices fell rapidly from the beginning of the third quarter, surpassing the historical trends of the same quarter in four consecutive years. The sharp drop in crude prices has exerted downward pressure on LPG. A glut in the U.S. is also weighing on the prices. Propane and butane are at more than 10 year lows, down nearly half since the beginning of September 2014.

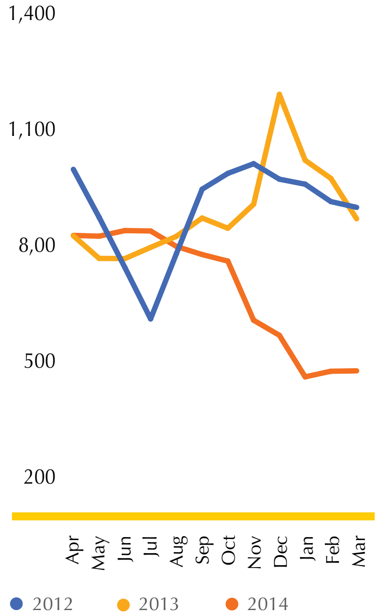
The yearly average of Saudi Aramco's monthly Contract Price (CP) declined by approximately USD200/ton a 23% decrease. The CP was at its lowest in January 2015 at USD456.5/ton compared to the yearly high of USD835/ton in June 2014.

LPG Regional Share of Market Subsectors



Source: Statistical Review of Global LP Gas 2014, Argus

Saudi Aramco
Contract Price (USD/MT)



Source: Saudi Aramco

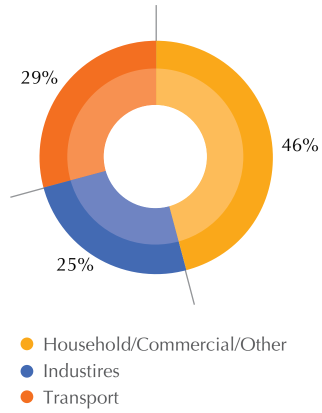
Asian importers were benefited with greater supply diversity since the dependence on exclusive Middle East LPG supply was reduced. Increased supply outlets from USA will have better economics after the extensive widening of the Panama Canal is completed, in early 2016. This will cut sailing times from the US Gulf to East Asia from 45 days to somewhere around 25 days.

With the ever-changing market dynamics, it was also observed that there is downward pressure on the freight premium. Firms are busy expanding their fleets, especially Very Large Gas Carriers (VLGCs), to connect supply outlets with demand points. A number of new builds became operational in the year under review; however, the industry is yet to witness a significant change in freight premium.

Sri Lankan Outlook

Sri Lanka's energy demand is mostly dominated by the household and commercial sectors and it slighty decreased to 46% from 2012 to 4 million tons. The Industrial and transport sectors consumed 2.3 million tons and 2.6 million tons respectively.

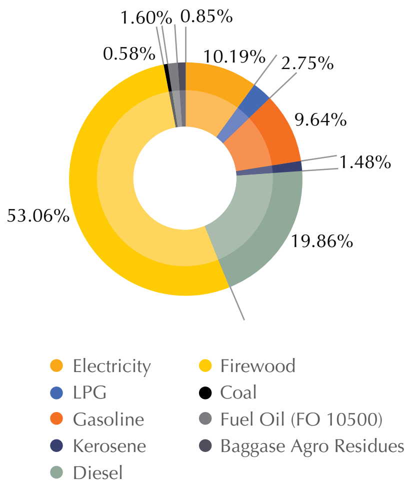
Total Energy Demand by Sector
(Kt) 2013



Source: Sri Lanka Sustainable Energy Authority, Energy Statistics 2013

According to Sri Lanka Sustainable Energy Authority data, the majority of the total energy requirement in Sri Lanka is still fullfilled by firewood, and its contribution has increased to approximately 53% from previous year. This is primarily due to several adoptations of commercial scale heating applications which uses biomass as feedstock. However, the majoriy of biomass consumption still happens at the household. With the increase in GDP, there is significant room for growth for flexible readily available fuels such as LPG.

Total Energy Demand by Sector
(Kt) 2013



Source: Sri Lanka Sustainable Energy Authority, Energy Statistics 2013

Management Discussion and Analysis

Business and Financial Review

ENERGY

Market Analysis

Over the past year the market for Sri Lankan LPG business changed rapidly with the depression of international oil prices, government policy fluctuations and macro economic factors influencing market dynamics.

The Saudi Aramco Contract Price (CP) fell by over 23% in the year under review. The rapid depression of CP prompted a decrease of MRSP of the domestic LPG cylinder by 33%. Even though the change directly affected the top line, the price reduction allowed the market to expand enabling the lower income levels to upgrade the use of LPG for their heating needs.

Income per month (Rs.)	Income category	Number of households
>136,501	High	1,042,000
44,251- 136,500	Upper middle	937,800
11,500-44250	Lower middle	2,188,200
<11,500	Low	1,042,000

Income distribution of Sri Lanka

The current statistics reveal that approximately 1.8 million households consume LPG though the majority of consumption happens at the high and upper-middle segments. However with the favorable low pricing structures, the lower-middle income category of households had the opportunity to use LPG for their domestic heating requirements.

It was also observed that the overall organic market growth for LPG has been in decline (4%-5%) during the last three years and the first half of the year under review (primarily due to high cost). With a more favorable pricing structure prevailing in the second half of the year under review, the company saw a significant increase in volume in comparison with last year.

LPG consumption in Sri Lanka (Calendar Year)

However with the increased demand and income migration, exponential growth is forecasted in the overall LPG market due to its affordability and convenience. As per market research, the sub-urban and rural communities whose lifestyles are being upgraded and enhanced with increasing disposable income have especially influenced the consumption increase.

In the year under review, the main volume contributors are from two segments i.e. the cylinder market; which consists of domestic and commercial sectors, and the bulk market; in the form of industrial bulk operations with heavy energy requirements in various industries. The cylinder market, which dominates the overall metric tonnage contribution, constitutes to approximately 85% of the total LPG consumption in Sri Lanka while the bulk market contributes to approximately 15%.

As per market information the total households in the high income-earning category have already adopted LPG for their domestic requirements and are the major contributors to the overall volume consumption. The consumption per household per month on average in this segment is approximately 9Kg, which is the benchmark consumption in the domestic sector. Approximately a total of 65% of the upper-middle income households and 10% of the lower-middle income households consumes LPG for their domestic heating requirements. The balance percentages of the households in each of the income categories above, along with the lower income category uses alternate fuels such as firewood, kerosene and saw dust for their heating requirements.

In the year under review, the company took several initiatives to expand its reach in the rural sector especially with notable projects like “Wathu Praja Divi Naguma” (Estate Worker Lifestyle Enhancement Project), which offered the low-income consumers LPG starter kits with affordable pricing and various easy payment schemes. Also, the company took several initiatives to enhance the channel visibility and increase the product availability throughout the island.

The company also saw significant volume growth in the industrial bulk segment, which was due to the increase in consumption of existing customers, and addition of new customers. In the year under review, the company took initiative to convert several customers with energy intensive applications to LPG from diesel and kerosene.

It was also observed that the overall organic market growth for LPG has been in declined (4%-5%) during the last three years and the first half of the year under review due to high world LPG prices.

Review

The year under review was a good year for the company. Over the last decade, LAUGFS Gas PLC has played a pivotal role in the remarkable development in the LPG industry of Sri Lanka. The company has brought to light several projects to popularize the use of LPG amongst the Sri Lankan consumers which has ensured good financial performance and competitive returns to shareholders. The Enterprise Resource Planning System, which went live in April, 2014, has enabled the management to use more comprehensive, analytical reports for their decision making process compared to last financial year and it has enabled the business to identify and respond rapidly to market and industry changes.

In the year under review, company has recorded a positive sales volume growth. Due to reduction in LPG cost, the MRSP reduced accordingly and average selling price was lower than the previous year. Due to the reduced selling price, the revenue decreased by 4% to Rs.10.2 billion (2014: Rs.10.7 billion).

The gross profit margin of the company improved to 22% from 17% during the year under review. The increase was due to reduction in LPG cost and several cost saving and waste elimination initiatives carried out by the company.

During the year under review, the earnings before interest and tax (EBIT) has also increased by 17% to Rs.1.9 billion (2014: Rs.1.6 billion). Higher profitability margin realization resulted in positive growth.

The selling and distribution expenses and administration expenses were Rs.563 million and Rs.477 million compared to Rs.483 million and Rs.403 million respectively in the previous year. This increase is a result of effective marketing campaigns carried out by the company and increased operational activity due to handling of higher volume of product compared to the previous year.

During the year under review, the company has utilized short-term borrowings while extending some of the import facilities. This resulted in an increased finance cost to Rs.35 million (2014: Rs.15 million). Foreign currency exchange gains recorded at Rs.5 million in the year under review compared to Rs.45 million in the previous year. The foreign currency rates did not see significant deviations hence; the foreign currency gain was lower in the year under review.

In the year under review, company has achieved growth in profit after tax (PAT) of Rs.1.6 billion, a 13% increase compared to previous years' Rs.1.4 billion.

While the quarterly results are an important yardstick for measuring the company's performance, our prime focus is on the long-term profitability, as this is what will ensure the growth in value of the company and our capacity to make future investments.

Business and Financial Review

POWER

LAUGFS Power generated 1.7mkWh during 2015 and its Net Sales stood at Rs. 25 million resulting in a Net Profit of Rs. 11 million.

Mini Hydro Power

The most common energy resources globally available for energy supply on a commercial scale are Petroleum, Coal, Natural Gas & Nuclear Energy. Sri Lanka has several types of renewable energy resources and main ones are Bio mass, Hydro, Solar & Wind. In addition to the above indigenous renewable resources, the availability of petroleum within Sri Lanka territory are being pursued. The Major Hydro Power is classified under Conventional Hydro Power and Mini Hydro Power (less than 10 MW installed capacity) is considered as Non-Conventional Hydro Power.

The grid connected installed capacity of Major Hydro Powers accounted for 41.3% of the total capacity and New Renewable Energy (NRE) share was 10.6% in 2013 (source: Energy Balance 2013-SEA). Due to the social, financial, technical & environmental limitations, the total installed capacity is around 500 MW for mini hydro projects in Sri Lanka. As the projects already commissioned as at 2013 has been for around 300 MW (60%), LAUGFS Power will be planning to expand and gain market share in this lucrative and national minded business.

LAUGFS Power Limited, a fully owned subsidiary of LAUGFS Gas PLC commenced operations on its first the mini hydro power project and was connected to the national grid in March 2014 under the Ranmudu Oya, Stage 1 project situated at

The grid connected installed capacity of Major Hydro Powers accounted for 41.3% of the total capacity and New Renewable Energy (NRE) share was 10.6% in 2013 (source: Energy Balance 2013-SEA).

Balangoda in the Ratnapura district, generating 500 KW as installed capacity. The next stage of the project to generate 550 KW and the Thiniyagala Project in Ginigathhena, Nuwara Eliya district with an installed capacity of 700 KW are under construction and will commence commercial operations in 2015/16.

As an environmental friendly company, LAUGFS Power has taken steps to minimize the impact on environment through its carefully planned structures and has allowed the natural flow of water through its environment friendly designs of the project.

The company engages with many governmental organizations, local government authorities and village communities in many of its activities. This includes the Sustainable Energy Authority (SEA), Ceylon Electricity Board (CEB), Public Utilities Commission of Sri Lanka for activities such as resource allocation, provisional approvals, energy permits, grid connections, Standard Power Purchase Agreements (SPPA's) and power generating licenses.

LAUGFS Power generated 1.7 mkWh during 2014/15 and its Net Sales stood at Rs. 25 million resulting in a Net Profit of Rs. 11 million during the year. The total Long Term Debt was Rs. 63.5 million and Equity was Rs. 130 million.

The company is expected to generate higher profits in the next financial year once the projects in the pipe line as mentioned above are commissioned.

As an environmental friendly company, LAUGFS Power has taken steps to minimize the impact on environment through its carefully planned structures and has allowed the natural flow of water through its environment friendly designs of the project.

Management Discussion and Analysis

Business and Financial Review

SERVICES

OUTLOOK

The country experienced an increase in influx of vehicles in to the country in recent past with 16% growth from year 2013 to 2015 as per statistics published by Department of Motor Traffic (DMT). This is mainly due to reduction in global oil prices, massive infrastructure development, and positive fiscal policy changes together with higher disposable income in the hands of the people. This was augmented by the lackluster performance in public transport though the fiscal policies kept changing at regular intervals. This staggering growth of vehicle population made the environment vulnerable to devastating effects as impact of vehicle emission creates severe repercussions on the environment, as well as health of the people.

The National Air Quality Policy was introduced in the year 2000, and also Sri Lanka is a signatory to many treaties on protection of environment. In the year 2008, Vehicle Emission Testing (VET) programe was introduced under the provisions of the National Environment Act No 47 of 1980 and Motor Traffic Act No 21 of 1981, in order to reduce emission by vehicles. The issuance of VET certificates have been made mandatory to obtain revenue licenses for motor vehicles by DMT.

LAUGFS Eco Sri has been involved in this environmental protection endeavor and enjoy a majority market share in the business of emission testing in a duopoly market in Sri Lanka. The Company has its presence in all provinces of the country, covering all major townships whilst serving a total of 209 locations island wide. The company has employed a different concept to serve the masses by reaching the rural pockets through mobile services and is geared for the expansions due to the growing market dynamics.

The Company has the services of a workforce of more than 700 employees, and in recruitment is prioritised based on the provinces represented by them. In order to delight the customer, the company has taken steps to minimize the waiting time period, provide round the clock call center services together with, technical assistance and promoting the business in an ethical manner.

The Company in its endeavor to serve the country in all environmental friendly concepts, is planning to venture out into other environmental friendly businesses in the future by covering areas such as industrial and commercial establishments.

The company has its presence in all provinces covering major townships with fixed model vehicle emission test (VET) center concept whilst different concept is employed to serve masses at rural pockets.

REVIEW

The total Non Current Assets of the company stood at Rs. 371.6 million whilst revenue figure stood at Rs.1,030 million as at this financial year end with a growth 8.5% over the last year. With the increase in the fleet of vehicle population of the country and together with the shift in fiscal policies, supported by lower borrowing costs is expected to impact the company in a positive manner in the near future.

Rs. **1,030** million

Revenue 2015

The Company in its endeavor to serve the country in all environmental friendly concepts, is planning to venture out into other environmental friendly businesses in the future by covering areas such as industrial and commercial establishments.

Management Discussion and Analysis

Business and Financial Review

LEISURE AND TOURISM

Global Tourism Industry Overview.

The world economy evidenced gradual signs of recovery assisted by the stronger performance of the emerging economies, particularly by China. The trends saw international tourist arrivals grow by 4.4% in 2014, reaching a record 1,135 million arrivals worldwide, up from 1,087 million in 2013.

The strong performance of tourism augurs well for both developed and emerging economies where the industry has a significant economic impact, supporting GDP growth, generating employment and being a source of much needed foreign income. The global tourism industry was worth USD 1.5 trillion in 2014, with tourism earnings growing in parallel with arrivals to record a 3.7%. The average length of an international trip remained at around 8 nights, and 2014 was the first in several years that this figure did not decrease.

According to the UNWTO (United Nation World Tourism Organization) Tourism Highlights 2014 edition, Asia & the Pacific recorded the fastest relative growth across all UNWTO regions, with a 5% in international arrivals or 13 million more than in 2013.The Asia and Pacific region accounted for nearly one third of tourism receipts, earning 5% or USD 18 billion more, to record USD 377 billion. It is significant to note that Asian destinations such as Thailand, Hong Kong and Macao achieved the strongest growths in earnings.

The sector for Travel & Tourism in 2014 is also very positive, with Total Travel & Tourism GDP growth forecast reached 4.3%. Much of this growth is being driven by higher consumer spending as the recovery from recession gathers pace and is becoming firmly established. Tourists spent more per trip and stay longer on their holidays in 2014, while long haul travel, especially among the European markets, is also expected to gain a greater share of international tourism demand in the future.

Capitalising on the opportunities for this Travel & Tourism growth will require destinations and regional authorities, particularly those in emerging markets, to create favourable business climates for investment in the infrastructure and human resource support necessary to facilitate a successful and sustainable tourism sector. At the national level, governments can also do much to implement more open visa regimes and to employ intelligent rather than punitive taxation policies. If the right steps are taken, Travel & Tourism can be a true force for good.

The global tourism industry was worth USD 1.4 trillion in 2013, with tourism earnings growing in parallel with arrivals to record 5%.

Sri Lankan Tourism Industry Overview

As per the weekly economic indicator of The Central Bank of Sri Lanka (CBSL), the Sri Lankan economy rebounded strongly during the year 2014 with the real GDP growing by 7.4% while inflation remained at single digit levels. During the year 2014 the rupee depreciated against the US dollar by 1.39%. Given the cross currency exchange rate movements, the Sri Lanka rupee appreciated against the Euro by 10.27 % & Pound Sterling by 3.36% during this period. According to the above indicator the earnings from the tourism industry is increased by 19.8% during the year 2014.

Tourism plays an important role as one of the core source of foreign exchange earner in overall economy of Sri Lanka. According to the Central Bank of Sri Lanka Annual Report 2014, tourism rank in the National Economy in the 3rd position. It was next to private Foreign Remittances, Textiles & Garments.

Rs. 4,126 million

Total Assets 2015

Tourism plays an important role as one of the core sources of foreign exchange earner in overall economy of Sri Lanka

Business and Financial Review

LEISURE AND TOURISM

The newly opened "Anantaya Resort & Spa", at Bangadenya, Chilaw under the LAUGFS Leisure Ltd is continuing its operation whilst achieving some considerable milestones.

As per SLTDA (Sri Lanka Tourist Development Authority) Annual report 2013, public sector institutions derive revenue from tourism in variety of ways, namely direct and indirect taxes, fees and levies, profits from business undertakings etc. However, statistics of revenue collections are readily available only from few sources, such as tourism development levy, embarkation tax, Income of Tourism Development Authority, entrance fees to cultural triangle, wild life parks, museums, botanical gardens, BMICH etc. In 2013, the revenue collected from the listed sources amounted to Rs. 5,526 million as compared to Rs 4,872 million collected from the same sources in the previous year.

Tourist arrivals growth is maintained during 2014 at 19.8% to 1,527,153 tourists who generated earnings of USD 1.9 billion. The government has set a target of 2 million tourists for 2015. The top 5 sources of markets for Sri Lanka including India, UK, Chain and Maldives, have all shown robust growth during the year, with China, Russia and France recording double digit growth. The country recorded an average occupancy rate of 71 %, with 3, 4 and 5 star properties all enjoying average occupancies above 70%.

The report states that the overall average duration of stay of tourists during the year 2013 was 8.6 nights It was revealed that 9.9% of tourists stayed 3 nights or less whilst 30.3% stayed between 4-7 nights, 38.8% stayed between 8- 14 nights and 21% stayed for more than two weeks.

As per the SLTDA, the employment generation due to the tourism industry has increased significantly by 65.9% compared to the persons employed directly in the tourism sector as at end of 2013 amounted to 112,550 over the previous year with 67,862 direct employment.

The rapid growth of the tourism industry has given rise to a lack of skilled professional and technical cadre considering the service levels of competitors. It is imperative that the entire industry invests in intense training and development in order to justify the rates the country currently commands. In this context, it is important to have policy decision to offer concessions to the operators who wish to make expenditure on training schools and other staff facilities to develop local talent in order to achieve future sustainability of the industry.

OUR HOTELS

The newly opened "Anantaya Resort & Spa", at Bangadenya, Chilaw under the LAUGFS Leisure Ltd is continuing its operation whilst achieving some considerable milestones. The location is considered to be central to all the important tourists' attractions including that of virgin forests, royal and sacred cities, cliff top citadels, colonial strongholds and temple caves. These areas and attractions include 8 world heritage sites. These attributes should attract the booming leisure travel demand as indicated in the global outlook of the tourism sector.

During the year 2014/15 "Anantaya Resort and Spa" located at Chilaw, in the North Western Province has developed the brand awareness among the local and international markets. The hotel has a unique view of both the sea and the lagoon from many parts of the hotel and it is given a high consideration on natural environment and bio diversity. The hotel actively supported on the non-depletion of the area's natural resources. The hotel consists of 87 rooms in four categories such as Superior, Deluxe, and Premium & Suits and operates one of the best

spa facilities in the country. The Anantaya Resort & Spa is also catering to the MICE (Meetings Incentives Conference and Exhibition) market, especially to the incentives sub segment since the hotel is attractively designed for such purposes. The hotel is also offering and arranging to discover adventure outside the Anantaya Resort & Spa through our various excursions such as visits to the exciting wildlife at the Wilpattu Park or the fascinating Muthurajawela Wetland, and to take a boat ride along the soft flowing Deduruoya. Excursions includes cavort with the dolphins and whales off the Kalpitiya coast and tours

Management Discussion and Analysis

Business and Financial Review

LEISURE AND TOURISM

to the splendid Munneswaram Hindu Temple, the historic Talawila and Madhu Churches. This include splendid ancient city areas such as Anuradhapura, Sigiriya, Polonnaruwa, Ritigala, Minhintale, and Dambulla and relive the glories of colonial times at the iconic Dutch fort and canal.

Our engagement with stakeholders encompasses a range of activities and interactions that include the communication, consultation and information disclosures. During the year under review the hotel carried out customer feedback surveys measuring the service quality to address the issues with action plan to benchmark hotel services. The company is committed to meeting the fundamental expectation of all significant stakeholders and carries this out through formal & informal consultations, participations, negotiations, communications, mandatory and voluntary disclosures, accreditation and certifications.

Even though Chilaw is not yet developed as a tourism destination and also being a new property, the "Ananataya Resorts & Spa" managed to maintain considerable occupancy rate throughout the year with good Average Room Rate (ARR). As the customer satisfaction remains a key driver of the success in leisure business, every possible areas were improved with enhancing the quality and quantity of human resources during the financial year 2014/15.

The company's environmental policy and operational decisions are influenced by the environmental friendly values. The hotel considers the prevention of environmental pollution and impact on the local community as areas of priority. As an initiation of the environmental perspective the hotel utilizes electric cars, wind power and solar power to mitigate the environmental effects. As the hotel is situated with in the lagoon and sea areas, it is very important to protect environment for sustainable development since the industry heavily relies on water resources.

Review

Since the good communication is at the heart of every successful hotel, Anantaya Resort & Spa has implemented property management IT system and this is a fully featured hotel management ERP (Enterprises Resource Plan) supported by the online hotel reservation. During the financial year, Company recorded revenue figure of Rs. 246 million and company has Rs 2.7 billion worth of Non-current Assets.

As mentioned last year, the construction of "Anantaya Resort & Spa" at Passekudah under Anantaya Passekudah (Pvt) Ltd has been commenced. It consists of 100 rooms to be completed under two phases. The hotel is expected to be completed by end 2015 and to commence commercial operations subsequently targeting the the season. The third hotel of the chain, probably the flagship will be constructed on a land extent of 15 acres in the pristine south- western coast at Waskaduwa and it is planned to be a 200-250 rooms hotel to cater to all emerging sectors such as pleasure and business travel including MICE sectors especially since it is in close proximity to the capital city of Colombo and lies in the the main tourism belt.

The company's environmental policy and operational decisions are influenced by the environmental friendly values

Management Discussion and Analysis

Business and Financial Review

PROPERTY

LAUGFS Property Developers (Pvt) Ltd has completed its first project under its real estate business at a much sought after strategic location in the city of Colombo and situated at 101, Maya Avenue, Colombo 6. The building is ready for occupation and the above property has fast and easy access from many main roadways such as Galle Road, Baseline Road, and Piliyandala Road etc. and has a faster connectivity to the proposed highways being built to avoid the city of Colombo traffic congestion.

The Real Estate market generally consists of several sub-segments namely, Commercial, Residential and Hospitality. The commercial sub-segment may further be subdivided into Office, Retail and Warehousing whereas the Residential sub-segment consists of individual Housing units and Condominium Complexes.

Outlook

With the projected economic growth expected to be sustained at around 7-8% in the short to medium term, the demand for commercial office space is expected to increase with the economic activities from the businesses such as banking, financial services, information technology, leisure etc. Although there is no official grading system for real estate or commercial office space, Grade 'A' complexes general refers to the up-market office space with state of the art modern amenities.

With the economic indicators such as low interest rates, stable exchange rates, increased per capita incomes, single digit inflation and unemployment rates coupled with a steady GDP growth, the future of the real estate market looks positive. The construction sector grew by 20.2% in 2014 contributing nearly 24% to the growth in 2014. This was supported by the public investments in infrastructure development activities, housing development activities/projects as well as large scale private construction activities.

Rs. **1,171** million

Total Assets 2015

Review

LAUGFS Property Developers (Pvt) Ltd recorded total Non-Current Assets of Rs. 1.14 billion as at the end of the financial year end with the total Non-Current Liabilities at Rs. 240.55 million comprising of Interest Bearing Loans and Borrowings. The Stated Capital of the company increased to Rs. 640 million as at the end of the year (2014: Rs. 400,000 million).

The building complex has been designed in full compliance of construction standards and consists of a floor-area in access of eighty thousand square feet with 10 floors and ample parking space for more than 50 vehicles. The public areas has been constructed as per the architect specifications taking into consideration the functions and the ambience of the building. Heavily used floor areas are finished with suitable quality material and the office interiors are finished as per requirements of the end users. The external façade has been designed with a unique appearance to the building considering the energy efficiency of usage. The building provides facilities for 'differently abled persons' together with CCTV, telephone, fire protection and fire exit facilities. The building is provided with the required back bone for ELV systems to enable occupants to obtain required connections. Mechanical, Electrical and Plumbing services (MEP) were designed taking into consideration the operational cost and efficiency of the facility. The company has obtained all necessary approvals and complies with the Urban Development and the Municipality regulations.

As the future of the real estate business seems positive with the present economic outlook, The company has plans to extend its business by investing further in a building in the heart of Colombo City and in Nuwara Eliya which are properties owned by the group of companies.

The construction sector grew by 20.2% in 2014 contributing nearly 24% to the growth

Management Discussion and Analysis

Business and Financial Review

TRANSPORTATION AND LOGISTICS

As indicated in the Chairman's message, the company considered the great potential of the 'Blue Economy" or the "Ocean Economy" for an island nation like Sri Lanka. This potential is confined not only to shipping and port services but for a range of profitable areas related to the entire gamut of the maritime economic activity. The company entered to exploit the potential of the maritime economic activity with the formation of LAUGFS Maritime Services (Pvt) Ltd and its mission is to be engaged initially with the provision of ocean freight services and related logistics to the prospective customers of LP Gas Downstream Industry, not only in the country but also in the regions of South Asia and South East Asia.

Much of global LPG supply originates from the countries that are far away from consuming regions. LPG is transported by sea in liquid form aboard large vessels such as Very Large Gas Carriers (VLGCs), where propane and butane, (the mix of LP Gas) are kept at -42°C and -6°C respectively during transit. Approximately one fourth of LPG produced, is exported by sea to consuming countries whilst the rest of the production of the world consumed locally by the producing countries. The Arabian Gulf is the largest hub for LPG exports, and Asia is the world's largest importing hub for LPG

A sharp rise in LPG shipping demand, particularly out of the United States, is driving an ordering frenzy for VLGCs' which is expected to increase the size of the LPG shipping fleet by over 50% in the next two years.

The main demand driver has been United States exports and their trade with Asia. The LPG exports from United States increased by 64% in 2013 and a growing proportion of this traffic is moving towards Asia, up from 7% in 2012 to 14% in 2014. While Japanese imports declined in the second quarter of 2014, imports into both China and South Korea has risen strongly. A steady flow of cargoes from the Middle East and an increase in exports from West African countries also helped boost demand for LPG carriers, especially VLGCs.

These developments led to an increase in ton-mile demand, resulting in tight tonnage availability and thereby high spot freight rates. The demand benchmark for VLGCs from Middle East to Japan doubled in the first six months of 2014, reaching an all-time high per- ton cost in April 2014.

Record earnings and the prospect of rising long-haul trade between the US and Asia has encouraged ship operators to invest in new tonnage. In the six months to June 2014 the order book for LPG carriers jumped over 25% from 171 vessels to 215, meanwhile the VLGC order book soared 68% from 47 to 79 ships.

LPG shipping has managed to attract around US$2.7 billion in new building investments in the year 2014. Most of the current order book for VLGCs are expected to join the LPG fleet between 2014 and 2016, and with minimal demolition activity anticipated .The forecast is that the fleet capacity will rise 52% over this period.

Liquefied Petroleum Gas (LPG) shipping refers to the seaborne transportation of LPG. Transportation by sea is the most cost effective way of moving these gases over long distances between the major exporting and importing regions of the world.

Based on the above information, acquisition of the "MT Gas Challenger" is a timely and prudent decision taken by the Group. The market was low at the time of acquisition and the value of the vessel has increased after upgrading of her during the dry docking. The vessel was upgraded during the dry docking operations in October 2014 and the very much improved condition of the vessel after the dry docking, facilitated to clinch CAP rating one from the Lloyds Registry of Shipping, which is a very rare phenomenon and a highest rating which could be obtained by a tanker for a vessel over 20 years. Thereafter, certification by IDEMITSU in line with the requirement of Ship Inspection Report (SIRE) Program, under Oil Company International Marine Forum (OCIMF) proved that the Gas Challenger operating safety standards are at required levels and meet with all the international requirements. It is a great achievement of LAUGFS Maritime Services (Pvt) Ltd to accomplish such goals merely within six months of operations.

The company operates "MT Gas Challenger" to transport Liquefied Petroleum Gases (LPG) in fully compressed form. The vessel is currently employed to transport LPG for LAUGFS Gas PLC from port of Sohar in Oman to Colombo. She could transport minimum of 65,000 MT of LPG annually which could increase to about 72,000 MT per year if the vessel is utilized without any operational delays which could also increase the revenue of the company substantially. It was observed that the

LPG shipping has managed to attract around US$2.7 billion in new building investments in the year 2014. Most of the current order book for VLGCs are expected to join the LPG fleet between 2014 and 2016, and with minimal demolition activity anticipated .The forecast is that the fleet capacity will rise 52% over this period.

storage capacity constraints of LAUGFS Gas PLC and loading disturbances at port of Sohar, Oman affects at some instances, the effective use of the vessel.

The company is accommodated at the premises of corporate office and currently operate at bare minimum levels of staff but intend to fill few more staff positions for effective operations and to make this unit a completely self sustanied business entity.

It is mandatory for all ships to reduce Green House effect by reducing fuel consumption. In fulfilling company's commitment to environment and sustainability initiatives, the company took a bold decision to paint the propeller of the Gas Challenger at an extra cost. This was done to reduce resistance caused by the roughness of the propeller. The decision taken to paint the propeller has resulted in reducing her fuel consumption by one Metric ton of fuel per day and by doing so, minimized the greenhouse effect marginally which is a commitment made towards the environment by the company.

The company intends to obtain ISO 14001 and ISO 9001 by July 2015 to confirm that the company is moving towards operating as an environment friendly business entity. Once achieved this feat the "Gas Challenger" will be the first ship under the Sri Lankan flag to obtain ISO 14001 certification. Gas Challenger will be the 1st Sri Lankan vessel to obtain ISO Certification if this is obtained as planned.

Management Discussion and Analysis

Reporting Parameters

This is the second integrated Annual Report of LAUGFS Gas PLC, which outlines the organization's economic, social and environmental performance during the year ended 31st March 2015. It adopts the Global Reporting Initiative (GRI) G4 guidelines, reporting on all six entities presented in the consolidated financial reports of LAUGFS Gas PLC.

General and Specific Standards for disclosure of information are followed "in accordance" with the 'Core' option of the GRI G4 Guidelines.

We take pride in our commitment towards sustainable development, and take every opportunity to align our people and processes with internationally recognized standards and practices. We place equal emphasis on transparency and integrity of our reporting processes and have thus retained the services of Ernst & Young Auditors for external independent assurance. This Independent Assurance Report can be found on pages 110-111.

Defining Report Content and the Aspect Boundaries

Our Approach

We believe that our approach to sustainability should be closely aligned with our business strategy. The economic, social and environmental impact of our business decisions and our engagement with each of our stakeholders are pivotal to the sustainability of our business. Thus, this report content has taken into consideration the impact of our business on our triple bottom line as well as our engagement with our stakeholders.

Based on GRI G4 Guidelines, this report is developed by identifying Material Aspects relating to the Economic, Social and Environmental impact of LAUGFS Gas PLC, together with their relevant Aspect Boundaries.

Principles of Sustainability Context, Materiality and Stakeholder Inclusiveness were applied to assess and prioritize Material Aspects. The relevance of each Aspect was determined as 'highly relevant' or 'moderately relevant' as identified by the organization and its stakeholders.

We take pride in our commitment towards sustainable development, and take every opportunity to align our people and processes with internationally recognized standards and practices.

The significance of these Material Aspects was assessed based on its relevance as determined by the organization, based on the economic, social and environmental impact of each Material Aspect, as well as by our stakeholders, based on the Aspects' influence on stakeholder assessments and decisions.

The Identified Material Aspects were validated by applying the Principles of Completeness and Stakeholder Inclusiveness.

Material Aspects identified for this report are listed on page 69 and 70, indicating Material Boundaries and the significance attributed to each Aspect as identified by the organization and our stakeholders based on relevance.

Aspect	Aspect Boundary		Materiality	
	Internal	External	To the Group	To the Stakeholder
ECONOMIC				
Economic Performance	*		High	High
Market Presence	*		High	High
Indirect Economic Impact		*	Moderate	Moderate
Procurement Practices		*	High	Moderate
ENVIRONMENT				
Materials		*	High	High
Energy	*		High	High
Water	*		High	High
Biodiversity		*	Moderate	High
Emissions		*	High	High
Effluents and Waste		*	High	Moderate
Products and Services		*	Moderate	High
Compliance	*		High	High
Transport	*		Moderate	High
Overall			Moderate	High
Supplier Environment Assessment		*	Moderate	Moderate
Environment Grievance Mechanisms		*	Moderate	High
SOCIAL: LABOUR PRACTICES AND DECENT WORK				
Employment	*		High	High
Labour/Management Relations	*		High	High
Occupational Health and Safety				
Training and Education	*		High	High
Diversity and Equal Opportunity	*		High	High
Equal Remuneration for Women and Men	*		High	High
Supplier Assessment for Labour Practices		*	Moderate	Moderate
Labour Practices Grievance Mechanisms	*		High	High
SOCIAL: HUMAN RIGHTS				
Investment	*		Moderate	High
Non Discrimination	*		High	High
Freedom of Association and Collective Bargaining	*		High	High
Child Labour	*		High	High
Forced Labour or Compulsory Labour	*		High	High
Security Practices	*		High	High
Indigenous Rights	*		Moderate	High
Assessment	*		High	High
Supplier Human Rights Assessment	*		Moderate	Moderate
Human Rights Grievance Mechanisms	*		High	High

Management Discussion and Analysis

Reporting Parameters

Aspect	Aspect Boundary		Materiality	
	Internal	External	To the Group	To the Stakeholder
SOCIAL: SOCIETY				
Local Communities		*	High	High
Anti-Corruption	*		High	High
Public Policy			High	Moderate
Anti-Competitive Behavior			High	Moderate
Compliance	*		High	High
Supplier Assessment for Impacts on Society		*	Moderate	Moderate
Grievance Mechanisms for Impacts on Society		*	High	Moderate
SOCIAL: PRODUCT RESPONSIBILITY				
Customer Health and Safety		*	High	High
Product and Service Labeling		*	High	High
Marketing Communications		*	High	High
Customer Privacy		*	High	High
Compliance		*	High	High

During the year, the scope and aspect boundaries were significantly altered with the introduction of LAUGFS Maritime Services to the Group, although there were no changes in the significance of materiality of aspects from the previous reporting period. Further, there were no restatements of information provided in previous Annual Reports.

External Economic, Environmental and Social Charters

LAUGFS Gas PLC has adopted the Global Reporting Initiative (GRI) G4 guidelines, since 2014. This Report is part of our commitment to this initiative, where we have integrated our environmental, social and financial performance reporting.

Stakeholder Engagement

As a diverse group of companies, our operations have both direct and indirect impacts on a wide range of individuals, entities, organizations, groups and aspects. We have identified stakeholders on whom our activities may have a significant impact as well as those with substantial interest in our operations. Based on these, we have categorized our stakeholders into five main groups.

The tables below indicate each identified stakeholder group and how we choose to engage with them, key topics discussed and our responses.

Stakeholder Group : Employees	**Engagement Approach & Frequency**	
Aim: Building a performance-based, value-driven culture and providing an enjoyable and engaged work experience, in creating a 'one LAUGFS family'.	Messages by Chairman and MD	Monthly
	Employee engagement events	Calendar based
	Internal Newsletter	Quarterly
	Employee updates	Continuous
	Intranet / social media	Continuous
	Suggestion Box	Continuous
	Employee satisfaction surveys	

Key Topics Discussed	**Our Responses**
Welfare measures, corporate culture and ethics, health & safety, employee remuneration and benefits, recognition and personal development, grievances (if any), future plans.	Open door policy, platforms for employee feedback, engagement in activities such as national and cultural celebrations, safety procedures and trainings at areas of high risk, training and development in operational and life skills, performance driven reward systems, imparting the company's vision at all levels.

Stakeholder Group : Customers	**Engagement Approach & Frequency**	
Aim: Ensure excellence in quality and standards of our products and services.	Customer workshops	As required
	Customer care	Continuous
	Website	Continuous
	Social media	Continuous
	Media advertisements	As required

Key Topics Discussed	**Our Responses**
Customer care support, value addition on products and services, innovative products and offers, loyalty points and other discounts.	After sales service, new product offerings, 24 hour customer care service, customer satisfaction surveys, product information literature.

Management Discussion and Analysis

Stakeholder Engagement

Stakeholder Group : Shareholders	Engagement Approach & Frequency	
Aim: Create sustainable wealth for shareholders by building an overall sustainable and diverse business entity that contributes to national economic growth.	Annual Reports	Annually
	Annual General Meeting	Annually
	Interim Financial Statements	Quarterly
	Press conferences and media releases	As required
	Announcements made to the Colombo Stock Exchange	As required
	Corporate website	Continuous

Key Topics Discussed	Our Responses
Interim and annual performances, dividend per share, sustainable growth, good governance, future outlook.	Maintaining responsible practices and ethics, addressing issues raised by current and potential stakeholders, accountability and transparency, regular communication.

Stakeholder Group : Intermediaries	Engagement Approach & Frequency	
Aim: Maintain cohesive partnerships in delivering sustainable value.	Relationship Management	As required
	On site visits and meetings	As required
	Workshops and awareness program	As required
	Dealer conventions	Monthly
	Sponsorships	As required

Key Topics Discussed	Our Responses
Flexible credit periods, dealer margins, Improved working relationship.	Awareness creation on expected standards to dealers and distributors, supplier training on quality and best practices, ethical practices, flexible pricing and payment schemes tailored to suit target groups and communities.

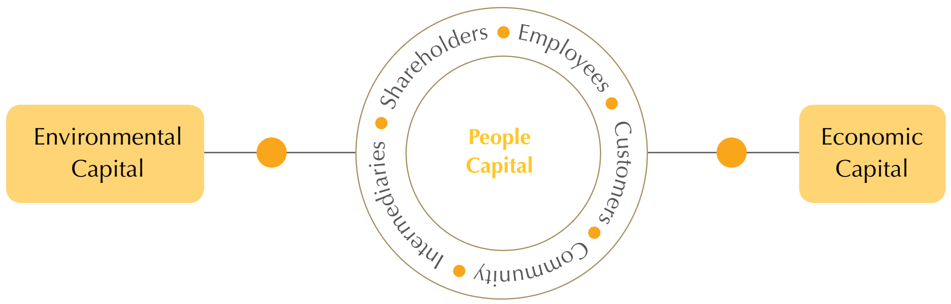
Stakeholder Group : Community and Environment	Engagement Approach & Frequency	
Aim: Empower communities through strategic initiatives that would contribute to long term advancement and development. Create and encourage sustainable environmental practices and engage our stakeholders in the same.	Press releases Press conferences and media briefings Sponsorships CSR Supplier screening Web and social media	As required As required As required As required Annual Continuous

Key Topics Discussed	Our Responses
CSR initiatives, impacts of operations on surrounding communities and environment, health issues related to air pollution, philanthropy, company's involvement in development of surrounding areas.	Strategic CSR initiatives addressing health and environment concerns, increased awareness creation on global climate change, environmental pollution and related health issues, supporting the needs of surrounding communities, creating new revenue streams and employment opportunities for local communities.

Stakeholder Analysis

We believe that our economic, social and environmental performance plays a vital role in the sustainability of our business. That is why continuous engagement with our stakeholders has always been central to how we operate.

Our key stakeholders have been presented in the model below.



Expanding Our Footprint Through People

EMPLOYEES

Our HR Philosophy …

LAUGFS is on a journey of building Great People… as Great People make Great teams and Great Teams make Great Companies.

We at LAUGFS believe it's our people that drive the growth of our businesses and define our future sustainability. We make certain that we get the best talent, invest tremendous resources on ensuring that they are given the right opportunities, and empower them to grow together with us.

We want our employees to believe in themselves and their capabilities and to be empowered to take initiative, enabling us to expand our reach and move into new domains.

We have a Performance Driven Culture where our people are constantly challenged with a stimulating work environment, while fostering transparent and open communication. At LAUGFS, being goal-driven and living our values are equally important.

We embrace and value diversity as it brings about richness and synergy to our work culture and enhances togetherness through mutual respect.

We take pride in providing an enjoyable and engaged work experience for our people, where we go beyond the concept of a 'team', in creating the experience of 'one LAUGFS family'. In essence, we want our people to cherish EVERY single moment at LAUGFS.

After all Great Companies are built around Great Teams… Great Teams around Great People.

Overview

We at LAUGFS spearhead HR with a solid belief that it's people who drive our business and it's our team who made it possible to 'Expand our Footprint' this further. The passion with which we embarked on each of our businesses has resulted in an exciting journey of 20 years. It is our team that has made what is impossible to most, possible for us. This team today has grown to over 1500 and is poised to take the company towards a greater future.

LAUGFS HR framework guided by its HR philosophy, strives to instill robust HR systems and processes to facilitate people requirements of our diverse businesses whilst ensuring our employees are happy, healthy and engaged. As the businesses expand and people requirements get more challenging, we felt the need to reinvent the HR Wheel in order to cater to changing business dynamics. During the last quarter HR was reorganized with a new structure, enabling further strengthening of the HR integration to business, empowering HR to focus more on developing talent, culture and leadership. A comprehensive HR Audit was carried out by an independent HR Consultancy arm, taking feedback from multiple HR stakeholders such as Senior Management, Executives and Frontline staff prior to the said assignment.

In the HR Business Plan of the subsequent year, a key element would be to review and redesign the organization structure of all business units with the intention of augmenting organizational effectiveness to cater to the business strategy in a more efficient manner. Developing and implementing the Competency Framework for the group to strengthen the performance driven culture at LAUGFS, whilst strengthening the Employee Engagement Strategy, will be another important milestone in the HR timeline of the next financial year. Conceptualizing and launching the Employer Brand and re-launching the HR Policy Framework to cater to the challenging HR requirements of the new business domains, have also been identified as crucial elements in the HR Business plan for 2015/16.

As we strongly believe in the people factor, Human Resource Management has become a crucial function for business success as we 'Expand our Footprint'.

Talent Acquisition & Development

Our competencies will give us the edge to expand our footprint into unknown domains as we build our talent pool within. The significant investments made on acquiring and developing talent, enabled LAUGFS to drive continuous innovation and value addition throughout every activity carried out.

Talent Acquisition

Resourcing is crucial for any business, particularly when a business is expanding into unfamiliar terrains. Bringing

external talent vs building internal talent depending on the business requirement is an important decision for the Talent Acquisition & Development Team. Once a decision is made on the same, if it is to acquire, the acquisition requirements would fall under the standard Talent Acquisition policy framework.

Certain practices such as the orientation program, a well-defined code of practice and departmental level procedures and work instructions are utilized, enabling new employees to adapt quickly to the LAUGFS culture and work processes. All our employees are well informed of their human rights, in the context of their job roles. New employees are provided with clear job descriptions which define their job scope, clarifying what is expected from them by the organization. These practices have assisted new recruits to adapt to their job role better, faster and help the organization to reduce the new hire turnover and re-recruitment cost.

At LAUGFS, the minimum recruitment age is 18 years and minimum notice period is one month, which is communicated to a new employee in their letter of appointment. Any Employee subjected to any operational change is notified a minimum of two weeks prior to the change.

Being a home grown company, our entire senior management team is Sri Lankan and when recruiting staff, preference is given to the local community in resourcing if/when the competency requirements are met.

Talent Development

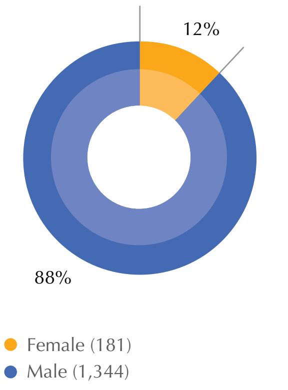
Developing capabilities required for current and future requirements has to take place parallel to business growth as we 'Expand our Footprint" in diverse industries. Our team should be capable of delivering the diverse requirements of the organization to cater to its diverse portfolio of customers, hence learning has been a constant phenomenon at LAUGFS.

Management Discussion and Analysis

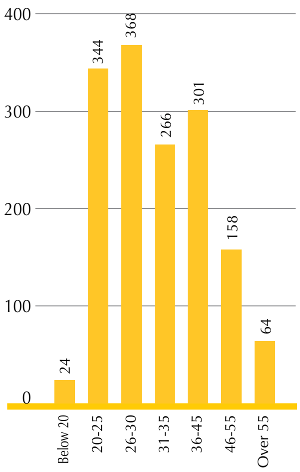
Stakeholder Analysis

Employee Statistics

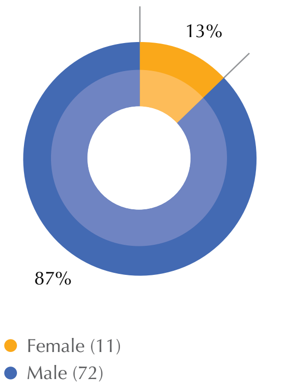
Male : Female Ratio



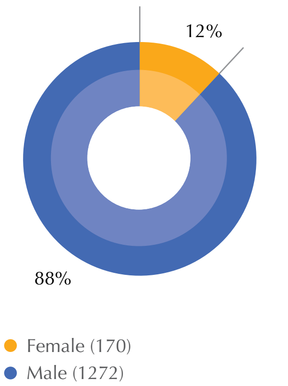
Age Analysis



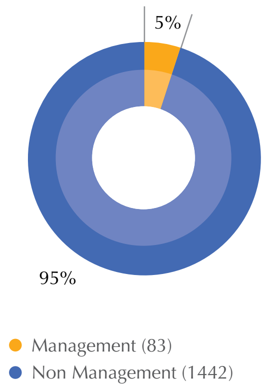
Management
Male : Female Ratio



Non-Management
Male : Female Ratio



Management : Non-Management
Ratio



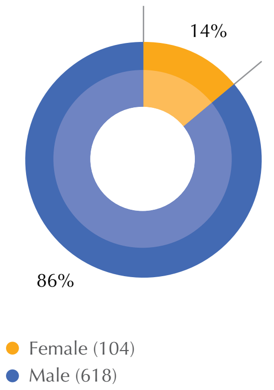
A comprehensive Training Need Analysis is carried out subsequent to the annual appraisal process. The training process has been spearheaded by the Group's Corporate HR arm together with the SBU HR departments. Most development initiatives are driven through the education arm of LAUGFS Holdings, LAUGFS Higher Education Services (Private) Limited (LAHES - The Corporate Campus) and the remainder through external sources. LAHES has carried out many unique training programs for LAUGFS employees such as the Executive Certificate program in Leadership which is offered by Northern Illinois University, USA to strengthen the leadership capabilities of the management team as well as programs on Personality Development, Personal Grooming, Motivation etc.

"During the year under review, employees of LAUGFS Eco Sri underwent an average of 33 hours of training per employee".

Training is further utilized to facilitate workforce change management by creating awareness on safety regulatory issues, new technologies adopted, etc. All security personnel are given training specific to their operations, such as human rights and customer care. In-house and external training ensures that the competencies required to cope with a changing environment are developed in all staff.

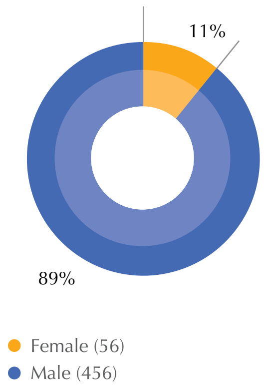
Training Hours - LAUGFS Eco Sri

Male : Female Ratio

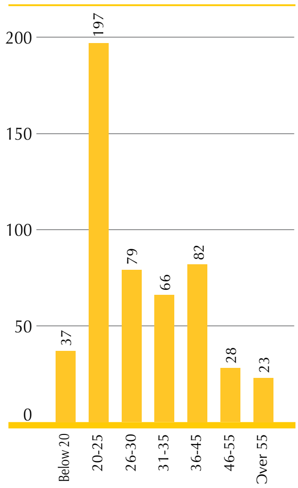


Employees Recruited During the Period

Male : Female Ratio

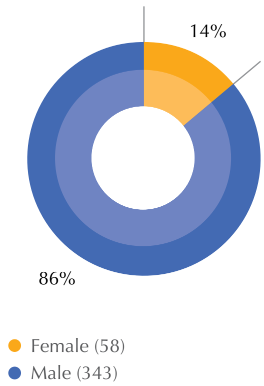


Age Analysis

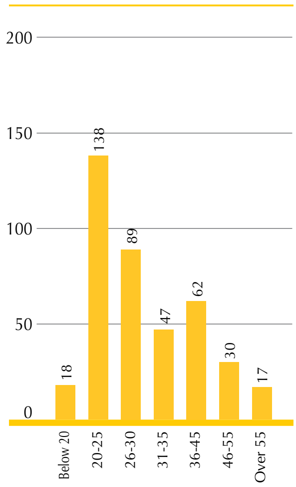


Employees Resigned During the Period

Male : Female Ratio



Age Analysis



Management Discussion and Analysis

Stakeholder Analysis

Performance Driven Culture

LAUGFS believes in a performance driven culture, guided by its values and reinforced by open communication. Hence the Performance Management System is aligned with employees' rewards and career development, where a 180° appraisal system is in place to encourage a formal dialogue between the manager and the subordinate on his/her performance, enabling them to plan their career ahead and to develope short-term and long-term goals.

Career Development:

We believe in developing our talent within LAUGFS. The career development plan which is linked to the Performance Management System has contributed to the company's succession planning. Over 50% of the management team has been promoted internally. Competency requirements for career progression have been clearly defined and communicated to the employees to ensure transparency and to motivate employees to fast-track their career growth. All employees are reviewed annually on performance and career development.

Certain subsidiary companies have high performance recognition schemes such as 'Best Employee' awards during the year, in order to recognize and encourage performance excellence.

With the reorganization of HR, the existing Performance Management System will be reviewed and a competency-based online Performance Management System will be implemented in the subsequent year, in order to strengthen the high performance culture at LAUGFS.

Employee Engagement

We want our employees to enjoy every moment at work, and we make every effort to ensure that our employees are happy. It enables us to strengthen bonds, enhance employee retention, and mitigate the cost of rehiring. People engagement is a natural phenomenon at LAUGFS because of the 'family' culture. Our people have an emotional bond with the company that goes beyond their employment contracts. People perform and go beyond expectations because they 'want' to, not because they 'have' to. We make every effort to ensure that everyone is treated equally, immaterial of their personal demographics, resulting in no reported cases of discrimination during the period under review. We have also enforced a strict policy of no forced or compulsory labour. This has served as one of the key success factors of the Company.

HR conducts employee mood surveys as it is important for us to know whether our team is happy or unhappy at work, and to find out the reasons for same. In order to bridge the gap, HR has come up with a follow up action plan for areas which require immediate attention together with long term strategies in the HR Business plan.

We encourage the open door policy and a 'bottom to top' approach in communication, enabling employees to share their thoughts and ideas as well as their grievances. This provides the opportunity for even an employee in the lowest level of the hierarchy to talk to any member of the leadership team.

Furthermore our whistle blowing policy driven by the Group Risk and Control Department provides a mechanism for employees to raise concerns on issues such as situations of noncompliance, circumstances endangering individuals' health & safety and breach of justice. Employees are encouraged

to bring such information to the notice of the management and such disclosures are dealt in a very professional manner ensuring that the employee is not negatively impacted in any way during their career at LAUGFS. As a result of this 'open door' policy and culture, there have been no grievances filed on our HR practices and no incident of corruption were reported.

LAUGFS has sustained industrial harmony in all possible ways where we have no collective bargaining agreements, nor incidents of active unions.

In the true spirit of a family culture, various employee relation events are organized by different business units to foster harmony and togetherness among their own teams.

LAUGFS Gas

LAUGFS GAS has organized many Employee Relation initiatives to augment the camaraderie of the team members. The annual get-together brings employees and their families from all walks of life under one unified theme. Recognizing the long standing employees of the company for their dedicated contribution has also been one of the key events in the LAUGFS Gas corporate calendar.

The annual inter-department cricket tournament, which highlights the hidden talents of our people has become a popular event that grabs the attention of most and serves as a platform to strengthen teamwork and comradeship.

LAUGFS Eco Sri

LAUGFS Eco Sri carries out many Employee Relation initiatives particularly in the form of Strategic CSR activities. These have helped to augment the camaraderie of the team members and to get them engaged and involved.

Celebration of World Environment Day 2014 by distributing plants for the first 50 motorists who pass their emission testing in identified VET centers Island wide was one of the most acknowledged events by Eco Sri for its customers. The fund raising for such CSR initiatives has been done by the staff through various fund raising activities on their own.

Among many noteworthy employee relations events, the Eco Premier League Championship 2014 is an event employees look forward to. It gives them the opportunity to meet their Eco Sri teammates working in different work stations in four corners of the Island, and strengthen the unity among the team.

LAUGFS Leisure

LAUGFS Leisure is a relatively younger subsidiary in the group, but has been very active in the employee relations sphere. With many staff residing at the Resort premises, every effort is made to create a homely feeling for the employees in order to create a 'home away from home'. It could be a simple staff birthday celebration, staff get together, singing carols, or inter department sports events, all of which serve a common purpose of bringing the team together and creating a homely culture.

Employee Compensations and Benefits

We believe in remunerating our people right, in order to attract and retain the right talent. Attracting the right talent is considered equally critical and challenging as many organizations compete for the same competencies in the job market, hence LAUGFS makes every endeavor to go beyond industry norms to gain a competitive edge in terms of resourcing.

Management Discussion and Analysis

Stakeholder Analysis

Each job role is assessed based on the job scope and responsibilities vis-à-vis the required competencies, exposure and qualifications. As a company which embraces diversity, the remuneration of an employee depends entirely on his / her capabilities, performance and future potential, regardless of the employee's personal demographics.

We as a responsible corporate citizen ensure statutory compliance on employment and terminal benefits in accordance with relevant Acts and reporting of the same to the relevant regulatory authorities.

Welfare

As a company that believes in shared-value to all stakeholders, a share of our annual profits has been assigned for social and cultural activities of our people. We proactively support our people and their family members in numerous areas of need to help them enhance their standards of life. Certain business units provide their products to employees at a discounted rate, enabling them to enjoy our products immaterial of the social strata they belong to.

Health Care

We consider employee health and well-being to be of utmost priority and take numerous measures to improve workplace health. Apart from the customary medical/ insurance benefits offered to the permanent staff, we also make an effort to create awareness among employees on adapting a healthy lifestyle. These practices have helped the company to maintain a healthy workplace, reduce employee absenteeism and enhance employee productivity.

All female employees are entitled to obtain maternity leave, and a total of 6 employees utilized this during the period under review. Of these employees 50% have returned to work at the end of the period, whilst 1 is still on leave and 2 employees had decided to stay back. The employees who returned after maternity leave are still continuing their employment with LAUGFS since their date of return.

Health & Safety

At LAUGFS, safety is an integral part of our people, processes and culture. As a company which sets standards in the industry, health and safety is something we never compromise on, hence we strive to uphold the safety of our employees at all times. At all industrial facilities we ensure that staff are provided with personal protection equipment, safety equipment and uniforms, in order to maintain safety and satisfaction at an optimum level. We take all possible measures to minimize occupational diseases and improve the health and safety of our employees at work.

The Company encourages employees on the importance of safety procedures and being responsible for their personal and professional lives. Over 300 employees at operational level were given safety training and the management continuously promotes and integrates the concept of safety to the everyday operations in the organization. As a result, there were no reported cases of employee incidence or high risk of diseases related to their occupation.

We ensure the safety of our employees at all times. LAUGFS Gas is a member of the World LPG Association. It is also the only ISO 9001:2008 (Quality Management System) Certified LPG Company in Sri Lanka. Inspections and certifications are periodically carried out by various Government and third party bodies such as the Colombo Fire Department, the Sri Lanka Standards Institution, the Board of Investment and the Central Environmental Authority. We have entered into various agreements to cover safety aspects such as safe installation of tanks, safe monitoring and maintaining of the LPG storage tanks, vehicle management and safe driving, emergency response planning and implementation, etc.

The Safety Committee of LAUGFS Gas comprises of 20 representatives with a 1:3 ratio of management and workers who meet periodically to review and assess safety practices, identify risks and take proactive measures to ensure safe work environment for all employees.

Fire drills are conducted every six months, to assess the effectiveness of safety procedures. A safety orientation program is conducted for all new recruits working in and around the Plant premises. The program covers the scope and risk of Liquefied Petroleum Gas and the employee's role in contributing to the overall safety of the work environment. No employee is allowed to enter the filling plant unless they have participated in this training, a precautionary measure to minimize the risk of accidents.

Spearheaded by the safety committee, the operational health and safety department has met and exceeded industry standards such as OSHA, implementing best practices with notable results, during the year under review.

Zero Fatality	No permanent disability injuries
3 incidents of Lost days due to work place accidents	IFR below 0.36 per 100,000 man hours
Achieved reduction in IR and IFR year over year	Zero OHSE convictions
Zero Suspension Notices	Zero non-compliance against OHSE plan

Health and Safety measures implemented include improved infrastructure on the firefighting system & fire line at the filling plant, emergency response plans with training for all employees, continuous risk assessments, increased safety standards for all Distributors, maintenance of first aid facilities and management of fire risks.

We also conduct safety competitions and present safety awards to employees who score the highest in safety performance indicators. An on-site doctor is available during operational hours and a medical kit and ambulance are also available after hours, in case of an emergency.

LAUGFS Maritime, which commenced operations in November, complies with the International Safety Management Code (ISM code) and is certified by the Lloyds registry. The ISM code covers all aspects of health and safety, on board as well as ashore, including computer based and practical trainings for crew.

Management Discussion and Analysis

Stakeholder Analysis

Reaching Through Every Aspect of People's Lives

CUSTOMERS

At LAUGFS, we serve with passion. Our continuous focus is on delivering beyond our customers' expectations and nurturing lasting relationships. That is why being Customer Centric is an integral part of our Value System and is at the centre of our approach to business.

Customer Privacy

We place significant importance on protecting the privacy of our customers and in ensuring confidentiality of their information. Highly secure encryption methods, including a 128 bit VPN secure encrypted protocol, are used together with staff training on customer data protection and handling.

There were no reported cases of breach of customer privacy and losses of customer data during the year under review.

Service Excellence

At LAUGFS, we place great emphasis on delivering beyond our customers' expectations. We continuously monitor our service standards and the delivery processes of our products and services to identify ways of improving the customer experience.

The staff at LAUGFS Eco Sri underwent 33 hours of training during the year to ensure that they are constantly on par with our expected delivery standards.

Home Delivery services and Door Step Technical Advice Assistance are provided to enhance the customer experience and value offerings to our domestic and commercial customers.

The dedicated Technical Help Desk of LAUGFS Eco Sri has also been set up to uphold our commitment to delivering customer value. Located at a state-of-the-art, fully networked call center based at head office, the Technical Help Desk provides free, tailor-made advice to motorists who fail the VET test, on repairing and rectifying issues concerning the failed vehicle through the analysis of real time test data.

LAUGFS Eco Sri conducted their Customer Satisfaction Index (CSI) survey during the year under review, as part of their commitment to identifying and meeting customer expectations. The CSI has been developed using a composite score of 5 parameters that represent Customer Satisfaction, which include center environment and ambiance, accessibility and queuing-up space, customer care of center staff, knowledge of technical staff and satisfaction with staff Integrity.

These 5 parameters were scored on a weighted average scale to arrive at the CSI for the year, which has been derived through an impartial survey carried out involving 996 respondents. The results confirm that 83% of the Eco Sri customers were satisfied with their emission testing experience.

In keeping with their commitment to uphold service standards, Anataya Resorts & Spa has also conducted a Customer Survey during the period, reviewing the feedback of 1192 of their customers. This was based on 7 main criteria including the service levels of the hotel staff and the satisfaction on hotel facilities. 93% of the guests who participated in the survey have indicated that they were satisfied with their overall guest experience.

Quality Assurance

Great emphasis is placed on assuring quality of our products and services across our business operations to ensure that our customers receive the best value.

Various quality assurance guidelines and assessments are in place, together with a dedicated Quality Assurance Department to ensure compliance. Our strict focus on quality has been recognized through various national awards during the period. ISO standards are also followed with LAUGFS Gas PLC and LAUGFS Eco Sri being awarded the ISO 9001-2008 and ISO 9001:2011 certifications respectively.

Warranties and guarantees are also in place for all accessories offered by LAUGFS Gas to assure our customers with quality and peace of mind.

Our commitment to the safety and quality of our products is reflected in our stringent quality standards. The LAUGFS 5kg cylinder, for example, is the only such product in the market with SLS certification. Our rigorous quality parameters also ensure that the defect percentage of our cylinders relating to gas leakage is 0.0001%.

Product Responsibility

We believe that we have a responsibility towards our customers in ensuring that our products and services are produced and delivered in a responsible manner and do not have any adverse impact on their health and safety. Health and safety assessments are an important component of our operations and are carried out continuously to ensure that

corrective and preventative actions are implemented wherever necessary in all our critical operations. All our products are subjected to health and safety assessments at LAUGFS Gas PLC.

We continuously work towards ensuring all relevant product and service information are disseminated through product packaging and various marketing communication tools. This includes ensuring all our products and services are subjected to assessments to confirm compliance with standard labelling. Further, all cylinders and accessories comply with SLS standards and material specifications.

As part of our commitment to provide accurate and timely product information to our customers, LAUGFS Gas PLC also offers a detailed product brochure to customers of new cylinders at the point of sale. This provides information on what LPG is, its properties, as well as information on storage, safe use and emergency procedures.

There were no reported incidents of non-compliance with regulations and voluntary codes concerning the health and safety impact of our products and services during their life cycle during the period reported. There were also no incidents of banned or disputed product sale and no incidents of non-compliance with regulations and voluntary codes concerning product and service information, labelling as well as our marketing communications (including advertising, promotions and sponsorships). All our operations are assessed for risks related to corruption with no reported incidents during the year under review. There were also no fines imposed for non-compliance with laws and regulations concerning the provision and use of our products and services.

Awareness and Training

We are constantly exploring ways to create value to our customers and place great importance on building and nurturing lasting relationships.

Management Discussion and Analysis

Stakeholder Analysis

Awareness and training programs are an important part of this, to help them with process improvements as well as to develop sustainable practices. Training programs carried out by LAUGFS Gas PLC for their industrial bulk customers on minimizing energy consumption through conversion of kerosene & diesel users to LPG gas is one such initiative.

Product and Process Innovation

The Composite Cylinder has been introduced as a result of our continuous focus on product innovation, to provide greater convenience and safety to our customers.

Process innovation and improvement is also an integral part of our operations across all business, as we continuously search for new and better ways to create value for our customers.

LAUGFS Eco Sri has developed and applied enhanced methodology to reduce the customer waiting time at Vehicle Emission Test (VET) centers. A further project has successfully commenced to streamline the online data feeding process into the main system from remote mobile locations on real-time basis. This will help to significantly enhance the efficiency and data accuracy of the entire VET program, as the mobile VET operations account for a sizable component of the overall operations of LAUGFS Eco Sri.

Process innovation is also an important element for our Procurement, Imports and IT services, with a strong emphasis on continuous improvement to ensure that we exceed our customers' expectations.

Our Supply Chain

The Central Procurement Unit and the Group Imports Division are in place to assist all subsidiaries with their procurement and import requirements. Standard systems and processes are in place to ensure quality, efficiency and effectiveness of all procurement and import processes by these departments.

The Central Procurement Unit operates with the guiding principles of delivering best value for money, ensuring fairness, integrity and transparency, ensuring effective competition, and working with the best interests of LAUGFS and its clients. With a strong focus on minimizing environmental impact and eliminating unnecessary consumption, the Unit places great emphasis on selecting products and services with little or no adverse social, economic or environmental impacts associated with any stage of their production, use or disposal.

The Department of Imports operates with the vision to provide flawless and efficient service while meeting deadlines to ensure the quality and safety of the shipments handled.

Preparing and processing of all Customs documents are reviewed according to International Standards. The department currently sources from a network of suppliers spread across Oman, Thailand, India, China, Singapore, Taiwan, the UK and the Netherlands.

Management Discussion and Analysis

Stakeholder Analysis

Today's Footprint, Tomorrow's Legacy

SHAREHOLDERS

As part of our commitment to providing accurate and transparent information to our shareholders, the Annual Report is prepared and distributed to offer an annual update of the company's performance, while quarterly reports are also issued on the financial health and progress of the business.

The first integrated Annual Report released in 2014 is an example of our efforts to provide greater transparency in disclosing information to our stakeholders. Our strong emphasis on transparency and quality in reporting is evident in the numerous awards received by LAUGFS Gas PLC. These include the Gold Award in the Power and Energy Sector at the CA Annual Report Awards 2014 and Platinum awards at the Vision Awards 2013 for the most engaging Annual Report in the Asia Pacific Region and excellence within the industry on the development of the Annual Report.

A strong Corporate Governance framework is in place together with a diligent Risk Management framework to ensure our shareholder interests are safeguarded.

Our focus on transparent and ethical practices together with sustainable growth of our business has enabled us to reward our shareholders with a healthy dividend and a sound long term investment.

A dividend of Rs. 2.00 will be paid to shareholders on 15th June 2015 for the year ended 31st March 2015.

Creating continuous value and providing sustainable returns has remained a key imperative in upholding our responsibilities to our shareholders to deliver exceptional performance and business growth.

Every Journey Begins with a Single Step

COMMUNITY

As part of our commitment to the development of our nation, we believe in empowering our communities. The nature of our operations enables us to engage with local communities by channeling our services in ways that would enhance their lives.

It is with this in mind, that LAUGFS Gas PLC and its subsidiaries engage in various projects and initiatives to enhance and uplift the lives of our communities by being a positive influence in many aspects of their lives, from livelihood and education to culture and religion.

The Estate Sector Projects

LAUGFS Gas, which has been in partnership with the Plantation Human Development Trust (PHDT) for the last 2 years, takes an active interest in the welfare of the rural estate community, working closely with the Estate Workers Housing Corporative Society of the PHDT.

Excess inhalation of wood smoke is a common cause of respiratory diseases among the rural communities of Sri Lanka, due to the use of firewood as a primary fuel for cooking. With this in mind, LAUGFS Gas has taken initiatives focusing on the rural estate sector communities to educate them on safety and health issues related to the use of firewood. Further, special easy payment schemes and installment based payment methods have been put in place for estate sector communities to encourage them to switch to safer LPG for cooking.

New revenue streams have also been created for these communities through dealership opportunities by LAUGFS Gas, thereby empowering and enabling such communities to improve their living standards and secure a better future for the next generation.

Additionally, LAUGFS Gas worked towards the development of their community facilities. One such example is the Child Development Center of the Strathspey Estate Upcot, with a total spent of 206,341LKR.

School Development Projects

The close proximity of Anantaya Resorts & Spa to the local villages is an opportunity to bring about improvement and development to the area and its people. Anantaya identified two local schools, which lacked many basic facilities including clean drinking water for its students, and stepped forward to provide them with clean water on a daily basis. Additionally, investments have been made to improve building facilities of the school, which were not in conditions conducive to studies.

Child Development Center of the Strathspey Estate Upcot - Before and After Renovations

To further strengthen its engagement with the local community, Anantaya also hosted an educational program for the World Tourism Day, inviting and engaging over 200 students from the 5 local schools, providing them with a first-hand experience of the hotel industry, from the creative side of culinary art and presentation, to the technical and logistical functions of the hotel.

A project was initiated by LAUGFS Eco Sri in 2013 to provide drinking water to schools in various parts of the country on an annual basis. This year, the identified schools, Thambuththegama Thambiyawa Maha Vidyalaya and Sirisangabo Vidyalaya were from the North Central region. The area had been noted for the rapid spread of kidney disease due to consumption of contaminated drinking water. These schools were supplied with water purification systems to provide safe and clean drinking water to over 500 of their students in order to minimize health risks.

A musical show, “Sonduru Atheethaya” by T.M. Jayarathne, organized by the staff of LAUGFS Eco Sri was also held in August to raise funds for this and other CSR projects of the Company.

Creating Opportunities for Employment & Skill Development

At LAUGFS, we actively engage in creating employment and skill development opportunities for our communities as part of our commitment to help improve their livelihood and enhance their standards of living.

Over 75% of the staff at Anantaya are employed from the surrounding community. These locals are trained to meet professional standards and quality of service, thereby empowering them and their communities to further pursue opportunities and careers in the industry. We also provide internship training opportunities to students from various institutions, including the National School of Business Management (NSBM)/ National Institute of Business Management (NIBM), University of Sri Jayawardhanapura, University of Wayamba, Sri Lanka Institute of Advanced Technological Education, University of Kelaniya and Technical College of Polonnaruwa.

Stakeholder Analysis

Indirect employment opportunities are also created within the local communities through the sourcing of local suppliers wherever possible. Anantaya Resorts & Spa, for example, has provided over Rs.20 million (22% of all purchases) to the local community through local daily purchasing of fresh vegetables, fruits, meat and dairy products for the hotel, as well as through supporting services such as boating facilities for tourists. Training has also been provided to these local suppliers to help them better integrate into the industry by improving their quality and safety standards.

Our Responsibility

In all our operations, we ensure that our impact on the surrounding communities is that of a positive influence and our interactions with them are handled in a responsible manner, minimizing potential adverse impacts to the best of our ability. We review and assess all our operations for human rights violations and all our investment agreements and contracts undergo human rights screening as per Sri Lankan law.

There have not been any incidents of violations involving the rights of indigenous people and no grievances about impacts on society filed through formal grievance mechanisms during the reporting period nor in the previous financial year.

We have not participated in or been identified for any incidents of anti-competitive behavior, anti-trust and monopoly practices, and there have been no legal actions for the same. There have been no incidents of significant fines or non-monetary sanctions for non-compliance with laws and regulations. Further, no political contributions have been made, directly or indirectly, in cash or kind.

Suppliers

We also place a great importance on ensuring that all suppliers, who contribute to our business operations, uphold ethical business practices and act responsibly towards our communities.

We have begun to actively assess and screen our suppliers for negative impacts on society, labour practices and human rights impacts. We are in the process of assessing our existing suppliers, while all new suppliers for the reporting period have been assessed by a mandatory standard screening process. There have not been any significant actual or potential negative impacts on society, negative impacts for labour practices or negative human rights impacts in the supply chain.

Further, none of our suppliers have been identified as having any breaches of the right to exercise the freedom of association and collective bargaining. Also no incidents of child labour or forced/compulsory labour have been identified.

Religious and Cultural Activities

As a business conglomerate with Sri Lankan roots, we at LAUGFS value and respect the religious and cultural heritage of our nation. We contribute towards and participate in numerous programs and celebrations, as well as support various organizations that help uphold our Sri Lankan heritage.

Donations & Contributions

Some of our key ongoing contributions include:

- Supplying of LP Gas to Sri Pada, amounting to over 220,000 LKR, and carried out on an annual basis.
- Continuous supply of LP Gas to an Ayurvedic doctor at Balangoda, who provides free medical treatment to cancer patients.
- Continuous supply of LP Gas to the Temple of the Sacred Tooth Relic for the daily preparation of “Muruthan Dana”, amounting to over 1.7 million LKR, and carried out on an annual basis.

Management Discussion and Analysis

Stakeholder Analysis

Growth Through Partnership

INTERMEDIARIES

We believe in nurturing long term partnerships with our intermediaries in consistently delivering sustainable value and upholding responsible business practices together with them. We continuously engage with our vast network of intermediaries dispersed across the country through our value chain, in order to maintain an engaged and informed partnership and to ensure effective co-creation of value.

LAUGFS Gas takes pride in its extensive nation-wide network of over 3200 dealers, with whom constant engagement is created by means of ongoing communication and periodical events. We conduct island wide dealer conventions, giving them an opportunity to share their views, in order to strengthen relationships and shared purpose. Further, pricing and payment schemes are tailor-made to suit the region of operation in terms of income and other factors.

We have implemented a cloud based Sales Force Automation management system (SFA) to effectively manage distribution channels and enhance service standards. The system which is installed at distribution points, also enables our third party distributors to monitor and manage their businesses more efficiently.

We also actively engage in supporting and providing skill and knowledge enhancement opportunities for our various intermediaries. Training programs are carried out by Anantaya Resorts & Spa for their local suppliers on improving their safety and quality standards.

+3200

Dealers islandwide

Inspiring Greener Footprints

The LAUGFS Group Environmental Policy stems from our strong value system where integrity, customer centricity, innovativeness, teamwork, and being a responsible corporate citizen play a vital role.

Guided by our solid value framework, we identify our responsibility throughout our business operations and value chain, and commit to consistent improvement and development of futuristic, greener solutions for our country.

Environment Initiatives

Numerous initiatives are carried out across our businesses to strengthen our commitment to consistently adopt strong, environmentally sound practices and to minimize the negative impact on our environment through our operations.

Eco Luxury

Anantaya Resorts and Spa, built around the concept of eco-luxury, is an example of our efforts to integrate eco initiatives and sustainable environmental practices into our business operations. The concept of eco-luxury operates focused on 3 aspects; energy, water and waste, which collectively maintain an overall balance in environmentally friendly practices and solutions at the hotel.

Energy

Energy efficiency is a key focus of the hotel's design, both architecturally and technologically. From maximum utilization of light and ventilation to minimization of heat accumulation, the unique design and layout of the resort provide ample opportunity for energy efficiency. The Company has also invested over 1 million LKR on solar and wind power generation for the hotel, which contributes significantly to reducing the hotel's energy footprint.

Water

In an industry that consumes enormous amounts of water for daily operations, Anantaya stands out with its own water purification plant, built with an investment of over 10 million LKR, which recycles all water used by the hotel on a daily basis. Additionally, the hotel has incorporated numerous systems for water conservation, including the use of water saving devices as well as water conservation practices within the hotel.

Waste

Measures are taken to ensure minimization of waste by applying the principle of reduce|reuse|recycle. A solid waste management system ensures that all waste is handled responsibly with no negative impact on the surrounding environment. Measures are also in place to minimize the use of polythene, and to ensure that all refrigeration equipment is CFC / HCFC free.

Green IT

The Green IT project has been introduced to integrate sustainable practices into the Group IT operations, through more energy-efficient and greener IT solutions.

The migration of user mailboxes to the cloud platform has a significant impact on reducing the Carbon footprint by an estimated 79% compared to mail being delivered on site.

Systems for the disposal/recycling of e-waste have also been implemented by the Group's IT division.

Web based services and systems, including Project Management Systems, Document Management Systems, and Human Resource Management Systems, have been implemented, contributing to a significant reduction in the use of paper and energy.

Further, various other solutions have been introduced and integrated in order to maximize energy efficiency by Group IT. These include dynamic provisioning to reduce wasted computer resources, use of shared infrastructure through multi-tenancy, operating servers at higher utilization rates, using advanced data center infrastructure designs that reduce power loss through improved cooling and moving towards virtualization, to reduce energy consumption.

Migration to cloud: carbon footprint reduced by 79%

Disposal/recycling of e-waste: +900 kg of CO2 emissions saved

Virtualization: +52,000 kg of CO2 emissions saved

Other Initiatives

ADOPT A PLANT - Celebrating Environment Day

The plant donation campaign carried out by LAUGFS Eco Sri every year on world environment day, is aimed towards encouraging customers at Eco Sri centres across the country to 'adopt a plant' as their contribution to a greener planet.

Earth Hour Campaign

LAUGFS Eco Sri invested Rs. 2 million on the Earth Hour campaign, promoting awareness on the global Earth Hour movement, where approximately 35,000 pledges were made by customers.

Waste Paper Recycling

The Group introduced a waste paper recycling initiative, partnering with Neptune Recyclers to recycle all used paper in order to contribute to the environment by means of saving natural resources. This has resulted in 667kg of paper recycled during the period since the introduction of this initiative.

Eco awareness creation:

- Free Eco Newspapers, are distributed among customers at Eco Sri centres nation-wide, creating awareness on environment protection, pollution and health.
- A Sustainability Awareness Week was carried out, to create awareness amongst employees on sustainability practices and environmentally friendly projects carried out by the Company
- Eco awareness through social media

Sponsorships

Eco Sri also carries out and supports various awareness campaigns on the importance of vehicle emission testing and was the platinum sponsor of the Better Air Quality (BAQ) conference on "Air quality in Asia" and 8th EST forum held in Colombo.

Responsible Operations

MATERIALS

The Subsidiaries of LAUGFS Gas PLC operate primarily in the service sector except for LAUGFS Gas, which engages in the distribution of LP Gas to domestic, commercial and industrial customers.

LAUGFS Gas uses cylinders that are made of steel and are 100% reusable.

<table>
<tr><th>Product</th><th>Material used</th><th>Weight of Material used</th><th>% Reused / recycled</th></tr>
<tr><td>2kg cylinder</td><td>Steel</td><td>2.85kg</td><td rowspan="4">100%</td></tr>
<tr><td>5kg</td><td>Steel</td><td>8.08kg</td></tr>
<tr><td>12.5 kg</td><td>Steel</td><td>12.72kg</td></tr>
<tr><td>37.5kg</td><td>Steel</td><td>27.43kg</td></tr>
<tr><td>Cylinder caps</td><td>Plastic</td><td>160kg of plastic was used during the year</td><td>50%</td></tr>
</table>

We make every effort to mitigate the environmental impacts of our products and services. As a business engaged in providing energy solutions to minimize emissions, LAUGFS Gas also places great importance on minimizing environmental impact during its production and distribution process.

Management Discussion and Analysis
Environmental Capital

None of our products are made using reclaimed material. All damaged cylinders are returned to the plant to be repaired by the Engineering arm of LAUGFS Holdings, after which they are put back into service. No cylinders are discarded as a result.

ENERGY

With a strong focus on sustainable energy products to fuel the growing energy needs, we are committed to providing green energy solutions for everyday household requirements through our businesses. LAUGFS Gas provides LPG as an alternative, cleaner source of fuel for domestic, commercial and industrial energy needs. LAUGFS Power, engaged in hydropower generation, is nearing completion of the third phase of construction. The project, which currently generates 1900 MWh annually to the national grid, would be contributing a total of 2,600 MWh in the near future.

Total Energy Consumption

		Total
Fuel Consumption from Non-Renewable Sources (MJ)		**39,107,666**
Diesel	33,075,145	
Petrol	5,088,427	
Gas	944,093	
Fuel Consumption from Renewable Fuel Sources (MJ)		**143,885**
Solar	141,980	
Wind	1,905	
Electricity Consumption		**10,524,312**
Electricity Sold To The Grid (Hydro)		**6,840,000**

Standards used:	Calorific values (MJ/kg) * toe/t 1.05 (Sri Lanka Energy Balance 2012)	Specific gravity (kg/l) (*industry standards based on public documentation sources)
Diesel	43.96	0.83
Petrol	45.64	0.761
Gas	44.38	-

* Fuel consumption of LAUGFS Maritime which began operations in late 2014, is not included in the above table, but is disclosed for the last quarter of 2014 and first quarter of 2015.

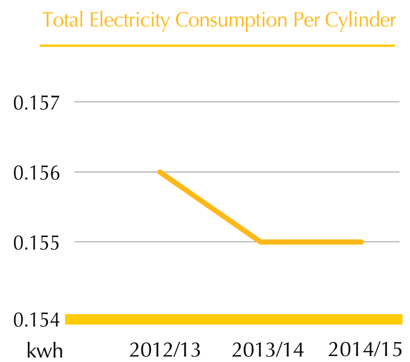
Energy Consumption for LAUGFS Maritime Services	
Intermediate Fuel Oil	29.015 x 10^9 MJ
Marine Gas Oil	7.715 x 10^9 MJ
Total Non Renewable Energy Consumption (J)	36.73 x 10^9 MJ

The vessel generates its own electricity, and when at sea, uses the main engine exhaust gas to produce steam instead of firing the main boiler.

As an energy conscious organization, we also intend to record energy consumed outside of the organization in the future.

Energy Intensity

LAUGFS Gas has been able to maintain the total electricity consumption per cylinder at 0.155 kWh during the period under review, as part of its efforts to minimize its energy footprint. This value is based on the total electricity usage of LAUGFS Gas, which includes refilling of cylinders.



Reductions in energy consumption

LAUGFS Gas has recorded a saving of 1750 kWh through installation of high energy efficient lighting and other equipment.

LAUGFS Power uses its own hydro generated energy for its daily operations, which is approximately 260 kWh.

LAUGFS Maritime reduced its Intermediate Fuel Oil (IFO) consumption by between 0.75 to 1.0 MT by painting the ship's propeller with a special low resistance coating, thereby enhancing fuel efficiency. Additionally, heat generated by the vessel's engine cooling system is used to produce fresh water at sea.

Anantaya Resorts & Spa uses renewable energy from solar and wind power. All garden lighting is powered by wind energy which is a saving of over 158 MJ per month. Saving from solar energy is 12,000 MJ per month.

Other unquantified energy reduction methods include:

- Upgrading of power management systems
- Installation of energy efficient LED / CFL lighting – 80% of lighting at Anantaya is LED
- Managing peak energy consumption by shutting down power of non-critical equipment and areas
- Use of natural environment for light & temperature control
  - LAUGFS Gas Plant Building is completely provided with natural light and ventilation.
  - Over 60% of Anantaya's floor area is served by natural or mechanical ventilation.
  - Minimization of heat accumulation through design of buildings.
- Heat recovery methods
  - Anantaya: Cool air discharged from heat pumps is used for air conditioning selected areas
  - Maritime: the Main engine exhaust gas is used to heat the boiler while at sea

We also generate awareness among our stakeholders on energy use, efficiency and conservation. These are carried out through awareness programs for bulk customers of LAUGFS Gas, employee engagement in energy efficient practices, social media to generate customer and general public awareness etc.

Reductions in energy requirements of our products and services are not applicable in the sectors we operate. However, we make every attempt to minimize our energy consumption within and outside our organization, both directly and indirectly.

EMISSIONS

LAUGFS Gas and LAUGFS Eco Sri contribute significantly to the reduction of air pollution through their businesses. LPG is a 94% energy efficient fuel and its use as an alternative for firewood and fuel oil has resulted in considerably less emissions. Vehicle Emission Testing carried out by Eco Sri not only ensures that emissions are within the required parameters, but also follows up with vehicle users to ensure that the necessary measures are taken to mitigate any identified issues.

Direct Greenhouse Gas emissions of the Group occur mainly by fuel consumption for transportation, while indirect Greenhouse Gas emissions of the Group occur mainly through consumption of electricity. As a result, Greenhouse Gas emissions from these activities is not considered significant in the sectors we operate.

Through the usage of LPG as an alternative fuel, significant reductions are made in emissions compared to the usage of most non-renewable energy sources. Records indicate that an estimated total of over 19,000 kg of CO_2 were saved each month by our two largest commercial customers alone, by using LPG instead of fuel oil.

LAUGFS Power, which produces over 1900MWh of renewable energy per year as electricity to the national grid, helps reduce CO_2 emissions of over 1,356 tones, that would otherwise have been created through thermal sources.

The energy saving of over 143,885 MJ by the use of solar and wind power at Anantaya has further reduced the overall carbon footprint. Saving from solar was calculated based on the energy consumption of the boiler and saving wind energy is obtained based on energy usage of garden lighting.

We have also initiated the recycling of waste paper through the main offices which would be later implemented across our entire operations. Total recycled paper during the year under review compensates for 667kg of CO_2 equivalent.

There are no significant emissions of ozone depleting substances (OSD), NOx, SOx, and other air emissions produced as a result of our businesses, with the exception of non-deliberate emissions from LAUGFS Maritime Services. All emissions produced by the Gas Challenger are regulated within the required international standards such as the MARPOL convention. Furthermore, the vessel voluntarily assesses its emissions and ensures further minimization by various means.

LAUGFS Maritime

Emissions	Total	
CO_2	Tonnes	2335.52
SOx	Tonnes	21.38
R-22 (ODS)	Kg	13

*All calculations are based on actual consumption of fuel (CO_2, Sox) and refrigerant gases (R-22), and the reference data is obtained from laboratory test results. (VISWA Labs, Singapore)

Environmental Capital

WATER

Total water withdrawal by source is as follows.

Source	Water usage (m^3)	Water recycled (m^3)	Recycled Water reused (m^3)	Percentage recycled
Surface water	60645.6	8890	8500	14%
Ground water	9,396,625	9,396,625	9,396,625	100%
Municipal water	53753	-	-	-

We have ensured that no water source is significantly affected by our withdrawal of water.

At LAUGFS Gas, 14% of waste water is filtered through a sedimentation tank, and reused. LAUGFS Gas also collects and stores rainwater in large ponds onsite, as a source for extinguishing fire in emergency situations. The total capacity of the tanks / ponds is 600,000 m^3.

Anantaya recycles and reuses 100% of water consumed on a daily basis through its own water recycling plant, built with an investment of over 10 million LKR.

100%

of water used is recycled at Anantaya

EFFLUENTS AND WASTE

Water discharge

Company	Discharge Location	Quality	Discharged Volume (m^3) 2014 /15
Gas	Internal soaking pits	Domestic waste water, untreated	20,000
	Drains	Treated water Untreated	390 59,263
Anantaya	Gardening, on site	Treated water	9,396,625
Eco Sri	Internal soaking pits	Domestic waste water, untreated	33,768

We ensure that we do not pollute water in any of our operations. All water used at Anantaya is treated and reused for gardening. No water bodies or related habitats are affected by discharge of water and runoff produced by our operations. There have been no significant spills as a result of any of our operations.

We do not transport, import, export or treat waste deemed hazardous under the terms of the Basel convention2 annex I, ii, iii, and viii.

Solid waste

Solid waste of the company is also disposed in a responsible manner.

Type of waste	Quantity collected 2014/15	Method of disposal
Gas	**(kg)**	
Metal	12,500	100% Re-use / recycle
Plastic	512	100% recycle
Paper/ cardboard	710	100% Recycle
Bio degradable	9150	Composting/ land fill
Hazardous waste		N/A
Nonhazardous factory waste	11230	Municipality approved third party disposal
Leisure	**(kg)**	
Metal	50	Sold to recyclers. Money collected goes to staff welfare.
Plastic	1060	
Paper/ cardboard	521	
Glass	615	
Grass	500	Sent to organic farm as compost
Wet garbage	-	Sent to piggery, daily
Maritime	**(m^3)**	
Plastic	13.5	Third party disposal
Bio degradable (food)	5.56	
Domestic & operational Waste (Paper, bottles, crockery)	14.54	
Cooking oil	0.14	
Sludge	34.6	

BIODIVERSITY

Our operational sites, when located in or adjacent to a protected area of high biodiversity, have obtained required approvals from authorities in accordance with Sri Lankan and relevant international laws, hence we have ensured that our operational activities, products and services do not have a significant impact on biodiversity in protected areas and areas of high biodiversity value outside protected areas. Furthermore, no IUCN red list species and national conservation list species are affected by our operations.

We have always protected our environment and habitats. An example of this commitment is Anantaya Resorts & Spa, a 16 acre property that coexists in harmony with its natural environment, having ensured that all operations comply with approved standards. In our ongoing commitment to sustaining and protecting the environment, we are also looking at carrying out a fully-fledged study on Anawilundawa wetland which lies in close proximity to the hotel.

Responsible Practices

There have been no significant fines or non-monetary sanctions for noncompliance with environmental laws and regulations and no grievances filed on environmental impacts.

We have made every effort to minimize the environment impacts of transportation in our business operations, including the transportation of products, materials and staff, where no significant impact has been identified. The table below indicates the breakdown of energy for transportation.

Energy used for transportation	Consumption (MJ)	
		Total
Employee transportation		**6,536,433**
Diesel	926,210	
Petrol	5,088,402	
Gas	521,821	
Customer services, product transportation & delivery		**30,719,471**
Diesel	30,719,471	
Total		**37,255,904**

The Group complies with all relevant environmental regulations and requirements of the country, including those stipulated by the Central Environment Authority. The Gas Challenger, which operates in international waters complies with all required international regulations. It also undertakes voluntary compliance of internationally accepted best practices and standards such as The Ballast Water Management Convention of IMO. Regulations are also implemented on board the vessel to protect the environment under The International Convention for the Prevention of Pollution from Ships (MARPOL), which include Prevention of Pollution by Oil, Prevention of Pollution by Sewage from Ships, Prevention of Pollution by Garbage from Ships, Prevention of Air Pollution from Ships etc.

In all our operations, investments and activities we ensure that the required impact assessments are carried out prior to commencement and take measures to mitigate any identified risk or negative impact on the environment.

A total expenditure of 300,000 LKR was invested by LAUGFS Gas PLC for waste disposal, emissions treatment, and remediation costs during the year under review. In addition, various non-monetary initiatives were also carried out to minimize any negative impacts on the environment, including awareness generation and environmental management.

Sustainable sourcing

With the intention of introducing sustainable sourcing practices, the Group has initiated supplier evaluation under all sustainability criteria. As part of our supplier screening process introduced during the year, we also assess all our new suppliers for negative impacts on the environment. There have not been any significant actual or potential negative impacts on the environment in the supply chain.

Management Discussion and Analysis

Economic Capital

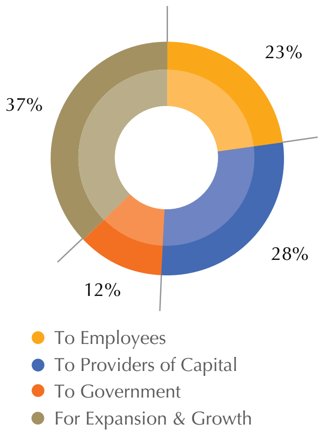
Greater Footprints, Greater Strides

As our business grows from strength to strength each year, we believe that it is our responsibility to share our success with our nation and strengthen our roots as a truly Sri Lankan business conglomerate.

Fuelled by a consistent focus on sustainable growth, and a strong value system guiding our business decisions, our Economic Value Creation for the year under review has exceeded Rs.3,235 million.

The distribution of Economic Value is presented below with Rs.747 million being distributed to employees, Rs. 900 million to providers of capital, Rs.393 million to the government and Rs.1,204 million being retained by the company to support its expansion and growth plans.

Distribution of Value Addition



	Rs. Million
Direct Economic Value generated (Revenue)	**11,911**
Economic Value Distributed	
Operating costs	8,668
Employee wages and benefits	747
Payments to providers of capital	900
Payments to Government	393
Economic Value Retained	1,204

Our business operations across the country have contributed to generate over 1500 direct employment, while a significant number of indirect employment has also been created with income generating opportunities being provided to 21 Distributors and over 3,200 Dealers.

With its expanding network of Vehicle Emission Test (VET) centers, LAUGFS Eco Sri provides over 750 employment opportunities, with over 85% being technical and VET center based staff. Most of the staff employed are youth from the local communities, thus making a significant economic contribution to uplifting the living standards of many families across the country, while also providing opportunities for skill and knowledge enhancement.

We have also supported local industry through purchasing of locally manufactured products for our key operations. This includes Eco Sri purchasing locally manufactured items such as smoke masks, as well as LAUGFS Leisure purchasing produce from the local community and spending over Rs.20 million on local purchases. Further all the victuals for the ship are purchased locally by LAUGFS Maritime, while priority is also given to local suppliers when purchasing all other spares and store requirements.

Further, significant investments have also been made on infrastructure during the period under review, which have had substantial positive economic impact on the local communities and the country at large.

LAUGFS Eco Sri has invested in 76 fixed and semi-fixed Vehicle Emission Test (VET) centers island-wide and a fleet of 27 modern, mobile VE testing units to cater to all parts of the country, regardless of the terrain conditions or remote locations. This has had a significant impact on the infrastructure requirement to support the successful implementation of the VET program across the country, and would further contribute towards curtailing respiratory health issues caused by poor air quality.

LAUGFS Power has invested significantly on developing the village road network in the Ranmudu-oya area where over Rs.17 million will be invested over different phases of the project. Once completed, this will not only benefit the operations of the company, but also will have a significant impact on the local village community.

Further, the phase1 of Ranmudu-oya hydro power plant (500kW) of LAUGFS Power, is expected to generate 1900 MWh annually, saving the burning of fossil fuel of 1,102 litres (source: Kalanithissa power station. Calculations based on the use of Lanka auto diesel). The total generation from the plant has been planned to increase to 2,600 MWh at the end of 2015.

Climate Change

Financial Implications, Risks and Opportunities

Company	Climate Change Risk/Opportunity	Management of Risk/Opportunity by Company
LAUGFS Gas	Growing focus on fuel emissions and its negative environmental impact	Awareness generation on using LPG as a greener fuel.
	Increasing focus on greener fuels and energy sources for vehicles	Awareness generation on using LPG as a transport fuel.
	Increasing concerns about health hazards due to air pollution	Raising awareness of LPG as a safer fuel compared to firewood
LAUGFS Eco Sri	Focus on the impacts of air pollution, especially relating to negative health and climatic implications	Raising awareness on the need and importance of Vehicle Emission Certification for a cleaner tomorrow.
LAUGFS Leisure	Focus on healthy lifestyles and more organic consumption patterns	Adoption of green packaging techniques and providing organic products where possible to hotel guests.
LAUGFS Power	Increasing focus on the need for clean, renewable energy to support the growing energy demands	Producing and supplying hydro power to the national grid.
LAUGFS Property	Energy saving construction techniques	Company plans to design and construct futuristic properties with inbuilt energy saving techniques.

LAUGFS Gas, LAUGFS Eco Sri (Pvt) LTD, LAUGFS Leisure, LAUGFS Maritime and LAUGFS Property have been granted tax relief benefits as a concession of the Board of Investment.

While the government is not a direct shareholder of the company, the Employees Provident Fund, as a state entity, continues to hold 17.3% of total shares (voting).

Management Discussion and Analysis
Outstanding Recognition

The year 2014/15 saw an outstanding record of prestigious awards and recognition for LAUGFS Gas PLC, received both locally and internationally.

Company	Awarding Body	Award / Category
LAUGFS Gas PLC	National Chamber of Commerce of Sri Lanka	National Business Excellence Awards (NBEA) 2014 - Gold Award (Service & Other)
LAUGFS Gas PLC	Chartered Accountants	Annual Report Awards 2014 Gold Award (Power & Energy Sector)
LAUGFS Gas PLC	Ceylon Chamber of Commerce	Best Corporate Citizen - Sustainability Award 2014 Winner – less than 15billion turnover category
LAUGFS Gas PLC	League of American Communications Professionals (LACP) Vision Awards 2013 - Annual Report Competition	Platinum Award - Excellence within the industry on the development of the Annual Report
		Platinum Award - Most Engaging Annual Report in the Asia Pacific Region
		Silver Award - Most Engaging Annual Report Worldwide
		Amongst the Top 100 Annual Reports Worldwide - ranked at No. 25
		Amongst the Top 80 Annual Reports in the Asia Pacific Region - ranked at No. 11
LAUGFS Gas PLC	ARC Awards 2014	Silver Award (Financial Data Category) - Energy Sector
LAUGFS Gas PLC	Ceylon National Chamber of Industries	Achievers of Industrial Excellence Achievers Award 2014 – Silver
		Top Ten Achievers of Industrial Excellence Top Ten Companies Award 2014
LAUGFS Eco Sri	Ceylon National Chamber of Industries	Achievers of Industrial Excellence Achievers Award 2014 – Bronze
		Top Ten Achievers of Industrial Excellence Top Ten Companies Award 2014
Anantaya Resorts & Spa	The Hotels Association of Sri Lanka (THASL)	Greening Awards 2014 - Merit Award Energy & Water Conservation and Waste Management
Anantaya Resorts & Spa	TripAdvisor	Top 25 Luxury Hotels in Sri Lanka
Anantaya Resorts & Spa	Booking.com	2014 Award of Excellence – Rated 8.7/10
LAUGFS Corporate IT	National Best Quality Software Awards (NBQSA)	Merit award for its in-house developed LAUGFS Bid Plus platform

Memberships:

National Chamber of Commerce
Ceylon Chamber of Commerce
World LPG Association
The Hotel Association of Sri Lanka

Management Discussion and Analysis

Commitments Made in 2014

Stakeholder Group	Commitments made in 2014	Progress
Employees	Continued professional development and grooming of employees through LAHES - the Corporate Campus, by offering a variety of training and development opportunities.	●
	LAUGS Gas: Brand Academy (Internal Marketing) 2014 Initiate a Brand Academy to enhance the standards of all employees of LAUGFS Gas PLC	●
	LAUGFS Eco Sri: Arrange hire purchase schemes during festive seasons, where employees can purchase electrical items etc.	●
	LAUGFS Leisure: Improve the regional recruitment levels by offering on-the-job training opportunities to staff recruited from within the region	●
Customers	LAUGFS Eco Sri: Enhance customer awareness on Vehicle Emission Testing and technical aspects related to emission testing by increased reach-out through the call centre and Eco Sri newspaper.	●
	LAUGFS Leisure: Providing customers with unmatched service quality with world class hospitality standards by continuous evaluation of customer feedback forms.	●
Intermediaries	LAUGFS Gas Complete the new LAUGFS IT System for Dealers providing a better control over their inventory, distribution and enhanced performance.	●
Economy	Increase the provision of income generation opportunities through the expansion of business.	●
Community	LAUGFS Gas: Uplift the livelihood of an identified set of households in the estate sector through CSR and community development activities.	●
	LAUGFS Eco Sri: Donation of school items to remote, needy schools.	●
Environment	LAUGFS Gas: Complete the second phase of the planned tree planting campaign.	●
	LAUGFS Eco Sri: • Register as a corporate partner for 'Earth Hour' program and introduce the concept to all centers. • Introduce the Green House concept in selected Eco Sri centres by raising plants in greenhouses.	● ●
	LAUGFS Leisure: Launch a project to plant 1,000 mangroves	●
Shareholders	Achieve Profit Targets set for the year	●
	Create value for their investments	●

Status Key

Completed ●

Commenced / In progress ●

Not commenced ●

Management Discussion and Analysis
Our Goals for 2015/16

<table>
<tr><th>Stakeholder Group</th><th>Our Goals for 2015/16</th></tr>
<tr><td>Employees</td><td>Review & redesign the organization structure of all business units
Develop & implement a competency based performance management system
Conceptualize and launch the Employer brand
Strengthen the employee engagement strategy
Re-launch the HR Policy framework</td></tr>
<tr><td>Customers</td><td>LAUGFS Eco Sri
Continue to provide value added services such as e-revenue license processing and nitrogen air filling facility.</td></tr>
<tr><td>Intermediaries</td><td>LAUGFS Gas
Identifying & appointing key dealers
Initiate activities to enhance relationships with intermediaries (distributors etc.)</td></tr>
<tr><td>Economy</td><td>Increase the provision of income generation opportunities through the expansion of business.
LAUGFS Leisure
To acquire the 5 star classification for Anantaya Chilaw.
LAUGFS Power
Supply of energy from renewable sources to the national grid, thus serving the nation's energy requirements</td></tr>
<tr><td>Community</td><td>LAUGFS Gas
Increase local community representation in employment
Establishment of a skill training and development center
LAUGFS Eco Sri
Assistance to schools and children in remote and semi urban areas by way of organizing art competitions and supplying basic needs.
Participate in school traffic warden program
LAUGFS Leisure
Supporting selected schools in the area to provide for their educational needs.</td></tr>
<tr><td>Environment</td><td>LAUGFS Gas
Plant 1,000 trees as part of the tree planting campaign
Reduce emissions through logistic and process streamlining
LAUGFS Eco Sri
Encourage proper management of waste disposal within the VET centers.
Encourage organic vegetable cultivations within the demarcated boundaries at VET centers.
Actively participate in national tree planting day.
LAUGFS Leisure
To complete the mangrove planting project.</td></tr>
<tr><td>Shareholders</td><td>Achieve Profit Targets set for the year</td></tr>
</table>

For queries regarding this Report, contact:
Chief Financial Officer
LAUGFS Gas PLC
No. 14, R.A. De Mel Mawatha,
Colombo 4.

Reporting Period: 1 April 2014 – 31 March 2015
Previous Report: 1 April 2013 – 31 March 2014
Reporting Cycle: Annual

GRI Index

GENERAL STANDARD DISCLOSURES

	Description	Page Number	External Assurance
STRATEGY AND ANALYSIS			
G4-1	Statement from the Chairman	8-17	Yes
ORGANIZATION PROFILE			
G4-3	Name of the organization.	IBC	Yes
G4-4	Primary brands, products, and services.	40	Yes
G4-5	Location of the organization's headquarters.	IBC	Yes
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	41-43	Yes
G4-7	Nature of ownership and legal form.	IBC	Yes
G4-8	Markets served.	41-43	Yes
G4-9	Scale of the reporting organization.	7,40,134	Yes
G4-10	Total number of employees by employment type, employment contract and region, broken down by gender.	76	Yes
G4-11	Percentage of total employees covered by collective bargaining agreements.	79	Yes
G4-12	Organization's supply chain.	84	Yes
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	46	Yes
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	91	Yes
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	70	Yes
G4-16	Memberships of associations and national or international advocacy organizations.	98	Yes
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	Organization entities covered by the Report and entities not covered by the Report.	128	Yes
G4-18	Process for defining the Report content and the Aspect Boundaries.	68-70	Yes
G4-19	Material Aspects identified in the process for defining Report content.	68	Yes
G4-20	Aspect Boundary within the organization for each Material Aspect.	68-70	Yes
G4-21	Aspect Boundary outside the organization for each Material Aspect.	68-70	Yes
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	70	Yes
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	70	Yes

Management Discussion and Analysis
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	Description	Page Number	External Assurance
STAKEHOLDER ENGAGEMENT			
G4-24	List of stakeholder groups engaged by the organization.	71-73	Yes
G4-25	Basis for identification and selection of stakeholders with whom to engage.	71-73	Yes
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	71-73	Yes
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to them.	71-73	Yes
REPORT PROFILE			
G4-28	Reporting period.	100	Yes
G4-29	Date of most recent previous Report.	100	Yes
G4-30	Reporting cycle.	100	Yes
G4-31	Contact point for questions regarding the Report or its contents.	100	Yes
G4-32	Compliance with GRI G4 Guidelines, GRI Content Index and the External Assurance Report.	68, 110-111	Yes
G4-33	Policy and current practice with regard to seeking external assurance for the Report.	68, 101-111	Yes
GOVERNANCE			
G4-34	Governance structure of the organization, including committees of the highest governance body responsible for decision-making on economic, environmental and social impacts.	112	Yes
ETHICS AND INTEGRITY			
G4-56	Values, principles, standards and norms of behavior.	44	Yes

SPECIFIC STANDARD DISCLOSURES			
DMA and Indicators	**Material Aspects**	**Page Number (or link)**	**External Assurance**
CATEGORY : ECONOMIC			
MATERIAL ASPECTS: ECONOMIC PERFORMANCE			
G4-EC1	Direct economic value generated, distributed and retained.	202	Yes
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	97	Yes
G4-EC3	Coverage of the organization's defined benefit plan obligations.	152	Yes
G4-EC4	Financial assistance received from government.	97	Yes
MATERIAL ASPECTS: MARKET PRESENCE			
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	75	Yes
MATERIAL ASPECTS: INDIRECT ECONOMIC IMPACT			
G4-EC7	Development and impact of infrastructure investments and services supported.	96	Yes
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	89,96	Yes
MATERIAL ASPECTS:PROCUREMENT PRACTICES			
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	96	Yes
CATEGORY : ENVIRONMENT			
MATERIAL ASPECTS: ENVIRONMENTAL MATERIALS			
G4-EN1	Materials used by weight or volume.	91	Yes
G4-EN2	Percentage of materials used that are recycled input materials.	91	Yes
MATERIAL ASPECTS: ENERGY			
G4-EN3	Energy consumption within the organization.	92	Yes
G4-EN4	Energy consumption outside of the organization.	92	Yes
G4-EN5	Energy intensity.	92	Yes
G4-EN6	Reduction of energy consumption.	92	Yes
G4-EN7	Reductions in energy requirements of products and services.	93	Yes

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DMA and Indicators	Material Aspects	Page Number (or link)	External Assurance
MATERIAL ASPECTS: WATER			
G4-EN8	Total water withdrawal by source.	94	Yes
G4-EN9	Water sources significantly affected by withdrawal of water.	94	Yes
G4-EN10	Percentage and total volume of water recycled and reused.	94	Yes
MATERIAL ASPECTS: BIODIVERSITY			
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	95	Yes
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	95	Yes
G4-EN13	Habitats protected or restored.	95	Yes
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	95	Yes
MATERIAL ASPECTS: EMISSIONS			
G4-EN15	Direct greenhouse gas emissions (Scope 1).	93	Yes
G4-EN16	Energy indirect greenhouse gas emissions (Scope 2).	93	Yes
G4-EN17	Other indirect greenhouse gas emissions (scope 3).	93	Yes
G4-EN18	Greenhouse gas emissions intensity.	93	Yes
G4-EN19	Reduction of greenhouse gas emissions.	93	Yes
G4-EN20	Emissions of ozone-depleting substances (ODS).	93	Yes
G4-EN21	NOx, SOx, and other significant air emissions.	93	Yes
MATERIAL ASPECTS: EFFLUENTS AND WASTE			
G4-EN22	Total water discharge by quality and destination.	94	Yes
G4-EN23	Total weight of waste by type and disposal method.	94,95	Yes
G4-EN24	Total number and volume of significant spills.	94	Yes
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention 2 annex i, ii, iii, and viii, and percentage of transported waste shipped internationally.	94	Yes
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization’s discharges of water and runoff.	94	Yes

DMA and Indicators	Material Aspects	Page Number (or link)	External Assurance
MATERIAL ASPECTS: PRODUCTS AND SERVICES			
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	92-93	Yes
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	92	Yes
MATERIAL ASPECTS: COMPLIANCE			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	95	Yes
MATERIAL ASPECTS: TRANSPORT			
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.	95	Yes
MATERIAL ASPECTS: OVERALL			
G4-EN31	Total environmental protection expenditures and investments by type.	95	Yes
MATERIAL ASPECTS: SUPPLIER ENVIRONMENT ASSESSMENT			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	95	Yes
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	95	Yes
MATERIAL ASPECTS: ENVIRONMENTAL GRIEVANCE MECHANISMS			
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	95	Yes
CATEGORY: SOCIAL			
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK			
MATERIAL ASPECTS: EMPLOYMENT			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group.	77	Yes
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part time employees, by significant locations of operation.	80	Yes
G4-LA3	Return to work and retention rates after parental leave, by gender.	80	Yes

Management Discussion and Analysis

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DMA and Indicators	Material Aspects	Page Number (or link)	External Assurance
MATERIAL ASPECTS: LABOUR/MANAGEMENT RELATIONS			
G4-LA4	Minimum notice periods regarding operational changes, including whether it is specified in collective agreements.	75	Yes
MATERIAL ASPECTS: OCCUPATIONAL HEALTH AND SAFETY			
G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees.	80	Yes
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism and total number of work-related fatalities, by region and by gender.	81	Yes
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	80	Yes
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	79	Yes
MATERIAL ASPECTS: TRAINING AND EDUCATION			
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	77	Yes
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	77	Yes
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	78	Yes
MATERIAL ASPECTS: DIVERSITY AND EQUAL OPPORTUNITY			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	76	Yes
MATERIAL ASPECTS: EQUAL REMUNERATION FOR WOMEN AND MEN			
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	80	Yes
MATERIAL ASPECTS: SUPPLIER ASSESSMENT FOR LABOUR PRACTICES			
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	88	Yes
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	88	Yes
MATERIAL ASPECTS: LABOUR PRACTICES AND GRIEVANCE MECHANISMS			
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	79	Yes

DMA and Indicators	Material Aspects	Page Number (or link)	External Assurance
SUB-CATEGORY: HUMAN RIGHTS			
MATERIAL ASPECTS: INVESTMENT			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	88	Yes
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	75 (P)	Yes
MATERIAL ASPECTS: NON DISCRIMINATION			
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	78	Yes
MATERIAL ASPECTS: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGANING			
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	79,88	Yes
MATERIAL ASPECTS: CHILD LABOUR			
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	75,88	Yes
MATERIAL ASPECTS: FORCED OR COMPULSORY LABOUR			
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	78,88	Yes
MATERIAL ASPECTS: SECURITY PRACTICES			
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.	77	Yes
MATERIAL ASPECTS: INDIGENOUS RIGHTS			
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	88	Yes
MATERIAL ASPECTS: ASSESSMENTS			
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	88	Yes

*(P) - Partially Complied

GRI Index

DMA and Indicators	Material Aspects	Page Number (or link)	External Assurance
MATERIAL ASPECTS: SUPPLIER HUMAN RIGHTS ASSESSMENT			
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	88	Yes
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	88	Yes
MATERIAL ASPECTS: HUMAN RIGHTS GRIEVANCE MECHANISMS			
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	79	Yes
SUB CATEGORY: SOCIETY			
MATERIAL ASPECTS: LOCAL COMMUNITIES			
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes.	86	Yes
G4-SO2	Operations with significant actual and potential negative impacts on local communities.	88	Yes
MATERIAL ASPECTS: ANTI-CORRUPTION			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	83	Yes
G4-SO5	Confirmed incidents of corruption and actions taken.	79	Yes
MATERIAL ASPECTS: PUBLIC POLICY			
G4-SO6	Total value of political contributions by country and recipient/beneficiary.	88	Yes
MATERIAL ASPECTS: ANTI-COMPETITIVE BEHAVIOR			
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	88	Yes
MATERIAL ASPECTS: COMPLIANCE			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	88	Yes
MATERIAL ASPECTS: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY			
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	88	Yes
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.	88	Yes

DMA and Indicators	Material Aspects	Page Number (or link)	External Assurance
MATERIAL ASPECTS: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY			
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	88	Yes
SUB - CATEGORY: PRODUCT RESPONSIBILITY			
MATERIAL ASPECTS: CUSTOMER HEALTH AND SAFETY			
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	83	Yes
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	83	Yes
MATERIAL ASPECTS: PRODUCT AND SERVICE LABELING			
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	83	Yes
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	83	Yes
G4-PR5	Results of surveys measuring customer satisfaction.	82	Yes
MATERIAL ASPECTS: MARKETING COMMUNICATIONS			
G4-PR6	Sale of banned or disputed products.	83	Yes
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	83	Yes
MATERIAL ASPECTS: CUSTOMER PRIVACY			
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	82	Yes
MATERIAL ASPECTS: COMPLIANCE			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	83	Yes

Independent Assurance Report

Building a better working world

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INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF LAUGFS GAS PLC ON THE SUSTAINABILITY REPORTING UNDER THE INTEGRATED ANNUAL REPORT 2014-15

Introduction and scope of the engagement

The management of LAUGFS Gas PLC ("the Company") engaged us to provide an independent assurance on the following elements of the sustainability reporting indicators under the annual report- 2014-15 ("the Report").

- Reasonable assurance on the information on financial performance as specified on page 202 of the Report.

- Limited assurance on other information presented in the Report, prepared in accordance with the requirements of the Global Reporting Initiative G4 'In accordance' - Core guidelines.

Basis of our work and level of assurance

We performed our procedures to provide limited assurance in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE 3000): 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information', issued by the Institute of Chartered Accountants of Sri Lanka ("CASL").

The evaluation criteria used for this limited assurance engagement are based on the Sustainability Reporting Guidelines ("GRI Guidelines") and related information in particular, the requirements to achieve GRI G4 'In accordance' – Core guideline publication, publicly available at GRI's global website at "www.globalreporting.org".

Our engagement provides limited assurance as well as reasonable assurance. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with SLSAE-3000 and consequently does not enable to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Management of the Company's responsibility for the Report

The management of the Company is responsible for the preparation of the self-declaration, the information and statements contained within the Report, and for maintaining adequate records and internal controls that are designed to support the sustaining reporting process in line with the GRI Sustainability Reporting Guidelines.

Ernst & Young's responsibility

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the Report is not prepared in accordance with the requirements of the Global Reporting Initiative G4 'In accordance' – Core guidelines. This report is made solely to the Company in accordance with our engagement letter dated 28 April 2015. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Company or for any purpose other than that for which it was prepared. In conducting our engagement, we have complied with the independence requirements of the Code for Ethics for Professional Accountants issued by the CASL.

Key assurance procedures

We planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our limited assurance conclusions. Key assurance procedures included:

- Interviewing relevant the company's personnel to understand the process for collection, analysis, aggregation and presentation of data.

- Reviewing and validation of the information contained in the Report.

EY
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- Checking the calculations performed by the Company on a sample basis through recalculation.
- Reconciling and agreeing the data on financial performance are properly derived from the Company's audited financial statements for the year ended 31 March 2015.
- Comparison of the content of the Report against the criteria for a Global Reporting Initiative G4 'In accordance' - Core guidelines.

Our procedures did not include testing electronic systems used to collect and aggregate the information.

Limitations and considerations

Environmental and social performance data are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

Conclusion

Based on the procedures performed, as described above, we conclude that;

- The information on financial performance as specified on page 202 of the Report is properly derived from the audited financial statements of the Company for the year ended 31 March 2015.
- Nothing has come to our attention that causes us to believe that other information presented in the Report are not fairly presented, in all material respects, in accordance with the Company's sustainability practices and policies some of which are derived from GRI-G4-'In accordance' Core Sustainability Reporting Guidelines.

Ernst + Young

Chartered Accountants
30 May 2015
Colombo

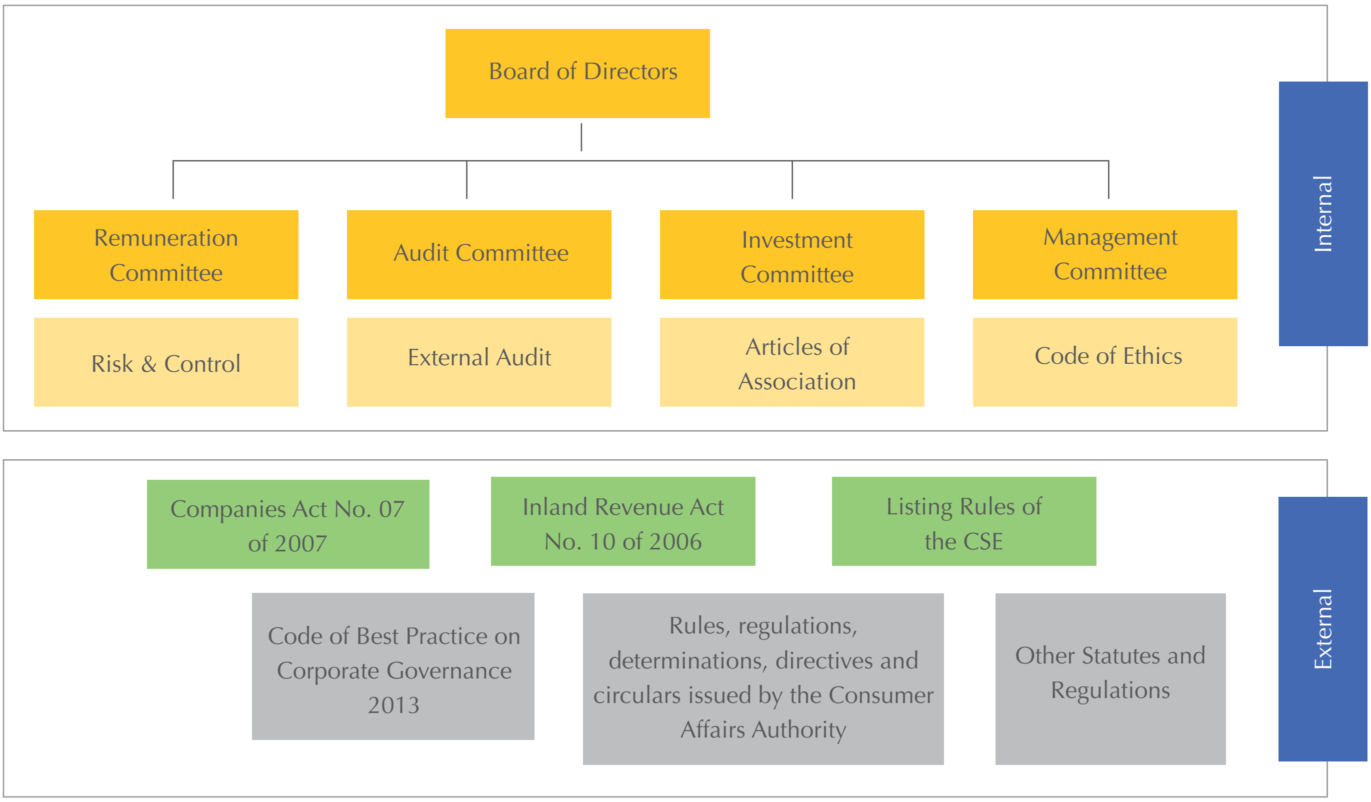
Corporate Governance

LAUGFS Gas PLC has adopted and practicing highest standards of Corporate Governance requirements recommended by the Listing Rules of the Colombo Stock Exchange, Code of Best Practices on Corporate Governance compiled by the Securities and Exchange Commission of Sri Lanka in collaboration with the Institute of Chartered Accountants of Sri Lanka.

The Board of Directors ensures and responsible to its shareholders, regulatory and statutory bodies and all other stakeholders of the Company to ensure that the Company is growing sustainably while establishing a strong Corporate Governance framework in order to ensure investor protection, transparency and confidence.

Corporate Governance Structure

The Company's Corporate Governance framework is structured clearly specifying key elements of external and internal structures while adopting the said Corporate Governance framework into the management systems to ensure investor protection and deliver the maximum productive outcome to the shareholders' value while ensuring the sustainable development of the Company and its stakeholders.



Board of Directors

The Board of Directors is dedicated to the Shareholders for creating and delivering long term sustainable shareholders' value while practicing and maintaining business affairs and other activities of the Company with highest corporate ethical standards through the regulatory and legal framework to the best interest of all the stakeholders of the Company.

The Board of Directors contribute to the Company with their entrepreneurial leadership and strategic direction to the management to develop short, medium and long term corporate business strategies and reviewing and providing of necessary guidance on budget planning, reviewing of the system of human resource management, corporate governance, statutory compliance, assisting of internal audit and integrated risk management and approving and reviewing of major and substantial investment which ensures the sustainable development of the Company ensuring investor protection and the best interest of other stakeholders. Such business strategies are subject to review by the Board from time to time as appropriate.

The Board of Directors consists of the Chairman/Group Chief Executive Officer, Group Managing Director who are the founder Chairman and Managing Director of LAUGFS Group of Companies respectively, two Non-Executive Directors and three Independent Non-Executive Directors. Brief profiles of the members of the Board of Directors are given on page 22 to 25.

LAUGFS Gas PLC has taken into consideration that the necessity of having and maintaining a mix of skills and professional experience as appropriate in the Board of Directors. The Board of Directors recognizes and acknowledges its responsibility for the Company's system of internal control and for reviewing its effectiveness on a continuous basis with the recommendations made by the Audit Committee. These internal control systems manage the risk of the Company's business activities/operations and other affairs and ensures that the financial information on which business decisions are made and published are reliable. Further the Board is fully satisfied with the integrity and accuracy of financial information published and effectiveness of the financial controls and systems of risk management of the Company.

It was the target of the Board to meet at least once in every two months to discharge their duties, responsibilities towards the company and make decisions. The Board discharged their advisory and supervisory duties through the Board sub-committees such as the Audit Committee, Remuneration Committee, Investment Committee and Management Committee. A very senior chartered accountant, a senior President's Counsel having a vast knowledge and experience in civil, corporate and commercial law, a senior corporate director represented number of public listed companies contribute to the Board with their knowledge and industry experience in Independent Non-Executive Capacity and a senior Banker having a vast knowledge and experience specially in investment banking and a senior corporate Director serve in the Board in Non-Executive capacity ensuring the Company's business affairs are maintained in a highly professional and ethical manner.

The composition of the Board is in accordance with the criteria stipulated in the Listing Rules of Colombo Stock Exchange and Independent Non-Executive Directors have duly submitted the declaration of their Independence according to the provisions of Section 7.10.2(b) of Listing Rules.

The composition of the Board of Directors are as follows.

1. Mr. W. K. H. Wegapitiya
   - Chairman/Group Chief Executive Officer
2. Mr. U. K. Thilak De Silva - Group Managing Director
3. Mr. H. A. Ariyaratne - Non-Executive Director
4. Mr. C. L. De Alwis - Non-Executive Independent Director
5. Mr. T. K. Bandaranayake
   - Non-Executive Independent Director
6. Mr. P. M. Kumarasinghe PC
   - Non-Executive Independent Director
7. Mr. N. M. Prakash - Non-Executive Director
   (appointed w.e.f 02nd April 2015)

Members of the Board collectively and individually recognize their duty to comply with the legal and regulatory provisions applicable to the Company and the Board ensures that procedures and processes in place to ensure that the Company and its subsidiaries comply with all applicable legal and

Corporate Governance

regulatory provisions. The Audit Committee reviews the legal and regulatory compliance on quarterly basis with the compliance report prepared and submitted by the Head of Legal of the Company.

Independent Non-Executive and Non-Executive Directors are responsible to the Board for bringing independent and objective judgements scrutinizing the proposals and recommendations made by the corporate management on issue of corporate and business strategy, performance, utilization of resources and business conduct. The Board of Directors promotes an environment whereby challenging contributions and Non-Executive and Independent Non-Executive Directors are encouraged and welcomed with their independent analysis and opinion based on professional knowledge and experience.

Every member of the Board has the access to advice and services of the Company Secretary/Board Secretary for matters relating to Board procedures and any clarification on applicable rules and regulations. The Board was provided with all the necessary and timely information by way of Board Papers, Information Papers and Reports in order to exercise decision making responsibilities in a more efficient and effective manner.

Board Meetings and Attendance

Members of the Board have dedicated adequate time for the discharge of their duties including their fiduciary obligations as Directors. In addition to attending the Board Meetings they contribute attending Audit Committee, Remuneration Committee, Investment Committee and Management Committee. Board Papers, Reports and other documents to be tabled at Board Meetings are sent to members of the Board well in advance giving adequate time for Directors to study the said documents and prepare for a meaningful discussion at respective Board Meetings.

Attendance of the Board of Directors for Board Meetings conducted during the financial year under review are as follows.

Name of Director	Attendance
W. K. H. Wegapitiya Chairman /Group Chief Executive Officer	8/8
U. K. Thilak De Silva Group Managing Director	8/8
H. A. Ariyaratne Non-Executive Director	8/8
C. L. De Alwis Independent Non-Executive Director	8/8
T. K. Bandaranayake Independent Non-Executive Director	8/8
P. M. Kumarasinghe PC Independent Non-Executive Director	8/8
N. M. Prakash Non-Executive Director (Appointed w. e. f. 02nd April 2015)	Not Applicable

Conflict of Interest

Members of the Board are obliged and responsible to disclose and determine whether they have any potential or actual conflict of interest arising from External Association, Interests in material business matters and personal relationships and obligations which might make undue influence on independency and decisions of the members of the Board.

The Board of Directors makes their maximum efforts to review such conflict of interests which may be arisen from time to time.

A summary of interests of non- executive independent directors are given below.

	(a) Significant shareholdings	(b) Director or employee of another entity or a Trustee	(c) Material business relationship	(d) Close family member is a Director or CEO	(e) Business connection	(f) Employment in the company	(g) Continuously served for more than nine years
Mr. C. L. De Alwis	No	No	No	No	No	No	No
Mr. T. K. Bandaranayake	No	No	No	No	No	No	No
Mr. P. M. Kumarasinghe PC	No	No	No	No	No	No	No

a) Carrying not less than 10% of voting rights of a company

b) Self or close family member is a Director or employee of another company or a Trustee

c) Any relationship resulting in income / non cash benefits equivalent to 10% of the directors annual income

d) Close family member who is a Director or CEO

e) Relationship resulting in transaction value equivalent to 10% of the turnover of the company

f) Has been employed by the company during the period of two years immediately preceding appointment as a Director

g) Has served on the Board continuously for a period exceeding nine years

h) All Directors make a formal declaration of their independence on an annual basis

Appropriateness of combined roles of Chairman and CEO

Mr. W. K. H. Wegapitiya serves as the Chairman and Group Chief Executive Officer (CEO) of LAUGFS Gas PLC. As the Chairman of the company Mr. Wegapitiya ensures the leadership of the Board ensuring the effectiveness of all aspects of its role. Further he ensures the effective operations of the Board with highest standards of Corporate Governance, effective communication with shareholders, promote constructive debate specially with the contributions from the Non-Executive and Independent Non-Executive Directors and effective decision making, most effective relationship and communication between Board of Directors and the management team.

As the Group CEO of the company he ensures developing of strategy proposals for recommendation of the Board and other Board Sub-Committees and ensure that the agreed strategies are reflected in the business, developing of annual plans in accordance with the corporate strategies, planning of human resource, developing of an organizational structure in order to establish systems and processes, developing an efficient and effective framework of internal controls and risk management.

The appropriateness of combining the role of Chairman and Group CEO has been discussed by the Board of Directors on regularly basis. It is important to recognize that the combination of roles of Chairman and Group CEO in LAUGFS Gas PLC enjoys the following advantages.

It ensures the unity of command and single point of accomplish and responsibility. In addition such joint leadership structure eliminates internal or external ambiguities as it pertains to the ultimate spoke person of the organization. In fact, the decision making process of the Company is more expeditious than in an organization which has separated leadership structures. Further the Board deems that combining the two roles is more appropriate and effective for the group at present in meeting the stakeholder objectives in in a conglomerate setting. The Chairman / Group CEO provides all over directions and policy execution framework for management and decision making process more effectively and efficiently. By experience it has been proved that this management structure has enabled the Chairman / Group CEO to effectively balance his role as the Chairman of the Board of Directors and the Group CEO of the Company / Group.

Corporate Governance

Board Sub-Committees

The Members of the Board of Directors serve on the Audit, Investment, Remuneration and Management Committees as follows;

Audit Committee

Audit Committee comprises of three members namely Mr. T. K. Bandaranayake (Chairman of the Audit Committee), Mr. P. M. Kumarasinghe PC, and Mr. C. L. De Alwis. The broad purposes of the committee are to oversee the preparation, presentation and adequacy of the disclosure of information in financial statements in accordance with prevailing Accounting Standards and all other statutory requirements. The Audit Committee also ensures the Company's internal control system and Risk Management procedure are upto the industrial standards. The Committee monitors the compliance of statutory requirements by the management. 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.

Investment Committee

The Investment Committee comprises of Mr. U. K. Thilak De Silva (Chairman of the Investment Committee), Mr. W. K. H. Wegapitiya and Mr. H. A. Ariyaratne. Its principle focus is on evaluating the potentials of investment opportunities, regular monitoring of return on investments of projects, 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 comprises of Mr. H. A. Ariyaratne (Chairman of the Remuneration Committee), Mr. T. K. Bandaranayake and Mr. C. L. De Alwis. This committee recommends the remuneration payable to the Directors and compile and review guidelines and recommendations for the remuneration of the senior management of the Company. The Board makes the final determination having considered the recommendations of this committee and also the performance of the members 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 Remuneration Committee Report.

Management Committee

The Management Committee comprises of Mr. W. K. H. Wegapitiya, Mr. U. K. Thilak De Silva, Mr. H. A. Ariyaratne and Mr. C. L. De Alwis. The Committee's main purpose is 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.

System of internal control

The Board of Directors, through the involvement of the Group Risk and Control Department, have taken all necessary measures and steps to assure that the systems designed to safeguard the Company's assets, maintain proper and accurate accounting records as per prevailing accounting standards and provide management information, are in place and are functioning transparently in accordance with the required standards. The risk review programmes covering the internal audit function of the Company and its subsidiaries is monitored by the internal audit team of the Company subject to the direct supervision of the Audit Committee. The audit committee also assess the efficiency and effectiveness of the risk review process and systems of internal control on a regular basis. Further the Audit Committee reviews the compliance system of the Company and its subsidiaries on quarterly basis.

Relationship with the Shareholders

Shareholders have the opportunity at the Annual General Meetings, to put forward questions to the Board of Directors and to the Chairman-Group CEO of the Company and the Chairmen of the board sub-committees to have better familiarity with the Group's business and operations. The Board of Directors and the Management is always prepared to assist shareholders in issues pertaining to payment of dividends and circulation of annual reports. The Company has a separate mechanism of attending to shareholders' queries specially pertaining to payments of dividends, circulation of annual reports and other matters through the Assistant General Manager-Business Coordination who is attached to Group Legal Division. The contents of this Annual Report will enable existing and prospective stakeholders to make better informed decisions in their dealings with the Company and investments. All the necessary steps are taken to facilitate and accommodate the exercising of shareholders' rights at AGMs, including the receipt of notice of the AGM and related documents within the specified period provided by the Companies Act No. 07 of 2007.

Compliance interms of Listing Rules of Colombo Stock Exchange

Section	Applicable Rule	Compliance Status
7.10.1(a)	**Non-Executive Directors** At least one third of the total number of Directors should be Non-Executive Directors.	Complied
7.10.2(a)	**Independent Directors** Two or one third of Non-Executive Directors, whichever is higher, should be Independent.	Complied
7.10.2(b)	**Independent Director's Declaration** Each Non-Executive Director should submit a declaration of independence / non-independence in the prescribed format.	Complied
7.10.3(a)	**Disclosure relating to Directors** The Board shall annually make a determination as to the independence or otherwise of the Non-Executive Directors and names of Independent Directors should be disclosed in the Annual Report	Complied
7.10.3(b)	**Disclosure relating to Directors** The basis of the Board to determine a Director is Independent, if criteria specified for Independence is not met.	Complied
7.10.3(c)	**Disclosure relating to Directors** A brief resume of each Director should be included in the Annual Report and should include the Director's areas of expertise	Complied
7.10.3(d)	**Disclosure relating to Directors** Forthwith provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the Exchange	Complied
7.10.5	**Remuneration Committee** A listed Company shall have a Remuneration Committee.	Complied
7.10.5(a)	**Composition of Remuneration Committee** Shall comprise of Non-Executive Directors a majority of whom will be independent	Complied
7.10.5(b)	**Functions of Remuneration Committee** The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and Executive Directors	Complied
7.10.5(c)	**Disclosure in the Annual Report** The Annual Report should setout; a. Names of the Directors comprising the Remuneration Committee b. Statement of Remuneration Policy c. Aggregated remuneration paid to Executive and Non-Executive Directors	 Complied Complied Complied

Corporate Governance

Section	Applicable Rule	Compliance Status
7.10.6	**Audit Committee**	
	The Company shall have an Audit Committee	Complied
7.10.6(a)	The Company has a separate audit committee	Complied
	Names of the member of Audit Committee	Complied
	Functions of the Audit Committee is in accordance with Rule 7.10.6.(b)	Complied
	Shall comprise of Non-Executive Directors a majority of whom will be Independent	Complied
	One Non- Executive Director shall be appointed as Chairman of the Committee and composition of the Committee	Complied
	Chief Executive Officer and Chief Financial Officer shall attend Committee meetings	Complied
	The Chairman or one member of the Committee should be a Member of a professional accounting body	Complied
	Specified the basis of determining External Auditor as being independent	Complied

The Company has a Code of Conduct and Ethics requiring all employees to exercise honesty, objectivity and due diligence in performing their duties, maintain confidentiality of commercial and price sensitive information, work within applicable laws and regulation, safeguard company's assets and avoid conduct which will badly reflect on them or company's image. The said Code of Conduct and Ethics 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 behavior.

Board of Directors always obtains independent professional advice where necessary on legal and regulatory issues, macro-economic forecasts and other relevant matters.

Risk Management

INTRODUCTION

Risk management has become vital in LAUGFS Group with the expansion into diversified business sectors. The process of Risk Management is developed to ensure that key risks are proactively identified and managed effectively with the view of protection of shareholder value, thereby, to reduce and eliminate the risks, to be the most preferred and trusted Sri Lankan multinational as in the Vision. The Group follows Enterprise Risk Management (ERM) which mainly includes conducting risk analysis, implementing strategies to eliminate or reduce the risks and developing a system to provide an early warning of potential risks to the company.

The purpose of the risk management practices of the Group is to protect the business from being vulnerable to environment, market and internal irregularities. The focus is on keeping the Group of companies viable by reducing these risks. Risk management is also designed to protect our employees, customers and the general public from negative events such as fire or gas explosion and to preserve the physical facilities, data, records and physical assets we own or use. This process helps the Group by providing a framework that enables future activity to take place in a consistent and controlled manner and also improves decision making, planning and prioritization by comprehensive and structured understanding of business activity, volatility and project opportunity threat.

Reporting Structure

Risk Management Process and Strategies for Managing Risks

The purpose of risk management is to identify internal and external risks which will impact the Group of companies and to come up with mitigation plans to face them. The Group Risk and Control division is constantly in search of internal and external threats which would impact on the companies.

The strategies the company adopts to manage the risk depend on the type of risk and the severity of risk which outlined as follows,

- Accepting the consequences of the risk and budgeting for it.
- Avoiding the possibility of the risk occurring.
- Transferring the risk to another party.

The process of risk management in LAUGFS Group can be depicted as follows.

During 2014/15 the Group Risk and Control division undertook a comprehensive risk assessment of all structural, operational, financial and environmental risks by using a Risk Register prepared unique to the Group, assessing the impact and mitigation plans. These identified risks have been

Risk Management

reported to the management of the Group of companies and have analyzed the impact and the actions to mitigate those risks. Risk treatment and monitoring is a continuous process as important as to reach the sustainable risk management which is planned by the Group Risk and Control Division and Risk identification audits are carried out in planned intervals. The core risks relevant to each company which have long-term impact to the Group are identified by the management during the risk review process. Also, the Risk Register of LAUGFS Gas PLC and its related subsidiaries have been implemented for adequate review and follow up actions to minimize the risks.

The Risk Register comprises risks in following categories:

Business & Operations
1. Production & Process
2. Safety
3. Market
4. Human Resources
5. Information Technology

Finance
6. Foreign Exchange Risk and Interest Rate Risk
7. Liquidity Risk
8. Credit Risk

Environment
9. Economical, Political, Legal, Social

Reputation
10. Customer service
11. Quality

Risk Exposure	Risk Response
1. Production & Process Risk Operational Risks associated with production/ processes adversely affect the smooth operation of the company and drop in productivity	• Use of state-of-the-art technology • Appropriate forecasting of demand through statistical techniques and analyzing business environment, proper production plan • Business continuity plan
2. Safety Risk Adverse impact on business processes due to hazards, accidents or injuries to employees	• Implementation and regular monitoring of Health, Safety and Environment (HSE) policies • Conduct training programs to educate employees
3. Market Risk Adverse impact on business performance due to intense competition, changes to customer attitudes/ economic conditions	• Continuous focus on innovation • Regular monitoring of customer trends
4. Human Resources Risk Risk arising as a result of inability to attract and retain best capable employees	• Offer attractive reward systems • Develop career development programs
5. Information Technology Risk Potential risks on lack of information accuracy due to inaccurate information from main computer systems and security due to weak controls	• Centralized IT team with a sound Group IT policy • Contingency plan to mitigate failures

Risk Exposure	Risk Response
6. Foreign Exchange Rate /Interest Rate Risk Risk arising as a result of adverse movement of foreign exchange and interest rates may result in declining profitability/financial position	• Managing foreign exchange / interest rate exposures with positive negotiations with banks, applying financial risk management techniques
7. Liquidity Risk Affects profitability and cash flow position due to inability of quick trading of a security/ asset to prevent a loss or make the required profit	• Centralized Group treasury and finance functions to make effective decisions
8. Credit Risk Adverse impact on the liquidity position as a result of delays in payments/ non payments by debtors	• Efficient follow up/ collection practices • Appropriate credit policies
9. Environment Risk Adverse impact on profits as a result of negative changes in the political, economic, legal and social environment	• Regular review of regulatory compliance • Strong relationship with stakeholders influencing socio-economic stability within the country
10. Customer Service Risk Risks arising from poor customer service pose a major threat to the reputation of the company	• Repeated customer feedback surveys • Customer inquiry system with a sound technical support system
11. Quality Risk Potential adverse impact on company's image due to low quality	• Holding the prestigious ISO 9001:2008 international systems certification for effective Quality Management Systems for LAUGFS Gas PLC and Eco-Sri, Document of compliance for LAUGFS Maritime Services • Conducting internal and external audits
12. Dependence Risk Risks arising from dependence on major suppliers, buyers and third parties	• Maintaining good principal relationships with suppliers and customers • Establishing alternative suppliers, new distribution channels

Audit Committee Report

Composition of the Audit Committee

The Audit Committee comprises three independent and non-executive directors. The chairman of the committee is a fellow member of the Institute of Chartered Accountants of Sri Lanka with extensive experience in finance, audit and related areas. The other two members, who are professionals having a wealth of experience in the commercial and legal sectors.

The composition of the Audit Committee is as follows,

Mr.Tissa Bandaranayake (Chairman)

Mr.Palitha Kumarasinghe, PC (Member)

Mr.C.L De Alwis (Member)

The Head of Group Risk & Control - Mr. Nishan Liyanapathirana, serves as the secretary to the committee.

Meetings and Attendance

The committee formally met four times during the year ended 31st March 2015.The Chairman, Managing Director, Chief Financial Officer & Head of Legal/Board secretary attend the meetings by invitation. Head of Finance of respective companies whose internal audit reports being reviewed, were also invited to attend these meetings, whenever the committee considered it necessary. All meetings were attended by all the members of the committee.

Role of the Audit Committee

The Audit Committee is a committee of the Board of Directors and shall assist the Board in meeting its oversight responsibilities for,

- Maintaining an effective system of internal control
- Compliance with legal and regulatory requirements that may have a material impact on the Company's financial statements.
- External financial reporting obligations of the Company, including its obligations under the Colombo Stock Exchange Listing Rules, Rules/Regulations of the Securities Exchange Commissions and Companies Act No. 7 of 2007.
- Accounting and financial reporting processes of the Company.
- Audits of the company's financial statements, the qualifications, remuneration and independence of the Chartered accounting firm engaged into carrying out the company's external audit.
- Performance of the company's internal audit function.

Internal Audit

The Audit Committee reviewed and discussed the audit reports submitted by the Head of Group Risk & Control for the audits carried out in the areas of operational, financial, risk assessments & IT security reviews. The Audit Committee having reviewed these reports using their extensive experience and expertise, recommended additional controls and risk mitigation strategies that could be implemented to strengthen the existing internal control system thus minimizing the possibility of occurrence and impact of fraud, errors, operational and financial risks faced by the company.

External Audit

The Audit Committee was briefed by the external auditors Messrs Ernst & Young, on the progress and conduct of the statutory audit and discussed audit related issues with them. The Audit Committee also negotiated with the external auditors the quantum of their fees and out of pocket expenses. The Audit Committee having evaluated the independence and performance of the external auditors decided to recommend to the board, the appointment of Messrs Ernst & Young, as auditors of the Company for the current financial year, subject to the approval of the shareholders at the Annual General Meeting.

Tissa Bandaranayake
Chairman, Audit Committee

Colombo
21st May 2015

Investment Committee Report

Investment Committee of LAUGFS Gas PLC is a Board Sub-Committee chaired by the Group Managing Director, Mr. U. K. Thilak De Silva, (Chairman of the Investment Committee), Mr. W. K. H. Wegapitiya, Chairman and Mr. H. A. Ariyaratne, Director serve as members.

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. assist the Board of Directors in evaluating new investments, mergers and acquisitions, joint ventures, divesture 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;

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 & Control, Head of Legal / Board Secretary and Head of Finances/Chief Financial Officers of Companies are invited to Committee meetings to analyze 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 oversee 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 make recommendations to the Board as to scope, direction, quality, investment levels and execution of 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 capitalization of investments, risk and credit management, return on capital employed in different investment activities in the Group.

The Committee 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 also assesses the risk factor, investment and the strategies to be implemented to improve the productivity and returns of investments.

In conclusion I wish to thank my colleagues Mr. W. K. H. Wegapitiya, Chairman LAUGFS Gas PLC and Mr. H. A. Ariyaratne, Director for their valuable contribution and support to the work of the committee.

U K Thilak De Silva
Chairman
Investment Committee

30th May 2015

Management Committee Report

The Management Committee of LAUGFS Gas PLC comprises of Mr. W. K. H. Wegapitiya (Chairman of the Committee) Mr. U. K. Thilak De Silva, Mr. H. A. Ariyaratne and Mr. C. L. De Alwis. 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;

- Making recommendations to Board of Directors in the matters related to day to day management activities, strategic business and corporate initiatives, major promotional campaigns and annual strategic corporate planning activities;
- Helping the management with directions, management guidelines and circulars and expertise to identify critical strategies and issues facing the company, market environment in order to arrange alternative strategic options;
- Implementation of necessary corporate governance best practices in the organization;
- Ensuring the management has implemented an effective and efficient strategic corporate planning process including development of annual corporate business plans and reviewing same;
- Understanding the organization's industry, market/ community, and core competencies;
- Keeping up-to-date on industry and local market trends;
- 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 dash boards 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.

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. 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. H. A. Ariyaratne and Mr. C. L. De Alwis 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

30th May 2015

Remuneration Committee Report

Remuneration Committee of LAUGFS Gas PLC comprises of a Non – Executive and Independent Non-Executive Directors. The Committee is chaired by Mr. H. A. Ariyaratne who performs as a Non-Executive Director and Mr. T. K. Bandaranayake and Mr. C. L. De Alwis are other members of the Committee who serve as Independent Non-Executive Directors. The Committee operates within agreed terms of reference and is committed to the principles of accountability and transparency, and ensuring that remuneration arrangements align reward with performance.

The scope of the Remuneration Committee include following main objectives

- Remuneration policy and its specific application to the Board of Directors, Group Chief Executive Officer and Chief Executive Officers of the Company and subsidiaries, Executive Directors and general application to the Key Management Personnel (KMP) below the main Board;

- The remuneration and incentive framework, including any proposed equity incentive awards including terminal benefits/pension rights for the Group Chief Executive Officer and Chief Executive Officers of the Company and subsidiaries, any other Executive Directors and Key Management Personnel;

- Recommendations and decisions (as relevant) on remuneration and all incentive awards including any equity incentive awards and terminal benefits/pension rights for the Group Chief Executive Officer and Chief Executive Officers of the Company and subsidiaries, any other Executive Directors and Key Management Personnel;

- Evaluating the performance of the Group Chief Executive Officer and Chief Executive Officers of the Company and subsidiaries, management development plans and succession planning;

- Reviewing/monitoring evaluation of performance of Key Management Personnel and their management development and succession planning;

- Strategic human resources policies;

- Effective communication with shareholders on the remuneration policy and the committee's work on behalf of the Board through a Remuneration Committee Report;

- Recommending and ensuring that the appropriate service contracts are available for Executive Directors; and

- Determining the terms of any compensation package in the event of early termination of the contract of any Executive Director.

In addition to the above the role of the Remuneration Committee of LAUGFS Gas PLC is wide even for following responsibilities in the organization.

- Recommendations and appointments to the corporate management

- Development of policies on reviewing of performance appraisals of the other members of the staff.

- Maintaining and developing competitive and attractive remuneration packages in the organization based on individual performances

- Reviewing/approving and developing policies on granting of annual incentives and bonuses and it's criteria

- Ensuring that no Directors or members of the senior management are involved in reviewing their own remunerations.

Remuneration Policy of the Company:

The Remuneration Committee of LAUGFS Gas PLC defines the Group's policy on Board of Directors and Key Management Personnel's remuneration. The Main Objectives of the Remuneration Policy are as follows;

- To remunerate Board of Directors as appropriate adding a value to their contribution ensuring the independence of Judgements of the Independent Non-Executive Directors.

Remuneration Committee Report

- Executive Directors and Key Management Personnel in a manner that ensures that they are properly incentivized and motivated to perform in the best interests of the Company over the long term; and

- To provide the level of remuneration required to attract and retain Executive Directors and Key Management Personnel of an appropriate caliber.

Salaries and other benefits are reviewed annually taking into consideration industry and market standards. The said remuneration policy is geared through a policy of granting annual incentives on performance based criteria. The Remuneration Committee takes into account the performance of the individual, comparisons with peer group companies, institutional guidelines and reports from specialist consultants. The skills, experience, expertise, contribution, loyalty of the Key Management Personnel and other staff and individual level of responsibility are also taken into consideration

Consistent with this policy, the benefit packages awarded to Key Management and other members of the staff are intended to be competitive and comprise a mix of performance-related and non-performance-related remuneration, designed to motivate them, but not to detract from the goals of corporate governance.

Remuneration of staff is always based and offered on business performances, profession and / or experience, level of expertise and contribution. Base salary and fixed allowances are considered as fixed components and performance based incentives are given to employees who are eligible to receive such incentive depending on categories.Such performance based incentives has become necessary to motivate employees to achieve certain short term and long term corporate goals specially production, marketing and sales.

Gratuity, Employee Provident Fund (EPF), Employee Trust Fund (ETF) benefits are available for employees as per prevailing statutory laws. Workmen compensation is available for all the employees beyond as per the prevailing statutory laws.

The Chairman and the Managing Director of the Company who are responsible for overall management of the Company assist the Committee by providing all relevant information and participating its discussions and analysis except when their own remuneration packages are reviewed.

The committee is always free to seek external professional advice on matters within their preview when necessary.

In conclusion, I wish to thank my colleague Mr. T. K. Bandaranayake, Mr. C. L. De Alwis for their valuable committee.

H. A. Ariyaratne
Chairman – Remuneration Committee

30th May 2015

Financial Report

We value diversity in our people and ideas, and foster a culture of respect, equity and inclusiveness. We not only work together as one family, but also celebrate together with a sense of pride, community and belonging.

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 2015. 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 listed on the Colombo Stock Exchange since December 2010.

Principal Activities

The principal activities of LAUGFS GAS PLC is downstream business of Liquefied Petroleum Gas (LPG) and other related products and Services. The Company caters domestic, commercial and industrial LPG market. The Company has also invested in a portfolio of diverse business comprising its main subsidiaries namely LAUGFS Eco Sri (Private) Limited, LAUGFS Leisure Limited, LAUGFS Power Limited, LAUGFS Maritime Services (Private) Limited and LAUGFS Property Developers (Private) Limited which are operating vehicle emission testing centres to issue Vehicle Emission Test Certificates, operating a 88 roomed luxury hotel in Bangadeniya, Chilaw and planning to develop luxury hotels in Waskaduwa and Passekudah, Operating a hydro-power plant in Balangoda and Real Estate/Property Development respectively. The Company has not engaged in any activity which contravene with law and regulations in the Country.

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 Chairman's message, Managing Directors message, 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 is provided in Note 4 to the Financial Statements.

Results and Appropriations

Revenue generated by the company for the year under review amounted to Rs. 10.2 billion, whilst group revenue amounted to Rs.11.5 billion Contribution to group revenue, from the different business segments carried out by the five subsidiaries are provided in Note 4, 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 2015 as approved by the Board of Directors on 21st May 2015 are given on pages 134 to 196.

The Auditor's Report on the Financial Statements of the Company and the Group is given on page 133.

Accounting Policies

The Accounting Policies adopted in the preparation and presentation of the Financial Statements are given on pages 139 to 154 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. 6,612,586. These amounts do not include contributions on account of corporate social responsibility (CSR) initiatives. The CSR initiatives, including completed and on-going projects, are detailed in the sustainability report in the Annual Report.

Investments

Total investments of the Company in subsidiaries, associate and other equity investments amounted to Rs. 3.2 billion The details of the investments are given in Note 12 and 13 to the Financial Statements.

Property, Plant and Equipment

The net book value of property, plant and equipment as at the reporting date amounted to Rs. 5.4 billion and Rs. 11 billion 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. 0.7 billion and Rs.2.9 billion 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 as at 31st March 2015 was Rs. 3,285,000,260 consisting of 335,000,086 of ordinary voting and 52,000,000 of ordinary non-voting shares.

The total Group Equity was Rs. 7.9 billion as at 31st March 2015.

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 Annual Report.

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, political 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 gaols.

Board of Directors

The Board of Directors of the Company and their brief profiles are given on the pages 20 to 23. The following persons were the Directors of the Company as at 31st March 2015.

(a) Mr. W. K. H. Wegapitiya - The Chairman/ Group CEO

(b) Mr. U. K. Thilak De Silva - Group Managing Director

(c) Mr. H. A. Ariyaratne - Non Executive Director

(d) Mr. C. L. De Alwis - Non Executive Independent Director

(e) Mr. T. K. Bandaranayake - Non Executive Independent Director

(f) Mr. P. M. Kumarasinghe PC - Non Executive Independent Director

(g) Mr. N. M. Prakash - Non Executive Director (appointed w.e.f 02nd April 2015)

Interms of Article 81 and 82 of the Articles of Association of the Company Mr. H. A. Ariyaratne and Mr. C. L. De Alwis retire by rotation and being eligible are being recommended by the Board for re-election at the ensuing Annual General Meeting. Mr. N. M. Prakash retires interms of Ariticle 88 of the Articles of Association and being eligible are being recommended by the Board for re-election at the ensuing Annual General Meeting.

Further resolutions will be tabled at the forthcoming Annual General Meeting to re-elect Mr. T. K. Bandaranayake and Mr. C. L. De Alwis, the Directors who are above the age of 70 years and who are to be retired at the end of the Annual General Meeting interms of Section 210 of the Companies Act No. 7 of 2007.

Board Committees

The following members serve on the Board, Audit, Investment, Remuneration and Management Committees;

Audit Committee

Audit Committee comprises of three members namely Mr. T. K. Bandaranayake (Chairman of the Audit Committee), Mr. P. M. Kumarasinghe PC, and Mr. C. L. De Alwis. The broad purposes of the committee are 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 the Company's internal control system and Risk Management procedure are upto 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.

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The Investment Committee comprises of Mr. U. K. Thilak De Silva (Chairman of the Investment Committee), Mr. W. K. H. Wegapitiya and Mr. H. A. Ariyaratne. Its principle 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 comprise of Mr. H. A. Ariyaratne (Chairman of the Remuneration Committee), Mr. T. K. Bandaranayake and Mr. C. L. De Alwis. 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 of Mr. W. K. H. Wegapitiya, Mr. U. K. Thilak De Silva, Mr. H. A. Ariyaratne and Mr. C. L. De Alwis. Its principle focus is 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 28 to the Financial Statements.

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 28.5 to the Financial Statements.

Share Information

Information relating to earnings, dividends, net assets and market value per share is given on page 134,182,136 and 197 respectively. The distribution and the composition of shareholding are given on page 197 to 201 of this Annual Report.

The Details of the twenty major shareholders of the Company including the number of shares held by them are given on page 200 to 201 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. 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

Directors Shareholding

The shareholdings of the Directors of the Company as at 31st March 2015, and as defined under the Listing Rules of Colombo Stock Exchange are as follows.

Voting Shares			Non-voting Shares		
Name of Director	No of Shares	%	Name of Director	No of Shares	%
Mr. W.K.H. Wegapitiya	1,216,756	0 .36	Mr. W.K.H. Wegapitiya	NIL	-
Mr. U.K. Thilak De Silva	1,077,897	0 .32	Mr. U.K. Thilak De Silva	NIL	-
Mr. H.A. Ariyaratne	3,900	0 .001	Mr. H.A. Ariyaratne	3 ,400	0.007
Mr. C.L. De Alwis	1,000	0 .000	Mr. C.L. De Alwis	500	0.001
Mr. P.M. Kumarasinghe PC	4,800	0.001	Mr. P.M. Kumarasinghe PC	NIL	-
Mr. T.K. Bandaranayake	NIL	-	Mr. T.K. Bandaranayake	NIL	-

M/s. W. K. H. Wegapitiya and U.K. Thilak De Silva are shareholders of LAUGFS Holdings Limited, which is the holding Company holds significant stakes of the Company directly. Mr. H. A. Ariyaratne serves as a Director in LAUGFS Holdings Limited which is the holding company holds significant stake of LAUGFS Gas PLC, LAUGFS Leisure Limited, LAUGFS Maritime Services (Private) Limited and LAUGFS Power Limited, fully owned subsidiaries of LAUGFS Gas PLC.

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 their 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 06 to the financial statements, covering contingent liabilities.

Going Concern

The Board of Directors are 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 declared a first and final Dividend of Rs. 2.00 per share which will be paid on 15th June 2015.

Disclosures on Transfer Pricing:

The Company has adopted a Transfer Pricing Policy interms of the Regulations issued under Section 104 of the Inland Revenue Act No. 10 of 2006 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 28 to the financial statements.

It is certified that the company has complied with the Transfer Pricing Regulations issued under Section 104 of the Inland Revenue Act, No. 10 of 2006. The information pursuant to these Regulations is given under certificate produced under Section 107(2)(a) of the said Act. We believe that the record of transactions entered into with related parties during the period from 01st April 2014 to 31st March 2015 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 interms 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 at the "Nuga Sevana Auditorium" of Bandaranaike Memorial International Conference Hall (BMICH) Premieses at Bauddhaloka Mawatha, Colombo 07 on 30th June 2015 at 3.00pm. 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.
30 May 2015

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 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.

Further, as required by Section 56 (2) of the Companies Act No 7 of 2007, the Board of Directors had confirmed that the company, based on the information available, satisfied the solvency test immediately after the distribution, in accordance with Section 57 of the Companies Act no 7 of 2007, and had obtained a certificate from the auditors, prior to declaring a first and final dividend of Rs. 2 per share for the financial year under review which will be paid on 15th June 2015.

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.

By Order of the Board

Corporate Advisory Services (Private) Limited
Secretaries

30th May 2015

Independent Auditor's Report

Ernst & Young
Chartered Accountants
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Sri Lanka

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF LAUGFS GAS PLC

Report on the Financial Statements

We have audited the accompanying financial statements of LAUGFS Gas PLC, ("the Company"), and the consolidated financial statements of the Company and its subsidiaries ("Group"), which comprise the statement of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. (set out on pages 139 to 196)

Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

a) The basis of opinion, scope and limitations of the audit are as stated above.

b) In our opinion:

- 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, and
- the financial statements of the Company and the Group comply with the requirements of sections 151 and 153 of the Companies Act No. 07 of 2007.

Ernst + Young

21 May 2015

Colombo

Consolidated Statement of Profit or Loss

Year ended 31 March	Note	Group 2015 Rs.	Group 2014 Rs.	Company 2015 Rs.	Company 2014 Rs.
Revenue	5.1	11,521,800,102	11,631,029,941	10,225,917,377	10,660,333,222
Cost of Sales		(8,227,356,884)	(9,129,313,120)	(7,957,300,336)	(8,894,894,550)
Gross Profit		3,294,443,218	2,501,716,821	2,268,617,041	1,765,438,672
Other Operating Income	5.2	296,470,282	279,176,311	643,121,582	673,689,958
Selling and Distribution Expenses		(582,423,911)	(496,745,940)	(562,867,132)	(483,085,725)
Administrative Expenses		(1,140,268,017)	(801,528,952)	(477,287,557)	(403,419,094)
Foreign Currency Exchange Gains		5,477,452	44,651,545	5,029,232	44,521,596
Operating Profit		1,873,699,024	1,527,269,785	1,876,613,166	1,597,145,407
Finance Costs	5.3	(125,701,446)	(19,724,149)	(35,072,177)	(14,512,059)
Fair Value Gain on Investment Properties	9	28,500,000	35,575,000	28,500,000	35,575,000
Finance Income	5.4	64,093,006	89,596,450	34,031,007	45,411,368
Profit Before Tax		1,840,590,584	1,632,717,086	1,904,071,996	1,663,619,716
Income Tax Expense	6.1	(392,529,879)	(323,355,445)	(324,948,944)	(270,368,524)
Profit for the Year		1,448,060,705	1,309,361,641	1,579,123,052	1,393,251,192
Attributable to:					
Equity Holders of the Parent		1,448,060,705	1,309,361,641	1,579,123,052	1,393,251,192
Non-Controlling Interests		-	-	-	-
		1,448,060,705	**1,309,361,641**	**1,579,123,052**	**1,393,251,192**
Basic/Diluted Earnings Per Share:	7	3.74	3.38		

The accounting policies and notes on pages 139 to 196 form an integral part of these financial statements.

Consolidated Statement of Other Comprehensive Income

Year ended 31 March	Note	Group 2015 Rs.	Group 2014 Rs.	Company 2015 Rs.	Company 2014 Rs.
Profit for the Year		1,448,060,705	1,309,361,641	1,579,123,052	1,393,251,192
Other Comprehensive Income					
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax) :					
Gains/(Losses) on Available for Sale Financial Assets	5.6	5,172,839	(17,116,094)	5,172,839	(17,116,094)
Net Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods		5,172,839	(17,116,094)	5,172,839	(17,116,094)
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax) :					
Actuarial Gains/(Losses) on Defined Benefit Plans	5.6	(13,293,198)	(410,756)	(10,642,484)	(801,653)
Income Tax Effect	6.3	2,393,568	-	2,128,497	-
Net Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods		(10,899,630)	(410,756)	(8,513,987)	(801,653)
Other Comprehensive Income for the Year, Net of Tax		(5,726,791)	(17,526,850)	(3,341,148)	(17,917,747)
Total Comprehensive Income for the Year, Net of Tax		1,442,333,914	1,291,834,791	1,575,781,904	1,375,333,445
Attributable to:					
Equity Holders of the Parent		1,442,333,914	1,291,834,791	1,575,781,904	1,375,333,445
Non-Controlling Interests		-	-	-	-
		1,442,333,914	**1,291,834,791**	**1,575,781,904**	**1,375,333,445**

The accounting policies and notes on pages 139 to 196 form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March	Note	Group 2015 Rs.	Group 2014 Rs.	Company 2015 Rs.	Company 2014 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	8	11,074,968,623	8,769,737,335	5,385,727,792	4,991,335,127
Investment Properties	9	708,500,000	680,000,000	708,500,000	680,000,000
Intangible Assets	10	63,948,925	67,258,446	7,211,302	9,762,927
Prepayments	11	83,694,819	87,825,135	-	-
Deferred Tax Assets	6.5	15,534,089	-	-	-
Investments in Subsidiaries	12	-	-	2,796,301,924	2,196,301,914
Other Non-Current Financial Assets	13.1	105,108,862	119,725,834	105,108,862	99,600,834
		12,051,755,318	9,724,546,750	9,002,849,880	7,977,000,802
Current Assets					
Inventories	15	606,695,496	474,378,429	464,923,975	389,855,990
Trade and Other Receivables	16	1,787,728,090	1,300,790,477	2,435,643,074	1,786,406,774
Prepayments	11	12,483,374	34,980,807	12,483,374	34,980,807
Other Current Financial Assets	13.1	4,195,450	3,328,430	4,195,450	3,328,430
Cash and Short-Term Deposits	18.1	960,148,039	1,628,185,862	494,592,151	1,243,329,762
		3,371,250,449	3,441,664,005	3,411,838,024	3,457,901,763
Total Assets		**15,423,005,767**	**13,166,210,755**	**12,414,687,904**	**11,434,902,565**
EQUITY AND LIABILITIES					
Equity					
Stated Capital	19	3,285,000,260	3,285,000,260	3,285,000,260	3,285,000,260
Reserves	20	(333,152,344)	(338,325,183)	(333,152,344)	(338,325,183)
Retained Earnings		4,929,317,530	4,254,470,118	4,599,746,713	3,789,327,301
Equity attributable to Equity Holders of the Parent		7,881,165,446	7,201,145,195	7,551,594,629	6,736,002,378
Non-Controlling Interests		-	-	-	-
Total Equity		7,881,165,446	7,201,145,195	7,551,594,629	6,736,002,378
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	13.2	2,167,867,302	994,000,000	-	-
Deferred Tax Liabilities	6.5	681,678,264	601,567,628	680,038,100	601,567,628
Deferred Income	23	397,800,078	408,107,846	397,800,078	408,107,846
Employee Benefit Liability	22	71,646,681	43,274,470	54,501,132	34,910,681
Refundable Deposits	25	1,346,012,901	1,195,994,714	1,346,012,901	1,195,994,714
		4,665,005,226	3,242,944,658	2,478,352,211	2,240,580,869
Current Liabilities					
Trade and Other Payables	24	1,799,478,528	2,058,125,294	1,612,498,955	1,857,481,181
Deferred Income	23	5,923,060	-	5,923,060	-
Refundable Deposits	25	149,556,989	132,888,302	149,556,989	132,888,302
Income Tax Payable		134,243,861	77,877,293	116,164,426	72,092,479
Interest Bearing Loans and Borrowings	13.2	787,632,657	453,230,013	500,597,634	395,857,356
		2,876,835,095	2,722,120,902	2,384,741,064	2,458,319,318
Total Equity and Liabilities		**15,423,005,767**	**13,166,210,755**	**12,414,687,904**	**11,434,902,565**

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

Chamath Indrapala
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of 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 139 to 196 form an integral part of these financial statements.

21 May 2015
Colombo

Consolidated Statement of Changes In Equity

Group	Note	Attributable to Equity Holders of the Parent Stated Capital Rs.	Retained Earnings Rs.	Available for Sale Reserve Rs.	Total Rs.	Non-Controlling Interests Rs.	Total Equity Rs.
As at 01 April 2013		3,285,000,260	3,524,190,615	(321,209,089)	6,487,981,786	-	6,487,981,786
Profit For the Year		-	1,309,361,641	-	1,309,361,641	-	1,309,361,641
Other Comprehensive Income		-	(410,756)	(17,116,094)	(17,526,850)	-	(17,526,850)
Total Comprehensive Income		-	1,308,950,885	(17,116,094)	1,291,834,791	-	1,291,834,791
Dividend Paid (Final 2012/2013)		-	(580,500,140)	-	(580,500,140)	-	(580,500,140)
Deferred Tax Liability Reversal during the Year	6.2	-	6,808,758	-	6,808,758	-	6,808,758
Transaction Cost relating to Issue of Shares		-	(4,980,000)	-	(4,980,000)	-	(4,980,000)
As at 31 March 2014		3,285,000,260	4,254,470,118	(338,325,183)	7,201,145,195	-	7,201,145,195
Profit For the Year		-	1,448,060,705	-	1,448,060,705	-	1,448,060,705
Other Comprehensive Income		-	(10,899,630)	5,172,839	(5,726,791)	-	(5,726,791)
Total Comprehensive Income		-	1,437,161,075	5,172,839	1,442,333,914	-	1,442,333,914
Dividend Paid (Final 2013/2014)		-	(774,000,182)	-	(774,000,182)	-	(774,000,182)
Deferred Tax Liability Reversal during the Year	6.2	-	13,810,519	-	13,810,519	-	13,810,519
Transaction Cost relating to Issue of Shares		-	(2,124,000)	-	(2,124,000)	-	(2,124,000)
As at 31 March 2015		**3,285,000,260**	**4,929,317,530**	**(333,152,344)**	**7,881,165,446**	**-**	**7,881,165,446**

Company	Note	Stated Capital Rs.	Retained Earnings Rs.	Available for Sale Reserve Rs.	Total Equity Rs.
As at 01 April 2013		3,285,000,260	2,970,569,133	(321,209,089)	5,934,360,304
Profit For the Year		-	1,393,251,192	-	1,393,251,192
Other Comprehensive Income		-	(801,653)	(17,116,094)	(17,917,747)
Total Comprehensive Income		-	1,392,449,539	(17,116,094)	1,375,333,445
Dividend Paid (Final 2012/2013)	21	-	(580,500,129)	-	(580,500,129)
Deferred Tax Liability Reversal during the Year	6.2	-	6,808,758	-	6,808,758
As at 31 March 2014		3,285,000,260	3,789,327,301	(338,325,183)	6,736,002,378
Profit For the Year		-	1,579,123,052	-	1,579,123,052
Other Comprehensive Income		-	(8,513,987)	5,172,839	(3,341,148)
Total Comprehensive Income		-	1,570,609,065	5,172,839	1,575,781,904
Dividend Paid (Final 2013/2014)	21	-	(774,000,172)	-	(774,000,172)
Deferred Tax Liability Reversal during the Year	6.2	-	13,810,519	-	13,810,519
As at 31 March 2015		**3,285,000,260**	**4,599,746,713**	**(333,152,344)**	**7,551,594,629**

The accounting policies and notes on pages 139 to 196 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 March	Note	Group 2015 Rs.	Group 2014 Rs.	Company 2015 Rs.	Company 2014 Rs.
Cash Flows Generated from/(Used in) Operating Activities					
Cash Flows from Operating Activities					
Profit Before Tax		1,840,590,584	1,632,717,086	1,904,071,996	1,663,619,716
Non-Cash Adjustment to Reconcile Profit Before Tax to Net Cash Flows:					
Amortization of Intangible Assets	10	3,640,767	443,573	2,551,625	443,573
(Increase)/Decrease in Fair Value of Quoted Equity Securities		(867,020)	907,670	(867,020)	907,670
Depreciation of Property, Plant and Equipment	8	526,568,256	356,982,538	306,949,646	250,621,023
Fair Value Gain on Investment Properties	9	(28,500,000)	(35,575,000)	(28,500,000)	(35,575,000)
Finance Costs	5.3	125,701,446	19,724,149	35,072,177	14,512,059
Finance Income	5.4	(64,093,006)	(89,596,450)	(34,031,007)	(45,411,368)
Dividend Income	5.2	(1,000,040)	(1,845,024)	(347,500,031)	(401,445,014)
Assets Transferred to Inventories		38,873,188	-	-	-
Provision for Employee Benefit Liability	22.1	18,156,685	10,946,572	11,706,870	8,130,459
(Profit)/Loss on Disposal of Property, Plant and Equipment		226,700	263,555	82,615	(678,702)
Exchange Rate Difference Adjustments		(17,295,676)	(18,794,209)	(17,295,676)	(18,681,248)
Operating Profit before Working Capital Changes		2,442,001,883	1,876,174,460	1,832,241,195	1,436,443,167
Working Capital Adjustments:					
(Increase)/Decrease in Inventories		(132,317,066)	(85,408,112)	(75,067,985)	(33,523,167)
(Increase)/Decrease in Trade and Other Receivables and Prepayments		(464,322,118)	(158,224,543)	(626,738,867)	50,062,400
(Increase)/Decrease in Rate Regulatory Assets		-	106,665,311	-	106,665,311
Increase/(Decrease) in Trade and Other Payables		(255,632,517)	139,495,417	(239,725,925)	29,243,894
Increase/(Decrease) in Deferred Income		(4,384,708)	(1,962,637)	(4,384,708)	(1,962,637)
Cash Generated from Operating Activities		1,585,345,475	1,876,739,896	886,323,709	1,586,928,969
Employee Benefit Liability Costs Paid	22.2	(3,077,672)	(519,051)	(2,758,904)	(441,551)
Finance Costs Paid	5.3	(125,701,446)	(19,724,149)	(35,072,177)	(14,512,059)
Income Tax Paid		(255,382,696)	(162,847,870)	(186,467,509)	(104,476,628)
Refund/Transfers of Refundable Deposits	25	(274,802,307)	(266,143,587)	(274,802,307)	(266,143,587)
Refundable Deposits Received	25	441,489,182	399,506,569	441,489,182	399,506,569
Net Cash Flows Generated from Operating Activities		1,367,870,537	1,827,011,808	828,711,994	1,600,861,713
Cash Flows from/(Used in) Investing Activities					
Acquisition of Intangible Assets	10	(331,246)	(4,498,634)	-	(206,500)
Acquisition of Property, Plant and Equipment	8.3	(2,833,639,447)	(2,618,040,820)	(701,722,568)	(865,452,895)
Dividends Received		664,851	1,257,063	347,164,842	400,857,052
Investments in Non-Quoted Equity Securities		-	(20,125,000)	-	-
Investments in Subsidiaries	12	-	-	(600,000,010)	(915,000,000)
Proceeds from Disposal of Property, Plant and Equipment		1,498,335	2,379,876	297,640	1,518,807
Proceeds from Disposal of Non- Quoted Equity Securities		20,125,000	-	-	-
Net Cash Flows Used in Investing Activities		(2,811,682,507)	(2,639,027,515)	(954,260,096)	(1,378,283,536)
Cash Flows from/(Used in) Financing Activities					
Proceeds from Interest Bearing Loans and Borrowings	13.2	5,563,085,085	2,518,343,634	4,228,480,585	1,518,343,634
Dividend Paid		(774,000,182)	(580,500,140)	(774,000,172)	(580,500,129)
Finance Income	5.4	64,093,006	89,596,450	34,031,007	45,411,368
Capital Repayment under Finance Lease Liabilities		(2,714,108)	-	-	-
Repayment of Interest Bearing Loans and Borrowings	13.2	(4,171,054,346)	(1,144,751,580)	(4,123,866,573)	(1,144,751,580)
Net Cash Flows from/(Used in) Financing Activities		679,409,456	882,688,364	(635,355,153)	(161,496,707)
Net Increase/(Decrease) in Cash and Cash Equivalent		(764,402,514)	70,672,657	(760,903,253)	61,081,473
Cash and Cash Equivalent at the Beginning of the Year	18	1,534,824,090	1,464,151,433	1,201,340,647	1,140,259,174
Cash and Cash Equivalent at the End of the Year	18	**770,421,576**	**1,534,824,090**	**440,437,394**	**1,201,340,647**

The accounting policies and notes on pages 139 to 196 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION

1.1 General

LAUGFS Gas PLC (the Company) is a public limited liability Company incorporated and domiciled in Sri Lanka and listed in the Colombo Stock Exchange. The registered office of the Company is located at No. 14, R. A. De Mel Mawatha, Colombo 04 and the principal place of business is situated at No. 311/1, Biyagama Road, Mabima, Heiyanthuduwa.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company and the Subsidiaries dealt within these financial statements were as follows.

Company	Activities
LAUGFS Gas PLC	Sale of liquefied petroleum gas and other related products
LAUGFS Eco Sri (Pvt) Ltd.	Providing motor vehicle emission testing services
LAUGFS Leisure Ltd.	Operation of hotels.
LAUGFS Property Developers (Pvt) Ltd.	Construction of a commercial property at Kirullapone. However, commercial operations have not been commenced since such are under construction yet.
LAUGFS Power Ltd.	Generation of hydro power.
LAUGFS Maritime Services (Pvt) Ltd	Operation of a vessel and providing sea cargo services.

1.3 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.

1.4 Directors' Responsibility Statement

The Board of Directors is responsible for preparation and presentation of financial statements.

1.5 Date of Authorization for Issue

The consolidated financial statements of LAUGFS Gas PLC and its subsidiaries (collectively, the Group) for the year ended 31 March 2015 were authorized for issue in accordance with a resolution of the Board of Directors on 21 May 2015.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

The consolidated financial statements of 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).

2.1.1 Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss that have been measured at fair value.

The financial statements are presented in Sri Lankan Rupees.

2.1.2 Statement of Compliance

The financial statement of LAUGFS Gas PLC and its subsidiaries (the Group) have been prepared in accordance with SLFRS.

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

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2015.

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 consolidation.

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.

Mag Consultants and Agents (Pvt) Ltd. and Anantaya Passekudah (Pvt) Ltd. (formerly known as Blue Continent (Pvt) Ltd.) being two subsidiary companies of LAUGFS Leisure Ltd., that have been acquired by the Group during the years ended 31 March 2012 and 31 March 2013 respectively, have been accounted for considering the actual interests of the Board of Directors of the Group. Namely, the said two companies have been accounted for based on the substance of the acquisition, being an acquisition of a free hold land and a lease hold land respectively. No goodwill has been recognized pertaining to these acquisitions since those have not been considered as business acquisitions.

2.3 Summary Of Significant Accounting Policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements.

(a) 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 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 an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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.

(b) 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.

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

- There is no unconditional right to defer the settlement of the liability 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

(c) Fair Value Measurement

The Group measures financial instruments such as investments in equity securities and non-financial assets such as investment properties at fair value at each reporting date. 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, 9 and 13)
- Quantitative disclosures of fair value measurement hierarchy (Note 13)
- Investment properties (Note 9)
- Financial instruments (including those carried at amortised cost) (Note 13)

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, as described in Note 13.

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.

External valuers are involved for valuation of significant assets, such as investment properties and significant liabilities, such as retirement benefit liability.

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.

(d) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue and associated costs incurred or to be incurred can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

- **Sale of Goods**

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

- **Room Revenue**

Revenue is recognized on the rooms occupied on daily basis.

- **Food & Beverage Revenue**

Food & beverage revenue is recognized at the time of sale.

- **Other Hotel Related Revenue**

Other hotel related revenue is accounted when such services are rendered.

- **Rendering of Services**

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

- **Interest Income**

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest Income is recognized as the interest accrued unless collectability is in doubt. Interest income is included in finance income in the consolidated Statement of Profit or Loss.

- **Deferred Income from Non-Refundable Deposits**

The deferred income from non-refundable deposits is recognized in the consolidated Statement of Profit or Loss over a period of 05 years, the period it is estimated to be held by the customer.

- **Dividends**

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

- **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 in the consolidated Statement of Profit or Loss.

- **Others**

Other income is recognized on an accrual basis.

(e) Taxes

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.

Current income tax relating to items recognised directly in equity is recognised in equity 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.

Withholding tax on dividends received from subsidiaries is recognized as a tax expense in the consolidated Statement of Profit or Loss.

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, associates 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, associates 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 re-assessed 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 liabilities arising from investment properties at fair value are measured based on the tax consequence of the presumption that the carrying amount of the investment properties measured at fair value will be recovered entirely through sale. This presumption is consistent with the management's business model for the Group's investment properties.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized 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 income 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.

Sales Tax

Revenues, expenses and assets are recognized 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 recognized 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 is included as a part of receivables or payables in the consolidated statement of financial position.

(f) Foreign Currency Translation

The Group's consolidated financial statements are presented in Sri Lanka Rupees, which is the Group's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group at the functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value 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).

(g) Rate Regulatory Assets and Liabilities

Rate regulation is a restriction on the setting of prices that can be charged to customers for services or products in an entity where certain activities that are rate regulated are not similar to the activities of an entity where rate regulation does not exist. Therefore, failure to recognize rate regulatory assets or rate regulatory liabilities would make situations which are detrimental for comparability since the revenue (prices or rates subject to regulation) for a particular period is matched with the actual cost incurred in that period, although regulated prices are determined based on a prior period which has no relevance to the current cost.

The pricing of Liquefied Petroleum Gas in 12.5 Kg cylinders being sold by LAUGFS Gas PLC is governed by the Consumer Affairs Authority Act. According to an order held by Supreme Court in 2008, LAUGFS Gas PLC and the Consumer Affairs Authority (CAA) have agreed on pricing formula, which was made effective from 1 January 2009.

The above pricing formula requires the actual landed costs of the two previous consecutive months to be considered for determination of selling prices which will be effective from the end of the third month.

The above price mechanism of Consumer Affairs Authority (CAA) allows LAUGFS Gas PLC to charge the actual landed cost incurred in the past two months to customers after the approval is obtained for price revision from the Consumer Affairs Authority (CAA).

Accordingly the difference of landed cost of Liquefied Petroleum Gas between past two months and the cost previously recognized as rate regulatory assets or liabilities is reversed to Statement of Profit or Loss.

The recoverability of rate regulatory asset recognized as above may get adversely affected by factors such as severe competition, ability of customers to frequently switch between gas providers, unfavorable price revisions by the Consumer Affairs Authority (CAA) or other detrimental macro-economic conditions etc. Therefore testing for impairment on rate regulatory assets is carried out at the end of each reporting period.

(h) Cost of Sales Recognition

The current cost of gas sold in 12.5Kg cylinders for domestic consumption is equalized to selling price base applicable to the same period (landed cost of a gas cylinder during past two months) and deferred to following two months. The accounting policy, which the directors believe, would reflect fairly the financial position of the Company taking in to account the agreement signed between the Company and the Consumer Affairs Authority consequent to an order given by the Supreme Court. According to the judgment of the Supreme Court the Company is entitled to a price of landed cost plus a margin. Consequent to the judgment, the Consumer Affairs Authority has entered in to an agreement with the Company where it has permitted to a selling price of landed cost plus a margin.

(i) Property, Plant and Equipment

Property, plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

When a major inspection is performed, its cost is recognized 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 recognized in the profit or loss as incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. 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 consolidated Statement of Profit or Loss in the year the asset is derecognized.

Depreciation is calculated on a straight line basis over the useful life of the assets is disclosed in Note 8.6.

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.

(j) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. 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.

(k) 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.

(l) Investment Properties

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 consolidated 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 derecognized 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.

(m) Intangible Assets

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. It is the company's policy to amortize intangible assets over a useful life of 4 years.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization 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 amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated Statement of Profit or Loss in the expense category consistent with the function of the intangible asset.

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 recognized in the consolidated Statement of Profit or Loss when the asset is derecognized.

Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized 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 amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

(n) Financial Instruments - Initial Recognition and Subsequent Measurement

(i) Financial Assets

Initial Recognition and Measurement

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

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

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

The Group's financial assets include trade and other receivables, loans and other receivables and investments made in quoted equity securities.

Subsequent Measurement

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

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in finance income or finance costs in the consolidated Statement of Profit or Loss.

The Group's financial assets at fair value through profit or loss include investments made in quoted equity securities.

Loans and Receivables

This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized 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 amortization is included in finance income in the consolidated Statement of Profit or Loss. The losses arising from impairment are recognized in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment.

Amortized 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 amortization is included in finance income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss in finance costs.

The Group did not have any held-to-maturity investments during the years ended 31 March 2014 and 31 March 2015.

AFS Financial Assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those, that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized in OCI and credited in the AFS reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated 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, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the Group's continuing involvement in it.

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

Financial Assets Carried at Amortised Cost

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

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

AFS Financial Assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of profit or loss - is removed from OCI and recognized in the statement of profit or loss. Impairment losses on equity investments are not reversed through the statement of profit or loss; increases in their fair value after impairments are recognized in the OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

(ii) Financial Liabilities

Initial Recognition and Measurement

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

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

Subsequent Measurement

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

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are acquired for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held-for-trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in LKAS 39 are satisfied. The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Loans and Borrowings

This is the category most relevant to the Group. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

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

Derecognition

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

(iii) Offsetting of Financial Instruments

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

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 13.3 and Note 13.4.

(o) Inventories

Inventories are valued at the lower of cost and net realizable 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 labor and an appropriate proportion of overheads based on normal operating capacity, but excluding borrowing costs
Goods in Transit	At purchase cost
Food & Beverages	At actual cost on weighted average cost basis
Other Inventories	At actual cost on weighted average cost basis

Inventory represents property held by the Group intended for resale and costs connected with projects.

The project under development comprises acquisition costs, purchase taxes and any directly attributable costs to bring the asset to intended sale. Administrative expenses are not included unless these can be directly attributed to specific projects, directly attributable costs are costs incurred for bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

(p) 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized 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 recognized. 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.

(q) 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 consolidated 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.

(r) Provisions

Provisions are recognized 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 recognized 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.

Deferred Income

The Liquefied Petroleum Gas cylinders remain as a property of LAUGFS Gas PLC and issued to the customers on a temporary basis against a refundable security deposit. The Company is liable to refund the deposit for 12.5Kg, 37.5Kg, 5Kg & 2Kg cylinders on following basis subject to a minimum refund of Rs.1,000/-, Rs.1,700/-, Rs. 485/- & Rs. 450/- respectively for an indefinite period.

1st Year	Minimum refund + Two third of the selling price of a cylinder after deducting Minimum refund
2nd Year	Minimum refund + One third of the selling price of a cylinder after deducting Minimum refund
3rd Year onwards Minimum refund.	

The difference between the deposit and minimum refund is charged to deferred income over a period of three years in line with the refund policy.

(s) Employee Benefits

a) Defined Benefit Plan – Gratuity

LAUGFS Gas PLC, LAUGFS Eco Sri (Pvt) Ltd. and LAUGFS Leisure Ltd. measure the cost of defined benefit plan-gratuity; every financial year using the Projected Unit Credit Method with the advice of an actuary. The rest of the subsidiaries excluding LAUGFS Eco Sri (Pvt) Ltd. and LAUGFS Leisure Ltd. measure the cost of defined benefit plan-gratuity; every financial year using the Projected Unit Credit Method without any advice obtained from an actuary.

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.

Actuarial gains and losses are recognized in the consolidated statement of comprehensive income (OCI) in the period in which it arises.

The item is stated under Employee Benefit Liability in the consolidated statement of financial position.

This is not an externally funded defined benefit plan.

b) Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund

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.

2.4 Effect of Sri Lanka Accounting Standards Issued but not yet Effective

The following SLFRS have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future and have not been applied in preparing these financial statements. Those SLFRS will have an effect on the accounting policies currently adopted by the Group and may have an impact on the future financial statements.

a) Financial Instruments: Classification and Measurement

SLFRS 9, as issued reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities.

This standard was originally effective for annual periods commencing on or after 01 January 2015. However, effective date has been deferred subsequently.

b) SLFRS 14 - Regulatory Deferral Accounts

The scope of this standard is limited to first-time adopters of SLFRS that already recognise regulatory deferral account balances in their financial statements. Consequently, the financial statements of rate regulated entities that already apply SLFRS, or that do not otherwise recognise such balances, will not be affected by this standard. This standard is effective for the annual periods beginning on or after 01 January 2016.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. 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.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management (Note 29)
- Financial risk management and policies (Note 29)
- Sensitivity analyses disclosures (Note 22)

Judgements

In the process of applying the Group's accounting policies, management has made following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

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.

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.

Estimates and Assumptions

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

Revaluation of Investment Properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated Statement of Profit or Loss. The Group engaged an independent valuation specialist to assess fair values as at 31 March 2015.

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.

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.

Defined Benefit Plans

The cost as well as the present value of defined benefit plans - gratuity is determined using Actuarial Valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about pension obligations are given in Note 22.

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.

Development Costs

The Group capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

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 six reportable segments as follows:

Energy

Selling of Liquefied Petroleum Gas and other related products.

Other Services

Operating of vehicle emission testing centres to issue vehicle Emission Test Certificates.

Leisure & Hospitality

Operating of hotels. However, the hotel properties at Wadduuwa and Passekudah are still under construction.

Property Development

Construction of a commercial property at Kirullapone.

Power

Generation of hydro power.

Transportation & Logistics

Operation of a vessel and providing sea cargo services.

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.

4. SEGMENT INFORMATION (Contd.)

Operating Segments	Energy		Other Services		Leisure & Hospitality	
	2015	2014	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue						
External Customers	10,220,511,737	10,660,333,222	1,030,457,600	949,205,603	246,068,843	21,491,116
Inter-Segment	5,405,640	-	-	-	-	-
Total Revenue	10,225,917,377	10,660,333,222	1,030,457,600	949,205,603	246,068,843	21,491,116
Results						
Operating Profit	1,876,613,166	1,597,145,407	385,453,060	366,848,127	(80,329,928)	(32,207,019)
Finance Costs	(35,072,177)	(14,512,059)	(1,572,421)	(2,138)	(87,917,335)	(5,209,952)
Fair Value Gain on Investment Properties	28,500,000	35,575,000	-	-	-	-
Finance Income	34,031,007	45,411,368	27,447,746	43,910,962	383,857	160,093
Profit/(Loss) Before Tax	1,904,071,996	1,663,619,716	411,328,385	410,756,951	(167,863,406)	(37,256,878)
Income Tax Expense	(324,948,944)	(270,368,524)	(38,599,429)	(8,566,169)	5,744,496	-
Profit/(Loss) for the Year	1,579,123,052	1,393,251,192	372,728,956	402,190,782	(162,118,910)	(37,256,878)
Net Profit/(Loss) on Available for Sale Financial Assets	5,172,839	(17,116,094)	(11,894,837)	(734,112)	-	-
Actuarial Gains/(Losses) on Defined Benefit Plans	(10,642,484)	(801,653)	(2,650,714)	390,897	-	-
Income Tax Effect	2,128,497	-	265,071	-	-	-
Total Comprehensive Income for the Year Net of Tax	1,575,781,904	1,375,333,445	358,448,476	401,847,567	(162,118,910)	(37,256,878)
Assets & Liabilities						
Non-Current Assets						
Total Non-Current Assets	9,002,849,880	7,977,000,802	371,640,473	350,974,415	3,286,051,862	2,916,838,041
Current Assets						
Total Current Assets	3,411,838,024	3,457,901,763	441,753,937	442,985,976	840,028,732	364,402,688
Total Assets						
Non-Current Liabilities						
Total Non-Current Liabilities	2,478,352,211	2,240,580,869	41,290,796	8,162,520	1,409,496,020	994,201,268
Current Liabilities						
Total Current Liabilities	2,384,741,066	2,458,319,318	98,100,375	85,243,091	1,639,680,224	1,048,016,214
Total Liabilities						
Depreciation for the Year	306,949,646	250,621,023	94,416,231	99,505,892	85,555,455	6,811,314
Purchase of Property, Plant and Equipment	701,722,568	865,452,895	84,385,750	34,290,823	509,062,651	1,591,644,995
Provision for Employee Benefit Liability	11,706,870	8,130,459	4,608,514	2, 816,113	1,496,020	-

Inter-segment revenues are eliminated upon consolidation and reflected in the adustments/eliminations column.

Property Development		Power		Transportation & Logistics		Eliminations/Adjustments		Group	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-	-	24,761,922	-	-	-	-	-	11,521,800,102	11,631,029,941
-	-	-	-	233,932,080	-	(239,337,720)	-	-	-
-	-	24,761,922	-	233,932,080	-	(239,337,720)	-	11,521,800,102	11,631,029,941
(2,185,369)	(3,858,495)	12,527,780	(1,058,245)	28,282,401	-	(346,662,086)	(399,599,990)	1,873,699,024	1,527,269,785
-	-	(265,496)	-	(874,016)	-	-	-	(125,701,446)	(19,724,149)
-	-	-	-	-	-	-	-	28,500,000	35,575,000
1,452,312	-	425,234	114,027	352,849	-	-	-	64,093,006	89,596,450
(733,057)	(3,858,495)	12,687,519	(944,218)	27,761,233	-	(346,662,086)	(399,599,990)	1,840,590,583	1,632,717,086
(264,321)	-	(1,717,557)	(20,753)	5,755,875	-	(38,499,999)	(44,399,999)	(392,529,879)	(323,355,445)
(997,378)	(3,858,495)	10,969,962	(964,971)	33,517,108	-	(385,162,085)	(443,999,989)	1,448,060,705	1,309,361,641
-	-	-	-	-	-	11,894,837	734,112	5,172,839	(17,116,094)
-	-	-	-	-	-	-	-	(13,293,198)	(410,756)
-	-	-	-	-	-	-	-	2,393,568	-
(997,378)	(3,858,495)	10,969,962	(964,971)	33,517,108	-	(373,267,248)	(443,265,877)	1,442,333,914	1,291,834,791
1,143,322,084	591,906,431	175,394,683	125,485,792	938,422,335	-	(2,866,025,998)	(2,237,758,730)	12,051,755,318	9,724,546,750
27,805,519	60,273,678	49,434,315	9,294,324	68,409,987	-	(1,468,019,865)	(893,194,219)	3,371,250,449	3,441,664,005
								15,423,005,767	13,166,210,755
240,555,561	-	55,310,637	-	440,000,000	-	-	-	4,665,005,226	3,242,944,658
58,604,311	17,091,001	30,413,780	6,645,498	133,315,205	-	(1,468,019,865)	(893,194,219)	2,876,835,096	2,722,120,902
								7,541,840,322	5,965,065,560
44,454	44,309	7,232,639	-	32,391,287	-	(21,456)	-	526,568,256	356,982,538
551,460,107	24,496,817	57,141,531	102,155,289	964,678,391	-	3,946,770	4,130,321	2,872,397,768	2,622,171.138
-	-	345,281	-	-	-	-	-	18,156,685	10,946,572

5. REVENUE/OTHER INCOME AND EXPENSES

	Group 2015 Rs.	Group 2014 Rs.	Company 2015 Rs.	Company 2014 Rs.
5.1 Revenue				
Sale of Goods	10,233,301,480	10,684,976,303	10,238,707,120	10,684,976,303
Rendering of Services	1,301,288,365	970,696,718	-	-
Distributor Commission	(12,789,743)	(24,643,081)	(12,789,743)	(24,643,081)
	11,521,800,102	11,631,029,941	10,225,917,377	10,660,333,222
5.2 Other Operating Income				
Rent Income	5,875,983	5,686,402	5,875,983	5,686,402
Income from Non-Refundable Deposits	284,285,075	263,763,814	284,285,075	263,763,814
Project Work Income	605,493	2,265,174	605,493	2,265,174
Sundry Income	4,703,691	5,615,897	355,000	529,554
Dividend Income	1,000,040	1,845,024	347,500,031	401,445,014
Commission on Corporate Guarantees provided to Subsidiaries	-	-	4,500,000	-
	296,470,282	279,176,311	643,121,582	673,689,958
5.3 Finance Costs				
Interest Expense on Overdrafts	4,961,785	912,961	680,946	831,117
Interest Expense on Loans and Borrowings	84,781,722	5,130,247	-	-
Finance Charges on Lease Liabilities	1,566,708	-	-	-
Interest on Dealer Refundable Deposits	4,336,202	4,497,712	4,336,202	4,497,712
Interest on Import Loans	30,055,029	9,183,230	30,055,029	9,183,230
	125,701,446	19,724,149	35,072,177	14,512,059
5.4 Finance Income				
Interest Income	64,093,006	89,596,450	34,031,007	45,411,368
	64,093,006	89,596,450	34,031,007	45,411,368

5.5 Profit Before Tax

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Stated after Charging/(Crediting)				
Included in Cost of Sales				
Depreciation of Property, Plant and Equipment	341,134,131	275,318,174	260,567,596	194,420,183
Employees Benefits including the following;	67,841,117	74,686,954	66,931,850	74,686,954
- Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)	5,111,930	4,317,290	5,111,930	4,317,290
Included in Administration Expenses				
Employees Benefits including the following;	500,183,207	361,270,193	142,442,869	114,070,424
- Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits)	18,156,685	10,946,572	11,706,870	8,130,459
- Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)	44,142,680	31,266,373	13,029,182	10,903,602
Depreciation of Property, Plant and Equipment	169,823,989	58,768,818	30,771,914	33,305,294
Amortization of Intangible Assets	3,640,766	443,573	2,551,625	443,573
Auditors' Fees - Current Year	2,268,076	1,888,429	1,459,716	1,327,429
Auditors' Fees - Under/(Over) Provision in respect of Prior Year	38,492	(366,157)	-	(361,008)
Donations	6,612,586	8,870,458	4,911,399	5,242,352
Research and Development	37,693	1,070,673	37,693	1,070,673
Included in Selling and Distribution Expenses				
Employees Benefits including the following;	114,455,677	86,003,500	114,455,677	86,003,500
- Defined Contribution Plan Costs - EPF and ETF (Included in Employee Benefits)	9,464,489	6,880,280	9,464,489	6,880,280
Depreciation of Property, Plant and Equipment	15,610,136	22,895,546	15,610,136	22,895,546
Advertising and Promotion	144,816,575	129,278,149	129,988,465	121,020,453

5.6 Components of Other Comprehensive Income

Available for Sale Financial Assets				
Gains/(Losses) arising during the Year	5,172,839	(17,116,094)	5,172,839	(17,116,094)
Employee Benefit Liability				
Actuarial Gains/(Losses) arising during the Year	(13,293,198)	(410,756)	(10,642,484)	(801,653)

6. INCOME TAX

The major components of income tax expense for the years ended 31 March 2015 and 31 March 2014 are:

6.1 Consolidated Statement of Profit or Loss

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Current Income Tax:				
Current Income Tax Expense (Note 6.4)	272,335,567	163,312,509	229,625,777	154,725,586
Dividend Tax of Subsidiaries	38,499,999	44,399,999	-	-
Under/(Over) Provision of Current Taxes in respect of Prior Year	913,680	(397,609)	913,680	(397,609)
	311,749,246	207,314,899	230,539,457	154,327,978
Deferred Income Tax:				
Deferred Taxation Charge/(Reversal) (Note 6.5)	80,780,634	116,040,547	94,409,487	116,040,547
	80,780,634	116,040,547	94,409,487	116,040,547
Income Tax Expense Reported in the Statement of Profit or Loss	392,529,879	323,355,445	324,948,944	270,368,524

6.2 Statement of Changes in Equity

	Group 2015 Rs.	Group 2014 Rs.	Company 2015 Rs.	Company 2014 Rs.
Net Gain on Revaluation of Property, Plant and Equipment	(13,810,519)	(6,808,758)	(13,810,519)	(6,808,758)
	(13,810,519)	(6,808,758)	(13,810,519)	(6,808,758)

6.3 Consolidated Statement of Other Comprehensive Income

	Group 2015 Rs.	Group 2014 Rs.	Company 2015 Rs.	Company 2014 Rs.
Deferred Tax related to Items Charged or Credited Directly to Equity during the Year:				
Gain/(Loss) on Available for Sale Financial Assets	-	-	-	-
Actuarial Gain/(Loss) on Retirement Benefit Plans	2,393,568	-	2,128,497	-
Income Tax Charged Directly to Other Comprehensive Income	**2,393,568**	**-**	**2,128,497**	**-**

6.4 A Reconciliation between Tax Expense and the Product of Accounting Profit Multiplied by the Statutory Tax Rate for the Years Ended 31 March 2015 and 31 March 2014 are as follows:

		Group		Company	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Accounting Profit before Tax		1,840,590,583	1,632,717,086	1,904,071,996	1,663,619,716
Adjustments in respect to Current Income Tax					
Consolidated Adjustments		346,662,086	399,599,990	-	-
Aggregate Disallowed Items		602,193,771	289,457,728	353,518,570	289,457,728
Income Exempt from Income Tax		-	(366,845,989)	-	-
Aggregate Allowable Expenses		(1,594,923,617)	(1,250,832,682)	(1,169,374,387)	(1,248,981,312)
Other Sources of Income		44,363,633	80,333,150	42,794,791	49,665,570
		1,238,886,457	784,429,283	1,131,010,970	753,761,702
At the Statutory Income Tax Rate	- Business Profit	10% - 20%	20%	20%	20%
	- Other Income	28%	28%	28%	28%
Current Income Tax Expenses	- Business Profit	259,913,750	140,819,227	217,643,236	140,819,227
	- Other Income	12,421,817	22,493,282	11,982,541	13,906,360
Income Tax Expense reported in the Consolidated Statement of Profit or Loss		272,335,567	163,312,509	229,625,777	154,725,586

6. INCOME TAX (Contd.)

6.5 Deferred Tax Assets, Liabilities and Income Tax relate to the following:

	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2015	2014	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Company						
Deferred Tax Liabilities						
Property, Plant and Equipment	434,443,839	366,173,304	68,270,535	124,531,107	-	-
Revaluation of Building and Plant and Machinery	256,494,487	270,305,006	-	-	-	-
	690,938,326	636,478,310	68,270,535	124,531,107	-	-
Deferred Tax Assets						
Employee Benefit Liability	(8,771,729)	(34,910,681)	26,138,952	(8,490,561)	-	-
Actuarial Gains/(Losses) on Defined Benefit Plans	(2,128,497)	-	-	-	(2,128,497)	-
	(10,900,226)	(34,910,681)	26,138,952	(8,490,561)	(2,128,497)	-
Deferred Income Tax Expense			94,409,487	116,040,547	(2,128,497)	-
Net Deferred Tax Liability	680,038,100	601,567,628				

	Consolidated Statement of Financial Position		Consolidated Statement of Profit or Loss		Consolidated Statement of Other Comprehensive Income	
	2015	2014	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Group						
Deferred Tax Liabilities						
Capital Allowances for Tax Purposes	425,060,359	366,173,304	58,887,055	124,531,107	-	-
Revaluation of Building and Plant and Machinery	256,494,487	270,305,006	-	-	-	-
	681,554,846	636,478,310	58,887,055	124,531,107	-	-
Deferred Tax Assets						
Employee Benefit Liability	(10,258,039)	(34,910,681)	24,652,642	(8,490,561)	-	-
Actuarial Gains/(Losses) on Defined Benefit Plans	(2,393,568)	-	-	-	(2,393,568)	-
Losses Available for Offsetting Against Future Taxable Income	(2,759,063)	-	(2,759,063)	-	-	-
	(15,410,670)	(34,910,681)	21,893,579	(8,490,561)	(2,393,568)	-
Deferred Income Tax Expense			80,780,634	116,040,547	(2,393,568)	-
Net Deferred Tax Liability	681,678,264	601,567,628				
Net Deferred Tax Asset	(15,534,089)	-				
Net Deferred Tax Asset/Liability	666,144,175	601,567,628				

6.6 Reconciliation of Net Deferred Tax Asset/Liability

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
As at 1 April	601,567,628	492,335,839	601,567,628	492,335,839
Tax (Income)/Expense during the Year recognised in the Consolidated Statement of Profit or Loss	80,780,634	116,040,547	94,409,488	116,040,547
Tax (Income)/Expense during the Year recognised in the Consolidated Statement of Other Comprehensive Income	(2,393,568)	-	(2,128,497)	-
Deferred Tax directly recognised in Equity	(13,810,519)	(6,808,758)	(13,810,519)	(6,808,758)
As at 31 March	666,144,175	601,567,628	680,038,100	601,567,628

6.7 Current Taxes

6.7.1 LAUGFS Gas PLC

Pursuant to agreement dated 07 April 2005 entered into with Board of Investment Sri Lanka under Section 17 (2) of the Board of Investment Act No. 04 of 1978, the Company was exempt from the payment and recovery of income tax in respect of the profit and income of enterprise for a period of three (03) years with effect from 07 April 2005. This exemption expired on 06 April 2008. Subsequent to the tax exemption, the Company is liable for tax at the rate of 10% for period of two (02) years immediately succeeding the last date of the tax exemption year and thereafter, at the rate of 20%.

6.7.2 LAUGFS Eco Sri (Pvt) Ltd.

(a) In accordance with and subject to the powers conferred on the Board of Investment under Section 17 of the said Act No. 04 of 1978 and regulations, the Company was exempted from income tax for a period of five (05) years reckoned from the year of assessment as may be determined by the Board of Investment ("the tax exemption period"), the provisions of the Inland Revenue Act No. 10 of 2006 relating to the imposition payment and recovery of income tax shall not apply in respect of the profits and income of the enterprise.

(b) For the above purpose the year of assessment shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years from the date of commencement of commercial operations of the enterprise, whichever year is earlier, as specified in the certificate issued by the Board of Investment. The Board of Investment has issued certificates confirming the tax exemptions for the years of assessment 2009/2010, 2010/2011, 2011/2012 and 2012/2013. The company would obtain the certificates for the remaining periods on submission of audited financial statements to the Board.

(c) After the expiration of the aforesaid tax exemption period referred to in sub-clause (i) of the agreement with the Board of Investment, the profits and income of the enterprise shall be charged at the rate of ten percent (10%) for a period of two (02) years immediately succeeding the last date of the tax exemption period during which the profits and income of the enterprise is exempted from the income tax ("the concessionary tax rate of ten percent (10%)).

(d) After the expiration of the aforesaid concessionary tax rate of ten percent (10%) referred to in sub-clause (ii) of the agreement with the Board of Investment, the profits and income of the enterprise shall be charged for any year of assessment at the rate of twenty percent (20%).

6.7.3 LAUGFS Property Developers (Pvt) Ltd.

(a) The Company was exempt from income tax for a period of five (05) years reckoned from the year of assessment as may be determined by the Board of Investment ("the tax exemption period"), the provision of the Inland Revenue Act No. 10 of 2006 relating to the imposition, payment and recovery of income tax shall not apply in respect of the profits and income of the enterprise.

(b) After the expiration of the aforesaid tax exemption period referred in sub-clause (i) of the agreement with the Board of Investment, the profits and income of the enterprise shall be charged at the rate of ten percent (10%) for a period of two (02) years immediately succeeding the last date of the tax exemption period during which the profits and income of the enterprise is exempted from the income tax ("the concessionary tax rate of ten percent (10%)).

(c) After the expiration of the aforesaid concessionary tax rate of ten percent (10%) referred to in sub-clause (ii) of the agreement with the Board of Investment, the profits and income of the enterprise shall be charged for any year of assessment at the rate of twenty percent (20%).

6.7.4 LAUGFS Leisure Ltd.

Since these subsidiaries has engaged in the industry of leisure & hospitality, the principal source of income is taxed at the rate of twelve percent (12%) while other sources of income is taxed at twenty eight percent (28%).

6.7.5 LAUGFS Maritime Services (Pvt) Ltd.

(a) In accordance with and subject to the powers conferred on the Board of Investment under Section 17 of the said Act No. 04 of 1978 and regulations the Company was exempted from income tax for a period of ten (10) years reckoned from the year of assessment as may be determined by the Board of Investment ("the tax exemption period"), the provisions of the Inland Revenue Act No. 10 of 2006 relating to the imposition payment and recovery of income tax shall not apply in respect of the profits and income of the enterprise.

(b) For the above purpose the year of assessment shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years from the date of commencement of commercial operations of the enterprise, whichever year is earlier, as may be specified in the certificate issued by the Board of Investment.

(c) After the expiration of the aforesaid tax exemption period referred to in sub-clause (i) of the agreement with the Board of Investment, the profits and income of the enterprise shall be charged at the rate of ten percent (10%) for a period of two (02) years immediately succeeding the last date of the tax exemption period during which the profits and income of the enterprise is exempted from the income tax ("the concessionary tax rate of ten percent (10%)).

(d) After the expiration of the aforesaid concessionary tax rate of ten percent (10%) referred to in sub-clause (ii) of the agreement with the Board of Investment, the profits and income of the enterprise shall be charged for any year of assessment at the rate of twenty percent (20%).

7. EARNINGS PER SHARE

7.1 Basic/Diluted Earnings Per Share is calculated by dividing the net profit 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 Per Share computations.

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Amount Used as the Numerator:				
Net Profit attributable to Ordinary Equity Holders of the Parent for Basic Earnings	1,448,060,705	1,309,361,641	1,579,123,052	1,393,251,192
	2015 Number	2014 Number	2015 Number	2014 Number
Number of Ordinary Shares Used as the Denominator:				
Weighted Average Number of Ordinary Shares for Basic/Diluted Earnings Per Share	387,000,086	387,000,086	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 authorization of these financial statements.

8. PROPERTY, PLANT AND EQUIPMENT

8.1 Group

8.1.1 Gross Carrying Amounts

	Balance As at 01.04.2014 Rs.	Additions/ Incurred during the Year Rs.	Transfers in/(out) Rs.	Disposals during the Year Rs.	Balance As at 31.03.2015 Rs.
At Cost					
Freehold Land	1,198,220,329	16,421,000	82,150,077	-	1,296,791,406
Land Development	296,781,804	17,189,028	-	-	313,970,832
Buildings on Freehold Land	652,137,939	74,515,149	953,101,603	-	1,679,754,691
Buildings on Leasehold Land	335,334,084	22,096,435	56,871,764	-	414,302,284
Plant, Machinery and Equipment	1,014,937,523	104,965,637	98,306,539	(1,369,499)	1,216,840,201
Office Equipment	261,342,279	28,695,109	24,773,402	(485,864)	314,324,926
Furniture and Fittings	177,880,215	20,640,023	58,982,162	-	257,502,400
Gas Point Dealer Boards and Storage Huts	25,980,678	2,197,940	-	-	28,178,619
Motor Vehicles	297,342,824	33,599,031	19,882,443	-	350,824,298
Kitchen Equipment	42,734,526	444,886	1,550,955	-	44,730,367
GYM Equipment	5,910,674	-	-	-	5,910,674
Vessel	-	841,102,711	-	-	841,102,711
Dry Docking Cost of Vessel	-	117,166,775	-	-	117,166,775
Gas Stock in Tank	-	5,222,089	-	-	5,222,089
Cylinders in Hand and in Circulation	3,739,945,263	410,177,072	24,893,778	(23,313)	4,174,992,800
	8,048,548,139	1,694,432,886	1,320,512,723	(1,878,675)	11,061,615,073
Assets on Finance Leases					
Motor Vehicles	-	34,628,000	-	-	34,628,000
	-	34,628,000	-	-	34,628,000
Total Value of Depreciable Assets	8,048,548,139	1,729,060,886	1,320,512,723	(1,878,675)	11,096,243,073

8. PROPERTY, PLANT AND EQUIPMENT (Contd.)

8.1 Group (Contd.)

	Balance As at 01.04.2014 Rs.	Additions/ Incurred during the Year Rs.	Transfers in/(out) Rs.	Disposals during the Year Rs.	Balance As at 31.03.2015 Rs.
In the Course of Construction					
Buildings	1,685,148,120	993,290,038	(1,226,921,677)	-	1,451,516,481
Fire Water Storage Project	199,923	-	-	-	199,923
Galle Bottling Plant	1,572,917	-	-	-	1,572,917
Loading Bay	2,714,338	-	-	-	2,714,338
Bore Well	1,029,730	-	(1,029,730)	-	-
Motor Tricycle	5,132,794	-	-	(285,643)	4,847,151
River Water Project	3,019,445	-	-	-	3,019,445
Motor Vehicles	17,006,614	12,886,000	(17,019,074)	-	12,873,539
5kg Caurasol Machine	2,903,457	11,999,828	(14,903,286)	-	-
Shrink Sealer Machine	254,192	-	-	-	254,192
Land Development	6,497,124	-	(6,497,124)	-	-
Plant and Machinery	68,121,243	-	(68,121,243)	-	-
LPG Treating Unit	-	72,430	-	-	72,430
Cylinder Pallets	-	1,011,840	-	-	1,011,840
Storage Tank	81,729,548	85,868,063	-	-	167,597,611
	1,875,329,445	1,105,128,199	(1,334,492,133)	(285,643)	1,645,679,867
Goods In Transit					
Cylinders	24,893,778	38,208,684	(24,893,778)	-	38,208,684
	24,893,778	38,208,684	(24,893,778)	-	38,208,684
Total Gross Carrying Amount	9,948,771,362	2,872,397,768	(38,873,188)	(2,164,318)	12,780,131,624

8.1.2 Depreciation

	Balance As at 01.04.2014 Rs.	Charged for the Year Rs.	Transfers in/(out) Rs.	Disposals during the Year Rs.	Balance As at 31.03.2015 Rs.
At Cost					
Buildings on Freehold Land	6,879,038	33,277,779	-	-	40,156,817
Buildings on Leasehold Land	187,955,706	50,187,202	-	-	238,142,908
Plant, Machinery and Equipment	222,226,805	87,364,751	-	(84,461)	309,507,096
Office Equipment	72,064,199	47,806,918	-	(353,470)	119,517,646
Furniture and Fittings	32,850,669	25,273,194	-	-	58,123,862
Gas Point Dealer Boards and Storage Huts	10,198,322	2,807,233	-	-	13,005,555
Motor Vehicles	77,942,757	38,227,709	-	-	116,170,466
Kitchen Equipment	526,864	4,424,375	-	-	4,951,239
GYM Equipment	72,871	587,829	-	-	660,700
Vessel	-	20,786,047	-	-	20,786,047
Dry Docking cost of Vessel	-	10,887,172	-	-	10,887,172
Gas Stock in Tank	-	610,436	-	-	610,436
Cylinders in Hand and in Circulation	568,316,795	202,150,375	-	(1,350)	770,465,820
	1,179,034,027	524,391,020	-	(439,281)	1,702,985,766
Assets on Finance Lease					
Motor Vehicles	-	2,177,236	-	-	2,177,236
	-	2,177,236	-	-	2,177,236
Total Depreciation	1,179,034,027	526,568,256	-	(439,281)	1,705,163,002

8. PROPERTY, PLANT AND EQUIPMENT (Contd.)

8.1 Group (Contd.)

8.1.3 Net Book Values

	2015 Rs.	2014 Rs.
At Cost		
Freehold Land	1,296,791,406	1,198,220,329
Land Development	313,970,832	296,781,804
Buildings on Freehold Land	1,639,597,874	645,258,901
Buildings on Leasehold Land	176,159,376	147,378,378
Plant, Machinery and Equipment	907,333,105	792,710,717
Office Equipment	194,807,280	189,278,080
Furniture and Fittings	199,378,538	145,029,546
Gas Point Dealer Boards and Storage Huts	15,173,063	15,782,356
Motor Vehicles	234,653,832	219,400,067
Kitchen Equipment	39,779,128	42,207,662
GYM Equipment	5,249,974	5,837,803
Vessel	820,316,664	-
Dry Docking Cost of Vessel	106,279,603	-
Gas Stock in Tank	4,611,653	-
Cylinders in Hand and in Circulation	3,404,526,980	3,171,628,469
	9,358,629,307	6,869,514,112
Assets on Finance Leases		
Motor Vehicles	32,450,765	-
	32,450,765	-
In the Course of Construction		
Buildings	1,451,516,481	1,685,148,120
Fire Water Storage Project	199,923	199,923
Galle Bottling Plant	1,572,917	1,572,917
Loading Bay	2,714,338	2,714,338
Bore Well	-	1,029,730
Motor Tricycle	4,847,151	5,132,794
River Water Project	3,019,445	3,019,445
5kg Caurasol Machine	-	2,903,457
Motor Vehicles	12,873,539	17,006,614
Shrink Sealer Machine	254,192	254,192
Land Development	-	6,497,124
Plant and Machinery	-	68,121,243
LPG Treating Unit	72,430	-
Cylinder Pallets	1,011,840	-
Storage Tank	167,597,611	81,729,548
	1,645,679,867	1,875,329,445
Goods In Transit		
Cylinders	38,208,684	24,893,778
	38,208,684	24,893,778
Total Carrying Amount of Property, Plant and Equipment	11,074,968,623	8,769,737,335

8. PROPERTY, PLANT AND EQUIPMENT (Contd.)

8.2 Company

8.2.1 Gross Carrying Amounts

	Balance As at 01.04.2014 Rs.	Additions/ Incurred during the Year Rs.	Transfers in/(out) Rs.	Disposals Rs.	Balance As at 31.03.2015 Rs.
At Cost					
Freehold Land	359,327,500	6,000,000	-	-	365,327,500
Land Development	296,781,804	17,189,028	-	-	313,970,832
Buildings on Freehold Land	89,444,982	575,960	4,697,119	-	94,718,060
Building on Leasehold Land	6,121,851	-	-	-	6,121,851
Plant, Machinery and Equipment	724,665,195	79,304,064	15,933,015	-	819,902,273
Office Equipment	52,539,654	10,989,154	-	(174,364)	63,354,444
Furniture and Fittings	111,045,017	2,159,172	-	-	113,204,189
Gas Point Dealer Boards and Storage Huts	25,980,678	2,197,940	-	-	28,178,618
Motor Vehicles	276,026,406	16,426,826	17,019,074	-	309,472,306
Cylinders in Hand and in Circulation	3,739,945,263	410,177,072	24,893,778	(23,313)	4,174,992,800
Total Value of Depreciable Assets	5,681,878,349	545,019,216	62,542,986	(197,677)	6,289,242,874
In the Course of Construction					
Buildings	1,862,944	6,656,508	(4,697,119)	-	3,822,334
Fire Water Storage Project	199,923	-	-	-	199,923
Galle Bottling Plant	1,572,917	-	-	-	1,572,917
Loading Bay	2,714,338	-	-	-	2,714,338
Bore Well	1,029,730	-	(1,029,730)	-	-
Motor Tricycle	5,132,794	-	-	(285,643)	4,847,151
River Water Project	3,019,445	-	-	-	3,019,445
Motor Vehicles	17,006,614	12,886,000	(17,019,074)	-	12,873,539
5kg Caurasol Machine	2,903,457	11,999,828	(14,903,286)	-	-
Shrink Sealer Machine	254,192	-	-	-	254,192
LPG Treating Unit	-	72,430	-	-	72,430
Cylinder Pallets	-	1,011,840	-	-	1,011,840
Storage Tanks	81,729,548	85,868,063	-	-	167,597,611
	117,425,902	118,494,669	(37,649,208)	(285,643)	197,985,720
Goods In Transit					
Cylinders	24,893,778	38,208,684	(24,893,778)	-	38,208,684
	24,893,778	38,208,684	(24,893,778)	-	38,208,684
Total Gross Carrying Amount	5,824,198,029	701,722,568	-	(483,320)	6,525,437,278

8. PROPERTY, PLANT AND EQUIPMENT (Contd.)

8.2 Company (Contd.)

8.2.2 Depreciation

	Balance As at 01.04.2014 Rs.	Charged for the Year Rs.	Transfers In/(Out) Rs.	Disposals Rs.	Balance As at 31.03.2015 Rs.
At Cost					
Buildings on Freehold Land	5,491,576	2,423,082	-	-	7,914,658
Building on Leasehold Land	473,706	437,100	-	-	910,806
Plant, Machinery and Equipment	125,398,932	44,140,307	-	-	169,539,238
Office Equipment	32,405,085	10,587,857	-	(101,712)	42,891,229
Furniture and Fittings	28,112,485	10,981,587	-	-	39,094,072
Gas Point Dealer Boards and Storage Huts	10,198,322	2,807,233	-	-	13,005,555
Motor Vehicles	62,466,001	33,422,105	-	-	95,888,106
Cylinders in Hand and in Circulation	568,316,795	202,150,375	-	(1,350)	770,465,820
Total Depreciation	832,862,902	306,949,646	-	(103,062)	1,139,709,486

8.2.3 Net Book Values

	2015 Rs.	2014 Rs.
At Cost		
Freehold Land	365,327,500	359,327,500
Land Development	313,970,832	296,781,804
Buildings on Freehold Land	86,803,402	83,953,405
Building on Leasehold Land	5,211,045	5,648,145
Plant, Machinery and Equipment	650,363,035	599,266,263
Office Equipment	20,463,215	20,134,569
Furniture and Fittings	74,110,116	82,932,532
Gas Point Dealer Boards and Storage Huts	15,173,063	15,782,356
Motor Vehicles	213,584,200	213,560,405
Cylinders in Hand and in Circulation	3,404,526,980	3,171,628,469
	5,149,533,388	4,849,015,447
In the Course of Construction		
Buildings	3,822,334	1,862,944
Fire Water Storage Project	199,923	199,923
Galle Bottling Plant	1,572,917	1,572,917
Loading Bay	2,714,338	2,714,338
Bore Well	-	1,029,730
Motor Tricycle	4,847,151	5,132,794
River Water Project	3,019,445	3,019,445
Motor Vehicles	12,873,539	17,006,614
5kg Caurasol Machine	-	2,903,457
Shrink Sealer Machine	254,192	254,192
LPG Treating Unit	72,430	-
Cylinder Pallets	1,011,840	-
Storage Tanks	167,597,611	81,729,548
	197,985,720	117,425,902
Goods In Transit		
Cylinders	38,208,684	24,893,778
	38,208,684	24,893,778
Total Carrying Amount of Property, Plant and Equipment	5,385,727,792	4,991,335,127

8. PROPERTY, PLANT AND EQUIPMENT (Contd.)

8.3 During the financial year, the Group and Company acquired property, plant and equipment to the aggregate value of Rs.2,872,397,768/- and Rs.701,722,568/- respectively (2014 - Rs.2,618,040,820/- and Rs.865,452,895/-) of which Rs.34,628,000/- (2014- Rs.NIL) was acquired by means of finance leases. Cash payment amounting Rs.2,833,639,447/-and Rs.701,722,568/- respectively. (2014 - Rs.2,618,040,820/- and Rs.865,452,895/-).

8.4 Building on leasehold land includes fabrication cost of containers of Rs. 4,810,723/- (2014 - Rs. 1.04 million) and plants of vehicle emission testing areas of Rs.4,005,701/- (2014 - Rs.1.44 million).

8.5 LAUGFS Power Ltd., a Subsidiary, has constructed a hydro power plant at Balangoda with the permission obtained from the Government. The Company intends to obtain the leasehold right of the land for 30 years on which the hydro power plant has been constructed. No lease agreement has been entered into regarding this between LAUGFS Power Ltd. and the Government of Sri Lanka yet. However, the Government has granted the permission to commence construction work of the hydro power plant by the letter dated 31 July 2012.

8.6 The useful lives of the assets are estimated as follows:

	2015	2014
Group		
Buildings on Freehold Land	40 - 50 Years	40 Years
Buildings on Leasehold Land*	14 - 20 Years	14 - 20 Years
Plant, Machinery and Equipment	3 - 20 Years	3 - 20 Years
Office Equipment	4 - 10 Years	4 Years
Furniture and Fittings	10 Years	10 Years
Gas Point Dealer Boards	10 Years	10 Years
Gas Storage Hut at Dealer Points	5 Years	5 Years
Motor Vehicles	3 - 30 Years	3 - 30 Years
Kitchen Equipment	10 Years	-
GYM Equipment	10 Years	-
Cylinders in Hand and in Circulation	20 Years	20 Years
Vessel	10 Years	-
Dry Docking Cost of Vessel	3 Years	-
Gas Stock in Tank	3 Years	-
Company		
Buildings on Freehold Land	40 Years	40 Years
Buildings on Leasehold Land*	14 Years	14 Years
Plant, Machinery and Equipment	3 - 20 Years	3 - 20 Years
Office Equipment	4 Years	4 Years
Furniture and Fittings	10 Years	10 Years
Gas Point Dealer Boards	10 Years	10 Years
Gas Storage Hut at Dealer points	5 Years	5 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.

8.7 Property, plant and equipment of the Group and the Company includes fully depreciated assets having a gross carrying amount of Rs.56,757,167/- and Rs.35,551,768/- respectively (2014 -Rs.24,999,105/- and Rs.24,999,105/-).

9. INVESTMENT PROPERTIES

	2015 Rs.	2014 Rs.
Group/Company		
As at 1 April	680,000,000	644,900,000
Addition during the Year	-	-
Revaluation	28,500,000	35,100,000
Impact On Depreciation	475,000	475,000
	28,975,000	35,575,000
Depriciation during the year	(475,000)	(475,000)
As at 31 March	708,500,000	680,000,000
Rental Income derived from Investment Properties	4,263,783	4,254,202
Direct Operating Expenses (including Repair and Maintenance) generating Rental Income	-	-
Direct Operating Expenses (including Repair and Maintenance) that did not generate Rental Income (included in Cost of Sales)	-	-
Net Profit arising from Investment Properties	4,263,783	4,254,202

9.1 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 has been determined based on valuations performed by Messrs. T. W. M. L. Wijayatunga, an accredited independent valuer, as at 31 March 2015 and 31 March 2014. The fair value of the properties (commercial site), the most appropriate basis is the Investment Method, but due to lack of available information and investment properties of the Company mostly consist of freehold lands, it is difficult to adopt this method. Hence, the valuation is based on the Direct Capital Comparison Method. The Direct Comparison Method is the most commonly used method of valuation, and it involves the analysis of market evidence (sales transactions) which reflect as similarly as possible the property being valued.

10. INTANGIBLE ASSETS

	Group			Company	
	Software Rs.	Goodwill Rs.	Total Rs.	Software Rs.	Total Rs.
Cost					
As at 1 April 2014	14,818,446	53,203,385	68,021,831	10,526,312	10,526,312
Additions	331,246	-	331,246	-	-
Transfer In	-	-	-	-	-
As at 31 March 2015	15,149,691	53,203,385	68,353,076	10,526,312	10,526,312
Amortization and Impairment					
As at 1 April 2014	763,385	-	763,385	763,385	763,385
Amortization	3,640,767	-	3,640,767	2,551,625	2,551,625
As at 31 March 2015	4,404,152	-	4,404,152	3,315,010	3,315,010
Net Book Values					
At 1 April 2014	14,055,061	53,203,385	67,258,446	9,762,927	9,762,927
At 31 March 2015	10,745,540	53,203,385	63,948,925	7,211,302	7,211,302

11. PREPAYMENTS

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Prepayments	96,178,193	122,805,942	12,483,374	34,980,807
	96,178,193	122,805,942	12,483,374	34,980,807
Prepayments within One Year (Current)	12,483,374	34,980,807	12,483,374	34,980,807
Prepayments after One Year (Non-Current)*	83,694,819	87,825,135	-	-
	96,178,193	122,805,942	12,483,374	34,980,807

* This includes consideration paid by LAUGFS Leisure Ltd. (a Subsidiary) for the acquisition of Anantaya Passekudah (Pvt) Ltd. (Formerly Known as Blue Continent (Pvt) Ltd.) which has been accounted for as an acqusition of leasehold right of the land at Passekudah considering the substance of the transaction and payment made by LAUGFS Power Ltd. (a Subsidiary) for the acquisition of the leasehold right of the land at Balangoda.

12. INVESTMENTS IN SUBSIDIARIES

	2015 Rs.	2014 Rs.
Company		
As at 1 April	2,196,301,914	1,281,301,914
Acquisition of Investments	600,000,010	915,000,000
As at 31 March	2,796,301,924	2,196,301,914

12.1 Investments in Subsidiaries

Non-Quoted	% of Holding 2015	% of Holding 2014	Cost 2015 Rs.	Directors' Valuation 2015 Rs.	Cost 2014 Rs.	Directors' Valuation 2014 Rs.
LAUGFS Eco Sri (Pvt) Ltd.	100%	100%	416,301,984	416,301,984	416,301,984	416,301,984
LAUGFS Leisure Ltd.	100%	100%	1,300,000,000	1,300,000,000	1,300,000,000	1,300,000,000
LAUGFS Property Developers (Pvt) Ltd.	100%	88%	550,000,000	550,000,000	350,000,000	350,000,000
LAUGFS Power Ltd.	100%	100%	129,999,930	129,999,930	129,999,930	129,999,930
LAUGFS Maritime Services (Pvt) Ltd.	100%	-	400,000,010	400,000,010	-	-
Total Non-Quoted Investments in Subsidiaries			2,796,301,924	2,796,301,924	2,196,301,914	2,196,301,914

13. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

13.1 Other Financial Assets

13.1.1 Available for Sale Investments

	2015 Rs.	2014 Rs.
Group/Company		
Quoted Equity Shares		
Ceylon Guardian Investment Trust PLC	3,367,200	3,255,570
Citrus Leisure PLC	19,050,000	24,600,000
Colombo City Holdings PLC	7,920,000	6,030,000
Commercial Bank of Ceylon PLC	28,118,662	20,586,879
Ceylon Grain Elevators PLC	38,000,000	35,300,000
Lanka Orix Leasing Company PLC	2,681,000	2,625,000
Three Acre Farms PLC	1,410,640	1,216,600
F.L.C. Holdings PLC	4,561,360	5,986,785
	105,108,862	99,600,834
Group		
Non Quoted Equity Shares		
Amethesty Resort (Pvt) Ltd.	-	20,125,000
Total Available for Sale Investments	105,108,862	119,725,834

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

13.1 Other Financial Assets (Contd.)

13.1.2 Financial Instruments at Fair Value through Profit or Loss

	2015 Rs.	2014 Rs.
Group / Company		
Quoted Equity Shares		
Union Bank of Colombo PLC	238,590	185,130
Multi Finance PLC	3,956,860	3,143,300
Total Financial Instruments at Fair Value through Profit or Loss	4,195,450	3,328,430
Total Other Financial Assets	109,304,312	123,054,264
Group		
Total Current	4,195,450	3,328,430
Total Non-Current	105,108,862	119,725,834
	109,304,312	123,054,264
Company		
Total Current	4,195,450	3,328,430
Total Non-Current	105,108,862	99,600,834
	109,304,312	102,929,264

13.2 Other financial liabilities

13.2.1 Interest Bearing Loans and Brrowings

	2015 Amount Repayable Within 1 Year Rs.	2015 Amount Repayable After 1 Year Rs.	2015 Total Rs.	2014 Amount Repayable Within 1 Year Rs.	2014 Amount Repayable After 1 Year Rs.	2014 Total Rs.
Group						
Finance Leases	5,927,343	25,986,549	31,913,892	-	-	-
Term Loans	145,535,973	2,141,880,753	2,287,416,727	6,000,000	994,000,000	1,000,000,000
Short Term Loans	446,442,877	-	446,442,877	353,868,241	-	353,868,241
Bank Overdrafts (Note 18.2)	189,726,464	-	189,726,464	93,361,771	-	93,361,771
	787,632,657	2,167,867,302	2,955,499,960	453,230,013	994,000,000	1,447,230,013

Finance Leases	As at 01.04.2014 Rs.	Leases Obtained Rs.	Repayments/ Transfer Rs.	As at 31.03.2015 Rs.
Commercial Bank of Ceylon PLC	-	42,808,158	(4,280,816)	38,527,342
	-	42,808,158	(4,280,816)	38,527,342

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

13.2 Other financial liabilities (Contd.)

13.2.1 Interest Bearing Loans and Brrowings (Contd.)

	As at 01.04.2014 Rs.	As at 31.03.2015 Rs.
Gross Liability	-	38,527,342
Finance Charges Allocated to Future Periods	-	(6,613,450)
Net Liability	-	31,913,892

Institution	Facility Amount Rs.	Repayment Terms
Commercial Bank of Ceylon PLC	34,628,000	Repayable by installment of Rs.713,469/- within 54 monthly installments.

Term Loans	As at 01.04.2014 Rs.	Loan Obtained Rs.	Repayments Rs.	As at 31.03.2015 Rs.
Sampath Bank PLC - Loan 1	600,000,000	-	(3,600,000)	596,400,000
Sampath Bank PLC - Loan 2	400,000,000	-	(2,400,000)	397,600,000
Sampath Bank PLC - Loan 3	-	420,000,000	-	420,000,000
Commercial Bank of Ceylon PLC - Loan 1	-	550,000,000	-	550,000,000
Commercial Bank of Ceylon PLC - Loan 2	-	6,550,000	(440,773)	6,109,227
Commercial Bank of Ceylon PLC - Loan 3	-	58,054,500	(747,000)	57,307,500
Commercial Bank of Ceylon PLC - Loan 4	-	260,000,000	-	260,000,000
	1,000,000,000	1,294,604,500	(7,187,773)	2,287,416,727

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

13.2 Other financial liabilities (Contd.)

	Interest Rate	Repayment Terms
Sampath Bank PLC		
Loan 1	AWPLR + 1% per annum	Repayable by 120 monthly installments commencing from April 2014 followed by 24 monthly installments of Rs. 300,000/- and 96 monthly installment of Rs. 6,175,000/- thereafter.
Loan 2	AWPLR + 1% per annum	Repayable by 120 monthly installments commencing from April 2014 followed by 24 monthly installments of Rs. 200,000/-, 95 monthly installment of Rs. 4,100,000/- and the final installment of Rs. 5,700,000/-.
Loan 3	AWPLR + 1% per annum	Repayable by 108 monthly installments, commencing after 12 months grace period on capital from the date of 1st disbursement.
Commercial Bank of Ceylon PLC		
Loan 1	8% Fixed Rate	Repayable by 60 monthly installments commencing from April 2015.
Loan 2	9% per annum	Repayable by 60 monthly installments of Rs. 135,967/-.
Loan 3	AWPLR + 2% per annum	Repayable by 83 monthly installments of Rs. 747,000/- and the final installment of Rs. 769,000/-.
Loan 4	9% per annum	Repayable by 108 monthly installments of Rs. 2,777,777/-.

Short Term Loans	As at 01.04.2014 Rs.	Loan Obtained Rs.	Exchange (Gain)/Loss Rs.	Repayments Rs.	As at 31.03.2015 Rs.
Sampath Bank PLC	-	40,000,000	-	(40,000,000)	-
Hongkong & Shanghai Banking Corporation	353,868,241	4,228,480,585	(12,039,376)	(4,123,866,573)	446,442,877
	353,868,241	4,268,480,585	(12,039,376)	(4,163,866,573)	446,442,877

	2015 Amount Repayable Within 1 Year Rs.	2015 Amount Repayable After 1 Year Rs.	2015 Total Rs.	2014 Amount Repayable Within 1 Year Rs.	2014 Amount Repayable After 1 Year Rs.	2014 Total Rs.
Company						
Short Term Loans	446,442,877	-	446,442,877	353,868,241	-	353,868,241
Bank Overdrafts (Note 18.2)	54,154,757	-	54,154,757	41,989,115	-	41,989,115
	500,597,634	-	500,597,634	395,857,356	-	395,857,356

Short Term Loans	As at 01.04.2014 Rs.	Loan Obtained Rs.	Exchange (Gain)/Loss Rs.	Repayments Rs.	As at 31.03.2015 Rs.
Hongkong & Shanghai Banking Corporation	353,868,241	4,228,480,585	(12,039,376)	(4,123,866,573)	446,442,877
	353,868,241	4,228,480,585	(12,039,376)	(4,123,866,573)	446,442,877

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

13.3 Fair Values

Set out below is a comparison of the carrying amounts and fair values of the Company's financial instruments by classes, that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

	Note	Carrying Amount 2015 Rs.	Carrying Amount 2014 Rs.	Fair Value 2015 Rs.	Fair Value 2014 Rs.
Group					
Financial Assets					
Trade and Other Receivables	A	1,262,822,107	998,439,277	1,262,822,107	998,439,277
Cash in Hand and at Bank	A	253,079,904	561,146,011	253,079,904	561,146,011
Total		1,515,902,011	1,559,585,288	1,515,902,011	1,559,585,288
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	B	2,167,867,302	994,000,000	2,167,867,302	994,000,000
Interest Bearing Loans and Borrowings (Current)	A	597,906,194	359,868,241	597,906,194	359,868,241
Trade and Other Payables	A	1,576,190,449	1,848,328,282	1,576,190,449	1,848,328,282
Bank Overdrafts	A	189,726,464	93,361,771	189,726,464	93,361,771
Total		4,531,690,409	3,295,558,295	4,531,690,409	3,295,558,295

	Note	Carrying Amount 2015 Rs.	Carrying Amount 2014 Rs.	Fair Value 2015 Rs.	Fair Value 2014 Rs.
Company					
Financial Assets					
Trade and Other Receivables	A	1,162,063,354	933,911,146	1,162,063,354	933,911,146
Cash in Hand and at Bank	A	4,266,368	507,289,911	4,266,368	507,289,911
Total		1,166,329,722	1,441,201,057	1,166,329,722	1,441,201,057
Financial Liabilities					
Interest Bearing Loans and Borrowings (Current)	A	446,442,877	353,868,241	446,442,877	353,868,241
Trade and Other Payables	A	1,511,729,389	1,818,082,935	1,511,729,389	1,818,082,935
Bank Overdrafts	A	54,154,757	41,989,115	54,154,757	41,989,115
Total		2,012,327,023	2,213,940,292	2,012,327,023	2,213,940,292

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 2015, the carrying amounts of such borrowings are not materially different from their calculated fair values.

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

13.4 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 value 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 value are observable, either directly or indirectly.

Level 3: Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March 2015, the Company held the following financial instruments carried at fair value on the statement of financial position.

Assets Measured at Fair Value

	2015 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Group				
Available for Sale Financial Assets	105,108,862	105,108,862	-	-
Financial Instruments at Fair Value through Profit or Loss	4,195,450	4,195,450	-	-
Fixed Deposits, Repos and Saving Accounts	707,068,135	-	707,068,135	-
	816,372,447	109,304,312	707,068,135	-

	2015 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Company				
Available for Sale Financial Assets	105,108,862	105,108,862	-	-
Financial Instruments at Fair Value through Profit or Loss	4,195,450	4,195,450	-	-
Fixed Deposits, Repos and Saving Accounts	490,325,783	-	490,325,783	-
	599,630,095	109,304,312	490,325,783	-

During the reporting period ending 31 March 2015, there were no transfers between Level 1 and Level 2 fair value measurements.

14. IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired through business combinations are given under the cash generating units of other services, leisure & hospitality, property development and power, which are also operating and reportable segments, for impairment testing purpose.

Carrying amount of Goodwill allocated to each of the Cash Generating Unit:

	2015 Rs.	2014 Rs.
Other Services	34,245,161	34,245,161
Leisure & Hospitality	9,940,734	9,940,734
Property Development	8,742,326	8,742,326
Power	275,164	275,164
	53,203,385	53,203,385

The Group performed its annual impairment test as at 31 March of each financial year. The Group considers the net assets position and future cashflows of each operating segment when reviewing for the indicators of impairment. As at 31 March 2015, there was no any significant indicator for potential impairment of goodwill and impairment of the assets of the operating segments.

15. INVENTORIES

	Group 2015 Rs.	Group 2014 Rs.	Company 2015 Rs.	Company 2014 Rs.
Gas in Cylinders and Accessories	54,379,936	120,478,849	54,379,936	120,478,849
Gas in Bulk	94,922,077	221,843,134	94,922,077	221,843,134
Non-Trade Inventories	198,126,831	126,013,001	61,960,015	47,534,007
Food and Beverages	5,604,705	6,043,445	-	-
Goods in Transit	253,661,947	-	253,661,947	-
Total Inventories at the lower of Cost and Net Realisable Value	606,695,496	474,378,429	464,923,975	389,855,990

16. TRADE AND OTHER RECEIVABLES

		Group 2015 Rs.	Group 2014 Rs.	Company 2015 Rs.	Company 2014 Rs.
Trade Receivables	- Related Parties (Note 16.1)	198,556,231	227,048,361	199,350,782	227,048,361
	- Other	851,506,013	613,367,856	814,909,706	600,480,050
Less: Provision for Impairments		(6,370,249)	(5,711,625)	(6,370,249)	(5,711,625)
		1,043,691,995	834,704,592	1,007,890,238	821,816,786
Other Receivables	- Related Parties (Note 16.2)	34,616,224	8,771,066	4,618,049	-
	- Other	184,513,889	154,963,619	149,555,067	112,094,360
		1,262,822,107	998,439,277	1,162,063,354	933,911,146
Advances	- Related Parties (Note 16.3)	18,163,982	16,735,874	18,163,982	16,735,874
	- Other	505,519,031	283,228,432	169,032,572	138,935,712
Advances given to Subsidiaries (Note 16.4)		-	-	1,085,470,121	694,686,349
Loans to Company Officers		1,222,970	2,386,894	913,045	2,137,694
		1,787,728,090	1,300,790,477	2,435,643,074	1,786,406,774

16.1 Trade Dues from Related Parties

	Relationship	Group 2015	Group 2014	Company 2015	Company 2014
LAUGFS Restaurant (Pvt) Ltd.	Fellow Subsidiary	17,153	200,753	17,153	200,753
LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	157,657	92,709	157,657	92,709
LAUGFS Supermarkets (Pvt) Ltd.	Fellow Subsidiary	3,862,597	14,236,479	3,862,597	14,236,479
LAUGFS Petroleum (Pvt) Ltd.	Fellow Subsidiary	30,065,191	-	30,065,191	-
Southern Petroleum (Pvt) Ltd.	Fellow Subsidiary	537,712	-	537,712	-
LAUGFS Lubricants Ltd.	Fellow Subsidiary	243,872	-	25,332	-
LAUGFS International (Pvt) Ltd.	Fellow Subsidiary	84,800	-	84,800	-
LAUGFS Eco Sri (Pvt) Ltd.	Subsidiary	-	-	1,013,091	-
Gas Auto Lanka Ltd.	Fellow Subsidiary	163,587,249	212,518,420	163,587,249	212,518,420
		198,556,231	227,048,361	199,350,782	227,048,361

16. TRADE AND OTHER RECEIVABLES (Contd.)

16.2 Other Dues from Related Parties

		Group		Company	
		2015	2014	2015	2014
		Rs.	Rs.	Rs.	Rs.
	Relationship				
LAUGFS Supermarkets (Pvt) Ltd.	Fellow Subsidiary	5,838,213	5,884,145	-	-
LAUGFS Eco Sri (Pvt) Ltd.	Subsidiary	-	-	118,049	-
LAUGFS Corporation (Rubber) Ltd.	Fellow Subsidiary	117,119	117,119	-	-
LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	28,660,892	1,184,390	-	-
LAUGFS Holdings Ltd.	Parent	-	711,000	-	-
LAUGFS Power Ltd.	Subsidiary	-	-	375,000	-
LAUGFS Maritime Services (Pvt) Ltd.	Subsidiary	-	-	4,125,000	-
LAUGFS Lubricants Ltd.	Fellow Subsidiary	-	874,412	-	-
		34,616,224	8,771,066	4,618,049	-

16.3 Advances given to Related Parties

LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	18,163,982	16,735,874	18,163,982	16,735,874
		18,163,982	16,735,874	18,163,982	16,735,874

16.4 Advances given to Subsidiaries

LAUGFS Leisure Ltd.	Subsidiary	-	-	1,073,441,121	688,895,299
LAUGFS Property Developers (Pvt) Ltd.	Subsidiary	-	-	-	5,791,049
LAUGFS Power Ltd.	Subsidiary	-	-	12,029,000	-
		-	-	1,085,470,121	694,686,349

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			Past Due and Impaired			
	Total	Neither Past Due nor Impaired	< 30 Days	31-60 Days	61-90 Days	> 90 Days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2015	1,050,062,244	454,490,247	87,599,325	14,905,315	60,020,501	433,046,856
2014	840,416,217	163,495,971	295,142,245	99,546,316	21,345,874	260,885,811

Company			Past Due and Impaired			
	Total	Neither Past Due nor Impaired	< 30 Days	31-60 Days	61-90 Days	> 90 Days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2015	1,014,260,487	442,064,072	78,438,856	12,550,864	58,537,581	422,669,114
2014	827,528,411	159,817,837	285,932,573	99,546,316	21,345,874	260,885,811

Above to be read in conjunction with Note 29 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.

17. RATE REGULATORY ASSETS

	2015 Rs.	2014 Rs.
Group/Company		
As at 1 April	-	106,665,311
Deferments during the Year	-	419,701,552
Reversals during the Year	-	(526,366,863)
As at 31 March	-	-

18. CASH AND SHORT-TERM DEPOSITS

18.1 Favorable Cash and Cash Equivalent Balances

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Fixed Deposits	5,000,000	52,415,719	-	7,415,719
Repos	253,089,904	1,008,819,832	41,347,552	722,819,832
Savings Accounts	448,978,231	5,804,299	448,978,231	5,804,299
Cash in Hand and at Bank	253,079,904	561,146,011	4,266,368	507,289,911
	960,148,039	1,628,185,862	494,592,151	1,243,329,762

18.2 Unfavorable Cash and Cash Equivalent Balances

	Group 2015 Rs.	Group 2014 Rs.	Company 2015 Rs.	Company 2014 Rs.
Bank Overdrafts (Note 13.2)	(189,726,464)	(93,361,771)	(54,154,757)	(41,989,115)
Cash and Cash Equivalent for the Purpose of Cash Flow Statement	770,421,576	1,534,824,090	440,437,394	1,201,340,647

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.

19. STATED CAPITAL

	2015		2014	
	Number	Rs.	Number	Rs.
Group/Company				
Ordinary Voting Shares (19.1)	335,000,086	2,505,000,260	335,000,086	2,505,000,260
Ordinary Non-Voting Shares (19.2)	52,000,000	780,000,000	52,000,000	780,000,000
	387,000,086	3,285,000,260	387,000,086	3,285,000,260

19.1 Ordinary Voting Shares

As at 1 April	335,000,086	2,505,000,260	335,000,086	2,505,000,260
As at 31 March	335,000,086	2,505,000,260	335,000,086	2,505,000,260

19.2 Ordinary Non-Voting Shares

As at 1 April	52,000,000	780,000,000	52,000,000	780,000,000
As at 31 March	52,000,000	780,000,000	52,000,000	780,000,000

19.3 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 at a meeting of the Company. All shares rank equally with regard to the Company's residual assets.

20. RESERVES

	2015 Rs.	2014 Rs.
Group/Company		
Available for Sale Reserve (Note 20.1)	(333,152,344)	(338,325,183)
	(333,152,344)	(338,325,183)

20.1 Available for Sale Reserve

As at 1 April	(338,325,183)	(321,209,089)
Gains/(Losses) arising during the Year	5,172,839	(17,116,094)
As at 31 March	(333,152,344)	(338,325,183)

21. DIVIDENDS PAID AND PROPOSED

	2015 Rs.	2014 Rs.
Declared and Paid during the Year:		
Dividends on Ordinary Shares:		
Final Dividend for 2012/2013: 1.50 Rupees per Share	-	580,500,129
Final Dividend for 2013/2014: 2.00 Rupees per Share	774,000,172	-

22. EMPLOYEE BENEFIT LIABILITY

22.1 Net Benefit Expense

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Current Service Cost	13,418,634	7,400,731	7,866,696	5,224,246
Interest Cost on Benefit Obligation	4,738,051	3,545,841	3,840,174	2,906,213
Total Expenses	18,156,685	10,946,572	11,706,870	8,130,459

22.2 Employee Benefit Liability

	Group 2015 Rs.	Group 2014 Rs.	Company 2015 Rs.	Company 2014 Rs.
Changes in the present value of the defined benefit obligation are as follows:				
As at 1 April	43,274,469	32,436,193	34,910,681	26,420,121
Current Service Cost	13,418,634	7,400,731	7,866,696	5,224,246
Interest Cost on Benefit Obligation	4,738,051	3,545,841	3,840,174	2,906,213
Actuarial (Gains)/Losses on Obligation	13,293,198	410,756	10,642,484	801,653
Benefits Paid	(3,077,672)	(519,051)	(2,758,904)	(441,551)
As at 31 March	71,646,681	43,274,470	54,501,132	34,910,681

22. EMPLOYEE BENEFIT LIABILITY (Contd.)

22.3 Messrs. Actuarial & Management Consultants (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the defined benefit plan - gratuity on 31 March 2015. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used as at 31.03.2015 are as follows:

	2015	2014
Method of Actuarial Valuation:	Projected Unit Credit method	Projected Unit Credit method
Discount Rate:	9.5%	11%
Salary Increment Rate:	8%-15%	15%
Retirement Age:	55 years	55 years
Staff Turnover Ratio:	10% (for Management Staff) and 25% (for Other Staff)	10% (for Management Staff) and 25% (for Other Staff)
Mortality Table:	A67/70 Mortality Table	A67/70 Mortality Table

22.4 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 2015.

The sensitivity of the Statement of Profit or Loss and statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year is as follows.

Increase/(Decrease)		Group 2015			Company 2015		
in Discount Rate	in Rate of Salary Increment	Effect on Statement of Profit or Loss (Reduction)/ Increase in Results for the Year	Effect on Statement of Financial Position (Reduction)/ Increase in the Liability as at the Year End	Present Value of Defined Benefit Obligation	Effect on Statement of Profit or Loss (Reduction)/ Increase in Results for the Year	Effect on Statement of Financial Position (Reduction)/ Increase in the Liability as at the Year End	Present Value of Defined Benefit Obligation
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
+1%	-	3,659,056	(3,659,056)	67,987,625	2,582,776	(2,582,776)	51,918,356
-1%	-	(3,320,715)	3,320,715	74,967,396	(2,862,921)	2,862,921	57,364,053
-	+1%	(3,484,557)	3,484,557	75,131,238	(2,954,266)	2,954,266	57,455,398
-	-1%	3,979,468	(3,979,468)	67,667,213	2,722,511	(2,722,511)	51,778,621

22. EMPLOYEE BENEFIT LIABILITY (Contd..)

22.5 Changes in the Defined Benefit Obligation

Group

The following table demonstrates the changes in the defined benefit obligation.

2015		Amounts Charged to Profit or Loss			
	01 April 2014	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid
	Rs.	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation	43,274,470	13,418,634	4,738,051	18,156,685	(3,077,672)
Benefit Liability	43,274,470	13,418,634	4,738,051	18,156,685	(3,077,672)

2014		Amounts Charged to Profit or Loss			
	01 April 2013	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid
	Rs.	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation	32,436,193	7,400,731	3,545,841	10,946,572	(519,051)
Benefit Liability	32,436,193	7,400,731	3,545,841	10,946,572	(519,051)

22.5.1 Following payments are expected contributions to the defined benefit plan obligation on the future years:

	2015 Rs.	2014 Rs.
Within the next 2 Years	5,201,434	3,822,102
Between 2 and 5 Years	47,723,473	31,577,780
Between 5 and 10 Years	18,721,774	7,874,587
Over 10 Years	-	-
Total Expected Payments	71,646,681	43,274,470

The average duration of the defined benefit plan obligating at the end of the reporting period is 3.44 - 6.70 years. (2014: 2.86 - 3.08 years)

	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 2015
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	-	(3,782,024)	17,075,222	13,293,198	-	71,646,681
	-	(3,782,024)	17,075,222	13,293,198	-	71,646,681

	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 2014
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	-	-	410,756	410,756	-	43,274,470
	-	-	410,756	410,756	-	43,274,470

22. EMPLOYEE BENEFIT LIABILITY (Contd..)

22.6 Changes in the Defined Benefit Obligation

Company

The following table demonstrates the changes in the defined benefit obligation.

2015		Amounts Charged to Profit or Loss			
	01 April 2014	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid
	Rs.	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation	34,910,681	7,866,696	3,840,174	11,706,871	(2,758,904)
Benefit Liability	34,910,681	7,866,696	3,840,174	11,706,871	(2,758,904)

2014		Amounts Charged to Profit or Loss			
	01 April 2013	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid
	Rs.	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation	26,420,121	5,224,246	2,906,213	8,130,459	(441,551)
Benefit Liability	26,420,121	5,224,246	2,906,213	8,130,459	(441,551)

22.6.1 Following payments are expected contributions to the defined benefit plan obligation on the future years:

	2015	2014
	Rs.	Rs.
Within the next 2 Years	4,182,131	3,345,864
Between 2 and 5 Years	35,183,770	24,292,487
Between 5 and 10 Years	15,135,231	7,272,330
Over 10 Years	-	-
Total Expected Payments	54,501,132	34,910,681

The average duration of the defined benefit plan obligating at the end of the reporting period is 4 years. (2014: 3.08 years)

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 2015
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-	(3,146,749)	13,789,233	10,642,484	-	54,501,132
-	(3,146,749)	13,789,233	10,642,484	-	54,501,132

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 2014
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-	-	801,653	801,653	-	34,910,681
-	-	801,653	801,653	-	34,910,681

23. DEFERRED INCOME

	2015 Rs.	2014 Rs.
Group/Company		
As at 1 April	408,107,846	410,070,483
Deferred during the Year	279,900,367	261,801,177
Released to the Consolidated Statement of Profit or Loss during the Year	(284,285,075)	(263,763,814)
As at 31 March	403,723,138	408,107,846
Total Current	5,923,060	-
Total Non-Current	397,800,078	408,107,846
	403,723,138	408,107,846

24. TRADE AND OTHER PAYABLES

		Group		Company	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Trade Payables	- Related Parties (Note 24.1)	676,190	575,483	-	-
	- Others	1,486,970,167	1,831,566,721	1,478,487,098	1,809,837,951
Other Payables	- Related Parties (Note 24.2)	12,870,909	948,845	33,242,291	8,244,984
	- Others	75,673,183	15,237,233	-	-
		1,576,190,449	1,848,328,282	1,511,729,389	1,818,082,935
Sundry Creditors including Accrued Expenses		223,288,079	209,797,012	100,769,566	39,398,246
		1,799,478,528	2,058,125,294	1,612,498,955	1,857,481,181

24.1 Trade Payable to Related Parties

	Relationship				
LAUGFS Beverages (Pvt) Ltd.	Fellow Subsidiary	136,260	-	-	-
LAUGFS Petroleum (Pvt) Ltd.	Fellow Subsidiary	295,191	-	-	-
LAUGFS Lubricants Ltd.	Fellow Subsidiary	33,880	-	-	-
LAUGFS Supermarkets (Pvt) Ltd.	Fellow Subsidiary	204,019	575,483	-	-
Gas Auto Lanka Ltd.	Fellow Subsidiary	6,840	-	-	-
		676,190	575,483	-	-

24. TRADE AND OTHER PAYABLES (Contd.)

24.2 Other Payable to Related Parties

		Group		Company	
		2015	2014	2015	2014
		Rs.	Rs.	Rs.	Rs.
	Relationship				
LAUGFS Beverages (Pvt) Ltd.	Fellow Subsidiary	2,000	-	-	-
LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	11,033,340	879,720	11,033,340	-
LAUGFS Lubricants Ltd.	Fellow Subsidiary	476,350	-	-	-
LAUGFS Petroleum (Pvt) Ltd.	Fellow Subsidiary	1,315,192	43,263	-	-
LAUGFS Property Developers (Pvt) Ltd	Subsidiary	-	-	22,208,951	-
LAUGFS Power Ltd.	Subsidiary	-	-	-	8,244,984
LAUGFS Restaurant (Pvt) Ltd.	Fellow Subsidiary	11,840	11,840	-	-
Gas Auto Lanka Ltd.	Fellow Subsidiary	32,186	14,021	-	-
		12,870,909	948,845	33,242,291	8,244,984

Trade payables are non-interest bearing and are normally settled on 60 -90 days terms.

For explanations on the Group's credit risk management processes, refer to Note 29.

As at 31 March, the ageing analysis of trade payables, is as follows:

	Total	< 30 Days	31-90 Days	91-120 Days	> 120 Days
	Rs.	Rs.	Rs.	Rs.	Rs.
Group					
2015	1,487,646,357	839,141,712	612,344,492	112,122	36,048,031
2014	1,832,142,204	622,714,824	1,198,939,859	228,500	10,259,021
Company					
2015	1,478,487,098	832,181,411	611,480,748	53,605	34,771,335
2014	1,809,837,951	612,000,642	1,190,630,665	51,000	7,155,644

25. REFUNDABLE DEPOSITS

	2015	2014
	Rs.	Rs.
Group/Company		
As at 1 April	1,328,883,016	1,195,520,034
Additions	441,489,182	399,506,569
Refunds/Transfers	(274,802,307)	(266,143,587)
As at 31 March	1,495,569,890	1,328,883,016
Refundable Deposits within One Year (Current)	149,556,989	132,888,302
Refundable Deposits after One Year (Non-Current)	1,346,012,901	1,195,994,714
	1,495,569,890	1,328,883,016

26. COMMITMENTS AND CONTINGENCIES

26.1 Capital Expenditure Commitments

The Group and Company have commitments for acquisition of property, plant and equipment incidental to the ordinary course of business as at 31 March 2015 are as follows:

	2015 Rs.
Group	
Contracted but not Provided for	
Land Development	4,800,000
Motor Vehicle	40,000,000
Plant and Machinery	37,816,235
Storage Tanks	40,000,000
Buildings on Leasehold Land	1,500,000,000
Buildings on Freehold Land	26,292,040
Hydro Power Plant	201,100,000
	1,850,008,275
Company	
Contracted but not Provided for	
Land Development	4,800,000
Motor Vehicle	40,000,000
Plant and Machinery	37,816,235
Storage Tanks	40,000,000
	122,616,235

26.2 Contingencies

The Group does not have significant contingencies as at the reporting date.

27. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of the Liability	Carrying Amount Pledged 2015 Rs.	Carrying Amount Pledged 2014 Rs.	Included Under
Group				
Fixed Deposit	Lien over Fixed Deposit	-	6,660,427	Cash and Short Term Deposits
Saving Account	Lien over Saving Account	-	5,052,232	Cash and Short Term Deposits
Land and Building	Primary and Secondary mortgage over Land and Building	1,094,000,000	1,100,000,000	Property, Plant and Equipment
Land and Building	Primary mortgage over Land and Building	1,143,239,459	-	Property, Plant and Equipment
Motor Vehicle	Primary mortgage over Motor Vehicle	5,809,959	-	Property, Plant and Equipment
Project Assets	Primary mortgage over Land and Building	122,137,698	-	Property, Plant and Equipment
Company				
Fixed Deposit	Lien over Fixed Deposit	-	6,660,427	Cash and Short Term Deposits
Saving Account	Lien over Saving Account	-	5,052,232	Cash and Short Term Deposits

28. RELATED PARTY DISCLOSURES

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 2015 and 31 March 2014, refer to Notes 16 and 24).

28.1 Transactions with the Related Parties

	Parent		Other Group Companies		Total	
	2015	2014	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Group						
Nature of Transactions						
Sale of Goods/Services	70,335	-	705,212,447	308,815,728	705,282,782	308,815,728
Settlement of Trade & Other Receivable	(70,335)	-	(736,526,293)	(301,485,914)	(736,596,628)	(301,485,914)
Purchase of Goods/Services	(67,200,000)	(80,640,000)	(310,532,757)	(631,219,815)	(377,732,757)	(711,859,815)
Settlement of Trade & Other Payable	9,856,659	-	339,529,163	568,215,523	349,385,822	568,215,523
Inter Company Rent	-	-	4,860,000	4,860,000	4,860,000	4,860,000
Balances Transfer To	-	-	-	313,704	-	313,704
Balances Transfer From	-	-	-	(868,321)	-	(868,321)
Fund Transfers Received	(525,545,642)	(1,301,311,546)	(8,380,155)	(250,000,000)	(533,925,797)	(1,551,311,546)
Fund Transfers Given	586,680,000	1,383,504,097	25,583,077	261,500,000	612,263,077	1,645,004,097
Intercompany Expenses To	59,024	48,299	235,830	877,995	294,854	926,294
Intercompany Expenses From	(9,832,000)	-	(18,374,780)	(7,594,334)	(28,206,780)	(7,594,334)
Interest Income	5,270,959	-	-	-	5,270,959	-
Purchase of fixed assets/construction work	-	-	(6,217,330)	-	(6,217,330)	-
Advance Payments	-	-	31,850,000	-	31,850,000	-
Settlement of Creditors	-	(1,600,850)	-	11,185,593	-	9,584,743
Others	-	-	-	4,243,527	-	4,243,527

28.1.1 Other Group Companies include following Companies;

LAUGFS Engineering (Pvt) Ltd.
LAUGFS Beverages (Pvt) Ltd.
LAUGFS Supermarkets (Pvt) Ltd.
Gas Auto Lanka Ltd.
LAUGFS Corporation (Rubber) Ltd.
LAUGFS Salt and Chemicals (Pvt) Ltd.
LAUGFS Petroleum (Pvt) Ltd.
LAUGFS Restaurant (Pvt) Ltd.
LAUGFS Lubricants Ltd.
LAUGFS Higher Education Services (Pvt) Ltd.
LAUGFS Capital Ltd.
LAUGFS International (Pvt) Ltd.
Southern Petroleum (Pvt) Ltd.

28. RELATED PARTY DISCLOSURES (Contd.)

28.2 Transactions with the Related Parties

	Parent		Subsidiaries		Other Related Companies		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Company								
Nature of Transactions								
As at 1 April	-	-	686,441,365	950,331,985	243,784,236	223,149,983	930,225,600	1,173,481,968
Sale of Goods/Services	70,335	-	11,363,260	-	704,126,324	308,815,728	715,559,919	308,815,728
Settlement of Trade & Other Receivables	(70,335)	-	(10,217,648)	-	(736,526,293)	(301,265,915)	(746,814,276)	(301,265,915)
Purchase of Goods/Services	(67,200,000)	(80,640,000)	(233,932,080)	-	(286,911,927)	(157,931,112)	(588,044,007)	(238,571,112)
Settlement of Trade & Other Payables	-	-	233,932,080	-	255,705,579	152,055,067	489,637,659	152,055,067
Investments Made by the Company	-	-	(600,000,010)	(915,000,000)	-	-	(600,000,010)	(915,000,000)
Fund Transfers Received	(236,539,024)	(1,301,311,546)	(1,274,387,360)	(1,644,599,990)	-	-	(1,510,926,384)	(2,945,911,536)
Fund Transfers Given	303,680,000	1,383,504,097	1,904,815,339	1,896,109,380	20,194,586	11,500,000	2,228,689,925	3,291,113,477
Intercompany Expenses To	59,024	48,299	137,724		235,830	877,995	432,578	926,294
Intercompany Expenses From	-	-	(260,350)	(30,000)	-	(1,652,716)	(260,350)	(1,682,716)
Dividend Received	-	-	346,499,991	399,599,990	-	-	346,499,991	399,599,990
Balances Transfer From	-	-	-	-	-	(868,321)	-	(868,321)
Settlement of Creditors	-	(1,600,850)	-	-	-	-	-	(1,600,850)
Inter Company Rent	-	-	-	-	4,860,000	4,860,000	4,860,000	4,860,000
Commision On Cooperate Guarantee	-	-	4,500,000	-	-	-	4,500,000	-
Others	-	-	-	30,000	-	4,243,527	-	4,273,527
As at 31 March	-	-	1,068,892,310	686,441,365	205,468,335	243,784,236	1,274,360,645	930,225,600

28.2.1 Subsidiaries include the following Companies;

LAUGFS Eco Sri (Pvt) Ltd.

LAUGFS Leisure Ltd.

LAUGFS Property Developers (Pvt) Ltd.

LAUGFS Power Ltd.

LAUGFS Maritime Services (Pvt) Ltd.

LAUGFS Hotel Management Services (Pvt) Ltd.

Mag Consultants and Agents (Pvt) Ltd.

Anantaya Passekudah (Pvt) Ltd. (Formerly Known as Blue Continent (Pvt) Ltd)

28. RELATED PARTY DISCLOSURES (Contd.)

28.2.2 Other Related Companies include the following Companies;

LAUGFS Engineering (Pvt) Ltd.
LAUGFS Beverages (Pvt) Ltd.
LAUGFS Supermarkets (Pvt) Ltd.
Gas Auto Lanka Ltd.
LAUGFS Corporation (Rubber) Ltd.
LAUGFS Salt and Chemicals (Pvt) Ltd.
LAUGFS Petroleum (Pvt) Ltd.
LAUGFS Restaurants (Pvt) Ltd.
LAUGFS Lubricants Ltd.
LAUGFS Higher Education Services (Pvt) Ltd.
LAUGFS Capital Ltd.
Southern Petroleum (Pvt) Ltd.
LAUGFS International (Pvt) Ltd.

28.3 The company has provided corporate guarantees for LAUGFS Power Ltd and LAUGFS Maritime Services (Pvt) Ltd in the value of Rs.112,770,000 and Rs 550,000,000 respectively for term loans. According to the aforesaid corporate guarantees company has gained a commission of Rs.4,500,000 during the financial year.

28.4 Terms and Conditions of Transactions with Related Parties

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. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2015, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2014 - Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

28.5 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

	2015 Rs.	2014 Rs.
Group		
Emoluments - Cash Benefits	55,971,900	29,600,000
- Non-cash Benefits	8,400,000	7,600,000
Total Compensation paid to Key Management Personnel	64,371,900	37,200,000
Company		
Emoluments - Cash Benefits	37,241,900	15,400,000
- Non-cash Benefits	-	-
Total Compensation paid to Key Management Personnel	37,241,900	15,400,000

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

29.1 Introduction

Risk is inherent in Group's business activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Board of Directors places special consideration on the management of such risks. The Group is mainly exposed to;

a. Market Risk

b. Commodity Price Risk

c. Interest Rate Risk

d. Foreign Currency Risk

e. Liquidity Risk

f. Equity Price Risk

g. Credit Risk

a. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial risk management is carried out by finance divisions of respective group companies under policies approved by the Board which set out the principles and procedures with respect to risk tolerance, delegated authority levels, internal controls, and management of foreign currency, interest rate and counterparty credit exposures and the reporting of exposures.

b. Commodity Price Risk

LAUGFS Gas PLC being the parent is mainly affected by LPG price. In managing commodity price risk the increase in cost is, passed on to the customer by the agreement with Consumer Affairs Authority (CAA), which ensures in recovering total landed cost plus a reasonable profit margin. The Company also conducts appropriate trend analysis in market prices regularly and takes proactive measures in procurement to prevent any future losses and thereby increasing the overall profitability of the Company.

c. Interest Rate Risk

Interest rate risk is the risk that the entity's financial position will be adversely affected by movements in floating interest and this risk is minimized by investing excess funds in diversified entities, effective decision making by group treasury division etc. & there is no risk which impact the interest cost due to very low borrowings of the Company and its subsidiaries.

d. Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to foreign exchange rate changes is minimized by positive negotiations with banks applying financial risk management techniques.

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

The sensitivity of the Statement of Profit or Loss and statement of financial position is the effect of the assumed changes in exchange rate on the profit or loss and retained earnings for the year is as follows.

	2015	
Increase/(Decrease) in Exchange Rate	Effect on Statement of Profit or Loss Rs.	Effect on Statement of Financial Position Rs.
1%	(73,640,474)	(66,420,245)
-1%	73,640,474	66,420,245

e. Liquidity Risk

"Liquidity risk arises from the financial liabilities of the entity and the entity's subsequent ability to meet their obligation to repay their financial liabilities as and when they fall due. The Group's borrowings are very minimal and also considering the sound cash flow position, the Group has managed to keep its liquidity risk at very low by assessing expected cash flows regularly."

f. Equity Price Risk

The key objective of entity when managing capital is to safeguard its ability to continue as a going concern and maintain optimal returns to shareholders and benefits for other stakeholders. During the past years the management has tried its best to maintain a steady percentage of payout as its dividend. In addition to this with regard to investment in shares, the investment Committee reviews and approves all equity investment decisions.

g. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables). The Company minimizes credit risk towards its customers by having high level scrutiny before converting a cash customer to a credit customer. Also the Company adheres to the policy of obtaining bank guarantees from distributors and adequate cash deposits from dealers.

29.2 Capital Management

The Board of Directors reviews the capital structures of the Companies of the Group on regular basis. The intention of Board of Directors is to maintain an optimum capital structure while minimizing cost of financing and safeguarding key stakeholders' interests.

30. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements except for the following.

As per Finance Bill issued on 30 March 2015, where the aggregate profits (as per audited financial statements) of Subsidiaries and the holding company, within a group of Companies, exceed Rs. 2 billion for the Year of assessment 2013/14, each company of such Group is liable to pay a levy know as "Super Gains Tax" which is 25% of the taxable income of such Company for the year of assessment 2013/14. The Bill is yet to be enacted.

The Company and its subsidiaries would become liable to the said levy once the proposed Bill is legislated and the method of computation is established upon which the quantum of the levy will be ascertained.

31. RECLASSIFICATION OF COMPARATIVES

The following amounts have been reclassified in order to comply with the current year presentation.

Impact on the Statement of Profit or Loss for the Year Ended 31 March 2014

	Previously Reported Rs.	Impact of Adjustment Rs.	Reclassified Amount Rs.
Group			
Cost of Sales	9,171,042,079	(41,728,959)	9,129,313,120
Administrative Expenses	799,251,676	2,277,276	801,528,952
Selling and Distribution Expenses	457,294,257	39,451,683	496,745,940
	10,427,588,012	-	10,427,588,012
Company			
Cost of Sales	8,936,623,509	(41,728,959)	8,894,894,550
Administrative Expenses	401,141,817	2,277,276	403,419,094
Selling and Distribution Expenses	443,634,042	39,451,683	483,085,725
	9,781,399,368	-	9,781,399,368

The above reclassification did not have any impact on other comprehensive income, earnings per share, operating, investing and financing cash flows for the year ended 31 March 2014.

Share Information

Number of Shares in issue

Ordinary Voting	335,000,086
Ordinary Non Voting	52,000,000

Listed on the Main Board of the Colombo Stock Exchange

Stock Symbol

Ordinary Voting	LGL N 0000
Ordinary Non Voting	LGL X 0000

Share Prices for the year

LGL N

	As at 31/03/2015	As at 31/03/2014
Market price per share		
Highest during the year	Rs.44.90 (14-11-2014)	Rs.34.50 (23-01-2014)
Lowest during the year	Rs.31.50 (30-06-2014)	Rs.23.30 (03-04-2013)
As at end of the year	Rs.35.90	Rs.32.50

LGL X

	As at 31/03/2015	As at 31/03/2014
Market price per share		
Highest during the year	Rs.41.00 (09-01-2015)	Rs.26.90 (28-03-2014)
Lowest during the year	Rs.26.00 (03-04-2014)	Rs.17.60 (01-04-2013)
As at end of the year	Rs.34.00	Rs.26.30

Share Information

Distribution of Shareholdings as at 31 March 2015

LGL N

From		To	No of Holders	No of Shares	%
1	-	1,000	7,777	3,002,801	0.90
1,001	-	10,000	1,632	5,268,227	1.57
10,001	-	100,000	224	6,515,533	1.95
100,001	-	1,000,000	37	10,975,258	3.27
Over 1,000,000			7	309,238,267	92.31
			9,677	335,000,086	100.00

LGL X

From		To	No of Holders	No of Shares	%
1	-	1,000	6,217	2,273,075	4.37
1,001	-	10,000	1,514	4,525,042	8.70
10,001	-	100,000	210	5,698,556	10.96
100,001	-	1,000,000	35	9,858,896	18.96
Over 1,000,000			6	29,644,431	57.01
			7,982	52,000,000	100.00

Analysis of Shareholders as at 31 March 2015

LGL N

Category	No of Shareholders	No of Shares	%
Local Individuals	9,404	20,128,092	6.01
Local Institutions	219	313,081,570	93.46
Foreign Individuals	49	1,103,021	0.33
Foreign Institutions	5	687,403	0.20
	9,677	335,000,086	100.00

LGL X

Category	No of Shareholders	No of Shares	%
Local Individuals	7,771	13,563,047	26.08
Local Institutions	153	30,492,885	58.64
Foreign Individuals	44	1,398,349	2.69
Foreign Institutions	14	6,545,719	12.59
	7,982	52,000,000	100.00

Residency

LGL N

Category	No of Shareholders	No of Shares	%
Resident	9,623	333,209,662	99.47
Non Resident	54	1,790,424	00.53
Total	9,677	335,000,086	100.00

LGL X

Category	No of Shareholders	No of Shares	%
Resident	7,924	44,055,932	84.72
Non Resident	58	7,944,068	15.28
Total	7,982	52,000,000	100.00

Financial Calendar 2014/15

First Quarter ended 30th June 2014	-	published on 12th August 2014
Second Quarter ended 30th September 2014	-	published on 14th November 2014
Third Quarter ended 31st December 2014	-	published on 12th February 2015
Fourth Quarter ended 31st March 2015	-	published on 22nd May 2015

Directors' Shareholding as at 31 March 2015

LGL N

	No of Shares	%
Mr W K H Wegapitiya	1,216,756	0.363
Mr U K T N De Silva	1,077,897	0.322
Mr C L De Alwis	1,000	0.000
Mr T K Bandaranayake	Nil	Nil
Mr P M Kumarasinghe PC	4,800	0.001
Mr H A Ariyaratne	3,900	0.001

LGL X

	No of Shares	%
Mr W K H Wegapitiya	Nil	Nil
Mr U K T N De Silva	Nil	Nil
Mr C L De Alwis	500	0.001
Mr T K Bandaranayake	Nil	Nil
Mr P M Kumarasinghe PC	Nil	Nil
Mr H A Ariyaratne	3,400	0.006

Share Information

Chief Executive Officers' Shareholding as at 31 March 2015

	No of Shares	%
Mr U K A T De Silva	12,600	0.004 (LGL N)
	22,500	0.043 (LGL X)

Public Holding

The Public Holding percentage of Voting Shares - 26.0689%

Twenty Major Shareholders of the Company - (Voting)

		31st March 2015		31st March 2014	
		No of Shares	(%)	No of Shares	(%)
1	LAUGFS HOLDINGS LIMITED	243,425,400	72.664	230,086,800	68.683
2	EMPLOYEES PROVIDENT FUND	57,897,800	17.283	57,897,800	17.283
3	CARLINES HOLDINGS (PRIVATE) LIMITED	2,611,332	0.780	461,591	0.138
4	MRS P R A S C RAJAPAKSHA	1,825,900	0.545	1,825,900	0.545
5	MR. W K H WEGAPITIYA	1,216,756	0.363	1,099,848	0.328
6	DEUTSCHE BANK AG-NATIONAL EQUITY FUND	1,183,182	0.353	945,000	0.282
7	MR. U K T N DE SILVA	1,077,897	0.322	77,897	0.023
8	LAUGFS SUNUP SUPERMARKET (PVT) LTD	1,000,000	0.299	1,000,000	0.299
9	COMMERCIAL BANK OF CEYLON PLC/ DUNAMIS CAPITAL PLC	934,916	0.279	-	-
10	GAS AUTO LANKA LIMITED	922,600	0.275	922,600	0.275
11	MR. R DAHANAYAKE	806,900	0.241	806,900	0.241
12	MR. H D M P SIRIWARDENA	749,000	0.224	736,000	0.220
13	MR. G Y N MAHINKANDA	671,972	0.201	710,752	0.212
14	FIRST CAPITAL LIMITED	629,446	0.188	-	-
15	MR. M K DE VOS & MRS. D J DE VOS	623,000	0.186	510,000	0.152
16	PHILLIP SECURITIES PTE LTD	448,050	0.134	744,009	0.222
17	ASHA LANKA FRAGRANCES (PVT) LTD	322,700	0.096	322,700	0.096
18	MR. B H P KULARATNA	245,961	0.073	-	-
19	DEUTSCHE BANK AG AS TRUSTEE FOR NAMAL ACUITY VALUE	209,000	0.062	-	-
20	MR. A A M RAZIK & MRS. B D OTUGEDARA	200,000	0.060	-	-
		317,001,812	94.627	298,147,797	88.999
	OTHERS	17,998,274	5.373	36,852,289	11.001
	TOTAL	335,000,086	100.000	335,000,086	100.000

Twenty Major Shareholders of the Company - (Non Voting)

		31st March 2015		31st March 2014	
		No of Shares	(%)	No of Shares	(%)
1	EMPLOYEES PROVIDENT FUND	18,041,300	34.695	18,041,300	34.695
2	BANK OF CEYLON NO. 1 ACCOUNT	3,420,538	6.578	3,212,400	6.178
3	HSBC INTL NOM LTD - STATE STREET LUXEMBOURG C/O SSBT - ALLIANCEBERNSTEIN NEXT 50 EMERGING MARKETS (MASTER) FUND SICAV-SIF S.C.SP.	3,173,997	6.104	-	-
4	DEUTSCHE BANK AG AS TRUSTEE FOR J B VANTAGE VALUE EQUITY FUND	2,158,696	4.151	2,143,696	4.122
5	HSBC INTL NOM LTD-JPMCB-J.P.MORGAN CLEARING CORP	1,497,650	2.880	-	-
6	PEOPLE'S LEASING FINANCE PLC / CARLINES HOLDINGS (PVT) LTD	1,352,250	2.600	-	-
7	COMMERCIAL BANK OF CEYLON PLC/DUNAMIS CAPITAL PLC	909,772	1.750	-	-
8	MR. A.M. WEERASINGHE	813,471	1.564	-	-
9	HSBC INTERNATIONAL NOMINEES LTD-MORGAN STANLEY AND CO. INTL PLC - OWN A/C	695,016	1.337	-	-
10	CARLINES HOLDINGS (PRIVATE) LIMITED	597,306	1.149	250,702	0.482
11	COMMERCIAL BANK OF CEYLON PLC/S R FERNANDO	504,018	0.969	-	-
12	DEUTSCHE BANK AG AS TRUSTEE TO ASTRUE ALPHA FUND	474,270	0.912	-	-
13	MR. G H I JAFFERJEE	442,008	0.850	442,008	0.850
14	GOLD INVESTMENT LIMITED	390,000	0.750	390,000	0.750
15	MRS C N G NARAYANA	378,800	0.728	378,800	0.728
16	MRS S D AMARASINGHE	372,400	0.716	372,400	0.716
17	MR.I M DABAH	347,000	0.667	347,000	0.667
18	NARATHA VENTURES PRIVATE LIMITED	308,000	0.592	308,000	0.592
19	DEUTSCHE BANK AG AS TRUSTEE TO CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND	290,800	0.559	-	-
20	MR. M A VALABJI	280,000	0.538	280,000	0.538
		36,447,292	70.091	26,166,306	50.320
	OTHERS	15,552,708	29.909	25,833,694	49.680
	TOTAL	52,000,000	100.000	52,000,000	100.000

Value Added Statement

For the Year ended 31 March	2015 Rs. '000	2015 %	2014 Rs. '000	2014 %
Revenue	11,521,800		11,631,030	
Other Income	389,063		404,348	
	11,910,863		12,035,378	
Cost of Material and Services Provided	(8,667,510)		(9,473,950)	
Value addition	3,243,353	100	2,569,028	100
Distribution of Value Addition				
To Employees				
Salaries and Other Benefits	746,852	23	551,561	22
To Providers of Funds				
Dividend Paid	774,000	24	580,500	23
Interest Cost	125,701	4	19,724	1
To Government				
As Taxes and Levies	392,530	12	323,355	13
	2,039,083	63	1,475,140	58
To Expansion and Growth				
Depreciation and Amortization	530,209	16	357,426	14
Profit After Dividend	674,061	21	728,862	28
	1,204,270	37	1,086,288	42
	3,243,353	100	2,561,428	100

Five Year Summary

For the year ended 31 March	2011 Rs.	* 2012 Rs.	* 2013 Rs.	* 2014 Rs.	* 2015 Rs.
Summary of Operations					
Revenue	7,061,563,356	9,107,268,054	10,563,163,026	11,631,029,941	11,521,800,102
Gross Profit	1,357,213,469	1,700,049,292	1,726,972,513	2,501,716,821	3,294,443,218
Earnings Before Interest Tax, Depreciation and Amortisation	1,399,736,343	1,297,595,782	1,621,404,132	2,009,867,346	2,496,501,052
Depreciation and Amortisation	(254,893,902)	(270,246,461)	(307,710,485)	(357,426,111)	(530,209,023)
Profit Before Finance Cost	1,144,842,441	1,027,349,321	1,313,693,647	1,652,441,235	1,966,292,029
Profit Before Tax from Continuing Operations	1,040,800,614	1,025,927,459	1,308,640,629	1,632,717,086	1,840,590,583
Income Tax Expense	(189,823,325)	(196,484,634)	(258,364,508)	(323,355,445)	(392,529,879)
Profit for the Year from Continuing Operations	850,977,289	829,442,824	1,050,276,121	1,309,361,641	1,448,060,705
Profit/(Loss) after Tax for the Year from Discontinued Operations	1,722,713	(6,959,511)	-	-	-
Profit for the Year	852,700,002	822,483,314	1,050,276,121	1,309,361,641	1,448,060,705
Attributable To:					
Equity Holders	852,700,002	822,483,314	1,050,276,121	1,309,361,641	1,448,060,705
Non-Controlling Interests	-	-	-	-	-
	852,700,002	822,483,314	1,050,276,121	1,309,361,641	1,448,060,705

	* 2011 Rs.	* 2012 Rs.	* 2013 Rs.	* 2014 Rs.	* 2015 Rs.
Summary of Financial position					
Capital and Reserves					
Stated Capital	3,285,000,260	3,285,000,260	3,285,000,260	3,285,000,260	3,285,000,260
Reserves	(67,045,465)	(292,748,056)	(321,209,089)	(338,325,183)	(333,152,345)
Retained Earnings	2,791,247,541	3,038,703,667	3,524,190,615	4,254,470,118	4,929,317,530
	6,009,202,336	6,030,955,871	6,487,981,786	7,201,145,195	7,881,165,445
Minority Interest	-	-	-	-	-
Total Equity	6,009,202,336	6,030,955,871	6,487,981,786	7,201,145,195	7,881,165,445

Five Year Summary

	* 2011 Rs.	* 2012 Rs.	* 2013 Rs.	* 2014 Rs.	* 2015 Rs.
Assets and Liabilities					
Current Assets	3,590,580,384	3,962,636,638	3,181,978,543	3,441,664,005	3,371,250,449
Current Liabilities	1,414,273,586	2,387,405,835	2,110,840,405	2,722,120,902	2,876,835,095
Net Current Assets	2,176,306,797	1,575,230,803	1,071,138,136	719,543,103	494,415,353
Property Plant & Equipment and Investments Properties	5,069,265,982	6,139,648,680	7,156,366,386	9,449,737,335	11,783,468,623
Other Non Current Assets	356,363,726	144,855,040	208,084,422	207,550,969	204,337,770
Intangible Assets	52,956,457	53,211,690	63,203,385	67,258,446	63,948,925
Non Current Liabilities	1,645,690,625	1,881,990,342	2,010,810,545	3,242,944,658	4,665,005,226
Net Assets	6,009,202,336	6,030,955,871	6,487,981,786	7,201,145,195	7,881,165,446

For the year ended 31 March	2011 Rs.	* 2012 Rs.	* 2013 Rs.	* 2014 Rs.	* 2015 Rs.
Summary of Cash Flows					
Net Operating Cash Flows	868,841,371	1,912,925,324	1,137,254,774	1,827,011,808	1,329,661,853
Net Cash Used in Investing Activities	(1,128,945,130)	(1,347,434,270)	(1,394,268,287)	(2,639,027,515)	(2,808,101,823)
Net Cash Used in/(from) Financing activities	1,791,243,886	(424,394,060)	(426,061,362)	882,688,364	714,037,456
Financial Ratio					
GP Margin	19%	19%	16%	22%	29%
EBITDA Margin	20%	14%	15%	17%	22%
NP Margin	12%	9%	10%	11%	13%
Earnings / (Loss) per Share from Discontinued Operation(Rs.)	0.01	(0.02)	-	-	-
Earnings per Share from Continuing Operation(Rs.)	2.84	2.14	2.71	3.38	3.74
Current Ratio (Times)	2.54	1.66	1.51	1.26	1.17

* Figures as per the SLFRS

Real Estate Portfolio

Owning company and location	Number of Buildings	Building in (Sq.Ft)	Land in acres Freehold	Leasehold	Net book value 2015 Rs.'000	2014 Rs.'000
PROPERTIES IN COLOMBO						
LAUGFS Gas PLC						
Kumarathunga Munidasa Mawatha, Colombo 03.***	-	-	0.25	-	330,000	320,000
Havelock Place, Colombo 05.***	1	3,200	0.22	-	294,000	278,000
LAUGFS Property Developers (Pvt) Limited.						
Maya Avenue, Colombo 06. *	1	85,410	0.30	-	315,000	315,000
PROPERTIES OUTSIDE COLOMBO						
LAUGFS Gas PLC						
Biyagama Road, Mabima.	7	35,752	31.84	-	766,102	740,063
Biyagama Road, Mabima.***	-	-	1.02	-	46,500	45,000
Matara Road, Galupiadda, Galle.***	1	680	0.18	-	38,000	37,000
Katuwawala , Borelasgamuwa	1	9,813	-	0.40	5,211	5,648
LAUGFS Eco Sri (Pvt) Limited -Fixed Centre						
Anuradhapura	1	1,292	-	0.24	1,862	3,152
Balapitiya	1	1,038	-	0.19	1,061	2,301
Bellanthota	2	3,242	-	0.46	6,077	7,117
Embuldeniya	2	5,783	-	0.25	6,022	8,158
Galle	2	2,854	-	0.50	4,653	6,114
Kaduwela	2	1,895	-	1.00	5,180	8,088
Kaluthara	2	3,063	-	0.73	4,853	7,456
Kandy	2	2,673	-	0.40	3,274	6,178
Katunayaka	2	2,496	-	0.38	3,687	6,229
Kegalle	2	1,770	-	0.47	1,055	1,461
Kiribathgoda	2	2,652	-	0.50	5,895	7,879
Kottawa	2	2,554	-	0.48	3,919	5,945
Kotikawatta	2	2,342	-	0.38	4,363	7,622
Kurunagala	2	2,673	-	0.25	3,598	6,189
Matale	2	2,652	-	0.38	5,601	5,776
Matara	1	1,427	-	0.36	400	4,522
Miriswatta	2	2,820	-	0.47	4,902	8,514
Polannaruwa	1	988	-	0.39	1,553	2,430
Rathnapura	2	2,452	-	0.37	3,769	5,868
LAUGFS Eco Sri (Pvt) Limited -Fabricated Plants						
Akkaraipattu	1	540	-	0.12	137	169
Akurana	1	960	-	0.02	335	367
Ampara	1	712	-	0.16	455	603
Athurugiriya	1	1,096	-	0.09	483	534
Avissawella	1	380	-	0.02	295	275
Baddegama	1	274	-	0.15	604	538

Real Estate Portfolio

Owning company and location	Number of Buildings	Building in (Sq.Ft)	Land in acres Freehold	Leasehold	Net book value 2015 Rs.'000	2014 Rs.'000
Badulla	1	2,058	-	0.03	1,012	166
Bandarawela	1	3,844	-	0.10	630	856
Batticaloa	1	2,101	-	0.20	690	851
Chilaw	1	432	-	0.16	146	167
Chunnakkam	1	540	-	0.24	468	164
Dambulla	1	803	-	0.10	291	394
Diulapitiya	1	2,224	-	0.08	509	635
Elpitiya	1	4,093	-	0.22	194	124
Embilipitiya	1	3,000	-	0.09	661	772
Eppawala	1	320	-	0.10	769	886
Gampola	1	1,716	-	0.09	234	297
Horana	1	1,232	-	0.14	1,100	1,298
Ja Ela	1	3,061	-	0.21	1,205	1,407
Jaffna	1	320	-	0.13	660	776
Kadawatha	1	525	-	0.18	124	64
Kalmunai	1	1,692	-	0.08	272	310
Kamburupitiya	1	3,300	-	0.18	28	82
Kosswatta	1	1,530	-	0.04	1,854	1,850
Kotahena	1	640	-	0.01	57	74
Kuliyapitiya	1	1,352	-	0.02	39	40
Kundasale	1	3,115	-	0.07	49	107
Lindula	1	784	-	0.02	228	265
Mahiyanganaya	1	2,655	-	0.32	78	79
Makola	1	4,844	-	0.15	1,016	1,237
Matugama	1	2,538	-	0.07	363	465
Meegoda	1	3,114	-	0.18	451	536
Monaragala ii	1	2,180	-	0.16	336	632
Negambo	1	133	-	0.03	2,483	1,505
Nittambuwa	1	2,476	-	0.16	681	802
Orugodawatta	1	839	-	0.02	345	397
Panadura	1	674	-	0.05	3,307	47
Pannala	1	2,696	-	0.19	-	971
Pelmadulla	1	2,622	-	0.23	324	432
Piliyandala	1	830	-	0.06	1,084	60
Pugoda	1	1,064	-	0.09	939	1,053
Puttalam	1	1,406	-	0.08	327	408
Rajagiriya	1	200	-	0.15	2,828	1,953
Tangalle	1	2,345	-	0.14	274	483
Tissamaharama	1	968	-	0.06	168	236
Trincomalee	1	1,508	-	0.09	535	475
Udugampola	1	1,563	-	0.06	420	528
Vavniya	1	495	-	0.19	356	440
Warakapola	1	2,030	-	0.09	329	406

Owning company and location	Number of Buildings	Building in (Sq.Ft)	Land in acres Freehold	Leasehold	Net book value 2015 Rs.'000	2014 Rs.'000
Wariyapola	1	3,392	-	0.25	365	474
Wattala	1	184	-	0.08	1,172	132
Welimada	1	2,294	-	0.11	316	384
Wennappuwa	1	2,350	-	0.30	788	1,055
Bambalapitiya Stores	-	-	-	-	257	38
Kohuwala Office	-	-	-	-	-	1,098
Bellanthota Training Centre	-	-	-	-	95	113
Borella	1	232	-	0.12	2,137	219
Wellawaya	1	165		0.09	1,093	-
Ragama	1	80		0.20	541	-
Nochchiyagama	1	152		0.13	1,741	-
Nuwaraeliya	1	125		0.06	1,792	-
Neluwa	1	120		0.13	25	-
Melsiripura	1	165		0.22	1,050	-
LAUGFS Leisure Limited.						
Karukupane, Bangadeniya, Chilaw	6	140,607	17.95	-	1,668,854	585,190
Mag Consultants & Agents (Pvt) Limited.						
Wadduwa Beach	-	-	15.00	-	500,000	500,000
Anantaya Passekudah (Pvt) Limited						
Passekudah Beach Property	-	-		18.25	110,000	110,000
LAUGFS Power Limited						
Marathenna, Pabagolla, Pinnawala, Balangoda.**	1	2,346	0.25	1.65	14,653	-

* Presently building is under construction and incurred cost is Rs. 831,471,030 as at 31 March 2015.

** Government has given authority to construct the power plant in the above land and still not received relevant dead and lease agreement due to processing stage.

*** Investment Properties

Notice of Meeting

Notice is hereby given that the 05th Annual General Meeting of LAUGFS Gas PLC will be held on 30th June 2015 at 3.00pm at the "Nuga Sevana Auditorium" of Bandaranaike Memorial International Conference Hall (BMICH) Premises at Bauddhaloka Mawatha, Colombo 07 for following purposes;

A - Routine Business

1. To receive and consider the Annual Report and Financial Statements for the Financial Year ended 31st March 2015 with the Report of the Auditors thereon.

2. To re-elect as a Director Mr. T. K. Bandaranayake, who is over the age of 70 years and who retires at the forthcoming Annual General Meeting interms of Section 210 of the Companies Act No. 7 of 2007 by passing the following ordinary resolution.

   "Resolved that Mr. T. K. Bandaranayake, who is over the age of 70 years be and is hereby re-elected as a Director of the Company and it is hereby resolved and declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director"

3. To re-elect as a Director Mr. C. L. De Alwis, who is over the age of 70 years and who retires at the forthcoming Annual General Meeting interms of Section 210 of the Companies Act No. 7 of 2007 by passing the following ordinary resolution.

   "Resolved that Mr. C. L. De Alwis, who is over the age of 70 years be and is hereby re-elected as a Director of the Company and it is hereby resolved and declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director"

4. To re-elect as Director, Mr. H. A. Ariyaratne, who retires by rotation interms of Article 81 of the Articles of Association of the Company.

5. To re-elect as Director, Mr. P. M. Kumarasinghe PC, who retires by rotation interms of Article 81 of the Articles of Association of the Company.

6. To re-elect as Director, Mr. N. M. Prakash, who retires by rotation interms of Article 88 of the Articles of Association of the Company

7. To authorise the Directors to determine and make donations.

8. To re-appoint Auditors M/s. Ernst & Young and to authorise the Directors to determine their remuneration.

B - Special Business

1. To consider and pass if thought fit the following resolution as a Special Resolution, pertaining to the Amendment of Article 81 of the Articles of Association of the Company.

IT IS HEREBY RESOLVED THAT the following new Article 81 be substituted with the existing Article 81 of the Articles of Association;

"At each Annual General Meeting one Director (not being a nominee Director) shall retire from office, provided however that any Executive Chairman, Managing Director or any other Executive Director appointed shall not, whilst holding that office be subject to retirement by rotation or be taken into account in determining the Directors to retire in each year. A Director retiring at a meeting shall retain office until the close of the meeting including any adjournment thereof."

By Order of the Board
LAUGFS GAS PLC

Sgd.
Corporate Advisory Services (Private) Limited
Secretaries

30th May 2015

Notes:

i. A member unable to attend is entitled to appoint a Proxy to attend and vote in his/her place.

ii. A Proxy need not be a member of the Company.

iii. A member wishing to vote by Proxy at the Meeting may use the Proxy Form enclosed.

iv. In order to be valid, the completed Proxy Form must be lodged at the Registered Office of the Company not less than 48 hours before the meeting.

THE SHAREHOLDERS ARE REQUESTED TO BRING AN ACCEPTABLE FORM OF IDENTITY.

Form of Proxy - Voting

*I/We...

of..

being *a member/ members of the LAUGFS GAS PLC, hereby appoint..

of..

or failing him/her W. K. H. Wegapitiya or failing him U. K. Thilak De Silva, or failing him H. A. Ariyaratne, or failing him C. L. De Alwis, or failing him T. K. Bandaranayaka or failing him P. M. Kumarasinghe PC, or failing him Mr. N. M. Prakash as *my/our proxy, to represent *me/us and to speak and vote whether on a show of hands or on a poll for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held on 30th June 2015 at 3.00pm at the "Nuga Sevana Auditorium" of Bandaranaike Memorial International Conference Hall (BMICH) Premises at Bauddhaloka Mawatha, Colombo 07 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
A- Routine Business		
1. To receive and consider the Annual Report and Financial Statements for the Financial Year ended 31st March 2015 with the Report of the Auditors thereon.		
2. To re-elect as a Director Mr. T. K. Bandaranayake, who is over the age of 70 years and who retires at the forthcoming Annual General Meeting interms of Section 210 of the Companies Act		
3. To re-elect as a Director Mr. C. L. De Alwis, who is over the age of 70 years and who retires at the. forthcoming Annual General Meeting interms of Section 210 of the Companies Act No. 7 of 2007		
4. To re-elect as Director, Mr. H. A. Ariyaratne, who retires by rotation interms of Article 81 of the Articles of Association of the Company.		
5. To re-elect as Director, Mr. P. M. Kumarasinghe PC, who retires by rotation interms of Article 81 of the Articles of Association of the Company.		
6. To re-elect as Director, Mr. N. M. Prakash, who retires by rotation interms of Article 88 of the Articles of Association of the Company.		
7. To authorise the Directors to determine and make donations.		
8. To re-appoint Auditors M/s. Ernst & Young and to authorise the Directors to determine their remuneration.		
B - Special Business		
1. To pass the Special Resolution as set out in the notice of meeting.		

Signed this .... day 2015

*Signature/s of the Shareholder (s) ....

....

Please provide the details :

Shareholder's NIC No / Company Registration No	
Folio No / Number of Shares held	
Proxy holder's NIC No (if not a Director)	

Note - See instructions to complete the proxy
* Delete inappropriate words

INSTRUCTIONS TO COMPLETE PROXY

1. The full name and the registered address of the shareholder appointing the proxy should be legibly entered in the Form of Proxy, duly signed and dated.

2. The completed Proxy should be deposited with the Head of Legal/Board Secretary of LAUGFS Gas PLC at the Registered Office of the Company at No. 14, R. A. De Mel Mawatha, Colombo 04, not less than 48 hours before the time appointed for holding the Meeting.

3. Please indicate with an "X" in the space provided how your proxy is to vote on the resolution. If no indication is given the proxy in the discretion will vote as he thinks fit.

4. The Proxy shall –

   (a) in the case of an individual be signed by the shareholder or by his 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 body, either be under its Common Seal or signed by its attorney or by an officer on behalf of the Company or corporate body in accordance with the Articles of Association or the Constitution of that Company or corporate body. The Company may, but shall not be bound to, require evidence of the authority of any such attorney or officer.

   (c) in the case of joint-holders, the first joint-holder has the power to sign the proxy without the concurrence of the other joint-holder/s.

4. Every alteration or addition to the Proxy must be duly authenticated by the full signature of the shareholder, signing the Proxy. Such signature should as far as possible be placed in proximity to the alteration or addition intended to be authenticated.

Form of Proxy - Non-Voting

I/We ....

of..

being *a member/ members of the LAUGFS GAS PLC, hereby appoint..

of..

or failing him/her W. K. H. Wegapitiya or failing him U. K. Thilak De Silva, or failing him H. A. Ariyaratne, or failing him C. L. De Alwis, or failing him T. K. Bandaranayaka or failing him P. M. Kumarasinghe PC, or failing him Mr. N. M. Prakash as *my/our proxy, to represent *me/us and to speak and vote whether on a show of hands or on a poll for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held on 30th June 2015 at 3.00pm at the "Nuga Sevana Auditorium" of Bandaranaike Memorial International Conference Hall (BMICH) Premises at Bauddhaloka Mawatha, Colombo 07and at any adjournment thereof and at every poll which may be taken in consequence thereof .

Signed this .... day 2015

*Signature/s of the Shareholder (s) ....

....

Please provide the details :

Shareholder's NIC No / Company Registration No	
Folio No / Number of Shares held	
Proxy holder's NIC No (if not a Director)	

Note - See instructions to complete the proxy

* Delete inappropriate words

INSTRUCTIONS TO COMPLETE PROXY

1. The full name and the registered address of the shareholder appointing the proxy should be legibly entered in the Form of Proxy, duly signed and dated.

2. The completed Proxy should be deposited with the Head of Legal/Board Secretary of LAUGFS Gas PLC at the Registered Office of the Company at No. 14, R. A. De Mel Mawatha, Colombo 04, not less than 48 hours before the time appointed for holding the Meeting.

3. Please indicate with an "X" in the space provided how your proxy is to vote on the resolution. If no indication is given the proxy in the discretion will vote as he thinks fit.

4. The Proxy shall –

   (a) in the case of an individual be signed by the shareholder or by his 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 body, either be under its Common Seal or signed by its attorney or by an officer on behalf of the Company or corporate body in accordance with the Articles of Association or the Constitution of that Company or corporate body. The Company may, but shall not be bound to, require evidence of the authority of any such attorney or officer.

   (c) in the case of joint-holders, the first joint-holder has the power to sign the proxy without the concurrence of the other joint-holder/s.

4. Every alteration or addition to the Proxy must be duly authenticated by the full signature of the shareholder, signing the Proxy. Such signature should as far as possible be placed in proximity to the alteration or addition intended to be authenticated.

Corporate Information

Name of the Company	: LAUGFS Gas PLC (A Subsidiary of LAUGFS Holdings Limited)
Company No	: PV - 8330 PB/PQ
Legal Form	: A Limited Liability Company listed in the Colombo Stock Exchange.
Subsidiaries	: LAUGFS Eco Sri (Private) Limited LAUGFS Leisure Limited LAUGFS Property Developers (Private) Limited LAUGFS Power Limited LAUGFS Maritime Services (Private) Limited
Sub Subsidiaries	: LAUGFS Hotel Management Services (Private) Limited Mag Consultants & Agents (Private) Limited Anantaya Passekudah (Private) Limited
Principal Activities & Nature of Operations	: LAUGFS Gas PLC - Downstream Business of Liquefied Petroleum Gas & other related Products & Services. LAUGFS Eco Sri (Private) Limited - Operating Vehicle Emission Testing Centres to issue Vehicle Emission Test Certificates for Motor Vehicles. LAUGFS Leisure Limited - Operating a Luxury Hotel, Anantaya Resort & Spa, Chilaw. LAUGFS Hotel Management Services (Private) Limited - Managing the operations of Hotels LAUGFS Property Developers (Private) Limited - Real Estate Developments LAUGFS Power Ltd - Hydro Power projects Mag Consultants & Agents (Private) Ltd - Holding and managing a beach front property at Wadduwa Anantaya Passekudah (Private) Limited - Holding and managing a beach front property at Passekudah LAUGFS Maritime Services (Private) Limited Shipping operations
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 (Chairman/ Group CEO) Mr. U.K.Thilak De Silva (Group Managing Director) Mr. H.A. Ariyaratne Mr. T.K. Bandaranayake Mr. C.L. De Alwis Mr. P.M. Kumarasinghe PC Mr. N.M. Prakash (appointed w.e.f. 02 April 2015)
Bankers	: Seylan Bank PLC Commercial Bank of Ceylon PLC Hatton National Bank PLC People's Bank Bank of Ceylon DFCC Bank Union Bank of Colombo PLC Standard Chartered Bank PABC HSBC MCB Bank Limited
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	: # 14, R.A. De Mel Mawatha, Colombo 04, Sri Lanka.
Telephone	: (011) 55 66 220
Fax	: (011) 25 83 824
Corporate Website	: www.laugfsgas.lk www.laugfs.lk

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